



2020

中信証券中期報告
CITICS Interim Report



IMPORTANT NOTICE

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

This interim report was considered and approved at the 12th Meeting of the Seventh Session of the Board. All Directors attended the meeting. No Director raised any objection to this interim report.

The 2020 interim financial statements of the Company were unaudited. PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers issued review opinions in accordance with the PRC Accounting Standards for Enterprises and the International Financial Reporting Standards, respectively.

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

There was no profit distribution plan or plan of conversion of the capital reserve into the share capital of the Company for the first half of 2020.

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

There was no appropriation of funds of the Company by the related/connected parties for non-operating purposes.

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

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



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Unless the context otherwise requires, the following expressions have the following meanings in this report:

Definition of common words

“A Share(s)”	the domestic Share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the SSE (stock code: 600030)
“A Shareholder(s)”	holder(s) of A Shares
“Bohai Chuangfu”	Bohai Chuangfu Securities Investment Co., Ltd. (渤海創富證券投資有限公司)
“China AMC”	China Asset Management Company Limited (華夏基金管理有限公司)
“China CITIC Bank”	China CITIC Bank Corporation Limited (中信銀行股份有限公司)
“CITIC Corporation Limited”	CITIC Corporation Limited (中國中信有限公司)
“CITIC Futures”	CITIC Futures Company Limited (中信期貨有限公司)
“CITIC Global Trade”	CITIC Global Trade (Shanghai) Co., Ltd. (中信寰球商貿(上海)有限公司)
“CITIC GoldStone Fund”	CITIC GoldStone Fund Management Company Limited
“CITIC Group”	CITIC Group Corporation (中國中信集團有限公司)
“CITIC Holdings”	CITIC Holdings Limited (中信控股有限責任公司)
“CITIC Limited”	CITIC Limited (中國中信股份有限公司)
“CITIC Pacific”	CITIC Pacific Limited (中信泰富有限公司)
“CITIC PE Fund”	CITIC Private Equity Funds Management Co., Ltd. (中信產業投資基金管理有限公司)
“CITIC Securities Brokerage (HK)”	CITIC Securities Brokerage (HK) Limited
“CITIC Securities Finance MTN”	CITIC Securities Finance MTN Co., Ltd.
“CITIC Securities Investment”	CITIC Securities Investment Limited (中信証券投資有限公司)

DEFINITIONS

“CITIC Securities (Shandong)”	CITIC Securities (Shandong) Co., Ltd. (中信証券(山東)有限責任公司)
“CITIC Securities South China” or “Guangzhou Securities”	CITIC Securities South China Company Limited (formerly known as “Guangzhou Securities Company Limited (廣州證券股份有限公司)”))
“CITIC Trust”	CITIC Trust Co., Ltd. (中信信託有限責任公司)
“CLSA”	the brand name of the offshore business of the Company
“CLSA B.V.”	Crédit Agricole Securities Asia B.V., a private limited company incorporated under the laws of the Netherlands and becoming a wholly-owned subsidiary of CSI on 31 July 2013
“CLSA Limited”	CLSA Limited
“Company” or “CITIC Securities”	CITIC Securities Company Limited (中信証券股份有限公司)
“Company Law”	the Company Law of the People’s Republic of China
“connected transaction(s)”	has the same meaning ascribed to it under the Hong Kong Listing Rules currently in effect and as amended from time to time
“CSC”	CSC Financial Co., Ltd. (中信建投證券股份有限公司)
“CSDCC”	China Securities Depository and Clearing Corporation Limited
“CSI”	CITIC Securities International Co., Ltd. (中信証券國際有限公司)
“CSRC”	China Securities Regulatory Commission
“Financial Holdings Capital”	Guangzhou Yuexiu Financial Holdings Capital Management Co., Ltd. (廣州越秀金控資本管理有限公司)
“Financial Holdings Limited”	Guangzhou Yuexiu Financial Holdings Group Limited (廣州越秀金融控股集團有限公司)
“Galaxy Asset”	China Galaxy Asset Management Co., Ltd., formerly known as “Jiantou Zhongxin Asset Management Co., Ltd. (建投中信資產管理有限責任公司)”
“GoldStone Haorui”	Qingdao GoldStone Haorui Investment Company Limited
“GoldStone Investment”	GoldStone Investment Co., Ltd. (金石投資有限公司)

“GoldStone Zexin”	GoldStone Zexin Investment Management Co., Ltd. (金石澤信投資管理有限公司)
“Group”	CITIC Securities Company Limited and its subsidiaries
“H Share(s)”	the overseas-listed foreign Share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on The Stock Exchange of Hong Kong Limited (stock code: 6030)
“H Shareholder(s)”	holder(s) of H Shares
“HKEx”	Hong Kong Exchanges and Clearing Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Jindingxin Microfinance”	Qingdao Jindingxin Microfinance Company Limited (青島金鼎信小額貸款股份有限公司)
“Kington Securities”	Kington Securities Limited Liability Company (金通證券有限責任公司)
“NSSF”	National Social Security Fund of the PRC
“PRC” or “China”	the People’s Republic of China
“PwC Hong Kong”	PricewaterhouseCoopers
“PwC Zhong Tian”	PricewaterhouseCoopers Zhong Tian LLP
“related party transaction(s)”	for the purpose of chapter IV “Significant Events” only, has the same meaning ascribed to it under the SSE Listing Rules currently in effect and as amended from time to time
“Reporting Period”	the six months ended 30 June 2020
“Sanxia GoldStone Fund”	Sanxia GoldStone (Wuhan) Equity Investment Fund Partnership (Limited Partnership)
“Sanxia GoldStone Management Co., Ltd.”	Sanxia GoldStone Private Equity Management Co., Ltd. (三峽金石私募基金管理有限公司)

DEFINITIONS

“Securities Law”	the Securities Law of the People’s Republic of China
“SFC”	the Securities and Futures Commission of Hong Kong
“Shanghai Clearing House”	Interbank Market Clearing House Co., Ltd.
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the domestic Share(s) or the overseas listed foreign Share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00, each of which are listed on the SSE and the Hong Kong Stock Exchange, respectively
“Shenzhen Securities Regulatory Bureau”	the Shenzhen Securities Regulatory Bureau of the CSRC
“SSE”	Shanghai Stock Exchange
“SSE Listing Rules”	Rules Governing the Listing of Stocks on Shanghai Stock Exchange
“STAR Market”	the science and technology innovation board market
“SZSE”	Shenzhen Stock Exchange
“Wind Info”	Wind Information Co., Ltd.
“Xingcheng Special Steel”	Jiangyin Xingcheng Special Steel Works Co., Ltd.
“Yuexiu Financial Holdings”	Guangzhou Yuexiu Financial Holdings Group Co., Ltd. (廣州越秀金融控股集團股份有限公司)
“Yuexiu Industrial Investment Fund”	Guangzhou Yuexiu Industrial Investment Fund Management Co., Ltd. (廣州越秀產業投資基金管理股份有限公司)

COMPANY INFORMATION AND MAJOR FINANCIAL INDICATORS

Company Information

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

Registered Capital and Net Capital

In RMB Yuan

	As at the end of the Reporting Period (30 June 2020)	As at the end of last year (31 December 2019)
Registered Capital	12,926,776,029.00	12,116,908,400.00
Net Capital	87,925,458,480.47	94,904,219,964.48

Note: As at the disclosure date of this report, the total number of issued Shares of the Company was 12,926,776,029 Shares, of which 10,648,448,329 Shares are A Shares and 2,278,327,700 Shares are H Shares.

Business Qualifications for Each Individual Business of the Company

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

COMPANY INFORMATION AND MAJOR FINANCIAL INDICATORS

In addition, the Company possesses the following business qualifications:

1. Business qualifications approved or certified by the CSRC: online securities entrustment business; entrusted wealth management; operation of overseas securities investment management business by qualified domestic institutional investors (QDII); direct investment; interbank market interest rate swap business; stock index futures trading in proprietary business and asset management business; pilot business of stock return swap; first class OTC option dealer; treasury bond futures trading in proprietary business and securities asset management business; pilot business of agency services for gold and other precious metal spot contracts and proprietary trading for spot gold contracts; custodian business for securities investment funds; credit risk mitigation instruments selling business; market making business of treasury bond futures; commodities derivatives transaction and the trading of financial products on overseas exchanges; carrying out pilot cross-border business.
2. Business qualifications approved by the stock exchange: market maker of stock exchange fixed income platform; warrants trading; stock repo business; stock pledge-style repo business; margin refinancing and securities relending; Southbound Trading Connect business; financing business with respect to exercising rights under share incentive schemes of listed companies; stock options brokerage; proprietary trading for stock options; principal market maker in SSE 50 ETF options; principal market maker in CSI 300 ETF options of the SSE and SZSE; principal market maker of funds listed on the SSE; market maker of listed funds on the SZSE.
3. Business qualifications approved by SAC: quoted transfer business; OTC market business; OTC trading business; internet-based securities business pilot; cross-border income swap transaction business.
4. Business qualifications approved by the People's Bank of China: qualification for lending transactions and bond transactions in the National Interbank Funding Centre; short-term commercial paper underwriting; market maker in interbank bond market; and primary dealer of open market.
5. Other business qualifications: member of book-entry government bond underwriting syndicates; Class A clearing participant of CSDCC; license for operating foreign exchange in securities business (foreign-currency negotiable securities brokerage, foreign-currency negotiable securities underwriting and entrusted foreign-exchange asset management); investment manager for enterprise annuity fund and occupational pension fund; member of underwriting syndicate of policy bank; manager of converted shares of the NSSF; NSSF domestic investment manager; entrusted management of insurance funds; securities investment management for national basic pension insurance fund; pilot refinancing business; sideline insurance agency business; business with special institutional clients of insurance institutions; recommending business and brokerage business through National Equities Exchange and Quotations; market-making business through National Equities Exchange and Quotations; consultancy services relating to the secrecy-involved business of the military industry; general clearing member of interest rate swaps central clearing business of Shanghai Clearing House; settlement and sale of foreign exchange business; general clearing member of commodity and shipping financial derivatives central clearing business of Shanghai Clearing House; general clearing member of standard bond forward central clearing business of Shanghai Clearing House; general clearing member of net bond central clearing business of Shanghai Clearing House; member of the interbank foreign exchange market; member of the interbank foreign currency market and trustee of debt-financing instruments for non-financial enterprises.



COMPANY INFORMATION AND MAJOR FINANCIAL INDICATORS

Contact Person and Methods

Secretary to the Board, Securities Affairs Representative, Company Secretary

Name	Secretary to the Board: WANG Junfeng Securities Affairs Representative: YANG Baolin Joint Company Secretaries: LIU Xiaomeng, YU Hiu Kwan, Hilda
Contact Address	CITIC Securities Tower, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province (Note: This is a postal address and is in the same building as that of the registered address of the Company. The registered address of the Company corresponds to the name of the building registered with the Shenzhen Real Estate Ownership Registration Centre) CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
Telephone	0086-755-23835383, 0086-10-60836030
Facsimile	0086-755-23835525, 0086-10-60836031
Email	ir@citics.com

Basic Information

During the Reporting Period, there was no change in the basic information of the Company.

Registered Address of the Company	North Tower, Excellence Times Plaza II, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province
Postal Code of Registered Address of the Company	518048
Office Address of the Company	CITIC Securities Tower, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
Postal Code of Office Address of the Company	518048, 100026
Business Address in Hong Kong	26/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong
Website of the Company	http://www.citics.com
Email	ir@citics.com

COMPANY INFORMATION AND MAJOR FINANCIAL INDICATORS

Telephone	0086-755-23835888, 0086-10-60838888
Facsimile	0086-755-23835861, 0086-10-60836029
Customer Service Hotline for Brokerage and Asset Management Business	95548, 4008895548
Investor Relations Hotline	0086-755-23835383, 0086-10-60836030
United Social Credibility Code	914403001017814402

Changes of Information Disclosure and Availability Places

Newspapers Designated for Information Disclosure by the Company	China Securities Journal, Shanghai Securities News, Securities Times
The Websites Designated for Publication of the Interim Report of the Company	Website designated by the CSRC: http://www.sse.com.cn (website of the SSE) Website designated by the Hong Kong Stock Exchange: http://www.hkexnews.hk (HKExnews website of HKEx)
Places Where the Interim Report of the Company is Available	16/F, CITIC Securities Tower, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province 10/F, CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing 26/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong

Shares of the Company

Class of shares	Stock exchange of listing	Stock name	Stock code
A Shares	SSE	CITIC Securities	600030
H Shares	Hong Kong Stock Exchange	CITIC SEC	6030

COMPANY INFORMATION AND MAJOR FINANCIAL INDICATORS

Financial Summary Key Accounting Data and Financial Indicators

In RMB million

Items	30 June 2020	31 December 2019	Variance in comparison with the end of last year (%)
Total assets	975,039	791,722	23.15%
Total liabilities	795,040	626,272	26.95%
Equity attributable to owners of the parent	176,044	161,625	8.92%
Issued share capital	12,927	12,117	6.68%
Net assets per Share attributable to owners of the parent (RMB yuan/share)	13.62	13.34	2.10%
Gearing ratio (%) ^{Note}	77.18	75.25	Increased by 1.93 percentage points

Items	Six months ended 30 June 2020	Six months ended 30 June 2019	Variance in comparison with the corresponding period of last year (%)
Total revenue and other income	34,708	28,394	22.24
Operating profit	11,782	8,632	36.49
Profit before income tax	11,874	8,932	32.94
Net profit attributable to owners of the parent	8,926	6,446	38.47
Net cash inflow/(outflow) from operating activities	-28,228	17,181	N/A
Basic earnings per Share (RMB yuan/share)	0.70	0.53	32.08
Diluted earnings per Share (RMB yuan/share)	0.70	0.53	32.08
Return on weighted average equity (%)	5.07	4.11	Increased by 0.96 percentage point

Note: Gearing ratio = (total liabilities - customer brokerage deposits)/(total assets - customer brokerage deposits).

COMPANY INFORMATION AND MAJOR FINANCIAL INDICATORS

Net Capital and Relevant Risk Control Indices of the Parent Company

Items	30 June 2020	31 December 2019
Net capital (RMB million)	87,925	94,904
Net assets (RMB million)	145,202	133,558
Total risk capital reserves (RMB million)	56,781	56,864
Risk coverage ratio (%)	154.85	166.90
Capital leverage ratio (%)	15.91	13.73
Liquidity coverage ratio (%)	135.33	151.15
Net stable funding ratio (%)	123.16	123.95
Net capital/net assets (%)	60.55	71.06
Net capital/liabilities (%)	18.01	23.35
Net assets/liabilities (%)	29.74	32.86
Value of proprietary equity securities and derivatives held/net capital (%)	51.93	48.40
Value of proprietary non-equity securities and derivatives held/net capital (%)	398.86	289.59

Note: The risk control indices for every business of the parent company are in compliance with the relevant requirements of Administrative Measures for the Risk Control Indices of Securities Companies issued by the CSRC.

MANAGEMENT DISCUSSION AND ANALYSIS

Operation Discussion and Analysis

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

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

The institutional brokerage business of the Group is engaged in providing domestic and overseas institutional investors with various professional value-added services, including research services, trade execution services, equity deal services for their investment in China, Asia-Pacific, U.S. and other overseas stock markets.

The trading business of the Group is primarily engaged in trading and market-making of equity products, fixed income products and derivatives, currencies, margin financing and securities lending business, alternative investment and commodities business.

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

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

The Group provides services such as custody and research.

Investment Banking

Equity financing

Market conditions

In the first half of 2020, the IPO size of A shares increased significantly as offering becomes normal on the STAR Market. A total of 119 enterprises completed IPO in Shanghai and Shenzhen stock markets, representing a year-on-year increase of 80.30%; the aggregate issuance size amounted to RMB139,274 million, representing a year-on-year increase of 130.50%. The cumulative approval rate of IPOs (excluding those on the STAR Market) increased to 92.94% and the pace of IPOs accelerated. Due to the revision of the *Administrative Measures for the Issuance of Securities by Listed Companies*, significant changes appeared in the structure of refinancing products and the aggregate issuance size of non-public issuance for cash amounted to RMB127,012 million, representing a year-on-year increase of 66.95%; the aggregate issuance size of convertible bonds amounted to RMB94,866 million, representing a year-on-year decrease of 38.39%.

In the first half of 2020, A-share equity underwriting (for cash) amounted to RMB418,789 million, representing a year-on-year increase of 7.54%; A-share equity underwriting (including private placements for asset transactions) amounted to RMB648,663 million, representing a year-on-year increase of 5.89%. The market share of the top ten securities companies in A-share equity underwriting (for cash) amounted to 65.27%, indicating a high level of concentration.

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2020, Hong Kong IPO underwriting amounted to US\$12,027 million, representing a year-on-year increase of 31.59%; underwriting in the Hong Kong refinancing market amounted to US\$17,733 million, representing a year-on-year increase of 105.43%. Calculated on the basis of the underwriting amount distributed evenly among all underwriters, the market share of the top ten investment banks in equity financing projects in the Hong Kong market amounted to 70.52%.

Actions and achievements

In the first half of 2020, in respect of domestic equity financing, the Company expanded the coverage of IPO clients including those on the STAR Market with further advancement of the stock issuance registration system reform. As at the end of the Reporting Period, the Company completed six IPO projects with an issuance size of RMB9,981 million in aggregate, accounting for a market share of 7.2%. Due to the revision of the *Administrative Measures for the Issuance of Securities by Listed Companies*, the Company focused on layout in private placements. In the first half of 2020, the Company completed 13 private placement (for cash) projects with an issuance size of RMB14,285 million in aggregate, accounting for a market share of 11.25%; completed eight private placement (for asset transactions) projects with an issuance size of RMB80,572 million in aggregate, accounting for a market share of 35.05%. The Company actively explored business opportunities in the convertible bonds and preference shares. Meanwhile, the Company continued to strengthen quality management and risk control for the whole process of projects, so as to reinforce and enhance its comprehensive competitive strength.

In the first half of 2020, the Company completed a total of 52 A-share lead underwriting projects with an aggregate lead underwriting amount of RMB131,749 million (including private placements for asset transactions), representing a year-on-year increase of 7%, accounting for a market share of 20.31% and ranking the first in the market. Among them, six were IPO projects with an aggregate lead underwriting amount of RMB9,981 million; 46 were refinancing issuance projects with an aggregate lead underwriting amount of RMB121,768 million.

Projects	Six months ended 30 June 2020		Six months ended 30 June 2019	
	Lead Underwriting Amount (RMB million)	Number of Issuances	Lead Underwriting Amount (RMB million)	Number of Issuances
IPOs	9,981	6	16,092	10
Re-financing issuances	121,768	46	106,840	26
Total	131,749	52	122,869	36

Source: Wind Info and the Company's internal statistics

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

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

In the first half of 2020, in respect of overseas equity financing, the Company further enhanced its efforts in the development of refinancing business and continued to focus on layouts in new economic industries including Internet, consumption, healthcare and pharmaceutical. The Company completed 15 overseas equity projects with an underwriting size of US\$1,664 million in aggregate. Among them, four were IPO projects in Hong Kong market with an underwriting size of US\$533 million, and seven were refinancing projects in Hong Kong market with an underwriting size of US\$938 million, winning the Company the second place among Chinese brokers for equity business in Hong Kong market; four were equity financing projects in Singapore and other overseas markets with an underwriting size of US\$193 million.

Outlook for the second half of 2020

In the second half of 2020, the Company will further expand its coverage of domestic and overseas clients, and improve the client coverage effectiveness and increase projects in stock; strengthen the research on emerging industries, clients and innovative products; actively optimize its business structure according to market development and client needs, obtain key transactions from important clients and further enhance its market influence in the world. The Company will act closely in line with policy changes to continuously develop the layout for the STAR Market, Pilot Stock Issuance Registration System on ChiNext, Shanghai-London Stock Connect, Shenzhen-Europe Stock Connect and other innovative businesses; and provide clients with integrated investment banking services by strengthening the capabilities in equity underwriting business and leveraging its platform strength.

Bonds and asset-backed securitization

Market conditions

In domestic market, the yield rate of bond market was at a historical low level in the first half of 2020, showing a noticeable advantage in financing cost and a significant increase in financing size in the primary market. China's bond market recorded a total issuance size of RMB18.05 trillion (excluding interbank certificates of deposit), representing a year-on-year increase of 34.69%. The total issuance size of debentures (net of treasury bonds, policy bank financial bonds and local government bonds) amounted to RMB17.09 trillion, representing a year-on-year increase of 14.21%.

In overseas market, the COVID-19 strained the US dollar liquidity and posted significant fluctuations in overseas bond market. In the first half of 2020, Chinese enterprises issued a total of 210 overseas bonds with a total financing size of US\$89,215 million, representing a year-on-year decrease of 17.65%.

MANAGEMENT DISCUSSION AND ANALYSIS

Actions and achievements

In the first half of 2020, the Company maintained its industry leading position in underwriting business of bonds and asset-backed securitization. The Company's underwriting amount totalled RMB563,069 million, representing an increase of 21.92% as compared to the same period of last year. The Company contributed 12.85% of the total underwriting amount of securities companies in the industry, ranking the first in the industry, and contributed 4.53% of the total underwriting amount of underwriting institutions including commercial banks, ranking sixth in the market. The Company underwrote 1,380 projects, ranking the first in the industry.

Projects	Six months ended 30 June 2020		Six months ended 30 June 2019	
	Lead Underwriting Amount (RMB million)	Number of Issuances	Lead Underwriting Amount (RMB million)	Number of Issuances
Enterprise bonds	21,354	27	5,410	9
Corporate bonds	131,147	231	76,645	124
Financial bonds	108,314	63	129,926	44
Medium-term notes	34,855	49	23,112	21
Short-term commercial papers	7,898	18	4,460	6
Private placement notes	15,150	27	4,400	10
Asset-backed securities	109,705	323	94,978	249
Convertible bonds/exchangeable bonds	21,319	21	66,345	14
Local government bonds	113,328	621	56,565	456
Total	563,069	1,380	461,841	942

Source: Wind Info and the Company's internal statistics

For USD-denominated bond by overseas Chinese issuers, the Company completed a total of 47 projects with a total underwriting size of US\$2,208 million, representing a market share of 2.5%, ranking the third among Chinese brokers in the industry. In addition to the bond underwriting, the Company provided customers with structured and leveraged financing, risk solutions and other diversified services.

Outlook for the second half of 2020

In the second half of 2020, the Company will actively seize market and business opportunities to integrate resources and continue to expand customer market with the aim of increasing its market share. First, the Company will consolidate its leading advantages in the bonds and asset-backed securitization businesses, keep providing customers with comprehensive services and financial solution packages to improve customer service and quality; second, the Company will strengthen efforts to explore bond financing opportunities from local enterprises and regional customers to gradually build its regional advantages and competitiveness; third, the Company will seize the opportunities of innovative development of the capital market and opportunities from new businesses including public offering of REITs, short-term corporate bonds, ABCP, and standardized notes; fourth, to fully implement the strategy of integrating domestic and overseas businesses, the Company will improve its underwriting capacity and market share of overseas bond business.

Financial advisory services

Market conditions

According to Dealogic, in the first half of 2020, the total value of global merger and acquisition transactions announced reached US\$1.12 trillion and the number of transactions amounted to 15,378. On a sector basis, the electronics and computer sector was the most active sector with the value of merger and acquisition transactions announced in the first half of 2020 amounting to US\$221.1 billion, accounting for 19.77% of the total value of merger and acquisition transactions announced; the financial sector followed with the value of merger and acquisition transactions announced amounting to US\$126.8 billion in the first half of 2020, accounting for 11.34% of the total value of merger and acquisition transactions announced.

In the first half of 2020, the number of announced merger and acquisition transactions in the market involving Chinese enterprises was 2,514, with a transaction size of US\$174.7 billion, of which, 340 were cross-border transactions, with a transaction size of US\$27.3 billion.

Actions and achievements

In the first half of 2020, the size of A-share material assets restructuring transactions completed by the Company amounted to RMB232.5 billion, with a market share of 58.2%, ranking the first in the industry. The Company closely followed market and policy trends, enhanced the coverage of full products of merger and acquisition and completed a number of large merger and acquisition and restructuring transactions in fields of market-oriented debt-to-equity swaps and internal restructuring of central enterprises, including the market-oriented debt-to-equity swaps of CSSC, material assets restructuring of FAW Car, joint capital increase in a joint venture by CMSK and Qianhai Investment Holding, which continuously consolidated and improved the Company's market position and competitiveness in the merger and acquisition market.

In the first half of 2020, the total value of global merger and acquisition transactions involving Chinese enterprises completed by the Company amounted to US\$32.3 billion, ranking the first in the industry. The Company continued to improve its overseas business network layout and actively carried out cross-border merger and acquisition business. The Company assisted Wumart Group in acquiring the business of Metro China, which strengthened the integration of online and offline businesses of the two parties. The Company assisted Huaneng Renewables in completing the privatization and delisting, which was the largest privatization transaction of a central enterprise in the history of Hong Kong stock market, laying the foundation for the business integration of China Huaneng and Huaneng Renewables.

MANAGEMENT DISCUSSION AND ANALYSIS

Outlook for the second half of 2020

In the second half of 2020, the Company will keep close track of policy trends, continue to consolidate its market share, actively formulate plans in relation to merger and acquisition and restructuring of large enterprises, spin-off and listing, restructuring and listing of high-tech enterprises, market-oriented debt-to-equity swaps, enterprise bankruptcy and reorganization, etc., and keep improving its ability to provide integrated merger and acquisition services. The Company will also continue to deepen domestic and overseas collaboration and strengthen the development of businesses including cross-border merger and acquisition, merger and acquisition financing and privatization of overseas listed companies.

The business of New OTC Market

Market conditions

In the first half of 2020, the reform of New OTC Market launched smoothly, with the commencement of the review of applications for public offerings and listings on the New OTC Market Select, bringing about a rebound of various functional market indicators and gradually achieving positive impacts. As at the end of the Reporting Period, the total number of companies listed on the New OTC Market amounted to 8,547, with total issued shares of 546,631 million and a total market capitalization of RMB2,747,837 million. In the first half of 2020, the total trading volume of the New OTC Market amounted to RMB50,332 million, and the total funds raised from the issuance of shares amounted to RMB10,629 million. As at the end of the Reporting Period, the NEEQ component index closed at 1,004.41, representing an increase of 8.14% as compared to the end of 2019; and the NEEQ market-making component index closed at 1,115.22, representing an increase of 21.92% as compared to the end of 2019.

Actions and achievements

In the first half of 2020, the Company continued to operate the business of New OTC Market on the basis of expanding the customer coverage and centred on value identification and realization. On the one hand, it actively developed the public offering business of the New OTC Market Select, continuously optimized the market-making and position structures and enhanced the coverage of high-quality enterprises. On the other hand, it placed great emphasis on quality control and effectively controlled business risks.

As at the end of the Reporting Period, the Company, as the lead broker, conducted continuous supervision over a total of 23 listed companies, among which, 12 companies entered the Innovation layer; and the Company, as the sponsoring broker, had applied for the public offering on the New OTC Market and listing at the Select layer for two companies, of which one company had obtained the approval by the listing committee and the approval by the CSRC. In the first half of 2020, the Company provided market-making services for 50 listed companies, among which, 32 companies entered the Innovation layer.

Outlook for the second half of 2020

In the second half of 2020, the Company will, according to the progress of deepened reform of the New OTC Market, continue to improve the business management system and market development system centred on value identification and realization, to drive the development of other relevant business and provide customers with quality integrated services in the New OTC Market. It will select high quality enterprises and explore deeply of enterprise value, in order to create good returns.

Wealth Management

Market conditions

In the first half of 2020, the overall market trading of the domestic securities market increased as compared with 2019, with SSE Composite Index slightly declining by 2.15%, SSE SME Composite Index rising by 15.14% and ChiNext Composite Index rising by 27.94%.

Actions and achievements

In the first half of 2020, adhering to the practices in transformation and upgrade of wealth management, the Company took the lead in the industry in respect of its financial product system and marketing capacity; established a value supply chain oriented on customer demands and continuously improved its system for allocation of investment business products, which formed its unique competitiveness in the management of ultra-high-net-worth customers; set up a staff empowerment system with the number of members of its investment consulting teams ranking the first in the industry; and integrated its overseas retail and wealth management in line with its requirements for globalized development to provide customers with all domestic and overseas products and services. In the first half of 2020, the Company, CITIC Securities (Shandong) and CITIC Securities South China recorded a total trading volume of stocks and funds of RMB12 trillion, and the distribution of financial products exceeded RMB400 billion. As at the end of the Reporting Period, the total number of individual customers exceeded 10.3 million and the number of institutional customers exceeded 40,000. Customer assets under custody in aggregate amounted to RMB6.7 trillion.

Outlook for the second half of 2020

In the second half of 2020, the Company will continue to deepen the transformation of wealth management, improve the customer-centred development mode of wealth management, provide more intensive and extensive services and offer comprehensive financial products and services to meet customers' needs for preservation, enhancement and inheritance of their assets; improve the staff quality and professional service ability; deepen the application of technology, build a wealth management ecosystem and improve customer experience for financial services; and gradually establish a comprehensive wealth management platform to provide global asset allocation and trading services for domestic and overseas high-net-worth customers.

Institutional Stock Brokerage Business

Market conditions *(please refer to the part entitled "Wealth management")*

Actions and achievements

The stock brokerage business for domestic institutions mainly covered domestic and overseas professional institutional investors such as public funds, insurance companies, private funds, wealth management subsidiaries of banks, QFII, RQFII and WFOE. In the first half of 2020, the Company maintained its overall leadership in domestic institutional brokerage business. In particular, the number of trading clients of QFII/RQFII increased to 207, and the number of trading clients of WFOE PFM reached 13; the coverage of key private funds increased to 80%; and the Company won 12 bids in total for broker settlement mode business implemented among key wealth management subsidiaries of banks.

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2020, the Company posted steady development of stock brokerage business for overseas institutions. Centred on stock products in the Asia-Pacific market, the Company provided trading and research services for institutional customers in the world via its branches in 14 countries and regions. Besides, based on traditional brokerage business, the Company stepped up development of cross-sale and programmatic electronic transaction business, with a top-ranking market share in the Asia-Pacific region.

Outlook for the second half of 2020

In the second half of 2020, relying on domestic and overseas business advantages and customer resources, the Company will continuously promote the integration and expansion of domestic and overseas stock brokerage business for global institutions. In respect of stock brokerage business for domestic institutions, the Company will continue to explore traditional customer market, expand effective customer coverage, develop new customers and improve customers' satisfaction. Centred on customers, the Company will actively coordinate the connection of its various business products and resources, provide customers with comprehensive financial services, and deepen and expand customer business cooperation. In respect of stock brokerage business for overseas institutions, the Company will continue to consolidate and improve its internationalism and professionalism, maintain its leading advantages in the Asia-Pacific region, make full use of its edges and resources in China and closely cooperate with other businesses with a focus on exploring potential of cross-border business related to China.

Trading

Market conditions

In the first half of 2020, in respect of stock market, CSI Free Float Index declined by 15% within two weeks for twice but increased by 6.3% in the first half of 2020. The average daily trading volume of the market rose by 20% compared with the same period in 2019. With a differentiation in market structure, leaders of various industries showed continuous excellent performance, with a significant growth in the medical, consumption and technology industries in particular.

In the first half of 2020, major overseas markets also underwent drastic fluctuation, seeing a rebound in major stock indexes after a sharp decline. The S&P 500 Index which has a higher proportion of traditional industries declined by 4%, and the Dow Jones Index declined by nearly 10%, while the Nasdaq 100 Index which has a higher proportion of technology stocks rose by 16%, showing a serious differentiation in market structure. The Hong Kong market showed a relatively weak performance, with the Hang Seng Index declining by 13%. The market volatility of major markets around the world has once flared up.

In the first half of 2020, the bond market showed a decline after rising, with the ChinaBond Composite Total Return Index rising by 2.4%. Treasury bonds witnessed a rebound after hitting the bottom in medium and long-term key-duration interest rates and the short-term interest rate remained low, with relatively loose interbank liquidity and overall low credit spread.

Actions and achievements

In respect of the equity derivatives business, the Company provided its institutional customers with OTC derivatives services including OTC options quotation transactions, stock return swaps and cross-border total return swaps, solving customers' needs for risk management, global asset allocation and strategic investment and others; provided institutional customers and retail customers with OTC products such as floating return-linked beneficiary certificates and structured products to meet customers' needs for wealth management and large-scale asset allocation; provided liquidity market-making services for exchange-traded fund, options and futures products. In the first half of 2020, the Company continued to develop its OTC derivatives business and OTC products and further enriched the structure and application scenes of its products, with its market-making business continuously taking the lead on the market. The Company kept the business model with an extensive customer base, a rich supply of products, and relatively stable yields. The Company continued to develop and innovate its overseas equity derivative transactions, becoming the first Chinese broker entering the Korean derivatives market. With the coverage of international mainstream markets, the Company offered customers cross-time-zone derivative transactions in the global market.

In respect of the fixed income business, the Company made good use of its customer resources and enhanced its comprehensive capabilities for product design and customer service through strengthening cooperation among various business segments, with a coverage of various fixed income products, markets and customers. The Company constantly improved credit research and its ability of risk management, devoted more efforts in market-making of bonds, derivatives and other products, and actively promoted the investment advisory services for financial institutions including joint-stock banks and city commercial banks, which steadily developed. In the first half of 2020, the Company ranked the first in the industry in terms of the sales of interest rate products.

While maintaining its leading position in the scale of financing and lending business, the Company took the advantages of favorable regulatory innovations such as the opening of capital market, lending of public funds, and Stock Issuance Registration System Reform on ChiNext to strengthen refined management of customer structure and the extent of penetration into regional markets. For example, the Company utilized financial technology to cover long-tail based customers, optimized comprehensive and innovative services to acquire professional institutional customers, and developed customers of securities lending from the source of upstream securities and downstream demands for securities according to customers' transaction demands for asset activation, hedging and arbitrage. The Company made plans for domestic and overseas financing businesses and continued to provide customers with comprehensive business solutions for securities lending and financing, so as to meet the diversified needs of investment, financing and asset allocation.

In respect of the bulk commodity business, the Company focused on commodities derivatives and provided services including commodity allocation, hedging and risk management for onshore and offshore corporate and institutional investors, implemented the concept of finance serving the real economy, continued to conduct trading business, and strengthened the profitability and customer coverage of commodities swap and commodities OTC option businesses, initially forming a business model where commodities derivatives trading and quotation and market-making businesses developed together, so as to offer a wide range of domestic and foreign industry and institutional customers with customized and professional financial services related to bulk commodities.

MANAGEMENT DISCUSSION AND ANALYSIS

In respect of the stock proprietary business, the Company intensified specialized investment and research in key industries such as consumption, pharmaceutical and technology, focused on enterprises with great growth potential, took strict and systemic risk control measures to maintain a stable performance on the whole. At the same time, the Company deepened the exploration and practice of quantitative analysis and diversified strategies. Progress has been made in the development and practice of relevant strategies for stock index derivatives, which effectively controls market risks associated with investment portfolios and reduces the performance's dependence on one-way changes in the market.

In respect of the alternative investment business, the Company actively responded to market changes brought by the COVID-19, focused on quantitative trading, and developed multi-market diversified investment strategies. In terms of strategy development, the Company capitalized on the latest technology of artificial intelligence/machine learning to grasp the opportunities brought by market change and enrich sources of income. Currently, the businesses or strategies we have adopted include: stock index arbitrage, long/short equity, macroeconomic hedging, statistical arbitrage, fundamental quantification, convertible bonds arbitrage, commodity strategy, options strategies, high frequency strategies, volatility strategies, etc.

Outlook for the second half of 2020

In respect of the equity derivatives business, the Company will adhere to the vision and business position of “becoming the major equity solution supplier in the corporate customer market, becoming the major trader (market maker) for OTC derivatives in the institutional customer market and becoming the major market maker for exchange-based derivatives in the retail customer market”, continue to improve products supply and trading services, and enhance capabilities in offering comprehensive solutions centred on meeting customer demands. The Company will focus on building an international comprehensive business platform for stock derivatives to provide domestic and overseas customers with multi-market, 24-hour and one-stop investment transaction services and comprehensive solutions.

In respect of the fixed income business, the Company will further develop cross-border business, continue to focus on customer trading services and increase the market coverage of its products.

In respect of securities financing business, the Company will optimize the structure of financing customers, strengthen the business development philosophy of online marketing and platformization of financial services, stock up long-tail customers and increase customer stickiness; the Company will also expand internal and external sources of upstream securities, make greater efforts in marketing and developing customers of downstream securities lending, prepare for innovation businesses such as development of QFII customers, insurance fund lending, and reform of securities lending mechanism, and promote the integrated development of domestic and overseas and OTC and exchange-based securities lending business. Moreover, the Company will continue to improve its business model featuring unified credit granting and centralized management, upgrade credit risk management and pricing management, and continuously serve domestic and overseas customers with diversified and comprehensive financing and lending business tools, so as to gradually become a comprehensive financing solution provider and service provider and a core securities lender in the capital market.

In respect of the bulk commodity business, the Company will continue to expand its customer market coverage, enrich its customer base, enhance the depth of services and enrich product design covering the mainstream commodities around the globe and offering a variety of derivatives, and providing channels of risk hedging and transfer for domestic and overseas customers.

In respect of the stock proprietary business, the Company will continue to strengthen the investment research system, deepen study on industry fundamentals, flexibly use derivatives to achieve more effective risk management of investment portfolios, continue to explore the development of a multi-strategy investment system, and improve capital utilization capabilities.

In respect of alternative investment business, the Company will increase investment in artificial intelligence/machine learning, further improve the strategy research & development platform, make more efforts to build the trading system, increase the level of automated trading, and capture opportunities brought by fluctuation in the market, in order to steadily increase investment yields rates.

Asset Management

Market conditions

Since the issue of the New Regulations on Asset Management in 2018, ancillary rules for various asset management sub-sectors have been gradually put into effect. Under the new operation framework, a fairer and more regulated environment for development of asset management business has been established. The asset management industry is currently in transition and will embrace more diverse participants including wealth management subsidiaries of banks and foreign institutions. In the future, asset management institutions need to persist in returning to the origin of active management, foster the capabilities of asset allocation, risk-based pricing and product service, actively explore and innovate business models, gradually complete net worth transformation and upgrade, give prominence to their strengths and expertise, reasonably optimize the allocation of resources, and build differentiated core competitiveness.

Asset management business of the Company

Actions and achievements

In respect of the asset management business, in the first half of 2020, under the guidance of “increasing the assets under active management, developing equity products and serving the real economy”, the Company improved its professional level in investment research, perfected the buyer’s investment research system, vigorously developed corporate annuity, occupational annuity and other pension businesses, advanced the transformation of massive collective assets to publicly offered assets in an orderly manner, and actively promoted transformation of active management business in banks.

MANAGEMENT DISCUSSION AND ANALYSIS

As at the end of the Reporting Period, the AUM of the Company amounted to RMB1,423,819 million, of which, the size of CAM, SMA and SAM amounted to RMB169,858 million, RMB1,253,858 million and RMB103 million, respectively. In particular, the assets under active management amounted to RMB857,524 million. The market share of the privately-offered asset management business as defined under the New Regulations on Asset Management (excluding social security fund, basic pension, corporate annuity and occupational annuity business, publicly-offered collective investment scheme, collective pension products and asset-backed securitization products) of the Company was 12.87%, ranking the first in the industry.

Type	AUM (RMB million)		Management fees (RMB million)	
	As at the end of June 2020	As at the end of December 2019	Six months ended June 2020	Six months ended June 2019
	CAM	169,858	129,174	353.53
SMA	1,253,858	1,265,213	522.43	484.01
SAM	103	371	10.46	6.52
Total	1,423,819	1,394,758	886.42	722.62

Source: The Company's internal statistics

Note: The CAM included publicly-offered collective investment scheme and excluded collective pension products; the SMA included social security fund, basic pension, corporate annuity and occupational annuity business; and the SAM excluded asset-backed securitization products.

Outlook for the second half of 2020

In the second half of 2020, the Company will continue to promote the building of professional investment research teams and refined management in respect of asset management business. Following the customer development strategy of "serving institutional clients and increasing retail clients", the Company will improve its ability to develop and serve customers. The Company will enhance product design, enrich strategy varieties and expand strategy capacity. The Company will capitalize on pension and institutional businesses to enlarge the scale and strengthen the brand, improve its sales capability of retail products and continue to advance the transformation and marketing of massive collective assets to publicly offered assets. The Company will build a new-generation platform for asset management business in an all-round way.

