

# 2021 中信証券 中期報告

*CITIC SECURITIES 2021 INTERIM REPORT*





## IMPORTANT NOTICE

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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 27th Meeting of the Seventh Session of the Board. All Directors attended the meeting. No Director raised any objection to this interim report.

The 2021 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 2021.

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 controlling shareholder and its related/connected parties for non-operating purposes.

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

There is no such a situation where the majority of the Directors cannot warrant the truthfulness, accuracy and completeness of the interim report disclosed by the Company.

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 report, the Chinese version shall prevail.

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# DEFINITIONS

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

“AUM”	assets under management
“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
“Articles of Association”	the articles of association of the Company
“Board”	the board of directors of the Company
“China AMC”	China Asset Management Company Limited
“ChiNext”	the growth enterprise board in China launched by the SZSE
“CITIC Corporation Limited”	CITIC Corporation Limited
“CITIC Futures”	CITIC Futures Company Limited
“CITIC Global Trade”	CITIC Global Trade (Shanghai) Co., Ltd.
“CITIC Group”	CITIC Group Corporation
“CITIC Limited”	CITIC Limited
“CITIC PE Fund”	CITIC Private Equity Funds Management Co., Ltd.
“CITIC Securities Finance MTN”	CITIC Securities Finance MTN Co., Ltd.
“CITIC Securities Investment”	CITIC Securities Investment Limited
“CITIC Securities (Shandong)”	CITIC Securities (Shandong) Co., Ltd.
“CITIC Securities South China” or “Guangzhou Securities”	CITIC Securities South China Company Limited (formerly known as “Guangzhou Securities Company Limited)

“CLSA B.V.”	Crédit Agricole Securities Asia B.V., a private limited company incorporated under the laws of the Netherlands and became a wholly-owned subsidiary of CSI on 31 July 2013
“CLSA Limited”	CLSA Limited
“CLSA”	the brand name of the offshore business of the Company
“Company” or “CITIC Securities”	CITIC Securities Company Limited
“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
“CSDCC”	China Securities Depository and Clearing Corporation Limited
“CSI”	CITIC Securities International Co., Ltd.
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Financial Holdings Limited”	Guangzhou Yuexiu Financial Holdings Group Limited
“GoldStone Haorui”	Qingdao GoldStone Haorui Investment Company Limited
“GoldStone Investment”	GoldStone Investment Co., Ltd.
“GoldStone Zexin”	GoldStone Zexin Investment Management Co., Ltd.
“Group”	the Company and its subsidiaries
“Guangzheng Lingxiu”	Guangzheng Lingxiu Investment Company Limited
“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 Hong Kong Stock Exchange (stock code: 6030)
“H Shareholder(s)”	holder(s) of H Shares
“HKEX”	Hong Kong Exchanges and Clearing Limited



## DEFINITIONS

“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
“IPO”	initial public offering
“Kington Securities”	Kington Securities Limited Liability Company, a wholly-owned securities subsidiary of the Company
“Ministry of Finance”	the Ministry of Finance of the People’s Republic of China
“NSSF”	National Social Security Fund of the PRC
“OTC”	over-the-counter
“PRC” or “China”	the People’s Republic of China
“PwC Hong Kong”	PricewaterhouseCoopers
“PwC Zhong Tian”	PricewaterhouseCoopers Zhong Tian LLP
“REITs”	real estate investment trust
“related party transaction(s)”	For the purpose of Chapter V “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 2021
“Securities Law”	the Securities Law of the People’s Republic of China
“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

## DEFINITIONS

“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 of SSE
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“SZSE”	Shenzhen Stock Exchange
“Wind Info”	Wind Information Co., Ltd.
“Yuexiu Financial Holdings”	Guangzhou Yuexiu Financial Holdings Group Co., Ltd.

# MATERIAL RISK FACTORS

The Group's business is highly dependent on the macroeconomic and market conditions of China and other areas in which the Company operates its business. Therefore, fluctuation in the Chinese and international capital markets will have material impact on the operating results of the Group.

The major risks exposed to by the Group mainly include: legal and compliance risk caused by possible failure of the business management and standards to align in a timely manner with changes in national laws and the regulations and rules promulgated by the regulatory authorities; strategic risk where the Group may not be able to determine the strategic plan in response to the profound changes in the domestic and overseas capital markets; internal operations and management risks arising from the transformation of the Group's business model and the emergence of new businesses and new technologies; market risk that may arise from the fluctuating market price of the financial positions held by the Group; credit risk that may arise from the default or deterioration of credit qualification of its borrower, trading counterparty or the issuer of financial positions held; liquidity risk where the Group may encounter a shortage of fund in fulfilling the payment obligations; operational risk that may arise from the negligence or omission of the internal process management, information system failure or personnel misconduct; reputational risk caused by negative evaluation of the Company by stakeholders arising from the Company's operation, management and other behaviors or external events; risks such as currency exchange risk that may arise from the operation of international businesses and financial innovative businesses. In particular, credit risk and liquidity risk are the major risks currently being faced by the Group.

To cope with the above risks, the Group takes preventive measures through its organizational structure, management system, information technology, and other aspects, while at the same time, optimizes its business process and focuses on strengthening the management of credit risk and liquidity risk.



# 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*

	<b>As at the end of the Reporting Period (30 June 2021)</b>	As at the end of last year (31 December 2020)
Registered Capital	<b>12,926,776,029.00</b>	12,926,776,029.00
Net Capital	<b>89,339,795,174.39</b>	85,906,426,786.60

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 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 in relation 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; agency sale 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: entrusted investment management business, 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 stock return swap business; first class OTC option dealer; treasury bond futures trading in proprietary business and securities asset management business; pilot 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; pilot cross-border business.
2. Business qualifications approved by the stock exchanges: market maker of stock exchange fixed income platform; warrants trading; stock repo business; stock-pledged repo business; margin refinancing and securities relending; Southbound Trading Connect business; bond-pledged quotation repurchase 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: 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 treasury bond underwriting syndicates; Class A clearing participant of CSDC; license for operating foreign exchange in securities business (foreign-currency negotiable securities brokerage, foreign-currency negotiable securities underwriting and entrusted foreign-exchange asset management); investment manager for enterprise annuity fund and occupational pension fund; member of underwriting syndicate of policy bank; manager of converted shares of the NSSF; NSSF domestic investment manager; entrusted management of insurance funds; securities investment management for national basic pension insurance fund; pilot refinancing business; sideline insurance agency business; business with insurance institutions as special institutional clients; recommending business and brokerage business through National Equities Exchange and Quotation; market-making business through National Equities Exchange and Quotation; consultancy services for military industry-related and secrecy-involved business; member of Shanghai Gold Exchange; 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 Asset Management Association of China; member of the interbank foreign exchange market; member of the interbank foreign currency market; member of the Shanghai Bill Exchange Co., Ltd.; trustee of debt-financing instruments for non-financial enterprises.

# COMPANY INFORMATION AND MAJOR FINANCIAL INDICATORS

## Contact Person and Methods

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

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

## 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
Historical Changes of Registered Address of the Company	On 6 April 2000, with the approval of CSRC and the State Administration for Industry & Commerce of the PRC, the registered address of the Company was changed from Beijing to Shenzhen.
Office Address of the Company	CITIC Securities Tower, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province  CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing
Postal Code of Office Address of the Company	518048, 100026
Business Address in Hong Kong	26/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong
Website of the Company	<a href="http://www.citics.com">http://www.citics.com</a>
Email	ir@citics.com

## COMPANY INFORMATION AND MAJOR FINANCIAL INDICATORS

Telephone	0086-755-2383 5888, 0086-10-6083 8888
Facsimile	0086-755-2383 5861, 0086-10-6083 6029
Customer Service Hotline for Brokerage Business and Asset Management Business	95548, 4008895548
Investor Relations Hotline	0086-755-2383 5383, 0086-10-6083 6030
United Social Credibility Code	914403001017814402

### Information Disclosure and Availability Places

Newspapers Designated for Information Disclosure by the Company	China Securities Journal, Shanghai Securities News, Securities Times
The Websites for Publication of the Interim Reports	Website designated by the CSRC: <a href="http://www.sse.com.cn">http://www.sse.com.cn</a> (website of the SSE)  Website designated by the Hong Kong Stock Exchange: <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a> (HKEXnews website of HKEX)  Website of the Company: <a href="http://www.citics.com">http://www.citics.com</a>
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 short name	Stock code	Stock short name before change
A Shares	SSE	CITIC Securities	600030	N/A
H Shares	Hong Kong Stock Exchange	CITIC SEC	6030	N/A

# COMPANY INFORMATION AND MAJOR FINANCIAL INDICATORS

## Financial Summary

### Key Accounting Data and Financial Indicators

Items	30 June 2021	31 December 2020	<i>In RMB million</i>
			Variance in comparison with the end of last year (%)
Total assets	<b>1,169,139</b>	1,052,962	11.03
Total liabilities	<b>977,560</b>	867,080	12.74
Equity attributable to owners of the parent	<b>187,406</b>	181,712	3.13
Issued share capital	<b>12,927</b>	12,927	—
Net assets per Share attributable to owners of the parent (RMB yuan/share)	<b>14.50</b>	14.06	3.13
Gearing ratio (%) <sup>Note</sup>	<b>79.25</b>	78.10	Increased by 1.15 percentage points

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

Items	Six months ended 30 June 2021	Six months ended 30 June 2020	Variance in comparison with the corresponding period of last year (%)
Total revenue and other income	<b>47,769</b>	34,708	37.63
Operating profit	<b>15,864</b>	11,782	34.65
Profit before income tax	<b>16,291</b>	11,874	37.20
Net profit attributable to owners of the parent	<b>12,198</b>	8,926	36.66
Net cash inflow/(outflow) from operating activities	<b>-5,516</b>	-28,228	N/A
Basic earnings per Share (RMB yuan/share)	<b>0.94</b>	0.70	34.29
Diluted earnings per Share (RMB yuan/share)	<b>0.94</b>	0.70	34.29
Return on weighted average equity (%)	<b>6.52</b>	5.07	Increased by 1.45 percentage points

## COMPANY INFORMATION AND MAJOR FINANCIAL INDICATORS

### Net Capital and Relevant Risk Control Indices of the Parent Company

Items	30 June 2021	31 December 2020
Net capital (RMB million)	<b>89,340</b>	85,906
Net assets (RMB million)	<b>153,947</b>	151,705
Total risk capital reserves (RMB million)	<b>62,333</b>	55,438
Risk coverage ratio (%)	<b>143.33</b>	154.96
Capital leverage ratio (%)	<b>14.22</b>	14.95
Liquidity coverage ratio (%)	<b>125.60</b>	141.83
Net stable funding ratio (%)	<b>121.73</b>	124.15
Net capital/net assets (%)	<b>58.03</b>	56.63
Net capital/liabilities (%)	<b>15.41</b>	16.51
Net assets/liabilities (%)	<b>26.55</b>	29.15
Value of proprietary equity securities and derivatives held/net capital (%)	<b>44.05</b>	78.54
Value of proprietary non-equity securities and derivatives held/net capital (%)	<b>336.50</b>	293.17

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 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 mainly involves securities and futures brokerage business, distribution of financial products and investment consulting services.

The Group provides institutional stock brokerage business to domestic and overseas professional institutional investors clients, which mainly involves various professional value-added services for their investments and trading in the Chinese stock market and other overseas stock markets in Asia-Pacific, the U.S. and other areas, such as research marketing, transaction execution, equity financing and trading projects recommendation.

The financial market business of the Group is primarily comprised of trading and market-making of equity products, fixed income products and derivatives, foreign exchange business, 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 alternative investment and private equity investment.

The Group provides services such as custody and research.

## Investment Banking

### Equity financing

In the first half of 2021, with the advancement of registration-based system reform, the offering size of A-share IPO increased significantly, with a total of 245 enterprises completing the IPO process and listed on the SSE or SZSE, representing a year-on-year increase of 105.88%. The total offering size amounted to RMB210.950 billion, representing a year-on-year increase of 51.46%. The cumulative approval rate of IPOs reached 89.82% and maintained at a high level. Issuance of IPO remained normal. As the new policy on refinancing promulgated in 2020 was implemented gradually, refinancing size continued to grow rapidly. The total issuance size of private placement (for cash) projects amounted to RMB337,263 million, representing a year-on-year increase of 165.54%; and the total issuance size of convertible bonds amounted to RMB165,225 million, representing a year-on-year increase of 74.17%.

In the first half of 2021, A-share equity underwriting (issuance for cash) amounted to RMB756,766 million, representing a year-on-year increase of 80.70%; A-share equity underwriting (issuance for cash and acquisition of asset) amounted to RMB787,469 million, representing a year-on-year increase of 21.40%. The market share of the top ten securities companies in A-share equity underwriting (issuance for cash) amounted to 72.46%, indicating a high level of concentration.

## MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2021, Hong Kong IPO underwriting amounted to US\$30,012 million, representing a year-on-year increase of 136.86%; underwriting in Hong Kong refinancing market amounted to US\$61,993 million, representing a year-on-year increase of 176.98%. Calculated on the basis of the underwriting amount distributed evenly among all underwriters, the market share of top ten investment banks in Hong Kong equity financing market totaled 70.39%.

### **Actions and achievements**

In the first half of 2021, in respect of domestic equity financing, the Company completed a total of 92 A-share lead underwriting projects with an aggregate lead underwriting amount of RMB142,299 million (cash and asset transactions), representing a year-on-year increase of 8.01%, accounting for a market share of 18.07% and ranking the first in the market. Along with the advancement of the reform for registration-based IPO, the Company continued expanding the coverage of IPO clients including those on the STAR Market and ChiNext. The Company completed 27 IPO projects with an issuance size of RMB37,714 million in aggregate, accounting for a market share of 17.88% and ranking the first in the market. The Company completed 65 refinancing lead underwriting projects, with a lead underwriting amount of RMB104,585 million, accounting for a market share of 18.14% and ranking the first in the market. With significant increase in supply and demand of private placement (for cash) market, the Company focused on layout in private placement (for cash) business and completed 41 private placement (for cash) projects with an underwriting amount of RMB84,544 million in aggregate, accounting for a market share of 25.07% and ranking the first in the market. Meanwhile, the Company actively explored business opportunities in the convertible bonds, private placement for asset transactions, and rights issue, and continued to strengthen quality management and risk control for the whole process of equity financing projects, so as to reinforce and enhance its comprehensive competitive strength.

Projects	Six months ended 30 June 2021		Six months ended 30 June 2020	
	Underwriting Amount (RMB million)	Number of Issuances	Underwriting Amount (RMB million)	Number of Issuances
IPOs	37,714	27	9,981	6
Re-financing issuances	104,585	65	121,768	46
Total	142,299	92	131,749	52

Source: Wind Info and the Company's internal statistics

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

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



# MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2021, in respect of overseas equity financing, the Company further strengthened domestic and overseas integrated management, and continued to focus on layouts in new economic industries including information media, consumption, and healthcare. Calculated based on the bookrunner role, the Company completed a total of 32 overseas equity projects with an underwriting amount of US\$6,005 million in aggregate. Among them, 14 were IPO projects in the Hong Kong market with an aggregate underwriting amount of US\$1,632 million, and 11 were refinancing projects with an aggregate underwriting amount of US\$3,461 million, ranking the second among Chinese securities companies in respect of equity financing business in the Hong Kong market. Meanwhile, the Company completed 7 equity financing projects in overseas markets in the U.S., Australia and Southeast Asia and other areas, with an aggregate underwriting amount of US\$912 million.

## ***Outlook for the second half of 2021***

In the second half of 2021, the Company will further expand its coverage of domestic and overseas clients, scale up the pipeline, strengthen the research on emerging industries, important clients and innovative products, actively optimize its business structure according to market development and client needs, obtain key transactions from important clients and further enhance its influence in global market. The Company will act closely and in line with policy changes and continue to develop the layout for the businesses in relation to the comprehensive and steady advancement of the registration-based system, the Shanghai-London Stock Connect, the Shenzhen-London Stock Connect, A-share listing, H-share listing and secondary listing in A-share market of companies already listed overseas and other businesses. The Company will strengthen the abilities in equity underwriting while strictly carrying out project quality management by leveraging its platform strength, and provide clients with integrated investment banking services.

## **Debt financing**

### ***Market conditions***

In the first half of 2021, China's economic growth and monetary policy returned to normal levels as those before the COVID-19, and the monetary policy achieved an overall dynamic balance between risk prevention and economic growth stabilization, with bond supply being below expectations and the yield rate of bond market being stable with a slight decline. In the first half of 2021, the aggregate issuance size of bonds amounted to RMB29.51 trillion, representing a year-on-year increase of 13.92%; and net financing amount reached RMB6.74 trillion, representing a year-on-year decrease of RMB1.78 trillion. The aggregate issuance size of credit bonds (excluding interbank certificates of deposit) amounted to RMB9.37 trillion, representing a year-on-year increase of 1.55%. Fiscal policy returned to normal levels as those before the COVID-19, with steady growth of treasury bonds and slight decline in local government bonds; with respect to non-financial corporate bonds, affected by the credit contraction of real estate companies and local government financing vehicles, the overall issuance volume was nearly flat compared to the same period last year; the asset-backed securitization market remained active, with the continuously accelerated issuance of securitization products on exchanges, and the size of interbank credit asset-backed securitization market had a significant increase from the same period last year.

In the first half of 2021, overseas economies continued to recover gradually, with the policy remained loose and U.S. bond interest rate being clearly on the rise. According to Bloomberg's statistics, Chinese enterprises issued a total of 228 USD-denominated bonds with a total financing size of US\$95,582 million in the first half of 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Actions and achievements

In the first half of 2021, the Company maintained its leadership in the debt financing business with a total underwriting amount of RMB663,803 million, representing a year-on-year increase of 17.89%. The Company contributed as to 13.18% of the total underwriting amount of securities companies, ranking the first among securities companies, and as to 5.35% of the total underwriting amount of underwriting institutions including commercial banks, ranking the third in the market. The Company underwrote 1,287 projects, ranking the first among securities companies.

Projects	Six months ended 30 June 2021		Six months ended 30 June 2020	
	Underwriting Amount (RMB million)	Number of Issuances	Underwriting Amount (RMB million)	Number of Issuances
Enterprise bonds	20,110	26	21,354	27
Corporate bonds	141,652	288	131,147	231
Financial bonds	167,987	109	108,314	63
Medium-term notes	22,541	38	34,855	49
Short-term commercial papers	7,150	19	7,898	18
Private placement notes	6,390	19	15,150	27
Asset-backed securities	135,922	399	109,705	323
Convertible bonds/exchangeable bonds	18,045	14	21,319	21
Local government bonds	144,004	375	113,328	621
<b>Total</b>	<b>663,803</b>	<b>1,287</b>	563,069	1,380

Source: Wind Info and the Company's internal statistics

In respect of USD-denominated bonds issued by Chinese enterprises in overseas market, the Company completed a total of 57 projects with a total underwriting amount of US\$1,939 million, representing a market share of 2.22%, ranking the fourth among Chinese securities companies. In addition to the bond underwriting, the Company provided customers with structured and leveraged financing, risk solutions, liquidity management and other diversified services.

# MANAGEMENT DISCUSSION AND ANALYSIS

## ***Outlook for the second half of 2021***

In the second half of 2021, there are both opportunities and challenges for the debt financing business. The bond market will continue to reform, open up and innovate, which will bring new business opportunities; the further exposure of corporate default risks and the strengthening of the responsibilities of intermediaries also put forward higher requirements and challenges for bond underwriting business. The Company will actively seize market opportunities, integrate resources, continue to expand the customer market, increase the Company's market share, and vigorously strengthen due diligence, risk management and quality control to reduce project risks. In terms of business strategy, the Company will consolidate its leading advantages in debt financing business, and keep increasing investment in bond business with non-financial enterprises, to provide customers with comprehensive services and financial solution packages; the Company will strengthen efforts to explore bond financing opportunities from local enterprises and regional customers to build its regional advantages and competitiveness; the Company will continue to strengthen investment in promoting publicly-offered infrastructure REITs projects, and make efforts to procure projects with market influence to effectively enhance its leading advantages in this business; and the Company will fully implement the strategy of integrating domestic and overseas businesses, strengthen customer and business coordination of domestic and overseas businesses, vigorously expand in the USD bond (issued by Chinese enterprises) market, and improve its underwriting capacity and market share of overseas bond business.

## **Financial advisory services**

### ***Market conditions***

According to Dealogic, in the first half of 2021, the total value of global merger and acquisition transactions announced reached US\$2.99 trillion and the number of transactions amounted to 16,185. On a sector basis, the electronics and computer sector was the most active with the value of merger and acquisition transactions announced in the first half of 2021 amounting to US\$826.5 billion, which accounts for 27.67% of the total value of merger and acquisition transactions announced; the medical and healthcare sector followed with the value of merger and acquisition transactions announced in the first half of 2021 amounting to US\$327.4 billion, accounting for 10.96% of the total value of merger and acquisition transactions announced.

In the first half of 2021, the number of announced merger and acquisition transactions in the market involving Chinese enterprises was 2,667 with a transaction size of US\$298.2 billion, of which, 331 were cross-border transactions with a transaction size of US\$49.8 billion.

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

In the first half of 2021, the value of material assets restructuring transactions in A-share market completed by the Company amounted to RMB18.2 billion, with a market share of 22.80%, ranking the first in the industry. The Company, under the customer-oriented principle and in line with the State's requirement of improving the quality and core competitiveness of listed companies and providing in-depth services to central enterprise groups, state-owned enterprises and private enterprises, completed a number of large merger and acquisition and restructuring transactions, including the merger by absorption through share swap between Dalian Port and Yingkou Port, Huadong Tech's acquisition of TPV Tech, the material assets restructuring of Weiye Decoration, and Titan Wind's acquisition of Suzhou Titan, which continuously consolidated and improved the Company's market position and competitiveness in the merger and acquisition market.

## MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2021, the value of global merger and acquisition transactions involving Chinese enterprises completed by the Company amounted to US\$13.4 billion, ranking the second in the industry. The Company actively assisted clients in integrating global quality resources and strengthened domestic and overseas M&A business coverage. The Company assisted Yili Industrial in the privatization of Zhongdi Dairy to complete the integration of large pastoral resources; assisted Galanz in buying majority stake in Whirlpool China to promote a comprehensive upgrade of the partnership between the two sides; assisted Jinbei Automotive in acquisition of 50% equity of Adient Asia to enhance its core competitiveness and continuous profitability.

### ***Outlook for the second half of 2021***

In the second half of 2021, the Company will, under the customer-oriented principle and in line with the State's development strategy and requirements, continue to consolidate its market share, actively formulate plans in relation to merger and acquisition and restructuring of large enterprises, transfer of control of listed companies, debt restructuring, bankruptcy and reorganization of enterprises, etc., and keep improving its ability to provide integrated merger and acquisition services. The Company will also continue to deepen domestic and overseas collaboration and leverage its global network resources to strengthen the development of businesses including cross-border merger and acquisition, merger and acquisition financing and privatization of overseas-listed companies, so as to increase its global business coverage and market competitiveness.

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

#### ***Market conditions***

In the first half of 2021, the reform of New OTC Market launched smoothly, with the orderly process 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 number of companies listed on the New OTC Market amounted to 7,472, with total issued shares of 492,358 million and a total market capitalization of RMB2,388,437 million, 55 of which were listed on the New OTC Market Select, with total issued shares of 9,410 million and a total market capitalization of RMB140,762 million. In the first half of 2021, the total trading volume of the New OTC Market amounted to RMB61,067 million, and the total funds raised from the issuance of shares amounted to RMB12,998 million. As at the end of the Reporting Period, the NEEQ component index closed at 996.65, representing a decrease of 1.40% as compared to the end of 2020; and the NEEQ market-making component index closed at 1,139.63, representing an increase of 6.19% as compared to the end of 2020.

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

In the first half of 2021, the Company continued to operate the business of New OTC Market on the basis of expanding the customer coverage and centred on value identification and realization. While actively developing the public offering business of the New OTC Market Select, continuously optimizing the market-making and position structures and enhancing the coverage of high-quality enterprises, it placed great emphasis on quality control and effectively controlled business risks.

As at the end of the Reporting Period, the Company, as the lead broker on New OTC Market, conducted continuous supervision over a total of 21 listed companies, among which, 15 companies entered the Innovation tier or the Select tier. In the first half of 2021, the Company, as the sponsor, had applied for the public offering and listing on the New OTC Market on behalf of one company; the Company provided market-making services for 29 listed companies, among which, 23 companies entered the Innovation tier or the Select tier.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Outlook for the second half of 2021**

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

## **Wealth management**

### **Market conditions**

In the first half of 2021, the overall trading turnover of the domestic securities market increased significantly as compared with 2020, with SSE Composite Index risen by 3.40%, SSE SME Composite Index risen by 5.19% and ChiNext Composite Index risen by 14.13%.

### **Actions and achievements**

In the first half of 2021, the Company stuck to brokerage business as its primary business, intensified the development of wealth management, implemented its development requirements of the global integration, and improved its multi-level, three-dimensional, personalized product and service system covering all assets of wealth clients. The Company created an ultra-high-net-worth client service ecology with the entrepreneur's office as a carrier, strengthened the core capabilities in wealth allocation and buyer service, and continuously improved the capability to help clients achieve their wealth management goals by leveraging on its remarkable advantages in the control over risks of wealth allocation under market volatility.

As at the end of the Reporting Period, the number of customers exceeded 11.40 million, with the customer assets under custody in aggregate amounting to RMB9.7 trillion. Among them, 140,000 are wealth management customers with assets of over RMB2 million, with the total assets under management amounting to RMB1.7 trillion, representing an increase of 11% and 15%, respectively, as compared with those of the end of 2020; 31,000 are high-net-worth customers with assets of over RMB6 million, with the total assets under management amounting to RMB1.4 trillion, representing an increase of 15% compared to that of the end of 2020; and 17,000 are customers who signed up for wealth management accounts, with the assets under management amounting to over RMB210 billion. In the first half 2021, the total trading volume of securities and funds handled by the Company, CITIC Securities (Shandong) and CITIC Securities South China on behalf of customers amounted to RMB15.8 trillion, and the distribution of financial products amounted to RMB435.6 billion. The AUM of public funds and private funds exceeded RMB360 billion.

## **Outlook for the second half of 2021**

In the second half of 2021, the Company will continue to fully implement its customer-centred business philosophy and business objective of helping customers achieve asset preservation and enhancement, deepen the transformation and development of wealth management business, enhance asset allocation service capability, promote the stable growth of wealth customers and their asset scale, optimize the business revenue structure, further increase the proportion of wealth management revenue, and expand the influence of the wealth management brand; gradually establish a comprehensive wealth management platform to provide global asset allocation and trading services for domestic and overseas high-net-worth customers and better meet customers' needs for preservation, enhancement and inheritance of their assets; maintain and expand the leading edge of brokerage

## MANAGEMENT DISCUSSION AND ANALYSIS

business in terms of revenue while sticking to brokerage business as its primary business; explore the building of digital operation service system, promote the transformation of traditional marketing models to new models of content marketing and digital intelligent marketing, improve the efficiency of customer acquisition and retention, and increase the size of customer market; build a professional team and enhance professional ability to better support the full implementation of the Company's comprehensive financial services in all regions, so as to give full play to the Company's advantages in comprehensive financial services, promote the vigorous development of wealth management and achieve professional value.

### **Institutional stock brokerage business**

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

#### **Actions and achievements**

In the first half of 2021, the Company achieved certain performance growth in institutional stock brokerage business, further strengthened cross-border integrated management and collaborative development, made continuous progress in providing cross-border joint services to customers and cross-selling of products, and offshore research transformed from a traditional single business model to a multi-product model that supports company-wide business development.

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, QFI and WFOE. In the first half of 2021, the Company maintained its overall leadership in domestic institutional brokerage business.

The Company achieved outstanding performance in the stock brokerage business for overseas institutions, substantial year-on-year increase in business revenue and net profit, and maintained its leadership in market share of cash stock business in Asia Pacific. The main drivers of the growth were increased trading activities in global markets and the continued strong interest of overseas investment institutions in the Chinese equity market. Its global integrated trading platform offered comprehensive trading services to global customers. The trading of MSCI index adjustment ranked the first in market share, with a record high daily trading volume of US\$8.6 billion.

#### **Outlook for the second half of 2021**

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

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## Financial market

### Market conditions

In the first half of 2021, with stable macroeconomic fundamentals in domestic market, the stock market showed the main trend of fluctuation and differentiation with limited index volatility. However, leaders of various industries had experienced volatile share prices and limited returns due to high valuations and expected liquidity volatility. Small- and medium-sized companies did better due to improved performance and capital inflows. In the first half of 2021, CSI 300 Index edged up 0.2%, while the CSI 1000 Index rose by 6.6% and the Equity Fund Index rose by 7.8%. In the first half of 2021, the trading volume of Shanghai and Shenzhen stock markets rose by nearly 20% year on year. The market structure differentiated dramatically. The sector rotation was fast. The direction of subjects with high prosperity and high growth was relatively strong.

In the first half of 2021, the pandemic in developed countries was well under control, fiscal and monetary conditions were loose, with major overseas markets being calm and major stock indices continuing to rise. The S&P 500 Index rose by 14% and Nasdaq 100 Index rose by 13%. The relatively weak performance of the European and Hong Kong markets in 2020 was improved. European STOXX600 Index rose by 13% and Hang Seng Index rose by 6%, while Hang Seng TECH Index which led the growth in 2020 declined by 3% in the first half of 2021.

In the first half of 2021, the bond market was on the steady rise with an overall stable performance. ChinaBond Composite Wealth Index rose by 2.1%. National bonds witnessed a slight decline in medium and long-term key-duration interest rates and the short-end interest rate remained stable, with relatively ample room for interbank liquidity.

### Actions and achievements

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. In respect of the equity derivatives business, 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. With the coverage of international mainstream markets, the Company offered customers cross-time-zone derivative transactions services in the global market.

In respect of the fixed income business, the Company made good use of its customer resources and enhanced its comprehensive capabilities for product design and customer service to constantly enrich the profit model. Various businesses developed steadily. In the first half of 2021, the Company ranked the first in the industry in terms of the sales of interest rate products.

With respect to the stock proprietary business, on the basis of keeping investment in great leading companies in various industries, the Company strengthened internal synergies and development of diversified strategies. Meanwhile, the Company continued to focus on controlling tail risks, maintaining a steady performance on the whole. The Company achieved further results in the exploration and practice of quantitative analysis and diversified strategies, laying a solid foundation for reducing the dependence of performance on market movements in a single direction in the future.

## MANAGEMENT DISCUSSION AND ANALYSIS

In respect of securities financing and lending business, the Company continuously optimized business risk management and infrastructure development and deepened the use of financial technology. The Company further strengthened refined management of customer structure and product innovation services, and deepened the extent of penetration into regional markets while adjusting business structure and safeguarding the safety of the Company's assets and high-quality development. The business scale continued to grow and the market share remained on the top spot.

In respect of the alternative investment business, the Company continued to develop diversified strategies in data, models, objects, optimization methods and others, so as to obtain more excess returns while effectively diversify risks. In addition, the Company also actively developed overseas business, improved the infrastructure construction for investment research, trading and risk control platforms, and promoted cross-department business collaboration.

In respect of the commodities business, the Company implemented the concept of finance serving the real economy, strengthened its capacity to provide comprehensive services, and devoted increased effort in industrial customer expansion and service in the course of sharp rise in the commodities market. The Company provided various industrial customers and institutional customers with customized and professional financial services related to commodities to promptly meet the hedging needs of industrial customers.

### **Outlook for the second half of 2021**

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

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

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

In respect of securities financing and lending business, the Company will continue to improve its "customer-oriented" product supply and customer service ecosystems. In line with the development trend of capital market innovation and reform, the Company will optimize risk management, and enhance capabilities for complex product creation and design, specialized and refined services and technological innovation to provide one-stop financial products and comprehensive solutions, such as financing, trading and PB services, for domestic and foreign professional institutions, listed companies and corporate customers, high-net-worth individuals and wealth management customers.



# MANAGEMENT DISCUSSION AND ANALYSIS

In respect of alternative investment business, the Company will still focus on research and development of strategies, continuously accelerate the launching of research and development projects of new strategies to gradually achieve full coverage of the strategies for various domestic and overseas markets and various transactions.

In respect of the commodities business, the Company will continue to expand its coverage on customer and market, enrich its customer base, optimize customer structure, increase the proportion of industrial customers, and continue to strengthen effort in the services for the real industrial customers. Meanwhile, the Company will enhance the depth of services and enrich product design covering the mainstream commodities around the globe, offer a variety of derivatives, and provide channels of risk hedging and transfer for domestic and overseas customers, so as to make the commodities business become an important link in the comprehensive financial service chain related to FICC provided by the Company.

## **Asset management**

### **Market conditions**

The transitional period for the implementation of the New Regulations on Asset Management will end in 2021. The net worth transformation of the asset management industry entered into the final stage. In this process, new models, new products and new patterns are gradually formed, and the value chain of the asset management industry is reshaping. In the future, asset management institutions need to deeply understand the current laws of economic development and industry competition and cooperation relationship, continue to stick to the development direction of active management, look for differentiated positioning, and strengthen comprehensive management capabilities, to play an important role in serving the development of the real economy and promoting the maintenance and appreciation of residents' assets.

