

Stock Code : 02611 Stock Name : GTJA

# 2019 GUOTAIJUNAN INTERIM REPORT

國泰君安證券股份有限公司  
GUOTAI JUNAN SECURITIES CO., LTD.  
(A joint stock company incorporated in the  
People's Republic of China with limited liability)

## Important Notice

The Board, the supervisory committee, directors, supervisors and senior management of the Company warrant that the contents of this interim report are true, accurate and complete, without any misrepresentation, misleading statement or material omission, and severally and jointly bear the legal responsibilities thereof.

This report has been considered and approved by the thirteenth meeting of the fifth session of the Board of the Company. All directors of the Company have attended the meeting.

The Audit Committee has reviewed and confirmed the interim results of the Group for the six months ended June 30, 2019, and has not raised any objection to the accounting policies and practices adopted by the Group.

The Group's 2019 interim condensed consolidated financial statements for the six months ended 30 June 2019 are unaudited. The 2019 interim condensed consolidated financial statements for the six months ended 30 June 2019 have been prepared by the Company in accordance with the international financial reporting standards and have been reviewed by Ernst & Young.

YANG Dehong, the person in charge of the Company, and XIE Lebin, the person in charge of the accounting affairs and the person in charge of the accounting department (head of the accounting department) of the Company, warrant the truthfulness, accuracy and completeness of the financial statements contained in this report.

The Company had no profit distribution proposal or proposal on transfer of capital reserve fund into capital for the first half of 2019.

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

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

No

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

No

# Important Notice

## MAJOR RISK WARNING

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

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

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

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## Section I Definitions

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

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

## Section I Definitions

Guotai Junan Zhengyu	Guotai Junan Zhengyu Investment Co., Ltd. (國泰君安證裕投資有限公司)
Shanghai Securities	Shanghai Securities Co., Ltd. (上海證券有限責任公司)
Hicend Futures	Hicend Futures Co., Ltd. (海證期貨有限公司)
HuaAn Funds	HuaAn Funds Management Co., Ltd. (華安基金管理有限公司)
Guoxiang Properties	Shanghai Guoxiang Properties Co., Ltd. (上海國翔置業有限公司)
SPD Bank	Shanghai Pudong Development Bank Co., Ltd. (上海浦東發展銀行股份有限公司)
Shanghai Rural Commercial Bank	Shanghai Rural Commercial Bank Co., Ltd. (上海農村商業銀行股份有限公司)
Convertible Bonds/A Share Convertible Bonds	the convertible corporate bonds (which can be converted into the Company's A Shares) amounting to RMB7 billion issued by the Company on 7 July 2017 and listed on SSE on 24 July 2017
Company Law	the Company Law of the PRC
Securities Law	the Securities Law of the PRC
SSE Listing Rules	The Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (revised in April 2019)
Hong Kong Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules
Corporate Governance Code	the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Hong Kong Listing Rules
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented and modified otherwise from time to time
Reporting Period	the first half of 2019
Yuan	RMB Yuan
A Shares	domestic shares of the Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and are traded in RMB
H Shares	overseas listed foreign shares of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
FICC	Fixed Income, Currencies and Commodities

## Section II Company Profile and Key Financial Indicators

### I. PROFILE

Name in Chinese	國泰君安證券股份有限公司
Abbreviation in Chinese	國泰君安、國泰君安證券
Name in English	Guotai Junan Securities Co., Ltd.
Abbreviation in English	GTJA, Guotai Junan Securities
Legal Representative	YANG Dehong
President	WANG Song

### Registered Capital and Net Capital

Unit: thousand yuan Currency: RMB

	At the end of the Reporting Period	At the end of the last year
Registered Capital (note 1)	8,713,934	8,713,934
Net Capital	80,424,162	86,576,140
Share Capital	<u>8,907,948</u>	<u>8,713,941</u>

Note 1: In July 2019, the Company has completed the industrial and commercial registration of registered capital, increasing its registered capital from RMB8,713,933,800 to RMB8,907,947,954.

### Business Qualifications for Each Individual Business of the Company

Applicable  Not applicable

#### 1. Individual Business Qualifications of the Company

No.	Approval Department	Qualification Name/Membership
1	The People's Bank of China	Interbank Borrowing Qualification (Yin Huo Zheng [2000] No. 122, Yin Zong Bu Han [2016] No. 22) Interbank Bonds Market Maker (Yin Fa [2004] No. 157) Participation of Gold Trading on Shanghai Gold Exchange as an Institutional Dealer (Yin Shi Huang Jin Bei [2014] No. 143) Free Trade Accounting Business (August 2015)
2	CSRC and its local branches	Operation license of securities businesses: securities brokerage; securities investment advisory; securities transaction and securities investment related financial advisory; securities underwriting and sponsorship; securities proprietary trading; margin financing and securities lending; agency sale of securities investment fund; agency sale of financial products; stock option market making. (Number: 10270000) Online Agency Securities Trading (Zheng Jian Xin Xi Zi [2001] No. 3)

## Section II Company Profile and Key Financial Indicators

No.	Approval Department	Qualification Name/Membership
		Agency Sale Business of Open-ended Securities Investment Fund (Zheng Jian Ji Jin Zi [2002] No. 31)
		Provision of Intermediary Introduction Business for Futures Companies (Zheng Jian Xu Ke [2008] No. 124, Hu Zheng Jian Ji Gou Zi [2010] No. 103)
		Participating in Stock Index Futures Transaction (Hu Zheng Jian Ji Gou Zi [2010] No. 253)
		Bond-pledged Quotation and Repurchase Business (Ji Gou Bu Bu Han [2011] No. 573, Shang Zheng Han [2013] No. 257)
		Agreed Repurchase Securities Trading Business (Ji Gou Bu Bu Han [2012] No. 250)
		Integrated Financial Services (Ji Gou Bu Bu Han [2012] No. 555)
		Margin Financing and Securities Lending Business (Zheng Jian Xu Ke [2013] No.311)
		Agency Sale of Financial Products (Hu Zheng Jian Ji Gou Zi [2013] No. 56)
		Comprehensive Custody Pilot Business for Private Equity Funds (Ji Gou Bu Bu Han [2013] No.173)
		Pilot of Agency Services for Gold and Other Precious Metal Spot Contracts and Proprietary Business for Gold Spot Contracts (Ji Gou Bu Bu Han [2014] No. 121)
		Qualification for Securities Investment Fund Custody Business (Zheng Jian Xu Ke [2014] No. 511)
		Foreign Exchange Business such as Proprietary Foreign Exchange Trading and Foreign Exchange Settlement and Sale on behalf of Customers, Proprietary Foreign Exchange Trading and Foreign Exchange Trading on behalf of Customers (Zheng Quan Ji Jin Ji Gou Jian Guan Bu Bu Han [2014] No. 1614)
		Stock Options Market Making Business (Zheng Jian Xu Ke [2015] No. 154)
		Proprietary Participation in Carbon Emissions Trading (Ji Gou Bu Bu Han [2015] No. 862)
		Conducting Cross-border Business at Pilot (Ji Gou Bu Han [2017] No. 3002)
		First-class Dealer for Over-the-counter Options (Ji Gou Bu Han [2018] No. 1789)
		Qualifications to Conduct Credit Derivative Business (Ji Gou Bu Han [2018] No. 2545)



## Section II Company Profile and Key Financial Indicators

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

## Section II Company Profile and Key Financial Indicators

No.	Approval Department	Qualification Name/Membership
7	State Administration of Foreign Exchange	Securities Brokerage and Underwriting Business of Foreign Currency (Hui Zi Zi No. SC201221) Transactions of Spot Sale and Purchase of Foreign Exchange, RM Band Foreign Exchange Related Derivative Business and Qualified Domestic Institutional Investor for Sale and Purchase of Foreign Exchange (Hui Fu [2014] No. 325) Filing for Businesses, such as Quanto Product Settlement and Sale, Foreign Exchange Settlement and Sale for QFII Custody Customer, Foreign Exchange Trading on behalf of Customers (Hui Zong Bian Han [2016] No. 505)
8	National Association of Financial Market Institutional Investors	Main Underwriting Business of Debt Financing Instruments for Non-Financial Businesses (Announcement of National Association of Financial Market Institutional Investors [2012] No.19) Core Dealer of Credit Risk Mitigation Instruments (December 2016) Creator of Credit Risk Mitigation Warrants (2017) Creator of Credit-linked Notes (2017)
9	Shanghai Gold Exchange	Special Membership Qualification (Certificate No: T002) International Membership (Class A) Qualification (Certificate No:IM0046) Qualification for Proprietary Gold Trading (Shang Jin Jiao Fa [2013] No. 107) Interbank Gold Price Inquiries Business (Shang Jin Jiao Fa [2014] No. 114) Pilot Member of Implied Volatility Curve Quotation Group for Gold Inquiry Options (November 2017)
10	National Equities Exchange and Quotations	Sponsoring Broker-dealers Business Filing Letter (Gu Zhuan Xi Tong Han [2013] No. 58 and [2014] No. 706)
11	China Foreign Exchange Trading Center	China Interbank FX Market Membership (Zhong Hui Jiao Fa [2015] No. 3) China Interbank FX Market Derivatives Membership (Zhong Hui Jiao Fa [2015] No. 59) Northbound Trading Link Business under “Bond Connect” (July 2017)

## Section II Company Profile and Key Financial Indicators

No.	Approval Department	Qualification Name/Membership
		Inter-bank Foreign Currency Market Membership (Zhong Hui Jiao Fa [2018] No. 412)
12	Interbank Market Clearing House Company Limited	Central Clearing Transaction of Shipping and Commodities Derivatives (Zhun Zi [2015] No. 016 for Membership of Clearing House) Comprehensive Clearing Member for the Business of Central Clearing Liquidation of RMB Interest Rate Swap (2018 Bian Han No. 8, Qing Suan Suo Fa [2018] No. 30) Business of Central Clearing for Credit Default Swap (2018 Bian Han No. 29) Comprehensive Clearing Member for the Business of Central Clearing of Standard Bond Forwards (Qing Suan Suo Fa [2018] No.193)
13	Shanghai Futures Exchange	Copper Options Market Maker (September 2018) Nickel Futures Market Maker (October 2018)
14	Shanghai International Energy Exchange	Crude Futures Market Maker (October 2018)
15	Asset Management Association of China	Filing Certificate of Private Equity Outsourcing Institutions (Filing No. A00005)

### 2. Individual Business Qualifications of the Controlled Subsidiaries

No.	Name of subsidiary	Qualification Name/Membership
1	Hong Kong Subsidiaries	Issued by the Securities and Futures Commission of Hong Kong Type 1 (dealing in securities) (30 March 2004) Type 2 (dealing in futures contracts) (26 November 2010) Type 3 (leveraged foreign exchange trading) (21 October 2010) Type 4 (advising on securities) (20 March 2004) Type 5 (advising on futures contracts) (26 November 2010) Type 6 (advising on corporate finance) (20 March 2004) Type 9 (asset management) (26 November 2004) Issued by The Stock Exchange of Hong Kong Limited Exchange Participant Certificate (13 August 2001)

## Section II Company Profile and Key Financial Indicators

No.	Name of subsidiary	Qualification Name/Membership
		<p>Exchange Trading Right Certificate (July 2000)</p> <p>Market-maker Permit for Securities (Exchange-Traded Funds) (31 December 2018)</p> <p>Issued by Hong Kong Futures Exchange Limited</p> <p>Exchange Participant Certificate (6 March 2000)</p> <p>Exchange Trading Right Certificate (6 March 2000)</p> <p>Issued by HKFE Clearing Corporation Limited</p> <p>Participant Certificate of Future Clearing Company (6 March 2000)</p> <p>Issued by Hong Kong Companies Registry</p> <p>Money Lender License (25 January 2019)</p> <p>Issued by China Securities Regulatory Commission</p> <p>RMB Qualified Overseas Institutional Investors (11 August 2014)</p> <p>Qualified Overseas Institutional Investors (21 February 2013)</p> <p>Permit for Securities and Futures Operation Business (December 2017)</p> <p>Issued by the Hong Kong Confederation of Insurance Brokers</p> <p>Membership Certificate (1 March 2013)</p> <p>Issued by Monetary Authority of Singapore</p> <p>Registered Fund Management Company Qualification (12 October 2015)</p> <p>License for Capital Market Services (8 October 2018)</p> <p>Issued by the Hong Kong Mandatory Provident Fund Schemes Authority</p> <p>Principal Intermediary Qualification (20 December 2012)</p> <p>Approved by the Shanghai headquarters of The People's Bank of China</p> <p>"Bond Connect" Overseas Investors Business (2017)</p>
2	Guotai Junan Asset Management	<p>Operation permit of securities business: securities asset management business. (Number: 10278001)</p> <p>Qualified Domestic Institutional Investor Participating in Administration of Overseas Securities Investment (Zheng Jian Ji Gou Zi [2010] No. 631)</p> <p>Asset Management Business Participating in the Trading of Stock Index Futures (Hu Zheng Jian Ji Gou Zi [2011] No. 38)</p> <p>Pilot of Cash Management Products (Zheng Jian Xu Ke [2012] No.828)</p>

## Section II Company Profile and Key Financial Indicators

No.	Name of subsidiary	Qualification Name/Membership
3	Guotai Junan Futures and its subsidiaries	<p>Permit for Securities and Futures Operation Business (No.91310000100020711J)</p> <p>Comprehensive Settlement Business for Financial Futures (Zheng Jian Qi Huo Zi [2007] No. 148)</p> <p>Qualification for Futures Investment Consulting Business (Zheng Jian Xu Ke [2011] No. 1449)</p> <p>Asset Management Business (Zheng Jian Xu Ke [2012] No. 1506)</p> <p>Financing Contracts Services, Basis Trading, Cooperation, Hedge Pricing Services (Zhong Qi Xie Bei Zi [2015] No. 67)</p> <p>Membership Qualification of Shanghai International Energy Exchange (Shang Neng Pi Fu [2017] No.105)</p> <p>Participant for Trading of Stock SSE Options (Shang Zheng Han [2018] No. 63)</p> <p>Market Making Business (Zhong Qi Xie Bei Zi [2018] No. 41)</p> <p>Dealer for Over-the-counter Options (2018)</p> <p>Commodity Exchange (2018), Corn Option Market Maker (January 2019)</p> <p>Copper Options Market Maker (2018), Gold Futures Market Maker (2018) Fuel Oil Futures Market Maker (June 2019)</p>
4	Shanghai Securities and its subsidiaries	<p>Operation permit of securities businesses: securities brokerage; securities investment advisory; securities transaction and securities investment activities related financial advisory; securities (excluding stocks, corporate bonds issued by listed companies) underwriting; securities proprietary trading; securities asset management; margin financing and securities lending; securities investment fund agency sales; agency sales of financial products. (Number: 10710000)</p> <p>Online Agency Securities Trading (Zheng Jian Xin Xi Zi [2001] No.8)</p> <p>Entrusted Investment Management Business (Zheng Jian Ji Gou Zi [2002] No. 203)</p> <p>Interbank Borrowings Business (Yin Fu [2003] No. 68, Yin Zong Bu Han [2013] No. 79)</p> <p>Agency Sale Business of Open-ended Securities Investment Fund (Zheng Jian Ji Jin Zi [2004] No. 74)</p> <p>SSE Treasury Bonds Outright Repo Business (December 2004)</p> <p>Clearing Participant of China Securities Depository and Clearing Corporation Limited (Zhong Guo Jie Suan Han Zi [2006] No. 61)</p>

## Section II Company Profile and Key Financial Indicators

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

## Section II Company Profile and Key Financial Indicators

No.	Name of subsidiary	Qualification Name/Membership
		Asset Management Business (Zhong Qi Xie Bei Zi [2015] No. 5) Asset Management Direct Selling (August 2017) Acting securities pledge registration business qualification (July 2018)
5	Guotai Junan Innovation Investment	Qualification for Private Equity Fund Manager (No.: PT2600011780)

### II. CONTACT PERSONS AND CONTACT METHODS

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

### III. CHANGE IN BASIC INFORMATION

Registered address of the Company	No. 618 Shangcheng Road, China (Shanghai) Pilot Free-Trade Zone, Shanghai, PRC
Postal codes of registered address of the Company	200120
Office address of the Company	768 Nanjing West Road, Jingan District, Shanghai
Postal codes of office address of the Company	200041
Company website	<a href="http://www.gtja.com/">http://www.gtja.com/</a>
E-mail	dshbgs@gtjas.com
Query index of changes during the Reporting Period	Not applicable

### IV. INFORMATION DISCLOSURE AND UPDATE ON LOCATION FOR INSPECTION OF DOCUMENTS

Name of newspapers selected by the Company for information disclosure	China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily
Website designated by the CSRC for publication of interim report	<a href="http://www.sse.com.cn/">http://www.sse.com.cn/</a>
Website designated by the Hong Kong Stock Exchange for publication of interim report	<a href="http://www.hkexnews.hk/">http://www.hkexnews.hk/</a>
Location for inspection of interim report of the Company	768 Nanjing West Road, Jingan District, Shanghai
Query index of changes during the Reporting Period	Not applicable

## Section II Company Profile and Key Financial Indicators

### V. SHARES OF THE COMPANY

Type of share	Listing venue	Stock name	Stock code	Stock name before change
A Share	Shanghai Stock Exchange	国泰君安	601211	Not applicable
H Share	Hong Kong Stock Exchange	GTJA	02611	Not applicable

### VI. OTHER RELEVANT INFORMATION

Applicable  Not applicable

### VII. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

#### (I) Key financial data

*Unit: thousand yuan Currency: RMB*

Key accounting data	Reporting	Corresponding	Movement
	Period		corresponding
	(January to	period of	period
	June)	last year	last year (%)
Total revenue and other income	<b>18,318,179</b>	15,934,999	14.96
Operating profit	<b>6,724,140</b>	5,368,933	25.24
Profit before income tax	<b>6,866,837</b>	5,462,884	25.70
Profit for the period attributable to equity holders of the Company	<b>5,020,115</b>	4,009,001	25.22
Net cash generated from operating activities	<b>9,122,641</b>	32,649,073	-72.06
Basic earnings per share (RMB/share)	<b>0.54</b>	0.43	25.58
Diluted earnings per share (RMB/share)	<b>0.53</b>	0.42	26.19
Weighted average return on net assets (%)	<b>4.03</b>	3.27	Increasing by 0.76 percentage point



## Section II Company Profile and Key Financial Indicators

Unit: thousand yuan Currency: RMB

	End of the Reporting Period	End of last year	Movement at the end of the Reporting Period compared with the end of last year (%)
Total assets	<b>540,370,005</b>	436,729,080	23.73
Total liabilities	<b>401,532,944</b>	303,055,688	32.49
Equity attributable to equity holders of the Company	<b>128,814,645</b>	123,450,063	4.35
Share capital	<b>8,907,948</b>	8,713,941	2.23
Net assets per share attributable to equity holder of the Company	<b>14.46</b>	14.17	2.05
Gearing ratio (%)	<b>67.54</b>	62.19	Increasing by 5.35 percentage points

Note: Gearing ratio = (total liabilities - clients' fund)/(total assets - clients' fund)

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

Unit: thousand yuan Currency: RMB

Item	At the end of the Reporting Period	At the end of last year
Net capital	<b>80,424,162</b>	86,576,140
Net assets	<b>117,146,961</b>	112,483,890
Risk coverage ratio (%)	<b>272.37</b>	343.15
Capital leverage ratio (%)	<b>21.00</b>	21.54
Liquidity coverage ratio (%)	<b>239.58</b>	372.53
Net stable funding ratio (%)	<b>143.72</b>	151.12
Net capital/Net assets (%)	<b>68.63</b>	76.97
Net capital/Liabilities (%)	<b>38.61</b>	58.05
Net assets/Liabilities (%)	<b>56.26</b>	75.42
Equity securities and derivatives held/Net capital (%)	<b>45.48</b>	27.45
Non-equity securities and derivatives held/Net capital (%)	<b>189.78</b>	133.40

## VIII. DIFFERENCES OF ACCOUNTING DATA UNDER DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

Applicable  Not applicable

## Section III Summary of Businesses of the Company

### I. DESCRIPTION OF PRINCIPAL BUSINESSES, OPERATING MODEL AND INDUSTRY CONDITION OF THE COMPANY DURING THE REPORTING PERIOD

#### (I) Principal business and operating model of the Company

Driven by customer demand, the Group established a business system including institutional finance, personal finance, investment management and international business. Specifically:

Our institutional finance business comprises investment banking and institutional investor services. Our investment banking business provides listing sponsorship, equity underwriting, debt underwriting, structured debt financing, M&A financial advisory and diversified corporate solutions to corporate and governmental clients. Our institutional investor services business provides institution brokerage, stock-pledged financing and securities repurchase, and research services to institutional investors. This business also conducts investment trading in equities, derivative financial instruments and FICC.

Our personal finance business provides securities and futures brokerage, margin financing and securities lending, wealth management, and financial planning services to individual clients through both offline and online channels.

Our investment management business provides asset management and fund management services to institutions and individuals, and also includes alternative investment business.

In respect of the international business, the Group built an international business platform around Guotai Junan Financial Holdings and conducts brokerage, corporate finance, asset management, loans and financing services, as well as financial products, market making and investment businesses in Hong Kong mainly through Guotai Junan International. Meanwhile, the Group expanded its business presence into the United States, Europe and Southeast Asia.

The Group is customer-focused, has created the two major service systems of retail customers and corporate institutional customers, and generates fee and commission income through the provision of securities products and services and receives investment gains through securities or alternative investment.

In the first half of 2019, the Group recorded total revenue and other income of RMB18.318 billion, representing an increase of 14.96% compared with the same period of last year. Profit for the period attributable to equity holders of the Company was RMB5.020 billion, representing an increase of 25.22% compared with the same period of last year. For details of the Group's operation condition, please refer to "Section IV Report of Directors" of this report.

## Section III Summary of Businesses of the Company

### The Group's business composition and income drivers for the first half of 2019

Principal business category	Total revenue and other Income (RMB' 000)	Change (%)	Contribution to total revenue and other income (%)
Institutional finance	7,560,969	17.55	41.28
Personal finance	6,157,584	6.73	33.61
Investment management	1,959,385	10.82	10.70
International business	2,081,785	56.89	11.36
Others	558,456	-12.54	3.05
<b>Total</b>	<b>18,318,179</b>	<b>14.96</b>	<b>100.00</b>

### (II) Description of the status of the industry

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

Take the latest round of industry cycle, the results of the securities businesses was record high in 2015; despite a steady growth over scale of assets afterwards, the results continue to slide affected by the market fluctuation. In 2018, the operating revenue from the securities businesses amounted to RMB266.3 billion and the net profit amounted to RMB66.6 billion, representing a decrease of 53.70% and 72.78% respectively compared with 2015. Cyclical characteristics of the industry have emerged.

Since 2019, the specific location of capital market hub has brought new development opportunity to the securities businesses. According to the statistics of the SAC, as of 30 June 2019, the total assets, net assets and net capital of the PRC securities industry amounted to RMB7.10 trillion, RMB1.96 trillion and RMB1.62 trillion, respectively, representing an increase of 13.56%, 3.51% and 2.70% respectively compared with the end of 2018, while the scale of asset continued to secure a steady growth; in the first half of 2019, the PRC securities industry recorded an operating revenue of RMB178.7 billion and a net profit of RMB66.7 billion, representing an increase of 41.22% and 102.86% respectively compared with the corresponding period of last year, which reversed the continuous downward trend since 2015.

## Section III Summary of Businesses of the Company

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

### (III) Position of the Company in the Industry

The Group is a long-term, consistent and across-the-board leader in the PRC securities industry, providing integrated financial services. Throughout the development of the PRC capital markets, the Group has weathered many industry cycles while forging ahead to establish itself as a comprehensive industry leader. Since its establishment, the Group has maintained strong comprehensive competitiveness, ranking top in the industry in terms of capital scale, profitability, business strength and risk management capability. In 2018, the Group ranked third, second, third, second and second in the industry in terms of operating revenue, net profit, total assets, net assets and net capital, respectively.

## II. SIGNIFICANT CHANGES IN THE COMPANY'S MAJOR ASSETS DURING THE REPORTING PERIOD

Applicable    Not applicable

At the end of June 2019, total assets of the Group amounted to RMB540.37 billion, representing an increase of 23.73% compared with the end of last year. Among our total assets, cash and bank balances amounted to RMB34.689 billion, representing an increase of 70.47% compared with the end of last year, due to the fluctuation under ordinary operation of the Group; margin accounts receivable amounted to RMB63.482 billion, representing an increase of 18.31% compared with the end of last year, mainly due to the increase in the volume of the margin financing and securities lending business; financial assets held under resale agreements amounted to RMB52.992 billion, representing a decrease of 13.3% compared with the end of last year, mainly due to the decrease in the volume of the Group's stock pledge business; financial assets at fair value through profit or loss amounted to RMB175.033 billion, representing an increase of 27.13% compared with the end of last year, mainly due to the Group's adjustment in the trading and investment structure; debt instruments at fair value through other comprehensive income amounted to RMB52.163 billion, representing an increase of 33.18% compared with the end of last year, mainly due to the Group's adjustment in the trading and investment structure; and cash held on behalf of brokerage customers amounted to RMB105.8 billion, representing an increase of 36.53% compared with the end of last year, mainly due to the increase in the settlement funds of the transaction clients of brokerage business.

Of which: offshore assets amounted to 915.65 (Unit: 100 million Currency: RMB), and accounted for 16.94% of our total assets.

## Section III Summary of Businesses of the Company

### III. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

√ Applicable    □ Not applicable

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

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

Since its inception, the Group has developed the operational philosophy and corporate culture of implementing reform and innovation and striving for progress, which propelled the long-term consistent and across-the-board development of the Group. In recent years, the Group actively practices the "Guotai Junan Consensus", thereby further enhancing our cohesiveness and culture recognition.

The Group firmly believes that risk management is the core competency of securities companies. During the Reporting Period, the Group strengthened the risk management and control of important areas in major businesses, improved the vertical risk management of subsidiaries, optimized and adjusted the annual overall risk appetite policy, and the Group's compliance and risk control and management capacity had further improved. So far, the Group has attained the regulatory rating of Class A Grade AA from the CSRC for twelve consecutive years, which is the only one among the top five securities companies.

In pursuit of excellence, the Group endeavors to select the best talents to provide the best services for customers. In the first half of 2019, the Group continued to strengthen the construction of cadres and talents team, built the integrated platform for remuneration and performance, enhanced the delicacy management of remuneration and professional ranks, and continued to improve the assessment and incentive mechanism; the Group actively promoted the agglomerative operation of its service system for retail customers and corporate and institutional customers, the capacities of the customers of agglomerative operation were effectively improved, and the customers base was further expanded. At the end of the Reporting Period, the Group's corporate and institutional customers reached approximately 41,000, increasing by 17% compared with the end of last year, and personal financial accounts reached approximately 12.86 million, increasing by 1.4% compared with the end of last year.

#### (II) Across-the-board leader in the PRC capital market

As a consistent leader in terms of business scale, we have strong profitability. From 2007 to 2018, the Group's net profit ranked among the top three companies in the industry. From 2011 to 2018, the Group's operating revenue and total assets ranked among the top three companies in the industry for eight consecutive years. After the last round development of strategic planning cycle, the Group's comprehensive competitiveness has further enhanced. According to the statistics of the SAC, in the first half of 2019, the Company ranked second in the industry in terms of operating revenue, net profit, total assets, net assets and net capital.

## Section III Summary of Businesses of the Company

The Group has a comprehensive and balanced combination of businesses and its principal businesses rank at the top of the industry. During the Reporting Period, in respect of the institutional finance, the total security underwritten amount ranked fourth in the industry; the margin loans for stock pledged financing ranked third in the industry. In respect of the personal finance, the Company's net revenue from securities brokerage business (including seat leasing) ranked first in the industry; the balance of margin financing and securities lending of the Company ranked third in the industry; the amount of futures trading by Guotai Junan Futures ranked third in the industry. In respect of investment management, the entrusted fund of Guotai Junan Asset Management ranked third in the industry. In respect of the international business, Guotai Junan International continued to rank high in the major operating indicators among Chinese securities companies in Hong Kong.

### (III) Pioneer of Technology and Innovation in the PRC Securities Industry

The Group makes strategic investments in IT and continuously promotes proprietary financial technology innovation. The Group is a frontrunner in the application of financial technology in the securities industry. According to the statistics of the SAC, in 2017 and 2018, the Company's IT investment scale ranked first in the industry for two consecutive years and it is also the only securities firm that has passed CMMI4 certification. During the Reporting Period, the Group deepened artificial intelligence application and technology energization, improved Daohe App (serving corporate and institutional customers) and Junhong App (serving retail customers), layout low latency trading system and multi-level rapid trading system; optimized Matrix (the corporate and institutional customers management system) and Jun Hong Bai Shi Tong (君弘百事通) (the retail customers management system), optimized the Company's basic data system construction, and built a fully connected enterprise digital platform, and the financial technology strength was improved continuously. At the end of the Reporting Period, the number of users of our mobile APP exceeded 31.70 million, representing an increase of 4.34% compared with the end of last year, and the amount of monthly activity ranked among the top two in the industry.

The Group has outstanding innovation capability and is one of the frontrunners in industry innovation. During the Reporting Period, the Group steadily promoted construction of the customer service systems for retail customers and corporate institutions, committed to promote the science and technology innovation board business, and achieved good results; it focused on promoting the innovative development in business areas such as wealth management, trading investment, institution brokerage and credit business, and reinforced its leading position in these business areas. In respect of wealth management, the Group focused on the development of an intelligent financial platform, optimized the financial product system, thereby making stable improvement in asset allocation capabilities. In respect of trading investment, the Company is the first non-banking finance institution that obtained the qualification of settlement and sale, gold lending, and member of inter-bank gold inquiry market, the OTC derivatives business has developed rapidly and the spot option of precious metal has increased significantly. In respect of credit business, the Group has become one of the first batch agreed pilot brokers of securities refinancing in the science and technology innovation board. In respect of institution brokerage, the accumulated assets scale of new model for mutual funds clearing was RMB1 billion, the scale of its custody and outsourcing business ranked second in the industry, and the scale of mutual fund custody ranked first among securities companies.

## Section IV Report of the Directors

### I. DISCUSSION AND ANALYSIS OF OPERATION CONDITION

#### (I) Overall operation condition

In the first half of 2019, facing complicated external environment, the Group adhered to the strategic planning requirements for a new term and the implementation of the risk control oriented business philosophy to take market opportunities actively, and proactively promoted the development of two major business clusters (namely corporate and institutional customers and retail customers) and business for science and technology innovation board, achieving sound operation in general and positive progress in all work and remaining strong competitive position in major businesses.

During the Reporting Period, the Group accelerated the operation of the customer service systems for corporate and institutional customers and retail customers, completing relevant organizational restructuring in general and establishing a preliminary cluster synergy mechanism. The support from supply of financial products and internal research services for the two major clusters has been strengthening, resulting in clustering effect. For institutional finance, business innovation and synergistic cooperation were promoted, resulting in significant increase in comprehensive service capability. For personal finance, wealth management transition was accelerated while remaining its leading strength in retail business, resulting in gradual increase in service capability for asset allocation. For investment management, discretionary management capability was enhanced continuously, resulting a steady increase in the proportion of scale of discretionary management business. For international business, the capital injection to Guotai Junan Financial Holdings was completed, presence in Europe was promoted and internalized development was promoted pragmatically. For fintech, transition to smart outlets was promoted and the establishment of business and management systems was accelerated, enhancing its support to business. The Company achieved steady growth in capital strength and its financial position remained sound. So far, the Company has attained the rating of Grade AA credited by the CSRC for 12 consecutive years and maintained international credit ratings at Standard & Poor's BBB+ rating and Moody's Baa1 rating with the outlook of the Company being "stable".

#### (II) Analysis of principal businesses

##### 1. Institutional finance

In the first half of 2019, the Group officially launched the Matrix system and Daohe (道合) Platform, to actively promote the establishment of clustered system for corporate and institutional customers and gradually improve the corporate institutional customer service system. At the end of the Reporting Period, the Group's corporate and institutional customers reached approximately 41,000, representing an increase of 17% as compared with the end of last year, and the scale of customer assets reached RMB2.3 trillion, growing by 50% compared with the end of last year.

## Section IV Report of the Directors

### (1) The investment banking business

In the first half of 2019, the total financing amount in the securities market was RMB3,572.3 billion, representing an increase of 51.7% compared with the same period of last year. In particular, the total equity financing amount was RMB372.1 billion, representing a decrease of 13.2% compared with the same period of last year. The total debt financing underwritten by securities companies was RMB3,200.2 billion, representing an increase of 64.3% compared with the same period of last year. The amount of M&A transactions which had been examined and reviewed by the CSRC was RMB214.2 billion, representing an increase of 10.2% compared with the same period of last year.

In the first half of 2019, the Group took advantage of opportunities arising on the science and technology innovation board for its investment banking business, by making adjustments to optimize the organization structure, increasing investments in IPO business, and expanding the coverage of key regions and industries to establish a clustered synergy mechanism. As such, the Group maintained and improved its overall competitiveness. For equity underwriting business, the Group endeavored to promote the development of IPO projects for listing on the science and technology innovation board; the Group (as sponsor) had submitted applications for eight projects for listing on the science and technology innovation board. For the stock and bond underwriting business, the Group focused on high-rating corporate bonds, financial bonds and local government bonds with underwriting size growing rapidly. The M&A and restructuring business and OTC business were steadily promoted. During the Reporting Period, the Group achieved lead underwriting of securities of 628 projects in an amount of RMB192.930 billion, representing an increase of 174.24% and 31.96% respectively compared with the same period of last year, and both ranking fourth in the industry.

#### The scale of the Group's investment banking business in the first half of 2019

	Item	Reporting Period	Corresponding period of last year
IPO	Number of lead underwritings	2	4
	Amount of lead underwritings (RMB billion)	1.71	2.869
Refinancing	Number of lead underwritings	9	11
	Amount of lead underwritings (RMB billion)	21.253	53.490
Enterprise bonds	Number of lead underwritings	1	2
	Amount of lead underwritings (RMB billion)	0.450	2.467
Corporate bonds	Number of lead underwritings	96	53
	Amount of lead underwritings (RMB billion)	67.255	26.946
Other bonds	Number of lead underwritings	520	159
	Amount of lead underwritings (RMB billion)	102.262	60.429

Source: Wind Info



## Section IV Report of the Directors

Note: Statistical calibers of the financing products include IPO, new issuance, allotment of shares, preferred shares, convertible bonds, exchangeable bonds, corporate bonds, enterprise bonds, local government bonds, short-term financing bills, medium-term notes, private placement notes, financial bonds and ABS, and figures for the corresponding period of last year were adjusted based on these statistical calibers accordingly.

### (2) *Institutional investor services*

#### 1) *Institution brokerage business*

In the first half of 2019, the Group's mutual funds business enhanced investment research services and product sales, and the share of sub-position of mutual funds was significantly increased. The PB business developed professional trading systems and over-the-counter derivatives to improve service levels for high-end institution customers. The customer assets were nearly 90 billion, increased by 44.5%, as compared with the end of last year and the number of customers was approximately 880. The custodian and outsourcing business integrated resources, optimized processes and created technology-enabled, specialized and internationalized service capabilities. At the end of the period, the aggregate asset management products of our asset custodian and outsourcing business amounted to 7,457, increasing by 8.47% compared with the end of last year. The scale of business was RMB1,033.8 billion, increasing by 10.67% compared with the end of last year and ranking second in the securities industry. In particular, the assets under our custody from mutual funds amounted to RMB71.3 billion, ranking first among securities companies.

#### 2) *Trading and investment business*

In the first half of 2019, CSI 300 Index rose by 27.07% and ChinaBond New Composite Index (full price) index rose by 0.24%, the middle exchange rate of RMB against USD decreasing by 0.04% during the Reporting Period, NYMEX crude oil rose by 28.17% and COMEX gold rose by 10.24%.

The Group's trading and investment business continued to center on the idea of an "outstanding financial asset trader" and adhered to developing a low risk and non-directional business, to steadily enhance the transaction pricing ability. During the Reporting Period, the Group actively optimized long-term asset allocation with both of fixed income and equity derivatives achieving good investment returns. Customer demand-oriented business accelerated innovation with its products covering the whole assets field. The scale and quality of the products has been greatly improved with a cumulative additional amount of RMB201.3 billion, increasing by 177% compared with the same period last year. The main variety continued to maintain its industry-leading position, and the scale of structured notes ranked second in the industry among securities companies. Cross-border business achieved a full coverage of proprietary trading and customer demand-oriented business.

## Section IV Report of the Directors

In terms of equity derivatives, the average daily positions and trading amount of the 50 ETF exchange-traded options accounted for 4.1% and 2.1% of the market, respectively, and the business scale maintained its industry-leading position; the over-the-counter equity derivatives business grew rapidly, with an additional amount of RMB45.780 billion; 183 structured notes linked to overseas equity subjects were issued in aggregate with a total amount of RMB3.78 billion; and 89 cross-border equity return swaps were conducted with a nominal principal amount of RMB87 million.

In terms of fixed income, the trading volume of the Bond Connect amounted to RMB32.7 billion, representing an increase of 474% compared with the corresponding period of last year ranking 4th in overall market and 2nd among security dealers, respectively; the accumulated transaction of credit default swap amounted to RMB1.268 billion, promoting the scale of corporate bond issuance over RMB10 billion; the transaction of interest rate swap and the transaction of standard bonds forward ranked fourth and first among securities companies, respectively.