China AMC

Actions and achievements

In the first half of 2020, China AMC actively developed fixed-term products from a long-term perspective, enhanced index definition capability, autonomously formulated strategy-themed indexes and stepped up efforts on promotion and marketing in an all-round way, and key products of bond funds entered a benign circle in respect of size and performance. The Company achieved sound development of institutional pension business, continuously expanded international business and kept improving its risk prevention ability. As a result, the overall AUM of China AMC was further increased. As at the end of the Reporting Period, the total AUM of China AMC was RMB1,248,079 million, of which, the AUM of public funds reached RMB686.8 billion and the AUM of institutional and international business reached RMB561,279 million.

Outlook for the second half of 2020

China AMC will continuously strengthen risk prevention and control measures, focus on product line layout improvement, enhance ETF marketing and step up efforts on transformation towards automation of SMA services. It will also optimize existing annuity business and introduce new annuity business, enhance its presence in global market, intensify efforts to develop potential customers, build an integrated investment research platform and establish an intelligent marketing system, thus maintaining its comprehensive competitiveness in the industry.

Custody

Market conditions

In the first half of 2020, the asset management industry experienced business transformation and correction toward compliance under the New Regulations on Asset Management. As the end of transitional period of the New Regulations on Asset Management is approaching, the entire asset management industry was still exposed to a tough challenge. Under continuously intensified regulatory measures, the industry will become more regulated with a quickened pace by selecting the superior and eliminating the inferior.

Actions and achievements

In the first half of 2020, the Company earnestly performed its duties as a fund custodian and enhanced supervision and control over fundraising, investment, management, withdraw and information disclosure of fund managers to protect the legitimate rights and interests of fund investors. In respect of fund outsourcing service, the Company increased technology investment, built an intelligent customer service system and continuously researched, developed and optimized innovative fund operation services. The overseas fund operation system, wealth management operation system of banks and public fund outsourcing operation system have been successively put into routine operation and the service system for fund investors has been improved.

As at the end of the Reporting Period, the Company saw sustained steady growth in the size of asset under custody and related service. It had provided 5,700 asset custody service products and 6,078 fund service products.

MANAGEMENT DISCUSSION AND ANALYSIS

Outlook for the second half of 2020

In the second half of 2020, it is expected that the asset management industry will achieve growth while maintaining stability with a sounder and more regulated development on the whole. Adhering to the “customer-oriented” principle, the Company will faithfully fulfil the fiduciary duties and intensify efforts to provide refined, customized and professional services in line with the international fund service standards, so as to maintain positive development of businesses.

Private Equity Investment

Market conditions

In the first half of 2020, the COVID-19 dealt a blow to global economy. In this context, the equity investment market was affected to different extents in respect of fundraising, investment and withdraw. The entire fundraising market experienced a great retreat. In the first quarter of 2020, the total fundraising amount of new funds was RMB207,158 million, representing a year-on-year decrease of 19.8%, and a total of 428 new funds completed fundraising, representing a year-on-year decrease of 30.9%. Institutional investment in PE slowed down, as evidenced by 1,357 investment cases, representing a year-on-year decrease of 37.1%, with a total investment amount of RMB110,367 million, representing a year-on-year decrease of 38.4%. The equity investment market was at a crucial stage of accelerated fragmentation.

Actions and achievements

CITIC Securities Investment

In the first half of 2020, CITIC Securities Investment further explored investment opportunities in industries including technology and advanced manufacturing, modern service, medical and healthcare, new materials and industrial products, actively explored the possibility of moving the investment phase forward appropriately, steadily promoted overseas investment, continued to give full play to the comprehensive advantages of CITIC Securities, increased investment, and invested in a number of enterprises with core competitiveness in the fields of semiconductor, medical equipment, cutting-edge biotechnology and consumption. As at the end of the Reporting Period, CITIC Securities Investment invested in 19 new projects (including strategic placing projects on the STAR Market), with the investment amount of approximately RMB924 million.

GoldStone Investment

In the first half of 2020, GoldStone Investment, as the fund manager, initiated the establishment of GoldStone New Materials Fund for Manufacturing Transformation and Upgrading with a size of RMB32.5 billion, which supported the development of new materials enterprises with core competitiveness by way of equity investment. The private equity investment of GoldStone Investment in the first half of 2020 involved such fields as medical care, chip and new materials. As at the end of the Reporting Period, there were 17 private equity investment funds under the management of GoldStone Investment.

Outlook for the second half of 2020

In the second half of 2020, guided by national policies, CITIC Securities Investment will serve the real economy, implement national strategies, actively explore new investment fields, improve investment research capabilities, increase investment, strengthen post-investment management and risk control, and continue to consolidate its leading position in the field of equity investment among alternative investment subsidiaries of brokers.

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

Research

Since 2020, in respect of research business, the Company has firmly promoted the comprehensive transformation of strategies for seller-side research business, with enhancement in both research depth and skill. In response to the changes in external environment, the Company carried out online services responsively and effectively, and continuously held large and medium-sized online activities, in order to serve the Company and customers of business lines in an all-round way and expand the coverage of A share and overseas listed companies. As such, its research business was not influenced by the COVID-19. The integration of domestic and overseas research capabilities was oriented to team integration and business integration, with significant increase in the category and quantity of English products and improvement in quality of domestic and overseas customers services. Meanwhile, the Company provided positive intellectual support and knowledge-based reference for government and regulatory departments as a think tank. Research business created a good market reputation and significant business values for the Company, assisted the Company in performing its social responsibility, and significantly increased the Company's market influence.

In the second half of 2020, the research business of the Company will continue to push forward the strategic transformation towards all customers and businesses of the Company, continuously deepen the industrial and thematic research system and further expand research output. The Company will greatly improve the research coverage and customer coverage and expand the coverage of research objects from secondary market to industrial trend, industrial integration, merger and acquisition and restructuring, as well as strategic consulting for unlisted enterprises; and expand the coverage of customer services from secondary market to PE investment institutions in the primary market, unlisted enterprises in various industries and government-guided funds, with intensified efforts to build the integrated system for domestic and overseas businesses.

Financial Statements Analysis

Profitability Analysis of the Company for the Reporting Period

For the first half of 2020, the total revenue and other income realized by the Group was RMB34,708 million, representing a year-on-year increase of 22.24%, of which the revenue from the brokerage business amounted to RMB8,632 million, representing a year-on-year increase of 26.13%; the revenue realized by the asset management business increased by 27.61% year-on-year to RMB4,113 million; the revenue realized by the securities trading business increased by 37.53% year-on-year to RMB14,364 million; the revenue realized by the investment banking business increased by 36.17% year-on-year to RMB2,210 million; and the revenue realized by other businesses decreased by 13.91% year-on-year to RMB5,389 million. For the first half of 2020, operating expenses of the Group amounted to RMB22,926 million, representing a year-on-year increase of 16.01%.

MANAGEMENT DISCUSSION AND ANALYSIS

For the first half of 2020, the Group's net profit attributable to owners of the parent increased by 38.47% year-on-year to RMB8,926 million; basic earnings per share increased by 32.08% year-on-year to RMB0.70; and return on weighted average equity was 5.07%, increased by 0.96 percentage point year-on-year.

Asset Structure and Asset Quality

As at 30 June 2020, the Group's equity attributable to owners of the parent amounted to RMB176,044 million, representing an increase of RMB14,419 million or 8.92% as compared to the end of 2019, primarily due to the new issuance of Shares of the Company.

As at 30 June 2020, the total assets of the Group amounted to RMB975,039 million, representing an increase of RMB183,317 million or 23.15% as compared to the end of the previous year; excluding customer brokerage deposits, the total assets of the Group amounted to RMB788,949 million, representing an increase of RMB120,578 million or 18.04% as compared to the end of the previous year. As at 30 June 2020, the total liabilities of the Group amounted to RMB795,040 million, representing an increase of RMB168,768 million or 26.95% as compared to the end of the previous year; excluding customer brokerage deposits, the total liabilities of the Group amounted to RMB608,950 million, representing an increase of RMB106,029 million or 21.08% as compared to the end of the previous year.

The structure of assets and liabilities was stable. As at 30 June 2020, the total assets of the Group excluding customer brokerage deposits amounted to RMB788,949 million, among which investment assets mainly included investments in associates/joint ventures and financial assets, accounting for 66.80% of the total assets; margin accounts and reverse repurchase agreements, accounting for 17.22% of the total assets; cash and bank balances, accounting for 6.62% of the total assets; and fixed assets, construction in progress, land-use rights and intangible assets, investment properties, right-of-use assets, in aggregate, accounting for 1.70% of the total assets.

As at 30 June 2020, excluding customer brokerage deposits, the Group's total liabilities amounted to RMB608,950 million, among which repurchase agreements amounted to RMB200,275 million, accounting for 32.89% of the total liabilities; debt instruments issued and long-term loans were RMB113,480 million, accounting for 18.64% of the total liabilities; short-term loans, due to banks and other financial institutions, short-term financing instruments payable and non-current liabilities due within one year amounted to RMB68,395 million, accounting for 11.22% of the total liabilities; financial liabilities measured at fair value through profit or loss and derivative financial liabilities were RMB104,657 million, accounting for 17.19% of the total liabilities; and other liabilities amounted to RMB122,143 million in aggregate, accounting for 20.06% of the total liabilities.

The gearing ratio increased slightly. As at 30 June 2020, excluding customer brokerage deposits, the gearing ratio of the Group was 77.18%, representing a year-on-year increase of 1.93 percentage points.

Cash Flow Status

Excluding customer brokerage deposits, the Group's net increase in cash and cash equivalents was RMB-14,685 million in the first half of 2020, as compared to RMB20,207 million for the same period in 2019, which was mainly due to a decrease in the net inflow of cash generated from operating activities.

From a structural perspective, in the first half of 2020, the Group's net cash outflow from operating activities was RMB28,228 million, as compared to a net inflow of RMB17,181 million for the same period in 2019, which was mainly attributable to the year-on-year increase in net outflow from financial assets at fair value through profit or loss.

Net cash inflow from investing activities in the first half of 2020 was RMB4,956 million, as compared to a net inflow of RMB1,018 million for the same period in 2019, which was mainly attributable to the changes from the net inflow of new consolidated subsidiary and the net outflow of the debt investments at fair value through other comprehensive income.

Net cash inflow from financing activities in the first half of 2020 was RMB8,587 million, as compared to a net inflow of RMB2,008 million for the same period in 2019, which was mainly attributable to the year-on-year increase in the issued debt instruments of the Company during the Reporting Period.

Explanation of Change in Consolidated Financial Statements

During the Reporting Period, the Company completed the acquisition of Guangzhou Securities, the number of structured entities included in the consolidated financial statements of the Company changed to 8. The number of first-level units included in the consolidated financial statements of the Company was 24.

Fair Value Measurement

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

The fair values of quoted financial assets or financial liabilities in active markets of the Group are based on quoted market prices. If there is no active market, the Group establishes fair value by using valuation techniques. These include the use of market approach, income approach and cost approach. When using valuation techniques, the Group uses observable inputs. Unobservable market inputs would not be used unless relevant observable inputs are not available or not practicable to access.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Analysis of Principal Subsidiaries and Companies in which the Company has a Non-controlling Interest

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

Name	Shareholding of the Company	Date of Establishment	Registered Capital	Place of Business	Registered Address	Responsible Officer	Contact Number
CITIC Securities (Shandong)	100%	1988.6.2	RMB2,493.80 million	5/F, East Wing, Tower 1, Longxiang Plaza, No. 28 Dong Hai West Road, Shinan District, Qingdao 15/F, International Wealth Center, No. 156 Jingqi Road, Shizhong District, Jinan	Unit 2001, Tower 1, No. 222 Shenzhen Road, Laoshan District, Qingdao	JIANG Xiaolin	0532-85022309
CSI	100%	1998.4.9	Paid-up capital of HK\$6,516.05 million	26/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong	26/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong	ZHANG Youjun	00852-26008188
GoldStone Investment	100%	2007.10.11	RMB3,000 million	17/F, CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing	No. 48 Liangmaqiao Road, Chaoyang District, Beijing	JIN Jianhua	010-60837800
CITIC Securities Investment	100%	2012.4.1	RMB14,000 million	17/F, CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing	Unit 2001, Tower 1, International Finance Plaza, No. 222 Shenzhen Road, Laoshan District, Qingdao	ZHANG Youjun	010-60833811
CITIC Futures	100%	1993.3.30	RMB3,600 million	Units 1301-1305, 13/F and 14/F, North Tower, Excellence Times Plaza II, No. 8 Zhong Xin San Road, Futian District, Shenzhen	Units 1301-1305, 13/F and 14/F, North Tower, Excellence Times Plaza II, No. 8 Zhong Xin San Road, Futian District, Shenzhen	ZHANG Hao	0755-83217780
China AMC	62.20%	1998.4.9	RMB238 million	Building 7, No. 1 Yuetan South Street, Xicheng District, Beijing	No. A3, Anqing Street, Shunyi District, Beijing	YANG Minghui	010-88066688
CITIC Securities South China	100%	1988.3.26	RMB5,360.456852 million	Room 501, No. 5 Zhujiang West Road, Tianhe District, Guangzhou	Room 501, No. 5 Zhujiang West Road, Tianhe District, Guangzhou	HU Fuyun	020-88836999
CITIC PE Fund	35%	2008.6.6	RMB1,800 million	17/F, CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing	District C, Incubator Building, Technology Education and Startup Park, Technology City, Mianyang, Sichuan	JIN Jianhua	010-60837869

MANAGEMENT DISCUSSION AND ANALYSIS

Name	Shareholding of the Company	Date of Establishment	Registered Capital	Place of Business	Registered Address	Responsible Officer	Contact Number
Galaxy Asset	30%	2005.9.30	RMB1,900 million	Room 501, 5/F, Financial Street Centre, No. A9 Financial Street, Xicheng District, Beijing Room 2601, 26/F, Block B, the Third Property Building, No. A1 Shuguang Xili, Sanyuan Bridge, Chaoyang District, Beijing	Unit 401-01, 4/F, No. 9 Financial Street, Xicheng District, Beijing	LI Mei	010-66562611

Particulars of the principal subsidiaries and companies in which the Company has a non-controlling interest are as follows (all figures are unaudited):

- (1) CITIC Securities (Shandong) is a wholly-owned subsidiary of the Company with a registered capital of RMB2,493.80 million. As at the end of the Reporting Period, the total assets and net assets of CITIC Securities (Shandong) amounted to RMB26,290.98 million and RMB6,749.18 million, respectively, and the operating revenue, gross profit and net profit realized in the first half of 2020 amounted to RMB899.39 million, RMB425.52 million and RMB320.87 million, respectively. CITIC Securities (Shandong) had 70 securities branches and 2,432 staff (brokers and dispatched staff inclusive).

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

- (2) CSI is a wholly-owned subsidiary of the Company with paid-up capital of HK\$6,516.05 million. As at the end of the Reporting Period, the total assets and net assets of CSI amounted to approximately RMB158,757.25 million and approximately RMB8,441.78 million, respectively; the operating revenue, gross profit and net profit realized in the first half of 2020 amounted to approximately RMB2,138.66 million, approximately RMB230.31 million and approximately RMB165.08 million, respectively. CSI had 5 branches in Hong Kong and 1,849 staff (brokers inclusive).

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

MANAGEMENT DISCUSSION AND ANALYSIS

- (3) GoldStone Investment is a wholly-owned subsidiary of the Company with a registered capital of RMB3.0 billion. As at the end of the Reporting Period, the total assets and net assets of GoldStone Investment amounted to RMB25,129.69 million and RMB9,475.87 million, respectively; the operating revenue, gross profit and net profit realized in the first half of 2020 amounted to RMB1,041.38 million, RMB751.51 million and RMB596.33 million, respectively. GoldStone Investment had 93 staff (dispatched staff inclusive).

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

- (4) CITIC Securities Investment is a wholly-owned subsidiary of the Company with a registered capital of RMB14.0 billion. As at the end of the Reporting Period, the total assets and net assets of CITIC Securities Investment amounted to RMB18,610.34 million and RMB16,804.66 million, respectively; the operating revenue, gross profit and net profit realized in the first half of 2020 amounted to RMB1,764.71 million, RMB1,284.62 million and RMB979.18 million, respectively. CITIC Securities Investment had 25 staff.

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

- (5) CITIC Futures is a wholly-owned subsidiary of the Company with a registered capital of RMB3.6 billion. As at the end of the Reporting Period, the total assets and net assets of CITIC Futures amounted to RMB76,041.79 million and RMB6,887.59 million, respectively; the operating revenue, gross profit and net profit realized in the first half of 2020 amounted to RMB3,607.29 million, RMB394.93 million and RMB349.23 million, respectively. CITIC Futures had 47 branches and 1,201 staff.

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

- (6) China AMC is held as to 62.20% by the Company with a registered capital of RMB238 million. As at the end of the Reporting Period, the total assets and net assets of China AMC amounted to RMB11,932.50 million and RMB9,229.31 million, respectively; the operating revenue, gross profit and net profit realized in the first half of 2020 amounted to RMB2,383.22 million, RMB961.15 million and RMB747.88 million, respectively. China AMC had 1,033 staff (dispatched staff inclusive).

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

- (7) CITIC Securities South China is a wholly-owned subsidiary of the Company with a registered capital of RMB5,360,456,852. As at the end of the Reporting Period, the total assets and net assets of CITIC Securities South China amounted to RMB27,932.11 million and RMB11,340.87 million, respectively; the operating revenue and net profit realized from the date of consolidation into the financial statements of the Company to the end of the Reporting Period amounted to RMB480.67 million and RMB117.18 million, respectively. CITIC Securities South China had 79 branches and 1,086 staff.

The principal businesses of CITIC Securities South China include: securities brokerage, securities investment advisory (securities investment advisory business only), margin financing and securities lending, distribution of securities investment fund and agency sale of financial products.

- (8) CITIC PE Fund is held as to 35% by the Company with a registered capital of RMB1.8 billion. As at the end of the Reporting Period, the total assets and net assets of CITIC PE Fund amounted to RMB4,984.47 million and RMB4,650.35 million, respectively; the net profit realized in the first half of 2020 amounted to RMB142.83 million.

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

- (9) Galaxy Asset is held as to 30% by the Company with a registered capital of RMB1.9 billion. On 1 June 2020, Jiantou Zhongxin Asset Management Co., Ltd. was renamed as Galaxy Asset. As at the end of the Reporting Period, the total assets and net assets of Galaxy Asset amounted to RMB11,262.02 million and RMB11,018.22 million, respectively; the net profit realized in the first half of 2020 amounted to RMB10.78 million.

The principal businesses of Galaxy Asset include: investment and asset management; investment advisory; enterprise management advisory; and financial advisory.

MANAGEMENT DISCUSSION AND ANALYSIS

Securities Branch Offices of The Company

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

No.	Branch Office	Responsible Officer	Place of Business	Contact Method
1	Beijing Branch Office	LEI Yong	4/F, 5 Jinchengjianguo, No. 5 Jianguomen Beidajie, Dongcheng District, Beijing	010-65128320
2	Shanghai Branch Office	WANG Lihua	Units 06 and 07, 8/F (Actual Floor: 7/F), and Units 01-03, 06A and 07, 10/F (Actual Floor: 9/F), 1568 Century Avenue, Shanghai	021-61768697
3	Hubei Branch Office	CHEN Keke	51/F, Guangdong Development Bank Building, No. 737 Jianshe Avenue, Jiangnan District, Wuhan, Hubei Province	027-85355366
4	Jiangsu Branch Office	FENG Enxin	1/F, Area B and 10/F, Phase II of Sunny World, No. 168 Lushan Road, Jianye District, Nanjing, Jiangsu Province	025-83282416
5	Shanghai Pilot Free Trade Zone Branch Office	TIAN Xingnong	19/F and 20/F, No. 1568 Century Avenue, Pilot Free Trade Zone, Shanghai	021-20262006
6	Shenzhen Branch Office	LIANG Qi	12/F and 20/F, CITIC Securities Tower, No. 8 Zhong Xin San Road, Futian Street, Futian District, Shenzhen, Guangdong Province	0755-23911668
7	Northeast Branch Office	LI Zhe	30/F, Tower A, China Resources Building, No. 286 Qingnian Avenue, Heping District, Shenyang, Liaoning Province	024-23972693
8	Zhejiang Branch Office	CHEN Gang	Units 1902, 2201, 2202, 2203, 2204, 2301, 2303 and 2304 of Dikai Yinzuo, Jiangnan District, Hangzhou, Zhejiang Province	0571-85783714
9	Jiangxi Branch Office	ZHANG Xinqing	Units 2801, 2802, 2806, 2807, 2808, 2809 and 2810 (28/F) of Lianfa Plaza Office Building, No. 129 Lvying Road, Honggutan New District, Nanchang, Jiangxi Province	0791-83970561
10	Fujian Branch Office	SUI Yanping	Units 1901, 1902, 1907, 2005B, 2006 and 2007 of Sino Plaza, No. 137 Wusi Road, Gulou District, Fuzhou, Fujian Province	0591-87905705
11	Ningbo Branch Office	YAO Feng	Block 2 (15-1), No. 235 Heji Street, Jiangdong District, Ningbo, Zhejiang Province	0574-87033718
12	Wenzhou Branch Office	PAN Ye	Rooms 702 and 703, 7/F, Fortune Center, No. 577 Station Avenue, Wenzhou, Zhejiang Province	0577-88107230
13	Sichuan Branch Office	HONG Wei	1/F, West Wing, La Defence Building, No. 1480 North Section of Tianfu Avenue, High-tech Industrial Development Zone, Chengdu, Sichuan Province	028-65728888
14	Shaanxi Branch Office	SHI Lei	Room 02-03-04, 19/F, Unit 1, Building 1, Hesheng Jinguang Center, No. 11 Tangyan Road, High-tech Zone, Xi'an, Shaanxi Province	029-88601239
15	Tianjin Branch Office	ZHANG Xinyu	7/F, Tianjin Technology Building, No. 23 Youyi Road, Hexi District, Tianjin	022-58816668
16	Inner Mongolia Branch Office	FAN Yaqiong	Jintailiwan No. 10 Complex, Siwei Road, Saihan District, Hohhot, Inner Mongolia Autonomous Region	0471-5982233

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Branch Office	Responsible Officer	Place of Business	Contact Method
17	Anhui Branch Office	WU Jianfeng	Rooms 1-Shang-101 and 1-701-708, Block A, Jinding International Square, No. 287 Suixi Road, Luyang District, Hefei, Anhui Province	0551-65662889
18	Shanxi Branch Office	ZHENG Wenhui	Shop 1, Northeast Corner of Hongsheng Times Financial Plaza, No. 1 Jifu Road, Jinyuan District, Taiyuan, Shanxi Province	0351-6191968
19	Yunnan Branch Office	ZHANG Rui	11/F, Block 2, Huahai Xijingjie Commercial Building, Milesi New Village, Huancheng West Road, Xishan District, Kunming, Yunnan Province	0871-68353618
20	Hunan Branch Office	LUO Hua	2/F, New Century Building, No. 198 Second Section of Furong Middle Road, Tianxin District, Changsha, Hunan Province	0731-85175379
21	Hebei Branch Office	QIU Zhenying	Rooms 3501-3504, 35/F, Tower B, Letai Center, No. 39 Zhongshan East Road, Chang'an District, Shijiazhuang, Hebei Province	0311-66188908
22	Chongqing Branch Office	HAN Han	5-1 (underground) and 12-1-2 of CITIC Bank Building, No. 5 West Avenue, Jiangbei Town, Jiangbei District, Chongqing	023-67518668
23	Hainan Branch Office	YAN Changsheng	1-2/F, Block B, East Area of Sheng Da Jing Du, No. 65 Guoxing Avenue, Meilan District, Haikou, Hainan Province	0898-65361268
24	Guangxi Branch Office	LIU Yuyang	Room 1805, 18/F, Block C, China Resources Building, No. 136-5 Minzu Avenue, Qingxiu District, Nanning, Guangxi Province	0771-2539031
25	Gansu Branch Office	XU Ying	4/F, Lanzhou SOHO Tower, No. 9 Minzhu West Road, Chengguan District, Lanzhou, Gansu Province	0931-8631255
26	Ningxia Branch Office	WU Ligang	Room 301, Complex Commercial Building, No. 16 (formerly No. B4) Yuehai Xintiandi, East Side of Yinjiagu and South Side of Zhenshui Road, Jinfeng District, Yinchuan, Ningxia Hui Autonomous Region	0951-5102568
27	Jilin Branch Office	LIU Mingxu	C101 on 1-2/F, C301 and C302 on 3/F, Tower C, Pearl Plaza, No. 8988 Renmin Avenue, Nangan District, Changchun, Jilin Province	0431-81970899
28	Heilongjiang Branch Office	ZHAO Yong	No. 1150 Jinjiang Road, Daoli District, Harbin, Heilongjiang Province	0451-51990358
29	Jiaxing Branch Office	WU Jinglan	1/F (north side), 6/F and 7/F of Commercial and Office Complex at the Intersection of Zhongshan Road and Jishui Road, Nanhu District, Jiaxing, Zhejiang Province	0573-82069341
30	Jinhua Branch Office	XU Honglai	No. 331 Zhongshan Road, Jinhua, Zhejiang Province	0579-82337102
31	Shaoxing Branch Office	TONG Weijia	No. 117 Pianmenzhi Street, Yuecheng District, Shaoxing, Zhejiang Province	0575-88096598
32	Taizhou Branch Office	LIN Binxian	Rooms 1901, 2001, 103 and 104 of Development and Investment Mansion, No. 188 Fuzhong Road, Taizhou, Zhejiang Province	0576-88896598

MANAGEMENT DISCUSSION AND ANALYSIS

Access to and Ability of Financing

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

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

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

Please refer to Note 33 Repurchase agreements, Note 34 Due to banks and other financial institutions, Note 36 Short-term loans, Note 37 Short-term financing instruments payable, Note 40 Debt instruments issued and Note 41 Long-term loans to the financial statements in this report for the information on the debt financing instruments and liquidity of the Company in the first half of 2020.

Possible Risks Exposure

Affected by the COVID-19, the global economy is likely to fall into a significant recession, posting great fluctuation on the financial market, together with potential intensified economic and trade frictions and significant increase in risks. China's economy experienced a large degree of negative growth in the first quarter. Although the economy has clearly recovered in the second quarter with the support of a package of policies, factors such as differentiation in consumption structure, pressure on employment market and slow recovery of external demand still bring uncertainties to the recovery process. Against the backdrop of changing internal and external environment, the growth in credit derivatives, bulk commodities, foreign exchange and other new businesses will increase market risks correspondingly. Financing business, equity and fixed income product investment are exposed to changes in market risk, credit risk and counterparty risk. Therefore, the Company should, in its steady operation, ensure risks are detectable and controllable amid business expansion.

Core Competitiveness Analysis

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

Powerful shareholder background and sound corporate governance structure

The largest Shareholder of the Company is CITIC Corporation Limited, which directly holds 15.47% shares at present. Founded on integrating the securities business under CITIC Group, the Company has grown from a small and medium-sized securities company into a large integrated securities group with the full support from CITIC Group. Listed on SSE in 2003 and on the Hong Kong Stock Exchange in 2011, the Company is China's first securities company engaging in IPO projects relating to A shares, H shares and A+H shares. The Company has formed a sound corporate governance structure, which ensures the Company's sustained healthy development under the long-term market-based operation mechanism.

Prospective strategic layout and complete business system

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

Solid capital strength and industry-leading operating results

Since its establishment, the Company has boasted prominent strength of scale advantage in net capital, net assets and total assets, and has taken the leading position in the industry for more than ten consecutive years in respect of revenue and net profit. With sustained leadership in the market in respect of investment banking, wealth management, fixed income and asset management, it has achieved wide reputation and brand strength in domestic market. Over the years, the Company has won many awards granted by Asiamoney, Financial Times, Forbes, SSE, SZSE and other domestic and overseas institutions.

Profound customer resources and extensive network layout

In 1996, the Company underwrote the listing of Yaohua Glass as the lead underwriter, the first IPO project of the Company. Over the past two decades, the Company has accumulated a group of trustworthy strategic customers including Three Gorges Corporation, China Yangtze Power and ICBC. At present, the Company has more than 10 million retail customers and 70,000 domestic corporate and institutional customers engaging in key fields of national economy, achieving in-depth coverage of major central SOEs, important local SOEs and influential listed companies. The Company has kept developing as driven by the philosophy of putting customers at the center and growing together with customers. Taking clients as the center, the Company actively cooperates with other financial institutions and explores the industry-finance synergy within CITIC Group, to jointly provide clients with high-efficiency and high-quality comprehensive services.

MANAGEMENT DISCUSSION AND ANALYSIS

PRC investment bank covering the most areas along the Belt and Road Initiative

CLSA, an overseas business platform under the Company, has currently set up more than 20 institutions in the UK, the US, Australia, Southeast Asia and other countries and regions, with its research services covering more than 1,000 listed companies in areas along the Belt and Road Initiative. It is a Chinese-funded securities company leading peers in the number of local branches, research coverage, sales network and liquidation and settlement infrastructure in areas along the Belt and Road Initiative and also an investment bank best fitting the Belt and Road Initiative in the world. CLSA provides enterprises participating in the Belt and Road Initiative projects with the best-quality and effective services and suggestions regarding such business fields as transnational acquisition in Asia, establishment of joint ventures and in-depth understanding of local markets.

Excellent corporate culture and core value

The Company has inherited excellent cultural genes of CITIC Group. Following CITIC's style of "abiding by laws and discipline and acting honestly, seeking truth from facts and innovation, being prudent and modest and advocating teamwork spirit, being industrious and self-motivated and effective and resolute", CITIC's core value highlighting "honesty, innovation, cohesion, integration, devotion and excellence" and CITIC's development mission of "offering the best services to customers, providing a platform for staff to display their ability, creating maximum value for shareholders and making the biggest contribution to the country", the Company has gradually formed its operating philosophy of law abidance, standardized management and strict risk control; forged the enterprising spirit of seeking excellence, striving to make innovations and allowing trial and error; developed the crisis awareness of facing up to problems, respecting market and actively seeking changes; cultivated the interpersonal style of keeping a low profile in interpersonal communication and work and being modest and prudent; and formed the admirable tradition of being diligent, advocating frugality and conciseness and abandoning unnecessary formalities. In the first half of 2020, to support the fight against Covid-19 pandemic, the Company and its subsidiaries made an urgent donation of RMB20 million, and assisted 35 enterprises through underwriting Covid-19 Relief Bonds with a total underwriting amount of RMB46.3 billion.

Risk Management Overview

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

The Company has established an overall risk management system led by the Chief Risk Officer, in the charge of the Risk Management Department and involving its departments/business lines, branches, subsidiaries and all the staff, and is committed to building risk management as its core competitiveness. In the first half of 2020, while maintaining stable operation of the overall risk management system, the Company was committed to continuously improving the risk management mechanism and processes and putting various risks under effective management and control. At the same time, the Company implemented integrated domestic and overseas risk management as planned, continued to take Group-based consolidated management measures, and received a notice from the CSRC that the Company was approved to officially implement the pilot consolidated supervision in late March 2020.

The Company is well aware that excellent overall risk management system and advanced information technology platform are essential to achieve the development vision of “becoming global customers’ most trustworthy PRC investment bank with leading position in the PRC and high ranking in the world”. Therefore, in recent years, the Company continued to increase its resource contributions into compliance and risk control and information technology, intensified efforts for recruitment of relevant professionals, and strengthened the development of financial technology platforms and the application of new technologies such as big data and artificial intelligence. The Company will continue to increase contributions into independent research and development, boost building and optimization of the compliance and risk control module in the professional compliance and risk control system and business system, and reinforce standardized and automatic risk management process to achieve the systematic calculation and monitoring of risk indicators of the Group.

Structure of Risk Management

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

Level 1: The Board

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

MANAGEMENT DISCUSSION AND ANALYSIS

Level 2: Operation Management

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

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

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

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

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

Level 3: Division/Business Lines

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

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

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

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



MANAGEMENT DISCUSSION AND ANALYSIS

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

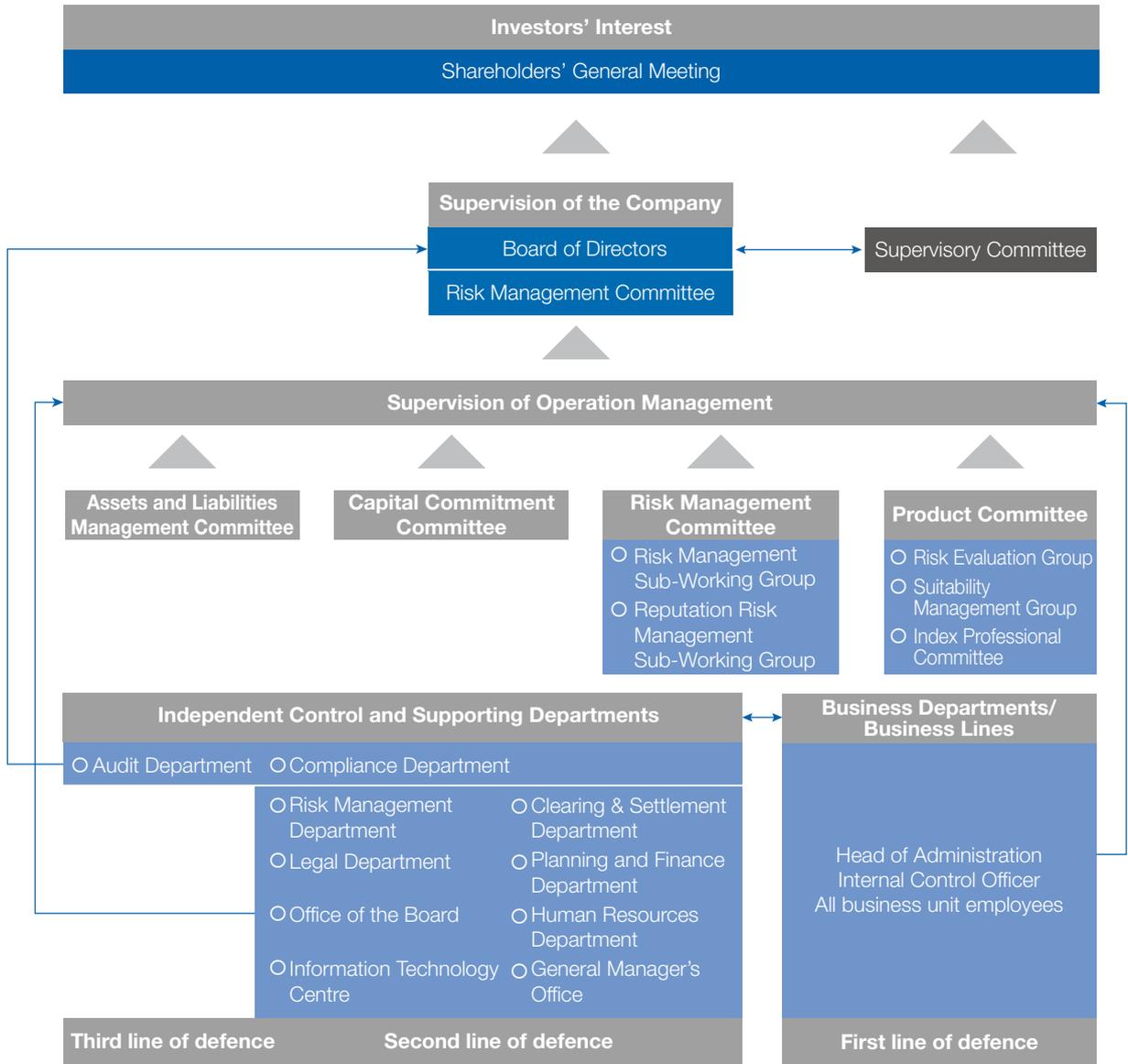


Chart: Structure of the Risk Management

MANAGEMENT DISCUSSION AND ANALYSIS

Market Risk

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

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

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

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

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

VaR represents the potential losses of investment portfolios held due to movements in market prices over a specified time period and at a given level of confidence. The Company adopts VaR as a major indicator of its market risk measurement. The calculation is based on a holding period of one trading day and a confidence level of 95%. VaR detects exposures such as interest rate risk, equity price risk and exchange rate risk, and measures the movement of market risks such as those arising from changes in interest rate curves, prices of securities and exchange rates.



MANAGEMENT DISCUSSION AND ANALYSIS

The Risk Management Department constantly inspects the accuracy of VaR through backtesting and improves its calculation in line with the expansion of the Company. The Company also evaluates the possible losses in its proprietary positions arising from extreme situations through stress tests. The Risk Management Department has established a series of macro and market scenarios to calculate the possible losses to the Company with full position upon the concurrence of different events under a single or multiple scenarios. These scenarios include the occurrence of major setbacks in macro-economic conditions, significant and adverse changes in major markets and extraordinary risk events. Stress tests constitute an integral part of the market risk management of the Company. Through stress tests, the Company could focus more on the possible losses to the Company, analyze its risk return and compare its risk resistant capacities, and evaluate whether the overall market risk portfolio of the Company is within its expected limits.

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

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

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

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

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

Please refer to Note 50 to the financial statements for details of the market risk of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Credit Risk

Credit risk is the risk in respect of loss arising from inability of a borrower, counterparty or issuer of financial positions held to meet its obligations or whose credit qualifications deteriorate.

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

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

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

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

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

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

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

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

In RMB ten thousand

Investment Rating	30 June 2020	31 December 2019
China's Sovereign Credit Rating	2,211,630	1,020,088
AAA	8,790,721	9,269,027
AA	1,855,872	1,245,410
A	23,504	139
A-1	385,844	481,523
Others	2,890,513	2,647,961
Total exposure	16,158,084	14,664,148

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

In RMB ten thousand

Investment Rating	30 June 2020	31 December 2019
A	5,245	3,823
B	831,136	716,418
C	754,843	786,972
D	-1,078	567
NR	-150,151	-679,863
Total exposure	1,439,995	827,917

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

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

As at the end of the Reporting Period, the Group maintained an average margin ratio of 301% for the Group's margin financing and securities lending clients with outstanding liabilities; the Group's stock repo clients had no liabilities; the scale of the stock-pledged repo business of the Group with proprietary fund amounted to RMB38,835 million, with an average margin ratio of 311%; and the size of the stock-pledged repo business operated through asset management products of the Group amounted to RMB27,027 million.

Liquidity Risk

Liquidity risk refers to the risk that the Company is not able to obtain sufficient capital with reasonable cost and in a timely manner to pay its debts due, perform other payment obligations and meet capital requirements for normal business operations. The Company has consistently adhered to the overall operation of capital. The responsibilities for centralized management of fund allocation lie within the Treasury Department. In respect of the domestic stock exchanges and interbank market, the Company has a relatively high credit rating, and has secured stable channels for short-term financing, such as borrowing and repurchases. At the same time, the Company has replenished its long-term working capital through public or private offering of corporate bonds, subordinated bonds, income vouchers and the like to enable the Company to maintain its overall liquidity at a relatively secured level.

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

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

Operational Risk

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

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

Details of the Annual General Meeting and Extraordinary General Meeting Convened during the Reporting Period

Session of the meeting	Convening date	Designated websites for publication of the resolutions of the meeting	Date of publication of the resolutions of the meeting
2019 Annual General Meeting	2020.6.23	www.sse.com.cn www.hkexnews.hk www.citics.com	2020.6.23

Note: For details of the resolutions approved at the above meeting, please refer to the disclosure on the HKExnews website of HKEx published on the date of the meeting, on/in the SSE website, China Securities Journal, Shanghai Securities News and Securities Times published on the following day, and the website of the Company.

The Company held the 2019 Annual General Meeting at Beijing Ruicheng Four Seasons Hotel on 23 June 2020, through a combination of on-site voting and online voting. Ten ordinary resolutions were considered and approved at the meeting (please refer to the relevant announcement). The general meeting was chaired by Mr. YANG Minghui, an executive Director of the Company, as jointly elected by the Directors of the Company. Other Directors, Supervisors, and certain members of the Senior Management attended the meeting.