### ***Asset Management Business of the Company***

#### *Actions and achievements*

In the first half of 2021, faced with the continuous industry transformation and development environment brought by the approaching rectification deadline for the implementation of the New Regulations on Asset Management, the Company continuously upheld the original mission of “working for the people’s happiness, serving the real economy and preventing financial risks” in its asset management business. The Company strengthened product innovation, continuously improved product layout, improved its professional level in investment research, and perfected the buyer’s investment research system. The Company vigorously developed pension businesses covering social security, and basic pension, corporate annuity and occupational annuity, actively promoted transformation of active management business in banks, made new progress in cooperation with wealth management subsidiaries of banks and private banks, continuously advanced the transformation of massive collective assets to publicly offered assets, and rapidly expanded the business of high-net-worth individuals with FOF products as carrier.

## MANAGEMENT DISCUSSION AND ANALYSIS

As at the end of the Reporting Period, the AUM of the Company amounted to RMB1,390,962 million, of which, the size of CAM, SMA and SAM amounted to RMB361,415 million, RMB1,029,442 million and RMB105 million, respectively. In particular, the assets under active management amounted to RMB1,166,368 million. The market share of the privately-offered asset management business as defined under the New Regulations on Asset Management (excluding pension businesses, publicly-offered collective investment schemes and asset-backed securitization products) of the Company was approximately 13.84%, ranking the first in the industry.

Type	AUM (RMB million)		Management fees (RMB million)	
	As at the end of June 2021	As at the end of 2020	Six months ended June 2021	Six months ended June 2020
	CAM	<b>361,415</b>	260,124	<b>988.19</b>
SMA	<b>1,029,442</b>	1,106,168	<b>771.22</b>	522.43
SAM	<b>105</b>	109	<b>23.03</b>	10.46
Total	<b>1,390,962</b>	1,366,401	<b>1,782.44</b>	866.42

Source: The Company's internal statistics

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

### Outlook for the second half of 2021

In the second half of 2021, in respect of asset management business, the Company will, following the customer development strategy of "serving institutional customers and increasing retail customers", continue to improve its customer development ability and comprehensive financial service. The Company will also continuously enrich its product types, pay attention to multiple asset models featuring active management, long-term net worth, "fixed income +", equity and others, and advance layout and development of cross-border products. The Company will make efforts to build professional investment research team, expand and strengthen its pension business, to consolidate its leading position in respect of institutional business. Through innovating business models focusing on customers' demand, the Company will continue to advance the transformation and marketing of publicly-offered collective investment schemes. The Company will also make preparations for the establishment of asset management subsidiaries. Besides, the Company will build a new-generation platform for asset management business in an all-round way by constantly promoting the digital construction of asset management business.

## **China AMC**

### *Actions and achievements*

In the first half of 2021, China AMC strengthened investments in strategic direction and long-term track layout, with significant increase in investment performance. The number of fund offerings reached a new record high, with remarkable results from continuous marketing. China AMC grasped the opportunities of Hong Kong stock market to continuously improve the layout of index product lines. It also steadily promoted strategic pension business, improved the structure of actively managed SMA services, increased investment in innovative business, built a Fintech ecosystem, and continuously enhanced its risk prevention ability. As a result, the overall asset management scale further expanded. As at the end of the Reporting Period, the total AUM of China AMC reached RMB1,606,614 million, of which, the AUM of public funds reached RMB976,243 million and the AUM of institutional and international business reached RMB630,371 million.

### *Outlook for the second half of 2021*

In the second half of 2021, China AMC will strengthen strategic asset allocation, continuously improve investment performance, invest in newly issued funds on rational basis, enhance operation capabilities for customer and channel. It will enhance the marketing of dominant index products, improve the overall service quality for institutional customers, expand its international business scale, and continuously improve Fintech ecosystem, and thereby maintaining its comprehensive competitiveness in the industry.

## **Custody**

### **Market conditions**

In the first half of 2021, with the prevention and control of COVID-19 becoming constant practice, the macroeconomic continued to recover. The transformation of asset management products, such as bank wealth management and trust, accelerated, and the issuance scale of public funds reached a new high. Innovative products enjoyed its booming season, which is exemplified by the official launching of publicly-offered infrastructure REITs projects. The CSRC issued several regulations to strengthen the supervision over private investment funds to further strengthen the supervision over the private equity industry and regulate the sound development of private equity funds. The number of private fund managers decreased, but the number and management scale of existing private funds still maintained an upward trend, reaching a new high at the end of June.

### **Actions and achievements**

In the first half of 2021, the Company continued to increase investment in business system construction by optimizing business operation quality control mechanism and refining key customer service process to improve operational efficiency and enhance customer viscosity. The Company abided by the principle of prudence and diligence and faithfully performed its duties as a custodian to protect the interests of fund investors. In respect of fund operation outsourcing service, the Company continued to expand client base and build an integrated fund operation service system within and outside of China. By synergizing its domestic and overseas resources, the Company provide asset management institutions with comprehensive operation services in all respects.

As at the end of the Reporting Period, the Company's asset custody and fund operation outsourcing service business achieved continuous growth, with 9,381 existing products under the asset custody service provided by the Company and 9,617 existing products under the fund operation outsourcing service provided by the Company.

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## **Outlook for the second half of 2021**

In the second half of 2021, the Company will continue to expand institutional customers in the wealth management market, meet the comprehensive needs of various asset management institutions, strengthen fund operation service capabilities, and continue to expand the market scale of custody business by taking advantage of business synergies.

## **Equity investment**

With the prevention and control COVID-19 becoming constant practice domestically, the overall fund-raising environment showed a positive trend. According to Zero2IPO Research Center, in the first quarter of 2021, the total fund-raising amount of new funds was RMB223,824 million, representing a year-on-year increase of 6.3%, and a total of 873 new funds completed fund-raising, representing a year-on-year increase of 66.6%. Overall, the amount of funds privately raised has gradually recovered to the status before the COVID-19, but structural fund-raising difficulties such as the lack of long-term capital still exist. In terms of investment, in the first quarter of 2021, the private investment market gradually picked up, with a total of 1,005 investments, representing a year-on-year increase of 47.14%, of which a total of 813 investments involving a disclosed amount of RMB192,501 million were made, representing a year-on-year increase of 86.52%. The number of investment cases reached a relatively high level in terms of the statistics for the past three years, and the overall development recovered significantly as compared with that of 2020. In terms of exit, in the first quarter of 2021, there were 383 exit cases in private market, representing a year-on-year increase of 16.41%. Exit by IPO is still the mainstream method in the market, with a total of 313 IPO exit cases completed, accounting for 81.7%, representing a year-on-year increase of 67.38%; 120 of the IPO exit cases involved companies listed on the STAR Market.

## **CITIC Securities Investment**

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

In the first half of 2021, as an alternative investment subsidiary of the Company, CITIC Securities Investment closely focused on the development of the capital market and the macro situation in China and abroad, continued to explore investment opportunities in industries including advanced manufacturing, information technology, modern service, medical and healthcare, new materials and industrial products, and actively explored the possibility of moving the investment phase forward appropriately. CITIC Securities Investment continued to give full play to the comprehensive advantages of CITIC Securities, increased investment scale, and invested in a number of enterprises with core competitiveness in the fields of consumption, semiconductor, medical and healthcare, new materials, and information technology.

### ***Outlook for the second half of 2021***

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

## GoldStone Investment

### *Actions and achievements*

Being a platform for raising and managing private equity investment funds of the Company, GoldStone Investment, as the promoter and fund manager, established Shuozhou Huashuo GoldStone Energy Industry Transformation Parent Fund (朔州市華朔金石能源產業轉型母基金) and Shenshi (Shenzhen) Smart Logistics Infrastructure Private Fund (深石(深圳)智慧物流基礎設施私募基金) in the first half of 2021, with a total size of RMB1.8 billion and the aim to support the development of enterprises with core competitive advantages in energy and storage logistics industry by way of equity investment. In the first half of 2021, GoldStone Investment made external investment of approximately RMB1.8 billion in sectors involving new materials, logistics, biotechnology, software, communications and information technology. As at the end of the Reporting Period, there were 20 private equity investment funds under GoldStone Investment's management.

### *Outlook for the second half of 2021*

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

## Research

In the first half of 2021, the Company has continued to push forward the comprehensive strategic transformation of its research business. The research coverage and service coverage were further expanded. With the coverage of A-share and overseas listed companies continued to increase, and the number of institutional customers reached a new high, the Company effectively served enterprises and equity investment institutions. The Company accelerated the integration of its domestic and overseas research capabilities, achieved increasing number of Chinese and English research reports and influence in overseas markets, and made further progress in the internationalization and global distribution of research reports. As the Company's influence in research further enhanced, the number of reports and citations by the central media and professional financial media significantly increased, and research conference activities also gained widespread attention. Through the combination of integrated research services and business synergies, and through provision of services to government agencies on a wide range of topics, the reputation of the Company further enhanced.

In the second half of 2021, the research business of the Company will stay value-oriented and focus on client-driven and business-driven research services to continue to enhance the Company's reputation and value. The Company will expand the research areas from secondary market to industry trends, industrial integration, merger and acquisition and restructuring, and unlisted enterprises. In terms of service targets, while maintaining the dominant position in key institutional customer markets, the Company will also increase efforts to serve customers in incremental markets. In terms of domestic and overseas cooperation, the Company will build the research brand featuring global vision and solid local foundation.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Statements Analysis

### Profitability Analysis of the Company for the Reporting Period

For the first half of 2021, the total revenue and other income realized by the Group was RMB47,769 million, representing a year-on-year increase of 37.63%, of which the revenue from the brokerage business amounted to RMB12,480 million, representing a year-on-year increase of 44.58%; the revenue realized by the asset management business increased by 55.41% year-on-year to RMB6,392 million; the revenue realized by the securities trading business increased by 15.43% year-on-year to RMB16,580 million; the revenue realized by the investment banking business increased by 48.73% year-on-year to RMB3,287 million; and the revenue realized by other businesses increased by 67.56% year-on-year to RMB9,030 million. For the first half of 2021, operating expenses of the Group amounted to RMB31,905 million, representing a year-on-year increase of 39.17%.

For the first half of 2021, the Group's net profit attributable to owners of the parent increased by 36.66% year-on-year to RMB12,198 million; basic earnings per share increased by 34.29% year-on-year to RMB0.94; and return on weighted average equity was 6.52%, increased by 1.45 percentage points year-on-year.

### Asset Structure and Asset Quality

As at 30 June 2021, the Group's equity attributable to owners of the parent amounted to RMB187,406 million, representing an increase of RMB5,694 million or 3.13% as compared to the end of 2020.

As at 30 June 2021, the total assets of the Group amounted to RMB1,169,139 million, representing an increase of RMB116,177 million or 11.03% as compared to the end of the previous year; excluding customer brokerage deposits and funds payable to securities issuers, the total assets of the Group amounted to RMB923,194 million, representing an increase of RMB74,414 million or 8.77% as compared to the end of the previous year. As at 30 June 2021, the total liabilities of the Group amounted to RMB977,560 million, representing an increase of RMB110,480 million or 12.74% as compared to the end of the previous year; excluding customer brokerage deposits and funds payable to securities issuers, the total liabilities of the Group amounted to RMB731,615 million, representing an increase of RMB68,717 million or 10.37% as compared to the end of the previous year.

The structure of assets and liabilities was stable. As at 30 June 2021, the total assets of the Group excluding customer brokerage deposits and funds payable to securities issuers amounted to RMB923,194 million, among which investment assets mainly included investments in associates/joint ventures and financial assets, accounting for 60.36% of the total assets; margin accounts and reverse repurchase agreements, accounting for 17.44% of the total assets; cash and bank balances, accounting for 10.48% 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 1.41% of the total assets.

As at 30 June 2021, excluding customer brokerage deposits and funds payable to securities issuers, the Group's total liabilities amounted to RMB731,615 million, among which repurchase agreements amounted to RMB214,336 million, accounting for 29.30% of the total liabilities; debt instruments issued and long-term loans were RMB128,061 million, accounting for 17.50% of the total liabilities; short-term loans, due to banks and other financial

# MANAGEMENT DISCUSSION AND ANALYSIS

institutions, short-term financing instruments payable and non-current liabilities due within one year amounted to RMB87,111 million, accounting for 11.91% of the total liabilities; financial liabilities at fair value through profit or loss and derivative financial liabilities were RMB100,941 million, accounting for 13.80% of the total liabilities; and other items of liabilities amounted to RMB201,166 million in aggregate, accounting for 27.49% of the total liabilities.

The gearing ratio increased slightly. As at 30 June 2021, excluding customer brokerage deposits and funds payable to securities issuers, the gearing ratio of the Group was 79.25%, representing a year-on-year increase of 1.15 percentage points.

## Cash Flow Status

Excluding customer brokerage deposits, the Group's net increase in cash and cash equivalents was RMB7,419 million in the first half of 2021, as compared to RMB-14,685 million for the same period in 2020, which was mainly due to an increase in the net cash flow from operating activities.

From a structural perspective, in the first half of 2021, the Group's net cash flow from operating activities was RMB-5,516 million, as compared to RMB-28,228 million for the same period in 2020, which was mainly attributable to the year-on-year increase in net inflow from financial assets at fair value through profit or loss.

Net cash flow from investing activities in the first half of 2021 was RMB2,312 million, as compared to RMB4,956 million for the same period in 2020, which was mainly attributable to the increase in the net inflow from investing activities of new consolidated subsidiary in the same period of last year.

Net cash flow from financing activities in the first half of 2021 was RMB10,623 million, as compared to RMB8,587 million for the same period in 2020, which was mainly attributable to the year-on-year increase in the cash inflows from borrowing activities during the Reporting Period.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

Name	Shareholding of the Company	Date of Establishment	Registered Capital	Place of Business	Registered Address	Responsible Officer	Contact Number
CITIC Securities (Shandong)	100%	1988.6.2	RMB2,493.8 million	5/F, East Wing, Tower 1, Longxiang Plaza, No. 28 Dong Hai West Road, Shinan District, Qingdao, Shandong Province 15/F, International Wealth Center, No. 156 Jingqi Road, Shizhong District, Jinan, Shandong Province	Unit 2001, Tower 1, No. 222 Shenzhen Road, Laoshan District, Qingdao, Shandong Province	FENG Enxin	0532-85022309
CSI	100%	1998.4.9	Paid-up capital of HK\$6,516.05 million	26/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong	26/F, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong	ZHANG Youjun	00852-26008188
GoldStone Investment	100%	2007.10.11	RMB3,000 million	17/F, CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing	No. 48 Liangmaqiao Road, Chaoyang District, Beijing	JIN Jianhua	010-60837800
CITIC Securities Investment	100%	2012.4.1	RMB14,000 million	17/F, CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing	Unit 2001, Tower 1, International Finance Plaza, No. 222 Shenzhen Road, Laoshan District, Qingdao, Shandong Province	ZHANG Youjun	010-60833811
CITIC Futures	100%	1993.3.30	RMB5,600 million	Units 1301-1305, 13/F and 14/F, North Tower, Excellence Times Plaza II, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province	Units 1301-1305, 13/F and 14/F, North Tower, Excellence Times Plaza II, No. 8 Zhong Xin San Road, Futian District, Shenzhen, Guangdong Province	ZHANG Hao	0755-83217780
CITIC Securities South China	100%	1988.3.26	RMB5,091,137,318	Room 901 & Room 1001, No. 395 Linjiang Avenue, Tianhe District, Guangzhou, Guangdong Province	Room 901 & Room 1001, No. 395 Linjiang Avenue, Tianhe District, Guangzhou, Guangdong Province	HU Fuyun	020-88836999
China AMC	62.20%	1998.4.9	RMB238 million	Building 7, No. 1 Yuetan South Street, Xicheng District, Beijing	No. A3, Anqing Street, Shunyi District, Beijing	YANG Minghui	010-88066688
CITIC PE Fund	35%	2008.6.6	RMB1,800 million	17/F, CITIC Securities Tower, No. 48 Liangmaqiao Road, Chaoyang District, Beijing	District C, Incubator Building, Technology Education and Startup Park, Technology City, Mianyang	JIN Jianhua	010-60837869



## MANAGEMENT DISCUSSION AND ANALYSIS

Particulars of the principal subsidiaries and the company 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 RMB31,623.27 million and RMB7,269.50 million, respectively, the operating revenue, profit before tax and net profit realized in the first half of 2021 amounted to RMB1,081.54 million, RMB458.36 million and RMB343.89 million, respectively; and it had 70 securities branches and 2,489 staff (including 3 brokers and 7 dispatched staff).

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 consulting (for securities investment consulting 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 RMB208,338.94 million and approximately RMB9,677.23 million, respectively; the operating revenue, profit before tax and net profit realized in the first half of 2021 amounted to approximately RMB4,130.29 million, approximately RMB1,650.47 million and approximately RMB1,419.53 million, respectively; and it had 4 branches in Hong Kong and 1,847 staff (including 86 brokers).

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

- (3) GoldStone Investment is a wholly-owned subsidiary of the Company with a registered capital of RMB3.0 billion. As at the end of the Reporting Period, the total assets and net assets of GoldStone Investment amounted to RMB35,558.31 million and RMB9,168.52 million, respectively; the operating revenue, profit before tax and net profit realized in the first half of 2021 amounted to RMB897.17 million, RMB608.89 million and RMB452.62 million, respectively. GoldStone Investment had 116 staff (7 dispatched staff inclusive).

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

- (4) CITIC Securities Investment is a wholly-owned subsidiary of the Company with a registered capital of RMB14 billion. As at the end of the Reporting Period, the total assets and net assets of CITIC Securities Investment amounted to RMB20,393.37 million and RMB17,514.84 million, respectively; the operating revenue, profit before tax and net profit realized in the first half of 2021 amounted to RMB1,653.65 million, RMB1,220.95 million and RMB926.25 million, respectively; and it had 29 staff.

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

## MANAGEMENT DISCUSSION AND ANALYSIS

- (5) CITIC Futures is a wholly-owned subsidiary of the Company with a registered capital of RMB5.6 billion. As at the end of the Reporting Period, the total assets and net assets of CITIC Futures Investment amounted to RMB120,583.29 million and RMB8,622.05 million, respectively; the operating revenue, profit before tax and net profit realized in the first half of 2021 amounted to RMB8,409.29 million, RMB634.57 million and RMB479.46 million, respectively; and it had 48 branches and 1,478 staff.

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

- (6) CITIC Securities South China is a wholly-owned subsidiary of the Company with a registered capital of RMB5,091,137,318. As at the end of the Reporting Period, the total assets and net assets of CITIC Securities South China amounted to RMB18,775.07 million and RMB6,505.14 million, respectively; the operating revenue, profit before tax and net profit realized in the first half of 2021 amounted to RMB431.72 million, RMB97.88 million and RMB92.75 million, respectively; and it had 62 securities branches, 1,002 staff and 1 broker.

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

- (7) China AMC is held as to 62.20% by the Company and has a registered capital of RMB238 million. As at the end of the Reporting Period, the total assets and net assets of China AMC amounted to RMB14,105.87 million and RMB10,039.86 million, respectively; the operating revenue, profit before tax and net profit realized in the first half of 2021 amounted to RMB3,651.95 million, RMB1,366.19 million and RMB1,048.71 million respectively; and it had 1,095 staff.

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

- (8) CITIC PE Fund is held as to 35% by the Company and has a registered capital of RMB1.8 billion. As at the end of the Reporting Period, the total assets and net assets of CITIC PE Fund amounted to RMB5,073.54 million and RMB4,795.43 million, respectively; and the net loss realized in the first half of 2021 amounted to RMB156.69 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.

# 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 36 securities branch offices in China, particulars of which are as follows:

No.	Branch Office	Responsible Officer	Place of Business	Contact Method
1	Beijing Branch Office	Tian Bing	4/F, 5 Jinchengjianguo, No. 5 Jianguomen Beidajie, Dongcheng District, Beijing	010-65128320
2	Shanghai Branch Office	WANG Lihua	Units 06 and 07, 8/F (Actual Floor: 7/F), and Units 01-03, 06A and 07, 10/F (Actual Floor: 9/F), 1568 Century Avenue, Shanghai	021-61768697
3	Hubei Branch Office	SUN Hongtao	51/F, Guangdong Development Bank Building, No. 737 Jianshe Avenue, Jiangnan District, Wuhan, Hubei Province	027-85355366
4	Jiangsu Branch Office	XIE Siyuan	1/F, Area B and 10/F, Phase II of Sunny World, No. 168 Lushan Road, Jianye District, Nanjing, Jiangsu Province	025-83261298
5	Shanghai Pilot Free Trade Zone Branch Office	TIAN Xingnong	19/F and 20/F, No. 1568 Century Avenue, Pilot Free Trade Zone, Shanghai	021-20262006
6	Shenzhen Branch Office	LIANG Qi	12/F and 20/F, CITIC Securities Tower, No. 8 Zhong Xin San Road, Futian Street, Futian District, Shenzhen, 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 1703, 1704, 1901, 1902, 2201, 2202, 2203, 2204, 2301, 2303 and 2304 of Dikai Yinzu, Jianggan 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 Defense Building, No. 1480 North Section of Tianfu Avenue, Chengdu Hi-Tech Industrial Development Zone, China (Sichuan) Pilot Free Trade Zone, Sichuan Province	028-63278899
14	Shaanxi Branch Office	SHI Lei	Room 02-03-04, 19/F, Unit 1, Building 1, Hesheng Jingguang Center, No. 11 Tangyan Road, High-tech Zone, Xi'an, Shaanxi Province	029-88601239
15	Tianjin Branch Office	ZHANG Xinyu	7/F, Tianjin Technology Building, No. 23 Youyi Road, Hexi District, Tianjin	022-58816668
16	Inner Mongolia Branch Office	FAN Yaqiong	Jintailiwan No. 10 Complex, Siwei Road, Saihan District, Hohhot, Inner Mongolia Autonomous Region	0471-5982233
17	Anhui Branch Office	HAN Rui	Rooms 1-Shang-101 and 1-701-708, Block A, Jinding International Square, No. 287 Suixi Road, Luyang District, Hefei, Anhui Province	0551-65662889
18	Shanxi Branch Office	ZHENG Wenhui	Shop 1, Northeast Corner of Hongsheng Times Financial Plaza, No. 1 Jifu Road, Jinyuan District, Taiyuan, Shanxi Province	0351-6191968

# MANAGEMENT DISCUSSION AND ANALYSIS

No.	Branch Office	Responsible Officer	Place of Business	Contact Method
19	Yunnan Branch Office	ZHANG Rui	Units 2601-2603 and 2612, 26/F, Kunming Henglong Plaza Office Building, No. 23 East Dongfeng Road, Panlong District, Kunming, Yunnan Province	0871-68583323
20	Hunan Branch Office	LUO Hua	2/F, New Century Building, No. 198 Second Section of Furong Middle Road, Tianxin District, Changsha, Hunan Province	0731-85175379
21	Hebei Branch Office	QIU Zhenying	3501-3504, 35/F, Tower B, Letai Center, No. 39 Zhongshan East Road, Chang'an District, Shijiazhuang, Hebei Province	0311-66188908
22	Chongqing Branch Office	HAN	5-1 (underground) and 12-1-2 of Citic Bank Building, No. 5 West Avenue, Jiangbei Town, Jiangbei District, Chongqing	023-67518668
23	Hainan Branch Office	ZHU Yumei	1-2/F, Block B, East Area of Sheng Da Jing Du, No. 65 Guoxing Avenue, Meilan District, Haikou, Hainan Province	0898-65361268
24	Guangxi Branch Office	LIU Yuyang	Room 1805, 18/F, Block C, China Resources Building, No. 136-5 Minzu Avenue, Qingxiu District, Nanning, Guangxi Province	0771-2539031
25	Gansu Branch Office	XU Ying	4/F, Lanzhou SOHO Tower, No. 9 Minzu West Road, Chengguan District, Lanzhou, Gansu Province	0931-8631255
26	Ningxia Branch Office	WU Ligang	Room 301, Complex Commercial Building, No. 16 (formerly No. B4) Yuehai Xintiandi, East Side of Yinjiagu and South Side of Zhenshui Road, Jinfeng District, Yinchuan, Ningxia	0951-5102568
27	Jilin Branch Office	LIU Mingxu	C101 on 1-2/F, C301 and C302 on 3/F, Tower C, Pearl Plaza, No. 8988 Renmin Avenue, Nangan District, Changchun, Jilin Province	0431-81970899
28	Heilongjiang Branch Office	ZHAO Yong	No. 1150 Jinjiang Road, Daoli District, Harbin, Heilongjiang Province	0451-51176699
29	Jiaxing Branch Office	WU Jinglan	Room D110 on 1/F, 3/F & 4/F, Room D111, Room D113 on 3/F & 4/F, Commercial Office Building, Fortune Plaza, Economic and Technological Development Zone, Jiaxing, Zhejiang Province	0573-82069341
30	Jinhua Branch Office	LI Qiang	1-4/F, Haiyang Building, No. 331 Zhongshan Road, Jinhua, Zhejiang Province	0579-82337102
31	Shaoxing Branch Office	TONG Weijia	No. 117 Pianmenzhi Street, Yuecheng District, Shaoxing, Zhejiang Province	0575-88096598
32	Taizhou Branch Office	LIN Binxian	Rooms 2001 and 103, Development and Investment Mansion, No. 188 Fuzhong Road, Jiaojiang District, Taizhou, Zhejiang Province	0576-88896598
33	Xinjiang Branch Office	JIA Hachao	Room 1-01 on 1/F and Room 7017 on 7/F, Block A, Yingke Plaza, No. 217 Gaoxin Street, Hi-tech Zone, Urumchi, Xinjiang	0991-5870063
34	Suzhou Branch Office	WANG Xiaomeng	8/F, No. 308 Suya Road, Suzhou Industrial Park, Jiangsu	0512-67615858
35	Foshan Branch Office	CHEN Hengfu	15F, Nanhai Vanke Plaza Office Building, No. 23, Guicheng Middle Road, Nanhai District, Foshan, Guangdong	0757-82067623
36	Dongguan Branch Office	CAO Hong	Rooms 1705, 1706, 1707 and 1708, 17/F, and part of the Ground Floor, Yujing Plaza, Gangbei Dongcheng Road, Dongcheng Street, Dongguan, Guangdong Province	0769-89907858

# 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, issuance of short-term commercial papers, issuance of beneficiary certificates, issuance of short-term corporate bonds etc., through exchange market, interbank market and over-the-counter 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 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 2021.

## Possible Risks Exposure

Currently, the world economy has witnessed a better recovery trend after the COVID-19 pandemic, but there is still a relatively obvious differentiation among countries. The central banks of different countries have successively released the signal of ending loose monetary policy and gradually tightening monetary policy, which will possibly pose a market fluctuation that cannot be ignored. The domestic economy has been steadily strengthened, but the balance in the relationship between steady growth and prevention of financial risks is still facing challenges. 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 and fixed income product investment are exposed to changes in credit risk and counterparty risk. Therefore, the Company should, in its steady operation, ensure risks are detectable and controllable amid business expansion.

## Core Competitiveness Analysis

In the course of more than 20 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

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

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

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

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

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

Over the past 20 years, the Company has accumulated a group of trustworthy strategic clients including Three Gorges Corporation, China Yangtze Power and Industrial and Commercial Bank of China. At present, the Company has more than 10 million retail clients and 75,000 domestic corporate and institutional clients engaging in key fields of national economy, achieving in-depth coverage of major central state-owned enterprises, important local state-owned enterprises and influential listed companies. The Company has kept developing as driven by the motto of being client-centric and growing together with clients.

## Chinese investment bank with the widest layout along the “Belt and Road” Area

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

## Talent advantage under the market-based mechanism

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

## Excellent corporate culture and core value

The Company has inherited excellent cultural genes of CITIC Group. Following CITIC’s style of “abiding by laws and discipline and acting honestly, seeking truth from facts and innovation, being prudent and modest and advocating teamwork spirit, being industrious and self-motivated and effective and resolute”, highlighting CITIC’s core value of “honesty, innovation, cohesion, integration, devotion and excellence”, and keeping to CITIC’s development mission of “becoming stronger and better, following the national strategy and contributing to national rejuvenation”, the Company has gradually formed its operating philosophy of law abidance, standardized management and strict risk control; forged the enterprising spirit of seeking excellence, striving to make innovations and allowing trial and error; developed the crisis awareness of facing up to problems, respecting market and actively seeking changes; cultivated the interpersonal style of staying humble, working hard, and being modest and prudent; and formed the admirable tradition of being diligent, advocating conciseness, and abandoning redundant formalities.

## Risk Management

### Overview

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

## MANAGEMENT DISCUSSION AND ANALYSIS

The Company has established an overall risk management system led by the Chief Risk Officer, in the charge of the Risk Management Department and involving its departments/business lines, branches, subsidiaries and all its staff, and is committed to building risk management as its core competitiveness. The Company has set the objectives for its risk strategy in the “Fourteenth Five-year” Plan: Continuously optimize the comprehensive risk management system and the global integrated risk management system, forge a risk management system that matches business development, faces global operation and features 24 hours, full coverage and no blind zone, maintain the domestic leadership, basically reach the risk management level of world-leading investment banks and build the risk management capacity into one of the core competitive strengths of the Company; establish a scientific risk appetite management system, play the guiding role of risk preference and tolerance, achieve the equilibrium and match among capital, risk and return, help the Company realize the strategic objectives and push the sustainable high-quality development of the Company.

In the first half of 2021, the Company focused on the establishment of the risk appetite management system, issued the Risk Appetite Management Procedure of CITIC Securities Company Limited and the 2021 Risk Appetite Statement of CITIC Securities Company Limited reviewed and approved by the Board to fully leverage on the guiding role of the risk preference in business development. The Company has further refined risk management procedures and response measures to assure the prudential operation of its comprehensive risk management system and brought various risks under effective management and control. The Company has continuously satisfied the requirement of the consolidated supervision pilot, deepened the domestic and overseas integrated risk management mechanism and lifted the risk management level across the Group.

The Company is well aware that excellent overall risk management system and advanced information technology platform are essential to achieve the development vision of “becoming a domestically leading and internationally first-class Chinese investment bank most trusted by clients around the world”. Therefore, in recent years, the Company has continued to increase its resource contributions into compliance and risk control and information technology, intensified efforts in recruitment of relevant professionals, and strengthened the building and optimization of the compliance and risk control system by means of fintech. The Company has continuously refined measurement methods and measurement tools, improved the level of lean risk management and ensured the full coverage of domestic and overseas operations under risk management.

### 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, which formed a relatively comprehensive three-level risk management system featuring collective decision by the respective committees and close cooperation among internal control departments and business departments/business lines, and managing the risks through review, decision, execution and supervision. At the division and business line level, the Company has established three lines of defense 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-risk supervision and evaluation.



# MANAGEMENT DISCUSSION AND ANALYSIS

## **Level 1: The Board**

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

## **Level 2: Operation Management**

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

The Company has established the Capital Commitment Committee. The committee performs final risk assessment and review 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 focusing on market risks, credit risks, liquidity risks and operational risks, which are led by specific risk management experts with the involvement of related business departments/business lines, to respond to pending matters from daily monitoring or decisions made by the higher authorities in a timely manner through the establishment of coordination on the implementation level. The reputation risk management sub-working group is the daily management body of reputation risks and is responsible for establishing relevant rules and management mechanisms, preventing and identifying reputation risks, responding to and tackling reputation events in a proactive and effective manner and mitigating any negative effect to the largest extent.

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

## MANAGEMENT DISCUSSION AND ANALYSIS

The Company has established the Product Committee. Within the authorization of the Board and the Operation Management of the Company, the Product Committee uniformly makes plans, preparation and decisions regarding the products and service business of the Company. It reviews and approves the launch or sales of products and related service provided by the Company, and is the decision-making body of the launch and the suitability management of financial products of the Company. The Risk Evaluation Group, Suitability Management Group and Index Professional Committee 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 defense in risk management jointly built by business departments/business lines, internal control departments including the Risk Management Department and the Compliance Department, and the Audit Department.

Being the Company's first line of defense 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 the Risk Management Department and Compliance Department of the Company, are the Company's second line of defense in risk management, of which:

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

The Compliance Department of the Company organizes the establishment and implementation of the basic compliance system of the Company, provides compliance advice and consultation to the Operation Management, departments/business lines and branches of the Company, monitors lawful compliance of management and operating activities; supervises and instructs the departments/business lines and branches of the Company to assess, develop, modify and improve internal management systems and business processes based on changes in laws, regulations and guidelines; performs prior compliance 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 overseeing 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 defense 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.