In terms of foreign exchange business, based on the first-mover advantage of licenses, we steadily carried out the inter-bank RMB foreign exchange proprietary trading and foreign currency hedging trading, and continued to promote the foreign exchange trading on behalf of customers by phases. We have initially established a customer foreign exchange account system.

In terms of commodities and precious metals, the profit model of cross-market, cross-variety and inter-period arbitrage has been formed, and the business was operated smoothly. The cumulative number of additional over-the-counter commodity options amounted to approximately RMB35.0 billion and structured notes for the linked goods amounted to approximately RMB13.0 billion, and the product categories kept increasing. Among them, the spot options of precious metals accounted for more than 30% of the overall market, and the positions of crude oil futures and nickel futures market making ranked top 3 in the market.

### 3) *Stock pledging business*

According to SSE and SZSE's statistics, the outstanding balance of the stock pledging business in the market as of the end of June 2019 was RMB526.767 billion, decreasing by 14.78% compared with the end of last year.

In the first half of 2019, the Group's stock pledging business improved its business model, enhanced its professional capability, and actively introduced quality assets on the basis of sound operation. The asset and business structure continued to be optimized, and the business was carried out smoothly and orderly.

At the end of the Reporting Period, the outstanding balance of the Group's stock pledging business was RMB44.340 billion, decreasing by 9.96% compared with the end of last year. In particular, the amount of margin loans was RMB35.541 billion, decreasing by 10.78% compared with the end of last year and ranking third in the industry. The average collateral coverage ratio was 235%. The outstanding balance of securities repurchase was RMB0.395 billion.

## Section IV Report of the Directors

### Scale of the Group's stock-pledged financing and securities repurchase business at the end of June 2019 (Unit: RMB billion)

Item	At the end of the Reporting Period	At the end of last year
Outstanding balance of the stock pledging business	44.340	49.245
Including: the margin loans for stock pledged financing	35.541	39.836
Outstanding balance of securities repurchase	0.395	0.217

#### 4) *Research business*

In the first half of 2019, the Company's research institute actively served the overall strategy of the Company, built and improved the research product matrix and provided comprehensive research and service support for business development. During the Reporting Period, we completed 3,362 research reports and held 178 themed telephone roadshows relating to macro economy, strategy, bonds, industry and companies.

#### 2. Personal finance

In the first half of 2019, the Group implemented the retail cluster coordination mechanism, further enhanced the retail customer service system, improved the full customer coverage response mechanism, and promoted the clustered development service of high-net-worth customers. As a result, the customer scale grew steadily and the customer portfolios optimized continuously. At the end of the Reporting Period, the users of the Jun Hong APP, a mobile application, reached over 31.7 million, increasing by 4.34% compared with the end of last year, and ranked second in the industry in terms of monthly customer activeness. The personal financial accounts amounted to 12.86 million, increasing by 1.4% compared with the end of last year, and ranked second in the industry in terms of the number of A Shares capital accounts. Wealthy customers and high-net-worth customers increased by 28.5% and 23.3%, respectively, compared with the end of last year.

##### **(1) Retail brokerage and wealth management business**

According to statistics of SSE and SZSE, in the first half of 2019, the trading volume of stock and fund transactions in SSE and SZSE was RMB73.82 trillion, representing an increase of 28.32% compared with the corresponding period of last year.

## Section IV Report of the Directors

In the first half of 2019, the Group strengthened the application of financial technologies, optimized the platforms of Jun Hong APP and Jun Hong Bai Shi Tong (君弘百事通), and promoted the construction of the VTM (virtual teller machines) intelligent network. The Group vigorously promoted its business development in the science and technology innovation board, being the first to open the online reservation of the science and technology innovation board, and among the first batch to open the trading authorization of the science and technology innovation board; and steadily geared up the development of diversified businesses such as bonds, Hong Kong Stock Connect and options, thus further consolidating its market position. The Company boasted a market share of 5.75% in net revenue from the securities brokerage business (including seat leasing), ranking first in the industry.

At the same time, the Group strengthened the establishment of an investment consultant team, promoted the introduction and operation of the contracted products of investment consulting, improved the asset allocation service, and optimized the financial product sales mechanism, thus improving its the wealth management capability steadily. At the end of the Reporting Period, the number of the Group's investment consultants reached 2,380, increasing by 11.37% compared with the end of last year; the number of contract customers of investment consultants reached 0.181 million, increasing by 20.67% compared with the end of last year. The size maintained by the average monthly agency sales of financial products of the Company was RMB155.5 billion, increasing by 9.35% compared with last year.

### **(2) Futures brokerage business**

In the first half of 2019, the aggregate number of board lots of the futures market was 1.735 billion (unilateral) and the aggregate trading volume of the futures market was 128.56 trillion (unilateral), representing an increase of 23.47% and 33.79% respectively compared with the same period of the last year. Among which, the aggregate number of board lots of the financial futures was 32.0646 million and the aggregate trading volume of the financial futures was 32.38 trillion, representing an increase of 181.66% and 180.65% respectively compared with the same period of the last year.

In the first half of 2019, Guotai Junan Futures increased its investment in information technology, optimized the layout of outlets, and enhanced its comprehensive financial service capabilities. It maintained a good overall development trend. The trading volume of treasury bond futures and stock index futures ranked second and third respectively in the industry; the brokerage settlement business continued to rank first in the industry, and the scale of customer equity ranked third in the industry at the end of the Reporting Period.

## Section IV Report of the Directors

### Major business indicators of Guotai Junan Futures in the first half of 2019

Item	Reporting	Corresponding
	Period	period of last year
Trading volume (RMB trillion)	9.30	5.29
Number of board lots (million)	95	67
	At the end of the Reporting Period	At the end of last year
Cumulative effective accounts (number)	101,661	96,679
Customer equity at the end of the period (RMB billion)	20.941	15.770

### (3) Margin financing and securities lending business

At the end of the Reporting Period, the balance of margin financing and securities lending in the market amounted to RMB910.8 billion, increasing by 20.52% compared with the end of last year. Among which, the balance of margin financing amounted to RMB902 billion increasing by 20.43% compared with the end of last year; the balance of securities lending amounted to RMB8.8 billion, increasing by 31.69% compared with the end of last year; the balance of margin refinancing amounted to RMB27.818 billion, decreasing by 44.90% compared with the end of last year; and the balance of securities refinancing amounted to RMB1.768 billion, increasing by 187.01% compared with the end of last year.

In the first half of 2019, the Group improved its target research system of the margin financing and securities lending business and strengthened its counter-cyclical adjustment; created a comprehensive classified and hierarchical service system, improved its floating interest rate management mechanism, and enhanced its service level for high-net-worth customers; consolidated its customer base, optimized its structure of securities sources, and focused on the professional investor securities lending service; and seized the opportunity in the launch of science and technology innovation board and fully carried out the securities refinancing business.

At the end of the Reporting Period, the balance of the Group's margin financing and securities lending amounted to RMB54.825 billion, increasing by 20.43% compared with the end of last year, with a market share of 6.02%, ranking third in the industry. Among which, the balance of securities refinancing amounted to RMB1.031 billion, increasing by 40.65% compared with the end of last year, with a market share of 11.64%. The maintenance margin ratio was 262%.

## Section IV Report of the Directors

### Scale of margin financing and securities lending business of the Group at the end of June 2019 (Unit: RMB 100 million)

Item	At the end of the Reporting Period	At the end of last year
Balance of margin loans	537.95	447.93
Market value of securities lending	10.31	7.33
Balance of margin refinancing	0.00	11.50
Balance of securities refinancing	0.60	0.95

### 3. Investment management

#### (1) Asset management

According to the statistics of the Asset Management Association of China, as of the end of June 2019, the scale of asset management business of securities companies was RMB11.15 trillion in aggregate, representing a decrease of 16.54% compared with the end of the last year.

In the first half of 2019, Guotai Junan Asset Management adhered to value investment, optimized its investment and research system, constantly enriched its product lines and steadily improved its discretionary management ability. During the Reporting Period, 64 collective products were issued, representing a year-on-year growth of 121%, ranking the first in the industry.

At the end of the Reporting Period, the scale of asset management of Guotai Junan Asset Management was RMB763.7 billion, representing an increase of 1.73% compared with the end of the last year, of which, the scale of assets under discretionary management was RMB 404.2 billion, representing an increase of 30.14% compared with the end of the last year, and the percentage of the scale of the assets under discretionary management increased to 52.93%. According to the statistics of SAC, the scale of entrusted fund of Guotai Junan Asset Management ranked third in the industry at the end of June 2019.

## Section IV Report of the Directors

### Scale of asset management of Guotai Junan Asset Management in the first half of 2019 (RMB100 million)

Item	At the end of the Reporting Period	At the end of last year
The scale of asset management business	7,637	7,507
Including: The scale of targeted asset management business	6,321	6,368
The scale of collective asset management business	852	690
The scale of specialized asset management business	464	449
The scale of discretionary management business	4,042	3,106

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

### (2) Private fund management and alternative investment

According to the statistics of the Asset Management Association of China, as of the end of June 2019, the Asset Management Association of China has registered 24,304 private fund managers and 77,722 private equity funds, with a paid-up scale of RMB13.28 trillion, increasing by 3.91% compared with the end of 2018.

In the first half of 2019, Guotai Junan Innovation Investment actively promoted the creation of Guotai Junan's parent funds, bailout fund and Sci-Tech Board fund. It focused on the five key industries and actively prepared for quality projects in reserve. It established a sub-fund withdrawal management system and enhanced the diversified withdrawal ability.

### The overview of private equity fund business in the first half of 2019

	At the end of the Reporting Period	At the end of last year
Number of managed funds (unit)	39	39
Cumulative committed capital of managed funds (RMB100 million)	335.45	333.45
Cumulative paid-in capital of managed funds (RMB100 million)	229.13	227.13
Cumulative number of investment projects (unit)	105	104
Cumulative investment project amount (RMB100 million)	134.81	132.90

## Section IV Report of the Directors

### The overview of alternative investment business in the first half of 2019

	At the end of the Reporting Period	At the end of last year
Cumulative number of investment projects (unit)	26	25
Cumulative investment project amount (RMB100 million)	14.36	13.18

#### (3) Fund management

According to the statistics of the Asset Management Association of China, at the end of June 2019, the assets under management (AUM) of mutual funds management institutions was RMB13.46 trillion, representing an increase of 3.30% compared with the end of the last year. The AUM of the segregated accounts of fund management companies and its subsidiaries was RMB 8.93 trillion, representing a decrease of 20.90% compared with the end of the last year.

In the first half of 2019, HuaAn Funds built a high-level professional investment platform, with the rate of return for active equity products ranking the top in the industry. HuaAn Funds fully grasped the development opportunities of the Sci-Tech Board, and optimized the layout of product lines through active innovation. The AUM at the end of the period reached a record high. In particular, the AUM of mutual funds was RMB317.1 billion, representing an increase of 15.06% compared with the end of last year.

#### 4. International Business

The Group conducted brokerage, corporate finance, asset management, loans and financing, financial products, market-making and investment business in Hong Kong, mainly through Guotai Junan International. The Group has also actively expanded business presence into the United States, Europe and South-east Asia.

In the first half of 2019, Guotai Junan International continued to maintain a good development momentum in respect of its investment banking business, particularly bond issuance underwriting, and kept a steady growth in respect of its corporate and institutional business. With significant optimization of client structure, rapid growth of wealth management clients and increasingly improved products, Guotai Junan International maintained its leadership among Chinese security dealers in Hong Kong.



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### Guotai Junan International's main income structure in the first half of 2019 (unit: HK\$' 000)

	During the Reporting Period	During the same period of last year
Fee and commission income		
– Brokerage	291,667	271,437
– Corporate finance	452,559	335,355
– Asset management	10,215	10,561
Income from loans and financing	558,649	716,824
Gains from financial products, market making and investments	1,050,158	344,038
<b>Total revenue</b>	<b>2,363,248</b>	<b>1,678,215</b>

### (III) Analysis of financial statements

#### 1. Analysis of consolidated statements of profit or loss

##### (1) Total revenue and other income structure

*Unit: thousand yuan    Currency: RMB*

Items	January to June 2019		January to June 2018		Changes	
	Amount	Component	Amount	Component	Amount	Proportion
Fee and commission income	6,198,927	33.84%	5,348,120	33.56%	850,807	15.91%
Interest income	5,928,327	32.36%	6,448,884	40.47%	-520,557	-8.07%
Net investment gains	3,733,459	20.38%	2,334,708	14.65%	1,398,751	59.91%
Total revenue	15,860,713	86.58%	14,131,712	88.68%	1,729,001	12.23%
Gains on disposal of a subsidiary	—	0.00%	648,287	4.07%	-648,287	-100.00%
Other income and gains	2,457,466	13.42%	1,155,000	7.25%	1,302,466	112.77%
<b>Total revenue and other income</b>	<b>18,318,179</b>	<b>100.00%</b>	<b>15,934,999</b>	<b>100.00%</b>	<b>2,383,180</b>	<b>14.96%</b>

In the first half of 2019, the Group's total revenue and other income amounted to RMB18.318 billion, representing an increase of 14.96% compared with the same period of last year, among which:

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Our fee and commission income, accounting for 33.84% of the total revenue and other income, increased by 15.91% to RMB6.199 billion compared with the same period of last year, primarily due to the increase in fee income from the securities brokerage business resulted from the year-on-year increase in the trading volume of the securities market in the first half of 2019;

The net investment gains, accounting for 20.38% of the total revenue and other income, increased by 59.91% to RMB3.733 billion compared with the same period of last year, primarily due to the increase in investment gains affected by the securities market;

Gains on disposal of a subsidiary was zero compared with RMB648 million for the same period of last year, which was due to the disposal of equity interest in GTJA Allianz Funds;

The other income and gains, accounting for 13.42% of the total revenue and other income, increased by 112.77% to RMB2.457 billion compared with the same period of last year, primarily due to the increase in the relevant income from the commodities business.

### (2) Total expenses structure

*Unit: thousand yuan Currency: RMB*

Items	January to June 2019		January to June 2018		Changes	
	Amount	Component	Amount	Component	Amount	Proportion
Fee and commission expenses	974,616	8.41%	841,947	7.97%	132,669	15.76%
Interest expenses	3,383,393	29.18%	3,684,411	34.87%	-301,018	-8.17%
Staff costs	3,793,179	32.72%	3,472,078	32.86%	321,101	9.25%
Depreciation and amortization expenses	628,001	5.42%	255,629	2.42%	372,372	145.67%
Tax and surcharges	65,756	0.57%	84,066	0.80%	-18,310	-21.78%
Other operating expenses and costs	2,254,586	19.43%	1,762,399	16.68%	492,187	27.93%
Provision for impairment losses	20	0.00%	1,314	0.01%	-1,294	-98.48%
Credit loss expense	494,488	4.27%	464,222	4.39%	30,266	6.52%
<b>Total expenses</b>	<b>11,594,039</b>	<b>100.00%</b>	<b>10,566,066</b>	<b>100.00%</b>	<b>1,027,973</b>	<b>9.73%</b>

In the first half of 2019, the Group's total expenses amounted to RMB11.594 billion, representing an increase of 9.73% compared with the same period of last year, among which:

The fee and commission expenses, accounting for 8.41% of the total expenses, increased by 15.76% to RMB975 million compared with the same period of last year, primarily due to the increase in the fee expenses of the securities brokerage business as a result of the year-on-year increase in the trading volume of the securities market in the first half of 2019.

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The staff costs, accounting for 32.72% of the total expenses, increased by 9.25% to RMB3.793 billion compared with the same period of last year, primarily due to the increase in staff costs as the total revenue and other income increased.

The depreciation and amortization expenses, accounting for 5.42% of the total expenses, increased by 145.67% to RMB628 million compared with the same period of last year, primarily due to the Group's implementation of the new standard on leases since 1 January 2019.

Other operating expenses and costs, accounting for 19.43% of the total expenses, increased by 27.93% to RMB2.255 billion compared with the same period of last year, primarily due to the increase in the relevant costs of the commodities business.

### 2. Analysis of consolidated statements of cash flows

In the first half of 2019, the net increase in cash and cash equivalents of the Group was RMB10.388 billion, among which:

The net cash generated from operating activities was RMB9.123 billion, primarily resulting from positive movements in working capital, mainly reflecting (i) the increase of RMB41.976 billion in financial assets sold under repurchase agreements, due to the increase in the volume of the bonds sold under repurchase agreements; (ii) the increase of RMB28.186 billion in accounts payable to brokerage customers given the securities market condition; and (iii) profit before income tax amounted to RMB6.867 billion. These cash inflows were partially offset by (i) the increase of RMB28.415 billion in financial assets at fair value through profit or loss and derivative financial assets, primarily resulting from investment of bonds, funds and other investment scales according to customer demands; and (ii) the increase of RMB26.836 billion in cash held on behalf of brokerage customers given the securities market condition.

The net cash used in investing activities was RMB12.066 billion, primarily due to the amount of RMB43.038 billion paid in cash to acquire financial assets at fair value through other comprehensive income and other investment assets, partially offset by the proceeds of RMB30.798 billion received in cash from disposal of the financial assets at fair value through other comprehensive income and other investment assets, reflecting our adjustment in trading and investment structure.

The net cash generated from financing activities was RMB13.331 billion, primarily due to (i) the amount of RMB22.412 billion received in cash from issuance of short-term debt instruments; (ii) the amount of RMB15.249 billion received in cash from loans and borrowings; and (iii) the amount of RMB12.677 billion received in cash from bond issuance. These cash inflows were partially offset by (i) the amount of RMB21.435 billion paid in cash for repayment of debt securities issued; and (ii) the amount of RMB15.674 billion paid in cash for repayment of loans and borrowings.

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### 3. Analysis of consolidated statements of financial position

Unit: thousand yuan Currency: RMB

Items	As of 30 June 2019		As of 31 December 2018		Changes	
	Amount	Component	Amount	Component	Amount	Proportion
<b>Non-current assets</b>						
Property and equipment	4,107,361	0.76%	4,082,006	0.93%	25,355	0.62%
Right-of-use assets	3,088,965	0.57%	—	0.00%	3,088,965	N/A
Prepaid land lease payments	—	0.00%	785,312	0.18%	-785,312	-100.00%
Goodwill	581,407	0.11%	581,407	0.13%	—	0.00%
Other intangible assets	1,496,739	0.28%	1,472,424	0.34%	24,315	1.65%
Investments in associates	1,166,290	0.22%	1,294,133	0.30%	-127,843	-9.88%
Investments in joint ventures	1,607,545	0.30%	1,333,516	0.31%	274,029	20.55%
Debt instruments at fair value through other comprehensive income	45,465,651	8.41%	33,445,303	7.66%	12,020,348	35.94%
Equity instruments at fair value through other comprehensive income	19,628,269	3.63%	16,785,949	3.84%	2,842,320	16.93%
Financial assets held under resale agreements	3,885,223	0.72%	6,444,585	1.48%	-2,559,362	-39.71%
Financial assets at fair value through profit or loss	6,633,198	1.23%	3,567,761	0.82%	3,065,437	85.92%
Refundable deposits	9,802,843	1.81%	7,552,678	1.73%	2,250,165	29.79%
Deferred tax assets	716,255	0.13%	1,289,051	0.30%	-572,796	-44.44%
Other non-current assets	2,114,720	0.39%	2,932,037	0.67%	-817,317	-27.88%
<b>Total</b>	<b>100,294,466</b>	<b>18.56%</b>	<b>81,566,162</b>	<b>18.69%</b>	<b>18,728,304</b>	<b>22.96%</b>
<b>Current assets</b>						
Accounts receivable	5,180,092	0.96%	3,634,734	0.83%	1,545,358	42.52%
Other current assets	2,391,827	0.43%	1,867,556	0.43%	524,271	28.07%
Margin accounts receivable	63,481,582	11.75%	53,655,358	12.29%	9,826,224	18.31%
Debt instruments at fair value through other comprehensive income	6,697,722	1.24%	5,721,378	1.31%	976,344	17.06%
Financial assets held under resale agreements	49,106,516	9.09%	54,672,999	12.52%	-5,566,483	-10.18%
Financial assets at fair value through profit or loss	168,400,270	31.16%	134,114,319	30.71%	34,285,951	25.56%
Derivative financial assets	949,274	0.18%	648,358	0.15%	300,916	46.41%
Clearing settlement funds	3,379,193	0.63%	3,006,836	0.69%	372,357	12.38%
Cash held on behalf of brokerage customers	105,799,905	19.58%	77,492,497	17.74%	28,307,408	36.53%
Cash and bank balances	34,689,158	6.42%	20,348,883	4.64%	14,340,275	70.47%
<b>Total</b>	<b>440,075,539</b>	<b>81.44%</b>	<b>355,162,918</b>	<b>81.31%</b>	<b>84,912,621</b>	<b>23.91%</b>
<b>Total assets</b>	<b>540,370,005</b>	<b>100.00%</b>	<b>436,729,080</b>	<b>100.00%</b>	<b>103,640,925</b>	<b>23.73%</b>

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Items	As of 30 June 2019		As of 31 December 2018		Changes	
	Amount	Component	Amount	Component	Amount	Proportion
<b>Current liabilities</b>						
Loans and borrowings	8,296,940	2.07%	8,279,422	2.73%	17,518	0.21%
Short-term debt instruments	16,584,364	4.13%	7,045,424	2.32%	9,538,940	135.39%
Placements from other financial institutions	12,267,614	3.06%	10,163,246	3.35%	2,104,368	20.71%
Accounts payable to brokerage customers	110,532,698	27.53%	82,347,043	27.19%	28,185,655	34.23%
Employee benefits payable	4,438,968	1.11%	4,984,863	1.64%	-545,895	-10.95%
Income tax payable	851,052	0.21%	1,518,105	0.50%	-667,053	-43.94%
Financial assets sold under repurchase agreements	112,534,117	28.03%	70,558,545	23.28%	41,975,572	59.49%
Financial liabilities at fair value through profit or loss	39,241,848	9.77%	32,746,561	10.81%	6,495,287	19.84%
Derivative financial liabilities	1,591,437	0.40%	255,973	0.08%	1,335,464	521.72%
Bonds payable	22,677,638	5.65%	15,476,842	5.11%	7,200,796	46.53%
Lease liabilities	630,417	0.16%	—	0.00%	630,417	N/A
Other current liabilities	19,044,063	4.72%	16,110,357	5.32%	2,933,706	18.21%
<b>Total</b>	<b>348,691,156</b>	<b>86.84%</b>	<b>249,486,381</b>	<b>82.33%</b>	<b>99,204,775</b>	<b>39.76%</b>
<b>Net current assets</b>	<b>91,384,383</b>		<b>105,676,537</b>		<b>-14,292,154</b>	<b>-13.52%</b>
<b>Non-current liabilities</b>						
Bonds payable	50,213,529	12.51%	52,780,358	17.42%	-2,566,829	-4.86%
Lease liabilities	1,830,977	0.46%	—	0.00%	1,830,977	N/A
Deferred tax liabilities	51,847	0.01%	43,015	0.01%	8,832	20.53%
Financial liabilities at fair value through profit or loss	527,299	0.13%	530,082	0.17%	-2,783	-0.53%
Other non-current liabilities	218,136	0.05%	215,852	0.07%	2,284	1.06%
<b>Total</b>	<b>52,841,788</b>	<b>13.16%</b>	<b>53,569,307</b>	<b>17.67%</b>	<b>-727,519</b>	<b>-1.36%</b>
<b>Total liabilities</b>	<b>401,532,944</b>	<b>100.00%</b>	<b>303,055,688</b>	<b>100.00%</b>	<b>98,477,256</b>	<b>32.49%</b>
<b>Total equity</b>	<b>138,837,061</b>		<b>133,673,392</b>		<b>5,163,669</b>	<b>3.86%</b>

As of 30 June 2019, the total assets of the Group was RMB540.370 billion, increased by 23.73% compared with the end of last year; the total liabilities was RMB401.533 billion, increased by 32.49% compared with the end of last year; the total equity was RMB138.837 billion, increased by 3.86% compared with the end of last year.

The asset of the Group was mainly comprised of: financial assets at fair value through profit or loss of RMB175.033 billion (32.39% of the total assets); cash held on behalf of brokerage customers of RMB105.800 billion (19.58% of the total assets); margin accounts receivable of RMB63.482 billion (11.75% of the total asset); debt instruments at fair value through other comprehensive income of RMB52.163 billion (9.65% of the total assets), among which the current assets amounted to RMB440.076 billion and accounted for 81.44% of the total assets. The liquidity of the Group was fine with reasonable structure. In addition, the Group made impairment provisions for the assets showing impairment indications under market fluctuation and therefore the assets were of relatively high quality.

## Section IV Report of the Directors

### ***Non-current assets***

As of 30 June 2019, our non-current assets amounted to RMB100.294 billion with an increase of 22.96% compared with the end of last year. Among the non-current assets, debt instruments at fair value through other comprehensive income amounted to RMB45.466 billion with an increase of 35.94% compared with the end of last year, which was primarily due to the adjustment by the Group of the trading and investment structure; financial assets at fair value through profit or loss amounted to RMB6.633 billion with an increase of 85.92% compared with the end of last year, which was primarily resulting from increased investment of bonds, funds and other investment scales according to customer demand.

### ***Current assets***

As of 30 June 2019, our current assets amounted to RMB440.076 billion with an increase of 23.91% compared with the end of last year. Among the current assets, financial assets at fair value through profit or loss amounted to RMB168.400 billion with an increase of 25.56% compared with the end of last year, primarily because the investment of bonds, funds and other investment scales to meet customer demand increased; cash held on behalf of brokerage customers amounted to RMB105.8 billion with an increase of 36.53% compared with the end of last year, primarily due to the increase in the settlement funds of the transactions clients of brokerage business. The margin accounts receivable amounted to RMB63.482 billion with an increase of 18.31% compared with the end of last year, which was primarily due to the increased size of margin financing and securities lending business given the securities market condition.

### ***Current liabilities***

As of 30 June 2019, our current liabilities amounted to RMB348.691 billion with an increase of 39.76% compared with the end of last year. Among the current liabilities, financial assets sold under repurchase agreements amounted to RMB112.534 billion with an increase of 59.49% compared with the end of last year, which was primarily due to the increase in bonds sold under repurchase agreements; accounts payable to brokerage customers amounted to RMB110.533 billion with an increase of 34.23% compared with the end of last year, primarily due to the impact of the market conditions; financial liabilities at fair value through profit or loss amounted to RMB39.242 billion with an increase of 19.84% compared with the end of last year.

### ***Non-current liabilities***

As of 30 June 2019, our non-current liabilities amounted to RMB52.842 billion with a decrease of 1.36% compared with the end of last year. Among the non-current liabilities, bonds payable amounted to RMB50.214 billion with a decrease of 4.86% compared with the end of last year.

## Section IV Report of the Directors

### **Equity**

The equity attributable to equity holders of the Company increased by 4.35% from the end of last year to RMB128.815 billion as of 30 June 2019. The gearing ratio of the Group was 67.54% as of 30 June 2019, increased by 5.35 percentage points compared with that of the end of last year, given the Group's reasonable and stable assets liability structure.

### **Major restricted assets at the end of the Reporting Period**

For details of assets with restricted ownership or use rights, please refer to notes 25, 26, 28, 36 and 38 to the interim condensed consolidated financial statements.

### **Borrowings and debt financing**

As of 30 June 2019, the total borrowings and debt financing of the Group amounted to RMB97.772 billion, of which a detailed breakdown was as follows:

	<i>Unit: thousand yuan</i>	<i>Currency: RMB</i>
	<b>30 June 2019</b>	31 December 2018
Loans and borrowings	<b>8,296,940</b>	8,279,422
Short-term debt instruments	<b>16,584,364</b>	7,045,424
Bonds payable	<b>72,891,167</b>	68,257,200
Total	<b><u>97,772,471</u></b>	<b><u>83,582,046</u></b>

For the details of the interest rate and the terms of the loans and borrowings, short-term debt instruments and bonds payable, please refer to notes 39, 40 and 46 to the interim condensed consolidated financial statements.

Except for the borrowings and debt financing, the Group obtained funds through placements from other financial institutions and financial assets sold under repurchase agreements. As of 30 June 2019, the placements from other financial institutions was RMB12.268 billion while the financial assets sold under repurchase agreements was RMB112.534 billion. The total debt mentioned above was RMB222.574 billion.

Except for the liabilities disclosed in this report, the Group did not have, as of 30 June 2019, any outstanding mortgages, charges, bonds, other debt capital, liabilities under acceptance or other similar indebtedness, guarantees or other material contingent liabilities.

## Section IV Report of the Directors

### (IV) Analysis of investment condition

1. Material equity investments

Applicable  Not applicable

2. Material non-equity investments

Applicable  Not applicable

Office buildings in Jing'an District, Shanghai: Guoxiang Properties, a subsidiary of the Company, received planning permission for a construction project and a construction permit for pile foundations for land lot No. 49 in Jing'an District on 23 June 2014 and commenced construction in June 2014. According to the resolution in the second meeting of the fifth session of the Board in 2016, the total investment amount for this project was adjusted to RMB1.879 billion by adding another project investment of RMB255 million. The accumulative investment of the project was RMB1.595 billion as of 30 June 2019.

3. Financial items measured at fair value

Applicable  Not applicable

*Unit: thousand yuan Currency: RMB*

<b>Name of items</b>	<b>Opening balance</b>	<b>Closing balance</b>	<b>Change</b>	<b>Change of profit</b>
Financial instruments at fair value through profit or loss	104,405,437	135,264,321	30,858,884	3,587,076
Debt instruments at fair value through other comprehensive income	39,166,681	52,163,373	12,996,692	1,097,168
Equity instruments at fair value through other comprehensive income	16,785,949	19,628,269	2,842,320	117,965
Derivative financial instruments	392,385	-642,163	-1,034,548	-95,785

4. Material assets and equity disposal

Applicable  Not applicable



## Section IV Report of the Directors

### (V) Analysis of Main Holding Companies

Applicable    Not applicable

#### 1. Guotai Junan Financial Holdings

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

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

As of 30 June 2019, the total assets of Guotai Junan Financial Holdings was RMB91.592 billion with net assets of RMB11.303 billion; in the first half of 2019, its operating revenue was RMB1.543 billion and its net profit was RMB544 million.

#### 2. Guotai Junan Asset Management

Guotai Junan Asset Management is principally engaged in securities asset management business.

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

As of 30 June 2019, the total assets of Guotai Junan Asset Management was RMB6.768 billion with net assets of RMB4.796 billion; in the first half of 2019, its operating revenue was RMB1.036 billion and its net profit was RMB418 million.

#### 3. Guotai Junan Futures

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

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

As of 30 June 2019, the total assets of Guotai Junan Futures was RMB24.659 billion with net assets of RMB3.34 billion; in the first half of 2019, its operating revenue was RMB1.495 billion and its net profit was RMB115 million.

## Section IV Report of the Directors

### 4. Guotai Junan Innovation Investment

Guotai Junan Innovation Investment is principally engaged in conducting equity investments in the domestic enterprises and providing financial advisory services of direct investment to clients.

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

As of 30 June 2019, the total assets of Guotai Junan Innovation Investment was RMB8.749 billion with net assets of RMB7.61 billion; in the first half of 2019, its operating revenue was RMB329 million and its net profit was RMB121 million.

### 5. Guotai Junan Zhengyu

Guotai Junan Zhengyu is principally engaged in equity investment, financial product investment, and businesses as stipulated in the management norms of alternative investment subsidiaries of securities companies.

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

As of 30 June 2019, the total assets of Guotai Junan Zhengyu was RMB2.047 billion with net assets of RMB2.04 billion; in the first half of 2019, its operating revenue was RMB23 million and its net profit was RMB16 million.

### 6. Shanghai Securities

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

The registered capital of Shanghai Securities is RMB2.61 billion and the Company holds 51% of its equity interests.

As of 30 June 2019, the total assets of Shanghai Securities was RMB32.45 billion with net assets of RMB10.253 billion; in the first half of 2019, its operating revenue was RMB816 million and its net profit was RMB231 million.

## Section IV Report of the Directors

### 7. HuaAn Funds

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

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

As of 30 June 2019, the total assets of HuaAn Funds was RMB3.562 billion with net assets of RMB2.673 billion; in the first half of 2019, its operating revenue was RMB845 million and its net profit was RMB218 million.

### (VI) The situation of structured entities controlled by the Company

Applicable  Not applicable

As of 30 June 2019, the Group consolidated 38 structured entities, which include asset management schemes and partnerships. For those asset management schemes where the Group is involved as a manager and partnerships where the Group is involved as general partner or investment manager, the Group considered that it has control rights over some asset management schemes and partnerships and incorporated them into the consolidated category after comprehensively taking into account various factors such as the investment decision rights they owned and their exposures to the variable returns. As at 30 June 2019, the impacts of the above structured entities which were incorporated into the consolidated category on the Group's total assets, operating income and net profit were RMB3.084 billion, RMB123 million and RMB35 million, respectively.

### (VII) USE OF PROCEEDS

In April and May 2017 respectively, the Company issued 1,040,000,000 H Shares initially and issued 48,933,800 H Shares upon the exercise of the over-allotment option with the total proceeds of HK\$17.24 billion. The actual proceeds amounted to HK\$16.801 billion after deducting fees in relation to issuance expenses. As of 30 June 2019, the remaining proceeds of HK\$2,520 million has been used for related overseas business development, which was in line with the use of purposes set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Global Offering of H Shares. All proceeds from the IPO of H Shares have been utilized.

In April 2019, the Company completed the placing of 194,000,000 H Shares under general mandate with the proceeds of HK\$3.17 billion at the price of HK\$16.34 per share. The actual proceeds amounted to HK\$3.122 billion after deducting fees in relation to issuance expenses. As of 30 June 2019, the Company used HK\$3.1 billion to supplement working capital. The actual utilization of proceeds was in line with the purposes set out in this report dated 10 April 2019 in relation to placing of new H Shares under general mandate. The remaining proceeds will be used for purposes set out in this report.

## Section IV Report of the Directors

### II. OTHER DISCLOSURES

#### (I) The operation plan and goals for next reporting period and the strategies and actions adopted for achieving the goals

2019 is a critical start-up period for the Group to implement the new phase of strategic planning. In the second half of the year, the Group will adhere to the strategic direction, stick to the operation bottom line, seize opportunities, and strive to improve the comprehensive strength of the Company, laying a solid foundation for the strategically vertical development in this planning period. To this end, the Group will prioritize the following work: (1) to deepen and implement the synergy mechanism of the two clusters; (2) to accelerate the transformation of wealth management; (3) to fully promote the business on the Sci-Tech Board; (4) to accelerate the internationalization and purchaser's ecological construction.

#### (II) Warning and explanations for the forecast that the net profit for the period from the beginning of the year to the end of next reporting period may be negative or change significantly compared with that for the same period of last year

Applicable  Not applicable

#### (III) Potential risk exposures

Applicable  Not applicable

##### 1. Overview

During the Reporting Period, the Company cultivated a healthy risk culture, firmly took the “compliance risk management” as one of our core strategies, continually established comprehensive risk management system, improved risk management system, optimized risk management organization structure, explored risk management models and methods, built up risk management information system, and enhanced the professional level of risk management, in order to ensure the long-term and healthy development of the Company.

##### 2. Risk management structure

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

## Section IV Report of the Directors

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

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

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

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

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

## Section IV Report of the Directors

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

The members of risk management committee included the president, the chief risk officer, the chief compliance officer, the chief financial officer, the head of first risk management department, the head of second risk management department, the head of the planning and finance department, the head of the compliance department, the head of strategic management, the head of the audit department and the head of legal department.

## Section IV Report of the Directors

### **(3) Risk management departments**

Our risk management departments include those which are specifically responsible for risk management, such as the first risk management department, the second risk management department, the compliance department, the legal department and the audit department, as well as departments that perform other risk management duties, such as the planning and finance department, the IT department, the operation center and the Board office. Our first risk management department manages the market risks, credit risks, operational risks and liquidity risks, and performs specific risk management responsibilities; our second risk management department is responsible for the risk review and assessment of the Company's securities issuance business in the primary market; our compliance department effectively identifies, assesses and prevents compliance risks of the Company; our legal department is a department that identifies, evaluates, notifies, monitors and reports the legal risks of the Company and effectively prevents legal risks and protects the Company from legal penalties, significant financial losses and damages to reputation; our audit department is responsible for independent and objective inspection, supervision, evaluation of and recommendations on the compliance and reasonableness of business, management, finance and other operations, on the security and profitability of assets, and on the comprehensiveness and effectiveness of internal controls among the Company's various departments, branches and controlled subsidiaries; Our planning and finance department is responsible for the Company's budget planning, financial management, accounting, net capital management, liquidity management and liquidity risk management; our IT department is the management and operation body of the Company's IT, and is responsible for the planning, construction, operation and management of the Company's IT system, establishing and implementing IT-related system, assessing and controlling the Company's IT risks; our operation center is the daily operation management department of the Company and is responsible for the centralized clearing, settlement, auditing, third-party depository operation of the Company's various businesses, and takes the responsibility of relevant risk management and control; our Board office is responsible for the management of the Company's reputation risk.

### **(4) Other business departments and branches**

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

## Section IV Report of the Directors

### 3. Risk management system

The Company established a 4-level risk management system based on its business characteristics and level of operational risks and has been constantly perfecting it. The system includes: measures on comprehensive risk management; various risk management measures based on different risks such as market risk, credit risk, operational risk, liquidity risk and reputational risk; risk management system on various business and products; and the practical business operation protocol. During the Reporting Period, the Company revised various types of risk management systems such as market risk, credit risk, operational risk and liquidity risk and the compliance risk control management system for subsidiaries in accordance with the latest regulatory requirements, formulated the model risk management system and the reputation risk management system, comprehensively revised the core management system for the investment banking business, and formulated and issued the assessment rules for compliance and risk management.