Performance of Undertakings

Undertakings of the De Facto Controller, Shareholders, Related Parties, Acquirer of the Company and the Company Made or Subsisting during the Reporting Period

Undertaking in Respect of the Share Reform

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

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

Undertaking in Respect of Non-competition

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



SIGNIFICANT EVENTS

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

Undertakings in relation to Asset Restructuring

- (1) On 9 January 2019, in relation to the proposed acquisition of 100% equity interests in Guangzhou Securities by issuance of Shares of the Company, CITIC Corporation Limited, the largest shareholder of the Company, undertook that: “During the period from the date of resumption of trading in Shares of CITIC Securities to the completion of the acquisition of assets by issuance of Shares, if CITIC Corporation Limited intends to reduce its shareholding in CITIC Securities, it will strictly comply with the laws and regulations and relevant requirements of the SSE and will fulfill the obligation of information disclosure in a timely manner.” The undertaking has been strictly fulfilled in a timely manner and has now expired.
- (2) In relation to the above-mentioned transaction of acquisition of assets by issuance of Shares, CITIC Corporation Limited made the following undertakings to maintain the independence of CITIC Securities:

- “1. Maintaining the business independence of CITIC Securities

CITIC Corporation Limited will not unlawfully interfere with the normal operating activities of CITIC Securities. CITIC Corporation Limited will minimize the related party transactions between CITIC Corporation Limited and other enterprises controlled by CITIC Corporation Limited and CITIC Securities; in case of an inevitable related party transaction, an agreement shall be signed in accordance with the law and necessary procedures shall be performed in accordance with relevant laws and regulations.

2. Maintaining the asset independence of CITIC Securities

CITIC Corporation Limited will not misappropriate the assets, funds or other resources of CITIC Securities or its controlled enterprises through CITIC Corporation Limited itself or its controlled affiliates in violation of laws or regulations.

3. Maintaining the personnel independence of CITIC Securities

CITIC Corporation Limited warrants that the President, the Chief Financial Officer, the Secretary to the Board and other members of the Senior Management of CITIC Securities will not hold positions other than directors and supervisors in or receive remuneration from CITIC Corporation Limited and/or other enterprises controlled by CITIC Corporation Limited. CITIC Corporation Limited will ensure and maintain the integrity of CITIC Securities' labor, personnel and salaries and social security management system.

4. Maintaining the financial independence of CITIC Securities

CITIC Corporation Limited warrants the independence of the financial accounting department of CITIC Securities, and its establishment of an independent accounting system and financial management system and setting up an independent financial department to be responsible for the specific operations of relevant businesses. CITIC Securities maintains segregated bank accounts, and does not share the bank accounts with CITIC Corporation Limited and other enterprises controlled by CITIC Corporation Limited. The financial staffs of CITIC Securities do not hold part-time positions in CITIC Corporation Limited and other enterprises controlled by CITIC Corporation Limited. CITIC Securities pays taxes independently in accordance with the law. CITIC Securities will make independent financial decisions, and CITIC Corporation Limited will not interfere with the capital use of CITIC Securities in violation of laws and regulations.

5. Maintaining the institutional independence of CITIC Securities

CITIC Corporation Limited will ensure that CITIC Securities will operate independently from the institutions of CITIC Corporation Limited and other enterprises controlled by CITIC Corporation Limited. CITIC Corporation Limited warrants that CITIC Securities can maintain a sound corporate governance structure as a joint stock company. The general meeting, the Board, the Supervisory Committee and functional departments of CITIC Securities all exercise their functions and powers independently in accordance with laws, regulations and the Articles of Association, and there is no convolution with the functional departments of other enterprises controlled by CITIC Corporation Limited.”

The above long-term undertaking is still valid, which has been performed satisfactorily at present and will continue to be duly performed.

(3) In relation to the above-mentioned transaction of acquisition of assets by issuance of Shares, Yuexiu Financial Holdings and Financial Holdings Limited made the following undertakings to maintain the independence of CITIC Securities:

“1. Maintaining the business independence of CITIC Securities

Yuexiu Financial Holdings and Financial Holdings Limited will not unlawfully interfere with the normal operating activities of CITIC Securities. Yuexiu Financial Holdings and Financial Holdings Limited will minimize related party transactions between Yuexiu Financial Holdings, Financial Holdings Limited and other enterprises controlled by them and CITIC Securities; in case of an inevitable related party transaction, an agreement shall be signed in accordance with law and necessary procedures shall be performed in accordance with relevant laws and regulations.



SIGNIFICANT EVENTS

2. Maintaining the asset independence of CITIC Securities

Yuexiu Financial Holdings and Financial Holdings Limited will not misappropriate the assets, funds or other resources of CITIC Securities or its controlled enterprises through Yuexiu Financial Holdings and Financial Holdings Limited themselves or their controlled affiliates in violation of laws or regulations; nor will CITIC Securities or its controlled enterprises be required to provide guarantees for Yuexiu Financial Holding, Financial Holdings Limited and other enterprises controlled by them.

3. Maintaining the personnel independence of CITIC Securities

Yuexiu Financial Holdings and Financial Holdings Limited warrant that the President, the Vice President, the Chief Financial Officer, the Secretary to the Board and other members of the Senior Management of CITIC Securities will not hold positions other than directors and supervisors in or receive remuneration from Yuexiu Financial Holdings, Financial Holdings Limited and/or other affiliates controlled by them. Yuexiu Financial Holdings and Financial Holdings Limited will ensure and maintain the integrity of CITIC Securities' labor, personnel and salaries and social security management system.

4. Maintaining the financial independence of CITIC Securities

Yuexiu Financial Holdings and Financial Holdings Limited warrant that they will not interfere with the independence of the financial accounting department of CITIC Securities and its establishment of an independent accounting system and financial management system, and will set up an independent financial department to be responsible for the specific operations of relevant businesses. CITIC Securities maintains segregated bank accounts, and does not share the bank accounts with Yuexiu Financial Holdings, Financial Holdings Limited and other affiliates controlled by them. The financial staffs of CITIC Securities do not hold part-time positions in Yuexiu Financial Holdings, Financial Holdings Limited and other enterprises controlled by them. CITIC Securities pays taxes independently in accordance with law. CITIC Securities will make independent financial decisions, and Yuexiu Financial Holdings and Financial Holdings Limited will not interfere with the capital use of CITIC Securities in violation of laws and regulations.

5. Maintain the institutional independence of CITIC Securities

Yuexiu Financial Holdings and Financial Holdings Limited will ensure that CITIC Securities will operate independently from the institutions of Yuexiu Financial Holdings, Financial Holdings Limited and other enterprises controlled by them. Yuexiu Financial Holdings and Financial Holdings Limited will supervise and support CITIC Securities to maintain a sound corporate governance structure as a joint stock company. The general meeting, the Board, the Supervisory Committee and functional departments of CITIC Securities all exercise their functions and powers independently in accordance with laws, regulations and the Articles of Association, and there is no subordinate relationship with the functional departments of other affiliates controlled by Yuexiu Financial Holdings and Financial Holdings Limited.”

The above long-term undertaking is still valid, which has been performed satisfactorily at present and will continue to be duly performed.

(4) In relation to the above-mentioned transaction of acquisition of assets by issuance of Shares, CITIC Corporation Limited made the following undertakings to regulate related party/connected transactions:

- “1. CITIC Corporation Limited and its controlled enterprises will continue to regulate related party transactions with CITIC Securities and its subsidiaries in accordance with relevant laws and regulations and the Administrative Measures on Related Party Transactions of CITIC Securities Company Limited. In the event of necessary and inevitable related party transactions, CITIC Corporation Limited and its controlled enterprises will enter into agreements with CITIC Securities and its subsidiaries in accordance with the principles of fairness, impartiality and openness and the law, and perform legal procedures to ensure the fairness of the prices of related party transactions.
2. CITIC Corporation Limited warrants that it will exercise relevant Shareholders’ rights and assume corresponding obligations in accordance with relevant laws and regulations and the Articles of Association of CITIC Securities Company Limited and other requirements in relation to internal control system. It shall not use its position as a Shareholder to seek illegitimate interests, or illegally transfer funds and profits of CITIC Securities and its subsidiaries through related party transactions, or maliciously jeopardize the legitimate rights and interests of other Shareholders of CITIC Securities by means of related party transactions.”

The above long-term undertaking is still valid, which has been performed satisfactorily at present and will continue to be duly performed.

(5) In relation to the above-mentioned transaction of acquisition of assets by issuance of Shares, Yuexiu Financial Holdings and Financial Holdings Limited made the following undertakings to reduce and regulate related party transactions:

- “1. Upon the completion of this transaction, Yuexiu Financial Holdings, Financial Holdings Limited and their controlled enterprises will minimize the related party transactions with CITIC Securities and its subsidiaries as much as possible. In the event of necessary and inevitable related party transactions, Yuexiu Financial Holdings, Financial Holdings Limited and their controlled enterprises will enter into agreements with CITIC Securities and its subsidiaries in accordance with the principles of fairness, impartiality and openness and the law, and perform legal procedures to ensure the fairness of the prices of related party transactions.
2. Yuexiu Financial Holdings and Financial Holdings Limited warrant that they will exercise relevant Shareholders’ rights and assume corresponding obligations in accordance with relevant laws and regulations and the Articles of Association of CITIC Securities Company Limited and other requirements in relation to control system. They shall not use their positions as Shareholders to seek illegitimate interests, or illegally transfer funds and profits of CITIC Securities and its subsidiaries through related party transactions, or maliciously jeopardize the legitimate rights and interests of other Shareholders of CITIC Securities by means of related party transactions.”



SIGNIFICANT EVENTS

- (6) In relation to the above-mentioned transaction of acquisition of assets by issuance of Shares, Yuexiu Financial Holdings and Financial Holdings Limited made the following undertakings on shares lock-up:

- “1. The consideration Shares subscribed by Yuexiu Financial Holdings and Financial Holdings Limited in this transaction shall not be transferred within 48 months from the issuance completion date (the date on which the consideration Shares were registered under the name of Yuexiu Financial Holdings and Financial Holdings Limited), unless a longer lock-up period is required by CSRC or other regulatory authorities.
2. Upon completion of this transaction, the above-mentioned lock-up period arrangement shall also apply to the additional Shares of CITIC Securities to be issued to Yuexiu Financial Holdings and Financial Holdings Limited in the event of distribution of dividends, bonus issue, rights issue and conversion of capital reserve into share capital of CITIC Securities, etc.”

The above undertaking has been performed satisfactorily at present and will continue to be duly performed.

- (7) In relation to the above-mentioned transaction of acquisition of assets by issuance of Shares, Yuexiu Financial Holdings and Financial Holdings Limited made the following undertakings to avoid the misappropriation of funds and guarantees between related parties:

“In order to protect the legitimate rights and interests of CITIC Securities and Guangzhou Securities, Yuexiu Financial Holdings and Financial Holdings Limited irrevocably warrant that they will not misappropriate the funds of CITIC Securities, Guangzhou Securities or enterprises controlled by CITIC Securities or Guangzhou Securities, or require them to provide guarantees for Yuexiu Financial Holdings, Financial Holdings Limited or their controlled enterprises, otherwise, CITIC Securities shall be timely compensated for any losses incurred thereby.”

The above long-term undertaking is still valid, which has been performed satisfactorily at present and will continue to be duly performed.

- (8) In relation to the above-mentioned transaction of acquisition of assets by issuance of Shares, the Company made the following undertakings in relation to non-competition:

“Upon the completion of this transaction, Guangzhou Securities will become a wholly-owned subsidiary directly or indirectly held by the Company, and its existing business may have conflicts of interest and compete with the business of the Company and its controlled subsidiaries. The Company undertakes to integrate its assets and businesses within 5 years upon completion of this transaction, so as to resolve the possible conflicts of interest and competition between the parent company and its subsidiaries in compliance with relevant laws, regulations and regulatory requirements.”

The above long-term undertaking is still valid, which has been performed satisfactorily at present and will continue to be duly performed.

(9) In addition, in relation to the above-mentioned transaction of acquisition of assets by issuance of Shares, CITIC Corporation Limited made the following undertakings:

- “1. Not to interfere with the operation and management of CITIC Securities beyond its authority, or encroach on the interests of CITIC Securities;
2. If the violation of the above-mentioned undertakings causes losses to CITIC Securities, the person making the undertaking shall be liable for compensation in accordance with the law.”

The above long-term undertaking is still valid, which has been performed satisfactorily at present and will continue to be duly performed.

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

There are No Public Undertakings that Need to be Performed by the Company

Appointment or Termination of Service of Accounting Firms

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

Material Litigation and Arbitration

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

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

Dispute among the Company and CHENG Shaobo and ZHU Lixin on Stock-pledged Repo Transaction

Due to the breach of contract by CHENG Shaobo when conducting the stock-pledged repo transactions with the Company, the Company applied to the Higher People's Court of Shandong Province (hereinafter referred to as the **"Shandong Higher Court"**) for compulsory enforcement in March 2018, requesting CHENG Shaobo and ZHU Lixin to pay the outstanding principal of RMB124.87 million and the corresponding interest, liquidated damages, expenses incurred for realizing the creditor's rights and other fees. The Shandong Higher Court accepted the case on 12 March 2018. On 12 and 28 March 2018, the Shandong Higher Court froze the relevant bank accounts under the name of CHENG Shaobo as well as the shares of Shandong Longlive Bio-Technology Co., Ltd. (hereinafter referred to as the **"Longlive Bio"**) held by CHENG Shaobo. After the Shandong Higher Court assigned this case to the People's Court of Yucheng (hereinafter referred to as the **"Yucheng Court"**) for enforcement, the share auction failed twice (For the relevant information of this case, please refer to the 2020 First Quarterly Report of the Company). Upon the Company's application, on 4 April 2020, the Yucheng Court issued the enforcement judgment, ruling that the 24,542,832 shares of Longlive Bio held by CHENG Shaobo shall be used to settle his debt to the Company. The above-mentioned shares have been transferred to the Company on 17 April 2020.

Dispute between the Company and Jinxin Industrial on Stock-pledged Repo Transaction

Due to the breach of contract by Shanghai Jinxin Industrial Co., Ltd. (上海金新實業有限公司) (hereinafter referred to as the **"Jinxin Industrial"**), the Company applied for the certificate of enforcement from the notary office and applied to the Higher People's Court of Shanghai (hereinafter referred to as the **"Shanghai Higher Court"**) for specific performance, requesting Jinxin Industrial to pay the outstanding principal of RMB394.645 million and the corresponding interest, liquidated damages, expenses incurred for realizing the creditor's rights and other fees. The Shanghai Higher Court accepted the case on 31 July 2018. Given that there were three guarantors which provided the joint and several liability guarantee for the above liabilities of Jinxin Industrial, the Company applied for arbitration to Beijing Arbitration Commission (hereinafter referred to as the **"BAC"**) (against one guarantor) and filed a lawsuit with the Higher People's Court of Beijing Municipality (hereinafter referred to as the **"Beijing Higher Court"**) (against two guarantors), respectively, requesting the guarantors to assume the joint and several liabilities. The BAC and the Beijing Higher Court accepted the case on 2 August 2018 and 6 August 2018, respectively. The BAC issued the verdict in favor of the Company on 4 January 2019 and the Company applied to the Nanjing Intermediate People's Court (hereinafter referred to as the **"Nanjing Intermediate Court"**) for compulsory enforcement on 16 July 2019. The Beijing Higher Court heard the case on 16 November 2018 and 30 January 2019. The Beijing Higher Court issued the first instance verdict in favor of the claims of the Company on 26 June 2019. YUAN Yafei filed an appeal. The Supreme People's Court heard the case on 4 December 2019. On 8 April 2020, the Company received the ruling issued by the Supreme People's Court which dismissed YUAN Yafei's appeal, and thus the first instance verdict has taken effect (For the relevant information of this case, please refer to the 2020 First Quarterly Report of the Company). The Company then applied to Beijing Higher Court for compulsory enforcement. Beijing Higher Court formally accepted the case on 30 April 2020, and transferred it to Nanjing Intermediate Court for enforcement on 12 May 2020.

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

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

Arbitration of Dispute on Stock Return Swap Transaction between the Company and the Gangtai Group

Due to the breach of contract on stock return swap transaction by Gangtai Group Co., Ltd. (剛泰集團有限公司) (hereinafter referred to as the “**Gangtai Group**”), the Company applied for the arbitration to the China International Economic and Trade Arbitration Commission (hereinafter referred to as the “**CIETAC**”) on 31 August 2018, requesting Gangtai Group to pay the transaction settlement amount of RMB14,624,409.12, liquidated damages of RMB133,161.06 and relevant fees, and also applied for property preservation simultaneously. The CIETAC accepted the case on 24 October 2018 and heard the case on 11 January 2019. On 12 April 2019, the Company received the Arbitral Award in favor of the Company from the arbitral tribunal. On 29 May 2019, the Company applied to the Shanghai Financial Court for enforcement. On 5 July 2019, enforcement of this case was transferred to the People’s Court of Pudong New District of Shanghai (referred to as the “**Pudong Court**”). This case is currently under enforcement procedure (For the details of relevant information, please refer to the 2019 Annual Report of the Company). During the enforcement procedure, the Pudong Court seized more than 20 sets of properties under the name of Taizhou Gangtai Real Estate Co., Ltd. (台州市剛泰房地產有限公司, the guarantor) and a person not involved in the case raised an objection to execution. The court is reviewing the case.

Dispute between the Company and Creat Tian Cheng on Stock-pledged Repo Transaction

In March 2017, the Company entered into the Stock-pledged Repo Transaction Business Agreement and Transaction Agreements with Creat Tian Cheng Investment Holding Co., Ltd. (科瑞天誠投資控股有限公司) (hereinafter referred to as the “**Creat Tian Cheng**”), pursuant to which, Creat Tian Cheng conducted stock-pledged repo transaction with the Company by pledging the tradable shares of Shanghai RAAS Blood Products Co., Ltd. (stock code: 002252) held by it to the Company. Due to breach of contract on stock-pledged repo transaction by Creat Tian Cheng, the Company applied for issuance of a certificate of enforcement from the notary office and applied to the court for compulsory enforcement, requesting Creat Tian Cheng to repay the outstanding principal of RMB950 million and the corresponding interest, liquidated damages, expenses incurred for realizing the creditor’s rights and other fees. The Second Intermediate People’s Court of Shanghai accepted the case on 17 December 2018, and the case is currently in compulsory enforcement.

Dispute between the Company and Kaiyuan Securities, Xiamen Rural Commercial Asset Management and Xiamen Rural Commercial Financial Holdings on Bond-pledged Repo Transaction

Because Kaiyuan Securities Co., Ltd. (開源證券股份有限公司) (hereinafter referred to as the “**Kaiyuan Securities**”) failed to repay the principal and interest under the bond-pledge repo transaction as scheduled, totaling RMB30,012,328.77 (tentatively calculated as of 31 October 2018), the Company filed a lawsuit with the People’s Court of Chaoyang District of Beijing Municipality (hereinafter referred to as the “**Chaoyang Court**”) against Kaiyuan Securities, Xiamen Rural Commercial (Shanghai) Asset Management Co., Ltd. (廈農商(上海)資產管理有限公司) (hereinafter referred to as “**Xiamen Rural Commercial Asset Management**”), and Xiamen Rural Commercial Financial Holdings Group Co., Ltd. (廈門農商金融控股集團有限公司) (hereinafter referred to as “**Xiamen Rural Commercial Financial Holdings**”) on 7 November 2018. The Chaoyang Court formally accepted this case on 2 January 2019. The Chaoyang Court heard the case on 11 November 2019. Before the hearing, the Company had withdrawn its claims against Xiamen Rural Commercial Asset Management and Xiamen Rural Commercial Financial Holdings. On 30 March 2020, the Chaoyang Court issued the first instance verdict basically in favor of the Company’s claims. (For the relevant information of this case, please refer to the 2020 First Quarterly Report of the Company). The Company applied to the Chaoyang Court for compulsory enforcement after the verdict became effective. The court accepted the application on 14 May 2020, and the case is currently in the procedure of compulsory enforcement.

Dispute between the Company and Kangde Group on the Guarantee Contract

Because Shenzhen Qianhai Fengshi Yunlan Capital Management Co., Ltd. (深圳前海豐實雲蘭資本管理有限公司) (hereinafter referred to as the “**Fengshi Yunlan**”) defaulted when conducting the stock-pledged repo transaction with the Company and Kangde Investment Group Co., Ltd. (康得投資集團有限公司) (hereinafter referred to as the “**Kangde Group**”) also failed to fulfill its guarantee obligations in a timely manner to repay the relevant debts to the Company on behalf of Fengshi Yunlan, the Company filed a lawsuit with the Beijing Higher Court on 22 January 2019, requesting Kangde Group to assume the joint and several liability as the guarantor and repay the amount of RMB1,418,245,278.08 owed to the Company. The Beijing Higher Court heard the case on 9 December 2019 (For the relevant information of this case, please refer to the 2019 Annual Report of the Company). The Beijing Higher Court made the first instance verdict and the correction of ruling in favor of all claim of the Company on 30 April and 6 May 2020. The Company had applied to the Beijing Higher Court for compulsory enforcement on 2 July 2020. On 15 May 2019, the Company submitted the application for compulsory enforcement to the First Intermediate

People's Court of Beijing Municipality (hereinafter referred to as the "**Beijing First Intermediate Court**"), Fengshi Yunlan, as debtor, ZHONG Yu, as guarantor, Tianming Yujie Investment Management Co., Ltd. (天明禹捷投資管理有限公司) and Beijing Yisheng Hengtong Technology Partnership (Limited Partnership) (北京益聖恒通科技合夥企業(有限合夥)), as pledgors, are persons subject to the enforcement. The case was formally accepted on 27 May 2019 (For the relevant information of this case, please refer to the 2019 Interim Report of the Company). In February and April 2020, the Beijing First Intermediate Court organized a judicial auction of all pledged stocks. On 22 May 2020, due to the failure of auction, the Beijing First Intermediate Court issued an enforcement judgement that 56,874,914 shares of ST Kangde (stock code: 002450) shall be used to settle the debt to the Company. The shares have been transferred to and registered under the name of the Company on 22 June 2020.

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

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

Dispute between the Company and Aipu Real Estate on the Guarantee Contract

Due to the breach of contract on stock-pledged repo transactions by Loncin Holdings Co., Ltd. (hereinafter referred to as "**Loncin Holdings**") and given Chongqing Aipu Real Estate (Group) Co., Ltd. (hereinafter referred to as "**Aipu Real Estate**") rejected to perform guarantee responsibility, on 27 December 2018, the Company applied for issuance of a certificate of enforcement with the notary office and applied for compulsory enforcement with the court, requesting Aipu Real Estate to assume joint and several guarantee liability for the outstanding principal of RMB1,507.3 million due from Loncin Holdings. The Higher People's Court of Beijing accepted the case on 2 January 2019 and appointed the Beijing Third Intermediate Court to perform the enforcement on 24 January 2019. As the Company reached a settlement agreement with Aipu Real Estate subsequently, the Company applied with the court on 19 March 2019 to withdraw the case. On 12 June 2019, due to the failure of performance of the settlement agreement by Aipu Real Estate, the Company applied with the Beijing Third Intermediate Court to resume the enforcement and the court accepted the case on 20 June 2019. On 17 September 2019, the Company added Loncin Holdings, the debtor, and TU Jianhua, the guarantor, as persons subject to the enforcement by the Company (For the relevant information of this case, please refer to the 2019 Third Quarterly Report of the Company). Currently, the case is in the process of compulsory enforcement.

Dispute between the Company and CMI on Targeted Issuance Agreement

Due to the breach of Targeted Issuance Agreement by China Minsheng Investment Co., Ltd. (hereinafter referred to as “**CMI**”), the Company submitted an application for arbitration to the CIETAC on behalf of the asset management plan under its management, requesting CMI to repay the bond principal of RMB495,497,382.20 and the corresponding interest, liquidated damages and other fees. The case was accepted on 27 August 2019. On 4 December 2019, the CMI filed a lawsuit with the Fourth Intermediate People’s Court of Beijing Municipality (hereinafter referred to as “**Beijing Fourth Intermediate Court**”) and applied for a ruling that the arbitration clause therein was void. On 24 December 2019, the court issued a final ruling, rejecting the application of CMI. On 4 March 2020, CIETAC notified the Company that the hearing of the case was scheduled to be held on 28 April 2020 (For the relevant information of this case, please refer to the 2020 First Quarterly Report of the Company). Due to the impact of the COVID-19, CIETAC cancelled this hearing, and the new hearing time has not yet been determined.

Dispute between the Company and CHEN Zhu on the Guarantee Contract

GAO Yugen and ZHA Chuanhe failed to fulfill the repurchase obligation and CHEN Zhu failed to assume the guarantee liabilities when conducting the stock-pledged repo transaction with the Company, both of which constituted a breach of contract. Therefore, the Company filed a lawsuit with the Beijing Third Intermediate Court, requesting CHEN Zhu to assume the guarantee liabilities and repay the debts of RMB200 million owed to the Company by GAO Yugen and ZHA Chuanhe on their behalf. The case was formally accepted on 25 September 2019. The Beijing Third Intermediate Court heard the case on 17 December 2019 and 30 December 2019, respectively. On 24 March 2020, the court issued the first instance verdict in favor of the Company’s claims (For the relevant information of this case, please refer to the 2020 First Quarterly Report of the Company). On 8 May 2020, CHEN Zhu appealed to the court. The time of the second instance hearing of this case has not yet been determined.

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

Due to the risk of default of “16 Zhengyuan 02” bonds with nominal value of RMB130 million issued by Rightway Real Estate Development Co., Ltd. (正源房地產開發有限公司) (hereinafter referred to as “**Rightway Real Estate**”) held by the Company, the Company filed a lawsuit with the Beijing Third Intermediate Court, requesting the issuer to pay the principal, interest, liquidated damages and the cost of realizing the debt, and requesting the guarantors, being Hunan Rightway Shangfengshangshui Real Estate Development Co., Ltd. (湖南正源尚峰尚水房地產開發有限公司) (hereinafter referred to as “**Hunan Rightway**”), Dalian Haihui Real Estate Development Co., Ltd. (大連海匯房地產開發有限公司) (hereinafter referred to as “**Dalian Haihui**”) and FU Yanbin, to assume the guarantee liabilities. On 2 April 2020, the court formally accepted the case, and the time of hearing has not yet been determined.

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

On 16 April 2020, the Company received a complaint made by Hebei Linxi Rural Commercial Bank Co., Ltd. (河北臨西農村商業銀行股份有限公司) (referred to as “**Linxi Rural Commercial Bank**”) to Jinan Railway Transportation Intermediate Court against Hengfeng Bank Co., Ltd. (恒豐銀行股份有限公司) (referred to as “**Hengfeng Bank**”) and the Company. According to the complaint made by Linxi Rural Commercial Bank, Linxi Rural Commercial Bank entered into an agreement with Hengfeng Bank in October 2016 to entrust Hengfeng Bank to carry out targeted investment. Hengfeng Bank entered into a targeted asset management contract with the Company. The Company,

as the manager, entered into an entrusted financing lease contract with the underlying asset trustee and lessee to provide funds to the lessee. During the execution of the contract, the lessee breached the contract. Linxi Rural Commercial Bank believed that Hengfeng Bank and the Company failed to return the entrusted assets on time, thus sued Hengfeng Bank and the Company for assuming joint and several liabilities for its losses of investment principal and interest, as well as the management fees totaling RMB276,505,505.775. On 30 June 2020, the case was heard online. The court has not yet made the first instance verdict so far.

Dispute between China AMC and NBO on Breach of Contract

Due to the failure of the issuers of private bonds “12 NBO 01” and “12 NBO 02” (three subsidiaries of Anhui NBO Machinery Group) to fulfill their obligations to repay the principal and interest, on 28 April 2015, China AMC submitted an application for arbitration to the South China International Economic and Trade Arbitration Commission against the issuers, the guarantors (Sino-Capital Guaranty Trust Company Limited, LV Qingtang, the de factor controller of Anhui NBO Machinery Group, and Anhui NBO Machinery Group Engineering Vehicle Co., Ltd.) and the underwriter (Capital Securities Co., Ltd.), requesting all responsible parties to fulfill the payment and compensation obligations with an amount of approximately RMB58.0481 million. On 30 August 2016, China AMC applied to the Huainan Intermediate People’s Court of Anhui Province for compulsory enforcement. On 1 March 2017, the court terminated the enforcement procedure on the ground that there was no property available for enforcement (For relevant information of this case, please refer to the 2017 Annual Report of the Company). The Huoqiu County People’s Court of Anhui Province issued civil rulings on 30 March 2020 and 13 May 2020, respectively, ruling to accept bankruptcy applications for Anhui NBO Machinery Group Hydraulic Fluid Machinery Co., Ltd. (安徽藍博旺機械集團液壓流體機械有限責任公司), Anhui NBO Machinery Group Precision Hydraulic Parts Co., Ltd. (安徽藍博旺機械集團精密液壓件有限責任公司) and Anhui NBO Machinery Group Hecheng Machinery Co., Ltd. (安徽藍博旺機械集團合誠機械有限公司).

Dispute between GoldStone Haorui and DI Shumei and TONG Ruifeng on the Capital Increase Agreement

Due to the breach of the capital increase agreement by DI Shumei and TONG Ruifeng, GoldStone Haorui, a subsidiary of GoldStone Investment, submitted an application for arbitration to the BAC on 20 March 2019, requesting DI Shumei and TONG Ruifeng to pay a total amount of RMB41,471,112.05 for performance compensation, interest and necessary expenses. The BAC accepted the case on 26 March 2019 and heard the case on 18 July 2019. On 9 December 2019, the BAC made an arbitral award in favor of GoldStone Haorui. Subsequently, GoldStone Haorui applied to the Linyi Intermediate People’s Court for compulsory execution. The court accepted the case on 25 February 2020. This case is currently under compulsory enforcement procedure (For relevant information of this case, please refer to the 2020 First Quarterly Report of the Company). On 30 April 2020, the Company received an application for dismissal made by DI Shumei and TONG Ruifeng to the Beijing Fourth Intermediate Court. On 27 May 2020, Beijing Fourth Intermediate Court ruled to reject DI Shumei and TONG Ruifeng’s application for dismissal.

Dispute between GoldStone Haorui and Zhuhai Henggu and WEI Yincang on Capital Increase Agreement and Dispute between GoldStone Haorui and Yinlong Investment Group on Guarantee Agreement

Due to the breach of capital increase agreement by Zhuhai Henggu Investment Co., Ltd. (珠海恒古投資有限公司) (hereinafter referred to as “**Zhuhai Henggu**”) and WEI Yincang, GoldStone Haorui filed an application for arbitration with Shenzhen Arbitration Commission (hereinafter referred to as the “**SAC**”) on 24 April 2019, requesting repurchase obligors, namely Zhuhai Henggu and WEI Yincang, to pay the consideration for equity repurchase. The SAC accepted the case on 5 June 2019 and heard the case on 8 September 2019. On 15 December 2019, the SAC made an arbitral award in favor of the GoldStone Haorui’s arbitral requests (For relevant information of this case, please refer to the 2019 Annual Report of the Company). In addition, given Yinlong Investment Group (HK) Limited (銀隆投資集團(香港)有限公司) (hereinafter referred to as “**Yinlong Investment Group**”) has provided mortgage guarantee for the above investment, GoldStone Haorui filed an application for arbitration with the BAC on 24 April 2019, requesting Yinlong Investment Group to assume its guarantee liability. The BAC accepted the case on 30 April 2019 and heard the case on 16 October 2019. On 20 March 2020, the BAC made an arbitral award in favor of GoldStone Haorui’s arbitral requests (For relevant information of this case, please refer to the 2020 First Quarterly Report of the Company). GoldStone Haorui applied to the Intermediate People’s Court of Zhuhai Municipality for the enforcement of the above two rulings on 28 April 2020. The court accepted the case on 21 May 2020 and the case is currently under enforcement procedure.

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

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

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

Due to the breach of contract on bond transaction by CEFC Shanghai International Group Co., Ltd. (上海華信國際集團有限公司) (hereinafter referred to as “**CEFC Shanghai Group**”), on 18 April 2019, CITIC Securities South China filed a lawsuit against CEFC Shanghai Group on behalf of the two asset management plans with the Shanghai Financial Court and the case was accepted. The object of the lawsuit was the principle of RMB300 million as well as the corresponding interest, liquidated damages, expenses incurred for realizing the creditor’s rights and other fees. The hearing of the case was held on 23 July 2019. On 31 March 2020, the Shanghai Third Intermediate Court issued a verdict to declare the bankruptcy of CEFC Shanghai Group (For relevant information of this case, please refer to the 2020 First Quarterly Report of the Company). CITIC Securities South China has filed claims within the time limit required by the court. In June 2020, CITIC Securities South China carried out creditor’s rights verification in accordance with the notice given by the bankruptcy administrator of CEFC Shanghai Group.

Dispute between CITIC Securities South China and Xiwang Group on Bond Transaction

Due to the breach of contract on bond transaction by Xiwang Group Company Limited (hereinafter referred to as “**Xiwang Group**”), CITIC Securities South China submitted an arbitration application to the Shanghai International Economic and Trade Arbitration Commission (hereinafter referred to as the “**Shanghai International Arbitration Center**”) on 8 November 2019, and the case was accepted on 22 November 2019. The hearing for the case is scheduled to be held on 6 May 2020. On 21 February 2020, the Zouping People’s Court of Shandong Province (hereinafter referred to as the “**Zouping Court**”) ruled to accept the Xiwang Group settlement case (For the relevant information of this case, please refer to the 2020 First Quarterly Report of the Company). On 16 April 2020, CITIC Securities South China received the ruling from Zouping Court, which approved the settlement agreement with Xiwang Group and terminated the settlement procedure with Xiwang Group. On 20 May 2020, CITIC Securities South China received the confirmation letter of creditor’s rights from the administrator, in which the proprietary creditor’s rights were confirmed and the arbitration fee, lawyer’s fee and security guarantee fee in relation to the creditor’s rights of asset management products were not confirmed. CITIC Securities South China has raised an objection to the administrator.

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

Due to the failure to repay the funds by Kaiyuan Securities when conducting reversed repo transaction, CITIC Securities South China applied for arbitration to the Shanghai International Arbitration Center on 10 October 2019, requesting Kaiyuan Securities to pay the repurchase principal of RMB131.30 million as well as the corresponding interest, liquidated damages, expenses incurred for realizing the creditor’s rights and other fees. The case was accepted on 30 October 2019 (For the relevant information of this case, please refer to the 2020 First Quarterly Report of the Company). The hearing of the case is scheduled to be held on 31 July 2020.

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

Due to the breach of contract on bond transaction by Anhui Shengyun Environmental Protection (Group) Co., Ltd. (hereinafter referred to as “**Anhui Shengyun Environmental Protection**”), and the failure of the bond’s lead underwriter and trustee, Western Securities Co., Ltd. (hereinafter referred to as “**Western Securities**”), to exercise due diligence in terms of management and the misrepresentation and material omissions contained in the prospectus, Western Securities shall assume joint and several liabilities for the losses of CITIC Securities South China. On 27 September 2019, CITIC Securities South China filed a lawsuit against Anhui Shengyun Environmental Protection and Western Securities with Anqing Intermediate People’s Court. The object of the lawsuit was the principal of RMB100 million and the corresponding interest, liquidated damages, expenses incurred for realizing the creditor’s rights and other fees. The case was accepted in October 2019 (For the relevant information of this case, please refer to the 2020 First Quarterly Report of the Company). On 29 April 2020, CITIC Securities South China received the civil ruling issued by Anhui Higher People’s Court, which rejected the appeal of Western Securities and upheld the original ruling. The case is still under the jurisdiction of Hefei Intermediate People’s Court of Anhui Province (hereinafter referred to as “**Hefei Intermediate Court**”). The hearing of the case was originally scheduled to be held on 6 August 2020, and was then postponed to 14 August 2020. CITIC Securities South China has applied for postponement of the hearing to Hefei Intermediate Court.

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

Due to the breach of contract by HUANG Wenjia when conducting the stock-pledged repo transaction, CITIC Securities South China filed a lawsuit against HUANG Wenjia with Shenzhen Intermediate People's Court on 27 August 2019. The object of the lawsuit was the principal of RMB106.67 million as well as the corresponding interest, liquidated damages and other fees. On 29 October 2019, the case was formally accepted (For the relevant information of this case, please refer to the 2020 First Quarterly Report of the Company). On 3 and 4 June 2020, the evidence exchange and the first instance hearing of the case was completed.

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

In April 2016, Guangzhou Securities (renamed as "**CITIC Securities South China**") and Alashankou Haoxuan Equity Investment Co., Ltd. (阿拉山口市灑軒股權投資有限公司, hereinafter referred to as "**Haoxuan Company**") conducted a stock-pledged repo transaction, in which the pledged shares are shares of Jiawei Renewable Energy Co., Ltd. (stock code: 300317). Due to the subsequent breach of contract by Haoxuan Company, CITIC Securities South China filed a lawsuit against Haoxuan Company and its guarantor, DING Kongxian, with Guangzhou Intermediate People's Court (hereinafter referred to as "**Guangzhou Intermediate Court**") on 31 July 2020. The object of the lawsuit was the principal of RMB149 million as well as the corresponding interest, liquidated damages, expenses incurred for realizing the creditor's rights and other fees. Guangzhou Intermediate Court accepted the case on the same day, and the time of the hearing for the case has not yet been determined.

Punishment and Rectifications against the Company and its Directors, Supervisors, Senior Management, Controlling Shareholder, De Facto Controller and Acquirer

1. The Company's certain outlets were subject to the following administrative regulatory measures taken by the regulatory authorities during the Reporting Period:

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

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

Credibility of the Company, Its Controlling Shareholder and De Facto Controller during the Reporting Period

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

Share Incentive Scheme, Employee Shareholding Plan or Other Employee Incentive Measures of the Company and Their Influences

The Company implemented a share incentive scheme in 2006. Please refer to China Securities Journal, Shanghai Securities News and Securities Times dated 7 September 2006 and the website of the SSE for details.

Material Related Party Transactions/Non-exempt Connected Transactions Related Party Transactions/Non-exempt Connected Transactions in Relation to Day-to-day Operation

(1) Related party/connected transactions between the Group and CITIC Group, its subsidiaries and associates

On 31 December 2019, the Company further renewed the Securities and Financial Products Transactions and Services Framework Agreement with CITIC Group upon the approval by the 2019 Second Extraordinary General Meeting of the Company, and further renewed the Miscellaneous Services Framework Agreement and entered into the Supplemental Agreement III to the Property Leasing Framework Agreement with CITIC Group on the same date upon the approval by the Board, pursuant to which the parties agreed on the contents of the day-to-day related party/continuing connected transactions thereunder from 2020 to 2022 and set respective annual caps for the transaction amount. The term of each of the further renewed Securities and Financial Products Transactions and Services Framework Agreement and the Miscellaneous Services Framework Agreement is from 1 January 2020 to 31 December 2022. The term of Supplemental Agreement III to the Property Leasing Framework Agreement is from 1 January 2020 to 22 September 2021.

SIGNIFICANT EVENTS

During the Reporting Period, the Company conducted related party/connected transactions in strict compliance with the Resolution on Estimation of Related Party/Continuing Connected Transactions Contemplated in the Ordinary Course of Business of the Company in 2020 as considered and approved at the 2019 Annual General Meeting, as well as the above-mentioned framework agreements and supplemental agreement renewed/entered into between the Company and CITIC Group. Details of the implementation are as follows:

In RMB ten thousand

Related/ connected party	Class of related party/ connected transactions	Annual caps for transactions in 2020	Actual transaction amount/ highest balance in a single day during January to June 2020	Percentage of the total amount of similar transactions (%)	Impact on the profit of the Company
CITIC Group and its associates	Net cash inflow derived from securities and financial products transactions (net of the amount of inter-financial institutions borrowings, repurchase agreements and beneficiary certificates)	7,500,000	1,610,205	—	—
	Net cash outflow incurred for securities and financial products transactions (net of the amount of inter-financial institutions lending and reverse repurchase agreements)	17,000,000	2,235,106	—	—
	Amount of inter-financial institutions borrowings and beneficiary certificates issued by the Group	Not applicable ^{Note}	28,045,500	—	—
	Maximum daily balance of repurchase agreements (including interest)	2,000,000	164,044	—	—
	Maximum daily balance of inter-financial institutions lending and reverse repurchase agreements (including interest)	800,000	—	—	—

SIGNIFICANT EVENTS

Related/ connected party	Class of related party/connected transactions	Annual caps for transactions in 2020	Actual transaction amount during January to June 2020	Percentage of operating revenue/ expenses of the Company (%)	Impact on the profit of the Company
CITIC Group and its associates	Income derived from securities and financial services	240,000	43,784	1.64	43,784
	Expenses incurred for securities and financial services	70,000	6,181	0.42	-6,181
	Income derived from miscellaneous services	2,700	83	less than 0.01	83
	Expenses incurred for miscellaneous services	100,000	7,185	0.48	-7,185
	Income derived from property leasing	60,000	1,762	0.07	1,762
	Expenses incurred for property leasing	100,000	2,310	—	—

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

(2) Related party/connected transactions between the Group and other related/connected parties

During the Reporting Period, the Company conducted related party/connected transactions in strict compliance with the Resolution on Estimation of Related Party/Continuing Connected Transactions Contemplated in the Ordinary Course of Business of the Company in 2020 as considered and approved at the 2019 Annual General Meeting and specific voting opinions issued by independent non-executive Directors. Details of the implementation are as follows:

1) *Related party transactions entered into between the Group and companies (excluding the subsidiaries of the Company) in which the Directors, Supervisors or the Senior Management of the Company hold positions as directors or senior management during the Reporting Period.*

In RMB ten thousand

Related party	Class of related party transactions	Estimated transaction amount for the year of 2020	Actual transaction amount during January to June 2020	Percentage of operating revenue/ expenses of the Company (%)	Impact on the profit of the Company
E-Capital Transfer Co., Ltd.	Expense	500	2.91	less than 0.01	-2.91

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

2) Related party/connected transactions entered into between the Group and companies holding over 10% equity interest in the significant subsidiaries of the Company during the Reporting Period

In RMB ten thousand

Related/connected party	Class of related party/connected transactions	Estimated transaction amount for the year of 2020	Actual transaction amount during January to June 2020	Percentage of operating revenue/expenses of the Company (%)	Impact on the profit of the Company
POWER CORPORATION OF CANADA	Income	800	187.23	less than 0.01	187.23
MACKENZIE FINANCIAL CORPORATION	Income Expense	500 500	44.16 16.76	less than 0.01 less than 0.01	44.16 -16.76

3) There was no related party transaction entered into between the Group and companies holding over 5% equity interest in the Company during the Reporting Period.

