

Stock Code : 02611 Stock Name : GTJA

# 2021 GUOTAIJUNAN INTERIM REPORT

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

## Important Notice

The Board, the Supervisory Committee, Directors, Supervisors and senior management of the Company warrant that the contents of the interim report (the “Report”) are true, accurate and complete, without any misrepresentation, misleading statement or material omission, and severally and jointly bear the legal responsibilities thereof.

This Report has been considered and approved by the second meeting of the sixth session of the Board.

All Directors of the Company attended the Board meeting.

The Audit Committee has reviewed and confirmed the interim results of the Group for the six months ended 30 June 2021, and has not raised any objection to the accounting policies and practices adopted by the Group.

The 2021 interim financial report of the Company prepared in accordance with the International Accounting Standards has not been audited but has been reviewed by KPMG.

HE Qing, the person in charge of the Company, NIE Xiaogang, the person in charge of the accounting affairs, and LUAN Jinchang, the person in charge of the accounting department (head of the accounting department) of the Company, warrant the truthfulness, accuracy and completeness of the interim financial report.

The profit distribution proposal or the proposal on transfer of the capital reserve fund into capital, within the Reporting Period, was approved by the Board

Nil

### Statement of the risks involved in forward-looking statements

Applicable    Not applicable

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

## **Important Notice**

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

No

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

No

**Whether more than half of the directors were not able to assure the truthfulness, accuracy and completeness of Report disclosed by the Company ?**

No

### **MAJOR RISK WARNING**

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

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

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

# Contents

Section I	Definitions	2
Section II	Company Profile and Key Financial Indicators	5
Section III	Report of the Directors	16
Section IV	Corporate Governance	62
Section V	Environment and Social Responsibility	71
Section VI	Significant Events	84
Section VII	Changes in Shares and Particulars of Shareholders	104
Section VIII	Preferred Shares	115
Section IX	Corporate Bonds	116
Section X	Interim Financial Report	132
Section XI	Information Disclosure of Securities Company	224

## Section I Definitions

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

### Definitions of frequently-used terms

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

## Section I Definitions

Guotai Junan International	Guotai Junan International Holdings Limited (國泰君安國際控股有限公司), controlled by Guotai Junan Financial Holdings Co., Ltd. and a public company listed on the Hong Kong Stock Exchange
Guotai Junan Innovation Investment	Guotai Junan Innovation Investment Co., Ltd. (國泰君安創新投資有限公司)
Guotai Junan Zhengyu	Guotai Junan Zhengyu Investment Co., Ltd. (國泰君安證裕投資有限公司)
Shanghai Securities	Shanghai Securities Co., Ltd. (上海證券有限責任公司)
HuaAn Funds	HuaAn Funds Management Co., Ltd. (華安基金管理有限公司)
Guoxiang Properties	Shanghai Guoxiang Properties Co., Ltd. (上海國翔置業有限公司)
SPD Bank	Shanghai Pudong Development Bank Co., Ltd. (上海浦東發展銀行股份有限公司)
Shanghai Rural Commercial Bank	Shanghai Rural Commercial Bank Co., Ltd. (上海農村商業銀行股份有限公司)
Convertible Bonds/A Share Convertible Bonds	the convertible corporate bonds (which can be converted into the Company's A Shares) amounting to RMB7 billion publicly issued by the Company on 7 July 2017 and listed on Shanghai Stock Exchange on 24 July 2017
Company Law	the Company Law of the PRC
Securities Law	the Securities Law of the PRC
SSE Listing Rules	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules
Corporate Governance Code	the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Hong Kong Listing Rules
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Reporting Period	the first half of 2021
Yuan	RMB Yuan
A Shares	domestic shares of the Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and are traded in RMB

## Section I Definitions

H Shares	overseas listed foreign shares of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
FICC	Fixed Income, Currencies and Commodities
Daohe APP	APP serving corporate and institutional customers
Matrix System	the corporate and institutional customers management system
Jun Hong APP	APP serving retail customers
Jun Hong Bai Shi Tong	the retail customers management system

## Section II Company Profile and Key Financial Indicators

### I. PROFILE

Name in Chinese	國泰君安證券股份有限公司
Abbreviation in Chinese	國泰君安
Name in English	Guotai Junan Securities Co., Ltd.
Abbreviation in English	GTJA, Guotai Junan Securities
Legal Representative	HE Qing
General Manager	WANG Song

### Registered Capital and Net Capital of the Company

Unit: thousand yuan Currency: RMB

	At the end of the Reporting Period	At the end of last year
Registered Capital	8,907,948	8,907,948
Net Capital	87,713,540	88,499,902
Share Capital <sup>Note</sup>	<u>8,908,449</u>	<u>8,908,448</u>

Note: In the first half of 2021, the cumulative number of Shares converted from the A Share Convertible Bonds of the Company was 471 Shares, and the share capital of the Company increased to 8,908,448,682 Shares. The Company will apply for registering the change of the registered capital in a timely manner in accordance with the relevant requirements.

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

Applicable  Not applicable

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

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



## Section II Company Profile and Key Financial Indicators

No.	Approval Department	Qualification Name/Membership
		Agency Sale Business of Open-ended Securities Investment Fund (Zheng Jian Ji Jin Zi [2002] No. 31)
		Provision of Intermediary Introduction Business for Futures Companies (Zheng Jian Xu Ke [2008] No. 124, Hu Zheng Jian Ji Gou Zi [2010] No. 103)
		Participating in Stock Index Futures Transaction (Hu Zheng Jian Ji Gou Zi [2010] No. 253)
		Bond-pledged Quotation and Repurchase Business (Ji Gou Bu Bu Han [2011] No. 573, Shang Zheng Han [2013] No. 257)
		Agreed Repurchase Securities Trading Business (Ji Gou Bu Bu Han [2012] No. 250)
		Integrated Financial Services (Ji Gou Bu Bu Han [2012] No. 555)
		Margin Financing and Securities Lending Business (Zheng Jian Xu Ke [2013] No. 311)
		Agency Sale of Financial Products (Hu Zheng Jian Ji Gou Zi [2013] No. 56)
		Pilot of Agency Services for Gold and Other Precious Metal Spot Contracts and Proprietary Business for Gold Spot Contracts (Ji Gou Bu Bu Han [2014] No. 121)
		Qualification for Securities Investment Fund Custody Business (Zheng Jian Xu Ke [2014] No. 511)
		Foreign Exchange Business such as Proprietary Foreign Exchange Trading and Foreign Exchange Settlement and Sale on behalf of Customers, Proprietary Foreign Exchange Trading and Foreign Exchange Trading on behalf of Customers (Zheng Quan Ji Jin Ji Gou Jian Guan Bu Bu Han [2014] No. 1614)
		Stock Options Market Making Business (Zheng Jian Xu Ke [2015] No. 154)
		Proprietary Participation in Carbon Emissions Trading (Ji Gou Bu Bu Han [2015] No. 862)
		Conducting Cross-border Business at Pilot (Ji Gou Bu Han [2017] No. 3002)
		First-class Dealer for Over-the-counter Options (Ji Gou Bu Han [2018] No. 1789)
		Qualifications to Conduct Credit Derivative Business (Ji Gou Bu Han [2018] No. 2545)
		Stock Index Options Market Making Business (Zheng Jian Hui Ji Gou Bu Han [2019] No. 3066)
		Conducting Fund Investment Advisory Business at Pilot (Ji Gou Bu Han [2020] No. 385)

## Section II Company Profile and Key Financial Indicators

No.	Approval Department	Qualification Name/Membership
3	SAC	<p>Qualification for Participating in Related Innovation Activities (February 2005)</p> <p>Pilot of Underwriting Business of SME Private Placement Bonds (Zhong Zheng Xie Han [2012] No. 378)</p> <p>OTC Trading Business (Zhong Zheng Xie Han [2012] No. 825)</p> <p>Financial Derivatives Business (Zhong Zheng Xie Han [2013] No. 1224)</p>
4	China Securities Depository and Clearing Corporation Limited	<p>Agency Registration Business (April 2002)</p> <p>Clearing Participant (Zhong Guo Jie Suan Han Zi [2006] No. 67)</p> <p>Class A Clearing Participant (Zhong Guo Jie Suan Han Zi [2008] No. 24)</p> <p>Qualified Institution Establishment Qualification for Credit Protection Bond Pledge Repo Business (Zhong Guo Jie Suan Han Zi [2021] No. 200)</p>
5	China Securities Finance Corporation Limited	<p>Pilot Margin and Securities Refinancing Business (Zhong Zheng Jin Han [2012] No. 116)</p> <p>Pilot Securities Refinancing Business (Zhong Zheng Jin Han [2013] No. 45)</p> <p>Science and Technology Innovation Board Securities Refinancing Business (Zhong Zheng Jin Han [2019] No. 130)</p>
6	Shanghai Stock Exchange/Shenzhen Stock Exchange	<p>Treasury Bonds Outright Repo Business (December 2004)</p> <p>Carrying out the Business of "SSE Fund Connect (上證基金通)" (July 2005)</p> <p>First-class Dealer for SSE 180 Trading Open-ended Index Securities Investment Fund (March 2006)</p> <p>Trader of Integrated Electronic Platform for Fixed Income Securities (Shang Zheng Hui Han [2007] No. 90)</p> <p>Qualified Investor of Block Trade System (No. A00001)</p> <p>Stock Pledge Repo Business (Shang Zheng Hui Zi [2013] No. 64, Shen Zheng Hui [2013] No. 58)</p> <p>Participant for Trading of Stock Options (Shang Zheng Han [2015] No. 66)</p> <p>SSE 50ETF Options Market Maker (Shang Zheng Han [2015] No. 212, Shang Zheng Gong Gao [2015] No. 4)</p> <p>Southbound Business (Shang Zheng Han [2014] No. 654, Shen Zheng Hui [2016] No. 326)</p> <p>Core Dealer of Credit Protection Contract (Shang Zheng Han [2019] No. 205)</p> <p>Business Qualification as Lead Market Maker of Listed Funds (Shang Zheng Han [2019] No. 1288)</p> <p>Credit Protection Certificate Creation Agency (Shang Zheng Han [2019] No. 2253)</p> <p>Stock Option Business (Shen Zheng Hui [2019] No. 470)</p> <p>CSI 300ETF Options Lead Market Maker Business (Shang Zheng Han [2019] No. 2303, Shen Zheng Hui [2019] No. 483)</p>

## Section II Company Profile and Key Financial Indicators

No.	Approval Department	Qualification Name/Membership
7	State Administration of Foreign Exchange	Securities Brokerage and Underwriting Business of Foreign Currency (Hui Zi Zi No. SC201221) Transactions of Spot Sale and Purchase of Foreign Exchange, RMB and Foreign Exchange Related Derivative Business and Qualified Domestic Institutional Investor for Sale and Purchase of Foreign Exchange (Hui Fu [2014] No. 325) Filling for Businesses, such as Quanto Product Settlement and Sale, Foreign Exchange Settlement and Sale for QFII Custody Customer, Foreign Exchange Trading on behalf of Customers (Hui Zong Bian Han [2016] No. 505) Handling the Sale and Purchase of Foreign Exchange for the customers engaging in cross-border investment and financing transactions (Hui Zong Bian Han [2020] No. 469)
8	National Association of Financial Market Institutional Investors	Main Underwriting Business of Debt Financing Instruments for Non-Financial Businesses (Announcement of National Association of Financial Market Institutional Investors [2012] No. 19) Core Dealer of Credit Risk Mitigation Instruments (December 2016) Creator of Credit Risk Mitigation Warrants (2017) Creator of Credit-linked Notes (2017)
9	Shanghai Gold Exchange	Special Membership Qualification (Certificate No. T002) International Membership (Class A) Qualification (Certificate No. IM0046) Qualification for Proprietary Gold Trading (Shang Jin Jiao Fa [2013] No. 107) Interbank Gold Price Inquiries Business (Shang Jin Jiao Fa [2014] No. 114) Pilot Member of Implied Volatility Curve Quotation Group for Gold Inquiry Options (November 2017)
10	National Equities Exchange and Quotations	Sponsoring Broker-dealers Market Making Business (Gu Zhuan Xi Tong Han [2013] No. 58, [2014] No. 706)
11	China Foreign Exchange Trading Center	China Interbank FX Market Membership (Zhong Hui Jiao Fa [2015] No. 3) China Interbank FX Market Derivatives Membership (Zhong Hui Jiao Fa [2015] No. 59) Northbound Trading Link Business under “Bond Connect” (July 2017) Inter-bank Foreign Currency Market Membership (Zhong Hui Jiao Fa [2018] No. 412) Interbank Interest Rate Exchange Fixing (Closing) Curve Quote Agency (November 2019) Inter-Bank Bond Market Spot Bond Market Maker (Comprehensive Type) (March 2021)

## Section II Company Profile and Key Financial Indicators

No.	Approval Department	Qualification Name/Membership
12	Interbank Market Clearing House Company Limited	Central Clearing Transaction of Shipping and Commodities Derivatives (Zhun Zi [2015] No. 016 for Membership of Clearing House) Business of Liquidation Agency of RMB Interest Rate Swap (2018 Bian Han No. 8, Qing Suan Suo Fa [2018] No. 30) Business of Central Clearing for Credit Default Swap (2018 Bian Han No. 29) Comprehensive Clearing Member for the Business of Central Clearing of Standard Bond Forwards (Qing Suan Suo Fa [2018] No. 193)
13	Shanghai Futures Exchange	Copper Options Market Maker (September 2018)
14	Shanghai International Energy Exchange	Crude Oil Futures Market Maker (October 2018)
15	Asset Management Association of China	Filing Certificate of Private Equity Outsourcing Institutions (Filing No. A00005)
16	China Financial Futures Exchange	CSI 300 Stock Index Options Market Maker (December 2019)
17	Shanghai Commercial Paper Exchange Corporation Ltd	Access into the Chinese commercial paper trading system (July 2020)

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

No.	Name of subsidiary	Qualification Name/Membership
1	Hong Kong Subsidiaries	Issued by the Securities and Futures Commission of Hong Kong Type 1 (dealing in securities) (1 April 2003) Type 2 (dealing in futures contracts) (1 April 2003) Type 3 (leveraged foreign exchange trading) (21 October 2010) Type 4 (advising on securities) (1 April 2003) Type 5 (advising on futures contracts) (26 November 2010) Type 6 (advising on corporate finance) (1 April 2003) Type 9 (asset management) (1 April 2003) Issued by The Stock Exchange of Hong Kong Limited Exchange Trading Right Certificate (July 2000) Exchange Participant Certificate (13 August 2001) Hong Kong Options Market Maker (2 October 2019) Hong Kong Derivative Warrant Issuer (31 October 2019) Issued by Hong Kong Futures Exchange Limited Exchange Participant Certificate and Exchange Trading Right Certificate (6 March 2000)

## Section II Company Profile and Key Financial Indicators

No.	Name of subsidiary	Qualification Name/Membership
		<p>Issued by HKFE Clearing Corporation Limited Participant Certificate of Future Clearing Company (6 March 2000)</p> <p>Issued by Hong Kong Companies Registry Money Lender License (25 January 2020)</p> <p>Issued by China Securities Regulatory Commission Qualified Overseas Institutional Investors (21 February 2013) RMB Qualified Overseas Institutional Investors (11 August 2014) Permit for Securities and Futures Operation Business (December 2017)</p> <p>Issued by Insurance Authority General and long term business (including related long term insurance membership) (23 September 2019)</p> <p>Issued by Monetary Authority of Singapore Registered Fund Management Company Qualification (12 October 2015) License for Capital Market Services (8 October 2018)</p> <p>Issued by the Hong Kong Mandatory Provident Fund Schemes Authority Principal Intermediary Qualification (20 December 2012)</p> <p>Approved by the Shanghai headquarters of The People's Bank of China "Bond Connect" Overseas Investors Business (2017)</p> <p>Shanghai International Gold Exchange Class B International Membership (2020)</p> <p>Shanghai Gold Exchange International Membership (Class B) Qualification (2020)</p>
2	Guotai Junan Asset Management	<p>Operation permit of securities business: securities asset management business. (Number: 10278001)</p> <p>Qualified Domestic Institutional Investor Participating in Administration of Overseas Securities Investment (Zheng Jian Ji Gou Zi [2010] No. 631)</p> <p>Asset Management Business Participating in the Trading of Stock Index Futures (Hu Zheng Jian Ji Gou Zi [2011] No. 38)</p> <p>Pilot of Cash Management Products (Zheng Jian Xu Ke [2012] No. 828)</p> <p>Qualification for Publicly Offered Securities Investment Fund Management Business (Zheng Jian Xu Ke [2020] No. 3681)</p>

## Section II Company Profile and Key Financial Indicators

No.	Name of subsidiary	Qualification Name/Membership
3	Guotai Junan Futures and its subsidiaries	Permit for Securities and Futures Operation Business (No. 91310000100020711J) Comprehensive Settlement Business for Financial Futures (Zheng Jian Qi Huo Zi [2007] No. 148) Qualification for Futures Investment Consulting Business (Zheng Jian Xu Ke [2011] No. 1449) Asset Management Business (Zheng Jian Xu Ke [2012] No. 1506) Financing Contracts Services, Basis Trading, Cooperation, Hedge Pricing Services (Zhong Qi Xie Bei Zi [2015] No. 67) Membership Qualification of Shanghai International Energy Exchange (Shang Neng Pi Fu [2017] No. 105) Participant for Trading of stock SSE options (Shang Zheng Han [2018] No. 63) Market Making Business (Zhong Qi Xie Bei Zi [2018] No. 41) Dealer for Over-the-counter Options Business (August 2018) Commodity Exchange Business (Da Shang Suo Fa [2018] No. 494) Stock Options Business (Shen Zheng Han [2019] No. 722) Copper Options Market Maker, Gold Futures Market Makers, Corn Options Market Maker, Fuel Oil Futures Market Maker, No. 20 Rubber Futures Market Maker, Tin Futures Market Maker, Iron Ore Options Market Maker, Gold Options Market Maker, PTA Options Market Maker, Methanol Options Market Maker (2019) Linear Low Density Polyethylene Futures Market Maker, Styrene Futures Market Maker, Linear Low Density Polyethylene Options Market Maker, Polyvinyl Chloride Options Market Maker, Polypropylene Options Market Maker, Deformed Steel Bar Futures Market Maker, Natural Rubber Futures Market Maker, Soy Oil Futures Market Maker, Palm Oil Futures Market Maker, Corn Starch Futures Market Maker, Japonica Rice Futures Market Maker, Low Sulphur Fuel Oil Futures Market Maker, International Copper Futures Market Maker, Soybean Meal Futures Market Maker (2020) Hot Rolled Coil Futures Market Make, Crude Oil Options Market Maker (2021)
4	Guotai Junan Innovation Investment	Qualification for Private Equity Fund Manager (No.: PT2600011780)

## Section II Company Profile and Key Financial Indicators

### II. CONTACT PERSONS AND CONTACT METHODS

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

### III. CHANGE IN BASIC INFORMATION

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

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

Name of newspapers selected by the Company for information disclosure	China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily
Website for publication of interim report	<a href="http://www.hkexnews.hk/">http://www.hkexnews.hk/</a>
Location for inspection of interim report of the Company	768 Nanjing West Road, Jingan District, Shanghai
Query index of changes during the Reporting Period	Nil

## Section II Company Profile and Key Financial Indicators

### V. SHARES OF THE COMPANY

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

### VI. OTHER INFORMATION OF THE COMPANY

Applicable  Not applicable

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

#### (I) Key Financial indicators

*Unit: thousand yuan Currency: RMB*

Key financial indicators	Reporting Period		Movement during the Reporting Period compared with the corresponding period of last year (%)
	Reporting Period (January to June)	Corresponding period of last year	
Total revenue and other income	<b>27,771,593</b>	20,848,145	33.21
Operating profit	<b>9,970,100</b>	7,325,537	36.10
Profit before income tax	<b>10,207,439</b>	7,354,519	38.79
Profit for the period attributable to equity holders of the Company	<b>8,013,201</b>	5,453,713	46.93
Net cash generated from operating activities	<b>-23,272,121</b>	-15,544,131	N/A
Basic earnings per share (RMB/share)	<b>0.89</b>	0.58	53.45
Diluted earnings per share (RMB/share)	<b>0.87</b>	0.58	50.00
Weighted average return on net assets (%)	<b>5.95</b>	4.16	Increased by 1.79 percentage points



## Section II Company Profile and Key Financial Indicators

	<b>At the end of the Reporting Period</b>	<b>At the end of last year</b>	<b>Movement at the end of the Reporting Period compared with the end of last year (%)</b>
Total assets	<b>733,846,110</b>	702,899,172	4.40
Total liabilities	<b>590,289,948</b>	556,661,354	6.04
Equity attributable to equity holders of the Company	<b>139,927,306</b>	137,353,260	1.87
Share capital	<b>8,908,449</b>	8,908,448	0.00
Net assets per share attributable to equity holders of the Company	<b>15.72</b>	15.44	1.81
Gearing ratio (%)	<b>74.81</b>	73.19	Increased by 1.62 percentage points

Note 1: Gearing ratio = (total liabilities – accounts payable to brokerage customers – Proceeds from underwriting securities received on behalf of customers)/(total assets – accounts payable to brokerage customers – Proceeds from underwriting securities received on behalf of customers)

Note 2: As of 30 June 2021, equity attributable to equity holders of the Company, share capital and treasury shares amounted to RMB139.927 billion, 8.908 billion shares and 0.01 billion shares, respectively, and net assets per share attributable to equity holders of the Company amounted to RMB15.72 as calculated by the formula “net assets per share = equity attributable to equity holders of the Company/share capital (net of treasury shares)”.

## Section II Company Profile and Key Financial Indicators

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

Unit: thousand yuan Currency: RMB

Item	At the end of the Reporting Period	At the end of last year
Net capital	<b>87,713,540</b>	88,499,902
Net assets	<b>124,813,725</b>	124,319,763
Risk coverage ratio (%)	<b>219.78</b>	239.61
Capital leverage ratio (%)	<b>21.53</b>	24.28
Liquidity coverage ratio (%)	<b>236.22</b>	210.95
Net stable capital margin (%)	<b>135.36</b>	140.17
Net capital/Net assets (%)	<b>70.28</b>	71.19
Net capital/Liabilities (%)	<b>27.23</b>	30.33
Net assets/Liabilities (%)	<b>38.74</b>	42.60
Equity securities and derivatives held/Net capital (%)	<b>37.10</b>	40.29
Non-equity securities and derivatives held/Net capital (%)	<b>298.13</b>	263.91

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

Applicable  Not applicable

## Section III Report of the Directors

### I. DESCRIPTION OF PRINCIPAL BUSINESSES AND INDUSTRY CONDITIONS OF THE COMPANY DURING THE REPORTING PERIOD

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

Driven by customer demand, the Group has established a corporate, institutional and retail customer service system, forming the business segments covering wealth management business, investment banking business, institutional and trading business, investment management business and international business. The Group generates income of fees and commissions and interest income mainly through the provision of securities products or services and receives investment gains through securities or equity investments.

In terms of specific businesses:

Our wealth management business mainly provides securities and futures brokerage, financial products, investment advisory, stock pledging, margin financing and securities lending, agreed securities repurchase and other services to clients;

Our investment banking business mainly provides listing sponsorship, equity underwriting, debt underwriting, structured debt financing, M&A financial advisory and diversified corporate solutions to corporate and governmental clients;

Our institutional and trading business mainly consists of institutional brokerage, trading and investment and equity investment. Among which, institutional brokerage mainly provides prime brokers, seat leasing, custody and outsourcing, QFII and other services to institutional clients; Our trading and investment business mainly includes investment transactions in stocks, fixed income, foreign exchange, large commodities and their derivative financial instruments, as well as providing integrated financial solutions for clients' investment, financing and risk management;

Our investment management business provides asset management and fund management services to institutions and individuals;

The international business conducts brokerage, corporate finance, asset management, loans and financing services, as well as financial products, market making and investment businesses mainly through Guotai Junan International in Hong Kong, and has expanded its business presence into the United States, Europe, Southeast Asia and other regions.

In the first half of 2021, the Group recorded total revenue and other income of RMB27.772 billion, representing an increase of 33.21% compared with the same period of last year. Profit for the period attributable to equity holders of the Company was RMB8.013 billion, representing an increase of 46.93% compared with the same period of last year.

## Section III Report of the Directors

### The Group's business composition and income drivers for the first half of 2021

<b>Principal business category</b>	<b>Total revenue and other income (RMB'000)</b>	<b>Increase Compared with the same period of last year (%)</b>	<b>Contribution to total revenue and other income (%)</b>
Wealth management	9,726,732	15.48	35.02
Investment banking	1,438,660	41.09	5.18
Institutional and trading	12,447,750	54.97	44.82
Investment management	1,075,505	0.12	3.87
International business	2,479,260	44.11	8.93
Other	603,686	4.34	2.18
<b>Total</b>	<b>27,771,593</b>	<b>33.21</b>	<b>100.00</b>

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

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

In recent years, the comprehensive deepening of reform and opening up of capital market has brought new development opportunity to the securities businesses. After a downward cycle from 2015 to 2018, the industry has returned to an upward trend, with steady growth in asset scale and significant improvement in performance. According to the statistics of the SAC, as of 30 June 2021, the total assets, net assets and net capital of the PRC securities industry amounted to RMB9.77 trillion, RMB2.40 trillion and RMB1.87 trillion, respectively, representing an increase of 9.8%, 4.2% and 3.6% respectively compared with the end of last year; in the first half of 2021, the PRC securities industry recorded an operating revenue of RMB232.98 billion and a net profit of RMB90.38 billion, representing an increase of 9.2% and 8.7% respectively compared with the corresponding period of last year.

## Section III Report of the Directors

In the long run, with the accelerated establishment of a new development pattern of domestic circulation and domestic and international dual circulation, the status of the capital market hub has been increasing, and the PRC securities industry is still in the historic period which offers opportunities for rapid development. The development of the capital market and the reform and opening-up of the financial system shall provide the industry with broad development room. Driven by the reform of the comprehensive registration system, the construction of multi-level capital market has become clearer, the shortcomings of basic system of the capital market have been continuously remedied, and the capacity building on the investment side has accelerated. Business opportunities for retail, corporate and institutional customers will emerge in an all-round way, and the securities industry will show a development trend of service integration, differentiated developments, international competition and operation digitalization.

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

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

#### STATEMENT OF SIGNIFICANT CHANGES IN THE COMPANY'S MAJOR ASSETS DURING THE REPORTING PERIOD

At the end of June 2021, total assets of the Group amounted to RMB733.846 billion, representing an increase of 4.40% compared with the end of last year. Among our total assets, investments in associates amounted to RMB7.217 billion, representing an increase of 516.96% compared with the end of last year, mainly due to the fact that the Group no longer consolidated Shanghai Securities' statements into its financial statements; accounts receivable amounted to RMB15.624 billion, representing an increase of 116.08% compared with the end of last year, mainly due to the increase in receivables from brokerage and transaction clients as a result of the business growth of subsidiaries in Hong Kong; Equity instruments at fair value through other comprehensive income amounted to RMB2.941 billion, representing a decrease of 83.33% as compared with the end of last year, mainly due to the decrease in its investment scale resulting from the impacts of external environment.

Including: offshore assets amounted to RMB126.624 billion, and accounted for 17.25% of our total assets.

## Section III Report of the Directors

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

Applicable  Not applicable

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

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

Since its inception, the Group has developed the corporate culture of implementing reform and innovation and striving for progress, which propelled the long-term consistent and across-the-board development of the Group. In recent years, the Group actively practices a sound risk culture and market-oriented performance culture, and promotes high-quality development based on comprehensive reforms, thereby further enhancing its cohesiveness and culture recognition.

The Group firmly believes that risk management is the core competitiveness of securities companies. The Group adheres to a sound risk culture and has established a comprehensive and effective risk management and internal control system. With complete risk management system, scientific risk management models and methods and advanced risk management methods to accurately identify and effectively manage risks, the Group can maintain its long-term stable development. In recent years, the Group took advantage of the opportunity as one of the first batch of qualified consolidated supervision pilot programs to deeply promote the vertical management of risks and strengthen the system construction, to further solidify the foundation of the unified group risk management system, thus promoting the formation of a full set of scientific and complete, efficiently operated, intensive, professional and comprehensive compliance risk control management system at group level. The Group optimized the alarm mechanism for risk prediction and improved the business risks management and control mechanism, formulated and issued the implementation measures for encouraging innovation and error tolerance and fault rectification, to better support the business innovation and development of the Group with professional risk management. So far, the Group has attained the regulatory rating of Class A Grade AA from the CSRC for 14 consecutive years.

## Section III Report of the Directors

In pursuit of excellence, the Group endeavors to select the best talents to provide the best services for customers. The Group adheres to a market-oriented performance culture, continues to promote market-oriented institutional reforms, selects and motivates talents through market-oriented enrollment mechanism and performance appraisal mechanism, promoting the continuous improvement of the Group's competitiveness. Since 2021, the Group has strengthened its talent advantage by increasing its efforts in reform, implementing open selection and recruitment of professional managers to make its management members more professional and younger, further promoting reform in the investment banking business unit, initiating the granting of reserved Restricted A Shares, and strengthening the long-term incentive and restraint mechanism for core talents. At the same time, the Group further improved the service system for corporate customers, institutional customers and retail customers based on customer-oriented strategy, continued to promote the normalization of the operational mechanism of the four collaborative development committees, and merged the original research and institutional business committee and the trading and investment business committees into the institutional and trading business committee, optimized its organizational structure and collaboration mechanism, enhanced its comprehensive financial service capabilities and further enlarged its customer base. As at the end of the Reporting Period, the number of institutional customers of the Group was approximately 50,000, an increase of 5.5% compared with the end of last year. The number of personal financial accounts was approximately 14.17 million, an increase of 8.0% compared with the end of last year.

### (II) Leader in the PRC capital market

As a consistent leader in terms of business scale, the Group has strong profitability. Since its inception, the scale strength of the Group has been standing at the top of the industry. Since 2011, the Group has ranked among the top three companies in the industry in terms of operating revenue, and ranked among the top four companies in the industry in terms of total assets and net profit. In 2020, the Group ranked third, third, third and second in the industry, respectively, in terms of total assets, net assets, operating revenue and net profit attributable to the parent company. According to the parent-company statistical caliber of the SAC, the Company ranked third, third, second, second and second in the industry, respectively, in terms of total assets, net assets, net capital, operating revenue and net profit in the first half of 2021.

The Group has a comprehensive and balanced combination of businesses and ranks at the top of the industry in terms of its principal businesses. In the first half of 2021, the Group ranked fourth in the industry in terms of both number of underwritings of securities and security underwriting amount, second in the industry in terms of the number of private funds under custodianship, first among securities companies in terms of scale of mutual fund custody, and third in the industry in terms of balance of margin loans under the margin financing and securities lending business. The Company ranked first in the industry in terms of net revenue from securities brokerage business. Guotai Junan Futures ranked first in the industry in terms of trading volume of financial futures. Guotai Junan Asset Management ranked third in the industry in terms of the monthly average scale of business under discretionary management. Guotai Junan International continued to be among top Chinese security dealers in Hong Kong in terms of major operating indicators.

## Section III Report of the Directors

### (III) Leader of technology and innovation in the PRC securities industry

The Group places great emphasis on strategic investment in technology and science and continuously promotes proprietary financial technology innovation. The Group is a frontrunner in the application of financial technology in the securities industry. According to the statistics of the SAC, the Company ranked top two in the industry in terms of amount of IT system investment for three consecutive years from 2017 to 2020. During the Reporting Period, the Group accelerated the implementation of financial technology strategic plan, practiced the concept of “open securities”, initiated a comprehensive digital transformation, continued to optimize the digital wealth management platform with Jun Hong APP as the core and the institutional customer service platform with Daohe APP as the core, further promoted the construction of important systems and digitization of management in various business lines. All these continuous investments in financial technology have fully shown their supporting role in enhancing customer experience, leading business development and improving management capabilities. At the end of the Reporting Period, Jun Hong APP ranked second in the industry with mobile terminal users of 37.38 million and annual average monthly active users of 5.56 million, and more than 9,000 institutional users are involved for the Daohe platform.

The Group has outstanding innovation capability and is one of the frontrunners in innovation in the industry. In recent years, the Group established a mechanism for encouraging innovation and fault tolerance and fault rectification, committed to promoting the innovative development of various businesses and enhanced its leading advantages in its main business area. During the Reporting Period, the Group completed the issuance and listing of the first batch of publicly-raised REITs – Zhangjiang Guangda Park publicly-raised REITs project (張江光大園公募 REITs 項目), the core service roles of which were all performed by the various business lines of the Group. In respect of its wealth management business, the Group strived to build a digital wealth management platform. Financial product sale and fund investment advisory business developed rapidly, and the balance of securities lending steadily improved. In respect of its investment banking business, the Group completed a number of projects including the first carbon neutrality green technology innovation bond in China and the first batch of carbon neutrality corporate bonds on the Shenzhen Stock Exchange. In respect of its institutional and trading business, the Group created the “Guotai Junan Risk Hedging (國泰君安避險)” brand, launched the OTC financial cloud system, strengthened product innovation. The OTC derivatives business experienced a rapid growth, and significant progress has been made in brokerage settlement. Guotai Junan Asset Management had completed the reconstructions for seven large-scale collective products participating in mutual funds, completed the creation and application of the first batch of products for mutual fund business, initiated the establishment of Zhangjiang Guangda Park publicly-raised REITs (張江光大園公募 REITs), the first national Yangtze River Delta integrated Leasing ABS and the first financial leasing “Carbon neutrality” ABS. Guotai Junan International steadily advanced its overseas layout, and its subsidiaries in Vietnam experienced rapid growth in revenue.



## Section III Report of the Directors

### III. DISCUSSION AND ANALYSIS OF OPERATION CONDITION

#### (I) Overall operation condition

In the first half of 2021, facing complicated external environment, the Group adhered to the general principle of “making progress while maintaining stability”, fully implemented the requirements of “integrated services, digital operations, international layout and group management”, insisted on seeking motivation from reform, vitality from talents, efficiency from management and development from innovation, pushed forward the comprehensive reform, optimized strategic layout, proactively grasped market development opportunities, thereby achieving high-quality development and maintaining strong competitiveness in all major businesses with operating results growing steadily. During the Reporting Period, the Group further improved the corporate governance structure. The Board and the Supervisory Committee successfully completed the reelection, and implemented the public selection and appointment of professional managers. The members became more professional, diversified, international and younger. The Group optimized its organizational structure and supporting operational mechanism, and improved the development of customer service systems for corporate, institutional and retail customers, continued to promote the normalization of the operational mechanism of the four collaborative development committees, deepened customer-based collaborative collaboration, leading to its continuous enhancement in comprehensive financial service capabilities; continued to promote financial technology innovation and launched digital transformation, used digital technology to reshape the Company’s strategy implementation path and operational management efficiency, resulting in the steady improvement in its fintech empowerment and leading capability. The middle and back-office management has been more congregated, intensified, professionalized and refined while the management of supporting departments achieved remarkable progress both in the awareness of empowerment and its effects. And the Group optimized its asset and liability management with its financial position maintaining stable. So far, the Company has attained the Grade AA rating in Class A from the CSRC for 14 consecutive years and maintained international credit ratings at BBB+ by Standard & Poor and Baa1 by Moody with the outlook of the Company being “stable”.

## Section III Report of the Directors

### (II) Analysis of principal businesses

#### 1. Wealth management business

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

According to the statistics of SSE and SZSE, in the first half of 2021, the trading volume of stock market in SSE and SZSE was RMB107.6 trillion, representing an increase of 21.0% compared with the corresponding period of last year and the cumulative trading volume of futures market (unilateral) was RMB286.3 trillion, representing an increase of 73.0% compared with the corresponding period of last year.

In the first half of 2021, the Group focused on building a retail customer service system, optimized client end platform functions, accelerated the pilot digital wealth management center, strengthened the building of investment and consulting team, increased sales of financial products, improved asset allocation capability, and accelerated wealth management high-quality transformation and development. At the end of the Reporting Period, there were 37.38 million users of Junhong APP, an increase of 2.2% from the end of last year, and 5.56 million average monthly active users in the first half of the year, an increase of 9.9% from the corresponding period of last year. The number of affluent customers and high-net-worth customers increased by 11.2% from the end of last year; the number of investment consultants was 3,268, an increase of 3.5% from the end of last year, ranking the third in the industry; the number of customers served by the investment consultants was over 110,000; the customer asset size was over RMB4.6 billion. During the Reporting Period, the sales of financial products was RMB342.9 billion, representing an increase of 241.9% compared with the corresponding period of last year, and the monthly average size was maintained at RMB254.3 billion, representing an increase of 50.7% compared with the corresponding period of last year. According to the statistics of the SAC by the caliber of parent company, the Company had a market share of 5.88% in terms of net revenue from the securities brokerage business, ranking the top in the industry.

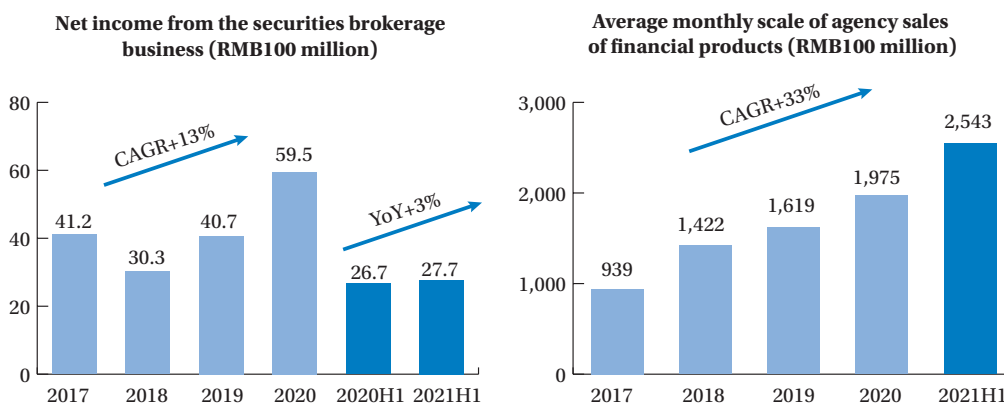
## Section III Report of the Directors

### Change in the scale of the Group's securities brokerage business in the first half of 2021 (Unit: RMB100 million)

	Item	Reporting	Corresponding
		Period	period of last year
Stocks	Trading amount	<b>93,461</b>	76,196
	Market share	<b>4.34%</b>	4.28%
Securities investment funds	Trading amount	<b>4,362</b>	2,983
	Market share	<b>2.69%</b>	2.60%
Bond spot	Trading amount	<b>207,815</b>	163,396
	Market share	<b>6.19%</b>	5.99%

Source: SSE, SZSE. Bond spot includes bond repurchase.

