

# 2020

## ANNUAL REPORT

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中信証券股份有限公司  
CITIC Securities Company Limited





中信证券  
CITIC SECURITIES

## IMPORTANT NOTICE

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

This report was considered and approved at the 21st Meeting of the Seventh Session of the Board of the Company. All Directors attended this meeting of the Board. No Director raised any objection to this report.

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

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

The Company's 2020 profit distribution plan as considered and approved by the Board is to distribute a cash dividend of RMB4.00 (tax inclusive) for every 10 Shares. This proposal is subject to the approval by the general meeting of the Company.

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

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

The Company had made no guarantee to external parties in violation of the stipulated decision-making procedures.

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

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# Chairman's Statement



## Dear Shareholders,

In 2020, we seized new opportunities out of crisis and formulated new plans while making progress. During this year, decisive achievements were made in building a moderately prosperous society in all respects with a successful accomplishment of the 13th Five-Year Plan. Faced with the sudden outbreak of the COVID-19 pandemic, we worked together through the difficulties. We have witnessed the gradual promotion of the new development pattern, and the high-quality development has become a new focus of economic and social development. We saw the 30 years' journey of the Chinese capital market and opened a new chapter for promoting financial reform and opening-up while facilitating China's economic development.

The year 2020 marks the 25th anniversary of the establishment of CITIC Securities. On the way marching toward our vision of becoming "a domestically leading and internationally first-class Chinese investment bank most trusted by clients around the world", we have made new progress against complex business environment. As at the end of 2020, the total assets of CITIC Securities amounted to RMB1.05 trillion, representing an increase of 33.00% as compared to the beginning of the year, which made us the first securities company in China with assets over one trillion. The Company recorded a revenue of RMB54.383 billion for the year, representing a year-on-year increase of 26.06%; net profit attributable to owners of the

parent amounted to RMB14.902 billion, representing a year-on-year increase of 21.86%; and return on weighted average equity was 8.43%, representing a year-on-year increase of 0.67 percentage point. The Company maintained its leadership in the industry as it reached a peak for the last five years in above all aspects.

Looking back at the year 2020, as the unseen changes in a century have been presented to us in concrete and subtle ways, the future of each individual and each enterprise is closely linked to the survival and development of the entire nation and society. It is clearer to us that only by uniting with each other to build a more closely connected community with shared future, could we better defend against risks and make steady and sustained development. We have learned from it that we must not only focus on our current operating results, but also cast a deep review into our history and experience, putting ourselves into the development process of our customers, the industry, society and nation, and we need to find our position through thoroughly thinking, so as to determine the future direction.

On 26 September 1994, CITIC Group decided to reorganize the securities department of CITIC Corporation and integrate its securities business. Entrepreneurs from CITIC Securities started the preparation work in the two offices of less than 10 square meters. Established on 25 October 1995, the Company only had a registered capital of RMB300 million, 401 employees and 16 outlets. The Company then had neither mature operational experience of securities business nor strong capital support, facing numerous challenges. However, we believe if we insist on market-oriented operation, staying active both in thoughts and action and combining the "CITIC Genes" of ambition and innovation with strong and keen insights and thoughts, we can surely seize the historic opportunities brought by the policy of reform and opening up and the development of capital market in China.

In the course of 25 years of development, CITIC Securities has created multiple "firsts". For example, CITIC Securities completed its listing of A shares in 2003, becoming the first domestic securities company with its shares listed by way of IPO; CITIC Securities established CITIC Securities (HK) Limited (中信証券(香港)有限公司) in 2005, becoming the first domestic securities company approved to set up a wholly-owned subsidiary in Hong Kong in the industry; CITIC Securities completed its listing of H shares in 2011, becoming the first A+H listed Chinese securities company. Currently, CITIC Securities has grown into a leading large investment bank in China with net assets exceeding RMB180 billion, 19,000 employees, 30 business lines and departments, 7 principal subsidiaries and over 400 branches. The Company has more than 10 million retail clients and 75,000 domestic corporate and institutional clients, engaging in key fields of national economy, achieving in-depth coverage of major central SOEs, important local SOEs and many influential listed companies. There are 2,000 overseas institutional clients in 13 countries and regions, including the UK, the US, Australia and Southeast Asia.

Going back, benefiting from its client-oriented approach and its continuous efforts to promote the organic integration of strategy, innovation and openness, CITIC Securities started from scratch and has grown from a small and weak company to a large and strong one.

We insisted on thinking from the big picture and accurately grasped strategic opportunities. We have implemented a series of prospective strategic layout and gradually established a leading position in the industry. We have implemented the "Big Project" strategy to respond to the changes in the financing market, and drove our investment banking business to the leading position in the wave of serving the reform and listing of state-owned enterprises. We have implemented the "Big Network" strategy to respond to the changes in the industry competition, leveraged the capital advantages accumulated

## Chairman's Statement

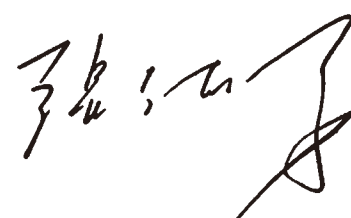
from taking the lead in going public in the industry for acquisition and expansion when appropriate, and expanded the coverage of our client services to establish our advantages of business channels. We have implemented the “Big Platform” strategy to respond to the changes in the heavy asset attributes of the industry, shrank the scale of stock proprietary business, developed direct investment as well as the flow-based business and built a diversified business platform for buyers. We have implemented the “Internationalization” strategy to respond to the changes in the clients’ needs for cross-border business, and built a bridge for domestic enterprises to go out and overseas institutions to come in through its listing in Hong Kong and overseas acquisitions.

We insisted on innovative development and fostered internal driver. Over 25 years, CITIC Securities responded to the customers’ needs, explored and practiced new business models in the process of innovative competition, and became the constructor in China’s capital market and the leader of the industry. Many developing innovative measures of the Company are now mainstream. For example, we took the lead in proposing and practicing flow-based business in the industry, and firstly obtained business qualifications for, among others, direct investment, margin financing and securities lending, stock-pledged repurchase, and exchange-traded option market-making. We took the lead in carrying out cross-border return swap business, issued USD bonds overseas, and became the first derivatives broker in the industry. In the continuous iteration and innovation, the Company gradually formed a full-product, full-market and full-business coverage landscape, with basic financial functions in investment, financing, trading, payment and custody gradually improved, as well as set up the most complete business system in the industry and laid a solid foundation for long-term sustainable development.

We adhered to open competition and cooperation and promoted international operation. CITIC Securities commenced to set up subsidiaries in Hong Kong in 2005, and subsequently listed on the Hong Kong Stock Exchange and acquired CLSA, thus creating a leading international business platform in the industry and becoming a Chinese-funded investment bank with the most local branches among countries and regions along the Belt and Road. Nowadays, the Company has fully implemented global integrated management, and took it as an important strategic node of international operation to realize global management and widely build up international influence.

Each era has its own unique mission and values. Standing on the history intersection point of “Two Centenary Goals”, both enterprises and individuals are part of the times tide. The “14th Five-Year Plan” period marks the first five years when China embarks on a new journey toward the second Centenary Goal of fully building a modern socialist China. Adhering to the new development concept of innovation, coordination, green, openness and sharing, China will concentrate on the theme of promoting high-quality development to accelerate the establishment of a new development pattern which is based on domestic macro-circulation, along with international and domestic dual-circulation and mutual promotion. We shall adapt to the changes of the era, insist on our mission of practicing the national strategies, serving the real economy and creating more value for the society. We will make good efforts to serve the new development pattern, and optimize integrated business model at home and abroad. We will continue to expand customer market coverage, improve the sensitivity of business and the flexibility of operation and management, and proactively fulfill social responsibilities, creating a development model integrating strategy, innovation and internationalization.

The current times is rushing forward either moving forward or falling behind. CITIC Securities, at the age of 25, is still a young company, shouldering the heavy responsibilities of achieving high-quality and sustainable development with unprecedented opportunities and enormous challenges. We will hold high the banner of XI Jinping Thought on Socialism with Chinese Characteristics for a New Era and continue to enhance the party building. We should keep up the momentum, be pragmatic and enterprising, work together towards a common goal, gain wisdom and strength from the past, start a new journey with new actions, and continue to forge ahead to become a domestically leading and internationally first-class Chinese investment bank most trusted by clients around the world.



**ZHANG Youjun**

*Chairman*

18 March 2021



# Company Information

## Profile

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

## Registered Capital and Net Capital of the Company

	As at the end of the Reporting Period	<i>In RMB Yuan</i> As at the end of last year
Registered Capital	<b>12,926,776,029.00</b>	12,116,908,400.00
Net Capital	<b>85,906,426,786.60</b>	94,904,219,964.48

## Business Qualifications for Individual Business of the Company

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

In addition, the Company possesses the following business qualifications:

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



2. Business qualifications approved by the stock exchange: market maker of stock exchange fixed income platform; warrants trading; stock repo business; stock pledge-style repo business; margin refinancing and securities relending; Southbound Trading Connect business; financing business with respect to exercising rights under share incentive schemes of listed companies; stock options brokerage; proprietary trading for stock options; and principal market maker in SSE 50 ETF options; principal market maker in CSI 300 Index ETF options of the SSE and SZSE; principal market maker of funds listed on the SSE; market maker of listed funds on the SZSE.
3. Business qualifications approved by SAC: quoted transfer business; OTC market business; OTC trading business; internet-based securities business pilot; cross-border income swap transaction business.
4. Business qualifications approved by the People's Bank of China: qualification for lending transactions and bond transactions in the National Interbank Funding Centre; short-term commercial paper underwriting; market maker in interbank bond market; and primary dealer of open market.
5. Other business qualifications: member of book-entry government bond underwriting syndicates; Class A clearing participant of CSDC; license for operating foreign exchange in securities business (foreign-currency negotiable securities brokerage, foreign-currency negotiable securities underwriting and entrusted foreign-exchange asset management); investment manager for enterprise annuity fund and occupational pension fund; member of underwriting syndicate of policy bank; manager of converted shares of the NSSF; NSSF domestic investment manager; entrusted management of insurance funds; securities investment management for national basic pension insurance fund; pilot refinancing business; sideline insurance agency business; business with special institutional clients of insurance institutions; recommending business and brokerage business through National Equities Exchange and Quotation; market-making business through National Equities Exchange and Quotation; consultancy services relating to the secrecy-involved business of the military industry; general clearing member of interest rate swaps central clearing business of Shanghai Clearing House; settlement and sale of foreign exchange business; general clearing member of commodity and shipping financial derivatives central clearing business of Shanghai Clearing House; general clearing member of standard bond forward central clearing business of Shanghai Clearing House; general clearing member of net bond central clearing business of Shanghai Clearing House; member of the interbank foreign exchange market; member of the interbank foreign currency market; member of the Shanghai Bill Exchange Co., Ltd.; trustee of debt-financing instruments for non-financial enterprises.

## Contact Person and Methods

### Board Secretary, Securities Affairs Representative, Company Secretary

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

# Company Information

## Basic Information

Registered Address of the Company	North Tower, Excellence Times Plaza (II), No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province
Postal Code of Registered Address of the Company	518048
Office Address of the Company	CITIC Securities Tower, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
Postal Code of Office Address of the Company	518048, 100026
Business Address in Hong Kong	26/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong
Website of the Company	<a href="http://www.citics.com">http://www.citics.com</a>
Email	<a href="mailto:ir@citics.com">ir@citics.com</a>
Telephone	0086-755-2383 5888, 0086-10-6083 8888
Facsimile	0086-755-2383 5861, 0086-10-6083 6029
Customer Service Hotline for Brokerage and Asset Management Business	95548, 4008895548
Investor Relations Hotline	0086-755-2383 5383, 0086-10-6083 6030
Unified Social Credibility Code	914403001017814402

## Information Disclosure and Availability Places

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

## Brief Information of the Shares of the Company

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

## Other Information of the Company

### History of the Company

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

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

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

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

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

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

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

## Company Information

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

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

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

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

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

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

On 27 May 2019, the 2019 first extraordinary general meeting of the Company considered and approved the transaction in relation to acquisition of 100% equity interest in Guangzhou Securities by issuance of Shares. The procedures for transfer of the target assets under the aforementioned transaction and the relevant industrial and commercial registration of changes were completed in January 2020. The Company currently holds 100% equity interest in Guangzhou Securities (as previously named), and Guangzhou Securities has changed its name to CITIC Securities South China Company Limited. On 11 March 2020, the Company completed the issuance of 265,352,996 and 544,514,633 consideration Shares to Yuexiu Financial Holdings and Financial Holdings Limited, respectively. The registered capital of the Company has been changed from RMB12,116,908,400 to RMB12,926,776,029. The total number of issued Shares of the Company increased from 12,116,908,400 Shares to 12,926,776,029 Shares, of which, the number of A Shares increased from 9,838,580,700 Shares to 10,648,448,329 Shares and the number of H Shares remained as 2,278,327,700 Shares. The direct shareholding of CITIC Corporation Limited is 15.47%. Yuexiu Financial Holdings and Financial Holdings Limited in aggregate hold 6.26% of the Shares of the Company.

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

#### **Changes in registration status during the Reporting Period:**

On 27 May 2020, the Company completed the filing of changes to the registered capital and amendments to the Articles of Association of the Company with the Shenzhen Administration for Market Regulation.

#### **Information of first registration:**

Date of First Registration: 25 October 1995

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

Registration Number of Corporate Legal Person Business License: 10001830

Certificate of Organization Code: 10178144-0

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

## Company Information

### Changes in the businesses

The Company was established by CITIC Group through integrating the original scattered securities operating institutions immediately after the initial start of the securities market in China. The Company has actively operated its businesses following the principle of “standardized operation and stable and healthy development”. At the end of 1996, the Company became one of the first ten securities houses whose stock underwriting qualification was re-approved by CSRC; in October 1999, the Company became one of the first batch of comprehensive securities companies approved by CSRC and one of the first batch of securities houses whose qualification as a lead underwriter for equity product was re-approved by CSRC. The Company is one of the supervisor members of the Securities Association of China, one of the first batch of securities companies to enter into the national interbank lending market, and one of the first batch of securities companies authorized to engage in stock-secured loans. In 2002, the Company obtained the qualifications to engage in entrusted investment management business and fund sales agency services. In 2005, the Company obtained the qualification as enterprise annuity manager. In 2006, the Company became the first (the only) securities company to obtain the qualification as a lead underwriter of short-term commercial papers. In 2007, the Company obtained the qualifications for the trial business of direct investment and overseas securities investment management business as a qualified domestic institutional investor (QDII). In 2008, the Company became a Class-A clearing participant of CSDC and obtained the qualification for the provision of brokerage services to futures companies. In 2009, the Company obtained the qualification to manage the transfer of converted shares of the NSSF. In 2010, the Company obtained the qualifications for margin financing and securities lending business, stock index futures trading in proprietary business and assets management business and was approved to be a domestic investment manager for the NSSF. In 2011, the Company became one of the first batch of companies to obtain the stock repo trading qualification. In 2012, the Company obtained the qualifications for underwriting of private placement of SME bonds, entrusted management of insurance funds, distribution of financial products, pilot businesses of stock return swap, pilot refinancing business and consultancy services relating to secrecy-involved business of the military industry. In 2013, the Company obtained the qualifications for sideline insurance agency business, and treasury bond futures trading in proprietary business and the securities assets management business. It was among the first batch of companies to obtain the qualifications for membership of Shanghai Clearing House on RMB interest rate swaps to conduct the clearing agency business and one of the first batch of companies to become a general clearing member in 2014. In 2014, the Company obtained the qualifications for agency services business for gold and other precious metal spot contracts and proprietary business for spot gold contracts, OTC option business, Internet-based securities business, New OTC market making business, securities investment fund custody business, Southbound Trading Connect business, credit risk mitigation instruments selling business and financing business with respect to exercising rights under share incentive schemes of listed companies, and was qualified as a primary dealer of open market. In 2015, the Company obtained the qualification of the stock options market making business, and was approved to commence SSE 50 ETF options market making business; the Company was admitted as a stock options trading participant on the SSE and obtained the trading permission to commence the stock options brokerage and proprietary trading business. In 2016, the Company obtained the qualification to manage occupational annuity for government employees, and was accepted as a non-bank member on the Shanghai Bill Exchange Co., Ltd., and obtained the trading permission to commence the rediscount, pledged repurchase, outright repurchase and other transactions of bills. In 2018, the Company obtained the qualifications for investment in overseas financial products or instruments that other QDIIs are allowed to invest in using its proprietary capital. In 2019, the Company obtained the business qualification as principal market maker of listed funds; was approved to conduct the market making business of treasure bond futures and the stock index option market making business; obtained the operation qualification of settlement and sale of foreign exchange business, and can conduct pilot settlement and sale of foreign exchange business; became a member of the interbank foreign exchange market and the interbank foreign currency market, and can engage in spot, forward, swap, currency swap, foreign currency interest rate swap and options trading. After filing with the State Administration of Foreign Exchange in 2020, the Company can carry out related foreign exchange business on behalf of customers, and after filing with the National Association of Financial Market Institutional Investors, the Company becomes the trustee of debt-financing instruments for non-financial enterprises and can carry out entrusted management business.

### Changes of principal Shareholders

Since the establishment of the Company, CITIC Group or its subsidiary has been the largest Shareholder of the Company. Upon completion of the acquisition of 100% equity interest in Guangzhou Securities (as previously named) by issuing Shares to Yuexiu Financial Holdings and its wholly-owned subsidiary, Financial Holdings Limited, in 2020, Yuexiu Financial Holdings and Financial Holdings Limited in aggregate hold more than 5% Shares of the Company. Please refer to “History of the Company” under this section for details.

### Results of the classification of the Company by the regulatory authorities

In the 2020 Classification and Evaluation of Securities Companies, the Company, together with its subsidiaries engaging in securities business, including CITIC Securities (Shandong), CITIC Securities South China and Kington Securities, were rated AA in the category A of the Chinese securities industry.

### The organization status of the Company

As at the end of the Reporting Period, the Company has six principal wholly-owned subsidiaries, namely CITIC Securities (Shandong), CSI, GoldStone Investment, CITIC Securities Investment, CITIC Futures and CITIC Securities South China, and one principal non wholly-owned subsidiary, namely China AMC. Please refer to “Analysis of principal subsidiaries and companies in which the Company has a non-controlling interest” of this report for details.

### Number and distribution of branches of the Company

As at the end of the Reporting Period, the Company, CITIC Securities (Shandong), CITIC Securities South China, CITIC Futures and Kington Securities had 84 branch offices and 337 outlets in Mainland China (including 333 securities outlets and 4 futures outlets) in total. In addition, as at the end of the Reporting Period, CSI had four branches in Hong Kong through its subsidiary.

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

Province, city or area	Number of outlets	Province, city or area	Number of outlets	Province, city or area	Number of outlets
Zhejiang	62	Hubei	10	Shaanxi	5
Shandong	57	Jiangxi	7	Shanxi	2
Guangdong	54	Liaoning	11	Anhui	3
Shanghai	20	Henan	7	Chongqing	1
Jiangsu	29	Sichuan	8	Jilin	1
Beijing	22	Hebei	7	Hunan	7
Fujian	8	Tianjin	4	Inner Mongolia	1
Guangxi	2	Heilongjiang	1	Qinghai	2
Tibet	1	Yunnan	1		

## Company Information

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

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

As at the end of the Reporting Period, CITIC Futures held 48 branches, including 44 branch offices and 4 futures outlets (all of them are located in Zhejiang), the number and distribution of which are as follows:

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



## Other Relevant Information

Auditors engaged by the Company (Domestic)	Name	PwC Zhong Tian
	Office Address	11/F, Pricewaterhouse-Coopers Center, Link Square 2, 202 Hu Bin Road, Huangpu District, Shanghai
	Name of the signing accountant	JIANG Kun, LU Yibin
Auditors engaged by the Company (Overseas)	Name	PwC Hong Kong <i>Certified Public Accountants</i> <i>Registered Public Interest Entity Auditor</i>
	Office Address	22/F, Prince's Building, Central, Hong Kong
	Name of the signing accountant	LEUNG Wai Kin
Legal Advisers as to PRC Laws	Name	Beijing Jiayuan Law Firm
Legal Advisers as to Hong Kong Laws	Name	Jingtian & Gongcheng LLP
A Share Registrar	Name	CSDC, Shanghai Branch
	Office Address	36/F, China Insurance Building, 166 Lujiazui East Road, Pudong New Area, Shanghai
H Share Registrar	Name	Computershare Hong Kong Investor Services Limited
	Office Address	17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

## Company Information

### Awards in 2020 The Company

Issued by	Name of Awards
<b>SSE</b>	2019 Excellent Options Market Maker 2020 Special Award for Epidemic Prevention and Control, Excellent Underwriter of Financial Bonds, Excellent Underwriter of Local Government Bonds, Excellent Underwriter of Corporate Bonds, Excellent Underwriter of Corporate Bond Innovative Products, Excellent Manager for Asset Securitization Business, Excellent Manager for Asset Securitization Innovative Business, Excellent Bond Dealer, Excellent Bond Investment Institution (Proprietary, Asset Management), Excellent Participating Institution for Bond Lending, Excellent Participating Institution of Bond Pledge Tripartite Repurchase, Excellent Participating Institution in Credit Protection Tool Business, Excellent Trustee
<b>SZSE</b>	2019 Excellent ETF Liquidity Service Provider 2020 Excellent Corporate Bond Underwriter, Excellent Asset Backed Special Plan Manager, Excellent Bond Duration Management Institution, Excellent Private Enterprise Financing Supporting Institution, Outstanding Underwriter Award in Interest Rate Bonds, Excellent Bond Investment Trading Institution, Positive Contribution Award to Bond Trading Mechanism Optimization, Excellent Cross-market Bond Underwriting Transferred to Custodian Institution
<b>Shenzhen Municipal Government</b>	Runner-up Prize of 2019 Shenzhen Financial Innovation Award: CITIC Securities Quantitative Trading Platform
<b>National Interbank Funding Centre</b>	Core Dealer, Excellent Dealer in the Bond Market, Excellent Dealer in the Derivatives Market, Outstanding Contribution in Opening Up, Market Innovation Award, Trading Mechanism Innovation Award, Automated Trading Innovation Award
<b>Insurance Asset Management Association of China</b>	2019 Most Popular Securities Institution in Insurance Asset Management 2019 Most Popular Securities Institution in Insurance Asset Management (Trusted Business) 2019 Most Popular Securities Institutions in Insurance Asset Management (Trading Service)
<b>China Development Bank</b>	Excellent Underwriter in the Exchange Market, Outstanding Underwriter in the Interbank Market, Excellent Market Maker in the Interbank Market, Overseas Market Promotion Award, Best Research Cooperation Institution, Buy and Sell Excellent Institution
<b>Agricultural Development Bank of China</b>	Excellent Underwriter Award, Best Broker Institution Award, Outstanding Contribution Award for Anti-epidemic, Excellent Secondary Market Maker of Agricultural Development Bonds, Excellent Bond Connect Market Maker of Agricultural Development Bonds, Outstanding Underwriter of Exchange Financial Bonds, Best Cooperative Underwriter Award for Overseas Bonds (CLSA Limited)

<b>Issued by</b>	<b>Name of Awards</b>
<b>Bond Connect Company Limited</b>	Top Market Maker 2020, Marketing Award
<b>SRP</b>	Best Domestic House, Best Distributor, Best Index Provider, Best Performance
<b>Finance Asia</b>	<p><b>2020 Achievement Award</b> Best M&amp;A Project of the Year: Assets Restructuring of China Oil &amp; Gas Pipeline Network Corporation</p>
<b>Asiamoney</b>	<p><b>2020 Best Corporate Finance and Investment Bank in China</b> Best Broker in China, Best Domestic Equity Financing Broker, Best Domestic Debt Financing Broker</p> <p><b>2020 China ABS Leader Award</b> Best ABS Underwriter for Auto Loan, Most Innovative Securitization Business Best MBS Deal of the Year: Gongyuan Yiju First Tranche of Personal Housing Mortgage Loan Asset-backed Securities in 2020 (The first LPR linked RMBS)</p>
<b>Merger Market</b>	<p>2020 China Enterprise M&amp;A Award Best M&amp;A Deal of the Year: Asset Restructuring of China Oil &amp; Gas Pipeline Network Corporation Best Consumer Industry M&amp;A Deal of the Year: Wumart's Acquisition of Metro Best Financial Services Industry M&amp;A Deal of the Year: Restructuring of Baoshang Bank</p>
<b>The Asset</b>	<p><b>Triple A Country Awards 2020</b> Best Consultant for Local Corporates and Institutions, Best Local Equity Consultant, Best M&amp;A Consultant Best Anti-epidemic Project: Wumart's Bonds for Epidemic Prevention and Control Best IPO Project: Cambricon Best Asset-backed Securitization Project: DEBAO TIANYUAN ZHIXIN First Tranche of Personal Auto Mortgage Loan Asset-backed Securities in 2020</p> <p><b>2019/2020 Triple A Sustainable Investing Awards</b> Best Domestic Trustee Award (Broker Category — Rising Star Award)</p>
<b>Caixin Media</b>	<p><b>Caixin Capital Market Achievement Awards for 2019</b> No. 1 Best Investment Bank, No. 1 Best Investment Bank for Financial Industry, No. 2 Best Investment Bank in Industries, No. 3 Best Investment Bank in TMT Industry No. 1 Best Stock Underwriting Broker, No. 1 Best Bond Underwriting Broker, No. 1 Best A-Share Underwriter, No. 1 Best A-Share IPO Underwriter, No. 2 Best A-Share Non-public Issuance Underwriter No. 1 Best Financial Bond Underwriter, No. 2 Best Asset Securitization Underwriter, No. 2 Best Corporate Bond Underwriter, No. 2 Best Onshore Green Bond Underwriter, No. 3 Best Corporate Bond</p>

## Company Information

Issued by	Name of Awards
<b>New Fortune</b>	<b>The 13th New Fortune Best Investment Bank</b> No. 1 Best Local Investment Bank, No. 1 Best Investment Bank in Equity Underwriting, No. 1 Best Investment Bank in Debt Underwriting, No. 1 Best Refinancing Investment Bank, No. 1 Best STAR Market Investment Bank, No. 2 Best IPO Investment Bank, No. 2 Best Investment Bank in Mergers and Acquisitions, No. 2 Best Investment Bank in Serving Overseas Markets, No. 3 Best NEEQ Investment Bank, No. 1 Best Investment Bank in Aerospace and Military Industry, No. 2 Best Investment Bank in Finance & Real Estate, No. 3 Best Investment Bank in Medicine & Health, No. 4 Best Investment Bank in TMT Best IPO Project: No. 1 (PSBC), No. 2 (CZBank), No. 4 (Baofeng Energy) Best Refinancing Project: No. 1 (Non-public Issuance of Preferred Shares of the Bank of China), No. 2 (Non-public Issuance of Preferred Shares of the ICBC), No. 4 (Restructuring and Listing of Easyhome New Retail), No. 5 (Non-public Issuance of Preferred Shares of the Industrial Bank), No. 6 (Overall Listing of the CITIC Special Steel), No. 8 (Non-public Issuance of China Eastern) Best STAR Market Project: No. 1 (CRSC), No. 3 (Montage Technology) Best Overseas Project No. 2 (COFCO Property's Acquisition of Joy City Property) Best Corporate Bond Project: No. 1 (Public Issuance of 2019 green exchangeable corporate bond of China Three Gorges Corporation), No. 3 (Non-public Issuance of 2019 First Tranche exchangeable corporate bond of China Merchants Group Co., Ltd.) Best Convertible Bond Project No. 1 (Ping An Bank — Convertible Bond)
<b>Securities Times</b>	<b>2020 Jun Ding Award for Investment Bank in China</b> Full-Service Investment Bank in China, STAR Market Investment Bank in China, SSE SME Board Investment Bank in China, Main Board Investment Bank in China STAR Market Project in China: Montage Technology IPO ChiNext Project in China: Non-public Issuance of Eve Energy SSE SME Board Project in China: IPO of Bank of Qingdao Main Board Project in China: 2019 Convertible Bond of CITIC Bank <b>2020 Jun Ding Award for Wealth Management Institution in China</b> Jun Ding Award for Asset Management Broker, Jun Ding Award for Equity Investment Team, Jun Ding Award for Top 10 Innovative Products <b>2020 Jun Ding Award for Securities Broker in China</b> Jun Ding Award for Full-Service Securities Broker, Jun Ding Award for Retail Securities Broker

<b>Issued by</b>	<b>Name of Awards</b>
<b>Wind Info</b>	<p><b>2020 Listed Companies Ranking List in China</b> Top 50 in the Total List of Market Value List, Top 50 Most Popular Listed Companies by Institutions, Top 5 in the Diversified Financial Industry</p> <p><b>2019 Wind Best Investment Bank</b> Best Equity Underwriter, Best IPO Underwriter, Best Refinancing Underwriter, Best Preferred Stock Underwriter, Best NEEQ Select Tier Equity Underwriter, Best Bond Underwriter, Best Credit Bond Underwriter-Excellent Securities Trader Award, Best Financial Bond Underwriter-Excellent Securities Trader Award, Best Asset-backed Securities Underwriter, Best Credit ABS Underwriter, Best Enterprise ABS Underwriter, Best Underwriter of Company Bonds, Best Underwriter of Corporate Bonds, Best Underwriter of Convertible Bonds, Best Underwriter of Exchangeable Bonds</p>
<b>China Securities Journal</b>	<p><b>2020 Golden Bull Award in Chinese Securities Industry</b> Golden Bull Award of Top Ten Securities Companies, Golden Bull Award of Social Responsibility of Securities Companies, Golden Bull Asset Management Team Award</p> <p><b>2019 Golden Bull Wealth Management Product Selection</b> Three-Year Golden Bull Broker's Collective Asset Manager, Golden Bull Broker's Social Responsibility on Asset Management Award Three-Year Golden Bull Broker's Collective Asset Management Plan: CITIC Securities Dividend Value for One Year Holding Hybrid Collective Asset Management Plan, CITIC Securities Selected Equities Collective Asset Management Plan Five-Year Golden Bull Broker's Collective Asset Management Plan: CITIC Securities Selected Value Growth Hybrid Collective Asset Management Plan (former CITIC Securities Equity-bond Hybrid), CITIC Securities Quantitative Optimal Equity Collective Asset Management Plan (former CITIC Securities TaoLiBao #1) Innovative Award for Golden Bull Broker's Collective Asset Management Plan: CITIC Securities Six-Month Rolling Bond Collective Asset Management Plan</p>
<b>China Fund•Yinghua Award</b>	<p>Best Asset Management Broker Award, Best Fixed Income Broker Asset Management Award, Best Equity Broker Asset Management Award Best Broker Asset Management Innovation Products Award: CITIC Securities Six-Month Rolling Bond Collective Asset Management Plan Best Private Funds Custody Broker</p>
<b>Financial Times</b>	2020 Best Securities Company
<b>Shanghai Securities News</b>	2020 Gold Quality Award (Social Responsibility Award)
<b>Yicai</b>	Top 10 Investment Banks of the Year of China Financial Value Ranking 2020

## Company Information

Issued by	Name of Awards
<b>International Financial News</b>	2020 Pioneer Investment Bank, 2020 Asset Management Pioneer Broker, 2020 Best Securities APP
<b>Sina Finance</b>	2020 China Enterprise ESG “Golden Responsibility Award”: Best Securities Company for Responsible Investment
<b>JRJ.com</b>	2020 “Pilot China” Annual Selection: Thirty Years of Mighty•Outstanding Securities Company in China
<b>www.caishiv.com</b>	The 10th Fund and Wealth Management•Jie Fu Awards: Outstanding Custodian

### CITIC Securities/CLSA Limited

Issued by	Name of Awards
<b>Agricultural Development Bank of China</b>	Best Cooperative Underwriter Award of Overseas Bonds
<b>Asiamoney</b>	<p><b>2020 China Outstanding Corporate Finance and Investment Bank Award</b> Best for Cross-border M&amp;A 2020</p> <p><b>Asiamoney Brokers Poll 2020</b> No. 2 Best Research &amp; Sales in Asia (Excluding Australia &amp; Japan) No. 2 Sales in Asia (Excluding Australia &amp; Japan) No. 2 Research in Asia (Excluding Australia &amp; Japan) No. 2 Overall Combined Research &amp; Sales in China (A &amp; B Shares) No. 2 Best Broker in China (A &amp; B Shares), No. 2 Best Research, No. 1 Best Analyst for Banks, No. 2 Best Overall Salesperson, No. 3 Best Salesperson, No. 2 Best Execution, No. 2 Best CA Servicer No. 2 Best Broker in China (H Shares), No. 1 Best Analyst for Semiconductors &amp; Semiconductor Equipment, No. 2 Best Overall Salesperson, No. 1 Best Salesperson, No. 2 Best Executive, No. 2 Best CA Servicer No. 1 Best Analyst for Small/mid Caps Stock in Hong Kong, China, No. 3 Best Overall Salesperson of Local Stocks, No. 3 Best Salesperson, No. 3 Best Executive, No. 3 Best CA Servicer No. 3 Overall Combined Research &amp; Sales in Australia</p> <p><b>Awards in Asia (Excluding Japan)</b> Research: No. 3 Best Economist/No. 1 Best Technical Analyst (Quantitative)/No. 1 Best Analyst for Banks/No. 2 Best Analyst for Consumer Staples/No. 3 Best Analyst for Real Estate/No. 1 Best Analyst for Healthcare/No. 2 Best Analyst for Insurance/No. 1 Best Analyst for Semiconductors &amp; Semiconductor Equipment/No. 2 Best Analyst for Technology Hardware &amp; Equipment/No. 2 Best Analyst for Software &amp; Internet Services/No. 3 Best Analyst for Telecommunication Services Sales: No. 1 Best Regional Salesperson</p>

**Issued by****Name of Awards****Japan**

Research: No. 1 Best Strategist

Sales and Trading: No. 1 Best Salesperson/No. 3 Best Salesperson/No. 3 Best Sales Trader

**Australia**

Research: No. 1 Best Economist/No. 1 Best Analyst for Small/mid Caps/No. 1 Best Analyst for Banks/No. 1 Best Analyst for Consumer Staples/No. 1 Best Analyst for Energy/No. 1 Best Analyst for Financials (Non-banking)/No. 1 Best Analyst for Healthcare/No. 1 Best Analyst for Industrials/No. 1 Best Analyst for Software & Internet Services/No. 1 Best Analyst for Technology Hardware & Equipment/No. 1 Best Analyst for Transportation & Logistics/No. 1 Best Analyst for Utilities

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

**Indonesia**

Research: No. 2 Best for Overall Research/No. 1 Best Analyst for Automobiles & Components/No. 1 Best Analyst for Consumer Discretionary/No. 1 Best Analyst for Real Estate

Sales and Trading: No. 2 Best Overall Sales Services/No. 1 Best Salesperson/No. 1 Best Sales Trader/No. 2 Best for Execution/No. 2 Best CA Servicer

**Malaysia**

Research: No. 3 Best for Overall Research/No. 1 Best Analyst for Construction & Engineering/No. 1 Best Analyst for Consumer Discretionary/No. 1 Best Analyst for Semiconductors & Semiconductor Equipment/No. 1 Best Analyst for Technology Hardware & Equipment

Sales and Trading: No. 2 Best Overall Sales Services/No. 1 Best Salesperson/No. 2 Best Salesperson/No. 1 Best Sales Trader/No. 3 Best for Execution/No. 3 Best CA Servicer

**The Philippines**

Research: No. 1 Best for Overall Research/No. 1 Best Strategist/No. 1 Best Economist/No. 1 Best Analyst for Small/mid Caps Stock/No. 1 Best Analyst for Banks/No. 1 Best Analyst for Casinos & Gaming/No. 1 Best Analyst for Construction & Engineering/No. 1 Best Analyst for Consumer Staples/No. 1 Best Analyst for Consumer Discretionary/No. 1 Best Analyst for Energy/No. 1 Best Analyst for Financials (Non-banking)/No. 1 Best Analyst for Industrials/No. 1 Best Analyst for Materials/No. 1 Best Analyst for Real Estate/No. 1 Best Analyst for Software & Internet Services/No. 1 Best Analyst for Telecommunication Services/No. 1 Best Analyst for Transportation & Logistics/No. 1 Best Analyst for Utilities

Sales and Trading: No. 1 Best Overall Sales Services/No. 1 Best Salesperson/No. 2 Best Salesperson/No. 1 Best Sales Trader/No. 1 Best for Execution/No. 2 Best CA Servicer

# Company Information

## Issued by

## Name of Awards

### Singapore

Research: No. 1 Best Analyst for Banks/No. 1 Best Analyst for Transportation & Logistics  
Sales and Trading: No. 3 Best Salesperson/No. 3 Best for Execution

### Thailand

Research: No. 1 Best for Overall Research/No. 1 Best Strategist/No. 1 Best Analyst for Agriculture/No. 1 Best Analyst for Construction & Engineering/No. 1 Best Analyst for Consumer Discretionary/No. 1 Best Analyst for Financials (Non-banking)  
Sales and Trading: No. 1 Best Overall Sales Services/No. 1 Best Salesperson/No. 2 Best Salesperson/No. 2 Best Sales Trader/No. 3 Best Sales Trader/No. 2 Best for Execution/No. 1 Best CA Servicer

## Finance Asia

### Country Awards for Achievement 2020 (China)

Best Securities Broker in China  
Best Deal in China/Hong Kong: JD.com's Hong Kong secondary listing (CITIC Securities/CLSA Limited as one of the sponsors)  
Equity Deal of the Year: JD.com's Hong Kong secondary listing (CITIC Securities/CLSA Limited as one of the sponsors)

## The Asset

### Triple A Country Awards 2020 (China)

Best Equity Deal: JD.com US\$3.9 billion Hong Kong secondary listing (CITIC Securities/CLSA Limited as one of the sponsors)  
Best IPO: Hangzhou Tigermed US\$1.38 billion Hong Kong IPO (CITIC Securities/CLSA Limited as one of the sponsors, global coordinators, bookrunners and lead managers)  
Best Privatization: US\$2 billion privatization of Huaneng Renewables Corporation (CITIC Securities/CLSA Limited as financial adviser)  
Best LGFV Bond: Yunnan Provincial Energy Investment Group Company US\$300 million senior unsecured notes and unsubordinated perpetual securities (CITIC Securities/CLSA Limited as one of the bookrunners and lead managers)  
Best Liability Management: Guangzhou R&F Properties Company senior bond issuance (CITIC Securities/CLSA Limited as one of the global coordinators)  
Best Bank Capital Bond: Bank of Communications (Hong Kong) Limited US dollar perpetual non-cumulative subordinated additional tier 1 capital instruments (CITIC Securities/CLSA Limited as one of the bookrunners and lead managers)  
Best Corporate Bond: China National Travel Service Group Corporation Limited dual-tranche senior secured notes (CITIC Securities/CLSA Limited as one of the bookrunners and lead managers)



<b>Issued by</b>	<b>Name of Awards</b>
<b>Refinitiv</b>	<p><b>2020 STARMINE Analyst Awards</b></p> <p><b>Asia</b> No. 1 Stock Selection in Banks/No. 1 Profit Forecast in Equity Real Estate Investment Trusts (REITs)/No. 1 Profit Forecast in Financial Services/No. 3 Stock Selection in Financial Services/No. 2 Profit Forecast in Interactive Media &amp; Services/No. 10 Overall Analyst Awards: Metals &amp; Mining, Energy &amp; Chemicals and Construction &amp; Engineering</p> <p><b>China (including Hong Kong)</b> No. 4 Overall Analyst Awards: Real Estate/No. 1 Stock Selection in Financial Services/No. 2 Profit Forecast in Financial Services/No. 2 Profit Forecast in Interactive Media &amp; Services/No. 2 Stock Selection in Materials/No. 3 Profit Forecast in Materials/No. 2 Stock Selection in Transportation &amp; Industrials/No. 3 Profit Forecast in Transportation &amp; Industrials</p> <p><b>Australia and New Zealand</b> No. 1 Stock Selection in Energy/No. 3 Profit Forecast in Energy/No. 1 Profit Forecast in Food, Beverage and Tobacco/No. 1 Stock Selection in Hotels, Restaurants &amp; Leisure/No. 1 Profit Forecast in Hotels, Restaurants &amp; Leisure/No. 3 Profit Forecast in Interactive Media &amp; Services/No. 2 Profit Forecast in Transportation &amp; Infrastructure/No. 2 Profit Forecast in Real Estate/No. 3 Overall Analyst Awards: Energy and Utilities/No. 10 Overall Analyst Awards: Retail and Consumer Goods, Food, Beverage &amp; Tobacco and Hotels, Restaurants &amp; Leisure</p> <p><b>India</b> No. 2 Stock Selection in Utilities/No. 3 Profit Forecast in Banks/No. 3 Profit Forecast in Energy/No. 3 Profit Forecast in Real Estate/No. 9 Overall Analyst Awards: Banks/No. 10 Overall Analyst Awards: Information Technology</p> <p><b>Japan</b> No. 1 Profit Forecast in Software &amp; IT Services/No. 2 Profit Forecast in Entertainment</p>
<b>Sina Finance</b>	Sina Finance Hong Kong Financial Institutions Awards (HKFIA) The Best IPO Financial Advisor of the Year
<b>GoldStone Investment</b>	
<b>Issued by</b>	<b>Name of Awards</b>
<b>China Securities Journal</b>	Golden Bull Broker's Equity Investment Annual Winner, Golden Bull Best IPO Case
<b>Zero2IPO Group</b>	2020 Top 20 Private Equity Investment Institutions in China, 2020 Top 10 Investment Institutions in Advanced Manufacturing Field in China, 2020 Top 10 Best Investment Institutions in Scientific Innovation Enterprise in China, 2020 Top 50 China State-owned Investment Institutions in China, 2020 Top 10 Securities Company Equity Investment Institutions in China Member of 10 Billion Club of Equity Investment Market in China for 20 Years

# Company Information

## CITIC Futures

<b>Issued by</b>	<b>Name of Awards</b>
<b>Zhengzhou Commodity Exchange</b>	2019 Excellent Member, Excellent Risk Management Company, Excellent Member in Talent Cultivation, Excellent Member in Industrial Service, Excellent Member in White Sugar Variety Service, Excellent Member in Methyl Alcohol Variety Service, Excellent Member in Glass Variety Service, Excellent Member in PTA Variety Service, Excellent Member in Cotton Variety Service, Excellent Member in Vegetable Variety Service, Excellent Member in Ferroalloy Variety Service, Excellent Member in Apple Variety Service, Excellent Member in Thermal Coal Variety Service
<b>Dalian Commodity Exchange</b>	Gold Award for Outstanding Member, Outstanding Institutional Service Award, Outstanding Chemical Product Service Award, Outstanding International Market Service Award, Outstanding Black Product Service Award, Outstanding Agricultural Product Service Award, Outstanding Industrial Service Award, Outstanding Option Market Service Award, Outstanding Technical Support Award
<b>China Financial Futures Exchange</b>	Platinum Award for Outstanding Member, Technology Management Award, Business Innovation Award, Outstanding Investment Education Award, Product Development Award (Stock Index Options, Stock Index Futures, Treasury Futures)
<b>Shanghai Futures Exchange</b>	2019: Outstanding Member (Gold), Industry Service Award (bronze, fuel oil, asphalt, zinc, lead, steel, tin, gold, silver, aluminum, natural rubber, nickel, energy and chemical, stainless steel, pulp)
<b>Insurance Asset Management Association of China</b>	2019 Most Popular Futures Company for Insurance Assets, 2019 Most Popular Futures Company for Insurance Assets (Research Services), 2019 Most Popular Futures Company for Insurance Assets (Stock Index Futures Business)
<b>Securities Times, Futures Daily</b>	Best Futures Company in China, 2020 Junding Award for Excellent Wealth Management Institution, Best Service Award for Commodities Futures Industry, Best Service Award for Financial Futures, Best Targeted Poverty Alleviation and Charity Award, Best Asset Management Leading Award, Annual Best Investor Education Model Innovation Award, Best Futures IT System Construction Award, Best Futures Derivatives Comprehensive Service Innovative Award, Emerging Future Company Award for Internationalization Process, Best Corporate Branding Development Award, Best Risk Management Subsidiary Service Innovation Award (CITIC Securities Capital Management Co., Ltd.), Best Futures Operation Branch in China (CITIC Futures Shanghai Branch Office), China Golden Futures Research Institute (Research Consulting Department of CITIC Futures)
<b>hexun.com</b>	The 18th China's Financial Annual Champion Awards — 2020 Poverty Alleviation Award for Futures Industry
<b>www.caishiv.com</b>	Excellent FOF Product Revenue Award: CITIC Wings All Weather FOF No. 1

## China AMC

Issued by	Name of Awards
<b>China Securities Journal</b>	Golden Bull Award for Passive Investment Fund Managers Three-Year Open-ended Index Continuous Excellent Golden Bull Fund: ChinaAMC SSE 50 Index ETF
<b>Securities Times, Chinafund</b>	2019 Best Index Development Fund Company, Best Marketing Planning Case Best Social Commonweal Practice Case: China AMC Education Charity Program 2019 Best Stock ETF: ChinaAMC SSE 50 Index ETF
<b>Securities Times</b>	ETF Management Star Fund Company Five -Year Continuous Return Absolute Return Strategy Star Fund: China AMC Return Mix
<b>National Business Daily</b>	ETF Most Popular Fund Company, Most Competitive Fund Company (Special Account Institutional Business) ETF Best Ten Top-selling Products: China AMC 5G ETF
<b>International Financial News</b>	2020 Pioneer Securities Investment Institution
<b>Global Banking &amp; Finance Review</b>	2020 Best Asset Management Company in China, Fastest Growing Fund Management Company in China
<b>Finance Derivative</b>	Best Asset Management Company China 2020
<b>Insights &amp; Mandate</b>	Best RMB Fund House in Asia, Best Fund House (Market — Mainland), Best Retail House in China, Best ETF Sponsor (Market — Mainland), Best Responsible Investor in China

# Financial Summary



# Financial Summary

## Key Financial Data

### Key accounting data

In RMB million

Items	2020	2019	Variance in comparison with last year (%)	2018
Total revenue and other income	<b>71,869</b>	57,080	25.91	51,061
Operating profit	<b>19,885</b>	16,194	22.79	11,734
Profit before income tax	<b>20,470</b>	16,995	20.45	12,466
Net profit attributable to owners of the parent	<b>14,902</b>	12,229	21.86	9,390
Net cash inflow/(outflow) from operating activities	<b>20,708</b>	-4,004	N/A	57,619

Items	31 December 2020	31 December 2019	Variance in comparison with last year (%)	31 December 2018
Total assets	<b>1,052,962</b>	791,722	33.00	653,133
Total liabilities	<b>867,080</b>	626,272	38.45	496,301
Equity attributable to owners of the parent	<b>181,712</b>	161,625	12.43	153,141
Issued share capital	<b>12,927</b>	12,117	6.68	12,117

### Key financial indicators

Items	2020	2019	Variance in comparison with last year (%)	2018
Basic earnings per share (RMB yuan/share)	<b>1.16</b>	1.01	14.85	0.77
Diluted earnings per share (RMB yuan/share)	<b>1.16</b>	1.01	14.85	0.77
Return on weighted average equity (%)	<b>8.43</b>	7.76	Increased by 0.67 percentage point	6.20

## Financial Summary

Items	31 December 2020	31 December 2019	Variance in comparison with last year (%)	31 December 2018
Net assets per share attributable to owners of the parent (RMB yuan/share)	<b>14.06</b>	13.34	5.40	12.64
Gearing ratio (%) <sup>Note</sup>	<b>78.10</b>	75.24	Increased by 2.86 percentage points	71.75

Note: Gearing ratio = (total liabilities – customer brokerage deposits – funds payable to securities issuers)/(total assets – customer brokerage deposits – funds payable to securities issuers)

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

Items	31 December 2020	31 December 2019
Net capital (RMB million)	<b>85,906</b>	94,904
Net assets (RMB million)	<b>151,705</b>	133,558
Total risk capital reserves (RMB million)	<b>55,438</b>	47,205
Risk coverage ratio (%)	<b>154.96</b>	201.05
Capital leverage ratio (%)	<b>14.95</b>	19.61
Liquidity coverage ratio (%)	<b>141.83</b>	149.74
Net stable funding ratio (%)	<b>124.15</b>	131.15
Net capital/net assets (%)	<b>56.63</b>	71.06
Net capital/liabilities (%)	<b>16.51</b>	23.35
Net assets/liabilities (%)	<b>29.15</b>	32.86
Value of proprietary equity securities and derivatives held/net capital (%)	<b>78.54</b>	47.88
Value of proprietary non-equity securities and derivatives held/net capital (%)	<b>293.17</b>	289.28

Notes:

- (1) According to Regulations on the Calculation Standards for Risk Control Indexes of Securities Companies (Announcement of [2020] No. 10 issued by the CSRC), the net capital indicators as at 31 December 2019 were restated.
- (2) The risk control indices for every business of the parent company are in compliance with the relevant requirements of Administrative Measures for the Risk Control Indexes of Securities Companies issued by the CSRC.

## Financial Data for the Last 5 Years

### Operating results

In RMB million

Items	2020	2019	2018	2017	2016
Total revenue and other income	<b>71,869</b>	57,080	51,061	56,960	50,067
Operating expenses	<b>51,984</b>	40,886	39,327	41,390	36,154
Share of profits and losses of associates and joint ventures	<b>585</b>	801	732	604	350
Profit before income tax	<b>20,470</b>	16,995	12,466	16,174	14,263
Net profit attributable to owners of the parent	<b>14,902</b>	12,229	9,390	11,433	10,365

### Financial position

In RMB million

Items	31 December 2020	31 December 2019	31 December 2018	31 December 2017	31 December 2016
Issued share capital	<b>12,927</b>	12,117	12,117	12,117	12,117
Total equity	<b>185,882</b>	165,450	156,832	153,143	145,789
Equity attributable to owners of the parent	<b>181,712</b>	161,625	153,141	149,799	142,696
Total liabilities	<b>867,080</b>	626,272	496,301	472,432	451,650
Customer brokerage deposits <sup>Note 1</sup>	<b>203,111</b>	123,351	97,774	99,855	134,398
Funds payable to securities issuers	<b>1,071</b>	273	148	61	134
Total assets	<b>1,052,962</b>	791,722	653,133	625,575	597,439

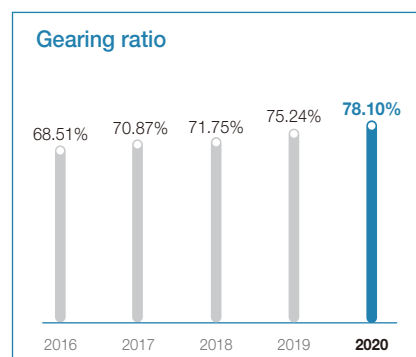
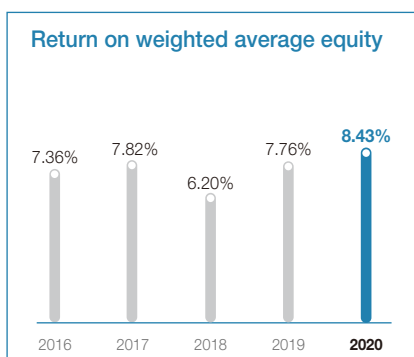
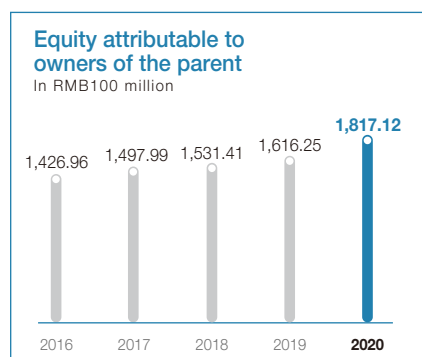
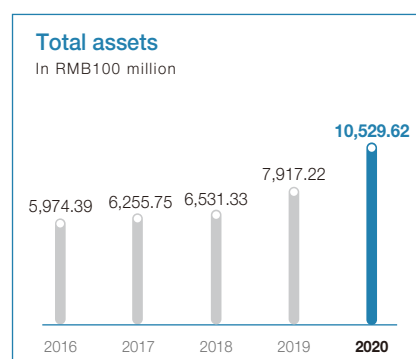
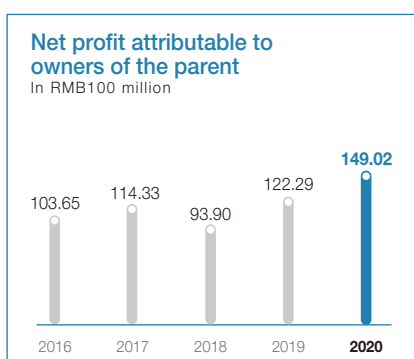
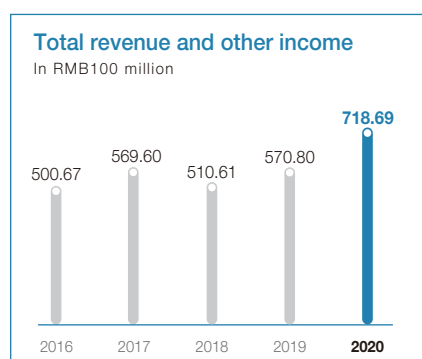
# Financial Summary

## Key financial indicators

Items	2020	2019	2018	2017	2016
Dividends per share (RMB yuan/share)	<b>0.40</b>	0.50	0.35	0.40	0.35
Basic earnings per share (RMB yuan/share)	<b>1.16</b>	1.01	0.77	0.94	0.86
Diluted earnings per share (RMB yuan/share)	<b>1.16</b>	1.01	0.77	0.94	0.86
Return on weighted average equity (%)	<b>8.43</b>	7.76	6.20	7.82	7.36
Gearing ratio (%) <sup>Note 2</sup>	<b>78.10</b>	75.24	71.75	70.87	68.51

Notes:

- (1) Customer brokerage deposits above represent the amount received from and repayable to clients arising from the normal courses of the Group's securities brokerage business. The fund is restricted and governed by the relevant third-party deposit institutions.
- (2) Gearing ratio = (total liabilities – customer brokerage deposits – funds payable to securities issuers)/(total assets – customer brokerage deposits – funds payable to securities issuers)





# Management Discussion and Analysis

## Corporate Strategy and Long-term Operation Model

### Landscape and trend of the industry

#### Changes in the industry regulatory environment

The 14th Five-Year Plan period will be a critical period during which China's capital market will be built into a regulated, transparent and open one full of vigor and resilience and China's securities industry will realize high-quality development. During the 14th Five-Year Plan period, the capital market and the regulation of securities industry will stick to the mindset of "Building systems, Non-intervention, and Zero tolerance"

"Building systems" means to accelerate the development of the basic systems of the capital market to form a more mature and complete system. The supporting systems of the Securities Law will continue to be introduced during the 14th Five-Year Plan period. The comprehensive and three-dimensional accountability mechanisms, such as criminal accountability and civil compensation, are expected to be improved at a faster pace. "Twelve Rules for Deepening Reform" highlighted the strategic significance of improving the quality of listed companies. The basic systems of the capital market, including issuance, listing, trading, information disclosure, reduction of shareholdings and delisting, are expected to undergo systematic reform.

"Non-intervention" means to build a sound and predictable mechanism for the capital market and vigorously advancing the reforms of "streamline the government, delegate power, and improve government services" which is an important way to ensure the normal functioning of the market, stabilize market expectations and enhance market vitality. In the field of innovative business, it is expected to expand the regulatory mode of negative list and no-objection letter, so as to promote the industry institutions to become better and stronger.

"Zero tolerance" means to severely crack down on illegal and criminal acts in the capital market, which is an important guarantee for strengthening regulation and deterrence and purifying the market ecology. The legal system for regulating illegal and criminal acts in the capital market has been increasingly improved, the identification of such malignant illegal and criminal acts as fraudulent issuance, financial fraud, insider trading and market manipulation has become clearer, and the responsibilities of intermediaries have also become clearer. It is expected to continuously increase the cost of illegal and criminal acts, promote the establishment of an organic system in which administrative law enforcement, civil recovery and criminal punishment are interlinked and mutually supportive, and ensure the implementation of the class action system in the securities industry.

During the 14th Five-Year Plan period, the regulatory environment will play an important role in the reform of capital market and securities industry by supporting the best and limiting the worst. For the securities industry, the cost of non-compliance management and the premium of compliance management will increase significantly, and the competition in the industry will also accelerate at a high speed. In this context, on the one hand, the Company needs to grasp the historical opportunity of accelerating reform and two-way opening of the capital market, promote the transformation and upgrading of the business model, and enhance the domestic and international competitiveness; on the other hand, the compliance management should be placed in a more prominent position and the concept of creating value through compliance should be implemented.

# Management Discussion and Analysis

## **Securities industry will face more sufficient competition**

Cross-industry, cross-field and all-round competition are new features of the current securities business competition. With the entry of many powerful rivals such as foreign-invested securities firms, commercial banks, and Internet companies, the securities industry is expected to form a competitive landscape of centralized top players with differentiated development niches.

First of all, the businesses are concentrated to top players, who remain strong. In light of the innovative business, the top brokers gradually formed a centralized market landscape by relying on capital advantages, platform advantages and service capabilities, and further improved the service level and customer acquisition capabilities of traditional businesses by leveraging the market reputation and new services brought by innovative business. The trend of increasing strength among the strong players in the securities industry has become more apparent, but the competition among top securities firms has also intensified.

Secondly, featured brokers make their debut against the backdrop of differentiated development. In the future, with the decreased profitability of traditional channel business and increased market concentration of innovative business, small and medium-sized brokers must achieve differentiated development under the fierce market competition. The domestic securities industry may form a competitive pattern under which multiple types of financial institutions, including large comprehensive brokers, regional brokers, boutique investment banks, Internet brokers and investment advisory institutions, compete with each other on the same stage.

Thirdly, the core strength of the securities industry still lies in technology, talents and capital. Technology is reshaping the traditional financial service ecosystem, and it is time for securities companies to promote business innovation by leveraging financial technology. Talents are the core elements driving the development of securities companies, and competition for recruiting talents will be white-hot. The development of capital-type business has put forward higher requirements for the capital of securities companies, thus the securities industry has stepped into a new cycle of capital increase and expansion.

## **Development strategy of the Company**

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

## **Business plan for 2021**

In 2021, the Company will follow the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics, thoroughly learn and implement the guidelines at the Fifth Plenary Session of the 19th Central Committee of the CPC, summarize its valuable experience in implementing national strategy and serving the real economy over the past 25 years, expand market exploration with constant efforts, and improve its ability to serve customers to promote the high-quality and sustainable development of the Company. Priority works include: taking the opportunity of capital market deep reform and the historical opportunity of comprehensive implementation of the registration-based initial public offering mechanism and increasing the proportion of direct financing to expand the scale of financing business, thus giving full play to the advantages of financing business to support real economy; making more efforts in developing customers in new economic sectors, promoting the

transformation of existing customers from traditional industries to new economic sectors, improving the business layout in such key regions as the Beijing-Tianjin-Hebei Region, Yangtze River Delta region, Guangdong-Hong Kong-Macao Greater Bay Area, Yangtze River economic belt and Hainan Free Trade Port, deeply participating in the regional strategy of China and solidly promoting regional market development; strengthening technological empowerment and construction of a globalized information system based on new-generation technologies, such as big data, cloud computing, artificial intelligence, blockchain and 5G; and improving internal control system construction, regulating internal control activities from such aspects as organizational structure, division of responsibilities, collaboration and working methods and procedures, and firmly sticking to the bottom line of financial risks.

Please refer to “Business Overview” in this report.

### Capital requirement

In 2020, the Company conducted all businesses in an orderly manner. The businesses including fixed income and margin financing are all capital intensive and have high capital requirements. As at the end of the Reporting Period, the balance of the Group’s short-term and long-term loans, debt instruments issued, short-term financing instruments payable and non-current liabilities due within one year amounted to RMB189.8 billion. The Company will strengthen its unified management of domestic and overseas capitals, continue to improve its overall capital allocation efficiency and keep exploring new financing products and models to ensure the satisfaction of capital requirement in business development.

### Possible risks exposure

The current world economy is still in the recovery period after the pandemic and the situation is still complex and severe, with an unstable and unbalanced recovery. Various risks arising from the impact of the pandemic cannot be ignored. There are still challenges in balancing short-term economic recovery and long-term structural optimization. Against the backdrop of changing external environment, the growth in scale of credit derivatives, bulk commodities, foreign exchange and other new businesses will increase market risks correspondingly. Financing business and fixed income product investment are exposed to changes in credit risk and counterparty risk. Therefore, the Company should, in its steady operation, ensure risks are detectable and controllable amid business expansion.

Please refer to “Material Risk Factors” in this report. Please refer to “Risk Management” in this report for overall risk management, compliance and risk control and IT input.

### The impact of COVID-19 pandemic on the Company

The COVID-19 pandemic did not have a material adverse impact on the finances and operations of the Company.

With regard to credit risk, the hit of COVID-19 pandemic on some industries and certain customers existed objectively, while the overall impact of the COVID-19 pandemic on domestic customers was not significant due to the effective epidemic prevention and control measures in place in China. The customers served by the Company are mainly Chinese enterprises, so the credit risk was generally controllable and is not expected to have a material impact on the Company in the future.

With regard to market risk, as a result of the impact of repeated epidemic, the productivity and global economy weakened with intensified geopolitical conflicts, frequent policy changes and increased market volatility. The flow-based business remained directionally neutral, on which the market volatility had less adverse directional impact. Directional investments were cautiously made and dynamically adjusted, meanwhile, certain risk diversification effect across asset types existed. The overall impact was not significant, and the risk was controllable.

# Management Discussion and Analysis

With regard to operational risk, there was a time during the epidemic when employees worked on-site and at home simultaneously, which brought certain challenges to the implementation of business processes and the use of systems. The Company has established a series of management mechanisms on business continuity such as the key post preparation system, and through measures like continuous optimization of processes and improvement of system access methods, the Company has ensured that no major operational risk events have occurred due to the epidemic, and the operational risk was generally under control. If the epidemic intensifies again in the future, we cannot rule out the possibility of further impact on the Company's operational risk, resulting in an increase in the frequency or (and) impact of operational risk events.

With regard to liquidity risk, under the environment of the COVID-19 pandemic, the global central banks and governments have introduced a series of policies to strongly support the stability of financial markets and banking system liquidity. The domestic and overseas liquidity of the Company is less affected by the epidemic. Subsequently, with the gradual improvement of the COVID-19 pandemic and the stabilization of the market environment, the impact on the Company is expected to be insignificant.

Please refer to "Risk Management" in this report for the risk factors, liquidity position and the corresponding measures taken by the Company.

## Business Overview

### Analysis of principal businesses

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

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

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

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

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

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

The Group provides services such as custody and research.

## Investment banking

### Equity financing

#### *Market conditions*

In 2020, with the advancement of registration-based system reform on the STAR Market and ChiNext, the offering size of A-share IPO increased significantly, with a total of 395 enterprises completing the IPO process and listed on the SSE and SZSE, representing a year-on-year increase of 94.58%. The total offering size amounted to RMB468,630 million, representing a year-on-year increase of 85.05%. After the revision of the Administrative Measures for the Issuance of Securities by Listed Companies, the structure of refinancing products changed. The total issuance size of private placement (for cash) projects amounted to RMB473,990 million, representing a year-on-year increase of 223.69%; and the total issuance size of convertible bonds amounted to RMB246,681 million, representing a year-on-year decrease of 0.44%.

In 2020, A-share equity underwriting (for cash) amounted to RMB1,307,901 million, representing a year-on-year increase of 29.76%; A-share equity underwriting (including private placements for asset transactions) amounted to RMB1,655,511 million, representing a year-on-year increase of 7.41%. The market share of the top ten securities companies in A-share equity underwriting (for cash) amounted to 67.95%, indicating a high level of concentration.

In 2020, Hong Kong IPO underwriting amounted to US\$51,623 million, representing a year-on-year increase of 27.94%; underwriting in Hong Kong refinancing market amounted to US\$47,844 million, representing a year-on-year increase of 161.87%. Calculated on the basis of the underwriting amount distributed evenly among all underwriters, the market share of top ten investment banks in Hong Kong equity financing market totalled 63.06%.

#### *Actions and achievements*

In 2020, in respect of domestic equity financing, the Company expanded the coverage of clients seeking IPO on the STAR Market and ChiNext with the advancement of the registration-based system reform. The underwriting scale of IPO projects completed during the year accounted for 9.3% of the market share. After the revision of the Administrative Measures for the Issuance of Securities by Listed Companies, the Company focused on layout in private placement business. The Company completed 52 private placement (for cash) projects with an issuance size of RMB83,101 million in aggregate, accounting for a market share of 17.53%. The Company completed 15 private placement (for asset transactions) projects with an issuance size of RMB108,484 million in aggregate, accounting for a market share of 31.21%. Meanwhile, the Company actively explored business opportunities in the convertible bonds and preference shares issuance and continued to strengthen quality management and risk control for the whole process of equity financing projects, so as to reinforce and enhance its comprehensive competitive strength.

## Management Discussion and Analysis

In 2020, the Company completed a total of 158 A-share lead underwriting projects with an aggregate lead underwriting amount of RMB313,599 million (including private placements for asset transactions), representing a year-on-year increase of 12.08%, accounting for a market share of 18.94% and ranking the first in the market. Among them, 39 were IPO projects, with an aggregate lead underwriting amount of RMB43,585 million; 119 were refinancing issuance projects, with an aggregate lead underwriting amount of RMB270,014 million.

Projects	2020		2019	
	Lead Underwriting Amount (RMB million)	Number of Issuances	Lead Underwriting Amount (RMB million)	Number of Issuances
IPOs	43,585	39	45,133	28
Re-financing issuances	270,014	119	234,670	53
Total	313,599	158	279,803	81

Source: Wind Info and the Company's internal statistics

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

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

In 2020, in respect of overseas equity financing, the Company further strengthened domestic and overseas integrated management, and continued to focus on layouts in new economic industries including Internet, consumption, healthcare and pharmaceutical. Calculated based on the bookrunner role, the Company completed a total of 54 overseas equity projects with an underwriting amount of US\$5,247 million in aggregate. Among them, 24 were IPO projects in the Hong Kong market with an aggregate underwriting amount of US\$3,060 million, and 9 were refinancing projects with an aggregate underwriting amount of US\$1,067 million, and ranking the second among Chinese securities companies in respect of equity financing business in the Hong Kong market. Meanwhile, the Company completed 21 equity financing projects in U.S., Europe, Australia and Southeast Asia and other overseas markets, with an aggregate underwriting amount of US\$1,120 million.

### Outlook for 2021

In 2021, the Company will further expand its coverage of domestic and overseas clients, increase projects in stock, strengthen the research on emerging industries, important clients and innovative products, actively optimize its business structure according to market development and client needs, obtain key transactions from important clients and further enhance its influence in global market. The Company will act closely in line with policy changes and continue to develop the layout for the businesses in relation to the comprehensive and steady advancement of the registration-based system, the transfer from the NEEQ to the Main Board, the Shanghai-London Stock Connect, the Shenzhen-London Stock Connect and cross-border secondary listings and other businesses. The Company will provide clients with integrated investment banking services by strengthening the abilities in equity underwriting and leveraging its platform strength.

## Debt and asset-backed securitization

### *Market conditions*

In domestic market, due to the impact of COVID-19 pandemic, the monetary policy in China remained loose and market liquidity was generally sufficient in 2020 resulting in a significant increase in the size of financing in the bond market. The aggregate issuance size of bonds amounted to RMB56.89 trillion during the year, representing a year-on-year increase of 25.89%; and net financing amount reached RMB17.32 trillion, representing a year-on-year increase of RMB5.83 trillion. The aggregate issuance size of credit bonds (excluding interbank certificates of deposit) amounted to RMB19.09 trillion, representing a year-on-year increase of 28.49%. The issuance size of treasury bonds and local government bonds grew at a relatively high rate due to fiscal policies. The issuance size of non-financial corporate bonds maintained a relatively rapid growth. The issuance size of capital bonds of financial institutions was relatively large. The asset-backed securitization market remained active, with the accelerated issuance size of securitization products on exchanges, and the size of interbank credit asset-backed securitization market shrank.

In overseas market, the COVID-19 pandemic strained the US dollar liquidity and posted significant fluctuations in overseas bond market. According to Bloomberg statistics, Chinese enterprises issued a total of 521 USD-denominated bonds with a total financing size of US\$211,439 million in 2020.



# Management Discussion and Analysis

## Actions and achievements

In 2020, the Company maintained its leadership in the debt financing business with a total underwriting amount of RMB1,298,944 million, representing a year-on-year increase of 27.78%. The Company contributed 12.93% of the total underwriting amount of securities companies, ranking first among securities companies, and 5.16% of the total underwriting amount of underwriting institutions including commercial banks, ranking fifth in the market. The Company underwrote 2,989 projects, ranking first among securities companies.

Projects	2020		2019	
	Lead Underwriting Amount (RMB million)	Number of Issuances	Lead Underwriting Amount (RMB million)	Number of Issuances
Enterprise bonds	43,009	54	33,861	44
Corporate bonds	282,153	483	211,414	325
Financial bonds	327,047	158	269,681	143
Medium-term notes	57,360	88	44,907	54
Short-term commercial papers	12,172	30	12,732	21
Private placement notes	21,700	50	14,287	27
Asset-backed securities	314,660	874	247,171	597
Convertible bonds/exchangeable bonds	56,144	48	99,053	27
Local government bonds	184,699	1,204	83,480	809
<b>Total</b>	<b>1,298,944</b>	<b>2,989</b>	1,016,586	2,047

Source: Wind Info and the Company's internal statistics

In respect of USD-denominated bonds issued by Chinese enterprises in overseas market, the Company completed a total of 93 projects with a total underwriting amount of US\$3,819 million, representing a market share of 2.02%, ranking the fourth among Chinese securities companies. In addition to the bond underwriting, the Company provided customers with structured and leveraged financing, risk solutions and other diversified services.

## Outlook for 2021

In 2021, there are both opportunities and challenges for the debt financing business. The bond market will continue to reform, open up and innovate, which will bring new business opportunities; the further exposure of corporate default risks and the strengthening of the responsibilities of intermediaries also put forward higher requirements and challenges for bond underwriting business. The Company will actively seize market opportunities, integrate resources, continue to expand the customer market, increase the Company's market share, and vigorously strengthen due diligence, risk management and quality control to reduce project risks. In terms of business strategy, the Company will put efforts in the following aspects: first, the Company will consolidate its leading advantages in debt financing business, and keep increasing investment in bond business with non-financial enterprises, to provide customers with comprehensive services and financial solution packages; second, the Company will strengthen efforts to explore bond financing opportunities from local enterprises and regional customers to overcome its weakness in regional business and build its regional advantages and competitiveness; third, the Company will vigorously promote the new business in relation to publicly-offered infrastructure REITs projects;



fourth, the Company will fully implement the strategy of integrating domestic and overseas businesses, strengthen customer and business coordination of domestic and overseas businesses, and vigorously expand in the USD bond (issued by Chinese enterprises) market, to improve its underwriting capacity and market share of overseas bond business.

## **Financial advisory services**

### ***Market conditions***

According to Dealogic, in 2020, the total value of global merger and acquisition transactions announced reached US\$3.59 trillion and the number of transactions amounted to 32,513. On a sector basis, the electronics and computer sector was the most active with the value of merger and acquisition transactions announced in 2020 amounting to US\$808 billion, which accounted for 22.50% of the total value of merger and acquisition transactions announced; the medical and healthcare sector followed with the value of merger and acquisition transactions announced in 2020 amounting to US\$386.9 billion, accounting for 10.77% of the total value of merger and acquisition transactions announced.

In 2020, the number of announced merger and acquisition transactions in the market involving Chinese enterprises was 5,169, with a transaction size of US\$598.0 billion, of which, 604 were cross-border transactions, with a transaction size of US\$63.4 billion.

### ***Actions and achievements***

In 2020, the value of material assets restructuring transactions in A-share market completed by the Company amounted to RMB277.7 billion, with a market share of 43.47%, ranking the first in the industry. The Company closely followed market and policy trends, enhanced the coverage of full products in mergers and acquisitions and completed a number of large merger and acquisition and restructuring transactions in fields of market-oriented debt-to-equity swaps and internal restructuring of central SOEs, including the market-oriented debt-to-equity swaps of CSSC, material assets restructuring of FAW Car, joint capital increase in a joint venture by CMSK and Qianhai Investment Holding, and material asset restructuring of China Shipbuilding Industry Group Power Co., Ltd., which continuously consolidated and improved the Company's market position and competitiveness in the merger and acquisition market.

In 2020, the value of global merger and acquisition transactions involving Chinese enterprises completed by the Company amounted to US\$159.4 billion, ranking second in the industry. The Company continued to improve its overseas business network layout and actively carried out cross-border merger and acquisition business. The Company assisted Wumei Group in acquiring the business of Metro China, which strengthened the integration of online and offline businesses of the two parties. The Company assisted Huaneng Renewables in its privatization and delisting from the Hong Kong Stock Exchange, which was the largest privatization transaction of a central SOE in the history of Hong Kong stock market, laying the foundation for the business integration of China Huaneng and Huaneng Renewables. The Company assisted ENN Natural Gas Co., Ltd. in acquiring ENN Energy, a company listed on the Hong Kong Stock Exchange, helping it to become a leading enterprise in terms of the integration of upstream and downstream innovative clean energy businesses.

### ***Outlook for 2021***

In 2021, the Company will, under the customer-oriented principle, keep close track of policy trends, continue to consolidate its market share, actively formulate plans in relation to merger and acquisition and restructuring of large enterprises, spin-off and listing, mixed ownership reform of state-owned enterprises, debt restructuring, bankruptcy and reorganization of enterprises, etc., and keep improving its ability to provide integrated merger and acquisition services. The Company will also continue to deepen domestic and overseas collaboration and leverage its global network resources to strengthen the development of businesses including cross-border merger and acquisition, merger and acquisition financing and privatization of overseas-listed companies, so as to increase its global business coverage and market competitiveness.

# Management Discussion and Analysis

## **The business of New OTC Market**

### ***Market conditions***

In 2020, with the commencement of the review of applications for public offerings and listings on the New OTC Market Select, the reform of New OTC Market launched smoothly, bringing about a rebound of various functional market indicators and gradually achieving positive impacts. As at the end of the Reporting Period, the number of companies listed on the New OTC Market amounted to 8,187, with total issued shares of 533,528 million and a total market capitalization of RMB2,654,231 million. In 2020, the total trading volume of the New OTC Market amounted to RMB129,464 million, and the total proceeds raised from the issuance of shares amounted to RMB33,850 million. As at the end of the Reporting Period, the NEEQ component index closed at 1,010.77, representing an increase of 8.83% as compared to the end of 2019; and the NEEQ market-making component index closed at 1,073.18, representing an increase of 17.32% as compared to the end of 2019.

### ***Actions and achievements***

In 2020, the Company continued to operate the business of New OTC Market on the basis of expanding the customer coverage and centred on value identification and realization. While actively developing the public offering business of the New OTC Market Select, continuously optimizing the market-making and position structures and enhancing the coverage of high-quality enterprises, it placed great emphasis on quality control and effectively controlled business risks.

As at the end of the Reporting Period, the Company, as the lead broker on New OTC Market, conducted continuous supervision over a total of 25 listed companies, among which, 15 companies entered the Innovation layer or the Select layer; and the Company, as the sponsoring broker, had applied for the public offering and listing on the New OTC Market on behalf of five companies, among which, two companies had listed and commenced trading on the Select layer. In 2020, the Company provided market-making services for 51 listed companies, among which, 31 companies entered the Innovation layer or the Select layer.

### ***Outlook for 2021***

In 2021, the Company will, according to the progress of deepened reform of the New OTC Market, continuously improve the business management system and market development system centred on value identification and realization, to drive the development of other relevant businesses and provide customers with quality integrated services in the New OTC Market; and will select high quality enterprises, and deepen the exploration of enterprise value, so as to create good returns.

## **Wealth management**

### ***Market conditions***

In 2020, the overall market trading of the domestic securities market increased significantly as compared with 2019, with SSE Composite Index rising by 13.87%, SSE SME Composite Index rising by 31.55% and ChiNext Composite Index rising by 47.85%.

### ***Actions and achievements***

In 2020, the Company stuck to brokerage business as its primary business, intensified the development of wealth management, enriched the wealth management products and services system, strengthened the core wealth allocation capability and vigorously cultivated high-quality professional talents. The Company implemented its development requirements of the global integration in wealth management business, integrated its overseas retail and wealth management, so as to provide customers with all domestic and overseas products and services.

As at the end of the Reporting Period, the number of customers exceeded 10.9 million and customer assets under custody in aggregate amounted to RMB8.5 trillion. The Company had more than 126,000 wealth management customers with assets under management amounting to RMB1.5 trillion, of which 27,000 are high-net-worth customers with assets of over RMB6 million (with total assets under management amounting to RMB1.3 trillion), and 13,000 customers signed up for wealth management accounts, with assets under management amounting to more than RMB170 billion. In 2020, the total trading volume of securities and funds handled by the Company, CITIC Securities (Shandong) and CITIC Securities South China on behalf of customers amounted to RMB28.6 trillion, with a 10.92% market share of southbound trading under the Stock Connect, and the distribution of financial products amounted to RMB944.7 billion. The AUM of public funds and private funds exceeded RMB300 billion, and the scale of wealth allocation investment business exceeded RMB10 billion, with the number of registered investment advisors remaining the first in the industry.

### Outlook for 2021

In 2021, the Company will continue to fully implement its customer-centred business philosophy and business objective of helping customers achieve asset preservation and enhancement, deepen the transformation and development of wealth management business, enhance asset allocation service capability, promote the stable growth of wealth customers and their asset scale, optimize the business revenue structure, further increase the proportion of wealth management revenue, and expand the influence of the wealth management brand; gradually establish a comprehensive wealth management platform to provide global asset allocation and trading services for domestic and overseas high-net-worth customers and better meet customers' needs for preservation, enhancement and inheritance of their assets; maintain and expand the leading edge of brokerage business in terms of revenue while sticking to brokerage business as its primary business; explore the building of digital operation service system, promote the transformation of traditional marketing models to new models of content marketing and digital intelligent marketing, improve the efficiency of customer acquisition and retention, and increase the size of customer market; build a professional team and enhance professional ability to better support the full implementation of the Company's comprehensive financial services in all regions, so as to give full play to the Company's advantages in comprehensive financial services, promote the vigorous development of wealth management and achieve professional value.

## Institutional stock brokerage

### Market conditions (please refer to "Wealth management" in this report)

#### Actions and achievements

The stock brokerage business for domestic institutions mainly covered domestic and overseas professional institutional investors such as public funds, insurance companies, private funds, wealth management subsidiaries of banks, QFII, RQFII and WFOE. In 2020, the Company maintained its overall leadership in domestic institutional brokerage business. In particular, the Company ranked first regarding the compartment commission received from public funds in the first half of 2020; the number of trading clients of QFII/RQFII increased to 219; the coverage of key private funds increased to 80%; and the Company won 15 bids in total for broker settlement mode business implemented among key wealth management subsidiaries of banks.

In 2020, the Company posted steady development of stock brokerage business for overseas institutions, showing steadily increasing results year on year, implemented integrated global vertical management and opened up cross-border sale and trading channels in China. Centred on stock products in the Asia-Pacific market, the Company provided trading and research services for institutional customers in the world via its branches in 13 countries and regions. Besides, based on traditional brokerage business, the Company stepped up development of cross-sale and programmatic electronic transaction business, with a top-ranking market share in the Asia-Pacific region.

# Management Discussion and Analysis

## Outlook for 2021

In 2021, relying on domestic and overseas business advantages and customer resources, the Company will continuously promote the integration and expansion of stock brokerage business for global institutions. In respect of stock brokerage business for domestic institutions, the Company will continue to explore traditional customer market, expand effective customer coverage, develop new customers and improve customers' satisfaction. Centred on customers, the Company will actively coordinate the connection of its various business products and resources, provide customers with comprehensive financial services, and deepen and expand customer business cooperation.

## Financial market

### Market conditions

In 2020, the stock market maintained its upward trend throughout the year despite the impact of COVID-19. In particular, leaders of various industries achieved significant growth, leading to excellent performance of institutional investors represented by public funds. The CSI Free Float Index rose by 25% throughout the year and the CSI Equity Fund Index rose by 45% throughout the year. The annual trading volume of Shanghai and Shenzhen stock markets rose by over 60% year on year. From generally enlarged market structure to continuously differentiated market structure, leaders of various industries showed continuous excellent performance, with a significant growth in the health care, consumption and new energy industries in particular.

In 2020, major overseas markets also underwent drastic fluctuation, seeing a rebound in major stock indexes after a sharp decline, and accelerated growth in general against the backdrop of deepening fiscal and monetary stimulus of all governments. The S&P 500 Index rose by 16%, and Nasdaq 100 Index which has a higher proportion of technology stocks rose by 48%. The European and Hong Kong markets showed a relatively weak performance, with the European STOXX600 Index declining by 4% and Hang Seng Index declining by 3%. However, such structural differentiation is often caused by industry distribution, and the Hang Seng TECH Index rose by 79% throughout the year.

In 2020, the bond market showed a decline after rising, and relatively stable performance in the second half of the year, with ChinaBond Composite Wealth Index rising by 3%. National bonds witnessed range-bound fluctuations in medium and long-term key-duration interest rates and the short-end interest rate rose after a decline, with relatively loose interbank liquidity. There were more shocking credit events in the second half of 2020, intensifying the divergence of debenture market.

### Actions and achievements

In respect of the equity derivatives business, in 2020, the Company continued to develop its OTC derivatives business and OTC products, with its market-making business continuously taking the lead on the market. The Company continued to develop and innovate its overseas equity derivative transactions, and offered customers cross-time-zone derivative transaction services in the global market.

In respect of the fixed income business, the Company made good use of its customer resources and enhanced its comprehensive capabilities for product design and customer service to provide customers with rich fixed income products and service and constantly enrich the profit model. In 2020, the Company ranked the first in the industry in terms of the sales of interest rate products.

In line with the development trend of capital market innovation and reform, industry scale, digitalization and internationalization, the Company actively deployed its domestic and international securities financing and lending business, strengthened delicacy management on various types of customer groups and deepened its product services.

In respect of the bulk commodity business, the Company implemented the concept of finance serving the real economy, strengthened the profitability and expanded customer coverage, strictly controlled risks and seized opportunities in the highly volatile global market, in order to offer customized and professional financial services related to bulk commodities to a wide range of domestic and foreign industry and institutional clients.

With respect to the stock proprietary business, the Company continued to deepen its understanding of the leading companies in various industries. Meanwhile, the Company continued to focus on controlling tail risks and flexibly used equity index derivatives, maintaining a steady performance on the whole. The Company achieved initial results in the exploration and practice of quantitative analysis and diversified strategies, laying a foundation for further reducing the dependence of performance on market movements in a single direction in the future.

In respect of the alternative investment business, the Company actively responded to market changes brought by the pandemic and made remarkable results in many aspects, including AUM and use efficiency, research and development of new strategies and cross-business collaboration.

### **Outlook for 2021**

In respect of the equity derivatives business, the Company will continue to improve products supply and trading services, with meeting clients' needs as our core values, so as to enhance capabilities in offering comprehensive solution service, focus on building an international comprehensive business platform for stock derivatives to provide domestic and overseas customers with multi-market, 24-hour and one-stop investment transaction services and comprehensive solutions.

Regarding the fixed income business, the Company will further explore customer market, expand and deepen customer coverage, and provide customers with diverse products and transaction services to meet customer demands. The Company will also continue to develop cross-border business to promote the joint development of its domestic and overseas business.

In respect of securities financing and lending business, the Company will continue to improve its "customer-oriented" product supply and customer service ecosystems to meet retail customers' demand for investment, financing and wealth management, the Company will also provide one-stop investment and financing services and product solutions to investment and financing business for professional institutions, enterprises and listed companies.

In respect of the bulk commodity business, the Company will continue to expand its customer market coverage, which will become an important link for the Company to provide comprehensive financial service chain related to diverse assets. At the same time, it will make continuous efforts to provide more in-depth services, enrich product design, and provide channels of risk hedging and transfer for domestic and overseas customers.

In respect of the stock proprietary business, the Company will continue to optimize investment research system, continue to explore the development of a multi-strategy investment system, and improve capital utilization capabilities.

In respect of alternative investment business, the Company will keep expediting the research & development of new strategies, accelerate its international business layout to enrich its income resources.

# Management Discussion and Analysis

## Asset management

### Market conditions

In 2020, to ensure the steady transformation of asset management industry under the impact of COVID-19 on global economic development, regulatory agencies extended the transitional period before the implementation of the New Regulations on Asset Management to the end of 2021 to relieve the pressure of rectification on asset management institutions and provide a better environment and conditions for asset management institutions to further improve its business model and product innovation capability. At this stage, the transformation of asset management industry has entered into a key stage, with the basic formation of regulatory framework of various subsectors and gradual formation of misplacing competition pattern caused by the differences in the resource endowment of such subsectors. In the future, asset management institutions should continue to stick to the core position of active management, keep consolidating asset allocation, strategy development, product management and risk control capability, improve customer service experience and explore characteristic and differentiated asset management businesses.

### Asset management business of the Company

#### Actions and achievements

In 2020, given the industry transformation and development environment of the replacement of the old business model with the new one, the Company pursued a multi-pronged strategy in asset management business to focus on the development of long-term funds, net worth products and right-containing products, having achieved a good result, with a certain degree of optimization of customer and capital structure. Under the continuous guidance of “increasing the assets under active management, developing equity products and serving the real economy”, the Company improved its professional level in investment research, perfected the buyer’s investment research system, vigorously developed corporate annuity, occupational annuity and other pension businesses, advanced the transformation of publicly-offered collective investment schemes in an orderly manner, actively promoted transformation of active management business by banks, and had made many breakthroughs in private banking business.

As at the end of the Reporting Period, the AUM of the Company amounted to RMB1,366,401 million, of which, the size of CAM, SMA and SAM amounted to RMB260,124 million, RMB1,106,168 million and RMB109 million, respectively. In particular, the assets under active management amounted to RMB1,052,645 million. The market share of the privately-offered asset management business as defined under the New Regulations on Asset Management (excluding pension businesses, publicly-offered collective investment schemes and asset-backed securitization products) of the Company was approximately 13.50%, ranking the first in the industry.

Type	AUM (RMB million)		Management fees (RMB million)	
	2020	2019	2020	2019
CAM	260,124	129,174	1,229.05	497.34
SMA	1,106,168	1,265,213	1,128.36	1,093.72
SAM	109	371	50.47	27.58
Total	1,366,401	1,394,758	2,407.88	1,618.64

Source: The Company's internal statistics

Note: The CAM included publicly-offered collective investment scheme and excluded pension products; the SMA included pension businesses; and the SAM excluded asset-backed securitization products.

### *Outlook for 2021*

In 2021, in respect of asset management business, the Company will continue to undertake the mission of serving the real economy, allocating funds to the most effective enterprises and realizing the long-term steady appreciation of customer assets. Following the customer development strategy of “serving institutional customers and increasing retail customers”, the Company will improve its customer development ability and comprehensive financial service level. The Company will also promote the building of professional investment research teams and refined management, continuously enrich its product types, keep promoting active management, long-term net worth, “fixed income +”, equity and other multiple asset models, and expand and strengthen its pension business to consolidate its leading position in respect of institutional business. Innovating business models focusing on customers’ demand, the Company will keep complementing its weakness in retail business and continue to advance the transformation and marketing of publicly-offered collective investment schemes. Besides, the Company will build a new-generation platform for asset management business in an all-round way by constantly promoting the digital construction of asset management business.