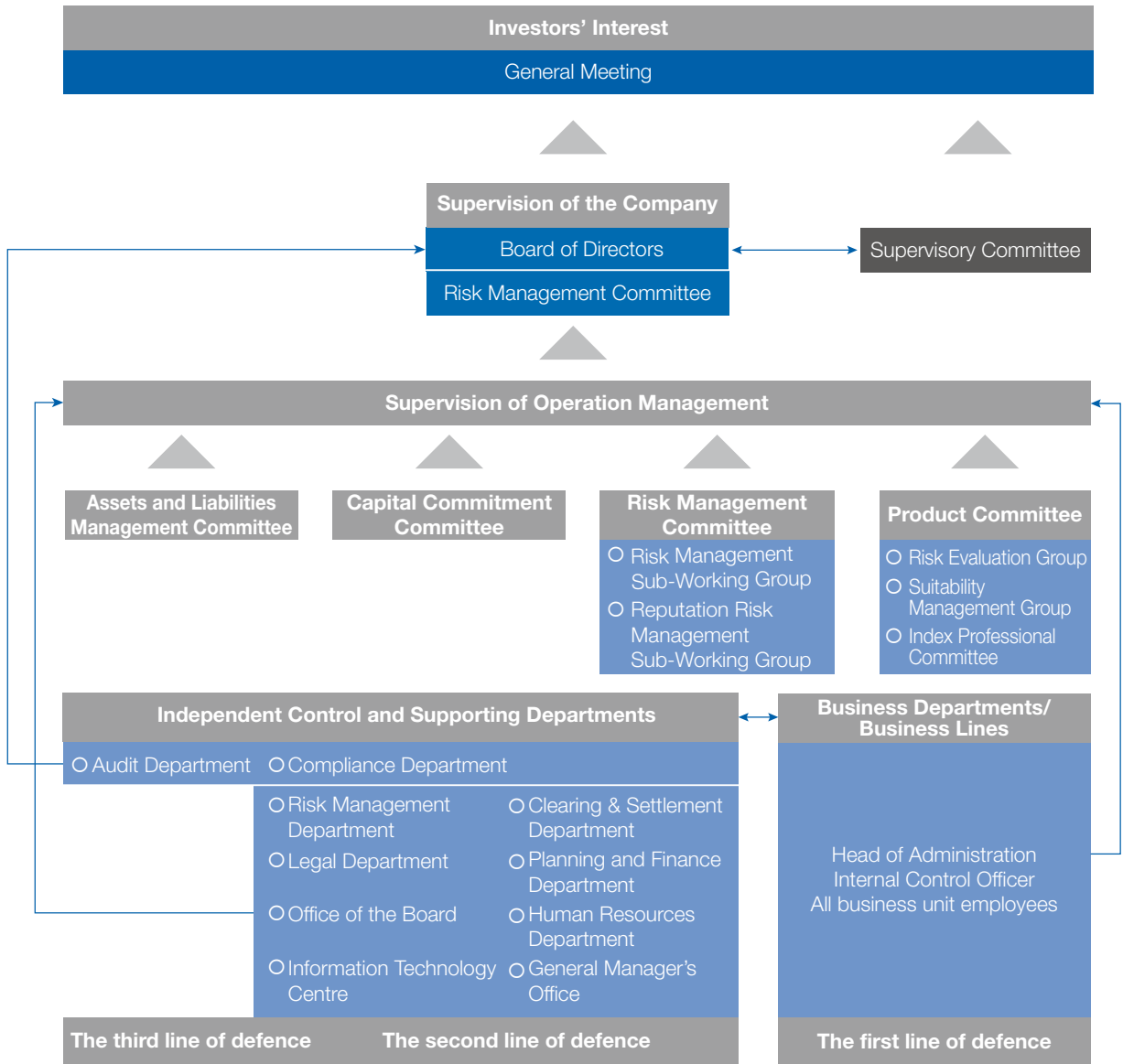


Chart: Structure of the Risk Management

# MANAGEMENT DISCUSSION AND ANALYSIS

## Market risks

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 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 are caused by fluctuations in non-local currency rates.

The Company has established a top-down risk limit management system, which strives to keep the overall market risk of the Company within an acceptable level by allocating the overall risk limit of the Company to different business departments/business lines, monitoring the internal control department and 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 from the business departments/business lines and reports its assessments and testing 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, as the direct bearer of market risks and 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 cooperate and communicate directly with the respective business departments/business lines with regard to information on risk exposures, and discuss the status of risk portfolios and the losses in extreme situations.

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

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 back-testing and improves its calculation in line with the expansion of the Company's businesses. 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 scenario. These scenarios include the occurrence of major setbacks in macro-economic conditions, significant and adverse changes in major markets and extraordinary risk events. Stress test constitutes an integral part of the market risk management of the Company. Through stress tests, the Company could focus more on the possible losses to the Company, analyze its risk return and compare its risk resistant capacities, and evaluate whether the overall market risk portfolio of the Company is within its expected limits.

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

The Company continues to modify the risk limits system, defines unified limit management measures and a multilevel authorization mechanism, and adjusted the measures for the management system of risk limit indicators on various level, such as the Company level, the business departments/business lines level and the investment accounts level in accordance with the authorization mechanism.

In respect of foreign assets and assets of subsidiaries, the Company implemented centralized management. The Company keeps track of the exchange risk by closely monitoring the value of the assets in the account on a daily basis, and monitors the exchange risk from different angles, such as assets limit, VaR, sensibility analysis and stress test. In respect of foreign currency assets, the Company manages exchange risk exposure through methods such as adjusting foreign currency position, using forward exchange contract/option hedging, currency swap contracts, etc.

In the first half of 2021, the Company updated the market risk limits for the new year according to the new business plan, continued to enrich the indicator limit system, and continued to promote the research and improvement of risk measurement methods, so as to better evaluate and manage and control market risks of each business specifically, preventing possible material loss.

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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Credit risk

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

The credit risk of the Group mostly arises from four aspects: Firstly, the risk of potential loss arising from securities dealing and futures trading on behalf of clients in brokerage business due to the Group's failure to collect sufficient margin deposits from clients in accordance with 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 are 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. Fourthly, counterparty default risk in OTC derivative transactions such as interest rate swap, equity swap, OTC option and forwards, i.e. the risk of counterparties failing to perform their payment obligations in accordance with contracts when the contracts reach the mature dates.

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

Securities brokerage business transactions 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, etc. Credit risk arising from this type of business is mainly controlled through client education, credit reference checks, credit approval, daily mark to market, and 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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 facing losses in investments, and the discrepancy between the amounts calculated by the parties. The Company sets proportional requirement on the security deposits for the counterparties and limits on the transaction size, controls the credit risk exposure of the counterparties through daily mark to market, margin calls and forced liquidation of clients' positions, and appeals to judicial procedures to make claims on the losses occurs after the forced liquidation of clients' positions.

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

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

*In RMB ten thousand*

Investment Rating	30 June 2021	31 December 2020
China's Sovereign Credit Rating	5,381,844	4,645,709
AAA	5,722,423	6,951,854
AA	1,985,634	1,886,740
A	23,137	25,349
A-1	72,035	64,532
Others	1,856,161	1,559,341
Total exposure	15,041,234	15,133,525

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 2021	31 December 2020
A	4,791	990
B	708,924	621,323
C	667,193	705,817
D	2,130	13,627
NR	134,934	-69,095
Total exposure	<b>1,517,972</b>	1,272,662

Note: The foreign bond rating is chosen as the lowest among 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. Amongst the ratings, A represents products with ratings of Aaa~Aa3 by Moody's, AAA~AA- by Standard & Poor's and AAA~AA- by Fitch Ratings; B represents products with ratings of A1~Baa3 by Moody's, A+~BBB- by Standard & Poor's and A+~BBB- by Fitch Ratings; C represents products with ratings of Ba1~B3 by Moody's and BB+~B- by Standard & Poor's, and BB+~B- by Fitch Ratings; D represents products with ratings of Caa1~D by Moody's, CCC+~D by Standard & Poor's, and CCC+~D by Fitch Ratings.

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

As at the end of the Reporting Period, the Group maintained an average margin ratio of 295% for the Group's margin financing and securities lending clients with outstanding liabilities; the Group's stock repo clients had no liabilities; the size of the stock-pledged repo business which uses the Group's proprietary fund amounted to RMB28,282 million, with an average margin ratio of 291%; and the size of the stock-pledged repo business operated through asset management products managed by the Group amounted to RMB20,953 million.

### Liquidity risk

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

## MANAGEMENT DISCUSSION AND ANALYSIS

In addition, the Risk Management Department independently monitors and assesses the fund and debt positions of the Company over a certain period of future time span on a daily basis. It measures the solvency of the Company via analysis of matching between assets and liabilities on a specified point of time and within a time period, and the measurement of indicators including funding gap ratio. The Company has established a liquidity reserve pool system with sufficient high-liquidity assets to meet its emergency liquidity needs, and the Risk Management Department monitors the size and liquidity of the reserve pool on a daily basis. The Risk Management Department releases a liquidity risk report on a daily basis and reports on the status of the Company's assets and liabilities, the implementation of liquidity risk quota, the situation of the reserve pool and other situations. The Company also sets warning threshold values for liquidity risk indicators, and once exceeded, the Risk Management Department will warn the risk to the Risk Management Committee, the management and relevant departments of the Company in accordance with relevant rules, 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 2021, the environment for market liquidity remained basically stable, and the Company maintained its close monitoring and daily management on liquidity risks, to ensure that its liquidity was kept in good condition. At the same time, the Company strengthened the forward-looking management of liquidity regulatory indicators to ensure that the liquidity regulatory indicators constantly meet regulatory standards. In the first half of the year, the Risk Management Department took the lead in carrying out liquidity risk stress tests at the group level to evaluate liquidity pressure under extreme circumstances, and sorted out the liquidity risk management mechanism of the parent and subsidiary companies to ensure a secured liquidity of the Company.

### Operational risk

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

During the Reporting Period, all the established management tools were on continuous effective operation. The Company carried out assessment and review on new products and new businesses, streamlined business processes, and approval of measures and policies to improve its internal control procedures and to control risk exposures on an ongoing basis; made early warning and analysis of the operational risk in time through key risk indicator (KRI) monitoring, thanks to which 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 and improved their awareness of operational risk through organizing various forms of training; and has continuously enhanced the efficiency and effectiveness of operational risk management through continuous improvement of the operational risk management system functions and the supporting OA procedures, with the assistance of automated devices to support the daily management of operational risk.

## Information on the General Meetings

The 2020 Annual General Meeting, the 2021 First A Shareholders Class Meeting, and the 2021 First H Shareholders Class Meeting of the Company were held at Beijing Ruicheng Four Seasons Hotel on 29 June 2021 through a combination of on-site voting and online voting. Ten ordinary resolutions were considered and approved at the 2020 Annual General Meeting, namely, 2020 Work Report of the Board, 2020 Work Report of the Supervisory Committee, 2020 Annual Report, 2020 Profit Distribution Plan, Resolution on the Re-appointment of Accounting Firms, Resolution on the Estimated Investment Amount for the Proprietary Business of the Company for 2021, Resolution on Considering the Total Remuneration of the Directors and the Supervisors of the Company for 2020, Resolution on Estimation of Related Party/Continuing Connected Transactions Contemplated in the Ordinary Course of Business of the Company in 2021, Resolution on the Potential Related Party/Connected Transactions Involved in the Issuances of the Onshore and Offshore Corporate Debt Financing Instruments by the Company and Resolution on Election of Independent Non-executive Director of the Company. In addition, ten special resolutions were also considered and approved at the 2020 Annual General Meeting, namely, Resolution on the Amendments to the Articles of Association of the Company, Resolution on the Re-authorization of Issuances of Onshore and Offshore Corporate Debt Financing Instruments by the Company, Resolution on the Satisfaction of the Conditions for the Rights Issue of the Company, Plan of Public Issuance of Securities by Way of the Rights Issue, Proposal of Public Issuance of Securities by Way of the Rights Issue, Feasibility Analysis Report on the Use of Proceeds from the Rights Issue of the Company, Resolution on the Risk Warning of the Dilution of Immediate Return under the Rights Issue to Existing Shareholders and Remedial Measures to Be Taken in This Respect, Resolution on the Proposed Authorization to the Board to Deal with Relevant Matters in Relation to the Rights Issue at Its Full Discretion, Shareholders' Return Plan of the Company for 2021–2023 and Resolution on the Use of Previous Proceeds. Six special resolutions were considered at the 2021 first A shareholders class meeting and the 2021 first H shareholders class meeting of the Company, respectively, namely, Resolution on the Satisfaction of the Conditions for the Rights Issue of the Company, Plan of Public Issuance of Securities by Way of the Rights Issue, Proposal of Public Issuance of Securities by Way of the Rights Issue, Feasibility Analysis Report on the Use of Proceeds from the Rights Issue of the Company, Resolution on the Risk Warning of the Dilution of Immediate Return under the Rights Issue to Existing Shareholders and Remedial Measures to Be Taken in This Respect, and Resolution on the Proposed Authorization to the Board to Deal with Relevant Matters in Relation to the Rights Issue at Its Full Discretion. The meetings mentioned above were chaired by Mr. ZHANG Youjun, chairman of the Company, and the Directors, Supervisors and certain members of the Senior Management of the Company attended. For details of the resolutions of the meetings mentioned above, please refer to the announcements published on the HKEXnews website of the Hong Kong Stock Exchange on the date of the meetings, and the announcements published on the SSE website, China Securities Journal, Shanghai Securities News, Securities Times and the website of the Company published on the following day.

## Share Incentive Scheme of the Company

The Company implemented share incentive scheme in 2006. For details, please refer to China Securities Journal, Shanghai Securities News, Securities Times and the SSE website on 7 September 2006.

## Interim Dividend

The Company will not distribute any interim dividends for 2021.

# CORPORATE GOVERNANCE

## 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 2021, and did not raise any objection to the accounting policies and practices adopted by the Company.

## Other Issues Related to Corporate Governance

During the Reporting Period, the Company 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, and continued to improve its corporate governance structure. Save as disclosed under the title “7.2 Changes of Directors, Supervisors and senior management of the Company” in this report, the Company observed all the Code provisions. 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 in the Shares of CITIC Securities Company Limited by Directors, Supervisors and Senior Management and Relevant Changes (hereinafter referred to as the “Management Measures”) on 13 March 2008, to regulate the behavior of 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 of the Company had confirmed that they had strictly complied with the relevant provisions of the Management Measures and the Model Code during the Reporting Period.

The Resolution on the Amendments to the Articles of Association of the Company was preliminarily reviewed at the 21st Meeting of the Seventh Session of the Board of the Company, and was considered and approved at the 2020 Annual General Meeting, pursuant to which, it was agreed that the Company would make corresponding amendments to certain articles in the Articles of Association of the Company in accordance with the regulatory requirements, for example, the Working Rules of Primary Level Party Organization of State-owned Enterprises (for trial implementation), after taking into consideration the condition of the Company. The amended Articles of Association of the Company took effect on 29 June 2021.

# ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

## **To protect the ecology, prevent and control pollution, and fulfill environmental responsibilities**

Shouldering the mission of implementing national strategies, serving the real economy, and creating greater value for the society, and guided by the vision of becoming a domestically leading and world-class Chinese investment bank most trusted by global customers, the Company has been actively fulfilling its corporate social responsibilities from the aspects of sound operation, sustainable finance, employee development, environmental friendliness, and giving back to society, and strives to create value for customers, Shareholders, employees, society and other stakeholders.

## **Environmental responsibility concept and management framework**

The Company has conscientiously performed the corporate environmental responsibility from the aspects of its own operation and green finance by earnestly learning the new development concept, and actively responding to the national environmental protection and sustainable development strategy. The Company has actively promoted the concept of green operation, adopted a series of environmental protection measures to save energy and reduce emissions in office buildings and data centers, and advocated green office and green travel, with an aim to minimize the impact of its operation on the environment. The Company has practiced green procurement by giving priority to environmental protection products, and encouraged employees to establish environmental awareness, so as to promote the ecological civilization with practical actions. The Company committed to the practice of sustainable development in the financial sector by serving the national goal of “carbon neutrality” with the ESG concept, and providing capital market solutions with the commitment of “carbon peak”. The Company will actively implement responsible investment, develop green finance, vigorously support projects related to green industries, and promote the issuance of green bonds and ESG-themed funds, in order to drive the transformation of traditional industries into high-end, intelligent, and green industries.

The Company has established and been continuously improving the environmental management framework, integrating the concept of environmental responsibility into every aspect of daily operation and management, so as to ensure the implementation of environmental responsibility. The environmental management strategy of the Company is decided by the Board and implemented by the management. All departments and subsidiaries cooperate with each other to jointly carry out and promote the environmental protection.

## **Performance of environmental management**

### **Green operation**

The Company has actively promoted the concept of green office and implemented various environmental protection measures, including saving lighting electricity, saving energy by setting proper air conditioning temperature in public areas, saving water in toilets, banning private use of official vehicles, and promoting paperless office.

Reduction of wastes: Adhering to the “low carbon environmental protection” principle, the Company has taken a variety of measures to reduce wastes. In the first half of 2021, in response to the policy requirements of “Opinions on Accelerating the Work of Household Garbage Classification”, the Company has carried out special activities of garbage classification and recycling. By strengthening the internal publicity of “garbage classification”, organizing special trainings, and planning public welfare activities and other measures, the employees’ environmental awareness and promoted waste recycling was enhanced. During the pandemic period, the Company deployed special recycling



## ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

bins for used masks, which were disposed of after disinfection, and recycled materials in accordance with the government's requirements. The Company has reduced the amount of disposable products by installing water dispensers, heating kettles and reusable tea cups, encouraging employees to bring their own water cups, and reducing the use of bottled water and disposable paper cups.

**Water conservation:** The Company actively responds to the national call for water conservation, and develops and implements water saving plans according to the actual operation situation. In order to achieve the goal of water saving, the Company has carried out wastewater recycling transformation for the water purification system of the Beijing headquarters building, and has collected the filtered wastewater in the underground recycled water tank through new pipes for reuse.

**Compliant discharge:** To improve the canteen sewage discharge indicators, the Company installed new sewage purification equipment. Thanks to this, the suspended matter, oil, chemical oxygen demand and other indicators in the sewage were in line with the local discharge standards of Beijing.

**Energy saving:** The Company continues to implement the energy saving plan, and properly manages the energy consumption data ledger by making regular comparative analysis. By carrying out the themed publicity activities of "practicing economy and combating waste", the Company actively promoted the green office concept of energy saving and consumption reduction. Together with the property manager, the Company has formed a regular inspection mechanism for saving water and electricity, and took various measures to effectively promote energy saving. By replacing traditional lamps with LED lamps, the Company has not only reduced the power consumption and heat value of lamps, but also reduced the generation of hazardous waste such as fluorescent lamps. With no visible flash, the LED lamps can keep people away from the harm of blue light and are more friendly to eyes. In the cooling season, the Company set the temperature of public areas reasonably, and in the heating season, the Company adjusted the heating water temperature reasonably according to the indoor and outdoor temperatures, so as to further save energy.

**Low carbon office:** The Company has reduced on-site meetings and promoted phone and video meetings. The Company has adopted a closed printing mode to reduce the flow of people, ensure security and save paper.

**Low carbon data center:** The Beijing data center of the Company covers a total area of approximately 3,000 square meters, which is built according to the standard of Tier 4, reaching the first-class level in China and leading level in the industry. It has won several top awards for data center design and construction in China. The data center has adopted various energy saving measures to achieve the goal of energy saving and greenhouse gas emissions reduction.

# ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

## Green procurement

The Company actively implements environmental protection requirements in the selection process of suppliers and contractors, and implements the concept of green procurement. The Company has put forward specific environmental protection requirements on the purchased products and the construction environment, which are mainly reflected in:

In terms of selection of materials, the Company only chooses qualified materials that meet the national environmental protection standards, requires the provision of environmental testing reports, and strictly manages the on-site inspection and acceptance testing procedures.

In terms of selection of furniture, the Company only chooses qualified products that meet the national environmental protection standards, and requires that the main materials, such as the plates and wrap cloth, shall follow the stricter environmental protection standards in the industry.

## Green travel

The Company continues to implement the concept of green travel by strengthening the management of official vehicles and providing charging equipment for new energy vehicles.

The Company has strengthened the management of official vehicles, and specified the application and approval process for the use of official vehicles, expense accounting and limitation provisions in strict accordance with relevant regulations. According to the business development and strategic needs of the Company, it has made appropriate deployment of official vehicles around the country, and standardized the operation and management mode of official vehicles, and thus improved the utilization rate of official vehicles and achieved further energy conservation and emission reduction.

The management department of the Company conducts monthly statistics for vehicle fuel consumption, makes quarterly reports, and analyzes the trend of vehicle fuel consumption. For situations that exceed the normal standard, the Company would timely analyze the causes and take actions to avoid the waste of resources. In order to meet the requirements of vehicle emission standards, the Company has promptly eliminated old vehicles in time and ensured that the exhaust emission standards of the vehicles in use meet the relevant national regulations. By implementing the official vehicle management measures, the Company has significantly reduced the use of official vehicles, and effectively reduced the vehicle exhaust emissions generated in operation.

In order to encourage low-carbon and green travel, the Company has made great efforts to facilitate the use of new energy vehicles by employees. Charging piles has been set up in the Beijing headquarters building for multiple electric vehicles to charge at the same time.

## Green finance

With an aim to lead the sustainable development in the financial field, the Company vigorously supports green finance, actively practices responsible investment, and promotes the sustainable development of the environment. According to the data from the Securities Association of China (SAC), in the first half of 2021, the Company acted as the lead underwriter (or manager) for 3.97Note green corporate bonds (including asset securitization products), and the total issued amount of green corporate bonds (including asset securitization products) for which the Company acted as lead underwriter was RMB7.834 billion, ranking first in the industry in terms of both the number

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and amount. In particular, the Company assisted China Energy, Shenzhen Subway and Tiancheng Leasing with their successful issuance of the first batch of carbon-neutral green bonds in the market, assisted China Overseas Real Estate with its successful issuance of the first carbon-neutral CMBS in China as the project manager, and assisted SF Taisen to successfully issue the first carbon-neutral corporate bonds for private enterprises in China. The Company is highly trusted and recognized by regulatory agencies and issuers for its market-leading innovation, and efficient and excellent execution.

In addition to green corporate bonds and asset securitization products, the Company has also achieved fruitful results in the underwriting of green financial bonds, green debt financing instruments and green corporate bonds. In the first half of 2021, the Company assisted issuers such as Bank of Chongqing, Great Wall Guoxing Financial Leasing, Guangdong Energy Group, Jinan Rail Transit Group, Knowledge City Group and Grandblue Environment to successfully issue various types of green bonds. In terms of product trading, the Company completed the first OTC derivatives trading business with the object being “Shanghai Clearing House Carbon-neutral Bond Index” in the market.

In terms of overseas business, the Company underwrote a total of 22 international ESG bonds in 2021, including bonds with international prominence such as the two-year sustainable development-linked bonds (SLB) of CCB Hong Kong Branch of US\$1.15 billion and the 30-year green bonds of Xiaomi Group of US\$400 million. Meanwhile, the Company has established an ESG advisory service team led by international rating consultants to design international ESG financing products and solutions for domestic and foreign enterprises, continuously assist Chinese enterprises in getting familiar with international rules, and contribute to the development of the international ESG debt capital market.

On 18 June 2021, the Company held the ESG Overseas Bond Strategy Seminar, which attracted nearly 300 cross-industry guests from mainland China, Southeast Asia, Hong Kong, Europe and America to discuss the development history, investment logic, strategic opportunities and challenges in relation to overseas ESG bonds, and gained wide attention from the international ESG bond market.

Note: For the same project with multiple tranches of issuance, only the first tranche will be counted in the number of projects underwritten as lead underwriter for the year. If a bond issuance project involves multiple securities companies as lead underwriters, the number of projects underwritten as lead underwriter for each securities company will be the fraction of the number of lead underwriters.

### Measures taken for reducing carbon emission during the reporting period and the results

The carbon emissions of the Company are mainly resulted from the consumption of electricity, gasoline, diesel and other related energy in its daily operation. During the reporting period, the Company continued to carry out energy-saving work by means of green office, low-carbon data center operation, and low-carbon travel, and promoted the use of renewable energy and renewable resources, so as to reduce carbon emissions in its operation.

As a leading securities company in China, the Company continued to carried out relevant research in the financial field based on the national strategic deployment of “achieving carbon peak by 2030 and carbon neutral by 2060” in the first half of 2021, with an aim to provide research results for capital market participants, and to provide support and suggestions for the sustainable development of China’s financial industry, as well as to serve the goal of “carbon peak and carbon neutral”. During the reporting period, the Company issued 41 relevant research reports on “carbon peak and carbon neutral”, such as “Carbon Neutral Series Report No. 1 — Carbon Peak Panorama: New Targets, New Structures, and New Opportunities”, “FICC Carbon Neutral Series” and “ESG Subject Policy”.



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

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

#### Undertaking in respect of non-competition

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

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

#### Refinancing related undertakings

In 2021, when the Company proposed to issue Shares by way of Rights Issue, CITIC Corporation Limited, the largest Shareholder of the Company undertook that:

1. CITIC Corporation Limited will subscribe in cash for all the offered Rights Shares to be determined in accordance with the Company's plan of the Rights Issue and to be allotted to it in proportion to the number of Shares held by it at the close of market on the record date of the Rights Issue, at the price and ratio to be determined through consultation with the sponsor(s) (or underwriter(s));
2. The source of funds to be used by CITIC Corporation Limited to subscribe for the Rights Shares is in compliance with laws and regulations, and the funds are self-owned or self-raised by CITIC Corporation Limited. The subscription by CITIC Corporation Limited for the Rights Shares to be allotted under the Rights Issue will not constitute entrusted investment or shareholding entrustment;
3. CITIC Corporation Limited undertakes that if the plan of the Rights Issue is adjusted in accordance with the requirements of the CSRC, it will subscribe for all the offered Rights Shares to be allotted in cash at the ratio as finally approved by the CSRC;

## SIGNIFICANT EVENTS

4. CITIC Corporation Limited will fulfill the above undertaking after the Rights Issue is considered and approved at the general meeting of the Company and approved by the CSRC.”

This undertaking is valid during the Rights Issue period.

### Undertaking in relation to asset restructuring

- (1) On 9 January 2019, in relation to the proposed acquisition of 100% equity interest in Guangzhou Securities by issuance of Shares of the Company, CITIC Corporation Limited, the largest Shareholder of the Company, 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 or its controlled enterprises and CITIC Securities; in the case that there is 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.

2. Maintaining the asset independence of CITIC Securities

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

3. Maintaining the personnel independence of CITIC Securities

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

4. Maintaining the financial independence of CITIC Securities

CITIC Corporation Limited will warrant the independence of the financial accounting department of CITIC Securities and its establishment of an independent accounting system and financial management system, and will set up an independent financial department to be responsible for the specific operations of relevant businesses. CITIC Securities maintains segregated bank accounts, and does not share the bank accounts with CITIC Corporation Limited or other enterprises controlled by CITIC Corporation Limited. The financial staff of CITIC Securities do not hold part-time positions in CITIC Corporation Limited or 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 power independently in accordance with laws, regulations and the Articles of Association, and there is no institutional confusion with the functional departments of other enterprises controlled by CITIC Corporation Limited.”

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

### (2) In the above-mentioned transaction of acquisition of assets by issuance of Shares, Yuexiu Financial Holdings and Financial Holdings Limited undertook in maintaining the independence of CITIC Securities as follows:

#### “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 or other enterprises controlled by them and CITIC Securities; in the case that there is 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.

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

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### 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 staff 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. Maintaining the institutional independence of CITIC Securities

Yuexiu Financial Holdings and Financial Holdings Limited will ensure that CITIC Securities will operate independently from the institutions of Yuexiu Financial Holdings, Financial Holdings Limited and other enterprises controlled by them. Yuexiu Financial Holdings and Financial Holdings Limited will supervise and support CITIC Securities to maintain a sound corporate governance structure as a joint stock company. The general meeting, the Board, the Supervisory Committee and functional departments of CITIC Securities all exercise their functions and power 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.

### (3) In the above-mentioned transaction of acquisition of assets by issuance of Shares, CITIC Corporation Limited undertook in regulating related party/connected transactions as follows:

- “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 will not use its position as a Shareholder to seek illegitimate interests, or illegally transfer funds and profits of CITIC Securities and its subsidiaries through related party transactions, or maliciously jeopardize the legitimate rights and interests of other Shareholders of CITIC Securities by means of related party transactions.”

## SIGNIFICANT EVENTS

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

- (4) In the above-mentioned transaction of acquisition of assets by issuance of Shares, Yuexiu Financial Holdings and Financial Holdings Limited undertook in reducing and regulating related party/connected transactions as follows:

- “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 internal control system. They will not use their positions as Shareholders to seek illegitimate interests, or illegally transfer funds and profits of CITIC Securities and its subsidiaries through related party transactions, or maliciously jeopardize the legitimate rights and interests of other Shareholders of CITIC Securities by means of related party transactions.”

- (5) In the above-mentioned transaction of acquisition of assets by issuance of Shares, Yuexiu Financial Holdings and Financial Holdings Limited undertook in the lock-up of Shares as follows:

- “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/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 agreement shall also apply to the additional Shares of CITIC Securities to be issued to Yuexiu Financial Holdings and Financial Holdings Limited in the event of distribution of dividends, bonus issue, rights issue and conversion of capital reserve into Share capital, etc., by CITIC Securities.”

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

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- (6) In the above-mentioned transaction of acquisition of assets by issuance of Shares, Yuexiu Financial Holdings and Financial Holdings Limited, in order to avoid appropriation of funds and related guarantees, undertook as follows:

“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, in violation of which shall timely compensate CITIC Securities 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.

- (7) In the above-mentioned transaction of acquisition of assets by issuance of Shares, the Company undertook in resolving horizontal competition as follows:

“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 or 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.

- (8) In addition, in the above-mentioned transaction of acquisition of assets by issuance of Shares, CITIC Corporation Limited undertook as follows:

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 warrantor 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.

## No Appropriation of Non-operating Funds by Controlling Shareholder(s) and Other Related Parties during the Reporting Period

## No Illegal Guarantee during the Reporting Period

## Appointment or Termination of Service of Accounting Firms

As approved at the 2020 Annual General Meeting of the Company, PwC Zhong Tian and PwC Hong Kong were reappointed as the external auditors of the Company for 2021 to be responsible for the provision of the relevant annual audit and interim review services in accordance with the China Accounting Standards for Business Enterprises and the International Financial Reporting Standards, respectively; and PwC Zhong Tian was appointed as the auditor for internal control of the Company for 2021. The total amount of the fees in relation to the above audit and review services shall not exceed RMB4 million. If additional fees are incurred due to changes in scope or content of the audit or review services, the Board has been authorized by the 2020 Annual General Meeting to determine the relevant fees according to the actual scope and content 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, of which the amount under dispute is over RMB10 million and accounts for over 10% of the absolute value of the net assets as shown in the latest audited accounts of the Company, and thus is required to be disclosed pursuant to the SSE Listing Rules.

The litigations or arbitrations of the Group which had been disclosed but had progress from the beginning of the Reporting Period until the date of this Report, are as follows:

### Dispute between the Company and Kangde Group on 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 Higher People’s Court of Beijing Municipality (hereinafter referred to as “**Beijing Higher Court**”) on 22 January 2019, requesting Kangde Group to assume the joint and several liability as the guarantor and repay the amount of RMB1,418,245,278.08 owed to the Company. The Beijing Higher Court heard the case on 9 December 2019. The Beijing Higher Court made the first instance verdict and the correction of ruling in favor of all claims of the Company on 30 April 2020 and 6 May 2020. The Company applied to the Beijing Higher Court for compulsory enforcement on 2 July 2020. The Beijing Higher Court assigned the case to the First Intermediate People’s Court of Beijing Municipality (hereinafter referred to as “**Beijing First Intermediate Court**”) for enforcement. The case was accepted on 4 August 2020 and is in the process of compulsory enforcement. On 28 December 2020, the Company filed an appeal against the enforcement with the enforcement court, requesting HAN Yu, a Shareholder of Kangde Group, to assume the compensation liability within the scope of unpaid principal and interest, which was accepted by the court on 4 January 2021 (for the relevant information of the case, please refer to the 2020 Annual Report of the Company). On 16 June 2021, the Beijing Higher Court made the first instance verdict, ruling that HAN Yu, a Shareholder of Kangde Group, should assume the compensation liability within the scope of unpaid principal. On 19 July 2021, the Company received notice from Beijing First Intermediate Court notifying that HAN Yu and other parties had appealed against the judgement of the first instance.

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### 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 law. On 15 May 2019, the Company submitted an application for compulsory enforcement to the Third Intermediate People's Court of Beijing Municipality (hereinafter referred to as "**Beijing Third Intermediate Court**"), and the case was accepted on the same date. On 27 August 2019, the Company reached a settlement agreement with HE Qiaonv and TANG Kai. On 26 September 2019, the Company received the first settlement payment from HE Qiaonv. As HE Qiaonv and TANG Kai failed to fulfill their commitments under the settlement agreement, the Company applied to the court to resume compulsory enforcement, and the court ruled to accept the case on 3 July 2020. On 11 December 2020, the Company again reached a settlement agreement with HE Qiaonv and TANG Kai (for the relevant information of the case, please refer to the 2020 Annual Report of the Company). As HE Qiaonv and TANG Kai breached the settlement agreement again, the Company applied to the court to resume compulsory enforcement on 28 April 2021. The case is in the process of compulsory enforcement.

### Dispute between the Company and Zhongrong Group

As Zhongyin Cashmere International Group Co., Ltd. (中銀絨業國際集團有限公司) (hereinafter referred to as "**Zhongrong Group**") breached its undertakings, the Company filed a lawsuit with the Intermediate People's Court of Shenzhen (hereinafter referred to as the "**Shenzhen Intermediate Court**") on 26 June 2019, requesting the court to confirm the Company's ownership of the Shares and relevant interests in the partnership held under the name of Zhongrong Group and to order Zhongrong Group to transfer such Shares and interests to the Company, or if it failed to do so, to compensate the Company's loss of RMB110,962,689.95 in total. The Shenzhen Intermediate Court accepted the case on 26 June 2019. On 20 December 2019, the Shenzhen Intermediate Court ruled that the case should be transferred to the Intermediate People's Court of Yinchuan of Ningxia Hui Autonomous Region (hereinafter referred to as the "**Yinchuan Intermediate Court**"). The Yinchuan Intermediate Court heard the case on 15 September 2020 (for the relevant information of the case, please refer to the 2020 Third Quarterly Report of the Company). On 28 April 2021, the Yinchuan Intermediate Court ruled that Zhongrong Group should compensate the Company for RMB104.2 million corresponding to the market value of the fund shares of the Company and rejected the other claims. Subsequently, the Company applied to Yinchuan Intermediate Court for compulsory enforcement. The case was accepted by the court on 6 July 2021 and is in the process of compulsory enforcement.