(3) Other related party/connected transactions

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

Pursuant to the Bareboat Charter Contract entered into between CITIC Global Trade, a subsidiary of CITIC Futures, and Shanghai CITIC Shipping Corporation Limited, the rental income for the first half of 2020 amounted to RMB6.3717 million. For details of the approval of this related party/connected transaction, please refer to the 2014 Annual Report of the Company.

Related Party Transactions in Relation to Acquisition or Disposal of Assets or Equity Interest

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

Related Party Transaction in relation to Joint Investment

Non-exercise of pre-emptive rights by GoldStone Investment and Sanxia GoldStone Management Co., Ltd. and formation of joint investment relationship with related parties

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

Related Party Credits and Debts
In RMB Yuan

Related parties	Related party relationship	Provision of funds to related parties			Provision of funds by related parties		
		Opening balance	Amount incurred	Ending balance	Opening balance	Amount incurred	Ending balance
Subsidiaries of CITIC Group Financial Holdings Limited	Shareholder's subsidiary	85,712,309.48	-65,297,871.25	20,414,438.23	18,193,495.07	-8,993,990.66	9,199,504.41
	Shareholder	—	—	—	—	2,274,055,554.76	2,274,055,554.76
Total		85,712,309.48	-65,297,871.25	20,414,438.23	18,193,495.07	2,265,061,564.10	2,283,255,059.17
Cause of the related party credits and debts		Mainly include payables to the above related parties in connection with fund sales agency services, receivables from/payables to the above related parties in respect of deposits and margins, and subordinated debts.					
Impact of the related party credits and debts on the Company's operating results and financial positions		No adverse effect.					

Others
Guarantees provided by related/connected parties to the Company

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

Establishing a Fund with Related/Connected Parties

GoldStone Investment and CITIC Securities Investment, both the Company's wholly-owned subsidiaries, intend to jointly contribute to and establish Jiaxing Goldstone Pengheng Equity Investment Partnership (Limited Partnership) with Xingcheng Special Steel and other entities, among which, GoldStone Investment and CITIC Securities Investment will contribute no more than RMB280 million in aggregate. The ultimate de facto controller of both Xingcheng Special Steel and CITIC Corporation Limited, the largest Shareholder of the Company, is CITIC Group, thus Xingcheng Special Steel is a related/connected party of the Company and the transaction constitutes a related party/connected transaction. The transaction amount does not exceed 5% of the Company's audited net assets as at the end of 2019, and none of the applicable percentage ratios under the Hong Kong Listing Rules exceeds 0.1%. This matter was considered and approved by all independent non-executive Directors of the Company on 20 July 2020.

Guarantees

During the Reporting Period, the total amount of guarantees provided by the Company and its subsidiaries to subsidiaries was RMB16,416 million. As at the end of the Reporting Period, the balance of guarantees provided by the Company was RMB54,674 million, all of which were guarantees provided by the Company and its subsidiaries to subsidiaries, representing 31.06% of the equity attributable to owners of the parent company as at the end of the Reporting Period.

Guarantees Provided by the Company

According to a resolution approved at the Shareholders' general meeting and upon deliberation by the duly authorized working group, the Company provided an unconditional and irrevocable guarantee on a joint and several basis for repayment obligations under each batch of notes to be issued pursuant to an overseas medium-term notes program set up by CITIC Securities Finance MTN, an indirect wholly-owned subsidiary of the Company. The scope of the guarantee includes the principal, interest and other contingent account payables of overseas notes. In 2014, CITIC Securities Finance MTN made its first drawdown under this medium-term notes program in the amount of US\$650 million, which was paid upon maturity. In 2015, CITIC Securities Finance MTN made eight drawdowns under the medium-term notes program with an issue size amounting to US\$439.68 million in aggregate, which were all fully paid upon maturity. In 2017, CITIC Securities Finance MTN made a drawdown under the medium-term notes program with an issue size of US\$800 million, including three-year notes of US\$300 million which was fully paid upon maturity and five-year notes of US\$500 million which will expire in 2022. From 18 April to 24 April 2018, CITIC Securities Finance MTN made four drawdowns under the medium-term notes program with an issue size amounting to US\$429.2 million in aggregate, which were all fully paid upon maturity. On 10 December 2018, CITIC Securities Finance MTN made a drawdown under this medium-term notes program in the amount of US\$300 million. On 17 October 2019, CITIC Securities Finance MTN made a drawdown under the medium-term notes program with an issue size of US\$700 million, including three-year notes of US\$500 million and five-year notes of US\$200 million. On 3 June 2020, CITIC Securities Finance MTN made a drawdown under this medium-term notes program with an issue size of US\$1,000 million, including three-year notes of US\$500 million and five-year notes of US\$500 million. The Company provided an unconditional and irrevocable joint and several liability guarantee for the above-mentioned medium-term notes program.

According to a resolution approved at the Shareholders' general meeting and upon deliberation by the Company's management, the Company provided an unconditional and irrevocable guarantee for the Euro-commercial papers project set up by CITIC Securities Finance MTN with a guarantee period from 4 May 2018 to 4 May 2023 and an amount of US\$3,000 million. In 2018, CITIC Securities Finance MTN issued two tranches of Euro-commercial papers in aggregate with a total issue size of US\$170 million, which were all fully paid upon maturity. In 2019, CITIC Securities Finance MTN issued three tranches of Euro-commercial papers in aggregate with a total issue size of US\$600 million, of which two tranches of Euro-commercial papers of US\$500 million in aggregate were fully paid upon maturity. From January to June 2020, CITIC Securities Finance MTN issued six tranches of Euro-commercial papers in aggregate with a total issue size of US\$525 million, of which one tranche of US\$100 million was fully paid upon maturity. The above-mentioned Euro-commercial papers were unconditionally and irrevocably guaranteed by the Company with joint and several liability.

According to a resolution approved at the 2019 First Extraordinary General Meeting, the Company provided joint and several liability guarantee for the subordinated bonds issued by Guangzhou Securities (renamed as CITIC Securities South China) with total issuance size of not more than RMB4 billion and a term of no more than 7 years, the scope of which includes the principal of the guaranteed bonds and interest payable, default penalty, damages, all expenses incurred for realizing the creditor's rights and other fees payable. As at 30 June 2020, the outstanding balance of the above existing bonds was RMB2.51 billion.

In 2015, the Company and GoldStone Investment provided a guarantee (mortgage on land-use right) with a size of RMB5,000 million in favor of GoldStone Zexin, an indirect wholly-owned subsidiary of the Company, in its application for a bank loan. GoldStone Zexin repaid the bank loan in advance on 1 April 2019. Please refer to Note 17 to the Consolidated Financial Statements as set out in this report for detailed information.

Guarantees Provided by Subsidiaries

During the Reporting Period, among all the subsidiaries of the Company, CSI had provided guarantees for the benefits of the relevant subsidiaries of CSI in connection with their business operations which mainly included loan guarantees, guarantees for medium-term notes and the guarantees for the transactions under the International Swaps and Derivatives Association agreements (ISDA) and Global Master Securities Lending agreements (GMSLA) entered into with counterparts. As at 30 June 2020, the amount of above-mentioned guarantee was approximately RMB31,457 million in aggregate.

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

As at 30 June 2020, the above-mentioned debt guarantees directly or indirectly provided to guaranteed parties with a gearing ratio of more than 70% amounted to RMB51,279 million, all of which were guarantees provided by the Company and its overseas subsidiaries to their respective subsidiaries to meet the needs of business operations.

Interim Dividend

The Company will not distribute any interim dividends for 2020.

Repurchase, Sale or Redemption of the Securities of the Company

During the Reporting Period, neither the Company nor its subsidiaries had repurchased, sold or redeemed any of the securities of the Company.

Audit Committee Review

The Audit Committee of the Board has reviewed the unaudited interim financial statements and the interim report of the Company for the six months ended 30 June 2020, and did not raise any objection to the accounting policies and practices adopted by the Company.

Environmental Policies and Performance

Upon verification, the Company and its subsidiaries are not among the key pollutant-emission companies announced by the environmental protection departments.

The Company strictly complies with the Environmental Protection Law of the People's Republic of China, the Prevention and Control of Water Pollution Law of the People's Republic of China, the Prevention and Control of Atmospheric Pollution Law of the People's Republic of China, the Prevention and Control of Solid Waste Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China and other environmental protection laws and regulations. There were no penalties imposed for violations of environmental protection regulations during the Reporting Period. The Company's impact on the environment is mainly caused by the consumption of energy resources and emissions in daily office work, which is relatively small. Specific data for emissions and related management information will be disclosed in the 2020 Social Responsibility Report of the Company.

Other Significant Events and Events after Reporting Period

Changes in Securities Business Outlets

The Company

During the Reporting Period, the Company changed Guangdong Branch Office to Guangzhou Zhujiang West Road Securities Outlet, dissolved five securities outlets including Shanghai Loushanguan Road Securities Outlet, Shanghai CITIC Plaza Securities Outlet, Hangzhou Lijing Road Securities Outlet, Hangzhou Moganshan Road Securities Outlet and Jiaxing Fanggong Road Securities Outlet, and completed same-city relocation of eight branches, details of the relocation are as follows:

No.	Original name of branches	Current name of branches	Address after relocation
1	Heilongjiang Branch Office	Heilongjiang Branch Office	No. 1150 Jinjiang Road, Daoli District, Harbin, Heilongjiang Province
2	Wuhan Dongfeng Avenue Securities Outlet	Wuhan Dongfeng Avenue Securities Outlet	Room 101, 2/F, Building E, Phase II, Donghe Center, Parcel 17C1, Economic & Technical Development Zone, Wuhan, Hubei Province
3	Rugao Jiankang South Road Securities Outlet	Rugao Fushou Road Securities Outlet	No. 278-6 Fushou Road, Rucheng Street, Rugao, Jiangsu Province
4	Hangzhou Yingbin Road Securities Outlet	Hangzhou Xincheng Road Securities Outlet	Rooms 103, 601, 602 and 603, No. 108 Xincheng Road, Nanyuan Street, Yuhang District, Hangzhou, Zhejiang Province
5	Xiangyang Jiefang Road Securities Outlet	Xiangyang Changhong Road Securities Outlet	Rooms 6-7, 1/F and Rooms 6-11, 2/F, Gushan Building, No. 56 Changhong Road, Fancheng District, Xiangyang, Hubei Province
6	Dongguan Songshan Lake Securities Outlet	Dongguan Songshan Lake Securities Outlet	Rooms 101 and 202, Building 1, No. 15 Gongye West Road, Songshan Lake Zone, Dongguan, Guangdong Province
7	Hangzhou Siji Road Securities Outlet	Hangzhou Fuchun Road Securities Outlet	Rooms 107-2, 108, 1201-1203, Building 3, Qianjiang International Times Square, No. 290 Fuchun Road, Jianggan District, Hangzhou, Zhejiang Province
8	Changsha Yuelu Avenue Securities Outlet	Changsha Jinxing Middle Road Securities Outlet	Room 101, High-rise Residence, Phase III, Xianjia Village, No. 480 Jinxing Middle Road, Yuelu District, Changsha, Hunan Province

As at the end of the Reporting Period, the Company had 32 branch offices and 203 securities outlets.

CITIC Securities (Shandong)

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

CITIC Futures

During the Reporting Period, CITIC Futures established 4 new branch offices and 3 branch offices completed same-city relocation.

Details of the new branch offices are as follows:

No.	Name of the branch office	Address of the branch office
1	Shenzhen Branch Office	Room 1305A, Phase II, Excellence Times Square, No. 8 Fuan Community Center 3rd Road, Futian Street, Futian District, Shenzhen, Guangdong Province
2	Jiangsu Branch Office	Room 2404, No. 168 Lushan Road, Jianye District, Nanjing, Jiangsu Province
3	Beijing Dongcheng Branch Office	47-(07)702, 7/F, No. 47 Guangqumennei Avenue, Dongcheng District, Beijing
4	Rizhao Branch Office	Room 102, 1/F and Room 702, 7/F, Building 13, Phase III, Wangfu Garden, South of Taian Road and East of Beijing Road, Donggang District, Rizhao, Shandong Province

Details of the relocation of branch offices are as follows:

No.	Name of the branch office	Address after relocation
1	Beijing Branch Office	47-(07)701, 7/F, No. 47 Guangqumennei Avenue, Dongcheng District, Beijing
2	Shanghai Branch Office	Unit 01, 13/F, No. 799 Yanggao South Road, China (Shanghai) Pilot Free Trade Zone
3	Jiangxi Branch Office	Room 305, Office Building C1, Greenland Central Plaza Area C, No. 998 Honggu Middle Avenue, Honggutan New District, Nanchang, Jiangxi

As at the end of Reporting Period, CITIC Futures had 43 branch offices and 4 future outlets.

CITIC Securities South China

From 31 January 2020 (being the date on which CITIC Securities South China was consolidated into the financial statements of the Company) to the end of Reporting Period, CITIC Securities South China closed 58 branches, 4 branches were renamed, and 1 securities outlet completed same-city relocation.

Details of closed branches are as follows:

No.	Name of branches	Address
1	Shenzhen Branch Office	Room 208, 2/F, Huarong Mansion, No. 178 Mintian Road, Futian District, Shenzhen, Guangdong Province
2	Guangzhou Branch Office	Room 1302, No. 106 Fengze East Road, Nansha District, Guangzhou, Guangdong Province
3	Guangxi Branch Office	Rooms B1301, B1302, B1303 and B1305, 13/F, Mengzhidao Plaza, No. 67 Jinhu North Road, Qingxiu District, Nanning, Guangxi Province
4	Hainan Branch Office	Northeast of 19/F, Hainan Times Square, No. 2 Guomao Road, Longhua District, Haikou, Hainan Province
5	Henan Branch Office	No. 101, 1/F, No. 7 Business Outer Ring Road, Zhengdong New District, Zhengzhou, Henan Province
6	Heilongjiang Branch Office	No. 1150 Jinjiang Road, Daoli District, Harbin, Heilongjiang Province
7	Jilin Branch Office	Area B, Building 14, Tonggang International Mansion B, No. 3218 Yatai Avenue, Nangan District, Changchun, Jilin Province
8	Jiangsu Branch Office	Room 4001, Xindi Center Phase I, No. 188 Lushan Road, Jianye District, Nanjing, Jiangsu Province
9	Ganzhou Branch Office	Business #1-7, Haode Yinzuo, No. 18 Zhangjiang South Avenue, Zhanggong District, Ganzhou, Jiangxi Province
10	Shandong Branch Office	No. 105, Building 5, No. 1 Community, Sanjian Ruifuyuan, No. 20999 Jingshi Road, Shizhong District, Jinan, Shandong Province
11	Shanxi Branch Office	Room 10B, 3/F, Building CD Podium, No. 529 South Middle Ring Street, Gaoxin District, Taiyuan, Shanxi Province
12	Chongqing Branch Office	No. 05, 03/F, Chengda Jinjia International Mansion, No. 10 Guihua Street Slip Road, Jiangbei District, Chongqing
13	Hohhot Tengfei Avenue Securities Outlet	2/F, Shops 3-5, Building 7 Fuheng Garden, Tengfei Avenue, Saihan District, Hohhot, Inner Mongolia Autonomous Region
14	Beijing Wudinghou Street Securities Outlet	Room 105, Taikang International Mansion, No. 2 Wudinghou Street, Xicheng District, Beijing
15	Fuzhou Wusi Road Securities Outlet	Units 806 and 807, Xinhe Plaza, No. 137 Wusi Road, Wenquan Street, Gulou District, Fuzhou, Fujian Province
16	Longyan Shuimen Road Securities Outlet	No. 20-21, 1/F, Hengbao Garden, No. 1 Shuimen Road, East City, Xinluo District, Longyan, Fujian Province
17	Zhangzhou Xinpu East Road Securities Outlet	D11-D12, Building 18, Zhangzhou City Pudong Non-Staple Food Wholesale Market, No. 3 New Pudong Road, Longwen District, Zhangzhou, Fujian Province

SIGNIFICANT EVENTS

No.	Name of branches	Address
18	Quanzhou Jinhuai Street Securities Outlet	Shops 31 and 32, Building #1 Qunsheng Guojihuacheng, Northeast side of Cross of Citong East Road and Jinhuai Street, Fengze District, Quanzhou, Fujian Province
19	Xiamen Lujiang Avenue Securities Outlet	Unit 03, 01/F, Yishan Business Center (Xiamen Fortune Center), No. 100 Lujiang Avenue, Siming District, Xiamen, Fujian Province
20	Foshan Shunde Xingui Road Securities Outlet	No. 303 and 305, Block 2, Mingri Plaza, Xingui Road, Daliang Fuyou Neighborhood Committee, Shunde District, Foshan, Guangdong Province
21	Dongguan Qingxi Securities Outlet	401-402, 4/F, Minghui Mansion, No. 5 Lucheng West Road, Qingsha Village, Qingxi Town, Dongguan, Guangdong Province
22	Guangzhou Zhujiang East Road Dongta Securities Outlet	01&02, 11/F, Guangzhou CTF Finance Center Mansion, No. 6 Zhujiang East Road, Tianhe District, Guangzhou, Guangdong Province
23	Zhongshan Fourth Road Securities Outlet	Ka 05, 8/F, Block 2, Shangfeng Financial Business Center, No. 88 Zhongshan 4th Road, East District, Zhongshan, Guangdong Province
24	Jiaozuo Minzhu South Road Securities Outlet	Shops 7 and 8, 1/F, Commercial and Residential Building, No. 1 Jiaozuo Nongxin Community, No. 889 Minzhu South Road, Jiefang District, Jiaozuo, Henan Province
25	Luoyang Luopu Road Securities Outlet	No. 114-116, Luopu Road, Xigong District, Luoyang, Henan Province
26	Huangshi Guangchang Road Securities Outlet	Room 402, 4/F, No. 2 Guangchang Road, Huangshigang District, Huangshi, Hubei Province
27	Jingmen Xiangshan One Road Securities Outlet	Shops #102 and #103, No. 28 Xiangshan 1st Road, Dongbao District, Jingmen, Hubei Province
28	Changzhou High-tech Park Securities Outlet	Building E, No. 3 High-tech Park, Xinbei District, Changzhou, Jiangsu Province (No. 101 Changzhou Small and Micro Financial Service Center)
29	Jiangyin Chengjiang Middle Road Securities Outlet	1201, No. 5-1 Chengjiang Middle Road, Jiangyin, Jiangsu Province
30	Taizhou Gulou South Road Securities Outlet	No. 409-9 Gulou South Road, Hailing District, Taizhou, Jiangsu Province
31	Suqian Xihu Road Securities Outlet	No. 13-1 and 13-2 Bank of Communications Building, Kailinrui, No. 139 Xihu Road, Sucheng District, Suqian, Jiangsu Province
32	Xuzhou Heping Road Securities Outlet	102-2 Wenyuan Mansion, No. 59 Heping Road, Yunlong District, Xuzhou, Jiangsu Province

SIGNIFICANT EVENTS

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

SIGNIFICANT EVENTS

No.	Name of branches	Address
50	Huzhou Laodong Road Securities Outlet	Room 1005, Zhebei Financial Center, Dongwu International Plaza, Wuxing District, Huzhou, Zhejiang Province
51	Jiaxing Zhongshan West Road Securities Outlet	No. 928 and Room 213, No. 908 Zhongshan West Road, Jiaxing, Zhejiang Province
52	Jinhua Shuanglong South Street Securities Outlet	No. 1328 Shuanglong South Street, Jinhua, Zhejiang Province
53	Lishui Zhongshan Street Securities Outlet	No. 797 Zhongshan Street, Liandu District, Lishui, Zhejiang Province
54	Ningbo Jiangdong North Road Securities Outlet	1303 Guting Building, Ningbo Hefeng Creative Square, Building 004 (13-1), No. 495 Jiangdong North Road, Yinzhou District, Ningbo, Zhejiang Province
55	Shaoxing Yundong Road Securities Outlet	Room 1103, Tianyuan Mansion, Yuecheng District, Shaoxing, Zhejiang Province
56	Taizhou East Ring Avenue Securities Outlet	No. 96, 98, 100 and 102 East Ring Avenue, Jiaojiang District, Taizhou, Zhejiang Province (Self-declaration)
57	Wenzhou Wendi Road Securities Outlet	No. 73 Wendi Road, Lucheng District, Wenzhou, Zhejiang
58	Zhoushan Hexing Road Securities Outlet	Room 102, Zhongchang International Mansion, No. 31 Hexing Road, Lincheng Street, Dinghai District, Zhoushan, Zhejiang Province (Second shop from South, West side)

Details of change of name of branches are as follows:

No.	Original name of branches	Current name of branches
1	Anhui Branch Office	Hefei Changjiang Road Securities Outlet
2	Hunan Branch Office	Changsha Furong Middle Road Securities Outlet
3	Liaoning Branch Office	Shenyang Nanjing North Street Securities Outlet
4	Yunnan Branch Office	Kunming Qingnian Road Securities Outlet

Details of the relocation of securities outlet are as follows:

No.	Original name of securities outlet	Current name of securities outlet	Address after relocation
1	Guangzhou Jinsui Road Securities Outlet	Guangzhou Chenyue Road Securities Outlet	Shops 107–108, No. 1 Chenyue Road, Haizhu District, Guangzhou, Guangdong Province

As at the end of Reporting Period, CITIC Securities South China had 5 branch offices and 74 Securities Outlets.

CSI

During the Reporting Period, CSI established 1 new branch, details of which are as follows:

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

As at the end of Reporting Period, CSI had 5 branches.

Kington Securities

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

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

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

Subsequent Progress of Matters Previously Announced

Reducing capital in CITIC Securities (Shandong)

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

Standardizing the publicly-offered collective investment schemes of the Company

On 21 January 2019, the 35th Meeting of the Sixth Session of the Board considered and approved the Resolution on Standardizing the Publicly-offered Collective Investment Schemes of the Company, pursuant to which, it was agreed to authorize the management of the Company to proceed with matters relating to rectification and standardization, as well as modifications to in contracts of the publicly-offered collective investment schemes of the Company according to market conditions, regulatory requirements and the Company's needs. The matters relating to rectification and standardization of the publicly-offered collective investment schemes of the Company are being executed in an orderly manner. Currently, the applications for modifications to the contracts of five publicly-offered collective investment schemes of the Company have been approved by the CSRC and the schemes are managed normally following the model of public funds. The rectification and standardization of other publicly-offered collective investment schemes of the Company are being processed in an active and orderly manner.

Dissolution of five securities outlets

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

Construction of the CITIC Financial Center project

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

Others

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

On 28 April 2020, the 5th Meeting of the Seventh Session of the Board considered and approved the Resolution on Acquisition of 100% Equity Interests in Guangzheng Lingxiu Investment Company Limited, pursuant to which, it was agreed that the Company will acquire 100% equity interests in Guangzheng Lingxiu Investment Company Limited from CITIC Securities South China and the consideration was determined as the audited net asset value of Guangzheng Lingxiu Investment Company Limited as at 31 January 2020; and CITIC Securities Investment was authorized to assist the Company in handling the specific matters relating to the above-mentioned equity acquisition. Currently, the relevant procedures for the equity transfer are in progress.

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

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

Increasing capital in CITIC Securities International

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

Classification of the Company by Regulatory Authorities

In the 2019 classification and assessment of securities companies, the Company, together with its controlled securities subsidiaries, CITIC Securities (Shandong) and Kington Securities, were classified as AA level of the A class in the PRC's securities industry.

As at the Date of Publication of this Interim Report, there was no Subsequent Event Which has Material Impact on the Company and Its Subsidiaries.

CHANGES IN ORDINARY SHARES AND INFORMATION ON SHAREHOLDERS

Share Capital Structure

The share capital structure of the Company as at 30 June 2020 was as follows:

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

Changes in Shares of the Company

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

Explanation in relation to Changes in Shares

The newly issued Shares of the Company under the acquisition of assets by issuance of Shares had been registered with the Shanghai branch of China Securities Depository and Clearing Corporation Limited on 11 March 2020. Upon completion of the issuance, the total issued Shares of the Company increased from 12,116,908,400 Shares to 12,926,776,029 Shares, among which, the number of A Shares increased from 9,838,580,700 Shares to 10,648,448,329 Shares and the number of H Shares remained unchanged as 2,278,327,700 Shares.

CHANGES IN ORDINARY SHARES AND INFORMATION ON SHAREHOLDERS

Changes in shares subject to trading moratorium

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

Information on Shareholders

Total number of Shareholders of the Company as at 30 June 2020: 585,027 Shareholders, including 584,862 A Shareholders and 165 registered H Shareholders.

CHANGES IN ORDINARY SHARES AND INFORMATION ON SHAREHOLDERS

Shareholdings of the Top 10 Shareholders as at the End of the Reporting Period

Unit: Shares

Name of Shareholders (Full Name)	Shareholdings of the top 10 Shareholders						Nature of the Shareholder
	Change during the Reporting Period	Number of Shares held as at the end of the period	Percentage (%)	Number of Shares held subject to trading moratorium	Shares pledged or frozen	Status	
HKSCC Nominees Limited ^{Note 1}	469,505	2,277,163,772	17.62	—	Unknown	—	Foreign legal person
CITIC Corporation Limited	—	1,999,695,746	15.47	—	Nil	—	State-owned legal person
Guangzhou Yuexiu Financial Holdings Group Limited	544,514,633	544,514,633	4.21	544,514,633	Nil	—	State-owned legal person
China Securities Finance Corporation Limited	—	362,296,197	2.80	—	Nil	—	Unknown
Hong Kong Securities Clearing Company Limited ^{Note 2}	23,707,156	279,522,527	2.16	—	Nil	—	Foreign legal person
Guangzhou Yuexiu Financial Holdings Group Co., Ltd.	265,352,996	265,352,996	2.05	265,352,996	Nil	—	State-owned legal person
Central Huijin Asset Management Corporation Limited	—	198,709,100	1.54	—	Nil	—	State-owned legal person
Da Cheng Fund — Agricultural Bank — Da Cheng China Securities and Financial Assets Management Program	—	153,726,217	1.19	—	Nil	—	Unknown
China AMC Fund — Agricultural Bank — China AMC China Securities and Financial Assets Management Program	—	144,472,197	1.12	—	Nil	—	Unknown
Zhong Ou Fund — Agricultural Bank — Zhong Ou China Securities and Financial Assets Management Program	—	140,178,900	1.08	—	Nil	—	Unknown
Details of related party or concert party relationship among the above Shareholders	Among the top ten shareholders of the Company, Guangzhou Yuexiu Financial Holdings Group Limited is a wholly-owned subsidiary of Guangzhou Yuexiu Financial Holdings Group Co., Ltd., and the two companies are parties acting in concert. Except for the above circumstances, the Company is unaware of whether there is any related party relationship among the other Shareholders above, or they are parties acting in concert.						

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

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

Note 3: Nature of A Shareholders represents the nature of account held by A Shareholders with the Shanghai branch of China Securities Depository and Clearing Corporation Limited.

Note 4: As the Shares could be used as underlying securities for margin financing and securities lending, the shareholdings of the Shareholders are the aggregate of all the Shares and interests held in ordinary securities accounts and credit securities accounts.

CHANGES IN ORDINARY SHARES AND INFORMATION ON SHAREHOLDERS

Shareholdings of the Top 10 Holders of Tradable Shares not Subject to Trading Moratorium as at 30 June 2020

Unit: Shares

Name of Shareholder	Number of tradable Shares held not subject to trading moratorium	Class and Number of Shares	
		Class	Number
HKSCC Nominees Limited	2,277,163,772	Overseas-listed foreign Shares	2,277,163,772
CITIC Corporation Limited	1,999,695,746	RMB ordinary Shares	1,999,695,746
China Securities Finance Corporation Limited	362,296,197	RMB ordinary Shares	362,296,197
Hong Kong Securities Clearing Company Limited	279,522,527	RMB ordinary Shares	279,522,527
Central Huijin Asset Management Corporation Limited	198,709,100	RMB ordinary Shares	198,709,100
Da Cheng Fund — Agricultural Bank — Da Cheng China Securities and Financial Assets Management Program	153,726,217	RMB ordinary Shares	153,726,217
China AMC Fund — Agricultural Bank — China AMC China Securities and Financial Assets Management Program	144,472,197	RMB ordinary Shares	144,472,197
Zhong Ou Fund — Agricultural Bank — Zhong Ou China Securities and Financial Assets Management Program	140,178,900	RMB ordinary Shares	140,178,900
GF Fund — Agricultural Bank — GF China Securities and Financial Assets Management Program	140,049,999	RMB ordinary Shares	140,049,999
China Southern Fund — Agricultural Bank — China Southern China Securities and Financial Assets Management Program	139,589,061	RMB ordinary Shares	139,589,061

CHANGES IN ORDINARY SHARES AND INFORMATION ON SHAREHOLDERS

Shareholdings of the Shareholders Subject to Trading Moratorium as at 30 June 2020

Unit: Shares

Name of Shareholders subject to trading moratorium	Trading of Shares subject to trading moratorium			
	Number of Shares held subject to trading moratorium	Date eligible for trading	Number of Shares newly eligible for trading	Terms of trading moratorium
Guangzhou Yuexiu Financial Holdings Group Limited	544,514,633	11 March 2024	—	Shareholder undertook to comply with the trading moratorium for 48 months
Guangzhou Yuexiu Financial Holdings Group Co., Ltd.	265,352,996	11 March 2024	—	Shareholder undertook to comply with the trading moratorium for 48 months
Incentive shares held under custody and others	23,919,000	To be determined after the implementation of the incentive share scheme	—	To be determined after the implementation of the incentive share scheme
Details of related party or concert party relationship among the above Shareholders	Guangzhou Yuexiu Financial Holdings Group Limited is a wholly-owned subsidiary of Guangzhou Yuexiu Financial Holdings Group Co., Ltd., and the two companies are parties acting in concert.			

Largest Shareholder of the Company

The largest Shareholder of the Company is CITIC Corporation Limited. As at 30 June 2020, it directly held 15.47% of the Shares of the Company.

CHANGES IN ORDINARY SHARES AND INFORMATION ON SHAREHOLDERS

Interest and Short Positions of Substantial Shareholders

Pursuant to Section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), substantial Shareholders are required to disclose their interests, and are required to make further disclosure when the changes of their interest reached the prescribed threshold. The following table is derived from the latest interest information of the substantial Shareholders of the Company disclosed on the HKExnews website of HKEx as at 30 June 2020. As they are only required to disclose the change of their interests when it reaches certain prescribed threshold, the information set out in the following table may be inconsistent with their actual interests as at 30 June 2020.

Name of Shareholders	Capacity	Class of Shares	Number of Shares (Shares)/ type of Shares held	Percentage of the number of A Shares/H Shares of the Company as at 30 June 2020 (%) ^{Note 6}	Percentage of total Shares of the Company as at 30 June 2020 (%) ^{Note 6}
CITIC Group Corporation	Interest of controlled corporations of the major shareholder ^{Note 1}	A Shares	1,999,695,746/Long positions	18.78	15.47
National Council for Social Security Fund	Beneficial owner	H Shares	690,359,200 ^{Note 2} /Long positions	30.30	5.34
The Bank of New York Mellon Corporation	Interest of corporation controlled by you ^{Note 3}	H Shares	284,409,958/Long positions	12.48	2.20
			281,674,688/Shares available for lending	12.36	2.18
Citigroup Inc.	Person having a security interest in shares	H Shares	182,175,420 ^{Note 4} /Long positions	8.00	1.41
			3,683,821 ^{Note 4} /Short positions	0.16	0.03
			175,239,540 ^{Note 4} /Shares available for lending	7.69	1.36
BlackRock, Inc.	Interest of corporation controlled by you ^{Note 5}	H Shares	116,617,447/Long positions	5.12	0.90
			212,500/Short positions	0.01	0.002
GIC Private Limited	Investment manager	H Shares	136,486,873/Long positions	5.99	1.06



CHANGES IN ORDINARY SHARES AND INFORMATION ON SHAREHOLDERS

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

Note 2: According to the notices of disclosure of interests on the HKEXnews website of HKEx, the National Council for Social Security Fund held 690,359,200 H Shares of the Company, including a total of 640,000,000 H Shares to be subscribed for under the subscription agreement entered into with ICBC Credit Suisse Asset Management (International) Company Limited and the subscription agreement entered into with Boser Asset Management Company Limited and Boser Asset Management (International) Company Limited on 8 June 2015. The above private placement of H Shares was considered and approved at the 2015 Second Extraordinary General Meeting of the Company and is yet to take place. The resolution expired on 24 August 2016.

Note 3: The Bank of New York Mellon Corporation indirectly held a long position in 284,409,958 H Shares of the Company through its controlled corporation (The Bank of New York Mellon), of which 281,674,688 Shares were shares available for lending.

Note 4: Citigroup Inc., through a series of its controlled corporations, was interested in relevant long position in 182,175,420 H Shares of the Company, of which 175,239,540 Shares were held in the capacity of approved lending agent, and in relevant short position in 3,683,821 H Shares of the Company.

Note 5: BlackRock, Inc. indirectly held the relevant interests and short positions through a series of its controlled corporations.

Note 6: The relevant percentages are calculated based on 2,278,327,700 H Shares or 10,648,448,329 A Shares of the Company in issue as at 30 June 2020.

Save as disclosed above, as at 30 June 2020, our Directors were not aware of any other persons (other than Directors, Supervisors and the Chief Executive) having any interest or short position in the Shares or underlying Shares of the Company as recorded in the register to be kept under Section 336 of the Securities and Futures Ordinance.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Changes in Shareholdings of Directors, Supervisors and Senior Management

During the Reporting Period, there was no change in the shareholdings of incumbent Directors, Supervisors and Senior Management or those who resigned during the Reporting Period.

Changes of Directors, Supervisors and Senior Management during the Reporting Period

Name	Position	Change
ZHANG Youjun	Former Secretary to the Board (temporarily performing such duty)	Re-designation
WANG Shuhui	Non-executive Director	Election
ZHANG Changyi	Supervisor and Chairman of the Supervisory Committee	Election
WANG Junfeng	Secretary to the Board	Appointment
LI Ning	Former Convener of the Supervisory Committee	Re-designation
ZHENG Jing	Former Secretary to the Board and Company Secretary	Resignation

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

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

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

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



DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

Changes in Personal Information of Directors, Supervisors and Chief Executive

Mr. ZHANG Youjun, Chairman and an executive Director of the Company, has served as the executive director of eForce Holdings Limited (a company listed on the Hong Kong Stock Exchange) since April 2020. Mr. HE Jia, an independent non-executive Director of the Company, ceased to serve as an independent non-executive director of Shanghai Junshi Biosciences Co., Ltd. (a company listed on the Hong Kong Stock Exchange) from June 2020. Mr. ZHANG Changyi, Chairman of the Supervisory Committee of the Company, has served as the chairman of GoldStone Zexin, an indirect subsidiary of the Company, since March 2020.

Saved as disclosed above, as at the disclosure date of this report, the Directors, Supervisors and chief executive have confirmed that there is no other information that need be disclosed in accordance with Rule 13.51B(1) of the Hong Kong Listing Rules.

Number of Employees, Remuneration and Training

As at 30 June 2020, the Group had a total number of 17,768 employees (including brokers and dispatched staff), of which 9,952 (including brokers and dispatched staff) were employees of the parent company.

During the Reporting Period, there was no change in the remuneration policy of the Company as compared with the disclosure in the 2019 Annual Report of the Company.

In terms of employee training, since 2020, due to the epidemic, the Company has transformed part of the face-to-face training into online training. Instead of reducing the number of training courses for employees, more choices have been offered. During the severe domestic epidemic situation and employees' home isolation period, the Company successively launched the Online Learning Course Package during the Home Isolation Period (《居家隔離期間網路學習課程包》) and Special Online Training Course Package for Persons Stayed Due to the Epidemic (《因疫情滯留人員專項線上培訓課程包》). After the resumption of production and work, the Company organized pilot program training, sailing program training and other projects for management and reserve cadres in accordance with the annual training plan, as well as the "Investment Star" (投資之星) training program for business talents, in order to accelerate the growth of management talents and investment and trading talents of the Company. In terms of on-the-job training for employees, the Company organized annual promotion training and on-the-job training for various levels, the content of the courses relied on the job requirements of different levels and seniorities to refine the relevant qualities and capabilities, and introduced compulsory courses such as professional quality, communication skills, marketing skills, and management improvement to employees of different levels to help their career development.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

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

As at 30 June 2020, the following persons had interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (as defined in Part XV of the Securities and Futures Ordinance), which were required, pursuant to Section 352 of the Securities and Futures Ordinance, to be entered into the register referred to therein, or required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (hereinafter referred to as the "Model Code") set out in Appendix 10 to the Hong Kong Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange as follows:

Name	Position	Nature of interest	Class of Shares	Number of Shares held (Shares)	Percentage of total number of Shares of the Company (%)
ZHANG Youjun	Chairman and Executive Director	Personal Interest	A Shares	374	0.000003

Pursuant to the Securities and Futures Ordinance, the chief executive who was required to disclose his interests to the Hong Kong Stock Exchange was the President of the Company and did not include other Senior Management. In addition, as at 30 June 2020, no other Directors, Supervisors or Senior Management or their respective spouses or children under 18 years of age had been granted equity securities or warrants of the Company.

During the Reporting Period, the Company had strictly complied with the provisions of the Company Law, Securities Law, the Corporate Governance Code and Corporate Governance Report (hereinafter referred to as the “**Code**”) as set out in Appendix 14 of the Hong Kong Listing Rules and the Articles of Association of the Company, continued to improve its corporate governance structure and was in full compliance with all the code provisions under the Code. The corporate governance of the Company in practice complied with the requirements of the Company Law, relevant regulations of the CSRC as well as satisfied the requirements of most of the recommended best practices set out in the Code.

According to the domestic regulatory requirements, the 23rd Meeting of the Third Session of the Board considered and approved the Measures for the Management of the Holdings and Changes in the Holdings of Shares of CITIC Securities Company Limited by Directors, Supervisors and Senior Management (hereinafter referred to as the “**Management Measures**”) on 13 March 2008, to regulate the behavior of holding of and dealing in the Shares of the Company by Directors, Supervisors and Senior Management. The Management Measures are stricter than the compulsory provisions in the Model Code set out in Appendix 10 to the Hong Kong Listing Rules. Having made enquires, all Directors and Supervisors had confirmed that they had strictly complied with the relevant provisions of the Management Measures and the Model Code during the Reporting Period.