### **China AMC**

#### *Actions and achievements*

In 2020, repositioning its fund strategies and styles, China AMC kept improving its research framework on asset allocation; as a result, it witnessed a soaring investment performance and emergence of blue chip funds in multiple investment categories. It also vigorously marketed its regular open-ended funds, and further expanded its active equity funds; spared no effort to sell its bond funds, and created the popular fund “fixed income +”; prudently developed its institutional pension business, kept expanding its international business and continuously enhance its risk prevention ability. As a result, the overall asset management scale further expanded. As at the end of the Reporting Period, the total AUM of China AMC reached RMB1,461,142 million, of which, the AUM of public funds reached RMB804,636 million and the AUM of institutional and international business reached RMB656,506 million.

### *Outlook for 2021*

In 2021, China AMC will keep improving its investment research ability, focus on product line layout improvement, enhance the marketing of dominant index products, optimize existing annuity businesses and introduce new annuity businesses, promote the structural transformation of SMA services, expand its international business scale and continuously improve Fintech ecosystem, thereby maintaining its comprehensive competitiveness in the industry.

## **Custody**

### **Market conditions**

In 2020, the gradual easing of COVID-19 in China has created a favorable environment for the continued dynamics of domestic capital market. The steady development of asset management industry has been driven by such factors as the pilot project of the registration system reform, increased institutionalization, and a moderate extension of the transitional period before the implementation of the New Regulations on Asset Management. The statistics of Asset Management Association of China showed that as at the end of 2020, the AUM of public funds reached RMB19.89 trillion and the AUM of private funds reached RMB15.97 trillion, both of which increased significantly compared with the same period last year. As a carrier for transformation of commercial banks’ wealth management business, wealth management subsidiaries of banks have gradually become one of the dominant players in the domestic asset management industry. In 2020, the Chinese government further increased efforts to open up the domestic financial market to foreign players. The first wholly foreign-owned public fund management company was officially approved, and a number of foreign-owned commercial bank were qualified for custodian business for securities investment funds. The asset management industry has entered a new era where domestic and foreign institutions compete with each other for innovative development.

# Management Discussion and Analysis

## Actions and achievements

In 2020, the Company seized opportunities for development of asset management industry, drove the development of asset custody and fund operation outsourcing service with service and technology, focused on improving the localized service capacity in key regions such as Beijing, Shanghai, Shenzhen and Guangzhou, and continued to increase investment in fintech construction. In respect of asset custody business, the Company faithfully performed its duties as a custodian for the benefit of fund shareholders with due care and diligence. As at the end of 2020, the Company's public and private equity fund custody business both reached a high record in terms of scale and number of clients. In respect of fund operation outsourcing service, the Company was approved to provide valuation accounting and share registration outsourcing service for public funds; meanwhile, the Company set up overseas fund service companies for benchmarking with international fund service industry standards, so as to actively build an integrated service ecology for asset management institutions both inside and outside China. As at the end of the Reporting Period, the Company's asset custody and fund operation outsourcing service business achieved rapid growth, with 7,476 products provided by the Company with asset custody service and 8,059 products provided by the Company with fund operation outsourcing service.

## Outlook for 2021

In 2021, the domestic capital market will further deepen reform and opening up. Against the background of accelerated accumulation of residents' wealth and accelerated transformation of savings into investment, the Company will continue to enhance its core competitiveness in asset custody and fund services, increase in-depth cooperation with various professional investment institutions, broaden service models, improve service quality and strengthen technological leadership to promote high-quality development of asset custody and fund services business.

## Equity investment

### Market conditions

As the macro environment continued to recover, the market scale presented an upbeat trend. Affected by the macro environment, equity investment market was facing the difficulty in fund-raising. In 2020, the newly raised funds in China's equity investment market amounted to RMB1,197.114 billion, representing a year-on-year decrease of 3.8%, and a total of 3,478 new funds completed fundraising, representing a year-on-year increase of 28.3%. In the second half of the year, as the pandemic was effectively controlled in China, fund-raising activities gradually returned to the normal level at a notably accelerated pace. On the whole, fund-raising experienced polarization in 2020. In terms of investment, 7,559 investments took place in China's equity investment market in 2020, representing a year-on-year decrease of 7.9%, and the decrease was narrowed as compared to the previous year; and the investment value reported RMB878.149 billion, representing a year-on-year increase of 14.0%. Impacted by the pandemic, closing of more large investments took place in the second half of the year, resulting in an upward trend for both the number and the value of investments in each quarter of 2020. In terms of exit from the market, the number of exit cases increased significantly year-on-year, with IPO exits still being the top choice.

## Actions and achievements

### *CITIC Securities Investment*

In 2020, as an alternative investment subsidiary of the Company, CITIC Securities Investment closely focused on the development of the capital market and the macro situation in China and abroad, continued to explore investment opportunities in industries including technology and advanced manufacturing, modern service, medical and healthcare, new materials and industrial products, actively explored the possibility of moving the investment phase forward appropriately, continued to give full play to the comprehensive advantages of CITIC Securities, increased investment scale, and invested



in a number of enterprises with core competitiveness in the fields of semiconductor, medical equipment, cutting-edge biotechnology and consumption. In 2020, CITIC Securities Investment invested in over 70 new projects (including follow-up investment in the STAR Market), with the investment amount of approximately RMB4 billion.

### **GoldStone Investment**

As a platform for raising and managing private equity investment funds of the Company, in 2020, GoldStone Investment, as the fund manager, initiated the establishment of GoldStone New Materials Fund for Manufacturing Transformation and Upgrading and Sichuan Chuantou Jinshi Kangjian Equity Investment Fund Partnership (四川川投金石康健股權投資基金合夥企業) and other funds with a size of over RMB30 billion, to support the development of enterprises with core competitive advantages in new materials, pharmaceutical and health care, and information technology industries by way of equity investment. GoldStone Investment made approximately RMB5 billion external investment in 2020, involving sectors such as health care, chips, new materials and manufacturing. As at the end of the Reporting Period, there were 18 private equity investment funds under GoldStone Investment's management.

### **Outlook for 2021**

In 2021, guided by national policies, CITIC Securities Investment will serve the real economy, implement national strategies, improve investment research capacity, systematically carry out industrial layout, increase forward-looking investment layout, develop diversified investment methods, increase investment, strengthen post-investment management and risk control, and continue to consolidate its leading position in the field of equity investment by alternative investment subsidiaries of brokers.

GoldStone Investment's development strategy is to attach equal importance to management scale and investment returns, with its strategic goal of developing into a leading private equity investment fund management institution in China. It aims to create excellent returns for fund investors and realize management fee revenues and performance rewards for the Company. Through top-down research with industrial upgrade and integration as the core, GoldStone Investment will discover valuable companies and invest in them, and enhance their value in post-investment management. In addition, GoldStone Investment will also expand its overseas investment and seize economic development opportunities in new regions as a beneficial supplement to domestic investment.

### **Research**

In 2020, the Company continued to push forward the comprehensive strategic transformation of its research business. With enhancement in the depth of research and service levels, the Company won the second place of the best research team in Asia in the selection of Asian Currency in 2020. The Company accelerated the integration of its domestic and overseas research forces, increased the number of research reports in English and Chinese, so as to enhance its influence in overseas markets. The Company implemented cloud upgrade of research services, held a number of large and medium-sized online and offline conference activities, and the quality and frequency of customer services were not affected by the pandemic. Research coverage of A share and overseas listed companies continued to increase, and the number of institutional customers reached a new high. Besides, the combination of integrated research services and business synergies enhanced the reputation of the Company by providing services on a wide range of topics for government decision-making and CITIC Group's development.

# Management Discussion and Analysis

In 2021, the research business of the Company will be value-oriented, providing client-driven and business-driven research services to continue to enhance the Company's reputation and value. In terms of research areas, in addition to continuing to increase the research coverage of domestic and overseas listed companies, we will further strengthen industry research, in-depth research and research on the operation strategies of listed companies. The scope of research will be expanded from secondary market to industry trends, industrial integration, merger and acquisition and restructuring, as well as strategic consulting for unlisted enterprises. In terms of service targets, in addition to continuing to serve key institutional customers in the secondary market, such as public funds, insurance asset management, private equity funds and foreign customers, the Company will also increase its efforts to serve the important incremental customers, such as wealth management subsidiaries of banks. In addition, we will deepen and implement the idea of linking the primary and secondary markets, and further expand our services from institutional customers in the secondary market to PE investment institutions in the primary market, unlisted enterprises in various industries and government-led funds, etc., in order to explore the value of our customers. In terms of domestic and overseas cooperation, the Company will build a global vision and a solid local research brand. We will continue to integrate our domestic and overseas research businesses in terms of management, service and assessment, and utilize the differentiated positioning and coverage of our domestic and overseas teams to jointly serve our customers and form complementarity.

## Financial Statements Analysis

### Financial statement summary

#### Profitability analysis

In 2020, the overall activity of the domestic securities market increased compared with that of 2019. The Group continued to rank top among domestic securities companies, retaining a leading position in the market on all fronts. In 2020, the Group recognized total revenue and other income of RMB71,869 million, representing a year-on-year increase of 25.91%. Net profit attributable to owners of the parent amounted to RMB14,902 million, representing a year-on-year increase of 21.86%. Basic earnings per share amounted to RMB1.16, representing a year-on-year increase of 14.85%. Return on weighted average equity was 8.43%, representing a year-on-year increase of 0.67 percentage points.

#### Assets structure and assets quality

In 2020, total assets and total liabilities of the Group increased by different margins. In 2020, the Group made the corresponding impairment provision for the assets with signs of impairment, to maintain the Company's high-quality asset.

As of 31 December 2020, the Group's total assets amounted to RMB1,052,962 million, representing a year-on-year increase of RMB261,240 million or 33.00%. Excluding customer brokerage deposits and funds payable to securities issuers, the Group's total assets amounted to RMB848,780 million, representing a year-on-year increase of RMB180,682 million or 27.04%. As of 31 December 2020, the Group's total liabilities amounted to RMB867,080 million, representing a year-on-year increase of RMB240,808 million or 38.45%. Excluding customer brokerage deposits and funds payable to securities issuers, the Group's total liabilities amounted to RMB662,898 million, representing a year-on-year increase of RMB160,250 million or 31.88%. As of 31 December 2020, the Group's equity attributable to owners of the parent amounted to RMB181,712 million, representing a year-on-year increase of RMB20,087 million or 12.43%.

Asset and liability structure of the Group maintained stable. As of 31 December 2020, excluding customer brokerage deposits and funds payable to securities issuers, the Group's total assets amounted to RMB848,780 million, among which, investments, which mainly included investments in associates/joint ventures and investments in financial assets, accounted for 60.68% of the total assets; margin accounts and reverse repurchase agreements accounted for 18.38% of the total assets; cash and bank balances accounted for 10.73% of the total assets; and fixed assets, constructions in progress, land-

use-rights and intangible assets, investment properties and right-of-use assets in aggregate accounted for 1.56% of the total assets.

As of 31 December 2020, excluding customer brokerage deposits and funds payable to securities issuers, the Group's total liabilities amounted to RMB662,898 million with a major proportion of short-term liabilities, among which, repurchase agreements were RMB198,299 million, accounting for 29.91% of the total liabilities; debt instruments issued and long-term loans were RMB133,225 million, accounting for 20.10% of the total liabilities; short-term loans, due to banks and other financial institutions, short-term financing instruments payable and non-current liabilities due within one year were RMB67,113 million, accounting for 10.12% of the total liabilities; financial liabilities at fair value through profit or loss and derivative financial liabilities were RMB105,285 million, accounting for 15.88% of the total liabilities; and other liabilities were RMB158,976 million in total, accounting for 23.99% of the total liabilities.

The gearing ratio slightly increased. As of 31 December 2020, excluding customer brokerage deposits and funds payable to securities issuers, the gearing ratio of the Group was 78.10%, representing a year-on-year increase of 2.86 percentage points.

#### **Cash flow status**

Excluding customer brokerage deposits, the Group's net increase in cash and cash equivalents was RMB25,846 million in 2020, compared with net increase of RMB12,085 million in 2019, which was mainly due to the increase in net cash inflow from operating activities and financing activities.

From a structural perspective, the net cash inflow from operating activities in 2020 was RMB20,708 million, compared with an outflow of RMB4,004 million in 2019, which was mainly due to a year-on-year increase in the net cash inflow from operating liabilities.

The net cash outflow from investing activities in 2020 was RMB6,860 million, compared with an inflow of RMB16,248 million in 2019, which was mainly due to the change of net cash inflow from newly added consolidated subsidiaries and net cash outflow from debt investments at fair value through other comprehensive income.

The net cash inflow from financing activities in 2020 was RMB11,998 million, compared with an outflow of RMB159 million in 2019, which was mainly due to a year-on-year increase in the debt instruments issued by the Company during the Reporting Period.

#### **Access to and Ability of Financing**

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

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

## Management Discussion and Analysis

To maintain the liquidity and profitability of its assets, the Company's proprietary capital is centrally managed by its Treasury Department. There is also a comprehensive management system and corresponding work flows in place. The Company fine-tunes the structures of its different classes of assets in a timely manner and utilizes corresponding hedging tools to mitigate the risks.

Please refer to Note 42 "Short-term loans", Note 43 "Short-term financing instruments payable", Note 46 "Debt instruments issued" and Note 47 "Long-term loans" to the consolidated financial statements in this report for the information on the debt financing instruments and liquidity of the Company in 2020.

### Analysis on items of income statement

#### Financial highlights

In 2020, the Group accomplished a profit before income tax of RMB20,470 million, representing a year-on-year increase of 20.45%. Major financial highlights of the Group are as follows:

*In RMB million*

Items	2020	2019
Fee and commission income	31,816	21,515
Interest income	15,528	13,257
Investment income	17,907	15,891
Income from bulk commodity trading and other income	6,618	6,417
Operating expenses	51,984	40,886
Share of profits and losses of associates/joint ventures	585	801
Profit before income tax	20,470	16,995
Income tax expense	4,954	4,346
Profit attributable to owners of the parent	14,902	12,229

#### Structure of the revenue

In 2020, the total revenue and other income of the Group amounted to RMB71,869 million, representing a year-on-year increase of 25.91%. Structure of the revenue was relatively stable. The following table sets out the revenue structure of the Group in the past 5 years:

Items	2020	2019	2018	2017	2016
Fee and commission income	44.27%	37.69%	39.75%	39.79%	51.48%
Interest income	21.61%	23.23%	26.74%	22.48%	22.44%
Investment income	24.92%	27.84%	15.76%	22.32%	16.51%
Income from bulk commodity trading and other income	9.20%	11.24%	17.75%	15.41%	9.57%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

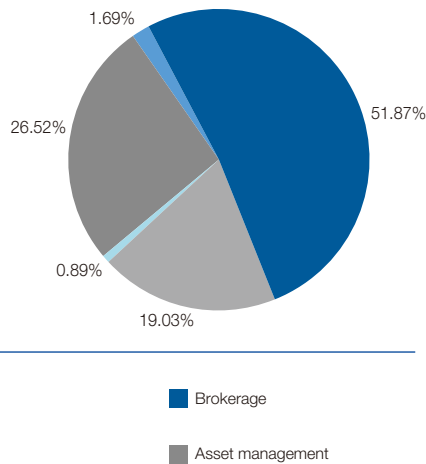
### Fee and commission income

In 2020, the net fee and commission income of the Group amounted to RMB26,764 million, representing a year-on-year increase of 48.51%, which was mainly due to the increase in revenue from brokerage and asset management business. The breakdown of fee and commission income of the Group during 2019 and 2020 is as follows:

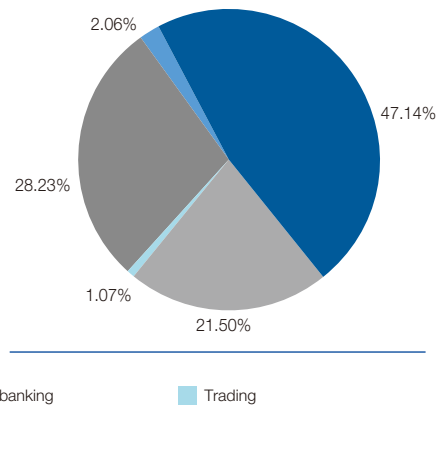
<i>In RMB million</i>				
Items	2020	2019	Variance in amount	Variance in percentage
Fee and commission income				
Brokerage	<b>16,504</b>	10,143	6,361	62.71%
Investment banking	<b>6,056</b>	4,625	1,431	30.94%
Trading	<b>284</b>	230	54	23.48%
Asset management	<b>8,436</b>	6,073	2,363	38.91%
Others	<b>536</b>	444	92	20.72%
Fee and commission expenses	<b>5,052</b>	3,493	1,559	44.63%
Net fee and commission income	<b>26,764</b>	18,022	8,742	48.51%

The breakdown of fee and commission income during 2019 and 2020 is as follows:

Breakdown of fee and commission income for 2020



Breakdown of fee and commission income for 2019



The fee and commission income from brokerage business increased by RMB6,361 million, representing a year-on-year increase of 62.71%. In 2020, the overall activity of the domestic securities market increased significantly as compared to 2019, with SSE Composite Index rising by 13.87%.

## Management Discussion and Analysis

The fee and commission income from investment banking business increased by RMB1,431 million, representing a year-on-year increase of 30.94%. In 2020, with the advancement of the registration system reform of the STAR Market and ChiNext Board, the issuance scale of A-share IPO significantly increased.

The fee and commission income from trading increased by RMB54 million year-on-year, which was relatively stable.

The fee and commission income from asset management increased by RMB2,363 million, representing a year-on-year increase of 38.91%. In 2020, given the industry transformation and development environment of the replacement of the old business models with the new one, the Company pursued a multi-pronged strategy in asset management business, with a certain degree of optimization of customers and capital structure.

### Interest income

In 2020, the net interest income of the Group amounted to RMB2,587 million, representing a year-on-year increase of 26.50%. The table below sets out the major composition of the net interest income of the Group for the period indicated:

*In RMB million*

Items	2020	2019	Variance in amount	Variance in percentage
Interest income				
— Bank interest income	4,811	4,373	438	10.02%
— Interest income on margin and other financing	9,307	7,718	1,589	20.59%
— Interest income on financial assets at fair value through other comprehensive income	1,139	1,021	118	11.56%
— Others	271	145	126	86.90%
Interest expenses				
— Customer brokerage deposits	655	505	150	29.70%
— Due to banks and other financial institutions	4,973	3,977	996	25.04%
— Debt instruments issued and short-term financing instruments payable	6,472	5,943	529	8.90%
— Others	841	787	54	6.86%
Net interest income	2,587	2,045	542	26.50%

Bank interest income increased by RMB438 million, representing a year-on-year increase of 10.02%, mainly due to the commensurate increase in client deposits and reserves with the brokerage segment resulting from securities market conditions. Consequently, the average daily balance of the funds during the year increased as compared to last year.

Interest income from margin and other financing increased by RMB1,589 million, representing a year-on-year increase of 20.59%, mainly due to the scale of financing flow-based business increased as compared to last year.

Interest income on financial assets at fair value through other comprehensive income increased by RMB118 million, representing a year-on-year increase of 11.56%, mainly due to increased average daily scale of debt investment at fair value through other comprehensive income during the year.

Interest expenses increased by RMB1,729 million, representing a year-on-year increase of 15.42%, mainly due to the increase in interest expenses including banks and other financial institutions, debt instruments issued and short-term financing instruments payable.

### Investment income

In 2020, the investment income of the Group amounted to RMB17,907 million, representing a year-on-year increase of 12.69%. The table below sets out the major composition of the investment income of the Group during the period indicated:

*In RMB million*

Items	2020	2019	Variance in amount	Variance in percentage
Net gains from financial assets at fair value through other comprehensive income	216	1,289	-1,073	-83.24%
Net gains from financial instruments at fair value through profit or loss	54,273	18,977	35,296	185.99%
Others	-36,582	-4,375	N/A	N/A
<b>Total</b>	<b>17,907</b>	<b>15,891</b>	<b>2,016</b>	<b>12.69%</b>

The net gains from financial assets at fair value through other comprehensive income decreased by RMB1,073 million, representing a year-on-year decrease of 83.24%. In particular, the investment income from the disposal of financial assets decreased by RMB44 million, representing a decrease of 16.92%, and the investment income from assets held decreased by RMB1,029 million, representing a decrease of 100%.

The net gains from financial instruments at fair value through profit or loss is RMB54,273 million. In particular, investment income arising from the holding and disposal of such assets by the Group was RMB39,405 million and the gains arising from changes in the fair value was RMB14,868 million.

Other investment income was RMB-36,582 million, which was mainly attributable to changes in fair value of derivative financial instruments.

## Management Discussion and Analysis

### Operating expenses

In 2020, operating expenses of the Group (excluding fee and commission expenses and interest expenses) amounted to RMB33,991 million, representing a year-on-year increase of RMB7,810 million or 29.83%. The table below sets out the major composition of the operating expenses of the Group during the period indicated:

*In RMB million*

Items	2020	2019	Variance in amount	Variance in percentage
Staff costs	14,738	12,441	2,297	18.46%
Depreciation of property, plant and equipment	381	379	2	0.53%
Tax and surcharges	398	293	105	35.84%
Cost of bulk commodity trading	5,737	5,377	360	6.70%
Other operating expenses	5,661	5,101	560	10.98%
Expected credit losses	6,581	1,891	4,690	248.02%
Impairment losses on other assets	495	699	-204	-29.18%
<b>Total</b>	<b>33,991</b>	<b>26,181</b>	<b>7,810</b>	<b>29.83%</b>

During the year, staff costs increased by RMB2,297 million, representing a year-on-year increase of 18.46%, mainly due to an increase in staff remuneration.

During the year, depreciation of property, plant and equipment increased by RMB2 million, representing a year-on-year increase of 0.53%, which was basically stable compared to the same period last year.

During the year, tax and surcharges increased by RMB105 million, representing a year-on-year increase of 35.84%, mainly due to an increase in urban construction tax and education surcharge.

During the year, cost of bulk commodity trading increased by RMB360 million, representing a year-on-year increase of 6.70%, which was basically stable compared to the same period last year.

In 2020, expected credit losses amounted to RMB6,581 million, increased by RMB4,690 million or 248.02% as compared to 2019, which mainly due to the increase of impairment losses of reverse repurchase agreements and margin account. Impairment losses on other assets amounted to RMB495 million, decreased by RMB204 million as compared to 2019, which mainly due to the decrease in the impairment losses on goodwill.



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

*In RMB million*

Items	2020	2019	Variance in amount	Variance in percentage
Expected credit losses	<b>6,581</b>	1,891	4,690	248.02%
Among which: Reverse repurchase agreements	<b>4,879</b>	791	4,088	516.81%
Margin account	<b>711</b>	360	351	97.50%
Financial assets at fair value through other comprehensive income (Debt instruments)	<b>555</b>	225	330	146.67%
Other current assets	<b>334</b>	515	-181	-35.15%
Others	<b>102</b>	—	102	N/A
Impairment losses on other assets	<b>495</b>	699	-204	-29.18%

### Analysis on financial position

As of 31 December 2020, the total assets of the Group were RMB1,052,962 million, representing a year-on-year increase of 33.00%. Excluding the effect of the customer brokerage deposits and funds payable to securities issuers, the total assets of the Group amounted to RMB848,780 million as at 31 December 2020, representing a year-on-year increase of 27.04%.

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

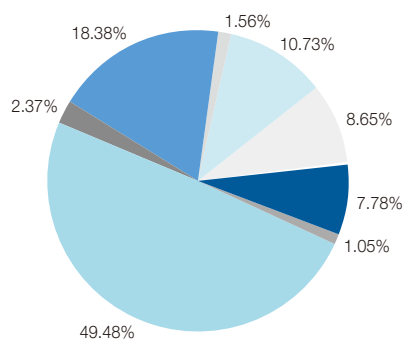
*In RMB million*

Items	31 December 2020	31 December 2019	Variance in amount	Variance in percentage
Financial assets at fair value through other comprehensive income	<b>66,036</b>	39,963	26,073	65.24%
Investments in associates/joint ventures	<b>8,877</b>	9,001	-124	-1.38%
Financial assets at fair value through profit or loss	<b>419,981</b>	355,348	64,633	18.19%
Derivative financial assets	<b>20,158</b>	7,351	12,807	174.22%
Margin accounts and reverse repurchase agreements	<b>155,968</b>	129,504	26,464	20.43%
Properties, land-use rights and intangible assets, right-of-use assets	<b>13,212</b>	13,690	-478	-3.49%
Cash and bank balances	<b>91,110</b>	64,442	26,668	41.38%
Others	<b>73,438</b>	48,799	24,639	50.49%
<b>Total</b>	<b>848,780</b>	668,098	180,682	27.04%

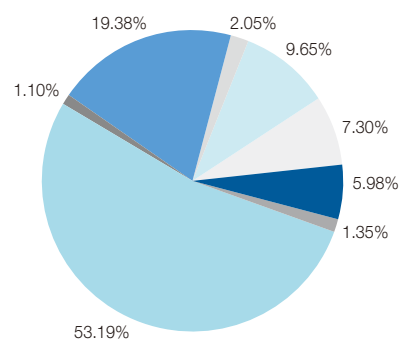
# Management Discussion and Analysis

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

Analysis of the components of the Group's assets as of the end of 2020



Analysis of the components of the Group's assets as of the end of 2019



## Investment

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

As of 31 December 2020, the total investments of the Group were RMB515,052 million, representing a year-on-year increase of RMB103,389 million or 25.11% as compared to the end of 2019. Its total investments accounted for 60.68% of the total assets, representing a year-on-year decrease of 0.94 percentage point.

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

*In RMB million*

Items	31 December 2020		31 December 2019	
	Amount	Percentage to total assets	Amount	Percentage to total assets
Financial assets at fair value through other comprehensive income	66,036	7.78%	39,963	5.98%
Investments in associates/joint ventures	8,877	1.05%	9,001	1.35%
Financial assets at fair value through profit or loss	419,981	49.48%	355,348	53.19%
Derivative financial assets	20,158	2.37%	7,351	1.10%
<b>Total</b>	<b>515,052</b>	<b>60.68%</b>	411,663	61.62%

### Financial assets at fair value through other comprehensive income

As of 31 December 2020, the Group's financial assets at fair value through other comprehensive income were RMB66,036 million, representing an increase of RMB26,073 million or 65.24% as compared to the end of 2019.

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

*In RMB million*

Items	31 December 2020		31 December 2019	
	Amount	Percentage to total financial assets at fair value through other comprehensive income	Amount	Percentage to total financial assets at fair value through other comprehensive income
Debt instruments investments	49,401	74.81%	23,684	59.26%
Investment in equity instruments	16,635	25.19%	16,279	40.74%
Total	66,036	100.00%	39,963	100.00%

### Investments in associates/joint ventures

As of 31 December 2020, investments in associates and joint ventures of the Group decreased by RMB124 million or 1.38% year-on-year, mainly due to a decrease in investments in associates.

*In RMB million*

Items	31 December 2020	31 December 2019	Variance in amount	Variance in percentage
Investment in associates	8,819	8,926	-107	-1.20%
Investments in joint ventures	58	75	-17	-22.67%
Total	8,877	9,001	-124	-1.38%

### Financial assets at fair value through profit or loss

As of 31 December 2020, the Group's financial assets at fair value through profit or loss increased by RMB64,633 million or 18.19% year-on-year, accounting for 49.48% of the total assets of the Group, mainly due to the increase in investment in equity instruments for trading.

## Management Discussion and Analysis

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

*In RMB million*

Items	31 December 2020	31 December 2019	Variance in amount	Variance in percentage
Debt instruments	177,830	215,030	-37,200	-17.30%
Investment in equity instruments	175,364	94,160	81,204	86.24%
Financial assets designated as at fair value through profit or loss	14,603	6,561	8,042	122.57%
Others	52,184	39,597	12,587	31.79%
<b>Total</b>	<b>419,981</b>	<b>355,348</b>	<b>64,633</b>	<b>18.19%</b>

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

As of 31 December 2020, properties, land-use rights and intangible assets and right-of-use assets of the Group were RMB13,212 million, representing a year-on-year decrease of 3.49%. The following table sets forth the properties, land-use rights and intangible assets and right-of-use assets of the Group as of the dates indicated:

*In RMB million*

Items	31 December 2020	31 December 2019	Variance in amount	Variance in percentage
Property, plant and equipment	7,531	7,762	-231	-2.98%
Investment properties	1,060	1,255	-195	-15.54%
Land-use rights and other intangible assets	2,855	3,072	-217	-7.06%
Right-of-use assets	1,766	1,601	165	10.31%
<b>Total</b>	<b>13,212</b>	<b>13,690</b>	<b>-478</b>	<b>-3.49%</b>

### Liabilities

As of 31 December 2020, the total liabilities of the Group amounted to RMB867,080 million, representing an increase of RMB240,808 million or 38.45% as compared to last year. Excluding the effect of customer brokerage deposits and funds payable to securities issuers, total liabilities of the Group amounted to RMB662,898 million as at 31 December 2020, representing a year-on-year increase of 31.88%.

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

*In RMB million*

Items	31 December 2020	31 December 2019	Variance in amount	Variance in percentage
Customer brokerage deposits	<b>203,111</b>	123,351	79,760	64.66%
Funds payable to securities issuers	<b>1,071</b>	273	798	292.31%
Short-term loans, due to banks and other financing institutions, short-term financing instruments payable and non-current liabilities due within one year	<b>67,113</b>	97,269	-30,156	-31.00%
Financial liabilities at fair value through profit or loss and derivative financial liabilities	<b>105,285</b>	71,709	33,576	46.82%
Repurchase agreements	<b>198,299</b>	174,448	23,851	13.67%
Debt instruments issued and long-term loans	<b>133,225</b>	89,804	43,421	48.35%
Others	<b>158,976</b>	69,418	89,558	129.01%
<b>Total</b>	<b>867,080</b>	626,272	240,808	38.45%

As of 31 December 2020, the customer brokerage deposits of the Group amounted to RMB203,111 million, representing a year-on-year increase of 64.66% accounting for 23.42% of the total liabilities of the Group.

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

*In RMB million*

Items	31 December 2020	31 December 2019	Variance in amount	Variance in percentage
Mainland China	<b>177,355</b>	103,323	74,032	71.65%
— Individual	<b>82,874</b>	56,550	26,324	46.55%
— Corporate	<b>94,481</b>	46,773	47,708	102.00%
Outside Mainland China	<b>25,756</b>	20,028	5,728	28.60%
<b>Total</b>	<b>203,111</b>	123,351	79,760	64.66%

As of 31 December 2020, short-term loans, due to banks and other financing institutions, short-term financing instruments payable and non-current liabilities due within one year amounted to RMB67,113 million, representing a decrease of 31.00% year-on-year, which was mainly attributable to a decrease in the scale of due to banks and other financing institutions.

## Management Discussion and Analysis

As of 31 December 2020, financial liabilities at fair value through profit or loss and derivative financial liabilities amounted to RMB105,285 million, representing an increase of 46.82% year-on-year, which was mainly attributable to the increase in derivative financial liabilities and the changes in fair value.

As of 31 December 2020, amounts from repurchase agreements increased by RMB23,851 million or 13.67% year-on-year, which was mainly attributable to the increase in the scale of outright repurchase business.

As of 31 December 2020, amounts from debt instruments issued and long-term loans of the Group increased by RMB43,421 million or 48.35% year-on-year, which was mainly attributable to the increase in debt instruments issued.

### Equity

As of 31 December 2020, the total equity of the Group amounted to RMB185,882 million, representing a year-on-year increase of 12.35%, which was mainly attributable to the increase in additional shares issued of the Company.

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

*In RMB million*

Items	31 December 2020	31 December 2019
Share capital	12,927	12,117
Capital reserve	65,632	54,156
Surplus reserve	9,438	8,683
General reserve	28,635	25,615
Investment revaluation reserve	469	185
Foreign currency translation reserve	-156	765
Retained profits	64,767	60,104
Non-controlling interests	4,170	3,825
Total	185,882	165,450

### Fair value measurement

The fair value of the relevant assets or liabilities of the Group is measured by prices in principal markets. In the absence of a principal market, the fair value of the relevant assets or liabilities will be measured by the prices in the most advantageous market. The fair value of an asset or a liability is measured by using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair values of quoted financial assets or financial liabilities in active markets of the Group are based on quoted market prices. If there is no active market, the Group establishes fair value by using valuation techniques. These include the use of market approach, income approach and cost approach. When using valuation techniques, the Group uses observable inputs and/or unobservable inputs and preferentially uses relevant observable inputs as far as possible.

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

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

The Company has seven principal subsidiaries and two principal companies with non-controlling interest, a summary of which is set out below:

Name	Shareholding of the Company	Date of Establishment	Registered Capital	Place of Business	Registered Address	Responsible Officer	Contact Number
CITIC Securities (Shandong)	100%	1988.6.2	RMB2,493.8 million	5/F, East Wing, Tower 1, Longxiang Plaza, No. 28 Dong Hai West Road, Shinan District, Qingdao 15/F, International Wealth Center, No. 156 Jingqi Road, Shizhong District, Jinan	Unit 2001, Tower 1, No. 222 Shenzhen Road, Laoshan District, Qingdao	FENG Enxin	0532-85022309
CSI	100%	1998.4.9	Paid-up capital of HK\$6,516.05 million	26/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong	26/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong	ZHANG Youjun	00852-26008188
GoldStone Investment	100%	2007.10.11	RMB3,000 million	17/F, CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing	No. 48 Liangmaqiao Road, Chaoyang District, Beijing	JIN Jianhua	010-60837800
CITIC Securities Investment	100%	2012.4.1	RMB14,000 million	17/F, CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing	Unit 2001, Tower 1, International Finance Plaza, No. 222 Shenzhen Road, Laoshan District, Qingdao	ZHANG Youjun	010-60833811
CITIC Futures	100%	1993.3.30	RMB3,600 million	Units 1301-1305, 13/F and 14/F, North Tower, Excellence Times Plaza II, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong	Units 1301-1305, 13/F and 14/F, North Tower, Excellence Times Plaza II, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong	ZHANG Hao	0755-83217780
CITIC Securities South China	100%	1988.3.26	RMB10,091,137,318	10/F, Building T1, Heli Tiande Plaza, No. 395 Linjiang Avenue, Tianhe District, Guangzhou	Room 501, No. 5 Zhujiang West Road, Tianhe District, Guangzhou	HU Fuyun	020-88836999
China AMC	62.20%	1998.4.9	RMB238 million	Building 7, No. 1 Yuetan South Street, Xicheng District, Beijing	No. A3, Anqing Street, Shunyi District, Beijing	YANG Minghui	010-88066688
CITIC PE Fund	35%	2008.6.6	RMB1,800 million	17/F, CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing	District C, Incubator Building, Technology Education and Startup Park, Technology City, Mianyang	JIN Jianhua	010-60837869
Galaxy Asset	5.70%	2005.9.30	RMB10,000 million	Room 501, 5/F, Financial Street Centre, No. A9 Financial Street, Xicheng District, Beijing	Unit 401-01, 4/F, Building 9, Financial Street, Xicheng District, Beijing	LI Mei	010-66562611

## Management Discussion and Analysis

Particulars of the principal subsidiaries of the Company and companies with non-controlling interest are as follows:

- (1) CITIC Securities (Shandong) is a wholly-owned subsidiary of the Company with a registered capital of RMB2,493.80 million. As at the end of the Reporting Period, the total assets and net assets of CITIC Securities (Shandong) amounted to RMB27,659.92 million and RMB6,925.64 million, respectively, and the operating revenue, gross profit and net profit realized in 2020 amounted to RMB1,805.61 million, RMB715.03 million and RMB534.66 million, respectively. CITIC Securities (Shandong) had 70 securities branches and 2,602 staff (3 brokers and 7 dispatched staff inclusive).

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

- (2) CSI is a wholly-owned subsidiary of the Company with paid-up capital of HK\$6,516.05 million. As at the end of the Reporting Period, the total assets and net assets of CSI amounted to approximately RMB198,002.74 million and approximately RMB8,479.24 million, respectively; the operating revenue, gross profit and net profit realized in 2020 amounted to approximately RMB5,369.33 million, approximately RMB1,509.28 million and approximately RMB818.65 million, respectively. CSI had 4 branches in Hong Kong and 1,808 staff (77 brokers inclusive).

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

- (3) GoldStone Investment is a wholly-owned subsidiary of the Company with a registered capital of RMB3.0 billion. As at the end of the Reporting Period, the total assets and net assets of GoldStone Investment amounted to RMB22,753.77 million and RMB8,716.75 million, respectively; the operating revenue, gross profit and net profit realized in 2020 amounted to RMB1,355.31 million, RMB1,152.32 million and RMB842.16 million, respectively. GoldStone Investment had 104 staff (7 dispatched staff inclusive).

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

- (4) CITIC Securities Investment is a wholly-owned subsidiary of the Company with a registered capital of RMB14 billion. As at the end of the Reporting Period, the total assets and net assets of CITIC Securities Investment amounted to RMB18,575.13 million and RMB16,588.37 million, respectively; the operating revenue, gross profit and net profit realized in 2020 amounted to RMB2,806.23 million, RMB2,266.54 million and RMB1,759.38 million, respectively. CITIC Securities Investment had 29 staff.

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



- (5) CITIC Futures is a wholly-owned subsidiary of the Company with a registered capital of RMB3.6 billion. As at the end of the Reporting Period, the total assets and net assets of CITIC Futures amounted to RMB90,228.54 million and RMB6,147.67 million, respectively; the operating revenue, gross profit and net profit realized in 2020 amounted to RMB8,090.31 million, RMB759.40 million and RMB647.57 million, respectively. CITIC Futures had 48 branches and 1,338 staff.

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

- (6) CITIC Securities South China is a wholly-owned subsidiary of the Company with a registered capital of RMB10,091,137,318. As at the end of the Reporting Period, the total assets and net assets of CITIC Securities South China amounted to RMB23,899.17 million and RMB11,412.38 million, respectively; the operating revenue and net profit realized in the period commencing from the date of being consolidated into the financial statements of the Company and ending at the end of the Reporting Period amounted to RMB950.58 million and RMB202.17 million, respectively. CITIC Securities South China had 67 securities branches and 1,069 staff (2 brokers inclusive).

The principal businesses of CITIC Securities South China include: securities brokerage; securities investment advisory (securities investment advisers only); financial advisory related to securities trading and securities investment activities; securities underwriting and sponsorship; stock proprietary business; securities asset management; margin financing and securities lending; securities investment fund sales agency; and agency sale of financial products.

- (7) China AMC is held as to 62.20% by the Company and has a registered capital of RMB238 million. As at the end of the Reporting Period, the total assets and net assets of China AMC amounted to RMB13,694.62 million and RMB10,006.32 million, respectively; the operating revenue, gross profit and net profit realized in 2020 amounted to RMB5,539.14 million, RMB2,111.27 million and RMB1,597.52 million, respectively. China AMC had 1,083 staff (dispatched staff inclusive).

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

- (8) CITIC PE Fund is held as to 35% by the Company and has a registered capital of RMB1.8 billion. As at the end of the Reporting Period, the total assets and net assets of CITIC PE Fund amounted to RMB5,404.92 million and RMB4,953.85 million, respectively; and the net profit realized in 2020 amounted to RMB446.33 million (all the relevant data mentioned above have not been audited).

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

## Management Discussion and Analysis

- (9) Galaxy Asset is held as to 5.7% by the Company with a registered capital of RMB10 billion. In 2020, Jiantou Zhongxin (建投中信) was transformed into a financial asset management company and changed its name to China Galaxy Asset Management Co., Ltd. As at the end of the Reporting Period, the total assets and net assets of Galaxy Asset amounted to RMB11,382.9162 million and RMB11,065.5397 million, respectively; and the net profit realized in 2020 amounted to RMB38.2528 million (all the relevant data mentioned above have not been audited).

The principal businesses of Galaxy Asset include: acquisition and entrusted operation of non-performing assets of financial institutions, management, investment and disposal of non-performing assets; debt-equity swap, investment, management and disposal of equity assets; investment in fixed-income negotiable securities; issuance of financial bonds, interbank lending and commercial financing to other financial institutions; bankruptcy management; financial, investment, legal and risk management consulting and advisory; asset and project appraisal; approved asset-backed securitization business, custodianship and closure and liquidation of financial institutions; non-performing assets business of non-financial institutions; and other businesses permitted by the banking regulatory authority of the State Council.

### Securities branch offices of the Company

As at the end of the Reporting Period, the Company has established a total of 32 securities branch offices in Beijing, Shanghai, Hubei, Jiangsu, Shanghai Pilot Free Trade Zone, Shenzhen, Northeast China, Zhejiang, Fujian, Jiangxi, Wenzhou, Ningbo, Sichuan, Shaanxi, Tianjin, Inner Mongolia, Anhui, Shanxi, Yunnan, Hebei, Hunan, Chongqing, Hainan, Gansu, Ningxia, Guangxi, Jilin, Heilongjiang, Jiaying, Jinhua, Shaoxing and Taizhou, particulars of which are as follows:

No.	Branch Office	Responsible Officer	Place of Business	Contact Method
1	Beijing Branch Office	LEI Yong	4/F, 5 Jinchengjianguo, No. 5 Jianguomen Beidajie, Dongcheng District, Beijing	010-65128320
2	Shanghai Branch Office	WANG Lihua	Units 06 and 07, 8/F (Actual Floor: 7/F), and Units 01-03, 06A and 07, 10/F (Actual Floor: 9/F), 1568 Century Avenue, Shanghai	021-61768697
3	Hubei Branch Office	SUN Hongtao	51/F, Guangdong Development Bank Building, No. 737 Jianshe Avenue, Jiangnan District, Wuhan, Hubei Province	027-85355366
4	Jiangsu Branch Office	XIE Siyuan	1/F, Area B and 10/F, Phase II of Sunny World, No. 168 Lushan Road, Jianye District, Nanjing, Jiangsu Province	025-83261298
5	Shanghai Pilot Free Trade Zone Branch Office	TIAN Xingnong	19/F and 20/F, No. 1568 Century Avenue, Pilot Free Trade Zone, Shanghai	021-20262006
6	Shenzhen Branch Office	LIANG Qi	12/F and 20/F, CITIC Securities Tower, No. 8 Zhong Xin San Road, Futian Street, Futian District, Shenzhen	0755-23911668
7	Northeast Branch Office	LI Zhe	30/F, Tower A, China Resources Building, No. 286 Qingnian Avenue, Heping District, Shenyang, Liaoning Province	024-23972693
8	Zhejiang Branch Office	CHEN Gang	Units 1901, 1902, 2201, 2202, 2203, 2204, 2301, 2303 and 2304 of Dikai Yinzuo, Jiangnan District, Hangzhou, Zhejiang Province	0571-85783714
9	Jiangxi Branch Office	ZHANG Xinqing	Units 2801, 2802, 2806, 2807, 2808, 2809 and 2810 (28/F) of Lianfa Plaza Office Building, No. 129 Lvyin Road, Honggutan New District, Nanchang, Jiangxi Province	0791-83970561

No.	Branch Office	Responsible Officer	Place of Business	Contact Method
10	Fujian Branch Office	SUI Yanping	Units 1901, 1902, 1907, 2005B, 2006 and 2007 of Sino Plaza, No. 137 Wusi Road, Gulou District, Fuzhou, Fujian Province	0591-87905705
11	Ningbo Branch Office	YAO Feng	Block 2 (15-1), No. 235 Heji Street, Jiangdong District, Ningbo, Zhejiang Province	0574-87033718
12	Wenzhou Branch Office	PAN Ye	Rooms 702 and 703, 7/F, Fortune Center, No. 577 Station Avenue, Wenzhou, Zhejiang Province	0577-88107230
13	Sichuan Branch Office	HONG Wei	1/F, West Wing, La Defense Building, No. 1480 North Section of Tianfu Avenue, Chengdu Hi-Tech Industrial Development Zone, China (Sichuan) Pilot Free Trade Zone, Sichuan Province	028-63278899
14	Shaanxi Branch Office	SHI Lei	Room 02-03-04, 19/F, Unit 1, Building 1, Hesheng Jingguang Center, No. 11 Tangyan Road, High-tech Zone, Xi'an, Shaanxi Province	029-88601239
15	Tianjin Branch Office	ZHANG Xinyu	7/F, Tianjin Technology Building, No. 23 Youyi Road, Hexi District, Tianjin	022-58816668
16	Inner Mongolia Branch Office	FAN Yaqiong	Jintailiwan No. 10 Complex, Siwei Road, Saihan District, Hohhot, Inner Mongolia Autonomous Region	0471-5982233
17	Anhui Branch Office	HAN Rui	Rooms 1-Shang-101 and 1-701-708, Block A, Jinding International Square, No. 287 Suixi Road, Luyang District, Hefei, Anhui Province	0551-65662889
18	Shanxi Branch Office	ZHENG Wenhui	Shop 1, Northeast Corner of Hongsheng Times Financial Plaza, No. 1 Jifu Road, Jinyuan District, Taiyuan, Shanxi Province	0351-6191968
19	Yunnan Branch Office	ZHANG Rui	11/F, Block 2, Huahai Xinjingjie Commercial Building, Milesi New Village, Huancheng West Road, Xishan District, Kunming, Yunnan Province	0871-68353618
20	Hunan Branch Office	LUO Hua	2/F, New Century Building, No. 198 Second Section of Furong Middle Road, Tianxin District, Changsha, Hunan Province	0731-85175379
21	Hebei Branch Office	QIU Zhenying	3501-3504, 35/F, Tower B, Letai Center, No. 39 Zhongshan East Road, Chang'an District, Shijiazhuang, Hebei Province	0311-66188908
22	Chongqing Branch Office	HAN Han	5-1 (underground) and 12-1-2 of Citic Bank Building, No. 5 West Avenue, Jiangbei Town, Jiangbei District, Chongqing	023-67518668
23	Hainan Branch Office	ZHU Yumei	1-2/F, Block B, East Area of Sheng Da Jing Du, No. 65 Guoxing Avenue, Meilan District, Haikou, Hainan Province	0898-65361268
24	Guangxi Branch Office	LIU Yuyang	Room 1805, 18/F, Block C, China Resources Building, No. 136-5 Minzu Avenue, Qingxiu District, Nanning, Guangxi Province	0771-2539031
25	Gansu Branch Office	XU Ying	4/F, Lanzhou SOHO Tower, No. 9 Minzhu West Road, Chengguan District, Lanzhou, Gansu Province	0931-8631255
26	Ningxia Branch Office	WU Ligang	Room 301, Complex Commercial Building, No. 16 (formerly No. B4) Yuehai Xintiandi, East Side of Yinjiagu and South Side of Zhenshui Road, Jinfeng District, Yinchuan, Ningxia	0951-5102568
27	Jilin Branch Office	LIU Mingxu	C101 on 1-2/F, C301 and C302 on 3/F, Tower C, Pearl Plaza, No. 8988 Renmin Avenue, Nangan District, Changchun, Jilin Province	0431-81970899
28	Heilongjiang Branch Office	ZHAO Yong	No. 1150 Jinjiang Road, Daoli District, Harbin, Heilongjiang Province	0451-51176699

# Management Discussion and Analysis

No.	Branch Office	Responsible Officer	Place of Business	Contact Method
29	Jiaying Branch Office	WU Jinglan	1/F (north side), 6/F and 7/F of Commercial and Office Complex at the Intersection of Zhongshan Road and Jishui Road, Nanhu District, Jiaying, Zhejiang Province	0573-82069341
30	Jinhua Branch Office	LI Qiang	1-4/F, Haiyang Building, No. 331 Zhongshan Road, Jinhua, Zhejiang Province	0579-82337102
31	Shaoxing Branch Office	TONG Weijia	No. 117 Pianmenzhi Street, Yuecheng District, Shaoxing, Zhejiang Province	0575-88096598
32	Taizhou Branch Office	LIN Binxian	Rooms 2001 and 103, Development and Investment Mansion, No. 188 Fuzhong Road, Jiaojiang District, Taizhou, Zhejiang Province	0576-88896598

## Structured entities controlled by the Company

Please refer to Note 23 to the financial report for details of structured entities controlled by the Company.

## Explanation of change in scope of statement consolidation

During the Reporting Period, the Company completed the acquisition of Guangzhou Securities as at 31 January 2020, the number of structured entities which were included in the consolidation scope of the Company's financial statements changed to 10. The number of first-level units included in the consolidation scope of the Company's financial statements changed to 27.

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

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

## Core Competitiveness Analysis

In the course of 25 years of development, backed by powerful shareholder background, the Company has developed and achieved a sound corporate governance structure, prospective strategic layout and complete business system, solid capital strength and industry-leading operating results, profound customer resources, excellent corporate culture and core value, all of which contribute to the core competitiveness of the Company.

## Adhering to the development principle of “Seven Commitments”

The Company concludes the principle of “Seven Commitments” through 25-year development process, which serves as the core value of the Company and also being constant motivation for corporate development: We adhere to the commitment to the party's leadership that provides sound political protection for corporate development; the commitment to the business objective of following the national strategy and serving the real economy; the commitment to the client-oriented business approach which allows us to achieve mutual development with clients; the commitment to operating philosophy of compliance operations and stringent risk management; the commitment to innovation and entrepreneurship with a persistent ambition; the commitment to the talent nurture strategy which is under people-focused and market-oriented management; and the commitment to uphold and promote the excellent corporate culture and tradition of the Company.

### **Powerful shareholder background and sound corporate governance structure**

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

### **Prospective strategic layout and complete business system**

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

### **Solid capital strength and industry-leading operating results**

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

### **Profound customer resources and extensive network layout**

Over the past 25 years, the Company has accumulated a group of trustworthy strategic clients including Three Gorges Corporation, China Yangtze Power and Industrial and Commercial Bank of China. At present, the Company has more than 10 million retail clients and 75,000 domestic corporate and institutional clients engaging in key fields of national economy, achieving in-depth coverage of major central SOEs, important local SOEs and influential listed companies. The Company has kept developing as driven by the philosophy of being client-centric and growing together with clients.

### **Chinese investment bank with the widest layout along the Belt and Road Initiative**

CLSA, an overseas business platform under the Company, has set up branches in 13 countries and regions including the UK, the US, Australia and Southeast Asia, with its research services covering more than 1,000 listed companies in areas along the Belt and Road Initiative. It is the Chinese-funded securities company leading peers in the number of local branches, research coverage, sales network and liquidation and settlement infrastructure in areas along the Belt and Road Initiative and also an investment bank best fitting the Belt and Road Initiative in the world. With its unique industrial position and accumulated strength, CLSA provides enterprises participating in the Belt and Road Initiative projects with the best-quality and most effective services and advice regarding business fields such as cross-border acquisition in Asia, establishment of joint ventures and in-depth understanding of local markets.

# Management Discussion and Analysis

## Talent advantage under the market-based mechanism

The Company has continuously improved the market-based mechanism, explored the use of medium and long-term incentive policies, improved the incentive and guarantee mechanism for talent, and thoroughly implemented strategy of strengthening the enterprise with talents. The Company have implemented a more open talent policy, cultivated a competitive reserve of young talents, increased the international talents reserve, strengthened professional training and systematic training by business and level, and created a team of international talents with international vision, proficiency in international operations and creative thinking.

## Excellent corporate culture and core value

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

## Risk Management

### Overview

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

The Company has established an overall risk management system led by the Chief Risk Officer, in the charge of the Risk Management Department and involving its departments/business lines, branches, subsidiaries and all its staff, and is committed to building risk management as its core competitiveness. In 2020, the Company faced new challenges in risk management due to the impact of COVID-19 and changes in the macro environment. In this special environment, the Company continued to improve its risk management means and countermeasures to ensure the stable operation of its comprehensive risk management system and the effective management and control of various risks. Meanwhile, the Company promoted the integrated risk management at home and abroad as planned; the Company's ability in consolidated management was initially recognized by the regulatory authorities and the Company became one of the first pilot units for consolidated supervision.

The Company is well aware that excellent overall risk management system and advanced information technology platform are essential to achieve the development vision of “becoming a domestically leading and internationally first-class Chinese investment bank most trusted by clients around the world”. Therefore, in recent years, the Company continued to increase its resource contributions into compliance and risk control and information technology, intensified efforts in recruitment of relevant professionals, and strengthened the building of financial technology platforms and the application of new technologies such as big data and artificial intelligence, boosted building and optimization of the compliance and risk control module in the professional compliance and risk control system and business system, and reinforce standardized and automatic risk management process to achieve the systematic calculation and monitoring of various risks in global business.

### Structure of risk management

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

#### Level 1: The Board

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

#### Level 2: Operation Management

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

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

## Management Discussion and Analysis

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

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

The Company has established the Product Committee. Under the authorization of the Board and the Operation Management of the Company, the Product Committee uniformly makes plans, preparation and decisions regarding the products and service business of the Company. It reviews and approves the launch or sales of products and related service provided by the Company, and is the decision-making body of the launch and the suitability management of financial products of the Company. The Risk Evaluation Group, Suitability Management Group and Index Professional Committee (指數專業委員會) were established under the Product Committee. The Risk Evaluation Group is responsible for reviewing the qualification of the principal which entrusted the Company to sell products, and is tasked with organizing the specific product evaluation, establishing the classification criteria and methods of risks associated with products or services of the Company, performing risk assessment and risk grading on products or services, as well as supervising the management of product terms. The Suitability Management Group is responsible for formulating the criteria for investor classification and principles and procedures for appropriate matching of investors, supervising departments to implement investor suitability management work, organizing suitability training and suitability self-examination and rectification at the company level, and supervising the establishment and improvement of investor suitability evaluation database and other work related to suitability management. The Index Professional Committee is responsible for unified management of the planning, operation and maintenance of the Company's self-developed index business, including formulating the systems and standards for the operation and maintenance of Company's index business, specifying the treatment plan and accountability system for risk events, making plans for the layout of such business, and conducting online review of the Company's self-developed indexes.

### **Level 3: Division/Business Lines**

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



Being the Company's first line of defence in risk management, front-office business departments/business lines of the Company bear the first-line responsibility for risk management. These departments are responsible for the establishment of business management systems and risk management systems for various businesses and performing supervision, assessment and reporting on business risks and maintaining such risks within the approved limits.

Internal control departments, such as the Risk Management Department and Compliance Department of the Company, are the Company's second line of defence in risk management, of which:

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

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

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

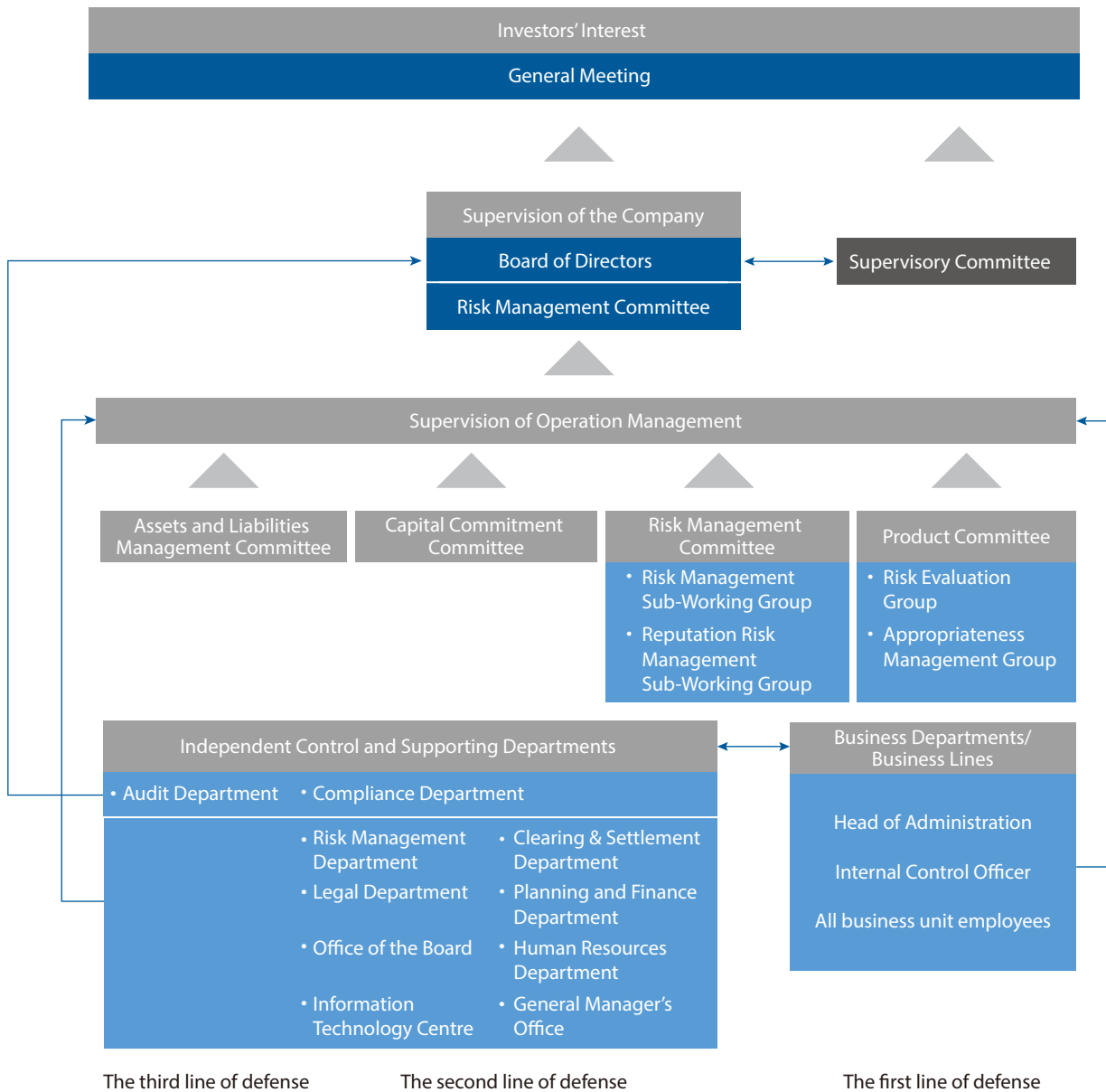
The Office of the Board of the Company promotes the management over the reputation risk of the Company in conjunction with the General Manager's Office, Risk Management Department, Compliance Department, Human Resources Department, Legal Department, Information Technology Centre, Audit Department and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

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

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

# Management Discussion and Analysis

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



**Chart: Structure of the Risk Management**

## Market risk

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

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

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

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

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

VaR represents the potential losses of investment portfolios held due to movements in market prices over a specified time period and at a given level of confidence. The Company adopts VaR as a major indicator of its market risk measurement. The calculation of specific parameter is based on a holding period of one trading day and a confidence level of 95%. VaR detects exposures such as interest rate risk, equity price risk and exchange rate risk, and measures the movement of market risks such as those arising from changes in interest rate curves, prices of securities and exchange rates. The Risk Management Department constantly inspects the accuracy of VaR through backtesting and actively improves its calculation in line with the expansion of the Company's businesses. The Company also evaluates the possible losses in its positions arising from extreme

# Management Discussion and Analysis

situations through stress tests. The Risk Management Department has established a series of macro and market scenarios to calculate the possible losses to the Company with full position upon the concurrence of different events under a single or multiple scenario(s). These scenarios include the occurrence of major setbacks in macro-economic conditions, significant and adverse changes in major markets and extraordinary risk events. Stress tests constitute an integral part of the market risk management of the Company. Through stress tests, the Company could focus more on the possible losses to the Company, analyze its risk return and compare its risk resistant capacities, and evaluate whether the overall market risk portfolio of the Company is within its expected limits.

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

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

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

In 2020, the Company updated the administrative measures for the market risk limits, further refined the current limits system, continued to promote the research and improvement of risk measurement methods, and added more types of risk indicators, in order to better evaluate and manage and control its possible material loss specifically.

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

## Credit risk

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

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

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

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

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

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

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

## Management Discussion and Analysis

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

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

*In RMB ten thousand*

Investment Rating	31 December 2020	31 December 2019
China's Sovereign Credit Rating	4,645,709	1,020,088
AAA	6,951,854	9,269,027
AA	1,886,740	1,245,410
A	25,349	139
A-1	64,532	481,523
Others	1,559,341	2,647,961
Total exposure	15,133,525	14,664,148

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

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

*In RMB ten thousand*

Investment Rating	31 December 2020	31 December 2019
A	990	3,823
B	621,323	716,418
C	705,817	786,972
D	13,627	567
NR	-69,095	-679,863
Total exposure	1,272,662	827,917

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

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

As at the end of the Reporting Period, the Group maintained an average margin ratio of 305% for the Group's margin financing and securities lending clients with outstanding liabilities; the Group's stock repo clients had no liabilities; the size of the stock-pledged repo business which uses the Group's proprietary fund amounted to RMB31,484 million, with an average margin ratio of 336%; and the size of the stock-pledged repo business operated through asset management products managed by the Group amounted to RMB21,832 million.

### Liquidity risk

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

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

In 2020, in view of environment from easy to gradually return to normal for market liquidity, the Company strengthened its close monitoring and daily management on liquidity risks, to ensure that its liquidity was maintained in good condition, and the liquidity regulatory indicators constantly met regulatory standards. In 2020, the Risk Management Department took the lead in carrying out two liquidity risk stress tests at the group level to evaluate liquidity pressure under extreme circumstances, and sorted out the liquidity risk management mechanism of the parent and subsidiary companies to ensure a secured liquidity of the Company.

# Management Discussion and Analysis

## Operational risk

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

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



# Report of the Board

## Review of Business

### Business review

The Group is principally engaged in investment banking, wealth management, asset management, financial markets and other related financial services (please refer to “Management Discussion and Analysis” in this report for the Group’s principal businesses, business models and key performance drivers during the Reporting Period).

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

China has entered a new stage of development and is to build a new development pattern, which has provided a rare opportunity for the development of the securities industry. At the Fifth Plenary Session of the 19th Central Committee of the Communist Party of China, a major strategic plan was made to build a new development pattern. The key of building a new development pattern is to smooth the economic cycle and to focus on increasing domestic demand and the extent of opening up, so as to achieve a higher level of allocation and optimization of factors and resources. As the core of modern financial system, the capital market plays a pivotal role in optimizing the allocation of resources and promoting a high-level circulation of science and technology, capital and the real economy, allowing more factors and resources to be allocated to those fields featuring high efficiency. It is an important platform where financial services serve for the real economy, and will strongly promote scientific and technological innovation, improvement of the industry chain and the supply chain, and expansion and upgrading of consumption, etc. The reform measures, such as the full implementation of the stock-issue registration system and the increase in the proportion of direct financing, has brought multiple structural opportunities, which will in general increase the efficiency of the capital market, facilitate equity financing, highlight the premiums of high-quality companies and constantly optimize industrial institutions. The strategic position of the capital market in building a new development pattern will be further enhanced and its supporting role will be further highlighted. The development of the capital market requires professional institutions with sound market liquidity, comprehensive financial products, diversified financing methods and risk pricing capabilities. It also requires securities companies to play the role of “financial arrangers”, “wealth managers”, “trading services and liquidity providers”, “important market investors” and “risk managers” which provides rare opportunities for the comprehensive development of the securities industry.

The key financial indicators of the Company are set out in “Key Financial Data” of this report.

### Principal risks and uncertainties

Principal risks to which the Company is exposed include market risk, credit risk, liquidity risk and operational risk. For the objectives and policies of risk management of the Company, please refer to “Risk Management” in this report. For major risks and uncertainties to which the Company is exposed in 2020, please refer to “Possible risks exposure” in this report.

### Relevant laws and regulations with significant impact

Adhering to the philosophy of operating in compliance with laws and regulations for a long time, the Company complies with the national laws, administrative regulations and various rules and normative documents promulgated by regulatory authorities. In 2020, in accordance with regulatory provisions and business management requirements of the Company, the Company formulated and revised a series of internal management systems to enhance its internal control and management level and improve compliance management systems; formulated and improved business management systems and processes to timely implement all the requirements of regulatory authorities and self-regulatory organizations in all of its business lines; continuously strengthened the publicity and training of laws and compliance culture to enhance the awareness of active prevention from

## Report of the Board

compliance risks in the course of business operations among business lines. The Company has achieved overall compliance in its operation and management activities. The compliance and risk management mechanism of the Company runs well and no material systematic compliance risks have been detected.

### Environmental policies and performance

The Company aims to promote the green development of the real economy through financial services, and has achieved significant economic, social and environmental effects. In 2020, the Company supported environmental protection technology enterprises and new energy enterprises to raise RMB22,951 million in total via green equity financing. The proceeds raised were all used for green industry projects in accordance with the requirements of the relevant laws and regulations and the approval of the regulatory authorities.

In addition, the Company proactively embraces the philosophy of green operation by taking a series of environmental protection measures for energy conservation and emissions reduction in office buildings and data centers to minimize the impact of its operations on the environment. The Company practices green procurement and gives priority to eco-friendly products. Employees are also encouraged to develop environmental awareness and chip in the construction of ecological civilization with actions so as to promote the harmonious coexistence of human and nature.

For other information relating to environmental policies and performance, please refer to the 2020 Social Responsibility Report published by the Company separately on the same date of the 2020 Annual Results Announcement of the Company.

### Significant subsequent events

Since the end of the Reporting Period to the date of publication of this report, save as those disclosed in “Others” and Note 61 to the Consolidated Financial Statements as set out in this report, there was no other subsequent event which had a material impact on the Group.

### Future development/forward-looking

Please refer to “Development strategy of the Company” and “Business plan for 2021” of this report on prospects of the Company’s future development.

## Profit Distribution and Proposed Dividend

### Profit distribution policy

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

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

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

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

### Profit distribution plans/proposals for the past three years

*In RMB Yuan*

Year of distribution	Number of bonus shares for every 10 shares (share)	Amount of dividend for every 10 shares (tax inclusive)	Capitalization shares for every 10 shares (share)	Amount of cash dividend (tax inclusive)	Net profit attributable to holders of ordinary shares of the listed Company as shown in the consolidated financial statements for the year of distribution	Percentage of net profit attributable to holders of ordinary shares of the listed Company as shown in the consolidated financial statements (%)
2020	0	4.0000	0	5,170,710,411.60	14,902,324,215.75	34.70
2019	0	5.0000	0	6,463,388,014.50	12,228,609,723.82	52.85
2018	0	3.5000	0	4,240,917,940.00	9,389,895,989.94	45.16

# Report of the Board

Profit distribution plan for 2020:

The Company's profit available for distribution for the year of 2020 amounts to RMB42,723,141,251.16, which was calculated based on the retained profit of the Company at the beginning of 2020, which amounted to RMB36,844,385,889.87, the net profit of RMB12,342,143,375.79 realized by the Company in 2020 and after deduction of the 2019 cash dividends of RMB6,463,388,014.50.

Pursuant to the Company Law, Securities Law, Financial Rules for Financial Enterprises, Interim Measures on Supervision and Administration of the Provisions of Risk of Public Offering of Securities Investment Funds, Guiding Opinions on Regulating Asset Management Business of Financial Institutions and the Articles of Association of the Company, the net profit of the Company for 2020 is proposed to be appropriated in the following sequences:

1. to appropriate RMB406,048,086.00 to the statutory reserve (after this appropriation, the Company's accumulated amount of the statutory reserve has reached 50% of its registered capital);
2. to appropriate RMB1,234,214,337.58 to the general provisions of risk for 2020;
3. to appropriate RMB1,234,214,337.58 to the provisions of risk for transactions for 2020;
4. to appropriate RMB4,774,690.80 to the provisions of risk for custody business for 2020;
5. to appropriate RMB65,868,164.27 to the provisions of risk for collective asset management business for 2020.

The above withdrawals amount to RMB2,945,119,616.23 in total.

Net of the above withdrawals, the profit of the parent company available for distribution to the investors for the year of 2020 amounts to RMB39,778,021,634.93.

In consideration of composite factors such as the future development of the Company and the interests of the Shareholders, the Company proposes the profit distribution plan of 2020 as follows:

1. The Company proposes to adopt cash dividend payment method for its 2020 profit distribution (i.e. 100% cash dividend) and distribute a dividend of RMB4.00 for every 10 Shares (tax inclusive) to the A Shareholders and H Shareholders whose names appear on the register of members of the Company on the Record Date. Based on the number of total issued shares of the Company as at the date of the Board meeting for approving the proposed profit distribution plan of 2020, i.e. 12,926,776,029 Shares, the cash dividend proposed to be distributed totals RMB5,170,710,411.60 (tax inclusive), representing 34.70% of the net profit attributable to the owners of the parent as shown in the 2020 consolidated financial statements. In the event of change in total share capital of the Company after the date of the above-mentioned Board meeting but before the Record Date for payment of the cash dividend, the total distribution amount will be kept unchanged and the rate will be adjusted accordingly. The outstanding balance of the retained profit distributable for 2020 will be carried forward to the next year.

- Cash dividend is denominated and declared in RMB and payable in RMB to the A Shareholders and in HKD to the H Shareholders. The actual amounts to be paid in HKD will be calculated based on the average benchmark exchange rate for Renminbi to HKD as announced by the People's Bank of China for the five business days before the date of the 2020 Annual General Meeting of the Company.

After the 2020 profit distribution plan is approved by the 2020 Annual General Meeting of the Company, payment of the 2020 cash dividend will be made before 31 August 2021. The Company will publish separate announcement on the Record Date and book closure period for the payment of the dividends to H Shareholders, as well as the Record Date and the date for the payment of the dividends to A Shareholders.

## **Tax Deduction and Exemption A Shareholders**

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

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

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

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

# Report of the Board

## H Shareholders

Pursuant to the requirements of the Notice of the State Administration of Taxation on Issues Concerning Individual Income Tax Collection and Management after the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348), the dividends received by overseas resident individual shareholders from the shares issued by domestic non foreign-invested enterprises in Hong Kong is subject to the payment of individual income tax according to the items of “interests, dividend and bonus income”, which shall be withheld and paid by the withholding and payment agents according to the relevant laws. The overseas resident individual shareholders who hold the shares issued by domestic non foreign-invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements signed between the countries where they are residents and China or the tax arrangements between Mainland and Hong Kong (Macau). The relevant dividend tax rate under the relevant tax agreements and tax arrangements is generally 10%, and for the purpose of simplifying tax collection and administration, domestic non foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividend, generally withhold and pay individual income tax at the rate of 10%, and are not obligated to file an application. In circumstances where the tax rate for dividend is not equal to 10%, the following provisions shall apply: (1) for citizens from countries under agreements subject to tax rates lower than 10%, in accordance with the Measures for the Administration of Non-Resident Taxpayers’ Enjoyment of Treaty Benefits (《非居民納稅人享受協定待遇管理辦法》) (State Taxation Administration Announcement 2019 No. 35) (國家稅務總局公告2019年第35號), for Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, such H Shareholders shall actively submit statements to the Company to entitle the preferential treatment and relevant information shall be kept for future reference. If the information provided is complete, the Company will withhold it in accordance with the PRC tax laws and regulations and agreements; (2) for citizens from countries under agreements subject to tax rates higher than 10% but lower than 20%, the withholding and payment agents shall withhold and pay individual income tax at the agreed effective tax rate at the time of distribution of dividends (bonus), and are not obligated to file an application; (3) for citizens from countries without tax agreements or under other circumstances, the withholding and payment agents shall withhold and pay individual income tax at a tax rate of 20% at the time of distribution of dividends.

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

Pursuant to the requirements of the Notice of Ministry of Finance, the State Administration of Taxation, and the CSRC on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets (Cai Shui [2014] No. 81) and Notice on Taxation Policy concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets (Cai Shui [2016] No. 127), for dividends derived by Mainland individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, H-share companies shall withhold individual income tax at a tax rate of 20% for the investors. For dividends derived by Mainland securities investment funds from investing in shares listed on Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen Hong Kong Stock Connect, the above rules also apply and individual income tax shall be levied on dividends derived therefrom. For dividends derived by Mainland enterprise investors from investing in shares listed on Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, the company of such

H shares will not withhold the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves. For dividends derived by Mainland resident enterprises where the relevant H shares have been continuously held for more than 12 months, the enterprise income tax thereon will be exempt according to the laws and regulations.

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

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

### **Use of Proceeds**

During the Reporting Period, the Company publicly issued 12 tranches of corporate bonds with an aggregate issuance amount of RMB65 billion, and non-publicly issued a tranche of corporate bonds with an issuance amount of RMB5.6 billion and a tranche of subordinated bonds with an issuance amount of RMB2 billion to replenish working capital of the Company and repay debt financing instruments; the Company issued 13 tranches of short-term commercial papers with an aggregate issuance amount of RMB61 billion to replenish working capital; the Company issued 2,517 tranches of beneficiary certificates with an aggregate issuance amount of RMB108.106 billion to replenish working capital of the Company.

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

As at the end of the Reporting Period, proceeds of each tranche of bonds were used up and was used in line with the purpose, usage plan and other agreements in the offering circular.

### **Purchase, Sale or Redemption of the Company's Securities**

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

### **Biographical Details of the Directors, Supervisors and Senior Management**

Biographical details of the Directors, Supervisors and Senior Management are set out in "Major working experience of the incumbent Directors, Supervisors and Senior Management" of this report.

### **Directors' and Supervisors' Service Contracts**

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

## Report of the Board

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

### Permitted Indemnity Provisions

In 2020, no permitted indemnity provision (whether made by the Company or otherwise) was made or in force for the benefit of the Directors or any directors of the associated companies of the Company (if made by the Company).

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

### Management Contracts

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

### Remuneration Policies

The details of remuneration policies and share incentive scheme in respect of the Directors, Supervisors and Senior Management are set out in “Remuneration of Directors, Supervisors and Senior Management for the year” and “Share incentives regarding Directors, Supervisors and Senior Management” of this report.

Details of the Company’s employee remuneration policies and employee compensations are set out in “Remuneration policy” and Note 10 to the Consolidated Financial Statements of this report.

### Directors’ and Supervisors’ Interests in Material Contracts

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

### Directors’ Interests in Businesses Competing with the Company

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



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

As at 31 December 2020, the following persons had interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance), which were required, pursuant to Section 352 of the Securities and Futures Ordinance, to be entered into the register referred to therein, or required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange as follows.

Name	Position	Nature of Interest	Class of Shares	Number of Shares Held (shares)	Percentage of Total Number of Shares of the Company (%)
ZHANG Youjun	Chairman and Executive Director	Personal Interest	A Shares	374	0.000003

Pursuant to the Securities and Futures Ordinance, the chief executive who was required to disclose his interests to the Hong Kong Stock Exchange was the General Manager and did not include other Senior Management personnel. For details of the shareholdings of other Senior Management, please refer to “Changes in the Shares held by and information on remuneration of Directors, Supervisors and Senior Management held office or resigned during the Reporting Period or as at the date of the 2020 Annual Results Announcement of the Company” of this report. In addition, as of 31 December 2020, no other Directors, Supervisors or Senior Management or their respective spouses or children under 18 years of age had been granted equity securities or warrants of the Company.

### Pre-emptive Rights

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

### Reserves and Reserves for Distributable Profits

Please refer to the “Consolidated Statement of Changes in Equity” and Note 50 to the Consolidated Financial Statements of this report for details of changes in the reserves and the reserves for distributable profits of the Company.

### Fixed Assets

Please refer to Note 19 to the Consolidated Financial Statements of this report for details of the Group's fixed assets as at 31 December 2020.

### Major Clients and Suppliers

The Company serves institutional and individual clients in various sectors. The Company's clients range from multinational corporations and SMEs to high-net-worth clients and retail customers. The clients are primarily located in China. The Company expects to serve more overseas clients as the Company taps into overseas market in the future. In 2020, the revenue from rendering services attributable to the Group's five largest clients accounted for less than 30% of the total revenue of the Group.

## Report of the Board

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

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

Employees' remuneration of the Company consists of base annual salary, performance-based annual salary, special rewards and insurance benefits. The Company continues to promote and implement staff training programs with comprehensive planning, implementation by levels and clear purposes. For details about the remuneration and training plans for employees of the Company, please refer to "Remuneration policy" and "Training program" of this report. The Company, CITIC Securities (Shandong) and CITIC Securities South China had 13 securities brokers, of which 8 were brokers of the Company. For information on relationship between the Company and its securities brokers, please refer to "Information on brokers" of this report. For information on relationship between the Company and its major clients and suppliers, please refer to "Major Clients and Suppliers" of this report.

### Sufficient Public Float

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

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

### Donations


During the Reporting Period, the Group's charitable and other donations amounted to approximately RMB26.0934 million in total.

Other sections, chapters or notes to the Consolidated Financial Statements of this report as mentioned in this section (Report of the Board) shall constitute part of the Report of the Board.

By Order of the Board

**ZHANG Youjun**

*Chairman*



Beijing, 18 March 2021

# Significant Events

## Performance of Undertakings

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

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

#### Undertaking in respect of the share reform

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

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

#### Undertaking in respect of non-competition

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

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

#### Undertaking in relation to asset restructuring

Undertaking party	Contents of undertaking	Term of validity of the undertaking
CITIC Corporation Limited	During the period from the date of resumption of trading in Shares of the Company to the completion of the acquisition of assets by issuance of Shares, if CITIC Corporation Limited intends to reduce its shareholding in the Company, it will strictly comply with the laws and regulations and relevant requirements of the SSE and will fulfill the obligation of information disclosure in a timely manner.	The undertaking shall be valid for a period from the date of resumption of trading in Shares of the Company (10 January 2019) to the completion of the acquisition of assets by issuance of Shares.

## Significant Events

Undertaking party	Contents of undertaking	Term of validity of the undertaking
CITIC Corporation Limited	<ol style="list-style-type: none"> <li data-bbox="293 461 1193 720">1. Maintaining the business independence of CITIC Securities  <p>CITIC Corporation Limited will not unlawfully interfere with the normal operating activities of CITIC Securities. CITIC Corporation Limited will minimize the related party transactions between CITIC Corporation Limited and other enterprises controlled by CITIC Corporation Limited and CITIC Securities; in case of an inevitable related party transaction, an agreement shall be signed in accordance with the law and necessary procedures shall be performed in accordance with relevant laws and regulations.</p> </li> <li data-bbox="293 750 1193 892">2. Maintaining the asset independence of CITIC Securities  <p>CITIC Corporation Limited will not misappropriate the assets, funds and other resources of CITIC Securities or its controlled enterprises through CITIC Corporation Limited itself or its controlled affiliates in violation of regulations.</p> </li> <li data-bbox="293 922 1193 1181">3. Maintaining the personnel independence of CITIC Securities  <p>CITIC Corporation Limited warrants that the President, the Chief Financial Officer, the Board Secretary and other members of the Senior Management of CITIC Securities will not hold positions other than directors and supervisors in or receive remuneration from CITIC Corporation Limited and/or other enterprises controlled by CITIC Corporation Limited. CITIC Corporation Limited will ensure and maintain the integrity of CITIC Securities' labor, personnel and salaries and social security management system.</p> </li> <li data-bbox="293 1211 1193 1625">4. Maintaining the financial independence of CITIC Securities  <p>CITIC Corporation Limited will warrant the independence of the financial accounting department of CITIC Securities and its establishment of an independent accounting system and financial management system, and will set up an independent financial department to be responsible for the specific operations of relevant businesses. CITIC Securities maintains segregated bank accounts, and does not share the bank accounts with CITIC Corporation Limited and other enterprises controlled by CITIC Corporation Limited. The financial staffs of CITIC Securities do not hold part-time positions in CITIC Corporation Limited and other enterprises controlled by CITIC Corporation Limited. CITIC Securities pays taxes independently in accordance with the law. CITIC Securities will make independent financial decisions, and CITIC Corporation Limited will not interfere with the capital use of CITIC Securities in violation of laws and regulations.</p> </li> <li data-bbox="293 1655 1193 1968">5. Maintaining the institutional independence of CITIC Securities  <p>CITIC Corporation Limited will ensure that CITIC Securities will operate independently from the institutions of CITIC Corporation Limited and other enterprises controlled by CITIC Corporation Limited. CITIC Corporation Limited warrants that CITIC Securities can maintain a sound corporate governance structure as a joint stock company. The general meeting, the Board, the Supervisory Committee and functional departments of CITIC Securities all exercise their functions and powers independently in accordance with laws, regulations and the Articles of Association, and there is no institutional confusion with the functional departments of other enterprises controlled by CITIC Corporation Limited.</p> </li> </ol>	Long-term undertaking commencing from the Company's acquisition of assets by issuance of Shares in 2019

Undertaking party	Contents of undertaking	Term of validity of the undertaking
Yuexiu Financial Holdings and Financial Holdings Limited	<ol style="list-style-type: none"> <li data-bbox="331 465 1230 728">1. Maintaining the business independence of CITIC Securities Yuexiu Financial Holdings and Financial Holdings Limited will not unlawfully interfere with the normal operating activities of CITIC Securities. Yuexiu Financial Holdings and Financial Holdings Limited will minimize related party transactions between Yuexiu Financial Holdings, Financial Holdings Limited and other enterprises controlled by them and CITIC Securities; in case of an inevitable related party transaction, an agreement shall be signed in accordance with law and necessary procedures shall be performed in accordance with relevant laws and regulations.</li> <li data-bbox="331 741 1230 976">2. Maintaining the asset independence of CITIC Securities Yuexiu Financial Holdings and Financial Holdings Limited will not misappropriate the assets, funds or other resources of CITIC Securities or its controlled enterprises through Yuexiu Financial Holdings and Financial Holdings Limited themselves or their controlled affiliates in violation of laws or regulations; nor will CITIC Securities or its controlled enterprises be required to provide guarantees for Yuexiu Financial Holding, Financial Holdings Limited and other enterprises controlled by them.</li> <li data-bbox="331 989 1230 1252">3. Maintaining the personnel independence of CITIC Securities Yuexiu Financial Holdings and Financial Holdings Limited warrant that the President, the Vice President, the Chief Financial Officer, the Board Secretary and other members of the Senior Management of CITIC Securities will not hold positions other than directors and supervisors in or receive remuneration from Yuexiu Financial Holdings, Financial Holdings Limited and/or other affiliates controlled by them. Yuexiu Financial Holdings and Financial Holdings Limited will ensure and maintain the integrity of CITIC Securities' labor, personnel and salaries and social security management system.</li> <li data-bbox="331 1265 1230 1673">4. Maintaining the financial independence of CITIC Securities Yuexiu Financial Holdings and Financial Holdings Limited warrant that they will not interfere with the independence of the financial accounting department of CITIC Securities and its establishment of an independent accounting system and financial management system, and will set up an independent financial department to be responsible for the specific operations of relevant businesses. CITIC Securities maintains segregated bank accounts, and does not share the bank accounts with Yuexiu Financial Holdings, Financial Holdings Limited and other affiliates controlled by them. The financial staffs of CITIC Securities do not hold part-time positions in Yuexiu Financial Holdings, Financial Holdings Limited and other enterprises controlled by them. CITIC Securities pays taxes independently in accordance with law. CITIC Securities will make independent financial decisions, and Yuexiu Financial Holdings and Financial Holdings Limited will not interfere with the capital use of CITIC Securities in violation of laws and regulations.</li> <li data-bbox="331 1685 1230 2005">5. Maintaining the institutional independence of CITIC Securities Yuexiu Financial Holdings and Financial Holdings Limited will ensure that CITIC Securities will operate independently from the institutions of Yuexiu Financial Holdings, Financial Holdings Limited and other enterprises controlled by them. Yuexiu Financial Holdings and Financial Holdings Limited will supervise and support CITIC Securities to maintain a sound corporate governance structure as a joint stock company. The general meeting, the Board, the Supervisory Committee and functional departments of CITIC Securities all exercise their functions and powers independently in accordance with laws, regulations and the Articles of Association, and there is no subordinate relationship with the functional departments of other affiliates controlled by Yuexiu Financial Holdings and Financial Holdings Limited.</li> </ol>	Long-term undertaking commencing from the Company's acquisition of assets by issuance of Shares in 2019

## Significant Events

Undertaking party	Contents of undertaking	Term of validity of the undertaking
CITIC Corporation Limited	<ol style="list-style-type: none"> <li>1. CITIC Corporation Limited and its controlled enterprises will continue to regulate related party transactions with CITIC Securities and its subsidiaries in accordance with relevant laws and regulations and the Administrative Measures on Related Party Transactions of CITIC Securities Company Limited. In the event of necessary and inevitable related party transactions, CITIC Corporation Limited and its controlled enterprises will enter into agreements with CITIC Securities and its subsidiaries in accordance with the principles of fairness, impartiality and openness and the law, and perform legal procedures to ensure the fairness of the prices of related party transactions.</li> <li>2. CITIC Corporation Limited warrants that it will exercise relevant Shareholders' rights and assume corresponding obligations in accordance with relevant laws and regulations and the Articles of Association of CITIC Securities Company Limited and other requirements in relation to internal control system. It will not use its position as a Shareholder to seek illegitimate interests, or illegally transfer funds and profits of CITIC Securities and its subsidiaries through related party transactions, or maliciously jeopardize the legitimate rights and interests of other Shareholders of CITIC Securities by means of related party transactions.</li> </ol>	Long-term undertaking commencing from the Company's acquisition of assets by issuance of Shares in 2019
Yuexiu Financial Holdings and Financial Holdings Limited	<ol style="list-style-type: none"> <li>1. Upon the completion of this transaction, Yuexiu Financial Holdings, Financial Holdings Limited and their controlled enterprises will minimize the related party transactions with CITIC Securities and its subsidiaries as much as possible. In the event of necessary and inevitable related party transactions, Yuexiu Financial Holdings, Financial Holdings Limited and their controlled enterprises will enter into agreements with CITIC Securities and its subsidiaries in accordance with the principles of fairness, impartiality and openness and the law, and perform legal procedures to ensure the fairness of the prices of related party transactions.</li> <li>2. Yuexiu Financial Holdings and Financial Holdings Limited warrant that they will exercise relevant Shareholders' rights and assume corresponding obligations in accordance with relevant laws and regulations and the Articles of Association of CITIC Securities Company Limited and other requirements in relation to internal control system. They will not use their positions as Shareholders to seek illegitimate interests, or illegally transfer funds and profits of CITIC Securities and its subsidiaries through related party transactions, or maliciously jeopardize the legitimate rights and interests of other Shareholders of CITIC Securities by means of related party transactions.</li> </ol>	Long-term undertaking commencing from the Company's acquisition of assets by issuance of Shares in 2019
Yuexiu Financial Holdings and Financial Holdings Limited	<ol style="list-style-type: none"> <li>1. The consideration Shares subscribed by Yuexiu Financial Holdings and Financial Holdings Limited in this transaction shall not be transferred within 48 months from the issuance completion date (Note: "issuance completion date of the consideration Shares" refers to the date on which the consideration Shares were registered under the name of Yuexiu Financial Holdings/Financial Holdings Limited, same as below), unless a longer lock-up period is required by CSRC or other regulatory authorities.</li> <li>2. Upon completion of this transaction, the above-mentioned agreement shall also apply to the additional Shares of CITIC Securities to be issued to Yuexiu Financial Holdings and Financial Holdings Limited in the event of distribution of dividends, bonus issue, rights issue and conversion of capital reserve into share capital of CITIC Securities, etc.</li> </ol>	The undertaking shall be valid for a period from the date of the Company's acquisition of assets by issuance of Shares in 2019 to the expiry of the lock-up period.