### Dispute between the Company and CMIG on Private Placement

As China Minsheng Investment Co., Ltd. (中國民生投資股份有限公司) (hereinafter referred to as the "**CMIG**") defaulted on the private placement agreement, the Company, in representation of the Asset Management Plan under its management, submitted an application for arbitration with the China International Economic and Trade Arbitration Commission (hereinafter referred to as the "**CIETAC**"), requesting CMIG to repay the bond principal of RMB495,497,382.20 and relevant interest and liquidated damages. The case was accepted on 27 August 2019 and was heard on 9 October 2020 (for the relevant information of the case, please refer to the 2020 Third Quarterly Report of the Company). On 1 July 2021, the CIETAC made an arbitration award in favor of the Company and the arbitration award has come into effect.



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

As Macrolink Holding Co., Ltd. (新華聯控股有限公司) (hereinafter referred to as “**Macrolink Holding**”) failed to repay the medium term notes as agreed upon, the Company filed a lawsuit with the Beijing Third Intermediate Court, requesting Macrolink Holding to repay the bond principal of RMB200 million and the interest up to the date of full repayment, etc. On 2 April 2020, the court formally accepted the case, and heard the case on 21 July 2020 and 13 August 2020. On 30 December 2020, the Beijing Third Intermediate Court issued the first instance verdict in favor of the principal claims of the Company. Both the Company and Macrolink Holding lodged appeal. The second trial of the case was held on 10 May 2021 (for the relevant information of the case, please refer to the 2021 First Quarterly Report of the Company). On 7 July 2021, the Company received from the Beijing Higher Court the second instance verdict in favor of the appeal of the Company and dismissing the appeal of Macrolink Holding. The Company has applied to the Beijing Third Intermediate Court for compulsory enforcement. The case was accepted on 20 July 2021 and is in the process of compulsory enforcement.

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

On 22 September 2020, the Company received from the Beijing Third Intermediate Court the litigation materials concerning the case of dispute over commission contract filed by Xinye Equity Investment Management Co., Ltd. (hereinafter referred to as “**Xinye Company**”) against the Company and its indirect subsidiary, GoldStone Zexin. Xinye Company requested the Company and GoldStone Zexin to pay project management fees and liquidated damages totaling RMB139,580,000. The Beijing Third Intermediate Court formally accepted the case, and heard the case on 15 January 2021 and 15 April 2021 (for the relevant information of the case, please refer to the 2020 Annual Report of the Company). On 17 May 2021, the Beijing Third Intermediate Court made the first instance verdict, ruling that the Company and GoldStone Zexin should pay a project management fee totaling approximately RMB6.01 million to Xinye Company. The Company and GoldStone Zexin appealed the first instance verdict to the Beijing Higher Court and are awaiting the notice of the second trial.

### Dispute among GoldStone Haorui and Sanxia GoldStone Fund, and ZHANG Yonggang and LI Jianqiong on Equity Interest Contract

Due to the breach of the Capital Increase Agreement by ZHANG Yonggang and LI Jianqiong, each of the indirect subsidiaries of the Company, GoldStone Haorui and Sanxia GoldStone (Wuhan) Equity Investment Fund Partnership (Limited Partnership) (三峽金石(武漢)股權投資基金合夥企業(有限合夥)) (hereinafter referred to as “**Sanxia GoldStone Fund**”) submitted an application for arbitration with the CIETAC, requesting ZHANG Yonggang and LI Jianqiong to purchase the 3.8961% equity interest in Sichuan Gangyi Technology Group Co., Ltd. (四川剛毅科技集團有限公司) (hereinafter referred to as “**Gangyi Group**”) held by GoldStone Haorui (at an aggregate consideration of RMB37,684,932 as of 4 March 2019) and the 3.8961% equity interest in Gangyi Group held by Sanxia GoldStone Fund (at an aggregate consideration of RMB37,684,932 as of 4 March 2019), respectively, and to pay the lawyer’s fee and arbitration fee, etc. The CIETAC accepted the two cases on 12 April 2019 respectively and heard the cases on 10 October 2019. On 1 December 2019, the CIETAC made arbitral awards for the two cases in favor of the Company. The Company subsequently applied to the Intermediate People’s Court of Chengdu for compulsory enforcement. The cases were accepted on 8 January 2020 and 9 January 2020, respectively (for relevant information of this case, please refer to the 2019 Annual Report of the Company) and are in the process of compulsory enforcement.

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**The Company has made sufficient provision for impairment in respect of the potential losses involved in the above cases in accordance with 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 will be relatively low risk of potential losses for the Company and CITIC Securities South China.**

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

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

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

Due to the breach of contract on bond transaction by Anhui Shengyun Environmental Protection (Group) Co., Ltd. (hereinafter referred to as **“Anhui Shengyun Environmental Protection”**), the failure of the bond’s lead underwriter and trustee, Western Securities Co., Ltd. (hereinafter referred to as **“Western Securities”**), to exercise due diligence in terms of management and the misrepresentation and material omissions contained in the prospectus, Western Securities shall assume joint and several liabilities for the losses of CITIC Securities South China. On 27 September 2019, Guangzhou Securities (as previously named) filed a lawsuit against Anhui Shengyun Environmental Protection and Western Securities with the Anqing Intermediate People’s Court (hereinafter referred to as **“Anqing Intermediate Court”**). The subject matter of the lawsuit was the principal of RMB100 million and the corresponding interest, liquidated damages, expenses incurred for realizing the creditor’s rights and other fees. The case was accepted in October 2019. On 12 November 2019, Western Securities raised challenge on jurisdiction. On 16 December 2019, the Anqing Intermediate Court ruled that the case should be transferred to the jurisdiction of the Intermediate People’s Court of Hefei in Anhui province (hereinafter referred to as **“Hefei Intermediate Court”**). The case was heard on 26 October 2020 (for the relevant information of the case, please refer to the 2021 First Quarterly Report of the Company). On 10 June 2021, CITIC Securities South China received from the Hefei Intermediate Court the ruling that the appeal had been rejected. On 17 June 2021, CITIC Securities South China appealed to the Higher People’s Court of Anhui Province. At present, the court has not made the second instance verdict.

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

Due to the breach of contract by Alashankou Haoxuan Equity Investment Co., Ltd. (阿拉山口市灑軒股權投資有限公司, hereinafter referred to as “**Haoxuan Company**”) when conducting the stock-pledged repo transaction, CITIC Securities South China filed a lawsuit against Haoxuan Company and its guarantor, DING Kongxian, with the Guangzhou Intermediate Court on 31 July 2020. The subject matter of the lawsuit was the principal of RMB149 million as well as the corresponding interest, liquidated damages, expenses incurred for realizing the creditor’s rights and other fees. The Guangzhou Intermediate Court accepted the case on the same day. The case was heard on 1 March 2021 (for the relevant information of this case, please refer to the 2020 Annual Report of the Company). On 31 March 2021, CITIC Securities South China received the first instance verdict from the Guangzhou Intermediate Court in favor of the claims of CITIC Securities South China. On 25 April 2021, CITIC Securities South China received a notice of appeal from Haoxuan Company and DING Kongxian. On 21 June 2021, CITIC Securities South China received a notice of responding to action from the Guangdong Higher Court, which is pending for the second trial.

### Punishment on and Rectification of the Company and its Directors, Supervisors, Senior Management and the Largest Shareholder

1. During the Reporting Period, the administrative regulatory measures taken by the regulatory authorities against the Company are as follows:

On 4 February 2021, the Shenzhen Securities Regulatory Bureau issued a Decision on Ordering of CITIC Securities Company Limited to Take Rectification Measures by the Shenzhen Regulatory Bureau of the CSRC (《深圳證監局關於對中信證券股份有限公司採取責令改正措施的決定》) to the Company. It was decided in such regulatory letter that: (I) the internal control of private equity fund custody business needed to be improved and some projects were not performed in a prudent manner; (II) the quality of practice of certain IPO sponsorship projects was not high, and there were issues such as inadequate attention to and inaccurate disclosure of the issuer’s cash transactions, and inadequate verification of the issuer’s revenue recognition basis and recoverability of subsidies; and (III) some asset management products of the Company failed to provide statements to clients in the time and manner as agreed in the contracts to specify the allocation of assets entrusted by clients, changes in net value and transaction records during the Reporting Period in accordance with the Implementation Rules for the Directed Asset Management Business of Securities Firms. The above situation violated the provisions of the Measures for the Administration of Custody Business of Securities Investment Funds (《證券投資基金託管業務管理辦法》), Interim Measures for the Supervision and Administration of Private Investment Funds (《私募投資基金監督管理暫行辦法》), and Measures for the Administration of Securities Issuance and Listing Sponsorship Business (《證券發行上市保薦業務管理辦法》). After receiving the regulatory letter, the Company promptly organized in-depth rectification on the private equity fund custody business, investment banking business and asset management business. Upon completion of the rectification, the Company submitted a rectification report to the Shenzhen Securities Regulatory Bureau.

## SIGNIFICANT EVENTS

2. During the Reporting Period, the Company was not involved in any investigation in relation to suspected crimes; none of the largest Shareholder, Directors, Supervisors and senior management of the Company had been taken any compulsory measure due to suspected crimes; none of the Company or the largest Shareholder, Directors, Supervisors and senior management of the Company was subject to any criminal punishment, any investigation or administrative punishment by the CSRC for suspected violation of laws or regulations, or any material administrative punishment by other competent authorities; none of the largest Shareholder, Directors, Supervisors and senior management of the Company was involved in any circumstances where he/she was detained by the discipline inspection and supervision authorities for suspected serious violation of laws and disciplines or any duty crime, which affected his/her performance of duties; none of the Directors, Supervisors and senior management of the Company had been taken any compulsory measures by any other competent authorities for suspected violation of laws and regulations, which affected his/her performance of duties.

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

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

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

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

##### **(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 day upon the approval by the Board, pursuant to which the parties agreed on the content 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 the 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 2021 as considered and approved at the 2020 Annual General Meeting, as well as the above-mentioned framework agreement and supplemental agreement signed/renewed between the Company and CITIC Group. Details of the implementation are as follows:

*In RMB ten thousand*

Related/ connected party	Type of related party/ connected transactions	Annual caps for transactions in 2021	Actual transaction amount/ highest balance in a single day during January to June 2021	Percentage of the total amount of similar transactions (%)	Impact on 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)	8,000,000	2,201,798	—	—
	Net cash outflow incurred for securities and financial products transactions (net of the amount of inter-financial institutions lending and reverse repurchase agreements)	18,000,000	2,864,703	—	—
	Amount of inter-financial institutions borrowings and beneficiary certificates issued by the Group	Not applicable <sup>Note6</sup>	7,249,000	—	—
	Maximum daily balance (including interests) of repurchase agreements	2,000,000	197,787	—	—
	Maximum daily balance (including interests) of loans to inter-financial institutions and reverse repurchase agreements	800,000	—	—	—

Related/ connected party	Type of related party/ connected transactions	Annual caps for transactions in 2021	Actual transaction amount during January to June 2021	Percentage of operating revenue/ expenses of the Company (%)	Impact on profit of the Company
CITIC Group and its associates	Income derived from securities and financial services	260,000	63,760	1.69	63,760
	Expenses incurred for securities and financial services	88,000	2,868	0.13	-2,868
	Income derived from miscellaneous services	4,500	27	0.00	27
	Expenses incurred for miscellaneous services	112,000	10,517	0.49	-10,517

## SIGNIFICANT EVENTS

Related/ connected party	Type of related party/ connected transactions	Cap of transaction amount for the period from 1 January 2021 to 22 September 2021	Actual transaction amount during January to June 2021	Percentage of operating revenue/ expenses of the Company (%)	Impact on profit of the Company
CITIC Group and its associates	Rental income from lease of properties	50,000	1,612	0.04	1,612
	Rental expenses paid for lease of properties /Increase in total value of right-of-use assets	80,000	8,117	—	—

Note: CITIC Group and its associates provide inter-financial institutions borrowings to the Group and subscribe for beneficiary certificates issued by the Group based on their own interests and on normal commercial terms; and the Group is not required to provide any guarantees for the inter-financial institutions borrowings and beneficiary certificates. Meanwhile, the inter-financial institutions borrowings and beneficiary certificates are exempted continuing connected transactions under Rule 14A.90 of the Hong Kong Listing Rules. Therefore, the Company has not set a cap on the inter-financial institutions borrowings provided by and the beneficiary certificates subscribed by CITIC Group and its associates.

### (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 2021 as considered and approved at the 2020 Annual General Meeting. 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	Type of related party transactions	Estimated transaction amount for the year of 2021	Actual transaction amount during January to June 2021	Percentage of operating revenue/ expenses of the Company (%)	Impact on the profit of the Company
Guangzhou Yuexiu Industrial Investment Fund Management Co., Ltd.	Income	100	47.17	Less than 0.01	47.17
E-Capital Transfer Co., Ltd.	Expense	1,500	13.21	Less than 0.01	-13.21

## SIGNIFICANT EVENTS

2) *Related party/connected transactions between the Group and companies holding more than 10% equity interest in significant subsidiaries of the Company during the Reporting Period.*

*In RMB ten thousand*

Related/connected party	Type of related party/connected transactions	Estimated transaction amount for the year of 2021	Actual transaction amount during January to June 2021	Percentage of operating revenue/expenses of the Company (%)	Impact on the profit of the Company
POWER CORPORATION OF CANADA	Income	1,000	274.99	Less than 0.01	274.99
MACKENZIE FINANCIAL CORPORATION	Income	500	262.51	Less than 0.01	262.51
	Expense	500	80.81	Less than 0.01	-80.81

3) *Related party transactions between the Group and companies holding over 5% equity interest in the Company during the Reporting Period*

*In RMB ten thousand*

Related party	Type of related party transactions	Estimated transaction amount for the year of 2021	Actual transaction amount during January to June 2021	Percentage of operating revenue/expenses of the Company (%)	Impact on the profit of the Company
Yuexiu Financial Holdings	Income	1,000	179.53	Less than 0.01	179.53
Financial Holdings Limited	Income	1,500	73.58	Less than 0.01	73.58

(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 (currently renamed as "CITIC Shipping (Ningbo) Co., Ltd." (中信輪船(寧波)有限公司)), the rental income received by the Company in the first half of 2021 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.

## SIGNIFICANT EVENTS

### Related party credits and debts

In RMB Yuan

Related party	Related party relationship	Provision of funds to the related party		Provision of funds by the related party to listed companies			
		Balance at the beginning of the Reporting Period	Amount incurred	Balance at the end of the Reporting Period	Balance at the beginning of the Reporting Period	Amount incurred	Balance at the end of the Reporting Period
Subsidiaries of CITIC GROUP Financial Holdings Limited	Subsidiaries of Shareholder Shareholder with non-controlling interest	27,118,261.79	37,191,777.27	64,310,039.06	22,789,995.53	-9,758,417.72	13,031,577.81
		209,682.00	-209,682.00	–	2,290,319,023.41	-563,467,215.77	1,726,851,807.64
<b>Total</b>		<b>27,327,943.79</b>	<b>36,982,095.27</b>	<b>64,310,039.06</b>	<b>2,313,109,018.94</b>	<b>-573,225,633.49</b>	<b>1,739,883,385.45</b>

Causes of the related party credits and debts

Mainly include payables to the above related parties in connection with fund sales agency services, receivables from/payables to the above related parties in respect of deposits and margins, and subordinated debts.

Impact of the related party credits and debts on the operating results and financial position of the Company

No adverse impact

### Guarantee

During the Reporting Period, the total amount of guarantees provided by the Company and its subsidiaries to subsidiaries was RMB32.97 billion. As at the end of the Reporting Period, the balance of guarantees provided by the Company was RMB83.633 billion, all of which were guarantees provided by the Company and its subsidiaries to subsidiaries, representing 44.63% of the equity attributable to owners of the parent as at the end of the Reporting Period.

### Guarantees provided by the Company

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



under the medium-term notes program to issue three-year notes with an issue size of US\$300 million; in 2019, CITIC Securities Finance MTN made a drawdown under the medium-term notes program with an issue size of US\$700 million, comprising three-year notes of US\$500 million and five-year notes of US\$200 million; in 2020, CITIC Securities Finance MTN made a drawdown under the medium-term notes program with an issue size of US\$1.0 billion, comprising three-year notes of US\$500 million and five-year notes of US\$500 million.

According to the resolution approved at the Shareholders' general meeting and upon deliberation by the Company's management, the Company provided an unconditional and irrevocable guarantee for the Euro-commercial papers project set up by CITIC Securities Finance MTN with a guarantee period from 4 May 2018 to 4 May 2023 and an amount of US\$3.0 billion. The scope of the guarantee covers the principal, interest and other contingent account payables of overseas notes. During the Reporting Period, CITIC Securities Finance MTN issued 6 tranches of Euro-commercial papers in aggregate with a total issue size of US\$334.5 million. As at the end of the Reporting Period, the balance of existing notes was US\$595 million.

### **Guarantees provided by subsidiaries**

During the Reporting Period, among all the subsidiaries of the Company, CSI 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 guarantees for the transactions under the International Swaps and Derivatives Association agreements (ISDA) and Global Master Securities Lending agreements (GMSLA) entered into with counterparties. The amount of the above-mentioned guarantees was approximately RMB63.642 billion as at 30 June 2021.

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, thus ensuring that 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, and 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.

The above-mentioned debt guarantees directly or indirectly provided to guaranteed parties with a gearing ratio of more than 70% amounted to RMB82.761 billion, all of which were guarantees provided by the Company and its overseas subsidiaries to their respective subsidiaries to meet the needs of business operations.

## SIGNIFICANT EVENTS

### Other Significant Events and Subsequent Events

#### Changes to securities business outlets

##### The Company

During the Reporting Period, the Company established the Xinjiang Branch Office, dissolved the Pinghu Donghu Avenue Securities Outlet, completed the same-city relocation of eight branches, and renamed three branches.

Details of the relocation are as follows:

No.	Original name of branches	Current name of branches	Address after relocation
1	Nantong Gongnong Road Securities Outlet	Nantong Gongnong South Road Securities Outlet	Room 102 and Rooms 1903–1905, Building 43, Zhongnan Shijicheng, Chongchuan District, Nantong, Jiangsu Province
2	Huzhou Huancheng West Road Securities Outlet	Huzhou Laodong Road Securities Outlet	No. 84 and No. 86, 1/F, Laodong Road, No. F9, F10, F14, F15 & F16, 2/F, Xintiandi Shopping Centre, Wuxing District, Huzhou, Zhejiang Province
3	Yunnan Branch Office	Yunnan Branch Office	Units 2601–2603 and Unit 2612, 26/F, Office Building, Kunming Henglong Square, No. 23 Dongfeng East Road, Panlong District, Kunming, Yunnan Province
4	Shenzhen Hi-Tech Park Keyuan Road Securities Outlet	Shenzhen Hi-Tech Park Securities Outlet	Flat A, 1/F, Unit A03, 2/F, Fintech Building, No. 11 Keyuan Road, Technology Park Community, Yuehai Street, Nanshan District, Shenzhen, Guangdong Province
5	Chengdu Jinyang Road Securities Outlet	Chengdu Riyue Avenue Securities Outlet	Room 109, 1/F, Building 3, 1501 Riyue Avenue, Qingyang District, Chengdu, Sichuan Province
6	Jiaxing Branch Office	Jiaxing Branch Office	Room D110 on 1/F, 3/F & 4/F, Room D111, Room D113 on 3/F & 4/F, Commercial Office Building, Fortune Plaza, Economic and Technological Development Zone, Jiaxing, Zhejiang Province
7	Yueqing Bole East Road Securities Outlet	Yueqing Jinxi Road Securities Outlet	Rooms 101 and 201, Block 8, Zhixin City Garden, No. 99 Jinxi Road, Chengnan Street, Yueqing, Zhejiang Province
8	Wuhan Nantaizi Lake Securities Outlet	Wuhan Tiandi Securities Outlet	Office Rooms 01 and 02, 25/F (Nominal Floor), CITIC Pacific Plaza Room 01, 22/F, Yongqing Composite Development Project A3 (Corporate Avenue 3), Yongqing Street, Jiang'an District, Wuhan, Hubei Province

## SIGNIFICANT EVENTS

Details of change of branch names are as follows:

No.	Original name of branches	Current name of branches
1	Suzhou Suyu Road Securities Outlet	Suzhou Branch Office
2	Foshan Guilian Middle Road Securities Outlet	Foshan Branch Office
3	Dongguan Dongcheng Road Securities Outlet	Dongguan Branch Office

As at the end of the Reporting Period, the Company had 36 branch offices and 198 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 six branch offices and 64 securities outlets.

### CITIC Futures

During the Reporting Period, CITIC Futures completed the same-city relocation of four branch offices, and renamed one branch office.

Details of the relocation are as follows:

No.	Name of branch offices	Address after relocation
1	Shanghai Pudong Branch Office	Unit 02A, 28/F (actually 25/F), No. 429 Nanquan North Road, China (Shanghai) Pilot Free Trade Zone
2	Shanghai Century Avenue Branch Office	Units 04 and 05B, 9/F, No. 1568 Century Avenue, China (Shanghai) Pilot Free Trade Zone
3	South China Branch Office	Rooms 1303, 1304 and 1305B, Times Square Excellence Phase II, No. 8 Fu'an Community Center 3rd Road, Futian Street, Futian District, Shenzhen, Guangdong Province
4	Guangdong Branch Office	Rooms 3601B and 3602, No. 761 Dongfeng East Road, Yuexiu District, Guangzhou City, Guangdong Province

Details of change of name of branch offices are as follows:

No.	Original name of branch offices	Current name of branch offices
1	Qingdao Branch Office	Shandong Branch Office

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

## SIGNIFICANT EVENTS

### CITIC Securities South China

During the Reporting Period, CITIC Securities South China dissolved five securities outlets, namely Lhasa Donghuan Road Securities Outlet, Changde Liuye Avenue Securities Outlet, Wuxi Zhongshan Road Securities Outlet, Ledu Gucheng Avenue Securities Outlet and Leshan Chunhua Road Securities Outlet, and completed the same-city relocation of two branches. Details of the relocation are as follows:

No.	Original name of branches	Current name of branches	Address after relocation
1	Xinjiang Branch Office	Xinjiang Branch Office	Rooms 7015 & 7016, 7/F, Block A, Yingke Plaza, No. 217 High-tech Road, High-tech District (new city district), Urumchi, Xinjiang
2	Xining Wenjing Road Securities Outlet	Qinghai Branch Office	Room 1141, Unit 1, No. 2 Building, No. 27 Lenghu Road, Chengxi District, Xining, Qinghai Province

As at the end of the Reporting Period, CITIC Securities South China had three branch offices and 59 securities outlets.

### CSI

During the Reporting Period, there were no changes in the branches of CSI. As at the end of Reporting Period, CSI had four branches.

### Kington Securities

During the Reporting Period, there were no changes in the branches of Kington Securities. As at the end of the Reporting Period, Kington Securities had two securities outlets.

### Subsequent progress of matters previously announced

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

In accordance with the Resolution on Standardizing the Publicly-offered Collective Investment Schemes of the Company as considered and approved by the 35th Meeting of the Sixth Session of the Board, the matters relating to rectification and standardization of the publicly-offered collective investment schemes of the Company are being executed in an orderly manner. Currently, 14 applications for modifications to the contracts of the publicly-offered collective investment schemes of the Company have been approved by the CSRC, of which 11 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.

### **Acquisition of 100% equity interest in Guangzheng Lingxiu**

On 28 April 2020, the 5th Meeting of the Seventh Session of the Board considered and approved the Resolution on Acquisition of 100% Equity Interest in Guangzheng Lingxiu, and it was agreed that the Company would acquire 100% equity interest in Guangzheng Lingxiu from CITIC Securities South China at a consideration of the audited net asset value of Guangzheng Lingxiu as at 31 January 2020; and CITIC Securities Investment was authorized to assist the Company in handling the specific matters relating to the above-mentioned acquisition. In 2020, the equity transfer agreement was entered into and both the registration and filing procedures for the equity transfer were completed. In May 2021, the Company completed the payment of the equity transfer price of RMB1,390,232,558.49.

### **Capital reduction in CITIC Securities South China**

On 20 November 2020, the 16th Meeting of the Seventh Session of the Board considered and approved the Resolution on Reducing Capital in CITIC Securities South China Company Limited, and it was agreed that the Company shall reduce its capital contribution in CITIC Securities South China by no more than RMB7 billion (inclusive), which would proceed in tranches according to the business operation of CITIC Securities South China; and it was agreed that the Company's management should handle the filing and approval procedures in relation to the capital reduction on the condition that all the risk control indicators of CITIC Securities South China were in line with regulatory requirements. CITIC Securities South China completed the registration and filing procedures for the capital reduction in May 2021, and its registered capital was changed from RMB10.091 billion to RMB5.091 billion.

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

On 6 January 2021, the 17th Meeting of the Seventh Session of the Board considered and unanimously approved the Resolution on the Adjustment of Hierarchy of the General Administration Department, and it was agreed that the General Administration Department would not be set as a first-tier department of the Company and would be set under the General Manager's Office. The above-mentioned adjustment was completed in January 2021.

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

On 19 February 2021, the 18th Meeting of the Seventh Session of the Board considered and unanimously approved the Resolution on the Acquisition of 31 Securities Outlets of CITIC Securities South China (excluding those located in five provinces), and it was agreed that the Company shall acquire 31 securities outlets of CITIC Securities South China located in the regions excluding Guangdong Province (excluding Shenzhen), Guangxi Zhuang Autonomous Region, Yunnan Province, Hainan Province and Guizhou Province. The Company completed the registration and filing procedures for the change of the 31 securities outlets in May 2021.

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

On 22 February 2021, the 19th Meeting of the Seventh Session of the Board considered and approved the Proposal on the Establishment of an Asset Management Subsidiary and the Corresponding Change to the Business Scope of the Company, and it was agreed that CITIC Securities Asset Management Co., Ltd. (中信証券資產管理有限公司) (tentative name) should be set up as a wholly-owned subsidiary of the Company with a capital contribution not exceeding RMB3 billion (inclusive), to engage in securities asset management business, management of publicly-offered securities investment funds and other business approved by the regulatory authorities. The aforesaid was also considered and approved by the 2021 First Extraordinary General Meeting of the Company.

## SIGNIFICANT EVENTS

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

After being pre-considered and approved at the 20th Meeting of the Seventh Session of the Board, relevant resolutions including the Proposal on the Issuance of Securities by way of Rights Issue (hereinafter referred to as the “Rights Issue”) of the Company were considered and approved at the 2020 Annual General Meeting, the 2021 First Class Meeting of A Shareholders and the 2021 First Class Meeting of H Shareholders of the Company. Up to now, the CSRC has accepted the application for administrative permission for the Rights Issue, and the Company has responded in a timely manner after receiving the feedback from the CSRC. The Rights Issue of the Company is still subject to approval by the CSRC.

### **Capital increase in CITIC Futures**

On 28 April 2021, the 22nd Meeting of the Seventh Session of the Board considered and approved the Resolution on Capital Increase in CITIC Futures, and it was agreed to make a capital increase of RMB2.0 billion in cash to CITIC Futures; and the management of the Company was authorized to deal with, at its sole discretion, all relevant procedures related to the capital increase on the condition that all the risk control indicators of the Company were in line with regulatory requirements. CITIC Futures received RMB2.0 billion capital contribution on 30 April 2021, and completed the registration and filing procedures for change in the registered capital on 17 May 2021, with its registered capital changed from RMB3.6 billion to RMB5.6 billion.

### **Amendments to the Articles of Association**

The Articles of Association (First Revision 2021) of the Company was pre-considered and approved at the 21st Meeting of the Seventh Session of the Board and was considered and approved at the 2020 Annual General Meeting. The amended Articles of Association of the Company came into effect on 29 June 2021, and the Company has completed relevant filing procedures.

### **Adjustment to the allowance for non-executive Directors, independent non-executive Directors and Supervisors of the Company**

The 2021 First Extraordinary General Meeting of the Company considered and approved the Resolution in Relation to the Adjustment to the Allowances for Non-executive Directors, Independent Non-executive Directors and Supervisors of the Company, and the adjusted allowances apply from the month when the general meeting of the Company approving the relevant resolution.

### **Classification of the Company by Regulatory Authorities**

In the 2021 classification and assessment of securities companies, the Company, together with its wholly-owned securities subsidiaries, CITIC Securities (Shandong), CITIC Securities South China and Kington Securities, was rated AA in the category A of the PRC’s securities industry.

### **As at the Date of Publication of this Report, there was no Subsequent Event that 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 2021 was as follows:

Name of Shareholders	Class of Shares	Number of Shares (Shares)	Percentage of the total number of Shares (%)
<b>CITIC Group Corporation</b>	—	<b>2,375,695,746</b>	<b>18.38</b>
	A Shares	1,999,695,746	15.47
	H Shares	376,000,000	2.91
<b>Guangzhou Yue Xiu Holdings Limited</b>	—	<b>916,361,629</b>	<b>7.09</b>
	A Shares	809,867,629	6.27
	H Shares	106,494,000	0.82
<b>Public holders of A Shares</b>	A Shares	<b>7,838,884,954</b>	<b>60.64</b>
<b>Public holders of H Shares</b>	H Shares	<b>1,795,833,700</b>	<b>13.89</b>
<b>Total</b>	—	<b>12,926,776,029</b>	<b>100.00</b>

## Information on Shareholders

Total number of Shareholders of the Company as at 30 June 2021: 742,647 Shareholders, including 742,478 A Shareholders and 169 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					
	Change during the Reporting Period	Number of Shares held as at the end of the Reporting Period	Percentage (%)	Number of Shares held subject to trading moratorium	Shares pledged, marked or frozen Status	Nature of the Shareholder
HKSCC Nominees Limited <sup>Note 1</sup>	-14,107	2,277,338,662	17.62	—	Unknown	Foreign legal person
CITIC Corporation Limited <sup>Note 2</sup>	—	1,999,695,746	15.47	—	Nil	State-owned legal person
Guangzhou Yuexiu Financial Holdings Group Limited <sup>Note 3</sup>	—	544,514,633	4.21	544,514,633	Nil	State-owned legal person
Hong Kong Securities Clearing Company Limited <sup>Note 4</sup>	38,575,648	346,826,847	2.68	—	Nil	Foreign legal person
Guangzhou Yuexiu Financial Holdings Group Co., Ltd.	—	265,352,996	2.05	265,352,996	Nil	State-owned legal person
Central Huijin Asset Management Corporation Limited	—	198,709,100	1.54	—	Nil	State-owned legal person
China Construction Bank Corporation — Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	-24,402,774	158,862,355	1.23	—	Nil	Unknown
Da Cheng Fund — Agricultural Bank — Da Cheng China Securities and Financial Assets Management Program	—	153,726,217	1.19	—	Nil	Unknown
China AMC Fund — Agricultural Bank — China AMC China Securities and Financial Assets Management Program	—	144,472,197	1.12	—	Nil	Unknown
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-mentioned, the Company is unaware of whether there is any related party or concert party relationship among the other Shareholders listed above.					

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

Note 2: As known to the Company, as at 30 June 2021, CITIC Limited, a party acting in concert with CITIC Corporation Limited, held 376,000,000 H Shares of the Company; and CITIC Corporation Limited, together with its concert party, held a total of 2,375,695,746 Shares of the Company, accounting for 18.38% of the total issued Shares of the Company.

Note 3: As known to the Company, as at 30 June 2021, in addition to the 544,514,633 A Shares of the Company directly held by it, Guangzhou Yuexiu Financial Holdings Group Limited also held 106,494,000 H Shares of the Company through the Shanghai-Hong Kong Stock Connect, totaling 651,008,633 Shares of the Company, accounting for 5.04% of the total issued Shares of the Company.

Note 4: 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 5: 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 6: 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 2021

Unit: Shares

Name of Shareholder	Shareholdings of the top 10 Shareholders not subject to trading moratorium		
	Number of tradable Shares held not subject to trading moratorium	Class	Number
HKSCC Nominees Limited	2,277,338,662	Overseas-listed foreign Shares	2,277,338,662
CITIC Corporation Limited	1,999,695,746	RMB ordinary Shares	1,999,695,746
Hong Kong Securities Clearing Company Limited	346,826,847	RMB ordinary Shares	346,826,847
Central Huijin Asset Management Corporation Limited	198,709,100	RMB ordinary Shares	198,709,100
China Construction Bank Corporation — Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	158,862,355	RMB ordinary Shares	158,862,355
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 2021

Unit: Shares

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

# CHANGES IN ORDINARY SHARES AND INFORMATION ON SHAREHOLDERS

## Interest and Short Positions of Substantial Shareholders

As at 30 June 2021, according to the relevant disclosure of interest information as shown on the HKEXnews website of HKEX, and so far as was known to the Company, the interests or short positions of the following persons (other than the Directors, Supervisors or the Chief Executive of the Company) in the Shares and underlying Shares of the Company as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) were as follows:

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 2021 (%) <sup>Note 6</sup>	Percentage of total Shares of the Company as at 30 June 2021 (%) <sup>Note 6</sup>
CITIC Group Corporation	Interest of corporation controlled by you <sup>Note 1</sup>	A Shares	1,999,695,746/Long positions	18.78	15.47
	Interest of corporation controlled by you <sup>Note 1</sup>	H Shares	376,000,000/Long positions	16.50	2.91
Guangzhou Yue Xiu Holdings Limited	Interest of corporation controlled by you <sup>Note 2</sup>	A Shares	809,867,629/Long positions	7.61	6.27
	Interest of corporation controlled by you <sup>Note 2</sup>	H Shares	106,494,000/Long positions	4.67	0.82
National Council for Social Security Fund	Beneficial owner	H Shares	690,359,200 <sup>Note 3</sup> /Long positions	30.30	5.34
The Bank of New York Mellon Corporation	Interest of corporation controlled by you <sup>Note 4</sup>	H Shares	296,770,571/Long positions	13.03	2.30
			292,578,121/Shares available for lending	12.84	2.26
Citigroup Inc.	Person having a security interest in shares	H Shares	166,711,998 <sup>Note 5</sup> /Long positions	7.31	1.29
			22,521,530 <sup>Note 5</sup> /Short positions	0.98	0.17
	Interest of corporation controlled by you				
	Approved lending agent		134,110,744 <sup>Note 5</sup> /Shares available for lending	5.88	1.04

Note 1: As was known to the Company, as at 30 June 2021, CITIC Group indirectly held 1,999,695,746 A Shares of the Company through its controlled corporations (including CITIC Limited and CITIC Corporation Limited), and indirectly held 376,000,000 H Shares of the Company through its controlled corporation CITIC Limited.