Note: As the statements of Shanghai Securities were no longer consolidated during the Reporting Period, the data caliber compared with the corresponding period of last year was adjusted accordingly. Below is the same.



Source: the Company's business data, and the net income from the securities brokerage business calculated on the parent-company statistical caliber

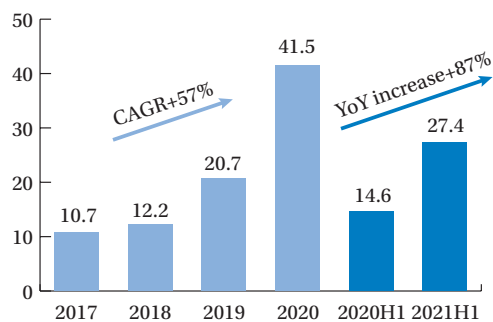
In the first half of 2021, Guotai Junan Futures strengthened its strategic customer service, optimized the construction of the service system, accelerated digital transformation, enhanced its core capabilities in quantitative trading, and continued to promote business development. During the Reporting Period, the transaction amount of Guotai Junan Futures increased by 87% compared with the corresponding period of last year, among which, the market share of transaction amount of financial futures amounted to 9.55%, an increase of 2.98 percentage points from the end of last year, ranking the first in the industry. As at the end of the Reporting Period, the scale of customer equity was RMB68.3 billion, an increase of 29.4% from the end of last year, ranking the second in the industry.

## Section III Report of the Directors

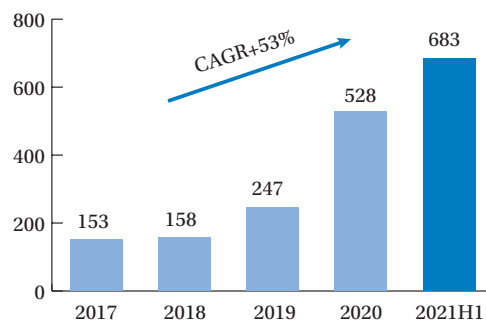
### Major business indicators of Guotai Junan Futures in the first half of 2021

Item	Reporting Period	Corresponding period of last year
	At the end of the Reporting Period	At the end of last year
Transaction amount (RMB trillion)	27.4	14.6
Number of board lots (100 million)	2.7	1.9
Cumulative effective accounts opened (unit)	147,703	133,804
Customer equity at the end of the period (RMB100 million)	683.0	528.0

Transaction amount of Guotai Junan Futures (RMB trillion)



Customer equity of Guotai Junan Futures as at the end of the period (RMB100 million)



Source: the Company's business data.

## Section III Report of the Directors

### (2) Stock pledging business

According to the statistics of the SAC, as at the end of June 2021, the margin loans for stock pledged financing in the market was RMB264.86 billion, a decrease of 12.0% from the end of last year.

In the first half of 2021, the Group's stock pledging business actively introduced high-quality customers, continuously optimized its asset and business structure and achieved smooth and orderly operation of such business. At the end of the Reporting Period, the outstanding balance to be repurchased of the Group's stock pledging business was RMB32.42 billion, a decrease of 7.7% from the end of last year, among which the balance of margin loans was RMB27.79 billion, a decrease of 4.9% from the end of last year. The average collateral coverage ratio was 297% and the scale of stock pledged financing, an asset management product managed by the Group, was RMB4.63 billion. The outstanding balance of agreed securities repurchase transactions was RMB1.57 billion, an increase of 58.0% from the end of last year.

#### Scale of the Group's stock pledging and securities repurchase business as at the end of June 2021 (Unit: RMB100 million)

Item	At the end of the Reporting Period	At the end of last year
Outstanding balance of the stock pledging business	324.2	351.2
Including: Margin loans for stock pledged financing	277.9	292.2
Outstanding balance of securities repurchase	15.7	9.9

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

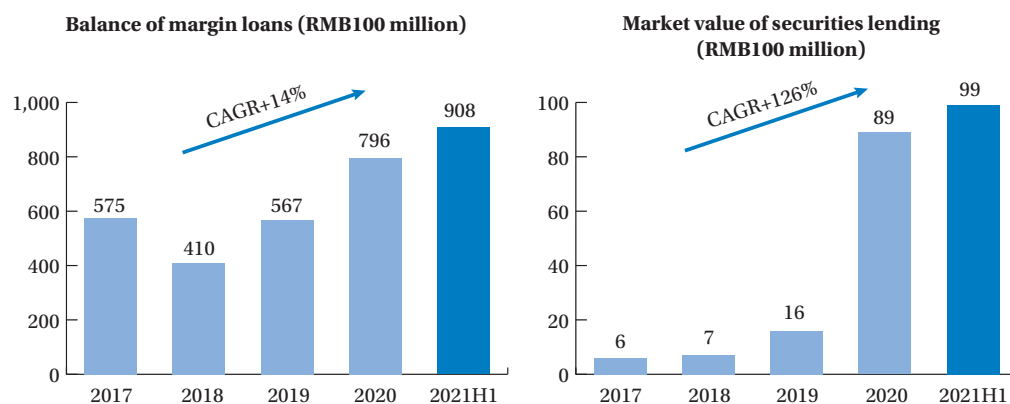
According to the website of China Securities Finance Corporation Limited, as at the end of June 2021, the balance of margin financing and securities lending in the market amounted to RMB1,784.12 billion, an increase of 10.2% from the end of last year, in which, the balance of margin financing amounted to RMB1,628.12 billion, an increase of 9.9% from the end of last year and the balance of securities lending amounted to RMB156.00 billion, an increase of 13.9% from the end of last year.

## Section III Report of the Directors

In the first half of 2021, on the basis of adhering to counter-cyclical adjustment in respect of its margin financing and securities lending business, the Group established the all-round classification and grading service system and improved the service for institutional customers and high-net-worth customers, as a result, the proportion of the balance of margin financing and securities lending from institutional customers grew at a stable pace. Meanwhile, the Group vigorously expanded the securities sources of securities lending, and the balance of securities lending increased steadily as well. At the end of the Reporting Period, the balance of the Group's margin financing and securities lending amounted to RMB100.68 billion, an increase of 13.8% from the end of last year, with a market share of 5.64%, an increase of 0.18% from last year, and the maintained margin ratio at 294%. Among which, the balance of margin financing amounted to RMB90.77 billion, an increase of 14.1% from the end of last year, with a market share of 5.57%, ranking third in the industry, and the balance of securities lending amounted to RMB9.92 billion, an increase of 11.8% from the end of last year, with a market share of 6.36%. The balance of the margin financing and securities lending from institutional customers amounted to RMB31.4 billion, an increase of 27.1% from the end of last year.

### Scale of the Group's margin financing and securities lending business as at the end of June 2021 (Unit: RMB100 million)

Item	At the end of the Reporting Period	At the end of last year
Balance of margin loans	907.7	795.7
Market value of securities lending	99.2	88.7
Balance of margin refinancing	40.0	20.0
Balance of securities refinancing	101.3	108.3



Source: the Company's business data.

## Section III Report of the Directors

### 2. Investment banking business

In the first half of 2021, the total financing amount underwritten by securities companies was RMB5,559.7 billion, representing an increase of 19.2% compared with the same period of last year according to Wind statistics. In particular, the total equity financing amount was RMB646.3 billion, representing an increase of 69.0% compared with the same period of last year. The total debt financing underwritten by securities companies was RMB4,913.4 billion, representing an increase of 14.7% compared with the same period of last year. The amount of M&A transactions as approved/registered by the CSRC was RMB48.0 billion, representing a decrease of 74.6% compared with the same period of last year.

In the first half of 2021, in respect of its investment banking business, the Group deepened divisional system reform, focusing on key industries, key areas and main products, with growing underwriting scale and significant increase of project reserve. During the Reporting Period, the Group's lead underwriting amount of securities was RMB389.66 billion, representing an increase of 32.4% compared with the same period of last year, ranking the fourth in the industry. In particular, the underwriting amount of equity interest was RMB41.85 billion, representing an increase of 37.3% compared with the same period of last year and ranking the fifth in the industry. In terms of IPO business, the Company had underwriting amount of RMB8.02 billion, representing an increase of 217.5% compared with the same period of last year, with its market share of 3.72%, and the underwriting amount of convertible bonds was RMB28.31 billion, representing an increase of 130.0% compared with the same period of last year and ranking the second in the industry. The underwriting amount of bonds was RMB347.81 billion, representing an increase of 31.9% compared with the same period of last year and ranking the fourth in the industry. The M&A and restructuring projects as approved/registered by the CSRC involved a transaction amount of RMB15.39 billion, representing an increase of 116.8% compared with the same period of last year and ranking the first in the industry.

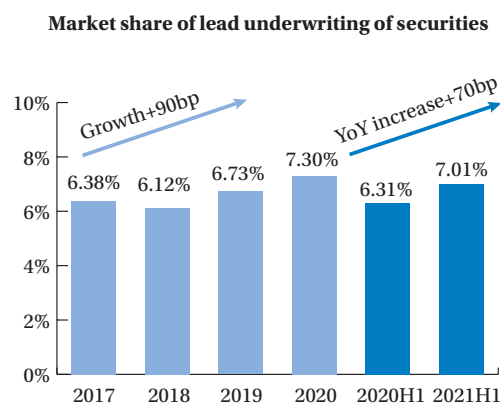
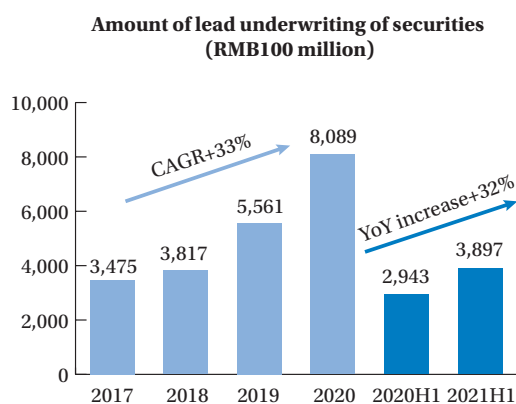
## Section III Report of the Directors

### Scale of the Group's investment banking business in the first half of 2021

	Item	Reporting Period	Corresponding period of last year
IPO	Number of lead underwritings	12	3
	Amount of lead underwritings (RMB100 million)	80.2	25.3
Refinancing	Number of lead underwritings	17	17
	Amount of lead underwritings (RMB100 million)	338.3	279.6
Enterprise bonds	Number of lead underwritings	17	17
	Amount of lead underwritings (RMB100 million)	106.9	77.2
Corporate bonds	Number of lead underwritings	205	168
	Amount of lead underwritings (RMB100 million)	1,040.6	789.2
Other bonds	Number of lead underwritings	465	732
	Amount of lead underwritings (RMB100 million)	2,330.6	1,771.3

Source: Wind

Note: Statistical calibers of the financing products include IPO, new issuance, allotment of shares, preferred shares, convertible bonds, exchangeable bonds, corporate bonds, enterprise bonds (including bonds issued by government-backed agencies), local government bonds, short-term financing bills, medium-term notes, private placement notes, financial bonds and ABS.



Source: Wind.



## Section III Report of the Directors

### 3. Institution and Transaction Business

#### **(1) Research Business**

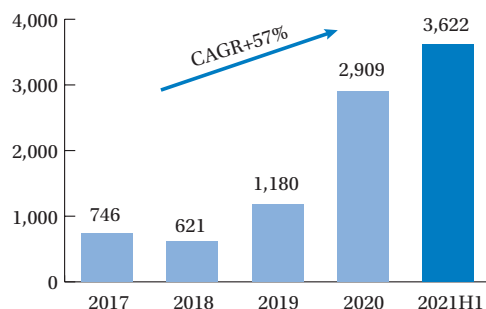
In the first half of 2021, the Group's research business achieved an ongoing progress in respect of the development of research system, fully strengthening the Company's energization both internally and externally, therefore providing comprehensive support of research and service for business development. During the Reporting Period, a total of 2,738 research reports were completed, 415 teleconferences were held and both online and offline roadshows with 6,628 participants were carried out for institutional customers.

#### **(2) Institution brokerage business**

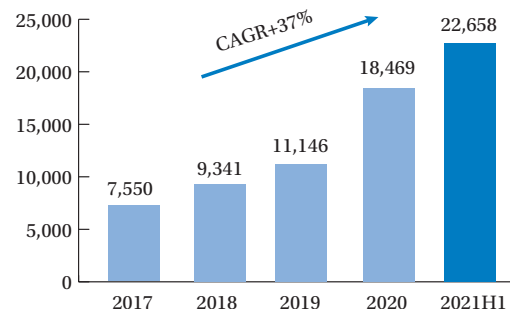
In the first half of 2021, the Group fully carried out digital transformation and continuously deepened synergistic collaboration in order to address various needs of institution clients. Such initiatives promoted the Group's comprehensive capabilities to serve different types of institution clients, with a steady increase in its coverage of institution clients. At the end of the Reporting Period, the number of institution clients amounted to 50,000, representing an increase of 5.5% as compared with the end of last year. Under institution brokerage business, more products were introduced and sold, resulting in a rapid increase in sales volume of products under initial public offering and private equity placement. Professional platform for institution transaction was optimized, leading to an increasingly manifest effect of customer aggregation and a remarkable expansion of quantitative transaction scale. Regarding custodian and outsourcing business, the Group strengthened customer service and operations management. The Group deepened its layout in international market, maintaining an ongoing and rapid growth in business scale. More efforts were made to expand oversea clients under QFII business sector. The Group made a significant progress in comprehensive service capability, constantly diversifying customer types of brokerage agent for settlement with a great headway made in both the existing scale and aggregated trading volume for such agents. During the Reporting Period, the transaction volume of PB trading system amounted to RMB2.3 trillion, representing an increase of 165.2% as compared with the same period of last year. The customer asset size at the end of the Reporting Period was RMB362.2 billion, representing an increase of 24.5% as compared with the end of last year. Under the custodian and outsourcing business, 14,610 products of various type were provided, representing an increase of 22.7% as compared with the end of last year; the asset size thereof reached RMB2,265.8 billion, representing an increase of 22.7% as compared with the end of last year. Among such business section, the number of private funds under custodianship ranked the second in the securities industry and the assets under our custody from mutual funds amounted to RMB126.8 billion, continued to rank the first among securities companies.

## Section III Report of the Directors

Customer asset scale under the PB trading system  
(RMB100 million)



Assets under custody and outsourcing services  
(RMB100 million)



Source: the Company's business data.

### (3) Trading and investment business

According to Wind statistics, in the first half of 2021, CSI 300 Index rose by 0.24% and ChinaBond Total Net Price (Total Value) Index rose by 0.38%, the middle exchange rate of USD against RMB decreased by 1.2%, and China Commodity Price Index rose by 13.50%.

The Group's trading and investment business continued to center on the idea of an "outstanding financial asset trader" and adhered to developing the low risk and non-directional businesses, steadily enhanced the transaction pricing ability and the customer service ability, and actively transformed itself to customer demand-oriented business.

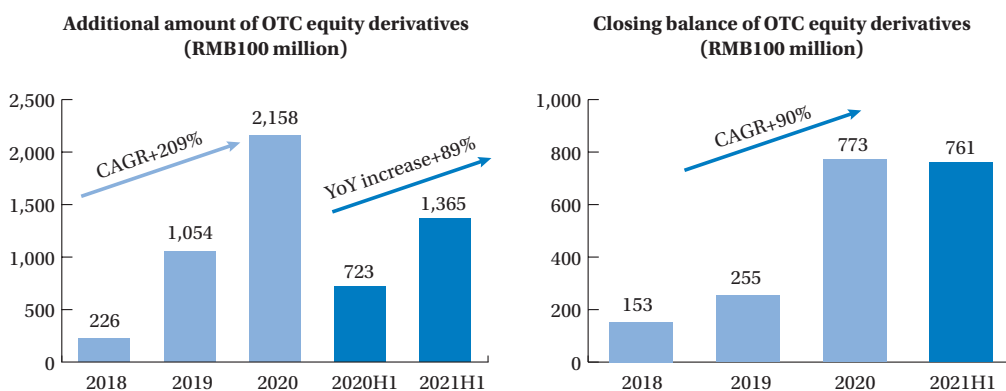
In respect of the equity business, the Group achieved satisfying investment gains with the implementation of both relative return strategy and absolute return strategy. The market-making business of Exchange-traded options continued to maintain a leading position in the industry. The system of income certificates and structured products became increasingly diversified. For the OTC equity derivatives business, the Group enhanced the product innovation and cross-border capability, thereby achieving a significant improvement in scale and profitability. In the first half of 2021, the cumulative amount of additional nominal principal amount of OTC equity derivatives amounted to RMB136.46 billion, representing a year-on-year increase of 88.6%, of which the cumulative amount of additional nominal principal amount of OTC options amounted to RMB85.03 billion, representing a year-on-year increase of 45.0%, and the cumulative amount of additional nominal principal amount of return swaps amounted to RMB51.44 billion, representing a year-on-year increase of 275.0%. The cumulative amount of additional nominal principal of cross-border equity OTC derivatives reached RMB32.13 billion, representing a year-on-year increase of 173.9%. At the end of the Reporting Period, the nominal principal amount of OTC equity derivatives was RMB76.09 billion.

## Section III Report of the Directors

In respect of the fixed income business, the Group accurately grasped the market allocation and transaction opportunities in the domestic and overseas markets to achieve better performance. Bond Connect had trading volume of RMB180.0 billion with a market share of 6%, ranking the second among securities companies in the overall market, and was awarded the “Excellent Bond Connect Market Maker” in 2021. In the first half of 2021, the cumulative trading volume of inter-bank standard interest rate options was approximately RMB17.1 billion, ranking in the tops in the market; the cumulative trading volume of interest rate swaps was RMB1.16 trillion, ranking the second among securities companies. The Group fully conducted cross-border return swaps, with the linked subjects being expanded to many varieties such as interest rate bonds, credit bonds, preferential shares, Chinese-funded US dollar bonds and REITs. The Group had additional credit derivatives of RMB2.07 billion, served a total of 4 issuers with the scale of corporate bond issuance arriving at approximately RMB3.7 billion and also completed the first senior CDS index transaction and the first CDS index transaction of private enterprise in the PRC market.

In respect of the foreign exchange business, the Group steadily carried out the RMB foreign exchange proprietary and foreign currency hedging trading business and continuously enriched its trading categories and strategies to increase the trading level of derivatives such as swaps and options. While gradually improving our customer foreign exchange business, we gave priority to the development of foreign exchange derivative trading business for licensed institutional customers and started to carry out the foreign exchange settlement and sale on behalf of customers on the basis of cross-border investment and financing.

In respect of the commodities and precious metals business, the Group has stably carried out the cross-market, cross-variety and the inter-period arbitrage business and the market making of commodity futures and options. The OTC derivatives business developed rapidly. The cumulative amount of additional nominal principal amount of OTC derivatives of the linked subjects amounted to RMB105.4 billion, representing a year-on-year increase of 54%. The Group strived to build pricing capability of carbon emission in relation to carbon finance and has become the key participant and pricing institution in the domestic carbon market.



Source: the Company's business data.

## Section III Report of the Directors

### (4) Equity investment business

In the first half of 2021, Guotai Junan Zhengyu steadily carried out the equity investment business, made investment distribution properly based on strict control on investment quality and actively promoted the co-investment of Sci-Tech Innovation Board projects. As at the end of the Reporting Period, it had 34 investment projects in aggregate with a total investment amount of RMB1.90 billion, of which there were 15 co-investment projects in total with a co-investment amount of RMB600 million.

#### Overview of equity investment business of Guotai Junan Zhengyu as at the end of June 2021

	At the end of the Reporting Period	At the end of last year
Accumulated number of investment projects (unit)	34	24
Accumulated amount of investment projects (RMB100 million)	19.0	16.4

#### 4. Investment management

##### (1) Asset management

According to the statistics of the SAC, as of the end of June 2021, assets under management of securities companies were RMB10.5 trillion in aggregate, an increase of 1.0% from the end of last year.

In the first half of 2021, Guotai Junan Asset Management improved its organizational structure and customer base, built a series of investment and research systems, strengthened the building of core talent team, and fully enhanced the professional level of investment and research. It had completed the reconstructions for total seven large-scale collective products participating in mutual funds and completed the creation of and application for the first tranche of products for public offering. As at the end of the Reporting Period, assets under management of Guotai Junan Asset Management amounted to RMB458.0 billion, a decrease of 12.9% from the end of last year, among which assets under discretionary management amounted to RMB347.6 billion, a decrease of 4.0% from the end of last year. According to the statistics of the Asset Management Association, Guotai Junan Asset Management ranked the third in the industry in terms of the monthly average balance of assets under discretionary management in the first half of 2021.

## Section III Report of the Directors

### Assets under management of Guotai Junan Asset Management as at the end of June 2021 (Unit: RMB100 million)

	At the end of the Reporting Period	At the end of last year
Scale of asset management business	4,580	5,258
Including: Scale of targeted asset management business	2,806	3,534
Scale of collective asset management business	856	913
Scale of specialized asset management business	918	811
Scale of discretionary management business	3,476	3,619

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

#### **(2) Private fund management**

According to the statistics of the Asset Management Association of China, as of the end of June 2021, there were 14,962 private fund managers registered with the Asset Management Association of China who managed 29,925 private funds and had a paid-up scale of RMB10.13 trillion, an increase of 7.1% from the end of last year.

In the first half of 2021, Guotai Junan Innovation Investment strengthened the building of fund-raising capability, put more efforts in exploring high-quality projects, enhanced the active post-investment management strategy, and actively promoted the buyer business layout. During the Reporting Period, it completed divestment from eight projects and added eight new investment projects.

## Section III Report of the Directors

### Overview of private equity fund business as at the end of June 2021

	At the end of the Reporting Period	At the end of last year
Number of managed funds (unit)	41	41
Cumulative committed capital of managed funds (RMB100 million)	430.5	428.6
Cumulative paid-in capital of managed funds (RMB100 million)	368.0	348.0
Cumulative number of investment projects (unit)	117	109
Cumulative amount of investment projects (RMB100 million)	154.0	142.6

### (3) Fund management

According to the statistics of the Asset Management Association of China, as at the end of June 2021, the assets under management (AUM) of mutual funds management institutions was RMB23.0 trillion, representing an increase of 15.8% compared with the end of the last year, among which assets under management of non-monetary funds was RMB13.8 trillion, representing an increase of 16.2% compared with the end of the last year.

In the first half of 2021, by enhancing its product and business innovation and optimising its integrated investment and research platform, HuaAn Funds experienced a healthy investment performance and recorded a steady growth of the scale of AUM and the profitability. As at the end of the Reporting Period, assets under management of HuaAn Funds amounted to RMB575.1 billion, of which, the asset under management of mutual funds was RMB525.7 billion, an increase of 11.8% compared with the end of last year, the assets under management of non-monetary funds was RMB297.9 billion, representing an increase of 7.9% compared with the end of last year.

## Section III Report of the Directors

### 5. International Business

The Group conducted brokerage, corporate finance, asset management, loans and financing, financial products, market-making and investment business in Hong Kong, mainly through Guotai Junan International. The Group has also actively expanded business presence into the United States, Europe and South-east Asia. In the first half of 2021, Guotai Junan International optimized its revenue structure and customer base, improved its cross-border coordination mechanism, and promoted the growth of its wealth management business and capital-based intermediary business. As a result, our comprehensive competitiveness continued to stay at the forefront of Chinese securities companies in Hong Kong. As at the end of the Reporting Period, the custody assets from customers amounted to HK\$235.0 billion, representing an increase of 13.7% compared with the end of last year, among which the custody assets from wealth management customers amounted to HK\$36.5 billion, representing an increase of 26.7% compared with the end of last year.

#### Major components of revenue of Guotai Junan International in the first half of 2021 (Unit: HK\$'000)

Item	During the Reporting Period	During the same period of last year
Fee and commission income	986,852	618,481
Interest income	1,270,311	1,320,548
Trading and investments	255,855	(141,240)
<b>Total revenue</b>	<b>2,513,018</b>	<b>1,797,789</b>

**Significant changes in operation condition of the Company during the Reporting Period, and events that had a significant impact on operation condition of the Company during the Reporting Period and are expected to have a significant impact on operation condition of the Company in the future**

Applicable     Not applicable

## Section III Report of the Directors

### IV. PRINCIPAL OPERATION CONDITION DURING THE REPORTING PERIOD

#### (I) Analysis of financial statements

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

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

Unit: thousand yuan Currency: RMB

Items	January to June 2021		January to June 2020		Changes	
	Amount	Component	Amount	Component	Amount	Proportion
Fee and commission income	8,435,470	30.37%	6,838,679	32.80%	1,596,791	23.35%
Interest income	7,991,584	28.78%	6,762,995	32.44%	1,228,589	18.17%
Net investment gains	5,550,003	19.98%	3,936,304	18.88%	1,613,699	41.00%
<b>Total revenue</b>	<b>21,977,057</b>	<b>79.13%</b>	17,537,978	84.12%	4,439,079	25.31%
Gain on losing control of a subsidiary	1,138,769	4.10%	-	-	1,138,769	Not Applicable
Other income and gains	4,655,767	16.77%	3,310,167	15.88%	1,345,600	40.65%
<b>Total revenue and other income</b>	<b>27,771,593</b>	<b>100.00%</b>	20,848,145	100.00%	6,923,448	33.21%

In the first half of 2021, the Group's total revenue and other income amounted to RMB27.772 billion, representing an increase of 33.21% compared with the same period of last year, among which: our fee and commission income, accounting for 30.37% of the total revenue and other income, increased by 23.35% to RMB8.435 billion compared with the same period of last year, primarily due to the significant increase in IPO underwriting in A Share market and the increase in the business reward from the asset management in the first half of 2021;

The net investment gains, accounting for 19.98% of the total revenue and other income, increased by 41.00% to RMB5.55 billion compared with the same period of last year, primarily due to the increase in investment revenue from trading of financial assets;

Gain on losing control of a subsidiary amounted to RMB1.139 billion, accounting for 4.10% of the total revenue and other income, which was the gains from equity reassessment of Shanghai Securities;

The other income and gains, accounting for 16.77% of the total revenue and other income, increased by 40.65% to RMB4.656 billion compared with the same period of last year, primarily due to the increase in trading volume of large commodity transactions of subsidiaries.



## Section III Report of the Directors

### (2) Total expenses structure

*Unit: thousand yuan Currency: RMB*

Items	January to June 2021		January to June 2020		Changes	
	Amount	Component	Amount	Component	Amount	Proportion
Fee and commission expenses	1,240,707	6.97%	1,152,921	8.53%	87,786	7.61%
Interest expenses	4,834,408	27.16%	3,909,105	28.91%	925,303	23.67%
Staff costs	5,368,117	30.16%	3,846,814	28.44%	1,521,303	39.55%
Depreciation and amortization expenses	629,473	3.54%	693,235	5.13%	-63,762	-9.20%
Tax and surcharges	73,157	0.41%	75,729	0.56%	-2,572	-3.40%
Other operating expenses and costs	5,209,536	29.26%	3,723,346	27.53%	1,486,190	39.92%
Provision for impairment losses	16,347	0.09%	3,820	0.03%	12,527	327.93%
Credit loss expense	429,748	2.41%	117,638	0.87%	312,110	265.31%
<b>Total expenses</b>	<b>17,801,493</b>	<b>100.00%</b>	<b>13,522,608</b>	<b>100.00%</b>	<b>4,278,885</b>	<b>31.64%</b>

In the first half of 2021, the Group's total expenses amounted to RMB17.801 billion, representing an increase of 31.64% compared with the same period of last year, among which:

The staff costs, accounting for 30.16% of the total expenses, increased by 39.55% to RMB5.368 billion compared with the same period of last year, primarily due to the growth in employee expenses of the Group; other operating expenses and costs, accounting for 29.26% of the total expenses, increased by 39.92% to RMB5.21 billion compared with the same period of last year, primarily due to the increase in trading volume of large commodity transactions of subsidiaries.

## Section III Report of the Directors

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

In the first half of 2021, the net decrease in cash and cash equivalents of the Group was RMB308 million, among which:

The net cash used in operating activities was RMB23.272 billion, mainly reflecting (i) an increase of RMB22.168 billion in margin accounts receivable for a growth in margin financing and securities lending business of the Company; (ii) an increase of RMB21.213 billion in financial instruments at fair value through profit or loss and derivative financial instruments, primarily resulting from increased investment in bonds, funds and others according to customer demand. Those cash outflows were partly offset by the following: (i) an increase of RMB20.414 billion in accounts payable to brokerage customers in response to securities market changes; (ii) an increase of RMB18.689 billion in other current liabilities as a result of an increase of proceeds from underwriting securities received on behalf of customers; and (iii) recording a profit before income tax of RMB10.207 billion.

The net cash used in investing activities was RMB5.648 billion, primarily due to cash payment of RMB61.398 billion for purchases of financial assets at fair value through other comprehensive income and other investments, partially offset by the cash proceeds of RMB57.964 billion from disposal of financial assets at fair value through other comprehensive income and other investment, reflecting our adjustment in our trading and investment structure.

The net cash generated from financing activities was RMB28.612 billion, primarily due to (i) the cash proceeds of RMB29.539 billion from issuance of short-term debt instruments; (ii) the cash proceeds of RMB25.750 billion from issuance of bonds payable; (iii) the cash proceeds of RMB15.051 billion from loans and borrowings; and (iv) the cash proceeds of RMB10.468 billion from issuance of shares to non-controlling shareholders. Those cash inflows were partially offset by (i) the cash repayment of RMB39.913 billion of debt securities issued; (ii) the cash repayment of RMB9.785 billion for loans and borrowings.

## Section III Report of the Directors

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

*Unit: thousand yuan Currency: RMB*

Items	As of 30 June 2021		As of 31 December 2020		Changes	
	Amount	Component	Amount	Component	Amount	Proportion
<b>Non-current assets</b>						
Property and equipment	3,920,379	0.53%	5,024,307	0.71%	-1,103,928	-21.97%
Right-of-use assets	2,517,407	0.34%	2,490,743	0.35%	26,664	1.07%
Goodwill	20,896	0.00%	599,812	0.09%	-578,916	-96.52%
Other intangible assets	592,337	0.08%	1,677,813	0.24%	-1,085,476	-64.70%
Investments in associates	7,216,972	0.98%	1,169,765	0.17%	6,047,207	516.96%
Investments in joint ventures	4,273,170	0.58%	2,844,778	0.40%	1,428,392	50.21%
Debt instruments at fair value through other comprehensive income	50,408,259	6.87%	65,511,217	9.32%	-15,102,958	-23.05%
Equity instruments at fair value through other comprehensive income	2,940,544	0.40%	17,637,062	2.51%	-14,696,518	-83.33%
Financial assets held under resale agreements	1,738,638	0.24%	2,616,287	0.37%	-877,649	-33.55%
Financial assets at fair value through profit or loss	25,142,820	3.43%	26,628,714	3.79%	-1,485,894	-5.58%
Refundable deposits	37,187,396	5.07%	29,415,401	4.18%	7,771,995	26.42%
Deferred tax assets	1,987,244	0.27%	1,761,582	0.25%	225,662	12.81%
Other non-current assets	366,589	0.06%	691,128	0.10%	-324,539	-46.96%
<b>Total</b>	<b>138,312,651</b>	<b>18.85%</b>	<b>158,068,609</b>	<b>22.48%</b>	<b>-19,755,958</b>	<b>-12.50%</b>
<b>Current assets</b>						
Accounts receivable	15,623,604	2.13%	7,230,325	1.03%	8,393,279	116.08%
Other current assets	3,351,600	0.46%	2,983,541	0.42%	368,059	12.34%
Margin accounts receivable	113,457,180	15.46%	99,429,347	14.15%	14,027,833	14.11%
Debt instruments at fair value through other comprehensive income	10,805,929	1.47%	6,981,585	0.99%	3,824,344	54.78%
Financial assets held under resale agreements	53,931,745	7.35%	53,245,514	7.58%	686,231	1.29%
Financial assets at fair value through profit or loss	224,800,019	30.63%	202,097,430	28.75%	22,702,589	11.23%
Derivative financial assets	4,474,380	0.61%	2,214,226	0.32%	2,260,154	102.07%
Clearing settlement funds	4,668,195	0.64%	6,049,697	0.86%	-1,381,502	-22.84%
Cash held on behalf of brokerage customers	137,396,542	18.72%	139,323,440	19.82%	-1,926,898	-1.38%
Cash and bank balances	27,024,265	3.68%	25,275,458	3.60%	1,748,807	6.92%
<b>Total</b>	<b>595,533,459</b>	<b>81.15%</b>	<b>544,830,563</b>	<b>77.52%</b>	<b>50,702,896</b>	<b>9.31%</b>
<b>Total assets</b>	<b>733,846,110</b>	<b>100.00%</b>	<b>702,899,172</b>	<b>100.00%</b>	<b>30,946,938</b>	<b>4.40%</b>

## Section III Report of the Directors

Items	As of 30 June 2021		As of 31 December 2020		Changes	
	Amount	Component	Amount	Component	Amount	Proportion
<b>Current liabilities</b>						
Loans and borrowings	15,052,044	2.55%	9,769,331	1.75%	5,282,713	54.07%
Short-term debt instruments	48,175,457	8.16%	48,724,368	8.75%	-548,911	-1.13%
Placements from other financial institutions	7,224,978	1.22%	13,810,630	2.48%	-6,585,652	-47.69%
Accounts payable to brokerage customers	160,126,575	27.13%	157,408,158	28.28%	2,718,417	1.73%
Employee benefits payable	7,400,373	1.25%	7,568,772	1.36%	-168,399	-2.22%
Income tax payable	1,577,581	0.27%	1,572,828	0.28%	4,753	0.30%
Financial assets sold under repurchase agreements	151,186,962	25.61%	144,721,315	26.00%	6,465,647	4.47%
Financial liabilities at fair value through profit or loss	31,417,166	5.32%	30,304,839	5.44%	1,112,327	3.67%
Derivative financial liabilities	7,593,939	1.29%	5,526,472	0.99%	2,067,467	37.41%
Bonds payable	29,646,878	5.02%	24,744,699	4.45%	4,902,179	19.81%
Lease liabilities	484,582	0.08%	466,697	0.08%	17,885	3.83%
Other current liabilities	38,870,666	6.58%	25,405,255	4.57%	13,465,411	53.00%
<b>Total</b>	<b>498,757,201</b>	<b>84.48%</b>	<b>470,023,364</b>	<b>84.43%</b>	<b>28,733,837</b>	<b>6.11%</b>
<b>Net current assets</b>	<b>96,776,258</b>		<b>74,807,199</b>		<b>21,969,059</b>	<b>29.37%</b>
<b>Non-current liabilities</b>						
Bonds payable	73,952,866	12.53%	66,947,715	12.03%	7,005,151	10.46%
Lease liabilities	1,459,513	0.25%	1,486,932	0.27%	-27,419	-1.84%
Deferred tax liabilities	272,752	0.05%	139,059	0.02%	133,693	96.14%
Financial liabilities at fair value through profit or loss	15,613,643	2.65%	17,789,620	3.20%	-2,175,977	-12.23%
Other non-current liabilities	233,973	0.04%	274,664	0.05%	-40,691	-14.81%
<b>Total</b>	<b>91,532,747</b>	<b>15.52%</b>	<b>86,637,990</b>	<b>15.57%</b>	<b>4,894,757</b>	<b>5.65%</b>
Total liabilities	590,289,948	100.00%	556,661,354	100.00%	33,628,594	6.04%
Total equity	143,556,162		146,237,818		-2,681,656	-1.83%

## Section III Report of the Directors

As of 30 June 2021, the total assets of the Group were RMB733.846 billion, increased by 4.40% compared with the end of last year; the total liabilities were RMB590.290 billion, increased by 6.04% compared with the end of last year; the total equity was RMB143.556 billion, decreased by 1.83% compared with the end of last year.

The asset of the Group was mainly comprised of: financial assets at fair value through profit or loss of RMB249.943 billion (34.06% of the total assets); cash held on behalf of brokerage customers of RMB137.397 billion (18.72% of the total assets); margin accounts receivable of RMB113.457 billion (15.46% of the total asset); debt instruments at fair value through other comprehensive income of RMB61.214 billion (8.34% of the total assets), among which the current assets amounted to RMB595.533 billion and accounted for 81.15% of the total assets. The liquidity of the Group was fine with reasonable structure. In addition, the Group made impairment provisions for the assets showing impairment indications under market fluctuation and therefore the assets were of relatively high quality.

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

As of 30 June 2021, our non-current assets amounted to RMB138.313 billion with a decrease of 12.50% compared with the end of last year. Among the non-current assets, debt instruments at fair value through other comprehensive income amounted to RMB50.408 billion with a decrease of 23.05% compared with the end of last year, which was primarily due to the adjustment by the Group of the trading and investment structure; equity instruments at fair value through other comprehensive income amounted to RMB2.941 billion, representing a decrease of 83.33% compared with the end of last year, mainly due to the decrease in this investment scale resulting from the impacts of external environment.

### ***Current assets***

As of 30 June 2021, our current assets amounted to RMB595.533 billion with an increase of 9.31% compared with the end of last year. Among the current assets, financial assets at fair value through profit or loss amounted to RMB224.8 billion with an increase of 11.23% compared with the end of last year, primarily due to the adjustment by the Group of the trading and investment structure; margin accounts receivable amounted to RMB113.457 billion, representing an increase of 14.11% compared with the end of last year, mainly due to the growth in margin financing and securities lending business of the Company.

### ***Current liabilities***

As of 30 June 2021, our current liabilities amounted to RMB498.757 billion with an increase of 6.11% compared with the end of last year.

## Section III Report of the Directors

### *Non-current liabilities*

As of 30 June 2021, our non-current liabilities amounted to RMB91.533 billion with an increase of 5.65% compared with the end of last year.

### *Equity*

The equity attributable to equity holders of the Company decreased by 1.83% from the end of last year to RMB143.556 billion as of 30 June 2021. The gearing ratio of the Group was 74.81% as of 30 June 2021, increased by 1.62 percentage points compared with that of the end of last year, given the Group's reasonable and stable assets-liability structure.

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

For details of assets with restricted ownership or use rights, please refer to the notes to the interim condensed consolidated financial statements.