Undertaking party	Contents of undertaking	Term of validity of the undertaking
Yuexiu Financial Holdings and Financial Holdings Limited	In order to protect the legitimate rights and interests of CITIC Securities and Guangzhou Securities, Yuexiu Financial Holdings and Financial Holdings Limited irrevocably warrant that they will not misappropriate the funds of CITIC Securities, Guangzhou Securities or enterprises controlled by CITIC Securities or Guangzhou Securities, or require them to provide guarantees for Yuexiu Financial Holdings, Financial Holdings Limited or their controlled enterprises, otherwise, CITIC Securities shall be timely compensated for any losses incurred thereby.	Long-term undertaking commencing from the Company's acquisition of assets by issuance of Shares in 2019
The Company	Upon the completion of this transaction, Guangzhou Securities will become a wholly-owned subsidiary directly or indirectly held by the Company, and its existing business may have conflicts of interest and compete with the business of the Company and its controlled subsidiaries. The Company undertakes to integrate its assets and businesses within 5 years upon completion of this transaction, so as to resolve the possible conflicts of interest and competition between the parent company and its subsidiaries in compliance with relevant laws, regulations and regulatory requirements.	Long-term undertaking commencing from the Company's acquisition of assets by issuance of Shares in 2019
CITIC Corporation Limited	<ol style="list-style-type: none"> <li>Not to interfere with the operation and management of CITIC Securities beyond its authority, or encroach on the interests of CITIC Securities;</li> <li>If the violation of the above-mentioned undertakings causes losses to CITIC Securities, the person making the undertaking shall be liable for compensation in accordance with the law.</li> </ol>	Long-term undertaking commencing from the Company's acquisition of assets by issuance of Shares in 2019

There are no unperformed public undertakings by other Shareholders or related/connected parties of the Company.

## Appointment or Termination of Service of Accounting Firms

*In RMB Yuan*

Current Appointment	
Name of the domestic accounting firm	PwC Zhong Tian
Remuneration for the domestic accounting firm	2,020,000
Duration of audit service of the domestic accounting firm	6 Years
Name of the overseas accounting firm	PwC Hong Kong
Remuneration for the overseas accounting firm	370,000
Duration of audit service of the overseas accounting firm	6 Years

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

	Name	Remuneration
Accounting firm for internal control audit	PwC Zhong Tian	430,000

## Significant Events

### Explanation on Appointment or Termination of Service of Accounting Firms

As approved at the 2019 Annual General Meeting of the Company, PwC Zhong Tian and PwC Hong Kong were reappointed as the external auditors of the Company for 2020 to be responsible for the provision of the relevant audit and review services in accordance with the PRC Accounting Standards for Enterprises and the International Financial Reporting Standards, respectively; and PwC Zhong Tian was appointed as the auditor for internal control of the Company for 2020. The total amount of the fees in relation to the above audit and review services shall not exceed RMB5 million. If additional fees are incurred due to changes in scope or contents of the audit or review services, the Board has been authorized by the 2019 Annual General Meeting to determine the relevant fees according to the actual scope and contents of the audit or review services.

### Material Litigation and Arbitration

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

The litigation or arbitration of the Group which was newly raised and has not been disclosed (with an involved amount of over RMB100 million) or has been disclosed but had progress from the beginning of the Reporting Period until the date of publication of the 2020 Annual Results Announcement of the Company, is as follows:

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

Due to the breach of contract on stock-pledged repo transaction by Pingxiang Yingshun Enterprise Management Co., Ltd. (萍鄉英順企業管理有限公司) (hereinafter referred to as “**Pingxiang Yingshun**”), the Company applied to the notary office for issuance of a certificate of enforcement and applied to the Intermediate People’s Court of Foshan of Guangdong Province (hereinafter referred to as the “**Foshan Intermediate Court**”) for specific performance, requesting Pingxiang Yingshun to pay the outstanding principal of RMB129.405 million and the corresponding interest, liquidated damages, expenses incurred for realizing the creditor’s rights and other fees. The Foshan Intermediate Court accepted the case on 7 August 2018. Because the share auction failed twice, the Foshan Intermediate Court issued the enforcement judgment on 14 November 2019, ruling that 23,511,019 pledged shares (stock name: Europol Intelligent Network, stock code: 002711) shall be used to settle Pingxiang Yingshun’s debt. The shares involved in this case were transferred to the Company on 28 November 2019. Given that CHEN Lihao provided the joint and several liability guarantee for the above liabilities of Pingxiang Yingshun, the Company filed a lawsuit with the Third Intermediate People’s Court of Beijing Municipality (hereinafter referred to as “**Beijing Third Intermediate Court**”), requesting CHEN Lihao to assume the joint and several guarantee liability. The Beijing Third Intermediate Court accepted the case on 30 July 2018, and heard the case on 12 August 2019, 5 September 2019 and 23 December 2019, respectively. The Beijing Third Intermediate Court issued the first instance verdict in favor of the claims of the Company on 24 December 2019. The first instance verdict took effect on 10 June 2020. The Company applied to the Beijing Third Intermediate Court for compulsory enforcement, and the court accepted the case on 3 July 2020 (For the relevant information of the case, please refer to the 2020 Interim Report of the Company). This case is currently under enforcement procedure.



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

Due to the breach of contract by Tianjin Seamless Pipe Plant (天津市無縫鋼管廠) (hereinafter referred to as “**Tianjin Pipe Plant**”) as the borrower and Tianjin Pipe (Group) Corporation (天津鋼管集團股份有限公司) (hereinafter referred to as “**Tianjin Pipe Group**”) as the guarantor, the Company filed a lawsuit with the Fourth Intermediate People’s Court of Beijing Municipality (hereinafter referred to as “**Beijing Fourth Intermediate Court**”) against the Tianjin Pipe Plant and the Tianjin Pipe Group on 20 July 2018, requesting the Tianjin Pipe Plant to repay the principal, interest, penalty interest and other fees totaling RMB207,926,616.36 and the Tianjin Pipe Group to assume joint and several liabilities. The Company also applied for property preservation to the Beijing Fourth Intermediate Court. The court accepted the case and the application for property preservation on 4 July 2018. The Beijing Fourth Intermediate Court made the first instance verdict in favor of the claims of the Company on 18 December 2018. The defendants in the case had appealed on 3 January 2019. The Higher People’s Court of Beijing Municipality (hereinafter referred to as “**Beijing Higher Court**”) made the final judgment, dismissing the defendant’s appeal on 17 May 2019. The Company submitted the Appeal Letter Regarding the Disposal Proposal of Tianjin Seamless Pipe Plant’s Debt Guaranteed by Tianjin Pipe (Group) Corporation to the State-owned Assets Supervision and Administration Commission of Tianjin People’s Government in September 2019, and then applied to the Beijing Fourth Intermediate Court for releasing the preservation measures taken against the preserved property under the names of the respondents, Tianjin Pipe Plant and Tianjin Pipe Group. The Company also entered into the restructuring agreement with parties including Tianjin Pipe Group, Shanghai Electric Group Co., Ltd. and Tianjin Pipe Corporation (For the relevant information of the case, please refer to the 2019 Annual Report of the Company). On 16 June 2020, the Second Intermediate People’s Court of Tianjin ruled to accept the bankruptcy liquidation case of Tianjin Pipe Plant, and Tianjin Pipe Plant is undergoing bankruptcy liquidation procedures.

### Dispute between the Company and Xinghua Rural Commercial Bank on Targeted Asset Management Contract

Due to the breach of the targeted asset management contract by the Company and Beijing Branch of China Merchants Bank Co., Ltd. (招商銀行股份有限公司北京分行) (hereinafter referred to as “**CMB Beijing Branch**”) as the trustee in the view of Jiangsu Xinghua Rural Commercial Bank CO., Ltd. (江蘇興化農村商業銀行股份有限公司) (hereinafter referred to as “**Xinghua Rural Commercial Bank**”), Xinghua Rural Commercial Bank submitted an application for arbitration with the Shanghai International Economic and Trade Arbitration Commission (hereinafter referred to as “**SIETAC**”) on 10 August 2018, requesting the Company and CMB Beijing Branch to jointly and severally compensate its loss of RMB10,937,622.53. The SIETAC heard the case on 19 March 2019 (For the relevant information of the case, please refer to the 2019 First Quarterly Report of the Company). On 2 November 2020, the Company received an arbitration award from the SIETAC, dismissing all arbitration claims of Xinghua Rural Commercial Bank and ruling that the Company bears no liability. The case was closed in favor of the Company.

## Significant Events

### Contract Dispute between the Company and Julihui

Due to the breach of contract on stock-pledged repo transaction by Xiamen Julihui Investment Partnership (Limited Partnership) (廈門聚利匯投資合夥企業(有限合夥)) (hereinafter referred to as “**Julihui**”), the Company filed a lawsuit with the Beijing Third Intermediate Court on 21 January 2019, requesting Julihui to repay a total amount of RMB100,845,833.33 for unpaid principal, interest and liquidated damages. The case was formally accepted on 22 January 2019. The case was heard on 8 October 2019. The Beijing Third Intermediate Court issued the first instance verdict in favor of the claims of the Company on 26 December 2019. On 11 February 2020, the Company received the petition for appeal from Julihui (For the relevant information of the case, please refer to the 2020 Third Quarterly Report of the Company). Julihui applied to the court to withdraw the appeal on 4 November 2020, and Beijing Higher Court ruled to permit the withdrawal on 12 November 2020 and the first instance verdict has taken effect.

### Dispute between the Company and Kangde Group on the Guarantee Contract

Because Shenzhen Qianhai Fengshi Yunlan Capital Management Co., Ltd. (深圳前海豐實雲蘭資本管理有限公司) (hereinafter referred to as the “**Fengshi Yunlan**”) defaulted when conducting the stock-pledged repo transaction with the Company and Kangde Investment Group Co., Ltd. (康得投資集團有限公司) (hereinafter referred to as the “**Kangde Group**”) also failed to fulfill its guarantee obligations in a timely manner to repay the relevant debts to the Company on behalf of Fengshi Yunlan, the Company filed a lawsuit with the Beijing Higher Court on 22 January 2019, requesting Kangde Group to assume the joint and several liability as the guarantor and repay the amount of RMB1,418,245,278.08 owed to the Company. The Beijing Higher Court heard the case on 9 December 2019. The Beijing Higher Court made the first instance verdict and the correction of ruling in favor of all claim of the Company on 30 April and 6 May 2020. The Company had applied to the Beijing Higher Court for compulsory enforcement on 2 July 2020 (For the relevant information of the case, please refer to the 2020 Interim Report of the Company). The Beijing Higher Court assigned the case to the First Intermediate People’s Court of Beijing Municipality (hereinafter referred to as “**Beijing First Intermediate Court**”) for enforcement. The case was accepted on 4 August 2020 and is currently in the process of compulsory enforcement. On 28 December 2020, the Company filed an appeal against the enforcement with the enforcement court, requesting HAN Yu, a shareholder of Kangde Group, to assume the compensation liability within the scope of unpaid principal and interest, which was accepted by the court on 4 January 2021 and the case is currently under trial.

On 15 May 2019, the Company submitted the application for compulsory enforcement to the Beijing First Intermediate Court, Fengshi Yunlan, as debtor, ZHONG Yu, as guarantor, Tianming Yujie Investment Management Co., Ltd. (天明禹捷投資管理有限公司) and Beijing Yisheng Hengtong Technology Partnership (Limited Partnership) (北京益聖恒通科技合夥企業(有限合夥)), as pledgors, are persons subject to the enforcement. The case was formally accepted on 27 May 2019. In February and April 2020, the Beijing First Intermediate Court organized a judicial auction of all pledged stocks. On 22 May 2020, due to the failure of auction, the Beijing First Intermediate Court issued an enforcement judgement that 56,874,914 shares of ST Kangde (stock code: 002450) shall be used to settle the debt to the Company. The shares have been transferred to and registered under the name of the Company on 22 June 2020 (For the relevant information of the case, please refer to the 2020 Interim Report of the Company). On 29 November 2020, the Beijing First Intermediate Court organized a judicial auction of the pledged equity of Kangde Composite Material Co., Ltd. (康得複合材料有限公司). On 24 December 2020, due to the failure of auction, the Company received an enforcement judgement from the Beijing First Intermediate Court, which ruled to settle the debt to the Company by the above equity.

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

Due to the breach of contract on stock-pledged repo transaction by HE Qiaonv and TANG Kai, the Company filed an application for the issuance of a certificate of enforcement with Fangyuan Notary Public Office on 26 October 2018. On 22 November 2018, Fangyuan Notary Public Office issued the certificate of enforcement in accordance with laws. On 15 May 2019, the Company submitted an application for compulsory enforcement to the Beijing Third Intermediate Court, and the case was accepted on the same date. On 27 August 2019, the Company reached a settlement agreement with HE Qiaonv and TANG Kai. On 26 September 2019, the Company received the first settlement payment from HE Qiaonv. As HE Qiaonv and TANG Kai failed to fulfill their commitments under the settlement agreement, the Company applied to the court to resume compulsory enforcement, and the court ruled to accept the case on 3 July 2020 (For the relevant information of the case, please refer to the 2020 Third Quarterly Report of the Company). On 11 December 2020, the Company again reached a settlement agreement with HE Qiaonv and TANG Kai.

### Dispute between the Company and CHEN Zhu on the Guarantee Contract

GAO Yugen and ZHA Chuanhe failed to fulfill the repurchase obligation and CHEN Zhu failed to assume the guarantee liabilities when conducting the stock-pledged repo transaction with the Company, both of which constituted a breach of contract. Therefore, the Company filed a lawsuit with the Beijing Third Intermediate Court, requesting CHEN Zhu to assume the guarantee liabilities and repay the debts of RMB200 million owed to the Company by GAO Yugen and ZHA Chuanhe on their behalf. The case was formally accepted on 25 September 2019. The Beijing Third Intermediate Court heard the case on 17 December 2019 and 30 December 2019, respectively. On 24 March 2020, the court issued the first instance verdict in favor of the Company's claims. On 8 May 2020, CHEN Zhu appealed to the court (For the relevant information of this case, please refer to the 2020 Interim Report of the Company). On 30 December 2020, the Company reached a settlement agreement with CHEN Zhu, GAO Yugen and ZHA Chuanhe and applied to the court to withdraw the lawsuit after receiving the full settlement amount. On 31 December 2020, Beijing High Court ruled to permit the withdraw of lawsuit, and the case was closed.

### Dispute on Contract between the Company and Rightway Real Estate, Hunan Rightway, Dalian Haihui and FU Yanbin

Due to the risk of default of "16 Zhengyuan 02" bonds with a nominal value of RMB130 million issued by Rightway Real Estate Development Co., Ltd. (正源房地產開發有限公司) held by the Company, the Company filed a lawsuit with the Beijing Third Intermediate Court, requesting the issuer to pay the principal, interest, liquidated damages and the cost of realizing the debt, and requesting the guarantors, being Hunan Rightway Shangfengshangshui Real Estate Development Co., Ltd. (湖南正源尚峰尚水房地產開發有限公司), Dalian Haihui Real Estate Development Co., Ltd. (大連海匯房地產開發有限公司) (hereinafter referred to as "**Dalian Haihui**") and FU Yanbin, to assume the guarantee liabilities. On 2 April 2020, the court formally accepted the case (For the relevant information of the case, please refer to the 2020 Third Quarterly Report of the Company). As Dalian Haihui and FU Yanbin filed an objection on jurisdiction with the Beijing Third Intermediate Court during the period of filing the reply, the Beijing Third Intermediate Court ruled to transfer the case to the Intermediate People's Court of Dalian Municipality (hereinafter referred to as "**Dalian Intermediate Court**") on 19 October 2020. On 7 January 2021, the Dalian Intermediate Court formally accepted the case, and the time of hearing has not yet been determined.

## Significant Events

### Dispute between the Company and Macrolink Holding on Bond Transaction

As Macrolink Holding Co., Ltd. (新華聯控股有限公司) (hereinafter referred to as “**Macrolink Holding**”) failed to repay the medium term notes as agreed upon, the Company filed a lawsuit with the Beijing Third Intermediate Court, requesting Macrolink Holding to repay the bond principal of RMB200 million and the interest up to the date of full repayment, etc. On 2 April 2020, the court formally accepted the case. The case was heard on 21 July and 13 August 2020 (For the relevant information of the case, please refer to the 2020 Third Quarterly Report of the Company). The Beijing Third Intermediate Court issued the first instance verdict in favor of the principal claims of the Company on 30 December 2020.

### Dispute between the Company and Linxi Rural Commercial Bank and Hengfeng Bank on Trust Contract

Due to a dispute relating to trust contract, on 16 April 2020, the Company received a complaint made by Hebei Linxi Rural Commercial Bank Co., Ltd. (河北臨西農村商業銀行股份有限公司) (hereinafter referred to as “**Linxi Rural Commercial Bank**”) to Jinan Railway Transportation Intermediate Court against Hengfeng Bank Co., Ltd. (恒豐銀行股份有限公司) (hereinafter referred to as “**Hengfeng Bank**”) and the Company, requesting Hengfeng Bank and the Company to jointly compensate for the loss of the investment principal and interest and return the management fees, totaling RMB276,505,505.775. The trial was conducted via a virtual hearing on 30 June 2020 (For the relevant information of the case, please refer to the 2020 Interim Report of the Company). On 21 October 2020, the Company received the first instance verdict, dismissing all claims of the Plaintiff Linxi Rural Commercial Bank. The Plaintiff disagreed with the verdict and appealed to the Higher People’s Court of Shandong Province (hereinafter referred to as “**Shandong Higher Court**”). The second trial of the case was held on 17 December 2020. On 21 December 2020, the Company received the second instance verdict from Shandong Higher Court, which dismissed the appeal and upheld the original verdict, and the case was closed in favor of the Company.

### Dispute between the Company and Xinye Company and GoldStone Zexin on Commission Contract

On 22 September 2020, the Company received from the Beijing Third Intermediate Court the litigation materials concerning the case of dispute over commission contract filed by Xinye Equity Investment Management Co., Ltd. (hereinafter referred to as “**Xinye Company**”) against the Company and its indirect subsidiary, GoldStone Zexin. Xinye Company requested the Company and GoldStone Zexin to pay project management fees and liquidated damages totaling RMB139,580,000. The Beijing Third Intermediate Court formally accepted the case (For the relevant information of the case, please refer to the 2020 Third Quarterly Report of the Company), and heard the case on 15 January 2021. No verdict has been issued so far.

### Dispute between the Company and Jing Hua on the Guarantee Contract for Margin Financing and Securities Lending

In 2020, each of CHEN Zhenling, SHI Baojian and Fujian Kailan Supply Chain Management Co., Ltd. signed a Margin Financing and Securities Lending Contract with the Company in relation to margin financing and securities lending transactions, and Jing Hua signed a Guarantee Letter to provide joint and several liability guarantee for the debts under the above-mentioned three Margin Financing and Securities Lending Contracts. Subsequently, CHEN Zhenling, SHI Baojian and Fujian Kailan Supply Chain Management Co., Ltd. failed to repay the debt to the Company under the margin financing and securities lending transactions. The Company submitted an application to the Beijing Arbitration Commission (hereinafter referred to as “**BAC**”), requesting Jing Hua to assume joint and several guarantee debts for the above transaction liabilities and to pay the Company a total amount of RMB110,880,070.18. On 13 January 2021, the BAC accepted the case. The time of the hearing has not yet been determined.

### Dispute between GoldStone Investment and Yunnan Tianyu, Yunnan Sigao and Beijing Huayu on Equity Contract

Due to the breaches of the Capital Increase Contract and the Equity Transfer Contract by Yunnan Shenzhou Tianyu Real Estate Co., Ltd. (hereinafter referred to as “**Yunnan Tianyu**”), Yunnan Sigao Investment Co., Ltd. (hereinafter referred to as “**Yunnan Sigao**”) and Beijing Huayu Zhixin Investment Co., Ltd. (hereinafter referred to as “**Beijing Huayu**”), GoldStone Investment filed an arbitration with the BAC, requesting that Yunnan Tianyu to pay the consideration for equity transfer, liquidated damages and expenses incurred for realizing the creditor’s rights, with a total amount of RMB376,220,063.45, Yunnan Sigao to bear joint and several liabilities, and the court to confirm that GoldStone Investment have the right of first refusal on the equity pledged by Yunnan Tianyu and the trust property rights of Beijing Huayu under the relevant trust contracts. On 28 September 2020, the BAC accepted the case. The case was heard on 5 February 2021, and the BAC has not issued a verdict so far.

The Company has made sufficient provision for impairment in respect of the potential losses involved in the above cases in accordance with the relevant regulations.

The potential losses involved in the following cases of CITIC Securities South China had been taken into full consideration before closing of the acquisition. There is relatively low risk of potential losses for the Company and CITIC Securities South China in the future.

### Dispute between CITIC Securities South China and Ruifeng Group on Stock-pledged Repo Transaction

As Guangzhou Ruifeng Group Co., Ltd. (hereinafter referred to as “**Ruifeng Group**”) defaulted on the stock pledge business with the Guangzhou Securities (as previously named, and renamed as CITIC Securities South China in January 2020, same below), on 5 August 2019, the Guangzhou Securities (as previously named) applied to the Guangzhou Intermediate People’s Court (hereinafter referred to as “**Guangzhou Intermediate Court**”) for compulsory enforcement of the notarized document and the case was filed. The subject of enforcement was the principal of RMB329,990,000 and the corresponding interest, liquidated damages and expenses incurred for realizing creditor’s rights. Since the person subject to enforcement raised an objection to enforcement, Guangzhou Intermediate Court ruled to dismiss CITIC Securities South China’s compulsory enforcement application on 13 January 2020. Subsequently, CITIC Securities South China applied to the Higher People’s Court of Guangdong Province (hereinafter referred to as “**Guangdong High Court**”) for a retrial (For the relevant information of this case, please refer to the 2020 First Quarterly Report of the Company). On 30 April 2020, Guangdong High Court made a ruling to revoke the ruling of enforcement made by Guangzhou Intermediate Court and remanded the case to Guangzhou Intermediate Court for a retrial of the objection to enforcement. On 7 January 2021, Guangzhou Intermediate Court ruled to dismiss the objection to enforcement of the person subject to enforcement.

As the guarantor, LIN Yongfei, failed to timely perform guarantee obligations in respect of the above stock pledged debts. On 25 February 2020, CITIC Securities South China filed an arbitration application to the Guangzhou Arbitration Commission (hereinafter referred to as “**Guangzhou Arbitration**”) against LIN Yongfei and his spouse, WENG Yayun, requesting them to bear joint and several guarantee liabilities for the debts of Ruifeng Group. On 20 March 2020, the arbitration case was filed and accepted by Guangzhou Arbitration (For the relevant information of this case, please refer to the 2020 First Quarterly Report of the Company). On 27 November 2020, CITIC Securities South China received the arbitral award from Guangzhou Arbitration. On 20 December 2020, CITIC Securities South China applied to the court for compulsory enforcement and the case was accepted on 27 December 2020. Currently, the case is in the process of compulsory enforcement.

## Significant Events

### **Dispute between CITIC Securities South China and CEFC Shanghai Group on Bond Transaction**

Due to the breach of contract on bond transaction by CEFC Shanghai International Group Co., Ltd. (上海華信國際集團有限公司) (hereinafter referred to as “**CEFC Shanghai Group**”), on 18 April 2019, the Guangzhou Securities (as previously named) filed a lawsuit against CEFC Shanghai Group on behalf of the two asset management plans with the Shanghai Financial Court and the case was accepted. The subject matter of the lawsuit was the principal of RMB300 million as well as the corresponding interest, liquidated damages, expenses incurred for realizing the creditor’s rights and other fees. The hearing of the case was held on 23 July 2019. On 31 March 2020, the Shanghai Third Intermediate Court issued a verdict to declare the bankruptcy of CEFC Shanghai Group, and CITIC Securities South China has filed claims for creditor’s rights within the time limit required by the court (For relevant information of this case, please refer to the 2020 Interim Report of the Company). On 7 May 2020, Shanghai Financial Court issued a verdict and supported the claims made by CITIC Securities South China in relation to the principal, interest and liquidated damages. Currently, CEFC Shanghai Group is still undergoing the bankruptcy liquidation procedures.

### **Dispute between CITIC Securities South China and CITIC Guoan on Bond Transaction**

Due to the breach of contract on bond transaction by CITIC Guoan Group Co., Ltd. (中信國安集團有限公司) (hereinafter referred to as “**CITIC Guoan**”), in May 2019, the Guangzhou Securities (as previously named) filed a lawsuit against CITIC Guoan with the Beijing Third Intermediate Court. The subject matter of the lawsuit was the principal of RMB480 million as well as the corresponding interest, liquidated damages, expenses incurred for realizing the creditor’s rights and other fees. The case was formally accepted on 14 May 2019 (For relevant information of this case, please refer to the 2020 First Quarterly Report of the Company). The case was heard held on 24 September 2019 and 11 December 2019. On 16 December 2020, CITIC Securities South China received the verdict issued by Beijing Third Intermediate Court, supporting all the claims made by CITIC Securities South China.

### **Dispute between CITIC Securities South China and Kaiyuan Securities on Bond Reversed Repo Transaction**

Due to the failure to repay the funds by Kaiyuan Securities when conducting reversed repo transaction, the Guangzhou Securities (as previously named) applied for arbitration to the Shanghai International Arbitration Center on 10 October 2019, requesting Kaiyuan Securities to pay the repurchase principal of RMB131.30 million as well as the corresponding interest, liquidated damages, expenses incurred for realizing the creditor’s rights and other fees. The case was accepted on 30 October 2019. The case was heard on 31 July 2020 (For the relevant information of this case, please refer to the 2020 Interim Report of the Company). On 23 November 2020, Shanghai International Arbitration Center issued the arbitration award, which supports the main arbitration claims made by CITIC Securities South China. On 7 December 2020, CITIC Securities South China applied to Beijing First Intermediate Court for compulsory enforcement. Currently, the award is still under enforcement.

### Dispute between CITIC Securities South China and Anhui Shengyun Environmental Protection and Western Securities on Bond Transaction

Due to the breach of contract on bond transaction by Anhui Shengyun Environmental Protection (Group) Co., Ltd. (hereinafter referred to as “**Anhui Shengyun Environmental Protection**”), and the failure of the bond’s lead underwriter and trustee, Western Securities Co., Ltd. (hereinafter referred to as “**Western Securities**”), to exercise due diligence in terms of management and the misrepresentation and material omissions contained in the prospectus, Western Securities shall assume joint and several liabilities for the losses of CITIC Securities South China. On 27 September 2019, Guangzhou Securities (as previously named) filed a lawsuit against Anhui Shengyun Environmental Protection and Western Securities with Anqing Intermediate People’s Court. The subject matter of the lawsuit was the principal of RMB100 million and the corresponding interest, liquidated damages, expenses incurred for realizing the creditor’s rights and other fees. The case was accepted in October 2019. On 29 April 2020, CITIC Securities South China received the civil ruling issued by Anhui Higher People’s Court, which rejected the appeal of Western Securities and upheld the original ruling. The case is still under the jurisdiction of Hefei Intermediate People’s Court of Anhui Province (For the relevant information of this case, please refer to the 2020 Interim Report of the Company). On 26 October 2020, the case was heard. The court has not yet issued the first instance verdict so far.

### Dispute between CITIC Securities South China and HUANG Wenjia on Stock-pledged Repo Transaction

Due to the breach of contract by HUANG Wenjia when conducting the stock-pledged repo transaction, Guangzhou Securities (as previously named) filed a lawsuit against HUANG Wenjia with Shenzhen Intermediate People’s Court (hereinafter referred to as “**Shenzhen Intermediate Court**”) on 27 August 2019. The subject matter of the lawsuit was the principal of RMB106.67 million as well as the corresponding interest, liquidated damages and other fees. On 29 October 2019, the case was formally accepted. On 3 and 4 June 2020, the evidence exchange and the first instance hearing of the case were completed (For the relevant information of this case, please refer to the 2020 Interim Report of the Company). CITIC Securities South China received the judgement issued by Shenzhen Intermediate Court, which supports the main claims of CITIC Securities South China on 27 October 2020.

### Dispute between CITIC Securities South China and Haoxuan Company and DING Kongxian on Stock-pledged Repo Transaction

Due to the breach of contract by Alashankou Haoxuan Equity Investment Co., Ltd. (阿拉山口市灑軒股權投資有限公司, hereinafter referred to as “**Haoxuan Company**”) when conducting the stock-pledged repo transaction, CITIC Securities South China filed a lawsuit against Haoxuan Company and its guarantor, DING Kongxian, with Guangzhou Intermediate Court on 31 July 2020. The subject matter of the lawsuit was the principal of RMB149 million as well as the corresponding interest, liquidated damages, expenses incurred for realizing the creditor’s rights and other fees. Guangzhou Intermediate Court accepted the case on the same day (For the relevant information of this case, please refer to the 2020 Interim Report of the Company). The case is scheduled to be heard on 1 March 2021.

## Significant Events

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

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

On 10 April 2020, the Beijing Regulatory Bureau of the CSRC issued a Decision on Ordering Beijing Zizhuyuan Road Securities Outlet of CITIC Securities Company Limited to Take Rectification Measures (《關於對中信證券股份有限公司北京紫竹院路證券營業部採取責令改正措施的決定》) to the Company, according to which, administrative regulatory measures of ordering Beijing Zizhuyuan Road Securities Outlet of the Company to take rectification measures were adopted. It was decided in the aforementioned regulatory letter that Beijing Zizhuyuan Road Securities Outlet has issues such as missing important information in relation to customer account, failure to verify the abnormality of the elder customers' career information, inconsistent content in the two information registration materials filled out by the same customer on the same day, deviation of rating results caused by the error in casting evaluation scores, failure to report the appointment of SUN Lili as the person in charge of the outlet to the regulatory bureau as required, and failure to provide the registration record for change in and historical registration data of the computer equipment and corresponding media access control address (MAC address) of the business place. After receiving the aforementioned regulatory letter, the Company attached great importance thereto, and immediately organized and urged the outlet to implement rectification, strengthen the review for account opening, complete the filing for personnel appointment and dismissal, improve customer suitability management, and effectively strengthen the monitoring of abnormal transactions in order to avoid the recurrence of such incidents.

On 27 October 2020, the CSRC issued the Decision on Ordering CITIC Securities Company Limited to Take Rectification Measures (《關於對中信證券股份有限公司採取責令改正措施的決定》) to the Company. It was decided in the aforementioned regulatory letter that the internal control and integrity risk prevention and control mechanism of the Company's investment banking business needed to be improved, where, in particular, certain projects involved in issues including failure to strictly perform internal audit procedures, failure to strictly inspect and accept the working sheets, inadequate disclosures in respect of engagements of third-party agents, etc. After receiving the aforementioned regulatory letter, the Company attached great importance thereto, and promptly rectified the existing issues according to the requirements of the CSRC, to improve and perfect the internal control and integrity risk prevention and control mechanism of the Company's investment banking business, and further to enhance internal control and avoid the recurrence of such incidents.

On 24 December 2020, the CSRC issued the Decision on Taking Regulatory Measure of Issuing a Warning Letter to CITIC Securities Company Limited (《關於對中信證券股份有限公司採取出具警示函監管措施的決定》) to the Company. It was decided in the aforementioned regulatory letter that in the application process of a project the Company advised on as a sponsor, the reporting materials submitted by the Company and its sponsor representative has issues such as inconsistent financial date with obvious differences in the scope of disclosure, inconsistencies in information disclosure, failure to perform the exemption procedure for disclosure and simplifying the contents of disclosure without authorization, which violated Article 5 of the Measures for the Administration of the Sponsorship of Securities Offering and Listing (《證券發行上市保薦業務管理辦法》). After receiving the aforementioned regulatory letter, the Company attached great importance thereto, and promptly made rectifications according to the requirements of the CSRC, further strengthened the internal control, and urged the project teams to diligently perform their duties and take solid actions to advance projects, as well as improve the quality of practice and risk awareness.



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

### **Credibility of the Largest Shareholder of the Company during the Reporting Period**

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

### **Material Related Party Transactions/Non-exempt Connected Transactions**

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

**Progress of matters which had been disclosed in interim announcements**

#### ***Day-to-day related party transactions under the SSE Listing Rules/continuing connected transactions under the Hong Kong Listing Rules***

##### *Background*

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

The day-to-day related party/continuing connected transactions of the Group are mainly conducted with CITIC Group, its subsidiaries and associates. As CITIC Group indirectly holds 15.47% equity interest in the Company, CITIC Group, its subsidiaries and associates are related party/connected persons of the Company according to the SSE Listing Rules and the Hong Kong Listing Rules. CITIC Group engages in a wide range of businesses and has plenty of subsidiaries. The Group, as a participant in the financial market, would inevitably transact with China CITIC Bank, CITIC Trust, CITIC Prudential Life Insurance Co., Ltd., each a subsidiary of CITIC Group and other companies that have strong market influences, and jointly provide comprehensive financial services to clients domestic and overseas. On the one hand, this is favorable for the expansion of the Group's scope of services and enhancement of its service level; on the other hand, it also brings business opportunities to the Group. Therefore, conducting relevant businesses between the Group and its related party/connected persons will be favorable to promote the business growth, and increase investment returns. Relevant related party/connected transactions are in line with the Group's actual situation and thus favorable to the long term-development of the business.

## Significant Events

According to the relevant requirements, and based on the analysis of the types and contents of existing and possible ongoing related party/connected transactions between the Group and CITIC Group and its subsidiaries and associates, the Group delineated the nature of such transactions and classified into three major categories, namely securities and financial products transactions and services, miscellaneous services and property leasing. At the time when the Company's H Shares were listed, the Company and CITIC Group entered into the Securities and Financial Products Transactions and Services Framework Agreement upon the approval by the 2011 Third Extraordinary General Meeting of the Company; entered into the Miscellaneous Services Framework Agreement and the Property Leasing Framework Agreement upon the approval of the Board, pursuant to which the parties agreed on the contents of the day-to-day related party/continuing connected transactions thereunder from 2011 to 2013 and set the respective annual caps for the transaction amounts. On 31 December 2013, the Company and CITIC Group renewed the Securities and Financial Products Transactions and Services Framework Agreement upon the approval by the 2013 Third Extraordinary General Meeting of the Company; and renewed the Miscellaneous Services Framework Agreement and entered into the Supplemental Agreement I to the Property Leasing Framework Agreement with CITIC Group upon the approval by the Board, pursuant to which the parties agreed on the contents of the day-to-day related party/continuing connected transactions thereunder from 2014 to 2016 and set respective annual caps for the transaction amounts. On 14 February 2017, the Company renewed the Securities and Financial Products Transactions and Services Framework Agreement with CITIC Group upon the approval by the 2017 First Extraordinary General Meeting of the Company; and renewed the Miscellaneous Services Framework Agreement and entered into Supplemental Agreement II to the Property Leasing Framework Agreement with CITIC Group upon the approval by the Board, pursuant to which the parties agreed on the contents of the day-to-day related party/continuing connected transactions thereunder from 2017 to 2019 and set respective annual caps for the transaction amount. On 31 December 2019, the Company further renewed the Securities and Financial Products Transactions and Services Framework Agreement with CITIC Group upon the approval by the 2019 Second Extraordinary General Meeting of the Company, and further renewed the Miscellaneous Services Framework Agreement and entered into the Supplemental Agreement III to the Property Leasing Framework Agreement with CITIC Group on the same date upon the approval by the Board, pursuant to which the parties agreed on the contents of the day-to-day related party/continuing connected transactions thereunder from 2020 to 2022 and set respective annual caps for the transaction amount. The term of each of the further renewed Securities and Financial Products Transactions and Services Framework Agreement and the Miscellaneous Services Framework Agreement is three years, commencing from 1 January 2020 and ending on 31 December 2022. The term of the Supplemental Agreement III to the Property Leasing Framework Agreement is from 1 January 2020 to 22 September 2021.

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

*Securities and Financial Products Transactions and Services Framework Agreement*

Pursuant to the agreement as renewed in 2019, the Group and CITIC Group and its subsidiaries and associates conduct various securities and financial products transactions and provide mutual securities and financial services during the ordinary course of business. Both the Company and CITIC Group agreed that: ① the subscription of securities and financial products shall be conducted at subscription prices and terms of such products; for transactions of securities and financial products through exchanges, such transactions shall be conducted at the prevailing market prices or market rates applicable to such type of securities and financial products; for transactions over the counter and other transactions of securities and financial products, such transactions shall be conducted at the prevailing market prices or market rates applicable to such type of securities and financial products or shall be conducted by mutual agreement; in the absence of prevailing market price or market rate applicable to such type of securities and financial products, the price or rate of such transaction shall be determined by the mutual agreement pursuant to the principle of fair market trade. Interest rates of interbank loans and repurchase agreements shall be conducted at the prevailing market interest rates and prices applicable to independent counterparties of such type of transactions or determined by mutual agreement. The prices of the beneficiary certificates issued by the Company shall be determined based on the prevailing market interest rate applicable to independent counterparties of such type of beneficiary certificates. ② securities and financial services: interest rates on deposits shall not be lower than the interest rates on deposits published by the People's Bank of China for the commercial banks for the corresponding period and the terms of the Company's deposit with the subsidiaries of CITIC Group shall not be inferior to those provided by an independent third party. Commissions or service fees charged by CITIC Group: shall be determined by mutual agreement with reference to the prevailing market rates and in accordance with the requirements of the applicable and relevant laws and regulations, provided that they do not exceed the standard commission or service fee charged by CITIC Group for the same type of service provided to an independent third party. Brokerage fees, commissions or service fees charged by the Company shall be determined by mutual agreement with reference to the prevailing market rates and in accordance with the requirements of the applicable and relevant laws and regulations, provided that they do not exceed the standard commission or service fee charged by the Company for the same type of service provided to an independent third party. The agreement is for a term of three years, commencing from 1 January 2020 and ending on 31 December 2022, subject to renewal.

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

## Significant Events

For the year of 2020, ① the annual cap and the transaction amount of day-to-day related party/continuing connected transactions in relation to the securities and financial products transactions; ② the maximum daily balance and the highest balance in a single day of borrowings/loans involved in financing transactions; ③ the annual cap and the transaction amount for the day-to-day related party/continuing connected transactions in relation to the securities and financial services, between the Group and the CITIC Group and its subsidiaries and associates, were as follows:

*In RMB ten thousand*

	Annual cap for 2020	Transaction amount for 2020	Percentage of the total amount of similar transactions (%)	Impact on profit of the Company
<b>1. Securities and financial products transactions</b>				
Net cash inflow derived from securities and financial products transactions (net of the amount of inter-financial institutions borrowings, repurchase agreements and beneficiary certificates)	7,500,000	3,362,433	—	—
Net cash outflow incurred for securities and financial products transactions (net of the amount of inter-financial institutions lending and reverse repurchase agreements)	17,000,000	5,485,064	—	—
<b>2. Amount of inter-financial institutions borrowings and beneficiary certificates issued by the Group</b>	Not applicable <sup>Note</sup>	37,002,000	—	—
	Maximum daily balance for 2020	Highest balance in a single day in 2020	Percentage of the total amount of similar transactions (%)	Impact on profit of the Company
<b>3. Borrowings/loans involved in financing transactions</b>				
Maximum daily balance (including interests) of repurchase agreements	2,000,000	192,636	—	—
Maximum daily balance (including interests) of loans to inter-financial institutions and reverse repurchase agreements	800,000	—	—	—
	Annual cap for 2020	Transaction amount for 2020	Percentage of operating revenue/ expenses (%)	Impact on profit of the Company
<b>4. Securities and financial services</b>				
Income derived from securities and financial services	240,000	81,600	1.50	81,600
Expenses incurred for securities and financial services	70,000	8,205	0.24	-8,205

Note: Inter-financial institutions borrowings by the Group from the financial institutions of CITIC Group are conducted on normal commercial terms at the interest rates negotiated on an arms' length basis based on the prevailing interest rates in the interbank market with no security being given over the assets of the Group, and the subscriptions by CITIC Group and its associates for the beneficiary certificates issued by the Group are also conducted on normal commercial terms at issue price determined based on comparable market interest rates after taking into consideration the liquidity position of the Group with no security being given over the assets of the Group. As such, the inter-financial institutions borrowings by the Group from CITIC Group and its associates and the subscriptions by CITIC Group and its associates for the beneficiary certificates issued by the Group are exempt continuing connected transactions under Rule 14A.90 of the Hong Kong Listing Rules with no cap being set.

#### Miscellaneous Services Framework Agreement

Pursuant to the agreement renewed in 2019, the Company and CITIC Group both agreed to determine the price of relevant services by fair and mutual agreement under conditions no less favorable than such services received from or provided to independent third parties in compliance with the relevant laws and regulations and under normal commercial terms. For construction project services, if the service providers are determined for the relevant services through open tender process, the Company will select the general contractor for construction pursuant to the Construction Law of the People's Republic of China, the Bidding Law of the People's Republic of China, the Contract Law of the People's Republic of China, and other applicable laws, regulations and relevant provisions, after taking into consideration various factors including the bidding price, the performance of general contracting, and whether the general contractor has the top grade qualification in general contracting of housing engineering and construction. The agreement is for a term of three years, commencing from 1 January 2020 and ending on 31 December 2022, subject to renewal.

For the year of 2020, the annual cap and the transaction amount of the day-to-day related party/continuing connected transactions under the Miscellaneous Services Framework Agreement between the Group and CITIC Group and its subsidiaries and associates were as follows:

*In RMB ten thousand*

<b>Miscellaneous services</b>	<b>Annual cap for 2020</b>	<b>Transaction amount for 2020</b>	<b>Percentage of operating revenue/ expenses (%)</b>	<b>Impact on profit of the Company</b>
Income derived from miscellaneous services	2,700	83	Less than 0.01	83
Expenses incurred for miscellaneous services	100,000	40,951	1.21	-40,951

#### Property Leasing Framework Agreement and supplemental agreement

Pursuant to the Property Leasing Framework Agreement signed by the Company and CITIC Group, the Company and CITIC Group both agreed to determine the rentals for the leased properties according to the relevant laws and regulations and the local fair market value as confirmed by qualified independent property valuer. The agreement is for a term of ten years, commencing from 23 September 2011 and ending on 22 September 2021. The Company signed the Supplemental Agreement III to the Property Leasing Framework Agreement with CITIC Group on 31 December 2019 to set the annual caps for the related party transactions in relation to day-to-day operation/continuing connected transactions of the Group under the Property Leasing Framework Agreement for the remaining lease term under the Property Leasing Framework Agreement (being the year of 2020 and the period from 1 January to 22 September 2021).

## Significant Events

For the year of 2020, the annual rental cap and the rental amount under the Property Leasing Framework Agreement between the Group and CITIC Group and its subsidiaries and associates were as follows:

*In RMB ten thousand*

<b>Property leasing fees</b>	<b>Annual cap for 2020</b>	<b>Transaction amount for 2020</b>	<b>Percentage of operating revenue/ expenses (%)</b>	<b>Impact on profit of the Company</b>
Income derived from property leasing	60,000	3,092	0.06	3,092
Expenses incurred for property leasing	100,000	5,043	—	—

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

- nothing has come to its attention that may cause it to believe that such disclosed related party transactions in relation to day-to-day operation/continuing connected transactions have not been approved by the Board;
- if the transactions involve the provision of goods or services by the Group, nothing has come to its attention that may cause it to believe that these transactions were not, in all material respects, in accordance with the pricing policy of the Group;
- nothing has come to its attention that may cause it to believe that these transactions were not entered into, in all material respects, in accordance with the relevant agreements governing these transactions; and
- with respect to the total amounts for each of such continuing connected transactions specified in the appendix of the day-to-day related party/continuing connected transactions letter, nothing has come to its attention that may cause it to believe that such disclosed day-to-day related party/continuing connected transactions have exceeded the annual transaction caps set by the Company.

### **Other related party transactions under the SSE Listing Rules in relation to day-to-day operation**

According to the SSE Listing Rules, in addition to CITIC Group and its subsidiaries and associates, related parties of the Company also include the companies in which the Directors, Supervisors or members of the Senior Management hold positions as directors or the senior management, but they are not defined as connected persons under the Hong Kong Listing Rules. Related party transactions between the Company and such parties are conducted in compliance with the relevant requirements under the SSE Listing Rules, and will not constitute connected transactions under the Hong Kong Listing Rules. During the Reporting Period, these related party transactions had been carried out in accordance with the Resolution on Estimation of Related Party/Continuing Connected Transactions Contemplated in the Ordinary Course of Business of the Company in 2020, which was considered and approved at the 2019 Annual General Meeting of the Company as well as the special voting by independent Directors on related party transactions.

In RMB ten thousand

Related party	Type of related party transactions	Estimated transaction amount for 2020	Transaction amount for 2020	Percentage of operating revenue/ expenses (%)	Impact on profit of the Company
E-Capital Transfer Co., Ltd.	Expense	500	414.45	0.01	-414.45
CITIC PE Fund	Securities and financial products transactions	Calculated based on the transaction amount <sup>Note 1</sup>	90,000	—	—
Yuexiu Industrial Investment Fund	Income	900 <sup>Note 2</sup>	4.72	Less than 0.01	4.72

Note 1: As the market condition of the securities market is unpredictable, it is difficult to estimate the transaction amounts. As approved by the Shareholders' general meeting of the Company, the amount for the aforesaid securities and financial products transactions shall be calculated based on the transaction amount.

Note 2: Given that Mr. WANG Shuhui concurrently serves as the chairman of each of Financial Holdings Capital and Yuexiu Industrial Investment Fund, Financial Holdings Capital and Yuexiu Industrial Investment Fund are deemed as related parties of the Company. The estimation of related party transactions contemplated in the ordinary course of business in 2020 between the Group and Financial Holdings Capital and Yuexiu Industrial Investment Fund was considered and approved by all independent non-executive Directors of the Company on 7 May 2020. There were no related party transactions conducted in the ordinary course of business between the Group and Financial Holdings Capital in 2020.

**Related party/connected transactions between the Group and companies holding more than 10% equity interest in significant subsidiaries of the Company**

During the Reporting Period, the following related party/connected transactions were carried out pursuant to the Resolution on Estimation of Related Party/Continuing Connected Transactions Contemplated in the Ordinary Course of Business of the Company in 2020, which was considered and approved at the 2019 Annual General Meeting of the Company.

In RMB ten thousand

Related/connected party	Type of related party/connected transactions	Estimated transaction amount for 2020	Transaction amount for 2020	Percentage of operating revenue/ expenses (%)	Impact on profit of the Company
POWER CORPORATION OF CANADA	Income	800	218.17	Less than 0.01	218.17
MACKENZIE FINANCIAL CORPORATION	Income	500	101.50	Less than 0.01	101.50
	Expense	500	34.19	Less than 0.01	-34.19

## Significant Events

### **Related party transactions between the Group and companies holding over 5% equity interest in the Company**

Yuexiu Financial Holdings and its wholly-owned subsidiary, Financial Holdings Limited, jointly hold over 5% equity interest in the Company, thus are the related parties of the Company under SSE Listing Rules but not connected persons under Hong Kong Listing Rules. The related party transactions between the Company and them shall be conducted in accordance with the relevant provisions of the SSE Listing Rules and are not the connected transactions under the Hong Kong Listing Rules. During the Reporting Period, the following related party transactions were carried out pursuant to the Resolution on Estimation of Related Party/Continuing Connected Transactions Contemplated in the Ordinary Course of Business of the Company in 2020, which was considered and approved at the 2019 Annual General Meeting of the Company as well as the special voting by independent Directors on related party transactions.

*In RMB ten thousand*

<b>Related party</b>	<b>Type of related party transactions</b>	<b>Estimated transaction amount for 2020</b>	<b>Transaction amount for 2020</b>	<b>Percentage of operating revenue/expenses (%)</b>	<b>Impact on profit of the Company</b>
Yuexiu Financial Holdings	Income	300	87.26	Less than 0.01	87.26
Financial Holdings Limited	Income	2,800	147.17	Less than 0.01	147.17
	Expense	147 <sup>Note</sup>	115.42	Less than 0.01	-115.42

*Note:* The rental and deposit paid to Huadu Jianshe Road Business Department office space of Financial Holdings Limited by CITIC Securities South China during the period from 12 November 2019 and 12 November 2020 shall not exceed RMB1.47 million, which was considered and approved by all independent non-executive Directors of the Company on 2 September 2020.

### **Other related party/connected transactions**

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

Pursuant to the Bareboat Charter Contract entered into between CITIC Global Trade, a subsidiary of CITIC Futures, and Shanghai CITIC Shipping Corporation Limited (currently renamed as CITIC Shipping (Ningbo) Corporation Limited (中信輪船(寧波)有限公司)), the rental income received by the Company in 2020 amounted to RMB12.7434 million. For details of the approval of this related party/connected transaction, please refer to the 2014 Annual Report of the Company.

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

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

Upon completion of the acquisition of 100% equity interest in Guangzhou Securities by issuance of Shares of the Company (for details, please refer to the 2019 Annual Report of the Company), the registered capital of the Company has been changed from RMB12,116,908,400 to RMB12,926,776,029. On 27 May 2020, the Company obtained the approval by the Shenzhen Market Supervision and Regulation Bureau on the change of registered capital and completed the filing in relation to the changes to the Articles of Association of the Company.



## Material related party transaction in relation to joint investment

### Non-exercise of the Right of First Refusal by GoldStone Investment and Sanxia GoldStone Management Co., Ltd. and formation of joint investment relationship with related party

As one of the limited partners of Sanxia GoldStone Fund, Bohai Chuangfu transfers its unpaid fund units (hereinafter referred to as the “**Target Units**”) of Sanxia GoldStone Fund with an amount of RMB410 million to Financial Holdings Capital. As investors of Sanxia GoldStone Fund, GoldStone Investment, a wholly-owned subsidiary of the Company, and its subsidiary, Sanxia GoldStone Management Co., Ltd., have a right of first refusal on the transfer of the Target Units. As GoldStone Investment and Sanxia GoldStone Management Co., Ltd. decided not to exercise the right of first refusal, they hence form a joint investment relationship with Financial Holdings Capital, which constitutes a related party transaction. On 23 July 2020, the 9th Meeting of the Seventh Session of the Board considered and approved the Resolution on Non-exercise of the Right of First Refusal and Formation of Joint Investment Relationship with Related Party. On the same day, Sanxia GoldStone Management Co., Ltd. entered into the Supplementary Agreement to the Fund Unit Transfer Agreement with Bohai Chuangfu and Financial Holdings Capital, and GoldStone Investment, Sanxia GoldStone Management Co., Ltd. and other partners of Sanxia GoldStone fund signed the Resolution of the Extraordinary Partners’ Meeting and the Limited Partnership Agreement. For details, please refer to the overseas regulatory announcement disclosed on the HKExnews website of HKEx on 23 July 2020. Currently, Sanxia GoldStone Fund has completed the registration procedures regarding the aforesaid changes.

## Related party credits and debts

In RMB Yuan

Related party	Related party relationship	Provision of funds to the related party		Provision of funds by the related party		Balance at the end of the year	
		Balance at the beginning of the year	Amount incurred	Balance at the end of the year	Balance at the beginning of the year		Amount incurred
Subsidiaries of CITIC Group	Subsidiaries of Shareholder	85,712,309.48	-58,594,047.69	27,118,261.79	18,193,495.07	4,596,500.46	22,789,995.53
Financial Holdings Limited	Shareholder with non-controlling interest	—	209,682.00	209,682.00	—	2,290,319,023.41	2,290,319,023.41
<b>Total</b>		<b>85,712,309.48</b>	<b>-58,384,365.69</b>	<b>27,327,943.79</b>	<b>—</b>	<b>2,294,915,523.87</b>	<b>2,313,109,018.94</b>
Causes of the related party credits and debts		Mainly include payables to the above related parties in connection with fund sales agency services, receivables from/payables to the above related parties in respect of deposits and margins, and subordinated debts.					
Impact of the related party credits and debts on the Company		No adverse effect					

## Significant Events

### Capital movement Between the Company and the related parties

In accordance with the Notice of the CSRC on the Regulation of Several Issues Concerning the Capital Movement between Listed Companies and their Related Parties and the External Guarantees Provided by Listed Companies (Zheng Jian Fa [2003] No. 56) and the Notice on Strengthening Information Disclosure Concerning Appropriation of Funds and Unlawful Provision of Guarantees by Listed Companies of Shenzhen Securities Regulatory Bureau (Shen Zheng Ju Fa Zi [2004] No. 338), PricewaterhouseCoopers Zhong Tian LLP issued the Special Statement Regarding the Appropriation of Funds of CITIC Securities Company Limited by Its Largest Shareholder and Other Related Parties (PricewaterhouseCoopers Zhong Tian Te Shen Zi (2021) No. 0665).

### Guarantees provided by related/connected parties to the Company

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

### Fund set up with related/connected parties

GoldStone Investment and CITIC Securities Investment, both the Company's wholly-owned subsidiaries, jointly contribute to and establish Jiaxing Goldstone Pengheng Equity Investment Partnership (Limited Partnership) with Xingcheng Special Steel and other entities, among which, GoldStone Investment and CITIC Securities Investment contribute no more than RMB280 million in aggregate. The ultimate de facto controller of both Xingcheng Special Steel and CITIC Corporation Limited, the largest Shareholder of the Company, is CITIC Group, thus Xingcheng Special Steel is a related/connected party of the Company and the transaction constitutes a related party/connected transaction. The transaction amount does not exceed 5% of the Company's audited net assets as at the end of 2019, and the applicable percentage ratios under the size tests of such transaction do not exceed 0.1% in accordance with the Hong Kong Listing Rules. This matter was considered and approved by all independent non-executive Directors of the Company on 20 July 2020.

### Opinions of independent Directors

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

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

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

During the Reporting Period, there were no other related party/connected transactions relating to the disposal or acquisition of the Group's assets, nor any other related party/connected transactions relating to joint external investment.

Save as disclosed above, there is no related party transaction or continuing related party transaction set out in Note 56 to the Consolidated Financial Statements that falls into the category of connected transactions or continuing connected transactions that need to be disclosed under the Hong Kong Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules with respect to the connected transactions and continuing connected transactions of the Company.

## Guarantees

During the Reporting Period, the total amount of guarantees provided by the Company and its subsidiaries to subsidiaries was RMB20,054 million. As at the end of the Reporting Period, the balance of guarantees provided by the Company was RMB53,741 million, all of which were guarantees provided by the Company and its subsidiaries to subsidiaries, representing 29.58% of the equity attributable to owners of the parent company as at the end of the Reporting Period.

### Guarantees provided by the Company

According to the resolution approved at the Shareholders' general meeting, and upon deliberation by the duly authorized working group, the Company provided an unconditional and irrevocable guarantee on a joint and several basis for repayment obligations under each batch of notes to be issued pursuant to an overseas medium-term notes program set up by CITIC Securities Finance MTN, an indirect wholly-owned subsidiary of the Company. The guarantee amount was US\$3 billion and the scope of the guarantee includes the principal, interest and other contingent account payables of overseas notes. As at the end of the Reporting Period, the aggregate balance of existing notes under the above-mentioned medium-term notes program was US\$2.5 billion, specifically: in 2017, CITIC Securities Finance MTN made a drawdown under the medium-term notes program to issue five-year notes with an issue size of US\$500 million; in 2018, CITIC Securities Finance MTN made a drawdown under the medium-term notes program to issue three-year notes with an issue size of US\$300 million; in 2019, CITIC Securities Finance MTN made a drawdown under the medium-term notes program with an issue size of US\$700 million, including three-year notes of US\$500 million and five-year notes of US\$200 million; during the Reporting Period, CITIC Securities Finance MTN made a drawdown under the medium-term notes program with an issue size of US\$1 billion, including three-year notes of US\$500 million and five-year notes of US\$500 million.

According to the resolution approved at the Shareholders' general meeting and upon deliberation by the Company's management, the Company provided an unconditional and irrevocable guarantee for the Euro-commercial papers project set up by CITIC Securities Finance MTN with a guarantee period from 4 May 2018 to 4 May 2023 and an amount of US\$3,000 million. The scope of the guarantee includes the principal, interest and other contingent account payables of overseas notes. During the Reporting Period, CITIC Securities Finance MTN issued 12 tranches of Euro-commercial papers in aggregate with a total issue size of US\$854 million. As at the end of the Reporting Period, the balance of existing notes was US\$378 million.

According to a resolution approved at the 2019 First Extraordinary General Meeting, the Company provided joint and several liability guarantee for the subordinated bonds issued by Guangzhou Securities (renamed as "**CITIC Securities South China**") with total issuance size of not more than RMB4 billion and a term of no more than 7 years, the scope of which includes the principal of the guaranteed bonds and interest payable, default penalty, damages, all expenses incurred for realizing the creditor's rights and other fees payable. As at 31 December 2020, the outstanding balance of the above existing bonds was RMB1,010 million.

## Significant Events

### Guarantees provided by subsidiaries

During the Reporting Period, among all the subsidiaries of the Company, CSI had provided guarantees for the benefits of the relevant subsidiaries of CSI in connection with their business operations, which mainly included loan guarantees, guarantees for medium-term notes and the guarantees for the transactions under the International Swaps and Derivatives Association agreements (**ISDA**) and Global Master Securities Lending agreements (**GMSLA**) entered into with counterparties. The amount of the above-mentioned guarantee was approximately RMB33,948 million as at 31 December 2020.

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

As at the end of the Reporting Period, the above-mentioned debt guarantees directly or indirectly provided to guaranteed parties with a gearing ratio of more than 70% amounted to RMB51,850 million, all of which were guarantees provided by the Company and its overseas subsidiaries to their respective subsidiaries to meet the needs of business operations.

### Other Significant Events and Subsequent Events

#### Changes to securities business outlets

##### The Company

During the Reporting Period, the Company changed Guangdong Branch Office to Guangzhou Zhujiang West Road Securities Outlet, dissolved six securities outlets and completed same-city relocation of 20 branches.

Details of dissolved securities outlets are as follows:

No.	Name of outlets	Address
1	Shanghai Loushanguan Road Securities Outlet	Rooms 2006–2007, 20/F, No. 555 Loushanguan Road, Tianshan Road, Changning District, Shanghai
2	Shanghai Xinsong Road Securities Outlet	Room 302, Building 1, No. 58 Xinsong Road, Minhang District, Shanghai
3	Shanghai CITIC Plaza Securities Outlet	Rooms 2902 and 2903, No. 859 Sichuan North Road, Hongkou District, Shanghai
4	Hangzhou Lijing Road Securities Outlet	A-103-2, No. 18 Lijing Road, Xihu District, Hangzhou, Zhejiang Province
5	Hangzhou Moganshan Road Securities Outlet	No. 1, No. 3 Moganshan Road, Xixi Street, Xihu District, Hangzhou, Zhejiang Province
6	Jiaxing Fanggong Road Securities Outlet	No. 1301 Fanggong Road, Nanhu District, Jiaxing, Zhejiang Province

Details of the relocation of branches are as follows:

No.	Original Name of Branches	Current Name of Branches	Address After Relocation
1	Heilongjiang Branch Office	Heilongjiang Branch Office	No. 1150 Jinjiang Road, Daoli District, Harbin, Heilongjiang Province
2	Wuhan Dongfeng Avenue Securities Outlet	Wuhan Dongfeng Avenue Securities Outlet	Room 101, 2/F, Building E, Phase II, Donghe Center, Parcel 17C1, Economic & Technical Development Zone, Wuhan, Hubei Province
3	Rugao Jiankang South Road Securities Outlet	Rugao Fushou Road Securities Outlet	No. 278-6 Fushou Road, Rucheng Street, Rugao, Jiangsu Province
4	Hangzhou Yingbin Road Securities Outlet	Hangzhou Xincheng Road Securities Outlet	Rooms 103, 601, 602 and 603, No. 108 Xincheng Road, Nanyuan Street, Yuhang District, Hangzhou, Zhejiang Province
5	Xiangyang Jiefang Road Securities Outlet	Xiangyang Changhong Road Securities Outlet	Rooms 6-7, 1/F and Rooms 6-11, 2/F, Gushan Building, No. 56 Changhong Road, Fancheng District, Xiangyang, Hubei Province
6	Dongguan Songshan Lake Securities Outlet	Dongguan Songshan Lake Securities Outlet	Rooms 101 and 202, Building 1, No. 15 Gongye West Road, Songshan Lake Zone, Dongguan, Guangdong Province
7	Hangzhou Siji Road Securities Outlet	Hangzhou Fuchun Road Securities Outlet	Rooms 107-2, 108, 1201-1203, Building 3, Qianjiang International Times Square, No. 290 Fuchun Road, Jianggan District, Hangzhou, Zhejiang Province
8	Changsha Yuelu Avenue Securities Outlet	Changsha Jinxing Middle Road Securities Outlet	Room 101, High-rise Residence, Phase III, Xianjia Village, No. 480 Jinxing Middle Road, Yuelu District, Changsha, Hunan Province
9	Changxing Mingzhu Road Securities Outlet	Changxing Mingzhu Road Securities Outlet	Rooms 107, 1801, South Building, No. 1358 Mingzhu Road, Taihu Street, Changxing County, Huzhou, Zhejiang Province
10	Gansu Branch Office	Gansu Branch Office	4/F, Lanzhou SOHO Tower, No. 9 Minzhu West Road, Chengguan District, Lanzhou, Gansu Province
11	Shangyu Wangchong Road Securities Outlet	Shangyu Wangchong Road Securities Outlet	No. 569, 571, 573, Wangchong Road, Baiguan Street, Shangyu District, Shaoxing, Zhejiang Province
12	Quanzhou Anji Road Securities Outlet	Quanzhou Fengze Street Securities Outlet	Unit 03, 20/F, Nanyi Square Office, No. 666 Fengze Street, Fengze District, Quanzhou, Fujian Province
13	Huizhou Maidi East Road Securities Outlet	Huizhou Huishadi 2nd Road Securities Outlet	No. 02, 1/F and No. 01, 4/F, Building 1, Yuehuhui Garden, No. 86, Huishadi 2nd Road, Henanan, Huicheng District, Huizhou, Guangdong Province

## Significant Events

No.	Original Name of Branches	Current Name of Branches	Address After Relocation
14	Ningbo Beilun Xinda Road Securities Outlet	Ningbo Beilun Xinqi Securities Outlet	No. 827, Building 1, No. 827, No. 829, Building 1, No. 829, No. 831, Building 1, No. 831, No. 833, Building 1, No. 833 Huangshan Road, Xinqi, Beilun District, Ningbo, Zhejiang Province
15	Tongxiang Fuxing North Road Securities Outlet	Tongxiang Zhenxing East Road Securities Outlet	No. 36, No. 38, 1/F and Room 501, Building 1, Datong Mingyue Community, No. 18, Zhenxing East Road, Wutong Street, Tongxiang City, Jiaxing, Zhejiang Province
16	Dalian Jinma Road Securities Outlet	Dalian Zhongshan Road Securities Outlet	Unit 03, 10/F, Xiwang Mansion, No. 136 Zhongshan Road, Zhongshan District, Dalian, Liaoning Province
17	Shenzhen Futian South Securities Outlet	Shenzhen Shum Yip Upperhills Tower Securities Outlet	4302, Building T2, Shum Yip Upperhills Tower (South District), No. 5001 Huanggang Road, Lianhua Yicun Community, Huaifu Street, Futian District, Shenzhen
18	Wuhan Shuiguohu Securities Outlet	Wuhan Zhongbei Road Securities Outlet	No. 102, No. 103, 1F, Zhiyin Square, No. 31 Zhongbei Road, Wuchang District, Wuhan, Hubei Province
19	Guangzhou Zhujiang West Road Securities Outlet	Guangzhou Linjiang Avenue Tiande Plaza Securities Outlet	Room 901, No. 395, Linjiang Avenue, Tianhe District, Guangzhou, Guangdong Province (Part: Zibian 02)
20	Yiwu Chengzhong Middle Road Securities Outlet	Yiwu Chengzhong Middle Road Securities Outlet	1F, No. 168 Chengzhong Middle Road, Choucheng Street, Yiwu, Zhejiang Province

As at the end of the Reporting Period, the Company had 32 branch offices and 202 securities outlets.

### CITIC Securities (Shandong)

During the Reporting Period, there were no changes in the branches of CITIC Securities (Shandong). As at the end of Reporting Period, CITIC Securities (Shandong) had 6 branch offices and 64 securities outlets.

### CITIC Futures

During the Reporting Period, CITIC Futures established 5 new branch offices; 7 branches completed same-city relocation; and 1 branch was renamed.

Details of the new branch offices are as follows:

No.	Name of the branch office	Address
1	Shenzhen Branch Office	2006, Building T1, Shum Yip Upperhills Tower (South District), No. 5001 Huanggang Road, Lianhua Yicun Community, Huaifu Street, Futian District, Shenzhen, Guangdong Province
2	Jiangsu Branch Office	Room 2404, No. 168 Lushan Road, Jianye District, Nanjing, Jiangsu Province
3	Beijing Dongcheng Branch Office	47-(07)702, 7/F, No. 47 Guangqumennei Avenue, Dongcheng District, Beijing
4	Rizhao Branch Office	Room 102, 1/F and Room 702, 7/F, Building 13, Phase III, Wangfu Garden, South of Taian Road and East of Beijing Road, Donggang District, Rizhao, Shandong Province
5	Guangzhou Branch Office	Room 3407, No. 15 Zhujiang West Road, Tianhe District, Guangzhou City, Guangdong Province

Details of the relocation and change of name of branches are as follows:

No.	Name of the branch	Address after relocation
1	Beijing Branch Office	47-(07)701, 7/F, No. 47 Guangqumennei Avenue, Dongcheng District, Beijing
2	Shanghai Branch Office	Unit 1301-1, No. 799 Yanggao South Road, China (Shanghai) Pilot Free Trade Zone
3	Yiwu Outlet	7/F, No. 168, Chengzhong Middle Road, Choucheng Street, Yiwu City, Zhejiang Province
4	Shenzhen Branch Office	2006, Building T1, Shum Yip Upperhills Tower (South District), No. 5001 Huanggang Road, Lianhua Yicun Community, Huaifu Street, Futian District, Shenzhen, Guangdong Province
5	Guangdong Branch Office	Room 3602, No. 761 Dongfeng East Road, Yuexiu District, Guangzhou City, Guangdong Province
6	Jiangxi Branch Office	Room 305, Office Building C1, District C, Greenland Central Plaza, No. 998 Honggu Middle Avenue, Honggutan New District, Nanchang, Jiangxi Province

No.	Original name of the branch	Current name of the branch	Address after relocation
7	Shanghai Songlin Road Branch Office	Shanghai Century Avenue Branch Office	Unit 04, 9/F, No. 1568 Century Avenue, China (Shanghai) Pilot Free Trade Zone

As at the end of the Reporting Period, CITIC Futures had 44 branch offices and 4 futures outlets.

## Significant Events

### CITIC Securities South China

From 31 January 2020 (being the date on which CITIC Securities South China was consolidated into the financial statements of the Company) to the end of Reporting Period, CITIC Securities South China dissolved 70 branches; 4 branches were renamed; and 2 securities outlets completed same-city relocation.

Details of dissolved branches are as follows:

No.	Name of branches	Address
1	Shenzhen Branch Office	Room 208, 2/F, Huarong Mansion, No. 178 Mintian Road, Futian District, Shenzhen, Guangdong Province
2	Guangzhou Branch Office	Room 1302, No. 106 Fengze East Road, Nansha District, Guangzhou, Guangdong Province
3	Guangxi Branch Office	Rooms B1301, B1302, B1303 and B1305, 13/F, Mengzhidao Plaza, No. 67 Jinhua North Road, Qingxiu District, Nanning, Guangxi Province
4	Hainan Branch Office	Northeast of 19/F, Hainan Times Square, No. 2 Guomao Road, Longhua District, Haikou, Hainan Province
5	Henan Branch Office	No. 101, 1/F, No. 7 Business Outer Ring Road, Zhengdong New District, Zhengzhou, Henan Province
6	Heilongjiang Branch Office	No. 1150 Jinjiang Road, Daoli District, Harbin, Heilongjiang Province
7	Jilin Branch Office	Area B, Building 14, Tonggang International Mansion B, No. 3218 Yatai Avenue, Nangan District, Changchun, Jilin Province
8	Jiangsu Branch Office	Room 4001, Xindi Center Phase I, No. 188 Lushan Road, Jianye District, Nanjing, Jiangsu Province
9	Ganzhou Branch Office	Business #1-7, Haode Yinzuo, No. 18 Zhangjiang South Avenue, Zhanggong District, Ganzhou, Jiangxi Province
10	Shandong Branch Office	No. 105, Building 5, No. 1 Community, Sanjian Ruifuyuan, No. 20999 Jingshi Road, Shizhong District, Jinan, Shandong Province
11	Shanxi Branch Office	Room 10B, 3/F, Building CD Podium, No. 529 South Middle Ring Street, Gaoxin District, Taiyuan, Shanxi Province
12	Chongqing Branch Office	No. 05, 03/F, Chengda Jinjia International Mansion, No. 10 Guihua Street Slip Road, Jiangbei District, Chongqing
13	Jiangxi Branch Office	Unit-4106 (41/F) of Lianfa Plaza Office Building, No. 129 Lvying Road, Honggutan New District, Nanchang, Jiangxi Province
14	Inner Mongolia Branch Office	Room 201, 2/F, Shops 3-5, Building 7 Fuheng Garden, Tengfei Avenue, Saihan District, Hohhot, Inner Mongolia Autonomous Region
15	Hohhot Tengfei Avenue Securities Outlet	2/F, Shops 3-5, Building 7 Fuheng Garden, Tengfei Avenue, Saihan District, Hohhot, Inner Mongolia Autonomous Region
16	Beijing Wudinghou Street Securities Outlet	Room 105, Taikang International Mansion, No. 2 Wudinghou Street, Xicheng District, Beijing



No.	Name of branches	Address
17	Fuzhou Wusi Road Securities Outlet	Units 806 and 807, Xinhe Plaza, No. 137 Wusi Road, Wenquan Street, Gulou District, Fuzhou, Fujian Province
18	Longyan Shuimen Road Securities Outlet	No. 20–21, 1/F, Hengbao Garden, No. 1 Shuimen Road, East City, Xinluo District, Longyan, Fujian Province
19	Zhangzhou Xinpu East Road Securities Outlet	D11-D12, Building 18, Zhangzhou City Pudong Non-Staple Food Wholesale Market, No. 3 New Pudong Road, Longwen District, Zhangzhou, Fujian Province
20	Quanzhou Jinhui Street Securities Outlet	Shops 31 and 32, Building #1 Qunsheng Guojihuacheng, Northeast side of Cross of Citong East Road and Jinhui Street, Fengze District, Quanzhou, Fujian Province
21	Xiamen Lujiang Avenue Securities Outlet	Unit 03, 01/F, Yishan Business Center (Xiamen Fortune Center), No. 100 Lujiang Avenue, Siming District, Xiamen, Fujian Province
22	Foshan Shunde Xingui Road Securities Outlet	No. 303 and 305, Block 2, Mingri Plaza, Xingui Road, Daliang Fuyou Neighborhood Committee, Shunde District, Foshan, Guangdong Province
23	Dongguan Qingxi Securities Outlet	401–402, 4/F, Minghui Mansion, No. 5 Lucheng West Road, Qingsha Village, Qingxi Town, Dongguan, Guangdong Province
24	Guangzhou Zhujiang East Road Dongta Securities Outlet	01&02, 11/F, Guangzhou CTF Finance Center Mansion, No. 6 Zhujiang East Road, Tianhe District, Guangzhou, Guangdong Province
25	Zhongshan Fourth Road Securities Outlet	Ka 05, 8/F, Block 2, Shangfeng Financial Business Center, No. 88 Zhongshan 4th Road, East District, Zhongshan, Guangdong Province
26	Jiaozuo Minzhu South Road Securities Outlet	Shops 7 and 8, 1/F, Commercial and Residential Building, No. 1 Jiaozuo Nongxin Community, No. 889 Minzhu South Road, Jiefang District, Jiaozuo, Henan Province
27	Luoyang Luopu Road Securities Outlet	No. 114–116, Luopu Road, Xigong District, Luoyang, Henan Province
28	Huangshi Guangchang Road Securities Outlet	Room 402, 4/F, No. 2 Guangchang Road, Huangshigang District, Huangshi, Hubei Province
29	Jingmen Xiangshan One Road Securities Outlet	Shops #102 and #103, No. 28 Xiangshan 1st Road, Dongbao District, Jingmen, Hubei Province
30	Changzhou High-tech Park Securities Outlet	Building E, No. 3 High-tech Park, Xinbei District, Changzhou, Jiangsu Province (No. 101 Changzhou Small and Micro Financial Service Center)
31	Jiangyin Chengjiang Middle Road Securities Outlet	1201, No. 5-1 Chengjiang Middle Road, Jiangyin, Jiangsu Province
32	Taizhou Gulou South Road Securities Outlet	No. 409-9 Gulou South Road, Hailing District, Taizhou, Jiangsu Province

## Significant Events

No.	Name of branches	Address
33	Suqian Xihu Road Securities Outlet	No. 13-1 and 13-2 Bank of Communications Building, Kailinrui, No. 139 Xihu Road, Sucheng District, Suqian, Jiangsu Province
34	Xuzhou Heping Road Securities Outlet	102-2 Wenyuan Mansion, No. 59 Heping Road, Yunlong District, Xuzhou, Jiangsu Province
35	Yancheng Qingnian Middle Road Securities Outlet	Rooms 1205 and 1206 (5), Building 2, Shenghua Mingduyuan, No. 26 Qingnian Middle Road, Yancheng, Jiangsu Province
36	Zhangjiagang Renmin Middle Road Securities Outlet	301 Henglong Mansion, No. 50 Renmin Middle Road, Yangshe Town, Zhangjiagang, Jiangsu Province
37	Jiujiang Duchang Dongfeng Avenue Securities Outlet	2/F, China Construction Bank Building, No. 371 Dongfeng Avenue, Duchang County, Jiujiang, Jiangxi Province
38	Yichun Xiujiang East Road Securities Outlet	No. 1 Xiujiang East Road, Yuanzhou District, Yichun, Jiangxi Province
39	Dalian Zhongshan Road Securities Outlet	Unit 03, 10/F, Xiwang Mansion, No. 136 Zhongshan Road, Zhongshan District, Dalian, Liaoning Province
40	Yinchuan Yinjiaqu North Street Securities Outlet	3/F, Xinye Mansion, No. 70 Yinjiaqu North Street, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region
41	Datong Renmin Road Securities Outlet	No. 27 Renmin Road, Datong County, Xining, Qinghai Province
42	Dongying Jinan Road Securities Outlet	No. 17, Building 3, No. 19 Jinan Road, Dongying District, Dongying, Shandong Province
43	Qingdao Qinling Road Securities Outlet	1203A, 12/F, Yongxin International Finance Center, No. 6 Qinling Road, Laoshan Road, Qingdao, Shandong Province
44	Weihai Shichang Avenue Securities Outlet	Shop -3-2-14, Shichang Avenue, Huancui District, Weihai, Shandong Province
45	Yantai South Street Securities Outlet	18/F Jindu Mansion, No. 9 South Street, Zhifu District, Yantai, Shandong Province
46	Zibo Lutai Avenue Securities Outlet	Room 305, Block A, Huijin Mansion, No. 99 Lutai Avenue, Hi-tech Zone, Zibo, Shandong Province
47	Baoji Park Road Securities Outlet	No. 3 and 4, 1/F, Complex Building, No. 79 Park Road, High-tech Development Zone, Baoji, Shaanxi Province
48	Shanghai Yanggao South Road Securities Outlet	Unit 02, 15/F (nominal floor, actual floor 13/F), No. 799 Yanggao South Road, China (Shanghai) Pilot Free Trade Zone
49	Panzhuhua Bingcaogang Street Securities Outlet	Room 609, 6/F, Tailong Business Mansion, No. 58 Bingcaogang Street, East District, Panzhuhua, Sichuan Province
50	Mianyang Linyuan Road Securities Outlet	No. 19-22, 28/F, Xinyi Mansion (Building) Office Building, No. 72 Linyuan Road East Section, Fucheng District, Mianyang, Sichuan Province
51	Chengdu Jiaozi Avenue Securities Outlet	No. 2, 2/F, Building 3, No. 88 Jiaozi Avenue, Hi-tech District, Chengdu, Sichuan Province
52	Huzhou Laodong Road Securities Outlet	Room 1005, Zhebei Financial Center, Dongwu International Plaza, Wuxing District, Huzhou, Zhejiang Province

No.	Name of branches	Address
53	Jiaxing Zhongshan West Road Securities Outlet	No. 928 and Room 213, No. 908 Zhongshan West Road, Jiaxing, Zhejiang Province
54	Jinhua Shuanglong South Street Securities Outlet	No. 1328 Shuanglong South Street, Jinhua, Zhejiang Province
55	Lishui Zhongshan Street Securities Outlet	No. 797 Zhongshan Street, Liandu District, Lishui, Zhejiang Province
56	Ningbo Jiangdong North Road Securities Outlet	1303 Guting Building, Ningbo Hefeng Creative Square, Building 004 (13-1), No. 495 Jiangdong North Road, Yinzhou District, Ningbo, Zhejiang Province
57	Shaoxing Yundong Road Securities Outlet	Room 1103, Tianyuan Mansion, Yuecheng District, Shaoxing, Zhejiang Province
58	Taizhou East Ring Avenue Securities Outlet	No. 96, 98, 100 and 102 East Ring Avenue, Jiaojiang District, Taizhou, Zhejiang Province (Self-declaration)
59	Wenzhou Wendi Road Securities Outlet	No. 73 Wendi Road, Lucheng District, Wenzhou, Zhejiang
60	Zhoushan Hexing Road Securities Outlet	Room 102, Zhongchang International Mansion, No. 31 Hexing Road, Lincheng Street, Dinghai District, Zhoushan, Zhejiang Province (Second shop from South, West side)
61	Wuhu Beijing Middle Road Securities Outlet	Rooms 808 and 809, Weixing Times Financial Center, No. 7 Beijing Middle Road, Jinghu District, Wuhu, Anhui Province
62	Lanzhou Hezheng East Street Securities Outlet	Room 009-012, 1st Floor, No. 163, Hezheng East Street, Chengguan District, Lanzhou, Gansu Province
63	Shijiazhuang Jianshe South Street Securities Outlet	Shop No. 1 South, Donggang Phase III, Donggang Yiyuan Community, Jianshe South Street, Yuhua District, Shijiazhuang, Hebei Province
64	Yiyang Yiyang Avenue Securities Outlet	9th Floor, Jiaxin Building, No. 289 West Yiyang Avenue, High-tech Zone, Yiyang, Hunan Province
65	Xiangtan Xiaguang East Road Securities Outlet	Room 701, No. 0701001, No. 85 Xiaguang East Road, Baota Street, Yuetang District, Xiangtan, Hunan Province
66	Jilin Songjiang Middle Road Securities Outlet	Outlet 2-5, No. 5, Floor 1, Unit 1, Building 2, Cuijiang Jinyuan, Chuanying District, Jilin, Jilin Province
67	Anshan Jiefang East Road Securities Outlet	No. S38, Floor 1-2, Building 38, Jiefang East Road, Tiedong District, Anshan, Liaoning Province
68	Fushun Hunhe South Road Securities Outlet	Shops No. 8 and No. 9, Building 56-14, Middle Section of Hunhe South Road, Xinfu District, Fushun, Liaoning Province
69	Tianjin Youyi Road Securities Outlet	Block AB, 15th Floor, North Financial Building, No. 5 Youyi Road, Hexi District, Tianjin
70	Foshan Branch Office	No. 2, 2/F, Annex Building of Economic Commission Building, No. 61, Nanhai Avenue North, Guicheng Street, Nanhai District, Foshan, Guangdong Province

## Significant Events

Details of change of name of branches are as follows:

No.	Name before relocation	Name after relocation
1	Anhui Branch Office	Hefei Changjiang Road Securities Outlet
2	Hunan Branch Office	Changsha Furong Middle Road Securities Outlet
3	Liaoning Branch Office	Shenyang Nanjing North Street Securities Outlet
4	Yunnan Branch Office	Kunming Qingnian Road Securities Outlet

Details of the relocation of securities outlets are as follows:

No.	Original name of securities outlets	Current name of securities outlets	Address After Relocation
1	Guangzhou Jinsui Road Securities Outlet	Guangzhou Chenyue Road Securities Outlet	Shops 107–108, No. 1 Chenyue Road, Haizhu District, Guangzhou, Guangdong Province
2	Huadu Jianshe Road Securities Outlet	Guangzhou Huadu Shuguang Road Securities Outlet	Room 101 (Part: Shop A7), Room 701 (Part: Shop A1), No. 79, Shuguang Road, Huadu District, Guangzhou, Guangdong Province

As at the end of the Reporting Period, CITIC Securities South China had 2 branch offices and 65 securities outlets.

### CSI

During the Reporting Period, CSI established 1 new branch and dissolved one branch.

Details of the new branch office are as follows:

No.	Name	Address
1	ICC CITICS Plus Center	Room 7507B, 75/F, International Commerce Center, No. 1 Austin Road West, Kowloon, Hong Kong

Details of the dissolved branch are as follows:

No.	Name	Address
1	Central Branch	Room 508–9, 5/F, Tower 1, Admiralty Centre, Admiralty, Hong Kong

As at the end of the Reporting Period, CSI had 4 branches.

### Kington Securities

During the Reporting Period, Kington Securities completed same-city relocation of 2 securities outlets. Details of the relocation are as follows:

No.	Original name of securities outlets	Current name of securities outlets	Address After Relocation
1	Tiantai County Houxiang Securities Outlet	Tiantai Huiquan West Street Securities Outlet	No. 313 Huiquan West Street, Shifeng Street, Tiantai County, Taizhou, Zhejiang Province
2	Cangnan Longgang Avenue Securities Outlet	Cangnan Renmin Avenue Securities Outlet	Room 912 Dashunfa Commercial Building, No. 919 Renmin Avenue, Lingxi Town, Cangnan County, Wenzhou, Zhejiang Province

As at the end of the Reporting Period, Kington Securities had 2 securities outlets.

### Subsequent Progress of Matters Previously Announced

#### Reducing capital in CITIC Securities (Shandong)

On 28 December 2018, the 33rd Meeting of the Sixth Session of the Board considered and approved the Resolution on Reducing Capital in CITIC Securities (Shandong) Co., Ltd., pursuant to which, it was agreed to transfer 3,406 sq.m. of land located at No. 67-1, Haiquan Road, Wenquan subdistrict office, Jimo City, Shandong Province, which is currently owned by CITIC Securities (Shandong), to the parent company at a consideration of the price of such asset upon completion of the transfer of title; i.e. to reduce capital in CITIC Securities (Shandong) accordingly, the amount of which shall not exceed RMB6.47 million, and the registered capital of CITIC Securities (Shandong) shall be reduced accordingly; and the management of the Company was authorised to deal with, at its sole discretion, all relevant procedures related to the capital reduction on the condition that all the risk control indicators of the Company are in line with the regulatory requirements. Currently, the Company has completed its capital reduction in CITIC Securities (Shandong) and the registered capital of CITIC Securities (Shandong) has been changed from RMB2,500 million to RMB2,493.80 million. Both the registration and filing procedures for such capital reduction have been completed.

#### Standardizing the publicly-offered collective investment schemes

In accordance with the Resolution on Standardizing the Publicly-offered Collective Investment Schemes of the Company as considered and approved by the 35th Meeting of the Sixth Session of the Board, the matters relating to rectification and standardization of the publicly-offered collective investment schemes of the Company are being executed in an orderly manner. Currently, eight applications for modifications to the contracts of the publicly-offered collective investment schemes of the Company have been approved by the CSRC and the schemes are managed normally following the model of public funds. The rectification and standardization of other publicly-offered collective investment schemes of the Company are being processed in an active and orderly manner.

## Significant Events

### **Dissolution of five securities outlets**

On 13 November 2019, the 46th Meeting of the Sixth Session of the Board considered and approved the Resolution on the Dissolution of Five Securities Outlets, pursuant to which, it was agreed to dissolve five securities outlets including Shanghai Loushuguan Road Securities Outlet, Shanghai CITIC Plaza Securities Outlet, Hangzhou Lijing Road Securities Outlet, Hangzhou Moganshan Road Securities Outlet and Jiaxing Fanggong Road Securities Outlet; and authorised the management of the Company to proceed with procedures relating to the dissolution. Currently, the aforementioned five securities outlets have all completed the dissolution.

### **Construction of the CITIC Financial Center project**

On 7 May 2020, the 6th Meeting of the Seventh Session of the Board considered and approved the Resolution on the Construction of the CITIC Financial Center Project, pursuant to which, it was agreed that the construction cost of the CITIC Financial Center project shall not exceed RMB4.534 billion, of which as to 60% will be assumed by the Company and as to 40% will be assumed by its wholly-owned subsidiary, GoldStone ZeXin; and the management was authorized to handle matters related to the investment and construction of the project in accordance with the law, including but not limited to launching public bidding for EPC project, signing project-related contracts, and handling approval procedures with regulatory authorities, etc. The public bidding process for the EPC project on the construction of the CITIC Financial Center has been completed on 27 July 2020, and CITIC Construction Co., Ltd. was the successful bidder with a bid price of RMB3,740,435,184.71. Currently, the EPC contract of the project has been signed and the construction has started.

### **Acquisition of 100% equity interests in Guangzheng Lingxiu Investment Company Limited (廣證領秀投資有限公司)**

On 28 April 2020, the 5th Meeting of the Seventh Session of the Board considered and approved the Resolution on Acquisition of 100% Equity Interest in Guangzheng Lingxiu Investment Company Limited, pursuant to which, it was agreed that the Company will acquire 100% equity interest in Guangzheng Lingxiu Investment Company Limited from CITIC Securities South China at a consideration of the audited net asset value of Guangzheng Lingxiu Investment Company Limited as at 31 January 2020; and CITIC Securities Investment was authorized to assist the Company in handling the specific matters relating to the above-mentioned acquisition. Currently, the equity transfer agreement has been entered into and both the registration and filing procedures for the equity transfer have been completed.

### **Increasing capital in CSI**

On 23 July 2020, the 9th Meeting of the Seventh Session of the Board considered and approved the Resolution on Increasing Capital in CSI, pursuant to which, it was agreed to increase the Company's capital contribution in CSI by no more than US\$1.5 billion in cash, which will be paid up in tranches according to the development of the Company's overseas balance sheet business, and the first payment will not exceed US\$300 million; and it was also agreed that the management shall handle the filing and approval procedures in relation to the capital increase on the condition that all the risk control indicators of the Company are in line with regulatory requirements. Currently, the relevant procedures for the capital increase are in progress.

## Investment

On 16 September 2020, the 14th Meeting of the Seventh Session of the Board considered and approved the Resolution on Investment through Overseas Subsidiaries, pursuant to which, it was agreed that the Company would subscribe for all Class A Shares of Biomedical Future Limited through its indirectly wholly-owned subsidiary, Neptune Connection Limited, at a consideration of US\$83.472 million and participate in the privatization of an overseas listed company; and the management was authorized to deal with, at its sole discretion, the specific matters relating to the transaction, including but not limited to execution of the transaction documents and the commitment letter in relation to the privatization and payment of the capital contribution. Currently, the signing of capital contribution agreement and payment of capital contribution have been completed.

## Reducing capital in CITIC Securities South China

On 20 November 2020, the 16th Meeting of the Seventh Session of the Board considered and approved the Resolution on Reducing Capital in CITIC Securities South China Company Limited, pursuant to which, it was agreed to reduce the Company's capital contribution in CITIC Securities South China by no more than RMB7 billion (inclusive), which will proceed in tranches according to the business operation of CITIC Securities South China; and it was also agreed that the Company's management shall handle the filing and approval procedures in relation to the capital reduction on the condition that all the risk control indicators of CITIC Securities South China are in line with regulatory requirements. Currently, the relevant procedures for the capital reduction are in progress.