Note 2: As was known to the Company, as at 30 June 2021, Guangzhou Yue Xiu Holdings Limited indirectly held 809,867,629 A Shares and 106,494,000 H Shares of the Company through its controlled corporation (namely Financial Holdings Limited and Yuexiu Financial Holdings).

Note 3: According to the notices of disclosure of interests on the HKEXnews website of HKEX, the National Council for Social Security Fund held 690,359,200 H Shares of the Company, including a total of 640,000,000 H Shares to be subscribed for under the subscription agreement entered into with ICBC Credit Suisse Asset Management (International) Company Limited and the subscription agreement entered into with Bosera Asset Management Company Limited and Bosera 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.



## CHANGES IN ORDINARY SHARES AND INFORMATION ON SHAREHOLDERS

Note 4: The Bank of New York Mellon Corporation indirectly held a long position in 296,770,571 H Shares of the Company through its controlled corporation (The Bank of New York Mellon), of which 292,578,121 Shares were shares available for lending.

Note 5: Citigroup Inc., through a series of its controlled corporations, held the relevant interests of long position in 166,711,998 H Shares of the Company, of which 134,110,744 Shares were held in the capacity of approved lending agent; and held interest of short position in 22,521,530 H Shares of the Company.

Note 6: The relevant percentages are calculated based on 2,278,327,700 H Shares and 10,648,448,329 A Shares of the Company in issue as at 30 June 2021.

Save as disclosed above, as at 30 June 2021, our Directors were not aware of any other persons (other than the 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

Name	Position	Change
LI Qing	Independent Non-executive Director	Election
HE Jia	Former Independent Non-executive Director	Resignation

Mr. HE Jia, a former independent non-executive Director of the Company, resigned from an independent non-executive Director of the Seventh Session of the Board and the corresponding positions of the Specialized Committees under the Board with effect from 28 April 2021 due to his desire to devote more time to his personal endeavours. Following the resignation of Mr. HE Jia, the Company was temporarily noncompliant with the requirements of Rule 3.10 of the Hong Kong Listing Rules that the board of directors must include at least three independent non-executive directors, Rule 3.21 that the audit committee must comprise a minimum of three members, and Rule A.5.1 of the Code that the Nomination Committee must comprise a majority of independent non-executive directors.

After being nominated at the 22nd Meeting of the Seventh Session of the Board and being elected at the 2020 annual general meeting of the Company, Mr. LI Qing formally became an independent non-executive Director of the Company and took over the positions of members of the Specialized Committees under the Board which were previously held by Mr. HE Jia from 29 June 2021, whose term is the same as the Seventh Session of the Board. As a result, the Company has complied with the requirements of Rule 3.10 and Rule 3.21 of the Hong Kong Listing Rules, and Rule A.5.1 of the Code.

## Changes in Personal Information of Directors, Supervisors and Chief Executive

As at the date of publication 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.



## DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### Number of Employees, Remuneration and Training

As at 30 June 2021, the Group had a total number of 19,550 employees (including brokers and dispatched staff), of which 11,380 (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 2020 Annual Report of the Company.

In the first half of 2021, in response to the occasional outbreak of COVID-19 in China, the Company adopted a combination of online and offline methods for staff training, and continued to carry out staff trainings on various levels and categories and with rich contents. The Company carried out live lectures on the “Linking with Wall Street” pilot program to expand the global vision and perspective of the management personnel; regarding new management personnel, the Company implemented through online training and examination under the “90-day Transformation Plan” to help them master basic management skills as soon as possible and realize the transformation from elite professionals to management personnel. For business personnel, the Company carried out the “Investment Star” training program, and promoted the improvement of the Company’s investment and trading level through themed open classes, simulation trading competitions, tutor coaching, etc. For new employees, the Company focused on the culture and compliance education before employment, and carried out the “Internship Inclusion Plan” via cloud live training to help new employees understand the Company’s cultural values in advance; the Company also carried out collective trainings for new employees after their induction, and arranged job rotation to help them quickly integrate into the Company and grow. For all employees, the Company organized lectures series on “Chief Says” of the CITIC Securities Lecture Hall, employee work skills training themed “Workplace Filling Stations”, training for newly promoted employees and on-the-job training for all employees in 2021; meanwhile, in order to strengthen the Company’s management and highlight compliance risks, the Company carried out a series of “Risk Warning Case Education Trainings”, which provides real-life cases to help employees discipline their behaviors, so as to ensure the Company’s stable and long-term development and achieve high-quality and sustainable 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 2021, 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 2021, 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.

# 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 88 to 187, 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 2021 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, 19 August 2021

# CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

	Notes	Six months ended 30 June	
		2021 (Unaudited)	2020 (Unaudited)
<b>Revenue</b>			
Fee and commission income		<b>18,935,181</b>	12,692,375
Interest income	5	<b>9,855,887</b>	6,957,480
Net Investment income	6	<b>11,428,816</b>	11,795,248
		<b>40,219,884</b>	31,445,103
Income from bulk commodity trading		<b>7,065,963</b>	2,557,473
Other income	7	<b>482,785</b>	705,723
<b>Total revenue and other income</b>		<b>47,768,632</b>	34,708,299
Fee and commission expenses	8	<b>2,925,117</b>	1,865,806
Interest expenses	8	<b>7,532,348</b>	6,147,110
Staff costs	8	<b>10,383,395</b>	7,506,474
Depreciation of property, plant and equipment		<b>195,645</b>	189,532
Tax and surcharges		<b>210,350</b>	185,973
Cost from bulk commodity trading		<b>6,965,665</b>	2,458,175
Other operating expenses and costs	8	<b>2,952,766</b>	2,272,184
Expected credit losses	9	<b>691,677</b>	2,034,691
Impairment losses on other assets	10	<b>47,980</b>	266,414
<b>Total operating expenses</b>		<b>31,904,943</b>	22,926,359
<b>Operating profit</b>		<b>15,863,689</b>	11,781,940
Share of profits and losses of:			
Associates		<b>390,243</b>	92,679
Joint ventures		<b>37,291</b>	(875)
<b>Profit before income tax</b>		<b>16,291,223</b>	11,873,744
Income tax expense	11	<b>3,696,873</b>	2,653,480
<b>Profit for the period</b>		<b>12,594,350</b>	9,220,264
Attributable to:			
Owners of the Parent		<b>12,197,984</b>	8,925,877
Non-controlling interests		<b>396,366</b>	294,387
		<b>12,594,350</b>	9,220,264
Earnings per share attributable to Owners of the Parent (in RMB yuan)			
— Basic	13	<b>0.94</b>	0.70
— Diluted	13	<b>0.94</b>	0.70

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 2021  
(In RMB thousands, unless otherwise stated)

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
<b>Profit for the period</b>	<b>12,594,350</b>	9,220,264
<b>Other comprehensive income</b>		
<b>Other comprehensive income that may be reclassified to profit or loss in subsequent periods</b>		
Net (losses)/gains on investments in debt instruments measured at fair value through other comprehensive income	<b>(825,110)</b>	141,213
Net gains/(losses) on debt instruments measured at fair value through other comprehensive income reclassified to profit or loss on disposal	<b>92,813</b>	(90,269)
Income tax relating to these items	<b>194,466</b>	(33,119)
	<b>(537,831)</b>	17,825
Share of other comprehensive income of associates and joint ventures	<b>699</b>	(810)
Exchange differences on translation of foreign operations	<b>(241,081)</b>	184,324
Other	<b>20,188</b>	(14,731)
	<b>(758,025)</b>	186,608
<b>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods</b>		
Net losses on investments in equity instruments designated as at fair value through other comprehensive income	<b>(791,212)</b>	(506,760)
Income tax relating to these items	<b>191,341</b>	118,775
	<b>(599,871)</b>	(387,985)
Share of other comprehensive income of associates and joint ventures	—	(2,879)
Other	<b>3,181</b>	(2,414)
	<b>(596,690)</b>	(393,278)
<b>Other comprehensive income for the period, net of tax</b>	<b>(1,354,715)</b>	(206,670)
<b>Total comprehensive income for the period</b>	<b>11,239,635</b>	9,013,594
Attributable to:		
Owners of the Parent	<b>10,854,939</b>	8,713,895
Non-controlling interests	<b>384,696</b>	299,699
	<b>11,239,635</b>	9,013,594

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

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

At 30 June 2021

(In RMB thousands, unless otherwise stated)

	Notes	30 June 2021 (Unaudited)	31 December 2020 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	14	7,365,229	7,530,641
Investment properties	15	1,013,175	1,060,211
Goodwill	16	10,757,488	10,776,698
Land-use rights and intangible assets	17	2,740,799	2,855,003
Investments in associates	18	9,333,637	8,818,599
Investments in joint ventures	18	92,274	57,983
Financial assets at fair value through other comprehensive income	19	166,329	16,635,501
Financial assets at fair value through profit or loss	25	28,051,188	35,847,395
Refundable deposits	20	38,510,507	3,877,774
Deferred income tax assets	21	10,164,863	9,661,920
Right-of-use assets	22	1,906,498	1,765,774
Other non-current assets	23	4,582,404	2,404,506
<b>Total non-current assets</b>		<b>114,684,391</b>	101,292,005
<b>Current assets</b>			
Fee and commission receivables		2,349,765	2,205,781
Margin accounts	24	124,786,430	116,741,432
Financial assets at fair value through other comprehensive income	19	58,019,066	49,400,900
Financial assets at fair value through profit or loss	25	441,157,770	384,133,465
Derivative financial assets	26	20,428,111	20,157,990
Reverse repurchase agreements	27	36,264,339	39,226,613
Other current assets	28	67,425,629	49,176,843
Cash held on behalf of customers	29	207,263,613	199,517,577
Cash and bank balances	30	96,760,179	91,109,688
<b>Total current assets</b>		<b>1,054,454,902</b>	951,670,289
<b>Current liabilities</b>			
Customer brokerage deposits	31	245,178,495	203,110,588
Derivative financial liabilities	26	34,678,893	46,876,206
Financial liabilities at fair value through profit or loss	32	42,635,940	40,895,212
Repurchase agreements	33	214,336,488	198,299,400
Due to banks and other financial institutions	34	12,110,935	10,504,115
Taxes payable	35	4,892,815	7,381,981
Short-term loans	36	10,594,213	5,010,371
Short-term financing instruments payable	37	9,147,966	11,941,871
Lease liabilities	38	498,643	494,209
Other current liabilities	39	245,780,190	185,861,191
<b>Total current liabilities</b>		<b>819,854,578</b>	710,375,144
<b>Net current assets</b>		<b>234,600,324</b>	241,295,145
<b>Total assets less current liabilities</b>		<b>349,284,715</b>	342,587,150

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

At 30 June 2021

(In RMB thousands, unless otherwise stated)

	Notes	30 June 2021 (Unaudited)	31 December 2020 (Audited)
<b>Non-current liabilities</b>			
Debt instruments issued	40	<b>127,544,756</b>	132,651,021
Deferred income tax liabilities	21	<b>2,905,109</b>	3,176,192
Long-term loans	41	<b>516,163</b>	573,942
Financial liabilities at fair value through profit or loss	32	<b>23,625,791</b>	17,513,532
Lease liabilities	38	<b>1,377,553</b>	1,211,526
Other non-current liabilities	42	<b>1,736,438</b>	1,578,201
<b>Total non-current liabilities</b>		<b>157,705,810</b>	156,704,414
<b>Net assets</b>			
<b>Equity</b>			
Equity attributable to Owners of the Parent			
Issued share capital	43	<b>12,926,776</b>	12,926,776
Reserves	44	<b>102,918,520</b>	104,018,309
Retained earnings		<b>71,560,676</b>	64,766,984
		<b>187,405,972</b>	181,712,069
Non-controlling interests		<b>4,172,933</b>	4,170,667
<b>Total equity</b>		<b>191,578,905</b>	185,882,736

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 19 August 2021.

**ZHANG Youjun**

Chairman

**YANG Minghui**

Executive Director and President

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

		Attributable to owners of the Parent									
		Reserves								Non-controlling	
		Share capital	Capital reserve	Surplus reserves	General reserves	Investment revaluation reserve	Foreign currency translation reserve	Retained earnings	Subtotal	interests	Total
Notes											
	<b>At 1 January 2021</b>	12,926,776	65,631,818	9,438,480	28,634,720	469,163	(155,872)	64,766,984	181,712,069	4,170,667	185,882,736
	Profit for the period	–	–	–	–	–	–	12,197,984	12,197,984	396,366	12,594,350
	Other comprehensive income for the period	–	–	–	–	(1,113,634)	(229,411)	–	(1,343,045)	(11,670)	(1,354,715)
	<b>Total comprehensive income for the period</b>	–	–	–	–	(1,113,634)	(229,411)	12,197,984	10,854,939	384,696	11,239,635
	Dividend – 2020	12	–	–	–	–	–	(5,170,710)	(5,170,710)	–	(5,170,710)
	Appropriation to surplus reserves	–	–	–	–	–	–	–	–	–	–
	Appropriation to general reserves	–	–	–	244,647	–	–	(244,647)	–	–	–
	Capital increase/ (decrease) by equity holders										
	– Capital increase by equity holders	–	–	–	–	–	–	–	–	(4)	(4)
	– Others	–	(1,391)	–	–	–	–	11,065	9,674	–	9,674
	Dividends to non-controlling interests	–	–	–	–	–	–	–	–	(382,426)	(382,426)
	<b>At 30 June 2021</b>										
	<b>(Unaudited)</b>	12,926,776	65,630,427	9,438,480	28,879,367	(644,471)	(385,283)	71,560,676	187,405,972	4,172,933	191,578,905

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021  
(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 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	

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 2021

(In RMB thousands, unless otherwise stated)

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
<b>Cash flows from operating activities</b>		
Profit before income tax	16,291,223	11,873,744
Adjustments for:		
Financing interest expense	3,886,087	3,335,609
Share of profits and losses of associates and joint ventures	(427,534)	(91,804)
Interest income from debt instruments at fair value through other comprehensive income	(1,839,879)	(332,395)
Net gains on disposal of debt instruments at fair value through other comprehensive income	(24,316)	(146,161)
Net gains on disposal of property, plant and equipment and other assets	(790)	1,360
Gains on disposal of associates, joint ventures and subsidiaries	—	(51,353)
Fair value gains on financial assets and liabilities measured at fair value through profit or loss	(1,836,523)	(3,756,765)
Depreciation	601,576	610,677
Amortization	180,267	244,295
Expected credit losses	691,677	2,034,691
Impairment on other assets	47,980	266,414
	<b>17,569,768</b>	13,988,312
<b>Net (decrease)/increase in operating assets</b>		
Financial assets at fair value through profit or loss	(59,325,679)	(81,761,914)
Cash held on behalf of customers	(7,746,036)	(59,126,789)
Other assets	(6,298,951)	1,753,853
	<b>(73,370,666)</b>	(139,134,850)
<b>Net increase/(decrease) in operating liabilities</b>		
Customer brokerage deposits	42,047,454	56,208,056
Repurchase agreements	16,037,088	25,827,290
Other liabilities	(1,118,591)	17,194,923
	<b>56,965,951</b>	99,230,269
<b>Net cash inflow from operating activities before tax</b>	<b>1,165,053</b>	(25,916,269)
Income tax paid	(6,681,045)	(2,311,400)
<b>Net cash inflow from operating activities</b>	<b>(5,515,992)</b>	(28,227,669)



# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

*(In RMB thousands, unless otherwise stated)*

	Notes	Six months ended 30 June	
		2021 (Unaudited)	2020 (Unaudited)
<b>Cash flows from investing activities</b>			
Net cash flow from purchases and sales of items of property, plant and equipment and other assets		<b>(163,914)</b>	(137,660)
Net cash flow from acquisition of subsidiaries		—	13,726,711
Net cash flow from investments in associates and joint ventures		<b>(218,211)</b>	357,176
Net cash flow of financial assets at fair value through other comprehensive income		<b>2,663,969</b>	(10,383,691)
Net cash flow from other investing activities		<b>29,798</b>	1,393,451
<b>Net cash inflow/(outflow) from investing activities</b>		<b>2,311,642</b>	4,955,987
<b>Cash flows from financing activities</b>			
Cash inflows from borrowing activities		<b>16,463,325</b>	13,676,753
Cash inflows from issuing bonds		<b>41,355,352</b>	123,398,904
Payment of debts		<b>(44,612,068)</b>	(122,232,652)
Dividends and interest expense		<b>(3,791,179)</b>	(4,611,217)
Other cash outflows from financing activities		<b>1,207,822</b>	(1,644,636)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>10,623,252</b>	8,587,152
<b>Net increase in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the period		<b>83,339,178</b>	59,421,482
Effect of exchange rate changes on cash and cash equivalents		<b>(931,673)</b>	319,972
<b>Cash and cash equivalents at the end of the period</b>	45	<b>89,826,407</b>	45,056,924

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 2021

(In RMB thousands, unless otherwise stated)

## 1 CORPORATE INFORMATION

CITIC Securities Company Limited (the “Company”) was established in Beijing, the People’s Republic of China (the “PRC” or “Mainland China”, which excludes for the purpose of 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)) 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 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, the PRC.

The Company (also referred to as the “Parent”) and its subsidiaries (collectively referred to as the “Group”) conduct 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 2021 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 2020.

### 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 2020.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021  
(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 2021 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 2020.

Amendments to IFRS 9, IAS 39, IFRS 7, Interest Rate Benchmark (IBOR) Reform  
IFRS 4 and IFRS 16

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:

			<b>Effective for annual periods beginning on or after</b>
(1)	IFRS 17	Insurance Contracts	1 January 2023
(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 2023
(4)	Amendments to IFRS 3	Business Combinations	1 January 2022
(5)	Amendments to IAS 16	Property, Plant and Equipment	1 January 2022
(6)	Amendments to IAS 37	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022

Descriptions of these amendments were disclosed in the Group’s annual consolidated financial statements for the year ended 31 December 2020. 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 2021

(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 2020.

## 3 TAXATION

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

### (1) Income tax

The income tax rate applicable to the Company is 25%.

### (2) Value added tax

The Group is subject to value-added tax ("VAT") on its income from principal businesses at 6%.

The Group is subject to VAT at rate of 3% for its asset management taxable activities.

(3) Vehicle and vessel taxes, property taxes and stamp duties are levied in accordance with the provisions of the relevant tax laws and regulations.

(4) Urban maintenance and construction taxes, education surcharges and local education surcharges are levied at 7%, 3% and 2%, respectively, of the payable amount of relevant turnover taxes.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021  
(In RMB thousands, unless otherwise stated)

## 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; and

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

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

## 4 OPERATING SEGMENT INFORMATION (Continued)

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

Six months ended 30 June 2021 (Unaudited)	Investment banking	Brokerage	Trading	Asset management	Others	Total
Segment revenue and other income						
Fee and commission income	3,285,362	9,927,554	108,488	5,825,436	(211,659)	18,935,181
Interest income	—	2,306,452	7,294,789	61,012	193,634	9,855,887
Investment income	—	84,175	9,139,339	419,492	1,785,810	11,428,816
Other income	1,156	162,241	37,363	85,999	7,261,989	7,548,748
Subtotal	3,286,518	12,480,422	16,579,979	6,391,939	9,029,774	47,768,632
Operating expenses	1,627,811	9,407,185	10,418,845	3,023,644	7,427,458	31,904,943
Including: Interest expenses	5	631,593	6,662,136	21,646	216,968	7,532,348
Expected credit losses	—	(329)	688,893	(359)	3,472	691,677
Impairment losses on other assets	—	—	—	—	47,980	47,980
Operating profit	1,658,707	3,073,237	6,161,134	3,368,295	1,602,316	15,863,689
Share of profits and losses of associates and joint ventures	—	—	—	—	427,534	427,534
Profit before income tax	1,658,707	3,073,237	6,161,134	3,368,295	2,029,850	16,291,223
Income tax expenses						3,696,873
Net profit for the period						12,594,350
Other segment information:						
Depreciation and amortization	37,083	385,172	31,553	95,008	233,028	781,844
Capital expenditure	11,639	124,470	5,635	18,087	4,082	163,913

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021  
(In RMB thousands, unless otherwise stated)

## 4 OPERATING SEGMENT INFORMATION (Continued)

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

## 5 INTEREST INCOME

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Interest income on margin and other financing	<b>5,751,674</b>	4,085,441
Bank interest income	<b>3,107,852</b>	2,437,352
Interest income on debt instruments		
at fair value through other comprehensive income	<b>869,809</b>	332,395
Others	<b>126,552</b>	102,292
Total	<b>9,855,887</b>	6,957,480

## 6 NET INVESTMENT INCOME

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Net gains/(losses) from financial assets		
at fair value through profit or loss (mandatory)	<b>14,377,187</b>	20,739,840
Net gains/(losses) from financial assets		
at fair value through profit or loss (designated)	<b>291,915</b>	2,690,901
Net gains/(losses) from disposal of debt instruments		
at fair value through other comprehensive income	<b>24,316</b>	146,161
Dividend income from financial assets		
at fair value through other comprehensive income	<b>970,070</b>	—
Net (losses)/gains from financial liabilities at fair value through profit or loss	<b>(3,470,168)</b>	(3,560,254)
Net (losses)/gains from derivatives and others	<b>(764,504)</b>	(8,221,400)
Total	<b>11,428,816</b>	11,795,248

## 7 OTHER INCOME

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Foreign exchange gains/(losses)	<b>45,594</b>	288,585
Government grants	<b>138,222</b>	110,750
Others	<b>298,969</b>	306,388
Total	<b>482,785</b>	705,723



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021  
(In RMB thousands, unless otherwise stated)

## 8 OPERATING EXPENSES

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
<b>Fee and commission expenses:</b>		
– Handling charges and commission expense	<b>2,802,157</b>	1,786,533
– Others	<b>122,960</b>	79,273
Total	<b>2,925,117</b>	1,865,806

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
<b>Interest expenses:</b>		
– Due to banks and other financial institutions	<b>3,002,951</b>	2,281,148
– Debt instruments issued and short-term financing instruments payable	<b>3,600,486</b>	3,140,400
– Customer brokerage deposits	<b>537,205</b>	284,346
– Others	<b>391,706</b>	441,216
Total	<b>7,532,348</b>	6,147,110

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
<b>Staff costs (including directors', supervisors' and senior executives' remuneration):</b>		
– Salaries and bonuses	<b>9,142,245</b>	6,601,477
– Staff benefits	<b>793,361</b>	678,625
– Contributions to defined contribution schemes (i)	<b>447,789</b>	226,372
Total	<b>10,383,395</b>	7,506,474

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

## 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	
	2021 (Unaudited)	2020 (Unaudited)
<b>Other operating expenses and costs:</b>		
– Fund distribution and administration expenses	<b>899,149</b>	364,577
– Depreciation of right-of-use assets	<b>330,181</b>	340,366
– Electronic device operating expenditure	<b>302,879</b>	279,749
– Marketing promotion expenses	<b>156,683</b>	84,509
– Travel expenses	<b>148,751</b>	60,736
– Consulting expenses	<b>145,034</b>	141,237
– Amortization of intangible assets	<b>134,659</b>	193,578
– Short-term rental expenses	<b>98,011</b>	113,031
– Investors Protection Fund	<b>94,672</b>	73,767
– Postal and communication expenses	<b>92,858</b>	106,401
– Auditor’s remuneration	<b>13,235</b>	17,170
– Others	<b>536,654</b>	497,063
<b>Total</b>	<b>2,952,766</b>	2,272,184

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021  
(In RMB thousands, unless otherwise stated)

## 9 EXPECTED CREDIT LOSSES

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Reverse repurchase agreements	<b>312,995</b>	1,140,543
Margin accounts	<b>432,200</b>	482,726
Financial assets at fair value through other comprehensive income (debt instruments)	<b>(134,554)</b>	229,933
Others	<b>81,036</b>	181,489
Total	<b>691,677</b>	2,034,691

## 10 IMPAIRMENT LOSSES ON OTHER ASSETS

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Impairment losses on inventory and others	<b>47,980</b>	266,414
Total	<b>47,980</b>	266,414

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

## 11 INCOME TAX EXPENSE

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Current income tax expense	<b>4,096,577</b>	2,513,879
Mainland China	<b>4,010,001</b>	2,480,407
Outside Mainland China	<b>86,576</b>	33,472
Deferred income tax expense	<b>(399,704)</b>	139,601
Total	<b>3,696,873</b>	2,653,480

## 12 DIVIDENDS

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Dividends on ordinary shares approved but not paid	<b>5,170,710</b>	6,463,388
Dividends on ordinary shares paid	—	—

The distribution of dividends for the year ended 31 December 2020 on ordinary shares was approved in the General Shareholders' Meeting of the Company on 29 June 2021.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021  
(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	
	2021	2020
	(Unaudited)	(Unaudited)
<b>Earnings:</b>		
Profit attributable to owners of the Parent	<b>12,197,984</b>	8,925,877
<b>Shares:</b>		
Weighted average number of ordinary shares in issue (thousand)	<b>12,926,776</b>	12,792,544
Basic and diluted earnings per share (in RMB yuan)	<b>0.94</b>	0.70

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 2021 (Six months ended 30 June 2020: None).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

## 14 PROPERTY, PLANT AND EQUIPMENT

30 June 2021 (Unaudited)	Properties and buildings	Communication equipment	Office equipment	Vehicles	Security equipment	Electronic devices	Others	Subtotal	Construction in progress	Total
<b>Cost</b>										
31 December 2020 (Audited)	6,109,897	76,366	296,127	2,389,387	10,483	2,604,284	36,675	11,523,219	482,344	12,005,563
Increases	1,819	467	4,317	706	186	92,760	454	100,709	25,739	126,448
Decreases	(821)	(2,107)	(7,373)	(2,916)	(201)	(61,508)	(6,513)	(81,439)	(15,111)	(96,550)
Effect of exchange rate change	(3,142)	(1,111)	(1,074)	(22,231)	–	(14,984)	(319)	(42,861)	–	(42,861)
30 June 2021 (Unaudited)	6,107,753	73,615	291,997	2,364,946	10,468	2,620,552	30,297	11,499,628	492,972	11,992,600
<b>Accumulated depreciation</b>										
31 December 2020 (Audited)	1,279,287	69,015	269,243	558,651	8,200	2,253,940	34,705	4,473,041	–	4,473,041
Increases	90,684	1,416	6,683	62,009	682	91,147	1,282	253,903	–	253,903
Decreases	(822)	(1,941)	(7,172)	(2,542)	(177)	(58,856)	(6,513)	(78,023)	–	(78,023)
Effect of exchange rate change	(2,483)	(1,063)	(866)	(5,009)	–	(13,333)	(324)	(23,078)	–	(23,078)
30 June 2021 (Unaudited)	1,366,666	67,427	267,888	613,109	8,705	2,272,898	29,150	4,625,843	–	4,625,843
<b>Allowances for impairment</b>										
31 December 2020 (Audited)	1,525	–	106	–	–	250	–	1,881	–	1,881
Increases	–	–	–	–	–	–	–	–	–	–
Decreases	–	–	(106)	–	–	(247)	–	(353)	–	(353)
Effect of exchange rate change	–	–	–	–	–	–	–	–	–	–
30 June 2021 (Unaudited)	1,525	–	–	–	–	3	–	1,528	–	1,528
<b>Net carrying amount</b>										
30 June 2021 (Unaudited)	4,739,562	6,188	24,109	1,751,837	1,763	347,651	1,147	6,872,257	492,972	7,365,229
31 December 2020 (Audited)	4,829,085	7,351	26,778	1,830,736	2,283	350,094	1,970	7,048,297	482,344	7,530,641

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021  
(In RMB thousands, unless otherwise stated)

## 14 PROPERTY, PLANT AND EQUIPMENT (Continued)

31 December 2020 (Audited)	Properties and buildings	Communication equipment	Office equipment	Vehicles	Security equipment	Electronic devices	Others	Subtotal	Construction in progress	Total
<b>Cost</b>										
31 December 2019	6,119,346	79,515	296,998	2,539,496	7,254	2,519,159	37,975	11,599,743	294,311	11,894,054
Increases	10,467	2,336	17,652	5,664	6,175	294,411	33	336,738	267,436	604,174
Decreases	(9,565)	(1,285)	(14,637)	(1,879)	(2,946)	(135,260)	(1,207)	(166,779)	(79,403)	(246,182)
Effect of exchange rate changes	(10,351)	(4,200)	(3,886)	(153,894)	—	(74,026)	(126)	(246,483)	—	(246,483)
31 December 2020	6,109,897	76,366	296,127	2,389,387	10,483	2,604,284	36,675	11,523,219	482,344	12,005,563
<b>Accumulated depreciation</b>										
31 December 2019	1,110,234	69,553	264,353	457,181	4,807	2,194,246	31,571	4,131,945	—	4,131,945
Increases	185,891	4,577	22,104	135,639	6,211	258,011	3,977	616,410	—	616,410
Decreases	(9,679)	(1,245)	(14,373)	(1,885)	(2,818)	(131,650)	(800)	(162,450)	—	(162,450)
Effect of exchange rate changes	(7,159)	(3,870)	(2,841)	(32,284)	—	(66,667)	(43)	(112,864)	—	(112,864)
31 December 2020	1,279,287	69,015	269,243	558,651	8,200	2,253,940	34,705	4,473,041	—	4,473,041
<b>Allowances for impairment</b>										
31 December 2019	—	—	106	—	—	247	—	353	—	353
Increases	1,525	—	—	—	—	—	—	1,525	—	1,525
Decreases	—	—	—	—	—	—	—	—	—	—
Effect of exchange rate changes	—	—	—	—	—	3	—	3	—	3
31 December 2020	1,525	—	106	—	—	250	—	1,881	—	1,881
<b>Net carrying amount</b>										
31 December 2020	4,829,085	7,351	26,778	1,830,736	2,283	350,094	1,970	7,048,297	482,344	7,530,641
31 December 2019	5,009,112	9,962	32,539	2,082,315	2,447	324,666	6,404	7,467,445	294,311	7,761,756

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

## 15 INVESTMENT PROPERTIES

30 June 2021 (Unaudited)	Properties and buildings
<b>Cost</b>	
31 December 2020 (Audited)	1,470,705
Increases	—
Decreases	(41,176)
Effect of exchange rate changes	1,457
30 June 2021 (Unaudited)	1,430,986
<b>Accumulated depreciation</b>	
31 December 2020 (Audited)	260,528
Increases	16,887
Decreases	(2,169)
Effect of exchange rate changes	68
30 June 2021 (Unaudited)	275,314
<b>Allowances for impairment</b>	
31 December 2020 (Audited)	149,966
Increases	—
Decreases	(7,996)
Effect of exchange rate changes	527
30 June 2021 (Unaudited)	142,497
<b>Net carrying amount</b>	
30 June 2021 (Unaudited)	1,013,175
31 December 2020 (Audited)	1,060,211



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021  
(In RMB thousands, unless otherwise stated)

## 15 INVESTMENT PROPERTIES (Continued)

31 December 2020 (Audited)	Properties and Buildings
<b>Cost</b>	
31 December 2019	1,550,288
Increases	—
Decreases	(69,966)
Effect of exchange rate changes	(9,617)
<hr/>	
31 December 2020	1,470,705
<b>Accumulated depreciation and amortisation</b>	
31 December 2019	225,532
Increases	38,518
Decreases	(2,768)
Effect of exchange rate changes	(754)
<hr/>	
31 December 2020	260,528
<b>Allowances for impairment</b>	
31 December 2019	70,023
Increases	102,416
Decreases	(10,447)
Effect of exchange rate changes	(12,026)
<hr/>	
31 December 2020	149,966
<b>Net carrying amount</b>	
31 December 2020	1,060,211
<hr/>	
31 December 2019	1,254,733

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

## 16 GOODWILL

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Carrying amount at the beginning of the period/year:		
Cost	<b>11,725,325</b>	10,952,310
Less: Accumulated impairment	<b>(948,627)</b>	(929,486)
Net carrying amount	<b>10,776,698</b>	10,022,824
Movements during the period/year:		
Additions and effect of exchange rate changes	<b>(29,098)</b>	773,015
Impairment and effect of exchange rate changes*	<b>9,888</b>	(19,141)
Carrying amount at the end of the period/year:		
Cost	<b>11,696,227</b>	11,725,325
Less: Accumulated impairment	<b>(938,739)</b>	(948,627)
Net carrying amount	<b>10,757,488</b>	10,776,698
	30 June 2021 (Unaudited)	31 December 2020 (Audited)
China Asset Management Co., Ltd.	<b>7,418,587</b>	7,418,587
CITIC Securities International Company Limited	<b>2,040,627</b>	2,059,837
CITIC Securities South China Company Limited	<b>967,731</b>	967,731
CITIC Futures Co., Ltd.	<b>193,826</b>	193,826
CITIC Securities (Shandong) Co., Ltd.	<b>88,675</b>	88,675
CITIC Securities Company Limited	<b>43,500</b>	43,500
Xin Jiang Equity Exchange Centre Limited	<b>4,542</b>	4,542
Total	<b>10,757,488</b>	10,776,698