After the pre-review of the 46th Meeting of the Sixth Session of the Board of the Company, the Resolution on the Amendments to the Articles of Association of the Company was considered and approved at the 2019 Second Extraordinary General Meeting, pursuant to which, it was agreed that the Company, in accordance with the regulatory requirements and taking into account its situation, will make corresponding amendments to certain articles in the Articles of Association of Company and its Appendixes. The amendments mainly involve the following seven aspects: amending the articles in relation to share repurchase in accordance with the amended Company Law; further improving the corporate governance structure and operating mechanism of the Company in accordance with the amended Code of Corporate Governance for Listed Companies; revising the articles in relation to share repurchase and corporate governance in accordance with the Guidelines for the Articles of Association of Listed Companies; updating relevant provisions in accordance with the amendments to the SSE Listing Rules; specifying the role of Chief Information Officer as a member of the senior management and the duties and powers in relation to the information technology governance of the Board and the Executive Committee; including the regulatory requirements in relation to the equity management in securities companies and other relevant contents in the Articles of Association of the Company; further clarifying the scope of authorization of the general meeting and the Board. The amended Articles of Association of the Company and its Appendixes took effect on 1 March 2020.

The Resolution on the Change of Registered Capital of the Company and the Amendments to the Articles of Association of the Company was considered and approved at the 5th Meeting of the Seventh Session of the Board of the Company, pursuant to which, it was agreed to change the registered capital of the Company to RMB12,926,776,029, and to amend relevant provisions of the Articles of Association of the Company. According to the authorization under the Resolution on the Authorization to the Board to Deal with Relevant Matters in Relation to the Transaction at Its Discretion as considered and approved at the 2019 First Extraordinary General Meeting, the matter is not required to be separately submitted to the Shareholders’ general meeting of the Company for consideration and approval. The amended Articles of Association of the Company took effect on 28 April 2020.

CORPORATE GOVERNANCE

After the pre-review of the 10th Meeting of the Seventh Session of the Board of the Company, the Resolution on the Amendments and Improvements to the Articles of Association of the Company was considered and approved at the 2020 First Extraordinary General Meeting, pursuant to which, it was agreed to amend and improve the Articles of Association of the Company. The amendments added relevant content in accordance with Article 19 of the Company Law and the relevant requirements regarding incorporation of Party-building work into the articles of association of financial enterprises. The amended Articles of Association of the Company took effect on 18 August 2020.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of CITIC Securities Company Limited

(Incorporated in the People's Republic of China with Limited Liability)

Introduction

We have reviewed the interim financial information set out on pages 98 to 198, which comprises the condensed consolidated interim statement of financial position of CITIC Securities Company Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2020 and the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the “Interim Financial Information”). 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”. The directors of the Company are responsible for the preparation and presentation of this Interim Financial Information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this Interim Financial Information based on our review and to report our conclusion 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”. 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 Financial Information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.



PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 24 August 2020

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2020

(In RMB thousands, unless otherwise stated)

	Notes	Six months ended 30 June	
		2020 (Unaudited)	2019 (Unaudited)
Revenue			
Fee and commission income		12,692,375	10,186,214
Interest income	5	6,957,480	6,630,449
Net Investment income	6	11,795,248	7,174,172
		31,445,103	23,990,835
Income from bulk commodity trading		2,557,473	3,809,244
Other income	7	705,723	594,147
Total revenue and other income		34,708,299	28,394,226
Fee and commission expenses	8	1,865,806	1,632,118
Interest expenses	8	6,147,110	5,252,831
Staff costs	8	7,506,474	5,848,785
Depreciation		189,532	188,115
Tax and surcharges		185,973	141,452
Cost from bulk commodity trading		2,458,175	3,755,824
Other operating expenses and costs	8	2,272,184	2,188,570
Expected credit losses	9	2,034,691	521,670
Impairment losses on other assets	10	266,414	232,718
Total operating expenses		22,926,359	19,762,083
Operating profit		11,781,940	8,632,143
Share of profits and losses of:			
Associates		92,679	303,206
Joint ventures		(875)	(3,085)
Profit before income tax		11,873,744	8,932,264
Income tax expense	11	2,653,480	2,268,265
Profit for the period		9,220,264	6,663,999
Attributable to:			
Owners of the Parent		8,925,877	6,445,622
Non-controlling interests		294,387	218,377
		9,220,264	6,663,999
Earnings per share attributable to Owners of the Parent (in RMB yuan)			
— Basic	13	0.70	0.53
— Diluted	13	0.70	0.53

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020
(In RMB thousands, unless otherwise stated)

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
Profit for the period	9,220,264	6,663,999
Other comprehensive income		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods		
Net gains on investments in debt instruments measured at fair value through other comprehensive income	141,213	139,519
Net gains on debt instruments measured at fair value through other comprehensive income reclassified to profit or loss on disposal	(90,269)	(55,212)
Income tax relating to these items	(33,119)	(34,880)
	17,825	49,427
Share of other comprehensive income of associates and joint ventures	(810)	2,496
Exchange differences on translation of foreign operations	184,324	(187,435)
Other	(14,731)	(33,081)
	186,608	(168,593)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods		
Net (losses)/gains on investments in equity instruments designated as at fair value through other comprehensive income	(506,760)	1,057,127
Income tax relating to these items	118,775	(265,001)
	(387,985)	792,126
Share of other comprehensive income of associates and joint ventures	(2,879)	11,507
Other	(2,414)	735
	(393,278)	804,368
Other comprehensive income for the period, net of tax	(206,670)	635,775
Total comprehensive income for the period	9,013,594	7,299,774
Attributable to:		
Owners of the Parent	8,713,895	7,085,306
Non-controlling interests	299,699	214,468
	9,013,594	7,299,774

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

At 30 June 2020

(In RMB thousands, unless otherwise stated)

	Notes	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Non-current assets			
Property, plant and equipment	14	7,625,453	7,761,756
Investment properties	15	1,160,078	1,254,733
Goodwill	16	11,023,270	10,022,824
Land-use rights and intangible assets	17	2,996,194	3,072,628
Investments in associates	18	8,576,100	8,925,954
Investments in joint ventures	18	71,271	75,129
Financial assets at fair value through other comprehensive income	19	15,808,204	16,279,369
Financial assets at fair value through profit or loss	25	33,163,237	26,201,794
Refundable deposits	20	2,873,797	1,459,937
Deferred income tax assets	21	7,057,940	5,241,489
Right-of-use assets	22	1,654,937	1,600,885
Other non-current assets	23	2,178,208	2,186,789
Total non-current assets		94,188,689	84,083,287
Current assets			
Fee and commission receivables		1,871,253	1,712,168
Margin accounts	24	85,181,056	70,673,845
Financial assets at fair value through other comprehensive income	19	34,771,368	23,684,063
Financial assets at fair value through profit or loss	25	414,726,072	329,146,513
Derivative financial assets	26	19,921,369	7,351,073
Reverse repurchase agreements	27	50,686,847	58,830,053
Assets held for sale		—	194,678
Other current assets	28	43,918,371	33,202,905
Cash held on behalf of customers	29	177,528,174	118,401,385
Cash and bank balances	30	52,245,775	64,442,459
Total current assets		880,850,285	707,639,142
Current liabilities			
Customer brokerage deposits	31	186,089,819	123,351,754
Derivative financial liabilities	26	32,344,479	13,991,750
Financial liabilities at fair value through profit or loss	32	54,737,816	44,317,791
Repurchase agreements	33	200,275,183	174,447,893
Due to banks and other financial institutions	34	7,115,414	33,136,195
Taxes payable	35	3,640,951	2,884,805
Short-term loans	36	4,456,561	7,404,905
Short-term financing instruments payable	37	35,405,756	20,137,293
Lease liabilities	38	515,211	463,904
Other current liabilities	39	131,123,951	97,606,548
Total current liabilities		655,705,141	517,742,838
Net current assets		225,145,144	189,896,304
Total assets less current liabilities		319,333,833	273,979,591

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

At 30 June 2020

(In RMB thousands, unless otherwise stated)

	Notes	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Non-current liabilities			
Debt instruments issued	40	113,139,784	89,420,833
Deferred income tax liabilities	21	4,034,038	2,843,995
Long-term loans	41	339,972	383,334
Financial liabilities at fair value through profit or loss	32	17,575,053	13,399,208
Lease liabilities	38	1,060,492	1,102,999
Other non-current liabilities	42	3,185,332	1,379,430
Total non-current liabilities		139,334,671	108,529,799
Net assets		179,999,162	165,449,792
Equity			
Equity attributable to Owners of the Parent			
Issued share capital	43	12,926,776	12,116,908
Reserves	44	100,678,834	89,404,254
Retained earnings		62,437,913	60,104,047
		176,043,523	161,625,209
Non-controlling interests		3,955,639	3,824,583
Total equity		179,999,162	165,449,792

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

Approved and authorized for issue by the Board of Directors on 24 August 2020.

ZHANG Youjun

Chairman

YANG Minghui

Executive Director and President

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

(In RMB thousands, unless otherwise stated)

		Attributable to owners of the Parent										
		Reserves									Non-	
		Share capital	Capital reserve	Surplus reserves	General reserves	Investment revaluation reserve	Foreign currency translation reserve	Retained earnings	Subtotal	controlling interests	Total	
Notes												
	At 1 January 2020	12,116,908	54,155,556	8,682,886	25,614,987	185,358	765,467	60,104,047	161,625,209	3,824,583	165,449,792	
	Profit for the period	–	–	–	–	–	–	8,925,877	8,925,877	294,387	9,220,264	
	Other comprehensive income for the period	–	–	–	–	(390,994)	179,012	–	(211,982)	5,312	(206,670)	
	Total comprehensive income for the period	–	–	–	–	(390,994)	179,012	8,925,877	8,713,895	299,699	9,013,594	
	Dividend – 2019	12	–	–	–	–	–	(6,463,388)	(6,463,388)	–	(6,463,388)	
	Appropriation to surplus reserves	–	–	–	–	–	–	–	–	–	–	
	Appropriation to general reserves	–	–	–	130,492	–	–	(130,492)	–	–	–	
	Capital increase/ (decrease) by equity holders											
	– Capital increase by equity holders	809,868	11,357,362	–	–	–	–	–	12,167,230	(4,800)	12,162,430	
	– Others	–	(1,292)	–	–	–	–	1,869	577	23,652	24,229	
	Dividends to non-controlling interests	–	–	–	–	–	–	–	–	(187,495)	(187,495)	
	At 30 June 2020											
	(Unaudited)	12,926,776	65,511,626	8,682,886	25,745,479	(205,636)	944,479	62,437,913	176,043,523	3,955,639	179,999,162	

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020
(In RMB thousands, unless otherwise stated)

	Attributable to owners of the Parent										
	Notes	Reserves						Retained earnings	Subtotal	Non-controlling interests	Total
		Share capital	Capital reserve	Surplus reserves	General reserves	Investment revaluation reserve	Foreign currency translation reserve				
At 1 January 2019		12,116,908	54,426,233	8,410,205	22,811,407	(454,624)	632,863	55,197,777	153,140,769	3,690,727	156,831,496
Profit for the period		–	–	–	–	–	–	6,445,622	6,445,622	218,377	6,663,999
Other comprehensive income for the period		–	–	–	–	823,210	(183,526)	–	639,684	(3,909)	635,775
Total comprehensive income for the period		–	–	–	–	823,210	(183,526)	6,445,622	7,085,306	214,468	7,299,774
Dividend – 2018	12	–	–	–	–	–	–	(4,240,918)	(4,240,918)	–	(4,240,918)
Appropriation to surplus reserves		–	–	–	–	–	–	–	–	–	–
Appropriation to general reserves		–	–	–	116,701	–	–	(116,701)	–	–	–
Capital increase/ (decrease) by equity holders											
– Others		–	17,153	–	–	–	–	(1,733)	15,420	1,671	17,091
Dividends to non-controlling interests		–	–	–	–	–	–	–	–	(174,949)	(174,949)
At 30 June 2019 (Unaudited)		12,116,908	54,443,386	8,410,205	22,928,108	368,586	449,337	57,284,047	156,000,577	3,731,917	159,732,494

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

(In RMB thousands, unless otherwise stated)

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Cash flows from operating activities		
Profit before income tax	11,873,744	8,932,264
Adjustments for:		
Financing interest expense	3,335,609	3,015,822
Share of profits and losses of associates and joint ventures	(91,804)	(300,121)
Interest income from debt instruments at fair value through other comprehensive income	(332,395)	(566,460)
Net gains on disposal of debt instruments at fair value through other comprehensive income	(146,161)	(85,142)
Net gains on disposal of property, plant and equipment and other assets	1,360	(73)
Gains on disposal of associates, joint ventures and subsidiaries	(51,353)	(1,223)
Fair value gains on financial assets and liabilities measured at fair value through profit or loss	(3,756,765)	796,443
Depreciation	610,677	542,927
Amortization	244,295	196,189
Expected credit losses	2,034,691	521,670
Impairment on other assets	266,414	232,718
	13,988,312	13,285,014
Net (decrease)/increase in operating assets		
Financial assets at fair value through profit or loss	(81,761,914)	(12,284,341)
Cash held on behalf of customers	(59,126,789)	(22,595,099)
Other assets	1,753,853	(4,233,425)
	(139,134,850)	(39,112,865)
Net increase/(decrease) in operating liabilities		
Customer brokerage deposits	56,208,056	24,247,513
Repurchase agreements	25,827,290	15,292,209
Other liabilities	17,194,923	6,321,948
	99,230,269	45,861,670
Net cash inflow from operating activities before tax	(25,916,269)	20,033,819
Income tax paid	(2,311,400)	(2,852,632)
Net cash inflow from operating activities	(28,227,669)	17,181,187

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

(In RMB thousands, unless otherwise stated)

	Notes	Six months ended 30 June	
		2020 (Unaudited)	2019 (Unaudited)
Cash flows from investing activities			
Net cash flow from purchases and sales of items of property, plant and equipment and other assets		(137,660)	(171,966)
Net cash flow from disposal of subsidiaries		—	11,521
Net cash flow from acquisition of subsidiaries		13,726,711	—
Net cash flow from investments in associates and joint ventures		357,176	213,135
Net cash flow of financial assets at fair value through other comprehensive income		(10,383,691)	965,589
Net cash flow from other investing activities		1,393,451	—
Net cash inflow/(outflow) from investing activities		4,955,987	1,018,279
Cash flows from financing activities			
Cash inflows from financing activities		—	—
Cash inflows from borrowing activities		13,676,753	7,482,887
Cash inflows from issuing bonds		123,398,904	42,555,272
Payment of debts		(122,232,652)	(44,179,561)
Dividends and interest expense		(4,611,217)	(3,544,924)
Other cash outflows from financing activities		(1,644,636)	(305,777)
Net cash inflow/(outflow) from financing activities		8,587,152	2,007,897
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period		59,421,482	47,575,304
Effect of exchange rate changes on cash and cash equivalents		319,972	(39,084)
Cash and cash equivalents at the end of the period	45	45,056,924	67,743,583

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

(In RMB thousands, unless otherwise stated)

1 CORPORATE INFORMATION

CITIC Securities Company Limited (the “Company”) was established in Beijing, the People’s Republic of China (the “PRC”), the Mainland China excludes for the purpose of the financial statements, the Hong Kong Special Administrative Region of the PRC or “Hong Kong”, the Macau Special Administrative Region of the PRC or “Macau”, and Taiwan (China) or “Taiwan”) on 25 October 1995. Pursuant to the approval by the China Securities Regulatory Commission (the “CSRC”), the Company was restructured as a joint stock limited company in 1999. The unified social credit code of the Company for its business license is 914403001017814402. The Company’s common stock was listed on the Shanghai Stock Exchange market in 2003, and listed on The Stock Exchange of Hong Kong Limited in 2011. The registered office of the Company is located at North Tower, Excellence Times Plaza II, No. 8 Zhongxin San Road, Futian District, Shenzhen, Guangdong Province, PRC.

The Company (also referred to as the “Parent”) and its subsidiaries (collectively referred to as the “Group”) are involved in the following principal activities:

- Securities and futures brokerage;
- Securities investment fund distribution and introducing brokerage business for futures companies;
- Agency sale of financial products;
- Securities underwriting and sponsorship;
- Investment advisory and consultancy services;
- Proprietary securities activities;
- Asset management and fund management;
- Margin financing and securities lending; and
- Stock option market-making.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2020 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”), as well as with all applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The condensed consolidated interim financial information does 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 for the year ended 31 December 2019.

2.2 SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value. Except for those described below, the accounting policies and methods of computation used in preparing the condensed consolidated interim financial statements are the same as those adopted in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2019.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020
(In RMB thousands, unless otherwise stated)

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Relevant standards and amendments effective in 2020 and adopted by the Group:

In the current interim period, the Group has adopted the following International Financial Reporting Standards (“IFRSs”) and amendments issued by the International Accounting Standards Board (“IASB”), that are mandatorily effective for the current interim period. Descriptions of these standards and amendments were disclosed in the Group’s annual consolidated financial statements for the year ended 31 December 2019.

Amendments to IAS 1 and IAS 8	The Definition of Material
Amendments to IFRS 3	The Definition of A Business

The adoption of the above-mentioned standards and amendments does not have a significant impact on the operating results, comprehensive income, or financial position of the Group.

Relevant standards and amendments that are not yet effective in the current interim period and have not been adopted before their effective dates by the Group are as follows:

			Effective for annual periods beginning on or after
(1)	IFRS 17	Insurance Contracts	1 January 2022
(2)	Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture	The amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.
(3)	Amendments to IAS 1	Classification of liabilities	1 January 2022

Descriptions of these amendments were disclosed in the Group’s annual consolidated financial statements for the year ended 31 December 2019. The Group anticipates that the adoption of these amendments will not have a significant impact on the Group’s consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

(In RMB thousands, unless otherwise stated)

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainties were the same as those that applied to the Group's consolidated financial statements for the year ended 31 December 2019.

3 TAXATION

According to relevant PRC tax policies, the most significant categories of taxes to which the Company is currently subject are as follows:

(1) Income tax

From 1 January 2008, the "Enterprise Income Tax Law of the PRC" and the "Regulations on the Implementation of Enterprise Income Tax Law of the PRC" became effective for the Company. Income tax computation and payment are governed by the "Announcement of the State Administration of Taxation on Printing and Distributing Administrative Measures for Collection of Consolidated Payments of Enterprise Income Tax by Enterprises with Multi-Location Operations" (Public Notice of the State Administration of Taxation [2012] No.57). The income tax rate applicable to the Company is 25%.

(2) Value added tax

Pursuant to the "Circular regarding the Comprehensive Implementation of the Pilot Programs for Transformation from Business Taxes to Value-added Taxes (the "VAT Pilot Programs")" (Cai Shui [2016] No. 36), the "Circular regarding Further Clarification of Relevant Policies Applicable to the Financial Sector in the Comprehensive Implementation of the VAT Pilot Programs" (Cai Shui [2016] No. 46), the "Supplementary Circular regarding VAT Policies Applicable to Transactions between Financial Institutions" (Cai Shui [2016] No. 70) issued by the Ministry of Finance (the "MOF") and the State Administration of Taxation (the "SAT") of the PRC, effective from 1 May 2016, the Group is subject to value-added taxes on its income from principal businesses at 6%, instead of business tax at 5% prior to 1 May 2016.

In accordance with the "Circular regarding the Value-added Taxes Policies for Financial, Real Estate Development and Education Ancillary and Other Services" (Cai Shui [2016] No. 140), the "Supplementary Circular regarding Issues concerning Value-added Taxes Policies for Asset Management Products" (Cai Shui [2017] No. 2) and the "Circular on the Relevant Issues concerning Value-added Tax Levied on Asset Management Products" (Cai Shui [2017] No. 56), the Group shall pay VAT at rate of 3% for related asset management taxable activities undertaken after 1 January 2018.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020
(In RMB thousands, unless otherwise stated)

3 TAXATION (Continued)

- (3) Vehicle and vessel taxes, property taxes and stamp duties are levied in accordance with the provisions of the relevant tax laws and regulations.
- (4) Urban maintenance and construction taxes, education surcharges and local education surcharges are levied at 7%, 3% and 2%, respectively, of the payable amount of relevant turnover taxes.

4 OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating businesses are structured and managed separately according to the nature of their operations and the services they provide. Each of the Group's operating segments represents a strategic business engaged in the following activities, which are subject to risks and returns that are different from the other operating segments.

Investment Banking — Securities placement and underwriting activities, and financial advisory services;

Brokerage — Securities and futures dealing and brokerage, as well as the sale of financial products as agent;

Trading — Equity, fixed income and derivatives trading and market-making, margin financing and securities lending and alternative investment activities;

Asset Management — Asset management services to collective assets management, directive assets management, special assets management, fund management and other investment account management;

Others — Private equity investment, principal investment, bulk commodity trading and other financial activities.

Management monitors the results of the Group's operating segments for the purposes of resource allocation and operating decision-making. Operating segment performance is measured consistently, and on the same basis as, operating profit or loss in the Group's consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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4 OPERATING SEGMENT INFORMATION (Continued)

Income taxes are managed as a whole and are not allocated to operating segments.

Six months ended 30 June 2020 (Unaudited)	Investment banking	Brokerage	Trading	Asset management	Others	Total
Segment revenue and other income						
Fee and commission income	2,210,750	6,613,626	90,918	3,561,513	215,568	12,692,375
Interest income	548	1,661,914	5,110,429	81,982	102,607	6,957,480
Investment income	—	265,688	8,874,749	407,552	2,247,259	11,795,248
Other income	(1,640)	91,199	287,693	62,074	2,823,870	3,263,196
Subtotal	2,209,658	8,632,427	14,363,789	4,113,121	5,389,304	34,708,299
Operating expenses	1,078,995	5,963,755	10,067,192	1,981,097	3,835,320	22,926,359
Including: Interest expenses	—	357,771	5,383,437	14,071	391,831	6,147,110
Expected credit losses	—	(1,533)	2,017,686	1,372	17,166	2,034,691
Impairment losses on other assets	—	—	—	30,765	235,649	266,414
Operating profit	1,130,663	2,668,672	4,296,597	2,132,024	1,553,984	11,781,940
Share of profits and losses of associates and joint ventures	—	—	—	—	91,804	91,804
Profit before income tax	1,130,663	2,668,672	4,296,597	2,132,024	1,645,788	11,873,744
Income tax expenses						2,653,480
Net profit for the period						9,220,264
Other segment information:						
Depreciation and amortization	36,288	410,851	33,139	98,091	276,603	854,972
Capital expenditure	37,922	64,912	16,231	11,316	7,279	137,660

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4 OPERATING SEGMENT INFORMATION (Continued)

Six months ended 30 June 2019 (Unaudited)	Investment banking	Brokerage	Trading	Asset management	Others	Total
Segment revenue and other income						
Fee and commission income	1,622,290	5,344,009	152,447	2,848,128	219,340	10,186,214
Interest income	1,733	1,430,831	4,961,309	88,384	148,192	6,630,449
Investment income	—	29,198	5,029,983	217,607	1,897,384	7,174,172
Other income	(1,334)	40,250	300,252	69,014	3,995,209	4,403,391
Subtotal	1,622,689	6,844,288	10,443,991	3,223,133	6,260,125	28,394,226
Operating expenses	1,017,982	5,544,044	6,795,620	1,657,947	4,746,490	19,762,083
Including: Interest expenses	50	275,262	4,475,952	18,010	483,557	5,252,831
Expected credit losses	—	236	504,734	—	16,700	521,670
Impairment losses on other assets	—	174,489	—	—	58,229	232,718
Operating profit	604,707	1,300,244	3,648,371	1,565,186	1,513,635	8,632,143
Share of profits and losses of associates and joint ventures	—	—	—	—	300,121	300,121
Profit before income tax	604,707	1,300,244	3,648,371	1,565,186	1,813,756	8,932,264
Income tax expenses						2,268,265
Net profit for the period						6,663,999
Other segment information:						
Depreciation and amortization	2,100	357,833	10,169	93,750	275,264	739,116
Capital expenditure	15,878	117,310	6,640	30,893	2,985	173,706

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

(In RMB thousands, unless otherwise stated)

5 INTEREST INCOME

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Interest income on margin and other financing	4,085,441	3,710,924
Bank interest income	2,437,352	2,319,323
Interest income on debt instruments		
at fair value through other comprehensive income	332,395	566,460
Others	102,292	33,742
Total	6,957,480	6,630,449

6 NET INVESTMENT INCOME

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Net gains/(losses) from financial assets		
at fair value through profit or loss	23,430,741	9,476,147
Net gains from disposal of debt instruments		
at fair value through other comprehensive income	146,161	85,142
Net (losses)/gains from financial liabilities		
at fair value through profit or loss	(3,560,254)	(793,196)
Net (losses)/gains from derivatives and others	(8,221,400)	(1,593,921)
Total	11,795,248	7,174,172

7 OTHER INCOME

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Gains on disposal of property and equipment	(1,360)	73
Foreign exchange gains/(losses)	288,585	289,392
Government grants	110,750	65,475
Others	307,748	239,207
Total	705,723	594,147

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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8 OPERATING EXPENSES

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Fee and commission expenses:		
– Handling charges and commission expense	1,786,533	1,510,484
– Others	79,273	121,634
Total	1,865,806	1,632,118

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Interest expenses:		
– Due to banks and other financial institutions	2,281,148	1,809,831
– Debt instruments issued and short-term financing instruments payable	3,140,400	2,816,707
– Customer brokerage deposits	284,346	263,634
– Others	441,216	362,659
Total	6,147,110	5,252,831

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Staff costs (including directors', supervisors' and senior executives' remuneration):		
– Salaries and bonuses	6,601,477	4,978,518
– Staff benefits	678,625	550,028
– Contributions to defined contribution schemes (i)	226,372	320,239
Total	7,506,474	5,848,785

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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8 OPERATING EXPENSES (Continued)

(i) Retirement benefits are included herein and their nature is described below:

Full-time employees of the Group in Mainland China are covered by various government-sponsored retirement plans, under which the employees are entitled to a monthly pension. Relevant government agencies determine the amount of pension benefits and are responsible for the related pension liabilities to eligible retired employees. The Group is required to make monthly contributions to the government related to these government-sponsored retirement plans for active employees. The Group has no obligation for post-retirement benefits beyond these contributions, which are expensed as incurred.

In addition, the Group participates in various defined contribution retirement schemes for its qualified employees in certain countries or regions outside of Mainland China.

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
Other operating expenses and costs:		
– Fund distribution and administration expenses	364,577	296,589
– Depreciation of right-of-use assets	340,366	297,755
– Electronic device operating expenditure	279,749	257,094
– Amortization of intangible assets	193,578	140,393
– Consulting expenses	141,237	93,483
– Short-term rental expenses	113,031	113,995
– Postal and communication expenses	106,401	95,299
– Marketing promotion expenses	84,509	96,136
– Investors Protection Fund	73,767	81,258
– Travel expenses	60,736	196,424
– Auditor’s remuneration	17,170	12,080
– Others	497,063	508,064
Total	2,272,184	2,188,570

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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9 EXPECTED CREDIT LOSSES

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Reverse repurchase agreements	1,140,543	385,042
Margin accounts	482,726	(50,943)
Financial assets at fair value through other comprehensive income (debt instruments)	229,933	37,109
Other assets	181,489	150,462
Total	2,034,691	521,670

10 IMPAIRMENT LOSSES ON OTHER ASSETS

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Impairment losses on inventory	235,649	58,579
Impairment losses on goodwill	—	174,139
Investment properties	30,765	—
Total	266,414	232,718

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

(In RMB thousands, unless otherwise stated)

11 INCOME TAX EXPENSE

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Current income tax expense	2,513,879	2,136,574
Mainland China	2,480,407	2,082,176
Outside Mainland China	33,472	54,398
Deferred income tax expense	139,601	131,691
Total	2,653,480	2,268,265

12 DIVIDENDS

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Dividends on ordinary shares approved but not paid	6,463,388	4,240,918
Dividends on ordinary shares paid	—	—

The distribution of dividends for the year ended 31 December 2019 on ordinary shares was approved in the General Shareholders' Meeting of the Company on 23 June 2020.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020
(In RMB thousands, unless otherwise stated)

13 EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

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

	Six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
Earnings:		
Profit attributable to owners of the Parent	8,925,877	6,445,622
Shares:		
Weighted average number of ordinary shares in issue (thousand)	12,792,544	12,116,908
Basic and diluted earnings per share (in RMB yuan)	0.70	0.53

Basic earnings per share was calculated by dividing profit for the period attributable to owners of the Parent by the weighted average number of ordinary shares outstanding.

There were no dilutive items during the six months ended 30 June 2020 (Six months ended 30 June 2019: None).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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14 PROPERTY, PLANT AND EQUIPMENT

30 June 2020 (Unaudited)	Properties and buildings	Communication equipment	Office equipment	Transportation vehicles	Security equipment	Electronic devices	Others	Subtotal	Construction in progress	Total
Cost										
31 December 2019 (Audited)	6,119,346	79,515	296,998	2,539,496	7,254	2,519,159	37,975	11,599,743	294,311	11,894,054
Increases	9,720	1,917	10,556	4,842	5,989	167,251	32	200,307	26,553	226,860
Decreases	(269)	(288)	(5,805)	(1,164)	(578)	(20,696)	(821)	(29,621)	(19,666)	(49,287)
Effect of exchange rate change	494	154	(395)	35,128	—	14,263	(41)	49,603	—	49,603
30 June 2020 (Unaudited)	6,129,291	81,298	301,354	2,578,302	12,665	2,679,977	37,145	11,820,032	301,198	12,121,230
Accumulated depreciation										
31 December 2019 (Audited)	1,110,234	69,553	264,353	457,181	4,807	2,194,246	31,571	4,131,945	—	4,131,945
Increases	93,949	3,126	14,962	70,988	5,779	175,894	2,003	366,701	—	366,701
Decreases	—	(279)	(5,689)	(1,129)	(523)	(16,028)	(442)	(24,090)	—	(24,090)
Effect of exchange rate change	743	65	(342)	6,111	—	12,779	(12)	19,344	—	19,344
30 June 2020 (Unaudited)	1,204,926	72,465	273,284	533,151	10,063	2,366,891	33,120	4,493,900	—	4,493,900
Allowances for impairment										
31 December 2019 (Audited)	—	—	106	—	—	247	—	353	—	353
Increases	1,525	—	—	—	—	—	—	1,525	—	1,525
Decreases	—	—	—	—	—	—	—	—	—	—
Effect of exchange rate change	—	—	—	—	—	(1)	—	(1)	—	(1)
30 June 2020 (Unaudited)	1,525	—	106	—	—	246	—	1,877	—	1,877
Net carrying amount										
30 June 2020 (Unaudited)	4,922,840	8,833	27,964	2,045,151	2,602	312,840	4,025	7,324,255	301,198	7,625,453
31 December 2019 (Audited)	5,009,112	9,962	32,539	2,082,315	2,447	324,666	6,404	7,467,445	294,311	7,761,756

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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14 PROPERTY, PLANT AND EQUIPMENT (Continued)

31 December 2019 (Audited)	Properties and buildings	Communication equipment	Office equipment	Transportation vehicles	Security equipment	Electronic devices	Others	Subtotal	Construction in progress	Total
Cost										
31 December 2018	6,147,103	73,696	290,035	2,502,858	6,857	2,372,836	40,781	11,434,166	316,611	11,750,777
Increases	35,280	6,518	18,971	4	731	185,114	61	246,679	66,551	313,230
Decreases	(66,128)	(1,824)	(13,580)	(2,095)	(334)	(60,173)	(3,119)	(147,253)	(88,851)	(236,104)
Effect of exchange rate changes	3,091	1,125	1,572	38,729	—	21,382	252	66,151	—	66,151
31 December 2019	6,119,346	79,515	296,998	2,539,496	7,254	2,519,159	37,975	11,599,743	294,311	11,894,054
Accumulated depreciation										
31 December 2018	950,407	66,328	257,278	321,563	4,197	2,074,749	30,022	3,704,544	—	3,704,544
Increases	182,856	3,555	19,207	132,027	911	152,815	4,056	495,427	—	495,427
Decreases	(25,070)	(1,360)	(13,484)	(1,942)	(301)	(52,612)	(2,725)	(97,494)	—	(97,494)
Effect of exchange rate changes	2,041	1,030	1,352	5,533	—	19,294	218	29,468	—	29,468
31 December 2019	1,110,234	69,553	264,353	457,181	4,807	2,194,246	31,571	4,131,945	—	4,131,945
Allowances for impairment										
31 December 2018	—	—	—	—	—	—	—	—	—	—
Increases	—	—	106	—	—	237	—	343	—	343
Decreases	—	—	—	—	—	(10)	—	(10)	—	(10)
Effect of exchange rate changes	—	—	—	—	—	—	—	—	—	—
31 December 2019	—	—	106	—	—	247	—	353	—	353
Net carrying amount										
31 December 2019	5,009,112	9,962	32,539	2,082,315	2,447	324,666	6,404	7,467,445	294,311	7,761,756
31 December 2018	5,196,696	7,368	32,757	2,181,295	2,660	298,087	10,759	7,729,622	316,611	8,046,233

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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15 INVESTMENT PROPERTIES

30 June 2020 (Unaudited)	Properties and buildings
Cost	
31 December 2019 (Audited)	1,550,288
Increases	—
Decreases	(25,168)
Effect of exchange rate changes	(25,229)
30 June 2020 (Unaudited)	1,499,891
Accumulated depreciation	
31 December 2019 (Audited)	225,532
Increases	18,623
Decreases	(797)
Effect of exchange rate changes	(780)
30 June 2020 (Unaudited)	242,578
Allowances for impairment	
31 December 2019 (Audited)	70,023
Increases	30,765
Decreases	—
Effect of exchange rate changes	(3,553)
30 June 2020 (Unaudited)	97,235
Net carrying amount	
30 June 2020 (Unaudited)	1,160,078
31 December 2019 (Audited)	1,254,733

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15 INVESTMENT PROPERTIES (Continued)

31 December 2019 (Audited)	Properties and buildings
Cost	
31 December 2018	1,506,262
Increases	44,532
Decreases	(23,828)
Effect of exchange rate changes	23,322
31 December 2019	1,550,288
Accumulated depreciation and amortisation	
31 December 2018	173,754
Increases	51,928
Decreases	(539)
Effect of exchange rate changes	389
31 December 2019	225,532
Allowances for impairment	
31 December 2018	—
Increases	67,837
Decreases	—
Effect of exchange rate changes	2,186
31 December 2019	70,023
Net carrying amount	
31 December 2019	1,254,733
31 December 2018	1,332,508

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16 GOODWILL

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Carrying amount at the beginning of the period/year:		
Cost	10,952,310	10,884,922
Less: Accumulated impairment	929,486	377,427
Net carrying amount	10,022,824	10,507,495
Movements during the period/year:		
Additions and effect of exchange rate changes*	1,016,686	67,388
Impairment and effect of exchange rate changes*	16,240	552,059
Carrying amount at the end of the period/year:		
Cost	11,968,996	10,952,310
Less: Accumulated impairment	945,726	929,486
Net carrying amount	11,023,270	10,022,824
	30 June 2020 (Unaudited)	31 December 2019 (Audited)
China Asset Management Co., Ltd.	7,418,587	7,418,587
CITIC Securities International Company Limited	2,305,762	2,273,059
CITIC Securities South China Company Limited	967,731	—
CITIC Futures Co., Ltd.	193,826	193,826
CITIC Securities (Shandong) Co., Ltd.	88,675	88,675
CITIC Securities Company Limited	43,500	43,500
Xin Jiang Equity Exchange Centre Limited	4,542	4,542
CITIC Securities Overseas Investment Company Limited	647	635
Total	11,023,270	10,022,824

* As of 30 June 2020, the balance of impairment provision changed by RMB16 million due to exchange rate changes (31 December 2019: RMB24 million).

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17 LAND-USE RIGHTS AND INTANGIBLE ASSETS

30 June 2020 (Unaudited)	Seats on stock exchanges	Software development	Customer relationships	Trademarks	Land-use right	Total
Cost						
31 December 2019 (Audited)	130,670	1,512,048	1,415,667	296,822	2,273,423	5,628,630
Increases	4,999	258,918	4,601	—	6,200	274,718
Decreases	—	(765)	—	—	(7,187)	(7,952)
Effect of exchange rate change	878	7,533	19,256	4,429	—	32,096
30 June 2020 (Unaudited)	136,547	1,777,734	1,439,524	301,251	2,272,436	5,927,492
Accumulated amortization						
31 December 2019 (Audited)	100,505	1,248,929	902,062	—	266,924	2,518,420
Increases	3,970	200,951	121,374	—	29,489	355,784
Decreases	—	(628)	—	—	(987)	(1,615)
Effect of exchange rate change	469	8,148	13,170	—	—	21,787
30 June 2020 (Unaudited)	104,944	1,457,400	1,036,606	—	295,426	2,894,376
Allowance for impairment						
31 December 2019 (Audited)	1,503	36,079	—	—	—	37,582
Increases	—	—	—	—	—	—
Decreases	—	—	—	—	—	—
Effect of exchange rate change	(3)	(657)	—	—	—	(660)
30 June 2020 (Unaudited)	1,500	35,422	—	—	—	36,922
Net carrying amount						
30 June 2020 (Unaudited)	30,103	284,912	402,918	301,251	1,977,010	2,996,194
31 December 2019 (Audited)	28,662	227,040	513,605	296,822	2,006,499	3,072,628

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17 LAND-USE RIGHTS AND INTANGIBLE ASSETS (Continued)

31 December 2019 (Audited)	Seats on stock exchanges	Software development	Customer relationships	Trademarks	Land-use rights	Total
Cost						
31 December 2018	132,526	1,401,579	1,373,575	292,033	2,261,433	5,461,146
Increases	—	99,696	21,622	—	11,990	133,308
Decreases	(2,871)	(433)	—	—	—	(3,304)
Effect of exchange rate changes	1,015	11,206	20,470	4,789	—	37,480
31 December 2019	130,670	1,512,048	1,415,667	296,822	2,273,423	5,628,630
Accumulated amortisation						
31 December 2018	99,886	1,143,586	736,266	—	208,018	2,187,756
Increases	120	95,256	152,887	—	58,906	307,169
Decreases	(11)	(363)	—	—	—	(374)
Effect of exchange rate changes	510	10,450	12,909	—	—	23,869
31 December 2019	100,505	1,248,929	902,062	—	266,924	2,518,420
Allowance for impairment						
31 December 2018	1,496	2,471	—	—	—	3,967
Increases	—	33,681	—	—	—	33,681
Decreases	—	—	—	—	—	—
Effect of exchange rate changes	7	(73)	—	—	—	(66)
31 December 2019	1,503	36,079	—	—	—	37,582
Net carrying amount						
31 December 2019	28,662	227,040	513,605	296,822	2,006,499	3,072,628
31 December 2018	31,144	255,522	637,309	292,033	2,053,415	3,269,423

The Company and its wholly owned subsidiary GoldStone ZeXin Investment Management Co., Ltd. (hereinafter referred to as "GoldStone ZeXin") jointly bid for certain land-use rights in Shenzhen in January 2014. GoldStone ZeXin is engaged in, among other business activities, real estate development. The Company and GoldStone ZeXin obtained the land-use rights certificate in August, 2015. GoldStone ZeXin obtained a bank loan in

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17 LAND-USE RIGHTS AND INTANGIBLE ASSETS (Continued)

September 2015, which was secured over the land-use rights held by the Company and GoldStone ZeXin and guaranteed by GoldStone Investment Co., Ltd., the holding company of GoldStone ZeXin. Goldstone ZeXin repaid the bank loan in advance on 1 April 2019. As at 30 June 2020, the aforesaid land-use rights is still pledged for the bank for facilities granted.

The portion of the land-use rights attributable to GoldStone ZeXin for real estate development is classified under Other Non-Current Assets (Note 23), and the portion attributable to the Company is classified under land-use rights.