## Others

### Authorization granted to the management to decide on the establishment and dissolution of securities branches

On 7 May 2020, the 6th Meeting of the Seventh Session of the Board considered and approved the Resolution on Authorizing the Management to Decide on the Establishment and Dissolution of Securities Branches, pursuant to which, it was agreed that the management was authorized by the Board to decide on the following matters: the establishment of securities branches within the scope of investment authority of the Board as set out in the Articles of Association of the Company, and the operating capital of each newly established securities branch shall not exceed RMB5 million; the dissolution of securities branches after a comprehensive and reasonable assessment on the net income size, number of effective customers and customers' assets, the number of front office employees, the level of employee productivity, and the network layout of the existing securities branches. Please refer to "Changes to securities business outlets" as set out in this report for details about the establishment and dissolution of securities branches of the Company during the Reporting Period.

### Money laundering risk assessment of institutions

According to the Notice of the People's Bank of China on Issuing the Guidelines on Risk Management of Money Laundering and Terrorism Financing of Corporate Financial Institutions (Trial) (Yin Fan Xi Fa [2018] No. 19) (《關於印發〈法人金融機構洗錢和恐怖融資風險管理指引(試行)〉的通知》(銀反洗發[2018]19號)), the Company regularly conducts money laundering risk assessment at the corporate institution level. On 30 August 2020, the Resolution on Considering the 2019 Money Laundering Risk Assessment Report of the Company was considered and unanimously approved at the 13th Meeting of the Seventh Session of the Board.

## Significant Events

### **Adjustment of the General Administration Department**

On 6 January 2021, the 17th Meeting of the Seventh Session of the Board of the Company considered and unanimously approved the Resolution on the Adjustment of the General Administration Department, pursuant to which, it was agreed that the General Administration Department shall cease to be a first-tier department of the Company and would be affiliated to the General Manager's Office. The above-mentioned adjustment has been completed in January 2021.

### **Acquisition of certain securities outlets of CITIC Securities South China**

On 19 February 2021, the 18th Meeting of the Seventh Session of the Board of the Company considered and unanimously approved the Resolution on the Acquisition of 31 Securities Outlets from CITIC Securities South China outside the Five Provinces, pursuant to which, it was agreed to acquire 31 securities outlets in the regions excluding Guangdong Province (excluding Shenzhen), Guangxi Zhuang Autonomous Region, Yunnan Province, Hainan Province and Guizhou Province from CITIC Securities South China. At present, the acquisition is in process.

### **Establishment of an asset management subsidiary**

On 22 February 2021, the 19th Meeting of the Seventh Session of the Board of the Company considered and approved the Proposal on the Establishment of an Asset Management Subsidiary and the Corresponding Change to the Business Scope of the Company. It is agreed that CITIC Securities Asset Management Co., Ltd. (中信証券資產管理有限公司) (tentative name) shall be set up as a wholly-owned subsidiary of the Company with a capital contribution not exceeding RMB3 billion (inclusive, and including the initial registered capital of RMB1 billion) to engage in securities asset management business, management of public offering of securities investment funds and other businesses approved by the regulatory authorities, among which the application for the management of public offering of securities investment funds is subject to the issuance of the relevant regulations. The name and business scope of the subsidiary shall be subject to the approval by the regulatory authority and the registration authority. It is agreed that the Company shall provide a net capital guarantee commitment of no more than RMB7 billion (inclusive) in aggregate to it in accordance with the regulatory requirements and after considering the risk control indicators of the subsidiary; the effective period of the net capital guarantee commitment shall commence from the date of the establishment of the subsidiary and until the date when its capital status can continuously meet the requirements of the regulatory authority; the management shall be authorized to complete the relevant procedures according to the actual needs and the regulatory requirements. It is agreed that after the establishment of the subsidiary, it shall inherit the securities asset management business of the Company. It is agreed to amend the business scope of the Company in relation to securities asset management accordingly, and the operation management is authorized to formulate and adjust the specific expression of the business scope of the Company and the subsidiary, submit regulatory application materials, handle the change of the business scope of the Company, handle the change of relevant industrial and commercial registration, and renew the securities business license, etc. It is agreed that the Company's management shall be authorized to handle the preparation, approval, establishment and registration of the subsidiary at its sole discretion.



### Proposed Issuance of Securities by way of the Rights Issue

On 26 February 2021, the 20th Meeting of the Seventh Session of the Board of the Company preliminarily considered and approved the Proposal on the Issuance of Securities by way of Rights Issue (hereinafter referred to as the “**Rights Issue**”) and other relevant proposals. The type of the Shares to be issued and allotted under the Rights Issue (the “**Rights Shares**”) are A Shares and H Shares, each with a nominal amount of RMB1.00 per Share, which will be issued and allotted to all the existing A Shareholders and H Shareholders on the basis of up to 1.5 Rights Shares for every 10 existing Shares. The subscription price shall be determined using market discount method and it is proposed that authorization is to be granted by the general meeting to the Board to make a final decision on the subscription price prior to the issuance of the Rights Shares after taking into consideration the then prevailing market conditions and through consultation with the sponsor(s) (underwriter(s)). The accumulated undistributed profits of the Company prior to the completion of the Rights Issue shall be shared by all Shareholders on a pro rata basis after completion of the A Share Rights Issue and H Share Rights Issue. Upon obtaining the approval by the CSRC on the Rights Issue, the Rights Shares will be allotted and issued to all Shareholders in due course within the prescribed period. The A Rights Shares will be underwritten on a best effort basis, and the H Rights Shares will be underwritten. The gross proceeds raised from the Rights Issue is expected to be no more than RMB28 billion. The proceeds raised from the Rights Issue, after deduction of relevant expenses relating to the issuance, will be used for the development of flow-based business, the increase in investments to the subsidiaries of the Company, the strengthening of construction of the information system and the replenishment of other working capital. Upon the completion of the Rights Issue, the A Shares and H Shares issued under the Rights Issue will be listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange. The proposal of the Rights Issue is subject to the consideration and approval by the Shareholders at the Shareholders’ general meeting, the A Shareholders Class Meeting and the H Shareholders Class Meeting of the Company (the effective period of the relevant resolutions shall be 12 months) and the approval by the CSRC.

# Changes in Share Capital and Information on Substantial Shareholders

The Share Capital Structure of the Company as at 31 December 2020 was as Follows:

Name of Shareholders	Type of Shares	Number of Shares (shares)	Percentage of the total number of Shares (%)
CITIC Group Corporation	A Shares	1,999,695,746	15.47
Public holders of A Shares	A Shares	8,648,752,583	66.91
Public holders of H Shares	H Shares	2,278,327,700	17.62
Total	—	12,926,776,029	100.00

## Changes in Shares of the Company

Unit: Shares

	Before the change		Increase/decrease during the period (+, -)		After the change	
	Number	Percentage (%)	Issue of new shares	Sub-total	Number	Percentage (%)
I. Shares subject to trading moratorium	23,919,000	0.197	809,867,629	809,867,629	833,786,629	6.450
1. State-owned legal person Shares	—	—	809,867,629	809,867,629	809,867,629	6.265
2. Other domestic Shares	23,919,000	0.197	—	—	23,919,000	0.185
II. Shares not subject to trading moratorium	12,092,989,400	99.803	—	—	12,092,989,400	93.550
1. RMB ordinary Shares	9,814,661,700	81.000	—	—	9,814,661,700	75.925
2. Overseas listed foreign Shares	2,278,327,700	18.803	—	—	2,278,327,700	17.625
III. Total Shares	12,116,908,400	100.000	809,867,629	809,867,629	12,926,776,029	100.000

## Explanation in relation to changes in Shares

The newly issued Shares of the Company under the acquisition of 100% equity interest in former Guangzhou Securities by issuance of Shares had been registered with CSDC Shanghai Branch on 11 March 2020. Upon completion of the issuance, the total issued Shares of the Company increased from 12,116,908,400 Shares to 12,926,776,029 Shares, among which, the number of A Shares increased from 9,838,580,700 Shares to 10,648,448,329 Shares and the number of H Shares remained unchanged as 2,278,327,700 Shares.

## The impact of changes in ordinary shares on financial indicators, such as earnings per Share and net assets per Share, in the latest year or period

Calculated based on the number of total issued Shares of the Company prior to the acquisition of 100% equity interest in former Guangzhou Securities by issuance of Shares, being 12,116,908,400 Shares, the earnings per Share and net assets per Share of the Company in 2020 were RMB1.23 and RMB15.00 respectively. Calculated based on the number of total issued Shares of the Company after completion of the issuance, being 12,926,776,029 Shares, the earnings per Share and net assets per Share of the Company in 2020 were RMB1.16 and RMB14.06 respectively.

## Changes in Shares Subject to Trading Moratorium

Unit: Shares

Name of Shareholder	Number of Shares subject to trading moratorium at the beginning of the year	Number of Shares released from trading moratorium during the year	Increase in Shares subject to trading moratorium during the year	Number of Shares subject to trading moratorium at the end of the year	Reason for Trading moratorium	Date of Shares to be released from trading moratorium
Guangzhou Yuexiu Financial Holdings Group Limited	—	—	544,514,633	544,514,633	Shareholder undertook to comply with the trading moratorium for 48 months	2024-03-11
Guangzhou Yuexiu Financial Holdings Group Co., Ltd.	—	—	265,352,996	265,352,996	Shareholder undertook to comply with the trading moratorium for 48 months	2024-03-11
Total	—	—	809,867,629	809,867,629	/	/

## Issuance and Listing of Securities

Unit: Shares Currency: RMB

Type of Shares and derivative securities	Date of Issue	Issue price (or interest rate) (%)	Issue size (hundred million)	Date of listing	Amount approved for listing and trading (hundred million)	Maturity date
<b>Corporate bonds, Short-term commercial papers</b>						
Short-term commercial papers	2020-01-15	2.78	40.00	2020-01-19	40.00	2020-04-16
Short-term commercial papers	2020-02-14	2.50	40.00	2020-02-19	40.00	2020-05-18
Corporate bonds	2020-02-20	3.02	30.00	2020-02-28	30.00	2023-02-21
Corporate bonds	2020-02-20	3.31	20.00	2020-02-28	20.00	2025-02-21
Short-term commercial papers	2020-02-21	2.45	40.00	2020-02-26	40.00	2020-05-25
Short-term commercial papers	2020-03-03	2.39	40.00	2020-03-06	40.00	2020-06-03
Corporate bonds	2020-03-09	2.95	22.00	2020-03-17	22.00	2023-03-10
Corporate bonds	2020-03-09	3.20	20.00	2020-03-17	20.00	2025-03-10
Short-term commercial papers	2020-03-11	2.16	50.00	2020-03-16	50.00	2020-06-11

## Changes in Share Capital and Information on Substantial Shareholders

Type of Shares and derivative securities	Date of Issue	Issue price (or interest rate) (%)	Issue size (hundred million)	Date of listing	Amount approved for listing and trading (hundred million)	Maturity date
Subordinated bonds	2020-03-20	3.32	20.00	2020-04-01	20.00	2023-03-24
Short-term commercial papers	2020-03-23	1.78	50.00	2020-03-26	50.00	2020-06-23
Short-term commercial papers	2020-04-03	1.50	60.00	2020-04-09	60.00	2020-07-07
Corporate bonds	2020-04-10	1.88	15.00	2020-04-21	15.00	2021-04-16
Corporate bonds	2020-04-10	2.54	33.00	2020-04-21	33.00	2023-04-14
Corporate bonds	2020-04-10	3.10	10.00	2020-04-21	10.00	2025-04-14
Short-term commercial papers	2020-04-16	1.40	60.00	2020-04-21	60.00	2020-07-17
Short-term commercial papers	2020-05-11	1.55	50.00	2020-05-14	50.00	2020-08-11
Short-term commercial papers	2020-05-21	1.55	50.00	2020-05-26	50.00	2020-08-21
Short-term commercial papers	2020-05-26	1.58	40.00	2020-05-29	40.00	2020-08-26
Corporate bonds	2020-05-29	2.08	10.00	2020-06-09	10.00	2021-06-02
Corporate bonds	2020-05-29	2.70	45.00	2020-06-09	45.00	2023-06-02
Short-term commercial papers	2020-06-11	2.20	40.00	2020-06-16	40.00	2020-09-11
Corporate bonds	2020-06-17	3.10	20.00	2020-06-29	20.00	2023-06-19
Short-term commercial papers	2020-07-07	1.95	50.00	2020-07-10	50.00	2020-09-30
Corporate bonds	2020-07-10	3.58	30.00	2020-07-21	30.00	2023-07-14
Corporate bonds	2020-07-24	2.84	5.00	2020-08-04	5.00	2021-04-28
Corporate bonds	2020-07-24	3.49	75.00	2020-08-04	75.00	2023-07-28
Corporate bonds	2020-08-05	2.95	28.00	2020-08-14	28.00	2021-08-07
Corporate bonds	2020-08-05	3.55	52.00	2020-08-14	52.00	2023-08-07
Corporate bonds	2020-08-20	2.95	42.00	2020-08-31	42.00	2021-08-29
Corporate bonds	2020-08-20	3.48	28.00	2020-08-31	28.00	2023-08-24
Corporate bonds	2020-09-09	3.23	22.00	2020-09-17	22.00	2021-09-16
Corporate bonds	2020-09-09	4.20	8.00	2020-09-17	8.00	2030-09-11
Corporate bonds	2020-10-19	3.48	75.00	2020-10-28	75.00	2022-10-21
Corporate bonds	2020-10-26	3.16	8.00	2020-11-04	8.00	2021-11-02
Corporate bonds	2020-10-26	3.45	43.00	2020-11-04	43.00	2022-10-28
Corporate bonds	2020-10-26	4.27	9.00	2020-11-04	9.00	2030-10-28
Corporate bonds	2020-11-16	3.53	56.00	2020-02-28	56.00	2021-11-24
Euro-commercial paper	2020-03-09	1.44	6.52	2020-03-11	6.52	2020-09-11
Euro-commercial paper	2020-03-06	1.44	3.26	2020-03-13	3.26	2020-09-14
Euro-commercial paper	2020-03-18	2.25	6.52	2020-03-25	6.52	2020-06-26
Euro-commercial paper	2020-05-18	2.00	11.42	2020-05-22	11.42	2020-11-23
Euro-commercial paper	2020-05-22	2.00	3.26	2020-05-26	3.26	2020-11-27
Euro-commercial paper	2020-05-19	2.00	3.26	2020-05-26	3.26	2021-05-25

Type of Shares and derivative securities	Date of Issue	Issue price (or interest rate) (%)	Issue size (hundred million)	Date of listing	Amount approved for listing and trading (hundred million)	Maturity date
Overseas medium-term notes	2020-05-27	2.00	32.62	2020-06-03	32.62	2025-06-03
Overseas medium-term notes	2020-05-27	1.75	32.62	2020-06-03	32.62	2023-06-03
Euro-commercial paper	2020-08-18	1.30	1.96	2020-08-20	1.96	2021-08-19
Euro-commercial paper	2020-09-10	1.05	6.52	2020-09-17	6.52	2021-09-16
Euro-commercial paper	2020-10-16	0.74	1.96	2020-10-20	1.96	2021-01-20
Euro-commercial paper	2020-11-12	0.95	19.57	2020-11-19	19.57	2021-05-19
Euro-commercial paper	2020-11-18	1.00	0.65	2020-11-25	0.65	2021-11-24
Euro-commercial paper	2020-12-08	1.00	7.83	2020-12-15	7.83	2021-12-14

#### Description of issue of securities during the Reporting Period:

The Company issued a short-term commercial paper on 15 January 2020, which was listed on Interbank on 19 January 2020, with a size of RMB4.0 billion, a nominal interest rate of 2.78% and a term of 90 days.

The Company issued a short-term commercial paper on 14 February 2020, which was listed on Interbank on 19 February 2020, with a size of RMB4.0 billion, a nominal interest rate of 2.50% and a term of 90 days.

The Company issued a public corporate bond on 20 February 2020, which was listed on the SSE on 28 February 2020 and consists of two types of products, among which, the 3-year type has a size of RMB3.0 billion and a nominal interest rate of 3.02% and the 5-year type has a size of RMB2.0 billion and a nominal interest rate of 3.31%.

The Company issued a short-term commercial paper on 21 February 2020, which was listed on Interbank on 26 February 2020, with a size of RMB4.0 billion, a nominal interest rate of 2.45% and a term of 90 days. The Company issued a short-term commercial paper on 3 March 2020, which was listed on Interbank on 6 March 2020, with a size of RMB4.0 billion, a nominal interest rate of 2.39% and a term of 90 days.

The Company issued a public corporate bond on 9 March 2020, which was listed on the SSE on 17 March 2020 and consists of two types of products, among which, the 3-year type has a size of RMB2.2 billion and a nominal interest rate of 2.95% and the 5-year type has a size of RMB2.0 billion and a nominal interest rate of 3.20%.

The Company issued a short-term commercial paper on 11 March 2020, which was listed on Interbank on 16 March 2020, with a size of RMB5.0 billion, a nominal interest rate of 2.16% and a term of 90 days.

The Company issued a Subordinated bond on 20 March 2020, which was listed on the SSE on 1 April 2020 and consists of two types of products, among which, the 3-year type has a size of RMB2.0 billion and a nominal interest rate of 3.32% and the second type of products has not been issued.

## Changes in Share Capital and Information on Substantial Shareholders

The Company issued a short-term commercial paper on 23 March 2020, which was listed on Interbank on 26 March 2020, with a size of RMB5.0 billion, a nominal interest rate of 1.78% and a term of 90 days.

The Company issued a short-term commercial paper on 3 April 2020, which was listed on Interbank on 9 April 2020, with a size of RMB6.0 billion, a nominal interest rate of 1.50% and a term of 90 days.

The Company issued a public corporate bond on 10 April 2020, which was listed on the SSE on 21 April 2020 and consists of three types of products, among which, the 367-day type has a size of RMB1.5 billion and a nominal interest rate of 1.88%, the 3-year type has a size of RMB3.3 billion and a nominal interest rate of 2.54% and the 5-year type has a size of RMB1.0 billion and a nominal interest rate of 3.10%.

The Company issued a short-term commercial paper on 16 April 2020, which was listed on Interbank on 21 April 2020, with a size of RMB6.0 billion, a nominal interest rate of 1.40% and a term of 88 days.

The Company issued a short-term commercial paper on 11 May 2020, which was listed on Interbank on 14 May 2020, with a size of RMB5.0 billion, a nominal interest rate of 1.55% and a term of 90 days.

The Company issued a short-term commercial paper on 21 May 2020, which was listed on Interbank on 26 May 2020, with a size of RMB5.0 billion, a nominal interest rate of 1.55% and a term of 88 days.

The Company issued a short-term commercial paper on 26 May 2020, which was listed on Interbank on 29 May 2020, with a size of RMB4.0 billion, a nominal interest rate of 1.58% and a term of 90 days.

The Company issued a public corporate bond on 29 May 2020, which was listed on the SSE on 9 June 2020 and consists of three types of products, among which, the 365-day type has a size of RMB1.0 billion and a nominal interest rate of 2.08%, the 3-year type has a size of RMB4.5 billion and a nominal interest rate of 2.70% and the third type of products has not been issued.

The Company issued a short-term commercial paper on 11 June 2020, which was listed on Interbank on 16 June 2020, with a size of RMB4.0 billion, a nominal interest rate of 2.20% and a term of 88 days.

The Company issued a public corporate bond on 17 June 2020, which was listed on the SSE on 29 June 2020 and consists of two types of products, among which, the 3-year type has a size of RMB2.0 billion and a nominal interest rate of 3.10% and the second type of products has not been issued.

The Company issued a short-term commercial paper on 7 July 2020, which was listed on Interbank on 10 July 2020, with a size of RMB5.0 billion, a nominal interest rate of 1.95% and a term of 83 days.

The Company issued a public corporate bond on 10 July 2020, which was listed on the SSE on 21 July 2020 and consists of two types of products, among which, the 3-year type has a size of RMB3.0 billion and a nominal interest rate of 3.58% and the second type of products has not been issued.

The Company issued a public corporate bond on 24 July 2020, which was listed on the SSE on 4 August 2020 and consists of two types of products, among which, the 274-day type has a size of RMB0.5 billion and a nominal interest rate of 2.84% and the 3-year type has a size of RMB7.5 billion and a nominal interest rate of 3.49%.

The Company issued a public corporate bond on 5 August 2020, which was listed on the SSE on 14 August 2020 and consists of two types of products, among which, the 365-day type has a size of RMB2.8 billion and a nominal interest rate of 2.95% and the 3-year type has a size of RMB5.2 billion and a nominal interest rate of 3.55%.

The Company issued a public corporate bond on 20 August 2020, which was listed on the SSE on 31 August 2020 and consists of two types of products, among which, the 370-day type has a size of RMB4.2 billion and a nominal interest rate of 2.95% and the 3-year type has a size of RMB2.8 billion and a nominal interest rate of 3.48%.

The Company issued a public corporate bond on 9 September 2020, which was listed on the SSE on 17 September 2020 and consists of two types of products, among which, the 370-day type has a size of RMB2.2 billion and a nominal interest rate of 3.23% and the 10-year type has a size of RMB0.8 billion and a nominal interest rate of 4.20%.

The Company issued a public corporate bond on 19 October 2020, which was listed on the SSE on 28 October 2020 and consists of two types of products, among which, the first type of products has not been issued and the 2-year type has a size of RMB7.5 billion and a nominal interest rate of 3.48%.

The Company issued a public corporate bond on 26 October 2020, which was listed on the SSE on 4 November 2020 and consists of three types of products, among which, the 370-day type has a size of RMB0.8 billion and a nominal interest rate of 3.16%, the 2-year type has a size of RMB4.3 billion and a nominal interest rate of 3.45% and the 10-year type has a size of RMB0.9 billion and a nominal interest rate of 4.27%.

The Company issued a private corporate bond on 16 November 2020, which was listed on the SSE on 26 November 2020, with a size of RMB5.6 billion, a nominal interest rate of 3.53% and a term of 371 days.

The Company issued a Euro-commercial paper on 9 March 2020, which was listed on the Hong Kong Stock Exchange on 11 March 2020, with a size of US\$0.1 billion, an effective interest rate of 1.44% and a term of 184 days.

The Company issued a Euro-commercial paper on 6 March 2020, which was listed on the Hong Kong Stock Exchange on 13 March 2020, with a size of US\$0.05 billion, an effective interest rate of 1.44% and a term of 185 days.

The Company issued a Euro-commercial paper on 18 March 2020, which was listed on the Hong Kong Stock Exchange on 25 March 2020, with a size of US\$0.1 billion, an effective interest rate of 2.25% and a term of 93 days.

The Company issued a Euro-commercial paper on 18 May 2020, which was listed on the Hong Kong Stock Exchange on 22 May 2020, with a size of US\$0.175 billion, an effective interest rate of 2.00% and a term of 185 days.

The Company issued a Euro-commercial paper on 22 May 2020, which was listed on the Hong Kong Stock Exchange on 26 May 2020, with a size of US\$0.05 billion, an effective interest rate of 2.00% and a term of 185 days.

## Changes in Share Capital and Information on Substantial Shareholders

The Company issued a Euro-commercial paper on 19 May 2020, which was listed on the Hong Kong Stock Exchange on 26 May 2020, with a size of US\$0.05 billion, an effective interest rate of 2.00% and a term of 364 days.

The Company issued an overseas medium-term note on 27 May 2020, which was listed on the Hong Kong Stock Exchange on 3 June 2020, with a size of US\$0.5 billion, a nominal interest rate of 2.00% and a term of 5 years.

The Company issued an overseas medium-term note on 27 May 2020, which was listed on the Hong Kong Stock Exchange on 3 June 2020, with a size of US\$0.5 billion, a nominal interest rate of 1.75% and a term of 3 years.

The Company issued a Euro-commercial paper on 18 August 2020, which was listed on the Hong Kong Stock Exchange on 20 August 2020, with a size of US\$0.03 billion, an effective interest rate of 1.30% and a term of 364 days.

The Company issued a Euro-commercial paper on 10 September 2020, which was listed on the Hong Kong Stock Exchange on 17 September 2020, with a size of US\$0.1 billion, an effective interest rate of 1.05% and a term of 364 days.

The Company issued a Euro-commercial paper on 16 October 2020, which was listed on the Hong Kong Stock Exchange on 20 October 2020, with a size of US\$0.03 billion, an effective interest rate of 0.74% and a term of 92 days.

The Company issued a Euro-commercial paper on 12 November 2020, which was listed on the Hong Kong Stock Exchange on 19 November 2020 with a size of US\$0.3 billion, an effective interest rate of 0.95% and a term of 181 days.

The Company issued a Euro-commercial paper on 18 November 2020, which was listed on the Hong Kong Stock Exchange on 25 November 2020, with a size of US\$0.01 billion, an effective interest rate of 1.00% and a term of 364 days.

The Company issued a Euro-commercial paper on 8 December 2020, which was listed on the Hong Kong Stock Exchange on 15 December 2020, with a size of US\$0.12 billion, an effective interest rate of 1.00% and a term of 364 days.

### Information on Shareholders

Total number of Shareholders of the Company as at 31 December 2020: 622,988 Shareholders, including 622,831 A Shareholders and 157 registered H Shareholders.

Total number of Shareholders of the Company as at the end of the month immediately preceding the disclosure date of the 2020 Annual Results Announcement of the Company (i.e. 28 February 2021): 678,129 Shareholders, including 677,974 A Shareholders and 155 registered H Shareholders.



## Shareholdings of the top 10 Shareholders as at 31 December 2020

Full name of Shareholder	Change during the Reporting Period	Number of Shares held at the end of the period	Percentage (%)	Number of Shares held subject to trading moratorium	Shares pledged or frozen		Nature of the Shareholder
					Status	Number	
HKSCC Nominees Limited <sup>Note 1</sup>	658,502	2,277,352,769	17.62	—	Unknown	—	Foreign legal person
CITIC Corporation Limited	—	1,999,695,746	15.47	—	Nil	—	State-owned legal person
Guangzhou Yuexiu Financial Holdings Group Limited	544,514,633	544,514,633	4.21	544,514,633	Nil	—	State-owned legal person
China Securities Finance Corporation Limited	—	362,296,197	2.80	—	Nil	—	Unknown
Hong Kong Securities Clearing Company Limited <sup>Note 2</sup>	53,295,819	308,251,199	2.38	—	Nil	—	Foreign legal person
Guangzhou Yuexiu Financial Holdings Group Co., Ltd.	265,352,996	265,352,996	2.05	265,352,996	Nil	—	State-owned legal person
Central Huijin Asset Management Corporation Limited	—	198,709,100	1.54	—	Nil	—	State-owned legal person
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	101,455,206	183,265,129	1.42	—	Nil	—	Unknown
Da Cheng Fund – Agricultural Bank – Da Cheng China Securities and Financial Assets Management Program	—	153,726,217	1.19	—	Nil	—	Unknown
China AMC Fund – Agricultural Bank – China AMC China Securities and Financial Assets Management Program	—	144,472,197	1.12	—	Nil	—	Unknown

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

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

Note 3: Nature of A Shareholders represents the nature of account held by A Shareholders with the Shanghai branch of CSDC.

Note 4: The shareholding information listed above was extracted from the register of Shareholders of the Company as of 31 December 2020.

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

## Changes in Share Capital and Information on Substantial Shareholders

### Shareholdings of the top 10 holders of tradable Shares not subject to trading moratorium as of 31 December 2020

Name of Shareholders	Number of tradable Shares held not subject to trading moratorium	Class and number of Shares	
		Class	Number
HKSCC Nominees Limited	2,277,352,769	Overseas-listed foreign shares	2,277,352,769
CITIC Corporation Limited	1,999,695,746	RMB ordinary Shares	1,999,695,746
China Securities Finance Corporation Limited	362,296,197	RMB ordinary Shares	362,296,197
Hong Kong Securities Clearing Company Limited	308,251,199	RMB ordinary Shares	308,251,199
Central Huijin Asset Management Corporation Limited	198,709,100	RMB ordinary Shares	198,709,100
China Construction Bank Corporation — Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	183,265,129	RMB ordinary Shares	183,265,129
Da Cheng Fund — Agricultural Bank — Da Cheng China Securities and Financial Assets Management Program	153,726,217	RMB ordinary Shares	153,726,217
China AMC Fund — Agricultural Bank — China AMC China Securities and Financial Assets Management Program	144,472,197	RMB ordinary Shares	144,472,197
Zhong Ou Fund — Agricultural Bank — Zhong Ou China Securities and Financial Assets Management Program	140,178,900	RMB ordinary Shares	140,178,900
GF Fund — Agricultural Bank — GF China Securities and Financial Assets Management Program	140,049,999	RMB ordinary Shares	140,049,999

## Shareholdings of the holders of tradable Shares subject to trading moratorium as of 31 December 2020

Unit: Shares

No.	Name of Shareholders subject to trading moratorium	Listing and trading of Shares subject to trading moratorium			Terms of trading moratorium
		Number of Shares held subject to trading moratorium	Date eligible for listing and trading	Number of Shares newly eligible for listing and trading	
1	Guangzhou Yuexiu Financial Holdings Group Limited	544,514,633	2024-03-11	—	Shareholder undertook to comply with the trading moratorium for 48 months
2	Guangzhou Yuexiu Financial Holdings Group Co., Ltd.	265,352,996	2024-03-11	—	Shareholder undertook to comply with the trading moratorium for 48 months
3	Incentive shares held under custody and others	23,919,000	To be determined after the implementation of the incentive share scheme	—	To be determined after the implementation of the incentive share scheme
Details of related party or concert party relationship among the above Shareholders		Guangzhou Yuexiu Financial Holdings Group Limited is a wholly-owned subsidiary of Guangzhou Yuexiu Financial Holdings Group Co., Ltd., and the two companies are parties acting in concert.			

# Changes in Share Capital and Information on Substantial Shareholders

## Information on substantial Shareholders of the Company

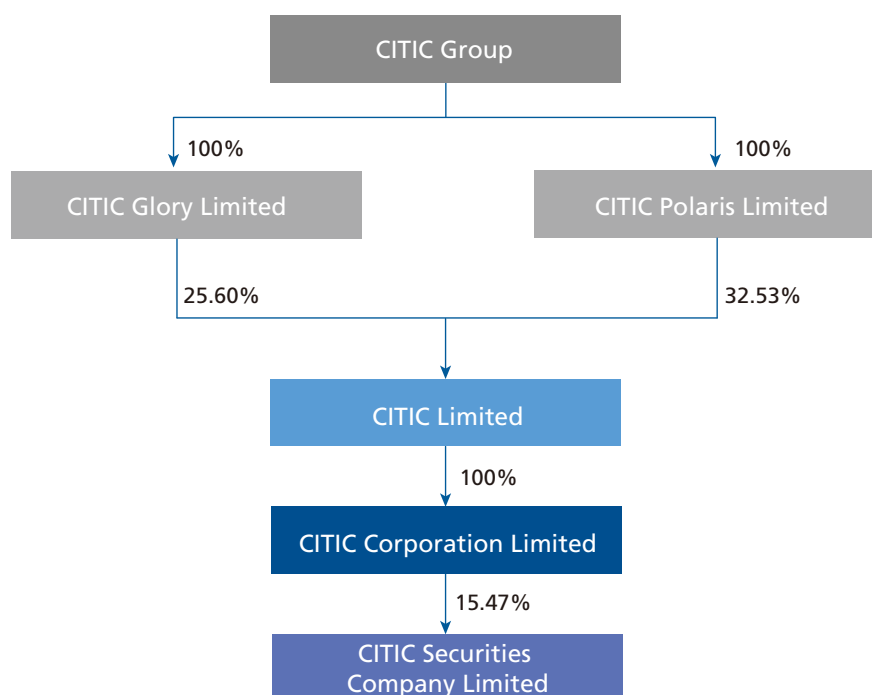
### Largest Shareholder

The largest Shareholder of the Company is CITIC Corporation Limited. As of 31 December 2020, it directly held 15.47% Shares in the Company. In addition, there was no other Shareholder of the Company who held more than 10% Shares. Details of CITIC Corporation Limited are as follows:

CITIC Corporation Limited was established on 27 December 2011, the existing legal representative is Mr. ZHU Hexin and the president is Mr. XI Guohua. Its registered capital is RMB139 billion and the unified social credibility code is 911100007178317092. It is principally engaged in: 1. investment and management in financial sectors, including investment and management of domestic and foreign banks, securities, insurance, trust, asset management, futures, leasing, funds, credit card and other financial enterprises and related industries; 2. investment and management in non-financial sectors, including (1) energy, transport and other infrastructure; (2) exploration of mining, timber and other resources and raw material industry; (3) machinery manufacturing; (4) real estate development; (5) information industry: information system infrastructure, basic telecommunication and value-added telecommunication business; (6) commerce and trade services and other industries: environmental protection; pharmaceuticals, bio-engineering as well as new materials; aviation, transportation, warehousing, hotel, tourism; international trade and domestic trade, import and export business, commerce; education, publishing, media, culture and sports; consultancy service; 3. granting shareholder loans to its offshore and domestic subsidiaries; capital operation; asset management; domestic and overseas engineering design, constructions, contracting and sub-contracting, export of labor service, and other approved businesses. (The enterprise may independently choose projects to operate and conduct business activities according to the law. The entity was changed from a domestic enterprise to a foreign-invested enterprise on 22 July 2014; as for projects which require approval in accordance with the law, prior approvals from the competent authorities shall be obtained before operational activities are conducted and the company shall conduct operational activities within the scope approved by the competent authorities. No business activity shall be carried out if prohibited by the industrial policies of the municipality or restricted by the authorities.)

CITIC Group, the de facto controller of CITIC Corporation Limited, was established in 1979, the existing legal representative is Mr. ZHU Hexin and the president is Mr. XI Guohua. Its registered capital is RMB205,311,476,359.03 and the unified social credibility code is 9110000010168558XU. Its principal businesses are as follows: investment and management of domestic and foreign banks, securities, insurance, trust, asset management, futures, leasing, funds, credit card financial enterprises and related industries, energy, transport infrastructure, mining, exploration of timber resources and raw material industry, machinery manufacturing, real estate development, information system infrastructure, basic telecommunication and value-added telecommunication business, environmental protection, medicine, bio-engineering as well as new materials, aviation, transportation, warehousing, hotel, tourism, international trade and domestic trade, commerce, education, publishing, media, culture and sports, overseas and domestic engineering design, construction, contracting and sub-contracting, industry investment; asset management; capital operation; project tendering, surveying, design, construction, supervision, contracting and subcontracting, consultant service industry; external deployment of staff required to implement overseas projects suitable for its capabilities, scale and results performance; import and export business; information service business (internet information services only, excluding information search and query services, information community services, instant information interaction services and information protection and processing services). (The enterprise may independently choose projects to operate and conduct business activities according to the law. As for projects which require approval in accordance with the law, prior approvals from the competent authorities shall be obtained before operational activities are conducted and the company shall conduct operational activities within the scope approved by the competent authorities. No business activity shall be carried out if prohibited by the industrial policies of the municipality or restricted by the authorities.)

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



As at the end of the Reporting Period, information of other major listed companies controlled or invested, directly or indirectly by CITIC Limited or CITIC Corporation Limited was as follows:

No.	Name of Listed Company	Stock code	Shareholding percentage	Name of shareholder
1	China CITIC Bank Corporation Limited	601998.SH 00998.HK	65.97%	CITIC Corporation Limited (65.37%) Fortune Class Investments Limited (0.02%) Metal Link Limited (0.58%)
2	CITIC Heavy Industries Co., Ltd.	601608.SH	67.27%	CITIC Corporation Limited (60.49%) CITIC Investment Holdings Limited (4.52%) CITIC Automobiles Limited (2.26%)
3	CITIC Offshore Helicopter Co., Ltd.	000099.SZ	38.63%	CITIC Offshore Helicopter Limited Liabilities Company
4	CITIC Press Group Co., Ltd.	300788.SZ	73.50%	CITIC Corporation Limited (62.70%) CITIC Investment Holdings Limited (10.80%)
5	CITIC Resources Holdings Limited	01205.HK	59.50%	Keentech Group Ltd. (49.57%) CITIC Australia Pty Limited (9.55%) Fortune Class Investments Limited (0.38%)

## Changes in Share Capital and Information on Substantial Shareholders

No.	Name of Listed Company	Stock code	Shareholding percentage	Name of shareholder
6	CITIC Telecom International Holdings Limited	01883.HK	58.11%	Richtone Enterprises Inc. (3.68%) Ease Action Investments Corp. (33.88%) Silver Log Holdings Ltd. (16.68%) Perfect New Holdings Limited (3.87%)
7	CITIC Pacific Special Steel Group Co., Ltd. <sup>Note 1</sup>	000708.SZ	83.85%	CITIC Pacific China Holdings Limited (4.26%) Hubei Xinye Steel Limited (4.53%) CITIC Pacific Special Steel Investment Limited (75.05%)
8	Yuan Long Ping High-Tech Agriculture Co., Ltd.	000998.SZ	20.56%	CITICS Industrial Investment Group Corp. (0.82%) CITIC Agriculture., LTD. (16.54%) Shenzhen Xinnong Investment Center LP (3.20%)
9	China Overseas Land & Investment Limited	00688.HK	10%	Complete Noble Investments Limited
10	Frontier Services Group Limited	00500.HK	25.91%	Easy Flow Investments Limited
11	Ivanhoe Mines Ltd.	IVN.TSX IVPAF.OTCQX	26.09%	CITIC Metal Africa Investments Limited
12	Alumina Limited	AWC.ASX AWC.OTC	18.92%	CITIC Resources Australia Pty Limited (9.61%) CITIC Australia Pty Limited (1.37%) Bestbuy Overseas Co Ltd. (7.94%)

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

Note 2: The shareholding percentages listed in the table were those of the direct shareholders.

In addition to those set out in the above table, as at the end of the Reporting Period, other major listed companies controlled or invested by CITIC Group were as follows:

Name of listed companies invested	Stock code	Shareholding percentage	Unit: Shares
CITIC Limited	00267.HK	58.13%	CITIC Polaris Limited (32.53%) CITIC Glory Limited (25.60%)

### Other Shareholders holding more than 5% of the Shares

As at the end of the Reporting Period, Yuexiu Financial Holdings and its wholly-owned subsidiary, Financial Holdings Limited, in aggregate hold 6.26% of the Shares of the Company.

## Interest and short positions of substantial Shareholders

Pursuant to Section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), substantial Shareholders are required to disclose their interests, and are required to make further disclosure when the changes of their interest reached the prescribed threshold. The following table is derived from the latest interest information of the substantial Shareholders disclosed on the HKEXnews website of HKEX as of 31 December 2020. As they are only required to disclose the change of their interests when it reaches certain prescribed threshold, the information set out in the following table may be inconsistent with their actual interests as of 31 December 2020.

Name of Shareholders	Capacity	Class of Shares	Number of Shares (Shares)/ type of Shares held	Percentage of the number of A Shares/ H Shares as at	Percentage of total Shares of the Company as at 31 December
				31 December 2020 (%) <sup>Note 8</sup>	2020 (%)
CITIC Group Corporation	Interest of corporation controlled by you <sup>Note 1</sup>	A Shares	1,999,695,746/Long positions	18.78	15.47
Guangzhou Yue Xiu Holdings Limited	Interest of corporation controlled by you <sup>Note 2</sup>	A Shares	809,867,629/Long positions	7.61	6.27
National Council for Social Security Fund	Beneficial owner	H Shares	690,359,200 <sup>Note 3</sup> /Long positions	30.30	5.34
The Bank of New York Mellon Corporation	Interest of corporation controlled by you <sup>Note 4</sup>	H Shares	294,395,563/Long positions 290,584,643/Shares available for lending	12.92 12.75	2.28 2.25
Citigroup Inc.	Interest of corporation controlled by you	H Shares	166,384,168 <sup>Note 5</sup> /Long positions	7.30	1.29
	Approved lending agent		7,632,730 <sup>Note 5</sup> /Short positions	0.34	0.06
			155,359,086 <sup>Note 5</sup> /Shares available for lending	6.82	1.20
Credit Suisse Group AG	Interest of corporation controlled by you	H Shares	144,273,851 <sup>Note 6</sup> /Long positions	6.33	1.12
	Investment manager		81,044,140 <sup>Note 6</sup> /Short positions	3.56	0.63
BlackRock, Inc.	Interest of corporation	H Shares	119,122,626/Long positions	5.23	0.92
	controlled by you <sup>Note 7</sup>		981,000/Short positions	0.04	0.01

## Changes in Share Capital and Information on Substantial Shareholders

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

Note 2: Guangzhou Yue Xiu Holdings Limited indirectly held 809,867,629 A Shares of the Company through its controlled corporations (namely Financial Holdings Limited and Yuexiu Financial Holdings).

Note 3: According to the notices of disclosure of interests on the HKEXnews website of HKEx, the National Council for Social Security Fund held 690,359,200 H Shares of the Company, including a total of 640,000,000 H Shares to be subscribed for under the subscription agreement entered into with ICBC Credit Suisse Asset Management (International) Company Limited and the subscription agreement entered into with Boser Asset Management Company Limited and Boser Asset Management (International) Company Limited on 8 June 2015. The above private placement of H Shares was considered and approved at the 2015 Second Extraordinary General Meeting of the Company and is yet to take place. The resolution had expired on 24 August 2016.

Note 4: The Bank of New York Mellon Corporation indirectly held a long position in 294,395,563 H Shares of the Company through its controlled corporation (The Bank of New York Mellon), of which 290,584,643 Shares were available for lending.

Note 5: Citigroup Inc., through a series of its controlled corporations, held the relevant interests of long position in 166,384,168 H Shares of the Company, of which 155,359,086 Shares were held in the capacity of approved lending agent, and a short position in 7,632,730 H Shares of the Company.

Note 6: Credit Suisse Group AG, held the relevant interests of long position in 140,081,096 H Shares of the Company and a short position in 81,044,140 H Shares of the Company through a series of its controlled corporations, and held a long position in 4,192,755 Shares in the capacity of investment manager.

Note 7: BlackRock, Inc. indirectly held relevant interests and short positions through a series of its controlled corporations.

Note 8: The relevant percentages are calculated based on 2,278,327,700 H Shares or 10,648,448,329 A Shares of the Company in issue as of 31 December 2020.



# Directors, Supervisors, Senior Management and Employees

## Basic Information of Directors, Supervisors and Senior Management

Changes in the Shares held by and information on remuneration of Directors, Supervisors and Senior Management held office or resigned during the Reporting Period or as at the date of the 2020 Annual Results Announcement of the Company

Unit: Shares

Name	Positions	Gender	Age	Term of office commencing from	Term of office until	Number of Shares held at the beginning of the year (shares)	Number of Shares held at the end of the year (shares)	Change (increase/decrease) in shareholding during the year	Reason for the change (increase/decrease)	Total remuneration before tax received from the Company during the Reporting Period or term of office (RMB ten thousand)	Whether received remuneration from the Company's related parties or not
ZHANG Youjun	Executive Director, Chairman and Member of the Executive Committee	Male	55	2016-01-19	Until expiry of term	374	374	—	—	491.51	No
YANG Minghui	Executive Director, President and Member of the Executive Committee	Male	56	2016-01-19	Until expiry of term	—	—	—	—	993.54	No
WANG Shuhui	Non-executive Director	Male	49	2020-06-23	Until expiry of term	—	—	—	—	—	Yes
LIU Ke	Independent Non-executive Director	Male	62	2016-01-19	Until expiry of term	—	—	—	—	15.00	No
HE Jia	Independent Non-executive Director	Male	66	2016-03-23	Until expiry of term	—	—	—	—	15.00	Yes
ZHOU Zhonghui	Independent Non-executive Director	Male	73	2019-05-27	Until expiry of term	—	—	—	—	15.00	No
ZHANG Changyi	Supervisor and Chairman of the Supervisory Committee	Male	53	2020-06-23	Until expiry of term	—	—	—	—	352.28	No
GUO Zhao	Supervisor	Male	64	1999-09-26	Until expiry of term	—	—	—	—	10.00	No
RAO Geping	Supervisor	Male	73	2016-03-23	Until expiry of term	—	—	—	—	10.00	No
LI Ning	Employee Representative Supervisor	Male	36	2019-12-31	Until expiry of term	—	—	—	—	326.08	No
NIU Xuekun	Employee Representative Supervisor	Female	47	2019-12-31	Until expiry of term	—	—	—	—	201.09	No
MA Yao	Member of the Executive Committee	Male	49	2017-11-28	Until expiry of term	20,000	20,000	—	—	1,096.46	No
XUE Jirui	Member of the Executive Committee	Male	47	2017-10-24	Until expiry of term	—	—	—	—	1,056.64	No
YANG Bing	Member of the Executive Committee	Male	48	2017-10-24	Until expiry of term	—	—	—	—	1,016.46	No

# Directors, Supervisors, Senior Management and Employees

Name	Positions	Gender	Age	Term of office commencing from	Term of office until	Number of Shares held at the beginning of the year (shares)	Number of Shares held at the end of the year (shares)	Change (increase/decrease) in shareholding during the year	Reason for the change (increase/decrease)	Total remuneration before tax received from the Company during the Reporting Period or term of office (RMB ten thousand)	Whether received remuneration from the Company's related parties or not
LI Chunbo	Member of the Executive Committee	Male	45	2017-11-17	Until expiry of term	–	–	–	–	936.64	No
ZOU Yingguang	Member of the Executive Committee	Male	50	2017-09-07	Until expiry of term	–	–	–	–	985.87	No
LI Yongjin	Member of the Executive Committee	Male	50	2017-09-07	Until expiry of term	–	–	–	–	836.06	No
LI Jiong	Chief Financial Officer, Treasurer	Male	51	2017-10-24	Until expiry of term	–	–	–	–	876.64	No
WANG Junfeng	Board Secretary	Male	52	2020-07-30	Until expiry of term	–	–	–	–	73.79	No
SONG Qunli	Chief Engineer (Chief Information Officer)	Male	54	2017-09-07	Until expiry of term	–	–	–	–	632.78	No
ZHANG Hao	Chief Marketing Officer	Male	51	2017-10-31	Until expiry of term	–	–	–	–	955.38	No
ZHANG Guoming	Chief Compliance Officer, Chief Risk Officer	Male	56	2013-09-10	Until expiry of term	–	–	–	–	577.86	No
YE Xinjiang	Member of the Senior Management	Male	56	2018-11-06	Until expiry of term	–	–	–	–	702.13	No
JIN Jianhua	Member of the Senior Management	Male	50	2019-01-22	Until expiry of term	350,000	350,000	–	–	745.79	No
SUN Yi	Member of the Senior Management	Male	49	2018-08-06	Until expiry of term	–	–	–	–	779.64	No
GAO Yuxiang	Member of the Senior Management	Male	52	2019-01-22	Until expiry of term	–	–	–	–	1,076.64	No
ZHENG Jing	Former Board Secretary and Company Secretary	Female	48	2011-04-21	2020-02-11	–	–	–	–	159.90	No
Total	/	/	/	/	/	370,374	370,374	–	/	14,938.18	/

Note 1: Where a person has more than one position under the “Position” column, the “term of office” will only show the term of office of the first position held by that person in that column; the starting date of the “term of office” of a re-elected Director or Supervisor disclosed here is the date of his/her first appointment as a Director or Supervisor of the Company; the starting date of the “term of office” of a re-elected member of the Senior Management disclosed here is the date of his/her first appointment as a member of the Senior Management.

Note 2: Shares held by Directors, Supervisors and Senior Management are all A Shares, which include incentive shares initially granted upon the implementation of the share incentive scheme, the shares issued under placing and the bonus shares under capitalization issue.

Note 3: According to the resolution passed at the 2011 annual general meeting of the Company, since July 2012, the Company shall pay an allowance of RMB100,000 per year (tax inclusive) to each of the non-executive Directors and Supervisors, an allowance of RMB150,000 per year (tax inclusive) to each of the independent non-executive Directors, and a subsidy of RMB3,000 per person per meeting to each Director who attends an on-site meeting of the specialized committee under the Board. Mr. WANG Shuhui, the non-executive Director, has not received any remuneration or allowance from the Company. The remuneration received by each of the independent non-executive Directors, Mr. LIU Ke, Mr. HE Jia and Mr. ZHOU Zhonghui and the Supervisors, Mr. RAO Geping and Mr. GUO Zhao was the Director’s/Supervisor’s allowance received by each of them from the Company during their office in 2020.

Note 4: The total remuneration before tax for the Directors, employee representative Supervisors and Senior Management of the Company as listed above includes basic annual salary, annual salary linked to performance (including bonuses and deferred bonuses paid in 2020), special rewards and insurance benefits.

Note 5: The remuneration received by Mr. YANG Minghui, executive Director, President and a member of the Executive Committee of the Company includes RMB5.7854 million received from the Company and RMB4.15 million received from China AMC.

### Positions held in Shareholders by incumbent Directors, Supervisors, Senior Management and those resigned during the Reporting Period

Name	Name of Shareholder	Position held in Shareholders	Term of office commencing from	Term of office until
ZHANG Youjun	CITIC Corporation Limited	Assistant to the General Manager	2015-11-12	Until expiry of term
WANG Shuhui	Yuexiu Financial Holdings Financial Holdings Limited	Chairman Chairman	2016-08-25 2016-10-18	Until expiry of term Until expiry of term
Description of the positions held in Shareholders	Mr. ZHANG Youjun also serves as Assistant to the General Manager of both CITIC Group and CITIC Limited.			

### Positions held in other entities by incumbent Directors, Supervisors, Senior Management and those resigned during the Reporting Period

Name	Names of other entities	Positions held in other entities	Term of office commencing from	Term of office until
ZHANG Youjun	Zhongzheng International Company Limited	Director	2020-04-17	2020-12-17
LIU Ke	Business School of Beijing Language and Culture University	Professor	2001-06-01	Until expiry of term
HE Jia	Southern University of Science and Technology	Leading Professor	2014-05-01	2020-11-04
RAO Geping	Peking University	Professor, Ph.D. Candidate Supervisor of the Law School	1994-08-01	Until expiry of term
GAO Yuxiang	Zhongzheng International Company Limited	Director	2020-12-17	Until expiry of term
Description of the positions held in other entities	For other positions held by the Directors, Supervisors and Senior Management of the Company, please refer to the "Major working experience of the incumbent Directors, Supervisors and Senior Management" in this report.			

# Directors, Supervisors, Senior Management and Employees

## Major working experience of the incumbent Directors, Supervisors and Senior Management

### *Executive Directors (2 individuals)*



#### **Mr. ZHANG Youjun**

serves as secretary to the Communist Party Committee of the Company, an executive Director, Chairman and a member of the Executive Committee of the Company. Mr. ZHANG joined the Company at the time of the establishment of the Company in 1995, and was appointed as an executive Director of the Company on 19 January 2016. During the same term, he was elected as the Chairman of the Company. Mr. ZHANG also serves as assistant to the general manager of each of CITIC Group, CITIC Limited and CITIC Corporation Limited, the chairman of each of Goldstone Investment, CITIC Securities Investment, CSI and CLSA (i.e. CLSA B.V. and its subsidiaries), a director of each of CLSA Limited, Sailing Capital Management Co., Ltd. and Sailing Capital International Investment Fund (Shanghai) Co., Ltd., and the chairman of Shenzhen Qianhai Zhongzheng Urban Development Management Co., Ltd. Mr. ZHANG had worked as a general manager of the trading department of the Company, an assistant manager and a deputy general manager of the Company since 1995, and was appointed as a Director of the Company from September 1999 to June 2012 and the general manager of the Company from May 2002 to October 2005. Mr. ZHANG previously worked as the general manager of Changsheng Fund Management Co., Ltd. from 1998 to 2001 and successively served as the general manager and the chairman of CSC from 2005 to 2011, a director of the board office of CITIC Group from December 2011 to December 2015 and a director of Zhongzheng International Company Limited from April to December 2020. Mr. ZHANG obtained a Bachelor's degree in economics (majoring in money and banking) in 1987 from Renmin University of China and a Master's degree in economics (majoring in money and banking) in 1990 from Central University of Finance and Economics.



#### **Mr. YANG Minghui**

serves as deputy secretary to the Communist Party Committee of the Company, an executive Director, the President and member of the Executive Committee of the Company. Mr. YANG joined the Company at the time of the establishment of the Company in 1995 and was appointed as a Director of the Company on 19 January 2016. Mr. YANG also serves as the chairman of China AMC and the chairman of China Asset Management (Hong Kong) Limited. Mr. YANG served as a Director, an assistant manager and a deputy general manager of the Company; a director and executive vice-president of CITIC Holdings and a director of CITIC Trust from May 2002 to August 2005; the chairman of CITIC-Prudential Fund Management Co., Ltd. from July 2005 to January 2007; and an executive director and the president of China Jiayin Investment Securities Company Limited from August 2005 to October 2011. Mr. YANG was granted the title of senior economist by China International Trust and Investment Corporation, the predecessor of CITIC Group, in October 1996. Mr. YANG obtained a Bachelor's degree in engineering (majoring in mechanical manufacturing technology and equipment) from the Department of Mechanical Engineering of East China Institute of Textile Science and Technology in 1982 and obtained a Master's degree in engineering (majoring in textile machinery) from the Department of Mechanical Engineering of East China Institute of Textile Science and Technology in 1985.

**Non-Executive Directors (1 individual)****Mr. WANG Shuhui**

serves as a non-executive Director of the Company. Mr. WANG was appointed as a non-executive Director of the Company on 23 June 2020. Mr. WANG currently serves as the chairman of each of Yuexiu Financial Holdings, Financial Holdings Limited, Financial Holdings Capital and Yuexiu Industrial Investment Fund. Mr. WANG successively served as the business manager of the securities issuance consultancy department, the deputy manager of the research and development department, secretary to the board of directors and vice president of Guangzhou Securities from 1994 to 2006; successively served as the office general manager and general manager of the development department of Guangzhou Yuexiu Holdings Limited (廣州越秀集團有限公司) from 2006 to 2010; and successively served as an assistant to general manager, director and deputy general manager of Guangzhou Yuexiu Holdings Limited and Yuexiu Enterprises (Holdings) Limited (越秀企業(集團)有限公司) from 2010 to 2016. Mr. WANG obtained a Bachelor's degree in economics from Southwestern University of Finance and Economics in 1993 and a Master's degree in economics from Jinan University in 2000.

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

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

## Directors, Supervisors, Senior Management and Employees



### **Mr. HE Jia**

serves as an independent non-executive Director of the Company. Mr. HE was appointed as an independent non-executive Director of the Company on 19 January 2016. He formally took office on 23 March 2016 (upon approval by the regulatory authority on the qualification for serving as an independent director). Mr. HE also serves as a professor of Tsinghua University, Cheung Kong Scholar Chair Professor of the Ministry of Education, an executive director and academic member of the China Society for Finance and Banking and the president of Shanghai North Bund Finance Institute. He is also an independent director of each of NORINCO International Cooperation Ltd. (a company listed on SZSE), China Chengtong Development Group Limited (a company listed on Hong Kong Stock Exchange), Wealthking Investments Limited (a company listed on Hong Kong Stock Exchange), and Bank of Tianjin Co., Ltd. (a company listed on Hong Kong Stock Exchange), and the chairman of Shanghai Sincere Capital Management Co., Ltd. Mr. HE was an assistant professor and associate professor (life tenure) of the University of Houston from August 1991 to August 1999, professor of the Department of Finance of the Chinese University of Hong Kong from August 1996 to July 2015, chair professor of Southern University of Science and Technology of China from May 2014 to November 2020, member of the Planning and Development Committee of the CSRC from June 2001 to July 2002 and the director of the Research Institute of SZSE from June 2001 to October 2002. Mr. HE had served as an independent director of Shenzhen Soling Industrial Co., Ltd. (a company listed on the SME board of SZSE) from August 2015 to November 2016, an independent director of Shenzhen Xinguodu Co., Ltd. (a company listed on the ChiNext of SZSE) from May 2014 to June 2019, an independent director of Tongfang Co., Ltd. (a company listed on SSE) from May 2016 to February 2020, an independent director of Shanghai Junshi Biosciences Co., Ltd. (a company listed on the SSE Star Market and the Hong Kong Stock Exchange) from June 2018 to June 2020 and an independent director of Tibet Huayu Mining Co., Ltd. (a company listed on the SSE) from October 2012 to October 2018. Mr. HE graduated from Heilongjiang University in 1978, majoring in mathematics. He obtained a double Master's degree in computer science and decision science engineering from Shanghai Jiao Tong University in 1983 and obtained a Doctoral degree majoring in finance from the Wharton Business School of the University of Pennsylvania in 1988.



### **Mr. ZHOU Zhonghui**

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

### **Supervisors (5 individuals)**



### **Mr. ZHANG Changyi**

currently serves as deputy secretary to the Communist Party Committee, chairman of the Supervisory Committee and chairman of the labor union of the Company. Mr. ZHANG joined the Company in 2018. Mr. ZHANG successively served as an officer, staff and associate principal staff of the education department of the Ministry of Construction from August 1989 to November 1995, and successively served as principal staff and assistant consultant of the general office of the Ministry of Construction from November 1995 to June 1997, the second secretary (deputy-division-head level), deputy division head, the first secretary and deputy division head (division-head level) of the second secretary bureau of the General Office of the State Council from June 1997 to April 2001 and secretary of division-head level, secretary of deputy bureau level, secretary of bureau-head level in the General Office of the State Council from April 2001 to August 2018. Mr. ZHANG also serves as the chairman of GoldStone Zexin. Mr. ZHANG obtained a Bachelor's degree in engineering (majoring in industrial and civil architecture) from the Architectural Engineering Department of Northwest Institute of Construction Engineering in 1989 and obtained a Master's degree in engineering (majoring in management engineering) from Harbin University of Civil Engineering and Architecture in 1999.

## Directors, Supervisors, Senior Management and Employees



### **Mr. GUO Zhao**

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



### **Mr. RAO Geping**

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



### **Mr. LI Ning**

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





#### **Ms. NIU Xuekun**

serves as an employee representative Supervisor and the senior vice president of the Planning and Finance Department of the Company. Ms. NIU joined the Company in October 2000 and previously worked as the accountant of Shenzhen Property Management Co., Ltd., and senior manager and vice president of the Planning and Finance Department of the Company. Ms. NIU concurrently serves as a supervisor of each of CITIC Securities Investment, GoldStone Zexin and Guangzheng Lingxiu Investment Company Limited. Ms. NIU obtained a Bachelor's degree in economics and a Master's degree in management from Dongbei University of Finance & Economics in 1996 and 1999, respectively. Ms. NIU was qualified as a Chinese CPA and a senior accountant in 2002 and 2015, respectively.

#### ***Other members of the Senior Management (15 individuals)***



#### **Mr. MA Yao**

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



#### **Mr. XUE Jirui**

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

## Directors, Supervisors, Senior Management and Employees



### **Mr. YANG Bing**

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



### **Mr. LI Chunbo**

serves as a member of the Executive Committee and the division head of the Research Department, Equity Distribution and Trading Department and the Custody Department of the Company. Mr. LI joined the Company in 2001 and previously worked as an analyst of the Research Consulting Department (later renamed as the Research Department), chief analyst of the Research Department, as well as the chief executive of the Research Department and the Equity Distribution and Trading Department. Mr. LI also serves as a director of CSI, the chairman of CLSA Limited, a member of International Strategy Committee of the Securities Association of China and the deputy Secretary-General of China Society for Finance and Banking. Mr. LI obtained a Bachelor's degree in vehicle engineering and a Master's degree in management science and engineering from Tsinghua University in 1998 and 2001, respectively.



### **Mr. ZOU Yingguang**

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



#### **Mr. LI Yongjin**

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



#### **Mr. LI Jiong**

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



#### **Mr. WANG Junfeng**

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

## Directors, Supervisors, Senior Management and Employees



### **Mr. SONG Qunli**

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



### **Mr. ZHANG Hao**

serves as the chief marketing officer of the Company and secretary to the Communist Party Committee and chairman of CITIC Futures. Mr. ZHANG joined the Company in 1997 and previously served as teaching assistant of Shanghai Institute of Urban Construction, head of the B-share Business Department of Shanghai Trust Investment Corporation of China Construction Bank as well as deputy general manager of the Shanghai B-share Business Department, general manager of the Shanghai Fuxing Middle Road Securities Outlet and concurrently deputy general manager of the Shanghai management headquarters, general manager of the Shanghai Huaihai Middle Road Securities Outlet, deputy general manager of the Shanghai management headquarters and general manager of Shanghai Branch of the Company. Mr. ZHANG concurrently serves as vice president of China Futures Association and a director of CITIC Global Financial Leasing CO., LTD. Mr. ZHANG was awarded the title of "Skilled Young Worker of SOEs" in 2001. Mr. ZHANG obtained dual Bachelor's degrees in industrial management engineering and engineering mechanics from Shanghai Jiao Tong University in 1991 and an MBA degree from the Antai College of Shanghai Jiao Tong University in 2001.



### **Mr. ZHANG Guoming**

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



#### **Mr. YE Xinjiang**

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



#### **Mr. JIN Jianhua**

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



#### **Mr. SUN Yi**

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

## Directors, Supervisors, Senior Management and Employees



### **Mr. GAO Yuxiang**

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

## Changes of Directors, Supervisors and Senior Management

Name	Position	Change	Cause of Change
ZHANG Youjun	Former Board Secretary (temporarily performing such duty)	Ceasing to perform such duty	The Board Secretary appointed by the Board formally took office
WANG Shuhui	Non-executive Director	Election	Elected by the Shareholders
ZHANG Changyi	Supervisor and Chairman of the Supervisory Committee	Election	Elected by the Shareholders and the Supervisory Committee
WANG Junfeng	Board Secretary	Appointment	Appointed by the Board
LI Ning	Former Convener of the Supervisory Committee	Ceasing to concurrently serve such position	The Chairman of the Supervisory Committee elected by the Supervisory Committee formally took office
ZHENG Jing	Former Board Secretary and Company Secretary	Resignation	Personal reasons

Details of changes of Directors, Supervisors and Senior Management of the Company:

After being nominated at the 4th Meeting of the Seventh Session of the Board and being elected at the 2019 Annual General Meeting of the Company, Mr. WANG Shuhui was formally appointed as a non-executive Director, a member of Strategic Planning Committee of the Board and a member of Risk Management Committee of the Board of the Company from 23 June 2020.

After being elected at the 2019 Annual General Meeting and the 5th Meeting of the Seventh Session of the Supervisory Committee of the Company, Mr. ZHANG Changyi was formally appointed as a Supervisor of the Company from 23 June 2020, and formally appointed as the Chairman of the Supervisory Committee of the Company from 24 June 2020. Mr. LI Ning ceased to serve as the convener of the Supervisory Committee.

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

After being appointed at the 1st Meeting of the Seventh Session of Board of the Company, Mr. WANG Junfeng was formally appointed as the Board Secretary of the Company from 30 July 2020. Mr. ZHANG Youjun, the Chairman of the Board, ceased to perform the duties of the Board Secretary.

## Relationships between Directors, Supervisors and Senior Management

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

# Directors, Supervisors, Senior Management and Employees

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

### Performance appraisal of Directors and Supervisors

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

The Directors of the Company attended meetings of the Board and meetings of relevant specialized committees in accordance with the relevant requirements, at which every proposal was duly considered, and opinions and advices were put forward. They read all sorts of documents and reports provided by the Company carefully during the period between each Board meeting, which enabled them to understand the operating and management condition of the Company in time.

Executive Directors duly performed their dual duties of making and executing decisions, actively implemented the decisions made by the general meetings and the Board, thus effectively served as the bridge between the Board and the management. Non-executive Directors conducted thorough study on the development strategy and operation strategy of the Company, and understood the operating and management condition and the scientific and sound decision making of the Company in time through investigations and research, seminars and communication, which demonstrated their high level of responsibility. Independent non-executive Directors maintained communication with the Company through various ways, such as on-site visits and seminars, attended meetings of the Board and the relevant specialized committees, expressed independent and objective opinions, actively protecting the interest of minority Shareholders by asserting their professional strengths, and actively contributed to the Company's development.

Supervisors of the Company attended meetings of the Supervisory Committee in accordance with the rules and they also attended on-site Board meetings and general meetings as observers. They supervised and inspected the operation in accordance with laws, major decisions, major business activities and the financial position of the Company.

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

### Performance and appraisal of Senior Management

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

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



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

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

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

For details of the remuneration of the incumbent Directors, Supervisors and Senior Management for the year, please refer to “Changes in the Shares held by and information on remuneration of Directors, Supervisors and Senior Management held office or resigned during the Reporting Period or as at the date of the 2020 Annual Results Announcement of the Company” of this report. Allowances for the external Directors and Supervisors are calculated on a yearly basis, provided for on a monthly basis, and paid twice a year.

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

## Share incentives regarding Directors, Supervisors and Senior Management

### Implementation of share incentive scheme of the Company

The Company did not implement any new share incentive scheme during the Reporting Period. For share incentive scheme implemented by the Company in 2006, please refer to China Securities Journal, Shanghai Securities News, Securities Times and the SSE website on 7 September 2006. For details of shares held by Directors, Supervisors and Senior Management, please refer to “Changes in the Shares held by and information on remuneration of Directors, Supervisors and Senior Management held office or resigned during the Reporting Period or as at the date of the 2020 Annual Results Announcement of the Company” of this report.

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

# Directors, Supervisors, Senior Management and Employees

## Staff Information

### Number and composition of staff

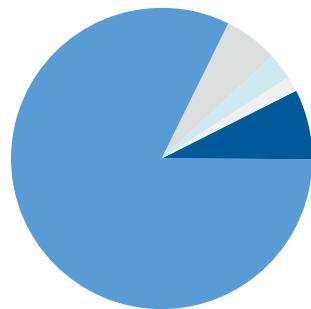
As at the end of the Reporting Period, the Group had a total of 19,012 staff, of which 10,976 were staff of the Company, and their compositions are set out below:

Total number of in-service staff of the Parent	10,976
Number of in-service staff of principal subsidiaries	8,036
Total number of in-service staff	19,012
Number of retired staff for which the Parent and principal subsidiaries are responsible for their expenses	368

<b>Types of profession</b>	<b>Profession</b>	<b>Number of staff</b>
All business unit employees		15,638
IT staffs		1,133
Financial staffs		508
Administrative staffs		355
Others (including clearing & settlement, risk management, legal, compliance, supervision and audit)		1,378
Total		19,012

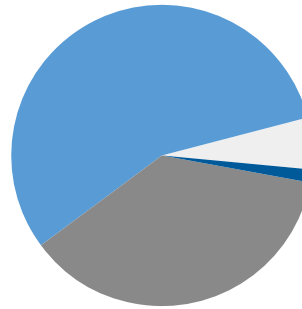
<b>Type of education</b>	<b>Education level</b>	<b>Number</b>
Doctor's degree		290
Master's degree		7,019
Bachelor's degree		10,663
Associate's degree and below		1,040
Total		19,012

Composition of the Group's staff by profession



- All business unit employees
- IT staffs
- Financial staffs
- Administrative staffs
- Others (including clearing & settlement, risk management, legal, compliance, supervision and audit)

Education level of the Group's staff



- Doctor's degree
- Master's degree
- Bachelor's degree
- Associate's degree and below

## Remuneration policy

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

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

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

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

## Directors, Supervisors, Senior Management and Employees

The Company has no share option program for now.

For the remuneration of the Company' employees during the Reporting Period, please refer to Note 10 to the Financial Statements.

### Training program

In terms of employee training, since 2020, due to the pandemic, the Company has transformed part of the face-to-face training into online training. Instead of reducing the number of training courses for employees, more choices have been offered. During the period when China was facing severe pandemic and the employees were isolated at home, the Company successively launched the Online Learning Course Package during the Home Isolation Period (《居家隔離期間網絡學習課程包》), Special Online Training Course Package for Stranded Persons Due to the Pandemic (《因疫情滯留人員專項線上培訓課程包》), etc. After the resumption of production and work, the Company organized pilot program training, Yangfan program training and Qihang program training for management and reserve cadres, the school recruitment training and social recruitment training for new employees, as well as the “Investment Star” (投資之星) training program for business talents in accordance with the annual training plan, which were held both online and onsite. In terms of on-the-job training for employees, the Company organized annual promotion training and on-the-job training for various levels, and continued to hold a series of lectures on the “CITIC Securities Lecture” and “Workplace Gas Station” on a monthly basis, to help their career development.

### Information on brokers

As at the end of the Reporting Period, the Company, CITIC Securities (Shandong) and CITIC Securities South China had a total of 13 brokers, of which 8 are engaged by the Company. The Company has established a comprehensive system for management of brokers and a confirmed organization system, practicing conditions, scope of authorities and standards of behavior as well as an established filing and inquiry systems for the brokers. Each broker of the Company has obtained a securities broker certificate before becoming a practitioner and would engage in activities such as customer solicitation and customer services by relying on or through the marketing channels provided by the Company's Securities Business Department. When engaging in practice, the broker would, in accordance with the requirements, present his securities broker certificate to the customer to indicate his agency relationship with the Company, and shall carry out his work within the scope of agency authorities, agency period and practicing geographical location as specified in the agency contract. The Company has incorporated management of brokers into the front office management system of its Securities Business Department, and carries out daily supervision over the occupational behaviors of the brokers. The Company has established and improved the customer feedback system by collecting feedbacks from customers solicited and served by the brokers, and making complete records thereof. In addition, the Company has special regulations for brokers on issues such as compliance management and trainings.

# Corporate Governance Report

## Overview of Corporate Governance

The Company is committed to excellence and strives to become a domestically leading and internationally first-class Chinese investment bank most trusted by clients around the world. For details of the Company's corporate strategy and long-term operational model, please refer to "Management Discussion and Analysis" of this report.

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

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

## Dealing in Securities by Directors, Supervisors and Related Employees

According to the domestic regulatory requirements, the 23rd Meeting of the Third Session of the Board of the Company considered and approved the Measures for the Management of the Holdings in the Shares of CITIC Securities Company Limited by Directors, Supervisors and Senior Management and Relevant Changes (hereinafter referred to as the "**Management Measures**") on 13 March 2008, to regulate the behavior of holdings of and dealings in the Shares of the Company by Directors, Supervisors and Senior Management of the Company. The Management Measures are stricter than the compulsory provisions in the Model Code for Securities Transactions by Directors of Listed Issuers (hereinafter referred to as the "**Model Code**") set out in Appendix 10 to the Hong Kong Listing Rules. Having made enquires, all Directors, Supervisors and Senior Management had confirmed that they had strictly complied with the relevant provisions of the Management Measures and the Model Code during the Reporting Period. For details about the shareholdings of the Directors, Supervisors and Senior Management in the Company, please refer to "Changes in the Shares held by and information on remuneration of Directors, Supervisors and Senior Management held office or resigned during the Reporting Period or as at the date of the 2020 Annual Results Announcement of the Company" in this report.

## Shareholders and the General Meetings

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

## Corporate Governance Report

Pursuant to Article 93 of the Articles of Association of the Company, Shareholder(s) that hold, individually or collectively, 10% or more of the Shares in the Company have the right to request in writing the Board to hold an extraordinary general meeting. The Board shall give a written response on whether or not it agrees to hold such an extraordinary general meeting within 10 days after receipt of such request. If the Board agrees to hold an extraordinary general meeting, it shall issue a notice for such meeting within five days after it has so resolved. If the Board disagrees with the holding of an extraordinary general meeting or fails to give a response within 10 days after receipt of such request, Shareholder(s) that hold, individually or collectively, 10% or more of the Shares in the Company shall have the right to propose in writing the Supervisory Committee to hold an extraordinary general meeting. If the Supervisory Committee agrees to hold an extraordinary general meeting, it shall issue a notice for such meeting within five days after receipt of such request. Shareholder(s) that hold, individually or collectively, 10% or more of the Shares in the Company for 90 consecutive days or more may convene and chair such meeting on its or their own.

In addition, pursuant to Article 98 of the Articles of Association of the Company, the Board, the Supervisory Committee and Shareholder(s) that hold, individually or collectively, 3% or more of the Shares in the Company shall have the right to put forward proposals to the Company at the general meeting of the Company. Shareholder(s) that hold, individually or collectively, 3% or more of the Shares in the Company may submit provisional proposals in writing to the convener 10 days prior to the date of the general meeting. The convener shall, within two days after receipt of the proposal, issue a supplemental notice of the general meeting to announce the contents of such provisional proposal. Otherwise, the convener shall not, after the issue of the notice of general meeting, make any change to the proposals having been set forth in such notice or add any new proposals.

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

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

The 2019 Annual General Meeting of the Company was held at Beijing Ruicheng Four Seasons Hotel on 23 June 2020, through a combination of on-site voting and online voting. Ten ordinary resolutions were considered and approved at the meeting. Under the joint election of Directors, this general meeting was chaired by Mr. YANG Minghui, the Executive Director of the Company, and Directors, Supervisors and certain members of the Senior Management of the Company attended the meeting.

The 2020 First Extraordinary General Meeting of the Company was held at Beijing Ruicheng Four Seasons Hotel on 18 August 2020, through a combination of on-site voting and online voting. One special resolution was considered and approved at the meeting. This general meeting was chaired by Mr. ZHANG Youjun, the Chairman of the Company, and Directors, Supervisors and certain members of the Senior Management of the Company attended the meeting.

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

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

Name of Director	Position	Required attendance at general meetings held		Attendance		
		during the year	Actual attendance	by proxy	Absence	Attendance rate
ZHANG Youjun	Executive Director and Chairman	2	2	–	–	100%
YANG Minghui	Executive Director and President	2	2	–	–	100%
WANG Shuhui	Non-executive Director	1	1	–	–	100%
LIU Ke	Independent Non-executive Director	2	2	–	–	100%
HE Jia	Independent Non-executive Director	2	2	–	–	100%
ZHOU Zhonghui	Independent Non-executive Director	2	2	–	–	100%

Note: During the term of office of Mr. WANG Shuhui in 2020, the Company held one general meeting, and he attended the meeting.

## The Board and the Operation Management

### Composition of the Board

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

As at the end of the Reporting Period, the Seventh Session of the Board consisted of six Directors, including two executive Directors (Mr. ZHANG Youjun and Mr. YANG Minghui), one non-executive Director (Mr. WANG Shuhui) and three independent non-executive Directors (Mr. LIU Ke, Mr. HE Jia and Mr. ZHOU Zhonghui), and the independent non-executive Directors represented more than one third of the Board. Mr. ZHANG Youjun is the Chairman of the Board.

Directors (including executive Directors, non-executive Directors and independent non-executive Directors) are elected by the general meeting for a term of three years commencing from the date on which their appointments are approved at the general meeting and their qualifications as directors of securities companies are approved by the CSRC (whichever is later). Directors are eligible for re-election upon the expiration of their terms. The terms of independent non-executive Directors are the same as the other Directors, but shall not be re-elected for more than two consecutive sessions. In accordance with relevant requirements of Rule 3.13 of the Hong Kong Listing Rules, the Company has received the annual written confirmation from each independent non-executive Director with regard to his independence. Based on these confirmations and the relevant information available to the Board, the Company continues to confirm their independence.

# Corporate Governance Report

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

## Duties and responsibilities of the Board

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

The Board shall exercise the following major functions and powers in accordance with the Articles of Association of the Company: to convene general meeting and report its work to the general meeting; to report at the annual general meeting and to disclose the performance of duties by the directors in the annual report, including the attendance of Board meetings and votes of the directors during the reporting period; to implement the resolutions of the general meeting; to decide on the business plans and investment plans of the Company; to formulate the annual financial budget plan and the final account plan of the Company; to formulate the profit distribution plan and loss recovering plan of the Company; to formulate proposals for the increase or reduction of the registered capital, the issuance of bonds or other securities and the listing plan of the Company; to prepare plans for material acquisitions, purchase of the Company's Shares, or merger, separation, dissolution or change of the corporate form of the Company; to decide on the external investment, acquisition and disposal of assets, mortgage of assets, external guarantee, entrusted wealth management and related party/connected transactions of the Company in accordance with the laws and regulations or the listing rules of the stock exchange where the Company's shares are listed or within the scope of the authorisation of the general meeting; to decide on the establishment of the internal management structure of the Company; to appoint the President, Compliance Officer, Chief Risk Officer and Board Secretary, and assess and determine their remuneration, rewards and punishments; to appoint members of the Executive Committee, Chief Financial Officer and other Senior Management of the Company pursuant to the nominations by the Chairman or the President and determine their remuneration, rewards and punishments; to decide on the dismissal of the above-mentioned Senior Management (including but not limited to the person who assume the primary or leadership responsibility for the occurrence of major compliance risks); to formulate the basic management system of the Company; to formulate the amendment to the Articles of Association of the Company; to manage information disclosures of the Company; to propose to the general meeting on the engagement or replacement of the accounting firms of the Company who conduct audit for the Company; to listen to the work report and check the work of the President of the Company; to consider and approve the fundamental system of compliance management and overall risk management of the Company; to consider and approve the risk appetite, risk tolerance and major risk limits of the Company; to consider the regular risk assessment reports of the Company; to listen to the work report of the Chief Compliance Officer and Chief Risk Officer; to consider and approve the annual compliance report; to assess the effectiveness of compliance management and procure solutions for the problems existed in the compliance management; to consider the information technology management objectives and assume responsibilities for the effectiveness of the information technology management; to perform other duties and powers granted under relevant laws, administrative regulations and departmental rules.



## Responsibilities of the Operation Management

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

During the Reporting Period, various management works of the Company were progressed steadily, and the Senior Management performed their duties properly. The management work achieved positive results, and the Company's business results and main business are in top tier of the industry. The Company further improved its risk and compliance management system, enriched monitoring means and measures for risk prevention, controlled and reduced various types of risk and compliance incidents, promoted the comprehensive, refined, automated, and intelligent construction of information system, enhanced data governance and utilization, strengthened the management and application of core data of human resources, and improve the tracking of performance during the process. The Company also promoted the construction of an integrated domestic and overseas financial management system, strengthened cost management and control, and improved the efficiency of financial centralization and intensification.

## Performance of duties by Directors

### Board meeting and attendance of Directors

During the Reporting Period, the Board held fifteen meetings:

- (1) During the 2nd Meeting of the Seventh Session of the Board held on 11 February 2020 by means of teleconference, the Board considered and unanimously approved the Proposal on Authorizing the Chairman to Perform the Duties of Board Secretary, the Proposal on the Appointment of Securities Affairs Representative and the Proposal on the Change of Company Secretary and Authorized Representative.
- (2) During the 3rd Meeting of the Seventh Session of the Board held on 6 March 2020 by means of teleconference, the Board considered and unanimously approved the Proposal on Entering into the Supplemental Agreement on the Acquisition of Assets by Issuance of Shares and Related Party Transactions and the Proposal on Compensation by Counterparties based on Impairment Test in the Restructuring Transaction.

## Corporate Governance Report

- (3) During the 4th Meeting of the Seventh Session of the Board held at CITIC Securities Tower in Beijing on 19 March 2020 by means of on-site combined with teleconference, the Board considered and unanimously approved the 2019 Assessment Report on the Internal Control, the Audit Report on the Internal Control, the 2019 Compliance Report, the 2019 Evaluation Report on the Compliance Management Effectiveness, the 2019 Anti-money Laundering Work Report, the Proposal on the Amendments to the Integrity Practices of CITIC Securities Company Limited, the 2019 Integrity Practice Management Report, the 2019 Comprehensive Risk Management Report, the Proposal on the Total Remuneration of the Senior Management of the Company for 2019, the Proposal on Annual Assessment on Chief Compliance Officer of the Company, the Special Report on Information Technology Management for 2019, the 2019 Corporate Governance Report, the 2019 Audit Work Report, the 2019 Social Responsibility Report and the Proposal on the Authorization of Convening the 2019 Annual General Meeting, and agreed to submit the 2019 Annual Report, the Proposal on the 2019 Profit Distribution Plan, the Proposal on the Re-appointment of Accounting Firms, the Proposal on the Total Remuneration of Directors of the Company for 2019, the 2019 Work Report of the Board, the Proposal on the Estimated Investment Amount for the Proprietary Business of the Company for 2020, the Proposal on Granting the Board a General Mandate by the General Meeting to Issue Additional A Shares and H Shares of the Company, the Proposal on the Estimation of Related Party/Continuing Connected Transactions Contemplated in the Ordinary Course of Business in 2020, the Proposal on the Amendments to the Articles of Association, the Proposal on the Nomination of Non-Executive Director and Appointments of Members of the Specialized Committees under the Board of the Company and the Duty Performance Report of Independent Non-executive Directors for 2019 to the 2019 Annual General Meeting of the Company for consideration.
- (4) During the 5th Meeting of the Seventh Session of the Board held on 28 April 2020 by means of teleconference, the Board considered and unanimously approved the 2020 First Quarterly Report, the Proposal on the Change of Registered Capital of the Company and the Amendments to the Articles of Association and the Proposal on the Acquisition of 100% Equity Interest in Guangzheng Lingxiu Investment Company Limited.
- (5) During the 6th Meeting of the Seventh Session of the Board held on 7 May 2020 by means of teleconference, the Board considered and unanimously approved the Proposal on the Construction of the CITIC Financial Center Project and the Proposal on the Authorization to the Operation Management to Decide on the New Establishment and Dissolution of Securities Branches.
- (6) During the 7th Meeting of the Seventh Session of the Board held on 5 June 2020 by means of teleconference, the Board considered and unanimously approved the Proposal on the Withdrawal of Certain Resolutions of 2019 Annual General Meeting of the Company.
- (7) During the 8th Meeting of the Seventh Session of the Board held on 12 June 2020 by means of teleconference, the Board considered and unanimously approved the Proposal on the Amendments to the Articles of Association and the Proposal on the Convening of the 2020 First Extraordinary General Meeting.
- (8) During the 9th Meeting of the Seventh Session of the Board held on 23 July 2020 by means of teleconference, the Board considered and unanimously approved the Proposal on the Increase of Capital in CITIC Securities International Co., Ltd. and the Proposal on the Non-exercise of the Right of First Refusal and Formation of Joint Investment Relationship with Related Party.

- (9) During the 10th Meeting of the Seventh Session of the Board held on 28 July 2020 by means of teleconference, the Board considered and unanimously approved the Proposal on the Withdrawal of the Resolution of 2020 First Extraordinary General Meeting of the Company, the Proposal on the Amendments and Improvements to the Articles of Association and the Proposal on the Postponement of 2020 First Extraordinary General Meeting of the Company.
- (10) During the 11th Meeting of the Seventh Session of the Board held on 14 August 2020 by means of teleconference, the Board considered and unanimously approved the Proposal on the Change of Authorized Representative of the Company in Hong Kong and the Proposal on Considering the Standardization and Rectification Plan of Asset Management Business of the Company.
- (11) During the 12th Meeting of the Seventh Session of the Board held on 24 August 2020 by means of teleconference, the Board considered and unanimously approved the Proposal on Considering the 2020 Interim Report of CITIC Securities Company Limited, the Proposal on Considering the 2020 Interim Compliance Report of CITIC Securities Company Limited and the Proposal on Considering the 2020 Interim Comprehensive Risk Management Report of CITIC Securities Company Limited.
- (12) During the 13th Meeting of the Seventh Session of the Board held on 30 August 2020 by means of teleconference, the Board considered and unanimously approved the Proposal on Considering the 2019 Money Laundering Risk Assessment Report of the Company.
- (13) During the 14th Meeting of the Seventh Session of the Board held on 16 September 2020 by means of teleconference, the Board considered and unanimously approved the Proposal on the Investment through Overseas Subsidiaries.
- (14) During the 15th Meeting of the Seventh Session of the Board held on 29 October 2020 by means of teleconference, the Board considered and unanimously approved the 2020 Third Quarterly Report of the Company.
- (15) During the 16th Meeting of the Seventh Session of the Board held on 20 November 2020 by means of teleconference, the Board considered and unanimously approved the Proposal on Reducing Capital in CITIC Securities South China Company Limited and the Proposal on the Amendments to the Administrative Measures on Anti-Money Laundering.

## Corporate Governance Report

During the Reporting Period, the attendances of Directors at the Board meetings are as follows:

Name of Director	Position	Required attendance at Board meetings held during the year	Actual attendance	Attendance by proxy	Absence	Attendance rate
ZHANG Youjun	Executive Director, Chairman	15	15	—	—	100%
YANG Minghui	Executive Director, President	15	15	—	—	100%
WANG Shuhui	Non-executive Director	8	8	—	—	100%
LIU Ke	Independent Non-executive Director	15	15	—	—	100%
HE Jia	Independent Non-executive Director	15	15	—	—	100%
ZHOU Zhonghui	Independent Non-executive Director	15	15	—	—	100%
Board meetings held during the year:				15		
Among which, number of on-site meetings:				—		
Number of meetings held via tele-communications:				14		
Number of meetings held by means of on-site combined with tele-communications:				1		

Note: During the term of office of Mr. WANG Shuhui in 2020, the Company convened eight Board meetings, and he attended all the meetings.

### Implementation of resolutions approved at the General Meetings by the Board

- (1) On 26 June 2018, the Resolution on the Re-authorization of Issuances of Onshore and Offshore Corporate Debt Financing Instruments by the Company was considered and approved at the 2017 Annual General Meeting of the Company. During the Reporting Period, the status of implementation of such resolution is as follows:

Date of Issue	Issuing Entity	Type of Debt Financing	
		Instrument	Remaining Size
<b>Implementation Status of the Authorization by the 2017 Annual General Meeting</b>			
February 2019– November 2019	CITIC Securities Company Limited	RMB bonds	RMB18.2 billion
February 2020– November 2020	CITIC Securities Company Limited	RMB bonds	RMB70.6 billion
23 July 2019	CITIC Securities Company Limited	Financial bonds	RMB9 billion
April 2019– May 2019	CITIC Securities Company Limited	RMB subordinated bonds	RMB5.5 billion
March 2020	CITIC Securities Company Limited	RMB subordinated bonds	RMB2 billion
January 2019– December 2020	CITIC Securities Company Limited	Beneficiary certificates	RMB31.898 billion
10 December 2018	CITIC Securities Finance MTN Co., Ltd.	USD medium-term notes	US\$300 million (equivalent to RMB1.95747 billion)
24 October 2019	CITIC Securities Finance MTN Co., Ltd.	USD medium-term notes	US\$700 million (equivalent to RMB4.56743 billion)
3 June 2020	CITIC Securities Finance MTN Co., Ltd.	USD medium-term notes	US\$1 billion (equivalent to RMB6.5249 billion)

Note: The equivalent RMB amount of the US dollar amount is calculated based on the Renminbi central parity ratio at the end of 2020 (US\$1=RMB6.5249).

- (2) On 27 May 2019, the 2019 First Extraordinary General Meeting of the Company considered and approved the acquisition of 100% equity interest in Guangzhou Securities by issuance of Shares. The acquisition of 100% equity interest in former Guangzhou Securities by issuance of Shares was completed in March 2020.

The Proposal on the Change of Registered Capital of the Company and the Amendments to the Articles of Association of the Company was considered and approved at the 5th Meeting of the Seventh Session of the Board of the Company, pursuant to which, it was agreed to change the registered capital of the Company to RMB12,926,776,029, and to amend relevant provisions of the Articles of Association of the Company. On 27 May 2020, the Company obtained the approval by the Shenzhen Market Supervision and Regulation Bureau on the change of registered capital and completed the filing in relation to the changes in the Articles of Association of the Company. The amended Articles of Association of the Company took effect on 28 April 2020.