### 4. Risk appetite system

Risk appetite is the Company's full consideration of net capital, assets and liabilities, solvency, liquidity, external ratings, compliance operations and future business risk and opportunity, and the Company's overall attitude towards risks, the type and level of risks it is willing to bear under the premise of meeting the requirements of stakeholders including creditors, customers, regulatory agencies and rating agencies.

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

During the Reporting Period, after consideration and approval by the Board, the Company defined the Group's risk appetite, tolerance and limit for 2019, and differentiated different dimensions such as risk types and subsidiaries for decomposition and transmission and implemented in the course of ordinary business.



## Section IV Report of the Directors

### 5. Measures against various risks

#### **(1) Market risks**

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

The Company implements boundary management for market risks and formulates a market risk boundary system comprising business scale, loss boundary, exposure, Greek letters, effectiveness of hedge, and various types of risk indicators. It determines the alarm standards, warning standards and responding measures for market risks.

The Company conducts daily monitoring for market risk limits using its risk management system to monitor the operation of its businesses. We report market risk monitoring and management conditions, and conduct specialized analysis on risk matters, in order to provide basis for decision making. The Company adopts methods such as Value at Risk (VaR) and Stress Test to analyze and assess market risk. The Company's Value at Risk (VaR) calculation applies a historical simulation method based on the historical data for the previous 12 months, assuming the holding period is one day and the confidence level is 95%. The calculation model of VaR covers equity price risk, interest rate risk, commodity price risk and exchange rate risk. The Company regularly reviews the effectiveness of VaR model through the back testing method. The following table sets forth the VaR of the Company by risk types as at the dates and for the periods indicated: (1) the daily VaR as of the beginning and end of the respective period; (2) the average value, the minimum value and maximum value of the daily VaR for the respective period.

## Section IV Report of the Directors

### Value at Risk (VaR) of the Group for the first half of 2019

Unit: ten thousand yuan Currency: RMB

Category	28 June	2 January	The first half of 2019		
	2019	2019	Average	Minimum	Maximum
Equity price-sensitive					
financial instruments	16,812	14,592	13,391	7,200	19,639
Interest rate-sensitive					
financial instruments	10,080	8,295	7,960	6,144	10,627
Commodity price-sensitive					
financial instruments	1,149	582	792	442	1,220
Exchange rate-sensitive					
financial instruments	2,812	2,494	2,682	2,458	2,992
Risk diversification effect	(6,282)	(3,272)	(4,909)	(3,145)	(7,203)
Total portfolio VaR	24,572	22,692	19,917	13,743	25,638

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

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

#### (2) Credit risks

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

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

## Section IV Report of the Directors

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

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

As of 30 June 2019, the Company's credit risk was generally controllable, and no major credit default events occurred in bond investment business. The average performance guarantee ratio of the stock-pledged financing business was 235%, and the average of the guarantee ratio for clients with outstanding liabilities in margin financing and securities lending business maintained at 262%.

### **(3) Liquidity risks**

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

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

## Section IV Report of the Directors

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

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

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

In the first half of 2019, the liquidity of the market was generally reasonable and sufficient, but there was also a situation of credit hierarchy. In response to the new situation, the Company strengthened management and control of liquidity risk and developed its own fund liquidity operation plan at the group level and uniformly regulated and managed the investment targets of liquidity operation in the Group and counterparties. In the first half of 2019, the Company's liquidity coverage ratio and net stable funding ratio were both higher than the 100% lower limit of the regulatory requirement. The net size of the cash management pool was higher than the scale lower limit set by the Company and the overall liquidity status was good.

### **(4) Operational risks**

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

## Section IV Report of the Directors

The Company establishes the self-evaluating procedure of operational risk and control. Each department and branch actively identifies operational risks in their internal system procedures, employee behaviors and IT systems to ensure that the operational risks in existing and new businesses and management are adequately assessed. The Company has also compiled a risk management manual that will serve as a basis for the daily operational risk management. The Company upgrades the existing operational key risks management system, systematically gathers and organizes the information of the events of operational risk and lost data, establishes key operational risk indicative system and monitors its process, and prepares periodical reports. In terms of significant operational risk events, it will provide specific valuation reports to ensure that the operational risk situation of the Company could be fully understood in a timely manner, which in turn facilitates their decision-making regarding the response to the risks or the initiation of contingency plans.

The Company formulates emergency response plan for internet and information security events, and conducts assessment over the main plan and sub plan of emergency response. It also arranges various rehearsal against incidents, disaster and other emergencies that covers all important information systems, and improves, modifies and upgrades its systematic and emergency response plan based on the results of rehearsal and findings identified.

In the first half of 2019, the Company's information technology and operation affairs ran smoothly in a safe way with no significant operational risk events. The fault backup and recovery time for each information system emergency rehearsal reached our established goal, which has verified that the Company's core transaction system has incident and disaster response capabilities.

### **(5) Reputational risk**

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

In the first half of 2019, the Company improved the reputation risk monitoring and early warning mechanism, had stable overall public sentiment and incurred no major reputational risk events.

### **(IV) Other disclosures**

Applicable  Not applicable

#### **1. Business innovation during the Reporting Period**

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

## Section IV Report of the Directors

### 2. Risk control for business innovation

- (1) The Company has included business innovation in its comprehensive risk management system. Based on the development and risk profile of innovative business, the Company has established a complete decision-making mechanism, a management model and an organization structure catering for its business and formulated relevant compliance and risk management policies for the innovative business to standardize the risk management for the innovative business during the entire process. The sustainable and healthy development of each innovative business on the premise of building the capability to monitor, control and bear risks was ensured through risk assessment and determination, inspection before launch and continuous management for innovative business. Before the launch of innovative business, risk management department of the Company conducted compliance verification, identification and assessment, measurement analysis, and directed business department to improve internal control mechanism in relation to policies and procedures.
- (2) The Company has established multi-level risk control and warning mechanism for innovative business and designed various risk control indicators and risk limits for each level based on the risk profile of the business, which enabled dynamic track to the risks of innovative business. In the course of each particular business, the specific compliance and risk controller of business department was responsible for overseeing the market and the first risk management department conducted independent monitoring, so as to prompt risk warning in case of abnormal risk control indicators and take corresponding risk control measures based on the level of the risk warning, therefore ensuring the risk level of innovative business at any time was within the tolerance of the Company.
- (3) The Company has established the policy of regular report and significant risk event report for innovative business to issue regular risk information report for the innovative business, ensuring that all the staff and senior management involved in innovative business were informed of all necessary business, risk and management information on a timely basis. When the operation of innovative business was impacted by reason of external market turmoil, internal management and technical system failure, which might result in significant loss to the interest or reputation of the Company, the responsible department or the internal control department that identified the risk shall immediately report to the business leader, the chief risk officer and the risk management department for the implementation of existing contingency plan or proposing new response plan based on the actual situation by the decision makers.
- (4) The Company conducted special review on the conduction of innovative business on a regular basis to improve the internal control and risk response capacity of the business. Such special review covered important steps of innovative business and management. Each of the related departments studied and analyzed the conduction and internal control mechanism of innovative business based on the findings of special review, improved the management policies, operation process and corresponding control mechanism, and completed the contingency plan for innovative business, ensuring the stable and healthy development of innovative business.

## Section V Significant Events

### I. INFORMATION OF GENERAL MEETINGS

Meeting session	Convening date	The address of the designated website for publishing resolutions	The disclosure date for publishing resolutions
The first extraordinary general meeting for 2019	31 January 2019	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a> <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>	31 January 2019
Annual general meeting for 2018	24 June 2019	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a> <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>	24 June 2019

#### General meetings

Applicable  Not applicable

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

1. The first extraordinary general meeting for 2019 of the Company was held in Shanghai on 31 January 2019, on which the Resolution on the Proposed Amendments to the Articles of Association and the Resolution on Proposing to Consider the Guarantees to Be Provided by the Company to Guotai Junan Financial Holdings or Its Wholly-owned Subsidiaries were considered and approved.
2. The annual general meeting for 2018 of the Company was held in Shanghai on 24 June 2019, which considered and approved: the 2018 Work Report of the Board, the 2018 Work Report of the Supervisory Committee, the Resolution on Proposing to Review and Approve the Profit Distribution Plan of the Company for 2018, the Resolution on Proposing to Consider and Approve the Reappointment of External Auditors, the Resolution on Proposing to Review and Approve the Annual Report of the Company for 2018, the Resolution on the Related Party Transactions Contemplated in the Ordinary Course of Business of the Company in 2019, the Resolution on Proposing to Review and Approve the General Mandate for External Guarantee of the Company for 2019, the Resolution on the General Mandate to the Board to Issue Additional A Shares and/or H Shares and the Resolution on Election of Directors of the Company.

### II. PROPOSAL FOR PROFIT DISTRIBUTION OR TRANSFER OF CAPITAL RESERVE FUND INTO CAPITAL

#### (I) Half year proposed proposal for profit distribution and transfer of capital reserve fund into capital

Whether to distribute profit or transfer capital reserve fund into capital	No
Number of bonus shares for every 10 shares (share)	—
Amount of dividend for every 10 shares (RMB) (inclusive of tax)	—
Number of increased shares for every 10 shares (share)	—
Relevant explanation on proposal for profit distribution or transfer of capital reserve fund into capital	Nil

## Section V Significant Events

### III. THE PERFORMANCE OF UNDERTAKINGS

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

√ Applicable    □ Not applicable

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



## Section V Significant Events

Backgrounds of undertakings	Parties giving undertakings	Types of undertakings	Content of undertakings	Times and periods of undertakings	Whether there is a performance period	Whether undertakings were performed timely	Detailed reasons for not performing timely, if applicable	Next steps, if undertakings were not performed timely
		Other	The undertaking of avoiding the competition with Guotai Junan in the same industry (Non-Competition Arrangement)	From the listing date of the H Shares of Guotai Junan to the date no longer being the Guotai Junan's controlling shareholder (Note 2)	Yes	Yes	—	—
	Shanghai Sitico Assets Management Co., Ltd., Shanghai International Group Asset Management Co., Ltd. and Shanghai International Group Asset Operation Co., Ltd.	Other	The undertaking in relation to the price for selling shares	Within 2 years after the expiry date of restriction on shareholdings and trading of the A Shares	Yes	Yes	—	—
		Other	The undertaking of the intention of reducing shareholding within 2 years from the expiring date of restriction on shareholdings and trading	Within 2 years after the expiry date of restriction on shareholdings and trading of the A Shares	Yes	Yes	—	—
	The Company	Other	The undertaking of repurchasing shares and indemnifying investors' losses in the case of false disclosure	Permanent	Yes	Yes	—	—
		To resolve the competition in the same industry	The undertaking of eliminating the competition with Shanghai Securities and Hajji Securities in the same industry	Within 5 years after the date on which Guotai Junan controlled Shanghai Securities	Yes	Yes	—	—
	Directors, supervisors and senior management of the Company	Other	The undertaking of indemnifying investors' losses in the case of false disclosure	Permanent	Yes	Yes	—	—

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

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

### IV. APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

#### Explanations on appointment and dismissal of accounting firms

√ Applicable    □ Not applicable

On 24 June 2019, pursuant to the resolution at the 2018 annual general meeting of the Company, the Company re-appointed Ernst & Young Hua Ming LLP as the external auditor of the Company for 2019, responsible for its statutory audit in accordance with the Accounting Standards for Business Enterprise and internal control audit in 2019. The Company re-appointed Ernst & Young as the external auditor of the Company for 2019, responsible for the relevant audit and review services in accordance with the International Financial Reporting Standards.

## Section V Significant Events

### Explanation on change of accounting firm during the audit period

Applicable  Not applicable

### Explanations of the Company on “Non-Standard Opinion Audit Report” of accounting firm

Applicable  Not applicable

### Explanation of the Company on the issuance of a “Non-Standard Auditing Report” by the registered accountant in relation to the financial statements set out in the annual report of last year

Applicable  Not applicable

## V. BANKRUPTCY AND RESTRUCTURING RELATED MATTERS

Applicable  Not applicable

## VI. MATERIAL LITIGATION AND ARBITRATION

The Company had material litigations and arbitrations during the Reporting Period  
 The Company had no material litigation and arbitration during the Reporting Period

## VII. PENALTIES AND RECTIFICATIONS OF THE COMPANY, ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER, DE FACTO CONTROLLER AND ACQUIRERS

Applicable  Not applicable

### 1. Administrative regulatory measures were imposed on Guotai Junan Futures by Shanghai Bureau of the CSRC ordering it to make rectifications for its failure to establish a suitability management system for customer revisits and failure to check the audio recording of customer revisits

On 4 January 2019, as the then existing system made no provisions for the customer revisits checks related to the suitability internal management, Guotai Junan Futures did not check the audio recording of 95521 account revisits, and also did not check the audio recordings of the revisits forwarded by the Company’s operations center. Therefore, administrative regulatory measures were imposed on Guotai Junan Futures by Shanghai Bureau of the CSRC ordering it to make rectifications.

Guotai Junan Futures has adopted the following rectification measures in respect of the above issues:

Improving the suitability-related systems, clarifying the responsibilities of customer revisits and conducting customer revisits independently; strengthening customer revisits checks and strengthening incentives and constraints.

## Section V Significant Events

### **2. Administrative regulatory measures were imposed on Tangshan Jianhua West Road Securities Branch by Hebei Bureau of the CSRC ordering it to make rectifications within a time limit for its failure to implement the double-people and double-lock management system in respect of seal keeping**

On 24 June 2019, administrative regulatory measures were imposed on Tangshan Jianhua West Road Securities Branch of the Company by Hebei Bureau of the CSRC ordering it to make rectifications within a time limit for its failure to implement the double-people and double-lock management system in respect of seal keeping and failure to effectively perform the internal control system of the Company.

The Company has adopted the following rectification measures in respect of the above issues:

Setting up a special working group to supervise the implementation of rectification; forming a regular self-examination mechanism; taking the management and rectification of the use of seals by the securities branch as the focus of compliance risk control inspection of the branch and holding relevant responsible persons accountable.

## **VIII. THE CREDIT STATUS OF THE COMPANY, ITS CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER DURING THE REPORTING PERIOD**

Applicable  Not applicable

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

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

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

### **(I) Relevant equity incentives that have been published in temporary announcements and have no developments or changes in subsequent implementation**

Applicable  Not applicable

### **(II) Incentives not disclosed in ad hoc announcements or with subsequent progress**

Equity incentives

Applicable  Not applicable

## Section V Significant Events

Other explanations

Applicable  Not applicable

Details of employee share scheme

Applicable  Not applicable

Other incentives

Applicable  Not applicable

On 19 June 2010, Guotai Junan International, a subsidiary of the Company, adopted a share option scheme, with a term of 10 years from the date of adoption. The total number of shares which may be issued upon exercise of all share options to be granted under such share option scheme must not in aggregate exceed 10% of the shares of Guotai Junan International in issue at the date of the adoption of the share option scheme (i.e. 164,000,000 shares). As of 30 June 2019, Guotai Junan International granted 154,500,000 options in total under the Share Option Scheme. (Please refer to relevant announcements of Guotai Junan International).

## X. MATERIAL RELATED PARTY TRANSACTIONS

### (I) Related party transactions relating to day-to-day operations

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

Applicable  Not applicable

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

Applicable  Not applicable

#### 3. Matters not disclosed in ad hoc announcements

Applicable  Not applicable

#### 4. Day-to-day related party transactions

The Group conducts related party transactions in strict compliance with the SSE Listing Rules, the Policy on Information Disclosure Management and the Policy on Management of Related Party Transactions. The Group's related party transactions are conducted based on the principles of equity, openness and fairness, and the related party transaction agreements are entered into at market prices based on the principles of equality, voluntariness and equal value exchange.

## Section V Significant Events

During the Reporting Period, the Company's day-to-day related party transactions were implemented according to the Resolution on Anticipated Day-to-day Related Party Transactions of the Company for 2019, which was considered and approved at the 2018 Annual General Meeting of the Company.

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

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

#### a) Fees and commissions received by the Group from its related parties

*Unit: thousand yuan    Currency: RMB*

Names of related parties	Contents of related party transactions	Six months ended 30 June 2019	Six months ended 30 June 2018
China Minsheng Investment Group	Revenue from securities underwriting business	708	3,538
Shanghai SA	Revenue from securities underwriting business	2,786	—
SPD Bank	Revenue from entrusted assets management business	8,769	12,873

#### b) Interest received by the Group from its related parties

*Unit: thousand yuan    Currency: RMB*

Names of related parties	Contents of related party transactions	Six months ended 30 June 2019	Six months ended 30 June 2018
SPD Bank	Interest income from financial assets held under resale agreements	348	12,923
SPD Bank	Interest income from deposit in financial institutions	171,084	43,794

## Section V Significant Events

### c) Interests paid by the Group to its related parties

Unit: thousand yuan Currency: RMB

Names of related parties	Contents of related party transactions	Six months ended 30 June 2019	Six months ended 30 June 2018
Shanghai Rural Commercial Bank	Interest expenses on financial assets sold under repurchase agreements	2,410	3,887
SPD Bank	Interest expenses on bonds	3,633	8,926

### d) Operating expenses and costs paid by the Group to its related parties

Unit: thousand yuan Currency: RMB

Names of related parties	Contents of related party transactions	Six months ended 30 June 2019	Six months ended 30 June 2018
SPD Bank	Sales of financial products	5,037	1,144

## (2) Balances with related parties of the Group

### a) Balances of deposits in related parties

Unit: thousand yuan Currency: RMB

Names of related parties	Balances at the end of the period	Balances at the beginning of the period
SPD Bank	7,760,842	6,137,599
Shanghai Rural Commercial Bank	378	2,402

### b) Balances of account receivables

Unit: thousand yuan Currency: RMB

Names of related parties	Contents of related party transactions	Balances at the end of the period	Balances at the beginning of the period
China Minsheng Financial Holding Co., Ltd.	Management fees and performance incentive fees	—	2,107

## Section V Significant Events

c) *Balances of financial assets held under resale agreements*

*Unit: thousand yuan    Currency: RMB*

Names of related parties	Balances at the end of the period	Balances at the beginning of the period
Guosen Securities Co., Ltd.	—	100,173
Great Wall Securities Co., Ltd.	50,455	—

d) *Balances of accounts payable*

*Unit: thousand yuan    Currency: RMB*

Names of related parties	Contents of related party transactions	Balances at the end of the period	Balances at the beginning of the period
SPD Bank	Sales of financial products	3,400	2,202

e) *Closing balances of collective asset management schemes or funds issued by the Group held by related parties*

*Unit: thousand yuan    Currency: RMB*

Names of related parties	Balances at the end of the period	Balances at the beginning of the period
Guotai Junan Leasing (Shanghai) Co., Ltd.	2,072	2,046
Shanghai SA	—	206,022
Shanghai International Trust Co., Ltd.	169,995	N/A

## Section V Significant Events

### f) Balances of bonds issued by the Group held by related parties

Unit: thousand yuan Currency: RMB

Names of related parties	Balances at the end of the period	Balances at the beginning of the period
SPD Bank	503,633	—
Guosen Securities Co., Ltd.	51,385	50,606

### g) Balances of financial assets sold under repurchase agreements

Unit: thousand yuan Currency: RMB

Names of related parties	Balances at the end of the period	Balances at the beginning of the period
Shanghai Rural Commercial Bank	399,328	—

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

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

Applicable  Not applicable

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

Applicable  Not applicable

### 3. Matters not disclosed in ad hoc announcements

Applicable  Not applicable

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

Applicable  Not applicable



## Section V Significant Events

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

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

Applicable  Not applicable

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

Applicable  Not applicable

**3. Matters not disclosed in ad hoc announcements**

Applicable  Not applicable

### (IV) Debts due to/from related parties

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

Applicable  Not applicable

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

Applicable  Not applicable

**3. Matters not disclosed in ad hoc announcements**

Applicable  Not applicable

### (V) Other significant related party transactions

Applicable  Not applicable

### (VI) Others

Applicable  Not applicable

## XI. MATERIAL CONTRACTS AND THE PERFORMANCE THEREOF

### 1 Custody, contracting and leasing

Applicable  Not applicable

## Section V Significant Events

### 2 Guarantees

√ Applicable    □ Not applicable

Unit: yuan    Currency: RMB

#### External guarantees by the Company (excluding guarantees for subsidiaries)

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

#### Guarantees of the Company for subsidiaries

Total amount of the guarantees for subsidiaries during the Reporting Period	3,904,915,534
Balance of the total amount of the guarantees for subsidiaries at the end of the Reporting Period (B)	3,904,915,534

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

Total amount of guarantees (A+B)	3,904,915,534
Total amount of guarantees as a percentage of the net assets of the Company (%)	3.03
Including:	
The amount of guarantees for Shareholders, the de facto controller and their related parties (C)	—
The amount of debt guarantees directly or indirectly for the guaranteed with a gearing ratio of over 70% (D)	—
The amount of guarantees in excess of 50% of net assets (E)	—
The sum of the three items above (C+D+E)	—
Remark on the joint settlement responsibilities in relation to premature guarantees	Not applicable

Remark on the guarantees

On 11 March 2019, Guotai Junan Holdings Limited (BVI), a subsidiary of the Company, issued the bonds with an amount of USD500 million, with a term of 3 years and the interest rate of 3.875%. The Company (as the guarantor) entered into a guarantee agreement with Citicorp International Limited (as trustee), to provide unconditional and irrevocable guarantee for the payment obligation under the aforesaid bonds of Guotai Junan Holdings Limited (BVI).

## Section V Significant Events

### 3 Other material contracts

Applicable  Not applicable

1. According to the SSE Listing Rules, the Group did not enter into any material contract during the Reporting Period.
2. The developments of material contracts disclosed in the Prospectus about the Initial Public Offering of A Shares during the Reporting Period are as follows:
  - (1) According to a resolution at the 10th extraordinary meeting of the 4th session of the Board, the Company proposed to invest in the office building project of Huangpu Riverside (黃浦濱江), and the investment amount was expected to not exceed RMB1.18 billion. On 16 October 2013, the Company signed the Framework Agreement for Transfer of the Fuxing Land parcel (《復興地塊項目轉讓框架協議》) with Shanghai Bund Riverside Development Company Ltd. (上海外灘濱江綜合開發有限公司) (hereinafter referred to as “Bund Riverside”). Pursuant to this agreement, Bund Riverside intends to acquire the land parcel through auction. The land parcel is located at the Huangpu District, Shanghai City and is used for commercial and office purposes, with a site area of 35,862 m<sup>2</sup>. Bund Riverside shall construct six office buildings on the site and transfer one of the buildings (with a gross floor area of approximately 14,000 m<sup>2</sup>) to the Company. The transfer price covered the land costs, construction costs, respective amortization charges and the project management fees paid to Bund Riverside. On 12 December 2013, Bund Riverside signed the Land Use Rights Grant Contract of State-owned Land with the Planning and Land Administration Bureau of Huangpu District (上海市黃浦區規劃和土地管理局). As of the end of the Reporting Period, the Company had paid RMB1,091,335,700.
  - (2) On 18 November 2014, Guoxiang Properties signed the Agreement of the Main Contract on Construction of the Main Body of the New Project of the Office Building of Guotai Junan Securities Co., Ltd. (《國泰君安證券股份有限公司辦公樓新建項目主體工程施工總承包合同》) with Shanghai Construction No.1, pursuant to which Shanghai Construction No.1 was responsible for constructing the main body of the new project of the office building of Guotai Junan. The project is located at Lot 49, Jing’an District, Shanghai City, with a total contract value of RMB335,882,500. As of the end of the Reporting Period, the Company has paid RMB249,138,600.

## XII. POVERTY ALLEVIATION ACTIVITIES OF THE COMPANY

Applicable  Not applicable

### 1. Targeted poverty alleviation plans

Applicable  Not applicable

## Section V Significant Events

In 2019, the Company continues to carry out the “One Company, One County” targeted poverty alleviation work and has established close assistance relations with three national-level poverty-stricken counties, Ji’an County of Jiangxi Province, Puge County of Sichuan Province and Qianshan County of Anhui Province. In response to the call of the Shanghai Municipal Party Committee and the Municipal Government, the Company actively participated in the “Urban-and-Rural Comprehensive Support” and “Hundred Enterprises for Hundred Villages Paired Support”, and entered into assistance agreements with Fengxian District in Shanghai, Malipo County in Yunnan Province and Guangnan County in Yunnan Province, respectively, and carried out related assistance projects. At the same time, the Company adheres to public poverty alleviation works that it has done in the past, such as supports in pairs, learning and teaching supports in undeveloped areas and financial assistance to college students with financial difficulties, implementing the Company’s common culture of “Rewarding Our Country with Finance”, fulfilling our corporate social responsibilities, making sure its poverty alleviation work is implemented and making contributions to assist paired areas to win the battle for poverty alleviation.

### 2. Overview of targeted poverty alleviation activities during the Reporting Period

√ Applicable    □ Not applicable

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

**Industrial support:** The Company assisted Fengxian District to implement the “Enriching People in A Hundred Villages (百村富民)” hematopoiesis project, in order to help poverty-stricken farmers to improve their quality of life. The Company supported three poverty-stricken village industrial support projects in Malipo County, Wenshan Autonomous Prefecture, Yunnan Province and participated in living environmental improvement projects of nine villages in Guangnan County in Yunnan Province.

**Education support:** The Company continued to support learning and education of poverty-stricken people in three Guotai Junan Hope Primary Schools, implemented the “Guotai Junan Teaching Award and Scholarship” and assisted Gansu Weiyuan Hope Primary School to develop its campus culture. The Company’s internet finance department, first risk management department and compliance department donated computers, printers, sports equipment, school supplies, and daily necessities to these Hope Primary Schools. All branches continued to fund local poverty-stricken college students. Currently, 17 branches nationwide participate in financing 158 poverty-stricken students, involving 22 universities.

**Public welfare support:** The Company’s youth league committee actively organized volunteers within the Company to carrying out the “Be Together” program in the three paired poverty-stricken counties to care for left-behind children and the “Angel Education” program. The Company organized volunteers within the Company to carry out public welfare activities such as expressing sympathy and solicitude for the elderly in Caojiadu Sub-district Nursing Home in Shanghai.

## Section V Significant Events

### 3. Achievements of targeted poverty alleviation activities of the Company

√ Applicable    □ Not applicable

*Unit: ten thousand yuan    Currency: RMB*

Indicators	Number and implementation information of the Company
I. Overview	
Including: 1. Fund	1,524.83
II. Itemized input	
1. Poverty alleviation through industrial development	
Including: 1.1 Type of industrial poverty alleviation projects	<input type="checkbox"/> Poverty alleviation through agriculture and forestry <input type="checkbox"/> Poverty alleviation through tourism <input type="checkbox"/> Poverty alleviation through E-commerce <input type="checkbox"/> Poverty alleviation through assets income <input type="checkbox"/> Poverty alleviation through science and technology <input checked="" type="checkbox"/> Others
1.2 Number of industrial poverty alleviation projects	4
1.3 Amount invested in industrial poverty alleviation projects	1,447
2. Poverty alleviation through education	
Including: 2.1 Amount invested in subsidizing students with financial difficulties	52.9
2.2 Number of students receiving allowance	248
2.3 Amount invested in improvement of education resources of poor areas	20
3. Protection for the most disadvantaged people	
Including: 3.1 Amount invested in helping the “three left-behind” groups	2.33
3.2 Number of people of the “three left-behind” groups helped	120
4. Other projects	
Including: 4.1. Number of projects	1
4.2. Amount invested	2.6
4.3. Details of other projects	Expressing sympathy and solicitude for elderly in Caojiadu Sub-district Nursing Home

## Section V Significant Events

### 4. Staged progress in performing social responsibilities for targeted poverty alleviation

Applicable  Not applicable

With the support of the People's Government of Puge County (普格縣人民政府), the Company jointly initiated the establishment of Puge Guotai Junan Agricultural Industry Development and Investment Centre (普格國泰君安農業產業發展投資中心) with Puge County Agricultural Investment and Development Co., Ltd. (普格縣農業投資開發有限責任公司) to develop the local characteristic agriculture and Chinese herbal medicine industry. Currently, Puge County Minkang Agricultural Industry Development and Investment Centre (普格縣民康農業產業發展投資中心) has completed the industrial and commercial registration and the opening of a deposit account. The foundation stone-laying ceremony was officially held for Guotai Junan Tianzhushan Central School in Qianshan, Anhui on 10 September 2018, and the school commenced construction works. Currently, foundation construction works are in progress steadily.

The foundation stone-laying ceremony of the "Majie Township Yellow Cattle Trading Market Reconstruction Project" in Malipo County, Yunnan Province was held, and the construction work of the trading market has started. The Babu Township Plateau Agricultural Special Product Logistics Center has been completed and put into use. The renovation project of toilet revolution for residents in Zhuanbao Village Committee, Liuhe Township has also entered into the discussion and design stage. Part of the living environment improvement project of 9 poverty-stricken villages in Guangnan County, Yunnan Province has been completed and put into use. The dirty, disorderly and poor conditions in these villages will be improved, and the village appearance will be renewed. Meanwhile, these projects have a "demonstration and radiation" effect, driving neighboring villages to carry out the living environment improvement project, and set examples for new countryside construction, lifting villages out of poverty and building of a moderately prosperous society.

### 5. Subsequent targeted poverty alleviation plans

Applicable  Not applicable

In the second half of 2019, the Company will conscientiously implement the work arrangements for poverty alleviation, focus on effectively enhancing the effectiveness of the work, and tackle difficulties in a pragmatic, targeted and effective way, scientifically standardizing work processes, increase its efforts in project implementation and continue leverage its industrial advantages to actively fulfill its social responsibilities. In addition to the current poverty alleviation work and the achievements, the Company will continue to conduct existing poverty alleviation and education support works in accordance with the established targeted poverty alleviation plans, boost the targeted poverty alleviation works in Ji'an County of Jiangxi Province, Puge County of Sichuan Province and Qianshan County of Anhui Province, put more efforts in industrial support and talent exchange, improve education and teaching conditions, expand the financing channels for enterprises and conduct telemedicine poverty alleviation works. Meanwhile, the Company will continue to carry out its works to the "Urban-and-Rural Paired Support", "Hundred Enterprises for Hundred Villages" and "Poverty Alleviation through Education", provide assistance in the construction of hope primary schools and provide aid funds for poor college students.

## Section V Significant Events

### XIII. CONVERTIBLE CORPORATE BONDS

√ Applicable    □ Not applicable

#### (I) Issuance of Convertible Bonds

As approved by the CSRC, the Company publicly issued the Convertible Bonds with an issuance size of RMB7 billion on 7 July 2017. The Convertible Bonds were listed on the Shanghai Stock Exchange on 24 July 2017 (collectively referred to as “GTJA Bond”, with bond code 113013) and can be converted into ordinary A Shares (stock code 191013) from 8 January 2018.

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

No. of Convertible Bond holders at the end of the period	7,148
Guarantors of Convertible Bonds	Not applicable

Top ten Convertible Bond holders are as below:

Name of convertible corporate bond holders	Bonds held at the end of the period (RMB)	Percentage of bonds held (%)
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (Industrial and Commercial Bank of China)	662,376,000	9.46
China Securities Finance Corporation Limited	345,101,000	4.93
Shanghai State-owned Assets Operation Co., Ltd.	302,317,000	4.32
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (Shenwan Hongyuan Securities Co., Ltd.)	180,000,000	2.57
EverBright Securities Co., Ltd.	173,395,000	2.48
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (Bank of China)	171,179,000	2.45
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (Huaxi Securities Co., Ltd.)	160,244,000	2.29
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (Construction Bank of China)	158,297,000	2.26
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (China Merchants Bank Co., Ltd.)	157,270,000	2.25
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (China Minsheng Banking Corp., Ltd.)	144,425,000	2.06

## Section V Significant Events

### (III) Change of Convertible Bonds during the Reporting Period

Unit: yuan Currency: RMB

Name of convertible corporate bonds	Before change	Converted	Increase/decrease		After change
			Redeemed	Sold back	
Guo Jun Convertible Bonds	6,999,862,000	145,000	—	—	6,999,717,000

### (IV) Aggregated conversion of convertible bonds during the Reporting Period

Conversion amount during the Reporting Period (RMB)	145,000
Number of converted shares during the Reporting Period (shares)	7,325
Aggregated number of converted shares (shares)	14,154
Aggregated number of converted shares as a percentage of the total number of issued shares of the Company before conversion (%)	0.000162
Amount of convertible bonds not yet converted (RMB)	6,999,717,000
Number of convertible bonds not yet converted as a percentage of the total number of issued convertible bonds (%)	99.9960

### (V) Adjustments of the conversion prices

Unit: yuan Currency: RMB

Effective date of adjusted conversion price	Adjusted conversion price	Disclosure date	Media of disclosure	Reasons of adjustments
29 June 2018	RMB19.8 per share	22 June 2018	China Securities Journal, Shanghai Securities News, Security Times and Securities Daily	The Company distributed a dividend of RMB0.4 per share for the year of 2017
19 April 2019	RMB19.67 per share	18 April 2019	China Securities Journal, Shanghai Securities News, Security Times and Securities Daily	Adjustment is made to the conversion price based on the results of H share placing
12 August 2019	RMB 19.40 per share	5 August 2019	China Securities Journal, Shanghai Securities News, Security Times and Securities Daily	The Company distributed a dividend of RMB0.275 per share for the year of 2018

Conversion price as of the disclosure date of this report RMB 19.40 per share



## Section V Significant Events

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

As of 30 June 2019, the Group's total assets amounted to RMB540.37 billion, with a gearing ratio of 67.54%. Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. issued the Report on the Updated Rating of the Public Issuance of A Share Convertible Corporate Bonds of Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司公開發行A股可轉換公司債券跟蹤評級報告) in respect of the issuance of the A-Share Convertible Bonds on 6 May 2019, and maintained the credit rating of the Company as AAA and the credit rating of the Convertible Bonds as AAA with a stable outlook.

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

### (VII) Other information on Convertible Bonds

As of 30 June 2019, the outstanding amount of the A-Share Convertible Bonds was RMB6,999,717,000. Based on the conversion price of RMB19.67 per Share as at 30 June 2019, in the event that the outstanding Convertible Bonds are fully converted, 355,857,498 A Shares will be issued.

If the outstanding Convertible Bonds are fully converted, the total number of A Shares will increase by 355,857,498 to 7,871,978,272, the total number of Shares will increase to 9,263,805,452, and the percentage of the number of H Shares against the total number of the Shares will be diluted from 15.62% to 15.02%. The shareholding in the Company of the controlling shareholder of the Company, Shanghai SA, will be diluted from 23.05% to 22.16% and the aggregate interest in the Company of the de facto controller of the Company, Shanghai International Group, will be diluted from 31.95% to 30.73%.

The basic earnings per share of the Company in the first half of 2019 are RMB0.54 per Share. If the outstanding A-Share Convertible Bonds mentioned above were fully converted, the diluted earnings per share of the Company in the first half of 2019 would be RMB0.53 per Share.

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

## XIV. ENVIRONMENTAL INFORMATION

### (I) Environmental protection information of the Company and its major subsidiaries on the lists of critical pollutant dischargers published by environmental protection authorities

Applicable  Not applicable

## Section V Significant Events

### (II) Environmental protection information of companies not on the list of critical pollutant dischargers

Applicable  Not applicable

### (III) Reasons for non-disclosure of environmental protection information by companies not on the list of critical pollutant dischargers

Applicable  Not applicable

### (IV) Subsequent progress or changes in environmental protection information disclosed during the Reporting Period

Applicable  Not applicable

In the first half of 2019, the Company conducted development and transaction cooperation in connection with forest carbon sink reductions in several counties and districts of Chengde City, Hebei Province, and provided financial and technical support for local ecological compensation and related poverty alleviation through carbon sink development.

The Company vigorously developed our green bond business. In the first half of 2019, we acted as an underwriter for 19 Guangzhou Metro Green Bond 01 with an amount of RMB3 billion to facilitate the construction of urban rail transit projects, and for 19 Bank of Zhengzhou Green Financial Bond 01 with an amount of RMB2 billion to support green industry projects stipulated in the Green Bond Support Project Catalogue.

## XV. OTHER SIGNIFICANT EVENTS

### (I) Explanation, reason and impact of changes in accounting policy, accounting estimates and accounting methods in comparison with the last accounting period

Applicable  Not applicable

IFRS 16 replaces IAS 17 Leases, the standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The Group adopted IFRS 16 using the modified retrospective method of adjustment since 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under IAS 17.

## Section V Significant Events

Under IFRS 16, a contract is a lease, or contains a lease if the contract conveys a right to control the use of an or more identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

### Effect of adoption of IFRS 16

The Group has lease contracts for buildings. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the risks and rewards of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in lease liabilities.

The right-of-use assets were recognised based on the carrying amount as if the standard had always been applied since the commence date of lease and the Group applied the incremental borrowing rate as discount rate at 1 January 2019. All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- 1) Applied lease exemptions to leases with a lease term that ends within 12 months from the date of initial application and lease contracts for which the underlying asset is of low value.
- 2) Applied a single discount rate with similar characteristics at the measurement of lease liability, and excluded initial direct costs from the measurement of the right-of-use asset.
- 3) The Group determined the lease term based on the option prior to the date of the initial application and the other updates where the contract contains options to extend/terminate the lease.