### *Borrowings and debt financing*

As of 30 June 2021, the total borrowings and debt financing of the Group amounted to RMB166.827 billion, details of which are set out as follows:

	<i>Unit: thousand yuan</i>	<i>Currency: RMB</i>
	<b>30 June 2021</b>	31 December 2020
Loans and borrowings	<b>15,052,044</b>	9,769,331
Short-term debt instruments	<b>48,175,457</b>	48,724,368
Bonds payable	<b>103,599,744</b>	91,692,414
Total	<b><u>166,827,245</u></b>	<u>150,186,113</u>

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

## Section III Report of the Directors

Except for the borrowings and debt financing, the Group obtained funds through placements from other financial institutions and financial assets sold under repurchase agreements. As of 30 June 2021, the placements from other financial institutions were RMB7.225 billion while the financial assets sold under repurchase agreements were RMB151.187 billion. The total debt mentioned above was RMB325.239 billion.

Except for the liabilities disclosed in the Report, the Group did not have, as of 30 June 2021, any outstanding mortgages, charges, bonds, other debt capital, liabilities under acceptance or other similar indebtedness, guarantees or other material contingent liabilities.

### (II) Analysis of investments

#### 1. Overall analysis of external equity investment

Applicable  Not applicable

During the Reporting Period, material equity investments and non-equity investments of the Group were as follows:

##### **(1) Material equity investments**

Applicable  Not applicable

##### **(2) Material non-equity investments**

Applicable  Not applicable

Office buildings in Jing'an District, Shanghai: Guoxiang Properties, a subsidiary of the Company, received a planning permit of construction engineering and a construction permit for pile foundation for land lot No. 49 in Jing'an District on 23 June 2014 and commenced construction in June 2014. According to the resolution at the second meeting of the fifth session of the Board in 2016, the total investment amount for this project was adjusted to RMB1.879 billion by adding another project investment of RMB255 million. The accumulative investment of the project was RMB1.833 billion as of 30 June 2021.

## Section III Report of the Directors

### (3) Financial assets measured at fair value

√ Applicable □ Not applicable

Unit: thousand yuan Currency: RMB

Items	30 June 2021		January to June 2021		
	Initial investment cost/nominal amount	Fair value	Net amount purchased or sold	Investment income	Fair value changes
Financial assets at fair value through profit or loss	195,955,370	202,912,030	22,280,345	4,495,044	353,438
Debt instruments at fair value through other comprehensive income	60,099,122	61,214,188	-11,278,614	106,274	-
Equity instruments at fair value through other comprehensive income	2,944,147	2,940,544	-14,696,518	808,688	-
Derivative financial instruments	2,394,474,943	-3,119,559	192,687	-516,926	304,683

### (III) Material assets and equity disposal

√ Applicable □ Not applicable

In January 2020, the Company convened the twenty-first extraordinary meeting of the fifth session of the Board at which the "Proposal on Consideration and Approval of the Specific Plan for Targeted Capital Increase of Shanghai Securities Co., Ltd. (《關於提請審議上海證券有限責任公司定向增資具體方案的議案》)" was considered and approved, pursuant to which, Bailian Group Co., Ltd. and Shanghai Municipal Investment (Group) Corporation will subscribe for the newly issued capital of Shanghai Securities by way of non-public capital increase.

In December 2020, Shanghai Securities received the Reply on Approval of Shanghai Securities Co., Ltd.'s Change of Major Shareholders (Zheng Jian Xu Ke [2020] No. 3358) (《關於核准上海證券有限責任公司變更主要股東的批覆》(證監許可[2020]3358號)) from the CSRC and the CSRC approved Bailian Group Co., Ltd. to become a major shareholder and controlling shareholder of Shanghai Securities.

In February 2021, Shanghai Securities completed the industrial and commercial change registration of the additional registered capital, and the equity interests the Company held in Shanghai Securities decreased from 51% before this capital increase to 24.99%. As a preliminary assessment, the Company will record a revenue of RMB1.139 billion from this capital increase in Shanghai Securities, accounting for approximately 11.16% of the Group's total profit for the first half of 2021.



## Section III Report of the Directors

### (IV) Analysis of main holding companies

√ Applicable   □ Not applicable

#### 1. Guotai Junan Financial Holdings

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

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

As of 30 June 2021, the total assets of Guotai Junan Financial Holdings were RMB126.624 billion with net assets of RMB13.215 billion; in the first half of 2021, its operating revenue was RMB1.772 billion and its net profit was RMB0.978 billion.

#### 2. Guotai Junan Asset Management

Guotai Junan Asset Management is principally engaged in the licensed project: public fund management business and the general project: securities asset management business.

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

As of 30 June 2021, the total assets of Guotai Junan Asset Management were RMB7.977 billion with net assets of RMB6.214 billion; in the first half of 2021, its operating revenue was RMB1.201 billion and its net profit was RMB0.378 billion.

#### 3. Guotai Junan Futures

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

The registered capital of Guotai Junan Futures is RMB4 billion and the Company holds 100% of its equity interests.

As of 30 June 2021, the total assets of Guotai Junan Futures were RMB78.458 billion with net assets of RMB6.283 billion, its operating revenue was RMB5.237 billion and its net profit was RMB0.417 billion in the first half of 2021.

## Section III Report of the Directors

### 4. Guotai Junan Innovation Investment

Guotai Junan Innovation Investment is principally engaged in equity investment business and other businesses approved by the CSRC.

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

As of 30 June 2021, the total assets of Guotai Junan Innovation Investment were RMB8.758 billion with net assets of RMB7.693 billion; in the first half of 2021, its operating revenue was RMB98 million and its net profit was RMB25 million.

### 5. Guotai Junan Zhengyu

Guotai Junan Zhengyu is principally engaged in equity investment, financial product investment, and businesses as stipulated in the Management Norms of Alternative Investment Subsidiaries of Securities Companies.

The registered capital of Guotai Junan Zhengyu is RMB3 billion and the Company holds 100% of its equity interests.

As of 30 June 2021, the total assets of Guotai Junan Zhengyu were RMB4.091 billion with net assets of RMB3.751 billion; in the first half of 2021, its operating revenue was RMB0.521 billion and its net profit was RMB0.344 billion.

### 6. HuaAn Funds

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

The registered capital of HuaAn Funds is RMB150 million and the Company holds 28% of its equity interests.

As of 30 June 2021, the total assets of HuaAn Funds were RMB5.567 billion with net assets of RMB3.594 billion; in the first half of 2021, its operating revenue was RMB1.726 billion and its net profit was RMB0.45 billion.

## Section III Report of the Directors

### 7. Shanghai Securities

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

The registered capital of Shanghai Securities is RMB5.326532 billion and the Company holds 24.99% of its equity interests.

As of 30 June 2021, the total assets of Shanghai Securities were RMB66.563 billion with net assets of RMB18.448 billion; in the first half of 2021, its operating revenue was RMB1.025 billion and its net profit was RMB0.339 billion.

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

Applicable    Not applicable

As of 30 June 2021, the Group consolidated 47 structured entities, which include asset management schemes and partnerships. For those asset management schemes where the Group is involved as a manager and partnerships where the Group is involved as general partner or investment manager, the Group considered that it had control rights over some asset management schemes and partnerships and incorporated them into the consolidated category after comprehensively taking into account various factors such as the investment decision rights they owned and their exposures to the variable returns. As at 30 June 2021, the impacts of the above structured entities which were incorporated into the consolidated category on the Group's consolidated total assets was RMB5.799 billion, and such impacts on the Group's consolidated operating revenue and consolidated net profit for the first half of 2021 were negative RMB66 million and negative RMB43 million, respectively.

## Section III Report of the Directors

### V. OTHER DISCLOSURES

#### (I) Potential risk exposures

Applicable  Not applicable

##### 1. Overview

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

##### 2. Risk management structure

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

## Section III Report of the Directors

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

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

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

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

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

## Section III Report of the Directors

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

The members of risk management committee include the president, the chief risk officer, the chief compliance officer, the chief financial officer, the head of the strategic development department, the head of the planning and finance department, the head of the legal compliance department, the head of risk management department, the head of the group audit center and the head of internal audit risk management department.

## Section III Report of the Directors

### 3) *Risk management departments*

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

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

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

## Section III Report of the Directors

### 3. Risk management system

The Company established a 4-level risk management system based on its business characteristics and level of operational risks and has been constantly perfecting it. The system includes: measures on comprehensive risk management; various risk management measures based on different risks such as market risk, credit risk, operational risk, liquidity risk and reputational risk; risk management system on various business and products; and the practical business operation protocol. During the Reporting Period, the Company formulated the information technology risk management measures, and revised measures on comprehensive risk management, new business compliance and risk management measures, working rules of the risk management committee, and the authorization management measures subsidiary compliance and risk management measures, business system authority and information security management measures, risk management system authority management measures, etc., in accordance with the latest regulatory requirements and the adjustment to the Company's organizational structure.

### 4. Risk appetite system

Risk appetite is the Company's overall attitude towards risks, as well as the type and level of risks it is willing to bear after taking into full consideration of net capital, assets and liabilities, solvency, liquidity, external ratings, compliance operations and future business risk and opportunity, provided that the requirements of stakeholders including creditors, customers, regulatory authorities and rating agencies have been satisfied.

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

During the Reporting Period, after consideration and approval by the Board, the Company defined the Group's risk appetite, tolerance and limit for 2021, and differentiated different dimensions such as risk types and subsidiaries for decomposition and transmission and implemented in the ordinary course of business. In the first half of 2021, the Group's various indicators remained stable under its risk appetite system.



## Section III Report of the Directors

### 5. Measures against various risks

#### 1) *Market risks*

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

The Company implements limit management for market risks and formulates a market risk limit system comprising business scale, loss limit, Value at Risk (VaR), exposure, Greek letters, effectiveness of hedge, concentration and various types of risk indicators. It determines the alarm standards, warning standards and responding measures for market risks. The Company conducts daily monitoring for market risk limits by using its risk management system to monitor the operation of its businesses. We report market risk monitoring and management conditions, and conduct specialized analysis on risk matters, in order to provide basis for decision making. The Company adopts methods such as Value at Risk (VaR) and Stress Test to analyze and assess market risk. The Company's Value at Risk (VaR) calculation applies a historical simulation method based on the historical data for the previous 12 months, assuming the holding period is one day and the confidence level is 95%. The calculation model of VaR covers equity price risk, interest rate risk, commodity price risk and exchange rate risk. The Company regularly reviews the effectiveness of VaR model through the back testing method.

The following table sets forth the VaR of the Company by risk types as at the dates and for the periods indicated: (1) the daily VaR as of the end of the respective period; (2) the average value, the minimum value and maximum value of the daily VaR for the respective period.

## Section III Report of the Directors

### Value at Risk (VaR) of the Group for the first half of 2021

Unit: ten thousand yuan Currency: RMB

Category	30 June	31 December	The first half of 2021		
	2021	2020	Average	Minimum	Maximum
Equity price-sensitive financial instruments	<b>16,869</b>	22,669	17,561	15,246	24,315
Interest rate-sensitive financial instruments	<b>11,357</b>	22,224	16,637	10,715	24,455
Commodity price-sensitive financial instruments	<b>1,409</b>	2,285	2,605	1,407	4,434
Exchange rate-sensitive financial instruments	<b>2,427</b>	3,404	2,900	2,258	3,641
Risk diversification effect	<b>(7,060)</b>	(18,908)	(11,341)	(5,022)	(19,692)
Total portfolio VaR	<b>25,002</b>	31,674	28,360	24,958	33,389

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

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

As at the end of the first half of 2021, the Company's market risk is generally controllable, and no major market risk events occurred.

### 2) Credit risks

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

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

## Section III Report of the Directors

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

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

As at the end of the first half of 2021, the Company's credit risk was generally controllable, and no major credit default events occurred in bond investment business. The average performance guarantee ratio of the margin loans for stock-pledged financing business was 297%, and the average of the guarantee ratio for clients with outstanding liabilities in margin financing and securities lending business maintained at 294%.

### 3) *Liquidity risks*

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

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

## Section III Report of the Directors

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

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

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

In the first half of 2021, the liquidity of the market was generally reasonable and sufficient with occasional fluctuations. The Company's liquidity coverage ratio and net stable funding ratio met the regulatory requirement. The net size of the cash management pool was higher than the minimum scale limit set by the Company and the overall liquidity status was good.

## Section III Report of the Directors

### 4) *Operational risks*

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

The Company sorts out the key risk points and control processes of each business, manages daily operational risks by using the operational risk management system, and establishes the self-evaluating procedure of operational risk and control. Each department, branch and subsidiary actively identifies operational risks in their internal systems and procedures, employee behaviors and IT systems to ensure that the operational risks in existing and new businesses and management are adequately assessed. The Company systematically gathers and organizes the information of the events of operational risk and loss data, establishes key operational risk indicator system and monitors its process, and prepares periodical reports. In terms of significant operational risk events, it will provide specific valuation reports to ensure that the operational risk situation of the Company could be fully understood in a timely manner, which in turn facilitates their decision-making regarding the response to the risks or the initiation of contingency plans.

The Company continuously strengthens the security of information systems, formulates a comprehensive emergency response plan for information security events, and conducts regular assessment over the main plan and sub plan of emergency response. It also arranges various rehearsals against incidents, disaster and other scenarios that cover all important information systems in the headquarters and all branches, and improves, modifies and upgrades its system and emergency response plan based on the results of rehearsal and findings identified.

In the first half of 2021, the Company's information technology and operation affairs ran smoothly in a safe way with no significant operational risk events. The fault backup and recovery time for each information system emergency rehearsal reached our established goal, which has verified that the Company's core information system has incident and disaster response capabilities.

## Section III Report of the Directors

### 5) *Reputational risk*

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

In the first half of 2021, the Company improved the reputational risk monitoring and early warning mechanism, had stable overall public sentiment and incurred no major reputational risk events.

### (II) Other disclosures

Applicable    Not applicable

#### 1. **The operation plan and goals for the Next Reporting Period and the strategies and actions adopted for achieving the goals**

In the second half of 2021, the Group will continue to adhere to the general principle of "making progress while maintaining stability, strengthening and reinforcing its foundation" and continue to implement the working guideline of "seeking motivation from reform, vitality from talents, efficiency from management and development from innovation". Based on the requirements of "comprehensive services, digital transformation, international layout, and group management and control", the Group will spare no effort in eight aspects, namely advancing human resource reform, deepening collaboration and operation, improving weaknesses of core business capabilities, giving full play to the strategic supporting role of the Company's branches, strengthening refined financial management, establishing a group-based compliance and risk control system, promoting the operating model reform and digital transformation, so as to continually propel the Company's high-quality development.

## Section III Report of the Directors

For various specific business areas, in respect of the wealth management business, the Group will combine digital transformation with standardized construction of branches to promote model transformation, channel optimization, capabilities and service upgrades; the Group will continue to increase the share of financing and securities lending business, explore the development direction of pledge business, and launch new businesses under the new business logic and framework; in respect of the investment banking business, the Group will deepen the divisional system reform, accelerate the development of IPO business, focus on key industries and important areas and improve the service capabilities of the entire industry chain to continue to promote the ecological construction of “investment banking +”; in respect of the institutional and trading business, the Group will forge the brand competitiveness of its institutional business through integrated sales + professional service model and continue to enhance customer demand business capabilities; in respect of the investment management business, the Group will establish a competitive investment research team and investment research system to further enhance product competitiveness; and in respect of the international business, the Group will deepen the integrated management, perfect the domestic and overseas collaboration mechanism and accelerate the international strategies deployment to explore new sources of revenue growth.

### 2. Risk control for business innovation

- 1) The Company has included innovative business in its comprehensive risk management system. Based on the development and risk profile of innovative business, the Company has established a complete decision-making mechanism, a management model and an organization structure catering for its business and formulated relevant compliance and risk management policies for the innovative business to standardize the risk management for the innovative business during the entire process. The sustainable and healthy development of each innovative business on the premise of building the capability to monitor, control and bear risks was ensured through risk assessment and determination, inspection before launch and continuous management for innovative business. Before the launch of innovative business, risk management departments of the Company conducted compliance verification, identification and assessment, measurement and analysis, and directed business department to improve internal control mechanism in relation to policies and procedures.
- 2) The Company has established multi-level risk control and warning mechanism for innovative business and designed various risk control indicators and risk limits for each level based on the risk profile of the business, which enabled dynamic track to the risks of innovative business. In the course of each particular business, the specific compliance and risk controller of business department was responsible for overseeing the market and the risk management department conducted independent monitoring, so as to prompt risk warning in case of abnormal risk control indicators and take corresponding risk control measures based on the level of the risk warning, therefore ensuring the risk level of innovative business at any time was within the tolerance of the Company.

## Section III Report of the Directors

- 3) The Company has established the policy of regular report and significant risk event report for innovative business to issue regular risk information report for the innovative business, ensuring that all the staff and senior management involved in innovative business were informed of all necessary business, risk and management information on a timely basis. When the operation of innovative business was impacted by reason of external market turmoil, internal management problems and technical system failure, which might result in significant loss to the interest or reputation of the Company, the responsible department or the internal control department that identified the risk should immediately report to the business leader, the chief risk officer and the risk management department for the implementation of existing contingency plan or proposing new response plan based on the actual situation by the decision makers.
- 4) The Company conducted special review on the conduction of innovative business on a regular basis to improve the internal control and risk response capacity of the business. Such special review covered important steps of innovative business and management. Each of the related departments studied and analyzed the conduction and internal control mechanism of innovative business based on the findings of special review, improved the management policies, operation process and corresponding control mechanism, and completed the contingency plan for innovative business, ensuring the stable and healthy development of innovative business.



## Section IV Corporate Governance

### I. INFORMATION OF THE GENERAL MEETING

Meeting session	Convening date	The address of the designated website for publishing resolutions	The disclosure date for publishing resolutions	Resolutions at the meeting
2020 Annual General Meeting	28 June 2021	www.sse.com.cn www.hkexnews.hk	28 June 2021	The Work Report of the Board of the Company for 2020, the Work Report of the Supervisory Committee of the Company for 2020, the Resolution on the Proposal to Consider the Profit Distribution Plan of the Company for 2020, the Resolution on the Proposal to Consider the Re-appointment of Accounting Firm, the Resolution on the Proposal to Consider the Annual Report of the Company for 2020, the Resolution on the Potential Related Party Transactions Contemplated in the Ordinary Course of Business of the Company in 2021, the Resolution on the Proposal to Consider the General Mandate to Issue Onshore and Offshore Debt Financing Instruments, the Resolution on the Proposal to Consider the General Mandate to Issue Assets-backed Securities, the Resolution on the Proposal to Consider the Potential Related Party Transactions Involved in the Issuance of Onshore and Offshore Debt Financing Instruments and Assets-backed Securities, the Resolution on the General Mandate to the Board to Issue Additional A Shares and/or H Shares, the Resolution on Proposing to determine the Remuneration for Directors of the Sixth Session of the Board and Supervisors of the Sixth Session of the Supervisory Committee at the General Meeting, the Resolution on the Election of Non-independent Directors of the Sixth Session of the Board, the Resolution on the Election of Independent Directors of the Sixth Session of the Board and the Resolution on the Election of Non-employee Representative Supervisors of the Sixth Session of the Supervisory Committee were considered and approved.

#### Request for convening of an extraordinary general meeting by the holders of preferred shares with voting rights restored

Applicable     Not applicable

#### General meetings

Applicable     Not applicable

## Section IV Corporate Governance

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

√ Applicable    □ Not applicable

Name	Position	Reason of change
CHEN Hua	Director	Election
ZHANG Zhan	Director	Election
FAN Renyi	Director	Election
DING Wei	Independent Director	Election
LI Renjie	Independent Director	Election
BAI Wei	Independent Director	Election
ZHU Ning	Independent Director	Election
WU Hongwei	Vice chairman of the Supervisory Committee, employee representative Supervisor	Election
ZHOU Zhaohui	Supervisor	Election
SHEN Yun	Supervisor	Election
SHAO Liangming	Employee representative Supervisor	Election
XIE Min	Employee representative Supervisor	Election
XIE Lebin	Vice president	Appointment
LUO Dongyuan	Vice president	Appointment
NIE Xiaogang	Vice president, Chief Financial Officer, Chief Risk Officer	Appointment
LI Junjie	Vice president	Appointment
ZHOU Lei	Former Director	Retirement
LIN Facheng	Former Director	Retirement
ZHOU Hao	Former Director	Retirement
FAN Renyi	Former Director	Resignation
SHI Derong	Former independent Director	Retirement
CHEN Guogang	Former independent Director	Retirement
LING Tao	Former independent Director	Retirement
JIN Qingjun	Former independent Director	Retirement
ZHU Ning	Former independent Director	Resignation
WANG Lei	Former vice chairman of the Supervisory Committee, employee representative Supervisor	Retirement
SHAO Chong	Former Supervisor	Retirement
FENG Xiaodong	Former Supervisor	Retirement
WANG Weijie	Former employee representative Supervisor	Retirement
LIU Xuefeng	Former employee representative Supervisor	Retirement
JIANG Yiming	Former vice president	Retirement
CHEN Yutao	Former vice president	Retirement

## Section IV Corporate Governance

### Changes in Directors, Supervisors and senior management of the Company

√ Applicable    □ Not applicable

1. On 24 June 2021, Mr. WU Hongwei, Mr. SHAO Liangming and Mr. XIE Min were elected as the employee representative Supervisors of the sixth session of the Supervisory Committee at the twelfth meeting of the fourth session of the employee representatives general meeting of the Company; Mr. WANG Lei, Mr. WANG Weijie and Mr. LIU Xuefeng ceased to serve as the employee representative Supervisors.
2. On 28 June 2021, the Resolution on the Election of Non-independent Directors of the Sixth Session of the Board, the Resolution on the Election of Independent Directors of the Sixth Session of the Board and the Resolution on the Election of Non-employee Representative Supervisors of the Sixth Session of the Supervisory Committee were considered and approved at the 2020 Annual General Meeting of the Company and Mr. CHEN Hua, Mr. ZHANG Zhan and Mr. FAN Renyi were elected as the Directors of the sixth session of the Board of the Company; Mr. DING Wei, Mr. LI Renjie, Mr. BAI Wei and Mr. ZHU Ning were elected as the independent Directors of the sixth session of the Board of the Company; Mr. ZHOU Zhaohui and Mr. SHEN Yun were elected as the Supervisors of the sixth session of the Supervisory Committee of the Company. Mr. ZHOU Lei, Mr. LIN Facheng, Mr. ZHOU Hao, Mr. SHI Derong, Mr. CHEN Guogang, Mr. LING Tao and Mr. JIN Qingjun ceased to serve as the Directors; Mr. SHAO Chong and Mr. FENG Xiaodong ceased to serve as the Supervisors.
3. On 28 June 2021, the Resolution on Proposed Appointment of Senior Management was considered and approved at the first meeting of the sixth session of the Board of the Company and Mr. GONG Dexiong, Mr. XIE Lebin, Mr. LUO Dongyuan, Mr. NIE Xiaogang and Mr. LI Junjie were appointed as the vice presidents of the Company; Mr. NIE Xiaogang was appointed as the Chief Financial Officer and Chief Risk Officer of the Company; Mr. YU Jian was appointed as the secretary to the Board of the Company; Ms. ZHANG Zhihong was appointed as the Chief Compliance Officer of the Company; Mr. JIANG Yiming and Mr. CHEN Yutao ceased to serve as the vice presidents of the Company.
4. On 9 July 2021, Mr. FAN Renyi ceased to serve as the Director of the sixth session of the Board due to his business engagement.
5. On 29 July 2021, Mr. ZHU Ning ceased to serve as the independent Director of the sixth session of the Board due to his business engagement.

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

On 12 July 2021, Mr. Ding Wei resigned as an independent non-executive director of CAR Inc. CAR Inc. has withdrawn its listing status from the Hong Kong Stock Exchange on 8 July 2021 (former stock code: 0699).

## Section IV Corporate Governance

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

#### Half-year proposal for profit distribution and transfer of capital reserve fund into capital

Whether to distribute profit or transfer capital reserve fund into capital	No
Number of bonus shares for every 10 shares (share)	-
Amount of dividend for every 10 shares (RMB) (inclusive of tax)	-
Number of increased shares for every 10 shares (share)	-

#### Relevant explanation on proposal for profit distribution or transfer of capital reserve fund into capital

Not applicable

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

#### 1.1. The Restricted Share Incentive Scheme of A Shares

On 12 August 2020, the Restricted Share Incentive Scheme of A Shares (the “Incentive Scheme”) was considered and approved at the 2020 first extraordinary general meeting of the Company. On 17 September 2020, the Board considered and approved the Resolution on Proposing to Consider the Matters Relating to Adjustments to the Restricted Share Incentive Scheme of A Shares of the Company and the Resolution on Proposing to Consider the First Grant of the Restricted A Shares to the Incentive Participants and granted 79,300,000 Restricted A Shares to 440 Incentive Participants at a price of RMB7.64 per share. On 2 November 2020, the Board completed the registration for 79,000,000 Restricted A Shares of the First Grant under the Incentive Scheme with China Securities Depository and Clearing Corporation Limited Shanghai Branch.

On 19 July 2021, the Board considered and approved the Resolution on Proposing to Consider the Grant of the Reserved Restricted A Shares to the Incentive Participants and granted 9,999,990 reserved Restricted A Shares to 58 Incentive Participants at a price of RMB8.51 per share. On 24 August 2021, the Board considered and approved the Resolution on Proposing to Consider the Adjustments to the Grant Price of Reserved Restricted A Shares and the grant price was adjusted to RMB7.95 per share.

## Section IV Corporate Governance

### 1.2. The Share Option Scheme of Guotai Junan International

Guotai Junan International adopted a share option scheme (the “Share Option Scheme of Guotai Junan International”) on 19 June 2010. The purpose of the Share Option Scheme of Guotai Junan International is to provide the people working for the interests of Guotai Junan International with an opportunity to obtain equity interest in Guotai Junan International, thus linking their interests of Guotai Junan International and thereby providing them with an incentive to work better for the interests of Guotai Junan International.

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

The total number of shares of Guotai Junan International (“Shares of Guotai Junan International”) that may be issued upon exercise of all share options granted and to be granted must not in aggregate exceed 10% of the shares issued by Guotai Junan International at the date of adoption of the Share Option Scheme of Guotai Junan International (i.e. 164,000,000 Shares). As at the date of the Report, the total number of Shares of Guotai Junan International available for issue in respect of the share options which had been granted and were outstanding under the Share Option Scheme of Guotai Junan International was 51,912,131 shares, representing approximately 0.54% of the shares in issue.

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

## Section IV Corporate Governance

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

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

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

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

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

## Section IV Corporate Governance

Movements of the share options under the Share Option Scheme of Guotai Junan International for the six months ended 30 June 2021 are set out as follows:

Name of participants	At 1 January 2021	Number of share options				At 30 June 2021	Exercise price (HK\$)	Date of grant (Note 2)	Exercise period (Note 2)
		Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period				
<i>Directors</i>									
YIM Fung	800,000	—	—	—	—	800,000	2.440	13/07/2017	13/07/2018- 12/07/2027
	500,000	—	—	—	—	500,000	1.720	04/07/2018	04/07/2019- 03/07/2028
	1,000,000	—	—	—	—	1,000,000	1.450	11/09/2019	11/09/2020- 10/09/2029
WONG Tung Ching	800,000	—	—	—	—	800,000	2.440	13/07/2017	13/07/2018- 12/07/2027
	500,000	—	—	—	—	500,000	1.720	04/07/2018	04/07/2019- 03/07/2028
	1,000,000	—	—	—	—	1,000,000	1.450	11/09/2019	11/09/2020- 10/09/2029
QI Haiying	800,000	—	—	—	—	800,000	2.440	13/07/2017	13/07/2018- 12/07/2027
	500,000	—	—	—	—	500,000	1.720	04/07/2018	04/07/2019- 03/07/2028
	1,000,000	—	—	—	—	1,000,000	1.450	11/09/2019	11/09/2020- 10/09/2029
LI Guangjie	800,000	—	—	—	—	800,000	2.440	13/07/2017	13/07/2018- 12/07/2027
	500,000	—	—	—	—	500,000	1.720	04/07/2018	04/07/2019- 03/07/2028
	1,000,000	—	—	—	—	1,000,000	1.450	11/09/2019	11/09/2020- 10/09/2029
<b>Subtotal</b>	<b>9,200,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>9,200,000</b>			

## Section IV Corporate Governance

Name of participants	At		Number of share options				At		Date of grant	Exercise period
	1 January 2021	(Note 1)	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	30 June 2021	Exercise price (HK\$)		
<i>Employees (in aggregate)</i>	1,260,480	(Note 1)	—	(1,260,192)	—	(288)	—	0.827	(Note 1)	24/04/2012-09/06/2021
	26,682,237	(Note 1)	—	(505,871)	—	(5,414,235)	20,762,131	1.264	(Note 1)	10/01/2014-09/01/2024
	6,200,000		—	—	—	(1,400,000)	4,800,000	2.440		13/07/2017-12/07/2027
	6,900,000		—	—	—	(1,100,000)	5,800,000	1.720		04/07/2018-03/07/2028
	13,050,000		—	—	—	(1,700,000)	11,350,000	1.450		11/09/2019-10/09/2029
<b>Subtotal</b>	<b>54,092,717</b>		<b>—</b>	<b>(1,766,063)</b>	<b>—</b>	<b>(9,614,523)</b>	<b>42,712,131</b>			
<b>Total</b>	<b>63,292,717</b>		<b>—</b>	<b>(1,766,063)</b>	<b>—</b>	<b>(9,614,523)</b>	<b>51,912,131</b>			

Notes:

- The number of outstanding share options and the exercise price are subject to adjustment in case of reorganization of the capital structure of Guotai Junan International. Pursuant to the announcements dated 29 September 2014 and 9 July 2015, Guotai Junan International adjusted respectively the number of outstanding share options and the exercise price with reference to the terms of the Share Option Scheme and the supplementary guidance attached to the letter of the Stock Exchange relating to the Share Option Scheme dated 5 September 2005.
- In respect of the share options granted on 24 April 2012, one-third of the share options has been vested evenly on 10 June 2012, 10 June 2013 and 10 June 2014 and exercisable until 9 June 2021.
- In respect of the share options granted on 10 January 2014, one-third of the share options has been vested evenly on 10 January 2015, 10 January 2016 and 10 January 2017 and exercisable until 9 January 2024.
- In respect of the share options granted on 13 July 2017, one-third of the share options has been vested evenly on 13 July 2018, 13 July 2019 and 13 July 2020 and exercisable until 12 July 2027.
- In respect of the share options granted on 4 July 2018, one-third of the share options has been vested evenly on 4 July 2019, 4 July 2020 and 4 July 2021 and exercisable until 3 July 2028.
- In respect of the share options granted on 11 September 2019, one-third of the share options has been vested evenly on 11 September 2020, and shall be vested on 11 September 2021 and 11 September 2022 and exercisable until 10 September 2029.
- The weighted average closing price of the shares of Guotai Junan International on the day immediately before the dates on which the options were exercised during the Reporting Period was HK\$1.23 per share (2020: 1.24).



## Section IV Corporate Governance

### V. MATERIAL CHANGES IN BIOGRAPHICAL PARTICULARS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

Please refer to “II. Changes in Directors, Supervisors and Senior Management of the Company” of this section. Save as disclosed therein, there were no other material changes in the biographical particulars of Directors, Supervisors and chief executive during the Reporting Period pursuant to Rule 13.51B of the Hong Kong Listing Rules.

### VI. SECURITIES TRANSACTIONS BY DIRECTORS, SUPERVISORS AND RELEVANT EMPLOYEES

The Company formulated and amended the Administrative Measures for the Shareholdings of Directors, Supervisors and Senior Management Members in the Company and Their Changes (hereinafter referred to as the “Administrative Measures”) which has been implemented since 11 April 2017 on which the H Shares of the Company were listed on the Hong Kong Stock Exchange, to regulate the conducts of Directors, Supervisors and senior management members of the Company in holding and dealing in the Shares. The requirements stipulated in the Model Code have been adopted in the Administrative Measures as the code of conducts for the Directors, Supervisors and relevant employees of the Company to deal in the securities, and the requirements in the Administrative Measures are stricter than the mandatory provisions in the Model Code. After making enquiries, all the Directors, Supervisors and senior management members of the Company have confirmed that they had been in strict compliance with the relevant requirements of the Administrative Measures and the Model Code throughout the Reporting Period.

### VII. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has strictly complied with the Corporate Governance Code by fully complying with the code provisions and satisfied substantially all the requirements for recommended best practices set out therein.

# Section V Environment and Social Responsibility

## I. ENVIRONMENTAL INFORMATION

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

Applicable  Not applicable

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

Applicable  Not applicable

**1. Administrative penalties due to environmental protection issues**

Applicable  Not applicable

**2. Disclosure of other environmental protection information with reference to the list of critical pollutant dischargers**

Applicable  Not applicable

**3. Reasons for not disclosing other environmental protection information**

Applicable  Not applicable

**(III) Subsequent progress or changes in environmental protection information disclosed during the Reporting Period**

Applicable  Not applicable

## Section V Environment and Social Responsibility

### (IV) Relevant information that is conducive to ecological protection, pollution prevention, and fulfilment of environmental responsibilities

Applicable  Not applicable

With the thorough implementation of strategic decision and deployment of the CPC Central Committee and the State Council on peak carbon dioxide emissions and carbon neutrality, the Group insisted on the philosophy of “Serving the Country with Financial Services (金融報國)”, and actively served and practiced the concept of green and low-carbon development by taking into account its strategy implementation plan of “three three-years in three steps”. It promoted the overall improvement of the comprehensive green financial service capability of the Company and took the lead in playing a demonstration role of green and high-quality development practices to positively perform the industry responsibilities and social responsibilities of financial enterprises.

#### 1. One of the first batch of domestic securities institutions to carry out carbon trading business, with strong market influence

In 2014, the Company spearheaded the establishment of an off-market carbon finance business team in the securities industry. In 2015, the Company was among the first batch of domestic securities companies to obtain the carbon trading license by the CSRC, and also the first securities company in Mainland China for the admission to the International Emission Trading Association (IETA). It has successively established registration and settlement relationships with seven pilot carbon emission exchanges including Shanghai Environment and Energy Exchange to ensure the smooth development of carbon emission trading business. Since its inception, the Group extensively cooperated with electric power, forestry, new energy, smart travel and other important groups and governmental authorities, and successively completed various businesses such as the first CCER (Chinese Certified Emission Reduction) development transaction by a securities company and the first carbon allowance forward transaction in Shanghai. The Group was awarded as an outstanding member and outstanding investment institution piloted by the carbon emissions exchanges for many consecutive years, with transaction scale ranked top in Shanghai, Guangdong, Beijing and other pilot regions, accounting for approximately 8% of the carbon trading market share in pilot regions where the Company participated in. As an important participant in the domestic carbon trading market and an influential pricing trading institution, the Group has provided leading carbon finance services for many leading enterprise groups in respect of green emission reduction.

## Section V Environment and Social Responsibility

### 2. Promoting the green industrial development with comprehensive financial services to fully meet the investment and financing needs of different types of customers

For a long time, the Group has been deeply involved in low-carbon environmental protection and new energy industries, covering important industrial fields such as ecology and environmental protection, environmental governance, wind power generation and hydrogen fuel cell, so as to promote industrial technology upgrade and green transformation of the regional economy. Since 2016, the Group has assisted companies falling within the above-mentioned industries to complete onshore and offshore green debt financing of approximately RMB250 billion and green equity financing of over RMB20 billion, and continued to strengthen its investment support for green industries. Since 2016, the Group has participated in green debt-related investment transactions with a cumulative scale of RMB66.8 billion, and assisted its customers to participate in investments in listed companies in green low-carbon industry, with a cumulative scale of RMB800 million. With the establishment of the market-oriented fund of funds, the Group has focused on strategic emerging industries such as environmental protection and new energy; participated in projects in the fields of photovoltaic power generation, sewage treatment, waste gas treatment, clean energy, and smart travel through onshore and offshore private equity investment and strategic placements with an amount of over RMB1 billion.

Meanwhile, the Group has introduced, created and entrusted various green and low-carbon financial products for investors. Since 2016, the Company has introduced 26 leading public fund products in respect of green and low-carbon theme in the market. Guotai Junan Asset Management has accumulatively issued 6 green asset-backed securities, and successfully issued the first ABS product under the financial leasing category of “carbon neutrality” in the PRC. Guotai Junan International has issued a total of 12 asset management products supporting green finance; HuaAn Funds has accumulatively issued 3 funds in respect of green and low-carbon theme, with a total issuance scale of over RMB10 billion; The Company has also provided asset custody outsourcing services for 5 environmental protection themed private funds.

## Section V Environment and Social Responsibility

### 3. Implementing the concept of green and low-carbon development and consciously fulfilling corporate social responsibility

The Group is a pioneer in implementing the concept of green and low-carbon development in Mainland China. Under the guideline of “grasping the new development stage, implementing the new development concept and building a new development pattern”, the Company continuously deepens the core theme of ESG (environmental, social and governance) governance concepts and continues to strengthen and reinforce its foundation, so as to boost its sustainable and high-quality development. In 2020, Guotai Junan International established the ESG Committee under the Board to improve the sustainable development of overseas operations. The Group actively promoted the policy of “intensification, cost reduction, quality improvement and efficiency enhancement”, and reduced operating costs and improved intensification capabilities and management efficiency to implement high-standard energy-saving requirements consistently and reduce greenhouse gas emissions through establishing a centralized procurement platform, cleaning up idle resources and strengthening the construction of centralized data. In 2020, the greenhouse gas emissions generated from operations of the headquarters of the Group amounted to 57,443 tonnes of CO<sub>2</sub> equivalent, representing a year-on-year decrease of 5%.

The Group is also a firm advocate of the concept of green and low-carbon development. The Group has successively invited governmental authorities and onshore and offshore financial institutions, including the Chinese Academy of Engineering, MSCI and Standard & Poor’s, to organize several theme forums for popularizing the concept of green and low-carbon development to the industry and society and demonstrate its social responsibility of the large-scale leading financial institutions.