## Corporate Governance Report

- (3) On 23 June 2020, the 2019 Profit Distribution Plan was considered and approved at the 2019 Annual General Meeting of the Company. The cash dividend was denominated and declared in RMB and paid in RMB to the A Shareholders and in HKD to the H Shareholders. All cash dividends have been fully paid on 21 August 2020.
- (4) On 23 June 2020, the Resolution on Re-appointment of Accounting Firms was considered and approved at the 2019 Annual General Meeting of the Company. Pursuant to the resolution, the Company appointed PwC Zhong Tian and PwC Hong Kong as the external auditors of the Company for 2020 and PwC Zhong Tian as the audit firm for the internal control of the Company in 2020. On 18 March 2021, PwC issued unqualified audit reports and the Audit Report on the Internal Control for the Company.
- (5) On 31 December 2019, the Resolution on the Amendments to the Articles of Association of the Company was considered and approved at the 2019 Second Extraordinary General Meeting of the Company, pursuant to which, it was agreed that the Company will make corresponding amendments to certain articles in the Articles of Association of Company and its Appendices in accordance with the regulatory requirements after taking into consideration the condition of the Company. The amended Articles of Association of the Company took effect on 1 March 2020.
- (6) On 18 August 2020, the Resolution on the Amendments and Improvements to the Articles of Association of the Company was considered and approved at the 2020 First Extraordinary General Meeting of the Company, pursuant to which, it was agreed to amend and improve the Articles of Association of the Company. The amendments added relevant content in accordance with Article 19 of the Company Law and the relevant requirements regarding incorporation of Party-building work into the articles of association of financial enterprises. The amended Articles of Association of the Company took effect on 18 August 2020.

### Training of Directors

Training of Directors is a continuous program. The Company will arrange induction training for all newly appointed Directors according to their experiences and backgrounds. The Company will also provide relevant various kinds of reading materials to newly appointed Directors to enhance their knowledge and understanding about the corporate culture and operation of the Group. The training and reading materials generally include brief introduction about the structure, business and corporate governance of the Group, as well as an introduction on the securities industry and investment banking business in China.

In addition, every Director will receive a guideline on code of conduct and other documents when joining the Board. During the Reporting Period, the Directors were periodically or occasionally provided with reporting information about the business operations of the Group, as well as the introduction on the changes and latest development of the relevant legislative and regulatory environment. Besides, the Company also encourages all Directors to participate in relevant training courses at the cost of the Company. All Directors have provided regular training records to the Company.

During the Reporting Period, the Directors of the Company attached great importance to updating their professional knowledge and skills to cater for the needs of the Company's development, the methods and the details are as follows:

Name	Position	Methods and Details of the Training
ZHANG Youjun	Executive Director, Chairman	<p>In April 2020, Mr. ZHANG participated in the Interpretation of the new Securities Law training organized by the China Association for Public Companies. In June 2020, he participated in the 2020 first central group (larger) learning seminar of the Party Committee of CITIC Group to learn and implement the spirit of the "Two Sessions" and grasp the current economic situations. In July 2020, he participated in the collective study seminar and special party class of the central group of the Party Committee of CITIC Group, to deeply grasp the political attributes of state-owned enterprises and resolutely achieve a clear-cut stand for politics. From August to September 2020, he participated in the Rotational Training on the conference spirit of the Fourth Plenary Session of the 19th Central Committee of the CPC of the Party Committee of CITIC Group. In September 2020, he participated in the analysis of the impact of the new Securities Law on the practice of listed companies organized by The Listed Companies Association of Shanghai. In November 2020, he participated in the Quality Improving Conference for Public Companies in Shenzhen jurisdiction organized by the Shenzhen Securities Regulatory Bureau and co-organized by the Shenzhen Public Companies Association; participated in the special party class of the Company's Party Committee to learn the important speech of the CPC Secretary General at the Central Party School of the CPC, and improve the ability to solve practical problems; participated in the special learning seminar of the Company's Party Committee center group on the study of the Party Constitution; participated in central group (larger) learning seminar of the Party Committee of CITIC Group to learn and implement the conference spirit of the Fifth Plenary Session of the 19th Central Committee of the CPC. From November to December 2020, he attended the column learning of brief history of state-owned enterprises organized by China E-learning Academy for Leadership. In December 2020, he participated in central group (larger) learning seminar of the Party Committee of CITIC Group to learn the Party's Regulations and strengthen the Party building of state-owned enterprises; participated in the special learning seminar on XI Jinping The Governance of China III and on studying and implementing the spirit of the Fifth Plenary Session of the 19th Central Committee of the CPC organized by the central group of the Company's Party Committee.</p>

## Corporate Governance Report

Name	Position	Methods and Details of the Training
YANG Minghui	Executive Director	<p>In April 2020, Mr. YANG participated in the Interpretation of the new Securities Law training organized by the China Association for Public Companies. In June 2020, he participated in the 2020 first central group (larger) learning seminar of the Party Committee of CITIC Group to learn and implement the spirit of the “Two Sessions” and grasp the current economic situations. In July 2020, he participated in the collective study seminar and special party class of the central group of the Party Committee of CITIC Group, to deeply grasp the political attributes of state-owned enterprises and resolutely achieve a clear-cut stand for politics. From August to September 2020, he participated in the Rotational Training on the conference spirit of the Fourth Plenary Session of the 19th Central Committee of the CPC of the Party Committee of CITIC Group. In September 2020, he participated in the analysis of the impact of the new Securities Law on the practice of listed companies organized by The Listed Companies Association of Shanghai. In November 2020, he participated in the Quality Improving Conference for Public Companies in Shenzhen jurisdiction organized by the Shenzhen Securities Regulatory Bureau and co-organized by the Shenzhen Public Companies Association; participated in the special learning seminar of the Company’s Party Committee center group on the study of the Party Constitution; participated in central group (larger) learning seminar of the Party Committee of CITIC Group to learn and implement the conference spirit of the Fifth Plenary Session of the 19th Central Committee of the CPC. From November to December 2020, he attended the column learning of brief history of state-owned enterprises organized by China E-learning Academy for Leadership. In December 2020, he participated in central group (larger) learning seminar of the Party Committee of CITIC Group to learn the Party’s Regulations and strengthen the Party building of state-owned enterprises; participated in the learning experience exchange meeting of the center group on theory study of the Party Committee of CITIC Group to deeply study and implement XI Jinping Thought on Socialism with Chinese Characteristics for a New Era; participated in the special learning seminar on XI Jinping The Governance of China III and on studying and implementing the spirit of the Fifth Plenary Session of the 19th Central Committee of the CPC organized by the central group of the Company’s Party Committee.</p>



Name	Position	Methods and Details of the Training
WANG Shuhui	Non-executive Director	<p>In May 2020, Mr. WANG attended the special trainings on Provisions regarding Full Implementation of the Principal Roles with respect to Strict CPC Governance by the Party Committee (Group) and the Regulations on the Work of Basic Organizations of the State-owned Enterprises of the Communist Party of China (Trial) organized by Yuexiu Financial Holdings. From July to October 2020, Mr. WANG attended the fifth to eighth lectures of the 2020 network training series for chairman and general manager of listed companies organized by the China Association for Public Companies. In September 2020, he attended the interpretation of the impact of new Securities Law on the practice of listed companies, which was organized by The Listed Companies Association of Shanghai; and participated in the Meeting of Yuexiu Group Party Committee Theoretical Central Learning Group (larger) and the Civil Code Interpretation Session. In November 2020, Mr. WANG attended the Meeting on Improvement of the Quality of Listed Companies in Shenzhen held by the Shenzhen Securities Regulatory Bureau and co-organized by Shenzhen Public Companies Association; attended the in-camera meeting “Financial development of Guangdong facing the 14th ‘Five-Year’” organized by the Local Financial Supervision and Administration Bureau of Guangdong Province; and attended the 2020 training course for chairman of listed companies in Guangdong organized by the Guangdong Securities Regulatory Bureau. In December 2020, Mr. WANG attended the seminar class for study and implementation of the spirit of the important instructions of General Secretary Xi Jinping from his important lectures at the 40th anniversary celebration for the establishment of the Shenzhen Special Economic Zone and during the inspection of Guangdong and for the study and implementation of the spirit of the Fifth Plenary Session of the 19th Central Committee of the CPC by municipal government officials in Guangzhou.</p>
LIU Ke	Independent Non-executive Director	<p>In August 2020, Mr. LIU participated in the second follow-up training for independent directors of listed companies in 2020 organized by the SSE and obtained a certificate. In September 2020, he attended the interpretation of the impact of new Securities Law on the practice of listed companies, which was organized by The Listed Companies Association of Shanghai. In November 2020, Mr. LIU attended the Meeting on Improvement of the Quality of Listed Companies in Shenzhen held by the Shenzhen Securities Regulatory Bureau and co-organized by Shenzhen Public Companies Association. In December 2020, Mr. LIU attended the training on major regulatory policies and ESG Reporting Guide of the Hong Kong Stock Exchange organized by PwC Zhong Tian for independent directors of the company in 2020; and read the Interpretation of the Securities Law of the PRC.</p>

# Corporate Governance Report

Name	Position	Methods and Details of the Training
HE Jia	Independent Non-executive Director	In August 2020, Mr. HE participated in the second follow-up training for independent directors of listed companies in 2020 organized by the SSE and obtained a certificate. In September 2020, he attended the interpretation of the impact of new Securities Law on the practice of listed companies, which was organized by The Listed Companies Association of Shanghai. In November 2020, Mr. HE attended the Meeting on Improvement of the Quality of Listed Companies in Shenzhen held by the Shenzhen Securities Regulatory Bureau and co-organized by Shenzhen Public Companies Association. In December 2020, he attended the training on major regulatory policies and ESG Reporting Guide of the Hong Kong Stock Exchange organized by PwC Zhong Tian for independent directors of the company in 2020.
ZHOU Zhonghui	Independent Non-executive Director	In June 2020, Mr. ZHOU participated in the video course learning for independent directors organized by the SSE STAR Market and obtained a certificate. In September 2020, Mr. ZHOU attended the interpretation of the impact of new Securities Law on the practice of listed companies, which was organized by The Listed Companies Association of Shanghai. In November 2020, Mr. ZHOU attended the Meeting on Improvement of the Quality of Listed Companies in Shenzhen held by the Shenzhen Securities Regulatory Bureau and co-organized by Shenzhen Public Companies Association. In December 2020, he attended the first training course for directors and supervisors of listed companies in 2020 organized by The Listed Companies Association of Shanghai; and attended the training on major regulatory policies and ESG Reporting Guide of the Hong Kong Stock Exchange organized by PwC Zhong Tian for independent directors of the company in 2020.

## Measures implemented by the Board in respect of corporate governance

During the Reporting Period, the major measures that the Board implemented in respect of corporate governance are as follows:

- (1) Corporate governance of the Company and related recommendations: Faced with the complex economic and market environment of 2020, the Board and the specialized committees of the Board carried out on-going understanding on the status of the Company and market condition as well as requirements of regulations, promoted the Company to further streamline the internal management processes, to enhance the internal control mechanism and to build up and improve the risk management system.
- (2) Development of Directors and Senior Management: The Company provided professional trainings for Directors and Senior Management to perform their duties and timely provided relevant materials in relation to securities industry and the development updates of the Company to provide convenience for them to perform their duties.

- (3) Compliance management of laws and regulations: The Board made amendments to certain articles of the Articles of Association of the Company and its appendices in accordance with the requirements of relevant laws and regulations and normative documents as revised by regulatory authorities and taking into consideration the Company's operation and development needs.

The Company amended the Integrity Practices of the Company in accordance with the Regulations on the Integrity of Securities and Futures Operation Institutions and their Employees issued by the CSRC. The amendments were preliminarily reviewed by the 2020 1st meeting of the Risk Management Committee of the Board and were considered and approved at the 4th Meeting of the Seventh Session of the Board, which took effect from 19 March 2020.

The Company amended the Administrative Measures on Anti-Money Laundering of the Company in accordance with the Guidelines on Risk Management of Money Laundering and Terrorism Financing of Corporate Financial Institutions (Trial), the Preliminary Evaluation of Anti-Money Laundering Classification and Rating in 2019 issued by the Anti-Money Laundering Bureau of the People's Bank of China, and the 2019 Institutional Money Laundering Risk Assessment Report of CITIC Securities considered and approved by the 13th Meeting of the Seventh Session of the Board. The amendments were preliminarily reviewed by the 4th meeting of the 2020 Risk Management Committee of the Board and were considered and approved at the 16th Meeting of the Seventh Session of the Board, which took effect from 24 November 2020.

- (4) Corporate Governance Report: The Board reviewed the Corporate Governance Report before the publishment of the 2020 Annual Results Announcement of the Company and was of the view that the Corporate Governance Report complied with the relevant requirements of the Hong Kong Listing Rules.

## Chairman

Mr. ZHANG Youjun serves as the Chairman of the Company. The Chairman is the Company's legal representative, whose responsibilities are to take charge of the operation of the Board and to ensure that the Board acts in the best interest of the Company, that the Board operates effectively, fulfills its duties and considers all important and appropriate issues, and that the Directors can receive information in an accurate, timely and clear manner.

## President

Mr. YANG Minghui serves as the President of the Company. The President is responsible for presiding over the Company's daily work, which mainly includes, organizing to carry out the Board's resolutions, organizing the implementation of the Company's annual business plan and investment plan, formulating the Company's basic management system, formulating the specific rules and regulations of the Company, drafting plans for the establishment of the Company's internal management structure, proposing the appointment or dismissal of Senior Management other than the President, the Compliance Officer and the Board Secretary, deciding on the appointment or dismissal of management personnel other than those required to be appointed or dismissed by the Board, implementing the risk control system of the Company, ensuring that the Company meets the requirements of the risk control indicators set by the CSRC, and exercising other powers granted by the Articles of Association of the Company and the Board of the Company. The President shall be accountable to the Board and report his work to the Board.

# Corporate Governance Report

## Non-executive Directors

The Company currently has four non-executive Directors, three of which are independent non-executive Directors. For details about the terms of office of the non-executive Directors, please refer to the section headed “Directors, Supervisors, Senior Management and Employees” of this report.

## Specialized Committees under the Board

The Seventh Session of the Board has established the Strategic Planning Committee, the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee, the Risk Management Committee and the Related Party Transactions Control Committee, which are responsible for assisting the Board to perform its duties from various aspects. During the Reporting Period, the specialized committees of the Board cordially performed their duties, actively discussed the changes in internal and external environment, participated in the collective decision-making of material matters of the Company, and provided a number of constructive and professional opinions and recommendations on the rapid and healthy development of the Company. In response to the financial situation of global economic, the national macroeconomic policies and the regulatory requirements on the securities industry, specialized committees of the Board affirmed the Company’s strategic goals and made recommendations to the Board in respect of deeply advancing the internationalization process, improving internal control, preventing business risks, exploring more efficient management structures, establishing incentive policies matching with the industry positioning of the Company and other aspects. During the Reporting Period, none of the committee members raised objection to the matters being considered.

During the Reporting Period, meetings held by the specialized committees of the Board are as follows:

### Strategic Planning Committee

The primary responsibilities of the Strategic Planning Committee of the Board are: to understand and master the overall operations of the Company; to understand, analyze and master the current conditions of the international and domestic industries; to understand and master relevant policies of China; to research on the short-term, mid-term and long-term development strategies of the Company and other related issues; to advise on the long-term development strategies, major investments, reforms and other major decisions of the Company; to review and approve the special research reports on development strategies; and to issue routine research reports on a regular or irregular basis.

The Strategic Planning Committee of the Company currently comprises four members, namely, Mr. ZHANG Youjun, an executive Director, Mr. YANG Minghui, an executive Director, Mr. WANG Shuhui, a non-executive Director and Mr. LIU Ke, an independent non-executive Director. The chairman of the Strategic Planning Committee is Mr. ZHANG Youjun, an executive Director.

During the Reporting Period, the Strategic Planning Committee held five meetings in total, details of which are as follows:

<b>Date of Meeting</b>	<b>Proposals Passed</b>
27 March 2020	Proposal on the Acquisition of 100% Equity Interest in Guangzheng Lingxiu Investment Company Limited
22 July 2020	Proposal on the Increase of Capital in CITIC Securities International Co., Ltd.
15 September 2020	Proposal on the Investment Through Overseas Subsidiaries
19 November 2020	Proposal on Reducing Capital in CITIC Securities South China Company Limited
31 December 2020	Proposal on Adjusting the Settings of the General Administration Department

All members of the Strategic Planning Committee attended the above meetings.

### **Audit Committee**

The primary responsibilities of the Audit Committee of the Board are: to make recommendations to the Board on the appointment and removal of the auditors of the Company; to approve the remuneration and terms of engagement for the auditors; to review and monitor the independence and objectivity of the external auditors and the effectiveness of the auditing procedures in accordance with applicable standards; to review the financial information of the Company and its disclosure; to review the financial control, internal control and risk management systems of the Company; and to review the financial and accounting policies and practices of the Company.

The Audit Committee of the Company currently comprises three members, namely, Mr. ZHOU Zhonghui, Mr. LIU Ke and Mr. HE Jia, each an independent non-executive Director. The chairman of the Audit Committee is Mr. ZHOU Zhonghui, an independent non-executive Director.

During the Reporting Period, the Audit Committee held seven meetings in total. The Audit Committee convened its meetings, considered relevant matters and made decisions in accordance with the Rules of Procedure of the Audit Committee of the Board of the Company, and made efforts to enhance the efficiency of its work and the soundness of its decision-making. The Audit Committee diligently performed its duties, and actively participated in the preparation, audit and disclosure of annual financial reports according to the Working Procedures of the Audit Committee of the Board for Annual Reports. It ensured the independence of audit, enhanced the audit quality, and protected the overall interests of the Company and its Shareholders.

The Audit Committee and its members have fully played their roles of audit and supervision according to the relevant laws and regulations, diligently performed their duties and made great contributions to improving corporate governance structure and enhancing the audit quality.

The Audit Committee prudently reviewed the financial status of the Company and examined the financial statements prepared by the Company, and considered that the Company's financial system is under stable operation and the financial status is good. Besides, the Board, through the Audit Committee, also reviewed and was satisfied with the adequacy of resources, staff qualifications and experience, training programmes for employees and relevant budget in relation to the Company's accounting and financial reporting functions.

# Corporate Governance Report

Major accomplishments of the Audit Committee in 2020 included:

- reviewing periodic financial reports
- reviewing the summary of the internal audits and approving the annual internal audit plan
- reviewing the major findings on the audits of the internal audit departments and external auditors, and responses of the management to the recommendations on such audits
- reviewing the effectiveness of the internal control system and adequacy of accounting and financial reporting functions
- reviewing the statutory scope of review of the external auditors
- considering the fee and appointment of the external auditors
- reviewing and monitoring the independence of the external auditors and the non-audit services provided by them

Meetings of the Audit Committee during the Reporting Period and up to the date of the 2020 Annual Results Announcement of the Company are as follows:

<b>Date of Meeting</b>	<b>Proposals Passed</b>
6 March 2020	Report of PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers Regarding the Company's Preliminary Audit Results for 2019, Proposal on the Re-appointment of Accounting Firms, 2019 Audit Work Report, Audit Work Plan of the Company for 2020
17 March 2020	Proposal on Considering the Audit Work Summary of PwC, Proposal on Considering the Performance Report of the Audit Committee of the Board of the Company for 2019, the 2019 Annual Report, the 2019 Assessment Report on the Internal Control, the Audit Report on the Internal Control
27 April 2020	the 2020 First Quarterly Report
11 August 2020	Proposal on Considering the 2020 Interim Work Review of the Company
23 August 2020	Proposal on Considering the 2020 Interim Report of the Company
27 October 2020	the 2020 Third Quarterly Report of the Company
16 December 2020	Proposal on Considering the 2020 Audit Plan of CITIC Securities Company Limited
4 March 2021	Report of PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers Regarding the Company's Preliminary Audit Results for 2020, Proposal on the Re-appointment of Accounting Firms, Proposal on Provision for Expected Credit Losses of the Company for 2020, Audit Work Report of the Company for 2020, Audit Work Plan of the Company for 2021
17 March 2021	the 2020 Annual Audit Work Summary of PwC, the Performance Report of the Audit Committee of the Board for 2020, the 2020 Annual Report, the 2020 Assessment Report on the Internal Control, the Audit Report on the Internal Control

All members of the Audit Committee attended the above meetings. They carefully reviewed the meeting documents beforehand, making full preparation for performing their duties. During the process of considering the relevant proposals at the meetings, all the members put forward pertinent suggestions leveraging on their own professional background and experience, and actively guided the Company for relevant improvements.

Overview of audit work of the Company:

PwC carried out the 2020 audit work on the Company mainly by two stages, the preliminary audit and year-end audit. PwC adopted the “Integrated Audit” method to complete the audit work in combination of the audit on financial statements and the audit on internal control. At the preliminary audit stage, PwC conducted the audit on internal control and carried out internal control testing at the enterprise level and the business process level under the Chinese Certified Public Accountants Auditing Standards, the Guidelines for Audit on Enterprise Internal Control and the Opinions on the Implementation of the Guidelines for Audit on Enterprise Internal Control issued by the Chinese Institute of Certified Public Accountants. Meanwhile, the IT auditors of PwC also asked for information about and conducted testing on major computer systems used by the Company. At the year-end audit stage, PwC focused on the implementation of principal accounting policies and the application of critical accounting judgements and accounting estimations adopted by the Company. PwC conducted detailed testing such as external confirmations, review and re-calculation and substantive analysis to conduct audit on financial statements items.

In order to successfully complete the audit on the 2020 annual financial statements of the Company and procure PwC to issue relevant reports within the agreed period, the Audit Committee of the Sixth Session of the Board authorized the Planning and Financial Department of the Company to supervise on PwC in relation to the planning of audit work, impairments of goodwill, valuation of financial instruments, impairments of financing business, judgement on scope of consolidation, audit progress, timing of initial draft and final draft of the audit report, etc. during the auditing period. The Audit Committee convened the 2020 7th meeting of the Audit Committee of the Seventh Session of the Board of the Company on 16 December 2020 by means of on-site combined with tele-communications, at which the Audit Committee considered and unanimously approved the 2020 Audit Plan of the Company. On 18 March 2021, PwC issued the unqualified audit reports for the Company within the scheduled time.

In addition, the Audit Committee conducted an annual appraisal on PwC. In the appraisal, major considerations of the Audit Committee include requirements of the laws and regulations of the Mainland China and Hong Kong and relevant professional provisions in relation to the external auditors, and the external auditors’ compliance with such laws, regulations and provisions and their overall performance during the Reporting Period. The Audit Committee is also responsible for reviewing the independence of PwC to ensure that the reports issued by PwC can provide truly and objective opinions. The Audit Committee has received a written confirmation from PwC on their independence and objectivity prior to the audit of the Company’s 2020 financial statements. PwC shall not offer any other non-audit service unless otherwise specially approved, to ensure that their judgment and independence in the audit are not undermined. The Audit Committee of the Board was of the opinion that PwC conducted its independent audit on the 2020 financial statements of the Company in a diligent, fair and objective manner, and successfully completed the annual audit work.

# Corporate Governance Report

On 17 March 2021, the Audit Committee conducted a preliminary review on the 2020 Assessment Report on the Internal Control and the Audit Report on Internal Control of the Company, and was of the view that the internal control system of the Company was effective and well-performed, and the sound development of the Company is effectively secured. For details of the evaluation of the Board on the internal control of the Company and relevant information, please refer to “Disclosure of appraisal report on the internal control” in this Chapter.

## Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee of the Company currently comprises three members, namely, Mr. LIU Ke, Mr. HE Jia and Mr. ZHOU Zhonghui, each an independent non-executive Director. The chairman of the Remuneration and Appraisal Committee is Mr. LIU Ke, an independent non-executive Director.

The primary responsibilities of the Remuneration and Appraisal Committee of the Board are: to establish and implement the performance appraisal system that is adapt to the changing market, the remuneration policy that has competitive edge, and the reward and punishment and incentive measures that are linked to the operating performance of the Company, and make recommendations to the Board on the remuneration and its structure of all the Directors and Senior Management and on the establishment of a formal and transparent procedure for developing remuneration policy; to review the performance of the Directors and Senior Management, carry out annual performance appraisals over them, and review and approve performance-based remuneration; and to monitor the implementation of the remuneration system of the Company.

Major accomplishments of the Remuneration and Appraisal Committee in 2020 included:

- reviewing the performance of the Directors and Senior Management, and carrying out annual performance appraisals over them
- reviewing the remuneration level of the Directors and Senior Management and making recommendations to the Board in this regard
- supervising the implementation of the remuneration system of the Company

During the Reporting Period, the Remuneration and Appraisal Committee held one meeting in total, details of which are as follows:

<b>Date of Meeting</b>	<b>Proposals Passed</b>
19 March 2020	Proposal on the Total Remuneration of the Directors of the Company for 2019, Proposal on the Total Remuneration of Senior Management of the Company for 2019, the Proposal on Annual Assessment on Chief Compliance Officer of the Company, Proposal on Considering the Report of the Duty Performance of the Remuneration and Appraisal Committee of the Board of the Company in 2019, Proposal on Considering the Achievement of Performance Targets in 2019 and the Implementation Plan of Annual Performance-based Remuneration Policy for Senior Management of the Company, Proposal on Considering the Pre-distribution Plan of Senior Management Loyalty Award of the Company in 2019



All members of the Remuneration and Appraisal Committee attended this meeting.

During the Reporting Period, the Remuneration and Appraisal Committee supervised the implementation of the remuneration system of the Company, and was of the opinion that the Company strictly implemented the remuneration system established by the Board, and that the information about the remuneration of the Directors, Supervisors and Senior Management disclosed in the 2020 Annual Report of the Company was true, accurate and complete, and in compliance with the relevant requirements of the CSRC and the Hong Kong Stock Exchange.

### Nomination Committee

The Nomination Committee of the Company currently comprises three members, namely, Mr. LIU Ke, an independent non-executive Director, Mr. HE Jia, an independent non-executive Director and Mr. ZHANG Youjun, an executive Director. The chairman of the Nomination Committee is Mr. LIU Ke, an independent non-executive Director.

The primary responsibilities of the Nomination Committee of the Company are: to review the structure, number and composition of the Board (including skills, knowledge, experience and diversity of the Board members), make recommendations on any proposed changes to the Board, if necessary, to match up with the strategies of the Company; to study the selection criteria and procedures of the Directors and Senior Management and make recommendations to the Board, to ensure that the Board members possess skills, experience and diversified views and perspectives required and suitable for the operation and development of the Company; to conducted extensive searches for qualified candidates for the Directors and Senior Management, review and give suggestions on the candidates and select and nominate relevant candidates of Directors or make recommendations to the Board in this regard; to assess the independence of the independent non-executive Directors; to make recommendations to the Board on relevant matters on the appointment or re-appointment of the Directors and succession plan for Directors; and to report its decisions or recommendations to the Board.

In order to achieve Board diversity, the Terms of Reference of the Nomination Committee of the Board of the Company clearly states that the Nomination Committee should select the Director candidates based on objective standards, and relevant standards include but are not limited to:

- considering a combination of factors, such as gender, age, cultural and educational background, as well as professional experience of the Director candidates
- considering the Company's business features and future development needs, etc.

The Nomination Committee selects Director candidates and periodically reviews the measurable objectives of selecting Director candidates, including but not limited to, gender, age, culture background, education background, professional experience, years of service, etc., based on the abovementioned diversity principles. After taking into comprehensive consideration of the Company's business and development needs, the Nomination Committee believes that the current session of the Board fully reflects a diversified composition in terms of skills, experience, knowledge and independence. As at the date of this report, the composition of the Board from the view of diversity is summarized as follows: (1) education background: among the six current Directors, three of them hold Doctor's degree and the other three hold Master's degree; (2) age: among the six current Directors, three of them are at or beyond the age of 60 and the other three are below the age of 60; and (3) role: among the six current Directors, two of them are executive Directors, one of them is non-executive Director and the other three are independent non-executive Directors.

# Corporate Governance Report

The Company provides the Nomination Committee with sufficient resources to perform its duties. The Nomination Committee may, if necessary, seek independent professional advice when performing its duties at the Company's expense.

The Nomination Committee conducted preliminary review on the nomination of Mr. WANG Shuhui as the non-executive Director of the Company in 2020.

During the Reporting Period, the Nomination Committee held one meeting in total, details of which are as follows:

<b>Date of Meeting</b>	<b>Proposals Passed</b>
19 March 2020	Proposal on the Nomination of the Non-executive Director and Appointments of Members of the Specialized Committees under the Board of the Company

All members of the Nomination Committee attended this meeting.

Pursuant to the Articles of Association of the Company, Director candidates shall be nominated by the Board or the Shareholders who individually or jointly hold more than 3% of the shares in the Company. The appointment of each of the Director candidates shall be submitted to the general meeting for approval by way of resolution.

Before the Director candidates are presented to the Board, the Nomination Committee must conduct a review and examination on the list and make recommendations to the Board and the Shareholders. The Nomination Committee will review the biography of each of the candidates, conduct due diligence and evaluate the candidates' skills, knowledge, experience and diversification, etc.

## **Risk Management Committee**

The Risk Management Committee of the Company currently comprises four members, namely, Mr. YANG Minghui, an executive Director, Mr. WANG Shuhui, a non-executive Director, Mr. HE Jia, an independent non-executive Director and Mr. ZHOU Zhonghui, an independent non-executive Director. The chairman of the Risk Management Committee is Mr. YANG Minghui, an executive Director.

The primary responsibilities of the Risk Management Committee of the Board are: to develop the overall risk management policy for the Board's review; to prescribe strategic structures and resources used for the risk management of the Company, and make them compatible with the internal risk management policy of the Company; to formulate the threshold of major risks; and to supervise, examine and make recommendations to the Board on the relevant risk management policies.

During the Reporting Period, the Risk Management Committee held four meetings in total and considered various reports in relation to risk control, compliance management and internal control and governance, details of which are as follows:

<b>Date of Meeting</b>	<b>Proposals Passed</b>
17 March 2020	the 2019 Assessment Report on the Internal Control, the Audit Report on the Internal Control, the 2019 Compliance Report, the 2019 Evaluation Report on the Compliance Management Effectiveness, the 2019 Anti-money Laundering Work Report, the 2019 Integrity Practices Management Report, Proposal on the Amendments to the Regulations on the Integrity practices of CITIC Securities Company Limited, the 2019 Comprehensive Risk Management Report, the Special Report on Information Technology Management for 2019
23 August 2020	the 2020 Interim Compliance Report of CITIC Securities Company Limited, the 2020 Interim Comprehensive Risk Management Report of CITIC Securities Company Limited
29 August 2020	the 2019 Money Laundering Risk Assessment Report of CITIC Securities Company Limited
19 November 2020	Proposal on Revising the Administrative Measures on Anti-Money Laundering

All members of Risk Management Committee attended the above meetings.

### **Related Party Transactions Control Committee**

The Related Party Transactions Control Committee of the Company currently comprises three members, namely, Mr. HE Jia, Mr. LIU Ke and Mr. ZHOU Zhonghui, each an independent non-executive Director. The chairman of the Related Party Transactions Control Committee is Mr. HE Jia, an independent non-executive Director.

The primary responsibilities of the Related Party Transactions Control Committee of the Board are: to establish and amend the related party/connected transactions management system of the Company and monitor its implementation; to identify the list of related parties/connected persons of the Company and report it timely to the Board and the Supervisory Committee; to define the types of the related party/connected transactions and determine their approval procedures, standards and other matters; to review contemplated major related party/connected transactions of the Company with any related parties/connected persons, form a written opinion to the Board for review and report the same to the Supervisory Committee; and to review the information disclosure of any related party/connected transaction.

# Corporate Governance Report

During the Reporting Period, the Related Party Transactions Control Committee held four meetings, details of which are as follows:

<b>Date of Meeting</b>	<b>Proposals Passed</b>
6 March 2020	Proposal on Entering into the Supplemental Agreement on the Acquisition of Assets by Issuance of Shares and Related Party Transactions and the Proposal on Compensation by Counterparties based on Impairment Test in the Restructuring Transaction
27 March 2020	Proposal on the Estimation of Related Party/Continuing Connected Transactions Contemplated in the Ordinary Course of Business of the Company in 2020
23 July 2020	Proposal on the Non-exercise of the Right of First Refusal and Formation of Joint Investment Relationship with Related Party
23 August 2020	Proposal on Considering the Implementation of Related Party/Continuing Connected Transactions in the Ordinary Course of Business of the Company in the First Half of 2020

All members of the Related Party Transactions Control Committee attended the above meetings.

## Performance of Duties by Independent Non-executive Directors

### Work in relation to periodic reports

#### Preparation and review of 2019 Annual Report

All of the independent non-executive Directors of the Company are members of the Audit Committee. On 6 March 2020, the 2020 1st meeting of the Audit Committee of the Seventh Session of the Board of the Company listened to the reports of PwC Zhong Tian and PwC Hong Kong on the preliminary audit results of 2019 Annual Report, conducted reviews on the Audit Work Plan of the Company for 2020, and preliminarily considered the Proposal on the Re-appointment of Accounting Firms and the 2019 Audit Work Report of the Company.

On 17 March 2020, the 2020 2nd meeting of the Audit Committee of the Seventh Session of the Board of the Company considered the Proposal on Considering the Audit Work Summary of PwC and the Proposal on Considering the Report of the Audit Committee of the Board of the Company on the Performance of Duties in 2019, agreed to submit the 2019 Annual Report, the 2019 Assessment Report on Internal Control, and the Audit Report on the Internal Control to the Board of the Company for review.

#### Preparation and review of 2020 Annual Report

On 16 December 2020, the 2020 7th meeting of the Audit Committee of the Seventh Session of the Board considered and approved the 2020 Audit Plan of CITIC Securities Company Limited.

On 4 March 2021, the Company's independent non-executive Directors listened to the report of the Management, the Chief Financial Officer and audit institutions on the operation, financial condition and audit of the Company in 2020. As members of the Audit Committee, all the independent non-executive Directors of the Company considered the Report of PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers regarding Preliminary Audit Results of 2020 Annual Report of the Company and 2021 Audit Work Plan of the Company and preliminarily considered the Proposal on the Re-appointment of Accounting Firms, Proposal on the Accrual of Credit Impairment Loss of the Company for 2020, and 2020 Audit Work Report of the Company.

On 17 March 2021, as members of the Audit Committee, all of the independent non-executive Directors of the Company considered the 2020 Annual Audit Work Summary of PwC and the Performance Report of the Audit Committee of the Board for 2020, and conducted preliminary reviews on the 2020 Annual Report, the 2020 Assessment Report on the Internal Control, and the Audit Report on the Internal Control.

### **Review of related party/connected transactions**

On 6 March, 27 March, 23 July and 23 August 2020, respectively, the independent non-executive Directors of the Company, as members of the Related Party Transactions Control Committee, preliminarily considered the Proposal on Entering into the Supplementary Agreement on the Acquisition of Assets by Issuance of Shares and Related Party Transactions, the Proposal on Compensation by Counterparties Based on Impairment Test in the Restructuring Transactions, and the Proposal on the Estimation of Related Party/Continuing Connected Transactions to be Contemplated in the Ordinary Course of Business of the Company in 2020, considered the Proposal on the Non-exercise of the Right of First Refusal and Formation of Joint Investment Relationship with Related Party and the Proposal on Considering the Related Party/Continuing Connected Transactions in the Ordinary Course of Business of the Company in the First Half of 2020.

On 6 March 2020, the independent non-executive Directors of the Company issued the Prior Approval Opinions and Independent Opinions about the relevant matters in the 3rd Meeting of the Seventh Session of the Board in relation to the acquisition of assets by issuance of shares and related party transaction.

On 7 May, 20 July and 2 September 2020, respectively, the independent non-executive Directors of the Company conducted special voting on the 2020 budget of related party transactions with the newly added related persons, the joint establishment of fund with related parties, and the lease contracts with related persons.

On 22 July and 23 July 2020, the independent non-executive Directors of the Company issued the Prior Approval Opinions and Independent Opinions on the Non-exercise of the Right of First Refusal and Formation of Joint Investment Relationship with Related Party.

### **Other performance of duties**

On 16 March 2020, the independent non-executive Directors of the Company gave a special explanation and issued independent opinions about the relevant matters in the 4th Meeting of the Seventh Session of the Board in relation to the guarantees, the related party/connected transactions, the profit distribution, the re-appointment of accounting firms and the total remuneration of the Directors and Senior Management.

On 7 August 2020, the independent non-executive Directors of the Company issued their independent opinions on that there were no de facto controller of the Company.

### **Establishment and improvement of working system in relation to the independent non-executive Directors and performance of independent non-executive Directors**

In order to improve the corporate governance structure, promote the regulated operations, safeguard the overall interests of the Company and protect the lawful rights and interests of all Shareholders, particularly the minority Shareholders, the Working System for Independent Directors of the Company officially came into force on 28 July 2008 after it was considered and approved at the 28th Meeting of the Third Session of the Board. The contents of the system include: qualifications of independent Directors; nomination, election and replacement of independent Directors; special powers of independent Directors; independent opinions of independent Directors; necessary conditions being provided for independent Directors; and working system regarding the annual report.

# Corporate Governance Report

During their term of office, all independent non-executive Directors complied with relevant requirements of the laws, regulations and the Articles of Association of the Company, and had devoted sufficient time and energy to performing their duties. When making an independent judgment, the independent non-executive Directors were not affected by the substantial Shareholders of the Company or any other entity or individual having an interest in the Company; and they endeavored to protect the interests of the Company and minority Shareholders.

The independent non-executive Directors actively participated in all the meetings of the Board. Among the members of the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee and the Related Party Transactions Control Committee of the Board, the Company has appointed the requisite number of independent non-executive Directors as required by their respective rules, and the chairman of each of the specialized committees is assumed by an independent non-executive Director. All the chairmen of the committees convened the meetings according to the relevant rules of procedure.

## Supervisors and the Supervisory Committee

The Supervisory Committee is the supervisory body of the Company and is accountable to the general meeting. According to the Company Law and the Articles of Association of the Company, the Supervisory Committee is responsible for overseeing the financial activities and internal control of the Company, and the legality and compliance of the Board, the Operation Management and its members in the performance of their duties.

In 2020, the Supervisory Committee of the Company strictly complied with the Company Law, the Articles of Association of the Company and other relevant requirements, lawfully and diligently performed its duties, observed the relevant procedures, attended all on-site meetings of the Board and general meetings, made reports to the general meeting and submitted its working report and relevant proposals. Based on the spirit of being accountable to all Shareholders, the Supervisory Committee effectively supervised the legality and compliance of the Company's finance and the performance of duties by the Board and the Operation Management of the Company.

## Meetings of the Supervisory Committee and attendance of Supervisors during the Reporting Period

In 2020, the Supervisory Committee of the Company convened 6 meetings in total. Details of which are as follows:

1. During the 2nd Meeting of the Seventh Session of the Supervisory Committee of the Company held on 6 March 2020 by means of teleconference, the Supervisory Committee considered and unanimously approved the Proposal on Entering into of the Supplementary Agreement on Matters in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions and the Proposal on Compensation by Counterparties Based on Impairment Test in the Restructuring Transactions.
2. During the 3rd Meeting of the Seventh Session of the Supervisory Committee of the Company held on 19 March 2020 by means of on-site combined with tele-communications at CITIC Securities Tower, Beijing, the Supervisory Committee agreed to submit the 2019 Annual Report, the Proposal on 2019 Profit Distribution Plan, 2019 Work Report of the Supervisory Committee, and the Proposal on the Total Remuneration of the Supervisory Committee for 2019, to the Company's 2019 Annual General Meeting for consideration, considered and unanimously approved the 2019 Social Responsibility Report, and conducted reviews on the 2019 Assessment Report on the Internal Control, the 2019 Audit Work Report, the 2019 Comprehensive Risk Management Report, the 2019 Integrity Practice Management Report and the 2019 Compliance Report.

3. During the 4th Meeting of the Seventh Session of the Supervisory Committee of the Company held on 28 April 2020 by means of teleconference, the Supervisory Committee considered and unanimously approved the 2020 First Quarterly Report of the Company and issued written review opinions.
4. During the 5th Meeting of the Seventh Session of the Supervisory Committee of the Company held on 24 June 2020 by means of teleconference, the Supervisory Committee considered and unanimously approved the Proposal on Election of the Chairman of the Supervisory Committee of the Company.
5. During the 6th Meeting of the Seventh Session of the Supervisory Committee of the Company held on 24 August 2020 by means of teleconference, the Supervisory Committee considered and unanimously approved the 2020 Interim Report of the Company and issued written review opinions, as well as conducted reviews on the 2020 Interim Compliance Report of the Company and 2020 Interim Comprehensive Risk Management Report of the Company.
6. During the 7th Meeting of the Seventh Session of the Supervisory Committee of the Company held on 29 October 2020 by means of teleconference, the Supervisory Committee considered and unanimously approved the 2020 Third Quarterly Report of the Company, and issued written review opinions.

During the Reporting Period, the attendances of Supervisors at the meetings of the Supervisory Committee are as follows:

Name of the Supervisor	Position	Required attendance at meetings of the Supervisory Committee during the year	Actual attendance	Attendance at on-site meetings		Attendance by proxy	Absence	Means of attending on-site meetings
				by other means				
ZHANG Changyi	Supervisor, Chairman of the Supervisory Committee	3	3	—	—	—	—	—
GUO Zhao	Supervisor	6	6	1	—	—	—	Teleconference
RAO Geping	Supervisor	6	6	1	—	—	—	Teleconference
LI Ning	Employee Representative Supervisor	6	6	—	—	—	—	On-site
NIU Xuekun	Employee Representative Supervisor	6	6	—	—	—	—	On-site
Meetings of the Supervisory Committee held during the year						6		
Of which: number of meetings held on-site						—		
Number of meetings held via tele-communications						5		
Number of meetings held by means of on-site combined with tele-communications						1		

Note: During the term of office of Mr. ZHANG Changyi in 2020, the Company held 3 meetings of Supervisory Committee and he attended all the meetings.

# Corporate Governance Report

## Participating in the audit project of the Company and conducting on-site inspections

To ensure the Supervisors to perform their supervision duties, the Supervisory Committee continued to strengthen supervision and inspection of the Company's day-to-day operations. In particular, combined with the Company's audit project, the Supervisors of the Company participated in the on-site opinion exchange sessions on audit held by the Auditing Department about relevant departments, outlets and subsidiaries, and visited some of the subsidiaries.

In 2020, the Supervisory Committee of the Company completed 4 on-site activities in total, details of which are as below:

On 14 August 2020, the Chairman of the Supervisory Committee ZHANG Changyi, Supervisor RAO Geping, and Employee Representative Supervisor NIU Xuekun went to Hujialou Outlet in Beijing to participate in the on-site opinion exchange sessions on audit held by the Auditing Department about the outlet and conducted on-site exchange.

From 19 to 21 August 2020, Chairman of the Supervisory Committee ZHANG Changyi, Supervisor GUO Zhao, Employee Representative Supervisor LI Ning and NIU Xuekun went to the Shaanxi Branch Office of CITIC Securities, learned about the branch office's operational compliance and risk control, participated in the on-site opinion exchange sessions on audit held by the Auditing Department about the Shaanxi Branch Office, and visited the local outlets, unified customer contact center, CITIC Futures Shaanxi Branch Office and other places, and conducted on-site exchange with employees.

From 17 to 18 September 2020, the Chairman of the Supervisory Committee ZHANG Changyi, Supervisor GUO Zhao, RAO Geping, and Employee Representative Supervisor LI Ning and NIU Xuekun went to the Shenzhen Branch Office of CITIC Securities, learned about the branch office's operational compliance and risk control, participated in the on-site opinion exchange sessions on audit held by the Auditing Department about Shenzhen Branch Office and conducted on-site exchange.

From 27 to 28 October 2020, the Chairman of the Supervisory Committee ZHANG Changyi, Supervisor GUO Zhao, RAO Geping, and Employee Representative Supervisor LI Ning went to the Zhejiang Branch Office of CITIC Securities, learned about the branch office's operational compliance and risk control, participated in the on-site opinion exchange sessions on audit held by the Auditing Department about the Zhejiang Branch Office and conducted on-site exchange.

Through on-site inspections, the ways for the Supervisors to perform their duties were further enriched, which improved their understanding of the Company's operations and basic conditions, and effectively enhanced the capabilities of the Supervisor of the Company to supervise the operation and management activities of the Company.

## Independent opinions of the Supervisory Committee

During the Reporting Period, the Supervisors attended all on-site meetings of the Board and general meetings. They supervised and inspected the operation in compliance with laws, major decisions, major business activities and the financial position of the Company. On the basis of the above, the following independent opinions were given:

1. The Company managed to operate in strict compliance with the Company Law, the Securities Law, the Articles of Association of the Company and the relevant rules and regulations of the State, and the decision-making procedure of the Company was legal. The Company was able to continuously improve its internal control system, and none of the Directors and Senior Management was involved in any violation of laws or disciplines or other acts that may harm the interests of the Company when performing their duties. The Supervisory Committee of the Company had no disagreement in relation to any supervisory matters during the Reporting Period.



2. The financial position of the Company was sound. The financial report for 2020 had been audited by PwC. The auditors had issued their audit reports with unqualified opinions, which gave a true and fair view of the financial position and the business performance of the Company.
3. During the Reporting Period, the Company issued 12 tranches of public corporate bonds with an issuance size of RMB65 billion in total and one tranche of non-public corporate bonds with an issuance size of RMB5.6 billion. The Company issued one tranche of non-public subordinated bonds with an issuance size of RMB2 billion, proceeds of which were used to replenish the working capital of the Company and repay debt financing instruments. The Company issued 13 tranches of short-term Commercial Papers with an issuance size of RMB61 billion in total, proceeds of which were used to replenish the liquidity capital, and issued 2,540 tranches of beneficiary certificates with an issuance size of RMB115.727 billion in total, proceeds of which were used to replenish the working capital of the Company. The Company established special proceeds accounts for various tranches of corporate bonds and subordinated bonds in accordance with the Administrative Measures for the Issuance and Trading of Corporate Bonds, to receive, deposit and transfer proceeds and to organize and manage the payment of interest and redemption of principal. As at the end of the Reporting Period, proceeds of each tranche of bonds were completely used, which was in line with the usage, using plan and other agreements in the prospectuses.
4. Acquisitions or disposals of assets were made by the Company at reasonable prices. No insider dealings were found, nor was there any circumstances which may jeopardize the interests of part of the Shareholders or cause any loss to the Company's assets.
5. The relevant related party/connected transactions of the Company were fair, in compliance with laws and not prejudicial to the interests of the Company.
6. The Board Secretary is designated to be responsible for information disclosure as well as receiving incoming calls, visits and enquiries and other activities from investors. The Company has designated China Securities Journal, Shanghai Securities News and Securities Times as the newspapers for information disclosure of the Company, and the website of the SSE at <http://www.sse.com.cn> and the HKEXnews website of the Hong Kong Stock Exchange at <http://www.hkexnews.hk> as the websites for information disclosure of the Company. The Company had been in strict compliance with the provisions and requirements of the relevant laws and regulations and the Management Measures on Information Disclosure to truly, accurately, timely and completely disclose relevant information and ensure that all Shareholders were given equal opportunities to be informed of the relevant information.

During the Reporting Period, the Management Measures on Information Disclosure, Registration System for Person Informed of Inside Information and other relevant systems of the Company were effectively implemented, the Company's information disclosure was further regulated, the Company's information disclosure management level and quality of information disclosure were enhanced, the principle of fairness of information disclosure was maintained, and the legal rights of investors were protected. Meanwhile, the Management Measures on Information Disclosure and the Company's internal system provided clear requirements on the reporting, delivery, review and disclosure procedures for significant matters of the Company and it was implemented well.

# Corporate Governance Report

7. The written review opinions on the annual report prepared by the Board were as follows:

The preparation and approval procedures of the annual report of the Company were in compliance with all the requirements under the relevant laws and regulations, the Articles of Association of the Company and the internal management systems of the Company;

Contents and format of the annual report were in compliance with the relevant requirements of the regulatory authorities, and information disclosed therein can completely and truly reflect the operational and financial conditions and other matters of the Company for the year;

None of the persons involved in the preparation and review of the annual report had committed any action in breach of confidentiality requirements.

8. The Supervisory Committee of the Company reviewed the 2020 Profit Distribution Plan of the Company and considered that the 2020 Profit Distribution Plan of the Company formulated by the Board was in compliance with the requirements of the relevant laws, regulations and the regulatory documents of the Company and strictly performed the cash dividend decision-making procedure. The 2020 Profit Distribution Plan of the Company had given full consideration to the Company's internal and external factors, Company's current status, development plan, future capital requirements and the overall and long-term interest of the Shareholders. Consent has been given to submit this plan to the Shareholders' general meeting of the Company for consideration.
9. The Supervisory Committee of the Company reviewed the 2020 Assessment Report on Internal Control, the 2020 Compliance Report, the 2020 Integrity Practice Management Report, the 2020 Comprehensive Risk Management Report and the 2020 Audit Work Report of the Company, and they had no disagreement with the contents therein.

## Appointment of Auditors

Please refer to "Appointment or Termination of Service of Accounting Firms" of this report.

The Directors are responsible for the preparation of the accounts and the auditors are responsible for the issuance of audit opinions on the financial statements based on their audit work.

## Non-audit Work

During the Reporting Period, the Company engaged PwC Zhong Tian to provide non-audit services to the Company, including tax assurance, ESG report assurance and consultancy services, with a total of non-audit service fee of RMB3.04 million.

## Responsibilities of Directors for the Financial Statements

The following responsibility statement of Directors regarding the financial statements shall be read in conjunction with the responsibility statement of the certified public accountants included in the audit report of this report. Each responsibility statement shall be understood separately.

All Directors of the Company confirm that they have the responsibilities to compile the financial statements which can truly reflect the operating results of the Company in each financial year. To the best knowledge of all Directors, there are no events or situations which may cause material adverse impact on the ongoing operations of the Company.

## Company Secretary

The Company Secretary is accountable to the Board and ensures that various meetings of the Board are successfully convened according to the correct procedures; advises and recommends on issues related to corporate governance; and promotes the effective communication among members of the Board, and among the Directors, the Shareholders and the Operation Management of the Company.

The Company Secretary circulates the agenda on corporate governance for the Chairman, and provides sufficient explanation and information to the Board in a timely manner, especially the arrangement of annual Board meetings and meetings of the specialized committees; regularly provides Weekly Information and Monthly Management to the Board and the Supervisory Committee to keep update the Board and the Supervisory Committee on the latest development of the Company in a timely manner. The Company Secretary provides sufficient bases and recommendations on corporate governance, Board meeting procedures, non-executive Director's involvement in the internal management meetings, and non-executive Director's visits to the Company and other matters for the Board's review. The Directors are entitled to obtain the Company Secretary's opinions, recommendations and related services. During the Reporting Period, the Company Secretary duly performed her duties, ensured that the respective meetings of the Board of the Company are successfully convened and promoted the effective communication among members of the Board, and among the Directors, the Shareholders and the Operation Management of the Company.

During the Reporting Period, Ms. ZHENG Jing, the former Board Secretary of the Company, had concurrently served as the Company Secretary. Due to personal reasons, Ms. ZHENG Jing submitted her resignation report to the Board of the Company before the 2nd Meeting of the Seventh Session of the Board on 11 February 2020, and ceased to serve as the Board Secretary of the Company and resigned from her positions as the Company Secretary and other positions in the Company, with effect from 11 February 2020. The Board of the Company resolved at a meeting held on 11 February 2020 to appoint Ms. LIU Xiaomeng as the Authorized Representative of the Company and appoint Ms. LIU Xiaomeng and Ms. YU Hiu Kwan, Hilda as the Joint Company Secretaries, both with effect from 11 February 2020.

In order to better perform duties and in accordance with the Hong Kong Listing Rules and other relevant requirements, Ms. LIU Xiaomeng confirmed that she had received no less than 15 hours of relevant professional training during the Reporting Period, including: participated in the 52nd Seminar for Strengthening the Ongoing Professional Development of Affiliated Persons jointly organized by the Hong Kong Institute of Chartered Secretaries and the SSE; participated in the lecture of Governance, Risk & Compliance Series: G in ESG — Corporate Governance in Asia and Why It Matters to Investors held by the Hong Kong Institute of Chartered Secretaries; participated in the training on the new Securities Law held by the Shenzhen Public Companies Association; and participated in the training on the interpretation of revision of the Securities Law and the special training on compliance management in 2020 held by the Company. Ms. YU Hiu Kwan, Hilda also confirmed that she had received no less than 15 hours of relevant professional training during the Reporting Period, including Chinese Company Secretary Practices (business entities, establishment procedures, liquidation of wholly foreign-owned enterprises and representative offices), seminar on company secretary practices and the update on the corporate regulations in 2020.

# Corporate Governance Report

## Investor Relations

### Amendments to the Articles of Association

The Resolution on the Amendments to the Articles of Association of the Company was preliminarily reviewed at the 46th Meeting of the Sixth Session of the Board of the Company, and was considered and approved at the 2019 Second Extraordinary General Meeting, pursuant to which, it was agreed that the Company would make corresponding amendments to certain articles in the Articles of Association of the Company and its Appendices in accordance with the regulatory requirements after taking into consideration the condition of the Company. The amendments mainly involve the following seven aspects: amending the articles in relation to share repurchase in accordance with the amended Company Law; further improving the governance structure and operating mechanism of the Company in accordance with the amended Code of Corporate Governance for Listed Companies; amending the articles in relation to share repurchase and corporate governance in accordance with the Guidelines for the Articles of Association of Listed Companies; updating relevant articles in accordance with the amendments to the SSE Listing Rules; specifying the role of the Chief Information Officer as a member of the senior management and the duties of the Board and the Executive Committee in relation to the information technology governance; including the regulatory requirements in relation to the share ownership management of the securities companies and other relevant contents in the Articles of Association of the Company; further clarifying the scope of authorization of the general meeting and the Board. The amended Articles of Association of the Company and its Appendixes took effect on 1 March 2020.

The Proposal on the Change of Registered Capital of the Company and the Amendments to the Articles of Association of the Company was considered and approved at the 5th Meeting of the Seventh Session of the Board of the Company, pursuant to which, it was agreed to change the registered capital of the Company to RMB12,926,776,029, and to amend relevant articles of the Articles of Association of the Company. According to the authorization under the Proposal on the Authorization to the Board to Deal with Matters Relating to the Transaction at Its Discretion as considered and approved at the 2019 First Extraordinary General Meeting, this matter is not required to be separately submitted to the general meeting of the Company for consideration and approval. The amended Articles of Association of the Company took effect on 28 April 2020.

The Resolution on the Amendments and Improvements to the Articles of Association of the Company was preliminarily reviewed at the 10th Meeting of the Seventh Session of the Board of the Company, and was considered and approved at the 2020 First Extraordinary General Meeting, pursuant to which, it was agreed to amend and improve the Articles of Association of the Company. The amendments added relevant contents in accordance with Article 19 of the Company Law and the relevant requirements regarding incorporation of Party-building work into the articles of association of financial enterprises. The amended Articles of Association of the Company took effect on 18 August 2020.

### Work conducted relating to investor relations during the Reporting Period

The Board and the Operation Management of the Company value the investor relations work and actively participate in investor management work to enhance the investors' understanding of the Company, continuously promote work relating to corporate governance and investor protections.

In 2020, the Company upheld its principle of being open, fair and just, ensured the truthfulness, accuracy and completeness of the information disclosed and disseminated by the disclosures of statutory information. The Company communicates with its investors through telephone, email, online platform, receiving visits, and attending investor meetings with an active and open attitude, to ensure that all Shareholders, especially the minority Shareholders, can fully exercise their rights.

In 2020, the Company organized various communication activities for investors and analysts in accordance with the regulatory requirements and the needs for business development including: two general meetings were held to consider important issues such as the 2019 profit distribution, and amendment to the Articles of Association of the Company, with the presence of the Directors, Supervisors, Senior Management and heads of the relevant business divisions of the Company to explain matters to be discussed at the meetings, introduce the strategic goals and the latest development of the Company to the Shareholders and answer the Shareholders' inquiries, through which the Company was able to achieve satisfactory communication with the Shareholders. The internet press conference for the 2019 annual results and conference call for the publication of the 2020 interim results were held for overcoming the impact of the pandemic. We invited China Securities Investor Services Center (中證中小投資者服務中心) and small and medium-sized investors to participate in such conferences and promoted in-depth understanding of the investors on the operations and performance of the Company. The management of the Company actively communicated with investors, thereby effectively enhancing the investors' understanding of the investment values of the Company, comprehensively advertising the advantage of the Company's business development and effectively leading the market expectations. In 2020, the Company participated in the online reception day for investors of listed companies in Shenzhen administrative area to communicate and discuss the corporate strategy, risk control and financial technology. In addition, investor relations team of the Company maintained smooth and effective communication with investors and analysts, and timely exchanged views on hot topics in the market as well as updates in regulatory policies. The Company also ensured the investor hotline access rate, continuously optimized the function of the mailbox and the Company's website, timely updated the contents on SSE e-interaction platform, and replied to investors' questions to provide investors with a more convenient, quick, timely and comprehensive method to understand the development of the Company.

## Internal Control

### Statement of the Board regarding the responsibility of internal control

The Board is responsible for continuously supervising on the Company's risk management and internal control systems, and is responsible for them and for reviewing their effectiveness. The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve the business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

In accordance with the requirements of the corporate internal control standard system, it is the responsibility of the Board of the Company to establish, improve and effectively implement internal control, assess its effectiveness and truthfully disclose the assessment report on internal control. The Supervisory Committee oversees the establishment and implementation of internal control by the Board. The managers are responsible for organizing and steering the day-to-day operation of corporate internal control.

The goal of the Company's internal control is to provide a reasonable assurance for the legal compliance of the operation and management, safety of the assets, truthfulness and completeness of the financial reports and relevant information, improve operational efficiency and effectiveness so as to facilitate the realization of development strategies. Due to its inherent limitations, internal control can only provide a reasonable assurance for the achievement of the above objectives. Moreover, due to changes in circumstances may render the internal control to be inappropriate, or reduce the degree of compliance with policies and procedures of the internal control, predicting effectiveness of future internal control based on the assessment results of internal control may involve certain risks.

# Corporate Governance Report

The Audit Committee of the Board assists the Board in independently reviewing the Company's financial condition and the implementation and effects of the internal control system, and reviewing and supervising the results of the Company's internal audit work. There were no significant internal control issues found during the relevant review. The Board was of the view that the existing risk management and internal control systems were effective and sufficient during the year and as of the disclosure date of the 2020 Annual Results Announcement of the Company.

## **Procedures for identifying, assessing, and managing significant risks**

For the Company's procedures for identifying, assessing and managing significant risks please refer to the section "Risk Management" of this report.

## **Procedures for resolving severe deficiencies in internal control**

The Company conducts a self-evaluation of the risk management systems during its annual internal control assessment. If any defect is found, the Company will formulate a rectification plan to diminish the defect. Risk events and potential defects that arise in the day-to-day risk management work are effectively managed according to the procedures of risk management systems. Under its comprehensive risk management system, the Company regularly updates and revises risk management systems and processes so as to adapt to the changing risk exposures and management requirements. The Audit Department of the Company inspects the internal controls of each business and issues audit reports, offer advice for rectification and provides management proposals on issues found during the audit. The Compliance Department of the Company formulates defect rectification plans in accordance with laws and regulations as well as the regulatory requirements, and also responsible for the specific implementation of defect rectification work.

## **Basis of establishment of internal control over the financial report**

During the Reporting Period, the Company further established and improved internal control over financial reports continuously in accordance with requirements of the Basic Norms of Internal Control for Enterprises and its ancillary guidance, the Guidance for the Internal Control of Securities Companies, the Guidance for the Internal Control of Companies Listed on Shanghai Stock Exchange and other relevant laws, regulations and rules, after taking into account the specific situation of the Company.

According to the criteria for determining material weakness, significant deficiency and general deficiency as defined in the laws and regulations mentioned above, and also considering the factors including its scale, industry-specific features and risk level, the Company studied and defined the criteria suitable for the specific determination of internal control defects of the Company and kept it consistent with the criteria of the previous years.

Material weakness refers to one defect or a combination of defects in internal control that may cause the enterprise to materially deviate from the objectives of internal control. Significant deficiency refers to one defect or a combination of defects in internal control that with less severity and less severe economic consequences than a material defect, but it may still cause the enterprise to deviate from the objectives of internal control. General deficiency refers to other defect other than a material defect or a major defect.

According to the criteria outlined above and based on the findings on routine supervision and special supervision, it is concluded that the Company had a sound internal control system and mechanism during the Reporting Period. The Company has effectively implemented its internal control system and mechanism in its work, and no material or major defects were found in its internal control over the financial report of the Company.

### Overall view on establishment of the internal control system

The Company has attached great importance to the development of its internal rules and regulations and its management systems since the Company was established. Since the promulgation of the Basic Norms of Internal Control for Enterprises, the Guidance for the Internal Control of Securities Companies, and the Guidance for the Internal Control of Companies Listed on Shanghai Stock Exchange, the Company has further improved its internal control according to the relevant requirements and made consistent efforts to improve internal control in every aspect of its business development.

In 2011, as a key pilot company under the Shenzhen Securities Regulatory Bureau, the Company, from the prospective of a listed Company, had duly conducted the pilot regulating on internal control, and appointed the external consulting firms for assistance, and adopted the best practice and methodology on internal control from the external consulting firm. In 2012, the Company, from the prospective of a securities company, conducted and successfully completed its internal control activity in accordance with the Notice on Conducting Internal Control Activities among Securities Companies in Shenzhen Administrative Area, and further improved its internal control system. Since 2012, with the authorization of the Board of the Company, the Compliance Department of the Company has led the establishment of the internal control self-assessment working group of the Company to independently conduct the internal control self-assessment. After years of accumulating experience, the Company has established a relatively stable system of personnel allocation and responsibilities and cultivated its internal control self-assessment procedures and mechanism which are in line with the actual situations of the Company, thereby enabling the assessment results to reflect a real and accurate picture of the Company's internal control.

As of the end of the Reporting Period, the Company has established an internal control system in line with its business nature, scale and degree of complexity, as well as achieved remarkable results in ensuring the compliance of the Company's operations and management, safety of the assets, truthfulness and integrity of the financial reports and relevant information, and the improvement of business efficiency and effectiveness.

During the Reporting Period, the Company had effectively put in place an internal monitoring and control system, and the procedures and internal monitoring and control measures for processing and issuing price sensitive information, and clearly defined the frequency of reviews on internal control and the standards adopted by Directors to appraise the effectiveness of the internal monitoring and control system.

The Company has established, improved and implemented a set of systems, including the information segregation wall, the registration system of persons informed of undisclosed information, and the registration system of persons informed of insider information, according to the regulatory requirements. It effectively prevented the improper use and dissemination of sensitive information. Meanwhile, the Company disclosed the relevant information in a true, accurate, complete and timely manner strictly in compliance with the laws, regulations and the Articles of Association, and ensured that all investors have equal opportunities of promptly accessing the Company's information.

# Corporate Governance Report

## **Disclosure of appraisal report on the internal control**

As a Company concurrently listed domestically and abroad, the Company has disclosed the 2020 Annual Assessment Report on Internal Control together with the 2020 Annual Results Announcement of the Company. Pursuant to the requirements under the Basic Norms of Internal Control for Enterprises and its ancillary guidelines, the Rules No. 21 for Compilation and Submission of Information Disclosure by Companies that Offer Securities to the Public — General Rules of Annual Report on Internal Control Evaluation and other relevant laws and regulations, the Company conducted a self-appraisal on the effectiveness of the design and operation of the Company's internal control as at 31 December 2020. In respect of the business and matters within the appraisal scope, the Company has established and effectively implemented an internal control system which has achieved the objectives of the Company's internal control and without material or major defects. The Company will disclose the Audit Report of Internal Control at the same time of the 2020 Annual Results Announcement.

## **Establishment and implementation of the registration and administration system for persons informed of inside information**

In order to further improve the management system for information disclosures, upon consideration and approval by the Board, the Registration System for Persons Informed of Inside Information of the Company became effective from 29 September 2009. During the Reporting Period, the Company managed to achieve the due implementation of inside information management and registration of persons informed of inside information in accordance with the requirements under the Registration System for Persons Informed of Inside Information. The Company also maintained the relevant documents for inspection by the Company itself and relevant regulatory authorities, including a true and complete list of persons informed of inside information in various processes such as reporting, circulation, preparation, audit and disclosure prior to dissemination of such inside information, as well as the content and timing of such inside information became known to such persons. During the Reporting Period, the Company was not aware of any non-compliance with the Registration System for Persons Informed of Inside Information.

In addition, the Company set up the Registration System of Persons Informed of Undisclosed Information from the perspective of a securities company and established the information reporting mechanism and procedure regarding the information on persons informed of undisclosed information for various departments/business lines of the Company, specifying the responsibilities of the management personnel of undisclosed information in the Compliance Department and each department/business line, administrators of each department/business line and persons informed of undisclosed information in accordance with the requirements under the Notice Regarding Reinforcement of the Management of Persons Informed of Undisclosed Information by Securities Companies (Shen Zheng Ju Ji Gou Zi [2010] No. 126) issued by the Shenzhen Securities Regulatory Bureau. During the Reporting Period, in strict compliance with the Registration System of Persons Informed of Undisclosed Information, the Company conducted its registration of persons informed of undisclosed information quarterly, and, within the scope of responsibility of various departments/business lines of the Company, managed and registered the persons informed of undisclosed information in the course of business.



## Implementation of the Company's accountability system for material errors in information disclosure in the annual report

In order to further improve the Company's internal control system and reinforce the financial accountability system, the Board of the Company developed the Accountability System for Material Errors in Information Disclosure in the Annual Report, and this system became effective on 29 March 2010.

During the Reporting Period, the system had been implemented satisfactorily, and there had been no material accounting error, material omission of information which needed to be supplemented, or correction on the preliminary announcement on the Company's results.

## Other matters of report

### Establishment of the compliance management system

The Company has established and constantly improved a comprehensive and multi-level organizational structure and system for compliance management. The compliance management of the Company is led by the Board, supervised by the Supervisory Committee and implemented by the Compliance Officer and the Compliance Department. The Operating Management, head and the Compliance Supervisor of each department or business line, perform their duties of compliance management within their own scope of authorities, respectively. The Company has established and improved a system with the Compliance Management Provisions as the basic system, and the Staff Compliance Code, Compliance Consulting and Review System, Compliance Inspecting and Monitoring System, Client Complaints Reporting and Handling System, Compliance Report System, Compliance Assessment System and Administrative Measures on Contracts, and etc. as the comprehensive management system, with the Information Segregation Wall System, the Administrative Measures on Anti-Money Laundering, Employee's Securities Investment Behavior Management System, Integrity Practices and Investor Appropriateness Management System, and etc. as the special management system and with the management systems of various departments and branches as the specific working system. Compliance management has been embedded in the Company's ordinary course of operational management.

During the Reporting Period, the Company formulated (revised) 27 basic compliance management systems such as the System Management Provisions, Information Segregation Wall System, the Regulations on the Management of Employment Registration of Employees (former known as the Regulations on Management of Employees' Professional Qualifications), the Integrity Practices, the Investor Appropriateness Management System, the Client Complaints Reporting and Handling System, the Marketing Promotion Management System and the Regulations on Corporate Bonds Underwriting Business. Through the establishment of the systems, the Company further strengthened the standardization of compliant management work, and the compliance management system has been further improved.

In respect of the informatization of compliance management, the Company further streamlined various requirements for compliance management, continued to increase resource input, and improved the level of compliance informatization management. Through informatization construction, the Company effectively prevented various risks arising from, among other things, information segregation, employee practicing activities, conflicts of interests, anti-money laundering, and abnormal transactions, the capability of compliance management informatization was further improved.

As of the end of the Reporting Period, the Company's system of compliance management has become increasingly complete and continues to operate effectively, and the Company's compliance risk management and control capabilities have continued to be improved.

# Corporate Governance Report

## Internal audit

During the Reporting Period, the Audit Department of the Company completed routine audits, resignation audits, special audits and compulsory resignation audits on general managers of securities outlets for a total of 142 projects among 7 departments/business lines at the headquarter, 109 securities outlets and 3 subsidiaries of the Company. Details of which are as follows:

The 20 audit projects for the headquarter of the Company: including routine audits on New OTC Business Department, Research Department, Equity Investment Department, Mergers and Acquisitions Business line of Investment Banking Management Committee, Alternative Investment Business Line, Unified Customer Contact Center under Wealth Management Committee; periodic audits on credit extension business, comprehensive risk management, material related party transactions, transactions with overseas subsidiaries and securities investment fund sales business; special audits on collective asset management plan, the Company's write-off of bad debts and rectification of problems identified in auditing; resignation audits on former Chairman of the Supervisory Committee of the Company, former Board Secretary of the Company; and resignation examination on 3 investment managers in the asset management business;

The 119 audit projects for the securities outlets: including compulsory resignation audit projects on general managers of 67 securities outlets, resignation audit projects on general managers of 52 securities outlets and 3 audit projects for 3 subsidiaries: including routine audits on Qingdao GoldStone Runhui, CITIC Buyout Fund and special audits on anti-money laundering of Kington Securities.

Through the audits mentioned above, the Audit Department of the Company evaluated the soundness and effectiveness of internal control in the audited units, revealing the existing major risks and playing a positive role in increasing awareness towards risk prevention among departments/business lines, securities outlets and subsidiaries and improving the risk management of the Company.

## The status of the establishment of monitoring and replenishment mechanism of the risk control indicators of the Company

The Company continues to attach great importance to the supervision indicators. It has established a dynamic monitoring system of risk control indicators in accordance with the requirements under the Measures for the Administration of the Risk Control Indicators of Securities Companies, achieving T+1 dynamic monitoring and automatic early warning of risk control indicators, and setting up the trans-departmental communication & coordination mechanism to ensure the risk control indicators kept staying within the supervision limit consistently. Meanwhile, by continuously calculating and analyzing risk control indicators for a period of time in the future, the Company is able to identify risks and make warning in advance, so as to reasonably arrange the financing activities and usage of funds.

In 2020, the Company's main risk control indicators remained good with major risk control indicators kept within the supervision limit. Regarding the several cases of exceeding the positions limit in terms of securities centralization, the Company made a timely report to the regulatory authorities and promptly formulated relevant solution plans. Besides, the Company also made consistent efforts to improve front-end control and back-end monitoring measures for the Company's internal system.

The Company has established the net capital replenishment mechanism to ensure continued compliance of risk control indicators, such as the net capital, in accordance with the requirements of the relevant regulatory authorities. As at the end of the Reporting Period, the net capital of the Company was RMB85.902 billion and all types of risk control indicators were in compliance with the relevant regulatory requirements.

### Account regulation of the Company

In 2020, the Company continued to strengthen its day-to-day regulation over accounts, implement the real-name based requirement in opening and holding CSDC accounts, organize on-site inspections on the branches' businesses of real-name based accounts, and continue to follow the supplemental record of information for the integrated securities account, and report on the interest holders' data and products' net value, inspect the CSDC accounts, manage account information and etc. The Company provided special trainings for each branch of the Company, and also improved the process control of accounts opening through technical means, in order to eliminate the occurrence of opening non-compliance accounts.

As of 31 December 2020, the Company's wealth management clients had 19,809,946 securities accounts, of which 18,460,332 were qualified securities account, representing 93.19% of the total; 1,298,111 were dormancy securities accounts, representing 6.55% of the total; 1,912 were unqualified securities accounts, representing 0.01% of the total, 49,591 securities account was frozen by a judicial order, representing 0.25% of the total, and there was no risk disposal securities account. As of 31 December 2020, the Company's wealth management clients had 11,355,448 capital accounts, of which 8,668,158 are qualified capital accounts, representing 76.34% of the total; 2,676,539 were dormancy capital accounts, representing 23.57% of the total; 10,724 were unqualified capital account, representing 0.09% of the total; 27 were unqualified capital accounts frozen by judicial orders, representing 0.0002% of the total and there was no risk disposal capital account.

The above account regulation condition is also disclosed in the 2020 Assessment Report on Internal Control of the Company.

### Self-assessment on the Implementation of the Management Measures on Information Disclosure by the Board

During the Reporting Period, the Company managed to disclose information in a manner that is true, accurate and complete in strict compliance with the laws, regulations, the Articles of Association of the Company and the Management Measures on Information Disclosure, so as to ensure the timely and fair information disclosure.

In 2020, the Management Measures on Information Disclosure, the Registration System for Persons Informed of Inside Information, and other relevant policies were effectively implemented. The Company further regulated information disclosure and improved the management and quality of information disclosure of the Company. At the same time, the Management Measures on Information Disclosure and other internal systems of the Company clearly specify the reporting, delivery, reviewing and disclosing procedures for material events of the Company. All these systems were effectively implemented.

### External Guarantees

In accordance with relevant rules and requirements of the Notice on the Regulation of Several Issues Concerning the Capital Movement Between Listed Companies and their Related Parties and the External Guarantees Provided by Listed Companies (《關於規範上市公司與關聯方資金往來及上市公司對外擔保若干問題的通知》) (Zheng Jian Fa [2003] No. 56), the independent non-executive Director of the Company, through the understanding and investigation of the Company's relevant situation, issued special explanations and independent opinions on the Company's accumulated and current guarantees during the Reporting Period based on the information provided by the Company.

### There are no overdue debts for the Company



# Independent Auditor's Report and Notes to Financial Statements



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# Independent Auditor's Report

## To the Shareholders of CITIC Securities Company Limited

*(Incorporated in People's Republic of China with limited liability)*

### Opinion

#### What we have audited

The consolidated financial statements of CITIC Securities Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 212 to 357, which comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

#### Our opinion

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

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

## Key Audit Matters

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

Key audit matters identified in our audit are summarised as follows:

- Goodwill impairment assessment
- Valuation of financial instruments held at fair value classified under Level 3 financial instruments
- Expected credit impairment allowance of Financing Assets

<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p><b>Goodwill impairment assessment</b></p> <p>Refer to note 3(20), 4(1) and 21 to the consolidated financial statements.</p> <p>As at 31 December 2020, the carrying amount of goodwill was RMB10,777 million, primarily resulting from the acquisition of China Asset Management Co., Ltd (“China AMC”) (RMB7,419 million) and CITIC Securities International Company Limited’s acquisition of CLSA B.V. (“CLSA”) (RMB1,874 million). As at 31 December 2020, the Group’s accumulated impairment of goodwill was RMB949 million.</p> <p>Goodwill impairment assessment is performed annually. The impairment assessment relies upon the calculation of the recoverable amount for each of the Group’s cash generating units (“CGUs”). The recoverable amount of CGUs is the higher of its fair value less costs of disposal and its value in use (“VIU”). Management considers China AMC and CLSA as separate CGUs.</p> <p>Management used the VIU approach to assess the recoverable amount by applying a discounted cash flow (“DCF”) model based on key assumptions and inputs including revenue growth rate, terminal growth rate and discount rate.</p>	<p>We compared the key assumptions used by management in preparing the cash flow forecasts of China AMC and CLSA under the VIU approach against the historical figures, the approved budgets and the business plans.</p> <p>We involved our internal valuation specialist to assess the reasonableness of the DCF model, including the growth rate in the forecast period, terminal growth rate and the discount rate used. Our assessment was based on our knowledge of the business and industry. We also tested the mathematical accuracy of calculations used in the cash flow forecast.</p> <p>Based on the results of our procedures, we found that management’s judgements and assumptions used in the estimation of China AMC and CLSA’s recoverable amounts to be acceptable.</p>

# Independent Auditor's Report

## Key Audit Matter

## How our audit addressed the Key Audit Matter

### Goodwill impairment assessment (Continued)

Goodwill impairment assessment was a key area of audit focus due to the significant management judgement involved in selecting the appropriate key assumptions and inputs used in the estimation of each CGU's recoverable amount, and the amount of any goodwill impairment that may be required.

### Valuation of financial instruments held at fair value classified under Level 3 Financial Instruments

Refer to note 3(3)(c), 4(3) and 57 to the consolidated financial statements.

As at 31 December 2020, the Group's financial instruments included those classified under Level 3 in the fair value hierarchy ("Level 3 Financial Instruments"), which were measured using valuation techniques that involve significant inputs that were not based on observable market data ("unobservable inputs"). Such inputs included liquidity discounts, volatility, risk adjusted discount rate and price to book ratios, etc. The amounts of Level 3 financial assets and financial liabilities as at 31 December 2020 of RMB33,878 million and RMB32,432 million, respectively.

Valuation of the Level 3 Financial Instruments was a key area of audit focus due to the size of their amounts and the selection of unobservable inputs used in the valuation process which involved significant judgement.

We evaluated the design and tested the operating effectiveness of the Group's controls over data inputs to the valuation models and the ongoing monitoring and optimization of the models.

We evaluated the appropriateness of the models used by management for the valuation of Level 3 Financial Instruments by using our knowledge of those used in current industry practice.

We also evaluated on a sample basis the reasonableness and appropriateness of the unobservable and observable inputs used for measuring the fair value of Level 3 Financial Instruments with reference to relevant market data.

We performed an independent valuation and sensitivity analysis of the Level 3 Financial Instruments on a sample basis.

Based on the results of our procedures performed above, we found the models used and inputs adopted by management acceptable.



### Expected credit impairment allowance of Financing Assets

Refer to note 3(3)(e), 4(5), 13, 30, 33 and 58(a) to the consolidated financial statements.

As at 31 December 2020, the Group's financial assets arising from financing businesses included margin accounts, stock repo and stock-pledged repo under reverse repurchase agreements ("Financing Assets"). This comprised margin accounts and repo of RMB118,275 million and RMB31,724 million; with credit impairment loss allowances of RMB1,534 million and RMB8,039 million, respectively;

The credit loss allowances as at 31 December 2020 for Financing Assets represented management's best estimates of the expected credit losses ("ECL") in accordance with International Financial Reporting Standard 9: "Financial Instruments".

Management applied a three-stage impairment model to calculate the ECL. For Financing Assets classified under Stages 1 and 2, management assessed credit loss allowances using the risk parameter modelling approach that incorporated key parameters, including exposure at default and loss rate after taking into consideration forward looking factors. For credit-impaired Financing Assets classified under Stage 3, management assessed the credit loss allowance by estimating the future cash flows after taking into consideration forward looking factors.

Management assesses whether objective evidence of impairment existed for Financing Assets at each reporting date. The measurement model for ECL involves significant management judgments and assumptions, primarily including:

- (1) Selection of the appropriate models and assumptions;

We evaluated and tested the Group's internal controls relating to the measurement of ECL for Financing Assets which included:

- (1) Governance over ECL models, including the selection and approval of methodologies and model; and the ongoing monitoring and optimization of such models;
- (2) Review and approval of significant management judgements and assumptions, including: i) the criteria for SICR; ii) the definition of default and credit-impairment; and iii) the use of economic variables and relative weighting for forward-looking scenarios;
- (3) Internal controls over the accuracy and completeness of key inputs used by the models.

In addition, we also performed the following procedures:

- (1) We examined the ECL modelling methodologies and assessed their reasonableness. We also evaluated whether the underlying coding for the models reflected the methodologies established by management;
- (2) We examined the application of the SICR criteria and credit impairment definition by testing the collateral to financing assets ratio and the backstop past due days defined by management;
- (3) For forward-looking scenarios, we examined the basis of determining of the economic variables, number of scenarios and relative weightings; assessed the reasonableness of the economic variables forecasted under the different scenarios; and performed sensitivity analysis on economic indicators and relative weightings;

# Independent Auditor's Report

## Key Audit Matter

## How our audit addressed the Key Audit Matter

### Expected credit impairment allowance of Financing Assets (Continued)

- (2) Determination of the criteria for significant increase in credit risk ("SICR"), definition of default and credit impairment;
- (3) Projection of macroeconomic variables for forward-looking scenarios and probability weightings.

The Group has established governance processes and controls over the measurement of ECL.

ECL assessment of Financing Assets was considered to be a key area of audit focus due to the size of the balance and the significant management judgements involved.

- (4) We examined major data inputs to the ECL models for selected samples, including exposure at default and loss rate after taking into consideration forward looking factors;
- (5) For credit-impaired assets under Stage 3, we tested, on a sample basis, the credit loss allowance computed by management with reference to financial information of borrowers and guarantors, and the latest collateral valuations, as appropriate.

Based on the audit procedures performed, in the context of the inherent uncertainties associated with the measurement of ECL, we considered the models, key parameters, significant judgements and assumptions adopted by management and the measurement results to be acceptable.

## **Other Information**

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

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

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

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

## **Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements**

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

# Independent Auditor's Report

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Leung Wai Kin.

A handwritten signature in black ink that reads "PricewaterhouseCoopers". The signature is written in a cursive, flowing style.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 18 March 2021

# Consolidated Statement of Profit or Loss

For the year ended 31 December 2020

(In RMB thousands, unless otherwise stated)

	Notes	2020	2019
Revenue			
Fee and commission income		<b>31,816,338</b>	21,515,042
Interest income	7	<b>15,527,763</b>	13,257,056
Investment income	8	<b>17,906,659</b>	15,891,370
		<b>65,250,760</b>	50,663,468
Income from bulk commodity trading		<b>6,080,845</b>	5,516,016
Other income	9	<b>537,280</b>	900,878
<b>Total revenue and other income</b>		<b>71,868,885</b>	57,080,362
Fee and commission expenses	10	<b>5,052,291</b>	3,492,863
Interest expenses	10	<b>12,940,797</b>	11,212,466
Staff costs	10	<b>14,737,560</b>	12,441,448
Depreciation of property, plant and equipment		<b>380,837</b>	378,562
Tax and surcharges		<b>398,254</b>	292,697
Cost from bulk commodity trading		<b>5,737,462</b>	5,377,495
Other operating expenses	10	<b>5,661,245</b>	5,100,920
Expected credit losses	13	<b>6,580,657</b>	1,891,580
Impairment losses on other assets	14	<b>495,081</b>	698,816
<b>Total operating expenses</b>		<b>51,984,184</b>	40,886,847
<b>Operating profit</b>		<b>19,884,701</b>	16,193,515
Share of profits and losses of:			
Associates		<b>591,939</b>	792,777
Joint ventures		<b>(6,182)</b>	8,344
<b>Profit before income tax</b>		<b>20,470,458</b>	16,994,636
Income tax expense	15	<b>4,953,917</b>	4,346,200
<b>Profit for the year</b>		<b>15,516,541</b>	12,648,436
Attributable to:			
Owners of the Parent		<b>14,902,324</b>	12,228,610
Non-controlling interests		<b>614,217</b>	419,826
		<b>15,516,541</b>	12,648,436
Earnings per share attributable to Owners of the Parent (in RMB yuan)			
— Basic	18	<b>1.16</b>	1.01
— Diluted	18	<b>1.16</b>	1.01

The accompanying notes form an integral part of these consolidated financial statements.

# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020

(In RMB thousands, unless otherwise stated)

	2020	2019
<b>Profit for the year</b>	<b>15,516,541</b>	12,648,436
<b>Other comprehensive income</b>		
<b>Other comprehensive income that may be reclassified to profit or loss in subsequent periods</b>		
Net (losses)/gain on investments in debt instruments measured at fair value through other comprehensive income	<b>(89,275)</b>	164,748
Net (gain)/losses on debt instruments measured at fair value through other comprehensive income reclassified to profit or loss on disposal	<b>93,139</b>	(25,049)
Income tax relating to these items	<b>22,145</b>	(41,187)
	<b>26,009</b>	98,512
Share of other comprehensive income of associates and joint ventures	<b>(8,001)</b>	5,998
Exchange differences on translation of foreign operations	<b>(952,047)</b>	234,747
Other	<b>9,752</b>	(26,008)
	<b>(924,287)</b>	313,249

## Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020

(In RMB thousands, unless otherwise stated)

	2020	2019
<b>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods</b>		
Net gains on investments in equity instruments designated as at fair value through other comprehensive income	<b>348,208</b>	741,454
Income tax relating to these items	<b>(91,542)</b>	(194,134)
	<b>256,666</b>	547,320
Share of other comprehensive income of associates and joint ventures	<b>1,948</b>	13,119
Other	<b>(2,569)</b>	1,041
	<b>256,045</b>	561,480
<b>Other comprehensive income for the year, net of tax</b>	<b>(668,242)</b>	874,729
<b>Total comprehensive income for the year</b>	<b>14,848,299</b>	13,523,165
Attributable to:		
Owners of the Parent	<b>14,264,790</b>	13,001,196
Non-controlling interests	<b>583,509</b>	521,969
	<b>14,848,299</b>	13,523,165

The accompanying notes form an integral part of these consolidated financial statements.



# Consolidated Statement of Financial Position

At 31 December 2020

(In RMB thousands, unless otherwise stated)

	Notes	31 December 2020	2019
<b>Non-current assets</b>			
Property, plant and equipment	19	7,530,641	7,761,756
Investment properties	20	1,060,211	1,254,733
Goodwill	21	10,776,698	10,022,824
Land-use rights and intangible assets	22	2,855,003	3,072,628
Investments in associates	24	8,818,599	8,925,954
Investments in joint ventures	24	57,983	75,129
Financial assets at fair value through other comprehensive income	25	16,635,501	16,279,369
Financial assets at fair value through profit or loss	31	35,847,395	26,201,794
Refundable deposits	26	3,877,774	1,459,937
Deferred income tax assets	27	9,661,920	5,241,489
Right-of-use assets	28	1,765,774	1,600,885
Other non-current assets	29	2,404,506	2,186,789
<b>Total non-current assets</b>		<b>101,292,005</b>	84,083,287
<b>Current assets</b>			
Fee and commission receivables		2,205,781	1,712,168
Margin accounts	30	116,741,432	70,673,845
Financial assets at fair value through other comprehensive income	25	49,400,900	23,684,063
Financial assets at fair value through profit or loss	31	384,133,465	329,146,513
Derivative financial assets	32	20,157,990	7,351,073
Reverse repurchase agreements	33	39,226,613	58,830,053
Assets held for sale		—	194,678
Other current assets	34	49,176,843	33,202,905
Cash held on behalf of customers	35	199,517,577	118,401,385
Cash and bank balances	36	91,109,688	64,442,459
<b>Total current assets</b>		<b>951,670,289</b>	707,639,142
<b>Current liabilities</b>			
Customer brokerage deposits	37	203,110,588	123,351,754
Derivative financial liabilities	32	46,876,206	13,991,750
Financial liabilities at fair value through profit or loss	38	40,895,212	44,317,791
Repurchase agreements	39	198,299,400	174,447,893
Due to banks and other financial institutions	40	10,504,115	33,136,195
Taxes payable	41	7,381,981	2,884,805
Short-term loans	42	5,010,371	7,404,905
Short-term financing instruments payable	43	11,941,871	20,137,293
Lease liabilities	44	494,209	463,904
Other current liabilities	45	185,861,191	97,606,548
<b>Total current liabilities</b>		<b>710,375,144</b>	517,742,838
<b>Net current assets</b>		<b>241,295,145</b>	189,896,304
<b>Total assets less current liabilities</b>		<b>342,587,150</b>	273,979,591

# Consolidated Statement of Financial Position

At 31 December 2020

(In RMB thousands, unless otherwise stated)

	Notes	31 December 2020	2019
<b>Non-current liabilities</b>			
Debt instruments issued	46	<b>132,651,021</b>	89,420,833
Deferred income tax liabilities	27	<b>3,176,192</b>	2,843,995
Long-term loans	47	<b>573,942</b>	383,334
Financial liabilities at fair value through profit or loss	38	<b>17,513,532</b>	13,399,208
Lease liabilities	44	<b>1,211,526</b>	1,102,999
Other non-current liabilities	48	<b>1,578,201</b>	1,379,430
<b>Total non-current liabilities</b>		<b>156,704,414</b>	108,529,799
<b>Net assets</b>		<b>185,882,736</b>	165,449,792
<b>Equity</b>			
Equity attributable to Owners of the Parent			
Issued share capital	49	<b>12,926,776</b>	12,116,908
Reserves	50	<b>104,018,309</b>	89,404,254
Retained earnings		<b>64,766,984</b>	60,104,047
		<b>181,712,069</b>	161,625,209
Non-controlling interests		<b>4,170,667</b>	3,824,583
<b>Total equity</b>		<b>185,882,736</b>	165,449,792

The accompanying notes form an integral part of these consolidated financial statements.