Impact on the consolidated statement of financial position as at 1 January 2019 are as follows: total assets increased by RMB2.407 billion, total liabilities increased by RMB2.487 billion and owner's equity decreased by RMB80 million.

## Section V Significant Events

### (II) Explanation, corrected amount, reason and impact of retrospective restatement for adjustment of significant accounting errors occurred during the Reporting Period

Applicable  Not applicable

### (III) Miscellaneous

Applicable  Not applicable

#### 1. Corporate governance

During the Reporting Period, the Company continued to improve its corporate governance system in strict compliance with the Company Law, the Securities Law, the Regulations on Supervision and Administration of Securities Companies, the Rules for Governance of Securities Companies and other laws and regulations, and the rules and codes of relevant authorities and the actual corporate governance of the Company was in compliance with relevant requirements. Meanwhile, the Company has strictly complied with the Corporate Governance Code by fully complying with the code provisions and satisfied substantially all the requirements for recommended best practices set out therein.

As at the date of this report, two Directors resigned as Directors and two Directors were newly appointed. The Board has 16 Directors in total, including six independent Directors.

During the Reporting Period, the Company held general meetings, Board meetings, meetings of the Supervisory Committee and meetings of the special committees under the Board in strict compliance with the Articles of Association. During the Reporting Period, the Company held one annual general meeting, one extraordinary general meeting, four Board meetings, including two regular meetings and two interim meetings, three meetings of the Supervisory Committee, two meetings of the Strategy Committee, two meetings of the Remuneration, Appraisal and Nomination Committee, two meetings of the Audit Committee and one meeting of the Risk Control Committee.

#### 2. Matters related to the proposed solution for the competition with Shanghai Securities

In July 2014, with the approval of the CSRC, 51% of the equity interest in Shanghai Securities held by International Group was transferred to the Company, and Shanghai Securities became a subsidiary of the Company. According to the requirements of the approval from the CSRC, the Company shall resolve the issue of same industry competition with Shanghai Securities and its subsidiary Haiji Dahe Securities Co. Ltd.\* (海際大和證券有限公司, currently known as “Haiji Securities Company Limited”, the “Haiji Securities”) within five years commencing from the date of becoming the controlling shareholder of Shanghai Securities.

In March 2016, with the approval of the CSRC, the Company transferred 66.67% equity interest in Haiji Securities publicly on Shanghai United Assets and Equity Exchange, thereby resolving the issue of same industry competition with Haiji Securities.

## Section V Significant Events

In August 2019, on the sixteenth extraordinary meeting of the fifth session of the Board, the Proposal on Adopting the Resolution on the Issue of Same Industry Competition through the Targeted Capital Increase of Shanghai Securities Co., Ltd. (《關於提請審議採取上海證券有限責任公司定向增資方式解決同業競爭問題的議案》) was considered and approved, pursuant to which it was agreed that the issue of competition shall be solved by targeted capital increase of Shanghai Securities. Upon the completion of the capital increase in Shanghai Securities, Bailian (Group) Co., Ltd. will become its controlling shareholder and the issue of competition between the Company and Shanghai Securities will no longer exist.

### 3. Issuance of corporate bonds

On 2 July 2019, pursuant to the permission of the China Securities Regulatory Commission (Zheng Jian Xu Ke [2019] No. 1177), the Company was approved to issue corporate bonds to qualified investors with a par value not exceeding RMB2.5 billion.

On 12 July 2019, pursuant to the permission of the China Securities Regulatory Commission (Ji Gou Bu Han [2019] No. 1740), the supervision of securities and funds department of the CSRC had no objection against the Company's proposed issuance of perpetual subordinated bonds.

On 22 July 2019, pursuant to the permission of the People's Bank of China (Yin Shi Chang Xu Zhun Yu Zi [2019] No. 121), the People's Bank of China approved the Company's proposed issuance of financial bonds not exceeding RMB8 billion. On 8 August 2019, the 2019 financial bonds (first tranche) was issued with an aggregate amount of RMB8 billion and the interest rate of 3.48% for a term of 3 years.

### 4. Other matters related to subsidiaries

#### **(1) Issuance of Medium Term Notes (MTN) by Guotai Junan International**

During the Reporting Period, Guotai Junan International issued a series MTNs with a total amount of HKD1.9276 billion and USD333.5 million, with terms within the range of three months to three years, of which HKD42.6 million matured and was paid in 2019.

#### **(2) Capital increase to Guotai Junan Zhengyu**

On 10 April 2019, the Company contributed an additional RMB1 billion to Guotai Junan Zhengyu, and therefore the registered capital of Guotai Junan Zhengyu changed from RMB1 billion to RMB2 billion.

#### **(3) Capital increase to Guotai Junan Futures**

On 28 June 2019, the Company contributed an additional RMB800 million to Guotai Junan Futures, and therefore the registered capital of Guotai Junan Futures changed from RMB1.2 billion to RMB2 billion.

## Section V Significant Events

### (4) Capital increase to Guotai Junan Financial Holdings

According to the “Reply to the Opinion on the Capital Increase by Guotai Junan Securities Co., Ltd. to Guotai Junan Financial Holdings Co., Ltd.” (Ji Gou Bu Han [2019] No. 1061) issued by the China Securities Regulatory Commission, on 28 June 2019, the Company subscribed for 2,580,000,000 shares of Guotai Junan Financial Holdings with HKD2.58 billion with its self-owned funds. The total number of issued shares of Guotai Junan Financial Holdings changed from 31,980,000 shares to 2,611,980,000 shares. The paid-up capital changed from HKD31.98 million to HKD2.61198 billion.

### (5) Capital increase to Guoxiang Properties

On 15 August 2019, the Company contributed an additional RMB570 million to Guoxiang Properties and therefore the registered capital of Guoxiang Properties changed from RMB480 million to RMB1.05 billion.

## 5. Changes of business outlets

During the Reporting Period, the Group established two new securities branches, two new futures branch offices and three new futures branches, relocated two securities branch offices, 28 securities branches and one futures branch in the same cities and deregistered one securities branch in China. As of 30 June 2019, the Group had 33 securities branch offices, two futures branch offices, 421 securities branches and 27 futures branches, among which, there were 30 branch offices and 345 securities branches.

	Newly-established branch offices	Relocated branch offices	Newly-established securities/ futures branches	Relocated securities/ futures branches	Deregistered securities/ futures branches
The Company	—	2	—	22	1
Shanghai Securities	—	—	2	6	—
Guotai Junan Futures (Note)	2	—	3	—	—
Hicend Futures	—	—	—	1	—

Note: In May 2019, Beijing Jianguomenwai Street Business Department was upgraded to Beijing Branch Office and Guangzhou Business Department was upgraded to Guangdong Branch Office, both of which obtained a license to operate securities and futures business in June 2019.

Details of changes of business outlets:

## Section V Significant Events

### (1) The Company

#### 1) Relocated branch offices and securities branches:

No.	Names of branches before relocation	Names of branches after relocation	Locations of branches after relocation
1	Xinjiang Branch Office	Xinjiang Branch Office	6F, Tower A, Gongxiao Building, 314 Yangtze River Road, Shayibake District, Urumqi, Xinjiang
2	Hainan Branch Office	Hainan Branch Office	No. B2002, B2003, B2004, 20F, West Block of office building, Tower B, Lot S5, Haikuo Tiankong Guorui Cheng, 11 Guoxing Avenue, Meilan District, Haikou City, Hainan Province
3	Xiangtan Jianshe South Road Securities Branch	Xiangtan Jianshe Middle Road Securities Branch	No. 0701001, 0701002, 7F, Block A, Xiangtan Center Building, 4 Lanyuan Road, Dongping Street, Yuetang District, Xiangtan City, Hunan Province
4	Jingzhou Bianhe East Road Securities Branch	Jingzhou Jiangnan North Road Securities Branch	No.1 (A), 2F and No.2 (B), 1F, Huajin Building, Jiangnan North Road, Shashi District
5	Luzhou Naxi District Yunxi East Road Securities Branch	Luzhou Free Trade Zone Yuntai Road Securities Branch	Building 3, 68 Yuntai Road, Chunnan lingang District, Free Trade Zone, Sichuan Province
6	Huaihua Remin Road Securities Branch	Huaihua Yingfeng Road Securities Branch	Room 205, 2F, Wuxi Fortune Center, Yingfeng Road, Hecheng District, Huaihua City, Hunan Province
7	Changsha Wuyi Avenue Securities Branch	Changsha Wuyi Avenue Securities Branch	Passages of 1F, portions of 2F (West Area), 3F, 89 Wuyi Avenue, Furong District, Changsha City, Hunan Province
8	Shenzhen Longhua Unitown Securities Branch	Shenzhen Longhua Unitown Securities Branch	L1-005/006/013 and L2-001/007, 1061 Meilong Road, E area, Jingyuan Yifang Tiandi, Yicheng Center, intersection of Donghuan Yi Road and Meilong Road, Jinglong Community, Longhua Street, Longhua District, Shenzhen City

## Section V Significant Events

No.	Names of branches before relocation	Names of branches after relocation	Locations of branches after relocation
9	Shanghai Mudanjiang Road Securities Branch	Shanghai Jiangchang Road Securities Branch	A102, B301, B312, B313, 1400 Jiangchang Road, Jing'an District, Shanghai
10	Jiangsu Huai'an Jiankang East Road Securities Branch	Huai'an Huaihai East Road Securities Branch	Room 2103, 2105, 2106, 2107, 2108, Fenghui Plaza, 1 Huaihai East Road, Qingjiangpu District, Huai'an City
11	Shanghai Dapu Road Securities Branch	Shanghai Huangpi South Road Securities Branch	Unit 08, 09, 10, 11, 10F, Tower A, No.1, Lane 838, No. 808-2, 798 and Room 106-2 and Unit L117-2, L118, L119-2, Basement 1, No.2, Lane 838, Huangpi South Road, Huangpu District, Shanghai
12	Changde Renmin Road Securities Branch	Changde Renmin Road Securities Branch	1F, 2F, 4F, Huadu Building, 1888 Renmin Road, Guangmingxiang Community, Fuping Sub-district Office, Wuling District, Changde City, Hunan Province
13	Zhangzhou Shuixian Street Securities Branch	Zhangzhou Shuixian Street Securities Branch	Unit 06, 1F and Unit 07, 5F, Building B, Rongxin • Hilton • Yilin Hotel, 88 Shuixian Street, Longwen District, Zhangzhou City, Fujian Province
14	Nanning Shuangyong Road Securities Branch	Nanning Shuangyong Road Securities Branch	2206, 2204-2, Building A, Nanhu Mingdu Plaza, 30 Shuangyong Road, Qingxiu District, Nanning City
15	Daqing Huojuxin Street Securities Branch	Daqing Jinliu Street Securities Branch	16th Gate, Shangfu Building, A06, Xuewei Xincheng, 297 Jingliu Street, Dongfeng New Village, Saertu District, Daqing City
16	Chongqing Fengjie Securities Branch	Chongqing Fengjie Securities Branch	2F, 179 Kuizhou Road, Yufu Street, Fengjie County, Chongqing
17	Hengshui Renmin West Road Securities Branch	Hengshui Renmin West Road Securities Branch	1-2F, No. 585, Renmin West Road, Taocheng District, Hengshui City, Hebei Province
18	Weinan Cangcheng Road Securities Branch	Weinan Cangcheng Road Securities Branch	B2-105/205, Chengshangcheng, the middle section of Cangcheng Road, Linwei District, Weinan City, Shaanxi Province



## Section V Significant Events

No.	Names of branches before relocation	Names of branches after relocation	Locations of branches after relocation
19	Yantai South Street Securities Branch	Yantai Xisheng Street Securities Branch	1F and Room 2301, 2302, 2303, 2305, 23F, Huitong International, 27 Xisheng Street, Zhifu District, Yantai City, Shandong Province
20	Jiaying Zhongshan West Road Securities Branch	Jiaying Xiuzhou Avenue Securities Branch	Room 104-105, North side, 1F, Tower F, Future Science and Technology Plaza, 136 Xiuzhou Avenue, Xiuzhou District, Jiaying City, Zhejiang Province
21	Zhaoqing Xinghu East Road Securities Branch	Zhaoqing Xinghu East Road Securities Branch	B08, B09, 2F and A01, 1 Floor Shopping Mall, Bihu Plaza, 1 Xinghu East Road, Duanzhou District, Zhaoqing City, Guangdong Province
22	Yanji Changbaishan Road Securities Branch	Yanji Youyi Road Securities Branch	Dunhua Hall, 4F, Yanbian International Hotel, 118 Youyi Road, Yanji City, Jilin Province
23	Changchun Linhe Street Securities Branch	Changchun Northeast Asia International Financial Center Securities Branch	Room 611, 612, 613, 615, 616, 617, West Side, Building 2, Northeast Asia International Finance Center, Nangan District, Changchun City, Jilin Province
24	Weinan Cangcheng Road Securities Branch	Weinan Cangcheng Road Securities Branch	B2-105/205, Chengshangcheng, the middle section of Cangcheng Road, Linwei District, Weinan City, Shaanxi Province

2) *Deregistered securities branch:*

No.	Names of securities branches	Reply reference number	Approval date	Verification letter date
1	Guixi Yejin Avenue Securities Branch	Gan Zheng Jian Xu Ke [2018] No. 15	20 November 2018	24 January 2019

## Section V Significant Events

### (2) Shanghai Securities

#### 1) Newly-established securities branches:

No.	Names of newly-established securities branch	Locations of newly-established securities branch	Permit issuing date
1	Lishui Liandu District Youshan Road Securities Branch	Room 202, Unit 1, Building 275, Yinyuan Community, 565-569 Youshan Road, Liandu District, Lishui City, Zhejiang Province	14 January 2019
2	Ningbo Beilun District Qixing Road Securities Branch	Room 205-3 and 206-1, Building 1, 88 Qixing Road, Meishan, Beilun District, Ningbo, Zhejiang Province	12 February 2019

#### 2) Relocated securities branches:

No.	Names of branches before relocation	Names of branches after relocation	Locations of branches after relocation
1	Hongmei Road Securities Branch	Hongmei Road Securities Branch	Area B, 3309 Hongmei Road, Shanghai
2	Nanqiao Securities Branch	Fengxian Nanfengong Road Securities Branch	No. 8, Lane 9777, Nanfeng Road, Nanqiao Town, Fengxian District, Shanghai
3	Jinshan Securities Branch	Jinshan Weiqing West Road Securities Branch	1F and 2F, 643 Weiqing West Road, Jinshan District, Shanghai
4	Jing'an Nanjing West Road Securities Branch	Jing'an Nanjing West Road Securities Branch	Room A, 13F, 758 Nanjing West Road, Jing'an District, Shanghai
5	Pudong New Area Shangcheng Road Second Securities Branch	Chongming Antong Road Securities Branch	No. 1158-1, Antong Road, Chenjia Town, Chongming District, Shanghai
6	Pudong New Area Nianjiabang Road Securities Branch	Hongkou Dalian Road Securities Branch	Room 107, 108, 1599 Dalian Road, Hongkou District, Shanghai

## Section V Significant Events

### (3) Guotai Junan Futures

#### 1) Newly-established branches:

No.	Names of newly-established futures branches	Locations of newly-established futures branches	Permit issuing date
1	Beijing Branch Office	Unit 06, 7F, East Tower, Gemini Building, B12 Jianguomenwai Street, Chaoyang District, Beijing (formerly Beijing Jianguomenwai Street securities branch)	11 June 2019
2	Guangdong Branch Office	Room 1102, No. 10 Huaxia Road, Tianhe District, Guangzhou (formerly Guangzhou securities branch)	17 June 2019
3	Shanghai Yandong Road Futures Branch	Room 03, 04, 14F, 58 Yan'an East Road, Huangpu District, Shanghai	29 January 2019
4	Changsha Futures Branch	Room 3404, 34F, Industry Building of New Hunan Building, No. 442, Section 1, Furong Middle Road, Wangluyuan Street, Kaifu District, Changsha City	1 February 2019
5	Jinan Futures Branch	Room 1107, 1108, 975 Caoshanling South Road, Lixia District, Jinan City	14 February 2019

### (4) Hicend Futures

#### 1) Relocated futures branch:

No.	Name of branch before relocation	Name of branch after relocation	Location of branch after relocation
1	Zhengzhou Futures Branch	Zhengzhou Futures Branch	No. 504, 1905 Future Building, 69 Future Avenue, Jinshui District, Zhengzhou City

## Section VI Changes in Ordinary Shares and Particulars about Shareholders

### I. CHANGES IN SHARE CAPITAL

#### (I) Table of Changes in Shares

##### 1. Table of changes in shares

Unit: share

	Before change		Change (+/-)					After change		
	Number	Percentage	New issues	Bonus Issues	Reserves		Others	Sub-total	Number	Percentage
		(%)			Capitalized					(%)
I. Shares subject to selling restrictions	—	—	—	—	—	—	—	—	—	—
II. Tradable shares not subject to selling restrictions	8,713,940,629	100.00	194,000,000	—	—	7,325	194,007,325	8,907,947,954	100.00	
1. RMB-denominated ordinary shares	7,516,113,449	86.25	—	—	—	7,325	7,325	7,516,120,774	84.38	
2. Domestic listed foreign-invested shares	—	—	—	—	—	—	—	—	—	—
3. Overseas listed foreign-invested shares	1,197,827,180	13.75	194,000,000	—	—	—	194,000,000	1,391,827,180	15.62	
4. Others	—	—	—	—	—	—	—	—	—	—
III. Total shares	8,713,940,629	100.00	194,000,000	—	—	7,325	194,007,325	8,907,947,954	100.00	

##### 2. Changes in shares

Applicable  Not applicable

On 17 April 2019, the Company completed the placing of 194,000,000 H shares under a general mandate.

The A-Share Convertible Bonds issued by the Company have entered into share conversion period from 8 January 2018. In the first half of 2019, the A-Share Convertible Bonds amounted to RMB145,000 had been converted into a total of 7,325 A Shares.

##### 3. Impact of changes in shares on earnings per share, net asset value per share or other financial indicators subsequent to the end of the Reporting Period and up to the publication date of the interim report

Applicable  Not applicable

## Section VI Changes in Ordinary Shares and Particulars about Shareholders

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

Applicable  Not applicable

### (II) Changes in Shares Subject to Selling Restrictions

Applicable  Not applicable

## II. ISSUE AND LISTING OF SECURITIES

### (I) Issue of Securities During the Reporting Period

Applicable  Not applicable

*Unit: share Currency: RMB*

Types of Shares and other derivative instruments	Date of issue	Issue price (or interest rate)	Issue amount	Listing date	Transaction amount approved to be listed	Transaction Termination Date
<b>Ordinary Shares</b>						
H shares	April 2019	HKD16.34	194,000,000	April 2019	194,000,000	
<b>Convertible corporate bonds, bonds with detachable warrants and corporate bonds</b>						
2019 First Tranche Short-term Financing Bills	March 2019	2.77%	4,000,000,000	March 2019	4,000,000,000	June 2019
2019 Second Tranche Short-term Financing Bills	April 2019	2.78%	3,000,000,000	April 2019	3,000,000,000	July 2019
2019 Third Tranche Short-term Financing Bills	June 2019	2.57%	2,000,000,000	July 2019	2,000,000,000	September 2019
2019 Corporate Bonds (First Tranche)	April 2019	3.90%	3,000,000,000	May 2019	3,000,000,000	April 2022
2019 Corporate Bonds (Second Tranche)	May 2019	3.73%	2,900,000,000	May 2019	2,900,000,000	May 2022
Guotai Junan Financial Holdings Guaranteed Bonds	March 2019	3.875%	USD500,000,000	March 2019	USD500,000,000	March 2022
EUR- denominated Floating-rate Bonds	March 2019	3M EURIBOR +1.15%	EUR255,000,000	March 2019	EUR255,000,000	March 2022

Issue of securities during the Reporting Period:

Applicable  Not applicable

On 17 April 2019, the Company completed the placing of 194,000,000 H Shares at a price of HKD16.34 per share under a general mandate, representing 13.94% and 2.18% of the total number of H Shares and the total share capital as enlarged by the placing, respectively. The total number of the Shares of the Company changed from 8,713,947,954 shares to 8,907,947,954 shares, comprising 7,516,120,774 A shares and 1,391,827,180 H shares. The gross proceeds from such placing was approximately HKD3.17 billion.

## Section VI Changes in Ordinary Shares and Particulars about Shareholders

### III. PARTICULARS ABOUT SHAREHOLDERS

#### (I) Total number of Shareholders:

Total number of holders of ordinary shares at the end of the Reporting Period <sup>Note 1</sup>	177,107
Total number of holders of preferred shares with voting rights restored at the end of the Reporting Period	—

Note 1: The total number of Shareholders of the Company includes holders of ordinary A Shares and registered holders of H Shares, including 176,914 holders of A Shares and 193 registered holders of H Shares.

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

*Unit: share*

Names of Shareholders	Increase or decrease during the Reporting Period	Shareholdings of the top ten Shareholders			Pledged or frozen Status	Number	Nature of Shareholders
		Number of shares held as at the end of the period	Percentage (%)	Number of shares with selling restrictions held			
Shanghai State-owned Assets Operation Co., Ltd (Note 1)	—	1,900,963,748	21.34	—	Not	—	State-owned legal person
HKSCC Nominees Limited (Note 2)	+194,075,600	1,391,747,320	15.62	—	unknown	—	Overseas legal person
Shanghai International Group Co., Ltd.	—	682,215,791	7.66	—	Not	—	State-owned legal person
Shenzhen Investment Holdings Co., Ltd. (Note 3)	—	609,428,357	6.84	—	Not	—	State-owned legal person
China Securities Finance Corporation Limited	—	260,547,316	2.92	—	Not	—	Domestic non-state-owned legal person
Shanghai Municipal Investment (Group) Corporation	—	246,566,512	2.77	—	Not	—	State-owned legal person
Shenzhen Energy Group Co., Ltd.	—	154,455,909	1.73	—	Not	—	Domestic non-state-owned legal person
First Automotive Works Equity Investment (Tianjin) Company Limited	—	112,694,654	1.27	—	Not	—	State-owned legal person
Hangzhou Financial Investment Group Co., Ltd.	—	92,322,675	1.04	—	Not	—	State-owned legal person
Hong Kong Securities Clearing Company Limited (Note 4)	-8,939,942	88,336,901	0.99	—	Not	—	Overseas legal person

## Section VI Changes in Ordinary Shares and Particulars about Shareholders

### Shareholdings of the top ten Shareholders not subject to selling restrictions

Names of Shareholders	Number of tradable shares not subject to selling restrictions held	Class and number of shares	
		Class	Number
Shanghai State-owned Assets Operation Co., Ltd.	1,900,963,748	RMB- denominated ordinary shares	1,900,963,748
HKSCC Nominees Limited	1,391,747,320	Overseas listed foreign-invested shares	1,391,747,320
Shanghai International Group Co., Ltd.	682,215,791	RMB- denominated ordinary shares	682,215,791
Shenzhen Investment Holdings Co., Ltd.	609,428,357	RMB- denominated ordinary shares	609,428,357
China Securities Finance Corporation Limited	260,547,316	RMB- denominated ordinary shares	260,547,316
Shanghai Municipal Investment (Group) Corporation	246,566,512	RMB- denominated ordinary shares	246,566,512
Shenzhen Energy Group Co., Ltd.	154,455,909	RMB- denominated ordinary shares	154,455,909
First Automotive Works Equity Investment (Tianjin) Company Limited	112,694,654	RMB- denominated ordinary shares	112,694,654
Hangzhou Financial Investment Group Co., Ltd.	92,322,675	RMB- denominated ordinary shares	92,322,675
Hong Kong Securities Clearing Company Limited	88,336,901	RMB- denominated ordinary shares	88,336,901
Description on the relations or acting-in-concert arrangements among the Shareholders above	Shanghai State-owned Assets Operation Co., Ltd is a wholly owned subsidiary of Shanghai International Group Co., Ltd. HKSCC Nominees Limited and Hong Kong Securities Clearing Company Limited are both wholly owned subsidiaries of The Stock Exchange of Hong Kong Limited, holding H Shares and A Shares of the Company for H shares investors and Shanghai Connect investors. Save as disclosed herein, the Company is not aware of any other relations or acting-in-concert arrangements.		
Description on the holders of preferred shares with voting rights restored and their shareholdings			Not applicable

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

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

Note 3: In the above table of top ten shareholders, the number of Shares held by Shenzhen Investment Holdings as at the end of the period merely represents the number of A Shares held by it. Another 103,373,800 H Shares were held by Shenzhen Investment Holdings through HKSCC Nominees Limited as the nominee.

Note 4: Hong Kong Securities Clearing Company Limited is the nominee of Shanghai Connect investors holding A Shares of the Company.

## Section VI Changes in Ordinary Shares and Particulars about Shareholders

Note 5: The Shares not subject to selling restrictions and the Shareholders not subject to selling restrictions as referred to herein are those as defined under the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange.

Shareholdings of the top ten Shareholders subject to selling restrictions and terms of the selling restrictions

Applicable  Not applicable

### (III) Strategic investors or general legal persons become top ten shareholders due to rights issue

Applicable  Not applicable

## IV. CHANGES IN CONTROLLING SHAREHOLDERS OR DE FACTO CONTROLLER

Applicable  Not applicable

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

As of 30 June 2019, to the best knowledge of the Company, the following persons have interests or short positions in the shares or underlying shares of the Company which are required to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or are required to be recorded, in the register that is required to be kept by the Company under Section 336 of the SFO or own directly or indirectly 5% or more of the nominal value of any class of the Shares:

Substantial Shareholders	Nature of interest	Class	Number (Note 1)/nature of shares directly or indirectly held	As an Approximate Percentage of the Relevant Class of Shares (%)	As an Approximate Percentage of the Total Issued Share Capital (%)
Shanghai International Group Co., Ltd.	Beneficial owner	A Shares	687,861,088/Long positions (Note2)	9.15	7.72
	Interest held by controlled corporations	A Shares	2,027,479,111/Long positions (Note3)	26.98	22.76
	Interest held by controlled corporations	H Shares	152,000,000/Long positions (Note4)	10.92	1.71
Shanghai State-owned Assets Operation Co., Ltd	Beneficial owner	A Shares	1,916,333,193/Long positions (Note5)	25.50	21.51
	Beneficial owner	H Shares	152,000,000/Long positions	10.92	1.71
Shenzhen Investment Holdings Co., Ltd	Beneficial owner	A Shares	609,428,357/Long positions	8.11	6.84
	Beneficial owner	H Shares	103,373,800/Long positions	7.43	1.16



## Section VI Changes in Ordinary Shares and Particulars about Shareholders

Substantial Shareholders	Nature of interest	Class	Number (Note 1)/nature of shares directly or indirectly held	As an Approximate Percentage of the Relevant Class of Shares (%)	As an Approximate Percentage of the Total Issued Share Capital (%)
New China Asset Management (Hong Kong) Limited	Beneficial owner	H Shares	258,388,000/Long positions	18.56	2.90
New China Asset Management Company Limited	Interest held by controlled corporations	H Shares	258,388,000/Long positions (Note 6)	18.56	2.90
New China Life Insurance Company Ltd.	Interest held by controlled corporations	H Shares	258,388,000/Long positions (Note 6)	18.56	2.90
Diamond Acquisition Co SARL	Beneficial owner	H Shares	190,333,000/Long positions (Note 7)	13.68	2.14
A9 USD (Feeder) L.P.	Interest held by controlled corporations	H Shares	190,333,000/Long positions (Note 7)	13.68	2.14
Apax Guernsey (Holdco) PCC Limited	Interest held by controlled corporations	H Shares	190,333,000/Long positions (Note 7)	13.68	2.14
Apax IX GP Co. Limited	Interest held by controlled corporations	H Shares	190,333,000/Long positions (Note 7)	13.68	2.14
Apax IX USD GP L.P. Inc.	Interest held by controlled corporations	H Shares	190,333,000/Long positions (Note 7)	13.68	2.14
Apax IX USD L.P.	Interest held by controlled corporations	H Shares	190,333,000/Long positions (Note 7)	13.68	2.14
Diamond Holding SARL	Interest held by controlled corporations	H Shares	190,333,000/Long positions (Note 7)	13.68	2.14
Jacqueline Mary Le Maitre - Ward	Trustee of a trust	H Shares	190,333,000/Long positions (Note 7)	13.68	2.14
David Payne Staples	Trustee of a trust	H Shares	190,333,000/Long positions (Note 7)	13.68	2.14
Newton Industrial Limited	Beneficial owner	H Shares	100,000,000/Long positions	7.18	1.12
Shenzhen Energy Group Co., Ltd.	Interest held by controlled corporations	H Shares	100,000,000/Long positions (Note 8)	7.18	1.12
Matthews International Capital Management, LLC	Beneficial owner	H Shares	97,504,600/Long positions	7.00	1.09
National Council for Social Security Fund	Beneficial owner	H Shares	91,093,980/Long positions	6.54	1.02

## Section VI Changes in Ordinary Shares and Particulars about Shareholders

- Note 1: Pursuant to Section 336 of the SFO, Shareholders shall submit forms to disclose their interests when certain conditions are met. As Shareholders are not required to inform the Company and the Hong Kong Stock Exchange of any changes in their shareholdings in the Company unless certain conditions are met, the latest shareholdings of substantial Shareholders may be inconsistent with the shareholdings reported to the Hong Kong Stock Exchange.
- Note 2: The A-Share Convertible Bonds directly held by International Group amounted to RMB111,043,000, which are convertible into 5,645,297 A Shares of the Company based on the conversion price as at 30 June 2019 of RMB19.67 per Share if fully converted. Meanwhile, International Group directly held 682,215,791 A Shares.
- Note 3: Based on the conversion price as at 30 June 2019 of RMB19.67 per Share, Shanghai SA, Shanghai International Group Asset Management Co., Ltd., Shanghai International Group Asset Operation Co, Ltd. and Shanghai Sitico Assets Management Co., Ltd. were interested in 1,916,333,193, 34,732,152, 931,505 and 75,482,261 A Shares respectively. Shanghai SA, Shanghai International Group Asset Management Co., Ltd. and Shanghai International Group Asset Operation Co., Ltd. are wholly owned subsidiaries of International Group, and Shanghai Sitico Assets Management Co., Ltd. is a subsidiary in which International Group holds a 66.33% interest. Therefore, International Group is deemed to be interested in the 2,027,479,111 A Shares held by Shanghai SA, Shanghai International Group Asset Management Co., Ltd., Shanghai International Group Asset Operation Co., Ltd. and Shanghai Sitico Assets Management Co., Ltd. for the purpose of the SFO;
- Note 4: Shanghai SA is a wholly owned subsidiary of International Group. Therefore, International Group is deemed to be interested in the 152,000,000 H Shares held by Shanghai SA for the purpose of the SFO.
- Note 5: The A-Share Convertible Bonds held by Shanghai SA amounted to RMB302,317,000, which were convertible into 15,369,445 A Shares based on the conversion price as at 30 June 2019 of RMB19.67 per Share if fully converted. Meanwhile, Shanghai SA directly held 1,900,963,748 A shares.
- Note 6: New China Asset Management Company Limited holds a 60% interest in New China Asset Management (Hong Kong) Limited, and New China Life Insurance Company Ltd. owns a 99.4% interests in New China Asset Management Company Limited. Therefore, New China Life Insurance Company Ltd. and New China Asset Management Company Limited are deemed to be interested in the 258,388,000 H Shares held by New China Asset Management (Hong Kong) Limited for the purpose of the SFO.
- Note 7: Diamond Acquisition Co SARL is wholly owned by Diamond Holding SARL. Apax IX USD L.P. is the beneficial owner of 73.8% of the equity interest in Diamond Holding SARL. A9 USD (Feeder) L.P. contributed 44.9% of the capital to Apax IX USD L.P. Apax IX USD GP L.P. Inc. is the general partner of Apax IX USD L.P. and A9 USD (Feeder) L.P. Apax IX GP Co. Limited is the general partner of Apax IX USD GP L.P. Inc. Apax IX GP Co. Limited is wholly owned by Apax Guernsey (Holdco) PCC Limited. The equity interest in Apax Guernsey (Holdco) PCC Limited is held by Jacqueline Mary Le Maitre – Ward and David Payne Staples as trustees of the Hirzel IV Purpose Trust. Accordingly, each of Diamond Holding SARL, Apax IX USD L.P., Apax IX USD GP L.P. Inc., Apax IX GP Co. Limited, Apax Guernsey (Holdco) PCC Limited, A9 USD (Feeder) L.P., Jacqueline Mary Le Maitre – Ward and David Payne Staples are deemed to be interested in the 190,333,000 H Shares held by Diamond Acquisition Co SARL for the purpose of the SFO.
- Note 8: Newton Industrial Limited is wholly owned by Shenzhen Energy Group Co., Ltd. Therefore, Shenzhen Energy Group Co., Ltd. is deemed to be interested in 100,000,000 H Shares held by Newton Industrial Limited under the SFO.

Save as disclosed above, as at 30 June 2019, the Company was not aware of any other person (other than the directors, supervisors and chief executives of the Company) having any interests or short positions in the shares or underlying shares of the Company which are required to be recorded in the register pursuant to Section 336 of the SFO.

## Section VI Changes in Ordinary Shares and Particulars about Shareholders

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

In May 2014, Guotai Junan Financial Holding Limited (incorporated in the British Virgin Islands), a subsidiary of the Company, issued five-year term credit enhancement bonds with an amount of USD500 million overseas and these bonds were due and repaid in full in May 2019.

On 12 April 2016, the Company successfully issued 5-year 2016 Corporate Bonds (First Tranche) (Type I) (thereafter as “16 GUOJUN G1”) with an aggregated amount of RMB5 billion and the coupon rate of 2.97%. The Company has an option to redeem the 16 GUOJUN G1 at the end of the third year after the issuance. On 28 February 2019, the Company decided to exercise its issuer’s option to redeem and redeem all registered 16 GUOJUN G1 as at the record date. Such redemption was completed on 12 April 2019. The total principal amount and total interests of the 16 GUOJUN G1 repaid by the Company amounted to RMB5 billion and RMB148.5 million, respectively. The 16 GUOJUN G1 were delisted from the Integrated Electronic Platform for Fixed Income Securities of the Shanghai Stock Exchange on 12 April 2019.

On 12 August 2016, the Company successfully issued 5-year 2016 Corporate Bonds (Second Tranche) (Type I) (thereafter as “16 GUOJUN G3”) with an aggregated amount of RMB5 billion and the coupon rate of 2.90%. The Company has an option to redeem the 16 GUOJUN G3 at the end of the third year. On 1 July 2019, the Company decided to exercise its issuer’s option to redeem and redeem all registered 16 GUOJUN G3 as at the record date. Such redemption was completed on 12 August 2019. The total principal amount and total interests of the 16 GUOJUN G3 repaid by the Company amounted to RMB5 billion and RMB145 million, respectively. The 16 GUOJUN G3 were delisted from the Integrated Electronic Platform for Fixed Income Securities of the Shanghai Stock Exchange on 12 August 2019.

Save as disclosed in this report, the Company did not repurchase, sale or redeem any listed securities of the Company and its subsidiaries.

### VII. PUBLIC FLOAT

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

1. Before the conversion of the Convertible Corporate Bonds: to be the higher of 11.45% of the total issued share capital of the Company or such percentage of H Shares of the enlarged issued share capital of the Company to be held by the public upon the exercise of the over-allotment option;
2. After the conversion of the Convertible Corporate Bonds: to be the higher of 10.78% of the total issued share capital of the Company or such percentage of H Shares to be held by the public immediately upon the full conversion of the Convertible Corporate Bonds.

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

## Section VII Preferred Shares

Applicable  Not applicable

## Section VIII Directors, Supervisors and Senior Management

### I. CHANGES IN SHAREHOLDING

#### (I) Changes in the shareholdings of the current Directors, Supervisors and senior management of the Company and those who resigned during the Reporting Period

Applicable  Not applicable

#### (II) Share awards granted to the Directors, Supervisors and senior management of the Company during the Reporting Period

Applicable  Not applicable

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

Applicable  Not applicable

Name	Position	Reason of change
GUAN Wei	Director	Election
WANG Wenjie	Director	Election
WANG Lei	Vice chairman of Supervisory Committee, employee Supervisor	Election
LIU Ying	Former Director	Resignation
WANG Yongjian	Former Director	Resignation
SHANG Hongbo	Former chairman of the Supervisory Committee	Resignation
ZHU Ning	Former vice chairman of the Supervisory Committee, and employee Supervisor	Resignation

Explanation on Changes in Director, Supervisors and Senior Management of the Company

Applicable  Not applicable

1. Ms. LIU Ying and Mr. WANG Yongjian resigned as Directors on 9 May 2019, which became effective from close of business of the Company on the same day. Since Mr. ZHU Ning reached the age for retirement, he no longer served as the vice chairman of Supervisory Committee and an employee supervisor of the Company since 6 May 2019. Mr. SHANG Hongbo resigned as the chairman of the Supervisory Committee and a Supervisor on 17 June 2019, which became effective from close of business of the Company on the same date.

## Section VIII Directors, Supervisors and Senior Management

2. On 3 June 2019, Mr. WANG Lei was elected as an employee supervisor of the fifth session of the Supervisory Committee at the third meeting of the fourth session of the employee representatives meeting of the Company; on 4 June 2019, Mr. WANG Lei obtained the relevant qualification of a securities company and his appointment became effective on the same date. On 17 June 2019, the Resolution on Proposing to Elect Vice Chairman of the Fifth Session of Supervisory Committee of the Company was considered and approved at the third extraordinary meeting of the fifth session of the Supervisory Committee and Mr. WANG Lei was elected as the vice chairman of the fifth session of the Supervisory Committee.
3. On 24 June 2019, the Resolution on Election of Directors of the Company was considered and approved at the 2018 Annual General Meeting of the Company and Ms. GUAN Wei and Mr. WANG Wenjie were elected as Directors of the fifth session of Board and such appointments shall become effective after they have obtained the approval on their qualification as directors of a securities company. On 28 June 2019, Mr. WANG Wenjie was qualified as a director of a securities company and his appointment became effective on the same date. On 25 July 2019, Ms. GUAN Wei was qualified as a director of a securities company and her appointment became effective on the same date.