18 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Associates	8,576,100	8,925,954
Joint ventures	71,271	75,129
Total	8,647,371	9,001,083

The following table illustrates the summarised financial information of the Group's material associates

- (i) CITIC Private Equity Funds Management Co., Ltd., as a major associate of the Group, is primarily engaged in investment fund management, and is accounted for using the equity method. The relevant financial information is as follows (All listed in millions of RMB):

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Assets	4,984	4,730
Liabilities	334	356

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18 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

	Six months ended 30 June 2020 (Unaudited)	2019 (Audited)
Revenue	206	834
Profit from continuing operations	143	610
Total comprehensive income	143	610
Proportion of equity interest hold by the Group	1,628	1,531
Carrying amount of the Group's interests	1,628	1,531

- (ii) CSC Financial Co., Ltd, as a major associate of the Group, is primarily engaged in securities brokerage and investment consulting, and is accounted for using the equity method. The relevant financial information is as follows (All listed in millions of RMB):

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Assets	311,522	285,670
	Six months ended 30 June 2020 (Unaudited)	2019 (Audited)
Net profit attributable to equity holders of the Company	4,578	5,502
Dividends received	—	72
Proportion of equity interest hold by the Group	2,460	2,333
Carrying amount of the Group's interests	2,743	2,619

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19 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2020 (Unaudited)	
	Current	Non-current
Debt instruments (Mandatory)	34,771,368	—
Equity instruments (Designated)		
CSF No. 1 investment (i)	—	15,598,957
Others	—	209,247
	—	15,808,204
Total	34,771,368	15,808,204
Loss allowance	362,791	—
Analyzed into:		
Listed	32,343,019	—
Unlisted	2,428,349	15,808,204
	34,771,368	15,808,204

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19 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Continued)

	31 December 2019 (Audited)	
	Current	Non-current
Debt instruments (Mandatory)	23,684,063	—
Equity instruments (Designated)		
CSF No. 1 investment	—	16,074,056
Others	—	205,313
	—	16,279,369
Total	23,684,063	16,279,369
Loss allowance	262,920	—
Analyzed into:		
Listed	23,654,041	—
Unlisted	30,022	16,279,369
	23,684,063	16,279,369

- (i) As at 30 June 2020, the balance represented the investment portfolio, operating by China Securities Finance Corporation Limited (“CSF”). Under the investment agreement, the Company and other joint investors share the income/loss based on contribution proportion. The Company manages these financial assets for purposes other than to generate investment returns.

As at 30 June 2020, based on the investment report provided by CSF, the cost of the Company’s investment managed by CSF was RMB15,675 million (31 December 2019: RMB15,675 million), while the fair value was RMB15,599 million (31 December 2019: RMB16,074 million).

20 REFUNDABLE DEPOSITS

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Trading deposits	2,169,764	1,110,269
Credit deposits	514,119	283,297
Performance bonds	189,914	66,371
Total	2,873,797	1,459,937

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21 DEFERRED INCOME TAX ASSETS AND LIABILITIES

Deferred income tax assets (Unaudited)	Depreciation allowance	Fair value changes of financial instruments	Allowance for impairment losses	Salaries, bonuses, and allowances payable	Others	Total
At 31 December 2019	23,908	154,293	1,249,096	3,412,128	402,064	5,241,489
Credited/(debited) to the statement of profit or loss	(5,888)	870,449	480,939	(73,677)	(116,205)	1,155,618
Credited/(debited) to other comprehensive income	2,613	18,600	(3,672)	398	(19,379)	(1,440)
Others	382	168,707	339,654	42,315	111,215	662,273
At 30 June 2020	21,015	1,212,049	2,066,017	3,381,164	377,695	7,057,940

Deferred income tax assets (Audited)	Depreciation allowances	Fair value changes of financial instruments	Allowance for impairment losses	Salaries, bonuses, and allowances payable	Others	Total
At 31 December 2018	18,341	293,692	894,017	2,807,438	209,538	4,223,026
Credited/(debited) to the statement of profit or loss	1,269	(52,993)	351,407	605,376	204,520	1,109,579
Credited/(debited) to other comprehensive income	4,298	(86,406)	3,672	(686)	(11,994)	(91,116)
At 31 December 2019	23,908	154,293	1,249,096	3,412,128	402,064	5,241,489

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21 DEFERRED INCOME TAX ASSETS AND LIABILITIES (Continued)

Deferred income tax liabilities (Unaudited)	Amortization allowance	Fair value changes of financial instruments	Others	Total
At 31 December 2019	264,326	1,792,466	787,203	2,843,995
Debited/(credited) to the statement of profit or loss	(32,232)	1,253,067	74,384	1,295,219
Debited/(credited) to other comprehensive income	3,770	(118,095)	(1,300)	(115,625)
Others	—	8,479	1,970	10,449
At 30 June 2020	235,864	2,935,917	862,257	4,034,038

Deferred income tax liabilities (Audited)	Amortization allowance	Fair value changes of financial instruments	Others	Total
At 31 December 2018	303,037	974,266	690,305	1,967,608
Debited/(credited) to the statement of profit or loss	(42,843)	684,302	96,482	737,941
Debited/(credited) to other comprehensive income	4,132	133,898	416	138,446
At 31 December 2019	264,326	1,792,466	787,203	2,843,995

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22 RIGHT-OF-USE ASSETS

30 June 2020 (Unaudited)	Properties and buildings	Transportation vehicles	Electronic devices	Others	Total
Cost					
31 December 2019 (Audited)	2,190,369	1,762	755	1,350	2,194,236
Increases	372,576	—	—	631	373,207
Decreases	(90,069)	—	—	—	(90,069)
Effect of exchange rate change	2,882	26	(1)	—	2,907
30 June 2020 (Unaudited)	2,475,758	1,788	754	1,981	2,480,281
Accumulated depreciation					
31 December 2019 (Audited)	592,417	518	191	225	593,351
Increases	294,893	254	99	226	295,472
Decreases	(65,498)	—	—	—	(65,498)
Effect of exchange rate change	1,956	48	15	—	2,019
30 June 2020 (Unaudited)	823,768	820	305	451	825,344
Allowances for impairment					
31 December 2019 (Audited)	—	—	—	—	—
Increases	—	—	—	—	—
Decreases	—	—	—	—	—
Effect of exchange rate change	—	—	—	—	—
30 June 2020 (Unaudited)	—	—	—	—	—
Net carrying amount					
30 June 2020 (Unaudited)	1,651,990	968	449	1,530	1,654,937
31 December 2019 (Audited)	1,597,952	1,244	564	1,125	1,600,885

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22 RIGHT-OF-USE ASSETS (Continued)

31 December 2019 (Audited)	Properties and buildings	Transportation vehicles	Electronic devices	Others	Total
Cost					
1 January 2019 (Audited)	1,922,509	1,708	39	1,154	1,925,410
Increases	329,488	26	707	268	330,489
Decreases	(75,435)	—	—	(72)	(75,507)
Effect of exchange rate change	13,807	28	9	—	13,844
31 December 2019 (Audited)	2,190,369	1,762	755	1,350	2,194,236
Accumulated depreciation					
1 January 2019 (Audited)	—	—	—	—	—
Increases	599,804	502	184	247	600,737
Decreases	(10,263)	—	—	(22)	(10,285)
Effect of exchange rate change	2,876	16	7	—	2,899
31 December 2019 (Audited)	592,417	518	191	225	593,351
Allowances for impairment					
1 January 2019 (Audited)	—	—	—	—	—
Increases	—	—	—	—	—
Decreases	—	—	—	—	—
Effect of exchange rate change	—	—	—	—	—
31 December 2019 (Audited)	—	—	—	—	—
Net carrying amount					
31 December 2019 (Audited)	1,597,952	1,244	564	1,125	1,600,885
31 December 2018 (Audited)					

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23 OTHER NON-CURRENT ASSETS

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Project investment (Note 17)	1,748,211	1,731,135
Receivables and others	429,997	455,654
Total	2,178,208	2,186,789

24 MARGIN ACCOUNTS

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Margin accounts	86,491,508	71,446,330
Less: impairment allowance	1,310,452	772,485
Total	85,181,056	70,673,845

Margin accounts are funds that the Group lends to the customers for margin financing business.

As of 30 June 2020, the Group received collateral with fair value amounted to RMB326,642 million (31 December 2019: RMB261,259 million), in connection with its margin financing business.

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25 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2020 (Unaudited)	
	Current	Non-current
Mandatory		
Debt instruments	252,893,576	40,000
Equity instruments (i)	100,277,209	17,259,759
Others	60,749,497	7,553,047
	413,920,282	24,852,806
Designated		
Equity instruments	805,790	8,188,761
Others	—	121,670
	805,790	8,310,431
Total	414,726,072	33,163,237
Analyzed into:		
Mandatory		
Listed	331,850,154	4,113,418
Unlisted	82,070,128	20,739,388
	413,920,282	24,852,806
Designated		
Listed	805,790	7,731,249
Unlisted	—	579,182
	805,790	8,310,431
Total	414,726,072	33,163,237

(i) As of 30 June 2020, financial assets at fair value through profit or loss of RMB165,481 million (31 December 2019: RMB134,392 million) were collateralized for reverse repurchase agreements, amount due to CSF, securities lending transactions.

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25 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

	31 December 2019 (Audited)	
	Current	Non-current
Mandatory		
Debt instruments	214,989,531	40,000
Equity instruments	79,601,887	14,558,580
Others	34,470,280	5,126,775
	329,061,698	19,725,355
Designated		
Equity instruments	84,815	6,402,501
Others	—	73,938
	84,815	6,476,439
Total	329,146,513	26,201,794
Analyzed into:		
Mandatory		
Listed	269,252,947	1,939,174
Unlisted	59,808,751	17,786,181
	329,061,698	19,725,355
Designated		
Listed	84,815	5,733,872
Unlisted	—	742,567
	84,815	6,476,439
Total	329,146,513	26,201,794

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(In RMB thousands, unless otherwise stated)

26 DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2020 (Unaudited)		
	Notional amounts	Fair value	
		Assets	Liabilities
Interest rate derivatives	1,502,723,472	10,321,025	11,110,123
Currency derivatives	113,799,065	634,397	241,209
Equity derivatives	311,309,007	7,921,527	19,965,584
Credit derivatives	6,856,746	48,528	60,013
Others	168,197,716	995,892	967,550
Total	2,102,886,006	19,921,369	32,344,479

	31 December 2019 (Audited)		
	Notional amounts	Fair value	
		Assets	Liabilities
Interest rate derivatives	1,172,493,937	3,413,912	3,709,853
Currency derivatives	46,715,883	437,723	193,179
Equity derivatives	185,283,203	3,144,735	9,590,424
Credit derivatives	14,830,280	138,696	224,716
Others	40,957,155	216,007	273,578
Total	1,460,280,458	7,351,073	13,991,750

Under the daily market to market and settlement arrangement, the Group's future contracts were settled on a daily basis and the amount of mark-to-market gain or loss of those unexpired future contracts is reflected in profit or loss and not included in derivative financial instruments above. The corresponding payments or receipts are reflected in "cash and bank balances". As at 30 June 2020, the fair value of those unexpired daily settled future contracts was RMB526 million (31 December 2019: RMB37 million).

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27 REVERSE REPURCHASE AGREEMENTS

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Analyzed by collateral:		
Stocks	39,564,394	40,488,704
Debts	16,166,278	21,387,258
Others	—	—
	55,730,672	61,875,962
Less: impairment allowance	5,043,825	3,045,909
Total	50,686,847	58,830,053
Analyzed by business:		
Stock repo	—	4,911
Pledged repo (i)	47,215,862	52,831,453
Outright repo	8,514,810	9,039,598
	55,730,672	61,875,962
Less: impairment allowance	5,043,825	3,045,909
Total	50,686,847	58,830,053
Analyzed by counterparty:		
Banks	1,626,660	1,078,684
Non-bank financial institutions	4,994,971	4,034,164
Others	49,109,041	56,763,114
	55,730,672	61,875,962
Less: impairment allowance	5,043,825	3,045,909
Total	50,686,847	58,830,053

(i) As at 30 June 2020, pledged repo included stock-pledged repo amounting to RMB39,564 million (31 December 2019: RMB40,484 million).

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27 REVERSE REPURCHASE AGREEMENTS (Continued)

As at 30 June 2020, stock repo and stock-pledged repo under reverse repurchase agreements totalled RMB39,564 million (31 December 2019: RMB40,489 million) with credit impairment loss allowance of RMB4,963 million (31 December 2019: RMB3,046 million).

As at 30 June 2020, the Group received collateral amounting to RMB144,973 million (31 December 2019: RMB142,218 million), in connection with its reverse repurchase agreements.

As part of the reverse repurchase agreements, the Group received securities allowed to be re-pledged in the absence of default by counterparties. If the collateral received declines in value, the Group may, in certain circumstances, require additional collateral. The Group had an obligation to return the collateral to its counterparties at the maturity of the contracts.

As at 30 June 2020, the amount of the above collateral allowed to be re-pledged was RMB10,742 million (31 December 2019: RMB10,807 million), and the amount of the collateral re-pledged was RMB6,410 million (31 December 2019: RMB7,483 million).

28 OTHER CURRENT ASSETS

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Brokerage accounts due from clients	16,943,601	9,655,059
Accounts due from brokers	11,751,211	10,405,015
Bulk commodity trading inventory	5,346,456	3,947,027
Settlement deposits receivable	4,482,678	4,897,035
Interest receivable	214,765	141,633
Deferred expenses	79,130	79,995
Dividends receivable	9,854	659
Others	7,484,549	5,848,233
Subtotal	46,312,244	34,974,656
Less: Impairment allowance	2,393,873	1,771,751
Total	43,918,371	33,202,905

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29 CASH HELD ON BEHALF OF 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 customer brokerage deposits (Note 31). In the PRC, the use of cash held on behalf of customers for security and the settlement of their transactions is restricted and governed by relevant third-party deposit regulations issued by the CSRC. In Hong Kong, the “Securities and Futures (Client Money) Rules” together with the related provisions of the Securities and Futures Ordinance impose similar restrictions. In other countries and regions, cash held on behalf of customers is supervised by relevant institutions.

30 CASH AND BANK BALANCES

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Cash on hand	347	306
Deposits in banks	52,245,428	64,442,153
Total	52,245,775	64,442,459

As at 30 June 2020, the Group had restricted funds of RMB6,935 million (31 December 2019: RMB4,818 million).

31 CUSTOMER BROKERAGE DEPOSITS

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Customer brokerage deposits	186,089,819	123,351,754

Customer brokerage deposits represent the amount received from and repayable to clients arising from the ordinary course of the Group’s securities brokerage activities. For more details, please refer to Note 29 “Cash held on behalf of customers”.

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32 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2020 (Unaudited)	
	Current	Non-current
Mandatory		
Debt instruments	9,470,990	—
Equity investments	1,677,495	—
	11,148,485	—
Designated		
Structured notes	42,362,702	8,501,337
Minority interests of consolidated structured entities	1,226,629	—
Others	—	9,073,716
	43,589,331	17,575,053
Total	54,737,816	17,575,053

As at 30 June 2020, there were no significant fair value changes related to the changes in the credit risk of the Group.

	31 December 2019 (Audited)	
	Current	Non-current
Mandatory		
Debt instruments	11,072,465	—
Equity investments	1,054,678	—
	12,127,143	—
Designated		
Structured notes	31,855,240	6,445,859
Minority interests of consolidated structured entities	335,408	—
Others	—	6,953,349
	32,190,648	13,399,208
Total	44,317,791	13,399,208

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33 REPURCHASE AGREEMENTS

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Analyzed by collateral:		
Equity	7,055,926	5,234,802
Debts	117,637,345	132,736,829
Commercial paper	34,825,174	—
Gold	10,879,708	11,454,423
Others	29,877,030	25,021,839
Total	200,275,183	174,447,893
Analyzed by counterparty:		
Banks	100,512,753	56,977,106
Non-bank financial institutions	8,095,521	11,983,359
Others	91,666,909	105,487,428
Total	200,275,183	174,447,893

As at 30 June 2020, the Group's pledged collateral in connection with its repurchase agreements amounted to RMB218,171 million (31 December 2019: RMB196,335 million).

34 DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Due to banks	7,115,414	25,116,285
Due to CSF	—	5,018,507
Due to non-bank financial institution	—	3,001,403
Total	7,115,414	33,136,195

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35 TAXES PAYABLE

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Enterprise income tax	2,510,614	2,322,868
Individual income tax	785,939	311,670
Value added tax	276,422	190,435
Others	67,976	59,832
Total	3,640,951	2,884,805

36 SHORT-TERM LOANS

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Analyzed by nature:		
Credit loans	3,530,585	6,813,690
Collateralized loans	925,976	591,215
Total	4,456,561	7,404,905

As at 30 June 2020, the annual interest rates on the short-term loans were in the range of 0.93% to 2.00% (31 December 2019: 2.00% to 5.66%). As at 30 June 2020, the book value of the collateral was RMB3,239 million (31 December 2019: RMB2,137 million).

As at 30 June 2020, the short-term of loan's maturity is within one year, there was no default related to any short-term loans (31 December 2019: None).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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37 SHORT-TERM FINANCING INSTRUMENTS PAYABLE

Six months ended 30 June 2020 (Unaudited)

Name	Issue date	Maturity date	Coupon rate per annum	Opening balance	Increase	Decrease	Ending balance
19 CITIC CP010	18/10/2019	16/01/2020	2.95%	6,036,084	7,440	6,043,524	—
19 CITIC CP011	19/11/2019	18/02/2020	3.10%	5,017,422	21,117	5,038,539	—
19 CITIC CP012	13/12/2019	12/03/2020	3.05%	3,004,354	40,646	3,045,000	—
20 CITIC CP001	17/01/2020	16/04/2020	2.78%	—	4,056,008	4,056,008	—
20 CITIC CP002	18/02/2020	18/05/2020	2.50%	—	4,050,029	4,050,029	—
20 CITIC CP003	25/02/2020	25/05/2020	2.45%	—	4,049,140	4,049,140	—
20 CITIC CP004	05/03/2020	03/06/2020	2.39%	—	4,048,183	4,048,183	—
20 CITIC CP005	13/03/2020	11/06/2020	2.16%	—	5,054,348	5,054,348	—
20 CITIC CP006	25/03/2020	23/06/2020	1.78%	—	5,044,542	5,044,542	—
20 CITIC CP007	08/04/2020	07/07/2020	1.50%	—	6,021,908	1,282	6,020,626
20 CITIC CP008	20/04/2020	17/07/2020	1.40%	—	6,017,852	1,568	6,016,284
20 CITIC CP009	13/05/2020	11/08/2020	1.55%	—	5,011,023	1,137	5,009,886
20 CITIC CP010	25/05/2020	21/08/2020	1.55%	—	5,008,251	1,026	5,007,225
20 CITIC CP011	28/05/2020	26/08/2020	1.58%	—	4,006,236	959	4,005,277
20 CITIC CP012	15/06/2020	11/09/2020	2.20%	—	4,003,919	797	4,003,122
20 CS 08	02/06/2020	02/06/2021	2.08%	—	1,001,897	3,113	998,784
CITICSMTNECP03	20/11/2019	20/05/2020	0.00%	690,727	6,916	697,643	—
CITICSMTNECP04	11/03/2020	11/09/2020	0.00%	—	705,921	—	705,921
CITICSMTNECP05	13/03/2020	14/09/2020	0.00%	—	352,919	—	352,919
CITICSMTNECP06	25/03/2020	26/06/2020	0.00%	—	700,704	700,704	—
CITICSMTNECP07	22/05/2020	23/11/2020	0.00%	—	1,229,023	—	1,229,023
CITICSMTNECP08	26/05/2020	25/05/2021	0.00%	—	347,646	—	347,646
CITICSMTNECP09	26/05/2020	27/11/2020	0.00%	—	351,072	—	351,072
Structured notes	11/10/2019 ~30/06/2020	02/01/2020 ~23/03/2021	1.39%~4.00%	5,388,706	27,533,753	31,564,488	1,357,971
Total				20,137,293	88,670,493	73,402,030	35,405,756

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37 SHORT-TERM FINANCING INSTRUMENTS PAYABLE (Continued) Year ended 31 December 2019 (Audited)

Name	Issue date	Maturity date	Coupon rate per annum	Opening balance	Increase	Decrease	Ending balance
18 CITIC CP009	22/10/2018	18/01/2019	3.30%	5,031,953	7,828	5,039,781	—
18 CITIC CP010BC	13/11/2018	12/02/2019	3.20%	3,012,678	11,256	3,023,934	—
18 CITIC CP011	07/12/2018	08/03/2019	3.15%	2,004,096	11,611	2,015,707	—
18 CS 05	30/10/2018	18/04/2019	3.50%	1,508,990	15,463	1,524,453	—
18 CS 06	30/10/2018	27/07/2019	3.70%	1,509,512	31,542	1,541,054	—
19 CITIC CP001	18/01/2019	19/04/2019	2.95%	—	2,015,388	2,015,388	—
19 CITIC CP002	22/02/2019	24/05/2019	2.71%	—	3,020,723	3,020,723	—
19 CITIC CP003	08/03/2019	06/06/2019	2.79%	—	3,021,033	3,021,033	—
19 CITIC CP004	18/04/2019	17/07/2019	3.00%	—	3,022,590	3,022,590	—
19 CITIC CP005	17/05/2019	15/08/2019	2.99%	—	3,022,455	3,022,455	—
19 CITIC CP006BC	10/06/2019	06/09/2019	3.07%	—	2,015,056	2,015,056	—
19 CITIC CP007	27/06/2019	25/09/2019	2.60%	—	2,013,012	2,013,012	—
19 CITIC CP008	12/07/2019	10/10/2019	2.70%	—	3,020,227	3,020,227	—
19 CITIC CP009	19/09/2019	18/12/2019	2.75%	—	5,035,350	5,035,350	—
19 CITIC CP010	18/10/2019	16/01/2020	2.95%	—	6,037,196	1,112	6,036,084
19 CITIC CP011	19/11/2019	18/02/2020	3.10%	—	5,018,915	1,493	5,017,422
19 CITIC CP012	13/12/2019	12/03/2020	3.05%	—	3,004,856	502	3,004,354
CITICSMTNECP01	09/01/2019	24/12/2019	0.00%	—	1,372,796	1,372,796	—
CITICSMTNECP02	10/01/2019	24/12/2019	0.00%	—	2,059,194	2,059,194	—
CITICSMTNECP03	20/11/2019	20/05/2020	0.00%	—	690,727	—	690,727
Structured notes	11/01/2018 ~31/12/2019	02/01/2019 ~29/06/2020	0.50%~5.00%	4,992,116	18,354,756	17,958,166	5,388,706
Total				18,059,345	62,801,974	60,724,026	20,137,293

Short-term financing instruments payable comprised short-term corporate bonds and structured notes with an original tenure of less than one year.

As at 30 June 2020, there was no default relating to any short-term financing instruments payable issued (31 December 2019: None).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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(In RMB thousands, unless otherwise stated)

38 LEASE LIABILITIES

	30 June 2020 (Unaudited)	
	Current	Non-current
Lease liabilities	515,211	1,060,492
	31 December 2019 (Audited)	
	Current	Non-current
Lease liabilities	463,904	1,102,999

As at 30 June 2020, the future cash flows of lease contracts signed by the Group but lease not yet commenced are shown as follows:

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Lease term:		
Within one year	24,633	32,160
One to two years	7,391	22,253
Two to five years	3,399	14,626
	35,423	69,039

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39 OTHER CURRENT LIABILITIES

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Client deposits payable	60,409,017	26,774,447
Debt instruments issued due within one year and others (Notes 40 (a)(i)(iv)(vii)(x)(xi)(xii)(xiii)(xvi)(xxxv)(xxxviii)(xxxix)(xxxx) (xxxxi))	21,417,083	36,590,145
Settlement deposits payable	17,585,097	6,237,013
Salaries, bonuses and allowances payable	14,486,432	14,608,234
Dividends payable	6,465,437	2,049
Accounts due to brokers	2,898,176	7,472,215
Contract liabilities	2,286,134	938,146
Fee and commissions payable	386,621	332,080
Funds payable to securities holders	169,510	167,109
Funds payable to securities issuers	100,294	272,990
Interest payable	96,824	125,140
Accrued liabilities	88,528	22,738
Others	4,734,798	4,064,242
Total	131,123,951	97,606,548

40 DEBT INSTRUMENTS ISSUED

		30 June 2020 (Unaudited)	31 December 2019 (Audited)
By category			
Bonds and medium term notes issued	(a)	110,994,673	88,599,822
Structured notes issued	(b)	2,145,111	821,011
		113,139,784	89,420,833
By maturity			
Maturity within five years		113,139,784	86,855,004
Maturity over five years		—	2,565,829
		113,139,784	89,420,833

As at 30 June 2020, there was no default related to any issued debt instruments (31 December 2019: None).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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40 DEBT INSTRUMENTS ISSUED (Continued)

(a) Bonds and medium term notes issued

Item		30 June 2020 (Unaudited)	31 December 2019 (Audited)
06 CITICS Bond	(i)	—	1,537,449
13 CITICS 02	(ii)	12,029,269	12,333,113
15 CITICS 02	(iii)	2,501,598	2,565,829
CITIC SEC N2004	(iv)	—	—
CITIC SEC N2204	(iv)	3,550,764	3,496,051
CITIC SEC N2112	(iv)	2,122,866	2,090,043
CITIC SEC N2410	(iv)	1,409,404	1,387,427
CITIC SEC N2210	(iv)	3,534,412	3,478,227
CITIC SEC N2306	(iv)	3,527,036	—
CITIC SEC N2506	(iv)	3,522,958	—
16 CITICS G2	(v)	2,552,271	2,510,351
17 CITICS C2	(vi)	2,312,292	2,373,727
17 CITICS C3	(vii)	—	—
17 CITICS C4	(viii)	5,074,598	4,946,992
17 CITICS G2	(ix)	2,032,259	2,076,607
17 CITICS G4	(x)	—	—
18 CITICS 02	(xi)	—	2,582,155
18 CITICS G1	(xii)	—	1,766,481
18 CS 04	(xiii)	—	—
18 CS C1	(xiv)	5,151,998	5,039,265
18 CS C2	(xv)	4,110,122	4,021,546
18 CS G1	(xvi)	—	2,459,406
18 CS G2	(xvii)	601,260	616,076
19 CS 01	(xviii)	2,735,097	2,788,068
19 CS 02	(xix)	3,033,224	3,093,375
19 CS 03	(xx)	3,021,628	3,086,309
19 CS 04	(xxi)	1,502,704	1,532,929
19 CS 05	(xxii)	5,111,046	5,017,983
19 CS C1	(xxiii)	2,516,063	2,568,003
19 CS C2	(xxiv)	3,005,569	3,066,622
19 CS G2	(xxv)	1,030,386	1,011,635
19 CS G1	(xxvi)	2,054,437	2,020,777
19 CITICS Financial Bond 01	(xxvii)	9,295,338	9,133,376

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For the six months ended 30 June 2020

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40 DEBT INSTRUMENTS ISSUED (Continued)

(a) Bonds and medium term notes issued (Continued)

		30 June 2020 (Unaudited)	31 December 2019 (Audited)
20CS09	(xxviii)	4,496,934	—
20CS11	(xxix)	1,996,270	—
20CSC1	(xxx)	2,012,812	—
20CSG1	(xxxix)	3,024,601	—
20CSG2	(xxxii)	2,018,293	—
20CSG3	(xxxiii)	2,214,304	—
20CSG4	(xxxiv)	2,014,477	—
20CSG5	(xxxv)	—	—
20CSG6	(xxxvi)	3,309,000	—
20CSG7	(xxxvii)	1,003,836	—
15GZS01	(xxxviii)	—	—
15GZSG2	(xxxix)	—	—
15GZS02	(xxxx)	—	—
18GZSC1	(xxxxi)	—	—
18GZSC2	(xxxxii)	1,565,547	—
Carrying amount		110,994,673	88,599,822

- (i) Pursuant to the approval by the CSRC, the Company issued a 15-year bond with a face value of RMB1.50 billion from 25 May 2006 to 2 June 2006, which was guaranteed by CITIC Corporation Limited. The coupon rate of the bond is 4.25% and the maturity date is 31 May 2021. As at 30 June 2020, the bond was presented as debt instruments issued due within one year and others (Note 39).
- (ii) Pursuant to the approval by the CSRC, the Company issued a 10-year unguaranteed bond with a face value of RMB12.00 billion from 7 June 2013 to 14 June 2013. The coupon rate of the bond is 5.05% and the maturity date is 7 June 2023.
- (iii) Pursuant to the approval of the CSRC, the Company issued a 10-year unguaranteed bond with a face value of RMB2.50 billion from 24 June 2015 to 25 June 2015. The coupon rate of the bond is 5.10% and the maturity date is 25 June 2025.
- (iv) Pursuant to the resolution of re-Authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2013 and approval of the relevant regulators, CITIC Securities Finance MTN Co., Ltd. established a USD3.00 billion (or other equivalents) Medium Term Notes Program on 17 October 2014. In April 2017, CITIC Securities Finance MTN Co., Ltd. made a drawdown under the medium-term notes program with an issue size of USD800 million, including USD300 million of three-year notes and USD500 million of five-year notes. The three-year notes were fully paid in April 2020. In December 2018, CITIC Securities Finance MTN Co., Ltd. made a drawdown under the medium-term notes program of three-year notes in the amount of USD300 million. In October 2019, CITIC Securities Finance MTN Co., Ltd. made a drawdown under the medium-term notes program with an issue size of USD700 million, including USD500 million of three-year notes and USD200 million of five-year notes. In June 2020, CITIC Securities Finance MTN Co., Ltd. made a drawdown under the medium-term notes program with an issue size of USD1.00 billion, including USD500 million of three-year notes and USD500 million of five-year notes. These medium term notes are guaranteed by the Company with no counter-guarantee arrangement.
- (v) Pursuant to the approval of the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB2.50 billion from 16 November 2016 to 17 November 2016. The coupon rate of the bond is 3.38% with the maturity date on 17 November 2021.

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40 DEBT INSTRUMENTS ISSUED (Continued)

(a) Bonds and medium term notes issued (Continued)

- (vi) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2013 and approval of the relevant regulators, the Company issued a 5-year unguaranteed subordinated redeemable bond with a face value of RMB2.30 billion on 24 May 2017. The coupon rate of the bond is 5.30% and the maturity date is 25 May 2022.
- (vii) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2013 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB0.80 billion on 25 October 2017. The coupon rate of the bond is 5.05% and the maturity date is 26 October 2020. As at 30 June 2020, the bond was presented as debt instruments issued due within one year and others (Note 39).
- (viii) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2013 and approval of the relevant regulators, the Company issued a 5-year unguaranteed subordinated redeemable bond with a face value of RMB4.90 billion on 25 October 2017. The coupon rate of the bond is 5.25% and the maturity date is 26 October 2022.
- (ix) Pursuant to the approval of the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB2.00 billion from 16 February 2017 to 17 February 2017. The coupon rate of the bond is 4.40% and the maturity date is 17 February 2022.
- (x) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB2.40 billion from 27 November 2017 to 28 November 2017. The coupon rate of the bond is 5.33% and the maturity date is 28 November 2020. As at 30 June 2020, the bond was presented as debt instruments issued due within one year and others (Note 39).
- (xi) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB2.50 billion from 9 May 2018 to 10 May 2018. The coupon rate of the bond is 5.09% and the maturity date is 10 May 2021. As at 30 June 2020, the bond was presented as debt instruments issued due within one year and others (Note 39).
- (xii) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB1.70 billion from 16 March 2018 to 20 March 2018. The coupon rate of the bond is 5.14% and the maturity date is 20 March 2021. As at 30 June 2020, the bond was presented as debt instruments issued due within one year and others (Note 39).
- (xiii) Pursuant to the approval of the CSRC, the Company issued a 2-year unguaranteed bond with a face value of RMB4.00 billion from 6 July 2018 to 9 July 2018. The coupon rate of the bond is 4.80% and the maturity date is 9 July 2020. As at 30 June 2020, the bond was presented as debt instruments issued due within one year and others (Note 39).
- (xiv) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2016 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB5.00 billion from 17 October 2018 to 19 October 2018. The coupon rate of the bond is 4.48% and the maturity date is 19 October 2021.
- (xv) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2016 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB4.00 billion from 5 November 2018 to 7 November 2018. The coupon rate of the bond is 4.40% and the maturity date is 7 November 2021.
- (xvi) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB2.40 billion from 13 June 2018 to 15 June 2018. The coupon rate of the bond is 4.80% and the maturity date is 15 June 2021. As at 30 June 2020, the bond was presented as debt instruments issued due within one year and others (Note 39).
- (xvii) Pursuant to the approval of the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB0.60 billion from 13 June 2018 to 15 June 2018. The coupon rate of the bond is 4.90% and the maturity date is 15 June 2023.
- (xviii) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2017 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB2.70 billion from 27 February 2019 to 28 February 2019. The coupon rate of the bond is 3.90% and the maturity date is 28 February 2022.
- (xix) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2017 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB3.00 billion from 20 March 2019 to 21 March 2019. The coupon rate of the bond is 3.98% and the maturity date is 21 March 2022.

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40 DEBT INSTRUMENTS ISSUED (Continued)

(a) Bonds and medium term notes issued (Continued)

- (xx) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2017 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB3.00 billion from 25 April 2019 to 30 April 2019. The coupon rate of the bond is 4.28% and the maturity date is 30 April 2022.
- (xxi) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2017 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB1.50 billion from 11 June 2019 to 14 June 2019. The coupon rate of the bond is 4.00% and the maturity date is 14 June 2022.
- (xxii) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2017 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB5.00 billion from 21 November 2019 to 26 November 2019. The coupon rate of the bond is 3.75% and the maturity date is 26 November 2022.
- (xxiii) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2017 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB2.50 billion from 17 April 2019 to 23 April 2019. The coupon rate of the bond is 4.20% and the maturity date is 23 April 2022.
- (xxiv) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2017 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB3.00 billion from 28 May 2019 to 3 June 2019. The coupon rate of the bond is 4.10% and the maturity date is 3 June 2022.
- (xxv) Pursuant to the approval of the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB1.00 billion from 4 September 2019 to 10 September 2019. The coupon rate of the bond is 3.78% and the maturity date is 10 September 2024.
- (xxvi) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB2.00 billion from 4 September 2019 to 10 September 2019. The coupon rate of the bond is 3.39% and the maturity date is 10 September 2022.
- (xxvii) Pursuant to the approval of the People's Bank of China, the Company issued a 3-year unguaranteed financial bond with a face value of RMB9.00 billion from 17 July 2019 to 25 July 2019. The maturity date is 25 July 2022.
- (xxviii) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB4.50 billion from 27 May 2020 to 2 June 2020. The coupon rate of the bond is 2.70% and the maturity date is 2 June 2023.
- (xxix) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB2.00 billion from 15 June 2020 to 19 June 2020. The coupon rate of the bond is 3.10% and the maturity date is 19 June 2023.
- (xxx) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2017 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB2.00 billion from 18 March 2020 to 24 March 2020. The coupon rate of the bond is 3.32% and the maturity date is 24 March 2023.
- (xxxi) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB3.00 billion from 18 February 2020 to 21 February 2020. The coupon rate of the bond is 3.02% and the maturity date is 21 February 2023.
- (xxxii) Pursuant to the approval of the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB2.00 billion from 18 February 2020 to 21 February 2020. The coupon rate of the bond is 3.31% and the maturity date is 21 February 2025.
- (xxxiii) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB2.20 billion from 5 March 2020 to 10 March 2020. The coupon rate of the bond is 2.95% and the maturity date is 10 March 2023.
- (xxxiv) Pursuant to the approval of the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB2.00 billion from 5 March 2020 to 10 March 2020. The coupon rate of the bond is 3.20% and the maturity date is 10 March 2025.
- (xxxv) Pursuant to the approval of the CSRC, the Company issued a 367-day unguaranteed bond with a face value of RMB1.50 billion from 8 April 2020 to 14 April 2020. The coupon rate of the bond is 1.88% and the maturity date is 16 April 2021. As at 30 June 2020, the bond was presented as debt instruments issued due within one year and others (Note 39).

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40 DEBT INSTRUMENTS ISSUED (Continued)

(a) Bonds and medium term notes issued (Continued)

- (xxxvi) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB3.30 billion from 8 April 2020 to 14 April 2020. The coupon rate of the bond is 2.54% and the maturity date is 14 April 2023.
- (xxxvii) Pursuant to the approval of the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB1.00 billion from 8 April 2020 to 14 April 2020. The coupon rate of the bond is 3.10% and the maturity date is 14 April 2025.
- (xxxviii) Pursuant to the approval of the CSRC, CITIC Securities South China company limited issued a 5-year unguaranteed bond with a face value of RMB952.50 million on 24 July 2015. The coupon rate of the bond is 5.25% and the maturity date is 24 July 2020. As at 30 June 2020, the bond was presented as debt instruments issued due within one year and others (Note 39).
- (xxxix) Pursuant to the approval of the CSRC, CITIC Securities South China company limited issued a 5-year unguaranteed bond with a face value of RMB1.00 billion on 21 December 2015. The coupon rate of the bond is 4.65% and the maturity date is 21 December 2020. As at 30 June 2020, the bond was presented as debt instruments issued due within one year and others (Note 39).
- (xxxx) Pursuant to the no-action letter of Shanghai Stock Exchange, CITIC Securities South China company limited issued a 5-year unguaranteed subordinated bond with a face value of RMB0.80 billion on 26 August 2015. The coupon rate of the bond is 6.04% and the maturity date is 26 August 2020. As at 30 June 2020, the bond was presented as debt instruments issued due within one year and others (Note 39).
- (xxxxi) Pursuant to the no-action letter of Shenzhen Stock Exchange, CITIC Securities South China company limited issued a 3-year guaranteed subordinated bond with a face value of RMB1.01 billion on 22 June 2018. The coupon rate of the bond is 5.50% and the maturity date is 22 June 2021. The bond is guaranteed by the Company. As at 30 June 2020, the bond was presented as debt instruments issued due within one year and others (Note 39).
- (xxxxii) Pursuant to the no-action letter of Shenzhen Stock Exchange, CITIC Securities South China company limited issued a 3-year guaranteed subordinated bond with a face value of RMB1.50 billion on 17 August 2018. The coupon rate of the bond is 5.00% and the maturity date is 17 August 2021. The bond is guaranteed by the Company.

(b) Structured notes issued

As at 30 June 2020, the structured notes issued by the Group amounted to RMB2,145 million (31 December 2019: RMB821 million) were with remaining tenures over one year with coupon rates ranging from 1.70% to 4.50% (31 December 2019: 3.00% to 4.80%).

41 LONG-TERM LOANS

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Analyzed by nature:		
Collateralized loans	339,972	383,334
Total	339,972	383,334
Analyzed by maturity:		
Maturity within five years	339,972	383,334

As at 30 June 2020, the interest rates on the long-term loans were in the range of 2.95%–10.00% (31 December 2019: 2.95%–10.00%). As at 30 June 2020, the book value of the collateral was RMB324 million (31 December 2019: RMB404 million).

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42 OTHER NON-CURRENT LIABILITIES

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Risk reserve payables	1,001,745	895,544
Others	2,183,587	483,886
Total	3,185,332	1,379,430

43 ISSUED SHARE CAPITAL

	30 June 2020		31 December 2019	
	Number of shares (Thousand) (Unaudited)	Nominal Value (Unaudited)	Number of shares (Thousand) (Audited)	Nominal Value (Audited)
Ordinary Shares				
Registered, issued and fully paid:				
A shares of RMB1 each	10,648,448	10,648,448	9,838,580	9,838,580
H shares of RMB1 each	2,278,328	2,278,328	2,278,328	2,278,328
Total	12,926,776	12,926,776	12,116,908	12,116,908

The Company issued in total 809,867,629 ordinary A shares to Guangzhou Yuexiu Financial Holding Group Co., Ltd. ("Yuexiu Financial Holdings") and its wholly-owned subsidiary Guangzhou Yuexiu Financial Holding Limited ("Financial Holding Co., Ltd.") for the acquisition of Guangzhou Securities Company Limited ("Guangzhou Securities"). On 11 March 2020, the Company has completed the registration and listing procedures in China Securities Depository and Clearing Co., Ltd. Shanghai Branch for the placement of ordinary A shares. The newly placed ordinary A shares is subject to a sales restriction period of 48 months from the date of the issuance. The total share capital of the Company increased to RMB12,926,776,029.00 after such issuance. The increase in capital has been verified by PricewaterhouseCoopers Zhong Tian LLP with the capital verification report (PwC Zhongtian YZ (2020) No. 0134).

After the issuance, the Company still meets the listing conditions of the Company Law, the Securities Law, the listing rules and other laws and regulations. The largest shareholder of the Company is still CITIC Group., and there is no controlling shareholder or actual controlling person.

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44 RESERVES

The amounts of the Group's reserves and the related movements are presented in the condensed consolidated interim statement of changes in equity.

(a) Capital reserve

Capital reserve primarily includes share premium arising from the issuance of new shares at prices in excess of par value.

(b) Surplus reserves

(i) Statutory surplus reserve

Pursuant to the Company Law of the PRC, the Company is required to appropriate 10% of its profit for the year for the statutory surplus reserve until the reserve balance reaches 50% of its registered capital.

Subject to the approval of the shareholders, the statutory surplus reserve may be used to offset accumulated losses, if any, and may also be converted into capital of the Company, provided that the balance of the statutory surplus reserve after this capitalization is not less than 25% of the registered capital immediately before capitalization.

The Company did not appropriate any statutory surplus reserve for the period ended 30 June 2020, as such reserve balance has reached 50% of its registered capital.