Approved and authorised for issue by the Board of Directors on 18 March 2021.

**ZHANG Youjun**

Chairman

**YANG Minghui**

Executive Director and President

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

(In RMB thousands, unless otherwise stated)

	Notes	Attributable to owners of the Parent										
		Reserves						Foreign currency translation reserve	Retained earnings	Subtotal	Non- controlling interests	Total
		Share capital	Capital reserve	Surplus reserves	General reserves	Investment revaluation reserve	General					
<b>At 1 January 2020</b>		<b>12,116,908</b>	<b>54,155,556</b>	<b>8,682,886</b>	<b>25,614,987</b>	<b>185,358</b>	<b>765,467</b>	<b>60,104,047</b>	<b>161,625,209</b>	<b>3,824,583</b>	<b>165,449,792</b>	
Profit for the year		–	–	–	–	–	–	<b>14,902,324</b>	<b>14,902,324</b>	<b>614,217</b>	<b>15,516,541</b>	
Other comprehensive income for the period		–	–	–	–	<b>283,805</b>	<b>(921,339)</b>	–	<b>(637,534)</b>	<b>(30,708)</b>	<b>(668,242)</b>	
Total comprehensive income for the year		–	–	–	–	<b>283,805</b>	<b>(921,339)</b>	<b>14,902,324</b>	<b>14,264,790</b>	<b>583,509</b>	<b>14,848,299</b>	
Dividend – 2019	17	–	–	–	–	–	–	<b>(6,463,388)</b>	<b>(6,463,388)</b>	–	<b>(6,463,388)</b>	
Appropriation to surplus reserves		–	–	<b>755,594</b>	–	–	–	<b>(755,594)</b>	–	–	–	
Appropriation to general reserves		–	–	–	<b>3,019,733</b>	–	–	<b>(3,019,733)</b>	–	–	–	
Capital increase/(decrease) by equity holders												
– Capital increase by equity holders		<b>809,868</b>	<b>11,357,362</b>	–	–	–	–	–	<b>12,167,230</b>	<b>(63,857)</b>	<b>12,103,373</b>	
– Others		–	<b>118,900</b>	–	–	–	–	<b>(672)</b>	<b>118,228</b>	<b>23,624</b>	<b>141,852</b>	
Dividends to non-controlling interests		–	–	–	–	–	–	–	–	<b>(197,192)</b>	<b>(197,192)</b>	
<b>At 31 December 2020</b>		<b>12,926,776</b>	<b>65,631,818</b>	<b>9,438,480</b>	<b>28,634,720</b>	<b>469,163</b>	<b>(155,872)</b>	<b>64,766,984</b>	<b>181,712,069</b>	<b>4,170,667</b>	<b>185,882,736</b>	

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

(In RMB thousands, unless otherwise stated)

	Attributable to owners of the Parent										
	Notes	Reserves						Retained earnings	Subtotal	Non-controlling interests	Total
		Share capital	Capital reserve	Surplus reserves	General reserves	Investment revaluation reserve	Foreign currency translation reserve				
<b>At 1 January 2019</b>		12,116,908	54,426,233	8,410,205	22,811,407	(454,624)	632,863	55,197,777	153,140,769	3,690,727	156,831,496
Profit for the year		—	—	—	—	—	—	12,228,610	12,228,610	419,826	12,648,436
Other comprehensive income for the year		—	—	—	—	639,982	132,604	—	772,586	102,143	874,729
Total comprehensive income for the year		—	—	—	—	639,982	132,604	12,228,610	13,001,196	521,969	13,523,165
Dividend — 2018	17	—	—	—	—	—	—	(4,240,918)	(4,240,918)	—	(4,240,918)
Appropriation to surplus reserves		—	—	272,681	—	—	—	(272,681)	—	—	—
Appropriation to general reserves		—	—	—	2,803,580	—	—	(2,803,580)	—	—	—
Capital increase/(decrease) by equity holders											
— Others		—	(270,677)	—	—	—	—	(5,161)	(275,838)	(200,049)	(475,887)
Dividends to non-controlling interests		—	—	—	—	—	—	—	—	(188,064)	(188,064)
<b>At 31 December 2019</b>		12,116,908	54,155,556	8,682,886	25,614,987	185,358	765,467	60,104,047	161,625,209	3,824,583	165,449,792

The accompanying notes form an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

For the year ended 31 December 2020

(In RMB thousands, unless otherwise stated)

	2020	2019
<b>Cash flows from operating activities</b>		
Profit before income tax	<b>20,470,458</b>	16,994,636
Adjustments for:		
Financing interest expense	<b>5,910,997</b>	6,417,900
Share of profits and losses of associates and joint ventures	<b>(585,756)</b>	(801,121)
Interest income from debt instruments at fair value through other comprehensive income	<b>(1,138,889)</b>	(2,050,296)
Net gains on disposal of debt instruments at fair value through other comprehensive income	<b>(216,476)</b>	(259,572)
Net gains on disposal of property, plant and equipment and other assets	<b>1,188,146</b>	783
Gains on disposal of associates, joint ventures and subsidiaries	<b>(57,615)</b>	(493,821)
Fair value gains on financial assets and liabilities measured at fair value through profit or loss	<b>6,391,105</b>	2,055,398
Depreciation	<b>1,210,803</b>	1,146,313
Amortisation	<b>396,554</b>	392,085
Expected credit losses	<b>6,580,657</b>	1,891,580
Impairment on other assets	<b>495,081</b>	698,816
	<b>40,645,065</b>	25,992,701
<b>Net (increase)/decrease in operating assets</b>		
Financial assets at fair value through profit or loss	<b>(49,373,686)</b>	(94,764,699)
Cash held on behalf of customers	<b>(81,116,192)</b>	(25,980,414)
Other assets	<b>(91,032,357)</b>	202,577
	<b>(221,522,235)</b>	(120,542,536)
<b>Net increase/(decrease) in operating liabilities</b>		
Customer brokerage deposits	<b>74,483,275</b>	25,442,481
Repurchase agreements	<b>23,851,507</b>	52,778,866
Other liabilities	<b>107,744,520</b>	17,069,330
	<b>206,079,302</b>	95,290,677
<b>Net cash inflow from operating activities before tax</b>	<b>25,202,132</b>	740,842
Income tax paid	<b>(4,493,292)</b>	(4,744,887)
<b>Net cash inflow from operating activities</b>	<b>20,708,840</b>	(4,004,045)

# Consolidated Statement of Cash Flows

For the year ended 31 December 2020

(In RMB thousands, unless otherwise stated)

	Notes	2020	2019
<b>Cash flows from investing activities</b>			
Net cash flow from purchases and sales of items of property, plant and equipment and other assets		<b>(609,264)</b>	(422,701)
Net cash flow from disposal of subsidiaries	23(c)	<b>9,653</b>	(78,523)
Net cash flow from acquisition of subsidiaries	23(d)	<b>13,731,881</b>	—
Net cash flow from investments in associates and joint ventures		<b>513,112</b>	27,582
Net cash flow of financial assets at fair value through other comprehensive income		<b>(21,900,730)</b>	16,721,168
Net cash flow from other investing activities		<b>1,395,777</b>	—
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(6,859,571)</b>	16,247,526
<b>Cash flows from financing activities</b>			
Capital contribution from non-controlling interests		—	—
Cash inflows from borrowing activities		<b>33,484,108</b>	15,408,411
Cash inflows from issuing bonds		<b>223,715,020</b>	102,389,150
Payment of debts		<b>(227,022,882)</b>	(106,666,041)
Dividends and interest expense		<b>(13,918,584)</b>	(10,321,724)
Other cash outflows from financing activities		<b>(4,259,185)</b>	(968,577)
<b>Net cash outflow from financing activities</b>		<b>11,998,477</b>	(158,781)
<b>Net increase in cash and cash equivalents</b>		<b>25,847,746</b>	12,084,700
Cash and cash equivalents at the beginning of the year		<b>59,421,482</b>	47,575,304
Effect of exchange rate changes on cash and cash equivalents		<b>(1,930,050)</b>	(238,522)
<b>Cash and cash equivalents at the end of the year</b>	51	<b>83,339,178</b>	59,421,482

The accompanying notes form an integral part of these consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 1 CORPORATE INFORMATION

CITIC Securities Company Limited (the “Company”) was established in Beijing, the People’s Republic of China (the “PRC” or “Mainland China”, which excludes for the purpose of these consolidated financial statements, the Hong Kong Special Administrative Region of the PRC or “Hong Kong”, the Macau Special Administrative Region of the PRC or “Macau”, and Taiwan) on 25 October 1995. Pursuant to approval by the China Securities Regulatory Commission (the “CSRC”), the Company was restructured as a joint stock limited company in 1999. The unified social credit code of the Company for its business license is 914403001017814402. The Company’s common stock was listed on the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited in 2003 and 2011, respectively. The registered office of the Company is located at North Tower, Excellence Times Plaza II, No. 8 Zhongxin San Road, Futian District, Shenzhen, Guangdong Province, the PRC.

According to a resolution relating to the issue and listing of H Shares in Hong Kong passed in the first extraordinary general meeting of shareholders in 2011, along with the “Approval of Issue of Overseas-Listed Foreign Shares of CITIC Securities” (CSRC [2011] No. 1366) issued by the CSRC, the Company conducted its initial public offering of Overseas-Listed Foreign Shares (“H shares”) from September to October 2011. Under this offering, the Company offered a total of 1,071,207,000 H shares (including over-allotment of 75,907,000 H shares) with a nominal value of RMB1.00 per share. As at 31 December 2011, the total share capital of the Company increased to RMB11,016,908,400.00. The capital increase has been verified by Ernst & Young Hua Ming according to the capital verification report of Ernst & Young Hua Ming Yan Zi (2011) 60469435\_A09.

According to a resolution relating to the additional issuance and listing of H shares in Hong Kong passed in the first extraordinary general meeting of the shareholders in 2015, along with the “Approval of Issue of Overseas-Listed Foreign Shares of CITIC Securities the Approval relating to Additional Issuance of Overseas-Listed Foreign Shares of CITIC Securities Company Limited (CSRC [2015] No. 936)” issued by the CSRC, on 23 June 2015, the Company completed its additional issuance and listing of H shares in Hong Kong. Under this offering, the Company offered a total of 1,100,000,000 H shares with an offering price of HKD24.60 per share. As at 31 December 2015, the total share capital of the Company increased to RMB12,116,908,400.00. The capital increase has been verified by PricewaterhouseCoopers Zhong Tian Yan Zi (2015) No. 748.

The Company (also referred to as the “Parent”) and its subsidiaries (collectively referred to as the “Group”) conduct in the following principal activities:

- Securities and futures brokerage;
- Securities investment fund distribution and introducing brokerage business for futures companies;
- Agency sale of financial products;
- Securities underwriting and sponsorship;
- Investment advisory and consultancy services;
- Proprietary securities activities;
- Asset management and fund management;
- Margin financing and securities lending; and
- Stock option market-making.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 2 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”), as issued by the International Accounting Standards Board (“IASB”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance (Cap. 622) for this financial year and the comparative period.

These consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments, financial assets/liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, which have been measured at fair value, as further explained in the respective accounting policies below. These financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Relevant standards and amendments effective in 2020 and adopted by the Group:

- |     |                               |                              |
|-----|-------------------------------|------------------------------|
| (1) | Amendments to IAS 1 and IAS 8 | The Definition of Material   |
| (2) | Amendments to IFRS 3          | The Definition of A Business |

### (1) *Amendments to IAS 1 and IAS 8: The Definition of material*

The IASB issued amendments to the definition of material in IAS 1 and IAS 8. The amended definition is: “Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

The amendment clarifies that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information. It also states that an entity assesses materiality in the context of the financial statements as a whole. The amendment also clarifies the meaning of ‘primary users of general purpose financial statements’ to whom those financial statements are directed, by defining them as ‘existing and potential investors, lenders and other creditors’ that must rely on general purpose financial statements for much of the financial information they need.

### (2) *Amendments to IFRS 3: The Definition of A Business*

The IASB issued amendments to the definition of a business in IFRS 3. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term “outputs” is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.

There were no significant impacts from amendments above on the Group’s consolidated financial statements.



## 2 BASIS OF PREPARATION (Continued)

### 2.2 Standards and amendments issued but not yet effective and not adopted by the Group

The Group has not adopted the following new and amended standards that have been issued but are not yet effective.

			<b>Effective for annual periods beginning on or after</b>
(1)	IFRS 17	Insurance Contracts	1 January 2022
(2)	Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture	The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred. Early adoption of the amendments continue to be permitted
(3)	Amendments to IAS 1	Classification of liabilities	1 January 2022
(4)	Amendments to IFRS 3	Business Combinations	1 January 2022
(5)	Amendments to IAS16	Property, Plant and Equipment	1 January 2022
(6)	Amendments to IAS 37	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022

#### (1) IFRS 17: Insurance Contracts

IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of: discounted probability-weighted cash flows, an explicit risk adjustment, and a contractual service margin (“CSM”) representing the unearned profit of the contract which is recognized as revenue over the coverage period. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. The Group anticipates that the adoption of this standard will not have any impact on the Group’s consolidated financial statements.

#### (2) Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture

These amendments address an inconsistency between IFRS 10 and IAS 28 in the sale and contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognized when a transaction involves a business. A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary. The Group anticipates that the adoption of these amendments will not have a significant impact on the Group’s consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 2 BASIS OF PREPARATION (Continued)

### 2.2 Standards and amendments issued but not yet effective and not adopted by the Group

(Continued)

#### (3) Amendments to IAS 1: Classification of liabilities

These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The entity should assess the existence of the right on the reporting date, whether the right will be enforced is out of consideration. The right to defer only exists if the entity complies with any relevant conditions at the reporting date. A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date. A loan is classified as non-current if a covenant is breached after the reporting date. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

#### (4) Amendments to IFRS 3: Business Combinations

Amendments to IFRS 3: 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

#### (5) Amendments to IAS 16: Property, Plant and Equipment

Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

#### (6) Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets

Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. The Group anticipates that the adoption of the amendments will not have a significant impact on the Group's consolidated financial statements.

## 2 BASIS OF PREPARATION (Continued)

### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries for the year ended 31 December 2020. The financial statements of the subsidiaries are prepared for the same reporting period as the Company (also referred to as the “Parent”), using consistent accounting policies.

The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- (a) derecognises the assets (including goodwill) and liabilities of the subsidiary;
- (b) derecognises the carrying amount of any non-controlling interest;
- (c) derecognises the cumulative translation differences recorded in equity;
- (d) recognises the fair value of the consideration received;
- (e) recognises the fair value of any investment retained;
- (f) recognises any resulting surplus or deficit in profit or loss; and
- (g) reclassifies the Group’s share of components previously recognised in other comprehensive income (OCI) to profit or loss.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated statement of profit or loss and within equity in the consolidated statement of financial position separately from the equity attributable to owners of the Parent. An acquisition of non-controlling interests is accounted for as an equity transaction.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 3 SIGNIFICANT ACCOUNTING POLICIES

### (1) Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid assets, which are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents include cash and assets with original maturity of three months or less under cash and bank balances.

### (2) Foreign currency transactions and foreign currency translation

The financial statements are presented in RMB, which is the Company's functional and presentation currency. The recording currency of the Company's subsidiaries is determined based on the primary economic environment in which they operate. The financial statements are presented in RMB.

Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the prevailing functional currency exchange rates at the end of the reporting period. All differences are taken to the statement of profit or loss. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's overseas operations are translated into the presentation currency of the Group at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at exchange rates that approximate the exchange rates of the date of the transaction. The exchange differences resulting from foreign currency financial statement translation of subsidiaries are recognised in OCI and accumulated in the foreign exchange translation reserve. The cash flows of overseas operations are translated at the spot exchange rates on the dates of the cash flows.

The effect of exchange rate changes on cash is presented separately in the cash flow statement.

### (3) Financial instruments

#### (a) Initial recognition, classification and measurement of financial instruments

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

At initial recognition, the Group measures a financial asset or financial liability at its fair value, in the case of a financial asset or financial liability not at fair value through profit or loss, plus or minus transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

### 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (3) Financial instruments (Continued)

##### (a) Initial recognition, classification and measurement of financial instruments (Continued)

###### **Financial assets**

Financial assets are classified on the basis of the Group's business model for managing the asset and the cash flow characteristics of the assets:

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

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

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest ("SPPI"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement. i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determine whether their cash flows are SPPI.

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

###### **Debt Instruments**

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective. Classification and subsequent measurement of debt instruments depend on: (i) the Group's business model for managing the asset; and (ii) the cash flow characteristics of asset.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (3) Financial instruments (Continued)

#### (a) Initial recognition, classification and measurement of financial instruments (Continued)

##### **Debt Instruments** (Continued)

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

- (i) Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVPL, are measured at amortized cost.
- (ii) FVOCI: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and that are not designated at FVPL, are measured at FVOCI.
- (iii) FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL.

The Group may also irrevocably designate financial assets at FVPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases.

##### **Equity instruments**

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

The Group subsequently measures all equity investments at FVPL, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI.

##### **Financial liabilities**

Financial liabilities are classified as subsequently measured at amortized cost, except for financial liabilities at FVPL, which is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading books) and other financial liabilities designated as such at initial recognition.

Contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies. Such contingent consideration shall subsequently be measured at fair value with changes recognised in profit or loss.

An entity may, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss: (i) it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch'); (ii) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.

### 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (3) Financial instruments (Continued)

##### (b) Reclassification of financial assets

When the Group changes the business model for managing its financial assets, it shall reclassify all affected financial assets, and apply the reclassification prospectively from the reclassification date. The Group does not restate any previously recognized gains, losses (including impairment gains or losses) or interest. Reclassification date is the first day of the first reporting period following the change in business model that results in an entity reclassifying financial assets.

##### (c) Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

The Group uses the following hierarchy for determining and disclosing the fair values of financial assets and financial liabilities based on the inputs used when determining the fair value:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Valuation technique using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Valuation technique using inputs for the asset or liability that is not based on observable market data (unobservable inputs).

The level of fair value measurement depends on the lowest level of input that is significant to the entire fair value measurement.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (3) Financial instruments (Continued)

#### (d) Subsequent measurement of financial instruments

Subsequent measurement of financial instruments depends on the categories:

##### ***Amortized cost***

The amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition: (i) minus the principal repayments; (ii) plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount; and (iii) for financial assets, adjusted for any loss allowance. Interest income from these financial assets is included in “Interest income” using the effective interest rate method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortized cost before any impairment allowance) or to the amortized cost of a financial liability. The calculation does not consider expected credit losses (“ECL”) and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate. For purchased or originated credit-impaired (“POCI”) financial assets, the Group calculates the credit-adjusted effective interest rate, which is calculated based on the amortized cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets and is included in “Interest income”, except for: (i) POCI financial assets, whose interest income is calculated, since initial recognition, by applying the credit-adjusted effective interest rate to their amortized cost; and (ii) financial assets that are not POCI but have subsequently become credit-impaired, whose interest income is calculated by applying the effective interest rate to their amortized cost (i.e. net of the expected credit loss allowance). If, in a subsequent period, the financial assets improve their qualities so that they are no longer credit-impaired and the improvement in credit quality is related objectively to a certain event occurring after the application of the above-mentioned rules, then the interest income is calculated by applying the effective interest rate to their gross carrying amount.

##### ***Fair value through other comprehensive income***

###### ***Debt instruments***

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest revenue on the instrument’s amortized cost which are recognized in profit or loss. Interest income from these financial assets is included in “interest income” using the effective interest rate method. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in “Investment income”.



### 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (3) Financial instruments (Continued)

##### (d) Subsequent measurement of financial instruments (Continued)

###### ***Fair value through other comprehensive income*** (Continued)

###### *Equity instruments*

The equity instrument investments that are held for purposes other than to generate investment returns are designated as FVOCI. When this election is used, fair value gains and losses are recognized in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss as investment income when the Group's right to receive payments is established, and it is probable that future economic benefits associated with the item will flow to the Group, and the amounts of the dividends can be measured reliably.

###### ***Financial assets at fair value through profit or loss***

###### *Debt instruments*

A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the profit or loss statement within "Investment income" in the period in which it arises.

###### *Equity instruments*

Gains and losses on equity investments at FVPL are included in the "Investment income" line in the statement of profit or loss.

###### ***Financial liabilities at fair value through profit or loss***

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

When financial liabilities designated as at FVPL are derecognized, fair value gains and losses are subsequently reclassified from other comprehensive income to retained earnings.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (3) Financial instruments (Continued)

#### (e) Impairment of financial instruments

The Group assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at amortized cost and FVOCI.

ECL is the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets).

The Group measures the ECL of a financial instrument reflects:

- (i) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (ii) the time value of money; and
- (iii) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

For financial instruments whose impairment losses are measured using the ECL model, the Group assesses whether their credit risk has increased significantly since their initial recognition, and applies a three-stage impairment model to calculate their impairment allowance and recognize their ECL, as follows:

- Stage I: The Group measures the loss allowance for a financial instrument at an amount equal to the next 12 months ECL if the credit risk of that financial instrument has not increased significantly since initial recognition.
- Stage II: The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk of that financial instrument has increased significantly since initial recognition, but is not yet deemed to be credit-impaired.
- Stage III: The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the financial instrument is credit-impaired.

The Group applies the impairment requirements for the recognition and measurement of some loss allowance for debt instruments that are measured at FVOCI. The loss allowance is recognized in OCI and the impairment loss is recognized in profit or loss, and it should not reduce the carrying amount of the financial asset in the statement of financial position.

### 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (3) Financial instruments (Continued)

##### (e) Impairment of financial instruments (Continued)

The Group has measured the loss allowance for a financial instrument at an amount equal to the lifetime ECL in the previous reporting period, but determines to measure it at an amount equal to the next 12 months ECL at the current reporting date since the credit risk of that financial instrument has increased significantly since initial recognition is no longer met, and the amount of ECL reversal is recognized in profit or loss. Excluding POCI financial assets.

The inputs, assumptions and estimation techniques the Group used in ECL models for its debt instrument assets carried at amortized cost and FVOCI refer to note 58(a).

##### (f) Derecognition of financial instruments

A financial instrument (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised, which means to derecognise a financial asset or financial liability from the account and statement of financial position of the Group when:

- (i) the contractual rights to receive cash flows from the assets have expired; or
- (ii) the Group has transferred its rights to receive cash flows from the asset; or has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; and (a) the Group has transferred substantially all the risks and rewards of ownership of the financial asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but not retain control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

When the Group has made substantial modifications to a part of the contract terms of an existing financial liability, the relevant portion of the existing financial liability is derecognised, while the financial liability under modified terms is recognised as a new financial liability.

On derecognition of a financial liability in its entirety or partially, the difference between the carrying amount and the consideration paid (including non-cash assets transferred or new financial liabilities assumed) shall be recognised in profit or loss.

If the Group repurchases a part of a financial liability, the Group shall allocate the previous carrying amount of the financial liability between the part that continues to be recognised and the part that is derecognised based on the relative fair values of those parts on the date of the repurchase. The difference between the carrying amount allocated to the part derecognised and the consideration paid (including any non-cash assets transferred or liabilities assumed) for the part derecognised shall be recognised in profit or loss.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (4) Derivative financial instruments

The Group uses derivatives, such as foreign currency contracts, interest rate swaps, contracts of stock index and contracts for difference to economically hedge its foreign currency risk, interest rate risk and stock price risk, respectively. Derivatives financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including the discounted cash flow analysis and option pricing models, as appropriate. Credit Valuation Adjustments (CVA) and Debit Valuation Adjustments (DVA) are applied to the Group's over-the-counter derivatives to reflect the credit risk of the counterparties and the Group itself, respectively.

### (5) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a current legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

### (6) Margin financing and securities lending services

Margin financing and securities lending services refer to the lending of funds by the Group to customers for purchase of securities, or lending of securities by the Group to customers, for which the customers provide the Group with collateral.

The Group recognises margin accounts at initial recognition, and recognises interest income accordingly. Securities lent are not derecognised, but still accounted for as the original financial assets, and interest income is recognised accordingly.

Securities trading on behalf of margin financing or securities lending customers are accounted for as securities brokerage business.

For impairment of financial assets arising from margin financing and securities lending, refer to Note 3(3)(e).

### (7) Reverse repurchase agreements and repurchase agreements

Financial assets transferred as collateral in connection with repurchase agreements, involving fixed repurchase dates and prices, are not derecognized. They continue to be recorded as original financial assets before transferred. The corresponding liability is included in repurchase agreements.

Consideration paid for financial assets held under agreements to resell are recorded as reverse repurchase agreements, the related collateral accepted is not recognized in the consolidated financial statements.

The difference between the purchase and resale consideration, and that between the sale and repurchase consideration, is amortized over the period of the respective transaction using the effective interest method and is recognised through interest income or expenses.

For impairment of reverse repurchase agreements, refer to Note 3(3)(e). Stock repo and stock-pledged repo under reverse purchase agreements are assets arising from financing businesses.

### **3 SIGNIFICANT ACCOUNTING POLICIES** (Continued)

#### **(8) Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When the Group assesses whether it has power over an investee, the Group's voting rights or potential voting rights and other contractual arrangements are considered.

#### **(9) Associates**

Associates are all entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated statement of profit or loss and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates.

#### **(10) Joint ventures**

Joint ventures are all entities over which the Group has joint control. Joint control, is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of post-acquisition results and reserves of joint ventures is included in the consolidated statement of profit or loss and reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's investments in the joint ventures.

#### **(11) Investment properties**

Investment properties comprise real estate properties for the purpose of earning rental income and/or for capital appreciation, including buildings that have been leased out. Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

The Group's investment properties are accounted for using cost model. The initial recognition and subsequent measurement of buildings and properties that are leased out are accounted for using the same measurement and depreciation methods as those for property, plant and equipment.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (11) Investment properties (Continued)

When an investment property is transferred to owner-occupied property, it is reclassified to property, plant and equipment with the carrying amount determined at the carrying amount of the investment property at the date of the transfer. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the property, plant and equipment is transferred to investment properties with the carrying amount determined at the carrying amount at the date of the transfer.

An investment property shall be derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. When an investment property is sold, transferred, retired or damaged, the Group recognizes the amount of any proceeds on disposal, net of the carrying amount and related expenses, in the consolidated statement of profit or loss.

### (12) Property, plant and equipment

#### (a) Recognition criteria for property, plant and equipment

Property, plant and equipment comprise properties and buildings, transportation vehicles and electronic devices that the Group expects to use for more than one year and other tangible assets that are expected to be used for more than one year and the unit costs of which are greater than RMB2,000.

#### (b) Property, plant and equipment initially measured at cost

Cost of an item of purchased property, plant and equipment comprises purchase price, tax and any costs directly attributable to bringing the asset to the condition necessary for its intended use and it includes transportation costs, installation and assembly costs, and professional service fees. The cost of a self-constructed asset comprises all costs incurred before the asset is ready for its intended use.

Subsequent expenditure incurred for the property and equipment is included in the cost of the property and equipment if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditure can be measured reliably, while the carrying amount of the replaced part is derecognized. Other subsequent expenditure is recognized in the consolidated income statement in the period in which they are incurred.

Depreciation of property, plant and equipment is calculated on the straight-line basis.

### 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (12) Property, plant and equipment (Continued)

##### (b) Property, plant and equipment initially measured at cost (Continued)

Estimated useful life, depreciation rate and estimated residual value of each item of property, plant and equipment which are required by the operation of the Group are as follows:

Types of property, plant and equipment	Estimated useful lives	Monthly depreciation rate	Estimated residual value rate
Properties and buildings	35 years	0.2262%	5%
Electronic devices	2–5 years	1.667%–4.167%	0%
Transportation vehicles			
– Leased out	(i)	(i)	(i)
– Others	5 years	1.617%	3%
Communication equipment	5 years	1.617%	3%
Office equipment	3 years	2.778%	0%
Security equipment	5 years	1.617%	3%
Others	5 years	1.617%	3%

(i) Transportation vehicles that are leased out under operating lease represent aircraft and cargo vessel. The Group determines the useful lives and depreciation method according to conditions of aircraft and cargo vessel. Among transportation vehicles, the estimated useful lives of cargo vessel is 20 years, and the estimated residual value is determined based on the expected residual value; the estimated useful lives of aircraft is 18 years with a monthly depreciation rate of 0.394%, and the estimated residual value rate is 15% of its original cost.

The years that property, plant and equipment were already in use upon purchase were excluded when determining the estimated useful lives of these types of property, plant and equipment. The estimated useful lives, the estimated residual value rate and the depreciation method of each type of property, plant and equipment are reviewed, and adjusted if appropriate, at each financial year end. Gains and losses on disposal of property, plant and equipment, the costs of disposal and taxes in connection with such disposal are considered in the determination of the estimated residual value rate.

##### (c) Impairment of property, plant and equipment

The Group assesses whether there is any indication that assets are impaired at each financial reporting date. When any such indication exists, the Group estimates the recoverable amount. When recoverable amounts of assets are lower than carrying amounts, the Group decreases the carrying amount to recoverable amount, the decreased amount recognized in the consolidated income statement.

An impairment loss recognized for property, plant and equipment is not reversed in subsequent periods.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (12) Property, plant and equipment (Continued)

#### (d) Disposal of property, plant and equipment

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from its continued use. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized through profit or loss.

#### (e) Construction in progress

Costs of construction in progress are determined based on the actual expenditure incurred which include all necessary expenditure incurred during the construction period, borrowing costs eligible for capitalisation and other costs incurred to bring the asset to its intended use.

Items classified as construction in progress are transferred to property, plant and equipment when such assets are ready for their intended use.

### (13) Land-use rights and intangible assets

#### (a) Land-use rights

Land-use rights acquired by the Group are amortised over the period that is confirmed by the land use permit.

#### (b) Intangible assets

Intangible assets are recognised only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item shall be measured reliably, and measured initially at cost. Intangible assets acquired from business combination and their fair value can be measured reliably are recognised as intangible assets individually and measured at their fair value as at date of combination.

Useful lives of intangible assets are determined as the period that the assets are expected to generate economic benefits for the Group, and when there is no foreseeable limit on the period of time over which the asset is expected to generate economic benefits for the Group, the intangible assets are regarded as having indefinite useful life.

Intangible assets with finite useful lives shall be amortised on a straight-line basis over the useful period. The useful lives and amortisation method of the intangible assets with finite useful lives shall be reviewed by the Group at least at each financial year end, and adjusted as appropriate. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless there is a commitment by a third party to purchase the asset at the end of its useful life, or there is an active market for the asset, where residual value can be determined by reference to that market; and it is probable that such a market will exist at the end of the asset's useful life. Impairment for intangible assets not readily for use is also assessed annually.

Software acquired from third party shall be amortised over 5 years. The self-developed software, patents, non-patents, trade mark right, client relationship and other intangible assets shall be amortised over their useful lives.



### 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (13) Land-use rights and intangible assets (Continued)

##### (b) Intangible assets (Continued)

Intangible assets with indefinite useful lives need to be assessed for impairment no matter if there is any impairment evidence. These assets need not to be amortized, and their useful lives shall be reviewed each reporting date. If there is any evidence to support that the useful lives are definite, these intangible assets shall apply the policies of intangible assets with definite useful lives.

Internal research and development expenses are classified as research phase expense and development phase expense. Expenditure on research phase of an internal project shall be recognised as an expense when it is incurred. Development phase expense can be capitalised only an entity can demonstrate all of the following:

- (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (ii) its intention to complete the intangible asset and use or sell it;
- (iii) its ability to use or sell the intangible asset;
- (iv) how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The development phase expenses that do not meet above conditions shall be recognised in profit or loss when incurred.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (14) Revenue

Revenue from underwriting services is recognized when the outcome of the underwriting services provided can be reliably estimated and reasonably recognized. The revenue is usually recognized upon completion of the offering.

Revenue from the securities brokerage services is recognised on the date of the securities transaction.

Revenue from asset management services is recognised when management services are provided in accordance with the asset management contract.

Dividend income is recognised when the Group's right to receive payment has been established.

Other business revenue mainly comes from the bulk commodities sales of the Group's commodities trading subsidiaries.

The Group recognizes sales revenue from bulk commodity goods when fulfills the Group's performance obligations in the contract, that is, the revenue is recognized when the customer obtains control of the relevant bulk commodity goods.

In the process of selling goods, the Group, as the primary obligor, has the primary responsibility of providing goods and performing orders to customers. The Group exposure inventory risk before or after the bulk commodity goods have been ordered by a customer; the Group has discretion in establishing prices of bulk commodity goods and exposed to credit risk for the amount receivable from customers in exchange for the other party's goods and commodity risk for inventory. The Group satisfies the performance obligation above and recognized revenue in the gross amount. When the group acts as an agent, the net amount of the consideration received or receivable after deducting the price payable to other related parties shall be recognized and listed as income.

When the Group recognises revenue in accordance with the progress of completed services, the part of unconditional receivables that the Group has acquired will be recognised as accounts receivables, and the rest will be recognised as contract assets. The Group identifies loss allowance on the basis of expected credit losses for accounts receivable and contractual assets; if the Group's received consideration or receivable consideration exceed the completed services, the excess part will be recognised as contractual liabilities. The Group's contractual assets and liabilities under the same contract are shown in net.

Interest income of debt investments at amortized costs and FVOCI, is measured by amortized cost and effective interest rate; excluding financial assets credit impaired are measured by amortized cost and credit-adjusted effective interest rate. The net gains of holding period from financial investments at FVTPL is measured as "Investment income".

### 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (15) Income tax

Income tax comprises current tax and deferred income tax. Current tax is the amount of current income tax payable calculated based on current taxable income. Taxable income is calculated based on the adjustment to the current year pre-tax accounting profit according to the applicable tax laws.

For current income tax liabilities or current income tax assets generated from the current and prior periods, the expected income tax payable or the income tax deduction is calculated according to the applicable tax laws.

The Group measures deferred income tax using balance sheet liability method according to the temporary differences between the carrying amount of an asset or liability at the end of the reporting period and its tax base, and the temporary difference between the carrying amount of an item not recognised as an asset or liability at the end of the reporting period and its tax base.

All taxable temporary differences are recognised as deferred income tax liabilities, except:

- (i) The deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or deductible expenses; and
- (ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, unused tax credits carried forward and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences, unused tax credits carried forward and unused tax losses can be utilised, except that deferred income tax asset relating to deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or deductible expenses.

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

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilised. When it is virtually probable that sufficient taxable income will be available, the reduced amount can be reversed accordingly.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (16) Employee compensation

Employee compensation refers to all forms of consideration and other related expenditure given or incurred by the Group in exchange for services rendered by employees. The benefits payable are recognised as liabilities during the period in which the employees have rendered the services to the Group.

In accordance with the applicable laws and regulations, Mainland China employees of the Group participate in various social insurance schemes including basic pension insurance, medical insurance, unemployment insurance and housing fund schemes administered by the local government authorities. Contributions to these schemes are recognised in profit or loss as incurred.

All eligible employees outside Mainland China participate in the respective local defined contribution schemes. The Group contributes to these defined contribution schemes based on the requirements of the local regulatory bodies.

### (17) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all the attaching conditions will be complied with. Where the Group receives grants of monetary assets, the grants are recorded at the amount received or receivable. Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets. When fair value cannot be reliably measured, they are recognised at nominal amount.

Government grants for purchasing, building or other development of long-term assets regulated in government documents are recognised as government grants related to assets. Judgments should be made based on the necessary basic conditions for obtaining the government grants when government documents are unclearly stated. Government grants with purchasing, building or other development of long-term assets as basic condition are recognised as government grants related to assets, and the remaining type of grants are recognised as related to income.

Government grants related to income which are to compensate relevant expenditures or losses in future periods are recognized as deferred income and released to profit or loss during the period when the expense is incurred. Government grants that are to compensate the incurred expenses or losses are recognised into profit or loss directly. Government grants related to assets are recognised as deferred income, and released to profit or loss over the expected useful life of the relevant assets by equal annual instalments. Government grants measured at nominal amount are recorded into profit or loss directly.

### 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (18) Leases

##### As a lessor

Lease income from operating leases is recognised in income on a straight-line basis over the period of the lease.

##### As a lessee

##### (a) *Initial measurement of the right-of-use asset and lease liability*

###### *Initial measurement of the right-of-use asset*

The right-of-use asset is defined as the right of underlying assets in the lease term for the Group as a lessee. The lease term is defined as the non-cancellable period of the lease for the Group as a lessee.

At the commencement date, a lessee shall measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

- (i) the amount of the initial measurement of the lease liability;
- (ii) any lease payments made at or before the commencement date, less any lease incentives received;
- (iii) any initial direct costs incurred by the lessee; and
- (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Initial direct costs are defined as incremental costs that would not have been incurred if a lease had not been obtained.

###### *Initial measurement of the lease liability*

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date.

The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

The lessee uses as the discount rate the interest rate implicit in the lease — this is the rate of interest that causes the present value of lease payments and the unguaranteed residual value to equal the sum of the fair value of the underlying asset and any initial direct costs of the lessor.

The incremental borrowing rate is defined as the rate of interest that a lessee would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the cost of the right-of-use asset in a similar economic environment.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (18) Leases (Continued)

#### As a lessee (Continued)

#### (b) *Subsequent measurement of the right-of-use asset and lease liability*

##### *Subsequent measurement of the right-of-use asset*

At the commencement date, the Group as a lessee shall measure the right-of-use asset at cost and apply the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the lessee shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. When the recoverable amount is less than the book value of the right-to-use assets, the Group shall write down its book value to the recoverable amount.

##### *Subsequent measurement of the lease liability*

After the commencement date, the Group shall recognise interest on the lease liability in profit or loss. Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

#### (c) *Recognition of short-term leases and leases for which the underlying asset is of low value*

Short-term leases are defined as leases with a lease term of less than 12 months from the commencement date. Leases for which the underlying asset is of low value are defined as underlying assets of low value when new. The right-of-use asset and lease liability are not recognized by the Group for short-term leases and leases for which the underlying asset is of low value. The lessee shall recognise the lease payments associated with those leases as an expense.

### (19) Inventories

Inventories are recognised at cost for initial recognition. The cost of inventories comprises all costs of purchase, costs of conversion and other costs.

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. When net realisable value is lower than the carrying amount, the Group decreases the carrying amount to net realisable value. The decreased amount is recognised in profit or loss and corresponding allowance is made.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and related taxes.

### 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (20) Impairment of goodwill

The Group assesses goodwill acquired from business combination, no matter there is objective evidence of impairment or not, impairment should be assessed at each annual financial reporting date.

The recoverable amount is the higher of an asset's fair value less costs of disposal and the present value of the estimated future cash flow expected to be derived from the asset. The Group estimates the recoverable amount on the basis of individual asset. When it is difficult to estimate the recoverable amount individually, the recoverable value of the cash generating units to which the asset belongs will be estimated. The recognition of a group of assets shall base on whether the main cash flow generated by the group of assets is independent from those generated by other assets or groups of assets.

When recoverable amounts of assets or groups of assets are lower than their carrying amounts, the Group decreases their carrying amount to recoverable amount. The decreased amounts are recognised in profit or loss and corresponding allowances are made.

For impairment test of goodwill, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units when being unable to be allocated to each of the cash-generating units. Cash-generating units or groups of cash-generating units refer to those that can benefit from the synergies of the combination and are not larger than the reportable segment determined by the Group.

When performing impairment test for the (groups of) cash-generating unit to which goodwill is allocated, the Group firstly tests the (groups of) cash-generating unit excluding goodwill, calculates the recoverable amount and recognises relevant impairment losses. The Group then tests the (groups of) cash-generating units including goodwill, and compares the carrying amount and recoverable amount. If the carrying amount exceeds the recoverable amount, the amount of impairment loss is firstly deducted from the carrying amount of goodwill allocated to the (groups of) cash-generating unit, and then from the carrying amount of each of other assets (other than goodwill) within the (groups of) cash-generating unit, on a pro rata basis. An impairment loss recognized for goodwill cannot be reversed in subsequent periods.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (21) Related parties

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

- (a) the party is a person or a close family member of that person and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;or
- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a); or
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).



### **3 SIGNIFICANT ACCOUNTING POLICIES** (Continued)

#### **(22) Provisions and contingencies**

The obligation pertinent to contingencies shall be recognised as provisions when the following conditions are satisfied concurrently:

- (i) the obligation is a present obligation of the Group;
- (ii) the obligation is probable to cause a future outflow of resources from the Group as a result of performance of the obligation; and
- (iii) the amount of the obligation can be reliably measured.

The amount of a provision is initially measured in accordance with the best estimate of the necessary expenses for the performance of the current obligation. To determine the best estimate, the Group takes into full consideration of risks, uncertainty, time value of money and other factors pertinent to the contingencies. The Group reviews the book value of the provisions at the end of the reporting period. If there is substantial evidence that the amount of provisions cannot actually reflect the current best estimate, the Group will adjust the amount in accordance with the current best estimate.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or, a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

#### **(23) Non-current assets held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, and non-current assets are not depreciated or amortised. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the noncurrent asset is recognised at the date of derecognition.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (24) Profit distribution

After-tax profit for the year is firstly applied to make up for the losses of previous years. Secondly, the Company sets aside 10% of after-tax profit for a statutory reserve under surplus reserves, 10% of after-tax profit for a general risk reserve under general reserves, and according to the requirements of the CSRC, sets aside 10% of after-tax profit for a transaction risk reserve under general reserves. In addition, with the approval from the Annual General Meeting, the Company may set aside 5%–10% of after-tax profit for a discretionary reserve after setting aside the funds for the various statutory reserves. The remaining after-tax profit is distributed according to the resolution approved at the Annual General Meeting. If the aggregate balance of the statutory reserve has reached 50% of the Company's registered capital, appropriation for the statutory reserve is no longer mandatory.

General reserves set aside by the Company are used to make up for any losses arising from securities transactions. The Company's surplus reserves are used to make up for any losses of the Company or as additional capital of the Company. However, capital reserve cannot be used to make up for the Company's losses. When the statutory reserve are converted to capital, the balance of the statutory reserve cannot be less than 25% of the Company's registered capital.

Dividends proposed by the directors are not deducted from equity, until they have been approved by the ordinary equity holders in the Annual General Meeting. When these dividends have been approved by the ordinary equity holders, they are recognized as a liability.

## 4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these judgements assumptions and estimates could result in outcomes that could require an adjustment to the carrying amounts of the assets or liabilities.

### (1) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis, which requires significant judgement. This involves an estimation of the recoverable amount of the cash-generating units to which the goodwill is allocated. The recoverable amount is the higher of a cash-generating unit's fair value less costs to sell and its value in use.

### (2) Income tax

Determining provisions for income tax requires the Group to estimate the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and provides for taxes accordingly. In addition, deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. This requires significant judgement of the tax treatments of certain transactions and also significant estimation of the probability that adequate future taxable profits will be available for the deferred income tax assets to be recovered.

## 4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

### (3) Fair value of financial instruments

If the market for a financial instrument is not active, the Group estimates fair value by using a valuation technique. Valuation techniques include using recent prices in arm's length market transactions between knowledgeable and willing parties, if available, reference to the current fair value of another instrument that is substantially the same, or discounted cash flow analyses and option pricing models. To the extent practicable, valuation technique makes the maximum use of observable market inputs. However, where observable market inputs are not available, management needs to make estimates and use alternatives on such unobservable market inputs.

### (4) Consolidation of structured entities

Management makes significant judgment on whether the Group controls and therefore is required to consolidate its structured entities. The decision outcome impacts the financial and operational results of the Group.

When assessing control, the Group considers: 1) the level of power of the Group over the investee; 2) variable returns gained through participation of relevant activities of the investee; and 3) the ability of the Group in using its power over the investee to affect its return.

When assessing the level of power over the structured entities, the Group considers the following four aspects:

- (i) the degree of participation when establishing the structured entities;
- (ii) contractual arrangements;
- (iii) activities that take place only at special occasions or events;
- (iv) commitments made to the investee from the Group.

When assessing whether there is control over the structured entities, the Group also considers whether it's acting as a principal or as an agent. Aspects of considerations normally include the decision making power over the structured entities, substantive rights enjoyed by the other third parties, level of reward to the Group, and exposure to variable risks and returns from owning other benefits of the structured entities.

### (5) Measurement of the expected credit loss allowance

#### Expected credit loss measurement

The measurement of the expected credit loss allowance for debt instruments measured at amortized cost and FVOCI is an area that requires the use of models and assumptions about future economic conditions and credit behavior of the client (such as the likelihood of customers defaulting and the resulting losses).

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

### (5) Measurement of the expected credit loss allowance (Continued)

#### Expected credit loss measurement (Continued)

A number of significant judgements are also required in applying the accounting requirements for measuring expected credit losses (ECL), such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Projection of macroeconomic variables for forward-looking scenarios.

#### Inputs, assumptions and estimation techniques

The ECL of different financial portfolios is measured by the Group on either a 12-month or lifetime basis depending on whether they are in Stage 1, 2 or 3 as defined above. For debt securities investments, ECL are the discounted product of the Probability of Default (“PD”), Exposure at Default (“EAD”), and Loss Given Default (“LGD”). For margin accounts, stock repo and stock-pledged repo under reverse repurchase agreements, ECL are the discounted product of the EAD and Loss Ratio (“LR”).

#### Forward-looking information incorporated in the ECL model

A pervasive concept in measuring ECL in accordance with IFRS9 is that it should consider forward-looking information. The assessment of SICR and the calculation of ECL both incorporated forward-looking information. The Group has performed historical data and identified the key economic variables impacting credit risk and ECL for each financial instrument portfolio. These economic variables and their associated impact on the PD vary by product type. The impact of these economic variables on the PD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates.

Details of the significant accounting judgements and estimates above please refer to Note 58(a).

### (6) Classification of financial assets

When the Group determines the classification of financial assets, a number of significant judgements in the business model and the contractual cash flow characteristics of the financial assets are required.

Factors considered by the Group in determining the business model for a group of financial assets include past experience on how the cash flows for these assets were collected, how the asset’s performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

When the Group assesses whether the contractual cash flows of the financial assets are consistent with basic lending arrangements, the main judgements are described as below: whether the principal amount may change over the life of the financial asset (for example, if there are prepayments); whether the interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin and cost, associated with holding the financial asset for a particular period of time.

## 5 TAXATION

According to relevant PRC tax policies, the most significant categories of taxes to which the Company is currently subject to are as follows:

### (1) Income tax

From 1 January 2008, the “Enterprise Income Tax Law of the PRC” and the “Regulations on the Implementation of Enterprise Income Tax Law of the PRC” became effective for the Company. Income tax computation and payment are governed by the “Announcement of the State Administration of Taxation on Printing and Distributing Administrative Measures for Collection of Consolidated Payments of Enterprise Income Tax by Enterprises with Multi-Location Operations” (Public Notice of the State Administration of Taxation [2012] No. 57). The income tax rate applicable to the Company is 25%.

### (2) Value added tax

Pursuant to the “Circular regarding the Comprehensive Implementation of the Pilot Programs for Transformation from Business Taxes to Value-added Taxes (the “VAT Pilot Programs”)” (Cai Shui [2016] No. 36), the “Circular regarding Further Clarification of Relevant Policies Applicable to the Financial Sector in the Comprehensive Implementation of the VAT Pilot Programs (Cai Shui [2016] No. 46), the “Supplementary Circular regarding VAT Policies Applicable to Transactions between Financial Institutions” (Cai Shui [2016] No. 70) issued by the Ministry of Finance (the “MOF”) and the State Administration of Taxation (the “SAT”) of the PRC, effective from 1 May 2016, the Group is subject to value-added taxes on its income from principal businesses at 6%.

In accordance with the “Circular regarding the Value-added Taxes Policies for Financial, Real Estate Development and Education Ancillary and Other Services” (Cai Shui [2016] No. 140), the “Supplementary Circular regarding Issues concerning Value-added Taxes Policies for Asset Management Products” (Cai Shui [2017] No. 2) and the “Circular on the Relevant Issues concerning Value-added Tax Levied on Asset Management Products” (Cai Shui [2017] No. 56), the Group shall pay VAT at rate of 3% for related asset management taxable activities undertaken after 1 January 2018.

- (3) Vehicle and vessel taxes, property taxes and stamp duties are levied in accordance with the provisions of the relevant tax laws and regulations.
- (4) Urban maintenance and construction taxes, education surcharges and local education surcharges are levied at 7%, 3% and 2%, respectively, of the payable amount of relevant turnover taxes.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

*(In RMB thousands, unless otherwise stated)*

## 6 OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating businesses are structured and managed separately according to the nature of their operations and the services they provide. Each of the Group's operating segments represents a strategic business engaged in the following activities, which are subject to risks and returns that are different from the other operating segments.

Investment Banking — Securities placement and underwriting activities, and financial advisory services;

Brokerage — Securities and futures dealing and brokerage, as well as the sale of financial products as agent;

Trading — Equity, fixed income and derivatives trading and market-making, margin financing and securities lending and alternative investment activities;

Asset Management — Asset management services to collective assets management, directive assets management, special assets management, fund management and other investment account management; and

Others — Private equity investment, principal investment, bulk commodity trading and other financial activities.

Management monitors the results of the Group's operating segments for the purposes of resource allocation and operating decision-making. Operating segment performance is measured consistently, and on the same basis as, operating profit or loss in the Group's consolidated financial statements.

Income taxes are managed as a whole and are not allocated to operating segments.

## 6 OPERATING SEGMENT INFORMATION (Continued)

2020	Investment banking	Brokerage	Trading	Asset management	Others	Total
Segment revenue and other income						
Fee and commission income	6,055,538	16,504,043	283,604	8,435,563	537,590	31,816,338
Interest income	569	3,494,738	11,627,692	173,273	231,491	15,527,763
Investment income	(85)	204,486	13,095,117	1,275,942	3,331,199	17,906,659
Other income	(2,965)	231,885	(437,319)	178,329	6,648,195	6,618,125
Subtotal	6,053,057	20,435,152	24,569,094	10,063,107	10,748,475	71,868,885
Operating expenses	2,947,251	13,865,482	21,883,772	5,350,113	7,937,566	51,984,184
Including: Finance costs	—	809,353	11,429,269	44,257	657,918	12,940,797
Expected credit losses	—	2,365	6,525,226	129,292	(76,226)	6,580,657
Impairment losses on other assets	—	23,677	—	149,784	321,620	495,081
Operating profit	3,105,806	6,569,670	2,685,322	4,712,994	2,810,909	19,884,701
Share of profits and losses of associates and joint ventures	—	—	—	—	585,757	585,757
Profit before income tax	3,105,806	6,569,670	2,685,322	4,712,994	3,396,666	20,470,458
Income tax expenses						4,953,917
Profit for the year						15,516,541
Other segment information:						
Depreciation and amortisation	73,072	806,244	65,187	195,697	467,157	1,607,357
Capital expenditure	214,044	204,996	90,514	87,426	12,722	609,702

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 6 OPERATING SEGMENT INFORMATION (Continued)

2019	Investment banking	Brokerage	Trading	Asset management	Others	Total
Segment revenue and other income						
Fee and commission income	4,625,004	10,143,485	229,590	6,073,111	443,852	21,515,042
Interest income	2,819	2,782,485	9,952,168	200,280	319,304	13,257,056
Investment income	—	53,789	11,582,673	1,035,371	3,219,537	15,891,370
Other income	(2,496)	79,975	284,945	122,993	5,931,477	6,416,894
Subtotal	4,625,327	13,059,734	22,049,376	7,431,755	9,914,170	57,080,362
Operating expenses	2,560,503	10,986,864	15,607,390	3,785,116	7,946,974	40,886,847
Including: Finance costs	70	577,722	9,654,927	39,543	940,204	11,212,466
Expected credit losses	—	781	1,522,795	—	368,004	1,891,580
Impairment losses on other assets	38,270	524,152	—	67,918	68,476	698,816
Operating profit	2,064,824	2,072,870	6,441,986	3,646,639	1,967,196	16,193,515
Share of profits and losses of associates and joint ventures	—	—	—	—	801,121	801,121
Profit before income tax	2,064,824	2,072,870	6,441,986	3,646,639	2,768,317	16,994,636
Income tax expenses						4,346,200
Profit for the year						12,648,436
Other segment information:						
Depreciation and amortisation	4,702	742,901	67,694	206,257	516,844	1,538,398
Capital expenditure	72,871	219,969	37,198	81,078	17,482	428,598



## 7 INTEREST INCOME

	2020	2019
Interest income on margin and other financing	<b>9,306,943</b>	7,717,513
Bank interest income	<b>4,810,935</b>	4,373,109
Interest income on debt instruments at fair value through other comprehensive income	<b>1,138,889</b>	1,021,226
Others	<b>270,996</b>	145,208
Total	<b>15,527,763</b>	13,257,056

## 8 INVESTMENT INCOME

	2020	2019
Net gains from financial assets at fair value through profit or loss (Mandatory)	<b>58,127,131</b>	20,393,092
Net gains from financial assets at fair value through profit or loss (Designated)	<b>3,702,012</b>	3,428,434
Net gains from disposal of debt instruments at fair value through other comprehensive income	<b>216,476</b>	259,572
Dividend income from financial assets at fair value through other comprehensive income	—	1,029,070
Net losses from financial liabilities at fair value through profit or loss	<b>(7,555,885)</b>	(4,844,312)
Net losses from derivatives and others	<b>(36,583,075)</b>	(4,374,486)
Total	<b>17,906,659</b>	15,891,370

## 9 OTHER INCOME

	2020	2019
Lease income	<b>343,322</b>	295,952
Foreign exchange (losses)/gains	<b>(329,368)</b>	236,839
Government grants	<b>202,628</b>	149,788
Others	<b>320,698</b>	218,299
Total	<b>537,280</b>	900,878

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 10 OPERATING EXPENSES

	2020	2019
<b>Fee and commission expenses:</b>		
— Commission expenses	<b>4,857,061</b>	3,182,791
— Others	<b>195,230</b>	310,072
Total	<b>5,052,291</b>	3,492,863

	2020	2019
<b>Finance costs:</b>		
— Due to banks and other financial institutions	<b>4,972,665</b>	3,977,093
— Debt instruments issued and short-term financing instruments payable	<b>6,471,605</b>	5,942,600
— Customer brokerage deposits	<b>654,542</b>	504,728
— Others	<b>841,985</b>	788,045
Total	<b>12,940,797</b>	11,212,466

	2020	2019
<b>Staff costs (including directors', supervisors' and senior executives' remuneration):</b>		
— Salaries and bonuses	<b>12,815,344</b>	10,705,556
— Staff benefits	<b>1,338,712</b>	1,460,515
— Contributions to defined contribution schemes (i)	<b>583,504</b>	275,377
Total	<b>14,737,560</b>	12,441,448

## 10 OPERATING EXPENSES (Continued)

### (i) Retirement benefits are included herein and their nature is described below:

Full-time employees of the Group in Mainland China are covered by various government-sponsored retirement plans, under which the employees are entitled to a monthly pension. Relevant government agencies determine the amount of pension benefits and are responsible for the related pension liabilities to eligible retired employees. The Group is required to make monthly contributions to the government related to these government-sponsored retirement plans for active employees. The Group has no obligation for post-retirement benefits beyond these contributions, which are expensed as incurred.

In addition, the Group participates in various defined contribution retirement schemes for its qualified employees in certain countries or regions outside of Mainland China.

	2020	2019
<b>Other operating expenses:</b>		
– Fund distribution and administration	<b>930,946</b>	670,957
– Electronic device operating expenditure	<b>730,806</b>	678,470
– Right-of-use asset depreciation	<b>667,013</b>	609,500
– Consulting expense	<b>380,155</b>	375,535
– Amortization of intangible assets	<b>295,905</b>	285,678
– Postal and communication	<b>292,950</b>	265,098
– Travel expenses	<b>245,641</b>	451,991
– Marketing and promotion	<b>240,055</b>	205,667
– Rental	<b>223,799</b>	235,070
– Investor protection fund	<b>154,265</b>	127,186
– Auditors' remuneration (i)	<b>38,451</b>	39,717
– Others	<b>1,461,259</b>	1,156,051
Total	<b>5,661,245</b>	5,100,920

(i) Which include audit service fees of RMB27 million (2019: RMB31 million).

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 11 DIRECTORS', SUPERVISORS' AND SENIOR EXECUTIVES' REMUNERATION

Details of the directors', supervisors' and senior executives' remuneration before tax, as disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance, are as follows:

Name	Position	2020				Total remuneration before tax (5)=(1)+(2)+(3)+(4)
		Salaries and allowances (1)	Discretionary bonuses (2)	Fees (3)	Contribution to retirement benefit schemes (4)	
Zhang Youjun	Executive Director, Chairman and Member of the Executive Committee	2,394	121	2,400	—	4,915
Yang Minghui	Executive Director, President and Member of the Executive Committee	2,161	144	7,630	—	9,935
Wang Shuhui	Non-executive Director	—	—	—	—	—
Liu Ke	Independent non-executive director	—	—	—	150	150
He Jia	Independent non-executive director	—	—	—	150	150
Zhou Zhonghui	Independent non-executive director	—	—	—	150	150
Zhang Changyi	Supervisor, Chairman of the Supervisory Committee	1,546	176	1,800	—	3,522
Guo Zhao	Supervisor	—	—	—	100	100
Rao Geping	Supervisor	—	—	—	100	100
Li Ning	Supervisor representing Employees	1,279	106	1,875	—	3,260
Niu Xuekun	Supervisor representing Employees	757	94	1,160	—	2,011
Ma Yao	Member of the Executive Committee	1,563	202	9,200	—	10,965
Xue Jirui	Member of the Executive Committee	1,565	202	8,800	—	10,567
Yang Bing	Member of the Executive Committee	1,563	202	8,400	—	10,165
Li Chunbo	Member of the Executive Committee	1,565	202	7,600	—	9,367
Zou Yingguang	Member of the Executive Committee	1,557	202	8,100	—	9,859
Li Yongjin	Member of the Executive Committee	1,565	196	6,600	—	8,361
Li Jiong	Chief Financial Officer, Treasurer	1,565	202	7,000	—	8,767
Song Qunli	Chief Engineer	1,444	184	4,700	—	6,328
Zhang Hao	Chief Marketing Officer	1,600	104	7,850	—	9,554
Wang Junfeng	Board Secretary	596	142	—	—	738
Zhang Guoming	Compliance Officer, Chief Risk Management Officer	1,445	184	4,150	—	5,779
Ye Xinjiang	Senior Management Members	1,455	216	5,350	—	7,021
Jin Jianhua	Senior Management Members	1,560	198	5,700	—	7,458
Sun Yi	Senior Management Members	1,745	202	5,850	—	7,797
Gao Yuxiang	Senior Management Members	1,565	202	9,000	—	10,767
Zheng Jing	Former Board Secretary, Company Secretary	187	12	1,400	—	1,599
		<b>30,677</b>	<b>3,493</b>	<b>114,565</b>	<b>650</b>	<b>149,385</b>

Note: Certain of these independent non-executive directors act as representative directors of the Company in the board of certain subsidiaries and they do not receive any directors' remuneration from these subsidiaries. Related amounts were received by the Company.

## 11 DIRECTORS', SUPERVISORS' AND SENIOR EXECUTIVES' REMUNERATION (Continued)

During the years ended 31 December 2020 and 2019, no special emoluments were paid by the Group to any of the persons who are directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office. There were no other retirement benefits for directors or supervisors.

During the years ended 31 December 2020 and 2019, there were no consideration provided to third parties for making available directors' or supervisor's services.

During the years ended 31 December 2020 and 2019, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year. In addition, the Group did not provide any the guarantees or securities to certain controlled body corporates and connected entities of the Directors or Supervisors in respect of their loan, quasi-loans or credit transactions.

Name	Position	2019				Total remuneration before tax (5)=(1)+(2)+(3)+(4)
		Salaries and allowances (1)	Discretionary bonuses (2)	Fees (3)	Contribution to retirement benefit schemes (4)	
Zhang Youjun	Executive Director, Chairman and Member of the Executive Committee	2,387	2,400	—	164	4,951
Yang Minghui	Executive Director, President and Member of the Executive Committee	2,147	7,600	—	152	9,899
He Jia	Independent Non-executive Director	—	—	156	—	156
Liu Ke	Independent Non-executive Director	—	—	156	—	156
Zhou Zhonghui	Independent Non-executive Director	—	—	91	—	91
Rao Geping	Supervisor	—	—	100	—	100
Guo Zhao	Supervisor	—	—	100	—	100
Ma Yao	Member of the Executive Committee	1,546	8,250	—	122	9,918
Xue Jirui	Member of the Executive Committee	1,547	8,500	—	122	10,169
Yang Bing	Member of the Executive Committee	1,546	9,650	—	122	11,318
Li Chunbo	Member of the Executive Committee	1,547	7,500	—	122	9,169
Zou Yingguang	Member of the Executive Committee	1,547	5,000	—	122	6,669
Li Yongjin	Member of the Executive Committee	1,547	6,250	—	122	7,919
Li Jiong	Chief Financial Officer, Treasurer	1,547	6,500	—	122	8,169
Song Qunli	Chief Engineer, (Chief Information Officer)	1,427	2,250	—	116	3,793
Zhang Hao	Chief Marketing Officer	1,597	7,300	—	49	8,946
Zhang Guoming	Compliance Officer, Chief Risk Management Officer	1,427	4,250	—	116	5,793
Ye Xinjiang	Senior Management Members	1,536	7,000	—	98	8,634
Jin Jianhua	Senior Management Members	1,546	7,550	—	122	9,218

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 11 DIRECTORS', SUPERVISORS' AND SENIOR EXECUTIVES' REMUNERATION (Continued)

Name	Position	2019				Total remuneration before tax (5)=(1)+(2)+(3)+(4)
		Salaries and allowances (1)	Discretionary bonuses (2)	Fees (3)	Contribution to retirement benefit schemes (4)	
Sun Yi	Senior Management Members	1,827	7,975	—	122	9,924
Gao Yuxiang	Senior Management Members	1,547	9,000	—	122	10,669
Ge Xiaobo	Former Chief Financial Officer, Former Member of the Executive Committee, and Former Chief Risk Management Officer	515	2,500	—	43	3,058
Tang Zhenyi	Former Member of the Executive Committee	607	321	—	29	957
Cai Jian	Former Chief Risk Management Officer	234	2,550	—	11	2,795
Zheng Jing	Former Board Secretary, Former Company Secretary	1,109	2,700	—	100	3,909
Kuang Tao	Former Non-executive Director	—	—	—	—	—
Chan, Charles Sheung Wai	Former Independent Non-executive Director	—	—	41	—	41
Liu Hao	Former Supervisor, Former Supervisor and Chairman of the Supervisory Committee	1,287	1,150	—	100	2,537
Lei Yong	Former Supervisor representing Employees	1,058	2,303	—	97	3,458
Yang Zhenyu	Former Supervisor representing Employees	880	1,560	—	89	2,529
		31,958	120,059	644	2,384	155,045

## 12 FIVE HIGHEST PAID EMPLOYEES

The Group's five highest paid employees during the year did not include directors and supervisors (2019: did not include directors and supervisors). Details of the remuneration of the five (2019: five) non-director and non-supervisor highest paid employees for the year are as follows:

	2020	2019
Salaries, allowances and other benefits	<b>15,138</b>	62,802
Discretionary bonuses	<b>52,950</b>	40,794
Termination compensation	—	—
<b>Total</b>	<b>68,088</b>	103,596

## 12 FIVE HIGHEST PAID EMPLOYEES (Continued)

The number of these individuals whose remuneration fell within the following bands is set out below:

	Number of employees	
	2020	2019
RMB12,000,001 to RMB13,000,000	2	—
RMB13,000,001 to RMB14,000,000	2	2
RMB14,000,001 to RMB15,000,000	—	—
RMB15,000,001 to RMB16,000,000	1	—
RMB16,000,001 to RMB17,000,000	—	1
RMB17,000,001 to RMB20,000,000	—	—
RMB20,000,001 to RMB30,000,000	—	1
RMB30,000,001 to RMB40,000,000	—	1
<b>Total</b>	<b>5</b>	<b>5</b>

Note: during the year of 2020, the emoluments paid by the Group to these non-director and non-supervisor individuals were based on the services provided to the Group by these individuals.

## 13 EXPECTED CREDIT LOSSES

	2020	2019
Reverse repurchase agreements	4,879,272	790,521
Margin accounts	710,869	359,728
Financial assets at fair value through other comprehensive income (debt instruments)	555,224	224,813
Other assets	334,340	516,518
Others	100,952	—
<b>Total</b>	<b>6,580,657</b>	<b>1,891,580</b>

## 14 IMPAIRMENT LOSSES ON OTHER ASSETS

	2020	2019
Impairment losses on goodwill (Note 21)	81,486	528,479
Impairment losses on investment property	91,970	67,837
Impairment losses on bulk commodity trading inventory	321,619	68,476
Others	6	34,024
<b>Total</b>	<b>495,081</b>	<b>698,816</b>

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 15 INCOME TAX EXPENSE

### (a) Income tax

	2020	2019
Current income tax expense		
Mainland China	<b>8,260,481</b>	4,605,569
Outside Mainland China	<b>398,083</b>	112,269
Deferred income tax expense	<b>(3,704,647)</b>	(371,638)
Total	<b>4,953,917</b>	4,346,200

### (b) Reconciliation between income tax and accounting profit

The PRC income tax has been provided at the statutory rate of 25%, in accordance with the relevant tax laws in Mainland China. Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the countries/regions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof. The reconciliation of the income tax expense applicable to profit before tax at the PRC statutory income tax rate to income tax expense at the Group's effective income tax rate is as follows:

	2020	2019
Profit before income tax	<b>20,470,458</b>	16,994,636
Tax at the PRC statutory income tax rate	<b>5,117,614</b>	4,248,659
Effects of different applicable rates of tax prevailing in various regions	<b>3,937</b>	(18,171)
Non-deductible expenses	<b>262,995</b>	102,080
Non-taxable income	<b>(783,432)</b>	(391,267)
Adjustments in respect of current and deferred income tax of prior years	<b>348,560</b>	101,855
Others	<b>4,243</b>	303,044
Tax expense at the Group's effective income tax rate	<b>4,953,917</b>	4,346,200

## 16 PROFIT ATTRIBUTABLE TO THE COMPANY

The consolidated profit attributable to the Company for the year ended 31 December 2020 amounted to RMB12,342 million (2019: RMB11,701 million), which has been dealt with in the financial statements of the Company (Note 59).



## 17 DIVIDENDS

	2020	2019
Dividends on ordinary shares proposed but not paid	<b>5,170,710</b>	6,463,388
Dividends on ordinary shares paid	<b>6,463,388</b>	4,240,918

Dividends on ordinary shares proposed for approval were RMB0.40 yuan per share for the year ended 31 December 2020 (2019: RMB0.50 yuan per share).

Dividends proposed by the directors are not deducted from equity, until they have been approved by the shareholders in the general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

## 18 EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

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

	2020	2019
<b>Earnings:</b>		
Profit attributable to Owners of the Parent	<b>14,902,324</b>	12,228,610
<b>Shares:</b>		
Weighted average number of ordinary shares in issue (thousand)	<b>12,860,212</b>	12,116,908
Basic and diluted earnings per share (in RMB yuan)	<b>1.16</b>	1.01

Basic earnings per share was calculated by dividing profit for the year attributable to Owners of the Parent by the weighted average number of ordinary shares outstanding.

There were no dilutive shares during the year ended 31 December 2020 (2019: None).

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 19 PROPERTY, PLANT AND EQUIPMENT

	Properties and buildings	Communication equipment	Office equipment	Vehicles	Security equipment	Electronic devices	Others	Subtotal	Construction in progress	Total
<b>31 December 2020</b>										
<b>Cost</b>										
31 December 2019	6,119,346	79,515	296,998	2,539,496	7,254	2,519,159	37,975	11,599,743	294,311	11,894,054
Increases	10,467	2,336	17,652	5,664	6,175	294,411	33	336,738	267,436	604,174
Decreases	(9,565)	(1,285)	(14,637)	(1,879)	(2,946)	(135,260)	(1,207)	(166,779)	(79,403)	(246,182)
Effect of exchange rate changes	(10,351)	(4,200)	(3,886)	(153,894)	—	(74,026)	(126)	(246,483)	—	(246,483)
31 December 2020	6,109,897	76,366	296,127	2,389,387	10,483	2,604,284	36,675	11,523,219	482,344	12,005,563
<b>Accumulated depreciation</b>										
31 December 2019	1,110,234	69,553	264,353	457,181	4,807	2,194,246	31,571	4,131,945	—	4,131,945
Increases	185,891	4,577	22,104	135,639	6,211	258,011	3,977	616,410	—	616,410
Decreases	(9,679)	(1,245)	(14,373)	(1,885)	(2,818)	(131,650)	(800)	(162,450)	—	(162,450)
Effect of exchange rate changes	(7,159)	(3,870)	(2,841)	(32,284)	—	(66,667)	(43)	(112,864)	—	(112,864)
31 December 2020	1,279,287	69,015	269,243	558,651	8,200	2,253,940	34,705	4,473,041	—	4,473,041
<b>Allowances for impairment</b>										
31 December 2019	—	—	106	—	—	247	—	353	—	353
Increases	1,525	—	—	—	—	—	—	1,525	—	1,525
Decreases	—	—	—	—	—	—	—	—	—	—
Effect of exchange rate changes	—	—	—	—	—	3	—	3	—	3
31 December 2020	1,525	—	106	—	—	250	—	1,881	—	1,881
<b>Net carrying amount</b>										
31 December 2020	4,829,085	7,351	26,778	1,830,736	2,283	350,094	1,970	7,048,297	482,344	7,530,641
31 December 2019	5,009,112	9,962	32,539	2,082,315	2,447	324,666	6,404	7,467,445	294,311	7,761,756

## 19 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Properties and buildings	Communication equipment	Office equipment	Vehicles	Security equipment	Electronic devices	Others	Subtotal	Construction in progress	Total
<b>31 December 2019</b>										
<b>Cost</b>										
31 December 2018	6,147,103	73,696	290,035	2,502,858	6,857	2,372,836	40,781	11,434,166	316,611	11,750,777
Increases	35,280	6,518	18,971	4	731	185,114	61	246,679	66,551	313,230
Decreases	(66,128)	(1,824)	(13,580)	(2,095)	(334)	(60,173)	(3,119)	(147,253)	(88,851)	(236,104)
Effect of exchange rate changes	3,091	1,125	1,572	38,729	—	21,382	252	66,151	—	66,151
31 December 2019	6,119,346	79,515	296,998	2,539,496	7,254	2,519,159	37,975	11,599,743	294,311	11,894,054
<b>Accumulated depreciation</b>										
31 December 2018	950,407	66,328	257,278	321,563	4,197	2,074,749	30,022	3,704,544	—	3,704,544
Increases	182,856	3,555	19,207	132,027	911	152,815	4,056	495,427	—	495,427
Decreases	(25,070)	(1,360)	(13,484)	(1,942)	(301)	(52,612)	(2,725)	(97,494)	—	(97,494)
Effect of exchange rate changes	2,041	1,030	1,352	5,533	—	19,294	218	29,468	—	29,468
31 December 2019	1,110,234	69,553	264,353	457,181	4,807	2,194,246	31,571	4,131,945	—	4,131,945
<b>Allowances for impairment</b>										
31 December 2018	—	—	—	—	—	—	—	—	—	—
Increases	—	—	106	—	—	237	—	343	—	343
Decreases	—	—	—	—	—	—	—	—	—	—
Effect of exchange rate changes	—	—	—	—	—	10	—	10	—	10
31 December 2019	—	—	106	—	—	247	—	353	—	353
<b>Net carrying amount</b>										
31 December 2019	5,009,112	9,962	32,539	2,082,315	2,447	324,666	6,404	7,467,445	294,311	7,761,756
31 December 2018	5,196,696	7,368	32,757	2,181,295	2,660	298,087	10,759	7,729,622	316,611	8,046,233

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 20 INVESTMENT PROPERTIES

<b>31 December 2020</b>	<b>Properties and Buildings</b>
<b>Cost</b>	
31 December 2019	1,550,288
Increases	—
Decreases	(69,966)
Effect of exchange rate changes	(9,617)
31 December 2020	1,470,705
<b>Accumulated depreciation and amortisation</b>	
31 December 2019	225,532
Increases	38,518
Decreases	(2,768)
Effect of exchange rate changes	(754)
31 December 2020	260,528
<b>Allowances for impairment</b>	
31 December 2019	70,023
Increases	102,416
Decreases	(10,447)
Effect of exchange rate changes	(12,026)
31 December 2020	149,966
<b>Net carrying amount</b>	
31 December 2020	1,060,211
31 December 2019	1,254,733

## 20 INVESTMENT PROPERTIES (Continued)

31 December 2019	Properties and Buildings
<hr/>	
<b>Cost</b>	
31 December 2018	1,506,262
Increases	44,532
Decreases	(23,828)
Effect of exchange rate changes	23,322
<hr/>	
31 December 2019	1,550,288
<hr/>	
<b>Accumulated depreciation and amortisation</b>	
31 December 2018	173,754
Increases	51,928
Decreases	(539)
Effect of exchange rate changes	389
<hr/>	
31 December 2019	225,532
<hr/>	
<b>Allowances for impairment</b>	
31 December 2018	—
Increases	67,837
Decreases	—
Effect of exchange rate changes	2,186
<hr/>	
31 December 2019	70,023
<hr/>	
<b>Net carrying amount</b>	
31 December 2019	1,254,733
<hr/>	
31 December 2018	1,332,508
<hr/>	

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 21 GOODWILL

	31 December 2020	2019
Carrying amount at the beginning of the year:		
Cost	<b>10,952,310</b>	10,884,922
Less: Accumulated impairment	<b>(929,486)</b>	(377,427)
Net carrying amount	<b>10,022,824</b>	10,507,495
Movements during the year:		
Additions and effect of exchange rate changes*	<b>773,015</b>	67,388
Impairment and effect of exchange rate changes*	<b>(19,141)</b>	(552,059)
Carrying amount at the end of the year:		
Cost	<b>11,725,325</b>	10,952,310
Less: Accumulated impairment	<b>(948,627)</b>	(929,486)
Net carrying amount	<b>10,776,698</b>	10,022,824

\* Amount to RMB-62 million was caused by foreign exchange fluctuation in goodwill accumulated impairment for the year ended 31 December 2020 (Year ended 31 December 2019: RMB24 million).

	31 December 2020	2019
China Asset Management Company Limited	<b>7,418,587</b>	7,418,587
CITIC Securities International Company Limited <sup>(1)</sup>	<b>2,059,837</b>	2,273,059
CITIC Securities Overseas Investment Company Limited <sup>(2)</sup>	—	635
CITIC Futures Company Limited	<b>193,826</b>	193,826
CITIC Securities (Shandong) Company Limited	<b>88,675</b>	88,675
CITIC Securities Company Limited	<b>43,500</b>	43,500
Xin Jiang Equity Exchange Centre Limited	<b>4,542</b>	4,542
CITIC Securities South China Company Limited	<b>967,731</b>	—
Total	<b>10,776,698</b>	10,022,824

## 21 GOODWILL (Continued)

- (1) As at 31 December 2020, the net carrying amount of the goodwill arising from CITIC Securities International Co., Ltd.'s acquisition of CLSA was RMB1,874 million (31 December 2019: RMB2,004 million).

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use ("VIU").

The fair value less costs of disposal approach was based on fair value of asset groups and costs of disposal. The VIU approach was performed by applying a discounted cash flow ("DCF") model based on operation plans of management and an adjusted discount rate. Cash flows beyond the forecast period have been extrapolated using a sustainable growth rate and a closing value. In 2020, discount rates used by the Group ranged from 9.90 % to 20.00% (2019: 11.00% to 16.00%) and growth rates for the forecast period ranged from 2.00 % to 20.00 % (2019: 2.00% to 21.11%).

- (2) The recoverable amount of CLSA Premium Limited (formerly known as KVB Kunlun Financial Group Limited) was lower than the carrying amount, and an impairment loss of RMB0.63 million (2019: RMB490 million) was recognised.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 22 LAND-USE RIGHTS AND INTANGIBLE ASSETS

	Intangible assets					Total
	Seats on stock exchanges	Software development	Customer relationships	Trademarks	Land-use rights	
<b>31 December 2020</b>						
<b>Cost</b>						
31 December 2019	130,670	1,512,048	1,415,667	296,822	2,273,423	5,628,630
Increases	4,999	336,759	4,241	—	6,200	352,199
Decreases	(1,200)	(118,105)	—	—	(7,187)	(126,492)
Effect of exchange rate changes	(2,875)	(39,934)	(83,295)	(19,159)	—	(145,263)
31 December 2020	131,594	1,690,768	1,336,613	277,663	2,272,436	5,709,074
<b>Accumulated amortisation</b>						
31 December 2019	100,505	1,248,929	902,062	—	266,924	2,518,420
Increases	4,140	254,187	143,029	—	58,981	460,337
Decreases	(1,200)	(57,808)	—	—	(987)	(59,995)
Effect of exchange rate changes	(1,247)	(39,163)	(61,182)	—	—	(101,592)
31 December 2020	102,198	1,406,145	983,909	—	324,918	2,817,170
<b>Allowance for impairment</b>						
31 December 2019	1,503	36,079	—	—	—	37,582
Increases	—	6	—	—	—	6
Decreases	—	—	—	—	—	—
Effect of exchange rate changes	(3)	(684)	—	—	—	(687)
31 December 2020	1,500	35,401	—	—	—	36,901
<b>Net carrying amount</b>						
31 December 2020	27,896	249,222	352,704	277,663	1,947,518	2,855,003
31 December 2019	28,662	227,040	513,605	296,822	2,006,499	3,072,628



## 22 LAND-USE RIGHTS AND INTANGIBLE ASSETS (Continued)

	Intangible assets					Total
	Seats on stock exchanges	Software development	Customer relationships	Trademarks	Land-use rights	
<b>31 December 2019</b>						
<b>Cost</b>						
31 December 2018	132,526	1,401,579	1,373,575	292,033	2,261,433	5,461,146
Increases	—	99,696	21,622	—	11,990	133,308
Decreases	(2,871)	(433)	—	—	—	(3,304)
Effect of exchange rate changes	1,015	11,206	20,470	4,789	—	37,480
31 December 2019	130,670	1,512,048	1,415,667	296,822	2,273,423	5,628,630
<b>Accumulated amortisation</b>						
31 December 2018	99,886	1,143,586	736,266	—	208,018	2,187,756
Increases	120	95,256	152,887	—	58,906	307,169
Decreases	(11)	(363)	—	—	—	(374)
Effect of exchange rate changes	510	10,450	12,909	—	—	23,869
31 December 2019	100,505	1,248,929	902,062	—	266,924	2,518,420
<b>Allowance for impairment</b>						
31 December 2018	1,496	2,471	—	—	—	3,967
Increases	—	33,681	—	—	—	33,681
Decreases	—	—	—	—	—	—
Effect of exchange rate changes	7	(73)	—	—	—	(66)
31 December 2019	1,503	36,079	—	—	—	37,582
<b>Net carrying amount</b>						
31 December 2019	28,662	227,040	513,605	296,822	2,006,499	3,072,628
31 December 2018	31,144	255,522	637,309	292,033	2,053,415	3,269,423

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## 22 LAND-USE RIGHTS AND INTANGIBLE ASSETS (Continued)

The Company and its wholly owned subsidiary GoldStone ZeXin Investment Management Co., Ltd. (hereinafter referred to as “GoldStone ZeXin”) jointly bid for certain of land-use rights in Shenzhen in January 2014. GoldStone ZeXin is engaged in, among other business activities, real estate development. The Company and GoldStone ZeXin obtained the land-use rights certificate in August 2015. GoldStone ZeXin obtained a bank loan in September 2015, which is secured over the land-use rights held by the Company and GoldStone ZeXin and guaranteed by GoldStone Investment Co., Ltd., the immediate holding company of GoldStone ZeXin. The bank loan was paid off at 1 April 2019 and the pledge over the land-use rights had been released as at 31 December 2020.

The portion of the land-use right attributable to GoldStone ZeXin for real estate development is classified under other non-current assets (Note 29), and the portion attributable to the Company is classified under land-use rights.

## 23 INVESTMENTS IN SUBSIDIARIES

### Company

	31 December 2020	2019
Unlisted shares, at cost	45,091,317	33,943,279

Particulars of the Company’s principal subsidiaries are as follows:

### (a) Principal subsidiaries acquired through establishment or investment

Name of subsidiaries	Place of incorporation/ registration/ operations	Registered share capital	Principal activities	Amount invested by the company	Attributable equity interest	
					Direct	Indirect
GoldStone Investment Co., Ltd. (金石投資有限公司)	Mainland China	RMB3 billion	Direct investment, investment advisory and management	RMB1.7 billion	100%	—
CITIC Securities International Co., Ltd. (中信証券國際有限公司)	Hong Kong	Not applicable	Holding company	HK\$ 6,516.05 million	100%	—
CITIC Securities Investment Ltd. (中信証券投資有限公司)	Mainland China	RMB14 billion	Financial product investment, securities investment, equity investment	RMB14 billion	100%	—
CITICS Global Absolute Return Fund	Cayman Islands	Not applicable	Offshore portfolio hedge fund, investment fund	US\$327,570	57.73%	42.27%
CITIC Securities Finance 2013 Co., Ltd.	The British Virgin Islands	Not applicable	Bond issuance	US\$1	—	100%
CITIC Securities Finance MTN Co., Ltd.	The British Virgin Islands	Not applicable	Bond issuance	US\$1	—	100%
CITIC Securities Regal Holding Limited	The British Virgin Islands	Not applicable	Holding company	US\$1	—	100%
CITIC Securities Qingdao Training Centre (青島中信証券培訓中心)	Mainland China	RMB1 million	Business training	RMB1 million	70%	30%

## 23 INVESTMENTS IN SUBSIDIARIES (Continued)

### (a) Principal subsidiaries acquired through establishment or investment (Continued)

Name of subsidiaries	Place of incorporation/ registration and operations	Registered share capital	Principal activities	Amount invested by the company	Attributable equity interest	
					Direct	Indirect
CITIC Securities Information and Quantitative Service (Shenzhen) Co., Ltd. (中信證券信息與量化服務(深圳)有限責任公司)	Mainland China	RMB10 million	Information technology development, technical consulting	RMB10 million	100%	—
CITIC Securities Overseas Investment Company Limited (中信證券海外投資有限公司)	Hong Kong	Not applicable	Holding, investment	HK\$0.01 million	100%	—
Jintong Securities Co., Ltd. (金通證券有限責任公司)	Mainland China	RMB135 million	Securities brokerage	RMB35 million	100%	—
CITICS Investment Services Company Limited (中信中證投資服務有限責任公司)	Mainland China	RMB100 million	Investment management, advisory service, finance outsourcing service	RMB100 million	100%	—
Xin Jiang Equity Exchange Limited (新疆股權交易中心有限公司)	Mainland China	RMB110 million	Financial services	RMB60 million	54.55%	—
Qingdao GoldStone Storm Investment Consulting Company Limited (青島金石暴風投資諮詢有限公司)	Mainland China	RMB50.1 million	Investment management, advisory services	RMB50.1 million	—	100%
Qingdao GoldStone Runhui Investment Management Company Limited (青島金石潤匯投資管理有限公司)	Mainland China	RMB10.1 million	Investment management, advisory services, investment with self-owned capital	RMB10.1 million	—	100%
Qingdao GoldStone Haorui Investment Company Limited (青島金石灑納投資有限公司)	Mainland China	RMB805 million	Investment management, advisory services, investment with self-owned capital	RMB2,000 million	—	100%
Jinjin Investment (Tianjin) Co., Ltd. (金津投資(天津)有限公司)	Mainland China	RMB100 million	Investment	RMB500 million	—	100%
CITIC GoldStone Fund Management Company Limited (中信金石基金管理有限公司)	Mainland China	RMB100 million	Investment	RMB100 million	—	100%
GoldStone ZeXin Investment Management Co., Ltd. (金石澤信投資管理有限公司)	Mainland China	RMB1,000 million	Investment management, investment advisory, investment consultancy, fiduciary management, equity investment, fund, real estate.	RMB1,000 million	—	100%
CITIC Buyout Fund Management Company Limited (中信併購基金管理有限公司)	Mainland China	RMB100 million	Investment management, advisory services	RMB100 million	—	100%
CITIC Buyout Investment Fund (Shenzhen) (Limited Partnership) (中信併購投資基金(深圳)合夥企業(有限合夥))	Mainland China	Not applicable	Investment, advisory services	RMB887.53 million	—	25.25% <sup>(i)</sup>
GoldStone Boxin Investment Management Co., Ltd. (金石博信投資管理有限公司)	Mainland China	RMB500 million	Investment	—	—	44.42%
Three Gorges GoldStone Private Fund Management Co., Ltd. (三峽金石私募基金管理有限公司)	Mainland China	RMB100 million	Investment management	RMB60 million	—	60%

(i) According to the investment contract, the Company believes that it has actual control over the entity.