### III. OTHER EXPLANATIONS

Applicable    Not applicable

#### (I) Securities transactions by Directors, Supervisors and relevant employees

The Company formulated and amended the Administration Measures on the Holding of Shares of Directors, Supervisors and Senior Management Members of the Company and the Changes Therein (hereinafter referred to as the “Administration Measures”) which is implemented since the date on which the H Shares of the Company are listed on the Hong Kong Stock Exchange (being 11 April 2017), to regulate the conducts of Directors, Supervisors and senior management members of the Company in holding and dealing in the Shares. The requirements stipulated in the Model Code are adopted in the Administration Measures, and the requirements in the Administration Measures are stricter than the mandatory provisions in the Model Code.

After making enquiries, all Directors, Supervisors and senior management of the Company have confirmed that they had been in strict compliance with the Administration Measures and the Model Code throughout the Reporting Period. During the Reporting Period, none of current Directors, Supervisors and senior management of the Company and those who resigned during the Reporting Period held any Shares or share options of the Company, nor were granted any restricted shares.

#### (II) Interests and short positions of Directors, Supervisors and chief executive in the Shares, underlying shares or debentures of the Company and associated corporations

As of 30 June 2019, the Company was not aware of any Director, Supervisors and chief executive of the Company having any interest or short position in the Shares, underlying shares or debentures of the Company or its associated corporations which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

## Section VIII Directors, Supervisors and Senior Management

### (III) Material changes in biographical particulars of Directors, Supervisors and chief executive

Mr. JIN Qingjun (靳慶軍), an independent non-executive Director, has ceased to serve as an independent director of China CSG Holding Co., Ltd. (中國南玻集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: (A shares) 000012, (B shares) 200012), since 10 April 2019; and has ceased to serve as an external supervisor of China Merchants Bank Co., Ltd. (招商銀行股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 3968) and the Shanghai Stock Exchange (stock code: 600036) since 27 June 2019. Mr. LIU Xuefeng (劉雪楓), an employee representative Supervisor, has been serving as the executive deputy director of the inspection committee of the Company, and has ceased to serve as the general manager of investigation and audit department of the Company since 28 May 2019. Ms. GUAN Wei (管蔚), a Director, has been serving as the director of Shanghai Pudong Development Bank Co., Ltd. (上海浦東發展銀行股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600000), since 3 July 2019.

Other than that, there were no other material changes in the biographical particulars of Directors, Supervisors and chief executive of the Company during the Reporting Period that is required to be disclosed pursuant to Rule 13.51B of the Hong Kong Listing Rules.

### (IV) Number of employees, remuneration and training programs

As of 30 June 2019, the Group had a total of 15,193 employees, 11,295 of which were employees of the Company.

The Company has formulated a series of remuneration management systems in line with the practical conditions of the Company pursuant to relevant PRC laws and regulations and the Articles of Association, including the Administrative Measures on Remuneration, the Administrative Measures on Performance and the Administrative Measures on Professional Ranking. The Company establishes a position value and competence oriented and performance-related remuneration system to achieve “internal fairness and external competition” and provide the incentive for talented staff with aims to gather and attract outstanding talents. The Company maintains and makes contributions to various social insurances (including the pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance), housing funding and enterprise annuity in accordance with the PRC laws and regulations.

In order to improve the professional skills of its employees, the Company has provided diversified internal and external training programs. In the first half of 2019, the Company provided 297 on-site trainings to nearly 9,751 attendances with more than 1,520 online training programs in total and over 8,274 persons spent over 177,000 hours in studying on the internet, which covered product marketing, leadership training, international theme salons, induction training for new employees, wealth management business and option business training, compliance and risk control, laws and regulations, investment banking business, credit business and Southbound business.

## Section IX Corporate Bonds

√ Applicable    □ Not applicable

### I. BASIC INFORMATION OF CORPORATE BONDS

*Unit: yuan    Currency: RMB*

Name of bond	Abbreviation	Bond code	Issue date	Maturity date	Outstanding amount	Interest rate (%)	Method of repayment of principal and payment of interests	Place of trading
2015 Corporate Bonds (First Tranche) (Type II)	15 GUOJUN G2	136048	18 November 2015	19 November 2022	1,000,000,000	3.8	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
2016 Corporate Bonds (First Tranche) (Type II)	16 GUOJUN G2	136368	11 April 2016	12 April 2023	1,000,000,000	3.25	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
2016 Corporate Bonds (Second Tranche) (Type I)	16 GUOJUN G3	136622	11 August 2016	12 August 2021	5,000,000,000	2.90	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
2016 Corporate Bonds (Second Tranche) (Type II)	16 GUOJUN G4	136623	11 August 2016	12 August 2021	3,000,000,000	3.14	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
2016 Corporate Bonds (Third Tranche)	16 GUOJUN G5	136711	20 September 2016	21 September 2021	3,000,000,000	2.94	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
2017 Corporate Bonds (First Tranche) (Type I)	17 GUOJUN G1	143229	3 August 2017	4 August 2020	4,700,000,000	4.57	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange



## Section IX Corporate Bonds

Name of bond	Abbreviation	Bond code	Issue date	Maturity date	Outstanding amount	Interest rate (%)	Method of repayment of principal and payment of interests	Place of trading
2017 Corporate Bonds (First Tranche) (Type II)	17 GUOJUN G2	143230	3 August 2017	4 August 2022	600,000,000	4.70	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
2017 Corporate Bonds (Second Tranche)	17 GUOJUN G3	143337	17 October 2017	18 October 2020	3,700,000,000	4.78	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
2018 Corporate Bonds (First Tranche)	18 GUOJUN G1	143528	20 March 2018	21 March 2021	4,300,000,000	5.15	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
2018 Corporate Bonds (Second Tranche)	18 GUOJUN G2	143607	23 April 2018	25 April 2021	4,300,000,000	4.55	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
2018 Corporate Bonds (Third Tranche) (Type I)	18 GUOJUN G3	143732	12 July 2018	16 July 2021	4,700,000,000	4.44	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
2018 Corporate Bonds (Third Tranche) (Type II)	18 GUOJUN G4	143733	12 July 2018	16 July 2023	300,000,000	4.64	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
2019 Corporate Bonds (First Tranche) (Type I)	19 GUOJUN G1	155371	23 April 2019	24 April 2022	3,000,000,000	3.90	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange

## Section IX Corporate Bonds

Name of bond	Abbreviation	Bond code	Issue date	Maturity date	Outstanding amount	Interest rate (%)	Method of repayment of principal and payment of interests	Place of trading
2019 Corporate Bonds (Second Tranche)	19 GUOJUN G3	155423	15 May 2019	17 May 2022	2,900,000,000	3.73	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange
EUR Floating-rate Bonds	GTJA SEC B2203	5883.hk	12 March 2019	12 March 2022	EUR 255 million	3M EUR IBOR +1.15	Interest payable on a quarterly basis and principal repayable and accrued interest payable upon maturity	Hong Kong Stock Exchange
Guotai Junan Financial Holdings Guaranteed Bonds	GTJA HOLD B2203	05853.hk	11 March 2019	11 March 2022	USD 500,000,000	3.875	Interest payable on semi annual basis	Hong Kong Stock Exchange

### Interest payment of corporate bonds

Applicable  Not applicable

Interest on 2018 Corporate Bonds (First Tranche) for the current period was paid in March 2019, and interests on 2016 Corporate Bonds (First Tranche) (Type II) and 2018 Corporate Bonds (Second Tranche) for the current period were paid in April 2019.

### Other matters related to corporate bonds

Applicable  Not applicable

In respect of Guotai Junan Securities Co., Ltd. 2015 Corporate Bonds (First Tranche) (Type II), the issuer has a redemption option and an option to increase the coupon rate and the investors have a put option, all of which are exercisable on the interest payment date of the fifth interest-bearing year. None of such options were exercised during the Reporting Period.

In respect of Guotai Junan Securities Co., Ltd. 2016 Corporate Bonds (First Tranche) (Type II), the issuer has a redemption option and an option to adjust the coupon rate and the investors have a put option, all of which are exercisable on the interest payment date of the fifth interest-bearing year. None of such options were exercised during the Reporting Period.

In respect of Guotai Junan Securities Co., Ltd. 2016 Corporate Bonds (Second Tranche) (Type I), the issuer has a redemption option and an option to adjust the coupon rate and the investors have a put option, all of which are exercisable on the interest payment date of the third interest-bearing year. None of such options were exercised during the Reporting Period.

In respect of Guotai Junan Securities Co., Ltd. 2016 Corporate Bonds (Third Tranche), the issuer has a redemption option and an option to adjust the coupon rate and the investors have a put option, all of which are exercisable on the interest payment date of the third interest-bearing year. None of such options were exercised during the Reporting Period.

## Section IX Corporate Bonds

### II. CONTACT PERSONS AND INFORMATION OF THE TRUSTEES MANAGER AND CONTACT INFORMATION OF THE CREDIT RATING AGENCY OF THE CORPORATE BONDS

15 GUOJUN G2	Trustee manager of bonds	Name	Changjiang Financing Services Co., Limited
16 GUOJUN G2		Address of office	21/F, Chamtime International Financial Centre, No. 1589 Century Avenue, Pudong New District, Shanghai
		Contact persons TEL	Zhang Zhipeng, Liu Borang 021-38784899
16 GUOJUN G3	Trustee manager of bonds	Name	Everbright Securities Co. Ltd
16 GUOJUN G4		Address of office	No. 1508 Xinzha Road, Jing'an District, Shanghai
16 GUOJUN G5		Contact persons	Huang Liang, Xing Yiwei
17 GUOJUN G1		TEL	021-22169877/021-22169842
17 GUOJUN G2			
17 GUOJUN G3			
18 GUOJUN G1	Trustee manager of bonds	Name	Industrial Securities Co., Ltd.
18 GUOJUN G2		Address of office	6/F, East Tower, Dingxiang International Building, 36 Changliu Road, Pudong New District, Shanghai
18 GUOJUN G3		Contact persons	Yang Lingshan
18 GUOJUN G4		TEL	021-38565900
19 GUOJUN G1	Trustee manager of bonds	Name	GF Securities Co., Ltd.
19 GUOJUN G3		Address of office	16/F, IFC I, No. 8 Century Avenue, Pudong New District, Shanghai
		Contact persons TEL	Xie Tian, Yan Jin, Ma Qian, Lu Yicheng, Lou Heng 020-66338888
15 GUOJUN G2	Credit rating agency	Name	Shanghai Brilliance Credit Rating &
16 GUOJUN G2		Address of office	Investors Service Co., Ltd.
16 GUOJUN G3			14/F, Huasheng Building, No. 398 Hankou Road, Shanghai
16 GUOJUN G4			
16 GUOJUN G5			
17 GUOJUN G1			
17 GUOJUN G2			
17 GUOJUN G3			
18 GUOJUN G1			
18 GUOJUN G2			
18 GUOJUN G3			
18 GUOJUN G4			
19 GUOJUN G1			
19 GUOJUN G3			

Other explanations:

Applicable  Not applicable

## Section IX Corporate Bonds

### III. USE OF PROCEEDS FROM THE CORPORATE BONDS

Applicable  Not applicable

As at 30 June 2019, all the proceeds from the corporate bonds above have been used to supplement the working capital of the Company in order to meet the needs of its business operation, which was in line with the intended use, use plan and other agreements as set out in the bond prospectus.

### IV. RATINGS OF THE CORPORATE BONDS

Applicable  Not applicable

On 3 April 2019, the Company engaged Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. to conduct credit rating for “19 GUOJUN G1”. Pursuant to the “Credit Rating Reports on Guotai Junan Securities Co., Ltd. Public Issuance of 2019 Corporate Bonds (First Tranche) (《國泰君安證券股份有限公司公開發行2019年公司債券(第一期)信用評級報告》)” (Shanghai Brilliance Bond Rating (2019)010348) issued by Shanghai Brilliance, the long-term credit rating of the Company is AAA, the credit rating of this bond is AAA, and the credit rating outlook is stable.

On 6 May 2018, Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. conducted follow-up credit ratings for “15 GUOJUN G2”, “16 GUOJUN G2”, “16 GUOJUN G3”, “16 GUOJUN G4”, “16 GUOJUN G5”, “17 GUOJUN G1”, “17 GUOJUN G2”, “17 GUOJUN G3”, “18 GUOJUN G1”, “18 GUOJUN G2”, “18 GUOJUN G3” and “18 GUOJUN G4”, and issued the Report on the Follow-up Credit Rating of the 2015, 2016, 2017 and 2018 Corporate Bonds of Guotai Junan Securities Co., Ltd. (Shanghai Brilliance Ongoing Rating [2019]100052), pursuant to which the credit ratings of the “15 GUOJUN G2”, “16 GUOJUN G2”, “16 GUOJUN G3”, “16 GUOJUN G4”, “16 GUOJUN G5”, “17 GUOJUN G1”, “17 GUOJUN G2”, “17 GUOJUN G3”, “18 GUOJUN G1”, “18 GUOJUN G2”, “18 GUOJUN G3” and “18 GUOJUN G4” are remained at AAA, the credit rating of the Company is remained at AAA, and the credit rating outlook is stable.

On 9 May 2019, the Company engaged Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. to conduct credit rating for “19 GUOJUN G3”. Pursuant to the “Credit Rating Reports on Guotai Junan Securities Co., Ltd. Public Issuance of 2019 Corporate Bonds (Second Tranche) (《國泰君安證券股份有限公司公開發行2019年公司債券(第二期)信用評級報告》)” (Shanghai Brilliance Bond rating (2019)010462) issued by Shanghai Brilliance, the long-term credit rating of the Company is AAA, the credit ratings of this bond are AAA, and the credit rating outlook is stable.

### V. CREDIT ENHANCEMENT MECHANISM, DEBT REPAYMENT PLAN AND OTHER RELATED INFORMATION OF THE CORPORATE BONDS DURING THE REPORTING PERIOD

Applicable  Not applicable

As agreed in the bond prospectuses of the Company, the Company’s debt repayment safeguard measures include: formulating the Bondholder Meeting Rules, establishing special repayment work teams, giving full play to the role of bond trustees and strictly performing its obligation of information disclosure. During the Reporting Period, the relevant plans and measures of the Company were consistent with the commitments in the bond prospectuses.

## Section IX Corporate Bonds

### VI. MEETINGS OF THE HOLDERS OF THE CORPORATE BONDS

Applicable  Not applicable

### VII. PERFORMANCE OF DUTIES BY THE TRUSTEES OF THE CORPORATE BONDS

Applicable  Not applicable

Changjiang Financing Services Co., Ltd., the Company's bond trustee of "15 GUOJUN G2" and "16 GUOJUN G2", issued the 2018 Bond Trustee Management Services Report of 2015 Corporate Bonds (Tranche I) of Guotai Junan Securities Co., Ltd. and the 2018 Bond Trustee Services Report of 2016 Corporate Bonds (Tranche I) of Guotai Junan Securities Co., Ltd. in June 2019.

Everbright Securities Co., Ltd., the Company's bond trustee of "16 GUOJUN G3", "16 GUOJUN G4", "16 GUOJUN G5", "17 GUOJUN G1", "17 GUOJUN G2" and "17 GUOJUN G3", issued the 2018 Bond Trustee Management Services Report of 2016 Corporate Bonds (Tranches II and III) and 2017 Corporate Bonds (Tranches I and II) of Guotai Junan Securities Co., Ltd. in June 2019.

Industrial Securities Co., Ltd., the Company's bond trustee of "18 GUOJUN G1", "18 GUOJUN G2", "18 GUOJUN G3", and "18 GUOJUN G4", issued the 2018 Bond Trustee Management Services Report of Corporate Bonds of Guotai Junan Securities Co., Ltd. in June 2019.

### VIII. ACCOUNTING DATA AND FINANCIAL INDICATORS AS OF THE END OF THE REPORTING PERIOD AND THE END OF LAST YEAR (OR REPORTING PERIOD AND CORRESPONDING PERIOD OF LAST YEAR)

Applicable  Not applicable

*Unit: thousand yuan Currency: RMB*

Major indicator	At the end of the Reporting Period	At the end of last year	Increase/decrease at the end of the Reporting Period as compared with the end of last year (%)	Reason for change
Current ratio (%)	159	187	Decreasing by 28 percentage points	
Quick ratio (%)	159	187	Decreasing by 28 percentage points	
Gearing ratio (%)	67.54	62.19	Increasing by 5.35 percentage points	
Loan repayment rate (%)	100	100	—	

## Section IX Corporate Bonds

	During the Reporting Period (January-June)	Corresponding period of last year	Increase/decrease for the Reporting Period as compared with the Corresponding period of last year (%)	Reason for change
EBITDA interest coverage ratio	3.22	2.55	26.27	Mainly due to an increase in total profit compared with the same period of last year
Interest repayment ratio (%)	100	100	—	

### IX. INFORMATION OF THE OVERDUE LOAN

Applicable  Not applicable

### X. INTEREST PAYMENT OF OTHER BONDS AND DEBT FINANCING INSTRUMENTS OF THE COMPANY

Applicable  Not applicable

During the Reporting Period, other bonds and debt financing instruments of the Company mainly included short-term financing bills, medium-term notes and structured notes. Please refer to “Section X Interim Condensed Financial Report — VII. Notes to the Consolidated Financial Statements — 40. Short Term Debt Instruments and 46. Bonds Payable” of this interim report for details. The principal amounts and interests of each financing instrument have been paid on time.

### XI. BANKING FACILITIES OF THE COMPANY DURING THE REPORTING PERIOD

Applicable  Not applicable

As at 30 June 2019, the banking facilities of the Company from major banks with a relationship of the Company amounted to about RMB420 billion in aggregate, of which about RMB65 billion had been utilized and about RMB355 billion had not been utilized.

### XII. IMPLEMENTATION OF THE RELEVANT AGREEMENTS OR COMMITMENTS SPECIFIED IN CORPORATE BOND PROSPECTUSES BY THE COMPANY DURING THE REPORTING PERIOD

Applicable  Not applicable

### XIII. SIGNIFICANT EVENTS OF THE COMPANY AND THE IMPACTS ON THE OPERATION POSITION AND SOLVENCY OF THE COMPANY

Applicable  Not applicable

# Section X Interim Condensed Consolidated Financial Statements

## REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**To the board of directors of Guotai Junan Securities Co., Ltd.**

*(Established in the People's Republic of China with limited liability)*

### INTRODUCTION

We have reviewed the accompanying interim condensed consolidated financial statements set out on pages 104 to 177 which comprise the condensed consolidated statement of financial position of Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司) (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") as at 30 June 2019 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board.

The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ("ISRE 2410"). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

*Ernst & Young*

**Certified Public Accountants**

Hong Kong

22 August 2019

## Section X Interim Condensed Consolidated Financial Statements

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

	notes	Six months ended 30 June	
		2019 <i>(Unaudited)</i>	2018 <i>(Unaudited)</i>
<b>Revenue</b>			
Fee and commission income	5	<b>6,198,927</b>	5,348,120
Interest income	6	<b>5,928,327</b>	6,448,884
Net investment gains	7	<b>3,733,459</b>	2,334,708
<b>Total revenue</b>		<b>15,860,713</b>	14,131,712
Gain on disposal of a subsidiary		—	648,287
Other income and gains	8	<b>2,457,466</b>	1,155,000
<b>Total revenue and other income</b>		<b>18,318,179</b>	15,934,999
Fee and commission expenses	9	<b>(974,616)</b>	(841,947)
Interest expenses	10	<b>(3,383,393)</b>	(3,684,411)
Staff costs	11	<b>(3,793,179)</b>	(3,472,078)
Depreciation and amortization expenses	12	<b>(628,001)</b>	(255,629)
Tax and surcharges		<b>(65,756)</b>	(84,066)
Other operating expenses and costs	13	<b>(2,254,586)</b>	(1,762,399)
Provision for impairment losses		<b>(20)</b>	(1,314)
Credit loss expense	14	<b>(494,488)</b>	(464,222)
<b>Total expenses</b>		<b>(11,594,039)</b>	(10,566,066)

The accompanying notes form part of the interim condensed consolidated financial statements.



## Section X Interim Condensed Consolidated Financial Statements

		<b>Six months ended 30 June</b>	
	notes	<b>2019</b>	2018
		<b>(Unaudited)</b>	<i>(Unaudited)</i>
<b>Operating profit</b>		<b>6,724,140</b>	5,368,933
Share of profits of associates and joint ventures		<u>142,697</u>	<u>93,951</u>
<b>Profit before income tax</b>		<b>6,866,837</b>	5,462,884
Income tax expense	15	<u>(1,529,696)</u>	<u>(1,245,958)</u>
<b>Profit for the period</b>		<u><b>5,337,141</b></u>	<u>4,216,926</u>
Attributable to:			
Equity holders of the Company		<u>5,020,115</u>	4,009,001
Non-controlling interests		<u>317,026</u>	<u>207,925</u>
<b>Total</b>		<u><b>5,337,141</b></u>	<u>4,216,926</u>
Earnings per share attributable to ordinary equity holders of the Company (expressed in Renminbi yuan per share)			
	17		
– Basic		<u><b>0.54</b></u>	<u>0.43</u>
– Diluted		<u><b>0.53</b></u>	<u>0.42</u>

The accompanying notes form part of the interim condensed consolidated financial statements.

## Section X Interim Condensed Consolidated Financial Statements

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

	Six months ended 30 June	
	2019	2018
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Profit for the period</b>	<b>5,337,141</b>	4,216,926
<b>Other comprehensive income for the period</b>		
Other comprehensive income that may be reclassified to profit or loss:		
Debt instruments at fair value through other comprehensive income		
– Net changes in fair value	7,468	176,737
– Changes in allowance for expected credit losses	45,881	(83,979)
– Reclassified to profit or loss	(220,722)	625
– Income tax impact	41,843	(23,346)
Share of other comprehensive income of associates and joint ventures		
– Share of other comprehensive income	(10,529)	(19)
Exchange differences on translation of financial statements in foreign currencies	39,737	103,910
Total items that may be reclassified to profit or loss	<u>(96,322)</u>	<u>173,928</u>
Other comprehensive income that will not be reclassified to profit or loss:		
Equity instruments at fair value through other comprehensive income		
– Net changes in fair value	1,118,812	(1,433,861)
– Income tax impact	(279,703)	358,466
Share of other comprehensive income of associates and joint ventures		
– Share of other comprehensive income	110,876	(502,042)
– Income tax impact	(27,719)	125,510
Total items that will not be reclassified to profit or loss	<u>922,266</u>	<u>(1,451,927)</u>
<b>Other comprehensive income for the period, net of tax</b>	<u>825,944</u>	<u>(1,277,999)</u>
<b>Total comprehensive income for the period</b>	<u><b>6,163,085</b></u>	<u>2,938,927</u>
Attributable to:		
Equity holders of the Company	5,845,482	2,691,236
Non-controlling interests	317,603	247,691
<b>Total</b>	<u><b>6,163,085</b></u>	<u>2,938,927</u>

The accompanying notes form part of the interim condensed consolidated financial statements.

## Section X Interim Condensed Consolidated Financial Statements

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

	notes	As at 30 June 2019 <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
<b>Non-current assets</b>			
Property and equipment	18	4,107,361	4,082,006
Right-of-use assets	19	3,088,965	—
Prepaid land lease payments	20	—	785,312
Goodwill	21	581,407	581,407
Other intangible assets	22	1,496,739	1,472,424
Investments in associates	24	1,166,290	1,294,133
Investments in joint ventures	24	1,607,545	1,333,516
Debt instruments at fair value through other comprehensive income	25	45,465,651	33,445,303
Equity instruments at fair value through other comprehensive income	26	19,628,269	16,785,949
Financial assets held under resale agreements	27	3,885,223	6,444,585
Financial assets at fair value through profit or loss	28	6,633,198	3,567,761
Refundable deposits	29	9,802,843	7,552,678
Deferred tax assets	30	716,255	1,289,051
Other non-current assets	31	2,114,720	2,932,037
<b>Total non-current assets</b>		<b>100,294,466</b>	<b>81,566,162</b>
<b>Current assets</b>			
Accounts receivable	32	5,180,092	3,634,734
Other current assets	33	2,391,827	1,867,556
Margin accounts receivable	34	63,481,582	53,655,358
Debt instruments at fair value through other comprehensive income	25	6,697,722	5,721,378
Financial assets held under resale agreements	27	49,106,516	54,672,999
Financial assets at fair value through profit or loss	28	168,400,270	134,114,319
Derivative financial assets	35	949,274	648,358
Clearing settlement funds	36	3,379,193	3,006,836
Cash held on behalf of brokerage customers	37	105,799,905	77,492,497
Cash and bank balances	38	34,689,158	20,348,883
<b>Total current assets</b>		<b>440,075,539</b>	<b>355,162,918</b>
<b>Total assets</b>		<b>540,370,005</b>	<b>436,729,080</b>

The accompanying notes form part of the interim condensed consolidated financial statements.

## Section X Interim Condensed Consolidated Financial Statements

	notes	As at 30 June 2019 <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
<b>Current liabilities</b>			
Loans and borrowings	39	8,296,940	8,279,422
Short-term debt instruments	40	16,584,364	7,045,424
Placements from other financial institutions	41	12,267,614	10,163,246
Accounts payable to brokerage customers	42	110,532,698	82,347,043
Employee benefits payable	43	4,438,968	4,984,863
Income tax payable		851,052	1,518,105
Financial assets sold under repurchase agreements	44	112,534,117	70,558,545
Financial liabilities at fair value through profit or loss	45	39,241,848	32,746,561
Derivative financial liabilities	35	1,591,437	255,973
Bonds payable	46	22,677,638	15,476,842
Lease liabilities	47	630,417	—
Other current liabilities	48	19,044,063	16,110,357
<b>Total current liabilities</b>		<b>348,691,156</b>	<b>249,486,381</b>
<b>Net current assets</b>		<b>91,384,383</b>	<b>105,676,537</b>
<b>Total assets less current liabilities</b>		<b>191,678,849</b>	<b>187,242,699</b>
<b>Non-current liabilities</b>			
Bonds payable	46	50,213,529	52,780,358
Lease liabilities	47	1,830,977	—
Deferred tax liabilities	30	51,847	43,015
Financial liabilities at fair value through profit or loss	45	527,299	530,082
Other non-current liabilities	49	218,136	215,852
<b>Total non-current liabilities</b>		<b>52,841,788</b>	<b>53,569,307</b>
<b>Net assets</b>		<b>138,837,061</b>	<b>133,673,392</b>

The accompanying notes form part of the interim condensed consolidated financial statements.

## Section X Interim Condensed Consolidated Financial Statements

		As at <b>30 June</b> <b>2019</b> <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
<b>Equity</b>			
Share capital	50	<b>8,907,948</b>	8,713,941
Other equity instruments	51	<b>11,129,803</b>	11,129,819
Reserves	52	<b>68,816,326</b>	65,535,930
Retained profits	52	<b>39,960,568</b>	38,070,373
		<hr/>	<hr/>
Equity attributable to equity holders of the Company		<b>128,814,645</b>	123,450,063
Non-controlling interests		<b>10,022,416</b>	10,223,329
		<hr/>	<hr/>
<b>Total equity</b>		<b><u>138,837,061</u></b>	<b><u>133,673,392</u></b>

Approved and authorized for issue by the Board of Directors on 22 August 2019.

**Yang Dehong** \_\_\_\_\_

*Chairman*

**Wang Song** \_\_\_\_\_

*Executive Director*

The accompanying notes form part of the interim condensed consolidated financial statements.

## Section X Interim Condensed Consolidated Financial Statements

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

	Attributable to equity holders of the Company (Unaudited)										
	Share capital	Other equity instruments	Reserves							Non-controlling Total interests	Total equity
			Capital reserve	Investment revaluation reserve	Translation reserve	Surplus reserve	General reserve	Retained profits			
At 31 December 2018	8,713,941	11,129,819	43,715,696	(916,167)	78,588	7,176,439	15,481,374	38,070,373	123,450,063	10,223,329	133,673,392
Impact of adopting IFRS 16 (note 22)	—	—	—	—	—	(3,909)	(9,851)	(56,806)	(70,566)	(9,769)	(80,335)
Restated opening balance under IFRS 16	8,713,941	11,129,819	43,715,696	(916,167)	78,588	7,172,530	15,471,523	38,013,567	123,379,497	10,213,560	133,593,057
Profit for the period	—	—	—	—	—	—	—	5,020,115	5,020,115	317,026	5,337,141
Other comprehensive income for the period	—	—	—	797,375	27,992	—	—	—	825,367	577	825,944
Total comprehensive income for the period	—	—	—	797,375	27,992	—	—	5,020,115	5,845,482	317,603	6,163,085
Placement of H shares	194,000	—	2,511,288	—	—	—	—	—	2,705,288	—	2,705,288
Appropriation to general reserve	—	—	—	—	—	—	34,120	(34,120)	—	—	—
Dividends	—	—	—	—	—	—	—	(2,449,685)	(2,449,685)	—	(2,449,685)
Distribution to other equity instrument holders	—	—	—	—	—	—	—	(590,000)	(590,000)	—	(590,000)
Distribution to non-controlling shareholders and other equity instrument holders of subsidiaries	—	—	—	—	—	—	—	—	—	(47,820)	(47,820)
Other comprehensive income that has been reclassified to retained profits	—	—	—	(691)	—	—	—	691	—	—	—
Conversion of convertible bonds	7	(16)	145	—	—	—	—	—	136	—	136
Redemption of other equity instruments issued by a subsidiary	—	—	—	—	—	—	—	—	—	(262,666)	(262,666)
Acquisition of non-controlling interests in a subsidiary	—	—	(8,807)	—	—	—	—	—	(8,807)	(209,653)	(218,460)
Others	—	—	(67,266)	—	—	—	—	—	(67,266)	11,392	(55,874)
At 30 June 2019	8,907,948	11,129,803	46,151,056	(119,483)	106,580	7,172,530	15,505,643	39,960,368	128,814,645	10,022,416	138,837,061

The accompanying notes form part of the interim condensed consolidated financial statements.

## Section X Interim Condensed Consolidated Financial Statements

Attributable to equity holders of the Company (Unaudited)

	Reserves										
	Share capital	Other equity instruments	Capital reserve	Investment revaluation reserve	Translation reserve	Surplus reserve	General reserve	Retained profits	Non-controlling Total	Total equity	
At 1 January 2018	8,713,934	11,129,841	43,447,900	1,253,821	(172,336)	6,508,078	13,970,910	38,033,205	122,885,353	10,547,161	133,432,514
Profit for the period	—	—	—	—	—	—	—	4,009,001	4,009,001	207,925	4,216,926
Other comprehensive income for the period	—	—	—	(1,376,812)	59,047	—	—	—	(1,317,765)	39,766	(1,277,999)
Total comprehensive income for the period	—	—	—	(1,376,812)	59,047	—	—	4,009,001	2,691,236	247,691	2,938,927
Dividends	—	—	—	—	—	—	—	(3,485,577)	(3,485,577)	—	(3,485,577)
Distribution to other equity instrument holders	—	—	—	—	—	—	—	(590,000)	(590,000)	—	(590,000)
Distribution to non-controlling shareholders and other equity instrument holders of subsidiaries	—	—	—	—	—	—	—	—	—	(135,206)	(135,206)
Other comprehensive income that has been reclassified to retained profits	—	—	—	169,530	—	—	—	(169,530)	—	—	—
Conversion of convertible bonds	6	(18)	126	—	—	—	—	—	114	—	114
Disposal of a subsidiary	—	—	—	—	—	—	—	—	—	(254,785)	(254,785)
Share issued by a subsidiary upon placement of shares	—	—	503,945	—	—	—	—	—	503,945	1,125,689	1,629,634
Redemption of other equity instruments issued by a subsidiary	—	—	—	—	—	—	—	—	—	(825,893)	(825,893)
Others	—	—	(137,868)	—	—	—	—	—	(137,868)	(181,329)	(319,197)
At 30 June 2018	<u>8,713,940</u>	<u>11,129,823</u>	<u>43,814,103</u>	<u>46,539</u>	<u>(113,289)</u>	<u>6,508,078</u>	<u>13,970,910</u>	<u>37,797,099</u>	<u>121,867,203</u>	<u>10,523,328</u>	<u>132,390,531</u>

The accompanying notes form part of the interim condensed consolidated financial statements.

## Section X Interim Condensed Consolidated Financial Statements

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

	Note	Six months ended 30 June	
		2019 (Unaudited)	2018 (Unaudited)
<b>Cash flows from operating activities:</b>			
Profit before income tax		<b>6,866,837</b>	5,462,884
Adjustments for:			
Interest expenses		<b>3,383,393</b>	3,684,411
Share of profits of associates and joint ventures		<b>(142,697)</b>	(93,951)
Depreciation and amortization		<b>628,001</b>	255,629
Provision for impairment losses		<b>20</b>	1,314
Credit loss expense		<b>494,488</b>	464,222
Net losses on disposal of property and equipment		<b>104</b>	913
Foreign exchange (gains)/losses		<b>(35,495)</b>	15,759
Net realized (gains)/losses from financial instruments		<b>(124,204)</b>	625
Gain on disposal of subsidiaries, associates and joint ventures		<b>(738,687)</b>	(648,287)
Dividend and interest income from financial assets at fair value through other comprehensive income		<b>(994,410)</b>	(671,082)
Interest income from time deposits, loans and receivables		<b>(496,438)</b>	(365,084)
Unrealized fair value changes in financial instruments at fair value through profit or loss		<b>(1,459,222)</b>	804,087
Unrealized fair value changes in derivatives		<b>867,707</b>	117,361
		<b>8,249,397</b>	9,028,801

The accompanying notes form part of the interim condensed consolidated financial statements.



## Section X Interim Condensed Consolidated Financial Statements

	Note	<b>Six months ended 30 June</b>	
		<b>2019</b>	2018
		<b>(Unaudited)</b>	<i>(Unaudited)</i>
Increase in refundable deposits		<b>(2,250,165)</b>	(1,158,948)
(Increase)/Decrease in margin accounts receivable		<b>(10,202,167)</b>	11,723,308
Increase in accounts receivable, other current assets and other non-current assets		<b>(658,692)</b>	(46,069)
Decrease in financial assets held under resale agreements		<b>28,090</b>	20,794,441
Increase in financial instruments at fair value through profit or loss and derivative financial instruments		<b>(28,415,323)</b>	(11,353,541)
Increase in cash held on behalf of brokerage customers		<b>(26,836,476)</b>	(5,402,231)
Increase in accounts payable to brokerage customers		<b>28,185,655</b>	8,669,675
Increase in other liabilities		<b>825,315</b>	727,189
Decrease in employee benefits payable		<b>(545,895)</b>	(1,273,587)
Increase in financial assets sold under repurchase agreements		<b>41,975,572</b>	3,906,350
Increase in placements from other financial institutions		<b>2,104,368</b>	50,000
Cash generated from operations		<b>12,459,679</b>	35,665,388
Income taxes paid		<b>(1,852,985)</b>	(1,769,155)
Interest paid		<b>(1,484,053)</b>	(1,247,160)
Net cash generated from operating activities		<b>9,122,641</b>	32,649,073

The accompanying notes form part of the interim condensed consolidated financial statements.

## Section X Interim Condensed Consolidated Financial Statements

	Note	Six months ended 30 June	
		2019 <i>(Unaudited)</i>	2018 <i>(Unaudited)</i>
<b>Cash flows from investing activities:</b>			
Proceeds from disposal of property and equipment, other intangible assets and other non-current assets		4,589	10,936
Dividends and interest received from financial assets at fair value through other comprehensive income and other investments		1,298,821	699,999
Proceeds from disposal of financial assets at fair value through other comprehensive income and other investments		30,797,631	14,525,237
Proceeds from disposal of subsidiaries, associates and joint ventures		85,512	—
Purchases of subsidiaries, associates and joint ventures		(235,650)	(66,740)
Purchases of property and equipment, other intangible assets and other non-current assets		(978,273)	(364,528)
Purchases of financial assets at fair value through other comprehensive income and other investments		<u>(43,037,985)</u>	<u>(31,594,256)</u>
Net cash used in investing activities		<u>(12,065,355)</u>	<u>(16,789,352)</u>

The accompanying notes form part of the interim condensed consolidated financial statements.

## Section X Interim Condensed Consolidated Financial Statements

	Note	<b>Six months ended 30 June</b>	
		<b>2019</b>	2018
		<b>(Unaudited)</b>	<i>(Unaudited)</i>
<b>Cash flows from financing activities:</b>			
Net proceeds from placement of H shares		2,711,819	—
Proceeds from issuance of short-term debt instruments		22,412,184	30,684,846
Proceeds from issuance of shares upon placement by a subsidiary		—	1,629,634
Proceeds from issuance of bonds payable		12,676,743	8,600,000
Proceeds from loans and borrowings		15,249,347	32,644,575
Redemption of other equity investments issued by a subsidiary		(262,666)	(825,893)
Repayment of debt securities issued		(21,435,279)	(41,857,160)
Repayment of loans and borrowings		(15,674,324)	(35,817,099)
Interest paid		(1,360,755)	(1,681,857)
Dividends paid		(55,668)	(3,604,850)
Distribution to other equity instrument holders		(590,000)	(590,000)
Payment of lease liabilities		(308,223)	—
Cash used in other financing activities		(32,621)	—
		13,330,557	(10,817,804)
Net cash generated from/(used in) financing activities			
Net increase in cash and cash equivalents		10,387,843	5,041,917
Cash and cash equivalents at the beginning of the period		37,947,251	27,057,039
Effect of foreign exchange rate changes		27,367	92,569
		48,362,461	32,191,525
Cash and cash equivalents at the end of the period	53	48,362,461	32,191,525

The accompanying notes form part of the interim condensed consolidated financial statements.