## Section V Environment and Social Responsibility

### (V) Measures taken to reduce carbon emissions during the Reporting Period and the relevant effects

Applicable    Not applicable

#### 1. **Publishment of the “Action Plan for Implementing Peak Carbon Dioxide Emissions and Carbon Neutrality of Guotai Junan (《國泰君安踐行碳達峰碳中和行動方案》)”**

On 28 May 2021, the Group jointly held the “Green Finance, Low-Carbon Future” forum with Shanghai United Assets and Equity Exchange and Shanghai Environment and Energy Exchange, and published the “Action Plan for Implementing Peak Carbon Dioxide Emissions and Carbon Neutrality of Guotai Junan (《國泰君安踐行碳達峰碳中和行動方案》)”. Guided by the development strategy of “three three-years in three steps”, the Group will focus on forging and improving the five key capabilities of “financing, investment, trading, cross border and risk control”, actively implement the provision of leading and comprehensive carbon finance services and full-cycle and full-chain green investment and financing services, and create and sell the financial products in respect of carbon neutrality theme. The Group will also strengthen international deployment and cooperation in green finance, promote the overall strategic cooperation in the green and low-carbon field, propel the operating philosophy of “intensification, cost reduction, quality improvement and efficiency enhancement”, boost the comprehensive digital transformation of the Group, carry forward the green development cultural concept and demonstrate and implement the eight major action plans, so as to fully enhance the corporate governance efficiency, improve the green and low-carbon financial services capability, and strive to achieve its own “peak carbon dioxide emissions and carbon neutrality” as soon as possible.

## Section V Environment and Social Responsibility

### 2. Comprehensive green finance services during the Reporting Period

#### (1) Green finance

During the Reporting Period, the Group issued 19 green bonds for 13 companies, with the financing scale of RMB14.526 billion, among which, 21 Jiang Technology GK is the first green technology innovation bond for carbon neutrality in the PRC; GC Avic International Leasing 01 is among the first batch of green corporate bonds for carbon neutrality in the Shenzhen Stock Exchange; 21 SHANGHE 1C is the first green asset-backed securities for individual car mortgage loans in the PRC.

No.	Full name of bonds	Abbreviation of bonds	Amount of financing (RMB100 million)
1	2021 Public Offering of Green Corporate Bonds to Professional Investors of Zhuhai Huafa Group Co., Ltd. (珠海華發集團有限公司) (First Tranche) (Specialized for Carbon Neutrality)	21 ZHUHUA G1	10.00
2	2021 Public Offering of Green Corporate Bonds to Professional Investors of Capital Airports Holding Company (首都機場集團公司) (First Tranche) (Specialized for Carbon Neutrality)	GC Airports 01	30.00
3	2021 Non-public Offering of the First Tranche Green Technology Innovation Corporate Bonds of Nanjing Jiangbei New District Technology Investment Group Co., Ltd. (南京江北新區科技投資集團有限公司) (Specialized for Carbon Neutrality)	21 Jiang Technology GK	0.50
4	2021 Public Offering of Green Corporate Bonds of Shenzhen Expressway Company Limited (深圳高速公路股份有限公司) (First Tranche)	G21 SHENGAO 1	12.00
5	Preferred A1 Grade Asset-backed Securities under 2021 First Tranche Green Asset-backed Special Plan (Specialized for Carbon Neutrality) of Guojun Asset Management (國君資管) - Zhongdian Investment and Finance Leasing (中電投融和租賃)	GC Investment and Finance Leasing A1	8.57

## Section V Environment and Social Responsibility

No.	Full name of bonds	Abbreviation of bonds	Amount of financing (RMB100 million)
6	Preferred A2 Grade Asset-backed Securities under 2021 First Tranche Green Asset-backed Special Plan (Specialized for Carbon Neutrality) of Guojun Asset Management (國君資管) - Zhongdian Investment and Finance Leasing (中電投融和租賃)	GC Investment and Finance Leasing A2	3.65
7	Subordinated Asset-backed Securities under 2021 First Tranche Green Asset-backed Special Plan (Specialized for Carbon Neutrality) of Guojun Asset Management (國君資管) - Zhongdian Investment and Finance Leasing (中電投融和租賃)	GC Investment and Finance Leasing CI	0.64
8	2021 First Tranche Green Bonds of Guangdong Energy Group Co., Ltd. (廣東省能源集團有限公司)	21 Guangdong Energy Bonds 01	10.00
9	2021 Second Tranche Green Bonds of Wuhan Metro Group Co., Ltd. (武漢地鐵集團有限公司)	21 Wuhan Metro Green Bonds 02	10.00
10	2021 First Green Placement Debt Financing Instruments of Deqing Construction and Development Group Co., Ltd. (德清縣建設發展集團有限公司)	21 Deqing Construction and Development PPN001 (Green)	4.00
11	2021 Public Offering of Green Short-term Corporate Bonds of Jiangxi Expressway Investment Group Co., Ltd. (江西省交通投資集團有限責任公司) (First Tranche) (Specialized for Carbon Neutrality)	GC Jiangxi Expressway S1	1.00
12	2021 Public Offering of Innovation and Entrepreneurship Green Specialized Corporate Bonds of Shanghai Zhangjiang HiTech Park Development Co., Ltd. (上海張江高科技園區開發股份有限公司)	G21 Zhangjiang 1	10.80



## Section V Environment and Social Responsibility

No.	Full name of bonds	Abbreviation of bonds	Amount of financing (RMB100 million)
13	Subordinated Asset-backed Securities under 2021 First Tranche Green Individual Car Mortgage Loans of Shanghe (上和)	21 SHANGHE 1C	0.60
14	Preferred A1 Grade Asset-backed Securities under 2021 First Tranche Green Individual Car Mortgage Loans of Shanghe (上和)	21 SHANGHE 1A1	5.50
15	Preferred A2 Grade Asset-backed Securities under 2021 First Tranche Green Individual Car Mortgage Loans of Shanghe (上和)	21 SHANGHE 1A2	2.60
16	Preferred B Grade Asset-backed Securities under 2021 First Tranche Green Individual Car Mortgage Loans of Shanghe (上和)	21 SHANGHE 1B	0.40
17	2021 First Tranche Green Finance Bonds of Chongqing Rural Commercial Bank Co., Ltd. (重慶農村商業銀行股份有限公司)	21 Chongqing Rural Commercial Bank Green Finance Bond 01	10.00
18	2021 Second Tranche Green Finance Bonds of Chongqing Rural Commercial Bank Co., Ltd.	21 Chongqing Rural Commercial Bank Green Finance Bond 02	20.00
19	2021 Public Offering of Green Corporate Bonds of Avic International Leasing Co., Ltd. (中航國際租賃有限公司) (First Tranche) (Specialized for Carbon Neutrality)	GC Avic International Leasing 01	5.00
	Total		145.26

## Section V Environment and Social Responsibility

### **(2) Creation of low-carbon financial products**

During the Reporting Period, Guotai Junan Asset Management established the “2021 First Tranche Green Asset-backed Special Plan of Guojun Asset Management (國君資管) - Zhongdian Investment and Finance Leasing (中電投融和租賃)” which was specially used for the carbon neutrality projects, with a scale of RMB1.286 billion.

During the Reporting Period, HuaAn Fund issued the HuaAn China Securities New Energy Vehicle ETF (華安中證新能源汽車 ETF) with an issuance size of RMB572 million. As of the end of the Reporting Period, HuaAn Fund managed 3 low-carbon related funds with a total scale of RMB4.056 billion. On 9 July 2021, HuaAn Fund issued the HuaAn China Securities Mainland New Energy Theme ETF (華安中證內地新能源主題 ETF) with an issuance size of RMB442 million.

### **(3) Introduction and agency sale of low-carbon financial products**

During the Reporting Period, the Group introduced three low-carbon themed products for agency sale. As of the end of the Reporting Period, the Group had introduced a total of 40 low-carbon themed products for agency sale with a size of RMB508 million.

### **(4) Carbon finance trading business**

During the Reporting Period, the Group mainly participated in piloted carbon emission quota and CCER transactions in Guangdong, Beijing and Hubei with a trading volume of approximately 7.00 million tons and a trading amount of approximately RMB219 million, serving the carbon trading needs of enterprises in cement, power generation, steel and other industries. The Group also created the first “Guotai Junan Securities Ruibo Series Green Beneficiary Certificates No. 21001 (國泰君安證券睿博系列綠色 21001 號收益憑證)” linked to carbon emission rights in the market, of which linked subject was carbon emission quota of Guangdong Province to meet the allocation requirements of customers for carbon emission rights. As at the end of the Reporting Period, the Group recorded a cumulative trading volume of 44 million tons and a trading amount of RMB930 million in the carbon trading market.

## Section V Environment and Social Responsibility

### II. CONSOLIDATING AND EXPANDING THE RESULTS OF POVERTY ALLEVIATION, RURAL REVITALIZATION AND OTHER SPECIFIC WORK

√ Applicable    □ Not applicable

#### 1. Consolidating the results of poverty alleviation and promoting the rural revitalization plan

In December 2020, the Rural Works Conference of the CPC Central Committee was held in Beijing. The CPC Central Committee decided to establish a five-year transition period for counties that had been lifted out of poverty from the date lifted out of poverty, and gradually realize a smooth transition from centralizing resources to support poverty alleviation to fully promoting rural revitalization.

To this end, the Group diligently implemented the deployment and arrangement of the CPC Central Committee on paired support and poverty alleviation work. The Group continued to carry out industrial support, education assistance, “Worry-free Growth (成長無憂)” medical supplementary insurance and other projects based on the local needs in Puge County, Sichuan, Qianshan County, Anhui, Ji’an County, Jiangxi and Malipo County, Yunnan by upholding the concept of “Serving the Country with Financial Services (金融報國)” and under the direction of “Connecting Poverty Alleviation with Rural Revitalization (脫貧攻堅向鄉村振興銜接)”; In respect of projects such as the urban-rural paired support, caring for the elderly, subsidizing impoverished college students, and assisting the construction of three hope primary schools, the Shanghai Guotai Junan Social Welfare Foundation took employees’ “One-day Donation (一日捐)” and nutritious lunch programs as breakthrough points to enrich the existing projects and reflect the social responsibilities of the Company by actively taking into account the local needs and internal and external experience and suggestions; the Group will further explore the innovation of “Financial Empowerment for Public Welfare (金融賦能公益)” and assist in the green finance pilot work of “carbon neutrality”.

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

The Company continued to support three counties including Ji’an County, Jiangxi, Qianshan County, Anhui and Puge County, Sichuan by assisting the local governments in the transition of “effectively connecting poverty alleviation with rural revitalization (脫貧攻堅向鄉村振興有序銜接)” on the basis of consolidating the results of poverty alleviation, continued to implement the “Urban-and-Rural Comprehensive Support” in Fengxian District of Shanghai and actively promoted the State-owned Assets Supervision and Administration Commission and “Hundred Enterprises for Hundred Villages” in Jing’an District, Shanghai to provide supports to three villages in Malipo County in Yunnan Province and nine villages in Guangnan County in Yunnan Province and other various rural revitalization work.

## Section V Environment and Social Responsibility

Industrial support: The Company invested RMB5 million in Fengxian District, Shanghai City, the counterpart under the Urban-Rural Comprehensive Support to implement the “Enriching People in A Hundred Villages (百村富民)” project, in order to help impoverished farmers to improve their quality of life. Paired with Malipo County, Wenshan Prefecture, Yunnan Province, the Company carried out the green finance pilot work of “carbon neutrality”. The Company invested RMB1.35 million in participating in the construction of “Beautiful Village (美麗鄉村)” in Xiaohaizi Village, Guangnan County, Yunnan Province, to build a demonstration village for local rural revitalization.

Educational support: The Company continued to assist in the construction of Tianzhushan Town Central School in Qianshan, Anhui and paid RMB12 million as the second instalment of donation in May 2021. The Company continually supported the learning and education of impoverished people in three Guotai Junan Hope Primary Schools, funded local impoverished college students through all our branches, and followed up the implementation of the “Guotai Junan Teaching Award and Scholarship (國泰君安獎教、獎學金)”.

Charity support: The second phase of the “Worry-free Growth Medical Supplementary Insurance (成長無憂醫療補充保險)” was insured on 1 June 2021, providing a three-year insurance to more than 150,000 primary school students and teachers in Ji’an County, Jiangxi, Qianshan County, Anhui and Puge County, Sichuan with a cumulative premium of RMB6 million.

In March 2021, the Company initiated the employee donation activity of “One Day’s Salary, Warm People’s Hearts (一日薪，暖人心)”, raising more than RMB2.54 million, and the donation will be applied in the nutritious lunch program to provide milk, eggs and snacks to school students in remote areas, thereby enhancing the nutritional status of children in remote areas and promoting children to grow up healthily.

## Section V Environment and Social Responsibility

### 3. Results and effectiveness of poverty alleviation

*Unit: ten thousand yuan    Currency: RMB*

Indicators	Number and implementation information of the Company
<b>I. Overview</b>	
Including: Fund	1,613
<b>II. Itemized input</b>	
1. Poverty alleviation through industrial development	
Including: 1.1 Type of industrial poverty alleviation projects	<input type="checkbox"/> Poverty alleviation through agriculture and forestry <input type="checkbox"/> Poverty alleviation through tourism <input type="checkbox"/> Poverty alleviation through E-commerce <input type="checkbox"/> Poverty alleviation through assets income <input type="checkbox"/> Poverty alleviation through science and technology <input checked="" type="checkbox"/> Others
1.2 Number of industrial poverty alleviation projects	3
2. Poverty alleviation through education	
Including: 2.1 Amount invested in subsidizing students with financial difficulties	20.5
2.2 Number of students receiving allowance	41
3. Protection for the most disadvantaged people	
Including: 3.1 Amount invested in helping the “three left-behind” groups	392.6
3.2 Number of people of the “three left-behind” groups helped	151,500
4. Social poverty alleviation	
Including: Invested amount to targeted poverty alleviation work	1,200
<b>III. Awards (nature and level)</b>	
No	

## Section V Environment and Social Responsibility

### 4. Staged progress in consolidating the results poverty alleviation and promoting the rural revitalization

With the care and support of the people's government in Puge County, Sichuan, the Puge Guotai Junan Agricultural Industry Fund (普格國泰君安農業產業基金) has been actively implementing the project. At present, the wormwood processing industry project has been implemented and the first batch of seedlings has been planted.

Guotai Junan Tianzhushan Central School held a formal groundbreaking ceremony in Qianshan County, Anhui on 10 September 2018 and then commenced its construction work. Currently, the primary school was put into use in October 2020, and the middle school will be completed in the autumn of 2021.

The Company entered into the second round of paired supports agreement with Malipo County, Yunnan Province for a period of two years in September 2020. Both parties are currently following up the green finance project of "carbon neutrality", and they will visit the Malipo County to investigate projects related to rural revitalization in the second half of 2021.

The beautiful village construction project in Xiaohaizi Village, Guangnan County, Yunnan Province has been commenced and is scheduled to be completed in early 2022.

### 5. Subsequent plans

The Company will continue to demonstrate corporate social responsibility as always, work hard to cooperate with relevant departments to prevent and control the epidemic, continue to contribute to the construction of industries and talents in underdeveloped areas and rural areas, continue to solve problems for education, poor students and poor families in poor areas, exert its own influence and promote all aspects of society through transparent and open public welfare projects, attract more people to participate in poverty alleviation work, work hard to gather social forces and consolidate the results of poverty alleviation..

## Section VI Significant Events

### I. THE PERFORMANCE OF UNDERTAKINGS

**The undertakings of the Company's de facto controller, Shareholders, related parties, acquirers and the Company and other related parties during the Reporting Period or that continued to be valid during the Reporting Period**

√ Applicable    □ Not applicable

Backgrounds of undertakings	Types of undertakings	Parties giving undertakings	Content of undertakings	Times and periods of undertakings	Whether there is a performance period	Whether undertakings were performed timely	Detailed	
							Whether reasons for not performing timely, if applicable	Next steps, if undertakings were not performed timely
Undertakings related to initial public offering	Other	Shanghai State-owned Assets Operation Co., Ltd.	The undertaking of avoiding the competition with Guotai Junan in the same industry	From the date of the initial public offering of the A Shares of Guotai Junan to the date on which it ceases to be the Company's controlling shareholder <sup>Note 1</sup>	Yes	Yes	-	-
	Other		The undertaking of indemnifying investors' losses in the case of false disclosure	Permanent	Yes	Yes	-	-
	Other	Shanghai International Group Co., Ltd.	The undertaking of avoiding the competition with Guotai Junan in the same industry	From the date of the initial public offering of the A Shares of Guotai Junan to the date on which it ceases to be the Company's de facto controller <sup>Note 1</sup>	Yes	Yes	-	-
	Other		The undertaking of avoiding the competition with Guotai Junan in the same industry (Non-Competition Arrangement)	From the listing date of the H Shares of Guotai Junan to the date on which it ceases to be the Guotai Junan's controlling shareholder <sup>Note 2</sup>	Yes	Yes	-	-
	Other		The undertaking of indemnifying investors' losses in the case of false disclosure	Permanent	Yes	Yes	-	-

## Section VI Significant Events

Backgrounds of undertakings	Types of undertakings	Parties giving undertakings	Content of undertakings	Times and periods of undertakings	Whether there is a performance period	Whether undertakings were performed timely	Detailed reasons for not performing timely, if applicable	Next steps, if undertakings were not performed timely
	Other	The Company	The undertaking of repurchasing shares and indemnifying investors' losses in the case of false disclosure	Permanent	Yes	Yes	-	-
	To resolve the competition in the same industry	The Company	The undertaking of eliminating the competition with Shanghai Securities and Haiji Securities in the same industry	Within 5 years after the date on which Guotai Junan controlled Shanghai Securities	Yes	Yes	-	-
	Other	Directors, Supervisors and senior management of the Company	The undertaking of indemnifying investors' losses in the case of false disclosure	Permanent	Yes	Yes	-	-

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

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



## Section VI Significant Events

### II. APPROPRIATION OF FUNDS FOR NON-OPERATING PURPOSES BY CONTROLLING SHAREHOLDERS AND OTHER RELATED PARTIES DURING THE REPORTING PERIOD

Applicable  Not applicable

### III. NON-COMPLIANT GUARANTEES

Applicable  Not applicable

### IV. AUDITING OF INTERIM REPORT

Applicable  Not applicable

### V. CHANGES IN AND FOLLOW-UP MEASURES FOR MATTERS INVOLVED IN NON-STANDARD AUDIT OPINIONS IN THE PREVIOUS YEAR'S ANNUAL REPORT

Applicable  Not applicable

### VI. BANKRUPTCY AND RESTRUCTURING RELATED MATTERS

Applicable  Not applicable

### VII. MATERIAL LITIGATION AND ARBITRATION

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

## Section VI Significant Events

### VIII. SUSPECTED NON-COMPLIANCE WITH LAWS AND REGULATIONS BY AND PENALTIES IMPOSED ON THE COMPANY, ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER, DE FACTO CONTROLLER AS WELL AS RELEVANT RECTIFICATIONS

Applicable  Not applicable

#### 1. Administrative regulatory measures were imposed on Jiangsu Nanjing Taiping West Road Securities Branch of the Company by Jiangsu Bureau of the CSRC issuing a warning letter to it

On 23 April 2021, administrative regulatory measures were imposed on Jiangsu Nanjing Taiping West Road Securities Branch of the Company by Jiangsu Securities Regulatory Bureau issuing a warning letter to it for its failure to provide orientation training to certain brokers, establish effective abnormal transaction supervision, analysis and processing mechanism, fully understand the basic information of customers and update them in a timely manner.

The Company has adopted the following rectification measures in respect of the above issues: (i) further strengthening the analysis and processing of abnormal transaction monitoring matters; (ii) organizing and conducting compliance inspections of securities branches; (iii) continuously carrying out customer identity information verification and constantly improving basic account information; (iv) continuing to carry out compliance training and risk warning education for practitioners; and (v) conducting compliance accountability in respect of relevant responsible personnel.

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

Applicable  Not applicable

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

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

## Section VI Significant Events

### X. MATERIAL RELATED PARTY TRANSACTIONS

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

1. Matters disclosed in ad hoc announcements without subsequent progress or change  
 Applicable  Not applicable
2. Matters disclosed in ad hoc announcements with subsequent progress or change  
 Applicable  Not applicable
3. Matters not disclosed in ad hoc announcements  
 Applicable  Not applicable
4. Day-to-day related party transactions

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

During the Reporting Period, the Company's day-to-day related party transactions were implemented according to the Resolution on the Potential Related Party Transactions Contemplated in the Ordinary Course of Business of the Company in 2021, which was considered and approved at the 2020 Annual General Meeting of the Company.

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

## Section VI Significant Events

### 1) Major related party transactions relating to day-to-day operation

#### ① Fees and commissions received from related parties

Unit: yuan Currency: RMB

Names of related parties	Contents of related party transactions	Amount for the current period	Amount for the last period
Shanghai Rural Commercial Bank	Revenue from entrusted asset management business	5,004,685	1,702,381
SPD Bank	Revenue from entrusted asset management business	4,334,477	6,727,028

#### ② Interest received from related parties

Unit: yuan Currency: RMB

Names of related parties	Contents of related party transactions	Amount for the current period	Amount for the last period
SPD Bank	Interest from deposit in financial institutions	137,987,494	79,433,158

#### ③ Interests paid to related parties

Unit: yuan Currency: RMB

Names of related parties	Contents of related party transactions	Amount for the current period	Amount for the last period
SPD Bank	Interest expense of gold leasing	9,870,208	1,118,299
SPD Bank	Interest expense of financial assets sold under repurchase agreements	6,369,310	1,269,825

## Section VI Significant Events

④ *Operating expenses and costs paid to related parties*

*Unit: yuan Currency: RMB*

Names of related parties	Contents of related party transactions	Amount for the current period	Amount for the last period
SPD Bank	Service fee of sales of financial products	6,792,991	7,219,649

2) **Balances with related parties**

① *Balances of deposits in related parties*

*Unit: yuan Currency: RMB*

Names of related parties	Balances at the end of the period	Balances at the beginning of the period
SPD Bank	6,344,991,435	9,973,784,935

② *Balances of financial assets held under resale agreements*

*Unit: yuan Currency: RMB*

Names of related parties	Balances at the end of the period	Balances at the beginning of the period
SPD Bank	750,204,373	750,953,324
Shanghai SA	-	748,934,222

## Section VI Significant Events

### ③ Balances of the bonds issued by related parties held by the Company

Unit: yuan Currency: RMB

Names of related parties	Balances at the end of the period	Balances at the beginning of the period
SPD Bank	2,604,315,074	1,200,515,651
Great Wall Securities Co., Ltd.	543,153,973	623,460,365
Bright food (Group) Co., Ltd.	303,218,562	351,554,002

### ④ Balances of the bonds payable to related parties

Unit: yuan Currency: RMB

Names of related parties	Balances at the end of the period	Balances at the beginning of the period
SPD Bank	1,698,939,805	1,707,165,948
CITIC Trust Co., Ltd.	413,572,389	80,715,397

### ⑤ Balances of financial assets sold under repurchase agreements

Unit: yuan Currency: RMB

Names of related parties	Balances at the end of the period	Balances at the beginning of the period
Shanghai Rural Commercial Bank	812,926,089	-
SPD Bank	448,587,817	1,284,676,308

## Section VI Significant Events

### ⑥ Borrowings/placements from related parties

Unit: yuan Currency: RMB

<b>Names of related parties</b>	<b>Balances at the end of the period</b>	<b>Balances at the beginning of the period</b>
SPD Bank	-	1,313,473,245
Shanghai Sitico Assets Management Co., Ltd.	-	1,054,533,333
International Group	-	495,630,667

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

- Matters disclosed in ad hoc announcements without subsequent progress or change  
 Applicable  Not applicable
- Matters disclosed in ad hoc announcements with subsequent progress or change  
 Applicable  Not applicable
- Matters not disclosed in ad hoc announcements  
 Applicable  Not applicable
- If performance covenant is involved, the fulfilment of the business performance undertaking during the Reporting Period shall be disclosed  
 Applicable  Not applicable

## Section VI Significant Events

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

#### Participation in the establishment of Shanghai Kechuang Fund Phase II

In order to implement the Company's strategic development plan, on 28 April 2021, the Resolution on Review of the Joint Investment of the Company and Related Parties to Participate in the Establishment of Shanghai Kechuang Fund Phase II was considered and approved at the 20th meeting of the fifth session of the Board of the Company, pursuant to which Guotai Junan Zhengyu, Shanghai Kechuang Center Equity Investment Fund Management Limited, International Group and other third parties jointly established Shanghai Kechuang Center Equity Investment Fund (Phase II) L.P..

The total amount of capital contribution of all the partners to such fund is RMB4,101 million, among which the capital commitment of Guotai Junan Zhengyu and Shanghai Kechuang Center Equity Investment Fund Management Limited is RMB500 million and RMB40 million, respectively. As the Company holds 13% equity interest in Shanghai Kechuang Center Equity Investment Fund Management Limited, the total amount of capital contribution of the Group to Shanghai Kechuang Center Equity Investment Fund (Phase II) L.P. is RMB505.2 million.

The abovementioned related party transaction relating to joint external investments is also a connected transaction of the Company as defined in Chapter 14A of the Hong Kong Listing Rules.

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

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

Applicable     Not applicable

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

Applicable     Not applicable

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

Applicable     Not applicable

### (V) Financial transactions between the Company and its related financial company and between its holding financial company and its related parties

Applicable     Not applicable



## Section VI Significant Events

### (VI) Other significant related party transactions

Applicable  Not applicable

### (VII) Miscellaneous

Applicable  Not applicable

#### **Provision of Net Capital Guarantee Commitment to Shanghai Securities**

To comply with the regulating requirements and fulfill the needs of business development, on 25 September 2019, the Resolution on Review of Provision of Net Capital Guarantee Commitment to Shanghai Securities Co., Ltd. (《關於提請審議向上海證券有限責任公司提供淨資本擔保承諾的議案》) was considered and approved at the 17th extraordinary meeting of the fifth session of the Board of the Company, pursuant to which net capital guarantee commitment amounting up to RMB1.5 billion was approved to be provided to Shanghai Securities. On 8 February 2021, net capital guarantee commitment provided to Shanghai Securities has been revoked.

## XI. MATERIAL CONTRACTS AND THE PERFORMANCE THEREOF

### 1 Custody, contracting and leasing

Applicable  Not applicable

## Section VI Significant Events

### 2 Material guarantees performed and unfulfilled during the Reporting Period

Applicable  Not applicable

Unit: yuan Currency: RMB

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

Total amount of the guarantees during the Reporting Period (excluding guarantees for subsidiaries)	–
Total balance of guarantees at the end of the Reporting Period (A) (excluding guarantees for subsidiaries)	–

#### Guarantees of the Company for subsidiaries

Total amount of the guarantees for subsidiaries during the Reporting Period	3,591,815,600
Total balance of guarantees for subsidiaries at the end of the Reporting Period (B)	7,010,904,276

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

Total amount of guarantees (A+B)	7,010,904,276
Total amount of guarantees as a percentage of the net assets of the Company (%)	5.01
Including:	
Amount of debt guarantees directly or indirectly provided to the guaranteed with a gearing ratio of over 70% (C)	7,010,904,276
Amount of guarantees in excess of 50% of net assets (D)	–
Sum of the two items above (C+D)	7,010,904,276
Remark on the joint settlement responsibilities in relation to premature guarantees	The principal, interest and other related expenses of the bonds

## Section VI Significant Events

Remark on the guarantees

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

On 21 April 2021, Guotai Junan Holdings Limited (BVI), a subsidiary of the Company, issued the USD500 million medium-term bonds with a term of 5 years and a interest rate of 2%. The Company (as the guarantor) entered into a guarantee agreement with Bank of New York Mellon (as trustee), to provide unconditional and irrevocable guarantee for the payment obligation under the aforesaid bonds of Guotai Junan Holdings Limited (BVI).

Note: During the Reporting Period, Guotai Junan Financial Holdings and Guotai Junan International<sup>Note</sup>, both being an overseas subsidiary of the Company, provided guarantees for their respective wholly-owned subsidiaries in accordance with the transaction practices in international markets, mainly including:

- I. By virtue of normal business needs, Guotai Junan Financial Holdings provided guarantees in respect of a number of agreements entered into between its wholly-owned subsidiaries and their respective counterparties, including the Framework Agreements for International Swaps and Derivatives Association (ISDA), the Global Master Repurchase Agreement (GMRA) and the Gold Loan Agreement. As at the end of the Reporting Period, the total guarantee balance of actual transactions was equivalent to approximately RMB4.005 billion.

## Section VI Significant Events

II. Guotai Junan International provided the following guarantees in accordance with the Listing Rules of the Hong Kong Stock Exchange:

- (1) By virtue of normal business needs, Guotai Junan International provided guarantees in respect of a number of agreements entered into between its wholly-owned subsidiaries and their respective counterparties, including the Framework Agreements for International Swaps and Derivatives Association (ISDA), the Global Master Securities Lending Agreement (GMSLA) and the Global Master Repurchase Agreement (GMRA). As at the end of the Reporting Period, the total guarantee balance of actual transactions was equivalent to approximately RMB15.62 billion.
- (2) Guotai Junan International provided guarantees for its wholly-owned subsidiaries in respect of the structured notes with a maximum amount of US\$15 billion. As at the end of the Reporting Period, the total guarantee balance of the loans actually drawn was equivalent to approximately RMB23.73 billion;
- (3) Guotai Junan International provided the debt financing guarantees in respect of the bank loans of its wholly-owned subsidiaries. The guarantee limits are HK\$12.1 billion, USD0.402 billion and RMB0.255 billion, respectively. As at the end of the Reporting Period, the guarantee balance of the loans actually drawn was equivalent to approximately RMB5.79 billion.

Note: As at the end of the Reporting Period, the percentage of the Company's shareholding in Guotai Junan International was 73.24%.

## Section VI Significant Events

### 3 Other material contracts

Applicable  Not applicable

1. According to the SSE Listing Rules, the Group did not enter into any material contract during the Reporting Period.
2. The updates of material contracts disclosed in the Prospectus in relation to the Initial Public Offering of A Shares during the Reporting Period are as follows:
  - (1) According to a resolution at the 10th extraordinary meeting of the 4th session of the board of Directors, the Company invests in the office building project of Huangpu Riverside (黃浦濱江), and the investment amount is expected to not exceed RMB1.18 billion. On 16 October 2013, the Company signed the Framework Agreement for Transfer of the Fuxing Land (《復興地塊項目轉讓框架協議》) with Shanghai Bund Riverside Development Company Ltd. (上海外灘濱江綜合開發有限公司) (“Bund Riverside”). Pursuant to this agreement, Bund Riverside intends to acquire the land through land auction. The land is located at the Huangpu District, Shanghai City and is used for commercial and office purposes, with a site area of 35,862 m<sup>2</sup>. Bund Riverside will construct six office buildings on the site and transfer one of the buildings (with a gross floor area of approximately 14,000 m<sup>2</sup>) to the Company. The transfer price covered the land costs, construction costs, respective amortization charges and the project management fees paid to Bund Riverside. On 12 December 2013, Bund Riverside signed the Land Use Rights Grant Contract of State-owned Land with the Planning and Land Administration Bureau of Huangpu District (上海市黃浦區規劃和土地管理局). As of the end of June 2021, the Company had paid RMB1,091,340,000.
  - (2) On 18 November 2014, Guoxiang Properties signed the Main Contract on Construction of the Main Body of the New Project of the Office Building of Guotai Junan Securities Co., Ltd. (《國泰君安證券股份有限公司辦公樓新建項目主體工程施工總承包合同》) with Shanghai Construction No.1, pursuant to which Shanghai Construction No.1 was responsible for constructing the main body of the new project of the office building of Guotai Junan. The project is located at Lot 49, Jing’an District, Shanghai City, with a total contract value of RMB335,882,500 and the settlement amount of RMB363,980,000. As of the end of June 2021, the Company has paid RMB350,030,000.

## Section VI Significant Events

### XII. OTHER SIGNIFICANT EVENTS

Applicable    Not applicable

#### 1. Changes in qualifications for each individual business during the Reporting Period

During the Reporting Period, the Company obtained the qualification to establish a qualified institution for credit-protected bond pledge repurchase business. Please refer to “Business Qualifications for Each Individual Business of the Company” in “Section II Company Profile and Key Financial Indicators” of the Report for details.

#### 2. Bond issuance

On 21 July 2021, the Company completed the issuance of 2021 Corporate Bonds (Fourth Tranche). The issue size of Type I is RMB1.9 billion with a term of three years and a coupon rate of 3.13% and the issue size of Type II is RMB6.1 billion with a term of five years and a coupon rate of 3.48%.

On 4 August 2021, the Company completed the issuance of 2021 Corporate Bonds (Fifth Tranche). The issue size of Type I is RMB2.8 billion with a term of three years and a coupon rate of 3.01% and the issue size of Type II is RMB4.2 billion with a term of five years and a coupon rate of 3.35%.

On 12 August 2021, the Company completed the issuance of 2021 Corporate Bonds (Sixth Tranche) of RMB3.0 billion with a term of ten years and a coupon rate of 3.77%.

#### 3. Participating in the establishment of Sailing Fund (Phase II) through joint capital contribution

On 24 August 2021, with the approval of the Board, Guotai Junan Zhengyu made an initial subscription of RMB1 billion to participate in the Sailing Fund (Phase II) as a RMB linked fund to indirectly invest and establish the Cayman Fund (Phase II), and the final subscribed capital contribution shall be the lower of 20% of the total subscribed amount of the Cayman Fund (Phase II) or RMB1 billion.

#### 4. Issuance of MTN by Guotai Junan International

In the first half of 2021, Guotai Junan International issued MTN denominated in various currencies with a total amount of HK\$6,151,000,000, US\$1,601,370,000 and RMB812,310,000, with terms from three months to five years, of which US\$347,000,000 matured and was paid as at 30 June 2021.

## Section VI Significant Events

### 5. Changes of business outlets

During the Reporting Period, the Group newly established two securities branches and six futures branch offices, completed the relocation of nine securities branches and two future branch offices, and deregistered two securities branches in the PRC.

As of 30 June 2021, the Group had 31 securities branch offices and Guotai Junan Futures had 16 futures branch offices in the PRC. The Group had 342 securities branches and Guotai Junan Futures had seven futures branches in the PRC.

	<b>Newly- established branch offices</b>	<b>Relocated branch offices</b>	<b>Newly- established securities/ futures branches</b>	<b>Relocated securities/ futures branches</b>	<b>Deregistered securities/ futures branches</b>
The Company	-	-	2	9	2
Guotai Junan Futures <sup>Note</sup>	6	2	-	-	-

Note: In the first half of 2021, Changchun Securities Branch was upgraded to Jilin Branch Office; Qingdao Securities Branch was upgraded to Qingdao Branch Office; Hangzhou Securities Branch was upgraded to Zhejiang Branch Office; Ningbo Securities Branch was upgraded to Ningbo Branch Office; and Changsha Securities Branch was upgraded to Hunan Branch Office, all of which have obtained the Permit for Securities and Futures Operation Business. Nanjing Securities Branch was upgraded to Jiangsu Branch office and obtained a new business license on 15 June 2021 and obtained the Permit for Securities and Futures Operation Business on 12 July 2021.

## Section VI Significant Events

Details of changes of business outlets:

### (1) The Company

#### 1) Newly-established branches

No.	Names of newly-established branches	Locations of newly-established branches	Permit issuing date
1	Guangzhou Pearl River New Town Securities Branch	Room 2903, No. 10 Huaxia Road, Pearl River New Town, Tianhe District, Guangzhou	17 March 2021
2	Taizhou Shifu Avenue Securities Branch	No. 658 Shifu Avenue, Jiatong subdistrict, Jiazhi District, Taizhou City, Zhejiang Province (part of the buildings on the 1st floor of Area B, Telecom Hub)	8 January 2021

#### 2) Relocated branches

No.	Names of branches before relocation	Names of branches after relocation	Locations of branches after relocation
1	Chongqing Jiuchikan Securities Branch	Chongqing Jiefangbei Securities Branch	Unit 1 & 2, 28th Floor, No. 188 Minzu Road, Yuzhong District, Chongqing City
2	Longyan Hualian Road Securities Branch	Longyan Longyan Avenue Securities Branch	Room 505, 506, 507 & 508, 5th Floor, Building H, Phase II, Longyan Financial Business Center, No. 296 Middle Longyan Avenue, Hualian Community, Xibi Subdistrict, Xinluo District, Longyan City, Fujian Province
3	Xiangyang Xiangchengxi Street Securities Branch	Xiangyang Tanxi Road Securities Branch	1st and 6th floors, Building 1, Shanshui Tanxi C Zone, Tanxi Road, Xiangcheng District, Xiangyang City, Hubei Province
4	Jilin Songjiang Road Securities Branch	Jilin Jilin Avenue Securities Branch	Room 094, 095, 096 and 097, 14th Floor, Unit 1, Office Building No. 9, Zhonghai Ziyujiangcheng, No. 121 Jilin Avenue



## Section VI Significant Events

No.	Names of branches before relocation	Names of branches after relocation	Locations of branches after relocation
5	Nan'an Chenggong Street Securities Branch	Nan'an Chenggong Street Securities Branch	Room 07, 08 & 09, Commercial 1st Floor, Building 1-2, Xinyi Fortune Center, Chenggong Street, Liucheng Subdistrict, Nan'an, Quanzhou City, Fujian Province
6	Shenzhen Qianhai Securities Branch	Shenzhen Qianhai Securities Branch	Room 1410-1409B, Office Building T5, Qianhai China Resources Financial Center, No. 5035 Menghai Avenue, Nanshan Subdistrict, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen
7	Taiyuan Bingzhou North Road Securities Branch	Taiyuan Changzhi Road Securities Branch	No. 1003, Floor 1-2, Block C, Building 1, Xinlingdi Community, No. 172 Changzhi Road, Xiaodian District, Taiyuan City
8	Pingxiang Yuejin South Road Securities Branch	Pingxiang Chuping East Road Securities Branch	32nd Floor, Runda International Business Center, No. 98 Chuping East Road, Houbu Subdistrict, Anyuan District, Pingxiang City, Jiangxi Province
9	Hangzhou Qingchun Road Securities Branch	Hangzhou Yan'an Road Securities Branch	No. 484 Yan'an Road, Tianshui Subdistrict, Xiacheng District, Hangzhou City, Zhejiang Province

### 3) *Deregistered branches*

No.	Names of branches
1	Huaihua Yingfeng Road Securities Branch
2	Maoming Youchengba Road Securities Branch

## Section VI Significant Events

### (2) Guotai Junan Futures

#### 1) Newly-established branches

No.	Names of newly-established branches	Locations of newly-established branches	Permit issuing date
1	Qingdao Branch Office (former Qingdao Securities Branch)	Room 501, 5th Floor, Jiezheng Fortune Center, Building 11, No. 195 Xiangang East Road, Laoshan District, Qingdao City, Shandong Province	1 March 2021
2	Hunan Branch Office (former Changsha Securities Branch)	Room 2401, Wanbohui Mingdi Phase III, No.489 Shaoshan Middle Road, Yuhua District, Changsha City	8 March 2021
3	Ningbo Branch Office (former Ningbo Securities Branch)	No. 4 (6-1), Lane 999, Yangfan Road, Gaoxin District, Ningbo City	11 March 2021
4	Jilin Branch Office (former Changchun Securities Branch)	Room 2302 & 2303, Building 1, Chuanyu Hongtai International Global Trade Center Phase II, Jingyue Development Zone, Changchun City, Jilin Province (lease period until 10 October 2021)	17 March 2021
5	Zhejiang Branch Office (former Hangzhou Securities Branch)	Room 501-B, Unit 1, Building 6, Fanhai International Center, No. 185 Wuxing Road, Jianggan District, Hangzhou City, Zhejiang Province	19 March 2021
6	Jiangsu Branch Office (former Nanjing Securities Branch)	Room 3701 (14-16), 37th Floor, No. 347 Jiangdong Middle Road, Jianye District, Nanjing City, Jiangsu Province	12 July 2021

#### 2) Relocated branches

No.	Names of branches before relocation	Names of branches after relocation	Locations of branches after relocation
1	Beijing Branch Office	Beijing Branch Office	Unit 07-08, 25th Floor, West Tower, No. B-12 Jianguomenwai Street, Chaoyang District, Beijing
2	Nanjing Securities Branch	Jiangsu Branch Office	Room 3701 (14-16), 37th Floor, No. 347 Jiangdong Middle Road, Jianye District, Nanjing City, Jiangsu Province

## Section VII Changes in Shares and Particulars of Shareholders

### I. CHANGES IN SHARE CAPITAL

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

##### 1. Table of changes in Shares

*Unit: share*

	Before change		Change (+/-)		After change	
	Number	Percentage	Others	Sub-total	Number	Percentage
		(%)				(%)
<b>I. Shares subject to selling restrictions</b>	79,000,000	0.89			79,000,000	0.89
Other domestic shareholdings	79,000,000	0.89			79,000,000	0.89
Including: Shareholdings of domestic natural person	79,000,000	0.89			79,000,000	0.89
<b>II. Tradable shares not subject to selling restrictions</b>	8,829,448,211	99.11	471	471	8,829,448,682	99.11
1. RMB-denominated ordinary shares	7,437,621,031	83.49	471	471	7,437,621,502	83.49
2. Overseas listed foreign invested Shares	1,391,827,180	15.62			1,391,827,180	15.62
<b>III. Total number of ordinary shares</b>	8,908,448,211	100.00	471	471	8,908,448,682	100.00

##### 2. Changes in Shares

Applicable  Not applicable

During this Reporting Period, the cumulative number of the Shares converted from the A Share Convertible Bonds of the Company was 471 Shares, and the total share capital of the Company was changed to 8,908,448,682 Shares, including 7,516,621,502 A Shares and 1,391,827,180 H Shares.