\* As of 30 June 2021, the balance of impairment provision changed by decreased by RMB10 million due to exchange rate changes (31 December 2020: decreased by RMB62 million).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021  
(In RMB thousands, unless otherwise stated)

## 17 LAND-USE RIGHTS AND INTANGIBLE ASSETS

30 June 2021 (Unaudited)	Seats on stock exchanges	Software development	Customer relationships	Trademarks	Land-use rights	Total
<b>Cost</b>						
31 December 2020 (Audited)	131,594	1,690,768	1,336,613	277,663	2,272,436	5,709,074
Increases	—	24,667	4,200	—	—	28,867
Decreases	(1,499)	(69,202)	—	—	—	(70,701)
Effect of exchange rate change	(520)	(7,452)	(11,527)	(2,642)	—	(22,141)
30 June 2021 (Unaudited)	129,575	1,638,781	1,329,286	275,021	2,272,436	5,645,099
<b>Accumulated amortization</b>						
31 December 2020 (Audited)	102,198	1,406,145	983,909	—	324,918	2,817,170
Increases	171	43,074	64,196	—	29,490	136,931
Decreases	—	(34,623)	—	—	—	(34,623)
Effect of exchange rate change	(269)	(6,419)	(8,708)	—	—	(15,396)
30 June 2021 (Unaudited)	102,100	1,408,177	1,039,397	—	354,408	2,904,082
<b>Allowance for impairment</b>						
31 December 2020 (Audited)	1,500	35,401	—	—	—	36,901
Increases	—	—	—	—	—	—
Decreases	(1,500)	(34,180)	—	—	—	(35,680)
Effect of exchange rate change	—	(1,003)	—	—	—	(1,003)
30 June 2021 (Unaudited)	—	218	—	—	—	218
<b>Net carrying amount</b>						
30 June 2021 (Unaudited)	27,475	230,386	289,889	275,021	1,918,028	2,740,799
31 December 2020 (Audited)	27,896	249,222	352,704	277,663	1,947,518	2,855,003

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

## 17 LAND-USE RIGHTS AND INTANGIBLE ASSETS (Continued)

31 December 2020 (Audited)	Seats on stock exchanges	Software development	Customer relationships	Trademarks	Land-use rights	Total
<b>Cost</b>						
31 December 2019	130,670	1,512,048	1,415,667	296,822	2,273,423	5,628,630
Increases	4,999	336,759	4,241	—	6,200	352,199
Decreases	(1,200)	(118,105)	—	—	(7,187)	(126,492)
Effect of exchange rate changes	(2,875)	(39,934)	(83,295)	(19,159)	—	(145,263)
31 December 2020	131,594	1,690,768	1,336,613	277,663	2,272,436	5,709,074
<b>Accumulated amortisation</b>						
31 December 2019	100,505	1,248,929	902,062	—	266,924	2,518,420
Increases	4,140	254,187	143,029	—	58,981	460,337
Decreases	(1,200)	(57,808)	—	—	(987)	(59,995)
Effect of exchange rate changes	(1,247)	(39,163)	(61,182)	—	—	(101,592)
31 December 2020	102,198	1,406,145	983,909	—	324,918	2,817,170
<b>Allowance for impairment</b>						
31 December 2019	1,503	36,079	—	—	—	37,582
Increases	—	6	—	—	—	6
Decreases	—	—	—	—	—	—
Effect of exchange rate changes	(3)	(684)	—	—	—	(687)
31 December 2020	1,500	35,401	—	—	—	36,901
<b>Net carrying amount</b>						
31 December 2020	27,896	249,222	352,704	277,663	1,947,518	2,855,003
31 December 2019	28,662	227,040	513,605	296,822	2,006,499	3,072,628

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021  
(In RMB thousands, unless otherwise stated)

## 18 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	<b>30 June 2021 (Unaudited)</b>	31 December 2020 (Audited)
Associates	<b>9,333,637</b>	8,818,599
Joint ventures	<b>92,274</b>	57,983
<b>Total</b>	<b>9,425,911</b>	8,876,582

### 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):

	<b>30 June 2021 (Unaudited)</b>	31 December 2020 (Audited)
Assets	<b>5,074</b>	5,405
Liabilities	<b>278</b>	451

	<b>Six months ended 30 June 2021 (Unaudited)</b>	2020 (Audited)
Revenue	<b>(6)</b>	772
Profit from continuing operations	<b>(157)</b>	446
Total comprehensive income	<b>(157)</b>	446

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

## 18 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

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

- (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):

	<b>30 June 2021 (Unaudited)</b>	31 December 2020 (Audited)
Assets	<b>404,024</b>	371,228
	<b>Six months ended 30 June 2021 (Unaudited)</b>	2020 (Audited)
Net profit attributable to equity holders of the Company	<b>4,529</b>	9,509

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021  
(In RMB thousands, unless otherwise stated)

## 19 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2021 (Unaudited)	
	Current	Non-current
Debt instruments (Mandatory)	<b>58,019,066</b>	—
Equity instruments (Designated)		
CSF No. 1 investment	—	—
Others	—	<b>166,329</b>
	—	<b>166,329</b>
Total	<b>58,019,066</b>	<b>166,329</b>
Loss allowance	<b>371,463</b>	—
Analyzed into:		
Listed	<b>56,425,361</b>	—
Unlisted	<b>1,593,705</b>	<b>166,329</b>
	<b>58,019,066</b>	<b>166,329</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

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

	31 December 2020 (Audited)	
	Current	Non-current
Debt instruments (Mandatory)	49,400,900	—
Equity instruments (Designated)		
CSF No. 1 investment	—	16,440,223
Others	—	195,278
	—	16,635,501
<b>Total</b>	<b>49,400,900</b>	<b>16,635,501</b>
Loss allowance	577,493	—
Analyzed into:		
Listed	48,240,817	—
Unlisted	1,160,083	16,635,501
	49,400,900	16,635,501

### 20 REFUNDABLE DEPOSITS

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Trading deposits	<b>36,564,192</b>	2,116,013
Credit deposits	<b>1,405,152</b>	1,404,749
Performance bonds	<b>541,163</b>	357,012
<b>Total</b>	<b>38,510,507</b>	<b>3,877,774</b>



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021  
(In RMB thousands, unless otherwise stated)

## 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 2020	5,238	2,362,110	2,933,007	4,067,555	294,010	9,661,920
Credited/(debited) to the statement of profit or loss	(1,053)	221,408	161,024	(10,716)	16,409	387,072
Credited/(debited) to other comprehensive income	(1,442)	88,904	—	11,333	17,076	115,871
Others	—	—	—	—	—	—
At 30 June 2021	2,743	2,672,422	3,094,031	4,068,172	327,495	10,164,863

Deferred income tax assets (Audited)	Depreciation allowance	Fair value changes of financial instruments	Allowance for impairment losses	Salaries, bonuses, and allowances payable	Others	Total
At 31 December 2019	23,908	154,293	1,249,096	3,412,128	402,064	5,241,489
Credited/(debited) to the statement of profit or loss	(19,240)	2,160,877	1,415,044	612,464	(250,407)	3,918,738
Credited/(debited) to other comprehensive income	189	(329)	7,430	647	59	7,996
Other increase	381	47,269	261,437	42,316	142,294	493,697
At 31 December 2020	5,238	2,362,110	2,933,007	4,067,555	294,010	9,661,920

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

### 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 2020	197,098	2,117,458	861,636	3,176,192
Debited/(credited) to the statement of profit or loss	(20,100)	(88,405)	95,873	(12,632)
Debited/(credited) to other comprehensive income	7,671	(258,150)	(7,972)	(258,451)
Others	—	—	—	—
At 30 June 2021	184,669	1,770,903	949,537	2,905,109

Deferred income tax liabilities (Audited)	Amortisation allowance	Fair value changes of financial instruments	Others	Total
At 31 December 2019	264,326	1,792,466	787,203	2,843,995
Debited/(credited) to the statement of profit or loss	(52,982)	239,975	27,066	214,059
Debited/(credited) to other comprehensive income	(14,246)	76,537	6,185	68,476
Other increase	—	8,480	41,182	49,662
At 31 December 2020	197,098	2,117,458	861,636	3,176,192

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021  
(In RMB thousands, unless otherwise stated)

## 22 RIGHT-OF-USE ASSETS

30 June 2021 (Unaudited)	Properties and buildings	Transportation vehicles	Electronic devices	Others	Total
<b>Cost</b>					
31 December 2020 (Audited)	2,819,343	1,795	768	1,609	2,823,515
Increases	507,605	129	–	144	507,878
Decreases	(356,328)	(441)	–	–	(356,769)
Effect of exchange rate changes	(12,323)	(95)	(35)	–	(12,453)
30 June 2021 (Unaudited)	2,958,297	1,388	733	1,753	2,962,171
<b>Accumulated depreciation</b>					
31 December 2020 (Audited)	1,055,728	1,059	412	542	1,057,741
Increases	340,164	156	98	184	340,602
Decreases	(337,211)	(407)	–	–	(337,618)
Effect of exchange rate changes	(4,968)	(64)	(20)	–	(5,052)
30 June 2021 (Unaudited)	1,053,713	744	490	726	1,055,673
<b>Allowances for impairment</b>					
31 December 2020 (Audited)	–	–	–	–	–
Increases	–	–	–	–	–
Decreases	–	–	–	–	–
Effect of exchange rate changes	–	–	–	–	–
30 June 2021 (Unaudited)	–	–	–	–	–
<b>Net carrying amount</b>					
30 June 2021 (Unaudited)	1,904,584	644	243	1,027	1,906,498
31 December 2020 (Audited)	1,763,615	736	356	1,067	1,765,774

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

## 22 RIGHT-OF-USE ASSETS (Continued)

31 December 2020 (Audited)	Properties and buildings	Transportation vehicles	Electronic devices	Others	Total
<b>Cost</b>					
31 December 2019	2,190,369	1,762	755	1,350	2,194,236
Increases	874,126	—	—	728	874,854
Decreases	(197,342)	—	—	(469)	(197,811)
Effect of exchange rate changes	(47,810)	33	13	—	(47,764)
31 December 2020	2,819,343	1,795	768	1,609	2,823,515
<b>Accumulated depreciation</b>					
1 January 2020	592,417	518	191	225	593,351
Increases	615,008	493	197	459	616,157
Decreases	(147,009)	—	—	(142)	(147,151)
Effect of exchange rate changes	(4,688)	48	24	—	(4,616)
31 December 2020	1,055,728	1,059	412	542	1,057,741
<b>Allowances for impairment</b>					
1 January 2020	—	—	—	—	—
Increases	—	—	—	—	—
Decreases	—	—	—	—	—
Effect of exchange rate changes	—	—	—	—	—
31 December 2020	—	—	—	—	—
<b>Net carrying amount</b>					
31 December 2020	1,763,615	736	356	1,067	1,765,774
31 December 2019	1,597,952	1,244	564	1,125	1,600,885

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021  
(In RMB thousands, unless otherwise stated)

## 23 OTHER NON-CURRENT ASSETS

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Project investment	<b>1,903,724</b>	1,888,181
Receivables and others	<b>2,678,680</b>	516,325
Total	<b>4,582,404</b>	2,404,506

## 24 MARGIN ACCOUNTS

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Margin accounts	<b>126,752,493</b>	118,274,965
Less: impairment allowance	<b>(1,966,063)</b>	(1,533,533)
Total	<b>124,786,430</b>	116,741,432

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

As of 30 June 2021, the Group received collateral with fair value amounted to RMB547,615 million (31 December 2020: RMB511,904 million), in connection with its margin financing business.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

## 25 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2021 (Unaudited)	
	Current	Non-current
<b>Mandatory</b>		
Debt instruments	218,742,658	—
Equity instruments (i)	159,757,088	21,479,299
Others	52,237,220	5,014,376
	430,736,966	26,493,675
<b>Designated</b>		
Debt instruments	96,928	—
Equity instruments	10,323,174	746,531
Others	702	810,982
	10,420,804	1,557,513
<b>Total</b>	<b>441,157,770</b>	<b>28,051,188</b>
Analyzed into:		
<b>Mandatory</b>		
Listed	358,321,738	5,132,418
Unlisted	72,415,228	21,361,257
	430,736,966	26,493,675
<b>Designated</b>		
Listed	10,322,081	262,939
Unlisted	98,723	1,294,574
	10,420,804	1,557,513
<b>Total</b>	<b>441,157,770</b>	<b>28,051,188</b>

(i) As of 30 June 2021, financial assets at fair value through profit or loss of RMB186,332 million (31 December 2020: RMB136,219 million) were collateralized for reverse repurchase agreements, amount due to CSF, and securities lending transactions.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

	31 December 2020 (Audited)	
	Current	Non-current
<b>Mandatory</b>		
Debt instruments	177,801,516	28,772
Equity instruments (i)	156,742,718	18,621,222
Others	45,251,403	6,931,901
	379,795,637	25,581,895
<b>Designated</b>		
Debt instruments	97,862	—
Equity instruments	4,239,197	9,513,016
Others	769	752,484
	4,337,828	10,265,500
<b>Total</b>	384,133,465	35,847,395
Analyzed into:		
<b>Mandatory</b>		
Listed	310,909,747	4,501,708
Unlisted	68,885,890	21,080,187
	379,795,637	25,581,895
<b>Designated</b>		
Listed	4,239,052	8,863,859
Unlisted	98,776	1,401,641
	4,337,828	10,265,500
<b>Total</b>	384,133,465	35,847,395

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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## 26 DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2021 (Unaudited)		
	Notional amounts	Fair value	
		Assets	Liabilities
Interest rate derivatives	1,661,228,091	4,725,009	5,130,065
Currency derivatives	164,871,183	1,246,992	814,154
Equity derivatives	335,105,411	12,754,204	26,916,156
Credit derivatives	8,330,495	100,386	74,196
Others	348,001,116	1,601,520	1,744,322
<b>Total</b>	<b>2,517,536,296</b>	<b>20,428,111</b>	<b>34,678,893</b>

	31 December 2020 (Audited)		
	Notional amounts	Fair value	
		Assets	Liabilities
Interest rate derivatives	1,499,934,029	5,934,466	6,525,383
Currency derivatives	115,613,610	1,580,362	1,287,918
Equity derivatives	330,660,258	10,984,622	37,062,855
Credit derivatives	7,573,989	32,820	19,707
Others	197,947,212	1,625,720	1,980,343
<b>Total</b>	<b>2,151,729,098</b>	<b>20,157,990</b>	<b>46,876,206</b>

Under the daily mark-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 2021, the fair value of those unexpired daily settled future contracts was RMB-46 million (31 December 2020: RMB202 million).



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021  
(In RMB thousands, unless otherwise stated)

## 27 REVERSE REPURCHASE AGREEMENTS

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Analyzed by collateral:		
Stocks	<b>28,464,013</b>	31,723,843
Debts	<b>13,099,772</b>	15,541,709
Others	<b>3,052,488</b>	—
	<b>44,616,273</b>	47,265,552
Less: impairment allowance	<b>(8,351,934)</b>	(8,038,939)
Total	<b>36,264,339</b>	39,226,613
Analyzed by business:		
Pledged repo	<b>38,482,976</b>	40,494,849
Outright repo	<b>3,080,809</b>	6,770,703
Others	<b>3,052,488</b>	—
	<b>44,616,273</b>	47,265,552
Less: impairment allowance	<b>(8,351,934)</b>	(8,038,939)
Total	<b>36,264,339</b>	39,226,613
Analyzed by counterparty:		
Banks	<b>3,943,911</b>	1,065,249
Non-bank financial institutions	<b>1,651,456</b>	3,395,353
Others	<b>39,020,906</b>	42,804,950
	<b>44,616,273</b>	47,265,552
Less: impairment allowance	<b>(8,351,934)</b>	(8,038,939)
Total	<b>36,264,339</b>	39,226,613

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

## 27 REVERSE REPURCHASE AGREEMENTS (Continued)

As at 30 June 2021, stock repo and stock-pledged repo under reverse repurchase agreements totalled RMB28,464 million (31 December 2020: RMB31,724 million) with credit impairment loss allowance of RMB8,352 million (31 December 2020: RMB8,039 million).

As at 30 June 2021, the Group received collateral amounting to RMB101,076 million (31 December 2020: RMB125,402 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 2021, the amount of the above collateral allowed to be re-pledged was RMB4,205 million (31 December 2020: RMB8,422 million), and the amount of the collateral re-pledged was RMB1,574 million (31 December 2020: RMB3,010 million).

## 28 OTHER CURRENT ASSETS

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Brokerage accounts due from clients	<b>31,241,408</b>	13,835,207
Accounts due from brokers	<b>10,680,681</b>	12,657,085
Settlement deposits receivable	<b>7,400,520</b>	7,735,319
Bulk commodity trading inventory	<b>2,502,997</b>	4,784,609
Interest receivable	<b>394,075</b>	386,071
Deferred expenses	<b>98,826</b>	64,984
Dividends receivable	<b>452</b>	10,726
Others	<b>17,305,769</b>	11,837,709
Subtotal	<b>69,624,728</b>	51,311,710
Less: Impairment allowance	<b>(2,199,099)</b>	(2,134,867)
Total	<b>67,425,629</b>	49,176,843

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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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 2021 (Unaudited)	31 December 2020 (Audited)
Cash on hand	298	317
Deposits in banks	96,759,881	91,109,371
Total	96,760,179	91,109,688

As at 30 June 2021, the Group had restricted funds of RMB6,514 million (31 December 2020: RMB7,529 million).

## 31 CUSTOMER BROKERAGE DEPOSITS

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Customer brokerage deposits	245,178,495	203,110,588

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”.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

## 32 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2021 (Unaudited)	
	Current	Non-current
<b>Financial liabilities held for trading</b>		
Debt instruments	2,830,201	—
Equity investments	1,813,289	—
Others	36,216	—
Subtotal	4,679,706	—
<b>Financial liabilities designated as at fair value through profit or loss</b>		
Structured notes	35,414,628	12,931,469
Minority interests in consolidated structured entities	2,541,606	10,694,322
Subtotal	37,956,234	23,625,791
Total	42,635,940	23,625,791

As at 30 June 2021, there were no significant fair value changes related to the changes in the credit risk of the Group (31 December 2020: None).

	31 December 2020 (Audited)	
	Current	Non-current
<b>Financial liabilities held for trading</b>		
Debt instruments	5,675,783	—
Equity investments	1,706,988	—
Subtotal	7,382,771	—
<b>Financial liabilities designated as at fair value through profit or loss</b>		
Structured notes	32,683,668	7,720,924
Minority interests in consolidated structured entities	828,773	9,792,608
Subtotal	33,512,441	17,513,532
Total	40,895,212	17,513,532

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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## 33 REPURCHASE AGREEMENTS

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Analyzed by collateral:		
Equity	<b>17,324,153</b>	24,922,470
Debts	<b>126,698,248</b>	120,952,729
Commercial paper	<b>22,706,550</b>	—
Gold	<b>12,754,218</b>	16,282,953
Others	<b>34,853,319</b>	36,141,248
<b>Total</b>	<b>214,336,488</b>	198,299,400
Analyzed by counterparty:		
Banks	<b>113,655,051</b>	83,299,479
Non-bank financial institutions	<b>12,875,652</b>	17,331,315
Others	<b>87,805,785</b>	97,668,606
<b>Total</b>	<b>214,336,488</b>	198,299,400

As at 30 June 2021, the Group's pledged collateral in connection with its repurchase agreements amounted to RMB229,953 million (31 December 2020: RMB216,769 million).

## 34 DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Due to banks	<b>12,110,935</b>	8,480,226
Due to CSF	<b>—</b>	2,023,889
<b>Total</b>	<b>12,110,935</b>	10,504,115

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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### 35 TAXES PAYABLE

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Enterprise income tax	<b>3,674,399</b>	6,242,969
Individual income tax	<b>936,484</b>	711,856
Value added tax	<b>230,356</b>	350,855
Others	<b>51,576</b>	76,301
Total	<b>4,892,815</b>	7,381,981

### 36 SHORT-TERM LOANS

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Analyzed by nature:		
Credit loans	<b>9,508,584</b>	3,661,987
Collateralized loans	<b>1,085,629</b>	1,348,384
Total	<b>10,594,213</b>	5,010,371
Analysed by maturity:		
Maturity within one year	<b>10,594,213</b>	5,010,371

As at 30 June 2021, the annual interest rates on the short-term loans were in the range of 0.80% to 2.00% (31 December 2020: 0.79% to 2.00%). As at 30 June 2021, the book value of the collateral was RMB3,690 million (31 December 2020: RMB3,796 million).

As at 30 June 2021, The maturity of short-term loans is within one year, there was no default related to any short-term loans (31 December 2020: None).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021  
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## 37 SHORT-TERM FINANCING INSTRUMENTS PAYABLE

Six months ended 30 June 2021 (Unaudited)

Name	Issue date	Maturity date	Coupon rate	Opening balance	Increase	Repayment	Ending balance
20 CS 08	02/06/2020	02/06/2021	2.08%	1,010,833	9,967	(1,020,800)	—
20 CS S1	28/07/2020	28/04/2021	2.84%	505,475	5,185	(510,660)	—
20 CS S2	07/08/2020	07/08/2021	2.95%	2,828,388	45,004	—	2,873,392
CITICSMTNECP08	26/05/2020	25/05/2021	0.00%	323,672	2,565	(326,237)	—
CITICSMTNECP10	20/08/2020	19/08/2021	0.00%	194,139	1,256	(1,932)	193,463
CITICSMTNECP11	17/09/2020	16/09/2021	0.94%	653,786	3,417	(6,503)	650,700
CITICSMTNECP12	16/10/2020	20/01/2021	0.00%	195,667	80	(195,747)	—
CITICSMTNECP13	19/11/2020	19/05/2021	0.00%	251,606	899	(252,505)	—
CITICSMTNECP14	25/11/2020	24/11/2021	0.00%	64,662	322	(643)	64,341
CITICSMTNECP15	15/12/2020	14/12/2021	0.00%	775,512	3,862	(7,710)	771,664
CITICSMTNECP16	19/01/2021	18/01/2022	0.75%	—	326,980	(3,237)	323,743
CITICSMTNECP17	01/02/2021	02/08/2021	0.00%	—	646,688	(1,079)	645,609
CITICSMTNECP18	09/02/2021	09/08/2021	0.00%	—	643,402	(1,074)	642,328
CITICSMTNECP19	08/03/2021	30/11/2021	0.00%	—	193,535	(335)	193,200
CITICSMTNECP20	25/05/2021	24/05/2022	0.00%	—	160,657	(175)	160,482
CITICSMTNECP21	02/06/2021	01/06/2022	0.00%	—	192,549	—	192,549
Structured notes	08/07/2020 ~30/06/2021	04/01/2021 ~28/12/2021	1.70%~4.00%	5,138,131	9,403,290	(12,104,926)	2,436,495
Total				11,941,871	11,639,658	(14,433,563)	9,147,966

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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## 37 SHORT-TERM FINANCING INSTRUMENTS PAYABLE (Continued) Year ended 31 December 2020 (Audited)

Name	Issue date	Maturity date	Coupon rate	Opening balance	Increase	Repayment	Ending balance
19 CITIC CP010	18/10/2019	16/01/2020	2.95%	6,036,084	7,440	(6,043,524)	—
19 CITIC CP011	19/11/2019	18/02/2020	3.10%	5,017,422	21,117	(5,038,539)	—
19 CITIC CP012	13/12/2019	12/03/2020	3.05%	3,004,354	18,146	(3,022,500)	—
20 CITIC CP001	17/01/2020	16/04/2020	2.78%	—	4,028,664	(4,028,664)	—
20 CITIC CP002	18/02/2020	18/05/2020	2.50%	—	4,025,986	(4,025,986)	—
20 CITIC CP003	25/02/2020	25/05/2020	2.45%	—	4,025,577	(4,025,577)	—
20 CITIC CP004	05/03/2020	03/06/2020	2.39%	—	4,024,610	(4,024,610)	—
20 CITIC CP005	13/03/2020	11/06/2020	2.16%	—	5,027,718	(5,027,718)	—
20 CITIC CP006	25/03/2020	23/06/2020	1.78%	—	5,022,597	(5,022,597)	—
20 CITIC CP007	08/04/2020	07/07/2020	1.50%	—	6,023,473	(6,023,473)	—
20 CITIC CP008	20/04/2020	17/07/2020	1.40%	—	6,021,820	(6,021,820)	—
20 CITIC CP009	13/05/2020	11/08/2020	1.55%	—	5,020,246	(5,020,246)	—
20 CITIC CP010	25/05/2020	21/08/2020	1.55%	—	5,019,711	(5,019,711)	—
20 CITIC CP011	28/05/2020	26/08/2020	1.58%	—	4,016,543	(4,016,543)	—
20 CITIC CP012	15/06/2020	11/09/2020	2.20%	—	4,022,014	(4,022,014)	—
20 CITIC CP013	09/07/2020	30/09/2020	1.95%	—	5,023,354	(5,023,354)	—
20 CS 08	02/06/2020	02/06/2021	2.08%	—	1,013,946	(3,113)	1,010,833
20 CS S1	28/07/2020	28/04/2021	2.84%	—	506,947	(1,472)	505,475
20 CS S2	07/08/2020	07/08/2021	2.95%	—	2,836,503	(8,115)	2,828,388
CITICSMTNECP03	20/11/2019	20/05/2020	0.00%	690,727	6,916	(697,643)	—
CITICSMTNECP04	11/03/2020	11/09/2020	0.00%	—	700,691	(700,691)	—
CITICSMTNECP05	13/03/2020	14/09/2020	0.00%	—	350,345	(350,345)	—
CITICSMTNECP06	25/03/2020	26/06/2020	0.00%	—	700,704	(700,704)	—
CITICSMTNECP07	22/05/2020	23/11/2020	0.00%	—	1,234,797	(1,234,797)	—
CITICSMTNECP08	26/05/2020	25/05/2021	0.00%	—	349,969	(26,297)	323,672
CITICSMTNECP09	26/05/2020	27/11/2020	0.00%	—	352,796	(352,796)	—
CITICSMTNECP10	20/08/2020	19/08/2021	0.00%	—	207,791	(13,652)	194,139
CITICSMTNECP11	17/09/2020	16/09/2021	0.94%	—	687,371	(33,585)	653,786
CITICSMTNECP12	16/10/2020	20/01/2021	0.00%	—	204,213	(8,546)	195,667
CITICSMTNECP13	19/11/2020	19/05/2021	0.00%	—	259,191	(7,585)	251,606
CITICSMTNECP14	25/11/2020	24/11/2021	0.00%	—	66,626	(1,964)	64,662
CITICSMTNECP15	15/12/2020	14/12/2021	0.00%	—	781,847	(6,335)	775,512
Structured notes	11/10/2019 ~31/12/2020	02/01/2020 ~13/10/2021	1.39%~4.00%	5,388,706	58,095,241	(58,345,816)	5,138,131
Total				20,137,293	129,704,910	(137,900,332)	11,941,871

As at 30 June 2021, short-term financing instruments payable unsecured comprised short-term corporate bonds and structured notes with an original tenure of less than one year.

As at 30 June 2021, there was no default relating to any short-term financing instruments payable issued (31 December 2020: Nil).



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## 38 LEASE LIABILITIES

	30 June 2021 (Unaudited)	
	Current	Non-current
Lease liabilities	<b>498,643</b>	<b>1,377,553</b>
	31 December 2020 (Audited)	
	Current	Non-current
Lease liabilities	494,209	1,211,526

As at 30 June 2021, the future cash flows of lease contracts signed by the Group but lease not yet commenced are shown as follows:

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Lease term:		
Within one year	<b>23,466</b>	25,627
One to two years	<b>9,669</b>	7,729
Two to five years	<b>11,447</b>	15,385
More than five years	<b>—</b>	1,392
	<b>44,582</b>	50,133

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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## 39 OTHER CURRENT LIABILITIES

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Client deposits payable	<b>101,356,307</b>	77,905,318
Debt instruments issued due within one year and others (Notes 40 (a)(xxxv)(xxxvi)(xxxvii)(xxxviii)(xxxix)(xl)(xli)(xlii)(xliii)(xliv) (xlv)(xvi)(xvii)(xviii)(xlix)(l)(li))	<b>55,257,965</b>	39,656,392
Settlement deposits payable	<b>13,546,253</b>	14,596,002
Salaries, bonuses and allowances payable	<b>18,066,243</b>	17,583,983
Dividends payable	<b>5,175,106</b>	2,049
Accounts due to brokers	<b>24,502,824</b>	16,213,051
Contract liabilities	<b>1,085,579</b>	2,194,221
Fee and commissions payable	<b>698,359</b>	662,588
Funds payable to securities holders	<b>168,417</b>	168,699
Funds payable to securities issuers	<b>766,719</b>	1,071,235
Interest payable	<b>263,233</b>	258,307
Accrued liabilities	<b>302,557</b>	305,980
Others	<b>24,590,628</b>	15,243,366
<b>Total</b>	<b>245,780,190</b>	185,861,191

## 40 DEBT INSTRUMENTS ISSUED

		30 June 2021 (Unaudited)	31 December 2020 (Audited)
<b>By category</b>			
Bonds and medium term notes issued	(a)	<b>126,561,389</b>	127,297,137
Structured notes issued	(b)	<b>983,367</b>	5,353,884
		<b>127,544,756</b>	132,651,021
<b>By maturity</b>			
Maturity within five years		<b>113,088,470</b>	130,938,777
Maturity over five years		<b>14,456,286</b>	1,712,244
		<b>127,544,756</b>	132,651,021

As at 30 June 2021, there was no default related to any issued debt instruments (31 December 2020: 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 2021 (Unaudited)	31 December 2020 (Audited)
13 CITICS 02	(i)	<b>12,032,698</b>	12,336,466
15 CITICS 02	(ii)	<b>2,501,687</b>	2,565,917
17 CITICS C4	(iii)	<b>5,074,678</b>	4,947,070
18 CS G2	(iv)	<b>601,269</b>	616,085
19 CITICS Financial Bond 01	(v)	<b>9,298,033</b>	9,136,908
19 CS 05	(vi)	<b>5,111,219</b>	5,018,153
19 CS G1	(vii)	<b>2,054,515</b>	2,020,854
19 CS G2	(viii)	<b>1,030,400</b>	1,011,649
20 CS 09	(ix)	<b>4,501,173</b>	4,560,306
20 CS 11	(x)	<b>1,998,153</b>	2,028,466
20 CS 13	(xi)	<b>3,097,480</b>	3,042,805
20 CS 15	(xii)	<b>7,727,097</b>	7,593,807
20 CS 16	(xiii)	<b>5,355,148</b>	5,261,190
20 CS 18	(xiv)	<b>2,877,120</b>	2,827,501
20 CS 20	(xv)	<b>824,771</b>	808,013
20 CS 21	(xvi)	<b>7,666,443</b>	7,531,703
20 CS 23	(xvii)	<b>4,391,618</b>	4,315,025
20 CS 24	(xviii)	<b>923,395</b>	904,231
20 CS C1	(xix)	<b>2,014,661</b>	2,047,209
20 CS G1	(xx)	<b>3,027,427</b>	3,071,687
20 CS G2	(xxi)	<b>2,019,361</b>	2,052,199
20 CS G3	(xxii)	<b>2,216,400</b>	2,248,069
20 CS G4	(xxiii)	<b>2,015,547</b>	2,047,275
20 CS G6	(xxiv)	<b>3,312,123</b>	3,352,818
20 CS G7	(xxv)	<b>1,004,384</b>	1,019,737
21 CS 02	(xxvi)	<b>4,658,918</b>	—
21 CS 03	(xxvii)	<b>3,247,343</b>	—
21 CS 04	(xxviii)	<b>1,514,133</b>	—
21 CS 05	(xxix)	<b>3,032,521</b>	—
21 CS 06	(xxx)	<b>2,521,988</b>	—
21 CS 07	(xxxi)	<b>1,408,073</b>	—
21 CS 08	(xxxii)	<b>999,077</b>	—
21 CS 09	(xxxiii)	<b>2,498,194</b>	—

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

## 40 DEBT INSTRUMENTS ISSUED (Continued)

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

		30 June 2021 (Unaudited)	31 December 2020 (Audited)
21 CS C1	(xxxiv)	<b>3,038,827</b>	—
CITIC SEC N2210	(xxxv)	<b>3,234,195</b>	3,262,455
CITIC SEC N2410	(xxxv)	<b>1,288,882</b>	1,300,556
CITIC SEC N2306	(xxxv)	<b>3,223,800</b>	3,253,679
CITIC SEC N2506	(xxxv)	<b>3,218,638</b>	3,249,225
CITIC SEC N2204	(xxxv)	—	3,275,980
CITIC SEC N2112	(xxxv)	—	—
16 CITICS G2	(xxxvi)	—	—
17 CITICS G2	(xxxvii)	—	2,076,635
18 CS C2	(xxxviii)	—	—
17 CITICS C2	(xxxix)	—	2,373,760
18 CS C1	(xl)	—	—
19 CS 01	(xli)	—	2,788,294
19 CS 02	(xlii)	—	3,093,455
19 CS 03	(xliii)	—	3,086,405
19 CS 04	(xliv)	—	1,532,973
19 CS C1	(xlv)	—	2,570,019
19 CS C2	(xlvi)	—	3,068,558
20 CS 17	(xlvii)	—	—
20 CS 19	(xlviii)	—	—
20 CS 22	(xlix)	—	—
20 CS F1	(l)	—	—
21 CS 01	(li)	—	—
Carrying amount		<b>126,561,389</b>	127,297,137