(ii) Discretionary surplus reserve

After making the appropriation to the statutory surplus reserve and other non-discretionary surplus reserves, the Company may also appropriate its after-tax profit for the year, as determined under China Accounting Standards to its discretionary surplus reserve upon approval by the General Shareholders' Meeting. Subject to the approval of General Shareholders' Meeting, the discretionary surplus reserve may be used to offset accumulated losses, if any, and may be converted into share capital.

(c) General reserves

Pursuant to the requirements of regulatory authorities, including the Ministry of Finance and the CSRC, the Company is required to appropriate 10% of its after-tax profit for the year for the general risk reserve and 10% for trading risk reserve. These reserves may be used to offset accumulated losses of the Company but shall not be announced as dividends or converted into share capital. General reserves also include reserves that are established by subsidiaries and branches in certain countries or jurisdictions outside of the Mainland China in accordance with the regulatory requirements in their respective territories are also included herein. These regulatory reserves are not available for distribution.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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44 RESERVES (Continued)

(d) Investment revaluation reserve

Investment revaluation reserve represents the fair value changes of financial assets at fair value through other comprehensive income.

(e) Foreign currency translation reserve

Foreign currency translation reserve represents the exchange difference arising from the translation of the financial statements of the subsidiaries incorporated outside Mainland China with functional currencies other than RMB.

(f) Distributable profits

The Company's distributable profits are based on the retained earnings of the Company as determined under China Accounting Standards and IFRSs, whichever is lower.

45 CASH AND CASH EQUIVALENTS

	30 June 2020 (Unaudited)	30 June 2019 (Unaudited)
Cash and bank balances	52,245,775	72,519,702
Less: Restricted funds (Note 30)	6,934,966	4,611,907
Interests receivables	253,885	164,212
Cash and cash equivalents	45,056,924	67,743,583

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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46 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Contracted, but not provided for	256,671	264,239

The above-mentioned capital commitments are mainly in respect of the construction of properties and purchase of equipment of the Group.

(b) Lease commitments – as a lessor

The undiscounted amount of lease payments payable to the Group as lessor upon the balance sheet date is summarized as follows:

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Within one year	329,452	331,919
After one year but no more than two years	315,997	291,071
After two years but no more than three years	303,259	276,909
After three years but no more than four years	295,713	268,101
After four years but no more than five years	265,229	263,592
More than five years	316,313	442,545
Total	1,825,963	1,874,137

(c) Legal proceedings

From time to time in the ordinary course of business, the Group is subject to claims and are parties to legal and regulatory proceedings. As at 30 June 2020 and 31 December 2019, the Group was not involved in any material legal, or arbitration that if adversely determined, would materially and adversely affect the Group's financial position or results of operations.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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47 BUSINESS COMBINATION

(1) Business combination not under common control

(a) Business combination not under common control in this period.

Acquiree	Acquisition date	Acquisition cost	Percentage of equity shares obtained	Acquisition method	Determination basis on the acquisition date	Revenue of the acquiree from acquisition date to the end of the period	Net profit of the acquiree from acquisition date to the end of the period	Cash flows from operating activities of the acquiree from acquisition date to the end of the period	Net cash flows of the acquiree from acquisition date to the end of the period
CITIC Securities South China (formerly known as "Guangzhou Securities")	31 January 2020	12,167,731	100.00%	Share issuance	obtain actual control	480,672	117,182	(4,044,353)	(4,224,493)

Pursuant to the resolutions of the 34th meeting of the 6th Board of Directors held on 9 January 2019 and the first extraordinary general meeting of shareholders held on 27 May 2019, the Company issued 809,867,629 ordinary A shares to Yuexiu Financial Holdings and Financial Holding Co., Ltd. to acquire 100% equity share in Guangzhou Securities with the 99.03% equity share in Guangzhou Futures and 24.01% equity share in Golden Eagle Fund held by Guangzhou Securities carved out from this acquisition. The Company, Yuexiu Financial Holdings and Guangzhou Securities (changed its name to CITIC Securities South China Co., Ltd.) signed a compensation agreement. For the assets with actual losses during the compensation period, Yuexiu Financial Holdings needs to compensate China CITIC Securities South China with the part of the fair value of such assets lower than the fair value on the retest date.

During the reporting period, the Company has obtained all the necessary approvals for this acquisition, including the "Approval for CITIC Securities Co., Ltd. to issue shares to Guangzhou Yuexiu Financial Holding Group Co., Ltd. for asset acquisition (zjxk [2019] No. 2871)" issued by CSRC and business registration for the transfer of the shares in Guangzhou Securities to the Group has been completed in January 2020, CITIC Securities South China was consolidated as a wholly-owned subsidiary of the Company from 31 January 2020.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020
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47 BUSINESS COMBINATION (Continued)

(1) Business combination not under common control (Continued)

(b) Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	CITIC Securities South China (formerly known as “Guangzhou Securities”)
Cash paid	—
Ordinary shares issued	12,167,731
Non-cash asset transferred	—
Incurring or assumed liabilities	—
Total purchase consideration	12,167,731
Less: fair value of identifiable net assets acquired	11,200,000
Goodwill	967,731

(c) The fair value and book value of the identifiable assets and liabilities of CITIC Securities South China (formerly known as “Guangzhou Securities”) on the purchase date are as follows:

	Fair value on purchase date	Book value on purchase date
Total assets	28,189,420	28,189,420
Total liabilities	16,965,729	16,965,729
Net asset	11,223,691	11,223,691
Less: non-controlling interests	23,691	23,691
Net asset obtained	11,200,000	11,200,000

Method for determining the fair value of identifiable assets and liabilities:

The Company adopts asset-based approach to determine the fair value of each identifiable asset and liability of the acquiree at acquisition date as at 31 January 2020.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

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48 RELATED PARTY DISCLOSURES

(1) Largest equity holder of the Company

Name of the shareholder	Relationship	Enterprise type	Place of registration and operations	Legal representative	Principal activities	Registered share capital	Percentage of equity interest	Voting rights	Unified Social Credit Code
CITIC Corporation Limited	Largest equity holder	State-controlled	Beijing	Zhu Hexin	Financial, industrial and other services	RMB139 billion	15.47%	15.47%	911100007178317092

(2) Related party transactions

(a) Largest equity holder of the Company – CITIC Corporation Limited

Transactions during the period

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Income from providing services	82	6,368
Interest expense	62	2,441

Guarantees between related parties

During the period from 25 May 2006 to 2 June 2006, the Company issued a 15-year bond with an aggregate face value of RMB1.50 billion (Note 40 (a)(i)), which was guaranteed by CITIC Corporation Limited. As at 30 June 2020, the total guarantees provided by CITIC Corporation Limited amounted to RMB1.50 billion (31 December 2019: RMB1.50 billion).

(b) Subsidiaries

Transactions during the period

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Interest income	334,962	304,523
Net investment income	3,732	67,857
Income from providing services	18,157	12,416
Others	107	—
Leasing income	2,010	1,559
Interest expenses	161,675	224,257
Lease payments	189,700	105,059
Expenses from receiving services	15	1,004

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For the six months ended 30 June 2020

(In RMB thousands, unless otherwise stated)

48 RELATED PARTY DISCLOSURES (Continued)

(2) Related party transactions (Continued)

(b) Subsidiaries (Continued)

Balances at the end of the period/year

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Other current assets	26,773,072	23,916,845
Financial assets at fair value through other comprehensive income	8,950,286	8,790,776
Deposits for investments — Stock index futures	3,516,740	2,175,866
Derivative financial assets	9,053,005	3,508,423
Refundable deposits	2,688,643	1,871,471
Financial assets at fair value through profit or loss (Mandatory)	78,325	62,145
Property, plant and equipment	744	744
Land use rights and intangible assets	184	184
Other current liabilities	4,680,846	7,113,526
Derivative financial liabilities	2,542,453	646,594
Repurchase agreements	1,000,135	—
Due to banks and other financial institutions	7,622,414	220,014
Customer brokerage deposits	208,825	78,530
Short-term financing instruments payable	87,450	140,684
Debt instruments issued	4,075,495	980,361

Significant balances and transactions between the Parent and subsidiaries set out above have been eliminated in the consolidated financial statements.

As at 30 June 2020, the collective assets management plans managed by the Company and held by the Company and its subsidiaries amounted to RMB483 million (31 December 2019: RMB603 million).

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(In RMB thousands, unless otherwise stated)

48 RELATED PARTY DISCLOSURES (Continued)

(2) Related party transactions (Continued)

(c) Subsidiaries and joint ventures of the largest equity holder of the Company

Transactions during the period

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Interest income	303,230	326,906
Income from providing services	109,724	62,505
Leasing income	17,617	25,501
Net investment income	19,853	6,165
Expense from receiving services	112,352	104,666
Lease payments	5,234	5,484
Interest expense	18,912	39,700
Depreciation of right-of-use assets	3,775	2,216
Interest expenses of leasing liabilities	730	357

Balances at the end of the period/year

	30 June	31 December
	2020 (Unaudited)	2019 (Audited)
Cash held on behalf of customers (i)	20,317,549	19,175,149
Cash and bank balances (i)	5,580,808	1,935,786
Right-of-use asset	28,855	31,528
Other current assets	18,270	69,703
Lease liabilities	28,546	28,580
Other current liabilities	9,132	18,125

(i) Represented deposits placed with financial institutions, which are the subsidiaries of the largest equity holder of the Company.

As at 30 June 2020, the subsidiaries and joint ventures of the largest equity holder of the Company did not hold the structured note issued by the Company (31 December 2019: RMB15 million).

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48 RELATED PARTY DISCLOSURES (Continued)

(2) Related party transactions (Continued)

- (d) Controlling equity holder and ultimate parent of the largest equity holder of the Company and their subsidiaries – CITIC Limited, CITIC Group Corporation and their subsidiaries

Transactions during the period

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Income from providing services	12,153	8,982
Leasing income	–	1,529
Expense from receiving services	1,930	2,297
Interest expenses	400	1
Lease payments	17,864	9,700
Depreciation of right-of-use assets	9,659	8,559
Interest expense of leasing liabilities	1,513	1,722

Balances at the end of the period/year

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
	Right-of-use assets	63,019
Other current assets	2,144	16,009
Lease liabilities	62,495	70,065
Other current liabilities	68	68

- (e) Shareholder directly or indirectly holding 5% or more shares of the Company – Yuexiu Financial Holdings and its persons acting in concert Financial Holding Co., Ltd.

Balances at the end of the period/year

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
	Other current liabilities	574,056
Other non-current liabilities	1,700,000	

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For the six months ended 30 June 2020

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48 RELATED PARTY DISCLOSURES (Continued)

(2) Related party transactions (Continued)

(f) Associates

Transactions during the period

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Leasing income	—	1,385
Income from providing services	—	1
Interests expense	1,719	—
Expense on receiving services	3,214	—

Balances at the end of the period/year

	30 June	31 December
	2020 (Unaudited)	2019 (Audited)
Other current liabilities	650	716

As of 30 June 2020, the Company's associates held RMB900 million of structured note issued by the Company (31 December 2019: None).

(g) Joint ventures

Transactions during the period

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Leasing income	—	35

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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49 FAIR VALUE AND FAIR VALUE HIERARCHY

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: Quoted prices (unadjusted) in active markets, in which the Group principally trades, for identical financial assets or financial liabilities at the measurement date.

Level 2: Valuation techniques using inputs other than quoted prices included within level 1 that are observable for the financial asset or financial liability, either directly or indirectly.

Level 3: Valuation techniques using inputs for the financial asset or financial liability that are not based on observable market data (unobservable inputs).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

(In RMB thousands, unless otherwise stated)

49 FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

(a) Financial instruments recorded at fair value

30 June 2020 (Unaudited)	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss (Mandatory)				
— Debt instruments	71,162,894	181,457,462	313,220	252,933,576
— Equity instruments	96,515,777	7,681,425	13,339,766	117,536,968
— Others	8,897,447	58,721,419	683,678	68,302,544
Subtotal	176,576,118	247,860,306	14,336,664	438,773,088
Financial assets at fair value through profit or loss (Designated)				
— Equity instruments	—	8,537,039	579,182	9,116,221
Derivative financial assets	514,816	16,334,926	3,071,627	19,921,369
Financial assets at fair value through other comprehensive income				
— Debt instruments	10,676,499	24,094,869	—	34,771,368
— Equity instruments	—	15,598,956	209,248	15,808,204
Subtotal	10,676,499	39,693,825	209,248	50,579,572
Total	187,767,433	312,426,096	18,196,721	518,390,250
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
— Financial liabilities held for trading	8,350,802	2,797,581	102	11,148,485
— Financial liabilities designated as at fair value through profit or loss	1,723	41,997,771	19,164,890	61,164,384
Subtotal	8,352,525	44,795,352	19,164,992	72,312,869
Derivative financial liabilities	516,761	25,197,914	6,629,804	32,344,479
Total	8,869,286	69,993,266	25,794,796	104,657,348

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49 FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

(a) Financial instruments recorded at fair value (Continued)

31 December 2019 (Audited)	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss (Mandatory)				
— Debt securities	66,361,963	148,395,345	272,223	215,029,531
— Equity investments	74,860,614	6,470,501	12,829,352	94,160,467
— Others	6,753,957	30,799,995	2,043,103	39,597,055
Subtotal	147,976,534	185,665,841	15,144,678	348,787,053
Financial assets at fair value through profit or loss (Designated)				
— Equity investments	—	5,818,687	742,567	6,561,254
Derivative financial assets	278,357	7,072,716	—	7,351,073
Financial assets at fair value through other comprehensive income				
— Debt securities	5,089,193	18,594,870	—	23,684,063
— Equity investments	—	16,074,056	205,313	16,279,369
Subtotal	5,089,193	34,668,926	205,313	39,963,432
Total	153,344,084	233,226,170	16,092,558	402,662,812
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
— Financial liabilities held for trading	8,701,593	3,421,281	4,269	12,127,143
— Financial liabilities designated as at fair value through profit or loss	—	38,636,507	6,953,349	45,589,856
Subtotal	8,701,593	42,057,788	6,957,618	57,716,999
Derivative financial liabilities	204,448	13,787,302	—	13,991,750
Total	8,906,041	55,845,090	6,957,618	71,708,749

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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49 FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

(b) Valuation techniques used and the qualitative and quantitative information of key parameters for recurring and non-recurring fair value measurement categorized within Level 2

For debt instruments at fair value through profit or loss and at fair value through other comprehensive income whose value is available on the pricing system of the institutions for bond on the valuation date is measured using the latest valuation results published by the pricing system of the institutions for bond.

For debt instruments at fair value through profit or loss and at fair value through other comprehensive income whose value is not available on the pricing system of the institutions for bond, equity instruments at fair value through profit or loss, listed equity instruments with disposal restriction in a specific period, the fair value is determined by valuation technique. The inputs of those valuation techniques include risk-free interest rate, implied volatility curve, RMB denominated swap yield curve, etc., which are all observable.

For equity instruments at fair value through other comprehensive income, the fair value is determined by the valuation report provided by third party.

For forward contracts in derivative financial instruments, the fair value is measured by the differences between the contract prices and market prices of the underlying financial instruments. Fair value of swap contracts in derivative financial instruments is calculated based on the difference between the quoted prices or discounted cash flows of underlying financial instruments and the fixed income agreed in the contracts. For option contracts in derivative financial instruments, the fair value is calculated by using the option pricing model.

From January to June 2020, there was no change on the valuation technique used by the Group for the above recurring fair value measurements categorized within Level 2.

(c) Valuation techniques used and the qualitative and quantitative information of key parameters for recurring and non-recurring fair value measurement categorized within Level 3

For unlisted equity investments, stocks instruments without quoted prices in active markets, fund investments, trusts, financial liabilities, etc., the Group adopts the counterparties quotations or valuation techniques to determine the fair value. Valuation techniques include a discounted cash flow analysis, and the market comparison approach, etc. The fair value measurement of these financial instruments may involve unobservable inputs such as liquidity discount, volatility, risk adjusted discount rate and price to book ratios, etc. The fair value of the financial instruments in level 3 is not significantly sensitive to a reasonable change in these unobservable inputs.

From January to June 2020, there was no change on the valuation technique used by the Group for the above recurring fair value measurements categorized within Level 3.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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49 FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

(d) Movements in Level 3 financial instruments measured at fair value

The reconciliations of the opening and closing balances of Level 3 financial assets and liabilities which are recorded at fair value are presented below:

Unaudited	As at 1 January 2020	Total gains/ (losses) recorded in profit or loss	Total gains/ (losses) recorded in other comprehensive income	Additions	Decreases	Transfers	Transfers	Transfers	Transfers	As at 30 June 2020
						to Level 3 from Level 1	to Level 3 from Level 2	to Level 1 from Level 3	to Level 2 from Level 3	
Financial assets:										
Financial assets at fair value through profit or loss (Mandatory)										
– Debt instruments	272,223	4,117	2,841	11,673	–	–	22,366	–	–	313,220
– Equity instruments	12,829,352	(300,752)	(6,813)	1,079,936	277,672	–	50,221	–	34,506	13,339,766
– Others	2,043,103	(79,393)	13,022	6,767	1,299,821	–	–	–	–	683,678
Financial assets at fair value through profit or loss (Designated)	742,567	(101,657)	1,043	48,001	–	–	–	–	110,772	579,182
Financial assets at fair value through other comprehensive income	205,313	–	(26,465)	30,400	–	–	–	–	–	209,248
Derivative financial assets	–	–	–	–	–	–	3,071,627	–	–	3,071,627
Financial liabilities:										
Financial liabilities at fair value through profit or loss										
– Financial liabilities designated as at fair value through profit or loss	6,953,349	2,134,479	–	–	14,112	–	10,091,174	–	–	19,164,890
– Financial liabilities held for trading	4,269	–	–	–	4,269	–	102	–	–	102
Derivative financial liabilities	–	–	–	–	–	–	6,629,804	–	–	6,629,804

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49 FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

(d) Movements in Level 3 financial instruments measured at fair value (Continued)

Audited	As at 1 January 2019	Total gains recorded in profit or loss	Total gains/ (losses) recorded in other comprehensive income	Additions	Decreases	Transfers to Level 3 from Level 1	Transfers to Level 3 from Level 2	Transfers to Level 1 from Level 3	Transfers to Level 2 from Level 3	As at 31 December 2019
Financial assets:										
Financial assets at fair value through profit or loss (Mandatory)										
– Debt instruments	46,862	(6,894)	2,112	–	–	–	230,143	–	–	272,223
– Equity instruments	17,211,704	(382,336)	2,234	1,750,184	2,292,531	–	158,139	–	3,618,042	12,829,352
– Others	1,448,324	(62,128)	16,075	1,127,458	252,491	–	161,984	–	396,119	2,043,103
Financial assets at fair value through profit or loss (Designated)										
	566,548	60,296	–	116,479	756	–	–	–	–	742,567
Financial assets at fair value through other comprehensive income										
	221,778	–	(16,465)	–	–	–	–	–	–	205,313
Financial liabilities:										
Financial liabilities at fair value through profit or loss										
– Financial liabilities designated as at fair value through profit or loss	5,426,224	1,805,166	–	–	278,041	–	–	–	–	6,953,349
– Financial liabilities held for trading	–	–	–	4,269	–	–	–	–	–	4,269

The amount of investment income recognized in profit or loss from Level 3 financial instruments held by the Group was RMB274 million for the six months ended 30 June 2020 (2019: RMB421 million).

(e) Transfers between Level 1 and Level 2

During the six months ended 30 June 2020, the amount of financial assets at fair value through profit or loss held by the Group transferred from Level 1 to Level 2 was RMB213 million and the amount of financial assets at fair value through profit or loss from Level 2 to Level 1 was RMB951 million (31 December 2019: the amount of financial assets at fair value through profit or loss held by the Group transferred from Level 1 to Level 2 was RMB51 million and the amount of financial assets at fair value through profit or loss from Level 2 to Level 1 was RMB806 million).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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49 FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

(f) Financial instruments not measured at fair value

At the end of the reporting period, the following financial assets and liabilities of the Group are not measured at fair value.

- (i) For refundable deposits, reverse repurchase agreements, cash held on behalf of customers, cash and bank balances, fee and commission receivables, margin accounts, due from banks and other financial institutions, customer brokerage deposits, repurchase agreements, short-term loans, due to banks and other financial institutions, short-term financing instruments payable and lease liabilities, these financial instruments are of short term in nature and thus their fair values approximate to their carrying amounts.
- (ii) The recorded amounts and fair values of debt instruments issued are summarized below.

	Carrying amount		Fair value	
	30 June 2020 (Unaudited)	31 December 2019 (Audited)	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Debt instruments issued	113,139,784	89,420,833	114,942,505	91,052,004

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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50 FINANCIAL INSTRUMENTS RISK MANAGEMENT

Overview

The Company has always believed that effective risk management and internal control are critical to its successful operation. The Company has implemented comprehensive risk management and internal control processes, through which it monitors, evaluates and manages the financial, operational, compliance and legal risks that it is exposed to in its business activities, and implements vertical risk management of its subsidiaries through different models including business guidance, operational support and decision-making management.

The Company has established a complete and effective governance structure in accordance with relevant laws, regulations and regulatory requirements. The Company's general meeting, the Board and Supervisory Committee perform their duties to oversee and manage the operation of the Company based on the Company Law, Securities Law, and the Articles of Association of the Company. By strengthening the relevant internal control arrangements and improving the Company's internal control environment and internal control structures, the Board has now incorporated internal control and risk management as essential elements in the Company's decision-making processes.

Structure of Risk Management

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

Level 1: The Board

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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50 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

Structure of Risk Management (Continued)

Level 2: Operation Management

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

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

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

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

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50 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

Structure of Risk Management (Continued)

Level 2: Operation Management (Continued)

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

Level 3: Division/Business Lines

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

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

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

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50 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

Structure of Risk Management (Continued)

Level 3: Division/Business Lines (Continued)

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

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

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

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

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

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

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

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50 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(a) Credit risk

Credit risk refers to the risk of an economic loss caused by the failure of customers, counterparties or issuers of debt financing instruments (also referred to as financiers) to perform their contractual obligations.

Credit risks of the Group mostly arise from four aspects: firstly, the credit risks relating to the brokerage business in respect of securities trading and futures trading on behalf of clients are primarily attributed to no adequate trading deposit from clients, which is regulated to pay in advance, as the Group have the responsibility to settle on behalf of clients when the clients do not have sufficient funds to pay for transactions, or short of funds due to other factors on the settlement date; secondly, the credit risks relating to the financing businesses in respect of margin accounts, securities lending, stock repo, and stock-pledged repo, are primarily attributed to operational misconducts including fraudulent credit information, failure to repay debts in full in a timely manner, violation of contracts and regulatory requirements, insufficient liquidity due to legal disputes over collateral assets; thirdly, credit risks relating to credit investment are primarily due to counter party defaults, or credit issuer defaults to pay principal and interest on due dates or a decline in the credit worthiness of issuers; and fourthly, the credit risks relating to the OTC derivative transactions in respect of interest rate swap, equity swap, OTC option and forwards, etc. are primarily attributed to the counterparties' failure to perform their payment obligations in accordance with contracts at maturity.

The Company assesses the credit ratings of counterparties or issuers through its internal credit rating systems, assesses its credit risks by means of stress testing and sensitivity analysis, and manages credit risks based on the testing results through credit system. Meanwhile, the Company monitor its credit risks through information management systems in real time, keeps track of the credit risks of the business products and counterparties, provides analysis and warning reports, and adjust its credit exposure limits timely.

Securities brokerage transactions in Mainland China are required to be settled in full trading deposit, which helps to control the settlement risks associated with the brokerage business.

Credit risk arising from the securities financing business primarily includes clients' provision of false information, failure to make full repayment in a timely manner, contractual breach of portfolio limits and compositions, violation of regulatory requirements for trading activities, and provision of collateral encumbered with legal disputes and etc. Control over credit risks for the financing businesses is managed primarily through risk management education programmes for clients, credit due diligence and verification of clients, credit limits, risk assessment on collateralized (pledged) securities, daily mark to market of exposure, issuing risk notification to clients, forced position liquidation and legal recourse.

For credit investment, in respect of private equity investment, the Company has established the product entrance level and investment caps, uses methods of risk assessment, risk notification and legal recourse to managed its credit risks, and in respect of public offering investments, the Company has developed certain investment restrictions based on the credit ratings of counterparties through the credit system.

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50 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

The counterparties in OTC derivative transactions are mainly financial institutions and other professional institutions, the main credit risks are attributed to the counterparties' failure to perform payments obligation on time, their failure to make up the trading deposits timely when the losses occurred and discrepancy in valuation of products between the Company and the counterparties. The Company monitors and control credit risk exposure of counterparties with certain proportions for the trading deposits and within established limits by adopting mark-to-market practices of derivatives transactions, and margin call for related collateral as well as forced position liquidating procedures, and carries out legal recourse upon the remaining credit exposure after forced liquidation.

Expected credit loss (ECL) measurement

The measurement of the ECL allowance for financial instruments, including investments in financial assets measured at amortized cost (including margin accounts, reverse repurchase agreements), FVOCI and securities lending is an area that requires the use of models and assumptions about the future economic conditions and credit behavior of the clients (such as the likelihood of customers defaulting and the resulting losses).

The Company has applied a 'three-stage' impairment model for ECL measurement based on changes in credit quality since the initial recognition of financial instruments as summarized below:

A financial instrument that is not credit-impaired on initial recognition is classified as "Stage 1" and has its credit risk continuously monitored by the Company;

- If a significant increase in credit risk ("SICR") since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit-impaired;
- If the financial instrument is credit-impaired, the financial instrument is moved to "Stage 3".

Stage 1: The Company measures the loss allowance for a financial instrument at an amount equal to the next 12 months ECL. Stage 2 and 3: The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. The ECL is always measured on a lifetime basis.

For Stages 1 and Stage 2, the ECL is measured on a 12-month (12M) and Lifetime basis, respectively, using the risk parameter modelling approach that incorporated key parameters, including Probability of Default ("PD"), Loss Given Default ("LGD"), Exposure at Default ("EAD") and Loss Ratio ("LR") taking into consideration of forward looking factors. For credit-impaired financial assets classified under and Stage 3, the management assesses the credit loss allowances by estimating the cash flows expected to arise from the financial assets after taking into consideration of forward looking factors.

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50 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Expected credit loss (ECL) measurement (Continued)

Based on the obligors' credit quality, contract maturity date, the related collateral securities information, which including the sector situation, liquidity discount factor, concentration, volatility and related information, the Company sets differentiated collateral to loan ratios (generally no less than 150%) as triggering margin calls and force liquidation thresholds (collateral to loan ratios generally no less than 130%) against different exposures related to these transactions.

- For margin accounts, stock repo and stock-pledged repo under reverse repurchase agreements ("Financing Assets") exposures with collateral to loan ratios above the force liquidation thresholds and those past due for no more than 30 days are classified under Stage 1.
- For Financing Assets exposures with collateral to loan ratios fall below the pre-determined force liquidation thresholds but above 100%; or those past due for more than 30 days are considered to be with significant increase in credit risks and are classified under Stage 2.
- For Financing Assets exposures with collateral to loan ratios fall below 100%; or those past due for more than 90 days are considered to be credit-impaired and non-performing. These exposures are classified under Stage 3.

Measuring ECL – inputs, assumptions and estimation techniques

The measurement of ECL adopted by the management according to IFRS 9, involves judgements, assumptions and estimations, including:

- Selection of the appropriate models and assumptions;
- Determination of the criteria for significant increase in credit risk ("SICR"), definition of default and credit impairment;
- Establishment of the number and relative weightings of forward-looking scenarios for each type of product.

For debt securities investments, ECL is the discounted product of the PD, LGD and EAD after considering the forward-looking impact. For Financing Assets, ECL are the discounted product of the LR and EAD after considering the forward-looking impact.

- PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. For debt securities investments, the appropriate external and internal credit ratings are taken into consideration.

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For the six months ended 30 June 2020
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50 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Expected credit loss (ECL) measurement (Continued)

Measuring ECL – inputs, assumptions and estimation techniques (Continued)

- LGD represents the Company's expectation of the extent of loss on a defaulted exposure. For debt securities investments, LGD is determined based on assessed publicly available information.
- EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- LR represents the Company's expectation of the likelihood of default and extent of loss on exposure. The Company uses historical loss rates and assesses their appropriateness. The Company determines LR based on factors including: the coverage ratio of related loan to underlying collateral value and the volatility of such collateral's valuation, the realized value of collateral upon forced liquidation taking account the estimated volatility over the realization period.

The criteria of significant increase in credit risk ("SICR")

The Company evaluates the financial instruments at each financial statement date after considering whether a SICR has occurred since initial recognition. An ECL allowance for financial instruments is recognized according to the stage of ECL, which reflects the reasonable information and evidence available about the SICR and is also forward-looking. The Company considers a financial instrument to have experienced SICR when one or more of the following quantitative, qualitative or backstop criteria have been met.

The Company considers debt securities investments to have experienced a SICR if the latest internal ratings of issuers of debt securities or the debt securities themselves underwent two levels of downward migration or more, compared to their ratings on initial recognition; or if the latest external ratings of the debt securities or the issuers of the debt securities were under investment grade.

The Company considers Financing Assets to have experienced a SICR if margin calls are triggered when the threshold of relevant collateral to loan ratios are below a force liquidation level.

A backstop is applied to all relevant financial assets and they are considered to have experienced a SICR if the borrower, the counterparty, the issuer or the debtor is more than 30 days past due on its contractual payments.

Financial instruments are considered to have a low risk when the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company has not used the low credit risk exemption as at 30 June 2020.

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50 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Expected credit loss (ECL) measurement (Continued)

Definition of credit-impaired assets

The Company assesses whether a financial instrument is credit-impaired in accordance with IFRS 9, in a manner consistent with its internal credit risk policies for managing financial instruments. The consideration includes quantitative criteria and qualitative criteria. The Company defines a financial instrument as credit-impaired, which is fully aligned with the definition of “in default”, when it meets one or more of the following criteria:

- The borrower is more than 90 days past due on its contractual payments;
- For Financing Assets, a forced liquidation of a client’s position is triggered based on a pre-determined threshold of collateral to loan ratios and the collateral valuation falls short of the related loan or repo amounts;
- The latest external ratings of issuers of debt securities or debt securities themselves are in default grade;
- The debtor, issuer, borrower or counterparty is in significant financial difficulty;
- An active market for that financial instrument has disappeared because of financial difficulties;
- Concessions have been made by the Company relating to the debtor, issuer, borrower or counterparty’s financial difficulty;
- It is becoming probable that the debtor, issuer, borrower, or counterparty will enter bankruptcy or undertake a financial restructuring.

When a financial instrument is considered to be credit-impaired, it may be the result of multiple events, not due to a separately identifiable event.

Forward-looking information

The assessment of SICR and the calculation of ECL both incorporate forward-looking information.

For debt securities investments, the Company has performed historical data analysis and identified the key economic variables impacting credit risk and ECL. Key economic variables mainly include the growth rate of Domestic GDP, output growth of industries and the growth rate of fixed assets investment index. The impact of these economic variables on the PD, LGD and EAD has been determined by performing historical statistical regression analysis to forecast the expected changes in these variables on default rates and on the components of PD, LGD and EAD.

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50 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Expected credit loss (ECL) measurement (Continued)

Forward-looking information (Continued)

For Financing Assets, based on the analysis of the characteristics of these products, the Company has identified the key economic variables impacting credit risk and ECL for these financial instrument portfolio include Volatility of Shanghai Composite Index and Shenzhen Composite Index. The Company makes forward looking adjustments to the ECL of Financing Assets by analyzing the impacts of these economic variables.

In addition to the base economic scenario, the Company's expert team also provided other possible scenarios along with scenario weightings. The number of other scenarios used is set based on an analysis of each major product type to ensure non-linearities are captured. The number of scenarios and their attributes are reassessed at each financial statement date.

As at 30 June 2020 and 31 December 2019, the Company concluded that three scenarios appropriately captured the non-linearities of key economic variables for all portfolios. The scenario weightings are determined by a combination of statistical analysis and expert judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The probability-weight of base scenario employed by the Company was more than the sum of that of optimistic scenario and pessimistic scenario.

The Company measures ECL as either a probability weighted 12 month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Company considers these forecasts to represent its best estimate of the possible outcomes as at the financial statement date.

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For the six months ended 30 June 2020

(In RMB thousands, unless otherwise stated)

50 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Expected credit loss (ECL) measurement (Continued)

Sensitivity analysis

The allowance for credit loss could be sensitive to the inputs used in internally developed model, macroeconomic variables in the forward-looking forecasts, weighting applied to economic scenarios and other factors considered when applying expert judgement are likely to have an impact on the assessment of significant increase in credit risk and the measurement of ECLs.

A sensitivity analysis is performed on key economic indicators, economic scenarios and weightings assigned use in forward-looking measurement. When the assigned weightings of optimistic scenario and pessimistic scenario change by 10%, the impact on ECL recognized is not significant.

Meanwhile, the Company also uses sensitivity analysis to monitor the impact of changes to the credit risk classification of the financial assets on ECL. As at 30 June 2020, assuming there was no significant increase in credit risk since initial recognition, and all the financial assets in Stage 2 were moved to Stage 1, the decremental impact on ECL recognized in financial statements is not significant.

Collateral and other credit enhancements

The Company employs a range of policies and credit enhancements to mitigate credit risk exposure to an acceptable level. The most common of these is accepting collateral through funds advanced or guarantees. The Company determines the type and amount of collaterals according to the credit risk evaluation of counterparties. The collateral under Financing Assets are primarily stocks, debt securities, funds etc. Management tests the market value of collateral periodically, and makes margin calls according to related agreements. It also monitors the market value fluctuation of collateral when reviewing the measurement of the loss allowance.

Loss Ratio of Financing Assets

Loss ratio applied by the Company on its Financing Assets under the 3 stages were as follows:

Stage 1: 0.3% to 0.5% according to the different collateral ratios;

Stage 2: No less than 0.5%;

Stage 3: Discounted cash flow on individual exposure.

Credit risk exposure analysis

The Company considered the credit risk of the Financing Assets was relatively low. As at 30 June 2020 and 31 December 2019, majority most of the Financing Assets' ratio to underlying collateral value was over force liquidation level. As at 30 June 2020 and 31 December 2019, most of the debt securities investments of the Company were rated at investment grade or above.

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For the six months ended 30 June 2020
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50 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Expected credit loss (ECL) measurement (Continued)

Credit risk exposure analysis (Continued)

The maximum credit risk exposure of the Group after impairment allowance without taking account of any collateral and other credit enhancements is presented below:

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
Financial assets at fair value through other comprehensive income (Debt instruments)	34,771,368	23,684,063
Refundable deposits	2,873,797	1,459,937
Margin accounts	85,181,056	70,673,845
Financial assets at fair value through profit or loss (Mandatory)	332,681,843	267,154,763
Derivative financial assets	19,921,369	7,351,073
Reverse repurchase agreements	50,686,847	58,830,053
Cash held on behalf of customers	177,528,174	118,401,385
Bank balances	52,245,428	64,442,153
Others	39,852,166	30,588,606
Total maximum credit risk exposure	795,742,048	642,585,878

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For the six months ended 30 June 2020

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50 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Risk concentrations

The breakdown of the Group's maximum credit risk exposure after impairment allowance, without taking account of any collateral or other credit enhancements, as categorised by geographical area are summarized below.

30 June 2020 (Unaudited)	By geographical area		Total
	Mainland China	Outside Mainland China	
Financial assets at fair value through other comprehensive income (Debt instruments)	31,974,198	2,797,170	34,771,368
Refundable deposits	2,401,444	472,353	2,873,797
Margin accounts	80,558,657	4,622,399	85,181,056
Financial assets at fair value through profit or loss	295,653,616	37,028,227	332,681,843
Derivative financial assets	13,432,928	6,488,441	19,921,369
Reverse repurchase agreements	45,940,728	4,746,119	50,686,847
Cash held on behalf of customers	164,196,440	13,331,734	177,528,174
Bank balances	40,215,539	12,029,889	52,245,428
Others	5,413,666	34,438,500	39,852,166
Total maximum credit risk exposure	679,787,216	115,954,832	795,742,048

31 December 2019 (Audited)	By geographical area		Total
	Mainland China	Outside Mainland China	
Financial assets at fair value through other comprehensive income (Debt instruments)	23,621,708	62,355	23,684,063
Refundable deposits	1,175,482	284,455	1,459,937
Margin accounts	66,911,664	3,762,181	70,673,845
Financial assets at fair value through profit or loss	230,531,753	36,623,010	267,154,763
Derivative financial assets	4,786,262	2,564,811	7,351,073
Reverse repurchase agreements	54,412,054	4,417,999	58,830,053
Cash held on behalf of customers	108,064,121	10,337,264	118,401,385
Bank balances	53,144,202	11,297,951	64,442,153
Others	3,844,299	26,744,307	30,588,606
Total maximum credit risk exposure	546,491,545	96,094,333	642,585,878

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50 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Risk concentrations (Continued)

The Group's credit risk exposure of financial instruments for which an ECL allowance is recognized as follows according to the stage of ECL:

Loss allowance	30 June 2020 (Unaudited)			Total
	Stage of ECL			
	Stage I 12-month ECL	Stage II Lifetime ECL	Stage III	
Reverse repurchase agreements				
Amortized cost	43,436,306	1,752,341	10,542,025	55,730,672
Loss allowance	92,133	33,945	4,917,747	5,043,825
Book value	43,344,173	1,718,396	5,624,278	50,686,847
Margin accounts				
Amortized cost	83,034,012	—	3,457,496	86,491,508
Loss allowance	247,971	—	1,062,481	1,310,452
Book value	82,786,041	—	2,395,015	85,181,056
Financial assets at fair value through other comprehensive income (Debt instruments)				
Fair value	34,771,368	—	—	34,771,368
Loss allowance	318,791	—	44,000	362,791
Others				
Amortized cost	39,551,196	56,994	2,321,146	41,929,336
Loss allowance	166,200	8,618	2,176,925	2,351,743
Book value	39,384,996	48,376	144,221	39,577,593

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50 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Risk concentrations (Continued)

Loss allowance	31 December 2019 (Audited)			Total
	Stage I 12-month ECL	Stage II Lifetime ECL	Stage III	
Reverse repurchase agreements				
Amortized cost	52,446,116	4,437,151	4,992,695	61,875,962
Loss allowance	102,601	385,210	2,558,098	3,045,909
Book value	52,343,515	4,051,941	2,434,597	58,830,053
Margin accounts				
Amortized cost	68,012,054	2,985,179	449,097	71,446,330
Loss allowance	198,450	303,772	270,263	772,485
Book value	67,813,604	2,681,407	178,834	70,673,845
Financial assets at fair value through other comprehensive income (Debt instruments)				
Fair value	23,684,063	—	—	23,684,063
Loss allowance	218,920	—	44,000	262,920
Others				
Amortized cost	30,340,167	31,750	1,764,013	32,135,930
Loss allowance	119,702	5,596	1,646,217	1,771,515
Book value	30,220,465	26,154	117,796	30,364,415

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50 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Risk concentrations (Continued)

(i) Credit loss allowance for reverse repurchase agreements

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2020	102,601	385,210	2,558,098	3,045,909
Increases (i)	44,739	189,265	1,165,633	1,399,637
Reverses	(42,302)	(145,433)	(71,359)	(259,094)
Write-offs	—	—	—	—
Transfers between stages				
— Increase	—	7,502	418,988	426,490
— Decrease	(12,905)	(413,585)	—	(426,490)
Other changes (including business combination)	—	10,986	846,387	857,373
30 June 2020 (Unaudited)	92,133	33,945	4,917,747	5,043,825

(i) The reason for the increase of the impairment of reverse repurchase agreements is mainly including the default of individual counterparties and the decline in the value of collateral, resulting in the company's credit risk exposure cannot be fully covered.