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

Applicable  Not applicable

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

Applicable  Not applicable

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

Applicable  Not applicable

## Section VII Changes in Shares and Particulars of Shareholders

### II. ISSUE AND LISTING OF SECURITIES

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

√ Applicable    □ Not applicable

Unit: yuan    Currency: RMB

Name of bond	Bond code	Issue date	Maturity date	Issue price	Interest rate (%)
2021 Corporate Bonds (First Tranche) (Type I)	175987	2021/4/13	2024/4/15	4,000,000,000	3.46
2021 Corporate Bonds (First Tranche) (Type II)	175988	2021/4/13	2026/4/15	2,000,000,000	3.75
2021 Corporate Bonds (Second Tranche) (Type I)	188127	2021/5/19	2024/5/21	3,000,000,000	3.31
2021 Corporate Bonds (Second Tranche) (Type II)	188128	2021/5/19	2026/5/21	5,000,000,000	3.67
2021 Corporate Bonds (Third Tranche) (Type I)	188215	2021/6/7	2024/6/9	2,900,000,000	3.4
2021 Short-term Corporate Bonds (First Tranche) (Type I)	163861	2021/1/12	2021/7/21	4,000,000,000	2.77
2021 Short-term Corporate Bonds (First Tranche) (Type II)	163862	2021/1/12	2022/1/14	4,000,000,000	2.94
2021 Short-term Corporate Bonds (Second Tranche)	163869	2021/6/17	2022/6/21	5,000,000,000	2.97
2021 Subordinated Bonds (First Tranche)	175684	2021/1/21	2024/1/25	3,000,000,000	3.89
Guotai Junan Financial Holdings Guaranteed MTN	40649. hk	2021/4/14	2026/4/21	USD500,000,000	2.00

## Section VII Changes in Shares and Particulars of Shareholders

### III. PARTICULARS OF SHAREHOLDERS

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

Total number of holders of ordinary shares at the end of the Reporting Period <sup>Note</sup>	189,964
Total number of holders of preferred shares with voting rights restored at the end of the Reporting Period	N/A

Note: The total number of Shareholders includes the holders of ordinary A Shares and the registered holders of H Shares. As at the end of the Reporting Period, there were 189,783 holders of A Shares and 181 registered holders of H Shares.

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

Unit: share

Names of Shareholders (full name)	Increase or decrease during the Reporting Period	Shareholdings of the top ten Shareholders			Pledged, marked or frozen Status	Number	Nature of Shareholders
		Number of shares held as at the end of the period	Percentage (%)	Number of non-tradable shares <sup>Note 1</sup>			
Shanghai State-owned Assets Operation Co., Ltd <sup>Note 2</sup>	-	1,900,963,748	21.34	-	None	-	State-owned legal person
HKSCC Nominees Limited <sup>Note 3</sup>	73,400	1,391,750,920	15.62	-	Unknown	-	Overseas legal person
Shanghai International Group Co., Ltd. <sup>Note 4</sup>	-	682,215,791	7.66	-	None	-	State-owned legal person
Shenzhen Investment Holdings Co., Ltd. <sup>Note 5</sup>	-	609,428,357	6.84	-	None	-	State-owned legal person
China Securities Finance Corporation Limited	-	260,547,316	2.92	-	None	-	Domestic non-state-owned legal person
Shanghai Municipal Investment (Group) Corporation	-	246,566,512	2.77	-	None	-	State-owned legal person
Shenzhen Energy Group Co., Ltd	-	154,455,909	1.73	-	None	-	Domestic non-state-owned legal person
Hong Kong Securities Clearing Company Limited <sup>Note 6</sup>	-2,959,648	138,188,327	1.55	-	None	-	Overseas legal person
China Construction Bank Corporation - Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	-12,065,593	85,787,039	0.96	-	None	-	Others
China National Nuclear Corporation	-	76,292,793	0.86	-	None	-	State-owned legal person

## Section VII Changes in Shares and Particulars of Shareholders

### Details of the top ten shareholders without selling restrictions <sup>Note 1</sup>

Names of Shareholders	Number of tradable shares without selling restrictions held at the end of the period	Class and number of shares	
		Class	Number
Shanghai State-owned Assets Operation Co., Ltd	1,900,963,748	RMB-denominated ordinary share	1,900,963,748
HKSCC Nominees Limited	1,391,750,920	Overseas listed foreign-invested shares	1,391,750,920
Shanghai International Group Co., Ltd.	682,215,791	RMB-denominated ordinary share	682,215,791
Shenzhen Investment Holdings Co., Ltd.	609,428,357	RMB-denominated ordinary share	609,428,357
China Securities Finance Corporation Limited	260,547,316	RMB-denominated ordinary share	260,547,316
Shanghai Municipal Investment (Group) Corporation	246,566,512	RMB-denominated ordinary share	246,566,512
Shenzhen Energy Group Co., Ltd.	154,455,909	RMB-denominated ordinary share	154,455,909
Hong Kong Securities Clearing Company Limited	138,188,327	RMB-denominated ordinary share	138,188,327
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	85,787,039	RMB-denominated ordinary share	85,787,039
China National Nuclear Corporation	76,292,793	RMB-denominated ordinary share	76,292,793
Description on the special repurchase accounts under the top ten shareholders			Not applicable
Description on the voting rights entrusted by or to, or waived by the above shareholders			Not applicable
Description on the relations or acting-in-concert arrangements among the Shareholders above		Shanghai State-owned Assets Operation Co., Ltd is a wholly owned subsidiary of Shanghai International Group Co., Ltd. HKSCC Nominees Limited and Hong Kong Securities Clearing Company Limited are both wholly owned subsidiaries of The Stock Exchange of Hong Kong Limited, holding H Shares and A Shares of the Company for H shares investors and Shanghai Connect investors, respectively. Save as disclosed herein, the Company is not aware of any other relations or acting-in-concert arrangements.	
Description on the holders of preferred shares with voting rights restored and their shareholdings			Not applicable

## Section VII Changes in Shares and Particulars of Shareholders

Note 1: The Shares subject to selling restrictions and the shareholders subject to selling restrictions are defined in accordance with the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange.

Note 2: In the above table of top ten shareholders, the number of Shares held by Shanghai SA as at the end of the period merely represents the number of A Shares held by it. Another 152,000,000 H Shares were held by Shanghai SA through HKSCC Nominees Limited as the nominee.

Note 3: HKSCC Nominees Limited is a nominee holder of the Shares owned by the non-registered holders of the H Shares.

Note 4: In the above table of top ten shareholders, the number of Shares held by International Group as at the end of the period merely represents the number of A Shares held by it. Another 124,000,000 H Shares were held by International Group through HKSCC Nominees Limited as the nominee.

Note 5: In the above table of top ten shareholders, the number of Shares held by Shenzhen Investment Holdings as at the end of the period merely represents the number of A Shares held by it. Another 103,373,800 H Shares were held by Shenzhen Investment Holdings through HKSCC Nominees Limited as the nominee.

Note 6: Hong Kong Securities Clearing Company Limited is the nominee holder of the A shares owned by the Shanghai Connect investors.

### **Number of shares held by the top ten shareholders with selling restrictions and their selling restrictions**

Applicable  Not applicable

## Section VII Changes in Shares and Particulars of Shareholders

Unit: share

No.	Name of the shareholders with selling restrictions	Number of shares held with selling restrictions	Listing and trading of the shares subject to selling restrictions		Selling restrictions
			The time at which the shares are approved for listing and trading	Number of the additional shares which are approved for listing and trading	
1	WANG Song	722,000	See the note	–	See the note
2	Jiang Yiming	650,000	See the note	–	See the note
3	Chen Yutao	650,000	See the note	–	See the note
4	YU Jian	595,000	See the note	–	See the note
5	Zhang Zhihong	595,000	See the note	–	See the note
6	Jiang Wei	595,000	See the note	–	See the note
7	Zhang Zhiming	595,000	See the note	–	See the note
8	XIE Lebin	595,000	See the note	–	See the note
9	Luo Dongyuan	595,000	See the note	–	See the note
10	Zhao Hong	595,000	See the note	–	See the note
11	Yu Feng	595,000	See the note	–	See the note
Description on the relations or acting-in-concert arrangements among the Shareholders above		The Company is not aware of any other relations or acting-in-concert arrangements.			

Note: The above Shares subject to selling restrictions represent the Shares granted by the Company to the Incentive Participants due to the implementation of the Restricted Share Incentive Scheme of A Shares. Details on the listing and trading of the shares subject to selling restrictions and such selling restrictions are available in the Restricted Share Incentive Scheme of A Shares of Guotai Junan Securities Co., Ltd. disclosed by the Company on the website of the Hong Kong Stock Exchange (<http://www.hkex.com.hk>) on 12 August 2020.

### (III) Strategic investors or general legal persons becoming the top ten shareholders by placing of new shares

Applicable  Not applicable



## Section VII Changes in Shares and Particulars of Shareholders

### IV. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

Applicable  Not applicable

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

Applicable  Not applicable

**(III) Other Information**

Applicable  Not applicable

### V. CHANGES IN CONTROLLING SHAREHOLDERS OR DE FACTO CONTROLLERS

Applicable  Not applicable

## Section VII Changes in Shares and Particulars of Shareholders

### VI. INTERESTS AND SHORT POSITION OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN SHARES AND UNDERLYING SHARES

As of 30 June 2021, to the best knowledge of the Company, the following persons have interests or short position in the shares or underlying shares of the Company which are required to be disclosed to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or are required to be recorded in the register that is required to be kept by the Company under Section 336 of the SFO, or own directly or indirectly 5% or more of the nominal value of any class of the Shares:

Substantial shareholders	Nature of interest	Class	Number <sup>Note 1/</sup> nature of shares directly or indirectly held	As an	As an
				approximate percentage of the relevant class of shares (%)	approximate percentage of the total issued share capital (%)
Shanghai International Group Co., Ltd.	Beneficial owner	A Shares	682,215,791/ Long position	9.08	7.66
	Beneficial owner	H Shares	124,000,000/ Long position	8.91	1.39
	Interest held by controlled corporation	A Shares	2,012,109,666/ Long position <sup>Note 2</sup>	26.77	22.59
	Interest held by controlled corporation	H Shares	152,000,000/ Long position <sup>Note 3</sup>	10.92	1.71
Shanghai State-owned Assets Operation Co., Ltd	Beneficial owner	A Shares	1,900,963,748/ Long position	25.29	21.34
	Beneficial owner	H Shares	152,000,000/ Long position	10.92	1.71
Shenzhen Investment Holdings Co., Ltd	Beneficial owner	A Shares	609,428,357/ Long position	8.11	6.84
	Beneficial owner	H Shares	103,373,800/ Long position	7.43	1.16
New China Asset Management (Hong Kong) Limited	Beneficial owner	H Shares	258,388,000/ Long position	18.56	2.90
New China Asset Management Company Limited	Interest held by controlled corporation	H Shares	258,388,000/ Long position <sup>Note 4</sup>	18.56	2.90
New China Life Insurance Company Ltd.	Interest held by controlled corporation	H Shares	258,388,000/ Long position <sup>Note 4</sup>	18.56	2.90
Diamond Acquisition Co SARL	Beneficial owner	H Shares	190,333,000/ Long position <sup>Note 5</sup>	13.68	2.14

## Section VII Changes in Shares and Particulars of Shareholders

<b>Substantial shareholders</b>	<b>Nature of interest</b>	<b>Class</b>	<b>Number <sup>Note 1</sup>/ nature of shares directly or indirectly held</b>	<b>As an approximate percentage of the relevant class of shares (%)</b>	<b>As an approximate percentage of the total issued share capital (%)</b>
A9 USD(Feeder) L.P.	Interest held by controlled corporation	H Shares	190,333,000/ Long position <sup>Note 5</sup>	13.68	2.14
Apax Guernsey (Holdco) PCC Limited	Interest held by controlled corporation	H Shares	190,333,000/ Long position <sup>Note 5</sup>	13.68	2.14
Apax IX GP Co. Limited	Interest held by controlled corporation	H Shares	190,333,000/ Long position <sup>Note 5</sup>	13.68	2.14
Apax IX USD GP L.P.Inc.	Interest held by controlled corporation	H Shares	190,333,000/ Long position <sup>Note 5</sup>	13.68	2.14
Apax IX USD L.P.	Interest held by controlled corporation	H Shares	190,333,000/ Long position <sup>Note 5</sup>	13.68	2.14
Diamond Holding SARL	Interest held by controlled corporation	H Shares	190,333,000/ Long position <sup>Note 5</sup>	13.68	2.14
Jacqueline Mary Le Maitre-Ward	Trustee of a trust	H Shares	190,333,000/ Long position <sup>Note 5</sup>	13.68	2.14
David Payne Staples	Trustee of a trust	H Shares	190,333,000/ Long position <sup>Note 5</sup>	13.68	2.14
Newton Industrial Limited	Beneficial owner	H Shares	100,000,000/ Long position	7.18	1.12
Shenzhen Energy Group Co., Ltd.	Interest held by controlled corporation	H Shares	100,000,000/ Long position <sup>Note 6</sup>	7.18	1.12
Shanghai Ningquan Asset Management Co., Ltd.	Beneficial owner	H Shares	83,661,000/ Long position	6.01	0.94

## Section VII Changes in Shares and Particulars of Shareholders

- Note 1: Pursuant to Section 336 of the SFO, Shareholders shall submit forms to disclose their interests when certain conditions are met. As Shareholders are not required to inform the Company and the Hong Kong Stock Exchange of any changes in their shareholdings in the Company unless certain conditions are met, the latest shareholdings of substantial Shareholders in the Company may be inconsistent with the shareholdings reported to the Hong Kong Stock Exchange.
- Note 2: As of 30 June 2021, Shanghai SA, Shanghai International Group Asset Management Co., Ltd., Shanghai International Group Asset Operation Co, Ltd. and Shanghai Sitico Assets Management Co., Ltd. were interested in 1,900,963,748, 34,732,152, 931,505 and 75,482,261 A Shares, respectively. Shanghai SA, Shanghai International Group Asset Management Co., Ltd. and Shanghai International Group Asset Operation Co., Ltd. are wholly owned subsidiaries of International Group, and Shanghai Sitico Assets Management Co., Ltd. is a subsidiary in which International Group holds 66.33% interests. Therefore, International Group is deemed to be interested in the 2,012,109,666 A Shares held by Shanghai SA, Shanghai International Group Asset Management Co., Ltd., Shanghai International Group Asset Operation Co, Ltd. and Shanghai Sitico Assets Management Co., Ltd. for the purpose of the SFO.
- Note 3: Shanghai SA is a wholly owned subsidiary of International Group. Therefore, International Group is deemed to be interested in the 152,000,000 H Shares held by Shanghai SA for the purpose of the SFO.
- Note 4: New China Asset Management Company Limited holds 60% interests in New China Asset Management (Hong Kong) Limited, and New China Life Insurance Company Ltd. owns 99.4% interests in New China Asset Management Company Limited. Therefore, New China Life Insurance Company Ltd. and New China Asset Management Company Limited are deemed to be interested in the 258,388,000 H Shares held by New China Asset Management (Hong Kong) Limited for the purpose of the SFO.
- Note 5: Diamond Acquisition Co SARL is wholly owned by Diamond Holding SARL. Apax IX USD L.P. is the beneficial owner of the 73.8% equity interest in Diamond Holding SARL. A9 USD (Feeder) L.P. contributed 44.9% of the capital to Apax IX USD L.P. Apax IX USD GP L.P. Inc. is the general partner of Apax IX USD L.P. and A9 USD (Feeder) L.P.. Apax IX GP Co. Limited is the general partner of Apax IX USD GP L.P. Inc.. Apax IX GP Co. Limited is wholly owned by Apax Guernsey (Holdco) PCC Limited. The equity interest in Apax Guernsey (Holdco) PCC Limited is held by Jacqueline Mary Le Maitre – Ward and David Payne Staples as trustees of the Hirzel IV Purpose Trust. Therefore, each of Diamond Holding SARL, Apax IX USD L.P., Apax IX USD GP L.P. Inc., Apax IX GP Co. Limited, Apax Guernsey (Holdco) PCC Limited, A9 USD (Feeder) L.P., Jacqueline Mary Le Maitre – Ward and David Payne Staples is deemed to be interested in 190,333,000 H Shares held by Diamond Acquisition Co SARL for the purpose of the SFO.
- Note 6: Newton Industrial Limited is wholly owned by Shenzhen Energy Group Co., Ltd. Therefore, Shenzhen Energy Group Co., Ltd. is deemed to be interested in 100,000,000 H Shares held by Newton Industrial Limited for the purpose of the SFO.

Save as disclosed above, as at 30 June 2021, the Company was not aware of any other person (other than the directors, supervisors and chief executive of the Company) having any interests or short position in the shares or underlying shares of the Company which are required to be recorded in the register under Section 336 of the SFO.

## Section VII Changes in Shares and Particulars of Shareholders

### VII. INTERESTS AND SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As of the end of June 2021, details on restricted shares granted to certain Directors of the Company due the Company's implementation of the Restricted Share Incentive Scheme of A Shares are as follows:

Name	Positions	Nature of Interest	Class	Number/ Nature of Shares Directly or Indirectly Held	As an Approximate Percentage of the Relevant Class of Shares (%)	As an Approximate Percentage of the Total Issued Share Capital (%)
WANG Song	Vice chairman of the Board, Executive Director, President	Beneficial owner	A Shares	722,000/ Long position	0.0096	0.0081
YU Jian	Executive Director, Secretary of the Board	Beneficial owner	A Shares	595,000/ Long position	0.0079	0.0067

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

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

On 12 April 2016, the Company issued with a term of 7-years 2016 Corporate Bonds (First Tranche) (Type II) (hereafter as "16 GUOJUN G2") with a total amount of RMB1 billion and the coupon rate of 3.25%. The Company has an option to redeem the 16 GUOJUN G2 at the end of the fifth year. On 26 February 2021, the Company decided to exercise its issuers option to redeem the 16 GUOJUN G2. Such redemption was completed on 12 April 2021. The total principal amount of the 16 GUOJUN G2 repaid by the Company amounted to RMB1 billion. The 16 GUOJUN G2 were delisted from the Integrated Electronic Platform for Fixed Income Securities of the Shanghai Stock Exchange on 12 April 2021.

Save as disclosed in the Report, neither the Company nor any of its subsidiaries repurchase, sale or redeem any listed securities of the Company and its subsidiaries.

## Section VIII Preferred Shares

Applicable  Not applicable

## Section IX Corporate Bonds

### I. ENTERPRISE BONDS, CORPORATE BONDS, AND DEBT FINANCING INSTRUMENTS FOR NON-FINANCIAL BUSINESSES

Applicable  Not applicable

#### (I) Enterprise bonds

Applicable  Not applicable

#### (II) Corporate bonds

Applicable  Not applicable

## Section IX Corporate Bonds

### 1. Basic information of corporate bonds

Unit: yuan Currency: RMB

Name of bond	Abbreviation	Bond code	Issue date	Interest		Outstanding amount	Interest rate	Method of repayment of principal and payment of interests	Place of trading	Arrangement to ensure the suitability of investors	Trading mechanism	Whether there is a risk of the listing and trading of bonds being terminated? (Y/N)
				commencement date	Maturity date							
2016 Corporate Bonds (Second Tranche) (Type II)	16 GUOJUN G4	136623	2016/8/11	2016/8/12	2021/8/12	3,000,000,000	3.14%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Bidding quotation, inquiry and agreement trading methods	N
2017 Corporate Bonds (First Tranche) (Type II)	17 GUOJUN G2	143230	2017/8/3	2017/8/4	2022/8/4	600,000,000	4.70%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Bidding quotation, inquiry and agreement trading methods	N
2018 Corporate Bonds (Third Tranche) (Type I)	18 GUOJUN G3	143732	2018/7/12	2018/7/16	2021/7/16	4,700,000,000	4.44%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Bidding quotation, inquiry and agreement trading methods	N



## Section IX Corporate Bonds

Name of bond	Abbreviation	Bond code	Issue date	Interest		Outstanding amount	Interest rate	Method of repayment of principal and payment of interests	Place of trading	Arrangement to ensure the suitability of investors	Trading mechanism	Whether there is a risk of the listing and trading of bonds being terminated? (Y/N)
				commencement date	Maturity date							
2018 Corporate Bonds (Third Tranche) (Type II)	18 GUOJUN G4	143733	2018/7/12	2018/7/16	2023/7/16	300,000,000	4.64%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Bidding quotation, inquiry and agreement trading methods	N
2019 Corporate Bonds (First Tranche) (Type I)	19 GUOJUN G1	155371	2019/4/23	2019/4/24	2022/4/24	3,000,000,000	3.90%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Bidding quotation, inquiry and agreement trading methods	N
2019 Corporate Bonds (Second Tranche)	19 GUOJUN G3	155423	2019/5/15	2019/5/17	2022/5/17	2,900,000,000	3.73%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Bidding quotation, inquiry and agreement trading methods	N
2019 Corporate Bonds (Third Tranche)	19 GUOJUN G4	155771	2019/10/14	2019/10/16	2022/10/16	2,500,000,000	3.48%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Bidding quotation, inquiry and agreement trading methods	N

## Section IX Corporate Bonds

Name of bond	Abbreviation	Bond code	Issue date	Interest		Outstanding amount	Interest rate	Method of repayment of principal and payment of interests	Place of trading	Arrangement to ensure the suitability of investors	Trading mechanism	Whether there is a risk of the listing and trading of bonds being terminated? (Y/N)
				Interest commencement date	Maturity date							
2020 Corporate Bonds (First Tranche)	20 GUOJUN G1	163105	2020/11/7	2020/11/9	2023/1/9	4,000,000,000	3.37%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Bidding quotation, inquiry and agreement trading methods	N
2020 Corporate Bonds (Second Tranche) (Type I)	20 GUOJUN G2	163325	2020/3/19	2020/3/23	2023/3/23	4,000,000,000	3.05%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Bidding quotation, inquiry and agreement trading methods	N
2020 Corporate Bonds (Third Tranche)	20 GUOJUN G4	163756	2020/7/20	2020/7/22	2023/7/22	5,000,000,000	3.55%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Bidding quotation, inquiry and agreement trading methods	N
2020 Corporate Bonds (Fourth Tranche)	20 GUOJUN G5	175099	2020/9/2	2020/9/4	2023/9/4	4,000,000,000	3.75%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Bidding quotation, inquiry and agreement trading methods	N

## Section IX Corporate Bonds

Name of bond	Abbreviation	Bond code	Issue date	Interest		Outstanding amount	Interest rate	Method of repayment of principal and payment of interests	Place of trading	Arrangement to ensure the suitability of investors	Trading mechanism	Whether there is a risk of the listing and trading of bonds being terminated? (Y/N)
				Interest commencement date	Maturity date							
2020 Corporate Bonds (Fifth Tranche) (Type I)	20 GUOJUN G6	175462	2020/11/19	2020/11/23	2022/11/23	3,900,000,000	3.80%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Bidding quotation, inquiry and agreement trading methods	N
2020 Corporate Bonds (Fifth Tranche) (Type II)	20 GUOJUN G7	175463	2020/11/19	2020/11/23	2023/11/23	2,000,000,000	3.90%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Bidding quotation, inquiry and agreement trading methods	N
2020 Corporate Bonds (Sixth Tranche) (Type I)	20 GUOJUN G8	175520	2020/12/3	2020/12/7	2021/12/7	2,200,000,000	3.40%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Bidding quotation, inquiry and agreement trading methods	N
2020 Corporate Bonds (Sixth Tranche) (Type II)	20 GUOJUN G9	175521	2020/12/3	2020/12/7	2023/12/7	2,900,000,000	3.77%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Bidding quotation, inquiry and agreement trading methods	N

## Section IX Corporate Bonds

Name of bond	Abbreviation	Bond code	Issue date	Interest		Outstanding amount	Interest rate	Method of repayment of principal and payment of interests	Place of trading	Arrangement to ensure the suitability of investors	Trading mechanism	Whether there is a risk of the listing and trading of bonds being terminated? (Y/N)
				commencement date	Maturity date							
2021 Corporate Bonds (First Tranche) (Type I)	21 GUOJUN G1	175987	2021/4/13	2021/4/15	2024/4/15	4,000,000,000	3.46%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Bidding quotation, inquiry and agreement trading methods	N
2021 Corporate Bonds (First Tranche) (Type II)	21 GUOJUN G2	175988	2021/4/13	2021/4/15	2026/4/15	2,000,000,000	3.75%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Bidding quotation, inquiry and agreement trading methods	N
2021 Corporate Bonds (Second Tranche) (Type I)	21 GUOJUN G3	188127	2021/5/19	2021/5/21	2024/5/21	3,000,000,000	3.31%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Bidding quotation, inquiry and agreement trading methods	N
2021 Corporate Bonds (Second Tranche) (Type II)	21 GUOJUN G4	188128	2021/5/19	2021/5/21	2026/5/21	5,000,000,000	3.67%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Bidding quotation, inquiry and agreement trading methods	N

## Section IX Corporate Bonds

Name of bond	Abbreviation	Bond code	Issue date	Interest		Outstanding amount	Interest rate	Method of repayment of principal and payment of interests	Place of trading	Arrangement to ensure the suitability of investors	Trading mechanism	Whether there is a risk of the listing and trading of bonds being terminated? (Y/N)
				Interest commencement date	Maturity date							
2021 Corporate Bonds (Third Tranche) (Type I)	21 GUOJUN G5	188215	2021/6/7	2021/6/9	2024/6/9	2,900,000,000	3.40%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Bidding, quotation, inquiry and agreement trading methods	N
2020 Short-term Corporate Bonds (First Tranche)	20 GUOJUN S1	163817	2020/8/10	2020/8/12	2021/8/12	4,700,000,000	2.95%	Principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Bidding, quotation, inquiry and agreement trading methods	N
2020 Short-term Corporate Bonds (Second Tranche)	20 GUOJUN S2	163833	2020/9/17	2020/9/21	2021/9/17	3,000,000,000	3.20%	Principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Bidding, quotation, inquiry and agreement trading methods	N
2020 Short-term Corporate Bonds (Third Tranche)	20 GUOJUN S3	163842	2020/11/5	2020/11/9	2021/10/27	4,500,000,000	3.25%	Principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Bidding, quotation, inquiry and agreement trading methods	N
2020 Short-term Corporate Bonds (Fourth Tranche)	20 GUOJUN S4	163856	2020/12/22	2020/12/24	2021/12/24	2,500,000,000	3.12%	Principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Bidding, quotation, inquiry and agreement trading methods	N

## Section IX Corporate Bonds

Name of bond	Abbreviation	Bond code	Issue date	Interest commencement date	Maturity date	Outstanding amount	Interest rate	Method of repayment of principal and payment of interests	Place of trading	Arrangement to ensure the suitability of investors	Trading mechanism	Whether there is a risk of the listing and trading of bonds being terminated? (Y/N)
2021 Short-term Corporate Bonds (First Tranche) (Type I)	21 GUOJUN S1	163861	2021/1/12	2021/1/14	2021/7/21	4,000,000,000	2.77%	Principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Bidding quotation, inquiry and agreement trading methods	N
2021 Short-term Corporate Bonds (First Tranche) (Type II)	21 GUOJUN S2	163862	2021/1/12	2021/1/14	2022/1/14	4,000,000,000	2.94%	Principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Bidding quotation, inquiry and agreement trading methods	N
2021 Short-term Corporate Bonds (Second Tranche)	21 GUOJUN S3	163869	2021/6/17	2021/6/21	2022/6/21	5,000,000,000	2.97%	Principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For professional investors	Bidding quotation, inquiry and agreement trading methods	N
2021 Subordinated Bonds (First Tranche)	21 GUOJUN C1	175684	2021/1/21	2021/1/25	2024/1/25	3,000,000,000	3.89%	Interest payable on annual basis and principal repayable and accrued interest payable upon maturity	Fixed-income products platform of the Shanghai Stock Exchange	For institutional investors	Bidding quotation, inquiry and agreement trading methods	N

## Section IX Corporate Bonds

Name of bond	Abbreviation	Bond code	Issue date	Interest		Outstanding amount	Interest rate	Method of repayment of principal and payment of interests	Place of trading	Arrangement to ensure the suitability of investors	Trading mechanism	Whether there is a risk of the listing and trading of bonds being terminated? (Y/N)
				Interest commencement date	Maturity date							
EUR Floating-rate Bonds	GTJA SEC B2203	5883. hk	2019/3/5	2019/3/12	2022/3/12	EUR253,000,000	3M EURIBOR +1.15%	Interest payable on quarterly basis and principal repayable and accrued interest payable upon maturity	Hong Kong Stock Exchange	For professional investors	Quotation, inquiry and agreement trading methods	N
Guotai Junan Financial Holdings Guaranteed Bonds	GTJA HOLD B2203	5853. hk	2019/3/4	2019/3/11	2022/3/11	USD500,000,000	3.875%	Interest payable on semi-annual basis and principal repayable and accrued interest payable upon maturity	Hong Kong Stock Exchange	For professional investors	Quotation, inquiry and agreement trading methods	N
Guotai Junan Financial Holdings Guaranteed MTN	GTJA HOLD N2604	40649. hk	2021/4/14	2021/4/21	2025/4/21	USD500,000,000	2.00%	Interest payable on semi-annual basis and principal repayable and accrued interest payable upon maturity	Hong Kong Stock Exchange	For professional investors	Quotation, inquiry and agreement trading methods	N

## Section IX Corporate Bonds

### Measures adopted by the Company for the risk of the listing and trading of bonds being terminated

Applicable  Not applicable

### Overdue and outstanding bonds

Applicable  Not applicable

### Information of the overdue loan

Applicable  Not applicable

2. The triggering and implementation of the issuer or investor option terms and the investor protection terms

Applicable  Not applicable

Please see VIII. Repurchase, sale or redemption of listed securities of the Company and its subsidiaries in Section VII Changes in Shares and Particulars of Shareholders for details.

3. Adjustment of credit ratings

Applicable  Not applicable

4. The implementation of Guarantees, debt repayment plan and other debt repayment guarantee measures, as well as such changes and effect thereof during the Reporting Period

Applicable  Not applicable

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

5. Other Information of the corporate bonds

Applicable  Not applicable



## Section IX Corporate Bonds

### (III) Debt financing instruments for non-financial businesses in the interbank bonds market

Applicable  Not applicable

### (IV) Losses recorded in the consolidated statements of the Company for the Reporting Period have exceeded more than 10% of the net assets at the end of the previous year

Applicable  Not applicable

### (V) Major accounting data and financial indicators

Applicable  Not applicable

Unit: yuan Currency: RMB

Major indicator	At the end of the Reporting Period	At the end of last year	Increase/decrease at the end of the Reporting Period as compared with the end of last year (%)	Reason for change
Current ratio (%)	141	135	Increased by 6 percentage points	/
Quick ratio (%)	141	135	Increased by 6 percentage points	/
Gearing ratio (%)	74.81	73.19	Increased by 1.62 percentage points	/

## Section IX Corporate Bonds

	<b>During the Reporting Period (January-June)</b>	<b>Corresponding period of last year</b>	<b>Increase/decrease for the Reporting Period as compared with the Corresponding period of last year (%)</b>	<b>Reason for change</b>
Net profit after non-recurring profit or loss	6,700,966,380	5,340,204,175	25.48	/
Debt-to-EBITDA ratio	0.03	0.03	-	/
Interest coverage ratio	3.11	2.88	7.99	/
Cash interest coverage ratio	-2.92	3.51	-183.19	Mainly due to outflow in net cash from the operating activities during the period, including greater impact in year-on-year decrease in net cash received from brokerage trading in securities and the increase in margin accounts receivables
EBITDA interest coverage ratio	3.24	3.06	5.88	/
Loan repayment ratio (%)	100	100	-	/
Interest repayment ratio (%)	100	100	-	/

### II. CONVERTIBLE CORPORATE BONDS

Applicable    Not applicable

#### (I) Issuance of Convertible Bonds

Not applicable

## Section IX Corporate Bonds

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

Name of convertible corporate bond	GTJA Bond
No. of Convertible Bond holders at the end of the period	4,554
Guarantors of Convertible Bonds	Not applicable
Material changes in profitability, assets and credit of the Guarantors	Not applicable

Top ten Convertible Bond holders are as below:

<b>Name of convertible corporate bond holders</b>	<b>Bonds held at the end of the period (RMB)</b>	<b>Percentage of bonds held (%)</b>
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (Industrial and Commercial Bank of China)	963,499,000	13.78
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (Everbright Securities Co., Ltd)	243,497,000	3.48
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (Bank of Communications)	240,624,000	3.44
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (Construction Bank of China)	212,191,000	3.04
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (Bank of China)	203,918,000	2.92
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (China Merchants Bank Co., Ltd.)	201,966,000	2.89
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (China Securities Co., Ltd.)	178,400,000	2.55
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (Agricultural Bank of China)	118,993,000	1.70
China Construction Bank Corporation – Lombarda China Europe and New Zealand Blue Chips Flexible Allocation Hybrid Securities Investment Fund	114,323,000	1.64
BOC International (China) Co., Ltd.	88,931,000	1.27

## Section IX Corporate Bonds

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

Unit: yuan Currency: RMB

Name of convertible corporate bonds	Before change	Increase/decrease			After change
		Converted	Redeemed	Sold back	
GTJA Bond	6,990,206,000	-9,000	-	-	6,990,197,000

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

Name of convertible corporate bonds	GTJA Bond
Conversion amount during the Reporting Period (RMB)	9,000
Number of converted shares during the Reporting Period (shares)	471
Aggregated number of converted shares (shares)	514,882
Aggregated number of converted shares as a percentage of the total number of issued shares of the Company before conversion (%)	0.005909
Amount of convertible bonds not yet converted (RMB)	6,990,197,000
Number of convertible bonds not yet converted as a percentage of the total number of issued convertible bonds (%)	99.8599

## Section IX Corporate Bonds

### (V) Adjustments of the conversion prices

Unit: yuan Currency: RMB

Name of convertible corporate bonds			GTJA Bond	
Effective date of adjusted conversion price	Adjusted conversion price	Disclosure date	Media of disclosure	Reasons of adjustments
2018/6/29	RMB19.80 per share	2018/6/22	China Securities Journal, Shanghai Securities News, Security Times and Securities Daily	The Company distributed a dividend of RMB0.4 per share for the year of 2017
2019/4/19	RMB19.67 per share	2019/4/18	China Securities Journal, Shanghai Securities News, Security Times and Securities Daily	The Company placed 194,000,000 new H Shares in April 2019
2019/8/12	RMB19.40 per share	2019/8/5	China Securities Journal, Shanghai Securities News, Security Times and Securities Daily	The Company distributed a dividend of RMB0.275 per share for the year of 2018
2020/8/12	RMB19.01 per share	2020/8/5	China Securities Journal, Shanghai Securities News, Security Times and Securities Daily	The Company distributed a dividend of RMB0.39 per share for the year of 2019
2021/8/20	RMB18.45 per share	2021/8/12	China Securities Journal, Shanghai Securities News, Security Times and Securities Daily	The Company distributed a dividend of RMB0.56 per share for the year of 2020
Conversion price as of the disclosure date of the Report		RMB18.45 per share		

## Section IX Corporate Bonds

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

As at the end of June 2021, the Group's total assets amounted to RMB733.846 billion, with a gearing ratio of 74.81%. Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. issued the Report on the Updated Rating of the Public Issuance of A Share Convertible Corporate Bonds of Guotai Junan Securities Co., Ltd. (《國泰君安證券股份有限公司公開發行 A 股可轉換公司債券跟蹤評級報告》) in respect of the issuance of the A-Share Convertible Bonds on 21 May 2021, and maintained the credit rating of the Company as AAA and the credit rating of the Convertible Bonds as AAA with a stable outlook.