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021  
(In RMB thousands, unless otherwise stated)

## 40 DEBT INSTRUMENTS ISSUED (Continued)

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

- (i) Pursuant to the approval by the CSRC, the Company issued a 10-year unguaranteed bond with a face value of RMB12.00 billion in June 2013. The coupon rate of the bond is 5.05% and the maturity date is 7 June 2023.
- (ii) Pursuant to the approval of the CSRC, the Company issued a 10-year unguaranteed bond with a face value of RMB2.50 billion in June 2015. The coupon rate of the bond is 5.10% and the maturity date is 25 June 2025.
- (iii) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2013 and approval of the relevant regulators, the Company issued a 5-year unguaranteed subordinated redeemable bond with a face value of RMB4.90 billion in October 2017. The coupon rate of the bond is 5.25% and the maturity date is 26 October 2022.
- (iv) Pursuant to the approval of the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB0.60 billion in June 2018. The coupon rate of the bond is 4.90% and the maturity date is 15 June 2023.
- (v) 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 in July 2019. The maturity date is 25 July 2022, and a coupon rate of 3.58%.
- (vi) 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 bond with a face value of RMB5.00 billion in November 2019. The coupon rate of the bond is 3.75% and the maturity date is 26 November 2022.
- (vii) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB2.00 billion in September 2019. The coupon rate of the bond is 3.39% and the maturity date is 10 September 2022.
- (viii) Pursuant to the approval of the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB1.00 billion in September 2019. The coupon rate of the bond is 3.78% and the maturity date is 10 September 2024.
- (ix) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB4.50 billion in June 2020. The coupon rate of the bond is 2.70% and the maturity date is 2 June 2023.
- (x) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB2.00 billion in June 2020. The coupon rate of the bond is 3.10% and the maturity date is 19 June 2023.
- (xi) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB3.00 billion in July 2020. The coupon rate of the bond is 3.58% and the maturity date is 14 July 2023.
- (xii) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB7.50 billion in July 2020. The coupon rate of the bond is 3.49% and the maturity date is 28 July 2023.
- (xiii) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB5.20 billion in August 2020. The coupon rate of the bond is 3.55% and the maturity date is 7 August 2023.
- (xiv) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB2.80 billion in August 2020. The coupon rate of the bond is 3.48% and the maturity date is 24 August 2023.
- (xv) Pursuant to the approval of the CSRC, the Company issued a 10-year unguaranteed bond with a face value of RMB0.80 billion in September 2020. The coupon rate of the bond is 4.20% and the maturity date is 11 September 2030.
- (xvi) Pursuant to the approval of the CSRC, the Company issued a 2-year unguaranteed bond with a face value of RMB7.50 billion in October 2020. The coupon rate of the bond is 3.48% and the maturity date is 21 October 2022.
- (xvii) Pursuant to the approval of the CSRC, the Company issued a 2-year unguaranteed bond with a face value of RMB4.30 billion in October 2020. The coupon rate of the bond is 3.45% and the maturity date is 28 October 2022.
- (xviii) Pursuant to the approval of the CSRC, the Company issued a 10-year unguaranteed bond with a face value of RMB0.90 billion in October 2020. The coupon rate of the bond is 4.27% and the maturity date is 28 October 2030.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

## 40 DEBT INSTRUMENTS ISSUED (Continued)

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

- (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 RMB2.00 billion in March 2020. The coupon rate of the bond is 3.32% and the maturity date is 24 March 2023.
- (xx) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB3.00 billion in February 2020. The coupon rate of the bond is 3.02% and the maturity date is 21 February 2023.
- (xxi) Pursuant to the approval of the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB2.00 billion in February 2020. The coupon rate of the bond is 3.31% and the maturity date is 21 February 2025.
- (xxii) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB2.20 billion in March 2020. The coupon rate of the bond is 2.95% and the maturity date is 10 March 2023.
- (xxiii) Pursuant to the approval of the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB2.00 billion in March 2020. The coupon rate of the bond is 3.20% and the maturity date is 10 March 2025.
- (xxiv) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB3.30 billion in April 2020. The coupon rate of the bond is 2.54% and the maturity date is 14 April 2023.
- (xxv) Pursuant to the approval of the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB1.00 billion in April 2020. The coupon rate of the bond is 3.10% and the maturity date is 14 April 2025.
- (xxvi) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB4.60 billion in January 2021. The coupon rate of the bond is 3.56% and the maturity date is 25 January 2024.
- (xxvii) Pursuant to the approval of the CSRC, the Company issued a 10-year unguaranteed bond with a face value of RMB3.20 billion in January 2021. The coupon rate of the bond is 4.10% and the maturity date is 25 January 2031.
- (xxviii) Pursuant to the approval of the CSRC, the Company issued a 3-year unguaranteed bond with a face value of RMB1.50 billion in March 2021. The coupon rate of the bond is 3.60% and the maturity date is 1 March 2024.
- (xxix) Pursuant to the approval of the CSRC, the Company issued a 10-year unguaranteed bond with a face value of RMB3.00 billion in March 2021. The coupon rate of the bond is 4.10% and the maturity date is 1 March 2031.
- (xxx) Pursuant to the approval of the CSRC, the Company issued a 10-year unguaranteed bond with a face value of RMB2.50 billion in March 2021. The coupon rate of the bond is 4.10% and the maturity date is 19 March 2031.
- (xxxi) Pursuant to the approval of the CSRC, the Company issued a 10-year unguaranteed bond with a face value of RMB1.40 billion in April 2021. The coupon rate of the bond is 4.04% and the maturity date is 13 April 2031.
- (xxxii) Pursuant to the approval of the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB1.00 billion in June 2021. The coupon rate of the bond is 3.70% and the maturity date is 11 June 2026.
- (xxxiii) Pursuant to the approval of the CSRC, the Company issued a 10-year unguaranteed bond with a face value of RMB2.50 billion in June 2021. The coupon rate of the bond is 4.03% and the maturity date is 11 June 2031.
- (xxxiv) 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 in February 2021. The coupon rate of the bond is 3.97% and the maturity date is 8 February 2024.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

## 40 DEBT INSTRUMENTS ISSUED (Continued)

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

- (xxxv) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2013 and approval of the relevant regulators, CITIC Securities Finance MTN Co., Ltd. established a USD3.00 billion (or other equivalents) Medium Term Notes Program on 17 October 2014. In April 2017, CITIC Securities Finance MTN Co., Ltd. made a drawdown under the medium-term notes program with an issue size of USD800 million, including USD300 million of three-year notes and USD500 million of five-year notes. The three-year notes were fully paid in April 2020. In December 2018, CITIC Securities Finance MTN Co., Ltd. made a drawdown under the medium-term notes program of three-year notes in the amount of USD300 million. In October 2019, CITIC Securities Finance MTN Co., Ltd. made a drawdown under the medium-term notes program with an issue size of USD700 million, including USD500 million of three-year notes and USD200 million of five-year notes. In 2020, CITIC Securities Finance MTN Co., Ltd. made a drawdown under the medium-term notes program with an issue size of USD1.00 billion, including USD500 million of three-year notes and USD500 million of five-year notes. These medium term notes are guaranteed by the Company with no counter-guarantee arrangement. As at 30 June 2021, the bond CITIC SEC N2204 and CITIC SEC N2112 were presented as debt instruments issued due within one year and others (Note 39).
- (xxxvi) Pursuant to the approval of the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB2.50 billion in November 2016. The coupon rate of the bond is 3.38% with the maturity date on 17 November 2021. As at 30 June 2021, the bond was presented as debt instruments issued due within one year and others (Note 39).
- (xxxvii) Pursuant to the approval of the CSRC, the Company issued a 5-year unguaranteed bond with a face value of RMB2.00 billion in February 2017. The coupon rate of the bond is 4.40% and the maturity date is 17 February 2022. As at 30 June 2021, the bond was presented as debt instruments issued due within one year and others (Note 39).
- (xxxviii) 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 in November 2018. The coupon rate of the bond is 4.40% and the maturity date is 7 November 2021. As at 30 June 2021, the bond was presented as debt instruments issued due within one year and others (Note 39).
- (xxxix) 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 in May 2017. The coupon rate of the bond is 5.30% and the maturity date is 25 May 2022. As at 30 June 2021, the bond was presented as debt instruments issued due within one year and others (Note 39).
- (xl) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2016 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB5.00 billion in October 2018. The coupon rate of the bond is 4.48% and the maturity date is 19 October 2021. As at 30 June 2021, the bond was presented as debt instruments issued due within one year and others (Note 39).
- (xli) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2016 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB2.70 billion in February 2019. The coupon rate of the bond is 3.90% and the maturity date is 28 February 2022. As at 30 June 2021, the bond was presented as debt instruments issued due within one year and others (Note 39).
- (xlii) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2016 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB3.00 billion in March 2019. The coupon rate of the bond is 3.98% and the maturity date is 21 March 2022. As at 30 June 2021, the bond was presented as debt instruments issued due within one year and others (Note 39).
- (xliii) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2018 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB3.00 billion in April 2019. The coupon rate of the bond is 4.28% and the maturity date is 30 April 2022. As at 30 June 2021, the bond was presented as debt instruments issued due within one year and others (Note 39).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

## 40 DEBT INSTRUMENTS ISSUED (Continued)

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

- (xliv) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2018 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB1.50 billion in June 2019. The coupon rate of the bond is 4.00% and the maturity date is 14 June 2022. As at 30 June 2021, the bond was presented as debt instruments issued due within one year and others (Note 39).
- (xlv) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2018 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB2.50 billion in April 2019. The coupon rate of the bond is 4.20% and the maturity date is 23 April 2022. As at 30 June 2021, the bond was presented as debt instruments issued due within one year and others (Note 39).
- (xlvii) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2018 and approval of the relevant regulators, the Company issued a 3-year unguaranteed subordinated redeemable bond with a face value of RMB3.00 billion in June 2019. The coupon rate of the bond is 4.10% and the maturity date is 3 June 2022. As at 30 June 2021, the bond was presented as debt instruments issued due within one year and others (Note 39).
- (xlviii) Pursuant to the approval of the CSRC, the Company issued a 370-day unguaranteed bond with a face value of RMB4.20 billion in August 2020. The coupon rate of the bond is 2.95% and the maturity date is 29 August 2021. As at 30 June 2021, the bond was presented as debt instruments issued due within one year and others (Note 39).
- (xlix) Pursuant to the approval of the CSRC, the Company issued a 370-day unguaranteed bond with a face value of RMB2.20 billion in September 2020. The coupon rate of the bond is 3.23% and the maturity date is 16 September 2021. As at 30 June 2021, the bond was presented as debt instruments issued due within one year and others (Note 39).
- (l) Pursuant to the approval of the CSRC, the Company issued a 370-day unguaranteed bond with a face value of RMB0.80 billion in October 2020. The coupon rate of the bond is 3.16% and the maturity date is 2 November 2021. As at 30 June 2021, the bond was presented as debt instruments issued due within one year and others (Note 39).
- (li) Pursuant to the resolution of re-authorizing on Issuance of Onshore and Offshore Corporate Debt Financing Instruments approved by General Shareholders' Meeting in 2018 and approval of CSRC, the Company issued a 370-day unguaranteed subordinated redeemable bond with a face value of RMB5.60 billion in November 2020. The coupon rate of the bond is 3.53% and the maturity date is 24 November 2021. As at 30 June 2021, the bond was presented as debt instruments issued due within one year and others (Note 39).
- (lii) Pursuant to the approval of the CSRC, the Company issued a 370-day unguaranteed bond with a face value of RMB2.20 billion in January 2021. The coupon rate of the bond is 2.90% and the maturity date is 30 January 2022. As at 30 June 2021, the bond was presented as debt instruments issued due within one year and others (Note 39).

### (b) Structured notes issued

As at 30 June 2021, the structured notes issued by the Group amounted to RMB983 million (31 December 2020: RMB5,354 million) were with remaining tenures over one year with coupon rates ranging from 1.83% to 3.65% (31 December 2020: 1.70% to 3.40%).



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021  
(In RMB thousands, unless otherwise stated)

## 41 LONG-TERM LOANS

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Analyzed by nature:		
Collateralized loans	<b>516,163</b>	573,942
Total	<b>516,163</b>	573,942
Analyzed by maturity:		
Maturity within five years	<b>516,163</b>	246,961
Maturity over five years	—	326,981
Total	<b>516,163</b>	573,942

As at 30 June 2021, the interest rates on the long-term loans were in the range of 1.29%–1.58% (31 December 2020: 1.37% to 10.00%). As at 30 June 2021, the book value of the collateral was RMB1,102 million (31 December 2020: RMB1,152 million).

## 42 OTHER NON-CURRENT LIABILITIES

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Risk reserve provision	<b>1,310,558</b>	1,152,322
Others	<b>425,880</b>	425,879
Total	<b>1,736,438</b>	1,578,201

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

## 43 ISSUED SHARE CAPITAL

	30 June 2021		31 December 2020	
	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	10,648,448	10,648,448
H shares of RMB1 each	2,278,328	2,278,328	2,278,328	2,278,328
Total	12,926,776	12,926,776	12,926,776	12,926,776

## 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 2021, as such reserve balance has reached 50% of its registered capital.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021  
(In RMB thousands, unless otherwise stated)

## 44 RESERVES (Continued)

### (b) Surplus reserves (Continued)

#### (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.

#### (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 2021 (Unaudited)	30 June 2020 (Unaudited)
Cash and bank balances	<b>96,760,179</b>	52,245,775
Less: Restricted funds (Note 30)	<b>(6,513,792)</b>	(6,934,966)
Interests receivables	<b>(419,980)</b>	(253,885)
Cash and cash equivalents	<b>89,826,407</b>	45,056,924

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

## 46 COMMITMENTS AND CONTINGENT LIABILITIES

### (a) Capital commitments

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Contracted, but not provided for	<b>3,873,362</b>	3,874,610

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 2021 (Unaudited)	31 December 2020 (Audited)
Within one year	<b>316,205</b>	304,598
After one year but no more than two years	<b>302,503</b>	296,300
After two years but no more than three years	<b>292,711</b>	283,407
After three years but no more than four years	<b>261,791</b>	273,075
After four years but no more than five years	<b>225,873</b>	233,342
More than five years	<b>131,006</b>	198,100
Total	<b>1,530,089</b>	1,588,822

### (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 2021 and 31 December 2020, 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 2021  
(In RMB thousands, unless otherwise stated)

## 47 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
CITIC Limited	Largest equity holder and its persons acting in concert	State-controlled	Hong Kong	Zhu Hexin	Financial, industrial and other services	Not applicable	2.91%	2.91%	Not applicable

### (2) Related party transactions

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

##### Transactions during the period

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
Income from providing services	89	82
Interest expense	82	62

#### (b) Subsidiaries

##### Transactions during the period

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
Interest income	404,098	334,962
Income from providing services	28,518	18,157
Other income	—	107
Leasing income	2,010	2,010
Net investment (losses)/gains	(14,853)	3,732
Interest expenses	117,028	161,675
Lease payment	163,757	189,700
Bank charges, custodian and other service fees	—	15
Interest expenses of leasing liabilities	25,942	23,098

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

## 47 RELATED PARTY DISCLOSURES (Continued)

### (2) Related party transactions (Continued)

#### (b) Subsidiaries (Continued)

*Balances at the end of the period/year*

	<b>30 June 2021 (Unaudited)</b>	31 December 2020 (Audited)
Other current assets	<b>58,542,507</b>	36,625,773
Financial assets at fair value through other comprehensive income	<b>8,142,901</b>	8,236,445
Deposits for investments	<b>12,234,876</b>	4,618,559
Derivative financial assets	<b>5,334,268</b>	15,516,250
Refundable deposits	<b>5,415,274</b>	5,418,811
Financial assets at fair value through profit or loss (Mandatory)	<b>14,645,182</b>	10,162,946
Property, plant and equipment	<b>744</b>	744
Land use rights and intangible assets	<b>184</b>	184
Right-of-use assets	<b>1,157,948</b>	1,331,114
Other current liabilities	<b>2,680,069</b>	6,227,776
Derivative financial liabilities	<b>2,653,953</b>	1,902,689
Repurchase agreements	—	3,250,471
Due to banks and other financial institutions	—	—
Customer brokerage deposits	<b>564,172</b>	277,662
Short-term financing instruments payable	<b>317,818</b>	87,267
Debt instruments issued	<b>3,388,514</b>	3,705,075
Lease liabilities	<b>1,190,358</b>	1,354,115

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

As at 30 June 2021, the collective assets management plans managed by the Company and held by the Company and its subsidiaries amounted to RMB387 million (31 December 2020: RMB693 million).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

## 47 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	
	2021 (Unaudited)	2020 (Unaudited)
Interest income	450,427	303,230
Income from providing services	163,010	109,724
Leasing income	16,120	17,617
Net investment gains/(losses)	2,450	19,853
Bank charges, custodian and other service fees	122,296	112,352
Interest expenses	8,568	18,912
Lease payment	4,918	5,234
Depreciation of right-of-use assets	3,784	3,775
Interest expenses of leasing liabilities	586	730

##### Balances at the end of the period/year

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Cash held on behalf of customers (i)	37,722,753	33,911,224
Cash and bank balances (i)	13,342,930	1,781,941
Right-of-use assets	22,821	25,684
Other current assets	62,888	25,594
Lease liabilities	22,083	25,376
Other current liabilities	405,086	22,722

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

As at 30 June 2021, the balance of the structured note issued by the Company held by the subsidiaries and joint ventures of the Company's largest equity holder is RMB60 million (31 December 2020: Nil).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

## 47 RELATED PARTY DISCLOSURES (Continued)

### (2) Related party transactions (Continued)

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

As at 30 June 2021, the balance of the repurchase agreement held by the subsidiaries and joint ventures of the Company's largest equity holder is RMB1,192 million (31 December 2020: RMB1,436 million).

As of 30 June 2021, the contracted amount of CITIC Financial Center construction paid to the subsidiaries and joint ventures of the Company's largest equity holder by the Company is RMB306 million (31 December 2020: 306 million).

#### (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	
	2021 (Unaudited)	2020 (Unaudited)
Income from providing services	28,265	12,153
Bank charges, custodian and other service fees	2,623	1,930
Interest expenses	280	400
Lease payment	18,159	17,864
Depreciation of right-of-use assets	9,174	9,659
Interest expenses of leasing liabilities	1,158	1,513

##### Balances at the end of the period/year

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
	Right-of-use assets	50,144
Other current assets	1,422	1,525
Lease liabilities	50,757	53,621
Other current liabilities	68	68



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021  
(In RMB thousands, unless otherwise stated)

## 47 RELATED PARTY DISCLOSURES (Continued)

### (2) Related party transactions (Continued)

- (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.

#### *Transactions during the period*

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
Net investment gains/(losses) (i)	437,262	—
Income from providing services	2,531	—
Interest expenses	58,207	49,577

#### *Balances at the end of the period/year*

	30 June	31 December
	2021	2020
	(Unaudited)	(Audited)
Other current assets	—	210
Other non-current liabilities	1,726,852	2,290,319

- (i) During the six months ended 30 June 2021, net investment gains received by the Company from shareholders directly or indirectly holding 5% or more shares of the Company are compensations under the Asset Protection Agreement related to issuance of shares to purchase assets.

- (f) Associates

#### *Transactions during the period*

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
Net investment (losses)/gains	(9,851)	—
Interests expense	—	1,719
Bank charges, custodian and other service fees	5,543	3,214
Equity investment	—	7,171

#### *Balances at the end of the period/year*

	30 June	31 December
	2021	2020
	(Unaudited)	(Audited)
Other current assets	3,351	—
Other current liabilities	875	1,222

As of 30 June 2021, the Company's associates did not hold any structured notes issued by the company (31 December 2020: RMB0.9 billion).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

*(In RMB thousands, unless otherwise stated)*

## 48 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 2021  
(In RMB thousands, unless otherwise stated)

## 48 FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

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

30 June 2021 (Unaudited)	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Financial assets at fair value through profit or loss (Mandatory)				
— Debt instruments	70,011,986	142,898,825	5,831,847	218,742,658
— Equity instruments	154,709,206	6,346,702	20,180,479	181,236,387
— Others	4,543,916	52,522,105	185,575	57,251,596
Subtotal	229,265,108	201,767,632	26,197,901	457,230,641
Financial assets at fair value through profit or loss (Designated)	1,211	1,165,132	10,811,974	11,978,317
Derivative financial assets	669,419	18,180,738	1,577,954	20,428,111
Financial assets at fair value through other comprehensive income				
— Debt instruments	14,842,066	41,260,817	1,916,183	58,019,066
— Equity instruments	—	—	166,329	166,329
Subtotal	14,842,066	41,260,817	2,082,512	58,185,395
Total	244,777,804	262,374,319	40,670,341	547,822,464
<b>Financial liabilities:</b>				
Financial liabilities at fair value through profit or loss				
— Financial liabilities held for trading	3,503,892	1,175,277	537	4,679,706
— Financial liabilities designated as at fair value through profit or loss	—	32,496,563	29,085,462	61,582,025
Subtotal	3,503,892	33,671,840	29,085,999	66,261,731
Derivative financial liabilities	885,919	26,905,211	6,887,763	34,678,893
Total	4,389,811	60,577,051	35,973,762	100,940,624

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

## 48 FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

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

31 December 2020 (Audited)	Level 1	Level 2	Level 3	Total
<b>Financial assets:</b>				
Financial assets at fair value through profit or loss (Mandatory)				
— Debt securities	67,116,217	107,790,156	2,923,915	177,830,288
— Equity investments	147,564,813	10,247,984	17,551,143	175,363,940
— Others	4,670,179	47,168,131	344,994	52,183,304
Subtotal	219,351,209	165,206,271	20,820,052	405,377,532
Financial assets at fair value through profit or loss (Designated)				
	3,555,297	1,192,151	9,855,880	14,603,328
Derivative financial assets	829,193	16,963,281	2,365,516	20,157,990
Financial assets at fair value through other comprehensive income				
— Debt securities	17,864,405	30,895,670	640,825	49,400,900
— Equity investments	—	16,440,224	195,277	16,635,501
Subtotal	17,864,405	47,335,894	836,102	66,036,401
Total	241,600,104	230,697,597	33,877,550	506,175,251
<b>Financial liabilities:</b>				
Financial liabilities at fair value through profit or loss				
— Financial liabilities held for trading	5,216,469	2,166,069	233	7,382,771
— Financial liabilities designated as at fair value through profit or loss	769	27,081,056	23,944,148	51,025,973
Subtotal	5,217,238	29,247,125	23,944,381	58,408,744
Derivative financial liabilities	663,812	37,724,669	8,487,725	46,876,206
Total	5,881,050	66,971,794	32,432,106	105,284,950

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021  
(In RMB thousands, unless otherwise stated)

## 48 FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

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

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

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

For equity instruments at fair value through other comprehensive income, the fair value is determined by the equity investment account report provided by CSF.

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

From January to June 2021, there were 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 fair value measurements categorized within Level 3

For unlisted equity investments, fund investments, bond investments, stocks instruments without quoted prices in active markets, listed equity instruments with disposal restriction in a specific period, trusts, Over-the-counter options, financial liabilities, etc., the Group adopts significant judgements and applies counterparties' quotations and valuation techniques to determine the fair value. Valuation techniques include a discounted cash flow analysis, the market comparison approach, the option pricing model and the monte carlo model etc. The fair value measurement of these financial instruments may involve unobservable inputs such as liquidity discount, volatility, risk adjusted discount rate and price to book ratios, etc. The fair value of the financial instruments classified under Level 3 is not significantly sensitive to a reasonable change in these unobservable inputs.

From January to June 2021, there were 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

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

## 48 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 2021	Total gains/ (losses) recorded in profit or loss	Total (losses)/ gains recorded in other comprehensive income	Additions	Decreases	Transfers	Transfers	Transfers	Transfers	As at 30 June 2021
						to Level 3 from Level 1	to Level 3 from Level 2	to Level 1 from Level 3	to Level 2 from Level 3	
<b>Financial assets:</b>										
Financial assets at fair value through profit or loss (Mandatory)										
– Debt instruments	2,923,915	(846,248)	(2,600)	4,074,684	(2,865,430)	–	2,552,814	–	(5,288)	5,831,847
– Equity instruments	17,551,143	349,232	(8,088)	3,077,041	(1,445,386)	–	1,316,634	(5,483)	(654,614)	20,180,479
– Others	344,994	10,959	–	–	(170,378)	–	–	–	–	185,575
Financial assets at fair value through profit or loss (Designated)	9,855,880	958,467	(4,116)	15,384	(13,641)	–	–	–	–	10,811,974
Financial assets at fair value through other comprehensive income	836,102	–	(78,158)	222	–	–	1,324,346	–	–	2,082,512
Derivative financial assets	2,365,516	558,051	–	1,227,660	(2,573,273)	–	–	–	–	1,577,954
<b>Financial liabilities:</b>										
Financial liabilities at fair value through profit or loss										
– Financial liabilities designated as at fair value through profit or loss	23,944,148	2,397,305	–	13,845,841	(11,101,832)	–	–	–	–	29,085,462
– Financial liabilities held for trading	233	–	–	280	–	–	24	–	–	537
Derivative financial liabilities	8,487,725	4,359,804	–	3,785,342	(9,745,108)	–	–	–	–	6,887,763

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

## 48 FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

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

(Audited)	As at 1 January 2020	Total gains/ (losses) recorded in profit or loss	Total (losses)/ gains recorded in other comprehensive income	Additions	Decreases	Transfers		Transfers		As at 31 December 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	
<b>Financial assets:</b>										
Financial assets at fair value through profit or loss (Mandatory)										
– Debt instruments	272,223	(72,373)	(19,325)	1,587,219	–	–	1,156,171	–	–	2,923,915
– Equity instruments	12,829,352	(744,628)	(23,201)	3,779,649	(691,159)	–	3,036,359	–	(635,229)	17,551,143
– Others	2,043,103	(220,548)	(11,592)	170,378	(1,810,963)	–	174,616	–	–	344,994
Financial assets at fair value through profit or loss (Designated)										
	742,567	3,778,900	(25,010)	669,462	(161,962)	–	4,851,923	–	–	9,855,880
Derivative financial assets	–	–	–	–	–	–	2,365,516	–	–	2,365,516
Financial assets at fair value through other comprehensive income										
	205,313	–	(40,436)	344,064	–	–	327,161	–	–	836,102
<b>Financial liabilities:</b>										
Financial liabilities at fair value through profit or loss										
– Financial liabilities designated as at fair value through profit or loss	6,953,349	2,968,125	–	–	(129,635)	–	14,152,309	–	–	23,944,148
– Financial liabilities held for trading	4,269	–	–	–	(4,269)	–	233	–	–	233
Derivative financial liabilities	–	–	–	–	–	–	8,487,725	–	–	8,487,725

The amount of investment income recognized in profit or loss from Level 3 financial instruments held by the Group was RMB-1,298 million for the six months ended 30 June 2021 (2020: RMB421 million).

### (e) Transfers between Level 1 and Level 2

During the six months ended 30 June 2021, the amount of financial assets held by the Group transferred from Level 1 to Level 2 was RMB2 million and the amount of financial assets from Level 2 to Level 1 was RMB6,757 million (31 December 2020: the amount of financial assets held by the Group transferred from Level 1 to Level 2 was RMB62 million and the amount of financial assets from Level 2 to Level 1 was RMB306 million).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

## 48 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' 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 2021 (Unaudited)	31 December 2020 (Audited)	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Debt instruments issued	<b>127,544,756</b>	132,516,912	<b>128,986,625</b>	133,906,579



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021  
(In RMB thousands, unless otherwise stated)

## 49 FINANCIAL INSTRUMENTS RISK MANAGEMENT

### Overview

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

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

### Structure of Risk Management

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

#### 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

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

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

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021  
(In RMB thousands, unless otherwise stated)

## 49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### Structure of Risk Management (Continued)

#### Level 2: Operation Management (Continued)

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

#### Level 3: Division/Business 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.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

## 49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### Structure of Risk Management (Continued)

#### Level 3: Division/Business Lines (Continued)

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

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

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

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

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

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

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

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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## 49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk

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

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

The Company assesses the credit ratings of counterparties or issuers through its internal credit rating systems, assesses its credit risks by means of stress testing and sensitivity analysis, and manages credit risks based on the testing results through credit system. Meanwhile, the Company monitors 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.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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## 49 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 controls credit risk exposure of counterparties with certain proportions for the trading deposits and within established limits by adopting mark-to-market practices of derivatives transactions, and margin call for related collateral as well as forced position liquidating procedures, and carries out legal recourse upon the remaining credit exposure after forced liquidation.

#### Expected credit loss (ECL) measurement

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

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

- A financial instrument that is not credit-impaired on initial recognition is classified as "Stage 1" and has its credit risk continuously monitored by the Company;
- If a significant increase in credit risk ("SICR") since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit-impaired;
- If the financial instrument is credit-impaired, the financial instrument is moved to "Stage 3".

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

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

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## 49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### Expected credit loss (ECL) measurement (Continued)

##### *Measuring ECL – inputs, assumptions and estimation techniques*

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

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

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

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

##### *The criteria of significant increase in credit risk (“SICR”)*

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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## 49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### Expected credit loss (ECL) measurement (Continued)

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

The Company considers 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 instruments and they are considered to have experienced a SICR if the borrower, the counterparty, the issuer or the debtor is more than 30 days past due on its contractual payments.

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

The Company has not used the low credit risk exemption as of 30 June 2021.

#### *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;



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## 49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### Expected credit loss (ECL) measurement (Continued)

##### *Definition of credit-impaired assets* (Continued)

- 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, producer price index and the total retail sales of consumer goods. The Company makes forward looking adjustments to the ECL of debt securities investments by analyzing the impacts of these economic variables.

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

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

As at 30 June 2021 and 31 December 2020, the Company concluded that three scenarios appropriately captured the non-linearities of key economic variables for all portfolios. The scenario weightings are determined by a combination of statistical analysis and expert judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The probability-weight of the three scenarios employed by the Company were almost same.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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## 49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### Expected credit loss (ECL) measurement (Continued)

##### *Forward-looking information* (Continued)

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.

##### *Sensitivity analysis*

The allowance for credit losses could be sensitive to the inputs used in internally developed models, macroeconomic variables in the forward-looking forecasts, weighting applied to economic scenarios and other factors considered when applying expert judgement. Changes in these inputs, assumptions and judgements are likely to have an impact on the assessment of significant increase in credit risk and the measurement of ECLs. The Company regularly rechecks the model annually and makes appropriate amendments to the assumptions and parameters used in the models according to the specific situation. The adjustment of the model and parameters this year has no significant impact on ECL.

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

Meanwhile, the Company also uses sensitivity analysis to monitor the impact of changes to the credit risk classification of the financial assets on ECL. As at 30 June 2021, 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.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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## 49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### Expected credit loss (ECL) measurement (Continued)

##### *Loss Ratio of Financing Assets*

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

- For margin accounts, securities lending, stock repo and stock-pledged repo under reverse repurchase agreements ("Financing Assets") exposures with collateral to loan ratios above the force liquidation thresholds and those past due for no more than 30 days are classified under "Stage 1";
- For Financing Assets exposures with collateral to loan ratios fall below the pre-determined force liquidation thresholds but above 100%; or those past due for more than 30 days but within 90 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".

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

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

Stage 2: No less than 10%;

Stage 3: Discounted cash flow on individual exposure.

##### *Credit risk exposure analysis*

The Company considered the credit risk of the Financing Assets was relatively low. As at 30 June 2021 and 31 December 2020, most of the Financing Assets' ratio to underlying collateral value was over force liquidation level. As at 30 June 2021 and 31 December 2020, most of the debt securities investments of the Company were rated at investment grade or above.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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## 49 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 2021 (Unaudited)	31 December 2020 (Audited)
Financial assets at fair value through other comprehensive income (Debt instruments)	<b>58,019,066</b>	49,400,900
Refundable deposits	<b>38,510,507</b>	3,877,774
Margin accounts	<b>124,786,430</b>	116,741,432
Financial assets at fair value through profit or loss	<b>303,738,735</b>	244,791,230
Derivative financial assets	<b>20,428,111</b>	20,157,990
Reverse repurchase agreements	<b>36,264,339</b>	39,226,613
Cash held on behalf of customers	<b>207,263,613</b>	199,517,577
Bank balances	<b>96,759,881</b>	91,109,371
Others	<b>69,265,575</b>	42,218,402
<b>Total maximum credit risk exposure</b>	<b>955,036,257</b>	807,041,289

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

## 49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### Risk concentrations

Credit risk is often greater when counterparties are concentrated in one single industry or geographic location, or have comparable economic features. Meanwhile, different industrial sectors and geographic areas have their unique characteristics in terms of economic development, and could present different credit risks.