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2019	104,741	563,073	1,298,032	1,965,846
Increases	84,446	256,003	1,042,520	1,382,969
Reverses	(232,998)	(105,569)	(253,881)	(592,448)
Write-offs	—	—	—	—
Transfers between stages				
— Increase	146,412	—	181,885	328,297
— Decrease	—	(328,297)	—	(328,297)
Other changes	—	—	289,542	289,542
31 December 2019	102,601	385,210	2,558,098	3,045,909

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

(In RMB thousands, unless otherwise stated)

50 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Risk concentrations (Continued)

(i) Credit loss allowance for reverse repurchase agreements (Continued)

Analyzed loss allowance for reverse repurchase agreements

	30 June 2020			
	Stage of ECL			
	Stage 1	Stage 2	Stage 3	Total
Book value	27,418,595	1,752,341	10,393,458	39,564,394
Loss allowance	92,133	33,945	4,837,402	4,963,480
Collateral	104,295,422	4,008,915	13,152,900	121,457,237

	31 December 2019			
	Stage of ECL			
	Stage 1	Stage 2	Stage 3	Total
Book value	31,053,948	4,437,151	4,992,694	40,483,793
Loss allowance	102,586	385,210	2,558,097	3,045,893
Collateral	99,682,241	9,886,868	3,877,720	113,446,829

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020
(In RMB thousands, unless otherwise stated)

50 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Risk concentrations (Continued)

(ii) Credit loss allowance for margin accounts

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2020	198,450	303,772	270,263	772,485
Increases	40,784	12,123	493,495	546,402
Reverses	(1,284)	(12,123)	(50,269)	(63,676)
Write-offs	—	—	—	—
Transfers between stages				
— Increase	—	—	303,772	303,772
— Decrease	—	(303,772)	—	(303,772)
Other changes (including business combination)	10,021	—	45,220	55,241
30 June 2020 (Unaudited)	247,971	—	1,062,481	1,310,452

The reason for the increase of the impairment of margin accounts is that the default of individual counterparties of margin accounts. As at 30 June 2020, the fair value of the underlying collateral of the margin accounts exposure under Stage 3 was RMB8,852 million (31 December 2019: RMB200 million).

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2019	173,771	22,462	120,402	316,635
Increases	35,652	298,782	132,813	467,247
Reverses	(23,866)	(4,115)	(79,538)	(107,519)
Write-offs	—	—	—	—
Transfers between stages				
— Increase	22,464	9,102	7	31,573
— Decrease	(9,109)	(22,459)	—	(31,568)
Other changes	(462)	—	96,579	96,117
31 December 2019	198,450	303,772	270,263	772,485

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

(In RMB thousands, unless otherwise stated)

50 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Risk concentrations (Continued)

(iii) Credit loss allowance for financial assets at fair value through other comprehensive income

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2020	218,920	—	44,000	262,920
Increases	256,589	—	—	256,589
Reverses	(26,656)	—	—	(26,656)
Write-offs	(130,099)	—	—	(130,099)
Transfers between stages				
— Increase	—	—	—	—
— Decrease	—	—	—	—
Other changes (including business combination)	37	—	—	37
30 June 2020 (Unaudited)	318,791	—	44,000	362,791

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2019	101,846	—	44,000	145,846
Increases	281,457	—	—	281,457
Reverses	(56,644)	—	—	(56,644)
Write-offs	(107,739)	—	—	(107,739)
Transfers between stages				
— Increase	—	—	—	—
— Decrease	—	—	—	—
Other changes	—	—	—	—
31 December 2019	218,920	—	44,000	262,920

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020
(In RMB thousands, unless otherwise stated)

50 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

Risk concentrations (Continued)

(iv) Credit loss allowance for other financial assets measured at amortized cost

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2020	119,702	5,596	1,646,217	1,771,515
Increases	40,591	4,639	141,245	186,475
Reverses	(3,359)	(1,608)	(19)	(4,986)
Write-offs	—	(9)	—	(9)
Transfers between stages				
— Increase	—	—	—	—
— Decrease	—	—	—	—
Other changes (including business combination)	9,266	—	389,482	398,748
30 June 2020 (Unaudited)	166,200	8,618	2,176,925	2,351,743

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2019	47,228	4,588	1,595,131	1,646,947
Increases	87,034	1,650	701,376	790,060
Reverses	(1,672)	(642)	(271,228)	(273,542)
Write-offs	(14,498)	—	(86)	(14,584)
Transfers between stages				
— Increase	—	—	—	—
— Decrease	—	—	—	—
Other changes	1,610	—	(378,976)	(377,366)
31 December 2019	119,702	5,596	1,646,217	1,771,515

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

(In RMB thousands, unless otherwise stated)

50 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(b) Liquidity risk

Liquidity risk refers to the risk that the Company is not able to obtain sufficient capital with reasonable cost and in a timely manner to pay its debts, perform other payment obligations and meet capital requirements for normal business operations. The Company has consistently adhered to the overall operation of capital. The responsibilities for centralized management of fund allocation lie within the Treasury Department. In respect of the domestic stock exchanges and interbank market, the Company has a relatively high credit rating, and has secured stable channels for short-term financing, such as borrowing and repurchase agreements. At the same time, the Company has replenished its long term working capital through public or private offering of corporate bonds, subordinated bonds, structured notes to enable the Company to maintain its overall liquidity at a relatively secured level.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020
(In RMB thousands, unless otherwise stated)

50 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on their contractual undiscounted payments, is as follows:

	30 June 2020 (Unaudited)						Total
	Overdue/ repayable on demand	Less than three months	Three months to one year	One to five years	More than five years	Undated	
Non-derivative financial liabilities:							
Customer brokerage deposits	186,112,752	—	—	—	—	—	186,112,752
Financial liabilities at fair value through profit or loss	3,480,626	20,126,097	30,687,846	6,764,635	2,179,949	9,073,716	72,312,869
Repurchase agreements	—	179,476,437	15,808,526	5,221,766	—	—	200,506,729
Due to banks and other financial institutions	—	6,977,249	141,552	—	—	—	7,118,801
Short-term loans	450,260	4,015,253	12,157	—	—	—	4,477,670
Short-term financing instruments payable	—	32,353,227	3,154,645	—	—	—	35,507,872
Debt instruments issued	—	502,800	3,669,666	119,426,991	—	—	123,599,457
Long-term loans	—	4,049	12,148	348,070	—	—	364,267
Lease liabilities	73,826	148,429	491,267	950,263	77,639	—	1,741,424
Others	72,153,894	21,978,364	16,498,080	2,175,995	—	1,673,584	114,479,917
Total	262,271,358	265,581,905	70,475,887	134,887,720	2,257,588	10,747,300	746,221,758
Cash flows from derivative financial liabilities settled on a net basis	974	3,358,072	9,084,213	10,702,962	9,543,357	—	32,689,578
Gross-settled derivative financial liabilities:							
Contractual amounts receivable	—	—	—	—	—	—	—
Contractual amounts payable	—	—	—	—	—	—	—
	—	—	—	—	—	—	—

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

(In RMB thousands, unless otherwise stated)

50 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

	31 December 2019 (Audited)						Total
	Overdue/ repayable on demand	Less than three months	Three months to one year	One to five years	More than five years	Undated	
Non-derivative financial liabilities:							
Customer brokerage deposits	123,351,754	—	—	—	—	—	123,351,754
Financial liabilities at fair value through profit or loss	2,278,299	17,668,920	24,928,377	3,171,642	2,716,412	6,953,349	57,716,999
Repurchase agreements	—	156,678,477	16,346,125	1,616,693	—	—	174,641,295
Due to banks and other financial institutions	—	28,119,932	5,082,153	—	—	—	33,202,085
Short-term loans	12,453	7,402,171	7,431	—	—	—	7,422,055
Short-term financing instruments payable	—	19,404,896	797,555	—	—	—	20,202,451
Debt instruments issued	—	400,080	3,302,796	92,851,590	2,627,500	—	99,181,966
Long-term loans	—	4,547	13,640	401,521	—	—	419,708
Lease liabilities	5,116	143,044	511,017	1,029,808	91,602	—	1,780,587
Others	34,626,839	17,870,869	26,968,789	399,439	—	663,431	80,529,367
Total	160,274,461	247,692,936	77,957,883	99,470,693	5,435,514	7,616,780	598,448,267
Cash flows from derivative financial liabilities settled on a net basis	1,249	2,233,517	5,367,383	3,583,404	2,904,608	—	14,090,161
Gross-settled derivative financial liabilities:							
Contractual amounts receivable	—	—	—	—	—	—	—
Contractual amounts payable	—	—	—	—	—	—	—
	—	—	—	—	—	—	—

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020
(In RMB thousands, unless otherwise stated)

50 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(c) Market risk

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

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

The Company has established a top-down risk limit management system, which allocates the overall risk of the Company to different business departments/business lines, and through monitoring by the internal control department, and by timely assessment and reporting of significant risk matters, the overall market risk of the Company is controlled within an acceptable level.

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

(In RMB thousands, unless otherwise stated)

50 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

VaR represents the potential losses of investment portfolios held due to movements in market prices over a specified time period and at a given level of confidence. The Company adopts VaR as a major indicator of its market risk measurement. The calculation is based on a holding period of one trading day and a confidence level of 95%. VaR detects exposures such as interest rate risk, equity price risk and exchange rate risk, and measures the movement of market risks such as those arising from changes in interest rate curves, prices of securities and exchange rates. The Risk Management Department constantly inspects the accuracy of VaR through backtesting and improves its calculation in line with the expansion of the Company. The Company also evaluates the possible losses in its proprietary positions arising from extreme situations through stress tests. The Risk Management Department has established a series of macro and market scenarios to calculate the possible losses to the Company with full position upon the concurrence of different events under a single or multiple scenarios. These scenarios include the occurrence of major setbacks in macro-economic conditions, significant and adverse changes in major markets and extraordinary risk events. Stress tests constitute an integral part of the market risk management of the Company. Through stress tests, the Company could focus more on the possible losses to the Company, analyze its risk return and compare its risk resistant capacities, and evaluate whether the overall market risk portfolio of the Company is within its expected limits.

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

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

In respect of foreign assets, in order to ensure the availability of funds required for foreign business expansion, the Company implemented centralized management toward its exchange risk. The Company keeps track of the risk by closely monitoring the value of the assets in the account on a daily basis. It monitors the exchange risk from different angles, such as assets limit, VaR, sensibility analysis and stress test, and to manage exchange risk exposure through methods such as adjusting foreign currency position, using forward exchange contract/option hedging, currency swap contracts, etc.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020
(In RMB thousands, unless otherwise stated)

50 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

(i) VaR

VaR analysis is a statistical technique that estimates the potential maximum losses that could occur on risk positions due to movements in interest rates, stock prices or currency rates over a specified time period and at a given level of confidence.

The calculation is based on the historical data of the Group's VaR (confidence level of 95% and a holding period of one trading day).

The Group's VaR analysis by risk categories is summarized as follows:

	30 June 2020 (Unaudited)	30 June 2019 (Unaudited)
Stock price-sensitive financial instruments	384,513	369,524
Interest rate-sensitive financial instruments	188,351	41,174
Exchange rate-sensitive financial instruments	68,741	74,478
Total portfolio VaR	394,484	355,648

(ii) Interest rate risk

The Group's interest rate risk is the risk of fluctuation in the fair value of one or more financial instruments arising from adverse movements in interest rates. The Group's interest rate risk mainly sources from the volatility of fair value of financial instruments held by the Group which are sensitive to the interest rate risk, resulting from market interest rate's negative fluctuation.

The Group uses interest rate sensitivity analysis as the principal tool to monitor interest rate risk. The use of interest rate sensitivity analysis assumes all other variables remain constant, but changes in the fair value of financial instruments held at the end of the measurement period may impact the Group's total income and total equity when interest rates fluctuate reasonably and possibly.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

(In RMB thousands, unless otherwise stated)

50 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

(ii) Interest rate risk (Continued)

Assuming a parallel shift in the market interest rates and without taking into consideration of the management's activities to reduce interest rate risk, the impact of such a shift on revenue and shareholders' equity based on an interest rate sensitivity analysis of the Group is as follows:

Sensitivity of revenue

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Change in basis points		
+25 basis points	(770,368)	(507,204)
-25 basis points	800,011	513,967

Sensitivity of equity

	30 June	31 December
	2020 (Unaudited)	2019 (Audited)
Change in basis points		
+25 basis points	(220,329)	(38,371)
-25 basis points	231,960	38,732

(iii) Currency risk

Currency risk is the risk of fluctuation in the fair value of financial instruments or future cash flows arising from adverse movements in foreign exchange rates. The Group's currency risk primarily relates to the Group's operating activities, whose settlements and payments are denominated in foreign currencies different from the Group's functional currency, and its net investment in foreign subsidiaries.

The tables below indicate a sensitivity analysis of exchange rate changes of the currencies to which the Group had significant exposure. The analysis calculates the effect of a reasonably possible movement in the currency rates against RMB, with all other variables held constant, on revenue and equity. A negative amount in the table reflects a potential net reduction in revenue or equity, while a positive amount reflects a potential net increase.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020
(In RMB thousands, unless otherwise stated)

50 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

(iii) Currency risk (Continued)

Sensitivity of revenue

Currency	Change in currency rate	Six months ended 30 June	
		2020 (Unaudited)	2019 (Unaudited)
USD	-3%	189,562	(65,679)
HKD	-3%	(277,270)	(269,848)

Sensitivity of equity

Currency	Change in currency rate	30 June	31 December
		2020 (Unaudited)	2019 (Audited)
USD	-3%	(253,988)	(242,153)
HKD	-3%	6,289	4,494

While the table above indicates the effect on revenue and equity of 3% depreciation of USD and HKD, there will be an opposite effect with the same amount if the currencies appreciate by the same percentage.

The tables below summarize the Group's exposure to foreign currency exchange rate risk as at 30 June 2020 and 31 December 2019. The Group's exposure to RMB is provided in the tables below for comparison purposes. Included in the table are the carrying amounts of the assets and liabilities of the Group in RMB equivalent, categorized by the original currencies.

	As at 30 June 2020 (Unaudited)				Total
	RMB	USD in RMB equivalent	HKD in RMB equivalent	Other in RMB equivalent	
Net on-balance sheet position	158,321,429	3,584,388	10,252,610	7,840,735	179,999,162

	As at 31 December 2019 (Audited)				Total
	RMB	USD in RMB equivalent	HKD in RMB equivalent	Other in RMB equivalent	
Net on-balance sheet position	141,648,226	10,162,233	5,951,937	7,687,396	165,449,792

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2020

(In RMB thousands, unless otherwise stated)

50 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

(iv) Price risk

Price risk is the risk that the fair value of equity instruments decreases due to the variance between the stock index level and individual share values. If this occurs, market price fluctuations of equity instruments at fair value through profit or loss will impact the Group's profit; and market price fluctuations of equity instruments classified as financial assets at fair value through other comprehensive income will impact shareholders' equity for the Group.

As at 30 June 2020, the equity investment accounted for approximately 14.60% of the total assets (as at 31 December 2019: 14.77%).

51 EVENTS AFTER THE REPORTING PERIOD

Issuance of short-term Financing Bond

From July to August 2020, the Company adopted the resolutions of the 22nd meeting of the 6th Board of Directors, the resolutions of the Shareholders' General Meeting of 2017 and relevant authorizations, "Notice of the People's Bank of China's Financial Market Department on CITIC Securities Co., Ltd.'s Relevant Matters Regarding the Maximum Outstanding Repayment Balance of Short-term Financing Bonds" (Yinshichang [2019] No. 126), issued the thirteenth tranche of short-term financing bonds in 2020 in the aggregate amount of RMB5 billion, with maturity days of 83 days and bear interest of 1.95% per annum.

Issuance of corporate bonds

In accordance with the resolutions of the 22nd meeting of the 6th Board of Directors, the resolutions of the 2017 Annual Shareholders' General Meeting; and the related regulatory approvals including the "CSRC License [2020] No. 892" issued by the CSRC on 9 May 2020, the Company was approved to publicly issue corporate bonds in China that do not exceed RMB50 billion in total in face value to professional investors. From July to August 2020, the Company completed the public issuance of such corporate bonds (the third to the fifth issues), in the amount of RMB19 billion, with maturity range of 274 days to 3 years and a coupon rate range of 2.84% to 3.58%.

Issuance of Euro-commercial paper

In August 2020, CITIC Securities Finance MTN Co., Ltd. issued a tranche of Euro-commercial paper with a total issue size of US\$30 million. The Euro-commercial paper was unconditionally and irrevocably guaranteed by the Company with joint and several liability.

Profit distribution

According to the 2019 profit distribution plan passed in the Company's 2019 Annual General Meeting of the Shareholders held on 23 June 2020, the Company declared cash dividends on its profit for the year ended 31 December 2019. The A Share and H Share cash dividend distributions of the Company were paid on 21 August 2020.

52 APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The interim financial information was approved and authorized for issue by the Board of Directors on 24 August 2020.

DOCUMENTS AVAILABLE FOR INSPECTION

Financial statements signed by the head of the Company, the Chief Financial Officer and the head of the accounting department and chopped with the official chop of the Company.

The original copy of the review report with chops of the accounting firm and signatures and chops of CPAs.

The originals of all the documents and announcements of the Company published during the Reporting Period in the media designated by the CSRC for information disclosures.

Interim reports published in other stock exchanges.

The Articles of Association of the Company.

APPENDIX: INDEX OF INFORMATION DISCLOSURE

Information disclosures made by the Company on the website of the SSE and in China Securities Journal, Shanghai Securities News and Securities Times during the Reporting Period are set out as follows:

No.	Date of Publication	Subject Matter
1	2020-1-2	Announcement on the Resolutions Passed at the 1st Meeting of the Seventh Session of the Supervisory Committee Legal Opinions of the 2019 Second Extraordinary General Meeting Announcement on the Resolutions Passed at the 1st Meeting of the Seventh Session of the Board Announcement on the Resolutions Passed at the 2019 Second Extraordinary General Meeting
2	2020-1-3	H Share Announcement — Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 December 2019
3	2020-1-4	Announcement on the Progress of the Acquisition of Assets by Issuance of Shares and Related Party Transactions of the Company
4	2020-1-10	Announcement on the Financial Data for December 2019 Announcement on the Progress of the Acquisition of Assets by Issuance of Shares and Related Party Transactions of the Company
5	2020-1-14	Announcement on the Preliminary Financial Data for the Year 2019
6	2020-1-15	Announcement on the Completion of the Transfer of the Target Assets in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions Review Opinions of HUAXI Securities Co., Ltd. as Independent Financial Adviser on the Transfer of the Target Assets in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions of CITIC Securities Company Limited Legal Opinions of King & Wood Mallesons on the Assets Transfer in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions of CITIC Securities Company Limited
7	2020-1-18	Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 1)
8	2020-2-4	H Share Announcement — Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 January 2020
9	2020-2-7	Announcement on 2020 Interest Payment and Delisting for the 2017 Corporate Bonds (Tranche 1) (Type 1) Publicly Issued to Qualified Investors
10	2020-2-11	Announcement on 2020 Interest Payment for the 2017 Corporate Bonds (Tranche 1) (Type 2) Publicly Issued to Qualified Investors
11	2020-2-12	Announcement on the Resolutions Passed at the 2nd Meeting of the Seventh Session of the Board
12	2020-2-14	Announcement on the Financial Data for January 2020

APPENDIX: INDEX OF INFORMATION DISCLOSURE

No.	Date of Publication	Subject Matter
13	2020-2-18	<p>Prospectus on Public Issuance of the 2020 Corporate Bonds (Tranche 1) to Qualified Investors</p> <p>Announcement on Public Issuance of the 2020 Corporate Bonds (Tranche 1) to Qualified Investors</p> <p>Summary of the Prospectus on Public Issuance of the 2020 Corporate Bonds (Tranche 1) to Qualified Investors</p> <p>Credit Rating Report on the 2020 Corporate Bonds (Tranche 1) Publicly Issued to Qualified Investors</p>
14	2020-2-19	<p>Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 2)</p> <p>Announcement on Extension of Book Building Period for Public Issuance of the 2020 Corporate Bonds (Tranche 1) to Qualified Investors of CITIC Securities Company Limited</p>
15	2020-2-20	Announcement on Nominal Interest Rate of the 2020 Corporate Bonds (Tranche 1) Publicly Issued to Qualified Investors
16	2020-2-22	Announcement on 2020 Interest Payment for the Non-publicly Issued 2019 Corporate Bonds (Tranche 1)
17	2020-2-24	Announcement on the Results of Public Issuance of the 2020 Corporate Bonds (Tranche 1) to Qualified Investors
18	2020-2-26	Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 3)
19	2020-3-3	H Share Announcement — Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 29 February 2020
20	2020-3-5	<p>Announcement on Public Issuance of the 2020 Corporate Bonds (Tranche 2) to Qualified Investors</p> <p>Credit Rating Report on the 2020 Corporate Bonds (Tranche 2) Publicly Issued to Qualified Investors</p> <p>Summary of the Prospectus on Public Issuance of the 2020 Corporate Bonds (Tranche 2) to Qualified Investors</p> <p>Prospectus on Public Issuance of the 2020 Corporate Bonds (Tranche 2) to Qualified Investors</p>
21	2020-3-6	<p>Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 4)</p> <p>Announcement on the Financial Data for February 2020</p> <p>H Share Announcement — Notification of Board Meeting</p> <p>Announcement on Extension of Book Building Period for Public Issuance of the 2020 Corporate Bonds (Tranche 2) to Qualified Investors of CITIC Securities Company Limited</p>

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No.	Date of Publication	Subject Matter
22	2020-3-7	<p>Independent Opinions of the Independent Non-executive Directors on Relevant Matters at the 3rd Meeting of the Seventh Session of the Board</p> <p>Announcement on the Resolutions Passed at the 2nd Meeting of the Seventh Session of the Supervisory Committee</p> <p>Announcement on the Resolutions Passed at the 3rd Meeting of the Seventh Session of the Board</p> <p>Prior Approval Opinions of the Independent Non-executive Directors on Relevant Matters at the 3rd Meeting of the Seventh Session of the Board</p> <p>Announcement on Entering into of the Supplemental Agreement on the Acquisition of Assets by Issuance of Shares in respect of the Acquisition of Assets by Issuance of Shares and the Progress of Related Party Transactions</p>
23	2020-3-9	<p>Announcement on Nominal Interest Rate of the 2020 Corporate Bonds (Tranche 2) Publicly Issued to Qualified Investors</p>
24	2020-3-11	<p>Announcement on the Results of Public Issuance of the 2020 Corporate Bonds (Tranche 2) to Qualified Investors</p>
25	2020-3-13	<p>Review Opinions of HUAXI Securities Co., Ltd. as Independent Financial Adviser on the Implementation of the Acquisition of Assets by Issuance of Shares and Related Party Transactions of CITIC Securities Company Limited</p> <p>Condensed Report on Changes in Equity</p> <p>Legal Opinions of King & Wood Mallesons on the Implementation of the Acquisition of Assets by Issuance of Shares and Related Party Transactions of CITIC Securities Company Limited</p> <p>Announcement on the Results of the Issuance and Changes in Shares in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions</p> <p>Report on the Implementation of the Acquisition of Assets by Issuance of Shares and Related Party Transactions and Listing of Newly Issued Shares (Summary)</p> <p>Report on the Implementation of the Acquisition of Assets by Issuance of Shares and Related Party Transactions and Listing of Newly Issued Shares</p> <p>Announcement on the Commitments of Related Parties in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions</p>
26	2020-3-14	<p>Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 5)</p> <p>Announcement on 2020 Interest Payment for the 2018 Corporate Bonds (Tranche 1) Publicly Issued to Qualified Investors</p>
27	2020-3-17	<p>Announcement on 2020 Interest Payment for the Non-publicly Issued 2019 Corporate Bonds (Tranche 2)</p>

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No.	Date of Publication	Subject Matter
28	2020-3-20	<p>Report of the Audit Committee of the Board on the Performance of Duties in 2019</p> <p>2019 Social Responsibility Report</p> <p>2019 Assessment Report on the Internal Control</p> <p>Summary of the 2019 Annual Report</p> <p>Announcement on the Reappointment of Accounting Firms</p> <p>Special Remarks and Independent Opinions of the Independent Non-executive Directors of the Seventh Session of the Board on Relevant Matters at the 4th Meeting of the Seventh Session of the Board</p> <p>Audit Report on the Internal Control as at 31 December 2019</p> <p>Announcement on the Profit Distribution Plan</p> <p>Duty Performance Report of Independent Non-executive Directors for 2019</p> <p>Announcement on the Estimation of Related Party/Continuing Connected Transactions Contemplated in the Ordinary Course of Business in 2020</p> <p>Announcement on the Resolutions Passed at the 4th Meeting of the Seventh Session of the Board</p> <p>2019 Annual Report</p> <p>Announcement on the Resolutions Passed at the 3rd Meeting of the Seventh Session of the Supervisory Committee</p> <p>Special Statement Regarding the Appropriation of Funds by the Largest Shareholder and Other Related Parties</p> <p>2019 Financial Statements and Audit Report</p>
29	2020-3-26	<p>Announcement on the Results of the Non-public Issuance of the 2020 Subordinated Bonds (Tranche 1)</p> <p>Announcement on Amendments to the Articles of Association of the Company, Articles of Association of CITIC Securities Company Limited</p> <p>Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 6)</p>
30	2020-3-31	<p>Announcement on Obtaining the Approval by the CSRC on the Implementation of Consolidated Supervision Pilot Program</p>
31	2020-4-2	<p>H Share Announcement — Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 March 2020</p>
32	2020-4-8	<p>Announcement on 2020 Principal and Interest Payment and Delisting for the Non-publicly Issued 2018 Corporate Bonds (Tranche 1)</p> <p>Announcement on Public Issuance of the 2020 Corporate Bonds (Tranche 3) to Qualified Investors</p> <p>Credit Rating Report on the 2020 Corporate Bonds (Tranche 3) Publicly Issued to Qualified Investors</p> <p>Prospectus on Public Issuance of the 2020 Corporate Bonds (Tranche 3) to Qualified Investors</p>

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No.	Date of Publication	Subject Matter
		Summary of the Prospectus on Public Issuance of the 2020 Corporate Bonds (Tranche 3) to Qualified Investors
		Announcement on Adjustment of Matters in relation to Public Issuance of the 2020 Corporate Bonds (Tranche 3) to Qualified Investors
33	2020-4-9	Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 7)
		Announcement on Extension of Book Building Period for Public Issuance of the 2020 Corporate Bonds (Tranche 3) to Qualified Investors of CITIC Securities Company Limited
34	2020-4-10	Announcement on the Financial Data for March 2020
		Announcement on the Interest Rate of the 2020 Corporate Bonds (Tranche 3) Publicly Issued to Qualified Investors
35	2020-4-15	H Share Announcement — Notification of Board Meeting
		Clarification Announcement
		Announcement on the Results of Public Issuance of the 2020 Corporate Bonds (Tranche 3) to Qualified Investors
36	2020-4-17	Announcement on 2020 Interest Payment for the Non-publicly Issued 2019 Subordinated Bonds (Tranche 1)
37	2020-4-21	Follow-up Rating Report for the 2016 Corporate Bonds (Tranche 1) and the 2017 Corporate Bonds (Tranche 1) Publicly Issued to Qualified Investors
		Follow-up Rating Report for the 2015 Corporate Bonds
		Follow-up Rating Report for the 2018 Corporate Bonds (Tranche 2) Publicly Issued to Qualified Investors
		Follow-up Rating Report for the 2020 Corporate Bonds (Tranche 1 and Tranche 2) Publicly Issued to Qualified Investors
		Follow-up Rating Report for the 2013 Corporate Bonds (Tranche 1)
		Follow-up Rating Report for the 2017 Corporate Bonds (Tranche 2) and the 2018 Corporate Bonds (Tranche 1) Publicly Issued to Qualified Investors
		Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 8)
		Follow-up Rating Report for the 2019 Corporate Bonds (Tranche 1) Publicly Issued to Qualified Investors
		Announcement on Follow-up Rating Results for Corporate Bonds
38	2020-4-24	Announcement on 2020 Interest Payment for the Non-publicly Issued 2019 Corporate Bonds (Tranche 3)

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No.	Date of Publication	Subject Matter
39	2020-4-29	Announcement in Relation to the Change of Registered Capital and the Amendments to the Articles of Association of the Company 2020 First Quarterly Report The Articles of Association of the Company (2020 Second Revision) Announcement on the Resolutions Passed at the 5th Meeting of the Seventh Session of the Board Main Body of the 2020 First Quarterly Report
40	2020-4-30	Announcement on 2020 Interest Payment for the Non-publicly Issued 2018 Corporate Bonds (Tranche 2)
41	2020-5-7	Monthly Return on Movements in Securities for April 2020
42	2020-5-8	Notice of the 2019 Annual General Meeting Announcement on the Resolutions Passed at the 6th Meeting of the Seventh Session of the Board Documents of the 2019 Annual General Meeting
43	2020-5-12	Announcement on the Financial Data for April 2020
44	2020-5-13	Announcement on the Current Accumulated New Borrowings Exceeding 20% of the Net Assets at the End of Last Year
45	2020-5-14	Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 9)
46	2020-5-20	Announcement on the Approval of the China Securities Regulatory Commission for the Registration of Public Issuance of Corporate Bonds to Professional Investors
47	2020-5-26	Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 10) H Share Announcement — Notice of Listing on The Stock Exchange of Hong Kong Limited — CITIC SECURITIES FINANCE MTN CO., LTD. — US\$3,000,000,000 Medium Term Note Programme
48	2020-5-29	Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 11)
49	2020-6-2	Monthly Return on Movements in Securities for May 2020
50	2020-6-4	H Share Announcement — Notice of Listing on The Stock Exchange of Hong Kong Limited — CITIC SECURITIES FINANCE MTN CO., LTD. — US\$500,000,000 1.750 Per Cent. Guaranteed Notes Due 2023; US\$500,000,000 2.000 Per Cent. Guaranteed Notes Due 2025
51	2020-6-5	Announcement on the Financial Data for May 2020
52	2020-6-6	Second Notice of the 2019 Annual General Meeting Documents of the 2019 Annual General Meeting Announcement on the Resolutions Passed at the 7th Meeting of the Seventh Session of the Board Announcement on Withdrawal of Certain Resolutions of the 2019 Annual General Meeting

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No.	Date of Publication	Subject Matter
53	2020-6-13	Announcement on Amendments to the Articles of Association of the Company Announcement on the Resolutions Passed at the 8th Meeting of the Seventh Session of the Board
54	2020-6-16	Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 12) Documents of the 2020 First Extraordinary General Meeting Notice of the 2020 First Extraordinary General Meeting
55	2020-6-24	Legal Opinions of the 2019 Annual General Meeting Announcement on the Resolutions Passed at the 2019 Annual General Meeting
56	2020-6-29	Announcement on the Resolutions Passed at the 5th Meeting of the Seventh Session of the Supervisory Committee

Note: The "dates" set out in the above table are dates on which the relevant announcements were published in China Securities Journal, Shanghai Securities News and Securities Times and on the website of the SSE. Each of these announcements was published on the HKExnews website of HKEx in the morning of the above "date" or in the evening on the immediately preceding date.

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Information disclosures made by the Company on the HKExnews website of HKEx during the Reporting Period are set out as follows:

No.	Date of Publication	Subject Matter
1	2020-1-2	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 December 2019
2	2020-1-3	Announcement on the Progress of the Acquisition of Assets by Issuance of Shares and Related Party Transactions of the Company
3	2020-1-9	Announcement on the Financial Data for December 2019 Announcement on the Progress of the Acquisition of Assets by Issuance of Shares and Related Party Transactions of the Company
4	2020-1-13	Preliminary Financial Data for the Year 2019
5	2020-1-14	Announcement on the Completion of the Transfer of the Target Assets in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions of the Company Overseas Regulatory Announcement — Review Opinions of Independent Financial Adviser on the Transfer of the Target Assets in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions of CITIC Securities Company Limited Overseas Regulatory Announcement — Legal Opinions of King & Wood Mallesons on the Assets Transfer in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions of CITIC Securities Company Limited
6	2020-1-17	Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 1)
7	2020-2-3	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 January 2020
8	2020-2-6	Overseas Regulatory Announcement — Announcement on 2020 Interest Payment and Delisting for the 2017 Corporate Bonds (Tranche 1) (Type 1) Publicly Issued to Qualified Investors
9	2020-2-10	Overseas Regulatory Announcement — Announcement on 2020 Interest Payment for the 2017 Corporate Bonds (Tranche 1) (Type 2) Publicly Issued to Qualified Investors
10	2020-2-11	Change of Company Secretary and Authorized Representative; Waiver from Strict Compliance with Rules 3.28 and 8.17 of the Hong Kong Listing Rules Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 2nd Meeting of the Seventh Session of the Board
11	2020-2-13	Announcement on the Financial Data for January 2020
12	2020-2-18	Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 2)
13	2020-2-21	Overseas Regulatory Announcement — Announcement on 2020 Interest Payment for the Non-publicly Issued 2019 Corporate Bonds (Tranche 1)

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No.	Date of Publication	Subject Matter
14	2020-2-25	Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 3)
15	2020-3-2	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 29 February 2020
16	2020-3-5	Notification of Board Meeting Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 4) Announcement on the Financial Data for February 2020
17	2020-3-6	Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 3rd Meeting of the Seventh Session of the Board Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 2nd Meeting of the Seventh Session of the Supervisory Committee Overseas Regulatory Announcement — Prior Approval Opinions of the Independent Non-executive Directors on Relevant Matters at the 3rd Meeting of the Seventh Session of the Board Overseas Regulatory Announcement — Independent Opinions of the Independent Non-executive Directors on Relevant Matters at the 3rd Meeting of the Seventh Session of the Board Announcement on Entering into of the Supplemental Agreement on the Acquisition of Assets by Issuance of Shares
18	2020-3-12	Announcement on Completion of the Issuance of Consideration Shares under the Acquisition of Assets by Issuance of Shares Next Day Disclosure Return Overseas Regulatory Announcement — Report on the Implementation of the Acquisition of Assets by Issuance of Shares and Related Party Transactions and Listing of Newly Issued Shares Overseas Regulatory Announcement — Report on the Implementation of the Acquisition of Assets by Issuance of Shares and Related Party Transactions and Listing of Newly Issued Shares (Summary) Overseas Regulatory Announcement — Announcement on the Commitments of Related Parties in Relation to the Acquisition of Assets by Issuance of Shares and Related Party Transactions Overseas Regulatory Announcement — Review Opinions of HUAXI Securities Co., Ltd. as Independent Financial Adviser on the Implementation of the Acquisition of Assets by Issuance of Shares and Related Party Transactions of CITIC Securities Company Limited

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No.	Date of Publication	Subject Matter
		Overseas Regulatory Announcement — Legal Opinions of King & Wood Mallesons on the Implementation of the Acquisition of Assets by Issuance of Shares and Related Party Transactions of CITIC Securities Company Limited
19	2020-3-13	Overseas Regulatory Announcement — Condensed Report on Changes in Equity Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 5)
20	2020-3-16	Overseas Regulatory Announcement — Announcement on 2020 Interest Payment for the 2018 Corporate Bonds (Tranche 1) Publicly Issued to Qualified Investors Overseas Regulatory Announcement — Announcement on 2020 Interest Payment for the Non-publicly Issued 2019 Corporate Bonds (Tranche 2)
21	2020-3-19	Proposed Appointment of Non-Executive Director and Appointment of Member of the Specialized Committees under the Board 2019 Social Responsibility Report Proposed Amendments to the Articles of Association Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 3rd Meeting of the Seventh Session of the Supervisory Committee Overseas Regulatory Announcement — Announcement on the Estimation of Related Party/Continuing Connected Transactions Contemplated in the Ordinary Course of Business in 2020 Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 4th Meeting of the Seventh Session of the Board Overseas Regulatory Announcement — 2019 Assessment Report on the Internal Control Overseas Regulatory Announcement — 2019 Audit Report on the Internal Control Overseas Regulatory Announcement — Special Statement Regarding the Appropriation of Funds by the Largest Shareholder and Other Related Parties Overseas Regulatory Announcement — Announcement on the Reappointment of Accounting Firms Overseas Regulatory Announcement — Announcement on the Profit Distribution Plan Overseas Regulatory Announcement — Duty Performance Report of Independent Non-executive Directors for 2019 Overseas Regulatory Announcement — Special Remarks and Independent Opinions of the Independent Non-executive Directors of the Seventh Session of the Board on Relevant Matters at the 4th Meeting of the Seventh Session of the Board Overseas Regulatory Announcement — Report of the Audit Committee of the Board on the Performance of Duties in 2019 2019 Annual Results Announcement

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No.	Date of Publication	Subject Matter
22	2020-3-25	Overseas Regulatory Announcement — Announcement on the Results of Non-public Issuance of the 2020 Subordinated Bonds (Tranche 1) Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 6) Announcement — The Coming into Effect of the Amendments to the Articles of Association of the Company Articles of Association
23	2020-3-30	Announcement on Obtaining the Approval by the CSRC on the Implementation of Consolidated Supervision Pilot Program
24	2020-4-1	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 March 2020
25	2020-4-7	Overseas Regulatory Announcement — Announcement on 2020 Principal and Interest Payment and Delisting for the Non-publicly Issued 2018 Corporate Bonds (Tranche 1)
26	2020-4-8	Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 7)
27	2020-4-9	Announcement on the Financial Data for March 2020
28	2020-4-14	Notification of Board Meeting Clarification Announcement
29	2020-4-16	Overseas Regulatory Announcement — Announcement on 2020 Interest Payment for the Non-publicly Issued 2019 Subordinated Bonds (Tranche 1)
30	2020-4-20	Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 8) Overseas Regulatory Announcement — Announcement on Follow-up Rating Results for “13 CITICS 02”, “15 CITICS 01”, “15 CITICS 02”, “16 CITICS G2”, “17 CITICS G2”, “17 CITICS G4”, “18 CITICS G1”, “18 CS G1”, “18 CS G2”, “19 CS G1”, “19 CS G2”, “20 CS G1”, “20 CS G2”, “20 CS G3”, “20 CS G4” Corporate Bonds
31	2020-4-23	2019 Annual Report Letter to Registered Shareholders — Election of Means of Receipt and Language for Corporate Communications and Reply Form Letter to Non-Registered Holders — Notice of Publication of 2019 Annual Report and Request Form Overseas Regulatory Announcement — Announcement on 2020 Interest Payment for the Non-publicly Issued 2019 Corporate Bonds (Tranche 3)
32	2020-4-28	2020 First Quarterly Results Announcement in Relation to the Change of Registered Capital and the Amendments to the Articles of Association of the Company Articles of Association Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 5th Meeting of the Seventh Session of the Board

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33	2020-4-29	Overseas Regulatory Announcement — Announcement on 2020 Interest Payment for the Non-publicly Issued 2018 Corporate Bonds (Tranche 2)
34	2020-5-6	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 30 April 2020
35	2020-5-7	Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 6th Meeting of the Seventh Session of the Board Notice of Annual General Meeting; Proxy Form; Reply Slip; Notification Letter to Non-Registered Holders, etc.
36	2020-5-11	Announcement on the Financial Data for April 2020
37	2020-5-12	Overseas Regulatory Announcement — Announcement on the Current Accumulated New Borrowings Exceeding 20% of the Net Assets at the End of Last Year
38	2020-5-13	Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 9)
39	2020-5-19	Overseas Regulatory Announcement — Announcement on the Approval of the China Securities Regulatory Commission for the Registration of Public Issuance of Corporate Bonds to Professional Investors
40	2020-5-25	Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 10) Notice of Listing on The Stock Exchange of Hong Kong Limited — CITIC Securities Finance MTN Co., Ltd. — US\$3,000,000,000 Medium Term Note Programme
41	2020-5-28	Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 11)
42	2020-6-1	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 May 2020
43	2020-6-3	Notice of Listing on The Stock Exchange of Hong Kong Limited — CITIC Securities Finance MTN Co., Ltd. — US\$500,000,000 1.750 Per Cent. Guaranteed Notes Due 2023; US\$500,000,000 2.000 Per Cent. Guaranteed Notes Due 2025
44	2020-6-4	Announcement on the Financial Data for May 2020
45	2020-6-5	Supplemental Notice of 2019 Annual General Meeting — Withdrawal of Certain Resolutions Second Notice of the 2019 Annual General Meeting
46	2020-6-12	Proposed Amendments to the Articles of Association Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 8th Meeting of the Seventh Session of the Board

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47	2020-6-15	Proposed Amendments to the Articles of Association; and Notice of the 2020 First Extraordinary General Meeting Notice of the 2020 First Extraordinary General Meeting Proxy Form; Reply Slip; Notification Letter to Registered Shareholders; Notification Letter to Non-Registered Holders, etc. Overseas Regulatory Announcement — Announcement on the Results of the Issuance of the 2020 Short-term Commercial Paper (Tranche 12)
48	2020-6-23	Announcement — Poll Results of the 2019 Annual General Meeting; Payment of the 2019 Final Dividend; and Appointments of Non-executive Director and Supervisor List of Directors and Their Roles and Functions
49	2020-6-24	Announcement — Election of the Chairman of the Supervisory Committee Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 5th Meeting of the Seventh Session of the Supervisory Committee



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