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

### **(VII) Other information on Convertible Bonds**

Not applicable

# Section X Interim Condensed Consolidated Financial Statements

## REPORT ON REVIEW OF INTERIM FINANCIAL REPORT

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

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

### INTRODUCTION

We have reviewed the accompanying interim financial report set out on pages 133 to 223, which comprises the condensed consolidated statement of financial position of Guotai Junan Securities Co., Ltd. (the “Company”) and its subsidiaries (collectively the “Group”) as at 30 June 2021 and the related condensed consolidated income statement, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six-month period ended at 30 June 2021 and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, Interim Financial Reporting (“IAS 34”), issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of interim financial report in accordance with IAS 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report 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*, issued by the International Auditing and Assurance Standards Board. A review of the interim financial report consists of making enquiries, 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 accompanying interim financial report as at 30 June 2021 is not prepared, in all material respects, in accordance with IAS 34.

#### **KPMG**

*Certified Public Accountants*

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

24 August 2021

## Section X Interim Condensed Consolidated Financial Statements

### UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2021

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Six months ended 30 June	
		2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
<b>Revenue</b>			
Fee and commission income	5	8,435,470	6,838,679
Interest income	6	7,991,584	6,762,995
Net investment gains	7	5,550,003	3,936,304
<b>Total revenue</b>		<b>21,977,057</b>	<b>17,537,978</b>
Gain on losing control of a subsidiary	8	1,138,769	–
Other income and gains	9	4,655,767	3,310,167
<b>Total revenue and other income</b>		<b>27,771,593</b>	<b>20,848,145</b>
Fee and commission expenses	10	(1,240,707)	(1,152,921)
Interest expenses	11	(4,834,408)	(3,909,105)
Staff costs	12	(5,368,117)	(3,846,814)
Depreciation and amortization expenses	13	(629,473)	(693,235)
Tax and surcharges		(73,157)	(75,729)
Other operating expenses and costs	14	(5,209,536)	(3,723,346)
Provision for impairment losses		(16,347)	(3,820)
Credit loss expense	15	(429,748)	(117,638)
<b>Total expenses</b>		<b>(17,801,493)</b>	<b>(13,522,608)</b>

The accompanying notes form part of this interim financial report.



## Section X Interim Condensed Consolidated Financial Statements

	Note	Six months ended 30 June	
		2021 <i>(Unaudited)</i> RMB'000	2020 <i>(Unaudited)</i> RMB'000
<b>Operating profit</b>		<b>9,970,100</b>	7,325,537
Share of profits of associates and joint ventures		<u>237,339</u>	<u>28,982</u>
<b>Profit before income tax</b>		<b>10,207,439</b>	7,354,519
Income tax expense	16	<u>(1,961,123)</u>	<u>(1,622,250)</u>
<b>Profit for the period</b>		<b><u>8,246,316</u></b>	<b><u>5,732,269</u></b>
Attributable to:			
Equity holders of the Company		<b>8,013,201</b>	5,453,713
Non-controlling interests		<u>233,115</u>	<u>278,556</u>
<b>Total</b>		<b><u>8,246,316</u></b>	<b><u>5,732,269</u></b>
Earnings per share attributable to ordinary equity holders of the Company (expressed in Renminbi yuan per share)			
– Basic	18	<u>0.89</u>	<u>0.58</u>
– Diluted		<u>0.87</u>	<u>0.58</u>

The accompanying notes form part of this interim financial report.

## Section X Interim Condensed Consolidated Financial Statements

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

(Expressed in thousands of Renminbi, unless otherwise stated)

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Profit for the period</b>	<b>8,246,316</b>	5,732,269
<b>Other comprehensive income for the period</b>		
Other comprehensive income that may be reclassified to profit or loss:		
Debt instruments at fair value through other comprehensive income		
– Net changes in fair value	<b>107,998</b>	551,651
– Changes in allowance for expected credit losses	<b>80,211</b>	58,362
– Reclassified to profit or loss	<b>(119,967)</b>	(740,756)
– Income tax impact	<b>(22,879)</b>	39,872
Share of other comprehensive income of associates and joint ventures		
– Share of other comprehensive income	<b>32,051</b>	–
Exchange differences on translation of financial statements in foreign currencies	<b>(84,196)</b>	211,634
Total items that may be reclassified to profit or loss	<b>(6,782)</b>	120,763
Other comprehensive income that will not be reclassified to profit or loss:		
Equity instruments at fair value through other comprehensive income		
– Net changes in fair value	<b>(485,884)</b>	(936,985)
– Income tax impact	<b>121,034</b>	233,213
Share of other comprehensive income of associates and joint ventures		
– Share of other comprehensive income	<b>187,814</b>	(127,116)
– Income tax impact	<b>(45,431)</b>	36,156
Total items that will not be reclassified to profit or loss	<b>(222,467)</b>	(794,732)
<b>Other comprehensive income for the period, net of tax</b>	<b>(229,249)</b>	(673,969)
<b>Total comprehensive income for the period</b>	<b>8,017,067</b>	5,058,300
<b>Attributable to:</b>		
Equity holders of the Company	<b>7,814,984</b>	4,767,921
Non-controlling interests	<b>202,083</b>	290,379
<b>Total</b>	<b>8,017,067</b>	5,058,300

The accompanying notes form part of this interim financial report.

## Section X Interim Condensed Consolidated Financial Statements

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

(Expressed in thousands of Renminbi, unless otherwise stated)

		As at 30 June 2021 <i>(Unaudited)</i> RMB'000	As at 31 December 2020 <i>(Audited)</i> RMB'000
<b>Non-current assets</b>			
Property and equipment	19	3,920,379	5,024,307
Right-of-use assets	20	2,517,407	2,490,743
Goodwill	21	20,896	599,812
Other intangible assets	22	592,337	1,677,813
Investments in associates	24	7,216,972	1,169,765
Investments in joint ventures	24	4,273,170	2,844,778
Debt instruments at fair value through other comprehensive income	25	50,408,259	65,511,217
Equity instruments at fair value through other comprehensive income	26	2,940,544	17,637,062
Financial assets held under resale agreements	27	1,738,638	2,616,287
Financial assets at fair value through profit or loss	28	25,142,820	26,628,714
Refundable deposits	29	37,187,396	29,415,401
Deferred tax assets	30	1,987,244	1,761,582
Other non-current assets	31	366,589	691,128
<b>Total non-current assets</b>		<b>138,312,651</b>	158,068,609
<b>Current assets</b>			
Accounts receivable	32	15,623,604	7,230,325
Other current assets	33	3,351,600	2,983,541
Margin accounts receivable	34	113,457,180	99,429,347
Debt instruments at fair value through other comprehensive income	25	10,805,929	6,981,585
Financial assets held under resale agreements	27	53,931,745	53,245,514
Financial assets at fair value through profit or loss	28	224,800,019	202,097,430
Derivative financial assets	35	4,474,380	2,214,226
Clearing settlement funds	36	4,668,195	6,049,697
Cash held on behalf of brokerage customers	37	137,396,542	139,323,440
Cash and bank balances	38	27,024,265	25,275,458
<b>Total current assets</b>		<b>595,533,459</b>	544,830,563
<b>Total assets</b>		<b>733,846,110</b>	702,899,172

The accompanying notes form part of this interim financial report.

## Section X Interim Condensed Consolidated Financial Statements

	Note	As at 30 June 2021 <i>(Unaudited)</i> RMB'000	As at 31 December 2020 <i>(Audited)</i> RMB'000
<b>Current liabilities</b>			
Loans and borrowings	39	15,052,044	9,769,331
Short-term debt instruments	40	48,175,457	48,724,368
Placements from other financial institutions	41	7,224,978	13,810,630
Accounts payable to brokerage customers	42	160,126,575	157,408,158
Employee benefits payable	43	7,400,373	7,568,772
Income tax payable		1,577,581	1,572,828
Financial assets sold under repurchase agreements	44	151,186,962	144,721,315
Financial liabilities at fair value through profit or loss	45	31,417,166	30,304,839
Derivative financial liabilities	35	7,593,939	5,526,472
Bonds payable	46	29,646,878	24,744,699
Lease liabilities	47	484,582	466,697
Other current liabilities	48	38,870,666	25,405,255
<b>Total current liabilities</b>		<b>498,757,201</b>	<b>470,023,364</b>
<b>Net current assets</b>		<b>96,776,258</b>	<b>74,807,199</b>
<b>Total assets less current liabilities</b>		<b>235,088,909</b>	<b>232,875,808</b>
<b>Non-current liabilities</b>			
Bonds payable	46	73,952,866	66,947,715
Lease liabilities	47	1,459,513	1,486,932
Deferred tax liabilities	30	272,752	139,059
Financial liabilities at fair value through profit or loss	45	15,613,643	17,789,620
Other non-current liabilities	49	233,973	274,664
<b>Total non-current liabilities</b>		<b>91,532,747</b>	<b>86,637,990</b>
<b>Net assets</b>		<b>143,556,162</b>	<b>146,237,818</b>

The accompanying notes form part of this interim financial report.

## Section X Interim Condensed Consolidated Financial Statements

		As at 30 June 2021 <i>(Unaudited)</i> RMB'000	As at 31 December 2020 <i>(Audited)</i> RMB'000
<b>Equity</b>			
Share capital	50	8,908,449	8,908,448
Other equity instruments	51	11,071,660	11,071,661
Treasury Shares		(776,909)	(776,909)
Reserves	52	71,153,661	71,645,598
Retained profits	52	49,570,445	46,504,462
Equity attributable to equity holders of the Company		<b>139,927,306</b>	137,353,260
Non-controlling interests		<b>3,628,856</b>	8,884,558
<b>Total equity</b>		<b><u>143,556,162</u></b>	<b><u>146,237,818</u></b>

Approved and authorized for issue by the Board of Directors on 24 August 2021.

**He Qing**  
\_\_\_\_\_  
*Chairman*

**Wang Song**  
\_\_\_\_\_  
*Executive Director*

The accompanying notes form part of this interim financial report.

## Section X Interim Condensed Consolidated Financial Statements

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

(Expressed in thousands of Renminbi, unless otherwise stated)

	Attributable to equity holders of the Company (Unaudited)												
	Share capital	Other equity instruments	Capital reserve	Reserves						Treasury Shares	Retained profits	Non-controlling interests	Total equity
				Investment revaluation	Translation reserve	Surplus reserve	General reserve	Total					
				RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000				
<b>Unaudited</b>													
At 31 December 2020	8,908,448	11,071,661	45,571,238	(258,237)	(289,853)	7,172,530	19,449,920	(776,909)	46,504,462	137,353,260	8,884,558	146,237,818	
Profit for the period	—	—	—	—	—	—	—	—	8,013,201	8,013,201	233,115	8,246,316	
Other comprehensive income for the period	—	—	—	(137,267)	(60,950)	—	—	—	—	(198,217)	(31,032)	(229,249)	
Total comprehensive income for the period	—	—	—	(137,267)	(60,950)	—	—	—	8,013,201	7,814,984	202,083	8,017,067	
Appropriation to general reserve	—	—	—	—	—	—	25,669	—	(25,669)	—	—	—	
Dividends	—	—	—	—	—	—	—	—	(4,988,731)	(4,988,731)	—	(4,988,731)	
Distribution to other equity instrument holders	—	—	—	—	—	—	—	—	(402,500)	(402,500)	—	(402,500)	
Distribution to non-controlling shareholders and other equity instrument holders of subsidiaries	—	—	—	—	—	—	—	—	—	—	(108,804)	(108,804)	
Other comprehensive income that has been reclassified to retained profits	—	—	—	59,765	—	—	—	—	(59,765)	—	—	—	
Conversion of convertible bonds	1	(1)	10	—	—	—	—	—	—	10	—	10	
Equity Settled share-based transactions	—	—	148,741	—	—	—	—	—	—	148,741	—	148,741	
Equity transactions with non-controlling shareholders	—	—	—	—	—	—	—	—	(3,166)	(3,166)	10,471,186	10,468,020	
Lost control of a subsidiary	—	—	—	—	—	—	(532,613)	—	532,613	—	(15,819,404)	(15,819,404)	
Others	—	—	4,708	—	—	—	—	—	—	4,708	(763)	3,945	
At 30 June 2021	<u>8,908,449</u>	<u>11,071,660</u>	<u>45,724,697</u>	<u>(335,739)</u>	<u>(350,803)</u>	<u>7,172,530</u>	<u>18,942,976</u>	<u>(776,909)</u>	<u>49,570,445</u>	<u>139,927,306</u>	<u>3,628,856</u>	<u>143,556,162</u>	

The accompanying notes form part of this interim financial report.

## Section X Interim Condensed Consolidated Financial Statements

Attributable to equity holders of the Company (Unaudited)

	Reserves											Total equity
	Share capital	Other equity instruments	Capital reserve	Investment revaluation	Translation reserve	Surplus reserve	General reserve	Treasury Shares	Retained profits	Non-controlling interests		
										Total		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>Unaudited</b>												
At 31 December 2019	8,907,948	16,129,799	46,208,639	(40,809)	290,279	7,172,530	17,497,137	—	41,335,967	137,501,490	8,592,333	146,093,823
Profit for the period	—	—	—	—	—	—	—	—	5,453,713	5,453,713	278,556	5,732,269
Other comprehensive income for the period	—	—	—	(833,645)	147,853	—	—	—	—	(685,792)	11,823	(673,969)
Total comprehensive income for the period	—	—	—	(833,645)	147,853	—	—	—	5,453,713	4,767,921	290,379	5,058,300
Appropriation to general reserve	—	—	—	—	—	—	28,930	—	(28,930)	—	—	—
Dividends	—	—	—	—	—	—	—	—	(3,474,100)	(3,474,100)	—	(3,474,100)
Issuance of other equity instrument	—	5,000,000	—	—	—	—	—	—	—	5,000,000	—	5,000,000
Redemption of other equity instrument	—	(10,000,000)	—	—	—	—	—	—	—	(10,000,000)	—	(10,000,000)
Distribution to other equity instrument holders	—	—	—	—	—	—	—	—	(402,500)	(402,500)	—	(402,500)
Distribution to non-controlling shareholders and other equity instrument holders of subsidiaries	—	—	—	—	—	—	—	—	—	—	(45,932)	(45,932)
Other comprehensive income that has been reclassified to retained profits	—	—	—	10,885	—	—	—	—	(10,885)	—	—	—
Conversion of convertible bonds	1	(1)	8	—	—	—	—	—	—	8	—	8
Acquisition of treasury shares	—	—	—	—	—	—	—	(1,123,926)	—	(1,123,926)	—	(1,123,926)
Others	—	—	(1,916)	—	—	—	—	—	—	(1,916)	203,756	201,840
At 30 June 2020	<u>8,907,949</u>	<u>11,129,798</u>	<u>46,206,731</u>	<u>(863,569)</u>	<u>438,132</u>	<u>7,172,530</u>	<u>17,526,067</u>	<u>(1,123,926)</u>	<u>42,873,265</u>	<u>132,266,977</u>	<u>9,040,536</u>	<u>141,307,513</u>

The accompanying notes form part of this interim financial report.

## Section X Interim Condensed Consolidated Financial Statements

### UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2021

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Six months ended 30 June	
		2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
<b>Cash flows from operating activities:</b>			
Profit before income tax		10,207,439	7,354,519
<b>Adjustments for:</b>			
Interest expenses		4,834,408	3,909,105
Share of profits of associates and joint ventures		(237,339)	(28,982)
Depreciation and amortization		629,473	693,235
Provision for impairment losses		16,347	3,820
Credit loss expense		429,748	117,638
Net gains on disposal of property and equipment		(29,847)	(16,778)
Foreign exchange losses		62,483	7,498
Net realized gains from financial instruments		(106,274)	(740,756)
Gain on losing control of a subsidiary		(1,138,769)	—
Gain on disposal of subsidiaries, associates and joint ventures		—	(128,898)
Dividend and interest income from financial assets at fair value through other comprehensive income		(1,827,380)	(1,129,426)
Interest income from time deposits, loans and receivables		(437,093)	(93,908)
Unrealized fair value changes in financial instruments at fair value through profit or loss		(353,438)	(1,291,730)
Unrealized fair value changes in derivatives		(304,683)	520,170
		<b>11,745,075</b>	<b>9,175,507</b>

The accompanying notes form part of this interim financial report.



## Section X Interim Condensed Consolidated Financial Statements

	<b>Six months ended 30 June</b>	
	Note	
	<b>2021</b> <i>(Unaudited)</i> <b>RMB'000</b>	2020 <i>(Unaudited)</i> <b>RMB'000</b>
Increase in refundable deposits		(5,775,326)
Increase in margin accounts receivable		(6,238,877)
Increase in accounts receivable, other current assets and other non-current assets		(5,971,544)
(Increase)/decrease in financial assets held under resale agreements		3,358,889
Increase in financial instruments at fair value through profit or loss and derivative financial instruments		(22,855,049)
Increase in cash held on behalf of brokerage customers		(24,137,720)
Increase in accounts payable to brokerage customers		31,460,481
Increase in other liabilities		7,530,548
Increase/(decrease) in employee benefits payable		(539,814)
Increase in financial assets sold under repurchase agreements		3,637,474
Decrease in placements from other financial institutions		(2,067,467)
Cash used in operations		<u>(12,422,898)</u>
Income taxes paid		(1,476,145)
Interest paid		<u>(1,645,088)</u>
Net cash used in operating activities		<u>(23,272,121)</u>

The accompanying notes form part of this interim financial report.

## Section X Interim Condensed Consolidated Financial Statements

	Note	Six months ended 30 June	
		2021 <i>(Unaudited)</i> RMB'000	2020 <i>(Unaudited)</i> RMB'000
<b>Cash flows from investing activities:</b>			
Proceeds from disposal of property and equipment, other intangible assets and other non-current assets		79,035	23,788
Dividends and interest received from financial assets at fair value through other comprehensive income and other investments		2,160,966	1,221,425
Proceeds from disposal of financial assets at fair value through other comprehensive income and other investments		57,964,442	42,872,150
Proceeds from disposal of subsidiaries, associates and joint ventures		—	293,074
Purchases of property and equipment, other intangible assets and other non-current assets		(429,576)	(442,918)
Purchases of financial assets at fair value through other comprehensive income and other investments		(61,398,009)	(41,020,074)
Lost control of a subsidiary		(4,024,369)	—
Purchases of other investing activities		—	(136,144)
Net cash (used in)/generated from investing activities		<u>(5,647,511)</u>	<u>2,811,301</u>

The accompanying notes form part of this interim financial report.

## Section X Interim Condensed Consolidated Financial Statements

		<b>Six months ended 30 June</b>	
	Note	<b>2021</b> <i>(Unaudited)</i> <b>RMB'000</b>	2020 <i>(Unaudited)</i> <b>RMB'000</b>
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of other equity instrument		—	5,000,000
Proceeds from issuance of shares to non-controlling shareholders		<b>10,468,020</b>	—
Proceeds from issuance of short-term debt instruments		<b>29,538,608</b>	33,830,832
Proceeds from issuance of bonds payable		<b>25,749,964</b>	9,874,365
Proceeds from loans and borrowings		<b>15,050,845</b>	19,509,613
Repayment of debt securities issued		<b>(39,913,049)</b>	(36,066,091)
Repayment of loans and borrowings		<b>(9,784,978)</b>	(10,495,078)
Interest paid		<b>(1,774,134)</b>	(1,614,858)
Dividends paid		<b>(348,533)</b>	(518,674)
Redemption of other equity instruments		—	(10,000,000)
Acquisition of treasury shares		—	(1,123,926)
Capital element of lease rentals paid		<b>(259,687)</b>	(332,606)
Interest element of lease rentals paid		<b>(35,416)</b>	(45,604)
Cash used in other financing activities		<b>(80,000)</b>	—
Net cash generated from financing activities		<b>28,611,640</b>	8,017,973
Net decrease in cash and cash equivalents		<b>(307,992)</b>	(4,714,857)
Cash and cash equivalents at the beginning of the period		<b>56,823,676</b>	45,771,060
Effect of foreign exchange rate changes		<b>(55,288)</b>	123,537
Cash and cash equivalents at the end of the period	53	<b>56,460,396</b>	41,179,740

The accompanying notes form part of this interim financial report.

## Section X Interim Condensed Consolidated Financial Statements

### NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(Expressed in thousands of Renminbi, unless otherwise stated)

#### 1 CORPORATE INFORMATION

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

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

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

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

## Section X Interim Condensed Consolidated Financial Statements

### 2 BASIS OF ACCOUNTING

These 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”), and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 December 2020 (‘last annual financial statements’). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements.

The interim financial report has been prepared in accordance with the same accounting policies in the Group’s last annual financial statements.

The financial information relating to the financial year ended 31 December 2020 that is included in the interim financial statements as comparative information does not constitute the Company’s annual consolidated financial statements but is derived from those financial statements.

These interim financial statements were authorised for issue by the Company’s board of directors on 24 August 2021.

### 3 USE OF JUDGMENTS AND ESTIMATES

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

## Section X Interim Condensed Consolidated Financial Statements

### 4 SEGMENT REPORTING

During the year of 2021, the Group commenced to allocate resources and assess the segment performance based on the revised grouping of operating segments. Accordingly, the Group has restated the previously reported segment information for the six months ended 30 June 2020 and as at 31 December 2020.

- 1) The wealth management segment, which mainly provides securities and futures brokerage, financial products, investment advisory, stock pledging, margin financing and securities lending, agreed securities repurchase and other services to clients.
- 2) The investment banking segment, which primarily includes sponsorship, equity underwriting, debt underwriting, structured debt financing, M&A financial advisory services and diversified corporate solutions to corporate and government clients.
- 3) The institutional and trading segment, mainly consists of institutional brokerage, trading and investment and equity investment. Among which, institutional brokerage mainly provides prime brokers, seat leasing, custody and outsourcing, QFII and other services to institutional clients; Our trading and investment business mainly includes investment transactions in stocks, fixed income, foreign exchange, commodities and their derivative financial instruments, as well as providing integrated financial solutions for clients' investment, financing and risk management;
- 4) The investment management segment, which primarily includes asset management and fund management services to institutions and individuals.
- 5) The international segment conducts brokerage, corporate finance, asset management, loans and financing services, as well as financial products, market making and investment businesses mainly through Guotai Junan International in Hong Kong, and has expanded its business presence into the United States, Europe, Southeast Asia and other regions.
- 6) The other segment include government grant and other general operating expenses.

## Section X Interim Condensed Consolidated Financial Statements

### 4 SEGMENT REPORTING (continued)

#### (a) Operating segments

	Six months ended 30 June 2021						
	Wealth management	Investment banking	Institutional and trading	Investment management	International business	Other	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Unaudited</b>							
Segment total revenue and other income							
Fee and commission income	4,228,298	1,438,660	1,043,481	961,015	764,016	—	8,435,470
Interest income	5,498,124	—	1,637,529	25,083	830,848	—	7,991,584
Net investment gains	—	—	4,618,419	43,061	888,523	—	5,550,003
Other income and gains	310	—	4,009,552	46,346	(4,127)	603,686	4,655,767
Gain on losing control of a subsidiary	—	—	1,138,769	—	—	—	1,138,769
Total revenue and other income	<u>9,726,732</u>	<u>1,438,660</u>	<u>12,447,750</u>	<u>1,075,505</u>	<u>2,479,260</u>	<u>603,686</u>	<u>27,771,593</u>
Segment expenses	(6,958,541)	(1,012,010)	(6,858,163)	(547,020)	(1,334,424)	(1,091,335)	(17,801,493)
Including: Interest expenses	(2,477,188)	(2,785)	(1,871,352)	(3,012)	(476,948)	(3,123)	(4,834,408)
Credit loss expense	(282,783)	—	(80,031)	—	(66,934)	—	(429,748)
Segment operating profit	2,768,191	426,650	5,589,587	528,485	1,144,836	(487,649)	9,970,100
Share of profit of associates and joint ventures	—	—	73,975	163,364	—	—	237,339
Segment profit before income tax	2,768,191	426,650	5,663,562	691,849	1,144,836	(487,649)	10,207,439
Income tax expense	—	—	—	—	—	—	(1,961,123)
Segment profit for the period	<u>2,768,191</u>	<u>426,650</u>	<u>5,663,562</u>	<u>691,849</u>	<u>1,144,836</u>	<u>(487,649)</u>	<u>8,246,316</u>
As at 30 June 2021							
Segment total assets	<u>279,233,507</u>	<u>1,130,943</u>	<u>306,758,755</u>	<u>16,735,205</u>	<u>126,624,200</u>	<u>3,363,500</u>	<u>733,846,110</u>
Segment total liabilities	<u>230,553,950</u>	<u>949,285</u>	<u>234,203,295</u>	<u>3,410,111</u>	<u>113,468,565</u>	<u>7,704,742</u>	<u>590,289,948</u>
Six months ended 30 June 2021							
Other segment information:							
Depreciation and amortization expenses	273,885	1,108	300,883	16,415	33,883	3,299	629,473
Capital expenditure	<u>186,909</u>	<u>757</u>	<u>205,334</u>	<u>11,202</u>	<u>23,123</u>	<u>2,251</u>	<u>429,576</u>

## Section X Interim Condensed Consolidated Financial Statements

### 4 SEGMENT REPORTING (continued)

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

	Six months ended 30 June 2020						
	Wealth management	Investment banking	Institutional and trading	Investment management	International business	Other	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Unaudited</b>							
Segment total revenue and other income							
Fee and commission income	3,868,748	1,019,706	746,217	717,560	485,649	799	6,838,679
Interest income	4,550,967	—	1,627,856	22,320	561,852	—	6,762,995
Net investment gains	—	—	2,982,534	317,545	636,225	—	3,936,304
Other income and gains	3,089	—	2,675,861	16,788	36,645	577,784	3,310,167
Total revenue and other income	<u>8,422,804</u>	<u>1,019,706</u>	<u>8,032,468</u>	<u>1,074,213</u>	<u>1,720,371</u>	<u>578,583</u>	<u>20,848,145</u>
Segment expenses	(5,546,633)	(764,667)	(4,739,646)	(449,755)	(1,176,016)	(845,891)	(13,522,608)
Including: Interest expenses	(2,048,723)	(3,569)	(1,312,872)	(19,015)	(509,645)	(15,281)	(3,909,105)
Credit loss expense	(24,745)	—	(53,435)	—	(39,458)	—	(117,638)
Segment operating profit	2,876,171	255,039	3,292,822	624,458	544,355	(267,308)	7,325,537
Share of profit of associates and joint ventures	—	—	7,156	21,826	—	—	28,982
Segment profit before income tax	2,876,171	255,039	3,299,978	646,284	544,355	(267,308)	7,354,519
Income tax expense							(1,622,250)
Segment profit for the period	<u>2,876,171</u>	<u>255,039</u>	<u>3,299,978</u>	<u>646,284</u>	<u>544,355</u>	<u>(267,308)</u>	<u>5,732,269</u>
As at 31 December 2020							
Segment total assets	<u>275,185,913</u>	<u>2,461,745</u>	<u>295,933,764</u>	<u>16,907,942</u>	<u>108,900,849</u>	<u>3,508,959</u>	<u>702,899,172</u>
Segment total liabilities	<u>242,539,450</u>	<u>3,186,948</u>	<u>211,656,777</u>	<u>2,855,001</u>	<u>94,671,147</u>	<u>1,752,031</u>	<u>556,661,354</u>
Six months ended 30 June 2020							
Other segment information:							
Depreciation and amortization expenses	294,964	2,639	317,203	18,123	56,546	3,760	693,235
Capital expenditure	<u>188,456</u>	<u>1,686</u>	<u>202,665</u>	<u>11,580</u>	<u>36,128</u>	<u>2,403</u>	<u>442,918</u>



## Section X Interim Condensed Consolidated Financial Statements

### 4 SEGMENT REPORTING *(continued)*

#### (b) Geographical segments

	Six months ended 30 June	
	2021	2020
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue		
Mainland, China	<b>19,493,670</b>	15,854,252
Hong Kong, China and overseas	<b>2,483,387</b>	1,683,726
Total	<b><u>21,977,057</u></b>	<b><u>17,537,978</u></b>

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

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

The Group has no single customer which contributed to 10 percent or more of the Group's revenue for the six months ended 30 June 2021 and 2020.

### 5 FEE AND COMMISSION INCOME

#### (a) Revenue streams

	Six months ended 30 June	
	2021	2020
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Securities brokerage and investment consulting business	<b>5,038,551</b>	4,429,902
Underwriting and sponsorship business	<b>1,664,275</b>	1,118,152
Asset management business	<b>1,031,222</b>	723,990
Futures brokerage business	<b>479,273</b>	265,103
Custodian fee	<b>104,667</b>	177,023
Financial advisory business	<b>81,748</b>	121,365
Others	<b>35,734</b>	3,144
Total	<b><u>8,435,470</u></b>	<b><u>6,838,679</u></b>

Fee and commission income represented the Group's revenue from contracts with customers.

## Section X Interim Condensed Consolidated Financial Statements

### 5 FEE AND COMMISSION INCOME (continued)

#### (b) Disaggregation of revenue

In the following table, fee and commission income are disaggregated by timing of revenue recognition:

	Six months ended 30 June 2021		Six months ended 30 June 2020	
	At a point in time	Over time	At a point in time	Over time
	Securities brokerage and investment consulting business	5,038,551	—	4,429,902
Underwriting and sponsorship business	1,664,275	—	1,118,152	—
Asset management business	—	1,031,222	—	723,990
Futures brokerage business	479,273	—	265,103	—
Custodian and outsourcing service	—	104,667	—	177,023
Financial advisory business	81,748	—	121,365	—
Others	35,734	—	3,144	—
Total	<u>7,299,581</u>	<u>1,135,889</u>	<u>5,937,666</u>	<u>901,013</u>

### 6 INTEREST INCOME

	Six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Margin financing and securities lending	3,478,094	2,603,013
Deposits in financial institutions	1,905,242	1,852,544
Debt instruments at fair value through other comprehensive income	1,018,692	1,037,906
Stock-pledged financing and securities repurchase	919,277	969,813
Other financial assets held under resale agreements	167,177	138,965
Term loan	58,921	45,838
Others	444,181	114,916
Total	<u>7,991,584</u>	<u>6,762,995</u>

## Section X Interim Condensed Consolidated Financial Statements

### 7 NET INVESTMENT GAINS

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	RMB'000
Dividend and other income		
Financial instruments at fair value through profit or loss	<b>2,411,844</b>	1,921,867
Equity instruments at fair value through other comprehensive income	<b>808,688</b>	91,520
Net realized gains/(losses)		
Financial instruments at fair value through profit or loss	<b>2,083,200</b>	401,845
Debt instruments at fair value through other comprehensive income	<b>106,274</b>	740,756
Derivative financial instruments	<b>(516,926)</b>	8,756
Unrealized gains/(losses)		
Financial assets at fair value through profit or loss	<b>72,465</b>	1,710,123
Financial liabilities at fair value through profit or loss	<b>280,973</b>	(418,393)
Derivative financial instruments	<b>304,683</b>	(520,170)
Others	<b>(1,198)</b>	—
Total	<b><u>5,550,003</u></b>	<u>3,936,304</u>

## Section X Interim Condensed Consolidated Financial Statements

### 8 GAIN ON LOSING CONTROL OF A SUBSIDIARY

Following CSRC's approval on Bailian Group Co., Ltd. to become a major shareholder and controlling shareholder of Shanghai Securities Co., Ltd. ("Shanghai Securities") and the change of registered share capital of Shanghai Securities in December 2020, Shanghai Securities has completed the necessary procedures in relations to the capital increase including capital verification, registration of change in rights of state-owned assets and registration with industrial and commercial department of the increased registered share capital in accordance with the requirements stated in the approval of the CSRC and requirements of relevant administrative measures of state-owned assets.

Upon the completion of such procedures and as of the date 7 February 2021, the Company held approximately 24.99% of the equity interest in Shanghai Securities, and Shanghai Securities ceased to be a subsidiary of the Company.

Entity name	Shanghai Securities Co., Ltd.
Considerations received	—
Disposal method	Subsidiary's private placement of shares to third-party investors
Date of losing control	7 February 2021
Basis for determining date of losing control	Transfer of control
Proportion of remaining equity interest on the date of losing control	24.99%
Carrying amount of remaining equity interests on the date of losing control	4,004,515
Fair value of remaining equity interests on the date of losing control	5,129,330
Gain or loss from remeasurement of remaining equity interests to fair value	1,124,815
Method and key assumptions for determining the fair value of remaining equity interests	Independent valuation report from third party valuer
Net investment gains transferred from other comprehensive income related to previous equity investment in subsidiary	13,954

## Section X Interim Condensed Consolidated Financial Statements

### 9 OTHER INCOME AND GAINS

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>(Unaudited)</b>	<i>(Unaudited)</i>
	<b>RMB'000</b>	<i>RMB'000</i>
Income from bulk commodity trading	<b>4,065,448</b>	2,588,643
Government grants <sup>(1)</sup>	<b>511,224</b>	537,074
Gain on disposal of associates	—	128,898
Foreign exchange losses	<b>(62,483)</b>	(7,498)
Others	<b>141,578</b>	63,050
Total	<b><u>4,655,767</u></b>	<u>3,310,167</u>

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

### 10 FEE AND COMMISSION EXPENSES

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>(Unaudited)</b>	<i>(Unaudited)</i>
	<b>RMB'000</b>	<i>RMB'000</i>
Securities brokerage and investment consulting business	<b>1,127,775</b>	909,534
Futures brokerage business	<b>11,437</b>	103,578
Underwriting and sponsorship business	<b>53,440</b>	67,583
Others	<b>48,055</b>	72,226
Total	<b><u>1,240,707</u></b>	<u>1,152,921</u>

## Section X Interim Condensed Consolidated Financial Statements

### 11 INTEREST EXPENSES

	Six months ended 30 June	
	2021	2020
	(Unaudited) RMB'000	(Unaudited) RMB'000
Bonds	1,846,662	1,478,146
Financial assets sold under repurchase agreements	1,392,358	1,220,747
Accounts payable to brokerage customers	371,578	257,770
Short-term debt instruments	531,595	243,703
Loans and borrowings	127,038	230,651
Placements from other financial institutions	317,961	205,861
Securities lending	111,191	88,233
Lease liabilities	35,416	45,604
Others	100,609	138,390
Total	<u>4,834,408</u>	<u>3,909,105</u>

### 12 STAFF COSTS

	Six months ended 30 June	
	2021	2020
	(Unaudited) RMB'000	(Unaudited) RMB'000
Salaries, bonuses and allowances	4,760,591	3,386,007
Contributions to defined contribution schemes	293,135	213,913
Other social welfare	314,391	246,894
Total	<u>5,368,117</u>	<u>3,846,814</u>

## Section X Interim Condensed Consolidated Financial Statements

### 12 STAFF COSTS *(continued)*

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

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

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

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

### 13 DEPRECIATION AND AMORTIZATION EXPENSES

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>(Unaudited)</b>	<i>(Unaudited)</i>
	<b>RMB'000</b>	<i>RMB'000</i>
Depreciation of right-of-use assets	<b>295,185</b>	327,780
Depreciation of property and equipment	<b>237,106</b>	275,374
Amortization of other intangible assets	<b>86,469</b>	78,338
Amortization of long-term deferred expenses	<b>10,713</b>	11,743
	<hr/>	<hr/>
Total	<b><u>629,473</u></b>	<u>693,235</u>

## Section X Interim Condensed Consolidated Financial Statements

### 14 OTHER OPERATING EXPENSES AND COSTS

	Six months ended 30 June	
	2021	2020
	(Unaudited) RMB'000	(Unaudited) RMB'000
Cost of bulk commodity trading	4,007,525	2,622,509
Information technology expenses	175,116	168,003
Rental and property management expenses	91,623	109,295
Postal and communication expenses	73,595	84,313
Administrative and office operating expenses	106,596	74,396
Consulting fees	92,859	62,008
Business travel expenses	86,605	55,679
Stock exchange management fees	52,203	54,852
Securities investor protection funds	66,935	53,328
Advertising expenses	65,733	32,438
Utilities expenses	18,295	18,764
Auditors' remuneration	4,559	7,846
Others	367,892	379,915
Total	<u>5,209,536</u>	<u>3,723,346</u>

### 15 CREDIT LOSS EXPENSE

	Six months ended 30 June	
	2021	2020
	(Unaudited) RMB'000	(Unaudited) RMB'000
Margin accounts receivable	249,483	20,990
Financial assets held under resale agreements	(1,059)	29,941
Others	181,324	66,707
Total	<u>429,748</u>	<u>117,638</u>



## Section X Interim Condensed Consolidated Financial Statements

### 16 INCOME TAX EXPENSE

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>(Unaudited)</b>	<i>(Unaudited)</i>
	<b>RMB'000</b>	<i>RMB'000</i>
Current tax		
Mainland China income tax	<b>1,670,083</b>	1,395,383
Hong Kong profits tax	<b>112,047</b>	49,845
Deferred tax	<b>178,993</b>	177,022
Total tax charges for the period	<b>1,961,123</b>	1,622,250

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

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

### 17 DIVIDENDS

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>(Unaudited)</b>	<i>(Unaudited)</i>
	<b>RMB'000</b>	<i>RMB'000</i>
Distribution to ordinary shares <sup>(1)</sup>	<b>4,988,731</b>	3,474,100
Distribution to other equity instrument holders <sup>(2)</sup>	<b>402,500</b>	402,500

(1) Pursuant to the resolution of the meeting of shareholders held on 28 June 2021, the Company distributed cash dividends of RMB5.6 for every 10 shares (tax included) for the year ended 31 December 2020.

Pursuant to the resolution of the meeting of shareholders held on 15 June 2020, the Company distributed cash dividends of RMB3.9 for every 10 shares (tax included) for the year ended 31 December 2019.

(2) The dividend distributions by the Company triggered the mandatory interest payment event for perpetual subordinated bonds. As at 30 June 2021, the Company has recognized the dividend payable to other equity instrument holders of RMB403 million (31 December 2020: RMB403 million).