# Section X Interim Condensed Consolidated Financial Statements

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

(Amounts expressed in thousands of RMB unless otherwise stated)

### 1. CORPORATE INFORMATION

On 25 September 1992, with the approval of the People's Bank of China (the "PBOC"), Guotai Securities Co., Ltd. (國泰證券有限公司) was established in Shanghai, the People's Republic of China (the "PRC"). On 12 October 1992, with the approval of the PBOC, Junan Securities Co., Ltd. (君安證券有限責任公司) was established in Shenzhen, the PRC. On 20 May 1999, as approved by the China Securities Regulatory Commission (the "CSRC"), Guotai Securities Co., Ltd. merged with Junan Securities Co., Ltd. to set up a new company, Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司) (the "Company") in Shanghai, the PRC. On 13 August 2001, the Company spun off its non-security business and related assets and liabilities to a newly established company, and continued to use the name of Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司).

The Company publicly issued A shares and was listed on the Shanghai Stock Exchange on 26 June 2015, with the stock code 601211. On 11 April 2017, the Company issued H shares which are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"), with the stock code 02611.

The registered office of the Company is located at No. 618 Shangcheng Road, China (Shanghai) Pilot Free-Trade Zone, Shanghai, PRC.

The Group is principally engaged in securities brokerage, securities proprietary trading, securities underwriting and sponsorship, securities investment consultation, the financial advisory business relating to securities trading and securities investment, margin financing and securities lending, the agency sale of securities investment funds, the agency sale of financial products, introducing brokerage for futures companies, asset management, commodity futures brokerage, financial futures brokerage, futures investment consulting, equity investment, venture capital, investment management, investment consultation and other business activities approved by the CSRC.

### 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

#### 2.1. Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2019 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2018.

#### 2.2. New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of the following new and revised International Financial Reporting Standards ("IFRSs") effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

## Section X Interim Condensed Consolidated Financial Statements

### 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

#### 2.2. New standards, interpretations and amendments adopted by the Group (Continued)

IFRS 16	<i>Leases</i>
IFRIC Interpretation 23	<i>Uncertainty over Income Tax Treatments</i>
Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation</i>
Amendments to IAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to IAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
Annual Improvements 2015-2017 Cycle	<i>Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23</i>

Except as described below, the application of the new and revised IFRSs has had no significant impact on the Group's consolidated financial statements.

##### IFRS 16 *Leases*

IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under IAS 17.

##### *New definition of a lease*

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their stand-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components as a single lease component.

## Section X Interim Condensed Consolidated Financial Statements

### 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

#### 2.2. New standards, interpretations and amendments adopted by the Group *(Continued)*

##### IFRS 16 Leases *(Continued)*

##### *As a lessee – Leases previously classified as operating leases*

##### Nature of the effect of adoption of IFRS 16

The Group has lease contracts for buildings. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

##### Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in lease liabilities.

The right-of-use assets were recognised based on the carrying amount as if the standard had always been applied, except for the incremental borrowing rate where the Group applied the incremental borrowing rate at 1 January 2019. All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Applied lease exemptions to leases with a lease term that ends within 12 months from the date of initial application and lease contracts for which the underlying asset is of low value.
- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics, and excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease.

## Section X Interim Condensed Consolidated Financial Statements

### 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(continued)*

#### 2.2. New standards, interpretations and amendments adopted by the Group *(continued)*

IFRS 16 *Leases (continued)*

*As a lessee – Leases previously classified as operating leases (continued)*

Impacts on transition *(continued)*

(1) Impact on the consolidated statement of financial position as at 1 January 2019:

	As at 31 December 2018	Adjustments	As at 1 January 2019
<b>Assets:</b>			
Right-of-use assets	—	3,228,394	<b>3,228,394</b>
Prepaid land lease payments	785,312	(785,312)	—
Deferred tax assets	1,289,051	26,778	<b>1,315,829</b>
Other current assets	1,867,556	(62,702)	<b>1,804,854</b>
<b>Liabilities:</b>			
Other current liabilities	16,110,357	(77,794)	<b>16,032,563</b>
Lease liabilities	—	2,565,287	<b>2,565,287</b>
<b>Equity :</b>			
Reserves	65,535,930	(13,760)	<b>65,522,170</b>
Retained profits	38,070,373	(56,806)	<b>38,013,567</b>
Non-controlling interests	10,223,329	(9,769)	<b>10,213,560</b>

(2) The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

Operating lease commitments as at 31 December 2018	3,623,137
Less: Commitments relating to short-term leases	22
Commitments relating to leases with a remaining lease term ending on or before 31 December 2019	307,466
Commitments relating to leases of low-value assets	11
Operating lease commitments as at 1 January 2019 under IFRS16	3,315,638
Weighted average incremental borrowing rate as at 1 January 2019	4.12%
Lease liabilities as at 1 January 2019	2,565,287

## Section X Interim Condensed Consolidated Financial Statements

### 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(continued)*

#### 2.2. New standards, interpretations and amendments adopted by the Group *(continued)*

IFRS 16 *Leases (continued)*

*Summary of new accounting policies*

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of IFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities

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

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



## Section X Interim Condensed Consolidated Financial Statements

### 3. USE OF JUDGMENTS AND ESTIMATES

The preparation of the interim condensed consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets and liabilities affected in the future.

The significant judgments made by management in applying the Group's accounting policies and key sources of uncertainty were the same as those applied in the preparation of the consolidated financial statements for the year ended 31 December 2018, except for determining the lease term of contracts with renewal options as follows:

#### Determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised. The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew, considering all relevant factors that create an economic incentive for it to exercise the renewal and include significant event or change in circumstances between the commencement date of the lease and exercise date of the renewal option.

### 4. SEGMENT REPORTING

The Group is organized into business units based on their products and services and has six reportable operating segments as follows:

- (1) The institutional finance-Institutional investor services segment, which primarily includes prime brokerage, stock-pledged financing and securities repurchase, research businesses provided to institutional clients, as well as market-making and proprietary trading;
- (2) The institutional finance-Investment banking segment, which primarily includes listing sponsorship, equity underwriting, debt underwriting, structured debt financing, M&A financial advisory services and diversified corporate solutions to corporate and government clients;
- (3) The personal finance segment, which primarily includes securities and futures brokerage, margin financing, securities lending, wealth management and financial planning services provided to retail clients through both online and offline channels;
- (4) The investment management segment, which primarily includes asset management, fund management, and direct investment management services to institutions and individuals;
- (5) The international business segment, which represents the business operation of overseas subsidiaries of the Company, which mainly engage in brokerage, corporate finance, asset management, margin financing, financial products, market-making and investment businesses; and
- (6) The other segment, which primarily includes other operations of head office, including investment holding as well as interest income and interest expense incurred for general working capital purposes.

## Section X Interim Condensed Consolidated Financial Statements

### 4. SEGMENT REPORTING (continued)

#### (a) Operating segments

	Six months ended 30 June 2019						
	Institutional finance						
	Institutional investor services	Investment banking	Personal finance	Investment management	International business	Other	Total
<i>Unaudited</i>							
Segment total revenue and other income							
Fee and commission income	657,786	740,315	3,306,028	845,680	649,118	—	6,198,927
Interest income	2,526,311	—	2,842,294	18,713	540,993	16	5,928,327
Net investment gains	2,506,253	—	—	305,484	921,722	—	3,733,459
Other income and gains	1,130,304	—	9,262	789,508	(30,048)	558,440	2,457,466
Total revenue and other income	6,820,654	740,315	6,157,584	1,959,385	2,081,785	558,456	18,318,179
Segment expenses	(3,847,142)	(370,198)	(4,694,048)	(569,396)	(1,488,407)	(624,848)	(11,594,039)
Including: Interest expenses	(1,660,310)	(4,974)	(1,185,906)	(27,986)	(480,501)	(23,716)	(3,383,393)
Provision for impairment losses	—	—	(20)	—	—	—	(20)
Credit loss expense	(23,891)	—	(1,347)	(50,000)	(419,250)	—	(494,488)
Segment operating profit	2,973,512	370,117	1,463,536	1,389,989	593,378	(66,392)	6,724,140
Share of profit of associates and joint ventures	—	—	—	142,697	—	—	142,697
Segment profit before income tax	2,973,512	370,117	1,463,536	1,532,686	593,378	(66,392)	6,866,837
Income tax expense	(688,538)	(85,703)	(338,893)	(354,905)	(77,029)	15,372	(1,529,696)
Segment profit for the period	2,284,974	284,414	1,124,643	1,177,781	516,349	(51,020)	5,337,141
As at 30 June 2019							
Segment total assets	233,918,664	858,832	189,228,685	19,754,614	91,565,149	5,044,061	540,370,005
Segment total liabilities	183,277,308	713,054	129,143,946	4,769,307	80,262,356	3,366,973	401,532,944
Six months ended 30 June 2019							
Other segment information:							
Depreciation and amortization expenses	91,648	82,255	303,056	33,390	57,383	60,269	628,001
Capital expenditure	225,509	281,662	167,232	4,880	41,814	257,176	978,273

## Section X Interim Condensed Consolidated Financial Statements

### 4. SEGMENT REPORTING (continued)

#### (a) Operating segments (continued)

	Six months ended 30 June 2018							
	Institutional finance						Other	Total
	Institutional investor services	Investment banking	Personal finance	Investment management	International business			
<i>Unaudited</i>								
Segment total revenue and other income								
Fee and commission income	608,156	848,375	2,582,631	797,058	511,900	—	5,348,120	
Interest income	2,671,897	—	3,180,244	7,691	588,917	135	6,448,884	
Net investment gains	1,757,788	—	—	311,234	265,686	—	2,334,708	
Gain on disposal of a subsidiary	—	—	—	648,287	—	—	648,287	
Other income and gains	545,824	—	6,491	3,857	(39,570)	638,398	1,155,000	
Total revenue and other income	<u>5,583,665</u>	<u>848,375</u>	<u>5,769,366</u>	<u>1,768,127</u>	<u>1,326,933</u>	<u>638,533</u>	<u>15,934,999</u>	
Segment expenses	(3,540,815)	(429,983)	(4,554,943)	(391,425)	(897,951)	(750,949)	(10,566,066)	
Including: Interest expenses	(1,977,412)	—	(1,379,977)	(23,751)	(303,271)	—	(3,684,411)	
Provision for impairment losses	—	—	(1,314)	—	—	—	(1,314)	
Credit loss expense	(324,056)	—	12,372	—	(152,538)	—	(464,222)	
Segment operating profit	2,042,850	418,392	1,214,423	1,376,702	428,982	(112,416)	5,368,933	
Share of profit of associates and joint ventures	—	—	—	93,951	—	—	93,951	
Segment profit before income tax	2,042,850	418,392	1,214,423	1,470,653	428,982	(112,416)	5,462,884	
Income tax expense	(476,227)	(97,535)	(283,106)	(342,838)	(72,458)	26,206	(1,245,958)	
Segment profit for the period	<u>1,566,623</u>	<u>320,857</u>	<u>931,317</u>	<u>1,127,815</u>	<u>356,524</u>	<u>(86,210)</u>	<u>4,216,926</u>	
<i>Audited</i>								
As at 31 December 2018								
Segment total assets	<u>205,571,719</u>	<u>1,168,074</u>	<u>130,469,082</u>	<u>18,538,279</u>	<u>78,037,585</u>	<u>2,944,341</u>	<u>436,729,080</u>	
Segment total liabilities	<u>130,398,012</u>	<u>867,976</u>	<u>97,692,222</u>	<u>3,673,350</u>	<u>69,020,249</u>	<u>1,403,879</u>	<u>303,055,688</u>	
<i>Unaudited</i>								
Six months ended 30 June 2018								
Other segment information:								
Depreciation and amortization expenses	50,902	25,044	119,229	9,730	19,604	31,120	255,629	
Capital expenditure	<u>65,001</u>	<u>41,558</u>	<u>54,755</u>	<u>15,215</u>	<u>8,759</u>	<u>179,240</u>	<u>364,528</u>	

## Section X Interim Condensed Consolidated Financial Statements

### 4. SEGMENT REPORTING *(continued)*

#### (b) Geographical segments

	Six months ended 30 June	
	2019 <i>(Unaudited)</i>	2018 <i>(Unaudited)</i>
Revenue		
Mainland, China	<b>13,748,880</b>	12,765,209
Hong Kong, China	<b>2,111,833</b>	1,366,503
Total	<b><u>15,860,713</u></b>	<b><u>14,131,712</u></b>

The Group's non-current assets are mainly located in Mainland China (country of domicile).

#### (c) Information about a major customer

The Group has no single customer which contributed to 10 percent or more of the Group's revenue for the six months ended 30 June 2019 and 2018.

### 5. FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2019 <i>(Unaudited)</i>	2018 <i>(Unaudited)</i>
Securities brokerage and investment consulting business	<b>3,866,121</b>	3,054,282
Underwriting and sponsorship business	<b>957,679</b>	1,013,699
Asset management business	<b>870,406</b>	807,750
Futures brokerage business	<b>213,015</b>	217,547
Financial advisory business	<b>152,060</b>	109,154
Custodian fee	<b>135,508</b>	130,882
Others	<b>4,138</b>	14,806
Total	<b><u>6,198,927</u></b>	<b><u>5,348,120</u></b>

## Section X Interim Condensed Consolidated Financial Statements

### 6. INTEREST INCOME

	<b>Six months ended 30 June</b>	
	<b>2019</b> <i>(Unaudited)</i>	2018 <i>(Unaudited)</i>
Margin financing and securities lending	<b>2,100,339</b>	2,652,411
Deposits in financial institutions	<b>1,525,429</b>	1,472,219
Stock-pledged financing and securities repurchase	<b>1,114,428</b>	1,912,323
Debt instruments at fair value through other comprehensive income	<b>876,445</b>	—
Other financial assets held under resale agreements	<b>147,639</b>	341,471
Term loan	<b>101,371</b>	66,305
Others	<b>62,676</b>	4,155
<b>Total</b>	<b><u>5,928,327</u></b>	<b><u>6,448,884</u></b>

### 7. NET INVESTMENT GAINS

	<b>Six months ended 30 June</b>	
	<b>2019</b> <i>(Unaudited)</i>	2018 <i>(Unaudited)</i>
Dividend and other income		
Financial instruments at fair value through profit or loss	<b>1,851,247</b>	1,437,743
Debt instruments at fair value through other comprehensive income	—	497,854
Equity instruments at fair value through other comprehensive income	<b>117,965</b>	173,228
Net realized gains/(losses)		
Financial instruments at fair value through profit or loss	<b>276,606</b>	661,080
Debt instruments at fair value through other comprehensive income	<b>220,722</b>	(625)
Derivative financial instruments	<b>524,504</b>	362,374
Unrealized gains/(losses)		
Financial assets at fair value through profit or loss	<b>4,261,438</b>	(3,404,708)
Financial liabilities at fair value through profit or loss	<b>(2,802,216)</b>	2,600,621
Derivative financial instruments	<b>(620,289)</b>	(16,831)
Others <sup>(i)</sup>	<b>(96,518)</b>	23,972
<b>Total</b>	<b><u>3,733,459</u></b>	<b><u>2,334,708</u></b>

(i) Third-party interests in consolidated structured entities.

## Section X Interim Condensed Consolidated Financial Statements

### 8. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2019 (Unaudited)	2018 (Unaudited)
Income from bulk commodity trading	1,064,432	521,694
Gain on disposal of associates	738,687	—
Government grants <sup>(1)</sup>	541,529	593,348
Foreign exchange gains/(losses)	35,495	(15,759)
Others	77,323	55,717
Total	<u>2,457,466</u>	<u>1,155,000</u>

(1) The government grants were received unconditionally by the Company and its subsidiaries from the local government where they reside.

### 9. FEE AND COMMISSION EXPENSES

	Six months ended 30 June	
	2019 (Unaudited)	2018 (Unaudited)
Securities brokerage and investment consulting business	878,679	686,945
Underwriting and sponsorship business	42,801	73,079
Futures brokerage business	42,158	36,191
Others	10,978	45,732
Total	<u>974,616</u>	<u>841,947</u>

### 10. INTEREST EXPENSES

	Six months ended 30 June	
	2019 (Unaudited)	2018 (Unaudited)
Bonds	1,520,289	1,475,735
Financial assets sold under repurchase agreements	1,037,745	755,601
Accounts payable to brokerage customers	200,745	195,118
Short-term debt instruments	175,879	816,615
Loans and borrowings	146,010	121,986
Placements from other financial institutions	102,729	205,531
Securities lending	57,512	31,920
Lease liabilities	44,135	—
Priority tranche holders of structured entities	36,351	35,571
Derivative financial instruments	33,757	20,515
Gold borrowing	23,940	25,543
Others	4,301	276
Total	<u>3,383,393</u>	<u>3,684,411</u>

## Section X Interim Condensed Consolidated Financial Statements

### 11. STAFF COSTS

	<b>Six months ended 30 June</b>	
	<b>2019</b> <i>(Unaudited)</i>	2018 <i>(Unaudited)</i>
Salaries, bonuses and allowances	<b>3,298,131</b>	3,034,003
Contributions to defined contribution schemes	<b>219,213</b>	200,004
Other social welfare	<b>275,835</b>	238,071
<b>Total</b>	<b><u>3,793,179</u></b>	<u>3,472,078</u>

The employees of the Group in Mainland China participate in state-managed retirement benefit schemes operated by the respective local governments in Mainland China.

The Group also operates a defined contribution Mandatory Provident Fund retirement benefit scheme under the Mandatory Provident Fund Schemes Ordinance for all of its qualified employees in Hong Kong.

Apart from participating in various defined contribution retirement benefit schemes organized by municipal and provincial governments in Mainland China, the Group is also required to make monthly contributions to annuity plans for the period.

The Group currently has no additional significant cost for the payment of retirement and other post-retirement benefits of employees other than the monthly contributions described above. The Group's contributions to these pension plans are charged to profit or loss in the period to which they relate.

### 12. DEPRECIATION AND AMORTIZATION EXPENSES

	<b>Six months ended 30 June</b>	
	<b>2019</b> <i>(Unaudited)</i>	2018 <i>(Unaudited)</i>
Depreciation of right-of-use assets	<b>301,514</b>	—
Depreciation of property and equipment	<b>253,993</b>	194,758
Amortization of other intangible assets	<b>59,289</b>	48,803
Amortization of long-term deferred expenses	<b>13,205</b>	12,068
<b>Total</b>	<b><u>628,001</u></b>	<u>255,629</u>

## Section X Interim Condensed Consolidated Financial Statements

### 13. OTHER OPERATING EXPENSES AND COSTS

	Six months ended 30 June	
	2019 (Unaudited)	2018 (Unaudited)
Cost of bulk commodity trading	1,059,119	521,357
Rental and property management expenses <sup>(1)</sup>	220,883	369,215
Information technology expenses	124,108	123,052
Administrative and office operating expenses	98,076	101,797
Business travel expenses	89,100	106,918
Consulting fees	81,388	59,683
Postal and communication expenses	73,571	72,400
Fund and asset management scheme distribution expenses	59,502	18,092
Stock exchange management fees	55,165	50,286
Securities investor protection funds	55,165	47,589
Auditors' remuneration	7,356	7,061
Others	331,153	284,949
Total	<u>2,254,586</u>	<u>1,762,399</u>

(1) During the six months ended 30 June 2019, the expenses related to short-term leases of RMB135,643 thousand and the expenses related to leases of low-value leases (except for short-term leases) of RMB2 thousand were recognized in profit or loss.

### 14. CREDIT LOSS EXPENSE

	Six months ended 30 June	
	2019 (Unaudited)	2018 (Unaudited)
Margin accounts receivable	368,677	63,321
Financial assets held under resale agreements	43,584	408,226
Others	82,227	(7,325)
Total	<u>494,488</u>	<u>464,222</u>

### 15. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019 (Unaudited)	2018 (Unaudited)
Current tax		
Mainland China income tax	1,116,345	1,151,597
Hong Kong profits tax	70,296	51,350
Deferred tax	343,055	43,011
Total tax charges for the period	<u>1,529,696</u>	<u>1,245,958</u>



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### 15. INCOME TAX EXPENSE (Continued)

According to the PRC Corporate Income Tax ("CIT") Law that took effect on 1 January 2008, the Company and the Company's subsidiaries in Mainland China are subject to CIT at the statutory tax rate of 25%.

For the Company's subsidiaries in Hong Kong, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the period.

### 16. DIVIDENDS

	Six months ended 30 June	
	2019 (Unaudited)	2018 (Unaudited)
Distribution to ordinary shares <sup>(1)</sup>	<u>(2,449,685)</u>	<u>(3,485,577)</u>
Distribution to other equity instrument holders <sup>(2)</sup>	<u>(590,000)</u>	<u>(590,000)</u>

(1) Pursuant to the resolution of the meeting of shareholders held on 24 June 2019, the Company distributed cash dividends of RMB2.75 yuan for every 10 shares (tax included) amounting to RMB2,450 million in total on 12 August 2019 for the year ended 31 December 2018.

Pursuant to the resolution of the meeting of shareholders held on 18 May 2018, the Company distributed cash dividends of RMB4.00 yuan for every 10 shares (tax included) amounting to RMB3,486 million in total for the year ended 31 December 2017.

(2) The dividend distributions by the Company triggered the mandatory interest payment event for perpetual subordinated bonds. As at 30 June 2019, the Company has recognized the dividend payable to other equity instrument holders of RMB590 million (31 December 2018: RMB590 million).

### 17. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period. The newly issued shares are calculated in accordance with the conditions stated in the issuance agreement, starting from the consideration receivable date (usually the issuance date).

The numerator of the diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company, adjusted to reflect (a) the interest of dilutive potential ordinary shares recognized in profit or loss, where applicable, (b) the income or expenses from the conversion of dilutive potential ordinary shares into ordinary shares, (c) the dilutive effect of subsidiaries' potential ordinary shares and (d) the tax impact of the above adjustments.

## Section X Interim Condensed Consolidated Financial Statements

### 17. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (Continued)

The denominator of the diluted earnings per share amount is the total number of (a) the weighted average number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and (b) the weighted average number of ordinary shares assumed to have been issued at consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

When calculating the weighted average number of ordinary shares assumed to have been issued at consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares, dilutive potential ordinary shares issued in prior years are assumed to be converted at the beginning of the period and those issued in the period are assumed to be converted at the issuance date. The Group has convertible corporate bonds as dilutive potential ordinary shares.

The calculations of basic and diluted earnings per share attributable to ordinary equity holders of the Company are as follows:

	<b>Six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>(Unaudited)</b>	<i>(Unaudited)</i>
Earnings		
Profit attributable to equity holders of the Company	<b>5,020,115</b>	4,009,001
Less: Profit attributable to other equity holders of the Company	<b>295,000</b>	295,000
Profit attributable to ordinary equity holders of the Company	<b>4,725,115</b>	3,714,001
Add: Interest expense on convertible bonds, net of tax	<b>147,072</b>	108,683
Less: Dilutive effect of a subsidiary's potential ordinary shares	<b>965</b>	870
Adjusted profit attributable to ordinary equity holders of the Company	<b>4,871,222</b>	3,821,814
Shares (in thousand)		
Weighted average number of ordinary shares in issue during the period	<b>8,794,332</b>	8,713,939
Add: Weighted average number of ordinary shares assuming conversion of all dilutive shares	<b>354,692</b>	346,534
Adjusted weighted average number of ordinary shares in issue during the period	<b>9,149,024</b>	9,060,473
Earnings per share attributable to ordinary equity holders of the Company (RMB Yuan per share)		
– Basic	<b>0.54</b>	0.43
– Diluted	<b>0.53</b>	0.42

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### 18. PROPERTY AND EQUIPMENT

	Buildings	Leasehold improvements	Machinery	Electronic equipment	Communication equipment	Motor vehicles	CIP	Others	Total
<b>Unaudited</b>									
<b>Cost</b>									
As at 1 January 2019	3,662,325	570,867	60,618	1,214,177	19,272	153,274	271,146	106,871	6,058,550
Additions	1,959	30,106	1,054	120,385	1,022	818	167,932	251	323,527
Transfers during the period	—	393	—	23,565	—	—	(64,861)	—	(40,903)
Disposals	(509)	(6,719)	(877)	(65,827)	(2,897)	(2,852)	—	(33,003)	(112,684)
As at 30 June 2019	<u>3,663,775</u>	<u>594,647</u>	<u>60,795</u>	<u>1,292,300</u>	<u>17,397</u>	<u>151,240</u>	<u>374,217</u>	<u>74,119</u>	<u>6,228,490</u>
<b>Accumulated depreciation</b>									
As at 1 January 2019	(744,014)	(319,921)	(3,061)	(646,601)	(12,131)	(102,958)	—	(55,605)	(1,884,291)
Depreciation charge	(58,517)	(43,894)	(3,502)	(137,528)	(998)	(6,287)	—	(3,267)	(253,993)
Disposals	—	5,308	762	65,019	2,782	2,548	—	32,989	109,408
As at 30 June 2019	<u>(802,531)</u>	<u>(358,507)</u>	<u>(5,801)</u>	<u>(719,110)</u>	<u>(10,347)</u>	<u>(106,697)</u>	<u>—</u>	<u>(25,883)</u>	<u>(2,028,876)</u>
<b>Impairment</b>									
As at 1 January 2019 and 30 June 2019	<u>(92,253)</u>	—	—	—	—	—	—	—	<u>(92,253)</u>
<b>Net carrying amount</b>									
As at 30 June 2019	<u>2,768,991</u>	<u>236,140</u>	<u>54,994</u>	<u>573,190</u>	<u>7,050</u>	<u>44,543</u>	<u>374,217</u>	<u>48,236</u>	<u>4,107,361</u>
	Buildings	Leasehold improvements	Machinery	Electronic equipment	Communication equipment	Motor vehicles	CIP	Others	Total
<b>Audited</b>									
<b>Cost</b>									
As at 1 January 2018	2,880,380	472,056	31,339	1,287,230	18,842	156,994	753,300	46,816	5,646,957
Additions	43,686	60,439	2,321	144,740	1,915	13,517	590,642	36,524	893,784
Transfers during the year	742,893	57,434	43,148	131,006	208	—	(1,072,796)	25,373	(72,734)
Disposals	(4,634)	(19,062)	(16,190)	(348,799)	(1,693)	(17,237)	—	(1,842)	(409,457)
As at 31 December 2018	<u>3,662,325</u>	<u>570,867</u>	<u>60,618</u>	<u>1,214,177</u>	<u>19,272</u>	<u>153,274</u>	<u>271,146</u>	<u>106,871</u>	<u>6,058,550</u>
<b>Accumulated depreciation</b>									
As at 1 January 2018	(634,451)	(260,138)	(13,051)	(777,209)	(11,964)	(106,838)	—	(20,454)	(1,824,105)
Depreciation charge	(110,786)	(77,498)	(5,101)	(193,523)	(1,792)	(12,513)	—	(36,904)	(438,117)
Disposals	1,223	17,715	15,091	324,131	1,625	16,393	—	1,753	377,931
As at 31 December 2018	<u>(744,014)</u>	<u>(319,921)</u>	<u>(3,061)</u>	<u>(646,601)</u>	<u>(12,131)</u>	<u>(102,958)</u>	<u>—</u>	<u>(55,605)</u>	<u>(1,884,291)</u>
<b>Impairment</b>									
As at 1 January 2018 and 31 December 2018	<u>(92,253)</u>	—	—	—	—	—	—	—	<u>(92,253)</u>
<b>Net carrying amount</b>									
As at 31 December 2018	<u>2,826,058</u>	<u>250,946</u>	<u>57,557</u>	<u>567,576</u>	<u>7,141</u>	<u>50,316</u>	<u>271,146</u>	<u>51,266</u>	<u>4,082,006</u>

As at 30 June 2019, the Group has not yet obtained the relevant building certificates for buildings with costs of RMB236,093 thousand (31 December 2018: RMB236,093 thousand).

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### 19. RIGHT-OF-USE ASSETS

	Buildings	Land-use right	Total
<b>Unaudited</b>			
<b>Cost</b>			
As at 1 January 2019	3,203,089	876,029	4,079,118
Increases	169,612	—	169,612
Decreases	(72,699)	—	(72,699)
As at 30 June 2019	<u>3,300,002</u>	<u>876,029</u>	<u>4,176,031</u>
<b>Accumulated depreciation</b>			
As at 1 January 2019	(760,007)	(90,717)	(850,724)
Depreciation charge	(291,976)	(9,538)	(301,514)
Decreases	65,172	—	65,172
As at 30 June 2019	<u>(986,811)</u>	<u>(100,255)</u>	<u>(1,087,066)</u>
<b>Impairment</b>			
As at 1 January 2019 and 30 June 2019	—	—	—
<b>Net carrying amount</b>			
As at 30 June 2019	<u>2,313,191</u>	<u>775,774</u>	<u>3,088,965</u>

### 20. PREPAID LAND LEASE PAYMENTS

	As at 30 June 2019 <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
<b>Cost</b>		
As at 1 January	—	876,029
As at period/year end	<u>—</u>	<u>876,029</u>
<b>Accumulated amortization</b>		
As at 1 January	—	(71,641)
Amortization	—	(19,076)
As at period/year end	<u>—</u>	<u>(90,717)</u>
<b>Carrying amount</b>		
As at period/year end	<u>—</u>	<u>785,312</u>

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### 21. GOODWILL

	<b>As at 30 June 2019 (Unaudited)</b>	As at 31 December 2018 (Audited)
Cost	581,407	581,407
Less: Impairment losses	—	—
Carrying amount	<b>581,407</b>	581,407

#### Impairment testing on goodwill

	<b>As at 30 June 2019 (Unaudited)</b>	As at 31 December 2018 (Audited)
Cost and carrying value		
Unit A – Shanghai Securities Co., Ltd.	578,916	578,916
Unit B – Guotai Junan Futures Co., Ltd.	2,491	2,491
Total	<b>581,407</b>	581,407

The Company acquired 51% of the equity interests in Shanghai Securities Co., Ltd. (“Shanghai Securities”) from Shanghai International Group Co., Ltd. in July 2014. The Group recognized the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the goodwill of the cash-generating unit (“CGU”) of Shanghai Securities Co., Ltd.

The Company acquired 100% of the equity interests in Guotai Junan Futures Co., Ltd. from a third party in 2007. The Group recognized the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the goodwill of the CGU of Guotai Junan Futures Co., Ltd.

The recoverable amounts of Unit A and Unit B have been determined on the basis of value-in-use calculation. The calculation used cash flow projections based on financial budgets approved by management and a pre-tax discount rate of 13% which reflected the risk specific to the cash-generating units, with the terminal growth rate of 3%. Other assumptions include budgeted income and gross margin estimated based on the past performance and management’s expectations of market developments, etc.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts of the CGUs to exceed their recoverable amounts.

## Section X Interim Condensed Consolidated Financial Statements

### 22. OTHER INTANGIBLE ASSETS

	Software	Trading seats rights	Securities and futures brokerage qualification	Others	Total
<b>Unaudited</b>					
<b>Cost</b>					
As at 1 January 2019	747,443	205,866	1,066,264	16,331	2,035,904
Additions	84,291	380	—	—	84,671
Disposal	—	—	—	(1,067)	(1,067)
As at 30 June 2019	<u>831,734</u>	<u>206,246</u>	<u>1,066,264</u>	<u>15,264</u>	<u>2,119,508</u>
<b>Accumulated amortization</b>					
As at 1 January 2019	(420,435)	(126,539)	—	(1,275)	(548,249)
Amortization	(58,916)	(373)	—	—	(59,289)
Disposal	—	—	—	—	—
As at 30 June 2019	<u>(479,351)</u>	<u>(126,912)</u>	<u>—</u>	<u>(1,275)</u>	<u>(607,538)</u>
<b>Impairment</b>					
As at 1 January 2019 and 30 June 2019	—	(4,756)	—	(10,475)	(15,231)
<b>Net carrying amount</b>					
As at 30 June 2019	<u>352,383</u>	<u>74,578</u>	<u>1,066,264</u>	<u>3,514</u>	<u>1,496,739</u>

## Section X Interim Condensed Consolidated Financial Statements

### 22. OTHER INTANGIBLE ASSETS (Continued)

	Software	Trading seats rights	Securities and futures brokerage qualification	Others	Total
<b>Audited</b>					
<b>Cost</b>					
As at 1 January 2018	623,706	207,240	1,066,264	33,049	1,930,259
Additions	150,049	166	—	4,727	154,942
Disposal	<u>(26,312)</u>	<u>(1,540)</u>	<u>—</u>	<u>(21,445)</u>	<u>(49,297)</u>
As at 31 December 2018	<u>747,443</u>	<u>205,866</u>	<u>1,066,264</u>	<u>16,331</u>	<u>2,035,904</u>
<b>Accumulated amortization</b>					
As at 1 January 2018	(337,626)	(128,079)	—	(1,275)	(466,980)
Amortization	(102,966)	—	—	—	(102,966)
Disposal	<u>20,157</u>	<u>1,540</u>	<u>—</u>	<u>—</u>	<u>21,697</u>
As at 31 December 2018	<u>(420,435)</u>	<u>(126,539)</u>	<u>—</u>	<u>(1,275)</u>	<u>(548,249)</u>
<b>Impairment</b>					
As at 1 January 2018	—	(4,756)	—	(16,252)	(21,008)
Disposal	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,777</u>	<u>5,777</u>
As at 31 December 2018	<u>—</u>	<u>(4,756)</u>	<u>—</u>	<u>(10,475)</u>	<u>(15,231)</u>
<b>Net carrying amount</b>					
As at 31 December 2018	<u>327,008</u>	<u>74,571</u>	<u>1,066,264</u>	<u>4,581</u>	<u>1,472,424</u>

The other intangible assets of securities and futures brokerage qualification are generated from the acquisition of Shanghai Securities, and the impairment of which is tested together with the goodwill arising from the acquisition of Shanghai Securities, that is, the carrying amount of securities and futures brokerage qualification was included in the cash-generating unit to which the goodwill was allocated for impairment testing purposes. Management believes that there was no impairment of the securities and futures brokerage qualification as at 30 June 2019 and 31 December 2018. Refer to note 21 for impairment testing of goodwill arising from the acquisition of Shanghai Securities.

## Section X Interim Condensed Consolidated Financial Statements

### 23. INTERESTS IN STRUCTURED ENTITIES

#### (a) Interests in consolidated structured entities

The Group has consolidated certain structured entities, including asset management schemes, trust schemes and limited partnerships. For those structured entities where the Group is involved as a manager, investment adviser or general partner, the Group assesses whether the combination of investments it held together with its remuneration creates an exposure to variability of returns from the activities of those structured entities that is of such significance that indicates that the Group is a principal.

Interests held by other investors in these consolidated structured entities were classified as financial liabilities at fair value through profit or loss, other current liabilities and other non-current liabilities in the consolidated statement of financial position.

#### (b) Interests in unconsolidated structured entities

The Group exercised the power over the structured entities including limited partnerships and asset management products by acting as a manager or general partner during the period. Except for the structured entities the Group has consolidated as stated in note 23(a), in management's opinion, the variable returns the Group exposed to over these structured entities that the Group has interests in are not significant. The Group therefore did not consolidate these structured entities.

The Group classified the investments in unconsolidated limited partnerships and asset management products managed by the Group as financial assets at fair value through profit or loss and investments in associates and joint ventures. As at 30 June 2019 and 31 December 2018, the carrying amounts of the Group's interests in unconsolidated structured entities were RMB5,042 million and RMB5,605 million, respectively. The management fee arising from these unconsolidated structured entities amounted to RMB552 million and RMB376 million for the periods ended 30 June 2019 and 2018, respectively.

The carrying amounts of interests in unconsolidated structured entities in the consolidated statement of financial position are approximately equal to the maximum exposure to the loss of interests held by the Group in the unconsolidated structured entities.