# Notes to the Consolidated Financial Statements

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## 23 INVESTMENTS IN SUBSIDIARIES (Continued)

### (a) Principal subsidiaries acquired through establishment or investment (Continued)

Name of subsidiaries	Place of incorporation/ registration and operations	Registered share capital	Principal activities	Amount invested by the company	Attributable equity interest	
					Direct	Indirect
Anhui Xinan M&A Private Fund Management Co., Ltd (安徽信安併購私募基金管理有限公司)	Mainland China	RMB20 million	Investment management	RMB16 million	—	80%
Jinshi Fengrui Investment Management (Hangzhou) Co., Ltd (金石澧納投資管理(杭州)有限公司)	Mainland China	RMB30 million	Investment management	—	—	100%
Anhui Transport Control Jinshi Private Fund Management Co., Ltd. (安徽交控金石私募基金管理有限公司)	Mainland China	RMB30 million	Investment fund management	RMB10.5 million	—	70%
CITIC Securities Capital Management Co., Ltd (中信中證資本管理有限公司)	Mainland China	RMB2,000 million	Asset management	RMB1,000 million	—	100%
CITIC Yingshi Asset Management Co., Ltd. (Shanghai) (盈蔣(上海)資產管理有限公司)	Mainland China	RMB200 million	Asset management	RMB100 million	—	100%
CITIC Global Trade (Shanghai) Company Limited (中証寰球商貿(上海)有限公司)	Mainland China	RMB1,000 million	Bulk commodity trading	RMB400 million	—	100%
CF International Financial Holding Company Limited (信期國際金融控股有限公司)	Hong Kong	RMB3,000 million	Holding company	RMB3,000 million	—	100%
CSI Corporate Finance (HK) Limited	Hong Kong	Not applicable	Investment banking	HK\$380 million	—	100%
CSI AMC Company Limited	Hong Kong	Not applicable	Investment service	HK\$1	—	100%
CSI Principal Investment Holding Limited	The British Virgin Islands	US\$50 thousand	Holding company	US\$1	—	100%
CLSA Europe B.V.	Netherlands	EUR750 thousand	Investment banking	EUR750 thousand	—	100%
China Wealth Investment management Limited Company (上海華夏財富投資管理有限公司)	Mainland China	RMB20 million	Asset management	RMB20 million	—	62.20%
Xinjiang Micro Finance Service Co., Ltd. (新疆小微金融服務中心有限公司)	Mainland China	RMB1,820 thousand	Research and development of financial products, portfolio design, consulting services, etc.	RMB910 thousand	—	54.55%

## 23 INVESTMENTS IN SUBSIDIARIES (Continued)

### (b) Principal subsidiaries acquired from business combination

Name of subsidiaries	Place of incorporation/ registration and operations	Registered share capital	Principal activities	Amount invested by the company	Attributable equity interest	
					Direct	Indirect
CITIC Securities (Shandong) Co., Ltd. (中信証券(山東)有限責任公司)	Mainland China	RMB2,493.8 million	Securities business	RMB1,145.74 million	100%	—
CITIC Futures Co., Ltd. (中信期貨有限公司)	Mainland China	RMB3,600 million	Futures brokerage, asset management, fund distribution	RMB3,949.23 million	100%	—
China Asset Management Co., Ltd. (華夏基金管理有限公司)	Mainland China	RMB238 million	Fund investment	RMB2,663.95 million	62.20%	—
Tianjin Jingzheng Property Services Co., Limited (天津京證物業服務有限公司)	Mainland China	RMB0.3 million	Property management and leasing service	RMB336.86 million	100%	—
Tianjin Shenzheng Property Services Co., Limited (天津深證物業服務有限公司)	Mainland China	RMB0.3 million	Property management and leasing service	RMB244.87 million	100%	—
CITIC Securities South China Company Limited (中信証券華南股份有限公司)	Mainland China	RMB5,360.46 million	Securities brokerage	RMB12.17 billion	99.9%	0.1%
Guangzhou Securities Hang Seng Securities yanjiusuo company limited (廣州廣證恒生證券研究所有限公司)	Mainland China	RMB44.68 million	Advisory services	RMB44.68 million	—	67%
Guangzhou Securities lingxiu investment company limited (廣證領秀投資有限公司)	Mainland China	RMB1,550 million	Investment management	RMB1.55 billion	100%	—
Guangzhou Securities chuanguxin touzi guanli company limited (廣州證券創新投資管理有限公司)	Mainland China	RMB500 million	Investment management	RMB500 million	—	100%
Jinshang (Tianjin) Investment Management Co., Ltd. (金尚(天津)投資管理有限公司)	Mainland China	RMB12.5 million	Investment management, advisory service	RMB18.59 million	—	100%
China Asset Management (Hong Kong) Limited (華夏基金(香港)有限公司)	Hong Kong	HK\$200 million	Asset management	HK\$200 million	—	62.20%
China AMC Capital Management Limited (華夏資本管理有限公司)	Mainland China	RMB350 million	Asset management, financial advisory	RMB350 million	—	62.20%
Shenzhen Qianhai Lingxiu Fund Management Co., Ltd. (深圳前海領秀資本投資管理有限公司)	Mainland China	RMB10 million	Investment management, advisory services	RMB10 million	—	100%
CLSA B.V. (里昂證券)	Netherlands	Not applicable	Investment, holding	US\$1,090.30 million	—	100%
CLSA Premium Limited	Cayman Island	Not applicable	Leveraged foreign exchange transactions and other transactions, cash transactions, other services	HK\$780.20 million	—	59.03%
CSI Capricornus Limited	The British Virgin Islands	US\$50 thousand	Investment, holding	—	—	100%

### (c) Net cash flows from disposal of subsidiaries

	2020	2019
Total consideration	12,550	21,814
Cash and cash equivalents received	12,550	21,814
Cash and cash equivalents in the subsidiaries disposed	2,897	100,337
Cash inflow from disposal of subsidiaries	9,653	(78,523)

## Notes to the Consolidated Financial Statements

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### 23 INVESTMENTS IN SUBSIDIARIES (Continued)

#### (d) Net cash flows from acquisition of subsidiaries

	2020	2019
Total consideration	<b>12,190,346</b>	—
Cash and cash equivalents paid	<b>11,102</b>	—
Cash and cash equivalents in the subsidiaries acquired	<b>13,742,982</b>	—
Cash inflow from acquisition of subsidiaries	<b>13,731,881</b>	—

#### (e) Non-cash financing activities

The Group had no significant non-cash financing activities during the year ended 31 December 2020.

#### (f) Structured entities included in the consolidated financial statement

The Group acts as asset manager for or invested in a number of structured entities. Management makes significant judgment on whether the Group controls and therefore should consolidate these structured entities.

Management has determined that the Group had control of certain structured entities based on their assessment of the Group's power over, its exposure to variable returns from its involvement with, and its ability to use its power to affect the amount of its returns from these structured entities. 24 of the controlled structured entities have been consolidated as at 31 December 2020 (17 of the controlled structured entities have been consolidated as at 31 December 2019).

The fair value identifiable assets of the consolidated structured entities was RMB13,456.91 million (Year ended 31 December 2019: RMB3,788.17 million). The fair value liabilities of the consolidated structured entities was RMB97.64 million (Year ended 31 December 2019: RMB95.23 million).

The operating results and cash flows of the consolidated structured entities for the year ended 31 December 2020 and 2019 included in the consolidated financial statements are as follows:

	2020	2019
Revenue	<b>224,098</b>	145,550
Profit for the year	<b>203,527</b>	129,442
Net (decrease)/increase in cash and cash equivalents	<b>(958,643)</b>	1,246,686

## 23 INVESTMENTS IN SUBSIDIARIES (Continued)

### (g) Details of the Group's subsidiary with material non-controlling interests is set out below: China Asset Management Co., Ltd.

	<b>31 December</b>	
	<b>2020</b>	2019
Percentage of equity interest held by non-controlling interests	<b>37.80%</b>	37.80%
Dividends paid to non-controlling interests	<b>181,420</b>	141,294
Ending balances of non-controlling interests	<b>3,782,391</b>	3,381,013
Profit for the year attributable to non-controlling interests	<b>603,864</b>	453,965

The following tables illustrate the summarised financial information of the above subsidiary:

	<b>2020</b>	2019
Revenue	<b>5,549,876</b>	3,988,457
Profit from continuing operations	<b>1,597,523</b>	1,200,965
Total comprehensive income for the year	<b>1,541,792</b>	1,219,028
Net cash flows from operating activities	<b>790,063</b>	712,078
Net cash flows from investing activities	<b>(54,113)</b>	(66,110)
Net cash flows used in financing activities	<b>(602,676)</b>	(498,782)
Net increase in cash and cash equivalents	<b>99,977</b>	150,825

	<b>31 December</b>	
	<b>2020</b>	2019
Current assets	<b>12,119,386</b>	10,389,129
Non-current assets	<b>1,575,232</b>	1,255,955
Current liabilities	<b>2,715,255</b>	1,905,783
Non-current liabilities	<b>973,038</b>	794,822

As at 31 December 2020, there were no significant restrictions on the ability of the Group to access or use the assets and settle the liabilities of the Group's subsidiaries (2019: Nil).

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## 24 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	31 December 2020	2019
Associates	<b>8,818,599</b>	8,925,954
Joint ventures	<b>57,983</b>	75,129
<b>Total</b>	<b>8,876,582</b>	9,001,083

### (a) Particulars of the Group's principal associates and joint ventures are as follows:

Name	Place of incorporation/ registration	Registered share capital	Principal activities	Percentage of equity interest	Percentage of voting rights
<b>Associates:</b>					
CITIC Private Equity Funds Management Co., Ltd. (中信產業投資基金管理有限公司)	Mainland China	RMB1.8 billion	Investment fund management	35%	35%
Qingdao Blue Ocean Equity Exchange Limited (青島藍海股權交易中心有限責任公司)	Mainland China	RMB50 million	Equity trading	40%	40%
CSC Financial Co., Ltd. (中信建投證券股份有限公司)	Mainland China	RMB7,756.69 million	Securities brokerage, securities investment consulting	4.9357%	4.9357%
Beijing Agricultural Investment Fund (Limited Partnership) (北京農業產業投資基金(有限合夥))	Mainland China	RMB620 million	Investment	32%	32%
Beijing GoldStone Agricultural Investment Fund Management Center (Limited Partnership) (北京金石農業投資基金管理中心 (有限合夥))	Mainland China	RMB30 million	Fund management	33%	33%
Zhongzheng Fund Management Co., Ltd. (中證基金管理有限公司)	Mainland China	RMB110 million	Investment management	29%	29%
Xinrong Customer Services Club Co., Ltd. (深圳市信融客戶服務俱樂部有限公司)	Mainland China	RMB10 million	Financial services	25%	25%
Qianhai Infrastructure Investments Fund Management Co., Ltd. (深圳前海基礎設施投資基金管理有限公司)	Mainland China	RMB300 million	Fund management	11.67%	11.67% <sup>0</sup>
Tibet Xinsheng Equity Investment Partnership (Limited Partnership) (西藏信昇股權投資合夥企業(有限合夥))	Mainland China	RMB4,322.10 million	Private equity investment	7.33%	7.33%
Taifu GoldStone (Tianjin) Fund Management Co., Ltd. (泰富金石(天津)基金管理有限公司)	Mainland China	RMB50 million	Entrusted management of equity investment entities, investment management and relevant consulting services	40%	40%



## 24 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

### (a) Particulars of the Group's principal associates and joint ventures are as follows: (Continued)

Name	Place of incorporation/ registration	Registered share capital	Principal activities	Percentage of equity interest	Percentage of voting rights
Suning GoldStone (Tianjin) Fund Management Co., Ltd. (蘇寧金石(天津)基金管理有限公司)	Mainland China	RMB50 million	Entrusted management of equity investment entities, investment management and relevant consulting services	40%	40%
Xi'an Future Aerospace Industry Co., Ltd. (西安明日宇航工業有限責任公司)	Mainland China	RMB50 million	Aerospace components and ground equipment manufacturing, sheet metal components manufacturing	35%	35%
Sailing Capital International (Shanghai) Co., Ltd. (賽領國際投資基金(上海)有限公司)	Mainland China	RMB5,710 million	Investment and loan fund	11.10%	11.10% <sup>(a)</sup>
Sailing Capital Management (Shanghai) Co., Ltd. (賽領資本管理有限公司)	Mainland China	RMB280.50 million	Equity investment management	9.09%	9.09% <sup>(a)</sup>
CITIC POLY (Tianjin) Private Equity Fund Management Co., Ltd. (信保(天津)股權投資基金管理有限公司)	Mainland China	RMB100 million	Entrusted management of equity investment	33%	33%
CITIC PE Holdings Limited	The British Virgin Islands	HKD171.60 million	Investment holding	35%	Not applicable
Aria Investment Partners L.P. III	Cayman Islands	Not applicable	Direct investment fund	8.40%	11.39% <sup>(a)</sup>
Aria Investment Partners L.P. IV	Cayman Islands	Not applicable	Direct investment fund	39.14%	39.14%
Aria Investment Partners L.P. V	Cayman Islands	Not applicable	Direct investment fund	45.45%	31.25%
Clean Resources Asia Growth Fund L.P.	Cayman Islands	US\$113.73 million	Direct investment fund	17.59%	17.59% <sup>(a)</sup>
Fudo Capital L.P. II	Cayman Islands	Not applicable	Direct investment fund	6.13%	6.13% <sup>(a)</sup>
Fudo Capital L.P. III	Cayman Islands	Not applicable	Direct investment fund	5%	5% <sup>(a)</sup>
Fudo Capital L.P. IV	Cayman Islands	Not applicable	Direct investment fund	2.65%	2.65%
Sunrise Capital L.P. II	Cayman Islands	Not applicable	Direct investment fund	23.99%	23.99%
Sunrise Capital L.P. III	Cayman Islands	Not applicable	Direct investment fund	6.08%	6.08% <sup>(a)</sup>
CLSA Aviation Private Equity Fund I	Korea	US\$58.28 million	Direct investment fund	6.86%	6.86% <sup>(a)</sup>
CLSA Aviation Private Equity Fund II	Korea	US\$60.24 million	Direct investment fund	0.08%	0.08% <sup>(a)</sup>
CLSA Aviation II Investments (Cayman) Limited	Cayman Islands	US\$50 thousand	Direct investment fund	12.39%	12.39% <sup>(a)</sup>
CT CLSA Holdings Limited	Sri Lanka	LKR500 million	Investment holding	25%	25%
Pan Asia Realty Ltd.	Cayman Islands	US\$10 million	Asset management	30%	30%
Holisol Logistics Private Ltd.	Cayman Islands	INR10.80 million	Asset management	20.31%	20.31%
CLSA Infrastructure Private Equity Fund	Korea	US\$50 thousand	Asset management	0.14%	0.14% <sup>(a)</sup>
CSOBOR Fund, L.P.	Cayman Islands	US\$52 million	Asset management	25.1%	33.33%
Alfalch Securities (Private) Limited	Pakistan	PRK40 million	Investment banking and securities brokerage	20.29%	24.90%
Pine Tree Special Opportunity FMC LLC	Cayman Islands	Not applicable	Investment holding	50%	50%
CLSA Real Estate Limited	Cayman Islands	US\$50 thousand	Real Estate investment consulting	40%	40%
Lending Ark Asia Secured Private Debt Fund I (Non-US), LP	Cayman Islands	Not applicable	Asset management	22.16%	22.16%
Lending Ark Asia Secured Private Debt Holdings Limited	Cayman Islands	US\$50 thousand	Asset management	30%	30%

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## 24 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

### (a) Particulars of the Group's principal associates and joint ventures are as follows: (Continued)

Name	Place of incorporation/ registration	Registered share capital	Principal activities	Percentage of equity interest	Percentage of voting rights
<b>Joint ventures:</b>					
CITIC Standard and Poor's Information Service (Beijing) Co., Ltd. (中信標普指數信息服務(北京)有限公司)	Mainland China	RMB8.027 million	Financial services	50%	50%
Double Nitrogen Fund GP Limited	Cayman Islands	US\$100	Investment management	48%	50% <sup>(i)</sup>
Sino-Ocean Land Logistics Investment Management Limited	Cayman Islands	US\$50 thousand	Investment management	50%	33.33%
CSOBOR Fund GP, Limited	Cayman Islands	US\$100	Investment management	49%	60%
Merchant Property Limited	Guernsey	GBP7.25 million	Property investment	50%	50%
Kingvest Limited	Cayman Islands	JPY5,000 million	Asset management	44.85%	44.85%
Sunrise Capital Holdings IV Limited	Cayman Islands	US\$50 thousand	Asset management	50%	50%
Bright Lee Capital Limited	The British Virgin Islands	US\$50 thousand	Asset management	48%	50%

- (i) The Group has a significant influence over these funds as it acts as the fund manager of these funds.
- (ii) The Group has joint control over this entity with other parties through contractual arrangement.

## 24 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

### (b) The following table illustrates the summarised financial information of the Group's material associates:

- (i) CITIC Private Equity Funds Management Co., Ltd., as a major associate of the Group, is primarily engaged in investment fund management, and is accounted for using the equity method. The unaudited financial information is as follows:

	31 December	
	2020	2019
Current assets	<b>5,287,604</b>	4,711,306
Non-current assets	<b>117,318</b>	18,692
Current liabilities	<b>163,650</b>	153,882
Non-current liabilities	<b>287,422</b>	202,563
	<b>2020</b>	2019
Revenue	<b>771,826</b>	834,363
Profit from continuing operations	<b>446,328</b>	609,722
Total comprehensive income	<b>446,328</b>	609,722

- (ii) CSC Financial Co., Ltd., as a major associate of the Group, is primarily engaged in securities brokerage and investment consulting, and is accounted for using the equity method. The financial information is as follows (in RMB millions):

	31 December	
	2020	2019
Assets	<b>371,228</b>	285,670
	<b>2020</b>	2019
Net profit attributable to equity holders of the Company	<b>9,509</b>	5,502

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### 24 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

- (c) The following table illustrates the aggregate unaudited financial information of the Group's associates and joint ventures that are not individually material.

	2020	2019
Profit for the year	<b>257,934</b>	360,185
Other comprehensive income	—	3,611
Total comprehensive income	<b>257,934</b>	363,796

- (d) As at 31 December 2020, there was no capital commitment to the associates and joint ventures (31 December 2019: Nil).
- (e) There were no significant restrictions on the ability of the Group's associates and joint ventures to transfer funds to the Group in form of cash dividends or to repay any liability owed to the Group as at 31 December 2020 and 31 December 2019.

### 25 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2020	
	Current	Non-current
Debt instruments (Mandatory)	<b>49,400,900</b>	—
Equity instruments (Designated)		
CSF No. 1 investment <sup>(i)</sup>	—	<b>16,440,223</b>
Others	—	<b>195,278</b>
	—	<b>16,635,501</b>
Total	<b>49,400,900</b>	<b>16,635,501</b>
Loss allowance	<b>577,493</b>	—
Analyzed into:		
Listed	<b>48,240,817</b>	—
Unlisted	<b>1,160,083</b>	<b>16,635,501</b>
	<b>49,400,900</b>	<b>16,635,501</b>

## 25 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(Continued)

	31 December 2019	
	Current	Non-current
Debt instruments (Mandatory)	23,684,063	—
Equity instruments (Designated)		
CSF No. 1 investment <sup>(i)</sup>	—	16,074,056
Others	—	205,313
	—	16,279,369
<b>Total</b>	<b>23,684,063</b>	<b>16,279,369</b>
Loss allowance	262,920	—
Analyzed into:		
Listed	23,654,041	—
Unlisted	30,022	16,279,369
	23,684,063	16,279,369

(i) The balance represented the investment portfolio, operated by China Securities Finance Corporation Limited ("CSF"). Under the investment agreement, the Company and other joint investors share the income/loss based on contribution proportion. The Company manages these financial assets for purposes other than to generate investment returns.

As at 31 December 2020, based on the investment report provided by CSF, the cost of the Company's investment managed by CSF was RMB15,675 million (31 December 2019: RMB15,675 million), while the fair value was RMB16,440 million (31 December 2019: RMB16,074 million).

## 26 REFUNDABLE DEPOSITS

	31 December 2020	31 December 2019
Trading deposits	<b>2,116,013</b>	1,110,269
Credit deposits	<b>1,404,749</b>	283,297
Performance bonds	<b>357,012</b>	66,371
<b>Total</b>	<b>3,877,774</b>	1,459,937

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## 27 DEFERRED INCOME TAX ASSETS AND LIABILITIES

Deferred income tax assets:	Depreciation allowance	Fair value changes of financial instruments	Allowance for impairment losses	Salaries, bonuses, and allowances payable	Others	Total
At 31 December 2019	23,908	154,293	1,249,096	3,412,128	402,064	5,241,489
Credited/(debited) to the statement of profit or loss	(19,240)	2,160,877	1,415,044	612,464	(250,407)	3,918,738
Credited/(debited) to other comprehensive income	189	(329)	7,430	647	59	7,996
Other increase	381	47,269	261,437	42,316	142,294	493,697
At 31 December 2020	5,238	2,362,110	2,933,007	4,067,555	294,010	9,661,920

Deferred income tax assets:	Depreciation allowance	Fair value changes of financial instruments	Allowance for impairment losses	Salaries, bonuses, and allowances payable	Others	Total
At 31 December 2018	18,341	293,692	894,017	2,807,438	209,538	4,223,026
Credited/(debited) to the statement of profit or loss	1,269	(52,993)	351,407	605,376	204,520	1,109,579
Credited/(debited) to other comprehensive income	4,298	(86,406)	3,672	(686)	(11,994)	(91,116)
Other increase	—	—	—	—	—	—
At 31 December 2019	23,908	154,293	1,249,096	3,412,128	402,064	5,241,489

## 27 DEFERRED INCOME TAX ASSETS AND LIABILITIES (Continued)

Deferred income tax liabilities:	Amortisation allowance	Fair value changes of financial instruments	Others	Total
At 31 December 2019	264,326	1,792,466	787,203	2,843,995
Debited/(credited) to the statement of profit or loss	(52,982)	239,975	27,066	214,059
Debited/(credited) to other comprehensive income	(14,246)	76,537	6,185	68,476
Other increase	—	8,480	41,182	49,662
At 31 December 2020	197,098	2,117,458	861,636	3,176,192

Deferred income tax liabilities:	Amortisation allowance	Fair value changes of financial instruments	Others	Total
At 31 December 2018	303,037	974,266	690,305	1,967,608
Debited/(credited) to the statement of profit or loss	(42,843)	684,302	96,482	737,941
Debited/(credited) to other comprehensive income	4,132	133,898	416	138,446
Other increase	—	—	—	—
At 31 December 2019	264,326	1,792,466	787,203	2,843,995

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 28 RIGHT-OF-USE ASSETS

31 December 2020	Properties and Buildings	Transportation Vehicles	Electronic Devices	Others	Total
<b>Cost</b>					
31 December 2019	2,190,369	1,762	755	1,350	2,194,236
Increases	874,126	—	—	728	874,854
Decreases	(197,342)	—	—	(469)	(197,811)
Effect of exchange rate change	(47,810)	33	13	—	(47,764)
31 December 2020	2,819,343	1,795	768	1,609	2,823,515
<b>Accumulated depreciation</b>					
1 January 2020	592,417	518	191	225	593,351
Increases	615,008	493	197	459	616,157
Decreases	(147,009)	—	—	(142)	(147,151)
Effect of exchange rate change	(4,688)	48	24	—	(4,616)
31 December 2020	1,055,728	1,059	412	542	1,057,741
<b>Allowances for impairment</b>					
1 January 2020	—	—	—	—	—
Increases	—	—	—	—	—
Decreases	—	—	—	—	—
Effect of exchange rate change	—	—	—	—	—
31 December 2020	—	—	—	—	—
<b>Net carrying amount</b>					
31 December 2020	1,763,615	736	356	1,067	1,765,774
31 December 2019	1,597,952	1,244	564	1,125	1,600,885



## 28 RIGHT-OF-USE ASSETS (Continued)

31 December 2019	Properties and Buildings	Transportation Vehicles	Electronic Devices	Others	Total
<b>Cost</b>					
31 December 2018					
Changes in accounting policy	1,922,509	1,708	39	1,154	1,925,410
1 January 2019	1,922,509	1,708	39	1,154	1,925,410
Increases	329,488	26	707	268	330,489
Decreases	(75,435)	—	—	(72)	(75,507)
Effect of exchange rate change	13,807	28	9	—	13,844
31 December 2019	2,190,369	1,762	755	1,350	2,194,236
<b>Accumulated depreciation</b>					
31 December 2018					
Changes in accounting policy	—	—	—	—	—
1 January 2019	—	—	—	—	—
Increases	599,804	502	184	247	600,737
Decreases	(10,263)	—	—	(22)	(10,285)
Effect of exchange rate change	2,876	16	7	—	2,899
31 December 2019	592,417	518	191	225	593,351
<b>Allowances for impairment</b>					
31 December 2018					
Changes in accounting policy	—	—	—	—	—
1 January 2019	—	—	—	—	—
Increases	—	—	—	—	—
Decreases	—	—	—	—	—
Effect of exchange rate change	—	—	—	—	—
31 December 2019	—	—	—	—	—
<b>Net carrying amount</b>					
31 December 2019	1,597,952	1,244	564	1,125	1,600,885
31 December 2018					

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### 29 OTHER NON-CURRENT ASSETS

	31 December 2020	2019
Project investment (Note 22)	<b>1,888,181</b>	1,731,135
Receivables and others	<b>516,325</b>	455,654
Total	<b>2,404,506</b>	2,186,789

### 30 MARGIN ACCOUNTS

	31 December 2020	2019
Margin accounts	<b>118,274,965</b>	71,446,330
Less: loss allowance	<b>(1,533,533)</b>	(772,485)
Total	<b>116,741,432</b>	70,673,845

Margin accounts are funds that the Group lends to its customers for margin financing business. As at 31 December 2020, the Group received collateral with fair value amounted to RMB511,904 million (31 December 2019: RMB261,259 million), in connection with its margin financing business.

### 31 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2020	
	Current	Non-current
<b>Mandatory</b>		
Debt instruments	177,801,516	28,772
Equity instruments <sup>(i)</sup>	156,742,718	18,621,222
Others	45,251,403	6,931,901
	<b>379,795,637</b>	<b>25,581,895</b>
<b>Designated</b>		
Debt instruments	97,862	—
Equity instruments	4,239,197	9,513,016
Others	769	752,484
	<b>4,337,828</b>	<b>10,265,500</b>
<b>Total</b>	<b>384,133,465</b>	<b>35,847,395</b>
Analyzed into:		
<b>Mandatory</b>		
Listed	310,909,747	4,501,708
Unlisted	68,885,890	21,080,187
	<b>379,795,637</b>	<b>25,581,895</b>
<b>Designated</b>		
Listed	4,239,052	8,863,859
Unlisted	98,776	1,401,641
	<b>4,337,828</b>	<b>10,265,500</b>
<b>Total</b>	<b>384,133,465</b>	<b>35,847,395</b>

(i) As of 31 December 2020, financial assets at fair value through profit or loss of RMB135,732 million (31 December 2019: RMB134,392 million) were collateralized for reverse repurchase agreements, amount due to CSF, securities lending and short term loan transactions.

## Notes to the Consolidated Financial Statements

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### 31 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

	31 December 2019	
	Current	Non-current
<b>Mandatory</b>		
Debt instruments	214,989,531	40,000
Equity instruments (i)	79,601,887	14,558,580
Others	34,470,280	5,126,775
	329,061,698	19,725,355
<b>Designated</b>		
Equity instruments	84,815	6,402,501
Others	—	73,938
	84,815	6,476,439
<b>Total</b>	329,146,513	26,201,794
Analyzed into:		
<b>Mandatory</b>		
Listed	269,252,947	1,939,174
Unlisted	59,808,751	17,786,181
	329,061,698	19,725,355
<b>Designated</b>		
Listed	84,815	5,733,872
Unlisted	—	742,567
	84,815	6,476,439
<b>Total</b>	329,146,513	26,201,794

## 32 DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2020		
	Notional amounts	Fair value	
		Assets	Liabilities
Interest rate derivatives	1,499,934,029	5,934,466	6,525,383
Currency derivatives	115,613,610	1,580,362	1,287,918
Equity derivatives	330,660,258	10,984,622	37,062,855
Credit derivatives	7,573,989	32,820	19,707
Others	197,947,212	1,625,720	1,980,343
<b>Total</b>	<b>2,151,729,098</b>	<b>20,157,990</b>	<b>46,876,206</b>
	31 December 2019		
	Notional amounts	Fair value	
		Assets	Liabilities
Interest rate derivatives	1,172,493,937	3,413,912	3,709,853
Currency derivatives	46,715,883	437,723	193,179
Equity derivatives	185,283,203	3,144,735	9,590,424
Credit derivatives	14,830,280	138,696	224,716
Others	40,957,155	216,007	273,578
<b>Total</b>	<b>1,460,280,458</b>	<b>7,351,073</b>	<b>13,991,750</b>

Under the “Daily Mark-to-Market and Settlement Arrangement”, the Group’s future contracts were settled daily and the amount of mark-to-market gain or loss of those unexpired future contracts is reflected in profit or loss and not included in derivative financial instruments above. The corresponding payments or receipts are reflected in “cash and bank balances”. As at 31 December 2020, the fair value of those unexpired daily settled future contracts was a loss of RMB202 million (31 December 2019: Loss of RMB37 million).

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### 33 REVERSE REPURCHASE AGREEMENTS

	31 December 2020	2019
Analysed by collateral:		
Stocks	<b>31,723,843</b>	40,488,704
Debts	<b>15,541,709</b>	21,387,258
	<b>47,265,552</b>	61,875,962
Less: loss allowance	<b>(8,038,939)</b>	(3,045,909)
Total	<b>39,226,613</b>	58,830,053
Analysed by business		
Stock repo	—	4,911
Pledged repo	<b>40,494,849</b>	52,831,453
Debt securities outright repo	<b>6,770,703</b>	9,039,598
	<b>47,265,552</b>	61,875,962
Less: loss allowance	<b>(8,038,939)</b>	(3,045,909)
Total	<b>39,226,613</b>	58,830,053
Analysed by counterparty:		
Banks	<b>1,065,249</b>	1,078,684
Non-bank financial institutions	<b>3,395,353</b>	4,034,164
Others	<b>42,804,950</b>	56,763,114
	<b>47,265,552</b>	61,875,962
Less: loss allowance	<b>(8,038,939)</b>	(3,045,909)
Total	<b>39,226,613</b>	58,830,053

### 33 REVERSE REPURCHASE AGREEMENTS (Continued)

As at 31 December 2020, stock repo and stock-pledged repo under reverse repurchase agreements totalled RMB31,724 million (31 December 2019: RMB40,489 million) with credit impairment loss allowance of RMB8,039 million (31 December 2019: RMB3,046 million).

As at 31 December 2020, the Group received collateral amounted to RMB125,402 million (31 December 2019: RMB142,218 million), in connection with its reverse repurchase agreements.

As part of the reverse repurchase agreements, the Group received securities allowed to be re-pledged in the absence of default by counterparties. If the collateral received declines in value, the Group may, in certain circumstances, require additional collateral. The Group had an obligation to return the collateral to its counterparties at the maturity of the contracts.

As at 31 December 2020, the amount of the above collateral allowed to be re-pledged was RMB8,422 million (31 December 2019: RMB10,807 million), and the amount of the collateral re-pledged was RMB3,010 million (31 December 2019: RMB7,483 million).

### 34 OTHER CURRENT ASSETS

	31 December 2020	2019
Brokerage accounts due from clients	<b>13,835,207</b>	9,655,059
Accounts due from brokers	<b>12,657,085</b>	10,405,015
Settlement deposits receivable	<b>7,735,319</b>	4,897,035
Bulk commodity trading inventory	<b>4,784,609</b>	3,947,027
Interest receivable	<b>386,071</b>	141,633
Deferred expenses	<b>64,984</b>	79,995
Dividends receivable	<b>10,726</b>	659
Others	<b>11,837,709</b>	5,848,233
Subtotal	<b>51,311,710</b>	34,974,656
Less: Impairment allowance	<b>(2,134,867)</b>	(1,771,751)
Total	<b>49,176,843</b>	33,202,905

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## 35 CASH HELD ON BEHALF OF CUSTOMERS

The Group maintains segregated deposit accounts with banks and authorised institutions to hold cash on behalf of customers arising from its normal course of business. The Group has recorded the related amounts as cash held on behalf of customers and the corresponding liabilities as customer brokerage deposits (Note 37). In the PRC, the use of cash held on behalf of customers for security and the settlement of their transactions is restricted and governed by relevant third-party deposit regulations issued by the CSRC. In Hong Kong, the “Securities and Futures (Client Money) Rules” together with the related provisions of the Securities and Futures Ordinance impose similar restrictions. In other countries and regions, cash held on behalf of customers is supervised by relevant authorities.

## 36 CASH AND BANK BALANCES

	<b>31 December 2020</b>	2019
Cash on hand	<b>317</b>	306
Deposits in banks	<b>91,109,371</b>	64,442,153
Total	<b>91,109,688</b>	64,442,459

As at 31 December 2020, the Group had restricted funds of RMB7,529 million (31 December 2019: RMB4,818 million).

## 37 CUSTOMER BROKERAGE DEPOSITS

	<b>31 December 2020</b>	2019
Customer brokerage deposits	<b>203,110,588</b>	123,351,754

Customer brokerage deposits represent the amounts received from and repayable to clients arising from the ordinary course of the Group’s securities brokerage activities. For more details, please refer to Note 35 “Cash held on behalf of customers”.



### 38 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2020	
	Current	Non-current
<b>Financial liabilities held for trading</b>		
Debt instruments	5,675,783	—
Equity investments	1,706,988	—
Subtotal	7,382,771	—
<b>Financial liabilities designated as at fair value through profit or loss</b>		
Structured notes	32,683,668	7,720,924
Minority interests in consolidated structured entities	828,773	9,792,608
Subtotal	33,512,441	17,513,532
<b>Total</b>	<b>40,895,212</b>	<b>17,513,532</b>

As at 31 December 2020, there were no significant fair value changes related to the changes in the credit risk of the Group.

	31 December 2019	
	Current	Non-current
<b>Financial liabilities held for trading</b>		
Debt instruments	11,072,465	—
Equity investments	1,054,678	—
Subtotal	12,127,143	—
<b>Financial liabilities designated as at fair value through profit or loss</b>		
Structured notes	31,855,239	6,445,859
Minority interests in consolidated structured entities	335,408	6,953,349
Subtotal	32,190,647	13,399,208
<b>Total</b>	<b>44,317,790</b>	<b>13,399,208</b>

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### 39 REPURCHASE AGREEMENTS

	31 December	
	2020	2019
Analysed by collateral:		
Equity	<b>24,922,470</b>	5,234,802
Debts	<b>120,952,729</b>	132,736,829
Gold	<b>16,282,953</b>	11,454,423
Others	<b>36,141,248</b>	25,021,839
Total	<b>198,299,400</b>	174,447,893
Analysed by counterparty:		
Banks	<b>83,299,479</b>	56,977,106
Non-bank financial institutions	<b>17,331,315</b>	11,983,359
Others	<b>97,668,606</b>	105,487,428
Total	<b>198,299,400</b>	174,447,893

As at 31 December 2020, the Group's pledged collateral in connection with its repurchase financing business amounted to RMB216,769 million (31 December 2019: RMB196,335 million).

## 40 DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 December	
	2020	2019
Due to banks	<b>8,480,226</b>	25,116,285
Due to China Securities Finance Corporation Limited (Note 31)	<b>2,023,889</b>	5,018,507
Due to non-bank financial institution	<b>—</b>	3,001,403
Total	<b>10,504,115</b>	33,136,195

## 41 TAXES PAYABLE

	31 December	
	2020	2019
Enterprise income tax	<b>6,242,969</b>	2,322,868
Individual income tax	<b>711,856</b>	311,670
Value added tax	<b>350,855</b>	190,435
Others	<b>76,301</b>	59,832
Total	<b>7,381,981</b>	2,884,805

## 42 SHORT-TERM LOANS

	31 December	
	2020	2019
Analysed by nature:		
Credit loans	<b>3,661,987</b>	6,813,690
Collateralised loans	<b>1,348,384</b>	591,215
Total	<b>5,010,371</b>	7,404,905
Analysed by maturity:		
Maturity within one year	<b>5,010,371</b>	7,404,905

As at 31 December 2020, the annual interest rates on the short-term loans were in the range of 0.79% to 2.00% (31 December 2019: 2.00% to 5.66%). As at 31 December 2020, the book value of the collateral was RMB3,796 million (31 December 2019: RMB2,137 million). (Note 31)

# Notes to the Consolidated Financial Statements

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## 43 SHORT-TERM FINANCING INSTRUMENTS PAYABLE 2020

Name	Issue date	Maturity date	Coupon rate	Opening balance	Increase	Repayment	Ending balance
19 CITIC CP010	18/10/2019	16/01/2020	2.95%	6,036,084	7,440	(6,043,524)	—
19 CITIC CP011	19/11/2019	18/02/2020	3.10%	5,017,422	21,117	(5,038,539)	—
19 CITIC CP012	13/12/2019	12/03/2020	3.05%	3,004,354	18,146	(3,022,500)	—
20 CITIC CP001	17/01/2020	16/04/2020	2.78%	—	4,028,664	(4,028,664)	—
20 CITIC CP002	18/02/2020	18/05/2020	2.50%	—	4,025,986	(4,025,986)	—
20 CITIC CP003	25/02/2020	25/05/2020	2.45%	—	4,025,577	(4,025,577)	—
20 CITIC CP004	05/03/2020	03/06/2020	2.39%	—	4,024,610	(4,024,610)	—
20 CITIC CP005	13/03/2020	11/06/2020	2.16%	—	5,027,718	(5,027,718)	—
20 CITIC CP006	25/03/2020	23/06/2020	1.78%	—	5,022,597	(5,022,597)	—
20 CITIC CP007	08/04/2020	07/07/2020	1.50%	—	6,023,473	(6,023,473)	—
20 CITIC CP008	20/04/2020	17/07/2020	1.40%	—	6,021,820	(6,021,820)	—
20 CITIC CP009	13/05/2020	11/08/2020	1.55%	—	5,020,246	(5,020,246)	—
20 CITIC CP010	25/05/2020	21/08/2020	1.55%	—	5,019,711	(5,019,711)	—
20 CITIC CP011	28/05/2020	26/08/2020	1.58%	—	4,016,543	(4,016,543)	—
20 CITIC CP012	15/06/2020	11/09/2020	2.20%	—	4,022,014	(4,022,014)	—
20 CITIC CP013	09/07/2020	30/09/2020	1.95%	—	5,023,354	(5,023,354)	—
20 CS 08	02/06/2020	02/06/2021	2.08%	—	1,013,946	(3,113)	1,010,833
20 CS S1	28/07/2020	28/04/2021	2.84%	—	506,947	(1,472)	505,475
20 CS S2	07/08/2020	07/08/2021	2.95%	—	2,836,503	(8,115)	2,828,388
CITICSMTNECP03	20/11/2019	20/05/2020	0.00%	690,727	6,916	(697,643)	—
CITICSMTNECP04	11/03/2020	11/09/2020	0.00%	—	700,691	(700,691)	—
CITICSMTNECP05	13/03/2020	14/09/2020	0.00%	—	350,345	(350,345)	—
CITICSMTNECP06	25/03/2020	26/06/2020	0.00%	—	700,704	(700,704)	—
CITICSMTNECP07	22/05/2020	23/11/2020	0.00%	—	1,234,797	(1,234,797)	—
CITICSMTNECP08	26/05/2020	25/05/2021	0.00%	—	349,969	(26,297)	323,672
CITICSMTNECP09	26/05/2020	27/11/2020	0.00%	—	352,796	(352,796)	—
CITICSMTNECP10	20/08/2020	19/08/2021	0.00%	—	207,791	(13,652)	194,139
CITICSMTNECP11	17/09/2020	16/09/2021	0.00%	—	687,371	(33,585)	653,786
CITICSMTNECP12	16/10/2020	20/01/2021	0.00%	—	204,213	(8,546)	195,667
CITICSMTNECP13	19/11/2020	19/05/2021	0.94%	—	259,191	(7,585)	251,606
CITICSMTNECP14	25/11/2020	24/11/2021	0.00%	—	66,626	(1,964)	64,662
CITICSMTNECP15	15/12/2020	14/12/2021	0.00%	—	781,847	(6,335)	775,512
	11/10/2019	02/01/2020	1.39%	—	—	—	—
Structured notes	~31/12/2020	~13/10/2021	~4.00%	5,388,706	58,095,241	(58,345,816)	5,138,131
Total				20,137,293	129,704,910	(137,900,332)	11,941,871

## 43 SHORT-TERM FINANCING INSTRUMENTS PAYABLE (Continued) 2019

Name	Issue date	Maturity date	Coupon rate	Opening balance	Increase	Repayment	Ending balance
18 CITIC CP009	22/10/2018	18/01/2019	3.30%	5,031,953	7,828	(5,039,781)	—
18 CITIC CP010BC	13/11/2018	12/02/2019	3.20%	3,012,678	11,256	(3,023,934)	—
18 CITIC CP011	07/12/2018	08/03/2019	3.15%	2,004,096	11,611	(2,015,707)	—
18 CS 05	30/10/2018	18/04/2019	3.50%	1,508,990	15,463	(1,524,453)	—
18 CS 06	30/10/2018	27/07/2019	3.70%	1,509,512	31,542	(1,541,054)	—
19 CITIC CP001	18/01/2019	19/04/2019	2.95%	—	2,015,388	(2,015,388)	—
19 CITIC CP002	22/02/2019	24/05/2019	2.71%	—	3,020,723	(3,020,723)	—
19 CITIC CP003	08/03/2019	06/06/2019	2.79%	—	3,021,033	(3,021,033)	—
19 CITIC CP004	18/04/2019	17/07/2019	3.00%	—	3,022,590	(3,022,590)	—
19 CITIC CP005	17/05/2019	15/08/2019	2.99%	—	3,022,455	(3,022,455)	—
19 CITIC CP006BC	10/06/2019	06/09/2019	3.07%	—	2,015,056	(2,015,056)	—
19 CITIC CP007	27/06/2019	25/09/2019	2.60%	—	2,013,012	(2,013,012)	—
19 CITIC CP008	12/07/2019	10/10/2019	2.70%	—	3,020,227	(3,020,227)	—
19 CITIC CP009	19/09/2019	18/12/2019	2.75%	—	5,035,350	(5,035,350)	—
19 CITIC CP010	18/10/2019	16/01/2020	2.95%	—	6,037,196	(1,112)	6,036,084
19 CITIC CP011	19/11/2019	18/02/2020	3.10%	—	5,018,915	(1,493)	5,017,422
19 CITIC CP012	13/12/2019	12/03/2020	3.05%	—	3,004,856	(502)	3,004,354
CITICSMTNECP01	09/01/2019	24/12/2019	0.00%	—	1,372,796	(1,372,796)	—
CITICSMTNECP02	10/01/2019	24/12/2019	0.00%	—	2,059,194	(2,059,194)	—
CITICSMTNECP03	20/11/2019	20/05/2020	0.00%	—	690,727	—	690,727
	11/01/2018	02/01/2019	0.50%	—	—	—	—
Structured notes	~31/12/2019	~29/06/2020	~5.00%	4,992,116	18,354,756	(17,958,166)	5,388,706
Total				18,059,345	62,801,974	(60,724,026)	20,137,293

As at 31 December 2020, short-term financing instruments payable comprised unsecured short-term corporate bonds and structured notes with an original tenor of less than one year.

As at 31 December 2020, there was no default related to any short-term financing instruments payable issued (31 December 2019: Nil).

# Notes to the Consolidated Financial Statements

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(In RMB thousands, unless otherwise stated)

## 44 LEASE LIABILITIES

	31 December 2020	
	Current	Non-current
Lease liabilities	494,209	1,211,526
	31 December 2019	
	Current	Non-current
Lease liabilities	463,904	1,102,999

As at December 2020, cash flows of lease contracts signed by the Group but lease not yet commenced are shown as follows:

	31 December 2020	31 December 2019
Lease term:		
Within one year	25,627	32,160
One to two years	7,729	22,253
Two to five years	15,385	14,626
More than five years	1,392	—
	50,133	69,039

## 45 OTHER CURRENT LIABILITIES

	31 December 2020	2019
Settlement deposits payable	14,596,002	6,237,013
Salaries, bonuses and allowances payable	17,583,983	14,608,234
Debt instruments issued due within one year and others (Notes 46(a) (xxxv)(xxxvi)(xxxvii)(xxxviii)(xxxix)(xl)(xli))	39,656,392	36,590,145
Amounts due to brokers	16,213,051	7,472,215
Interest payable	258,307	125,140
Accrued liabilities	305,980	22,738
Fee and commissions payable	662,588	332,080
Funds payable to securities holders	168,699	167,109
Funds payable to securities issuers	1,071,235	272,990
Dividends payable	2,049	2,049
Contract liabilities	2,194,221	938,146
Client deposits payable	77,905,318	26,774,447
Others	15,243,366	4,064,242
Total	185,861,191	97,606,548

## 46 DEBT INSTRUMENTS ISSUED

By category	31 December	
	2020	2019
Bonds and medium term notes issued (a)	<b>127,297,137</b>	88,599,822
Structured notes issued (b)	<b>5,353,884</b>	821,011
	<b>132,651,021</b>	89,420,833

By maturity	31 December	
	2020	2019
Maturity within five years	<b>130,938,777</b>	86,855,004
Maturity over five years	<b>1,712,244</b>	2,565,829
	<b>132,651,021</b>	89,420,833

As at 31 December 2020, there was no default related to any issued debt instruments (31 December 2019: Nil).

### (a) Bonds and medium term notes issued

Item		31 December	
		2020	2019
13 CITICS 02	(i)	<b>12,336,466</b>	12,333,113
15 CITICS 02	(ii)	<b>2,565,917</b>	2,565,829
17 CITICS C2	(iii)	<b>2,373,760</b>	2,373,727
17 CITICS C4	(iv)	<b>4,947,070</b>	4,946,992
17 CITICS G2	(v)	<b>2,076,635</b>	2,076,607
18 CS G2	(vi)	<b>616,085</b>	616,076
19 CITICS Financial Bond 01	(vii)	<b>9,136,908</b>	9,133,376
19 CS 01	(viii)	<b>2,788,294</b>	2,788,068
19 CS 02	(ix)	<b>3,093,455</b>	3,093,375
19 CS 03	(x)	<b>3,086,405</b>	3,086,309
19 CS 04	(xi)	<b>1,532,973</b>	1,532,929
19 CS 05	(xii)	<b>5,018,153</b>	5,017,983
19 CS C1	(xiii)	<b>2,570,019</b>	2,568,003
19 CS C2	(xiv)	<b>3,068,558</b>	3,066,622
19 CS G1	(xv)	<b>2,020,854</b>	2,020,777
19 CS G2	(xvi)	<b>1,011,649</b>	1,011,635
20 CS 09	(xvii)	<b>4,560,306</b>	—

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 46 DEBT INSTRUMENTS ISSUED (Continued)

### (a) Bonds and medium term notes issued (Continued)

		31 December	
		2020	2019
20 CS 11	(xviii)	<b>2,028,466</b>	—
20 CS 13	(xix)	<b>3,042,805</b>	—
20 CS 15	(xx)	<b>7,593,807</b>	—
20 CS 16	(xxi)	<b>5,261,190</b>	—
20 CS 18	(xxii)	<b>2,827,501</b>	—
20 CS 20	(xxiii)	<b>808,013</b>	—
20 CS 21	(xxiv)	<b>7,531,703</b>	—
20 CS 23	(xxv)	<b>4,315,025</b>	—
20 CS 24	(xxvi)	<b>904,231</b>	—
20 CS C1	(xxvii)	<b>2,047,209</b>	—
20 CS G1	(xxviii)	<b>3,071,687</b>	—
20 CS G2	(xxix)	<b>2,052,199</b>	—
20 CS G3	(xxx)	<b>2,248,069</b>	—
20 CS G4	(xxxi)	<b>2,047,275</b>	—
20 CS G6	(xxxii)	<b>3,352,818</b>	—
20 CS G7	(xxxiii)	<b>1,019,737</b>	—
CITIC SEC N2204	(xxxiv)	<b>3,275,980</b>	3,496,051
CITIC SEC N2210	(xxxiv)	<b>3,262,455</b>	3,478,227
CITIC SEC N2410	(xxxiv)	<b>1,300,556</b>	1,387,427
CITIC SEC N2306	(xxxiv)	<b>3,253,679</b>	—
CITIC SEC N2506	(xxxiv)	<b>3,249,225</b>	—
CITIC SEC N2112	(xxxiv)	—	2,090,043
18 CS C2	(xxxv)	—	4,021,546
18 CS G1	(xxxvi)	—	2,459,406
16 CITICS G2	(xxxvii)	—	2,510,351
18 CITICS 02	(xxxviii)	—	2,582,155
18 CITICS G1	(xxxix)	—	1,766,481
18 CS C1	(xl)	—	5,039,265
06 CITICS Bond	(xli)	—	1,537,449
Carrying amount		<b>127,297,137</b>	88,599,822



## 46 DEBT INSTRUMENTS ISSUED (Continued)

### (a) Bonds and medium term notes issued (Continued)

- (i) Pursuant to the approval by the CSRC, the Company issued a 10-year unguaranteed bond with a face value of RMB12.00 billion from 7 June 2013 to 14 June 2013. The coupon rate of the bond is 5.05% and the maturity date is 7 June 2023.
- (ii) Pursuant to the approval of the CSRC, the Company issued a 10-year unguaranteed bond with a face value of RMB2.50 billion from 24 June 2015 to 25 June 2015. The coupon rate of the bond is 5.10% and the maturity date is 25 June 2025.
- (iii) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2013 and approval of the relevant regulators, the Company issued a 5-year unguaranteed subordinated redeemable bond with a face value of RMB2.30 billion on 24 May 2017. The coupon rate of the bond is 5.30% and the maturity date is 25 May 2022.
- (iv) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2013 and approval of the relevant regulators, the Company issued a 5-year unguaranteed subordinated redeemable bond with a face value of RMB4.90 billion on 25 October 2017. The coupon rate of the bond is 5.25% and the maturity date is 26 October 2022.
- (v) Pursuant to the approval of the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB2.00 billion from 16 February 2017 to 17 February 2017. The coupon rate of the bond is 4.40% and the maturity date is 17 February 2022.
- (vi) Pursuant to the approval of the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB0.60 billion from 13 June 2018 to 15 June 2018. The coupon rate of the bond is 4.90% and the maturity date is 15 June 2023.
- (vii) Pursuant to the approval of the People's Bank of China, the Company issued a 3-year unguaranteed financial bond with a face value of RMB9.00 billion from 17 July 2019 to 25 July 2019. The maturity date is 25 July 2022, and a coupon rate of 3.58%.
- (viii) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2016 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB2.70 billion from 27 February 2019 to 28 February 2019. The coupon rate of the bond is 3.90% and the maturity date is 28 February 2022.
- (ix) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2016 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB3.00 billion from 20 March 2019 to 21 March 2019. The coupon rate of the bond is 3.98% and the maturity date is 21 March 2022.
- (x) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2018 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB3.00 billion from 25 April 2019 to 30 April 2019. The coupon rate of the bond is 4.28% and the maturity date is 30 April 2022.
- (xi) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2018 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB1.50 billion from 11 June 2019 to 14 June 2019. The coupon rate of the bond is 4.00% and the maturity date is 14 June 2022.
- (xii) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB5.00 billion from 21 November 2019 to 26 November 2019. The coupon rate of the bond is 3.75% and the maturity date is 26 November 2022.
- (xiii) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2017 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB2.50 billion from 17 April 2019 to 23 April 2019. The coupon rate of the bond is 4.20% and the maturity date is 23 April 2022.
- (xiv) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2018 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB3.00 billion from 28 May 2019 to 3 June 2019. The coupon rate of the bond is 4.10% and the maturity date is 3 June 2022.
- (xv) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB2.00 billion from 4 September 2019 to 10 September 2019. The coupon rate of the bond is 3.39% and the maturity date is 10 September 2022.
- (xvi) Pursuant to the approval of the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB1.00 billion from 4 September 2019 to 10 September 2019. The coupon rate of the bond is 3.78% and the maturity date is 10 September 2024.

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For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 46 DEBT INSTRUMENTS ISSUED (Continued)

### (a) Bonds and medium term notes issued (Continued)

- (xvii) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB4.50 billion from 27 May 2020 to 2 June 2020. The coupon rate of the bond is 2.70% and the maturity date is 2 June 2023.
- (xviii) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB2.00 billion from 15 June 2020 to 19 June 2020. The coupon rate of the bond is 3.10% and the maturity date is 19 June 2023.
- (xix) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB3.00 billion from 10 July 2020 to 14 July 2020. The coupon rate of the bond is 3.58% and the maturity date is 14 July 2023.
- (xx) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB7.50 billion from 24 July 2020 to 28 July 2020. The coupon rate of the bond is 3.49% and the maturity date is 28 July 2023.
- (xxi) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB5.20 billion from 5 August 2020 to 7 August 2020. The coupon rate of the bond is 3.55% and the maturity date is 7 August 2023.
- (xxii) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB2.80 billion from 20 August 2020 to 24 August 2020. The coupon rate of the bond is 3.48% and the maturity date is 24 August 2023.
- (xxiii) Pursuant to the approval of the CSRC, the Company issued a 10-year unguaranteed bond with a face value of RMB0.80 billion from 9 September 2020 to 11 September 2020. The coupon rate of the bond is 4.20% and the maturity date is 11 September 2030.
- (xxiv) Pursuant to the approval of the CSRC, the Company issued a 2-year unguaranteed bond with a face value of RMB7.50 billion from 19 October 2020 to 21 October 2020. The coupon rate of the bond is 3.48% and the maturity date is 21 October 2022.
- (xxv) Pursuant to the approval of the CSRC, the Company issued a 2-year unguaranteed bond with a face value of RMB4.30 billion from 26 October 2020 to 28 October 2020. The coupon rate of the bond is 3.45% and the maturity date is 28 October 2020.
- (xxvi) Pursuant to the approval of the CSRC, the Company issued a 10-year unguaranteed bond with a face value of RMB0.90 billion from 26 October 2020 to 28 October 2020. The coupon rate of the bond is 4.27% and the maturity date is 28 October 2030.
- (xxvii) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2017 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB2.00 billion from 18 March 2020 to 24 March 2020. The coupon rate of the bond is 3.32% and the maturity date is 24 March 2023.
- (xxviii) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB3.00 billion from 18 February 2020 to 21 February 2020. The coupon rate of the bond is 3.02% and the maturity date is 21 February 2023.
- (xxix) Pursuant to the approval of the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB2.00 billion from 18 February 2020 to 21 February 2020. The coupon rate of the bond is 3.31% and the maturity date is 21 February 2025.
- (xxx) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB2.20 billion from 5 March 2020 to 10 March 2020. The coupon rate of the bond is 2.95% and the maturity date is 10 March 2023.
- (xxxi) Pursuant to the approval of the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB2.00 billion from 5 March 2020 to 10 March 2020. The coupon rate of the bond is 3.20% and the maturity date is 10 March 2025.
- (xxxii) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB3.30 billion from 8 April 2020 to 14 April 2020. The coupon rate of the bond is 2.54% and the maturity date is 14 April 2023.
- (xxxiii) Pursuant to the approval of the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB1.00 billion from 8 April 2020 to 14 April 2020. The coupon rate of the bond is 3.10% and the maturity date is 14 April 2025.

## 46 DEBT INSTRUMENTS ISSUED (Continued)

### (a) Bonds and medium term notes issued (Continued)

- (xxxiv) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2013 and approval of the relevant regulators, CITIC Securities Finance MTN Co., Ltd. established a USD3.00 billion (or other equivalents) Medium Term Notes Program on 17 October 2014. In April 2017, CITIC Securities Finance MTN Co., Ltd. made a drawdown under the medium-term notes program with an issue size of USD800 million, including USD300 million of three-year notes and USD500 million of five-year notes. The three-year notes were fully paid in April 2020. In December 2018, CITIC Securities Finance MTN Co., Ltd. made a drawdown under the medium-term notes program of three-year notes in the amount of USD300 million. In October 2019, CITIC Securities Finance MTN Co., Ltd. made a drawdown under the medium-term notes program with an issue size of USD700 million, including USD500 million of three-year notes and USD200 million of five-year notes. In 2020, CITIC Securities Finance MTN Co., Ltd. made a drawdown under the medium-term notes program with an issue size of USD1.00 billion, including USD500 million of three-year notes and USD500 million of five-year notes. These medium term notes are guaranteed by the Company with no counter-guarantee arrangement.
- (xxxv) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2016 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB4.00 billion from 5 November 2018 to 7 November 2018. The coupon rate of the bond is 4.40% and the maturity date is 7 November 2021. As at 31 December 2020, the bond was presented as debt instruments issued due within one year and others (Note 45).
- (xxxvi) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB2.40 billion from 13 June 2018 to 15 June 2018. The coupon rate of the bond is 4.80% and the maturity date is 15 June 2021. As at 31 December 2020, the bond was presented as debt instruments issued due within one year and others (Note 45).
- (xxxvii) Pursuant to the approval of the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB2.50 billion from 16 November 2016 to 17 November 2016. The coupon rate of the bond is 3.38% with the maturity date on 17 November 2021. As at 31 December 2020, the bond was presented as debt instruments issued due within one year and others (Note 45).
- (xxxviii) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB2.50 billion from 9 May 2018 to 10 May 2018. The coupon rate of the bond is 5.09% and the maturity date is 10 May 2021. As at 31 December 2020, the bond was presented as debt instruments issued due within one year and others (Note 45).
- (xxxix) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB1.70 billion from 16 March 2018 to 20 March 2018. The coupon rate of the bond is 5.14% and the maturity date is 20 March 2021. As at 31 December 2020, the bond was presented as debt instruments issued due within one year and others (Note 45).
- (xl) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2016 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB5.00 billion from 17 October 2018 to 19 October 2018. The coupon rate of the bond is 4.48% and the maturity date is 19 October 2021. As at 31 December 2020, the bond was presented as debt instruments issued due within one year and others (Note 45).
- (xli) Pursuant to the approval by the CSRC, the Company issued a 15-year bond with a face value of RMB1.50 billion from 25 May 2006 to 2 June 2006, which was guaranteed by CITIC Corporation Limited. The coupon rate of the bond is 4.25% and the maturity date is 31 May 2021. As at 31 December 2020, the bond was presented as debt instruments issued due within one year and others (Note 45).

### (b) Structured notes issued

As at 31 December 2020, the structured notes issued by the Group amounted to RMB5,354 million (31 December 2019: RMB821 million) were with maturity dates over one year and coupon rates ranging from 1.70% to 3.40% (31 December 2019: 3.00% to 4.80%).

# Notes to the Consolidated Financial Statements

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## 47 LONG-TERM LOANS

	31 December 2020	2019
Analysed by nature:		
Collateralised loans	<b>573,942</b>	383,334
Total	<b>573,942</b>	383,334
Analysed by maturity:		
Maturity within five years	<b>246,961</b>	383,334
Maturity over five years	<b>326,981</b>	—
Total	<b>573,942</b>	383,334

As at 31 December 2020, the interest rates on the long-term loans were in the range of 1.37% to 10.00% (31 December 2019: 2.95% to 10.00%). As at 31 December 2020, the book value of the collateral was RMB1,152 million (31 December 2019: RMB404 million).

## 48 OTHER NON-CURRENT LIABILITIES

	31 December 2020	2019
Regulatory risk provision	<b>1,152,322</b>	895,544
Others	<b>425,879</b>	483,886
Total	<b>1,578,201</b>	1,379,430

## 49 ISSUED SHARE CAPITAL

	31 December			
	2020		2019	
Ordinary Shares	Number of shares (Thousand)	Nominal value	Number of shares (Thousand)	Nominal value
Registered, issued and fully paid:				
A shares of RMB 1 each	<b>10,648,448</b>	<b>10,648,448</b>	9,838,580	9,838,580
H shares of RMB 1 each	<b>2,278,328</b>	<b>2,278,328</b>	2,278,328	2,278,328
Total	<b>12,926,776</b>	<b>12,926,776</b>	12,116,908	12,116,908

## 49 ISSUED SHARE CAPITAL (Continued)

The Company issued in total 809,867,629 ordinary A shares to Guangzhou Yuexiu Financial Holding Group Co., Ltd. ("Yuexiu Financial Holdings") and its wholly-owned subsidiary Guangzhou Yuexiu Financial Holding Limited ("Financial Holding Co., Ltd.") for the acquisition of Guangzhou Securities Company Limited ("Guangzhou Securities"). On 11 March 2020, the Company has completed the registration and listing procedures in China Securities Depository and Clearing Co., Ltd. Shanghai Branch for the placement of ordinary A shares. The newly placed ordinary A shares are subject to a sales restriction period of 48 months from the date of the issuance. The total share capital of the Company increased to RMB12,926,776,029.00 after such issuance. The increase in capital has been verified by PricewaterhouseCoopers Zhong Tian LLP with the capital verification report (PwC Zhongtian YZ (2020) No. 0134).

After the issuance, the Company still meets the listing conditions of the Company Law, the Securities Law, the listing rules and other laws and regulations. The largest shareholder of the Company is still CITIC Group., and there is no controlling shareholder or actual controlling person.

## 50 RESERVES

The amounts of the Group's reserves and the related movements are presented in the consolidated statement of changes in equity.

### (a) Capital reserve

Capital reserve primarily includes share premium arising from the issuance of new shares at prices in excess of par value.

### (b) Surplus reserves

#### (i) Statutory surplus reserve

Pursuant to the Company Law of the PRC, the Company is required to appropriate 10% of its profit for the year for the statutory surplus reserve until the reserve balance reaches 50% of its registered capital.

Subject to the approval of the shareholders, the statutory surplus reserve may be used to offset accumulated losses, if any, and may also be converted into capital of the Company, provided that the balance of the statutory surplus reserve after this capitalisation is not less than 25% of the registered capital immediately before capitalisation.

As of 31 December 2020, the accumulative statutory surplus reserve of the Company has reached at 50% of the registered capital of the Company, there is no need to appropriate statutory surplus reserve for this year.

#### (ii) Discretionary surplus reserve

After making the appropriation to the statutory surplus reserve and other non-discretionary surplus reserves, the Company may also appropriate its after-tax profit for the year, as determined under China Accounting Standards, to its discretionary surplus reserve upon approval by the General Shareholders' Meeting. Subject to the approval of General Shareholders' Meeting, the discretionary surplus reserve may be used to offset accumulated losses, if any, and may be converted into capital of the Company.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 50 RESERVES (Continued)

### (c) General reserves

Pursuant to the requirements of regulatory authorities, including the Ministry of Finance and the CSRC, the Company is required to appropriate 10% of its after-tax profit for the year for the general risk reserve and 10% for the transaction risk reserve. These reserves may be used to offset accumulated losses of the Company but shall not be declared as dividends or converted into share capital. General reserves also include reserves that are established by subsidiaries and branches in certain countries or jurisdictions outside of Mainland China in accordance with the regulatory requirements in their respective territories are also included herein. These regulatory reserves are not available for distribution.

### (d) Investment revaluation reserve

Investment revaluation reserve represents the fair value changes of financial assets at fair value through other comprehensive income.

### (e) Foreign currency translation reserve

Foreign currency translation reserve represents the exchange difference arising from the translation of the financial statements of the subsidiaries incorporated outside Mainland China with functional currencies other than RMB.

### (f) Distributable profits

The Company's distributable profits are based on the retained earnings of the Company as determined under China Accounting Standards and IFRSs, whichever is lower.

## 51 CASH AND CASH EQUIVALENTS

	31 December	
	2020	2019
Cash and bank balances	<b>91,109,688</b>	64,442,459
Less: Restricted funds (Note 36)	<b>(7,529,161)</b>	(4,817,801)
Interest receivable	<b>(241,349)</b>	(203,176)
Cash and cash equivalents	<b>83,339,178</b>	59,421,482

## 52 INTERESTS IN THE UNCONSOLIDATED STRUCTURED ENTITIES

The Group is involved with structured entities primarily through investments and asset management business. The Group determines whether to consolidate these structured entities depending on whether the Group has control over them. The interests held by the Group in these unconsolidated structured entities are set out as below:

Structured entities sponsored by the Group:

Unconsolidated structured entities sponsored by the Group mainly include investment funds and asset management plans sponsored by the Group. The nature and objective of the structured entities is to manage investors' assets and collect management fees. Financing is sustained through investment products issued to investors. The interests held by the Group in these unconsolidated structured entities mainly involve management fees and performance fees collected from managed structured entities.

In addition, the Group also held certain interests in structured entities sponsored by the Group.

In 2020, the Group obtained management fee, commission and performance fee amounting to RMB5,891 million during the year ended 31 December 2020 from the unconsolidated structured entities sponsored by the Group, for which the Group held no investment as at 31 December 2020 (2019: RMB3,805 million).

The maximum exposure and the book value of relevant balance sheet items of the Group arising from these unconsolidated structured entities sponsored by the Group were set out as below:

	31 December 2020	
	Carrying amount	Maximum exposure
Financial assets at fair value through profit or loss (Mandatory)	10,529,515	10,529,515
	31 December 2019	
	Carrying amount	Maximum exposure
Financial assets at fair value through profit or loss (Mandatory)	9,619,944	9,619,944

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 52 INTERESTS IN THE UNCONSOLIDATED STRUCTURED ENTITIES (Continued)

Structured entities sponsored by third party financial institutions:

The maximum exposure and the book value of relevant balance sheet items of the Group arising from the interest held in directly invested structured entities that are sponsored by third party financial institutions were set out as below:

	31 December 2020	
	Carrying amount	Maximum exposure
Financial assets at fair value through profit or loss (Mandatory)	62,467,099	62,467,099
	31 December 2019	
	Carrying amount	Maximum exposure
Financial assets at fair value through profit or loss (Mandatory)	36,002,806	36,002,806

## 53 TRANSFERRED FINANCIAL ASSETS

The Group enters into transactions in the normal course of business by which it transfers recognised financial assets to third parties or customers. In some cases where these transfers may give rise to full or partial derecognition of the financial assets concerned. In other cases where the Group has retained substantially all the risks and rewards of these assets, the Group continues to recognise the transferred assets.

### Repurchase transactions

Transferred financial assets that do not qualify for derecognition include debt securities held by counterparties as collateral under repurchase agreements. The counterparties are allowed to repledge those securities sold under repurchase agreements in the absence of default by the Group, but has an obligation to return the securities at the maturity of the contract. If the securities increase or decrease in value, the Group may in certain circumstances require counterparties to return a portion of the collateral or be required to place additional collateral. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore does not derecognise them. A financial liability is recognised for cash received.

### Securities lending arrangements

Transferred financial assets that do not qualify for derecognition include securities lent to customers for securities selling transactions, for which the customers provide the Group with collateral that could fully cover the credit risk exposure of the securities lent. The customers have an obligation to return the securities according to the contracts. If the securities increase or decrease in value, the Group may in certain circumstances require customers to return a portion of the collateral or to place additional collateral. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore does not derecognise them.



## 53 TRANSFERRED FINANCIAL ASSETS (Continued)

### Securities lending arrangements (Continued)

The following table analyses the carrying amount of the above-mentioned financial assets transferred to third parties or customers that did not qualify for derecognition and their associated financial liabilities:

	31 December 2020		31 December 2019	
	Carrying amount of transferred assets	Carrying amount of related liabilities	Carrying amount of transferred assets	Carrying amount of related liabilities
Repurchase agreements	41,688,337	35,407,782	1,362,163	1,297,034
Securities lending	5,419,333	—	798,791	—
Total	47,107,670	35,407,782	2,160,954	1,297,034

## 54 COMMITMENTS AND CONTINGENT LIABILITIES

### (a) Capital commitments

	31 December 2020	2019
Contracted, but not provided for	3,874,610	264,239

The above-mentioned capital commitments are mainly in respect of the construction of properties and purchase of equipment of the Group.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 54 COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

### (b) Operating lease commitments

#### (i) Operating lease commitments — as a lessor

At the end of the reporting year, the future minimum lease receivables of the Group as lessor under significant irrevocable operating lease arrangements are summarized below.

	31 December	
	2020	2019
Within one year	<b>304,598</b>	331,919
After one year but not more than two years	<b>296,300</b>	291,071
After two years but not more than three years	<b>283,407</b>	276,909
After three years but not more than four years	<b>273,075</b>	268,101
After four years but not more than five years	<b>233,342</b>	263,592
After five years	<b>198,100</b>	442,545
Total	<b>1,588,822</b>	1,874,137

### (c) Legal proceedings

From time to time in the ordinary course of business, the Group is subject to claims and are parties to legal and regulatory proceedings. As at 31 December 2020 and 2019, the Group was not involved in any material legal, or arbitration that if adversely determine, would materially and adversely affect the Group's financial position or results of operations.

## 55 BUSINESS COMBINATION

### (1) Business combination not under common control

#### (a) Business combination not under common control in this period.

Acquiree	Acquisition date	Acquisition cost	Percentage of equity shares obtained	Acquisition method	Determination basis on the acquisition date	Revenue of the acquiree from acquisition date to the end of the period	Cash flows from		Net cash flows of the acquiree from acquisition date to the end of the period
							Net profit of the acquiree	operating activities of the acquiree	
CITIC Securities South China (formerly known as "Guangzhou Securities")	31 January 2020	12,167,731	100.00%	Share issuance	obtain actual control	950,576	202,165	(846,962)	(5,726,764)

Pursuant to the resolutions of the 34th meeting of the 6th Board of Directors held on 9 January 2019 and the first extraordinary general meeting of shareholders held on 27 May 2019, the Company issued 809,867,629 ordinary A shares to Yuexiu Financial Holdings and Financial Holding Co., Ltd. to acquire 100% equity share in Guangzhou Securities with the 99.03% equity share in Guangzhou Futures and 24.01% equity share in Golden Eagle Fund held by Guangzhou Securities carved out from this acquisition. The Company, Yuexiu Financial Holdings and Guangzhou Securities (changed its name to CITIC Securities South China Co., Ltd.) signed a compensation agreement. For the assets with actual losses during the compensation period, Yuexiu Financial Holdings needs to compensate China CITIC Securities South China with the part of the fair value of such assets lower than the fair value on retest date (31 December).

During the reporting period, the Company has obtained all the necessary approvals for this acquisition, including the "Approval for CITIC Securities Co., Ltd. to issue shares to Guangzhou Yuexiu Financial Holding Group Co., Ltd. for asset acquisition (zjxk [2019] No. 2871)" issued by CSRC and business registration for the transfer of the shares in Guangzhou Securities to the Group was completed in January 2020, CITIC Securities South China was consolidated as a wholly-owned subsidiary of the Company from 31 January 2020.

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For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 55 BUSINESS COMBINATION (Continued)

### (1) Business combination not under common control (Continued)

#### (b) Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	CITIC Securities South China (formerly known as "Guangzhou Securities")
Ordinary shares issued	12,167,731
Total purchase consideration	12,167,731
Less: fair value of identifiable net assets acquired	11,200,000
Goodwill	967,731

#### (c) The fair value and book value of the identifiable assets and liabilities of CITIC Securities South China (formerly known as "Guangzhou Securities") on the purchase date are as follows:

	Fair value on acquisition date	Book value on acquisition date
Total assets	28,189,420	28,189,420
Total liabilities	16,965,729	16,965,729
Net asset	11,223,691	11,223,691
Less: non-controlling interests	23,691	23,691
Net asset obtained	11,200,000	11,200,000

Method for determining the fair value of identifiable assets and liabilities:

The Company adopts asset-based approach to determine the fair value of each identifiable asset and liability of CITIC Securities South China (formerly known as "Guangzhou Securities") at acquisition date as at 31 January 2020.

## 56 RELATED PARTY DISCLOSURES

### (1) Largest equity holder of the Company

Name of the shareholder	Relationship	Enterprise type	Place of registration and operations	Legal representative	Principal activities	Registered share capital	Percentage of equity interest	Voting rights	Uniform Social Credit Code
CITIC Corporation Limited	Largest equity holder	State-controlled	Beijing	Zhu Hexin	Financial, industrial and other services	RMB139 billion	15.47%	15.47%	911100007178317092

### (2) Related party transactions

#### (a) Largest equity holder of the Company — CITIC Corporation Limited

##### *Transactions during the year*

	2020	2019
Income from providing services	<b>5,810</b>	10,613
Interest expense	<b>4,135</b>	2,806

##### *Guarantees between related parties*

During the period from 25 May 2006 to 2 June 2006, the Company issued a 15-year bond with an aggregate face value of RMB1.5 billion which was guaranteed by CITIC Corporation Limited. As at 31 December 2020, the total guarantees provided by CITIC Corporation Limited amounted to RMB1.5 billion (31 December 2019: RMB1.5 billion).

#### (b) Subsidiaries

##### *Transactions during the year*

	2020	2019
Interest income	<b>634,557</b>	634,175
Investment income	<b>(20,559)</b>	105,482
Income from providing services	<b>50,565</b>	17,319
Other income	<b>107</b>	—
Leasing income	<b>4,446</b>	3,521
Interest expenses	<b>330,958</b>	360,232
Lease payment	<b>327,024</b>	366,691
Expense from receiving services	<b>869</b>	1,353

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 56 RELATED PARTY DISCLOSURES (Continued)

### (2) Related party transactions (Continued)

#### (b) Subsidiaries (Continued)

#### **Balances at the end of the year**

	<b>31 December</b>	
	<b>2020</b>	2019
Other current assets	<b>36,625,773</b>	23,916,845
Financial assets at fair value through other comprehensive income	<b>8,236,445</b>	8,790,776
Deposits for investments	<b>4,618,559</b>	2,175,866
Derivative financial assets	<b>15,516,250</b>	3,508,423
Refundable deposits	<b>5,418,811</b>	1,871,471
Financial assets at fair value through profit or loss (Mandatory)	<b>10,162,946</b>	62,145
Property, plant and equipment	<b>744</b>	744
Land use rights and intangible assets	<b>184</b>	184
Right-of-use assets	<b>1,331,114</b>	54,212
Other current liabilities	<b>6,227,776</b>	7,113,526
Debt instruments issued	<b>3,705,075</b>	980,361
Derivative financial liabilities	<b>1,902,689</b>	646,594
Repurchase agreements	<b>3,250,471</b>	—
Due to banks and other financial institutions	<b>—</b>	220,014
Customer brokerage deposits	<b>277,662</b>	78,530
Short-term financing instruments payable	<b>87,267</b>	140,684
Lease liabilities	<b>1,354,115</b>	—

Significant balances and transactions between the Parent and subsidiaries set out above have been eliminated in the consolidated financial statements.

As at 31 December 2020, the collective assets management plans managed by the Company and held by the Company and its subsidiaries amounted to RMB693 million (31 December 2019: RMB603 million).

## 56 RELATED PARTY DISCLOSURES (Continued)

### (2) Related party transactions (Continued)

#### (c) Subsidiaries and joint ventures of the largest equity holder of the Parent

##### *Transactions during the year*

	2020	2019
Interest income	<b>608,104</b>	606,610
Income from providing services	<b>163,208</b>	142,674
Leasing income	<b>30,921</b>	27,916
Investment income	<b>33,653</b>	80,972
Expense from receiving services	<b>454,592</b>	151,850
Lease payment	<b>11,140</b>	16,033
Interest expenses	<b>26,544</b>	55,068
Depreciation of right-of-use assets	<b>7,363</b>	6,643
Interest expenses of lease liabilities	<b>1,367</b>	1,218

##### *Balances at the end of the year*

	31 December 2020	2019
Cash held on behalf of customers (i)	<b>33,911,224</b>	19,175,149
Cash and bank balances (i)	<b>1,781,941</b>	1,935,786
Right-of-use assets	<b>25,684</b>	31,528
Other current assets	<b>25,594</b>	69,703
Lease liabilities	<b>25,376</b>	28,850
Other current liabilities	<b>22,722</b>	18,125

(i) Represented deposits placed with financial institution subsidiaries of the largest equity holder of the Company.

As at 31 December 2020, the subsidiaries of the Company's largest shareholder did not hold in income certificates issued by the Company (31 December 2019: RMB15 million).

As at 31 December 2020, the balance of the repurchase agreement held by the subsidiaries and joint ventures of the Company's largest equity holder is RMB1,436 million (31 December 2019: Nil).

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## 56 RELATED PARTY DISCLOSURES (Continued)

### (2) Related party transactions (Continued)

#### (d) Controlling equity holder and ultimate parent of the largest equity holder of the Company and its subsidiaries

##### *Transactions during the year*

	2020	2019
Income from providing services	<b>18,798</b>	65,014
Leasing income	—	2,209
Expense from receiving services	<b>5,573</b>	3,803
Interest expenses	<b>720</b>	1,197
Lease payment	<b>39,289</b>	37,094
Depreciation of right-of-use assets	<b>18,219</b>	4,925
Interest expenses of lease liabilities	<b>2,665</b>	359

##### *Balances at the end of the year*

	31 December 2020	2019
Right-of-use assets	<b>53,448</b>	71,352
Other current assets	<b>1,525</b>	16,009
Lease liabilities	<b>53,621</b>	70,065
Other current liabilities	<b>68</b>	68

As of 31 December 2020, the Controlling equity holder and ultimate parent of the largest equity holder of the Company and its subsidiaries did not hold in structured notes issued by the Company (31 December 2019: RMB3.5 billion).



## 56 RELATED PARTY DISCLOSURES (Continued)

### (2) Related party transactions (Continued)

- (e) Shareholder who directly and indirectly holds more than 5% shares of the Company – Yuexiu Financial Holdings and Financial Holdings Limited, its party acting in concert

#### *Transactions during the year*

	2020	2019
Interest expenses	109,997	
Income from providing services	2,344	
Lease payment	1,154	

#### *Balances at the end of the year*

	31 December 2020	2019
Other current assets	210	
Other current liabilities	2,290,319	

- (f) Associates

#### *Transactions during the year*

	2020	2019
Leasing income	–	2,493
Income from providing services	–	1
Expense from receiving services	11,190	1,028
Interest expenses	9,432	–
Equity investments	10,223	62,748

#### *Balances at the end of the year*

	31 December 2020	2019
Other current liabilities	1,222	716

As of 31 December 2020, the Associates of the Company hold RMB0.9 billion in structured notes issued by the Company (31 December 2019: Nil).

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 56 RELATED PARTY DISCLOSURES (Continued)

### (2) Related party transactions (Continued)

#### (g) Joint Ventures

##### *Transactions during the year*

	2020	2019
Lease income	—	35

## 57 FAIR VALUE AND FAIR VALUE HIERARCHY

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

### Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: Quoted prices (unadjusted) in active markets, in which the Group principally trades, for identical financial assets or financial liabilities at the measurement date.

Level 2: Valuation techniques using inputs other than quoted prices included within level 1 that are observable for the financial asset or financial liability, either directly or indirectly.

Level 3: Valuation techniques using inputs for the financial asset or financial liability that are not based on observable market data (unobservable inputs).

## 57 FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

### (a) Financial instruments recorded at fair value

31 December 2020	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Financial assets at fair value through profit or loss (Mandatory)				
– Debt securities	67,116,217	107,790,156	2,923,915	177,830,288
– Equity investments	147,564,813	10,247,984	17,551,143	175,363,940
– Others	4,670,179	47,168,131	344,994	52,183,304
Subtotal	219,351,209	165,206,271	20,820,052	405,377,532
Financial assets at fair value through profit or loss (Designated)	3,555,297	1,192,151	9,855,880	14,603,328
Derivative financial assets	829,193	16,963,281	2,365,516	20,157,990
Financial assets at fair value through other comprehensive income				
– Debt securities	17,864,405	30,895,670	640,825	49,400,900
– Equity investments	–	16,440,224	195,277	16,635,501
Subtotal	17,864,405	47,335,894	836,102	66,036,401
Total	241,600,104	230,697,597	33,877,550	506,175,251
<b>Financial liabilities:</b>				
Financial liabilities at fair value through profit or loss				
– Financial liabilities held for trading	5,216,469	2,166,069	233	7,382,771
– Financial liabilities designated as at fair value through profit or loss	769	27,081,056	23,944,148	51,025,973
Subtotal	5,217,238	29,247,125	23,944,381	58,408,744
Derivative financial liabilities	663,812	37,724,669	8,487,725	46,876,206
Total	5,881,050	66,971,794	32,432,106	105,284,950

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 57 FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

### (a) Financial instruments recorded at fair value (Continued)

31 December 2019	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Financial assets at fair value through profit or loss (Mandatory)				
– Debt securities	66,361,963	148,395,345	272,223	215,029,531
– Equity investments	74,860,614	6,470,501	12,829,352	94,160,467
– Others	6,753,957	30,799,995	2,043,103	39,597,055
Subtotal	147,976,534	185,665,841	15,144,678	348,787,053
Financial assets at fair value through profit or loss (Designated)				
	–	5,818,687	742,567	6,561,254
Derivative financial assets	278,357	7,072,716	–	7,351,073
Financial assets at fair value through other comprehensive income				
– Debt securities	5,089,193	18,594,870	–	23,684,063
– Equity investments	–	16,074,056	205,313	16,279,369
Subtotal	5,089,193	34,668,926	205,313	39,963,432
Total	153,344,084	233,226,170	16,092,558	402,662,812
<b>Financial liabilities:</b>				
Financial liabilities at fair value through profit or loss				
– Financial liabilities held for trading	8,701,593	3,421,281	4,269	12,127,143
– Financial liabilities designated as at fair value through profit or loss	–	38,636,507	6,953,349	45,589,856
Subtotal	8,701,593	42,057,788	6,957,618	57,716,999
Derivative financial liabilities	204,448	13,787,302	–	13,991,750
Total	8,906,041	55,845,090	6,957,618	71,708,749

## 57 FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

### (b) Valuation techniques used and the qualitative and quantitative information of key parameters for fair value measurement categorized within Level 2

For debt instruments at fair value through profit or loss and at fair value through other comprehensive income whose value is available on China bond pricing system on the valuation date is measured using the latest valuation results published by China bond pricing system.

For debt instruments at fair value through profit or loss and at fair value through other comprehensive income whose value is not available on China bond pricing system, the fair value is determined by valuation technique. The inputs of those valuation techniques include risk-free interest rate, implied volatility curve, RMB denominated swap yield curve, etc., which are all observable.

For equity instruments at fair value through other comprehensive income, the fair value is determined by the equity investment account report provided by CSF.

For forward contracts in derivative financial instruments, the fair value is measured by discounting the differences between the contract prices and market prices of the underlying financial instruments. Fair value of swap contracts under derivative financial instruments is calculated based on the difference between the quoted prices or discounted cash flows of underlying financial instruments and the fixed income agreed in the contracts.

During the year ended 31 December 2020, there were no changes of valuation techniques for Level 2.

### (c) Valuation techniques used and the qualitative and quantitative information of key parameters for fair value measurements categorized within Level 3

For unlisted equity investments, fund investments, bond investments, stocks instruments without quoted prices in active markets, listed equity instruments with disposal restriction in a specific period, trusts, Over-the-counter options, financial liabilities, etc., the Group adopts significant judgements and applies counterparties' quotations and valuation techniques to determine the fair value. Valuation techniques include a discounted cash flow analysis, the market comparison approach, the option pricing model and the monte carlo model etc. The fair value measurement of these financial instruments may involve unobservable inputs such as liquidity discounts, volatility and risk adjusted discount rate and price to book ratios, etc. The fair value of the financial instruments classified under level 3 is not significantly sensitive to a reasonable change in these unobservable inputs.

During the period ended 31 December 2020, there were no changes of valuation techniques for Level 3.

# Notes to the Consolidated Financial Statements

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## 57 FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

### (d) Movements in Level 3 financial instruments measured at fair value

The reconciliations of the opening and closing balances of Level 3 financial assets and liabilities which are recorded at fair value are presented below:

	As at 1 January 2020	Total gains/ (losses) recorded in profit or loss	Total (losses)/ gains recorded in other comprehensive income	Additions	Decreases	Transfers to Level 3 from Level 1	Transfers to Level 3 from Level 2	Transfers to Level 1 from Level 3	Transfers to Level 2 from Level 3	As at 31 December 2020
<b>Financial assets:</b>										
Financial assets at fair value through profit or loss (Mandatory)										
– Debt instruments	272,223	(72,373)	(19,325)	1,587,219	–	–	1,156,171	–	–	2,923,915
– Equity instruments	12,829,352	(744,628)	(23,201)	3,779,649	(691,159)	–	3,036,359	–	(635,229)	17,551,143
– Others	2,043,103	(220,548)	(11,592)	170,378	(1,810,963)	–	174,616	–	–	344,994
Financial assets at fair value through profit or loss (Designated)	742,567	3,778,900	(25,010)	669,462	(161,962)	–	4,851,923	–	–	9,855,880
Derivative financial assets	–	–	–	–	–	–	2,365,516	–	–	2,365,516
Financial assets at fair value through other comprehensive income	205,313	–	(40,436)	344,064	–	–	327,161	–	–	836,102
<b>Financial liabilities:</b>										
Financial liabilities at fair value through profit or loss										
– Financial liabilities designated as at fair value through profit or loss	6,953,349	2,968,125	–	–	(129,635)	–	14,152,309	–	–	23,944,148
– Financial liabilities held for trading	4,269	–	–	–	(4,269)	–	233	–	–	233
Derivative financial liabilities	–	–	–	–	–	–	8,487,725	–	–	8,487,725

## 57 FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

### (d) Movements in Level 3 financial instruments measured at fair value (Continued)

	As at 1 January 2019	Total gains/ (losses) recorded in profit or loss	Total gains/ (losses) recorded in other comprehensive income	Additions	Decreases	Transfers to Level 3 from Level 1	Transfers to Level 3 from Level 2	Transfers to Level 1 from Level 3	Transfers to Level 2 from Level 3	As at 31 December 2019
<b>Financial assets:</b>										
Financial assets at fair value through profit or loss (Mandatory)										
– Debt instruments	46,862	(6,894)	2,112	–	–	–	230,143	–	–	272,223
– Equity instruments	17,211,704	(382,336)	2,234	1,750,184	(2,292,531)	–	158,139	–	(3,618,042)	12,829,352
– Others	1,448,324	(62,128)	16,075	1,127,458	(252,491)	–	161,984	–	(396,119)	2,043,103
Financial assets at fair value through profit or loss (Designated)										
	566,548	60,296	–	116,479	(756)	–	–	–	–	742,567
Financial assets at fair value through other comprehensive income										
	221,778	–	(16,465)	–	–	–	–	–	–	205,313
<b>Financial liabilities:</b>										
Financial liabilities at fair value through profit or loss										
– Financial liabilities designated as at fair value through profit or loss										
	5,426,224	1,805,166	–	–	(278,041)	–	–	–	–	6,953,349
– Financial liabilities held for trading										
	–	–	–	4,269	–	–	–	–	–	4,269

The amount of realized investment income recognized in profit or loss from Level 3 financial instruments held by the Group was RMB421 million in 2020 (2019: RMB421 million).

### (e) Transfers between Level 1 and Level 2

In 2020, the amount of financial assets held by the Group transferred from Level 1 to Level 2 was RMB62 million (2019: RMB51 million) and the amount of financial assets from Level 2 to Level 1 was RMB306 million (2019: RMB806 million).

### (f) Financial instruments not measured at fair value

At the end of the reporting year, the following financial assets and liabilities of the Group are not measured at fair value:

- (i) For refundable deposits, reverse repurchase agreements, cash held on behalf of customers, cash and bank balances, fee and commission receivables, margin accounts, due from banks and other financial institutions, customer brokerage deposits, repurchase agreements, short-term loans, due to banks and other financial institutions, short-term financing instruments payable and lease liabilities, these financial instruments' fair values approximate to their carrying amounts.

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

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## 57 FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

### (f) Financial instruments not measured at fair value (Continued)

(ii) The recorded amounts and fair values of debt instruments issued are summarized below.

	Carrying amount		Fair value	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Debt instruments issued	<b>132,516,912</b>	89,420,833	<b>133,906,579</b>	91,052,004

## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT

### Overview

The Company always believes that effective risk management and internal control are critical to its successful operation. The Company has implemented comprehensive risk management and internal control processes, through which it monitors, evaluates and manages the financial, operational, compliance and legal risks that it is exposed to in its business activities, and implements vertical risk management of its subsidiaries through different models including business guidance, operational support and decision-making management.

The Company has established a complete and effective governance structure in accordance with relevant laws, regulations and regulatory requirements. The Company's general meeting, the Board and Supervisory Committee perform their duties to oversee and manage the operation of the Company based on the Company Law, Securities Law, and the Articles of Association of the Company. By strengthening the relevant internal control arrangements and improving the Company's internal control environment and internal control structures, the Board has now incorporated internal control and risk management as essential elements in the Company's decision-making processes.