## Section X Interim Condensed Consolidated Financial Statements

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

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

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

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

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

## Section X Interim Condensed Consolidated Financial Statements

### 18 EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY *(continued)*

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

	<b>Six months ended 30 June</b>	
	<b>2021</b> <i>(Unaudited)</i> <b>RMB'000</b>	2020 <i>(Unaudited)</i> <i>RMB'000</i>
Earnings		
Profit attributable to equity holders of the Company	<b>8,013,201</b>	5,453,713
Less: Profit attributable to other equity holders of the Company	<b>(199,596)</b>	(254,235)
Profit attributable to ordinary equity holders of the Company	<b>7,813,605</b>	5,199,478
Add: Interest expense on convertible bonds, net of tax	<b>149,664</b>	149,170
Less: Dilutive effect of a subsidiary's potential ordinary shares	<b>(367)</b>	(435)
Adjusted profit attributable to ordinary equity holders of the Company	<b>7,962,902</b>	5,348,213
Shares (in thousand)		
Weighted average number of ordinary shares in issue during the period	<b>8,819,448</b>	8,907,948
Add: Weighted average number of ordinary shares assuming conversion of all dilutive shares	<b>367,712</b>	360,810
Add: Dilutive effect of share-based transactions	<b>7,652</b>	—
Adjusted weighted average number of ordinary shares in issue during the period	<b>9,194,812</b>	9,268,758
Earnings per share attributable to ordinary equity holders of the Company (RMB Yuan per share)		
– Basic	<b>0.89</b>	0.58
– Diluted	<b>0.87</b>	0.58

## Section X Interim Condensed Consolidated Financial Statements

### 19 PROPERTY AND EQUIPMENT

	Buildings	Leasehold improvements	Machinery	Electronic equipment	Communication equipment	Motor vehicles	CIP	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Unaudited</b>									
<b>Cost</b>									
As at 1 January 2021	4,675,910	954,783	69,244	1,760,090	19,952	150,473	265,466	175,363	8,071,281
Additions	28	12,151	589	99,193	343	2,920	66,475	4,394	186,093
Transfers during the year	—	—	876	20,518	—	—	(72,827)	—	(51,433)
Disposals	—	(36,585)	(1,016)	(31,175)	(21)	(3,620)	—	(257)	(72,674)
Lost control of a subsidiary	(859,089)	(222,964)	(19,273)	(240,689)	(1,197)	(11,296)	(42,391)	(12,967)	(1,409,866)
As at 30 June 2021	<u>3,816,849</u>	<u>707,385</u>	<u>50,420</u>	<u>1,607,937</u>	<u>19,077</u>	<u>138,477</u>	<u>216,723</u>	<u>166,533</u>	<u>6,723,401</u>
<b>Accumulated depreciation</b>									
As at 1 January 2021	(978,904)	(609,142)	(12,673)	(1,125,042)	(12,066)	(116,962)	—	(99,932)	(2,954,721)
Depreciation charge	(49,912)	(57,941)	(5,255)	(110,434)	(1,200)	(6,136)	—	(6,228)	(237,106)
Disposals	—	4,714	878	25,057	20	3,116	—	211	33,996
Lost control of a subsidiary	49,431	183,205	16,819	178,520	1,137	7,797	—	10,153	447,062
As at 30 June 2021	<u>(979,385)</u>	<u>(479,164)</u>	<u>(231)</u>	<u>(1,031,899)</u>	<u>(12,109)</u>	<u>(112,185)</u>	<u>—</u>	<u>(95,796)</u>	<u>(2,710,769)</u>
<b>Impairment</b>									
As at 1 January 2021 and 30 June 2021	<u>(92,253)</u>	—	—	—	—	—	—	—	<u>(92,253)</u>
<b>Net carrying amount</b>									
As at 30 June 2021	<u>2,745,211</u>	<u>228,221</u>	<u>50,189</u>	<u>576,038</u>	<u>6,968</u>	<u>26,292</u>	<u>216,723</u>	<u>70,737</u>	<u>3,920,379</u>

## Section X Interim Condensed Consolidated Financial Statements

### 19 PROPERTY AND EQUIPMENT (continued)

	Buildings	Leasehold improvements	Machinery	Electronic equipment	Communication equipment	Motor vehicles	CIP	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Audited</b>									
<b>Cost</b>									
As at 1 January 2020	3,666,148	929,585	65,000	1,583,317	18,773	153,369	1,255,495	161,326	7,833,013
Additions	372	22,168	1,141	186,869	1,484	2,751	340,888	1,777	557,450
Transfers during the year	1,009,459	24,308	6,135	130,553	—	265	(1,330,917)	18,080	(142,117)
Disposals	(69)	(21,278)	(3,032)	(140,649)	(305)	(5,912)	—	(5,820)	(177,065)
As at 31 December 2020	<u>4,675,910</u>	<u>954,783</u>	<u>69,244</u>	<u>1,760,090</u>	<u>19,952</u>	<u>150,473</u>	<u>265,466</u>	<u>175,363</u>	<u>8,071,281</u>
<b>Accumulated depreciation</b>									
As at 1 January 2020	(848,941)	(472,873)	(7,555)	(995,010)	(9,979)	(105,640)	—	(89,339)	(2,529,337)
Depreciation charge	(129,963)	(153,036)	(7,906)	(220,744)	(2,378)	(16,468)	—	(12,743)	(543,238)
Disposals	—	16,767	2,788	90,712	291	5,146	—	2,150	117,854
As at 31 December 2020	<u>(978,904)</u>	<u>(609,142)</u>	<u>(12,673)</u>	<u>(1,125,042)</u>	<u>(12,066)</u>	<u>(116,962)</u>	<u>—</u>	<u>(99,932)</u>	<u>(2,954,721)</u>
<b>Impairment</b>									
As at 1 January 2020 and 31 December 2020	(92,253)	—	—	—	—	—	—	—	(92,253)
<b>Net carrying amount</b>									
As at 31 December 2020	<u>3,604,753</u>	<u>345,641</u>	<u>56,571</u>	<u>635,048</u>	<u>7,886</u>	<u>33,511</u>	<u>265,466</u>	<u>75,431</u>	<u>5,024,307</u>

As at 30 June 2021, the Group has not yet obtained the relevant building certificates for buildings with costs of RMB102,654 thousand (31 December 2020: RMB365,469 thousand).

## Section X Interim Condensed Consolidated Financial Statements

### 20 RIGHT-OF-USE ASSETS

	<b>Buildings</b> <i>RMB'000</i>	<b>Land-use right</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>Unaudited</b>			
<b>Cost</b>			
As at 1 January 2021	3,016,745	876,029	3,892,774
Increases	556,237	—	556,237
Lost control of a subsidiary	(299,843)	(104)	(299,947)
Decreases	(656,886)	—	(656,886)
As at 30 June 2021	<u>2,616,253</u>	<u>875,925</u>	<u>3,492,178</u>
<b>Accumulated depreciation</b>			
As at 1 January 2021	(1,251,110)	(128,869)	(1,379,979)
Depreciation charge	(285,647)	(9,538)	(295,185)
Lost control of a subsidiary	164,675	103	164,778
Decreases	557,667	—	557,667
As at 30 June 2021	<u>(814,415)</u>	<u>(138,304)</u>	<u>(952,719)</u>
<b>Impairment</b>			
As at 1 January 2021 and 30 June 2021	<u>(22,052)</u>	—	<u>(22,052)</u>
<b>Net carrying amount</b>			
As at 30 June 2021	<u><u>1,779,786</u></u>	<u><u>737,621</u></u>	<u><u>2,517,407</u></u>

## Section X Interim Condensed Consolidated Financial Statements

### 20 RIGHT-OF-USE ASSETS *(continued)*

	Buildings <i>RMB'000</i>	Land-use right <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Audited</b>			
<b>Cost</b>			
As at 1 January 2020	3,289,866	876,029	4,165,895
Increases	341,758	—	341,758
Decreases	(614,879)	—	(614,879)
As at 31 December 2020	3,016,745	876,029	3,892,774
<b>Accumulated depreciation</b>			
As at 1 January 2020	(1,108,007)	(109,793)	(1,217,800)
Depreciation charge	(616,513)	(19,076)	(635,589)
Decreases	473,410	—	473,410
As at 31 December 2020	(1,251,110)	(128,869)	(1,379,979)
<b>Impairment</b>			
As at 1 January 2020 and 31 December 2020	(22,052)	—	(22,052)
<b>Net carrying amount</b>			
As at 31 December 2020	1,743,583	747,160	2,490,743

### 21 GOODWILL

	As at <b>30 June 2021</b> <i>(Unaudited)</i> <i>RMB'000</i>	As at 31 December 2020 <i>(Audited)</i> <i>RMB'000</i>
Cost	<b>20,896</b>	599,812
Less: Impairment losses	—	—
Carrying amount	<b>20,896</b>	599,812

## Section X Interim Condensed Consolidated Financial Statements

### 21 GOODWILL (continued)

Impairment testing on goodwill

	<b>As at 30 June 2021 (Unaudited) RMB'000</b>	As at 31 December 2020 (Audited) RMB'000
Cost and carrying value		
Unit A – Shanghai Securities Co., Ltd.	—	578,916
Unit B – Guotai Junan Futures Co., Ltd.	<b>2,491</b>	2,491
Unit C – Vietnam Investment Securities Company	<b>18,405</b>	18,405
Total	<b>20,896</b>	599,812

As described in Note 8, Shanghai Securities ceased to be a subsidiary of the Company in February 2021. Gains on losing control of Shanghai Securities including the carrying amount of goodwill relating to it.

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

The Company acquired 50.97% of the equity interests in Vietnam Investment Securities Company by subscription of new shares in 2019. The Group recognized the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the goodwill of the CGU of Vietnam Investment Securities Company.

Goodwill were not tested for impairment because there were no impairment indicators as at 30 June 2021.



## Section X Interim Condensed Consolidated Financial Statements

### 22 OTHER INTANGIBLE ASSETS

	Software <i>RMB'000</i>	Trading seats rights <i>RMB'000</i>	Securities and futures brokerage qualification <sup>(1)</sup> <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Unaudited</b>					
<b>Cost</b>					
As at 1 January 2021	1,252,253	206,186	1,066,264	15,903	2,540,606
Additions	99,810	—	—	472	100,282
Lost control of a subsidiary	(150,452)	—	(1,066,264)	(1,649)	(1,218,365)
Disposal and others	—	(92)	—	(40)	(132)
As at 30 June 2021	<u>1,201,611</u>	<u>206,094</u>	<u>—</u>	<u>14,686</u>	<u>1,422,391</u>
<b>Accumulated amortization</b>					
As at 1 January 2021	(718,566)	(126,539)	—	(2,286)	(847,391)
Amortization	(86,018)	—	—	(451)	(86,469)
Lost control of a subsidiary	118,297	—	—	805	119,102
Disposal and others	—	39	—	38	77
As at 30 June 2021	<u>(686,287)</u>	<u>(126,500)</u>	<u>—</u>	<u>(1,894)</u>	<u>(814,681)</u>
<b>Impairment</b>					
As at 1 January 2021	—	(4,927)	—	(10,475)	(15,402)
Additions	—	—	—	—	—
Lost control of a subsidiary	—	—	—	—	—
Disposal and others	—	29	—	—	29
As at 30 June 2021	<u>—</u>	<u>(4,898)</u>	<u>—</u>	<u>(10,475)</u>	<u>(15,373)</u>
<b>Net carrying amount</b>					
As at 30 June 2021	<u>515,324</u>	<u>74,696</u>	<u>—</u>	<u>2,317</u>	<u>592,337</u>

- (1) The other intangible assets of securities and futures brokerage qualification were generated from the acquisition of Shanghai Securities, which ceased to be a subsidiary of the Company in February 2021 as stated in Note 8.

## Section X Interim Condensed Consolidated Financial Statements

### 22 OTHER INTANGIBLE ASSETS (continued)

	Software <i>RMB'000</i>	Trading seats rights <i>RMB'000</i>	Securities and futures brokerage qualification <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Audited</b>					
<b>Cost</b>					
As at 1 January 2020	979,336	206,186	1,066,264	16,347	2,268,133
Additions	273,628	—	—	255	273,883
Acquisition of a subsidiary	—	—	—	—	—
Disposal	(711)	—	—	(699)	(1,410)
As at 31 December 2020	<u>1,252,253</u>	<u>206,186</u>	<u>1,066,264</u>	<u>15,903</u>	<u>2,540,606</u>
<b>Accumulated amortization</b>					
As at 1 January 2020	(550,391)	(126,539)	—	(1,723)	(678,653)
Amortization	(168,677)	—	—	(953)	(169,630)
Disposal	502	—	—	390	892
As at 31 December 2020	<u>(718,566)</u>	<u>(126,539)</u>	<u>—</u>	<u>(2,286)</u>	<u>(847,391)</u>
<b>Impairment</b>					
As at 1 January 2020	—	(4,756)	—	(10,475)	(15,231)
Additions	—	(171)	—	—	(171)
As at 31 December 2020	<u>—</u>	<u>(4,927)</u>	<u>—</u>	<u>(10,475)</u>	<u>(15,402)</u>
<b>Net carrying amount</b>					
As at 31 December 2020	<u>533,687</u>	<u>74,720</u>	<u>1,066,264</u>	<u>3,142</u>	<u>1,677,813</u>

## Section X Interim Condensed Consolidated Financial Statements

### 23 INTERESTS IN STRUCTURED ENTITIES

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

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

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

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

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

The Group classified the investments in unconsolidated limited partnerships and asset management products managed by the Group as financial assets at fair value through profit or loss and investments in associates and joint ventures. As at 30 June 2021 and 31 December 2020, the carrying amounts of the Group's interests in unconsolidated structured entities were RMB9,178 million and RMB7,412 million, respectively. The management fee arising from these unconsolidated structured entities amounted to RMB465 million and RMB382 million for the six months ended 30 June 2021 and 2020, respectively.

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

### 24 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	As at 30 June 2021 <i>(Unaudited)</i> RMB'000	As at 31 December 2020 <i>(Audited)</i> RMB'000
Share of net assets		
– Associates	7,216,972	1,169,765
– Joint ventures	4,273,170	2,844,778
Total	<u>11,490,142</u>	<u>4,014,543</u>

## Section X Interim Condensed Consolidated Financial Statements

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

The Group had the following associates and joint ventures:

Name of associates and joint ventures	Place of incorporation or primary business	Registered capital/Capital commitment (Expressed in yuan)	Principal activities	Equity interest held as at 30 June 2021
Associates:				
Shenzhen GTJA Shenyi Phase I Investment Fund LLP	Shenzhen PRC	RMB400,000,000	Investment management and advisory	25%
Shenzhen GTJA Leading Junding Phase I Investment Fund LLP	Shenzhen PRC	RMB130,000,000	Investment management and advisory	38%
Shanghai Kechuang Center Equity Investment Fund Management Co., Ltd. <sup>(2)</sup>	Shanghai PRC	RMB100,000,000	Investment management and equity investment	13%
Huaan Fund Management Co., Ltd. ("Hua An Fund")	Shanghai PRC	RMB150,000,000	Fund management	28%
Shenzhen United Property and Share Rights Exchange <sup>(2)</sup>	Shenzhen PRC	RMB500,000,000	Provision of intermediary services and equity registration services for equity trading	10%
Shanghai Securities Co., Ltd.	Shanghai PRC	RMB5,326,532,000	Securities brokerage Securities investment Underwriting and consulting	25%
Shanghai Jizhi Consulting & Management Co., Ltd. <sup>(2)</sup>	Shanghai PRC	RMB10,000,000	Enterprise management consulting, lease of non-residential and residential real estate	15%
Joint ventures:				
Xiamen Junxin Equity Investment Company LLP <sup>(2)</sup>	Xiamen PRC	RMB200,100,000	Investment management and equity investment	10%
Shanghai Guojun Chuangtuo Longxu Investment Management Centre LLP	Shanghai PRC	RMB200,000,000	Investment management and equity investment	25%
Shanghai Guojun Chuangtuo Longsheng Investment Centre LLP	Shanghai PRC	RMB500,000,000	Investment management and equity investment	20%
Shanghai Guojun Chuangtuo Longzhao Investment Management Centre LLP <sup>(1)</sup>	Shanghai PRC	RMB1,000,200,000	Investment management and equity investment	55%
Shanghai Junzheng Investment Management Co., Ltd. <sup>(1)</sup>	Shanghai PRC	RMB10,000,000	Investment management and advisory	61%
Shanxi GTJA Chuangtuo Equity Investment Company LLP	Shanghai PRC	RMB220,000,000	Investment management and advisory	27%
Shanghai Guojun Chuangtuo Zhengjun No.2 Equity Investment LLP	Shanghai PRC	RMB100,010,000	Investment management and advisory	25%
Shanghai North Industries GTJA Investment Centre LLP <sup>(2)</sup>	Shanghai PRC	RMB652,000,000	Investment management and advisory	16%
Shanghai Juntong Jinglian Investment LLP <sup>(1)</sup>	Shanghai PRC	RMB701,000,000	Investment management and advisory	100%
Juntong Phase II Fund	Shanghai PRC	RMB401,000,000	Investment management and advisory	50%
Shanghai GTJA Chuangxin Equity Investment Master Fund Center LLP	Shanghai PRC	RMB8,008,000,000	Investment management and advisory	50%
Qingdao GTJA Xinxing No.1 Equity Investment Fund LLP	Qingdao PRC	RMB728,500,000	Equity investment, investment advisory and asset management	48%
Yancheng GTJA Zhiyuan No.1 Investment Centre LLP	Yancheng PRC	RMB200,000,000	Equity investment, investment advisory and asset management	20%

## Section X Interim Condensed Consolidated Financial Statements

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

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

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

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>(Unaudited)</b>	<i>(Unaudited)</i>
	<b>RMB'000</b>	<i>RMB'000</i>
Share of associates' profit for the period	<b>193,250</b>	60,592
Share of joint ventures' profit/(loss) for the period	<b>44,089</b>	<i>(31,610)</i>
	<b>231,396</b>	80,012
	<b>225,808</b>	<i>(178,146)</i>
	<b>7,216,972</b>	1,169,765
	<b>4,273,170</b>	2,844,778

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>(Unaudited)</b>	<i>(Unaudited)</i>
	<b>RMB'000</b>	<i>RMB'000</i>
Share of associates' total comprehensive income for the period	<b>231,396</b>	80,012
Share of joint ventures' total comprehensive income for the period	<b>225,808</b>	<i>(178,146)</i>
	<b>7,216,972</b>	1,169,765
	<b>4,273,170</b>	2,844,778

	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2021</b>	2020
	<b>(Unaudited)</b>	<i>(Audited)</i>
	<b>RMB'000</b>	<i>RMB'000</i>
Aggregate carrying amount of the Group's investments in associates	<b>7,216,972</b>	1,169,765
Aggregate carrying amount of the Group's investments in joint ventures	<b>4,273,170</b>	2,844,778

## Section X Interim Condensed Consolidated Financial Statements

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

	As at 30 June 2021 <i>(Unaudited)</i> <i>RMB'000</i>	As at 31 December 2020 <i>(Audited)</i> <i>RMB'000</i>
<b>Non-current</b>		
Government bonds	<b>28,306,615</b>	28,379,934
Financial bonds	<b>7,713,669</b>	12,701,962
Corporate bonds	<b>7,372,394</b>	16,571,307
Other bonds	<b>7,015,581</b>	7,858,014
Total	<b><u>50,408,259</u></b>	<u>65,511,217</u>
Analysed as:		
Listed in Hong Kong	<b>1,293,928</b>	557,227
Listed outside Hong Kong	<b>25,653,300</b>	37,253,895
Unlisted	<b>23,461,031</b>	27,700,095
Total	<b><u>50,408,259</u></b>	<u>65,511,217</u>
	As at 30 June 2021 <i>(Unaudited)</i> <i>RMB'000</i>	As at 31 December 2020 <i>(Audited)</i> <i>RMB'000</i>
<b>Current</b>		
Government bonds	<b>100,671</b>	70,326
Financial bonds	<b>2,676,425</b>	2,550,394
Corporate bonds	<b>4,196,859</b>	2,442,565
Other bonds	<b>3,831,974</b>	1,918,300
Total	<b><u>10,805,929</u></b>	<u>6,981,585</u>
Analysed as:		
Listed inside Hong Kong	<b>32,948</b>	33,810
Listed outside Hong Kong	<b>6,258,569</b>	4,280,518
Unlisted	<b>4,514,412</b>	2,667,257
Total	<b><u>10,805,929</u></b>	<u>6,981,585</u>

As at 30 June 2021, debt instruments at fair value through other comprehensive income of the Group included approximately RMB54,340,142 thousand of pledged, restricted or transferred assets (as at 31 December 2020: RMB54,315,951 thousand).

## Section X Interim Condensed Consolidated Financial Statements

### 25 DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

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

	<b>As at 30 June 2021 (Unaudited) RMB'000</b>	<b>As at 31 December 2020 (Audited) RMB'000</b>
At the beginning of the period/year	154,309	208,151
Charge for the period/year	80,211	68,848
Lost control of a subsidiary	(84,378)	—
Reversal	—	(64,288)
Amounts written-off	(12,781)	(58,402)
At the end of the period/year	<u>137,361</u>	<u>154,309</u>

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

	<b>Stage 1 RMB'000</b>	<b>Stage 2 RMB'000</b>	<b>Stage 3 RMB'000</b>	<b>Total RMB'000</b>
As at 30 June 2021	<u>70,281</u>	<u>61,963</u>	<u>5,117</u>	<u>137,361</u>
As at 31 December 2020	<u>56,167</u>	<u>34,543</u>	<u>63,599</u>	<u>154,309</u>

## Section X Interim Condensed Consolidated Financial Statements

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

<b>Non-current</b>	<b>As at 30 June 2021 (Unaudited) RMB'000</b>	<b>As at 31 December 2020 (Audited) RMB'000</b>
Contribution to designated accounts at China Securities Finance Corporation Limited ("CSFC investment") <sup>(1)(2)</sup>	—	13,307,522
Equity securities <sup>(1)(2)</sup>	<u>2,940,544</u>	<u>4,329,540</u>
Total	<u><b>2,940,544</b></u>	<u><b>17,637,062</b></u>
Analysed as:		
Listed in Hong Kong	—	477,160
Listed outside Hong Kong	<b>2,644,047</b>	3,594,012
Unlisted	<u>296,497</u>	<u>13,565,890</u>
Total	<u><b>2,940,544</b></u>	<u><b>17,637,062</b></u>

- (1) The Group has designated some investments and those held for strategic investment purposes or for securities lending, as equity instruments at fair value through other comprehensive income during the six months ended 30 June 2021. The dividend income related to equity instruments at fair value through other comprehensive income was disclosed in note 7.

For the six months ended 30 June 2021, the Group disposed of some of the equity instruments at fair value through other comprehensive income. The accumulated net realized loss and the dividend income of the equity instruments disposed of were RMB81,026 thousand and RMB785,222 thousand, respectively.

- (2) As at 30 June 2021, equity instruments at fair value through other comprehensive income of the Group included approximately RMB111,054 thousand of pledged, restricted or transferred shares (as at 31 December 2020: RMB357,653 thousand).



## Section X Interim Condensed Consolidated Financial Statements

### 27 FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

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

	<b>As at 30 June 2021 (Unaudited) RMB'000</b>	<b>As at 31 December 2020 (Audited) RMB'000</b>
<b>Non-current</b>		
Equity securities	1,756,985	2,645,258
Less: Allowance for ECLs	<u>(18,347)</u>	<u>(28,971)</u>
Total	<u><b>1,738,638</b></u>	<u><b>2,616,287</b></u>
<b>Current</b>		
Equity securities	27,841,769	28,841,160
Debt securities	27,210,454	27,667,914
Precious metals	1,832,551	—
Others	—	—
Less: Allowance for ECLs	<u>(2,953,029)</u>	<u>(3,263,560)</u>
Total	<u><b>53,931,745</b></u>	<u><b>53,245,514</b></u>

**(b) Analysed by market:**

	<b>As at 30 June 2021 (Unaudited) RMB'000</b>	<b>As at 31 December 2020 (Audited) RMB'000</b>
<b>Non-current</b>		
Stock exchanges	1,756,985	2,645,258
Less: Allowance for ECLs	<u>(18,347)</u>	<u>(28,971)</u>
Total	<u><b>1,738,638</b></u>	<u><b>2,616,287</b></u>

## Section X Interim Condensed Consolidated Financial Statements

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

#### (b) Analysed by market: *(continued)*

<b>Current</b>	<b>As at 30 June 2021 (Unaudited) RMB'000</b>	<b>As at 31 December 2020 (Audited) RMB'000</b>
Stock exchanges	<b>38,285,416</b>	38,701,633
Interbank market	<b>13,236,080</b>	15,256,807
Over the counter	<b>5,363,278</b>	2,550,634
Less: Allowance for ECLs	<b>(2,953,029)</b>	(3,263,560)
Total	<b><u>53,931,745</u></b>	<u>53,245,514</u>

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

	<b>As at 30 June 2021 (Unaudited) RMB'000</b>	<b>As at 31 December 2020 (Audited) RMB'000</b>
At the beginning of the period/year	<b>3,292,531</b>	2,672,300
Charge for the period/year	<b>536</b>	616,772
Lost control of a subsidiary	<b>(320,064)</b>	—
Reverse during the period/year	<b>(1,595)</b>	—
Amounts written-off and others	<b>(32)</b>	3,459
At the end of the period/year	<b><u>2,971,376</u></b>	<u>3,292,531</u>

## Section X Interim Condensed Consolidated Financial Statements

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

**(d) Analysis of the stages of allowance for ECL:**

	<b>Stage 1</b> <i>RMB'000</i>	<b>Stage 2</b> <i>RMB'000</i>	<b>Stage 3</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
As at 30 June 2021	<u>133,263</u>	<u>182</u>	<u>2,837,931</u>	<u>2,971,376</u>
As at 31 December 2020	<u>120,364</u>	<u>1,285</u>	<u>3,170,882</u>	<u>3,292,531</u>

The carrying amount of financial assets held under resale agreements, for which the loss allowance is measured at an amount equal to 12-month and lifetime expected credit losses, is RMB53,900,524 thousand and RMB1,769,859 thousand respectively (As at 31 December 2020: RMB51,797,197 thousand and RMB4,064,604 thousand respectively).

**(e) Analyzed by the stages of allowance for ECLs of stock-pledged financing:**

	<b>As at 30 June 2021</b>			
	<b>Stage 1</b> <i>RMB'000</i>	<b>Stage 2</b> <i>RMB'000</i>	<b>Stage 3</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
Gross carrying amount	<b>23,373,069</b>	<b>89,953</b>	<b>4,518,019</b>	<b>27,981,041</b>
Allowance for ECLs	<b>114,954</b>	<b>182</b>	<b>2,837,931</b>	<b>2,953,067</b>
Fair value of collateral	<u><b>69,735,816</b></u>	<u><b>316,669</b></u>	<u><b>3,264,511</b></u>	<u><b>73,316,996</b></u>

	<b>As at 31 December 2020</b>			
	<b>Stage 1</b> <i>RMB'000</i>	<b>Stage 2</b> <i>RMB'000</i>	<b>Stage 3</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
Gross carrying amount	23,228,325	250,904	6,984,577	30,463,806
Allowance for ECLs	110,628	1,286	3,170,882	3,282,796
Fair value of collateral	<u>67,416,503</u>	<u>574,152</u>	<u>5,515,373</u>	<u>73,506,028</u>

## Section X Interim Condensed Consolidated Financial Statements

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

#### (f) Fair value of collateral:

	As at <b>30 June</b> <b>2021</b> <i>(Unaudited)</i> <b>RMB'000</b>	As at 31 December 2020 <i>(Audited)</i> <b>RMB'000</b>
Fair value	<b>100,013,551</b>	97,767,153
Including: Available for sale or pledge	<b>155,051</b>	—
Including: Sold or pledged	—	—

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

	As at <b>30 June</b> <b>2021</b> <i>(Unaudited)</i> <b>RMB'000</b>	As at 31 December 2020 <i>(Audited)</i> <b>RMB'000</b>
<b>Non-current</b>		
At fair value through profit or loss:		
Asset-backed securities	<b>6,561,048</b>	6,366,144
Debt securities	<b>6,884,947</b>	10,161,091
Equity securities	<b>2,029,218</b>	5,036,538
Funds	<b>9,535,905</b>	4,463,010
Asset management schemes	<b>131,702</b>	601,931
Total	<b>25,142,820</b>	26,628,714
Analysed as:		
Listed in Hong Kong	<b>292,993</b>	404,301
Listed outside Hong Kong	<b>4,727,555</b>	6,039,532
Unlisted	<b>20,122,272</b>	20,184,881
Total	<b>25,142,820</b>	26,628,714

## Section X Interim Condensed Consolidated Financial Statements

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

<b>Current</b>	<b>As at 30 June 2021 (Unaudited) RMB'000</b>	<b>As at 31 December 2020 (Audited) RMB'000</b>
At fair value through profit or loss:		
Debt securities	119,058,745	103,488,312
Funds	61,794,240	54,897,601
Equity securities	23,792,666	20,046,359
Asset management schemes	8,890,574	8,084,911
Wealth management products	1,259,068	3,331,081
Asset-backed securities	3,033,971	3,270,990
Other investments <sup>(1)</sup>	<u>6,970,755</u>	<u>8,978,176</u>
<b>Total</b>	<b><u>224,800,019</u></b>	<b><u>202,097,430</u></b>
Analysed as:		
Listed in Hong Kong	21,742,115	18,188,836
Listed outside Hong Kong	74,959,050	71,416,760
Unlisted	<u>128,098,854</u>	<u>112,491,834</u>
<b>Total</b>	<b><u>224,800,019</u></b>	<b><u>202,097,430</u></b>

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

As at 30 June 2021, financial assets at fair value through profit or loss of the Group included approximately RMB90,388,124 thousand of pledged, restricted or transferred assets (as at 31 December 2020: RMB90,984,609 thousand).

## Section X Interim Condensed Consolidated Financial Statements

### 29 REFUNDABLE DEPOSITS

	As at <b>30 June</b> <b>2021</b> <i>(Unaudited)</i> <b>RMB'000</b>	As at 31 December 2020 <i>(Audited)</i> <b>RMB'000</b>
Deposits with exchanges and other financial institutions:		
Future deposits	<b>31,687,955</b>	24,216,302
Trading deposits	<b>3,544,322</b>	2,787,107
Performance deposits	<b>927,563</b>	1,324,111
Credit deposits	<b>523,592</b>	607,752
Other deposits	<b>503,964</b>	480,129
Total	<b>37,187,396</b>	29,415,401

### 30 DEFERRED TAX

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

	As at <b>30 June</b> <b>2021</b> <i>(Unaudited)</i> <b>RMB'000</b>	As at 31 December 2020 <i>(Audited)</i> <b>RMB'000</b>
Deferred tax assets	<b>1,987,244</b>	1,761,582
Deferred tax liabilities	<b>(272,752)</b>	(139,059)
Total	<b>1,714,492</b>	1,622,523

## Section X Interim Condensed Consolidated Financial Statements

### 30 DEFERRED TAX (continued)

The following are the major deferred tax assets and liabilities recognized and the movements therein during the year 2020 and the six months ended 30 June 2021:

Deferred tax arising from:	Allowance for ECLs/ impairment losses <i>RMB'000</i>	Employee benefits payable <i>RMB'000</i>	Changes in fair value of financial instruments <i>RMB'000</i>	Fair value revaluation on acquisition of subsidiaries <i>RMB'000</i>	Deductible tax losses <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2020	1,189,973	1,011,966	(542,903)	(433,653)	57,802	(45,915)	1,237,270
Recognized in profit or loss	(12,424)	464,996	(291,001)	9,334	28,182	90,687	289,774
Recognized in other comprehensive income	—	—	125,537	—	—	24,529	150,066
Transferred out	(500)	—	(54,087)	—	—	—	(54,587)
As at 31 December 2020	<u>1,177,049</u>	<u>1,476,962</u>	<u>(762,454)</u>	<u>(424,319)</u>	<u>85,984</u>	<u>69,301</u>	<u>1,622,523</u>
As at 1 January 2021	<b>1,177,049</b>	<b>1,476,962</b>	<b>(762,454)</b>	<b>(424,319)</b>	<b>85,984</b>	<b>69,301</b>	<b>1,622,523</b>
Recognized in profit or loss	<b>103,322</b>	<b>(32,261)</b>	<b>(412,614)</b>	<b>778</b>	<b>35,235</b>	<b>126,547</b>	<b>(178,993)</b>
Recognized in other comprehensive income	—	—	98,155	—	—	(45,431)	52,724
Lost control of a subsidiary	(142,087)	(77,877)	9,431	423,541	—	26,299	239,307
Transferred out	—	—	(21,069)	—	—	—	(21,069)
As at 30 June 2021	<u><b>1,138,284</b></u>	<u><b>1,366,824</b></u>	<u><b>(1,088,551)</b></u>	<u><b>—</b></u>	<u><b>121,219</b></u>	<u><b>176,716</b></u>	<u><b>1,714,492</b></u>

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

## Section X Interim Condensed Consolidated Financial Statements

### 31 OTHER NON-CURRENT ASSETS

	As at <b>30 June</b> <b>2021</b> <i>(Unaudited)</i> <b>RMB'000</b>	As at 31 December 2020 <i>(Audited)</i> <b>RMB'000</b>
Advances relating to lawsuits	256,037	256,037
Term loan	195,842	—
Deposit	71,766	26,369
Long-term deferred expenses	55,980	97,231
Prepayments	—	343,704
Others	780,441	901,451
Less: Allowance for ECLs	<u>(993,477)</u>	<u>(933,664)</u>
Total	<u><b>366,589</b></u>	<u>691,128</u>

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

	As at <b>30 June</b> <b>2021</b> <i>(Unaudited)</i> <b>RMB'000</b>	As at 31 December 2020 <i>(Audited)</i> <b>RMB'000</b>
At the beginning of the period/year	933,664	865,184
Charge for the period/year	91,180	125,777
Transfer in	163,816	—
Reverse during the period/year	—	(57,297)
Lost control of a subsidiary	(193,199)	—
Amounts written-off and others	<u>(1,984)</u>	<u>—</u>
At the end of the period/year	<u><b>993,477</b></u>	<u>933,664</u>

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

	Stage 1 <b>RMB'000</b>	Stage 2 <b>RMB'000</b>	Stage 3 <b>RMB'000</b>	Total <b>RMB'000</b>
As at 30 June 2021	<u>—</u>	<u>—</u>	<u>993,477</u>	<u>993,477</u>
As at 31 December 2020	<u>—</u>	<u>—</u>	<u>933,664</u>	<u>933,664</u>



## Section X Interim Condensed Consolidated Financial Statements

### 32 ACCOUNTS RECEIVABLE

**(a) Analysed by nature:**

	<b>As at 30 June 2021 (Unaudited) RMB'000</b>	<b>As at 31 December 2020 (Audited) RMB'000</b>
Accounts receivable from:		
– Brokers and dealers	6,880,674	2,575,059
– Settlement	6,417,937	2,911,489
– Fee and commission	2,233,314	1,520,971
– Cash and custodian clients	93,490	93,176
– Fund management fee	18,444	136,754
Less: Allowance for ECLs	<u>(20,255)</u>	<u>(7,124)</u>
Total	<u><b>15,623,604</b></u>	<u><b>7,230,325</b></u>

**(b) Analysed by aging:**

	<b>As at 30 June 2021 (Unaudited) RMB'000</b>	<b>As at 31 December 2020 (Audited) RMB'000</b>
Within 1 year	15,622,064	7,228,658
1 to 2 years	<u>1,540</u>	<u>1,667</u>
Total	<u><b>15,623,604</b></u>	<u><b>7,230,325</b></u>

## Section X Interim Condensed Consolidated Financial Statements

### 32 ACCOUNTS RECEIVABLE (continued)

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

	As at <b>30 June 2021 (Unaudited) RMB'000</b>	As at 31 December 2020 (Audited) RMB'000
At the beginning of the period/year	7,124	7,093
Charge for the period/year	13,251	—
Amounts written-off and others	<u>(120)</u>	<u>31</u>
At the end of the period/year	<u><b>20,255</b></u>	<u>7,124</u>

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

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
As at 30 June 2021	<u>20,255</u>	<u>—</u>	<u>—</u>	<u>20,255</u>
As at 31 December 2020	<u>7,124</u>	<u>—</u>	<u>—</u>	<u>7,124</u>

## Section X Interim Condensed Consolidated Financial Statements

### 33 OTHER CURRENT ASSETS

#### (a) Analysed by nature:

	As at 30 June 2021 <i>(Unaudited)</i> <i>RMB'000</i>	As at 31 December 2020 <i>(Audited)</i> <i>RMB'000</i>
Term loans	911,597	1,416,275
Bulk commodity trading inventories	694,736	485,427
Dividends receivable	363,146	123,531
Prepayments	130,099	14,058
Deferred expenses	95,227	54,543
Deposit	66,742	123,737
Others	1,092,234	931,967
Less: Allowance for ECLs/impairment losses	<u>(2,181)</u>	<u>(165,997)</u>
Total	<u><b>3,351,600</b></u>	<u>2,983,541</u>

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

	As at 30 June 2021 <i>(Unaudited)</i> <i>RMB'000</i>	As at 31 December 2020 <i>(Audited)</i> <i>RMB'000</i>
At the beginning of the period/year	165,997	132,168
Charge for the period/year	—	2,106
Transfer out	(163,816)	—
Amounts written off and others	<u>—</u>	<u>31,723</u>
At the end of the period/year	<u><b>2,181</b></u>	<u>165,997</u>

## Section X Interim Condensed Consolidated Financial Statements

### 33 OTHER CURRENT ASSETS (continued)

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

	Stage 1 <i>RMB'000</i>	Stage 2 <i>RMB'000</i>	Stage 3 <i>RMB'000</i>	Total <i>RMB'000</i>
As at 30 June 2021	—	—	<b>2,181</b>	<b>2,181</b>
As at 31 December 2020	—	—	165,997	165,997

### 34 MARGIN ACCOUNTS RECEIVABLE

#### (a) Analysed by nature:

	As at 30 June 2021 <i>(Unaudited)</i> <i>RMB'000</i>	As at 31 December 2020 <i>(Audited)</i> <i>RMB'000</i>
Individuals	<b>83,488,569</b>	75,666,184
Institutions	<b>32,016,465</b>	25,595,984
Less: Allowance for ECLs	<b>(2,047,854)</b>	(1,832,821)
Total	<b>113,457,180</b>	99,429,347

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

	As at 30 June 2021 <i>(Unaudited)</i> <i>RMB'000</i>	As at 31 December 2020 <i>(Audited)</i> <i>RMB'000</i>
At the beginning of the period/year	<b>1,832,821</b>	1,356,832
Charge for the period/year	<b>249,483</b>	610,349
Reverse during the period/year	—	—
Lost control of a subsidiary	<b>(18,450)</b>	—
Amounts written-off and others	<b>(16,000)</b>	(134,360)
At the end of the period/year	<b>2,047,854</b>	1,832,821

## Section X Interim Condensed Consolidated Financial Statements

### 34 MARGIN ACCOUNTS RECEIVABLE (continued)

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

	Stage 1 <i>RMB'000</i>	Stage 2 <i>RMB'000</i>	Stage 3 <i>RMB'000</i>	Total <i>RMB'000</i>
<b>As at 30 June 2021</b>	<b><u>120,211</u></b>	<b><u>1,845</u></b>	<b><u>1,925,798</u></b>	<b><u>2,047,854</u></b>
As at 31 December 2020	<u>127,633</u>	<u>12,524</u>	<u>1,692,664</u>	<u>1,832,821</u>

The carrying amount of margin accounts receivable, for which the loss allowance is measured at an amount equal to 12-month and lifetime expected credit losses, is RMB112,771,922 thousand and RMB685,258 thousand respectively (2020: RMB98,452,695 thousand and RMB976,652 thousand respectively).