### 24. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	As at 30 June 2019 <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
Share of net assets		
– Associates	<b>1,166,290</b>	1,294,133
– Joint ventures	<b>1,607,545</b>	1,333,516
Total	<b><u>2,773,835</u></b>	<b><u>2,627,649</u></b>



## Section X Interim Condensed Consolidated Financial Statements

### 24. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(Continued)*

The Group had the following associates and joint ventures:

Name of associates and joint ventures	Place of incorporation or primary business	Registered capital/Capital commitment (Expressed in yuan)	Principal activities	Equity interest held as at 30 June 2019
Associates:				
Anhui Panguhongye Equity Investment Centre LLP	Suzhou PRC	RMB30,300,000	Equity investment	33%
Shenzhen GTJA Shenyi Phase I Investment Fund LLP	Shenzhen PRC	RMB400,000,000	Investment management and advisory	25%
Shenzhen GTJA Leading Junding Phase 1 Investment Fund LLP	Shenzhen PRC	RMB130,000,000	Investment management and advisory	38%
Xiamen Hongxin Electron-Tech Co., Ltd. <sup>(2)</sup>	Xiamen PRC	RMB177,000,000	Flexible printed circuit board research and design	4%
Shanghai Kechuang Center Equity Investment Fund Management Co., Ltd. <sup>(2)</sup>	Shanghai PRC	RMB100,000,000	Investment management and equity investment	13%
Huaan Funds Management Co., Ltd. ("HuaAn Fund")	Shanghai PRC	RMB150,000,000	Fund management	20%
Shenzhen United Property and Share Rights Exchange <sup>(2)</sup>	Shenzhen PRC	RMB500,000,000	Provision of intermediary services and equity registration services for equity trading	10%
Joint ventures:				
Shenzhen GTJA Leading Investment Management Co., Ltd. <sup>(1)</sup>	Shenzhen PRC	RMB15,000,000	Investment management and equity investment	51%
Xiamen GTJA Jianfa Equity Investment Company LLP <sup>(2)</sup>	Xiamen PRC	RMB200,100,000	Investment management and equity investment	10%
Shanghai Guojun Chuangtou Longxu Investment Management Centre LLP	Shanghai PRC	RMB100,000,000	Investment management and equity investment	25%
Shanghai Guojun Chuangtou Longsheng Investment Centre LLP	Shanghai PRC	RMB500,000,000	Investment management and equity investment	20%
Shanghai Guojun Chuangtou Longzhao Investment Management Centre LLP <sup>(1)</sup>	Shanghai PRC	RMB1,000,200,000	Investment management and equity investment	55%
Shanghai Junzheng Investment Management Co., Ltd. <sup>(1)</sup>	Shanghai PRC	RMB10,000,000	Investment management and advisory	51%
Shanghai GTJA Haojing Investment Management Co., Ltd.	Shanghai PRC	RMB10,000,000	Investment management and advisory	50%
Shanxi GTJA Chuangtou Equity Investment Company LLP	Shanghai PRC	RMB200,000,000	Investment management and advisory	30%
Shanghai Guojun Chuangtou Zhengjun No.2 Equity Investment LLP	Shanghai PRC	RMB100,010,000	Investment management and advisory	25%
Shanghai Guojun Chuangtou Longzhang Investment Management Centre LLP	Shanghai PRC	RMB233,000,000	Investment management and advisory	28%
Shanghai Juntong Jinglian Investment LLP <sup>(1)</sup>	Shanghai PRC	RMB701,000,000	Investment management and advisory	100%
Juntong Phase II Fund	Shanghai PRC	RMB401,000,000	Investment management and advisory	50%
Shanghai North Industries GTJA Investment Centre LLP <sup>(2)</sup>	Shanghai PRC	RMB652,000,000	Investment management and advisory	16%

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### 24. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES *(continued)*

- (1) Although the Group's percentages of shareholdings in these investees are higher than 50%, they are accounted for as joint ventures as the Group only has joint control over these investees due to the relevant arrangements stipulated in the articles of association or other agreements.
- (2) Although the Group's percentages of shareholdings in these investees are lower than 20%, they are accounted for as associates or joint ventures as the Group has significant influence over these investees due to the relevant arrangements stipulated in the articles of association or other agreements.

The following table illustrates the aggregate financial information of the Group's associates and joint ventures that are not individually material:

	<b>Six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>(Unaudited)</b>	<i>(Unaudited)</i>
Share of associates' profit for the period	<b>49,126</b>	52,637
Share of joint ventures' profit for the period	<b>93,571</b>	41,314
	<u><b>142,697</b></u>	<u>93,951</u>
	<b>Six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>(Unaudited)</b>	<i>(Unaudited)</i>
Share of associates' total comprehensive income for the period	<b>48,868</b>	34,406
Share of joint ventures' total comprehensive income for the period	<b>204,705</b>	(442,516)
	<u><b>253,573</b></u>	<u>(408,110)</u>
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2019</b>	2018
	<b>(Unaudited)</b>	<i>(Audited)</i>
Aggregate carrying amount of the Group's investments in associates	<b>1,166,290</b>	1,294,133
Aggregate carrying amount of the Group's investments in joint ventures	<b>1,607,545</b>	1,333,516
	<u><b>2,773,835</b></u>	<u>2,627,649</u>

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### 25. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at <b>30 June</b> <b>2019</b> <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
<b>Non-current</b>		
Government bonds	9,882,879	5,658,610
Financial bonds	8,123,807	8,818,045
Corporate bonds	20,278,846	13,983,921
Other bonds	<u>7,180,119</u>	<u>4,984,727</u>
Total	<u><b>45,465,651</b></u>	<u>33,445,303</u>
Analysed as:		
Listed outside Hong Kong	23,280,530	15,685,430
Unlisted	<u>22,185,121</u>	<u>17,759,873</u>
Total	<u><b>45,465,651</b></u>	<u>33,445,303</u>
	As at	As at
	<b>30 June</b>	31 December
<b>Current</b>	<b>2019</b>	2018
	<i>(Unaudited)</i>	<i>(Audited)</i>
Government bonds	154,112	499,472
Financial bonds	129,485	235,834
Corporate bonds	2,445,202	2,457,635
Other bonds	<u>3,968,923</u>	<u>2,528,437</u>
Total	<u><b>6,697,722</b></u>	<u>5,721,378</u>
Analysed as:		
Listed in Hong Kong	72,856	—
Listed outside Hong Kong	2,009,735	1,908,243
Unlisted	<u>4,615,131</u>	<u>3,813,135</u>
Total	<u><b>6,697,722</b></u>	<u>5,721,378</u>

As at 30 June 2019, debt instruments at fair value through other comprehensive income of the Group included approximately RMB44,495,085 thousand of pledged, restricted or transferred assets.

## Section X Interim Condensed Consolidated Financial Statements

### 25. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(continued)

#### (a) Analysis of the movements of allowance for ECL:

	As at 30 June 2019 <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
At the beginning of the period/year	151,826	238,621
Charge for the period/year	53,549	19,553
Reversal	(7,669)	(43,896)
Amounts written off	<u>(7,489)</u>	<u>(62,452)</u>
At the end of the period/year	<u>190,217</u>	<u>151,826</u>

#### (b) Analysis of the stages of allowance for ECL:

	Stage 1	Stage 2	Stage 3	Total
As at 30 June 2019	<u>105,252</u>	<u>84,965</u>	—	<u>190,217</u>
As at 31 December 2018	<u>71,204</u>	<u>80,622</u>	—	<u>151,826</u>

### 26. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 30 June 2019 <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
<b>Non-current</b>		
Contribution to designated accounts at China Securities Finance Corporation Limited ("CSFC investment") <sup>(1) (2)</sup>	13,251,200	12,393,180
Equity securities <sup>(2)</sup>	<u>6,377,069</u>	<u>4,392,769</u>
Total	<u>19,628,269</u>	<u>16,785,949</u>
Analysed as:		
Listed outside Hong Kong	5,275,493	3,530,723
Unlisted	<u>14,352,776</u>	<u>13,255,226</u>
Total	<u>19,628,269</u>	<u>16,785,949</u>

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### 26. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(continued)

- (1) As at 30 June 2019, the equity instruments at fair value through other comprehensive income included funds contributed by the Company together with various PRC securities firms, to designated accounts managed by China Securities Finance Corporation Limited ("CSFC"). CSFC managing the operation and investment of the designated accounts and securities firms will share the risks and returns from the investments in proportion to their respective contributions. As at 30 June 2019, the fair value of the Company's contribution was RMB13,251 million, based on the investment account statement provided by CSFC.
- (2) The Group has designated some investments, including CSFC investment and those held for strategic investment purposes or for securities lending, as equity instruments at fair value through other comprehensive income during the period ended 30 June 2019. The dividend income related to equity instruments at fair value through other comprehensive income was disclosed in note 7.

For the period ended 30 June 2019, the Group disposed of some of the equity instruments at fair value through other comprehensive income, as a result of adjustments in its investment strategy. The accumulated net realized gain and the dividend income of the equity instruments disposed of were RMB910 thousand and RMB10,782 thousand, respectively.

- (3) As at 30 June 2019, equity instruments at fair value through other comprehensive income of the Group included approximately RMB436,255 thousand of pledged, restricted or transferred shares.

### 27. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

#### (a) Analysed by collateral type:

	As at 30 June 2019 <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
<b>Non-current</b>		
Equity securities	3,922,706	6,529,812
Less: Allowance for ECLs	<u>(37,483)</u>	<u>(85,227)</u>
Total	<u><b>3,885,223</b></u>	<u>6,444,585</u>
	As at 30 June 2019 <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
<b>Current</b>		
Equity securities	32,148,035	33,666,689
Debt securities	16,243,296	21,632,169
Precious metals	2,352,443	917,372
Others	3,058	6,103
Less: Allowance for ECLs	<u>(1,640,316)</u>	<u>(1,549,334)</u>
Total	<u><b>49,106,516</b></u>	<u>54,672,999</u>

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### 27. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS (continued)

#### (b) Analysed by market:

	As at 30 June 2019 <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
<b>Non-current</b>		
Stock exchanges	3,922,706	6,529,812
Less: Allowance for ECLs	<u>(37,483)</u>	<u>(85,227)</u>
Total	<u><b>3,885,223</b></u>	<u>6,444,585</u>
	As at 30 June 2019 <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
<b>Current</b>		
Stock exchanges	32,672,179	37,735,743
Interbank market	15,719,152	17,563,114
Over the counter	2,355,501	923,476
Less: Allowance for ECLs	<u>(1,640,316)</u>	<u>(1,549,334)</u>
Total	<u><b>49,106,516</b></u>	<u>54,672,999</u>

#### (c) Analysis of the movements of allowance for ECLs:

	As at 30 June 2019 <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
At the beginning of the period/year	1,634,561	965,141
Charge for the period/year	45,378	669,480
Reversal	(1,794)	(60)
Amounts written off	<u>(346)</u>	<u>—</u>
At the end of the period/year	<u><b>1,677,799</b></u>	<u>1,634,561</u>

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### 27. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS *(continued)*

**(d) Analysed by the stages of allowance for ECLs:**

	Stage 1	Stage 2	Stage 3	Total
As at 30 June 2019	<u>218,073</u>	<u>302,232</u>	<u>1,157,494</u>	<u>1,677,799</u>
As at 31 December 2018	<u>270,983</u>	<u>426,543</u>	<u>937,035</u>	<u>1,634,561</u>

**(e) Fair value of collateral:**

	As at 30 June 2019 <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
Fair value	110,200,670	106,454,497
Including: Available for sale or pledge	1,073,715	1,092,954
Including: Sold or pledged	<u>1,027,349</u>	<u>737,008</u>

### 28. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2019 <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
<b>Non-current</b>		
At fair value through profit or loss:		
Funds	4,216,334	597,507
Equity securities	1,418,141	1,193,791
Asset backed securities	997,723	1,371,180
Other investments <sup>(1)</sup>	<u>1,000</u>	<u>405,283</u>
Total	<u>6,633,198</u>	<u>3,567,761</u>
Analysed as:		
Listed outside Hong Kong	1,039,695	1,350,828
Unlisted	<u>5,593,503</u>	<u>2,216,933</u>
Total	<u>6,633,198</u>	<u>3,567,761</u>

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### 28. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

<b>Current</b>	<b>As at 30 June 2019 (Unaudited)</b>	As at 31 December 2018 (Audited)
At fair value through profit or loss:		
Debt securities	92,937,321	71,813,468
Funds	40,423,318	39,372,098
Equity securities	17,587,459	9,118,472
Wealth management products	7,819,496	4,742,829
Asset management schemes	4,463,200	4,490,705
Perpetual bonds	3,024,533	2,970,986
Asset backed securities	1,718,749	1,410,829
Other investments <sup>(1)</sup>	426,194	194,932
Total	<u>168,400,270</u>	<u>134,114,319</u>
Analysed as:		
Listed in Hong Kong	19,656,838	26,811,149
Listed outside Hong Kong	92,606,009	56,697,451
Unlisted	56,137,423	50,605,719
Total	<u>168,400,270</u>	<u>134,114,319</u>

(1) Other investments mainly represent investments in precious metals, etc.

(2) As at 30 June 2019, financial assets at fair value through profit or loss of the Group included approximately RMB49,551,947 thousand of pledged, restricted or transferred assets.

### 29. REFUNDABLE DEPOSITS

	<b>As at 30 June 2019 (Unaudited)</b>	As at 31 December 2018 (Audited)
Deposits with exchanges and other financial institutions:		
Futures deposits	8,252,170	6,542,669
Performance deposits	794,869	294,691
Trading deposits	493,045	422,757
Credit deposits	196,468	265,968
Other deposits	66,291	26,593
Total	<u>9,802,843</u>	<u>7,552,678</u>



## Section X Interim Condensed Consolidated Financial Statements

### 30. DEFERRED TAX

For the purpose of presentation in the Group's statement of financial position, certain deferred tax assets and liabilities have been offset. The following is an analysis of the deferred tax balances for financial reporting purposes:

	<b>As at 30 June 2019 (Unaudited)</b>	<b>As at 31 December 2018 (Audited)</b>
Deferred tax assets	<b>716,255</b>	1,289,051
Deferred tax liabilities	<b>(51,847)</b>	(43,015)
<b>Total</b>	<b><u>664,408</u></b>	<b><u>1,246,036</u></b>

The following are the major deferred tax assets and liabilities recognized and the movements therein during the year 2018 and the six months ended 30 June 2019:

	Allowance for ECLs/ impairment losses	Employee benefits payable	Changes in fair value	Fair value revaluation on acquisition of subsidiaries	Deductible tax losses	Others	Total
Deferred tax arising from:							
As at 1 January 2018	472,365	892,464	(679,426)	(452,321)	13,828	(14,448)	232,462
Recognized in profit or loss	276,432	(71,719)	4,740	9,334	(1,391)	116,839	334,235
Recognized in other comprehensive income	—	—	862,383	—	—	—	862,383
Transferred out	—	—	(138,850)	—	—	—	(138,850)
Disposal of a subsidiary	—	(21,558)	(12,973)	—	—	(9,663)	(44,194)
As at 31 December 2018	<u>748,797</u>	<u>799,187</u>	<u>35,874</u>	<u>(442,987)</u>	<u>12,437</u>	<u>92,728</u>	<u>1,246,036</u>
Impact of adopting IFRS 16	—	—	—	—	—	26,778	26,778
As at 1 January 2019	<u>748,797</u>	<u>799,187</u>	<u>35,874</u>	<u>(442,987)</u>	<u>12,437</u>	<u>119,506</u>	<u>1,272,814</u>
Recognized in profit or loss	80,476	(113,709)	(135,929)	4,667	(3,721)	(174,839)	(343,055)
Recognized in other comprehensive income	(9,598)	—	(228,262)	—	—	(27,719)	(265,579)
Transferred out	—	—	228	—	—	—	228
As at 30 June 2019	<u>819,675</u>	<u>685,478</u>	<u>(328,089)</u>	<u>(438,320)</u>	<u>8,716</u>	<u>(83,052)</u>	<u>664,408</u>

The Group did not have significant unrecognized deductible temporary differences and deductible losses.

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### 31. OTHER NON-CURRENT ASSETS

	As at 30 June 2019 <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
Prepayments (a)	1,042,648	572,268
Term loan	758,127	2,067,210
Advances relating to lawsuits	256,037	256,037
Deposit	68,777	68,777
Long-term deferred expenses	59,656	65,154
Others	605,430	568,826
Less: Allowance for ECLs/impairment losses (b)	<u>(675,955)</u>	<u>(666,235)</u>
Total	<u><u>2,114,720</u></u>	<u><u>2,932,037</u></u>

(a) The details of prepayments are shown below:

On 16 October 2013, the Company entered into an agreement with Shanghai Bund & Riverside Comprehensive Development Co., Ltd. ("Bund & Riverside Development"). According to this agreement, the Company agreed to purchase one of the six properties to be developed by Bund & Riverside Development, on a land lot located at Huangpu District, Shanghai. As of 30 June 2019 and 31 December 2018, the prepayment for this project amounted to RMB1,042.6 million (tax excluded) and RMB572.3 million, respectively.

(b) Analysis of the movements of allowance for ECLs/impairment losses:

	As at 30 June 2019 <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
At the beginning of the period/year	666,235	706,228
Charge for the period/year	9,973	45,213
Reversal	(253)	—
Amounts written off	—	(85,206)
At the end of the period/year	<u><u>675,955</u></u>	<u><u>666,235</u></u>

(c) Analysed by the stages of allowance for ECLs:

	Stage 1	Stage 2	Stage 3	Total
As at 30 June 2019	<u>—</u>	<u>—</u>	<u>675,955</u>	<u>675,955</u>
As at 31 December 2018	<u>155</u>	<u>—</u>	<u>666,080</u>	<u>666,235</u>

## Section X Interim Condensed Consolidated Financial Statements

### 32. ACCOUNTS RECEIVABLE

#### (a) Analysed by nature:

	As at <b>30 June</b> <b>2019</b> <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
Accounts receivable from:		
– Brokers and dealers	3,473,396	2,650,217
– Fee and commission	915,488	829,801
– Settlement	744,540	76,491
– Fund management fee	48,643	63,584
– Cash and custodian clients	40,119	41,106
Less: Allowance for ECLs	<u>(42,094)</u>	<u>(26,465)</u>
Total	<u><b>5,180,092</b></u>	<u>3,634,734</u>

#### (b) Analysed by aging:

	As at <b>30 June</b> <b>2019</b> <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
Within 1 year	<u><b>5,180,092</b></u>	<u>3,634,734</u>

#### (c) Analysis of the movements of allowance for ECLs:

	As at <b>30 June</b> <b>2019</b> <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
At the beginning of the period/year	26,465	41,720
Charge for the period/year	15,629	1,454
Reversal	—	(12,338)
Amounts written off	<u>—</u>	<u>(4,371)</u>
At the end of the period/year	<u><b>42,094</b></u>	<u>26,465</u>

## Section X Interim Condensed Consolidated Financial Statements

### 32. ACCOUNTS RECEIVABLE *(continued)*

#### (d) Analysed by the stages of allowance for ECLs:

	Stage 1	Stage 2	Stage 3	Total
As at 30 June 2019	<u>42,094</u>	<u>—</u>	<u>—</u>	<u>42,094</u>
As at 31 December 2018	<u>26,465</u>	<u>—</u>	<u>—</u>	<u>26,465</u>

### 33. OTHER CURRENT ASSETS

#### (a) Analysed by nature:

	As at 30 June 2019 <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
Term loans	1,228,067	925,095
Bulk commodity trading inventories	286,464	55,580
Dividends receivable	284,943	171,985
Deposit	84,333	173,755
Prepayment for expenses	65,028	141,690
Prepayments	38,614	116,826
Others	551,596	417,821
Less: Allowance for ECLs/impairment losses	<u>(147,218)</u>	<u>(135,196)</u>
Total	<u>2,391,827</u>	<u>1,867,556</u>

#### (b) Analysis of the movements of allowance for ECLs/impairment losses:

	As at 30 June 2019 <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
At the beginning of the period/year	135,196	67,693
Charge for the period/year	12,328	69,591
Reversal	<u>(306)</u>	<u>(2,088)</u>
At the end of the period/year	<u>147,218</u>	<u>135,196</u>

## Section X Interim Condensed Consolidated Financial Statements

### 33. OTHER CURRENT ASSETS *(continued)*

#### (c) Analysed by the stages of allowance for ECLs:

	Stage 1	Stage 2	Stage 3	Total
As at 30 June 2019	<u>776</u>	<u>—</u>	<u>145,273</u>	<u>146,049</u>
As at 31 December 2018	<u>1,195</u>	<u>—</u>	<u>132,851</u>	<u>134,046</u>

### 34. MARGIN ACCOUNTS RECEIVABLE

#### (a) Analysed by nature:

	As at 30 June 2019 <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
Individuals	50,661,298	42,404,756
Institutions	13,788,305	11,842,680
Less: Allowance for ECLs	<u>(968,021)</u>	<u>(592,078)</u>
Total	<u>63,481,582</u>	<u>53,655,358</u>

#### (b) Analysis of the movements of allowance for ECLs:

	As at 30 June 2019 <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
At the beginning of the period/year	592,078	441,191
Charge for the period/year	443,700	237,145
Reversal	(75,023)	(2,532)
Others	<u>7,266</u>	<u>(83,726)</u>
At the end of the period/year	<u>968,021</u>	<u>592,078</u>

#### (c) Analysed by the stages of allowance for ECLs:

	Stage 1	Stage 2	Stage 3	Total
As at 30 June 2019	<u>124,804</u>	<u>11,352</u>	<u>831,865</u>	<u>968,021</u>
As at 31 December 2018	<u>88,770</u>	<u>44,616</u>	<u>458,692</u>	<u>592,078</u>

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### 34. MARGIN ACCOUNTS RECEIVABLE (continued)

(d) The fair value of collateral for the margin financing and securities lending business is analysed as follows:

	As at 30 June 2019 <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
Fair value of collateral:		
– Stocks	195,138,967	140,380,877
– Cash	11,025,640	6,973,750
– Funds	1,637,538	1,843,195
– Bonds	99,509	34,417
Total	<u>207,901,654</u>	<u>149,232,239</u>

### 35. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 June 2019	
	Nominal amount	Fair value Assets Liabilities <i>(Unaudited)</i> <i>(Unaudited)</i>
Interest rate derivatives		
– Treasury futures	3,922,172	—      (21,239)
– Interest rate swap	1,171,929,528	38      (144,807)
– Others	3,720,644	83,088      (14,313)
Equity derivatives		
– Stock index futures	6,641,499	5,049      (43,625)
– Forward contracts	2,907,858	438,310      (208,191)
– Equity return swaps	6,660,374	74,121      (903,132)
– Stock options	19,199,797	83,803      (97,177)
Currency derivatives		
– Currency swaps	11,725,086	92,292      (29,909)
– Foreign exchange forward	5,238,491	41,139      (34,964)
– Foreign exchange options	723,752	1,269      (627)
– Others	1,472,057	—      (3,581)
Other derivatives		
– Precious metals futures	1,856,973	99,744      —
– Au (T+D)	1,180,059	48,481      —
– Commodity futures	4,782,619	—      (62,111)
– Gold options	13,812,243	841      (115,617)
– Commodity options	10,127,535	127,466      (174,076)
– Others	1,217,738	1,858      (19,497)
Less: Cash (received)/paid as settlement		<u>(148,225)      281,429</u>
Total		<u>949,274      (1,591,437)</u>

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### 35. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

	As at 31 December 2018		
	Nominal amount	Fair value	
		Assets <i>(Audited)</i>	Liabilities <i>(Audited)</i>
Interest rate derivatives			
– Treasury futures	14,295,844	—	(22,585)
– Interest rate swap	2,395,878,384	13,453	(152,191)
– Others	11,481,715	1,472	(15,222)
Equity derivatives			
– Stock index futures	5,338,156	119	(248,214)
– Forward contracts	275,148	398	(3,616)
– Equity return swaps	8,572,873	387,210	(29,993)
– Stock options	16,093,300	167,957	(124,768)
Currency derivatives			
– Currency swaps	6,385,222	17,943	(3,091)
– Foreign exchange forward	2,151,078	21,948	(12,573)
– Foreign exchange options	307,300	937	(945)
– Others	1,487,381	11,221	—
Other derivatives			
– Precious metals futures	940,033	571	(8,159)
– Au (T+D)	166,767	268	—
– Commodity futures	1,757,227	15,140	515
– Gold options	6,336,187	363	(4,251)
– Commodity options	3,415,921	42,500	(44,130)
– Others	596,271	45	(559)
Less: Cash (received)/paid as settlement		(33,187)	413,809
Total		<u>648,358</u>	<u>(255,973)</u>

### 36. CLEARING SETTLEMENT FUNDS

	As at <b>30 June 2019</b> <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
Deposits with stock exchanges		
– China Securities Depository and Clearing Corporation Limited	<b>3,270,050</b>	2,869,960
– Others	<b>109,143</b>	136,876
Total	<u><b>3,379,193</b></u>	<u>3,006,836</u>

As at 30 June 2019 and 31 December 2018, the Group's clearing settlement funds of RMB88,559 thousand and RMB74,829 thousand, respectively, were restricted.

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### 37. CASH HELD ON BEHALF OF BROKERAGE CUSTOMERS

The Group maintains segregated deposit accounts with banks and authorized institutions to hold cash on behalf of customers arising from its normal course of business. The Group has recorded the related amounts as cash held on behalf of customers and the corresponding liabilities as accounts payable to brokerage customers on the grounds that it is liable for any loss or misappropriation of its brokerage clients' monies. In Mainland China, the use of cash held on behalf of customers for security and the settlement of their transactions are restricted and governed by relevant third-party deposit regulations issued by the CSRC. In Hong Kong, the "Securities and Futures (Customer Money) Rules" implementing the related provisions of the Securities and Futures Ordinance impose similar restrictions.

### 38. CASH AND BANK BALANCES

	<b>As at 30 June 2019 (Unaudited)</b>	As at 31 December 2018 (Audited)
Cash on hand	<b>525</b>	434
Bank balances	<b>34,688,633</b>	20,348,449
Total	<b><u>34,689,158</u></b>	<u>20,348,883</u>

As at 30 June 2019 and 31 December 2018, the Group's bank balances of RMB812,596 thousand and RMB481,793 thousand, respectively, were restricted.

As at 30 June 2019, the ECL allowance for cash and cash balances amounted to RMB5,935 thousand (31 December 2018: RMB6,939 thousand).

### 39. LOANS AND BORROWINGS

	<b>As at 30 June 2019 (Unaudited)</b>	As at 31 December 2018 (Audited)
Unsecured loans and borrowings (1)	<b>8,296,940</b>	8,279,422
Total	<b><u>8,296,940</u></b>	<u>8,279,422</u>

(1) As at 30 June 2019 and 31 December 2018, the current unsecured loans and borrowings of the Group were repayable within one year, and bore interest at rates ranging from 2.70% to 3.82% per annum and from 3.48% to 3.89% per annum, respectively.

(2) As at 30 June 2019 and 31 December 2018, the current unsecured loans and borrowings of the Group were not past due.



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### 40. SHORT-TERM DEBT INSTRUMENTS

Unaudited	Nominal interest rate	As at 1 January 2019	Increase	Decrease	As at 30 June 2019
Short-term financing bills payable	2.57%-3.15%	3,019,418	9,050,517	(7,050,547)	5,019,388
Short-term corporate bonds	4.25%	507,862	10,579	—	518,441
Medium-term notes	1.25%-3.70%	2,289,294	2,865,166	(2,326,768)	2,827,692
Structured notes	2.85%-5.00%	1,228,850	10,661,802	(3,671,809)	8,218,843
Total		<u>7,045,424</u>	<u>22,588,064</u>	<u>(13,049,124)</u>	<u>16,584,364</u>

  

Audited	Nominal interest rate	As at 1 January 2018	Increase	Decrease	As at 31 December 2018
Short-term financing bills payable	3.15%-4.99%	6,000,000	16,714,994	(19,695,576)	3,019,418
Short-term corporate bonds	4.25%-5.10%	1,999,950	604,882	(2,096,970)	507,862
Medium-term notes	0.90%-2.80%	3,756,035	2,516,094	(3,982,835)	2,289,294
Structured notes	2.80%-5.50%	24,698,650	16,240,380	(39,710,180)	1,228,850
Total		<u>36,454,635</u>	<u>36,076,350</u>	<u>(65,485,561)</u>	<u>7,045,424</u>

### 41. PLACEMENTS FROM OTHER FINANCIAL INSTITUTIONS

	As at 30 June 2019 <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
Placements from banks (1)	12,267,614	9,006,422
Placements from CSFC (2)	—	1,156,824
Total	<u>12,267,614</u>	<u>10,163,246</u>

(1) As at 30 June 2019 and 31 December 2018, placements from banks were repayable within one year, and bore interest at annual interest rates ranging from 1.53% to 3.45% and from 2.89% to 5.70%, respectively.

(2) As at 30 June 2019, there were no placements from CSFC. As at 31 December 2018, placements from CSFC were repayable within one year, and bore interest at annual interest rates ranging from 4.80% to 5.10%.

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### 42. ACCOUNTS PAYABLE TO BROKERAGE CUSTOMERS

	As at <b>30 June</b> <b>2019</b> <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
Margin financing and securities lending deposits	<b>15,708,801</b>	11,159,295
Other brokerage business deposits	<b>94,823,897</b>	71,187,748
Total	<b>110,532,698</b>	82,347,043

Accounts payable to brokerage customers mainly include money held on behalf of customers in banks and clearing houses, and bear interest at the prevailing market interest rates.

The majority of the accounts payable balances are repayable on demand except where certain accounts payable to brokerage customers represent monies received from customers for their margin financing and future trading activities under the normal course of business. Only amounts in excess of the required deposits and cash collateral stipulated are repayable on demand.

No aging analysis is disclosed as in the opinion of the directors of the Company, the aging analysis does not provide additional value in view of the nature of these businesses.

### 43. EMPLOYEE BENEFITS PAYABLE

	As at <b>30 June</b> <b>2019</b> <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
Salaries, bonuses and allowances	<b>4,105,892</b>	4,665,499
Social welfare and others	<b>305,547</b>	295,002
Contributions to a defined contribution scheme	<b>27,529</b>	24,362
Total	<b>4,438,968</b>	4,984,863

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### 44. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

#### (a) Analysed by collateral type:

	As at 30 June 2019 <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
Bonds	97,487,085	61,719,773
Precious metals	7,677,792	2,133,731
Funds	5,367,184	3,700,541
Margin accounts receivable-backed repurchase	2,002,056	3,004,500
Total	<u>112,534,117</u>	<u>70,558,545</u>

#### (b) Analysed by market:

	As at 30 June 2019 <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
Interbank market	71,802,885	39,116,376
Stock exchanges	31,051,385	26,303,937
Over the counter	9,679,847	5,138,232
Total	<u>112,534,117</u>	<u>70,558,545</u>

### 45. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2019 <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
<b>Current</b>		
At fair value through profit or loss (1)		
– Debt securities	2,435,077	3,705,281
– Others	2,260,818	157,392
Designated as at fair value through profit or loss		
– Debt securities (2)	34,042,772	28,346,896
– Interest attributable to other holders of consolidated structured entities (3)	503,181	536,992
Total	<u>39,241,848</u>	<u>32,746,561</u>

## Section X Interim Condensed Consolidated Financial Statements

### 45. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

<b>Non-current</b>	<b>As at 30 June 2019 (Unaudited)</b>	<b>As at 31 December 2018 (Audited)</b>
Designated as at fair value through profit or loss		
– Interest attributable to other holders of consolidated structured entities (3)	<u>527,299</u>	<u>530,082</u>
Total	<u><u>527,299</u></u>	<u><u>530,082</u></u>

- (1) As at 30 June 2019 and 31 December 2018, included in the Group's financial liabilities through profit or loss were bonds and gold borrowed by the Group.
- (2) As at 30 June 2019 and 31 December 2018, included in the Group's financial liabilities designated as at fair value through profit or loss were structured notes generally in the form of notes or certificates with the underlying investments related to listed equity investments, listed debt investments and unlisted fund investments.
- (3) As at 30 June 2019 and 31 December 2018, the financial liabilities arising from the consolidation of structured entities were designated as at fair value through profit or loss by the Group, as the Group has the obligation to pay other investors or limited partners upon the maturity dates of the structured entities based on the net asset value and related terms of those consolidated structured entities.

### 46. BONDS PAYABLE

<b>Current</b>	<b>As at 30 June 2019 (Unaudited)</b>	<b>As at 31 December 2018 (Audited)</b>
Corporate bonds (1)	<u>9,068,589</u>	9,251,506
Subordinated bonds (1)	<u>12,707,873</u>	5,324,029
Structured notes	<u>901,176</u>	<u>901,307</u>
Total	<u><u>22,677,638</u></u>	<u><u>15,476,842</u></u>

## Section X Interim Condensed Consolidated Financial Statements

### 46. BONDS PAYABLE (Continued)

Non-current	As at 30 June 2019 (Unaudited)	As at 31 December 2018 (Audited)
Corporate bonds (1)	45,228,524	41,783,163
Subordinated bonds (1)	3,612,204	10,997,195
Medium-term notes	1,372,801	—
<b>Total</b>	<b>50,213,529</b>	<b>52,780,358</b>

(1) The details of the outstanding corporate bonds and subordinated bonds payable are as follows:

#### As at 30 June 2019

Name	Par value	Issue date	Maturity date	Coupon rate
<b>Current</b>				
Corporate bonds				
16 GUOJUN G3(i)	5,000,000	2016.08	2021.08	2.90%
16 GUOJUN G5(ii)	3,000,000	2016.09	2021.09	2.94%
Subordinated bonds				
16 GUOJUN C3	3,000,000	2016.11	2019.11	3.34%
17 GUOJUN C1	5,000,000	2017.02	2020.02	4.60%
17 Shanghai Securities C1	1,400,000	2017.05	2020.05	5.30%
17 Shanghai Securities C3	2,000,000	2017.11	2019.11	5.50%
17 GUOZI 01	1,000,000	2017.05	2020.05	4.60%
<b>Non-current</b>				
Corporate bonds				
15 GUOJUN G2(iii)	1,000,000	2015.11	2022.11	3.80%
16 GUOJUN G2(iv)	1,000,000	2016.04	2023.04	3.25%
16 GUOJUN G4	3,000,000	2016.08	2021.08	3.14%
17 GUOJUN G1	4,700,000	2017.08	2020.08	4.57%
17 GUOJUN G2	600,000	2017.08	2022.08	4.70%
17 GUOJUN G3	3,700,000	2017.10	2020.10	4.78%
18 GUOJUN G1	4,300,000	2018.03	2021.03	5.15%
18 GUOJUN G2	4,300,000	2018.04	2021.04	4.55%
18 GUOJUN G3	4,700,000	2018.07	2021.07	4.44%
18 GUOJUN G4	300,000	2018.07	2023.07	4.64%
19 GUOJUN G1	3,000,000	2019.04	2022.04	3.90%
19 GUOJUN G3	2,900,000	2019.05	2022.05	3.73%
GUOJUN Convertible bonds(v)	7,000,000	2017.07	2023.07	0.50%
GTJA HOLD B2203(vi)	3,437,271	2019.03	2022.03	3.875%
GTJA SEC B2203(vii)	1,993,335	2019.03	2022.03	0.832%
Subordinated bonds				
16 GUOJUN C4	3,000,000	2016.11	2021.11	3.55%
17 Shanghai Securities C2	600,000	2017.08	2020.08	5.30%

## Section X Interim Condensed Consolidated Financial Statements

### 46. BONDS PAYABLE (continued)

- (1) The details of the outstanding corporate bonds and subordinated bonds payable are as follows: (continued)

As at 31 December 2018

Name	Par value	Issue date	Maturity date	Coupon rate
<b>Current</b>				
Corporate bonds				
GUOTAI FHB1905(viii)	3,059,553	2014.05	2019.05	3.625%
16 GUOJUN G1(ix)	5,000,000	2016.04	2021.04	2.97%
Subordinated bonds				
16 GUOJUN C3	3,000,000	2016.11	2019.11	3.34%
17 Shanghai Securities C3	2,000,000	2017.11	2019.11	5.50%
<b>Non-current</b>				
Corporate bonds				
15 GUOJUN G2(iii)	1,000,000	2015.11	2022.11	3.80%
16 GUOJUN G2(iv)	1,000,000	2016.04	2023.04	3.25%
16 GUOJUN G3(i)	5,000,000	2016.08	2021.08	2.90%
16 GUOJUN G4	3,000,000	2016.08	2021.08	3.14%
16 GUOJUN G5(ii)	3,000,000	2016.09	2021.09	2.94%
17 GUOJUN G1	4,700,000	2017.08	2020.08	4.57%
17 GUOJUN G2	600,000	2017.08	2022.08	4.70%
17 GUOJUN G3	3,700,000	2017.10	2020.10	4.78%
18 GUOJUN G1	4,300,000	2018.03	2021.03	5.15%
18 GUOJUN G2	4,300,000	2018.04	2021.04	4.55%
18 GUOJUN G3	4,700,000	2018.07	2021.07	4.44%
18 GUOJUN G4	300,000	2018.07	2023.07	4.64%
GUOJUN Convertible bonds(v)	7,000,000	2017.07	2023.07	0.50%
Subordinated bonds				
16 GUOJUN C4	3,000,000	2016.11	2021.11	3.55%
17 GUOJUN C1	5,000,000	2017.02	2020.02	4.60%
17 Shanghai Securities C1	1,400,000	2017.05	2020.05	5.30%
17 Shanghai Securities C2	600,000	2017.08	2020.08	5.30%
17 GUOZI 01	1,000,000	2017.05	2020.05	4.60%

- (i) In August 2016, as approved by the CSRC, the Company issued 5-year corporate bonds with par value of RMB5 billion. The bonds bear a fixed annual interest rate of 2.90% payable on an annual basis. At the end of the third year, the Company has a right to adjust the interest rate which will be fixed for the remaining two years. The Company has an option to redeem and the investors have an option to put back the bonds at the end of the third year. In August 2019, the company redeemed all of the bonds.
- (ii) In September 2016, as approved by the CSRC, the Company issued 5-year corporate bonds with par value of RMB3 billion. The bonds bear a fixed annual interest rate of 2.94% payable on an annual basis. At the end of the third year, the Company has the right to adjust the interest rate which will be fixed for the remaining two years. The Company has an option to redeem and the investors have an option to put back the bonds at the end of the third year. In August 2019, the company announced to redeem all of the bonds.