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

30 June 2021 (Unaudited)	By geographical area		Total
	Mainland China	Outside Mainland China	
Financial assets at fair value through other comprehensive income (Debt instruments)	56,286,332	1,732,734	58,019,066
Refundable deposits	36,382,025	2,128,482	38,510,507
Margin accounts	119,030,687	5,755,743	124,786,430
Financial assets at fair value through profit or loss	273,087,210	30,651,525	303,738,735
Derivative financial assets	16,887,099	3,541,012	20,428,111
Reverse repurchase agreements	34,431,319	1,833,020	36,264,339
Cash held on behalf of customers	194,679,584	12,584,029	207,263,613
Bank balances	81,134,846	15,625,035	96,759,881
Others	16,178,599	53,086,976	69,265,575
<b>Total maximum credit risk exposure</b>	<b>828,097,701</b>	<b>126,938,556</b>	<b>955,036,257</b>

31 December 2020 (Audited)	By geographical area		Total
	Mainland China	Outside Mainland China	
Financial assets at fair value through other comprehensive income (debt instruments)	48,022,268	1,378,632	49,400,900
Refundable deposits	3,322,607	555,167	3,877,774
Margin accounts	111,138,858	5,602,574	116,741,432
Financial assets at fair value through profit or loss	211,992,426	32,798,804	244,791,230
Derivative financial assets	13,902,536	6,255,454	20,157,990
Reverse repurchase agreements	35,214,192	4,012,421	39,226,613
Cash held on behalf of customers	185,477,019	14,040,558	199,517,577
Bank balances	79,129,275	11,980,096	91,109,371
Others	7,560,231	34,658,171	42,218,402
<b>Total maximum credit risk exposure</b>	<b>695,759,412</b>	<b>111,281,877</b>	<b>807,041,289</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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## 49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (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 2021 (Unaudited)			Total
	Stage I 12-month ECL	Stage II Lifetime ECL	Stage III	
<b>Reverse repurchase agreements</b>				
Amortized cost	33,012,413	4,107,513	7,496,347	44,616,273
Loss allowance	(55,596)	(1,679,859)	(6,616,479)	(8,351,934)
Book value	32,956,817	2,427,654	879,868	36,264,339
<b>Margin accounts</b>				
Amortized cost	122,052,353	405,649	4,294,491	126,752,493
Loss allowance	(359,695)	(42,415)	(1,563,953)	(1,966,063)
Book value	121,692,658	363,234	2,730,538	124,786,430
<b>Financial assets at fair value through other comprehensive income (Debt instruments)</b>				
Fair value	58,019,066	—	—	58,019,066
Loss allowance	327,463	—	44,000	371,463
<b>Others</b>				
Amortized cost	68,440,401	368,178	2,056,639	70,865,218
Loss allowance	(213,575)	(13,568)	(1,952,764)	(2,179,907)
Book value	68,226,826	354,610	103,875	68,685,311

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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## 49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

	31 December 2020 (Audited)			Total
	Stage I 12-month ECL	Stage II Lifetime ECL	Stage III	
Loss allowance				
<b>Reverse repurchase agreements</b>				
Amortized cost	33,506,322	5,369,838	8,389,392	47,265,552
Loss allowance	(58,758)	(1,331,267)	(6,648,914)	(8,038,939)
Book value	33,447,564	4,038,571	1,740,478	39,226,613
<b>Margin accounts</b>				
Amortized cost	114,595,282	120,176	3,559,507	118,274,965
Loss allowance	(344,216)	(12,547)	(1,176,770)	(1,533,533)
Book value	114,251,066	107,629	2,382,737	116,741,432
<b>Financial assets at fair value through other comprehensive income (debt instruments)</b>				
Fair value	49,400,900	—	—	49,400,900
Loss allowance	533,493	—	44,000	577,493
<b>Others</b>				
Amortized cost	41,612,421	37,506	2,053,255	43,703,182
Loss allowance	(173,932)	(8,131)	(1,949,385)	(2,131,448)
Book value	41,438,489	29,375	103,870	41,571,734

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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## 49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (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)	
31 December 2020 (Audited)	<b>58,758</b>	<b>1,331,267</b>	<b>6,648,914</b>	<b>8,038,939</b>
Increases (i)	<b>25,667</b>	<b>368,488</b>	<b>96,158</b>	<b>490,313</b>
Reversals	<b>(28,829)</b>	<b>(19,896)</b>	<b>(128,593)</b>	<b>(177,318)</b>
Write-offs	—	—	—	—
Transfers between stages				
— Increase	—	—	—	—
— Decrease	—	—	—	—
Other changes	—	—	—	—
30 June 2021 (Unaudited)	<b>55,596</b>	<b>1,679,859</b>	<b>6,616,479</b>	<b>8,351,934</b>

- (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 2020	102,601	385,210	2,558,098	3,045,909
Increases (i)	70,243	1,483,756	3,764,443	5,318,442
Reversals	(114,086)	(157,571)	(167,513)	(439,170)
Write-offs	—	—	(553,392)	(553,392)
Transfers between stages				
— Increase	—	75,230	466,344	541,574
— Decrease	—	(466,344)	(75,230)	(541,574)
Others (including business combination)	—	10,986	656,164	667,150
31 December 2020 (Audited)	58,758	1,331,267	6,648,914	8,038,939



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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## 49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

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

Analyzed loss allowance for reverse repurchase agreements

	30 June 2021			
	Stage of ECL			
	Stage 1	Stage 2	Stage 3	Total
Book value	16,858,680	4,108,986	7,496,347	28,464,013
Loss allowance	(55,596)	(1,679,859)	(6,616,479)	(8,351,934)
Collateral	65,158,841	8,868,849	9,003,484	83,031,174
	31 December 2020			
	Stage of ECL			
	Stage 1	Stage 2	Stage 3	Total
Book value	17,964,613	5,369,838	8,389,392	31,723,843
Loss allowance	(58,758)	(1,331,267)	(6,648,914)	(8,038,939)
Collateral	74,668,705	20,699,078	10,786,817	106,154,600

#### (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)	
31 December 2020 (Audited)	344,216	12,547	1,176,770	1,533,533
Increases	21,350	41,744	411,435	474,529
Reverses	(2,658)	(12,229)	(27,442)	(42,329)
Write-offs	–	–	–	–
Transfers between stages				
– Increase	354	707	2,856	3,917
– Decrease	(3,563)	(354)	–	(3,917)
Other changes	(4)	–	334	330
30 June 2021 (Unaudited)	359,695	42,415	1,563,953	1,966,063

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

## 49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (Continued)

#### (ii) Credit loss allowance for margin accounts (Continued)

The reason for the increase of the impairment of margin accounts is that the default of individual counterparties of margin accounts and the decline in the value of collateral. As at 30 June 2021, the fair value of the underlying collateral of the margin accounts exposure under Stage 3 was RMB12,835 million (31 December 2020: RMB12,572 million).

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2020	198,450	303,772	270,263	772,485
Increases	138,180	24,296	614,751	777,227
Reversals	—	(12,123)	(54,235)	(66,358)
Write-offs	—	—	—	—
Transfers between stages				
— Increase	360	734	303,772	304,866
— Decrease	(734)	(304,132)	—	(304,866)
Other changes (including business combination)	7,960	—	42,219	50,179
31 December 2020 (Audited)	344,216	12,547	1,176,770	1,533,533

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021  
(In RMB thousands, unless otherwise stated)

## 49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (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)	
31 December 2020 (Audited)	533,493	—	44,000	577,493
Increases	20	—	—	20
Reverses	(134,574)	—	—	(134,574)
Write-offs	(71,420)	—	—	(71,420)
Transfers between stages				
— Increase	—	—	—	—
— Decrease	—	—	—	—
Other changes	(56)	—	—	(56)
30 June 2021 (Unaudited)	327,463	—	44,000	371,463

	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	581,751	—	—	581,751
Reversals	(26,527)	—	—	(26,527)
Write-offs	(240,300)	—	—	(240,300)
Transfers between stages				
— Increase	—	—	—	—
— Decrease	—	—	—	—
Other changes (including business combination)	(351)	—	—	(351)
31 December 2020 (Audited)	533,493	—	44,000	577,493

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

## 49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (a) Credit risk (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)	
31 December 2020 (Audited)	<b>173,932</b>	<b>8,131</b>	<b>1,949,385</b>	<b>2,131,448</b>
Increases	<b>50,703</b>	<b>6,717</b>	<b>14,547</b>	<b>71,967</b>
Reverses	<b>(4,725)</b>	<b>(1,132)</b>	<b>(4,784)</b>	<b>(10,641)</b>
Write-offs	<b>(92)</b>	—	—	<b>(92)</b>
Transfers between stages				
— Increase	—	<b>109</b>	<b>257</b>	<b>366</b>
— Decrease	<b>(109)</b>	<b>(257)</b>	—	<b>(366)</b>
Other changes	<b>(6,134)</b>	—	<b>(6,641)</b>	<b>(12,775)</b>
30 June 2021 (Unaudited)	<b>213,575</b>	<b>13,568</b>	<b>1,952,764</b>	<b>2,179,907</b>

	Stage of ECL			Total
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired)	
1 January 2020	119,702	5,596	1,646,217	1,771,515
Increases	131,831	10,094	313,107	455,032
Reversals	(80,811)	(6,842)	(33,038)	(120,691)
Write-offs	(2,308)	(717)	(78,259)	(81,284)
Transfers between stages				
— Increase	—	—	—	—
— Decrease	—	—	—	—
Other changes (including business combination)	5,518	—	101,358	106,876
31 December 2020 (Audited)	173,932	8,131	1,949,385	2,131,448

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021  
(In RMB thousands, unless otherwise stated)

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

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

## 49 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 2021 (Unaudited)						Total
	Overdue/ repayable on demand	Less than three months	Three months to one year	One to five years	More than five years	Undated	
<b>Non-derivative financial liabilities:</b>							
Customer brokerage deposits	245,178,495	—	—	—	—	—	245,178,495
Financial liabilities at fair value through profit or loss	4,347,097	13,975,464	19,219,412	16,422,035	1,603,402	10,694,322	66,261,732
Repurchase agreements	182,824	200,880,570	12,929,367	622,772	—	—	214,615,533
Due to banks and other financial institutions	—	12,111,342	—	—	—	—	12,111,342
Short-term loans	3,257	10,588,644	6,885	—	—	—	10,598,786
Short-term financing instruments payable	—	6,930,922	2,246,422	—	—	—	9,177,344
Debt instruments issued	—	1,112,590	3,440,819	119,613,184	17,230,200	—	141,396,793
Long-term loans	—	31,566	206,288	297,890	—	—	535,744
Lease liabilities	1,246	165,127	393,581	1,366,377	112,809	—	2,039,140
Others	130,277,009	40,145,383	47,908,102	541,013	—	3,733,545	222,605,052
<b>Total</b>	<b>379,989,928</b>	<b>285,941,608</b>	<b>86,350,876</b>	<b>138,863,271</b>	<b>18,946,411</b>	<b>14,427,867</b>	<b>924,519,961</b>
Cash flows from derivative financial liabilities settled on a net basis	380,019	4,780,876	7,058,550	16,333,329	6,289,962	—	34,842,736
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 2021  
(In RMB thousands, unless otherwise stated)

## 49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (b) Liquidity risk (Continued)

	31 December 2020 (Audited)						Total
	Overdue/ repayable on demand	Less than three months	Three months to one year	One to five years	More than five years	Undated	
<b>Non-derivative financial liabilities:</b>							
Customer brokerage deposits	203,110,588	—	—	—	—	—	203,110,588
Financial liabilities at fair value through profit or loss	2,969,253	13,853,516	19,292,667	9,737,209	2,286,500	10,269,599	58,408,744
Repurchase agreements	10,348	176,435,082	21,533,645	730,375	—	—	198,709,450
Due to banks and other financial institutions	—	10,377,204	130,499	—	—	—	10,507,703
Short-term loans	1,218	5,004,253	6,951	—	—	—	5,012,422
Short-term financing instruments payable	—	3,421,695	8,634,492	—	—	—	12,056,187
Debt instruments issued	—	664,800	2,002,777	138,983,251	2,060,150	—	143,710,978
Long-term loans	—	3,811	11,434	261,857	354,919	—	632,021
Leases	—	138,990	415,426	1,155,554	141,024	—	1,850,994
Others	97,254,331	22,373,077	39,246,335	523,131	—	2,562,363	161,959,237
<b>Total</b>	<b>303,345,738</b>	<b>232,272,428</b>	<b>91,274,226</b>	<b>151,391,377</b>	<b>4,842,593</b>	<b>12,831,962</b>	<b>795,958,324</b>
Cash flows from derivative financial liabilities settled on a net basis	502	5,188,027	7,869,402	16,397,546	17,673,099	—	47,128,576
Gross-settled derivative financial liabilities:							
Contractual amounts receivable	—	—	—	—	—	—	—
Contractual amounts payable	—	—	—	—	—	—	—
	—	—	—	—	—	—	—

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(In RMB thousands, unless otherwise stated)

## 49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (c) Market risk

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

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

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

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

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



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021  
(In RMB thousands, unless otherwise stated)

## 49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (c) Market risk (Continued)

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

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

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

In respect of foreign and the subsidiaries' assets, 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 2021

(In RMB thousands, unless otherwise stated)

## 49 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 2021 (Unaudited)	30 June 2020 (Unaudited)
Stock price-sensitive financial instruments	<b>352,560</b>	384,513
Interest rate-sensitive financial instruments	<b>62,674</b>	188,351
Exchange rate-sensitive financial instruments	<b>43,376</b>	68,741
Total portfolio VaR	<b>357,525</b>	394,484

#### (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 2021  
(In RMB thousands, unless otherwise stated)

## 49 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	
	2021	2020
	(Unaudited)	(Unaudited)
Change in basis points		
+25 basis points	<b>(502,404)</b>	(770,368)
-25 basis points	<b>513,448</b>	800,011

#### *Sensitivity of equity*

	30 June	31 December
	2021	2020
	(Unaudited)	(Audited)
Change in basis points		
+25 basis points	<b>(171,263)</b>	(255,727)
-25 basis points	<b>176,849</b>	267,726

#### (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 2021

(In RMB thousands, unless otherwise stated)

## 49 FINANCIAL INSTRUMENTS RISK MANAGEMENT (Continued)

### (c) Market risk (Continued)

#### (iii) Currency risk (Continued)

##### Sensitivity of revenue

Currency	Change in exchange rate	Six months ended 30 June	
		2021 (Unaudited)	2020 (Unaudited)
USD	-3%	<b>1,067,301</b>	189,562
HKD	-3%	<b>(593,695)</b>	(277,270)

##### Sensitivity of equity

Currency	Change in exchange rate	30 June	31 December
		2021 (Unaudited)	2020 (Audited)
USD	-3%	<b>(273,911)</b>	(249,748)
HKD	-3%	<b>8,267</b>	6,632

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 2021 and 31 December 2020. 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 2021 (Unaudited)				Total
	USD	HKD	Other		
	in RMB	in RMB	in RMB	RMB	
Net on-balance sheet position	<b>150,341,455</b>	<b>9,607,354</b>	<b>20,628,145</b>	<b>11,001,951</b>	<b>191,578,905</b>

	As at 31 December 2020 (Audited)				Total
	USD	HKD	Other		
	in RMB	in RMB	in RMB	RMB	
Net on-balance sheet position	161,705,402	(4,534,441)	18,004,275	10,707,500	185,882,736

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021  
(In RMB thousands, unless otherwise stated)

## 49 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 2021, the equity investment accounted for approximately 16.46% of the total assets (as at 31 December 2020: 19.54%).

## 50 EVENTS AFTER THE REPORTING PERIOD

### Issuance of Perpetual Subordinated Bond

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 "Department of Fund and Intermediary Supervision License [2020] No. 2367" issued by the CSRC, the Company was approved to publicly issue perpetual subordinated bond that do not exceed RMB30 billion in total in face value to professional investors. On 27 July 2021, the Company completed the public issuance of such perpetual subordinated bond (the first issue), in the amount of RMB3.3 billion, with maturity of 5 years and a coupon rate of 3.7%. On 10 August 2021, the Company completed the public issuance of such perpetual subordinated bond (the second issue), in the amount of RMB6 billion, with maturity of 5 years and a coupon rate of 3.63%.

### 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. 3675" issued by the CSRC, the Company was approved to publicly issue corporate bonds in China that do not exceed RMB80 billion in total in face value to professional investors. On 9 July 2021, the Company completed the public issuance of such corporate bond (the sixth issue), in the amount of RMB3 billion, of which RMB1.5 billion bonds had maturity of 5 years with a coupon rate of 3.62% and RMB1.5 billion bonds had maturity of 10 years with a coupon rate of 3.92%.

### Profit distribution

According to the 2020 profit distribution plan passed in the Company's 2020 Annual General Meeting of the Shareholders held on 29 June 2021, the Company declared cash dividends on its profit for the year ended 31 December 2020. The cash dividend distributions of the Company will be paid on 20 August 2021.

## 51 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 19 August 2021.

# DOCUMENTS AVAILABLE FOR INSPECTION

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

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

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

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 (<http://www.sse.com.cn>) and in *China Securities Journal*, *Shanghai Securities News* and *Securities Times* during the Reporting Period are set out as follows:

No.	Date of Publication	Subject Matter
1	2021-01-05	H Share Announcement — Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 December 2020
2	2021-01-06	Announcement on the Approval of the China Securities Regulatory Commission for the Registration of Public Issuance of Corporate Bonds to Professional Investors
3	2021-01-09	Announcement on the Current Accumulated New Borrowings Exceeding 20% of the Net Assets at the End of Last Year
4	2021-01-23	Announcement on the Preliminary Financial Data for the Year 2020
5	2021-02-02	H Share Announcement — Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 January 2021
6	2021-02-06	Announcement on the Current Accumulated New Borrowings Exceeding 20% of the Net Assets at the End of Last Year
7	2021-02-23	Independent Opinions of the Independent Non-executive Directors of the Seventh Session of the Board on Relevant Matters at the 19th Meeting of the Seventh Session of the Board
8		Announcement on the Resolutions Passed at the 19th Meeting of the Seventh Session of the Board
9		Announcement on Providing the Net Capital Guarantee Commitment for the Proposed Establishment of an Asset Management Subsidiary
10	2021-02-27	Announcement on Risk Warning and Remedial Measures Regarding Dilution of Immediate Returns by Rights Issue to Existing Shareholders and Undertakings Given by Relevant Parties
11		Utilization Report and Assurance Report on the Use of Proceeds from Previous Issuance of Securities as at 31 December 2020
12		Utilization Report on the Use of Proceeds from Previous Issuance of Securities as at 31 December 2020
13		Feasibility Analysis Report on the Use of Proceeds from the Rights Issue
14		Proposal of Public Issuance of Securities by Way of the Rights Issue
15		Statements on the Satisfaction of the Conditions for the Rights Issue of the Company
16		Independent Opinions of the Independent Non-executive Directors of the Seventh Session of the Board on Relevant Matters at the 20th Meeting of the Seventh Session of the Board
17		Announcement on the Resolutions Passed at the 20th Meeting of the Seventh Session of the Board
18		Shareholders' Return Plan for 2021–2023
19		Announcement on the Resolutions Passed at the 8th Meeting of the Seventh Session of the Supervisory Committee
20	2021-03-02	H Share Announcement — Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 28 February 2021

## APPENDIX: INDEX OF INFORMATION DISCLOSURE

No.	Date of Publication	Subject Matter
21	2021-03-06	H Share Announcement — Notification of Board Meeting
22	2021-03-12	Announcement on Convening of the 2020 Annual Results Presentation
23	2021-03-19	Report of the Audit Committee of the Board on the Performance of Duties in 2020
24		Audit Report on the Internal Control of 31 December 2020
25		2020 Social Responsibility Report
26		2020 Assessment Report on the Internal Control
27		Duty Performance Report of Independent Non-executive Directors for 2020
28		Special Statement Regarding the Appropriation of Funds of CITIC Securities Company Limited by Its Largest Shareholder and Other Related Parties
29		2020 Financial Statements and Audit Report
30		2020 Annual Report
31		Announcement in Relation to Provision for Expected Credit Losses
32		Announcement on the Resolutions Passed at the 21st Meeting of the Seventh Session of the Board
33		Announcement on Amendments to the Articles of Association of the Company
34		Special Remarks and Independent Opinions of the Independent Non-executive Directors of the Seventh Session of the Board on Relevant Matters at the 21st Meeting of the Seventh Session of the Board
35		Announcement on the Estimation of Related Party/Continuing Connected Transactions Contemplated in the Ordinary Course of Business in 2021
36		Announcement on the Reappointment of Accounting Firms
37		Announcement on Profit Distribution Plan
38		Announcement on the Resolutions Passed at the 9th Meeting of the Seventh Session of the Supervisory Committee
39		System on the Registration of Persons with Insider Information (2021 Revision)
40		Summary of the 2020 Annual Report
41	2021-04-02	H Share Announcement — Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 March 2021
42	2021-04-06	Indicative Announcement on Changes in Equity for Increase of Shareholding in the Company by the Party acting in Concert with the Largest Shareholder
43		2020 Continuous Supervision Report of CITIC Securities Company Limited as Independent Financial Adviser on the Progress of the Acquisition of Assets by Issuance of Shares and Related Party Transactions
44	2021-04-13	H Share Announcement — Notification of Board Meeting
45	2021-04-29	Independent Opinions of the Independent Non-executive Directors of the Seventh Session of the Board on Relevant Matters at the 22nd Meeting of the Seventh Session of the Board
46		Announcement on the Resolutions Passed at the 22nd Meeting of the Seventh Session of the Board



## APPENDIX: INDEX OF INFORMATION DISCLOSURE

No.	Date of Publication	Subject Matter
47		Statement of the Nominator of Independent Director
48		Statement of the Candidate for Independent Director
49		Announcement on Resignation and By-election of Independent Directors
50		2021 First Quarterly Report
51		Main Body of the 2021 First Quarterly Report
52	2021-05-06	Indicative Announcement on Changes in Equity for Increase of Shareholding in the Company by the Party acting in Concert with the Largest Shareholder
53	2021-05-07	H Share Announcement — Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 30 April 2021
54	2021-05-13	Announcement on the Current Accumulated New Borrowings Exceeding 20% of the Net Assets at the End of Last Year
55		Documents of the 2020 Annual General Meeting, 2021 First A Shareholders Class Meeting and 2021 First H Shareholders Class Meeting
56		Notice of the 2020 Annual General Meeting and 2021 First A Shareholders Class Meeting
57	2021-05-29	Announcement on Change of Financial Advisors for Continuous Supervision
58	2021-06-02	H Share Announcement — Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 May 2021
59	2021-06-08	Independent Opinions of the Independent Non-executive Directors of the Seventh Session of the Board on Relevant Matters at the 23rd Meeting of the Seventh Session of the Board
60		Announcement on the Resolutions Passed at the 23rd Meeting of the Seventh Session of the Board
61	2021-06-10	Second Notice of the 2020 Annual General Meeting and 2021 First A Shareholders Class Meeting
62	2021-06-24	Documents of the 2021 First Extraordinary General Meeting
63		Notice of the 2021 First Extraordinary General Meeting
64	2021-06-25	Announcement on Adjustment to the Book Closure Period and the Last Registration Date for H Shares in Relation to the Distribution of the 2020 Final Dividend
65	2021-06-28	Voluntary Announcement — Letter of Reply from the CSRC Regarding the Launch of Fund Investment Consulting Service Business by the Company on a Trial Basis
66	2021-06-29	Announcement on Undertaking Given by the Largest Shareholder to Subscribe for All the Offered Rights Shares
67	2021-06-30	Legal Opinions of the 2020 Annual General Meeting, 2021 First A Shareholders Class Meeting and 2021 First H Shareholders Class Meeting of the Company
68		The Articles of Association of the Company (2021 First Revision)
69		Announcement on the Resolutions Passed at the 2020 Annual General Meeting, 2021 First A Shareholders Class Meeting and 2021 First H Shareholders Class Meeting

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 (<http://www.hkexnews.hk>) during the Reporting Period are set out as follows:

No.	Date of Publication	Subject Matter
1	2021-01-04	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 December 2020
2	2021-01-05	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
3	2021-01-08	Overseas Regulatory Announcement — Announcement on the Current Accumulated New Borrowings Exceeding 20% of the Net Assets at the End of Last Year
4	2021-01-22	Announcement on the Preliminary Financial Data for the Year 2020
5	2021-02-01	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 January 2021
6	2021-02-05	Overseas Regulatory Announcement — Announcement on the Current Accumulated New Borrowings Exceeding 20% of the Net Assets at the End of Last Year
7	2021-02-22	Overseas Regulatory Announcement — Independent Opinions of the Independent Non-executive Directors of the Seventh Session of the Board on Relevant Matters at the 19th Meeting of the Seventh Session of the Board
8		Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 19th Meeting of the Seventh Session of the Board
9		Overseas Regulatory Announcement — Announcement on Providing the Net Capital Guarantee Commitment for the Proposed Establishment of an Asset Management Subsidiary
10	2021-02-26	Announcement — Proposed Rights Issue of A Shares and H Shares
11		Overseas Regulatory Announcement — Announcement on Risk Warning and Remedial Measures Regarding Dilution of Immediate Returns by Rights Issue to Existing Shareholders and Undertakings Given by Relevant Parties
12		Overseas Regulatory Announcement — Utilization Report and Assurance Report on the Use of Proceeds from Previous Issuance of Securities as of 31 December 2020
13		Overseas Regulatory Announcement — Utilization Report on the Use of Proceeds from Previous Issuance of Securities as of 31 December 2020
14		Overseas Regulatory Announcement — Feasibility Analysis Report on the Use of Proceeds from the Rights Issue
15		Overseas Regulatory Announcement — Proposal of Public Issuance of Securities by Way of the Rights Issue
16		Overseas Regulatory Announcement — Statements on the Satisfaction of the Conditions for the Rights Issue of the Company

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No.	Date of Publication	Subject Matter
17		Overseas Regulatory Announcement — Independent Opinions of the Independent Non-executive Directors of the Seventh Session of the Board on Relevant Matters at the 20th Meeting of the Seventh Session of the Board
18		Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 20th Meeting of the Seventh Session of the Board
19		Overseas Regulatory Announcement — Shareholders' Return Plan for 2021–2023
20		Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 8th Meeting of the Seventh Session of the Supervisory Committee
21	2021-03-01	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 28 February 2021
22	2021-03-05	Notification of Board Meeting
23	2021-03-11	Voluntary Announcement — Convening of the 2020 Annual Results Presentation
24	2021-03-18	Announcement in Relation to Provision for Expected Credit Losses
25		Proposed Amendments to the Articles of Association
26		2020 Social Responsibility Report
27		2020 Annual Results Announcement
28		Overseas Regulatory Announcement — Report of the Audit Committee of the Board on the Performance of Duties in 2020
29		Overseas Regulatory Announcement — Audit Report on the Internal Control of 31 December 2020
30		Overseas Regulatory Announcement — 2020 Assessment Report on the Internal Control
31		Overseas Regulatory Announcement — Duty Performance Report of Independent Non-executive Directors for 2020
32		Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 21st Meeting of the Seventh Session of the Board
33		Overseas Regulatory Announcement — Special Statement Regarding the Appropriation of Funds by Its Largest Shareholder and Other Related Parties
34		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 21st Meeting of the Seventh Session of the Board
35		Overseas Regulatory Announcement — Announcement on the Estimation of Related Party/Continuing Connected Transactions Contemplated in the Ordinary Course of Business in 2021

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No.	Date of Publication	Subject Matter
36		Overseas Regulatory Announcement — Announcement on the Reappointment of Accounting Firms
37		Overseas Regulatory Announcement — Announcement on Profit Distribution Plan
38		Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 9th Meeting of the Seventh Session of the Supervisory Committee
39		Overseas Regulatory Announcement — System on the Registration of Persons with Insider Information
40	2021-04-01	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 March 2021
41	2021-04-06	Voluntary Announcement — Increase of Shareholding in the Company by the Party acting in Concert with the Largest Shareholder
42		Overseas Regulatory Announcement — 2020 Continuous Supervision Report of HUAXI Securities Co., Ltd. as Independent Financial Adviser on the Progress of the Acquisition of Assets by Issuance of Shares and Related Party Transactions of the Company
43	2021-04-12	Notification of Board Meeting
44	2021-04-21	2020 Annual Report
45		Notification Letter to Registered Holders — Notice of Publication of 2020 Annual Report and Change Request Form
46		Notification Letter to Non-Registered Holders — Notice of Publication of 2020 Annual Report and Request Form
47	2021-04-28	2021 First Quarterly Results
48		List of Directors and their Roles and Functions
49		Announcement — Change in Directorship
50		Overseas Regulatory Announcement — Statement of the Nominator of Independent Director
51		Overseas Regulatory Announcement — Statement of the Candidate for Independent Director
52		Overseas Regulatory Announcement — Independent Opinions of the Independent Non-executive Directors of the Seventh Session of the Board on Relevant Matters at the 22nd Meeting of the Seventh Session of the Board
53		Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 22nd Meeting of the Seventh Session of the Board
54	2021-04-30	Voluntary Announcement — Increase of Shareholding in the Company by the Party acting in Concert with the Largest Shareholder
55	2021-05-06	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 30 April 2021

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No.	Date of Publication	Subject Matter
56	2021-05-12	Circulars — (1) 2020 Work Report of the Board; (2) 2020 Work Report of the Supervisory Committee; (3) 2020 Annual Report; (4) 2020 Profit Distribution Plan; (5) Resolution on Re-appointment of Accounting Firms; (6) Resolution on the Estimated Investment Amount for the Proprietary Business of the Company for 2021; (7) Resolution on Considering the Total Remuneration of the Directors and the Supervisors of the Company for 2020; (8) Resolution on Estimation of Related Party/Continuing Connected Transactions Contemplated in the Ordinary Course of Business of the Company in 2021; (9) Proposed Amendments to the Articles of Association; (10) Resolution on the Re-authorisation of Issuances of Onshore and Offshore Corporate Debt Financing Instruments by the Company; (11) Resolution on the Potential Related Party/ Connected Transactions Involved in the Issuances of Onshore and Offshore Corporate Debt Financing Instruments by the Company; (12) Proposed election of Independent Non-executive Director; (13) Proposed Rights Issue of A Shares and H Shares; Notice of the Annual General Meeting; and Notice of the 2021 First H Shareholders Class Meeting
57		Notice of the Annual General Meeting
58		Notice of the 2021 First H Shareholders Class Meeting
59		Proxy Form — For the 2020 Annual General Meeting and Any Adjournment thereof to be held by CITIC Securities Company Limited on 29 June 2021 (Tuesday)
60		Proxy Form — For the 2021 First H Shareholders Class Meeting and Any Adjournment thereof to be held by CITIC Securities Company Limited on 29 June 2021 (Tuesday)
61		Reply Slip — For the 2020 Annual General Meeting and Any Adjournment thereof to be held by CITIC Securities Company Limited on 29 June 2021 (Tuesday)
62		Reply Slip — For the 2021 First H Shareholders Class Meeting and Any Adjournment thereof to be held by CITIC Securities Company Limited on 29 June 2021 (Tuesday)
63		Notification Letter to Registered Holders — Notice of Publication of Circular, Proxy Form and Reply Form of 2020 Annual General Meeting and Change Request Form
64		Notification Letter to Non-Registered Holders — Notice of Publication of Circular of 2020 Annual General Meeting and Request Form
65		Overseas Regulatory Announcement — Announcement on the Current Accumulated New Borrowings Exceeding 20% of the Net Assets at the End of Last Year
66	2021-05-28	Overseas Regulatory Announcement — Announcement on Change of Financial Advisors for Continuous Supervision
67	2021-06-01	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 31 May 2021

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No.	Date of Publication	Subject Matter
68	2021-06-07	Overseas Regulatory Announcement — Announcement on the Resolutions Passed at the 23rd Meeting of the Seventh Session of the Board
69		Overseas Regulatory Announcement — Independent Opinions of the Independent Non-executive Directors of the Seventh Session of the Board on Relevant Matters at the 23rd Meeting of the Seventh Session of the Board
70	2021-06-09	Second Notice of the 2020 Annual General Meeting
71	2021-06-23	Proposed Establishment of an Asset Management Subsidiary and the Corresponding Change to the Business Scope of the Company; Proposed Adjustment to the Allowance Given to Non-executive Directors, Independent Non-executive Directors and Supervisors of the Company; and Notice of the 2021 First Extraordinary General Meeting
72		Notice of the 2021 First Extraordinary General Meeting
73		Proxy Form — For the 2021 First Extraordinary General Meeting and Any Adjournment thereof to be held by CITIC Securities Company Limited on 9 August 2021 (Monday)
74		Reply Slip — For the 2021 First Extraordinary General Meeting and Any Adjournment thereof to be held by CITIC Securities Company Limited on 9 August 2021 (Monday)
75		Notification Letter to Registered Holders — Notice of Publication of Circular, Proxy Form and Reply Form of 2021 First Extraordinary General Meeting and Change Request Form
76		Notification Letter to Non-Registered Holders — Notice of Publication of Circular of 2021 First Extraordinary General Meeting and Request Form
77	2021-06-24	Announcement on Adjustment to the Book Closure Period and the Last Registration Date for H Shares in Relation to the Distribution of the 2020 Final Dividend
78	2021-06-27	Voluntary Announcement — Letter of Reply from the CSRC Regarding the Launch of Fund Investment Consulting Service Business by the Company on a Trial Basis
79	2021-06-28	Announcement — Undertaking Given by the Largest Shareholder to Subscribe for All the Offered Rights Shares
80	2021-06-30	Announcement on Poll Results of the 2020 Annual General Meeting, the 2021 First A Shareholders Class Meeting and the 2021 First H Shareholders Class Meeting; Payment of the 2020 Final Dividend; and Appointment of the Independent Non-executive Director
81		The Articles of Association of the Company
82		List of Directors and their Roles and Functions
83		Announcement on Estimated Growth in Profit for the First Half of 2021





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