### Structure of Risk Management

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



## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### Structure of Risk Management (Continued)

#### Level 1: The Board

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

#### Level 2: Operation Management

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

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

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

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

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### Structure of Risk Management (Continued)

#### Level 2: Operation Management (Continued)

The Company has established the Product Committee. Under the authority of the Board and the Operation Management of the Company, the Product Committee uniformly makes plans, preparation and decisions regarding the products and service business of the Company. It reviews the launch or sales of products and provides related service, and is the decision-making body of the appropriateness management for the launch of financial products of the Company. The Risk Evaluation Group and the Suitability Management Group were established under the Product Committee. The Risk Evaluation Group is responsible for reviewing the qualification of the principal which entrusted the Company to sell products, and is tasked with organizing the specific product evaluation, establishing the classification criteria and methods of risks associated with products or services of the Company, performing risk assessment and risk grading on products or services, as well as supervising the management of product terms. The Suitability Management Group is responsible for formulating the criteria for investor classification and principles and procedures for appropriate matching of investors, supervising departments to implement investor suitability management work, organizing suitability training and suitability self-examination and rectification at the company level, and supervising the establishment and improvement of investor appropriateness evaluation database and other work related to suitability management. The Index Professional Committee is responsible for unified management of the planning, operation and maintenance of the Company's self-developed index business, including formulating the systems and standards for the operation and maintenance of Company's index business, specifying the treatment plan and accountability system for risk events, making plans for the layout of such business, and conducting online review of the Company's self-developed indexes.

#### Level 3: Division/Business Units

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

Being the Company's first line of defence in risk management, front-office business departments/business lines of the Company bear the first-line responsibility for risk management. These departments are responsible for the establishment of business management systems and risk management systems for various businesses and perform supervision, assessment and reporting on business risks and contain such risks within the approved limits.

## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### Structure of Risk Management (Continued)

#### Level 3: Division/Business Units (Continued)

Internal control departments such as Risk Management Department and Compliance Department of the Company are the second line of defence in risk management, of which:

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

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

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

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

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

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

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

# Notes to the Consolidated Financial Statements

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(In RMB thousands, unless otherwise stated)

## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk

Credit risk refers to the risk of an economic loss caused by the failure of customers, counterparties or issuers of debt financing instruments (also referred to as financiers) to perform their contractual obligations.

Credit risks of the Group mostly arise from four aspects: firstly, the credit risks relating to the brokerage business in respect of securities trading and futures trading on behalf of clients are primarily attributed to no adequate trading deposit from clients, which is regulated to pay in advance, as the Group have the responsibility to settle on behalf of clients when the clients do not have sufficient funds to pay for transactions, or short of funds due to other factors on the settlement date; secondly, the credit risks relating to the financing businesses in respect of margin financing, securities lending, stock repo, and stock-pledged repo, are primarily attributed to operational misconducts including fraudulent credit information, failure to repay debts in full in a timely manner, violation of contracts and regulatory requirements, insufficient liquidity due to legal disputes over collateral assets; thirdly, credit risks relating to credit investment are primarily due to counter party defaults, or credit issuer defaults to pay principal and interest on due dates or a decline in the credit worthiness of issuers; and fourthly, the credit risks relating to the OTC derivative transactions in respect of interest rate swap, equity swap, OTC option and forwards, etc. are primarily attributed to the counterparties' failure to perform their payment obligations in accordance with contracts at maturity.

The Company assesses the credit ratings of counterparties or issuers through its internal credit rating systems, assesses its credit risks by means of stress testing and sensitivity analysis, and manages credit risks based on the testing results through credit system. Meanwhile, the Company monitor its credit risks through information management systems in real time, keeps track of the credit risks of the business products and counterparties, provides analysis and warning reports, and adjust its credit exposure limits timely.

Securities brokerage transactions in Mainland China are required to be settled in full trading deposit, which helps to control the settlement risks associated with the brokerage business.

Credit risk arising from the securities financing business primarily includes clients' provision of false information, failure to make full repayment in a timely manner, contractual breach of portfolio limits and compositions, violation of regulatory requirements for trading activities, and provision of collateral encumbered with legal disputes, and etc. Control over credit risks for the financing businesses is managed primarily through risk management education programmes for clients, credit due diligence and verification of clients, credit limits, risk assessment on collateralized (pledged) securities, daily mark to market of exposure, issuing risk notification to clients, forced position liquidation and legal recourse.

For credit investment, in respect of private equity investment, the Company has established the product entrance level and investment caps, uses methods of risk assessment, risk notification and legal recourse to managed its credit risks, and in respect of public offering investments, the Company has developed certain investment restrictions based on the credit ratings of counterparties through the credit system.

## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

The counterparties in OTC derivative transactions are mainly financial institutions and other professional institutions, the main credit risks are attributed to the counterparties' failure to perform payments obligation on time, their failure to make up the trading deposits timely when the losses occurred and discrepancy in valuation of products between the Company and the counterparties. The Company monitors and control credit risk exposure of counterparties with certain proportions for the trading deposits and within established limits by adopting mark-to-market practices of derivatives transactions, and margin call for related collateral as well as forced position liquidating procedures, and carries out legal recourse upon the remaining credit exposure after forced liquidation.

#### Expected credit loss (ECL) measurement

The measurement of the ECL allowance for financial instruments, including investments in financial assets measured at amortized cost (including margin accounts, reverse repurchase agreements), FVOCI and securities lending is an area that requires the use of models and assumptions about the future economic conditions and credit behavior of the clients (such as the likelihood of customers defaulting and the resulting losses).

The Company has applied a 'three-stage' impairment model for ECL measurement based on changes in credit quality since the initial recognition of financial instruments as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified as "Stage 1" and has its credit risk continuously monitored by the Company;
- If a significant increase in credit risk ("SICR") since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit-impaired;
- If the financial instrument is credit-impaired, the financial instrument is moved to "Stage 3".

Stage 1: The Company measures the loss allowance for a financial instrument at an amount equal to the next 12 months ECL. Stage 2 and 3: The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. The ECL is always measured on a lifetime basis.

For Stage 1 and Stage 2, the ECL is measured on a 12-month (12M) and Lifetime basis, respectively, using the risk parameter modelling approach that incorporated key parameters, including Probability of Default ("PD"), Loss Given Default ("LGD"), Exposure at Default ("EAD") and Loss Ratio ("LR") taking into consideration of forward looking factors. For credit-impaired financial assets classified under Stage 3, the management assesses the credit loss allowances by estimating the cash flows expected to arise from the financial assets after taking into consideration of forward looking factors.

# Notes to the Consolidated Financial Statements

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## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### Expected credit loss (ECL) measurement (Continued)

#### *Measuring ECL – inputs, assumptions and estimation techniques*

The measurement of ECL adopted by the management according to IFRS 9, involves judgements, assumptions and estimations, including:

- Selection of the appropriate models and assumptions;
- Determination of the criteria for significant increase in credit risk (“SICR”), definition of default and credit impairment;
- Establishment of the number and relative weightings of forward-looking scenarios for each type of product.

For debt securities investments, ECL is the discounted product of the PD, LGD and EAD after considering the forward-looking impact. For Financing Assets, ECL are the discounted product of the LR and EAD after considering the forward-looking impact.

- PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. For debt securities investments, the appropriate external and internal credit ratings are taken into consideration.
- LGD represents the Company’s expectation of the extent of loss on a defaulted exposure. For debt securities investments, LGD is determined based on assessed publicly available information.
- EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- LR represents the Company’s expectation of the likelihood of default and extent of loss on exposure. The Company uses historical loss rates and assesses their appropriateness. The Company determines LR based on factors including: the coverage ratio of related loan to underlying collateral value and the volatility of such collateral’s valuation, the realized value of collateral upon forced liquidation taking account the estimated volatility over the realization period.

#### *The criteria of significant increase in credit risk (“SICR”)*

The Company evaluates the financial instruments at each financial statement date after considering whether a SICR has occurred since initial recognition. An ECL allowance for financial instruments is recognized according to the stage of ECL, which reflects the reasonable information and evidence available about the SICR and is also forward-looking. The Company considers a financial instrument to have experienced SICR when one or more of the following quantitative, qualitative or backstop criteria have been met.

The Company considers debt securities investments to have experienced a SICR if the latest internal ratings of issuers of debt securities or the debt securities themselves underwent two levels of downward migration or more, compared to their ratings on initial recognition; or if the latest external ratings of the debt securities or the issuers of the debt securities were under investment grade.

## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### Expected credit loss (ECL) measurement (Continued)

#### *The criteria of significant increase in credit risk ("SICR") (Continued)*

The Company considers Financing Assets to have experienced a SICR if margin calls are triggered when the threshold of relevant collateral to loan ratios are below a force liquidation level.

A backstop is applied to all relevant financial instruments and they are considered to have experienced a SICR if the borrower, the counterparty, the issuer or the debtor is more than 30 days past due on its contractual payments.

Financial instruments are considered to have a low risk when the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company has not used the low credit risk exemption as 31 December 2020.

#### Definition of credit-impaired assets

The Company assesses whether a financial instrument is credit-impaired in accordance with IFRS 9, in a manner consistent with its internal credit risk policies for managing financial instruments. The consideration includes quantitative criteria and qualitative criteria. The Company defines a financial instrument as credit-impaired, which is fully aligned with the definition of "in default", when it meets one or more of the following criteria:

- The borrower is more than 90 days past due on its contractual payments;
- For Financing Assets, a forced liquidation of a client's position is triggered based on a pre-determined threshold of collateral to loan ratios and the collateral valuation falls short of the related loan or repo amounts;
- The latest external ratings of issuers of debt securities or debt securities themselves are in default grade;
- The debtor, issuer, borrower or counterparty is in significant financial difficulty;
- An active market for that financial instrument has disappeared because of financial difficulties;
- Concessions have been made by the Company relating to the debtor, issuer, borrower or counterparty's financial difficulty;
- It is becoming probable that the debtor, issuer, borrower, or counterparty will enter bankruptcy or undertake a financial restructuring.

When a financial instrument is considered to be credit-impaired, it may be the result of multiple events, not due to a separately identifiable event.

# Notes to the Consolidated Financial Statements

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## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### Expected credit loss (ECL) measurement (Continued)

##### *Forward-looking information*

The assessment of SICR and the calculation of ECL both incorporate forward-looking information.

For debt securities investments, the Company has performed historical data analysis and identified the key economic variables impacting credit risk and ECL. Key economic variables mainly include the growth rate of Domestic GDP, producer price index and the total retail sales of consumer goods. The Company makes forward looking adjustments to the ECL of debt securities investments by analyzing the impacts of these economic variables.

For Financing Assets, based on the analysis of the characteristics of these products, the Company has identified the key economic variables impacting credit risk and ECL for these financial instrument portfolio include Volatility of Shanghai Composite Index and Shenzhen Composite Index. The Company makes forward looking adjustments to the ECL of Financing Assets by analyzing the impacts of these economic variables.

In addition to the base economic scenario, the Company's expert team also provided other possible scenarios along with scenario weightings. The number of other scenarios used is set based on an analysis of each major product type to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed at each financial statement date.

As at 31 December 2020, the Company concluded that three scenarios appropriately captured the non-linearities of key economic variables for all portfolios. The scenario weightings are determined by a combination of statistical analysis and expert judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The probability-weight of the three scenarios employed by the Company were almost same.

The Company measures ECL as either a probability weighted 12 month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Company considers these forecasts to represent its best estimate of the possible outcomes as at the financial statement date.



## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### Expected credit loss (ECL) measurement (Continued)

##### *Sensitivity analysis*

The allowance for credit losses could be sensitive to the inputs used in internally developed models, macroeconomic variables in the forward-looking forecasts, weighting applied to economic scenarios and other factors considered when applying expert judgement. Changes in these inputs, assumptions and judgements are likely to have an impact on the assessment of significant increase in credit risk and the measurement of ECLs. The Company regularly rechecks the model annually and makes appropriate amendments to the assumptions and parameters used in the models according to the specific situation. The adjustment of the model and parameters this year has no significant impact on ECL.

A sensitivity analysis is performed on key economic indicators, economic scenarios and weightings assigned used in forward-looking measurement. When the assigned weightings of optimistic scenario and pessimistic scenario change by 10%, the impact on ECL recognized is not significant.

Meanwhile, the Company also uses sensitivity analysis to monitor the impact of changes to the credit risk classification of the financial assets on ECL. As at 31 December 2020, assuming there was no significant increase in credit risk since initial recognition, and all the financial assets in Stage 2 were moved to Stage 1, the decremental impact on ECL recognized in financial statements is not significant.

##### *Collateral and other credit enhancements*

The Company employs a range of policies and credit enhancements to mitigate credit risk exposure to an acceptable level. The most common of these is accepting collateral through funds advanced or guarantees. The Company determines the type and amount of collaterals according to the credit risk evaluation of counterparties. The collateral under Financing Assets are primarily stocks, debt securities, funds etc. Management tests the market value of collateral periodically, and makes margin calls according to related agreements. It also monitors the market value fluctuation of collateral when reviewing the measurement of the loss allowance.

##### *Loss Ratio of Financing Assets*

Based on the obligors' credit quality, contract maturity date, the related collateral securities information, which including the sector situation, liquidity, discount factor, concentration, volatility and related information, the Company sets differentiated collateral to loan ratios (generally no less than 150%) as triggering margin calls and force liquidation thresholds (collateral to loan ratios generally no less than 130%) against different exposures related to these transactions.

- For margin accounts, securities lending, stock repo and stock-pledged repo under reverse repurchase agreements ("Financing Assets") exposures with collateral to loan ratios above the force liquidation thresholds and those past due for no more than 30 days are classified under Stage 1.
- For Financing Assets exposures with collateral to loan ratios fall below the pre-determined force liquidation thresholds but above 100%; or those past due for more than 30 days are considered to be with significant increase in credit risks and are classified under Stage 2.

# Notes to the Consolidated Financial Statements

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## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### Expected credit loss (ECL) measurement (Continued)

#### Loss Ratio of Financing Assets (Continued)

- For Financing Assets exposures with collateral to loan ratios fall below 100%; or those past due for more than 90 days are considered to be credit-impaired and non-performing. These exposures are classified under Stage 3.

Loss ratio applied by the Company on its Financing Assets under the 3 stages were as follows:

Stage 1: 0.3% to 0.5% according to different collateral ratios;

Stage 2: No less than 10%;

Stage 3: Discounted cash flow on individual exposure.

#### Credit Risk exposure analysis

The Company considered the credit risk of the Financing Assets was relatively low. As at 31 December 2020 and 31 December 2019, most of the Financing Assets' ratio to underlying collateral value was over force liquidation level. As at 31 December 2020 and 31 December 2019, most of the debt securities investments of the Company were rated at investment grade or above.

The maximum credit risk exposure of the Group after impairment allowance without taking account of any collateral and other credit enhancements is presented below:

	31 December 2020	2019
Financial assets at fair value through other comprehensive income (debt instruments)	<b>49,400,900</b>	23,684,063
Refundable deposits	<b>3,877,774</b>	1,459,937
Margin accounts	<b>116,741,432</b>	70,673,845
Financial assets at fair value through profit or loss	<b>244,791,230</b>	267,154,763
Derivative financial assets	<b>20,157,990</b>	7,351,073
Reverse repurchase agreements	<b>39,226,613</b>	58,830,053
Cash held on behalf of customers	<b>199,517,577</b>	118,401,385
Bank balances	<b>91,109,371</b>	64,442,153
Others	<b>42,218,402</b>	30,588,606
Total maximum credit risk exposure	<b>807,041,289</b>	642,585,878

## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### Risk concentrations

The breakdown of the Group's maximum credit risk exposure, without taking account of any collateral or other credit enhancements, as categorised by geographical area are summarized below.

31 December 2020	By geographical area		Total
	Mainland	Outside	
	China	China	
Financial assets at fair value through other comprehensive income (debt instruments)	48,022,268	1,378,632	49,400,900
Refundable deposits	3,322,607	555,167	3,877,774
Margin accounts	111,138,858	5,602,574	116,741,432
Financial assets at fair value through profit or loss	211,992,426	32,798,804	244,791,230
Derivative financial assets	13,902,536	6,255,454	20,157,990
Reverse repurchase agreements	35,214,192	4,012,421	39,226,613
Cash held on behalf of customers	185,477,019	14,040,558	199,517,577
Bank balances	79,129,275	11,980,096	91,109,371
Others	7,560,231	34,658,171	42,218,402
<b>Total maximum credit risk exposure</b>	<b>695,759,412</b>	<b>111,281,877</b>	<b>807,041,289</b>

31 December 2019	By geographical area		Total
	Mainland	Outside	
	China	China	
Financial assets at fair value through other comprehensive income (debt instruments)	23,621,708	62,355	23,684,063
Refundable deposits	1,175,482	284,455	1,459,937
Margin accounts	66,911,664	3,762,181	70,673,845
Financial assets at fair value through profit or loss	230,531,753	36,623,010	267,154,763
Derivative financial assets	4,786,262	2,564,811	7,351,073
Reverse repurchase agreements	54,412,054	4,417,999	58,830,053
Cash held on behalf of customers	108,064,121	10,337,264	118,401,385
Bank balances	53,144,202	11,297,951	64,442,153
Others	3,844,299	26,744,307	30,588,606
<b>Total maximum credit risk exposure</b>	<b>546,491,545</b>	<b>96,094,333</b>	<b>642,585,878</b>

## Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

### 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

#### (a) Credit risk (Continued)

##### Risk concentrations (Continued)

The Group's credit risk exposure of financial instruments for which an ECL allowance is recognized as follows according to the stage of ECL:

Loss allowance	31 December 2020			Total
	Stage of ECL			
	Stage I 12-month ECL	Stage II Lifetime ECL	Stage III	
<b>Reverse repurchase agreements</b>				
Amortized cost	33,506,322	5,369,838	8,389,392	47,265,552
Loss allowance	(58,758)	(1,331,267)	(6,648,914)	(8,038,939)
Book value	33,447,564	4,038,571	1,740,478	39,226,613
Margin accounts				
Amortized cost	114,595,282	120,176	3,559,507	118,274,965
Loss allowance	(344,216)	(12,547)	(1,176,770)	(1,533,533)
Book value	114,251,066	107,629	2,382,737	116,741,432
<b>Financial assets at fair value through other comprehensive income (debt instruments)</b>				
Fair value	49,400,900	—	—	49,400,900
Loss allowance	533,493	—	44,000	577,493
Others				
Amortized cost	41,612,421	37,506	2,053,255	43,703,182
Loss allowance	(173,932)	(8,131)	(1,949,385)	(2,131,448)
Book value	41,438,489	29,375	103,870	41,571,734

## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### Risk concentrations (Continued)

Loss allowance	31 December 2019			Total
	Stage of ECL			
	Stage I 12-month ECL	Stage II Lifetime ECL	Stage III	
<b>Reverse repurchase agreements</b>				
Amortized cost	52,446,116	4,437,151	4,992,695	61,875,962
Loss allowance	(102,601)	(385,210)	(2,558,098)	(3,045,909)
Book value	52,343,515	4,051,941	2,434,597	58,830,053
Margin accounts				
Amortized cost	68,012,054	2,985,179	449,097	71,446,330
Loss allowance	(198,450)	(303,772)	(270,263)	(772,485)
Book value	67,813,604	2,681,407	178,834	70,673,845
<b>Financial assets at fair value through other comprehensive income (debt instruments)</b>				
Fair value	23,684,063	—	—	23,684,063
Loss allowance	218,920	—	44,000	262,920
Others				
Amortized cost	30,340,167	31,750	1,764,013	32,135,930
Loss allowance	(119,702)	(5,596)	(1,646,217)	(1,771,515)
Book value	30,220,465	26,154	117,796	30,364,415

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For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### Risk concentrations (Continued)

The Group's credit risk exposure of financial instruments for which an ECL allowance is recognized as follows according to the stage of ECL:

#### (i) Credit loss allowance for stock reverse repurchase agreements

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2020	102,601	385,210	2,558,098	3,045,909
Increases (i)	70,243	1,483,756	3,764,443	5,318,442
Reverses	(114,086)	(157,571)	(167,513)	(439,170)
Write-offs	—	—	(553,392)	(553,392)
Transfers between stages				
— Increase	—	75,230	466,344	541,574
— Decrease	—	(466,344)	(75,230)	(541,574)
Others	—	10,986	656,164	667,150
31 December 2020	58,758	1,331,267	6,648,914	8,038,939

- (i) The significant changes affecting the repurchase of financial assets for resale agreements including the default of individual counterparties of reverse repurchase agreements and the decline in the value of collateral, resulting in the company's credit risk exposure cannot be fully covered. The credit loss allowance increased by RMB5,318 million (2019: RMB1,383 million).

## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### Risk concentrations (Continued)

##### (i) Credit loss allowance for stock reverse repurchase agreements (Continued)

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2019	104,741	563,073	1,298,032	1,965,846
Increases <sup>(i)</sup>	84,446	256,003	1,042,520	1,382,969
Reversals	(232,998)	(105,569)	(253,881)	(592,448)
Write-offs	—	—	—	—
Transfers between stages				
— Increase	146,412	—	181,885	328,297
— Decrease	—	(328,297)	—	(328,297)
Others	—	—	289,542	289,542
31 December 2019	102,601	385,210	2,558,098	3,045,909

(i) The significant changes affecting the repurchase of financial assets for resale agreements including the default of individual counterparties of reverse repurchase agreements and the decline in the value of collateral, resulting in the company's credit risk exposure cannot be fully covered. The credit loss allowance increased by RMB1,383 million (2018: RMB1,893 million).

Analyzed loss allowance for stock reverse repurchase agreements:

31 December 2020				
Stage of ECL				
	Stage 1	Stage 2	Stage 3	Total
Book value	17,964,613	5,369,838	8,389,392	31,723,843
Loss allowance	(58,758)	(1,331,267)	(6,648,914)	(8,038,939)
Collateral	74,668,705	20,699,078	10,786,817	106,154,600
31 December 2019				
Stage of ECL				
	Stage 1	Stage 2	Stage 3	Total
Book value	31,053,948	4,437,151	4,992,694	40,483,793
Loss allowance	(102,586)	(385,210)	(2,558,097)	(3,045,893)
Collateral	99,682,241	9,886,868	3,877,720	113,446,829

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### 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

#### (a) Credit risk (Continued)

Risk concentrations (Continued)

#### (ii) Credit loss allowance for margin accounts

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2020	198,450	303,772	270,263	772,485
Increases	138,180	24,296	614,751	777,227
Reversals	—	(12,123)	(54,235)	(66,358)
Write-offs	—	—	—	—
Transfers between stages				
— Increase	360	734	303,772	304,866
— Decrease	(734)	(304,132)	—	(304,866)
Other changes	7,960	—	42,219	50,179
31 December 2020	344,216	12,547	1,176,770	1,533,533

As in the year of 2020, the reason for the increase of the impairment of margin accounts is that a SICR has been witnessed in the counterparties, which resulted in an increase of RMB777 million impairment (2019: RMB467 million).

As of 31 December 2020, the fair value of the underlying collateral of the margin accounts exposure under Stage 3 was RMB12,572 million (31 December 2019: RMB200 million).



## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### Risk concentrations (Continued)

#### (ii) Credit loss allowance for margin accounts (Continued)

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2019	173,771	22,462	120,402	316,635
Increases	35,649	298,782	132,813	467,244
Reversals	(23,866)	(4,110)	(79,540)	(107,516)
Write-offs	—	—	—	—
Transfers between stages				
— Increase	22,464	9,102	7	31,573
— Decrease	(9,109)	(22,464)	—	(31,573)
Other changes	(459)	—	96,581	96,122
31 December 2019	198,450	303,772	270,263	772,485

#### (iii) Credit loss allowance for financial assets at fair value through other comprehensive income

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2020	<b>218,920</b>	—	<b>44,000</b>	<b>262,920</b>
Increases	<b>581,751</b>	—	—	<b>581,751</b>
Reversals	<b>(26,527)</b>	—	—	<b>(26,527)</b>
Write-offs	<b>(240,300)</b>	—	—	<b>(240,300)</b>
Transfers between stages				
— Increase	—	—	—	—
— Decrease	—	—	—	—
Other changes	<b>(351)</b>	—	—	<b>(351)</b>
31 December 2020	<b>533,493</b>	—	<b>44,000</b>	<b>577,493</b>

## Notes to the Consolidated Financial Statements

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(In RMB thousands, unless otherwise stated)

### 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

#### (a) Credit risk (Continued)

##### Risk concentrations (Continued)

##### (iii) Credit loss allowance for financial assets at fair value through other comprehensive income (Continued)

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2019	101,846	—	44,000	145,846
Increases	281,457	—	—	281,457
Reversals	(56,644)	—	—	(56,644)
Write-offs	(107,739)	—	—	(107,739)
Transfers between stages				
— Increase	—	—	—	—
— Decrease	—	—	—	—
31 December 2019	218,920	—	44,000	262,920

##### (iv) Credit loss allowance for other financial assets measured at amortized cost

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2020	119,702	5,596	1,646,217	1,771,515
Increases	131,831	10,094	313,107	455,032
Reversals	(80,811)	(6,842)	(33,038)	(120,691)
Write-offs	(2,308)	(717)	(78,259)	(81,284)
Transfers between stages				
— Increase	—	—	—	—
— Decrease	—	—	—	—
Other changes	5,518	—	101,358	106,876
31 December 2020	173,932	8,131	1,949,385	2,131,448

## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### Risk concentrations (Continued)

#### (iv) Credit loss allowance for other financial assets measured at amortized cost (Continued)

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2019	47,228	4,588	1,595,131	1,646,947
Increases	87,034	1,650	701,376	790,060
Reversals	(1,672)	(642)	(271,228)	(273,542)
Write-offs	(14,498)	—	(86)	(14,584)
Transfers between stages				
— Increase	—	—	—	—
— Decrease	—	—	—	—
Other changes	1,610	—	(378,976)	(377,366)
31 December 2019	119,702	5,596	1,646,217	1,771,515

### (b) Liquidity risk

Liquidity risk refers to the risk that the Company is not able to obtain sufficient capital with reasonable cost and in a timely manner to pay its overdue debts, perform other payment obligations and meet capital requirements for normal business operations. The Company has consistently adhered to the overall operation of capital. The responsibilities for centralized management of fund allocation lie within the Treasury Department. In respect of the domestic stock exchanges and interbank market, the Company has a relatively high credit rating, and has secured stable channels for short-term financing, such as borrowing and repurchases. At the same time, the Company has replenished its long term working capital through public or private offering of corporate bonds, subordinated bonds, income vouchers and the like to enable the Company to maintain its overall liquidity at a relatively secured level.

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

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(In RMB thousands, unless otherwise stated)

## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (b) Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting year, based on their contractual undiscounted payments, is as follows:

	31 December 2020						Total
	Overdue/ repayable on demand	Less than three months	Three months to one year	One to five years	More than five years	Undated	
<b>Non-derivative financial liabilities:</b>							
Customer brokerage deposits	203,110,588	–	–	–	–	–	203,110,588
Financial liabilities at fair value through profit or loss	2,969,253	13,853,516	19,292,667	9,737,209	2,286,500	10,269,599	58,408,744
Repurchase agreements	10,348	176,435,082	21,533,645	730,375	–	–	198,709,450
Due to banks and other financial institutions	–	10,377,204	130,499	–	–	–	10,507,703
Short-term loans	1,218	5,004,253	6,951	–	–	–	5,012,422
Short-term financing instruments payable	–	3,421,695	8,634,492	–	–	–	12,056,187
Debt instruments issued	–	664,800	2,002,777	138,983,251	2,060,150	–	143,710,978
Long-term loans	–	3,811	11,434	261,857	354,919	–	632,021
Leases	–	138,990	415,426	1,155,554	141,024	–	1,850,994
Others	97,254,331	22,373,077	39,246,335	523,131	–	2,562,363	161,959,237
<b>Total</b>	<b>303,345,738</b>	<b>232,272,428</b>	<b>91,274,226</b>	<b>151,391,377</b>	<b>4,842,593</b>	<b>12,831,962</b>	<b>795,958,324</b>
Cash flows from derivative financial liabilities settled on a net basis	502	5,188,027	7,869,402	16,397,546	17,673,099	–	47,128,576
Gross-settled derivative financial liabilities:							
Contractual amounts receivable	–	–	–	–	–	–	–
Contractual amounts payable	–	–	–	–	–	–	–
	–	–	–	–	–	–	–

## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (b) Liquidity risk (Continued)

	31 December 2019						Total
	Overdue/ repayable on demand	Less than three months	Three months to one year	One to five years	More than five years	Undated	
<b>Non-derivative financial liabilities:</b>							
Customer brokerage deposits	123,351,754	—	—	—	—	—	123,351,754
Financial liabilities at fair value through profit or loss	2,278,299	17,668,920	24,928,377	3,171,642	2,716,412	6,953,349	57,716,999
Repurchase agreements	—	156,678,477	16,346,125	1,616,693	—	—	174,641,295
Due to banks and other financial institutions	—	28,119,932	5,082,153	—	—	—	33,202,085
Short-term loans	12,453	7,402,171	7,431	—	—	—	7,422,055
Short-term financing instruments payable	—	19,404,896	797,555	—	—	—	20,202,451
Debt instruments issued	—	400,080	3,302,796	92,851,590	2,627,500	—	99,181,966
Long-term loans	—	4,547	13,640	401,521	—	—	419,708
Leases	5,116	143,044	511,017	1,029,808	91,602	—	1,780,587
Others	34,626,839	17,870,869	26,968,789	399,439	—	663,431	80,529,367
<b>Total</b>	<b>160,274,461</b>	<b>247,692,936</b>	<b>77,957,883</b>	<b>99,470,693</b>	<b>5,435,514</b>	<b>7,616,780</b>	<b>598,448,267</b>
Cash flows from derivative financial liabilities settled on a net basis	1,249	2,233,517	5,367,383	3,583,404	2,904,608	—	14,090,161
Gross-settled derivative financial liabilities:							
Contractual amounts receivable	—	—	—	—	—	—	—
Contractual amounts payable	—	—	—	—	—	—	—
	—	—	—	—	—	—	—

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## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (c) Market risk

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

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

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

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

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

## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (c) Market risk (Continued)

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

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

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

In respect of foreign assets, in order to ensure the availability of funds required for foreign business expansion, the Company implemented centralized management toward its exchange risk. The Company keeps track of the risk by closely monitoring the value of the assets in the account on a daily basis. It monitors the exchange risk from different angles, such as assets limit, VaR, sensibility analysis and stress test, and to manage exchange risk exposure through methods such as adjusting foreign currency position, using forward exchange contract/option hedging, currency swap contracts, etc.

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## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (c) Market risk (Continued)

#### (i) VaR

VaR analysis is a statistical technique that estimates the potential maximum losses that could occur on risk positions due to movements in interest rates, stock prices or currency rates over a specified time period and at a given level of confidence.

The calculation is based on the historical data of the Group's VaR (confidence level of 95% and a holding period of one trading day).

The Group's VaR analysis by risk categories is summarised as follows:

	<b>31 December</b>	
	<b>2020</b>	2019
Stock price-sensitive financial instruments	<b>295,775</b>	351,305
Interest rate-sensitive financial instruments	<b>76,257</b>	42,955
Exchange rate-sensitive financial instruments	<b>16,455</b>	76,617
Total portfolio VaR	<b>327,485</b>	340,650

#### (ii) Interest rate risk

The Group's interest rate risk is the risk of fluctuation in the fair value of one or more financial instruments arising from adverse movements in interest rates. The Group's interest rate risk mainly sources from the volatility of fair value of financial instruments held by the Group which are sensitive to the interest rate risk, resulting from market interest rate's negative fluctuation.

The Group uses interest rate sensitivity analysis as the principal tool to monitor interest rate risk. The use of interest rate sensitivity analysis assumes all other variables remain constant, but changes in the fair value of financial instruments held at the end of the measurement period may impact the Group's total income and total equity when interest rates fluctuate reasonably and possibly.

Assuming a parallel shift in the market interest rates and without taking into consideration of the management's activities to reduce interest rate risk, the impact of such a shift on revenue and shareholders' equity based on an interest rate sensitivity analysis of the Group is as follows:

#### Sensitivity of revenue

	<b>2020</b>	2019
Change in basis points		
+25 basis points	<b>(548,451)</b>	(766,919)
-25 basis points	<b>541,388</b>	786,581



## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (c) Market risk (Continued)

#### (ii) Interest rate risk (Continued)

##### Sensitivity of equity

	December 31	
	2020	2019
Change in basis points		
+25 basis points	<b>(255,727)</b>	(38,371)
-25 basis points	<b>267,726</b>	38,732

#### (iii) Currency risk

Currency risk is the risk of fluctuation in the fair value of financial instruments or future cash flows arising from adverse movements in foreign exchange rates. The Group's currency risk primarily relates to the Group's operating activities, whose settlements and payments are denominated in foreign currencies different from the Group's functional currency, and its net investment in foreign subsidiaries.

The tables below indicate a sensitivity analysis of exchange rate changes of the currencies to which the Group had significant exposure. The analysis calculates the effect of a reasonably possible movement in the currency rates against RMB, with all other variables held constant, on revenue and equity. A negative amount in the table reflects a potential net reduction in revenue or equity, while a positive amount reflects a potential net increase.

##### Sensitivity of revenue

Currency	Change in currency rate	2020	2019
USD	-3%	<b>530,576</b>	(137,942)
HKD	-3%	<b>(513,024)</b>	(135,605)

##### Sensitivity of equity

		December 31	
Currency	Change in currency rate	2020	2019
USD	-3%	<b>(249,748)</b>	(242,153)
HKD	-3%	<b>6,632</b>	4,494

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## 58 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (c) Market risk (Continued)

#### (iii) Currency risk (Continued)

While the table above indicates the effect on revenue and equity of 3% depreciation of USD and HKD, there will be an opposite effect with the same amount if the currencies appreciate by the same percentage.

The tables below summarize the Group's exposure to foreign currency exchange rate risk as at 31 December 2020 and 31 December 2019. The Group's exposure to RMB is provided in the tables below for comparison purposes. Included in the table are the carrying amounts of the assets and liabilities of the Group in RMB equivalent, categorized by the original currencies.

	As at 31 December 2020				Total
	RMB	USD in RMB equivalent	HKD in RMB equivalent	Other in RMB equivalent	
Net on-balance sheet position	161,705,402	(4,534,441)	18,004,275	10,707,500	185,882,736

	As at 31 December 2019				Total
	RMB	USD in RMB equivalent	HKD in RMB equivalent	Other in RMB equivalent	
Net on-balance sheet position	141,648,226	10,162,233	5,951,937	7,687,396	165,449,792

#### (iv) Price risk

Price risk is the risk that the fair value of equity instruments decreases due to the variance between the stock index level and individual share values. If this occurs, market price fluctuations of equity instruments at fair value through profit or loss will impact the Group's profit; and market price fluctuations of equity instruments classified as financial assets at fair value through other comprehensive income will impact shareholders' equity for the Group.

As at 31 December 2020, the equity investment accounted for approximately 19.54% of the total assets (as at 31 December 2019: 14.77%).

## 59 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	31 December	
		2020	2019
<b>Non-current assets</b>			
Property, plant and equipment		867,791	645,567
Investment properties		89,098	93,080
Goodwill		43,500	43,500
Land-use rights and intangible assets		2,090,537	2,132,649
Investments in subsidiaries	23	45,091,317	33,943,279
Investments in associates		4,885,533	4,182,089
Financial assets at fair value through other comprehensive income		16,440,223	16,074,056
Financial assets at fair value through profit or loss (Mandatory)		715,019	899,176
Refundable deposits		8,603,714	3,003,340
Deferred income tax assets		7,692,037	3,788,660
Right-of-use assets		2,040,787	664,421
Other non-current assets		149,648	158,350
<b>Total non-current assets</b>		<b>88,709,204</b>	65,628,167
<b>Current assets</b>			
Fee and commission receivables		881,596	763,291
Margin accounts		96,834,510	61,454,455
Financial assets at fair value through other comprehensive income		56,477,262	32,372,611
Financial assets as at fair value through profit or loss (Mandatory)		258,263,794	247,559,516
Derivative financial assets		26,428,902	8,274,928
Reverse repurchase agreements		34,778,736	54,405,254
Other current assets		43,986,124	25,037,080
Cash held on behalf of customers		108,142,276	63,782,093
Cash and bank balances		63,845,295	43,938,922
<b>Total current assets</b>		<b>689,638,495</b>	537,588,150

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 59 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

	Notes	31 December 2020	2019
<b>Current liabilities</b>			
Customer brokerage deposits		<b>104,957,910</b>	62,930,349
Derivative financial liabilities		<b>37,346,164</b>	11,172,070
Financial liabilities at fair value through profit or loss		<b>12,059,736</b>	10,672,620
Repurchase agreements		<b>163,112,170</b>	156,570,217
Due to banks and other financial institutions		<b>10,504,115</b>	33,356,210
Tax payable		<b>5,427,524</b>	2,312,425
Short-term financing instrument payables		<b>9,570,094</b>	19,587,250
Lease liabilities		<b>606,675</b>	197,640
Other current liabilities		<b>149,852,544</b>	83,984,645
<b>Total current liabilities</b>		<b>493,436,932</b>	380,783,426
<b>Net current assets</b>		<b>196,201,563</b>	156,804,724
<b>Total assets less current liabilities</b>		<b>284,910,767</b>	222,432,891
<b>Non-current liabilities</b>			
Debt instruments issued		<b>122,014,204</b>	79,949,446
Deferred income tax liabilities		<b>2,091,248</b>	2,101,916
Financial liabilities at fair value through profit or loss		<b>7,720,925</b>	6,445,859
Lease liabilities		<b>1,379,534</b>	378,064
<b>Total non-current liabilities</b>		<b>133,205,911</b>	88,875,285
<b>Net assets</b>		<b>151,704,856</b>	133,557,606
<b>Equity</b>			
Issued share capital	49	<b>12,926,776</b>	12,116,908
Reserves		<b>99,000,058</b>	84,596,312
Retained earnings		<b>39,778,022</b>	36,844,386
<b>Total equity</b>		<b>151,704,856</b>	133,557,606

## 60 STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

	Notes	Reserves					Sub-total	Retained earnings	Total
		Share capital	Capital reserve	Surplus reserves	General reserves	Investment revaluation reserve			
At 1 January 2020		12,116,908	54,411,316	6,263,770	22,862,847	1,058,379	84,596,312	36,844,386	133,557,606
Profit for the year		–	–	–	–	–	–	12,342,143	12,342,143
Other comprehensive income		–	–	–	–	21,148	21,148	–	21,148
Total comprehensive income		–	–	–	–	21,148	21,148	12,342,143	12,363,291
Dividend – 2019	17	–	–	–	–	–	–	(6,463,388)	(6,463,388)
Appropriation to surplus reserves		–	–	406,048	–	–	406,048	(406,048)	–
Appropriation to general reserves		–	–	–	2,539,071	–	2,539,071	(2,539,071)	–
Capital increase by equity holders		809,868	11,357,362	–	–	–	11,357,362	–	12,167,230
– Others		–	80,117	–	–	–	80,117	–	80,117
At 31 December 2020		12,926,776	65,848,795	6,669,818	25,401,918	1,079,527	99,000,058	39,778,022	151,704,856

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2020

(In RMB thousands, unless otherwise stated)

## 60 STATEMENT OF CHANGES IN EQUITY OF THE COMPANY (Continued)

	Notes	Reserves					Sub-total	Retained earnings	Total
		Share capital	Capital reserve	Surplus reserves	General reserves	Investment revaluation reserve			
At 1 January 2019		12,116,908	54,411,316	6,263,770	20,401,816	436,917	81,513,819	31,845,135	125,475,862
Profit for the year		—	—	—	—	—	—	11,701,200	11,701,200
Other comprehensive income		—	—	—	—	621,462	621,462	—	621,462
Total comprehensive income		—	—	—	—	621,462	621,462	11,701,200	12,322,662
Dividend – 2018	17	—	—	—	—	—	—	(4,240,918)	(4,240,918)
Appropriation to surplus reserves		—	—	—	—	—	—	—	—
Appropriation to general reserves		—	—	—	2,461,031	—	2,461,031	(2,461,031)	—
Capital increase by equity holders		—	—	—	—	—	—	—	—
– Others		—	—	—	—	—	—	—	—
At 31 December 2019		12,116,908	54,411,316	6,263,770	22,862,847	1,058,379	84,596,312	36,844,386	133,557,606

## 61 EVENTS AFTER THE REPORTING PERIOD

### Issuance of corporate bonds

In accordance with the resolutions of the 22nd meeting of the 6th Board of Directors, the resolutions of the 2017 Annual Shareholders' General Meeting; and the related regulatory approvals including the "CSRC License [2020] No. 3657" issued by the CSRC, the Company was approved to publicly issue corporate bonds in mainland China that do not exceed RMB80 billion in total in face value to professional investors. The Company completed the first public issuance of such corporate bonds on 25 January 2021 in the amount of RMB10 billion in three tranches with maturity terms and coupon rates of 370 days, 3 years and 10 years; and 2.90% 3.56% and 4.10%, respectively. The Company completed the second public issuance of such corporate bonds on 1 March 2021 in the amount of RMB4.5 billion in two tranches with maturity terms and coupon rates of 3 years and 10 years; and 3.60% and 4.10%, respectively.

## **61 EVENTS AFTER THE REPORTING PERIOD** (Continued)

### **Issuance of subordinated bonds**

In accordance with the resolutions of the 22nd meeting of the 6th Board of Directors, the resolutions of the 2017 Annual Shareholders' General Meeting; and approval with the CSRC, the Company was approved to publicly issue subordinated bonds in mainland China that do not exceed RMB30 billion in total in face value to professional investors. The Company completed the first public issuance of such subordinated bonds on 8 February 2021 in the amount of RMB3 billion, with maturity of 3 years and coupon rate of 3.97%.

### **Proposed profit distribution after the reporting period**

According to the board resolution passed in the Board of Directors' meeting of the Company held on 18 March 2021, the Company made the following resolution based on the profit for the year ended 31 December 2020: (i) appropriation of a total of RMB1,234.21 million to the general risk reserve; (ii) appropriation of a total of RMB1,234.21 million to the transaction risk reserve; (iii) appropriation of a total of RMB66.35 million to the provisions of risk; (iv) appropriation of a total of RMB406.05 million to the statutory surplus reserve. (v) proposed cash dividend for the year ended 31 December 2020 of RMB4.00 for every 10 shares (pre-tax), totaled approximately RMB5,170.71 million (pre-tax). In the event of change in total share capital of the company after the date of the above-mentioned Board meeting but before the Record Date for payment of the cash dividend, the total distribution amount will be kept unchanged and the rate will be adjusted accordingly. This proposed dividend is subject to the approval of the General Meeting of Shareholders of the Company.

### **Issuance of Euro-commercial paper**

As at 18 March 2021, CITIC Securities Finance MTN Co., Ltd. issued 4 tranches of Euro-commercial paper with a total issue size of US\$280 million during the year of 2021. The Euro-commercial paper was unconditionally and irrevocably guaranteed by the Company with joint and several liability.

## **62 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 18 March 2021.

## Documents Available for Inspection

Financial statements signed by the head of the Company, the Chief Financial Officer and the head of the accounting department and chopped with the official chop of the Company.

The original copy of the audit report with chops of the accounting firm and signatures and chops of CPAs.

The originals of all the documents and announcements of the Company published during the Reporting Period in the media designated by the CSRC for information disclosures.

Annual reports published in other stock exchanges.

The Articles of Association of the Company.



# Definitions

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

“A Share(s)”	the domestic share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange (stock code: 600030)
“A Shareholder(s)”	holder(s) of A Shares
“Beijing Securities Regulatory Bureau”	the Beijing Securities Regulatory Bureau of the CSRC
“Board”	the board of directors of the Company
“Bohai Chuangfu”	Bohai Chuangfu Securities Investment Co., Ltd. (渤海創富證券投資有限公司)
“China AMC”	China Asset Management Company Limited (華夏基金管理有限公司)
“China CITIC Bank”	China CITIC Bank Corporation Limited (中信銀行股份有限公司)
“CITIC Corporation Limited”	CITIC Corporation Limited (中國中信有限公司)
“CITIC Futures”	CITIC Futures Company Limited (中信期貨有限公司)
“CITIC Global Trade”	CITIC Global Trade (Shanghai) Co., Ltd. (中信寰球商貿(上海)有限公司)
“CITIC Group”	CITIC Group Corporation (中國中信集團有限公司)
“CITIC Holdings”	CITIC Holdings Limited (中信控股有限責任公司)
“CITIC Limited”	CITIC Limited (中國中信股份有限公司)
“CITIC Pacific”	CITIC Pacific Limited (中信泰富有限公司)
“CITIC PE Fund”	CITIC Private Equity Funds Management Company Limited (中信產業投資基金管理有限公司)
“CITIC Securities Brokerage (HK)”	CITIC Securities Brokerage (HK) Limited
“CITIC Securities Finance MTN”	CITIC Securities Finance MTN Co., Ltd.
“CITIC Securities Investment”	CITIC Securities Investment Limited (中信証券投資有限公司)
“CITIC Securities (Shandong)”	CITIC Securities (Shandong) Co., Ltd. (中信証券(山東)有限責任公司)

## Definitions

“CITIC Securities South China” or “Guangzhou Securities”	CITIC Securities South China Company Limited (formerly known as “Guangzhou Securities Company Limited (廣州證券股份有限公司)”)
“CITIC Trust”	CITIC Trust Co., Ltd. (中信信託有限責任公司)
“CLSA B.V.”	Crédit Agricole Securities Asia B.V., a private limited company incorporated under the laws of the Netherlands and becoming a wholly-owned subsidiary of CSI on 31 July 2013
“CLSA Limited”	CLSA Limited
“CLSA”	the brand name of the offshore business of the Company
“Company” or “CITIC Securities”	CITIC Securities Company Limited (中信證券股份有限公司)
“Company Law”	the Company Law of the People’s Republic of China
“connected transaction(s)”	has the same meaning ascribed to it under the Hong Kong Listing Rules currently in effect and as amended from time to time
“CSC”	CSC Financial Co., Ltd. (中信建投證券股份有限公司)
“CSDC”	China Securities Depository and Clearing Corporation Limited
“CSI”	CITIC Securities International Co., Ltd. (中信證券國際有限公司)
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Financial Holdings Capital”	Guangzhou Yuexiu Financial Holdings Capital Management Co., Ltd. (廣州越秀金融資本管理有限公司)
“Galaxy Asset”	China Galaxy Asset Management Co., Ltd., (formerly known as “Jiantou Zhongxin Asset Management Co., Ltd. (建投中信資產管理有限責任公司)”)
“Financial Holdings Limited”	Guangzhou Yuexiu Financial Holdings Group Limited (廣州越秀金融控股集團有限公司)
“GoldStone Investment”	GoldStone Investment Co., Ltd. (金石投資有限公司)
“GoldStone Haorui”	Qingdao GoldStone Haorui Investment Company Limited (青島金石灑納投資有限公司)

“GoldStone Zexin”	GoldStone Zexin Investment Management Co., Ltd. (金石澤信投資管理有限公司)
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas-listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on The Stock Exchange of Hong Kong Limited (stock code: 6030)
“H Shareholder(s)”	holder(s) of H Shares
“HKEx”	Hong Kong Exchanges and Clearing Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Kington Securities”	Kington Securities Limited Liability Company (金通證券有限責任公司)
“Ministry of Finance”	the Ministry of Finance of the People’s Republic of China
“NSSF”	National Social Security Fund of the PRC
“PRC” or “China”	the People’s Republic of China
“PwC”	PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers
“PwC Hong Kong”	PricewaterhouseCoopers
“PwC Zhong Tian”	PricewaterhouseCoopers Zhong Tian LLP
“related party transaction(s)”	for the purpose of the section under “6. SIGNIFICANT EVENTS” only, has the same meaning ascribed to it under the SSE Listing Rules currently in effect and as amended from time to time
“Reporting Period”	the twelve months ended 31 December 2020
“Sanxia GoldStone Fund”	Sanxia GoldStone (Wuhan) Equity Investment Fund Partnership (Limited Partnership) (三峽金石(武漢)股權投資基金合夥企業 (有限合夥))

## Definitions

“Sanxia GoldStone Management Co., Ltd.”	Sanxia GoldStone Private Equity Management Co., Ltd. (三峽金石私募基金管理有限公司)
“Securities Law”	the Securities Law of the People’s Republic of China
“Senior Management”	the senior management of the Company
“Shanghai Clearing House”	Interbank Market Clearing House Co., Ltd.
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the domestic Share(s) or the overseas-listed foreign Share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each which are listed on the SSE and the Hong Kong Stock Exchange, respective
“Shenzhen Securities Regulatory Bureau”	the Shenzhen Securities Regulatory Bureau of the CSRC
“SSE”	Shanghai Stock Exchange
“SSE Listing Rules”	Rules Governing the Listing of Stocks on Shanghai Stock Exchange
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“SZSE”	Shenzhen Stock Exchange
“Wind Info”	Wind Information Co., Ltd.
“Xingcheng Special Steel”	Jiangyin Xingcheng Special Steel Works Co., Ltd. (江陰興澄特種鋼鐵有限公司)
“Yuexiu Financial Holdings”	Guangzhou Yuexiu Financial Holdings Group Co., Ltd. (廣州越秀金融控股集團股份有限公司)
“Yuexiu Industrial Investment Fund”	Guangzhou Yuexiu Industrial Investment Fund Management Co., Ltd. (廣州越秀產業投資基金管理股份有限公司)

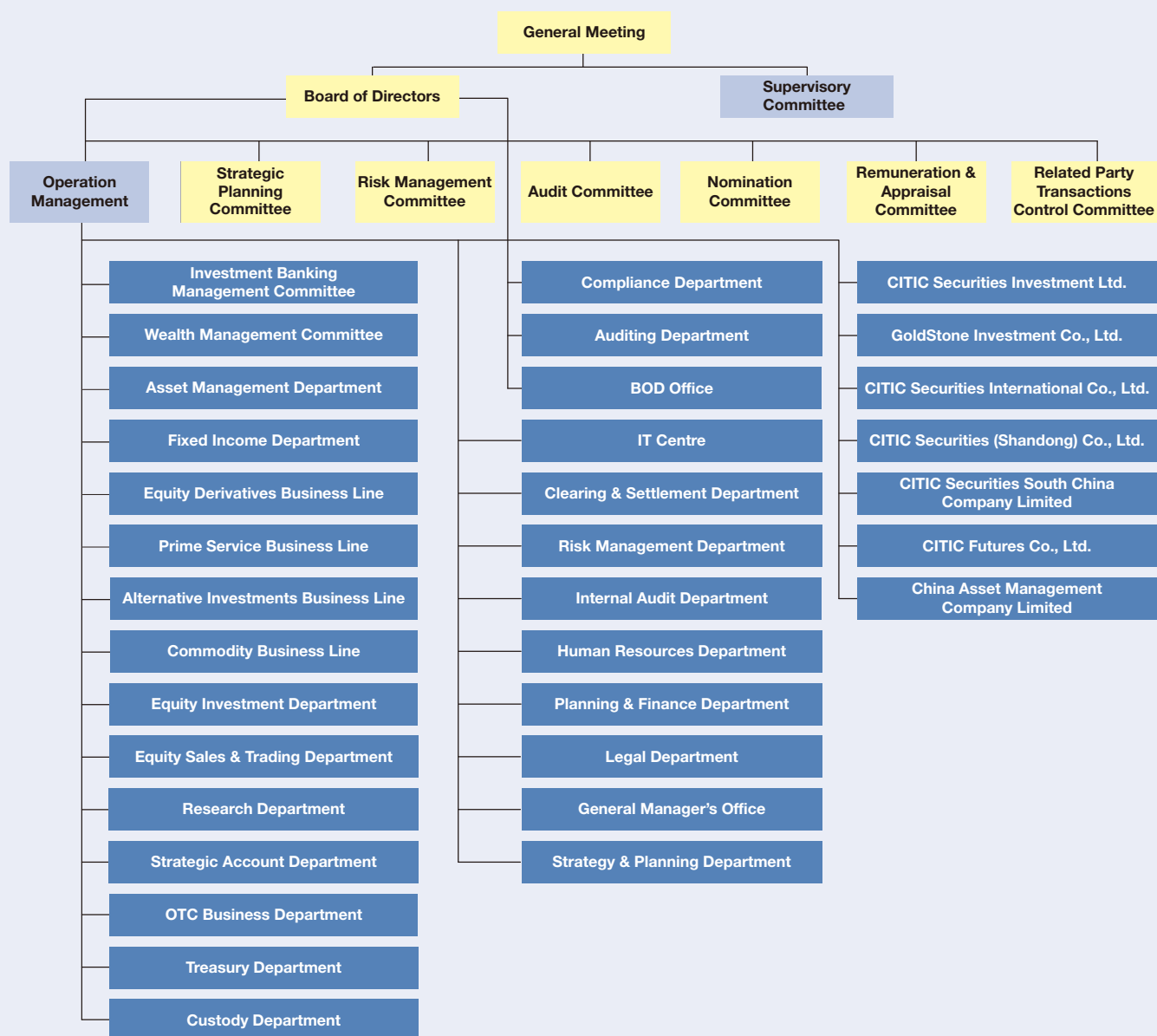
## Material Risk Factors

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

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

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

# Appendix 1: Organization Chart



*Note 1:* The Investment Banking Management Committee comprised the Financial Industry Team, the Energy and Chemical Industry Team, the Infrastructure and Real Estate Industry Team, the Equipment Manufacture Industry Team, the Telecom, Internet, Media and Entertainment Industry Team, the Healthcare Industry Team, the Consumer Industry Team, the Integrated Industry Team (Beijing), the Integrated Industry Team (Shanghai), the Integrated Industry Team (Shenzhen), Investment Banking (Zhejiang) Branch, Investment Banking (Shandong) Branch, Investment Banking (Jiangsu) Branch, Investment Banking (South China) Branch, Investment Banking (Hubei) Branch, Investment Banking (Hunan) Branch, Investment Banking (Jiangxi) Branch, Investment Banking (Henan) Branch, Investment Banking (Sichuan) Branch, Investment Banking (Fujian) Branch, Investment Banking (Shaanxi) Branch, Investment Banking (Anhui) Branch, Debt Financing Business Line, the Merger & Acquisition Business Line, the Equity Capital Market Department, the Debt Capital Market Department, the Quality Control Team, the Human Resource Development Center, the Operation Department and other departments/business lines. The Wealth Management Committee comprised departments such as the Retail Account Department, the Wealth Management Department, the Financial Product Department, the Investment Advisory Department, the Financial Technology Department and the Operation Management Department, as well as branches such as Beijing Branch, Shanghai Branch, Shenzhen Branch, Zhejiang Branch, Jiangsu Branch, Northeast Branch, Hubei Branch, Hunan Branch, Hebei Branch, Fujian Branch, Tianjin Branch, Sichuan Branch, Jiangxi Branch, Shaanxi Branch, Shanxi Branch and Anhui Branch.

*Note 2:* In January 2020, the Company had a new first-tier subsidiary, CITIC Securities South China Company Limited. Only some first-tier subsidiaries of the Company are presented on the above.

## Appendix 2: Index of Information Disclosure

Information disclosures made by the Company on the website of the SSE (<http://www.sse.com.cn>) and in China Securities Journal, Shanghai Securities News and Securities Times during the Reporting Period are set out as follows:

No.	Date of Publication	Subject Matter
1	2020-1-2	Announcement on the Resolutions Passed at the 1st Meeting of the Seventh Session of the Supervisory Committee Legal Opinions of the 2019 Second Extraordinary General Meeting Announcement on the Resolutions Passed at the 1st Meeting of the Seventh Session of the Board Announcement on the Resolutions Passed at the 2019 Second Extraordinary General Meeting
2	2020-1-3	H Share Announcement — Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 December 2019
3	2020-1-4	Announcement on the Progress of the Acquisition of Assets by Issuance of Shares and Related Party Transactions of the Company
4	2020-1-10	Announcement on the Financial Data for December 2019 Announcement on the Progress of the Acquisition of Assets by Issuance of Shares and Related Party Transactions of the Company
5	2020-1-14	Announcement on the Preliminary Financial Data for the Year of 2019
6	2020-1-15	Announcement on the Completion of the Transfer of the Target Assets in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions Review Opinions of HUAXI Securities Co., Ltd. as Independent Financial Adviser on the Transfer of the Target Assets in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions of CITIC Securities Company Limited Legal Opinions of King & Wood Mallesons on the Assets Transfer in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions of CITIC Securities Company Limited
7	2020-1-18	Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 1)
8	2020-2-4	H Share Announcement — Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 January 2020
9	2020-2-7	Announcement on 2020 Interest Payment and Delisting of the Publicly Issued 2017 Corporate Bonds (Tranche 1) (Type 1) to the Qualified Investors
10	2020-2-11	Announcement on 2020 Interest Payment for the Publicly Issued 2017 Corporate Bonds (Tranche 1) (Type 2) to Qualified Investors
11	2020-2-12	Announcement on the Resolutions Passed at the 2nd Meeting of the Seventh Session of the Board
12	2020-2-14	Announcement on the Financial Data for January 2020

## Appendix 2: Index of Information Disclosure

No.	Date of Publication	Subject Matter
13	2020-2-18	Prospectus on Public Issuance of the 2020 Corporate Bonds (Tranche 1) to Qualified Investors Announcement on Public Issuance of the 2020 Corporate Bonds (Tranche 1) to Qualified Investors Summary of the Prospectus on Public Issuance of the 2020 Corporate Bonds (Tranche 1) to Qualified Investors Credit Rating Report on the Publicly Issued 2020 Corporate Bonds (Tranche 1) to Qualified Investors
14	2020-2-19	Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 2) Announcement on Extension of Book Building Period for Public Issuance of the 2020 Corporate Bonds (Tranche 1) to Qualified Investors of CITIC Securities Company Limited
15	2020-2-20	Announcement on Nominal Interest Rate of the Publicly Issued 2020 Corporate Bonds (Tranche 1) to Qualified Investors
16	2020-2-22	Announcement on 2020 Interest Payment for the Non-publicly Issued 2019 Corporate Bonds (Tranche 1)
17	2020-2-24	Announcement on the Results of Public Issuance of the 2020 Corporate Bonds (Tranche 1) to Qualified Investors
18	2020-2-26	Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 3)
19	2020-3-3	H Share Announcement — Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 29 February 2020
20	2020-3-5	Announcement on Public Issuance of the 2020 Corporate Bonds (Tranche 2) to Qualified Investors Credit Rating Report on the Publicly Issued 2020 Corporate Bonds (Tranche 2) to Qualified Investors Summary of the Prospectus on Public Issuance of the 2020 Corporate Bonds (Tranche 2) to Qualified Investors Prospectus on Public Issuance of the 2020 Corporate Bonds (Tranche 2) to Qualified Investors
21	2020-3-6	Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 4) Announcement on the Financial Data for February 2020 H Share Announcement — Notification of Board Meeting Announcement on Extension of Book Building Period for Public Issuance of the 2020 Corporate Bonds (Tranche 2) to Qualified Investors of CITIC Securities Company Limited



<b>No.</b>	<b>Date of Publication</b>	<b>Subject Matter</b>
22	2020-3-7	<p>Independent Opinions of the Independent Non-executive Directors on Relevant Matters at the 3rd Meeting of the Seventh Session of the Board of the Company</p> <p>Announcement on the Resolutions Passed at the 2nd Meeting of the Seventh Session of the Supervisory Committee</p> <p>Announcement on the Resolutions Passed at the 3rd Meeting of the Seventh Session of the Board</p> <p>Prior Approval Opinions of the Independent Non-executive Directors on Relevant Matters at the 3rd Meeting of the Seventh Session of the Board</p> <p>Announcement on Entering into of the Supplemental Agreement on the Acquisition of Assets by Issuance of Shares in respect of the Acquisition of Assets by Issuance of Shares and the Progress of Related Party Transactions</p>
23	2020-3-9	Announcement on Nominal Interest Rate of the 2020 Corporate Bonds (Tranche 2) Publicly Issued to Qualified Investors
24	2020-3-11	Announcement on the Results of Public Issuance of the 2020 Corporate Bonds (Tranche 2) to Qualified Investors
25	2020-3-13	<p>Review Opinions of HUAXI Securities Co., Ltd. as Independent Financial Adviser on the Implementation of the Acquisition of Assets by Issuance of Shares and Related Party Transactions of CITIC Securities Company Limited</p> <p>Condensed Report on Changes in Equity</p> <p>Legal Opinions of King &amp; Wood Mallesons on the Implementation of the Acquisition of Assets by Issuance of Shares and Related Party Transactions of CITIC Securities Company Limited</p> <p>Announcement on the Results of the Issuance and Changes in Shares in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions</p> <p>Report on the Implementation of the Acquisition of Assets by Issuance of Shares and Related Party Transactions and Listing of Newly Issued Shares (Summary)</p> <p>Report on the Implementation of the Acquisition of Assets by Issuance of Shares and Related Party Transactions and Listing of Newly Issued Shares</p> <p>Announcement on the Commitments of Related Parties in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions</p>
26	2020-3-14	<p>Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 5)</p> <p>Announcement on 2020 Interest Payment for the 2018 Corporate Bonds (Tranche 1) Publicly Issued to Qualified Investors</p>
27	2020-3-17	Announcement on the 2020 Interest Payment for the Non-publicly Issued 2019 Corporate Bonds (Tranche 2)

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No.	Date of Publication	Subject Matter
28	2020-3-20	<p>Report of the Audit Committee of the Board on the Performance of Duties in 2019</p> <p>2019 Social Responsibility Report</p> <p>2019 Assessment Report on the Internal Control</p> <p>Summary of the 2019 Annual Report</p> <p>Announcement on the Reappointment of Accounting Firms</p> <p>Special Remarks and Independent Opinions of the Independent Non-executive Directors of the Seventh Session of the Board on Relevant Matters at the 4th Meeting of the Seventh Session of the Board</p> <p>Audit Report on the Internal Control as at 31 December 2019</p> <p>Announcement on the Profit Distribution Plan</p> <p>Duty Performance Report of Independent Non-executive Directors for 2019</p> <p>Announcement on the Estimation of Related Party/Continuing Connected Transactions Contemplated in the Ordinary Course of Business in 2020</p> <p>Announcement on the Resolutions Passed at the 4th Meeting of the Seventh Session of the Board</p> <p>2019 Annual Report</p> <p>Announcement on the Resolutions Passed at the 3rd Meeting of the Seventh Session of the Supervisory Committee</p> <p>Special Statement Regarding the Appropriation of Funds by the Largest Shareholder and Other Related Parties</p> <p>2019 Financial Statements and Audit Report</p>
29	2020-3-26	<p>Announcement on the Results of Issuance of Non-public Issuance of the 2020 Subordinated Bonds (Tranche 1)</p> <p>Announcement on Amendments to the Articles of Association of the Company</p> <p>Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 6)</p> <p>Articles of Association of CITIC Securities Company Limited</p>
30	2020-3-31	<p>Announcement on Obtaining the Approval by the CSRC on the Implementation of Consolidated Supervision Pilot Program</p>
31	2020-4-2	<p>H Share Announcement — Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 March 2020</p>

<b>No.</b>	<b>Date of Publication</b>	<b>Subject Matter</b>
32	2020-4-8	<p>Announcement on 2020 Principal and Interest Payment and Delisting for the Non-publicly Issued 2018 Corporate Bonds (Tranche 1)</p> <p>Announcement on Adjustment of Matters in relation to Public Issuance of the 2020 Corporate Bonds (Tranche 3) to Qualified Investors</p> <p>Announcement on Public Issuance of the 2020 Corporate Bonds (Tranche 3) to Qualified Investors</p> <p>Credit Rating Report on the 2020 Corporate Bonds (Tranche 3) Publicly Issued to Qualified Investors</p> <p>Prospectus on Public Issuance of the 2020 Corporate Bonds (Tranche 3) to Qualified Investors</p> <p>Summary of the Prospectus on Public Issuance of the 2020 Corporate Bonds (Tranche 3) to Qualified Investors</p>
33	2020-4-9	<p>Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 7)</p> <p>Announcement on Extension of Book Building Period for Public Issuance of the 2020 Corporate Bonds (Tranche 3) to Qualified Investors of CITIC Securities Company Limited</p>
34	2020-4-10	<p>Announcement on the Financial Data for March 2020</p> <p>Announcement on the Nominal Interest Rate of the 2020 Corporate Bonds (Tranche 3) Publicly Issued to Qualified Investors</p>
35	2020-4-15	<p>H Share Announcement – Notification of Board Meeting</p> <p>Clarification Announcement</p> <p>Announcement on the Results of Public Issuance of the 2020 Corporate Bonds (Tranche 3) to Qualified Investors</p>
36	2020-4-17	<p>Announcement on the 2020 Interest Payment of the Non-public Issuance of the 2019 Subordinated Bonds (Tranche 1)</p>
37	2020-4-21	<p>Follow-up Rating Report for the 2016 Corporate Bonds (Tranche 1) and the 2017 Corporate Bonds (Tranche 1) Publicly Issued to Qualified Investors</p> <p>Follow-up Rating Report for the 2015 Corporate Bonds</p> <p>Follow-up Rating Report for the 2018 Corporate Bonds (Tranche 2) Publicly Issued to Qualified Investors</p> <p>Follow-up Rating Report for the 2020 Corporate Bonds (Tranche 1 and Tranche 2) Publicly Issued to Qualified Investors</p> <p>Follow-up Rating Report for the 2013 Corporate Bonds (Tranche 1)</p> <p>Follow-up Rating Report for the 2017 Corporate Bonds (Tranche 2) and the 2018 Corporate Bonds (Tranche 1) Publicly Issued to Qualified Investors</p> <p>Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 8)</p> <p>Follow-up Rating Report for the 2019 Corporate Bonds (Tranche 1) Publicly Issued to Qualified Investors</p> <p>Announcement on Follow-up Rating Results for Corporate Bonds</p>

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No.	Date of Publication	Subject Matter
38	2020-4-24	Announcement on the 2020 Interest Payment for the Non-publicly Issued 2019 Corporate Bonds (Tranche 3)
39	2020-4-29	Announcement in Relation to the Change of Registered Capital and the Amendments to the Articles of Association of the Company 2020 First Quarterly Report The Articles of Association of the Company (2020 Second Revision) Announcement on the Resolutions Passed at the 5th Meeting of the Seventh Session of the Board Main Body of the 2020 First Quarterly Report
40	2020-4-30	Announcement on the 2020 Interest Payment for the Non-publicly Issued 2018 Corporate Bonds (Tranche 2)
41	2020-5-7	Monthly Return on Movements in Securities for April 2020
42	2020-5-8	Notice of the 2019 Annual General Meeting Announcement on the Resolutions Passed at the 6th Meeting of the Seventh Session of the Board Documents of the 2019 Annual General Meeting
43	2020-5-12	Announcement on the Financial Data for April 2020
44	2020-5-13	Announcement on the Current Accumulated New Borrowings Exceeding 20% of the Net Assets at the End of Last Year
45	2020-5-14	Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 9)
46	2020-5-20	Announcement on Obtaining Written Reply to Registration of Public Issuance of Corporate Bonds to Professional Investors from China Securities Regulatory Commission
47	2020-5-26	Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 10) H Share Announcement — NOTICE OF LISTING ON THE STOCK EXCHANGE OF HONG KONG LIMITED — CITIC SECURITIES FINANCE MTN CO., LTD. — US\$3,000,000,000 Medium Term Note Programme
48	2020-5-29	Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 11)
49	2020-6-2	Monthly Return on Movements in Securities for May 2020
50	2020-6-4	H Share Announcement — NOTICE OF LISTING ON THE STOCK EXCHANGE OF HONG KONG LIMITED — CITIC SECURITIES FINANCE MTN CO., LTD. — US\$500,000,000 1.750 per cent. Guaranteed Notes due 2023; US\$500,000,000 2.000 per cent. Guaranteed Notes due 2025
51	2020-6-5	Announcement on the Financial Data for May 2020

<b>No.</b>	<b>Date of Publication</b>	<b>Subject Matter</b>
52	2020-6-6	Second Notice of the 2019 Annual General Meeting Documents of the 2019 Annual General Meeting Announcement on the Resolutions Passed at the 7th Meeting of the Seventh Session of the Board Announcement on Withdrawal of Certain Resolutions of the 2019 Annual General Meeting
53	2020-6-13	Announcement on Amendments to the Articles of Association of the Company Announcement on the Resolutions Passed at the 8th Meeting of the Seventh Session of the Board
54	2020-6-16	Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 12) Documents of the 2020 First Extraordinary General Meeting Notice of the 2020 First Extraordinary General Meeting
55	2020-6-24	Legal Opinions of the 2019 Annual General Meeting Announcement on the Resolutions Passed at the 2019 Annual General Meeting
56	2020-6-29	Announcement on the Resolutions Passed at the 5th Meeting of the Seventh Session of the Supervisory Committee
57	2020-07-03	Monthly Return on Movements in Securities for June 2020 Clarification Announcement
58	2020-07-06	Announcement on Receipt of and Reply to the Letter of Enquiry from the Shanghai Stock Exchange
59	2020-07-09	Announcement on the Financial Data for June 2020
60	2020-07-10	Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 13)
61	2020-07-14	Second Notice of the 2020 First Extraordinary General Meeting
62	2020-07-24	Independent Opinions of the Independent Non-executive Directors of the Seventh Session of the Board on Non-exercise of the Right of First Refusal and Formation of Joint Investment Relationship with Related Party Prior Approval Opinions of the Independent Non-executive Directors of the Seventh Session of the Board on Non-exercise of the Right of First Refusal and Formation of Joint Investment Relationship with Related Party Announcement on Related Party Transactions on Non-exercise of the Right of First Refusal and Formation of Joint Investment Relationship with Related Party Announcement on the Resolutions Passed at the 9th Meeting of the Seventh Session of the Board

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No.	Date of Publication	Subject Matter
63	2020-07-29	CITIC Securities: Announcement on the Resolutions Passed at the 10th Meeting of the Seventh Session of the Board Announcement on Amendments and Improvements to the Articles of Association of the Company Announcement on Withdrawal of the Resolution of and Submission of Provisional Proposal to 2020 First Extraordinary General Meeting and Postponement of 2020 First Extraordinary General Meeting
64	2020-07-30	Announcement on the Preliminary Financial Data for the First Half of 2020
65	2020-07-31	Announcement of CITIC Securities Company Limited
66	2020-08-01	Documents of the 2020 First Extraordinary General Meeting (Updated)
67	2020-08-04	Monthly Return on Movements in Securities for July 2020
68	2020-08-07	Announcement on the Financial Data for July 2020
69	2020-08-11	Notification of Board Meeting
70	2020-08-14	Announcement on the Implementation of Bonus Dividends for A Shares in 2019
71	2020-08-15	Announcement on the Resolutions Passed at the 11th Meeting of the Seventh Session of the Board H Share Announcement — Change in Authorized Representative to Accept Service of Process and Notices on Behalf of the Company in Hong Kong
72	2020-08-19	Legal Opinions of the 2020 First Extraordinary General Meeting Announcement on the Resolutions Passed at the 2020 First Extraordinary General Meeting The Articles of Association of the Company (2020 Third Revision)
73	2020-08-20	Announcement of CITIC Securities Company Limited
74	2020-08-25	Announcement on the Resolutions Passed at the 12th Meeting of the Seventh Session of the Board Summary of the 2020 Interim Report 2020 Interim Report
75	2020-09-02	Monthly Return on Movements in Securities for August 2020
76	2020-09-03	Announcement on the Obtaining Written Reply Letter of the China Securities Regulatory Commission for the Public Issuance of Perpetual Subordinated Bonds
77	2020-09-08	Announcement on the Current Accumulated New Borrowings Exceeding 20% of the Net Assets at the End of Last Year
78	2020-09-17	Announcement on the Approval of the China Securities Regulatory Commission for the Registration of Public Issuance of Subordinated Corporate Bonds to Professional Investors
79	2020-10-09	Monthly Return on Movements in Securities for September 2020
80	2020-10-13	Notification of Board Meeting
81	2020-10-30	Main Body of the 2020 Third Quarterly Report 2020 Third Quarterly Report
82	2020-10-31	Announcement in Relation to Provision for Impairment of Assets
83	2020-11-03	Monthly Return on Movements in Securities for October 2020

<b>No.</b>	<b>Date of Publication</b>	<b>Subject Matter</b>
84	2020-11-21	Announcement on the Resolutions Passed at the 16th Meeting of the Seventh Session of the Board
85	2020-12-02	Monthly Return on Movements in Securities for November 2020
86	2020-12-04	Announcement on Attending the 2020 Online Investors Collective Reception Day for Listed Companies regarding “be honest and trustworthy, be a respected listed company” in Shenzhen

*Note:* The “dates” set out in the above table are dates on which the relevant announcements were published in China Securities Journal, Shanghai Securities News and Securities Times and on the website of the SSE. Each of these announcements was published on the HKEXnews website of HKEX in the morning of the above “date” or in the evening on the immediately preceding date.

Information disclosures made by the Company on the HKEXnews website of HKEX (<http://www.hkexnews.hk>) during the Reporting Period are set out as follows:

<b>No.</b>	<b>Date of Publication</b>	<b>Subject Matter</b>
1	2020-1-2	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 December 2019
2	2020-1-3	Announcement on the Progress of the Acquisition of Assets by Issuance of Shares and Related Party Transactions of the Company
3	2020-1-9	Announcement on the Financial Data for December 2019 Announcement on the Progress of the Acquisition of Assets by Issuance of Shares and Related Party Transactions of the Company
4	2020-1-13	Preliminary Financial Data for the Year 2019
5	2020-1-14	Announcement on the Completion of the Transfer of the Target Assets in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions of the Company Overseas Regulatory Announcement — Review Opinions of Independent Financial Adviser on the Transfer of the Target Assets in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions of CITIC Securities Company Limited Overseas Regulatory Announcement — Legal Opinions of King & Wood Mallesons on the Assets Transfer in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions of CITIC Securities Company Limited
6	2020-1-17	Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 1)
7	2020-2-3	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 January 2020
8	2020-2-6	Overseas Regulatory Announcement — Announcement on 2020 Interest Payment and Delisting for the 2017 Corporate Bonds (Tranche 1) (Type 1) Publicly Issued to Qualified Investors

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No.	Date of Publication	Subject Matter
9	2020-2-10	Overseas Regulatory Announcement — Announcement on 2020 Interest Payment for the 2017 Corporate Bonds (Tranche 1) (Type 2) Publicly Issued to Qualified Investors
10	2020-2-11	Change of Company Secretary and Authorized Representative; Waiver from Strict Compliance with Rules 3.28 and 8.17 of the Hong Kong Listing Rules Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 2nd Meeting of the Seventh Session of the Board
11	2020-2-13	Announcement on the Financial Data for January 2020
12	2020-2-18	Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 2)
13	2020-2-21	Overseas Regulatory Announcement — Announcement on 2020 Interest Payment for the Non-publicly Issued 2019 Corporate Bonds (Tranche 1)
14	2020-2-25	Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 3)
15	2020-3-2	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 29 February 2020
16	2020-3-5	Notification of Board Meeting Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 4) Announcement on the Financial Data for February 2020
17	2020-3-6	Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 3rd Meeting of the Seventh Session of the Board Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 2nd Meeting of the Seventh Session of the Supervisory Committee Overseas Regulatory Announcement — Prior Approval Opinions of the Independent Non-executive Directors on Relevant Matters at the 3rd Meeting of the Seventh Session of the Board Overseas Regulatory Announcement — Independent Opinions of the Independent Non-executive Directors on Relevant Matters at the 3rd Meeting of the Seventh Session of the Board Announcement on Entering into of the Supplemental Agreement on the Acquisition of Assets by Issuance of Shares



No.	Date of Publication	Subject Matter
18	2020-3-12	<p>Announcement on Completion of the Issuance of Consideration Shares under the Acquisition of Assets by Issuance of Shares</p> <p>Next Day Disclosure Return</p> <p>Overseas Regulatory Announcement — Report on the Implementation of the Acquisition of Assets by Issuance of Shares and Related Party Transactions and Listing of Newly Issued Shares</p> <p>Overseas Regulatory Announcement — Report on the Implementation of the Acquisition of Assets by Issuance of Shares and Related Party Transactions and Listing of Newly Issued Shares (Summary)</p> <p>Overseas Regulatory Announcement — Announcement on the Commitments of Related Parties in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions</p> <p>Overseas Regulatory Announcement — Review Opinions of HUAXI Securities Co., Ltd. as Independent Financial Adviser on the Implementation of the Acquisition of Assets by Issuance of Shares and Related Party Transactions of CITIC Securities Company Limited</p> <p>Overseas Regulatory Announcement — Legal Opinions of King &amp; Wood Mallesons on the Implementation of the Acquisition of Assets by Issuance of Shares and Related Party Transactions of CITIC Securities Company Limited</p> <p>Overseas Regulatory Announcement — Condensed Report on Changes in Equity</p>
19	2020-3-13	<p>Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 5)</p> <p>Overseas Regulatory Announcement — Announcement on 2020 Interest Payment for the 2018 Corporate Bonds (Tranche 1) Publicly Issued to Qualified Investors</p>
20	2020-3-16	<p>Overseas Regulatory Announcement — Announcement on 2020 Interest Payment for the Non-publicly Issued 2019 Corporate Bonds (Tranche 2)</p>

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21	2020-3-19	<p>Proposed Appointment of Non-Executive Director and Appointment of Member of the Specialized Committees under the Board</p> <p>2019 Social Responsibility Report</p> <p>Proposed Amendments to the Articles of Association</p> <p>Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 3rd Meeting of the Seventh Session of the Supervisory Committee</p> <p>Overseas Regulatory Announcement — Announcement on the Estimation of Related Party/ Continuing Connected Transactions Contemplated in the Ordinary Course of Business in 2020</p> <p>Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 4th Meeting of the Seventh Session of the Board</p> <p>Overseas Regulatory Announcement — 2019 Assessment Report on the Internal Control</p> <p>Overseas Regulatory Announcement — 2019 Audit Report on the Internal Control</p> <p>Overseas Regulatory Announcement — Special Statement Regarding the Appropriation of Funds by the Largest Shareholder and Other Related Parties</p> <p>Overseas Regulatory Announcement — Announcement on the Reappointment of Accounting Firms</p> <p>Overseas Regulatory Announcement — Announcement on the Profit Distribution Plan</p> <p>Overseas Regulatory Announcement — Duty Performance Report of Independent Non-executive Directors for 2019</p> <p>Overseas Regulatory Announcement — Special Remarks and Independent Opinions of the Independent Non-executive Directors of the Seventh Session of the Board on Relevant Matters at the 4th Meeting of the Seventh Session of the Board</p> <p>Overseas Regulatory Announcement — Report of the Audit Committee of the Board on the Performance of Duties in 2019</p> <p>2019 Annual Results Announcement</p>
22	2020-3-25	<p>Overseas Regulatory Announcement — Announcement on the Results of Non-public Issuance of the 2020 Subordinated Bonds (Tranche 1)</p> <p>Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 6)</p> <p>The Coming into Effect of the Amendments to the Articles of Association of the Company</p> <p>Articles of Association of CITIC Securities Company Limited</p>
23	2020-3-30	Announcement on Obtaining the Approval by the CSRC on the Implementation of Consolidated Supervision Pilot Program
24	2020-4-1	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 March 2020
25	2020-4-7	Overseas Regulatory Announcement — Announcement on 2020 Principal and Interest Payment and Delisting for the Non-publicly Issued 2018 Corporate Bonds (Tranche 1)
26	2020-4-8	Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 7)

<b>No.</b>	<b>Date of Publication</b>	<b>Subject Matter</b>
27	2020-4-9	Announcement on the Financial Data for March 2020
28	2020-4-14	Notification of Board Meeting Clarification Announcement
29	2020-4-16	Overseas Regulatory Announcement — Announcement on 2020 Interest Payment of the 2019 Subordinated Bonds (Tranche 1) Non-publicly Issued
30	2020-4-20	Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 8) Overseas Regulatory Announcement — Announcement on Follow-up Rating Results for “13 CITICS 02”, “15 CITICS 01”, “15 CITICS 02”, “16 CITICS G2”, “17 CITICS G2”, “17 CITICS G4”, “18 CITICS G1”, “18 CS G1”, “18 CS G2”, “19 CS G1”, “19 CS G2”, “20 CS G1”, “20 CS G2”, “20 CS G3”, “20 CS G4” Corporate Bonds
31	2020-4-23	2019 Annual Report Letter to Registered Shareholders — Election of Means of Receipt and Language for Corporate Communications and Reply Form Letter to Non-Registered Holders — Notice of Publication of 2019 Annual Report and Request Form Overseas Regulatory Announcement — Announcement on 2020 Interest Payment for the Non-publicly Issued 2019 Corporate Bonds (Tranche 3)
32	2020-4-28	2020 First Quarterly Results Announcement in Relation to the Change of Registered Capital and the Amendments to the Articles of Association of the Company Articles of Association of CITIC Securities Company Limited Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 5th Meeting of the Seventh Session of the Board
33	2020-4-29	Overseas Regulatory Announcement — Announcement on 2020 Interest Payment for the Non-publicly Issued 2018 Corporate Bonds (Tranche 2)
34	2020-5-6	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 30 April 2020
35	2020-5-7	Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 6th Meeting of the Seventh Session of the Board Notice of Annual General Meeting; Proxy Form; Reply Slip; Notification Letter to Non-Registered Holders, etc.
36	2020-5-11	Announcement on the Financial Data for April 2020
37	2020-5-12	Overseas Regulatory Announcement — Announcement on the Current Accumulated New Borrowings Exceeding 20% of the Net Assets at the End of Last Year
38	2020-5-13	Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 9)
39	2020-5-19	Overseas Regulatory Announcement — Announcement on the Approval of the China Securities Regulatory Commission for the Registration of Public Issuance of Corporate Bonds to Professional Investors

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40	2020-5-25	Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 10) NOTICE OF LISTING ON THE STOCK EXCHANGE OF HONG KONG LIMITED — CITIC SECURITIES FINANCE MTN CO., LTD. — US\$3,000,000,000 Medium Term Note Programme
41	2020-5-28	Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 11)
42	2020-6-1	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 May 2020
43	2020-6-3	NOTICE OF LISTING ON THE STOCK EXCHANGE OF HONG KONG LIMITED — CITIC SECURITIES FINANCE MTN CO., LTD. — US\$500,000,000 1.750 per cent. Guaranteed Notes due 2023; US\$500,000,000 2.000 per cent. Guaranteed Notes due 2025
44	2020-6-4	Announcement on the Financial Data for May 2020
45	2020-6-5	Supplemental Notice of 2019 Annual General Meeting — Withdrawal of Certain Resolutions Second Notice of the 2019 Annual General Meeting
46	2020-6-12	Proposed Amendments to the Articles of Association Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 8th Meeting of the Seventh Session of the Board
47	2020-6-15	Proposed Amendments to the Articles of Association; and Notice of the 2020 First Extraordinary General Meeting Notice of the 2020 First Extraordinary General Meeting Proxy Form; Reply Slip; Notification Letter to Registered Shareholders; Notification Letter to Non-Registered Holders Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 12)
48	2020-6-23	List of Directors and Their Roles and Functions Poll Results of the 2019 AGM; Payment of the 2019 Final Dividend; and Appointments of Non-executive Director and Supervisor
49	2020-6-24	Election of the Chairman of the Supervisory Committee Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 5th Meeting of the Seventh Session of the Supervisory Committee
50	2020-7-2	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 30 June 2020
51	2020-7-3	Clarification Announcement
52	2020-7-5	Announcement on Further Explanation on Media Reports Overseas Regulatory Announcement — Announcement on Receipt of and Reply to the Letter Relating to Regulatory Works from the Shanghai Stock Exchange
53	2020-7-6	Further Explanation on Media Reports
54	2020-7-8	Announcement on the Financial Data for June 2020

<b>No.</b>	<b>Date of Publication</b>	<b>Subject Matter</b>
55	2020-7-9	Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 13)
56	2020-7-13	Second Notice of the 2020 First Extraordinary General Meeting
57	2020-7-23	Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 9th Meeting of the Seventh Session of the Board Overseas Regulatory Announcement — Announcement on Related Party Transactions on Non-exercise of the Right of First Refusal and Formation of Joint Investment Relationship with Related Party Overseas Regulatory Announcement — Prior Approval Opinions of the Independent Non-executive Directors of the Seventh Session of the Board on Non-exercise of the Right of First Refusal and Formation of Joint Investment Relationship with Related Party Overseas Regulatory Announcement — Independent Opinions of the Independent Non-executive Directors of the Seventh Session of the Board on Non-exercise of the Right of First Refusal and Formation of Joint Investment Relationship with Related Party
58	2020-7-28	Announcement — Withdrawal of the Resolution of and Submission of Provisional Proposal to 2020 First Extraordinary General Meeting and Postponement of 2020 First Extraordinary General Meeting and Extension of Book Closure Period Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 10th Meeting of the Seventh Session of the Board
59	2020-7-29	Preliminary Financial Data for the First Half of 2020
60	2020-7-30	Approval on the Qualification of Board Secretary by the Regulatory Authority
61	2020-7-31	Notification Letter to Non-Registered Holders — Notice of Publication of Supplemental Circular of 2020 First Extraordinary General Meeting and Request Form Notification Letter to Registered Holders — Notice of Publication of Supplemental Circular and Second Proxy Form of 2020 First Extraordinary General Meeting and Change Request Form Proxy Form — Second Proxy Form Postponement of the 2020 First Extraordinary General Meeting and Supplemental Notice Proposed Amendments and Improvements to the Articles of Association of the Company and Postponement of the 2020 First Extraordinary General Meeting and Supplemental Notice
62	2020-8-3	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 July 2020
63	2020-8-6	Announcement on the Financial Data for July 2020
64	2020-8-10	Notification of Board Meeting
65	2020-8-13	Overseas Regulatory Announcement — Announcement on the Publication of the Implementation of Bonus Dividends for A Shares in 2019 of the Company on the Shanghai Stock Exchange Website

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No.	Date of Publication	Subject Matter
66	2020-8-14	Announcement — Change in Authorized Representative to Accept Service of Process and Notices on Behalf of the Company in Hong Kong Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 11th Meeting of the Seventh Session of the Board
67	2020-8-18	Poll Results of 2020 First Extraordinary General Meeting Articles of Association of CITIC Securities Company Limited
68	2020-8-19	Approval on the Qualification for Serving as Securities Affairs Representative by the Regulatory Authority
69	2020-8-24	2020 Interim Results Announcement Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 12th Meeting of the Seventh Session of the Board
70	2020-9-1	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 August 2020
71	2020-9-2	Overseas Regulatory Announcement — Announcement on the Current Accumulated New Borrowings Exceeding 20% of the Net Assets at the End of Last Year
72	2020-9-7	Overseas Regulatory Announcement — Announcement on the Approval of the China Securities Regulatory Commission for the Registration of Public Issuance of Subordinated Corporate Bonds to Professional Investors
73	2020-9-16	Overseas Regulatory Announcement — Announcement on the Approval of the China Securities Regulatory Commission for the Registration of Public Issuance of Subordinated Corporate Bonds to Professional Investors
74	2020-9-23	2020 Interim Report Notification Letter to Registered Holders — Notice of Publication of 2020 Interim Report and Change Request Form Notification Letter to Non-Registered Holders — Notice of Publication of 2020 Interim Report and Request Form
75	2020-9-30	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 30 September 2020
76	2020-10-12	Notification of Board Meeting
77	2020-10-29	2020 Third Quarterly Results
78	2020-10-30	Announcement in Relation to Provision for Impairment of Assets
79	2020-11-2	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 October 2020
80	2020-11-20	Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 16th Meeting of the Seventh Session of the Board
81	2020-12-1	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 30 November 2020
82	2020-12-3	Overseas Regulatory Announcement — Announcement on Attending the 2020 Online Investors Collective Reception Day for Listed Companies regarding “be honest and trustworthy, be a respected listed company” in Shenzhen

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