## Section X Interim Condensed Consolidated Financial Statements

### 46. BONDS PAYABLE (continued)

- (1) The details of the outstanding corporate bonds and subordinated bonds payable are as follows: (continued)
- (iii) In November 2015, as approved by the CSRC, the Company issued 7-year corporate bonds with par value of RMB1 billion. The bonds bear a fixed annual interest rate of 3.80% payable on an annual basis. At the end of the fifth year, the Company has a right to adjust the interest rate which will be fixed for the remaining two years. The Company has an option to redeem and the investors have an option to put back the bonds at the end of the fifth year.
  - (iv) In April 2016, as approved by the CSRC, the Company issued 7-year corporate bonds with par value of RMB1 billion. The bonds bear an annual interest rate of 3.25% payable on an annual basis. At the end of the fifth year, the Company has a right to adjust the interest rate which will be fixed for the remaining two years. The Company has an option to redeem and the investors have an option to put back the bonds at the end of the fifth year.
  - (v) In July 2017, as approved by the CSRC, the Company issued 6-year A-share convertible bonds with par value of RMB7 billion. The convertible bonds bear a fixed annual interest rate of 0.20% for the first year, 0.50% for the second year, 1.00% for the third year, 1.50% for the fourth year, 1.80% for the fifth year and 2.00% for the sixth year. The initial conversion price is RMB20.20 per share. The convertible bonds holders may exercise their rights to convert the convertible bonds into the Company's A shares at the stipulated conversion price during the period ("Conversion Period") beginning six months after the date of issuance until the maturity date. Within 5 trading days after maturity, the Company shall redeem the outstanding convertible bonds at 105% of the par value, inclusive of interest for the sixth year.

During the Conversion Period, if the closing price of the Company's A Shares is not less than or equal to 130% of the prevailing conversion price for at least 15 trading days out of any 30 consecutive trading days, or if the total outstanding amount is less than RMB30 million, the Company has the right to redeem all or part of the outstanding convertible bonds at par value plus accrued interest.

The convertible corporate bonds issued have been split into the liability and equity components. After considering direct transaction costs, the Company recognized the equity part of the convertible corporate bonds as other equity instruments amounting to RMB1,129,841 thousand.

For the six months ended 30 June 2019, convertible corporate bonds with a principal amount of RMB145 thousand were converted into 7,325 ordinary A shares.

- (vi) In March 2019, Guotai Junan Holdings Limited (BVI) issued 3-year corporate bonds with a par value of USD500 million. The bonds are listed on the Hong Kong Stock Exchange with the bond code of 5853 and bear a fixed annual interest rate of 3.875% payable on a semi-annual basis.
- (vii) In March 2019, the company issued 3-year corporate bonds with a par value of EUR255 million. The bonds are listed on the Hong Kong Stock Exchange with the bond code of 5883 and bear a floating annual interest rate with an initial coupon rate of 0.832% payable on a quarterly basis.
- (viii) In May 2014, Guotai Junan Finance Holding Limited (BVI) issued 5-year credit enhancement bonds with a par value of USD500 million. The bonds are listed on the Hong Kong Stock Exchange with the bond code of 5754 and bear a fixed annual interest rate of 3.625% payable on a semi-annual basis. In May 2019, the company redeemed all of the bonds.
- (ix) In April 2016, as approved by the CSRC, the Company issued 5-year corporate bonds with par value of RMB5 billion. The bonds bear an annual interest rate of 2.97% payable on an annual basis. At the end of the third year, the Company has a right to adjust the interest rate which will be fixed for the remaining two years. The Company has an option to redeem and the investors have an option to put back the bonds at the end of the third year. In April 2019, the company redeemed all of the bonds.

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### 47. LEASE LIABILITIES

	As at 30 June 2019 <i>(Unaudited)</i>
<b>Buildings</b>	
Current	<u>630,417</u>
Non-current	<u><u>1,830,977</u></u>

### 48. OTHER CURRENT LIABILITIES

	As at 30 June 2019 <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
Accounts payable arising from derivative brokerage	5,767,825	7,369,304
Dividends payable	3,064,727	622,889
Accounts payable to brokers	2,697,096	1,249,908
Proceeds from underwriting securities received on behalf of customers	2,072,699	813,270
Payables to priority tranche holders of structured entities	1,833,957	2,101,399
Unsettled transaction payables	1,424,282	2,024,196
Other tax payable	439,943	401,206
Underwriting fee payable in relation to the listing of A shares and H shares	248,282	261,054
Payable for construction projects	146,606	145,647
Advance received from transfer of equity interest	142,000	—
Dividend received on behalf of customers	134,936	34,019
Commission payable to other distributors	86,023	10,090
Fund and asset management scheme distribution expenses payable	79,604	57,928
Payables for the securities investor protection fund	57,515	45,438
Advance received from issuance of financial products	—	128,757
Others	848,568	845,252
Total	<u><u>19,044,063</u></u>	<u><u>16,110,357</u></u>

### 49. OTHER NON-CURRENT LIABILITIES

	As at 30 June 2019 <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
Risk reserve for the futures brokerage business	136,022	130,297
Provisions	82,114	85,555
Total	<u><u>218,136</u></u>	<u><u>215,852</u></u>



## Section X Interim Condensed Consolidated Financial Statements

### 50. SHARE CAPITAL

All shares issued by the Company are fully paid ordinary shares. The par value per share is RMB1 yuan. The Company's number of shares issued and their nominal value are as follows:

	<b>As at 30 June 2019 (Unaudited)</b>	As at 31 December 2018 (Audited)
At beginning of the period/year	<b>8,713,941</b>	8,713,934
The conversion of convertible bonds into ordinary shares	<b>7</b>	7
Issuance of shares (1)	<b>194,000</b>	—
At the end of the period/year	<b>8,907,948</b>	8,713,941

(1) In April 2019, The Company placed 194,000,000 new H Shares at a price of HKD16.34 per H Share.

### 51. OTHER EQUITY INSTRUMENTS

	<b>As at 30 June 2019 (Unaudited)</b>	As at 31 December 2018 (Audited)
Perpetual subordinated bonds (1)	<b>10,000,000</b>	10,000,000
Equity component of convertible bonds (2)	<b>1,129,803</b>	1,129,819
Total	<b>11,129,803</b>	11,129,819

(1) On 22 January 2015, the Company issued the first batch of perpetual subordinated bonds amounting to RMB5 billion with an initial interest rate of 6.00%. On 3 April 2015, the Company issued the second batch of perpetual subordinated bonds amounting to RMB5 billion with an initial interest rate of 5.80% (collectively referred to as "Perpetual Subordinated Bonds"). The Perpetual Subordinated Bonds have no fixed maturity dates. The Company has an option to redeem them at their principal amounts plus any accrued interest, on the fifth interest payment date or any interest payment date afterwards.

The interest rate for perpetual subordinated bond is fixed in the first 5 years and will be reset every 5 years. The reset interest rate is determined as the sum of the current base rate and the initial spread plus 300bp. The current base rate is defined as the average yield of 5 years treasury from the interbank fixed rate bond yield curve published on China Bond webpage 5 working days before the adjustment.

The issuer has the option to defer interest payment, except in the event of mandatory interest payments, so that at each interest payment date, the issuer may choose to defer the interest payment to the next payment date for the current period as well as all interests and accreted interest already deferred, without being subject to any limitation with respect to the number of deferrals. Of which, mandatory interest payment events are limited to dividend distributions to ordinary equity holders and reductions of registered capital.

The Perpetual Subordinated Bonds issued by the Company are classified as equity instruments and presented under equity in the Group's statement of financial position.

As at 30 June 2019, the Company recognized dividends payable to holders of the Perpetual Subordinated Bonds amounting to RMB590 million (31 December 2018: RMB590 million) (note 16).

(2) Refer to note 46 for the issuance of convertible bonds.

## Section X Interim Condensed Consolidated Financial Statements

### 52. RESERVES AND RETAINED PROFITS

#### (1) Capital reserve

Capital reserve mainly includes share premium arising from the issuance of new shares at prices in excess of face value and the difference between the considerations of the acquisition of equity interests from non-controlling shareholders and the carrying amount of the proportionate net assets.

#### (2) Investment revaluation reserve

Investment revaluation reserve mainly represents the fair value changes of debt instruments at fair value through other comprehensive income and equity instruments at fair value through other comprehensive income.

#### (3) Translation reserve

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group at the rate of exchange prevailing at the end of the reporting period, and the income and expenses are translated at the average exchange rates or at the approximate exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in the translation reserve.

#### (4) Surplus reserve

The surplus reserve includes the statutory surplus reserve and discretionary surplus reserve.

Pursuant to the "Company Law of the People's Republic of China", the articles of association of the Company and the decision of the Board, the Company is required to set aside 10% of its net profit (after offsetting the accumulated losses incurred in previous years) to the statutory surplus reserve until the balance reaches 50% of the respective registered capital. Subject to the approval of the shareholders, the statutory surplus reserve may be used to offset accumulated losses, and may also be converted into capital of the Company, provided that the balance of the statutory surplus reserve after such capitalization is not less than 25% of the registered capital immediately before capitalization.

#### (5) General reserve

The general reserve includes the general risk reserve and the transaction risk reserve.

In accordance with the requirements of the CSRC Circular regarding the Annual Reporting of Securities Companies in 2007 (Zhengjian Jigou Zi [2007] No. 320) issued on 18 December 2007, the Company appropriates 10% of its annual net profit to the general risk reserve. The Company's PRC subsidiaries are also subject to the statutory requirements to appropriate their earnings to general reserves.

In accordance with the requirements of the CSRC Circular regarding the Annual Reporting of Securities Companies in 2007 (Zhengjian Jigou Zi [2007] No. 320) issued on 18 December 2007 and in compliance with the Securities Law, for the purpose of covering securities trading losses, the Company appropriates 10% of its annual net profit to the transaction risk reserve.

## Section X Interim Condensed Consolidated Financial Statements

### 52. RESERVES AND RETAINED PROFITS *(continued)*

#### (6) Retained profits

The movements in retained profits are set out below:

	<b>As at 30 June 2019 <i>(Unaudited)</i></b>	As at 31 December 2018 <i>(Audited)</i>
At the end of last year	<b>38,070,373</b>	38,347,216
Impact of adopting IFRS 16/IFRS 9	<b>(56,806)</b>	(314,011)
At beginning of the period/year	<b>38,013,567</b>	38,033,205
Profit for the period/year	<b>5,020,115</b>	6,708,116
Appropriation to surplus reserve	—	(668,361)
Appropriation to general reserve	<b>(34,120)</b>	(1,510,464)
Dividends	<b>(2,449,685)</b>	(3,485,576)
Distribution to other equity instrument holders	<b>(590,000)</b>	(590,000)
Others	<b>691</b>	(416,547)
At end of the period/year	<b><u>39,960,568</u></b>	<u>38,070,373</u>

### 53. CASH AND CASH EQUIVALENTS

	<b>As at 30 June 2019 <i>(Unaudited)</i></b>	As at 30 June 2018 <i>(Unaudited)</i>
Cash on hand	<b>525</b>	491
Bank balances	<b>34,688,633</b>	20,873,644
Clearing settlement funds	<b>3,379,193</b>	2,773,658
Financial assets held under resale agreements with original maturity of less than three months	<b>13,496,576</b>	14,681,435
Less: bank deposits with original maturity of more than three months, risk reserve deposits, restricted bank balances and clearing settlement funds	<b>(3,202,466)</b>	(6,137,703)
Total	<b><u>48,362,461</u></b>	<u>32,191,525</u>

## Section X Interim Condensed Consolidated Financial Statements

### 54. TRANSFERRED FINANCIAL ASSETS

In the normal course of business, the Group enters into certain transactions in which it transfers recognized financial assets to third parties or customers. If these transfers qualify for derecognition, the Group derecognizes all or part of the financial assets where appropriate. If the Group has retained substantially all the risks and rewards of these assets, the Group continues to recognize these assets.

#### (1) Repurchase agreements

Transferred financial assets that do not qualify for derecognition include debt securities held by counterparties as collateral under repurchase agreements. The Group transfers the contractual rights to receive the cash flows of these securities, but has an obligation to repurchase them at the agreed date and price. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognized them. In addition, they are recognized as financial assets sold under repurchase agreements.

Transferred financial assets that do not qualify for derecognition also include margin accounts receivable-backed repurchase whose beneficial rights are transferred to counterparties and repurchased by the Group at the maturity date. The Group has determined that it retains substantially all the risks and rewards of these financial assets and therefore has not derecognized them. In addition, they are recognized as financial assets sold under repurchase agreements.

#### (2) Securities lending

Transferred financial assets that do not qualify for derecognition include securities lent to customers for the securities lending business, for which the customers provide the Group with collateral that could fully cover the credit risk exposure of the securities lent. The customers have an obligation to return the securities according to the contracts. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognized the securities lent.

#### (3) Asset-backed securities management schemes

The Group sells margin accounts receivable to the securitization vehicle, which in turn issues asset-backed securities to investors with the purchased assets as the underlying assets. Such securitization vehicle is consolidated by the Group, and consequently the underlying assets are transferred from the Group to the investors. The Group has the obligation to pass cash flows from the underlying assets to the investors. The cash flows that the securitization vehicle collects from the transferred assets have not been passed through to investors without material delay, and the Group has the obligation to repurchase these margin accounts receivable on specified future dates and at agreed-upon prices. Thus the Group has not derecognized these financial assets in the consolidated statement of financial position. The consideration received from the investors is recognized as a financial liability.

## Section X Interim Condensed Consolidated Financial Statements

### 54. TRANSFERRED FINANCIAL ASSETS (continued)

#### (4) Margin financing borrowing

Transferred financial assets that do not qualify for derecognition include securities transferred to CSFC. When CSFC exercises the rights attached to the securities, it shall follow the instructions of the Group. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognized the securities transferred.

The following tables provide a summary of the carrying amounts related to transferred financial assets that are not derecognized in their entirety and the associated liabilities:

	<b>Repurchase agreements</b>	<b>Securities lending</b>	<b>Asset-backed securities management schemes</b>	<b>Margin financing borrowing</b>
<b>30 June 2019</b>				
Carrying amount of transferred assets	<u>5,066,467</u>	<u>858,340</u>	<u>526,098</u>	<u>462,114</u>
Carrying amount of related liabilities	<u>4,791,004</u>	<u>N/A</u>	<u>475,000</u>	<u>N/A</u>
31 December 2018	Repurchase agreements	Securities lending	Asset-backed securities management schemes	Margin financing borrowing
Carrying amount of transferred assets	<u>6,640,057</u>	<u>528,340</u>	<u>505,378</u>	<u>406,985</u>
Carrying amount of related liabilities	<u>6,350,792</u>	<u>N/A</u>	<u>475,000</u>	<u>N/A</u>

### 55. COMMITMENTS

#### (1) Capital commitments

On 16 October 2013, the Company entered into an agreement with Bund & Riverside Development. According to this agreement, the Company agreed to purchase one of the six properties to be developed by Bund & Riverside Development on a land lot located at Huangpu District, Shanghai. The budget for this project is RMB1.18 billion, which was approved in the 10th meeting of the 4th term of the board of directors. As at 30 June 2019, the accumulated amounts paid by the Company amounted to RMB1,042 million (tax excluded) (31 December 2018: RMB572 million).

## Section X Interim Condensed Consolidated Financial Statements

### 56. CONTINGENCIES

As at 30 June 2019 and 31 December 2018, the contingent liabilities due to pending litigations amounted to RMB177,452 thousand and RMB142,716 thousand, respectively.

### 57. SHARE-BASED PAYMENTS OF A SUBSIDIARY

GJIHL, a subsidiary of the Company, operated two equity-settled share-based compensation schemes including a share option scheme (the “Share Option Scheme”) and a share award scheme (the “Share Award Scheme”) for the purpose of motivating and rewarding staff who contributed to GJIHL’s operations. During the six months ended 30 June 2019, the total equity-settled share-based compensation expense of RMB23,955 thousand was recognized in profit or loss (six months ended 30 June 2018: RMB23,968 thousand).

### 58. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

#### (a) Relationship of related parties

##### (1) Associates and joint ventures of the Group

The detailed information of the Group’s associates and joint ventures is set out in note 24.

##### (2) Other related parties of the Group

<b>Name of the related parties</b>	<b>Relationship of the related parties</b>
Shanghai State-owned Assets Operation Co., Ltd. (“Shanghai SA”)	Shareholder that holds more than 5% equity interest of the Company
Shanghai International Group Co., Ltd. (“SIG”)	Shareholder that holds more than 5% equity interest of the Company
Shenzhen Investment Holding Co., Ltd. (“SIHC”)	Shareholder that holds more than 5% equity interest of the Company
Shanghai Rural Commercial Bank (“SRCB”)	The director of the Company acts as a director of the entity
Zheng Tong Co., Ltd. (“Zhengtong”)	The senior management of the Company acts as a director of the entity
Shanghai Pudong Development Bank Co., Ltd. (“SPD Bank”)	The director of the Company acts as a director of the entity
Great Wall Securities Co., Ltd. (“GW Securities”)	The supervisor of the Company acts as the vice chairman of the entity
Shenzhen Energy Group Co., Ltd. (“Shenzhen Energy”)	The supervisor of the Company acts as the senior management of the entity
Guotai Junan Leasing (Shanghai) Co., Ltd. (“Guotai Junan Leasing”)	The Shanghai SA holds more than 30% equity interests of the entity’s parent company
Galaxy Asset Management Co., Ltd. (“Galaxy AMC”)	The director of the Company acts as a director of the entity

## Section X Interim Condensed Consolidated Financial Statements

### 58. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

#### (a) Relationship of related parties *(Continued)*

##### (2) Other related parties of the Group *(Continued)*

Name of the related parties	Relationship of the related parties
Guosen Securities Co., Ltd. (“Guosen Securities”)	The demission director of the Company acted as a director of the entity
China Minsheng Investment Group (“CMIG”)	The director of the Company acted as the senior management of the entity
China Minsheng Financial Holding Co., Ltd. (“CM Financial”)	The director of the Company acted as the chairman of the entity
Shenzhen Special Economic Zone Construction and Development Co., Ltd. (“SSEZ”)	The demission director of the Company acted as the director and senior management of the entity
Shanghai International Trust Co., Ltd. (“Shanghai Trust”)	The entity acts as the trustee of a trust of which Shanghai SA is a beneficiary
Shanghai International Group Asset Management Co., Ltd. (“SIG AM”)	The entity is under the control of SIG

#### (b) Transactions between the Group and other related parties

##### (1) Fee and commission income from related parties

Name of related parties	Description of transaction	Six months ended 30 June	
		2019 <i>(Unaudited)</i>	2018 <i>(Unaudited)</i>
Shanghai SA	Securities brokerage	457	302
SIG	Securities brokerage	406	—
Shenzhen Energy	Securities brokerage	—	1,537
HuaAn Fund	Trading seats lending	28,540	2,308
Galaxy AMC	Trading seats lending	1,301	—
SPD BANK	Underwriting	880	—
CMIG	Underwriting	708	3,538
SSEZ	Underwriting	—	755
Shanghai SA	Underwriting	2,786	—
SPD BANK	Assets management	8,769	12,873
Shanghai Trust	Assets management	349	N/A
CM Financial	Financial advisory	—	581
SRCB	Financial advisory	755	—

## Section X Interim Condensed Consolidated Financial Statements

### 58. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

#### (b) Transactions between the Group and other related parties *(Continued)*

(2) Fee and commission expense to related parties

Name of related parties	Description of transaction	Six months ended 30 June	
		2019 <i>(Unaudited)</i>	2018 <i>(Unaudited)</i>
SPD Bank	Third-party funds depository business	308	668
Zhengtong	Third-party enquiry	200	400

(3) Interest received from related parties

Name of related parties	Description of transaction	Six months ended 30 June	
		2019 <i>(Unaudited)</i>	2018 <i>(Unaudited)</i>
SPD Bank	Financial assets held under resale agreements	348	12,923
Guosen Securities	Financial assets held under resale agreements	103	768
SPD Bank	Deposit in financial institutions	171,084	43,794

(4) Interest paid to related parties

Name of related parties	Description of transaction	Six months ended 30 June	
		2019 <i>(Unaudited)</i>	2018 <i>(Unaudited)</i>
SRCB	Financial assets sold under repurchase agreements	2,410	3,887
SPD BANK	Financial assets sold under repurchase agreements	1,286	686
SPD BANK	Placements from other financial institutions	1,853	148
SPD BANK	Bonds	3,633	8,926
Guosen Securities	Bonds	779	779



## Section X Interim Condensed Consolidated Financial Statements

### 58. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

#### (b) Transactions between the Group and other related parties *(Continued)*

- (5) Operating expenses and costs paid to related parties

Name of related parties	Description of transaction	Six months ended 30 June	
		2019 <i>(Unaudited)</i>	2018 <i>(Unaudited)</i>
SPD BANK	Sales of financial products	5,037	1,144

#### (c) Balances of related party transactions between the Group and its related parties

- (1) Deposits with related parties

Name of related parties	As at 30 June 2019 <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
	SPD Bank	7,760,842
SRCB	378	2,402

- (2) Accounts receivable

Name of related parties	Description of transactions	As at 30 June 2019 <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
		HuaAn Fund	Trading seats lending
Galaxy AMC	Trading seats lending	939	306
CM Financial	Management fee and remuneration	—	2,107

- (3) Financial assets held under resale agreements

Name of related parties	As at 30 June 2019 <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
	Guosen Securities	—
GW Securities	50,455	—

## Section X Interim Condensed Consolidated Financial Statements

### 58. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### (c) Balances of related party transactions between the Group and its related parties *(continued)*

(4) Accounts payable

Name of related parties	Description of transactions	As at	As at
		30 June 2019 <i>(Unaudited)</i>	31 December 2018 <i>(Audited)</i>
SPD Bank	Third-party funds depository business	513	413
SPD Bank	Sales of financial products	3,400	2,202

(5) Bonds payable to related parties

Name of related parties	As at	As at
	30 June 2019 <i>(Unaudited)</i>	31 December 2018 <i>(Audited)</i>
SPD Bank	503,633	—
Guosen Securities	51,385	50,606

(6) Financial assets sold under repurchase agreements

Name of related parties	As at	As at
	30 June 2019 <i>(Unaudited)</i>	31 December 2018 <i>(Audited)</i>
SRCB	399,328	—

(7) Related parties' funds, asset management plans and trusts held by the Group

Name of related parties	As at	As at
	30 June 2019 <i>(Unaudited)</i>	31 December 2018 <i>(Audited)</i>
HuaAn Fund	30,000	30,000

## Section X Interim Condensed Consolidated Financial Statements

### 58. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### (c) Balances of related party transactions between the Group and its related parties *(continued)*

(8) The Group's assets management plans or funds held by related parties

Name of related parties	As at 30 June 2019 <i>(Unaudited)</i>	As at 31 December 2018 <i>(Audited)</i>
Guotai Junan Leasing	2,072	2,046
Shanghai SA	—	206,022
SIG AM	813	803
Shanghai Trust	169,995	N/A

#### (d) Remuneration of key management personnel

Remuneration of key management personnel of the Group is as follows:

	Six months ended 30 June	
	2019 <i>(Unaudited)</i>	2018 <i>(Unaudited)</i>
Salaries, allowances and benefits	4,734	4,704
Discretionary bonuses	3,842	5,531
Pension scheme contributions and other social welfare	276	455
Total	<u>8,852</u>	<u>10,690</u>

### 59. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability could be settled, between knowledgeable and willing parties in an arm's length transaction. Methods and assumptions below are used to estimate the fair value.

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments.

- (a) Fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities ("Level 1");
- (b) Fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) ("Level 2"); and
- (c) Fair value is based on inputs for the asset or liability that are not based on observable market data (unobservable inputs) ("Level 3").

## Section X Interim Condensed Consolidated Financial Statements

### 59. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

#### (1) Fair values of the financial assets and financial liabilities that are measured at fair value on a recurring basis:

30 June 2019	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
through profit or loss				
At fair value through profit or loss				
– Debt securities	2,328,306	90,570,896	38,119	92,937,321
– Funds	13,163,488	25,423,865	6,052,299	44,639,652
– Equity securities	16,091,100	335,986	2,578,514	19,005,600
– Other investments	2,171,377	16,279,518	—	18,450,895
Debt instruments at fair value				
through other comprehensive				
income				
– Debt securities	2,241,574	49,921,799	—	52,163,373
Equity instrument at fair value				
through other comprehensive				
income				
– Equity securities	5,435,551	23,677	917,841	6,377,069
– CSFC investment	—	13,251,200	—	13,251,200
Derivative financial assets	96,095	376,078	477,101	949,274
Total	<u>41,527,491</u>	<u>196,183,019</u>	<u>10,063,874</u>	<u>247,774,384</u>
Financial liabilities at fair value				
through profit or loss				
At fair value through profit or loss				
– Debt securities	—	2,435,077	—	2,435,077
– Others	2,260,818	—	—	2,260,818
Designated as at fair value through				
profit or loss				
– Debt securities	—	28,648,718	5,394,054	34,042,772
– Others	—	340,199	690,281	1,030,480
Derivative financial liabilities	78,036	1,197,240	316,161	1,591,437
Total	<u>2,338,854</u>	<u>32,621,234</u>	<u>6,400,496</u>	<u>41,360,584</u>

## Section X Interim Condensed Consolidated Financial Statements

### 59. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

#### (1) Fair values of the financial assets and financial liabilities that are measured at fair value on a recurring basis: *(continued)*

31 December 2018	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
At fair value through profit or loss				
– Debt securities	2,395,768	69,316,966	100,734	71,813,468
– Funds	16,635,004	18,349,587	4,985,014	39,969,605
– Equity securities	8,204,864	355,588	1,751,811	10,312,263
– Other investments	5,232,926	10,253,818	100,000	15,586,744
Debt instruments at fair value through other comprehensive income				
– Debt securities	2,371,070	36,795,611	—	39,166,681
Equity Instrument at fair value through other comprehensive income				
– Equity securities	3,601,815	44,515	746,439	4,392,769
– CSFC investment	—	12,393,180	—	12,393,180
Derivative financial assets	<u>184,922</u>	<u>435,739</u>	<u>27,697</u>	<u>648,358</u>
Total	<u><u>38,626,369</u></u>	<u><u>147,945,004</u></u>	<u><u>7,711,695</u></u>	<u><u>194,283,068</u></u>
Financial liabilities at fair value through profit or loss				
At fair value through profit or loss				
– Debt securities	—	3,705,281	—	3,705,281
– Others	157,392	—	—	157,392
Designated as at fair value through profit or loss				
– Debt securities	—	23,972,227	4,374,669	28,346,896
– Others	—	329,180	737,894	1,067,074
Derivative financial liabilities	<u>29,811</u>	<u>86,217</u>	<u>139,945</u>	<u>255,973</u>
Total	<u><u>187,203</u></u>	<u><u>28,092,905</u></u>	<u><u>5,252,508</u></u>	<u><u>33,532,616</u></u>

During the period/year mentioned above, there were no significant transfers of fair value measurements between Level 1 and Level 2.

## Section X Interim Condensed Consolidated Financial Statements

### 59. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

#### (2) Valuation process and methods for specific investments

As at the end of the reporting period, the Group's valuation methods and assumptions are as follows:

##### Level 1

Fair value of financial investment is based on quoted prices (unadjusted) reflected in active markets for identical assets or liabilities.

##### Level 2

Fair value of financial investment is based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly.

During the period, the Group held no changes on the valuation techniques for level 2.

##### Level 3

Fair value of financial investment is based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. For certain unlisted equity securities and debt securities, the Group adopts the valuation techniques and quotation from counterparties' quotations or valuation techniques to determine the fair value. Valuation techniques include a discounted cash flow analysis, the market comparison approach, etc. The fair value measurement of these financial instruments may involve unobservable inputs such as credit spread, price to book ratio, price to earnings ratio, liquidity discount, etc. Fair value change resulting from changes in the unobservable inputs was not significant. The Finance Department periodically reviews all significant unobservable inputs and valuation adjustments used to measure the fair values of financial instruments in Level 3.

## Section X Interim Condensed Consolidated Financial Statements

### 59. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

#### (3) Movements in Level 3 financial instruments measured at fair value:

	Six months ended 30 June 2019				
	Equity instruments at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Derivative assets	Financial liabilities at fair value through profit or loss	Derivative liabilities
As at 1 January 2019	746,439	6,937,559	27,697	(5,112,563)	(139,945)
Gains/(losses) for the period	—	2,021,366	62,647	(2,525,773)	(237,648)
Changes in fair value recognized in other comprehensive income	125,459	—	—	—	—
Purchases	270,147	445,067	943,016	—	—
Issues	—	—	—	(256,609)	(1,208,836)
Transfer in	—	920,846	—	—	—
Transfer out	—	(96,680)	(7,419)	—	24,547
Disposal and settlements	<u>(224,204)</u>	<u>(1,559,226)</u>	<u>(548,840)</u>	<u>1,810,610</u>	<u>1,245,721</u>
As at 30 June 2019	<u>917,841</u>	<u>8,668,932</u>	<u>477,101</u>	<u>(6,084,335)</u>	<u>(316,161)</u>

## Section X Interim Condensed Consolidated Financial Statements

### 59. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

#### (3) Movements in Level 3 financial instruments measured at fair value: (continued)

	Year ended 31 December 2018				
	Equity instruments at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Derivative assets	Financial liabilities at fair value through profit or loss	Derivative liabilities
As at 1 January 2018	676,045	2,870,975	131,346	(1,388,323)	(299,033)
Gains/(losses) for the year	—	(320,381)	3,318	354,573	(74,208)
Changes in fair value recognized in other comprehensive income	(125,852)	—	—	—	—
Purchases	4,694	3,987,065	416,588	—	—
Issues	—	—	—	(3,323,608)	(513,987)
Transfer in	196,692	774,406	—	(817,033)	—
Transfer out	—	(8,511)	—	—	—
Disposal and settlements	(5,140)	(365,995)	(523,555)	61,828	747,283
As at 31 December 2018	<u>746,439</u>	<u>6,937,559</u>	<u>27,697</u>	<u>(5,112,563)</u>	<u>(139,945)</u>



## Section X Interim Condensed Consolidated Financial Statements

### 59. FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

#### (4) Important unobservable input value in fair value measurement of Level 3

For financial instruments in Level 3, prices are determined using valuation techniques such as discounted cash flow models and other similar techniques. Categorization of fair value measured within Level 3 of the valuation hierarchy is generally based on the significance of the unobservable inputs to the overall fair value measurement. The following table presents the valuation techniques and inputs of major financial instruments in Level 3.

Financial assets/liabilities	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Listed equity investment with disposal restriction in a specific period	Level 3	Option pricing model	Volatility	The higher the volatility, the lower the fair value
Stocks/Unlisted equity investments	Level 3	Market comparable model	Discount for lack of marketability	The higher the discount, the lower the fair value
Stocks/Unlisted equity investments	Level 3	Recent transaction price	N/A	N/A
Unlisted funds	Level 3	Market comparable model	Discount for lack of marketability	The higher the discount, the lower the fair value
Unlisted funds	Level 3	Recent transaction price	N/A	N/A
Debt Securities	Level 3	Discounted cash flow model	Risk adjusted discount rate	The higher the risk adjusted discounted rate, the lower the fair value
Derivative assets	Level 3	Option pricing model	Volatility	The higher the volatility, the higher the fair value
Derivative assets	Level 3	Discounted cash flow model	Risk adjusted discount rate	The higher the risk adjusted discounted rate, the lower the fair value
Financial liabilities	Level 3	Market comparable model	Discount for lack of marketability	The higher the discount, the lower the fair value
Financial liabilities	Level 3	Recent transaction price	N/A	N/A
Derivative liabilities	Level 3	Option pricing model	Volatility	The higher the volatility, the higher the fair value
Derivative liabilities	Level 3	Discounted cash flow model	Risk adjusted discount rate	The higher the risk adjusted discounted rate, the lower the fair value

The fair value of the financial instruments in level 3 is not significantly sensitive to a reasonable change in these unobservable inputs.

## Section X Interim Condensed Consolidated Financial Statements

### 59. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

#### (5) Financial assets and liabilities not measured at fair value

As at 30 June 2019 and 31 December 2018, the carrying amounts of the Group's financial instruments carried at cost or amortized cost approximated to their fair values, except for bonds payable, whose carrying amounts and fair values are summarized below:

	<b>As at 30 June 2019</b>	As at 31 December 2018
<b>Bonds payable</b>		
Carrying amounts	<u><b>72,891,167</b></u>	<u>68,257,200</u>
Fair values		
– Level 1	<b>6,790,067</b>	7,368,802
– Level 2	<b>66,070,125</b>	61,412,726
– Level 3	<u><b>982,752</b></u>	<u>962,359</u>
Total	<u><b>73,842,944</b></u>	<u>69,743,887</u>

### 60. EVENTS AFTER THE REPORTING PERIOD

Other than those already disclosed elsewhere in the consolidated financial statements, significant events after the reporting period included the following events:

In August 2019, on the sixteenth extraordinary meeting of the fifth session of the Board, the Proposal on Adopting the Resolution on the Issue of Same Industry Competition through the Targeted Capital Increase of Shanghai Securities Co., Ltd. was considered and approved, pursuant to which it was agreed that the issue of competition shall be solved by targeted capital increase of Shanghai Securities. Upon the completion of the capital increase in Shanghai Securities, Bailian (Group) Co., Ltd. will become its controlling shareholder and the issue of competition between the Company and Shanghai Securities will no longer exist.

### 61. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the board of directors on 22 August 2019.

## Section XI Documents Available for Inspection

- Documents available for inspection
- I. Text of the financial report with signatures and seals of the legal representative, the chief financial officer and the person responsible for the accounting department of the Company.
  - II. Original copies of all documents and announcements disclosed on the websites designated by the CSRC during the Reporting Period.
  - III. Other relevant materials.

Chairman: Yang Dehong

Approved by the board of directors for the submission on 22 August 2019

### REVISED INFORMATIONS

Applicable  Not applicable

## Section XII Information Disclosure of Securities Company

### I. RELEVANT INFORMATION ABOUT SIGNIFICANT ADMINISTRATIVE PERMISSIONS FOR THE COMPANY

√ Applicable    □ Not applicable

#### (1) Administrative Permissions of the Company

No.	Date of approval	Headings of approval	No. of approval
1	7 February 2019	CSRC's Reply on the Provision of Guarantee for Overseas Subsidiaries by Guotai Junan Securities Co., Ltd.	Ji Gou Bu Han [2019] No. 425
2	12 February 2019	Shanghai Stock Exchange's Notice on Registration of Core Dealer of Credit Protection Contract of Guotai Junan Securities Co., Ltd.	Shang Zheng Han [2019] No.205
3	26 April 2019	Shanghai Office of the China Securities Regulatory Commission's Reply of Approval of the Changes in Material Articles of Association for Guotai Junan Securities Co., Ltd.	Hu Zheng Jian Xu Ke [2019] No.17
4	6 May 2019	CSRC's Reply on the Proposed Increase in Capital Investment in Guotai Junan Financial Holdings Co., Ltd. by Guotai Junan Securities Co., Ltd.	Ji Gou Bu Han [2019] No.1061
5	4 June 2019	Shanghai Office of the China Securities Regulatory Commission's Reply of Approval of the Qualification of Wang Lei as Chairman of Securities Company	Hu Zheng Jian Xu Ke [2019] No.33
6	20 June 2019	The Bureau of the Financial Market of the People's Bank of China's Notice on the Maximum Outstanding Balance of Short-term Debentures of Guotai Junan Securities Co., Ltd.	Yin Shi Chang [2019] No.131
7	24 June 2019	CSRC's Opinion on Regulation of Issuance of the Financial Bond by Guotai Junan Securities Co., Ltd.	Ji Gou Bu Han [2019] No.1578
8	28 June 2019	Shanghai Office of the China Securities Regulatory Commission's Reply of Approval of the Qualification of Wang Wenjie as Director of Securities Company	Hu Zheng Jian Xu Ke [2019] No.41
9	2 July 2019	The China Securities Regulatory Commission's Reply of Approval on Public Issuance of Corporate Bonds to Qualified Investors by Guotai Junan Securities Co., Ltd.	Zheng Jian Xu Ke [2019] No.1177
10	12 July 2019	The China Securities Regulatory Commission's Reply on the Issuance of Perpetual Subordinated Bonds by Guotai Junan Securities Co., Ltd.	Ji Gou Bu Han [2019] No.1740

## Section XII Information Disclosure of Securities Company

No.	Date of approval	Headings of approval	No. of approval
11	22 July 2019	The People's Bank of China's Administrative Permission Decision on Agreeing with the Issuance of RMB Financial Bonds Not Exceeding RMB8 billion by the Company	Yin Shi Chang Zhun Yu Zi [2019] No.121
12	25 July 2019	Shanghai Office of the China Securities Regulatory Commission's Reply of Approval of the Qualification of GUAN Wei as Director of Securities Company	Hu Zheng Jian Xu Ke [2019] No.53
13	1 August 2019	Notice on the Business Qualification of Guotai Junan Securities Co., Ltd. as Lead Market Maker of Listed Funds issued by the Shanghai Stock Exchange	Shang Zheng Han [2019] No.1288

### (2) Administrative Permissions of the Major Controlled Subsidiaries

No.	Date of approval	Headings of approval	No. of approval
1	3 June 2019	No Objection Letter to Shanghai Securities Co., Ltd. in relation to the Listing and Transfer of Non-public Issuance of Subordinated Bonds	Shang Zheng Han [2019] No.913

## II. RESULT OF CLASSIFICATION BY REGULATORY AUTHORITY

Applicable  Not applicable

The Company's classified evaluation result in 2019: Class A Grade AA