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

	As at 30 June 2021 <i>(Unaudited)</i> <i>RMB'000</i>	As at 31 December 2020 <i>(Audited)</i> <i>RMB'000</i>
Fair value of collateral:		
– Stocks	345,669,924	317,770,299
– Cash	13,511,545	12,060,505
– Funds	13,174,589	10,586,789
– Bonds	<u>423,227</u>	<u>351,309</u>
Total	<b><u>372,779,285</u></b>	<b><u>340,768,902</u></b>

## Section X Interim Condensed Consolidated Financial Statements

### 35 DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 June 2021		
	Nominal amount	Fair value	
		Assets (Unaudited)	Liabilities (Unaudited)
	RMB'000	RMB'000	RMB'000
Interest rate derivatives			
– Treasury futures	26,410,666	—	(23,971)
– Interest rate swap	2,104,960,873	96,992	(197,704)
– Interest rate options	27,893,500	1,660	(10,914)
– Others	9,938,096	103,916	(268,876)
Equity derivatives			
– Stock index futures	17,789,267	7,313	(40,689)
– Forward contracts	3,150,335	96,858	(71,284)
– Equity return swaps	36,015,217	949,702	(3,002,296)
– Stock options	75,637,134	1,056,599	(1,553,332)
Currency derivatives			
– Currency swaps	2,929,313	46,352	(89)
– Foreign exchange forward	43,807,111	1,763,639	(1,682,883)
– Foreign exchange options	4,001,904	8,477	(29,836)
Other derivatives			
– Precious metals futures	5,037,529	89,283	(3,883)
– Au (T+D)	9,403	168	—
– Commodity futures	17,727,031	15,233	(55,590)
– Gold options	5,177,457	3,371	(544,920)
– Commodity options	6,644,665	113,806	(110,809)
– Credit default swap	4,328,150	19,734	(21,196)
– Others	5,896,258	293,988	(100,712)
Less: Cash (received)/paid as settlement		(192,711)	125,045
Total		<u>4,474,380</u>	<u>(7,593,939)</u>

## Section X Interim Condensed Consolidated Financial Statements

### 35 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

	As at 31 December 2020		
	Nominal amount	Fair value	
		Assets (Audited)	Liabilities (Audited)
	RMB'000	RMB'000	RMB'000
Interest rate derivatives			
– Treasury futures	32,636,355	—	(34,094)
– Interest rate swap	1,957,101,467	98,145	(270,747)
– Interest rate options	26,706,073	185,954	(18,530)
– Others	27,967,923	690,623	(671,458)
Equity derivatives			
– Stock index futures	19,832,674	246,068	(15,921)
– Forward contracts	2,461,129	105,258	(3,414)
– Equity return swaps	18,912,259	(38,670)	(1,669,634)
– Stock options	33,432,255	379,230	(2,081,860)
Currency derivatives			
– Currency swaps	4,489,131	—	(145,037)
– Foreign exchange forward	40,332,929	730,893	(154,838)
– Foreign exchange options	2,031,451	9,142	(44,982)
– Others	2,131,843	18,171	(3,537)
Other derivatives			
– Precious metals futures	5,250,939	—	(260,526)
– Au (T+D)	292,510	849	—
– Commodity futures	1,556,810	4,395	—
– Gold options	20,109,849	17,837	(179,473)
– Commodity options	15,223,902	67,695	(174,025)
– Credit default swap	3,461,632	10,718	(13,600)
– Others	3,635,044	66,158	(55,927)
Less: Cash (received)/paid as settlement		(378,240)	271,131
Total		<u>2,214,226</u>	<u>(5,526,472)</u>

## Section X Interim Condensed Consolidated Financial Statements

### 36 CLEARING SETTLEMENT FUNDS

	As at <b>30 June</b> <b>2021</b> <i>(Unaudited)</i> <b>RMB'000</b>	As at 31 December 2020 <i>(Audited)</i> <b>RMB'000</b>
Deposits with stock exchanges		
– China Securities Depository and Clearing Corporation Limited	<b>4,643,751</b>	5,999,167
– Others	<b>24,444</b>	50,530
Total	<b><u>4,668,195</u></b>	<b><u>6,049,697</u></b>

### 37 CASH HELD ON BEHALF OF BROKERAGE CUSTOMERS

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



## Section X Interim Condensed Consolidated Financial Statements

### 38 CASH AND BANK BALANCES

	<b>As at 30 June 2021 (Unaudited) RMB'000</b>	<b>As at 31 December 2020 (Audited) RMB'000</b>
Cash on hand	399	398
Bank balances	<b>27,023,866</b>	25,275,060
Total	<b>27,024,265</b>	25,275,458

As at 30 June 2021 and 31 December 2020, the Group's bank balances of RMB252,930 thousand and RMB199,514 thousand, respectively, were restricted.

As at 30 June 2021, the ECL allowance for cash and cash balances amounted to RMB9,901 thousand (31 December 2020: RMB13,361 thousand).

### 39 LOANS AND BORROWINGS

	<b>As at 30 June 2021 (Unaudited) RMB'000</b>	<b>As at 31 December 2020 (Audited) RMB'000</b>
<b>Current</b>		
Unsecured loans and borrowings <sup>(1)</sup>	<b>15,052,044</b>	9,769,331

(1) As at 30 June 2021, the current unsecured loans and borrowings of the Group were repayable within one year, bearing interest at rates ranging from 1.09% to 1.80% per annum.

## Section X Interim Condensed Consolidated Financial Statements

### 40 SHORT-TERM DEBT INSTRUMENTS

Unaudited	Nominal interest rate	As at	Increase	Decrease	Lost control of a subsidiary	As at
		1 January 2021				30 June 2021
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Short-term financing bills payable	2.69% - 3.35%	9,041,957	11,383	9,053,340	—	—
Short-term corporate bonds	2.77% - 3.39%	18,023,232	13,375,947	1,016,490	—	30,382,689
Medium-term notes	0.00% - 1.80%	9,785,475	10,454,268	7,682,822	—	12,556,921
Structured notes	2.30% - 4.50%	11,873,704	6,214,977	10,752,271	2,100,563	5,235,847
Total		<u>48,724,368</u>	<u>30,056,575</u>	<u>28,504,923</u>	<u>2,100,563</u>	<u>48,175,457</u>

Audited	Nominal interest rate	As at	Increase	Decrease	As at
		1 January 2020			31 December 2020
		RMB'000	RMB'000	RMB'000	RMB'000
Short-term financing bills payable	1.40% - 3.35%	6,018,550	43,244,815	40,221,408	9,041,957
Short-term corporate bonds	2.95% - 3.70%	2,007,578	18,027,007	2,011,353	18,023,232
Medium-term notes	1.00% - 3.70%	3,133,819	11,968,642	5,316,986	9,785,475
Structured notes	2.30% - 4.50%	6,264,405	26,838,994	21,229,695	11,873,704
Total		<u>17,424,352</u>	<u>100,079,458</u>	<u>68,779,442</u>	<u>48,724,368</u>

### 41 PLACEMENTS FROM OTHER FINANCIAL INSTITUTIONS

	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 (Audited) RMB'000
Placements from banks <sup>(1)</sup>	3,221,160	11,712,124
Placements from CSFC <sup>(2)</sup>	4,003,818	2,008,794
Others	—	89,712
Total	<u>7,224,978</u>	<u>13,810,630</u>

(1) As at 30 June 2021 and 31 December 2020, placements from banks were repayable within one year, and bore interest at annual interest rates ranging from 2.27% to 5.50% and from 1.30% to 3.10%, respectively.

(2) As at 30 June 2021 and 31 December 2020, placements from CSFC were repayable within one year, and bore interest at annual interest rates ranging from 2.50% to 2.80% and from 2.50% to 2.80%, respectively.

## Section X Interim Condensed Consolidated Financial Statements

### 42 ACCOUNTS PAYABLE TO BROKERAGE CUSTOMERS

	As at <b>30 June</b> <b>2021</b> <i>(Unaudited)</i> <b>RMB'000</b>	As at 31 December 2020 <i>(Audited)</i> <b>RMB'000</b>
Margin financing and securities lending deposits	<b>19,039,839</b>	18,142,491
Other brokerage business deposits	<b>141,086,736</b>	139,265,667
Total	<b><u>160,126,575</u></b>	<b><u>157,408,158</u></b>

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

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

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

### 43 EMPLOYEE BENEFITS PAYABLE

	As at <b>30 June</b> <b>2021</b> <i>(Unaudited)</i> <b>RMB'000</b>	As at 31 December 2020 <i>(Audited)</i> <b>RMB'000</b>
Salaries, bonuses and allowances	<b>7,124,045</b>	7,288,856
Social welfare and others	<b>266,614</b>	256,275
Contributions to a defined contribution scheme	<b>9,714</b>	23,641
Total	<b><u>7,400,373</u></b>	<b><u>7,568,772</u></b>

## Section X Interim Condensed Consolidated Financial Statements

### 44 FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

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

	As at <b>30 June</b> <b>2021</b> <i>(Unaudited)</i> <b>RMB'000</b>	As at 31 December 2020 <i>(Audited)</i> <b>RMB'000</b>
Bonds	<b>127,667,501</b>	122,832,607
Funds	<b>14,234,321</b>	10,991,957
Precious metals	<b>9,285,140</b>	9,494,853
Margin accounts receivable-backed repurchase	—	1,401,898
Total	<b><u>151,186,962</u></b>	<b><u>144,721,315</u></b>

#### (b) Analysed by market:

	As at <b>30 June</b> <b>2021</b> <i>(Unaudited)</i> <b>RMB'000</b>	As at 31 December 2020 <i>(Audited)</i> <b>RMB'000</b>
Interbank market	<b>84,629,995</b>	72,942,370
Stock exchanges	<b>57,271,828</b>	60,882,194
Over the counter	<b>9,285,139</b>	10,896,751
Total	<b><u>151,186,962</u></b>	<b><u>144,721,315</u></b>

## Section X Interim Condensed Consolidated Financial Statements

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

	As at <b>30 June</b> <b>2021</b> <i>(Unaudited)</i> <b>RMB'000</b>	As at 31 December 2020 <i>(Audited)</i> <b>RMB'000</b>
<b>Current</b>		
At fair value through profit or loss <sup>(1)</sup>		
– Equity securities	192,433	847,312
– Debt securities	6,379,999	4,447,835
– Gold	2,124,552	265,094
Designated as at fair value through profit or loss		
– Debt securities <sup>(2)</sup>	21,074,015	21,858,279
– Interest attributable to other holders of consolidated structured entities <sup>(3)</sup>	1,646,167	2,886,319
<b>Total</b>	<b>31,417,166</b>	<b>30,304,839</b>
<b>Non-current</b>		
Designated as at fair value through profit or loss		
– Debt securities <sup>(2)</sup>	15,425,868	17,456,170
– Interest attributable to other holders of consolidated structured entities <sup>(3)</sup>	187,775	333,450
<b>Total</b>	<b>15,613,643</b>	<b>17,789,620</b>

(1) As at 30 June 2021 and 31 December 2020, included in the Group's financial liabilities through profit or loss were bonds and gold borrowed by the Group.

(2) As at 30 June 2021 and 31 December 2020, included in the Group's financial liabilities designated as at fair value through profit or loss were structured notes generally in the form of notes or certificates with the underlying investments related to listed equity investments, listed debt investments and unlisted fund investments.

(3) As at 30 June 2021 and 31 December 2020, the financial liabilities arising from the consolidation of structured entities were designated as at fair value through profit or loss by the Group, as the Group has the obligation to pay other investors or limited partners upon the maturity dates of the structured entities based on the net asset value and related terms of those consolidated structured entities.

## Section X Interim Condensed Consolidated Financial Statements

### 46 BONDS PAYABLE

	As at <b>30 June</b> <b>2021</b> <i>(Unaudited)</i> <b>RMB'000</b>	As at 31 December 2020 <i>(Audited)</i> <b>RMB'000</b>
<b>Current</b>		
Corporate bonds <sup>(1)</sup>	<b>19,103,798</b>	16,743,305
Structured notes	<b>6,090,836</b>	4,986,221
Subordinated bonds <sup>(1)</sup>	<b>3,067,985</b>	3,015,173
Medium-term notes	<b>1,384,259</b>	—
Total	<b><u>29,646,878</u></b>	<b><u>24,744,699</u></b>
<b>Non-current</b>		
Corporate bonds <sup>(1)</sup>	<b>65,039,865</b>	56,705,384
Structured notes	<b>3,295,049</b>	6,298,302
Subordinated bonds <sup>(1)</sup>	<b>3,034,644</b>	2,639,855
Medium-term notes	<b>2,583,308</b>	1,304,174
Total	<b><u>73,952,866</u></b>	<b><u>66,947,715</u></b>

## Section X Interim Condensed Consolidated Financial Statements

### 46 BONDS PAYABLE (continued)

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

**As at 30 June 2021**

Name	Par value	Issue date	Maturity date	Coupon rate
<b>Current</b>				
Corporate bonds				
16 GUOJUN G4	3,000,000	2016.08	2021.08	3.14%
18 GUOJUN G3	4,700,000	2018.07	2021.07	4.44%
19 GUOJUN G1	3,000,000	2019.04	2022.04	3.90%
19 GUOJUN G3	2,900,000	2019.05	2022.05	3.73%
GTJA HOLD B2203 (ii)	3,437,271	2019.03	2022.03	3.875%
GTJA SEC B2203 (iv)	1,993,335	2019.03	2022.03	0.608%
Subordinated bonds				
16 GUOJUN C4	3,000,000	2016.11	2021.11	3.55%
<b>Non-current</b>				
Corporate bonds				
17 GUOJUN G2	600,000	2017.08	2022.08	4.70%
18 GUOJUN G4	300,000	2018.07	2023.07	4.64%
19 GUOJUN G4	2,500,000	2019.10	2022.10	3.48%
20 GUOJUN G1	4,000,000	2020.01	2023.01	3.37%
20 GUOJUN G2	4,000,000	2020.03	2023.03	3.05%
20 GUOJUN G4	5,000,000	2020.07	2023.07	3.55%
20 GUOJUN G5	4,000,000	2020.09	2023.09	3.75%
20 GUOJUN G6	3,900,000	2020.11	2022.11	3.80%
20 GUOJUN G7	2,000,000	2020.11	2023.11	3.90%
20 GUOJUN G9	2,900,000	2020.12	2023.12	3.77%
21 GUOJUN G1	4,000,000	2021.04	2024.04	3.46%
21 GUOJUN G2	2,000,000	2021.04	2026.04	3.75%
21 GUOJUN G3	3,000,000	2021.05	2024.05	3.31%
21 GUOJUN G4	5,000,000	2021.05	2026.05	3.67%
21 GUOJUN G5	2,900,000	2021.06	2024.06	3.40%
GUOJUN Convertible bonds (i)	7,000,000	2017.07	2023.07	1.50%
GTJA HOLD N2604 (iii)	3,234,351	2021.04	2026.04	2.00%
19 GTJA Financial Bond 01	8,000,000	2019.08	2022.08	3.48%
Subordinated bonds				
21 GUOJUN C1	3,000,000	2021.01	2024.01	3.89%

## Section X Interim Condensed Consolidated Financial Statements

### 46 BONDS PAYABLE (continued)

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

As at 31 December 2020

Name	Par value	Issue date	Maturity date	Coupon rate
<b>Current</b>				
Corporate bonds				
16 GUOJUN G4	3,000,000	2016.08	2021.08	3.14%
18 GUOJUN G1	4,300,000	2018.03	2021.03	5.15%
18 GUOJUN G2	4,300,000	2018.04	2021.04	4.55%
18 GUOJUN G3	4,700,000	2018.07	2021.07	4.44%
Subordinated bond				
16 GUOJUN C4	3,000,000	2016.11	2021.11	3.55%
<b>Non-current</b>				
Corporate bonds				
16 GUOJUN G2 (v)	1,000,000	2016.04	2023.04	3.25%
17 GUOJUN G2	600,000	2017.08	2022.08	4.70%
18 GUOJUN G4	300,000	2018.07	2023.07	4.64%
19 GUOJUN G1	3,000,000	2019.04	2022.04	3.90%
19 GUOJUN G3	2,900,000	2019.05	2022.05	3.73%
19 GUOJUN G4	2,500,000	2019.10	2022.10	3.48%
20 GUOJUN G1	4,000,000	2020.01	2023.01	3.37%
20 GUOJUN G2	4,000,000	2020.03	2023.03	3.05%
20 GUOJUN G4	5,000,000	2020.07	2023.07	3.55%
20 GUOJUN G5	4,000,000	2020.09	2023.09	3.75%
20 GUOJUN G6	3,900,000	2020.11	2022.11	3.80%
20 GUOJUN G7	2,000,000	2020.11	2023.11	3.90%
20 GUOJUN G9	2,900,000	2020.12	2023.12	3.77%
GUOJUN Convertible bonds (i)	7,000,000	2017.07	2023.07	1.50%
GTJA HOLD B2203 (ii)	3,437,271	2019.03	2022.03	3.875%
GTJA SEC B2203 (iv)	1,993,335	2019.03	2022.03	0.584%
19 GTJA Financial Bond 01	8,000,000	2019.08	2022.08	3.48%
Subordinated bond				
20 Shanghai Securities C1 <sup>(vi)</sup>	2,600,000	2020.08	2023.08	4.55%



## Section X Interim Condensed Consolidated Financial Statements

### 46 BONDS PAYABLE (continued)

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

- (i) In July 2017, as approved by the CSRC, the Company issued 6-year A-share convertible bonds with par value of RMB7 billion. The convertible bonds bear a fixed annual interest rate of 0.20% for the first year, 0.50% for the second year, 1.00% for the third year, 1.50% for the fourth year, 1.80% for the fifth year and 2.00% for the sixth year. The initial conversion price is RMB20.20 per share. The convertible bonds holders may exercise their rights to convert the convertible bonds into the Company's A shares at the stipulated conversion price during the period ("Conversion Period") beginning six months after the date of issuance until the maturity date. Within 5 trading days after maturity, the Company shall redeem the outstanding convertible bonds at 105% of the par value, inclusive of interest for the sixth year.

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

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

As at 30 June 2021, the amount of convertible bonds of the Company that have not been converted into shares is RMB6,990,197 thousand, accounting for 99.8599% of the total amount of convertible bonds issued.

- (ii) In March 2019, Guotai Junan Holdings Limited (BVI) issued 3-year corporate bonds with a par value of USD500 million. The bonds are listed on the Hong Kong Stock Exchange with the bond code of 5853 and bear a fixed annual interest rate of 3.875% payable on a semi-annual basis.
- (iii) In April 2021, Guotai Junan Holdings Limited (BVI) issued 5-year corporate bonds with a par value of USD500 million. The bonds are listed on the Hong Kong Stock Exchange with the bond code of 40469 and bear a fixed annual interest rate of 2.00%.
- (iv) In March 2019, the Company issued 3-year corporate bonds with a par value of EUR 255 million. The bonds are listed on the Hong Kong Stock Exchange with the bond code of 5883 and bear a floating annual interest rate with an initial coupon rate of 0.832% payable on a quarterly basis.
- (v) In April 2016, as approved by the CSRC, the Company issued 7-year corporate bonds with par value of RMB1 billion. The bonds bear an annual interest rate of 3.25% payable on an annual basis. At the end of the fifth year, the Company has a right to adjust the interest rate which will be fixed for the remaining two years. The Company has an option to redeem and the investors have an option to put back the bonds at the end of the fifth year. In April 2021, the Company redeemed all of the bonds.
- (vi) Shanghai Securities has ceased to be a subsidiary of the Company since February 2021 and the Group has derecognized this bond accordingly.

### 47 LEASE LIABILITIES

	<b>As at 30 June 2021 (Unaudited) RMB'000</b>	<b>As at 31 December 2020 (Audited) RMB'000</b>
With 1 year	<b>484,582</b>	466,697
After 1 year but within 5 years	<b>1,323,910</b>	1,211,052
After 5 years	<b>135,603</b>	275,880
	<b>1,459,513</b>	1,486,932
Total	<b>1,944,095</b>	1,953,629

## Section X Interim Condensed Consolidated Financial Statements

### 48 OTHER CURRENT LIABILITIES

	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 (Audited) RMB'000
Accounts payable arising from derivative transactions	17,489,446	10,632,550
Dividends payable	5,430,846	279,348
Settlement payables to clearing house and customers	5,522,266	6,699,497
Proceeds from underwriting securities received on behalf of customers	3,924,263	348,459
Accounts payable arising from warehouse receipt pledge	2,182,955	1,264,666
Accounts payable to brokers	768,514	2,187,235
Bank's acceptance bill payable	635,000	175,000
Accounts payable arising from equity incentives	603,560	603,560
Dividend received on behalf of customers	467,326	1,091
Other tax payable	348,872	877,306
Commission payable to other distributors	127,020	94,751
Underwriting fee payable in relation to IPO	118,169	198,169
Advance received from customers	95,590	68,649
Payables for the securities investor protection fund	66,550	68,836
Interest payable	55,768	76,068
Gold borrowing expenses payable	33,112	20,843
Payables to priority tranche holders of structured entities	7,571	675,413
Payable for construction projects	1,398	133,822
Advance received from issuance of financial products	—	51,173
Others	992,440	948,819
Total	<u>38,870,666</u>	<u>25,405,255</u>

### 49 OTHER NON-CURRENT LIABILITIES

	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 (Audited) RMB'000
Risk reserve for the futures brokerage business	145,360	161,456
Provisions	88,613	88,613
Payables to priority tranche holders of structured entities	—	24,595
Total	<u>233,973</u>	<u>274,664</u>

## Section X Interim Condensed Consolidated Financial Statements

### 50 SHARE CAPITAL

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

	<b>As at 30 June 2021 (Unaudited) RMB'000</b>	<b>As at 31 December 2020 (Audited) RMB'000</b>
At the beginning of the period/year	<b>8,908,448</b>	8,907,948
The conversion of convertible bonds into ordinary shares	<b>1</b>	500
At the end of the period/year	<b><u>8,908,449</u></b>	<b><u>8,908,448</u></b>

### 51 OTHER EQUITY INSTRUMENTS

	<b>As at 30 June 2021 (Unaudited) RMB'000</b>	<b>As at 31 December 2020 (Audited) RMB'000</b>
Perpetual subordinated bonds <sup>(1)</sup>	<b>9,943,396</b>	9,943,396
Equity component of convertible bonds <sup>(2)</sup>	<b><u>1,128,264</u></b>	<u>1,128,265</u>
Total	<b><u>11,071,660</u></b>	<b><u>11,071,661</u></b>

## Section X Interim Condensed Consolidated Financial Statements

### 51 OTHER EQUITY INSTRUMENTS *(continued)*

- (1) As approved by the CSRC, the Company issued two batches of perpetual subordinated bonds (“19 Guojun Y1” and “20 Guojun Y1”) amounting to RMB5 billion and RMB5 billion with an initial interest rate of 4.20% and 3.85% on 23 September 2019 and 18 March 2020. The perpetual subordinated bonds have no fixed maturity dates and the Company has an option to redeem the bonds at principal amounts plus any accrued interest on the fifth interest payment date or any interest payment date afterwards.

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

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

The perpetual subordinated bonds issued by the Company are classified as equity instruments and presented under equity in the Group’s statement of financial position.

As at 30 June 2021 and 31 December 2020, the Company recognized dividends payable to holders of the perpetual subordinated bonds amounting to approximately RMB403 million and RMB403 million (note 17), respectively.

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

### 52 RESERVES AND RETAINED PROFITS

#### (1) Capital reserve

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

#### (2) Investment revaluation reserve

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

## Section X Interim Condensed Consolidated Financial Statements

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

#### (3) Translation reserve

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

#### (4) Surplus reserve

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

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

#### (5) General reserve

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

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

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

## Section X Interim Condensed Consolidated Financial Statements

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

#### (6) Retained profits

The movements in retained profits are set out below:

	As at 30 June 2021 <i>(Unaudited)</i> RMB'000	As at 31 December 2020 <i>(Audited)</i> RMB'000
At the end of last year	<u>46,504,462</u>	<u>41,335,967</u>
At the beginning of the period/year	46,504,462	41,335,967
Profit for the period/year	8,013,201	11,122,099
Appropriation to general reserve	(25,669)	(1,952,783)
Dividends	(4,988,731)	(3,439,391)
Distribution to other equity instrument holders	(402,500)	(402,500)
Others	<u>469,682</u>	<u>(158,930)</u>
At end of the period/year	<u><u>49,570,445</u></u>	<u><u>46,504,462</u></u>

### 53 CASH AND CASH EQUIVALENTS

	Six months ended 30 June	
	2021 <i>(Unaudited)</i> RMB'000	2020 <i>(Unaudited)</i> RMB'000
Cash on hand	399	409
Bank balances	27,023,866	23,204,571
Clearing settlement funds	4,668,195	3,109,679
Financial assets held under resale agreements with original maturity of less than three months	26,807,346	17,049,839
Financial assets at fair value through profit or loss with original maturity of less than three months	200,000	—
Less: bank deposits with original maturity of more than three months, risk reserve deposits, restricted bank balances and clearing settlement funds	<u>(2,239,410)</u>	<u>(2,184,758)</u>
Total	<u><u>56,460,396</u></u>	<u><u>41,179,740</u></u>

## Section X Interim Condensed Consolidated Financial Statements

### 54 TRANSFERRED FINANCIAL ASSETS

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

#### (1) Repurchase agreements

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

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

#### (2) Securities lending

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

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

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

## Section X Interim Condensed Consolidated Financial Statements

### 54 TRANSFERRED FINANCIAL ASSETS (continued)

#### (4) Margin financing borrowing

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

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

	<b>Repurchase agreements RMB'000</b>	<b>Securities lending RMB'000</b>	<b>Margin accounts receivable- backed repurchase RMB'000</b>	<b>Margin financing borrowing RMB'000</b>
<b>30 June 2021</b>				
Carrying amount of transferred assets	<u>5,343,342</u>	<u>3,750,922</u>	—	<u>2,581,509</u>
Carrying amount of related liabilities	<u>5,795,540</u>	N/A	—	<u>N/A</u>
			Margin accounts receivable- backed	Margin financing borrowing
<b>31 December 2020</b>				
Carrying amount of transferred assets	<u>5,135,236</u>	<u>3,273,453</u>	<u>1,477,505</u>	<u>2,344,386</u>
Carrying amount of related liabilities	<u>5,112,166</u>	N/A	<u>1,401,898</u>	<u>N/A</u>

### 55 COMMITMENTS

#### (1) Capital commitments

As at 30 June 2021, there is no significant capital commitment.



## Section X Interim Condensed Consolidated Financial Statements

### 56 CONTINGENCIES

As at 30 June 2021 and 31 December 2020, the contingent liabilities due to pending litigations amounted to RMB801,554 thousand and RMB713,831 thousand, respectively.

### 57 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

#### (a) Relationship of related parties

- (1) Associates and joint ventures of the Group

The detailed information of the Group's associates and joint ventures is set out in note 23.

- (2) Other related parties of the Group

<b>Name of the related parties</b>	<b>Relationship of the related parties</b>
Shanghai State-owned Assets Operation Co., Ltd. ("Shanghai SA")	Shareholder that holds more than 5% equity interest of the Company
Shanghai International Group Co., Ltd. ("SIG")	Shareholder that holds more than 5% equity interest of the Company
Shanghai Rural Commercial Bank ("SRCB")	The senior management of the Shanghai International Group acts as a director of the entity
Zheng Tong Co., Ltd. ("Zhengtong")	The retired senior management of the Company acts as a director of the entity
Shanghai Pudong Development Bank Co., Ltd. ("SPD Bank")	The director of the Company acts as a director of the entity
Great Wall Securities Co., Ltd. ("GW Securities")	The supervisor of the Company acts as the vice chairman of the entity
Shanghai International Group Asset Management Co., Ltd. ("SIG AM")	SIG controls the Company

## Section X Interim Condensed Consolidated Financial Statements

### 57 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### (a) Relationship of related parties *(continued)*

##### (2) Other related parties of the Group *(continued)*

Name of the related parties	Relationship of the related parties
Yangtze River Economy United Development (Group) Co., Ltd. ("YUDC")	The retired director of the Company acted as the vice chairman of the entity
Bright food (Group) Co., Ltd. ("Bright Food")	The retired director of the Company acted as a director of the entity
Shanghai Pudong Development Bank Financial Leasing Co., Ltd. ("SPDB Financial Leasing")	The senior management of Shanghai SA acts as a director of the entity
Guoxin Investment Development Co., Ltd. ("GXID")	Shanghai SA controls the entity
Shanghai Sitico Assets Management Co., Ltd. ("SITICO AM")	SIG controls the entity
Shanghai Chengtou Group Co., Ltd. (Chengtou Group)	The director of the Company acts as the senior management of the entity
CITIC Trust Co., Ltd. ("CITIC Trust")	The trustee of a trust in favor of Shanghai SA
China Three Gorges Co., Ltd. ("CTG")	The director of the Company acts as the external director of the entity
Shanghai Junyao (Group) Co., Ltd. ("Junyao Group")	The retired director of the Company acted as the vice chairman of the entity
New China Capital Management Co., Ltd. ("New China Capital")	The director of the Company acts as the director and ceo of the entity
Shanghai Securities Co., Ltd. ("SH Securities")	The senior management of the Company acts as a director of the entity

## Section X Interim Condensed Consolidated Financial Statements

### 57 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### (b) Transactions between the Group and other related parties

(1) Fee and commission income from related parties

Name of related parties	Description of transaction	Six months ended 30 June	
		2021	2020
		(Unaudited) RMB'000	(Unaudited) RMB'000
SRCB	Assets management	5,005	1,702
SPD Bank	Assets management	4,334	6,727
GXID	Assets management	83	—
YUDC	Assets management	64	—
Shanghai SA	Assets management	29	—
SIG	Assets management	15	—
SPD Bank	Underwriting	1,220	481
Shanghai SA	Underwriting	1,152	5,584
Chengtou Group	Underwriting	943	1,415
Bright Food	Underwriting	—	2,830
YUDC	Underwriting	—	1,023
CITIC Trust	Securities brokerage	1,983	3,116
New China Capital	Securities brokerage	814	—
SIG	Securities brokerage	98	1,298
Shanghai SA	Securities brokerage	—	842
SIG	Financial Advisory	377	—
SPD Bank	Financial Advisory	—	613

(2) Fee and commission expense to related parties

Name of related parties	Description of transaction	Six months ended 30 June	
		2021	2020
		(Unaudited) RMB'000	(Unaudited) RMB'000
Zhengtong	Third-party enquiry	1,400	—
SPD Bank	Third-party funds depository business	850	850

## Section X Interim Condensed Consolidated Financial Statements

### 57 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

#### (b) Transactions between the Group and other related parties (continued)

(3) Interest received from related parties

Name of related parties	Description of transaction	Six months ended 30 June	
		2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
SPD Bank	Deposit in financial institutions	137,987	79,433
SPD Bank	Financial assets held under resale agreements	384	133

(4) Interest paid to related parties

Name of related parties	Description of transaction	Six months ended 30 June	
		2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
SPD Bank	Gold lease	9,870	1,118
SPD Bank	Financial assets sold under repurchase agreements	6,369	1,270
SRCB	Financial assets sold under repurchase agreements	4,083	1,967
SPD Bank	Placements from other financial institutions	1,598	11,796
SRCB	Placements from other financial institutions	285	—
CITIC Trust	Bonds	1,588	—
SPD Bank	Bonds	—	6,485
Shanghai SA	Clients' Deposits	215	—
CITIC Trust	Clients' Deposits	22	—
GXID	Clients' Deposits	2	—
SIG	Clients' Deposits	—	857

(5) Operating expenses and costs paid to related parties

Name of related parties	Description of transaction	Six months ended 30 June	
		2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
SPD Bank	Sales of financial products	6,793	7,220

## Section X Interim Condensed Consolidated Financial Statements

### 57 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### (c) Balances of related party transactions between the Group and its related parties

(1) Deposits with related parties

Name of related parties	As at 30 June 2021 <i>(Unaudited)</i> <i>RMB'000</i>	As at 31 December 2020 <i>(Audited)</i> <i>RMB'000</i>
SPD Bank	6,344,991	9,973,785
SRCB	6	8

(2) Accounts receivable

Name of related parties	Description of transaction	As at 30 June 2021 <i>(Unaudited)</i> <i>RMB'000</i>	As at 31 December 2020 <i>(Audited)</i> <i>RMB'000</i>
SPD Bank	Management fee and Remuneration	4,956	10,424
SRCB	Management fee and Remuneration	2,635	3,936
YUDC	Management fee and Remuneration	108	43
GXID	Management fee and Remuneration	83	775
Shanghai SA	Management fee and Remuneration	49	20
SH Securities	Management fee and Remuneration	27	—
SIG	Management fee and Remuneration	19	4

## Section X Interim Condensed Consolidated Financial Statements

### 57 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

#### (c) Balances of related party transactions between the Group and its related parties (continued)

(3) Financial assets held under resale agreements

Name of related parties	As at	As at
	30 June	31 December
	2021	2020
	(Unaudited)	(Audited)
	RMB'000	RMB'000
SPD Bank	750,204	750,953
Shanghai SA	—	748,934

(4) Accounts payable

Name of related parties	Description of transaction	As at	As at
		30 June	31 December
		2021	2020
		(Unaudited)	(Audited)
		RMB'000	RMB'000
SPD Bank	Sales of financial products	11,143	11,053
SH Securities	Sales of financial products	31	—
SPD Bank	Third-party funds depository business	—	724

(5) Financial assets sold under repurchase agreements

Name of related parties	As at	As at
	30 June	31 December
	2021	2020
	(Unaudited)	(Audited)
	RMB'000	RMB'000
SRCB	812,926	—
SPD Bank	448,588	1,284,676

## Section X Interim Condensed Consolidated Financial Statements

### 57 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### (c) Balances of related party transactions between the Group and its related parties *(continued)*

(6) Bonds payable to related parties

Name of related parties	As at 30 June 2021 <i>(Unaudited)</i> <i>RMB'000</i>	As at 31 December 2020 <i>(Audited)</i> <i>RMB'000</i>
SPD Bank	1,698,940	1,707,166
CITIC Trust	413,572	80,715

(7) Bonds held by the Group

Name of related parties	As at 30 June 2021 <i>(Unaudited)</i> <i>RMB'000</i>	As at 31 December 2020 <i>(Audited)</i> <i>RMB'000</i>
SPD Bank	2,604,315	1,200,516
GW Securities	543,154	623,460
Bright Food	303,219	351,554
Junyao Group	29,247	31,177
CTG	—	318,622

(8) Loans and borrowings with related parties

Name of related parties	As at 30 June 2021 <i>(Unaudited)</i> <i>RMB'000</i>	As at 31 December 2020 <i>(Audited)</i> <i>RMB'000</i>
SPD Bank	—	1,313,473
SITICO AM	—	1,054,533
SIG	—	495,631

## Section X Interim Condensed Consolidated Financial Statements

### 57 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

#### (c) Balances of related party transactions between the Group and its related parties (continued)

(9) Funds held by the Group

Name of related parties	As at	As at
	30 June	31 December
	2021	2020
	(Unaudited)	(Audited)
	RMB'000	RMB'000
SIG AM	853	—

(10) Significant related party transactions relating to joint investments in GTJA Chuangxin Equity Investment FOF Center LLP

Name of related parties	As at	As at
	30 June	31 December
	2021	2020
	(Unaudited)	(Audited)
	RMB'000	RMB'000
SIG	1,050,000	600,000

(11) Guarantees for related parties

Name of related parties	As at	Starting date	Expiry date
	30 June		
	2021		
	(Unaudited)		
	RMB'000		
Guotai Junan Holdings Limited (BVI)	3,419,089	03/2019	02/2022
Guotai Junan Holdings Limited (BVI)	3,591,816	04/2021	04/2026



## Section X Interim Condensed Consolidated Financial Statements

### 57 RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

#### (d) Remuneration of senior (key) management personnel

Remuneration of senior (key) management personnel of the Group is as follows:

	<b>Six months ended 30 June</b>	
	<b>2021</b> <i>(Unaudited)</i> <b>RMB'000</b>	2020 <i>(Unaudited)</i> RMB'000
Salaries, allowances and benefits	<b>3,385</b>	4,667
Discretionary bonuses	<b>9,717</b>	9,654
Pension scheme contributions and other social welfare	<b>381</b>	349
Restricted share incentive scheme	<b>6,707</b>	—
Total	<b>20,190</b>	14,670

### 58 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability could be settled, between knowledgeable and willing parties in an arm's length transaction. Methods and assumptions below are used to estimate the fair value.

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

- (a) Fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities ("Level 1");
- (b) Fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) ("Level 2"); and
- (c) Fair value is based on inputs for the asset or liability that are not based on observable market data (unobservable inputs) ("Level 3").

## Section X Interim Condensed Consolidated Financial Statements

### 58 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

#### (1) Fair values of the financial assets and financial liabilities that are measured at fair value on a recurring basis:

<b>Unaudited</b>				
<b>30 June 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets at fair value through profit or loss				
At fair value through profit or loss				
– Debt securities	31,876,465	89,638,897	4,428,330	125,943,692
– Funds	24,734,485	37,980,397	8,615,263	71,330,145
– Equity securities	15,264,152	8,749,182	1,808,550	25,821,884
– Other investments	3,976,650	22,790,468	80,000	26,847,118
Debt instruments at fair value through other comprehensive income				
– Debt securities	1,754,752	59,459,436	—	61,214,188
Equity instrument at fair value through other comprehensive income				
– Equity securities	2,448,387	140,167	351,990	2,940,544
Derivative financial assets	931,083	3,543,297	—	4,474,380
<b>Total</b>	<b>80,985,974</b>	<b>222,301,844</b>	<b>15,284,133</b>	<b>318,571,951</b>
Financial liabilities at fair value through profit or loss				
At fair value through profit or loss				
– Equity securities	183,286	9,147	—	192,433
– Debt securities	2,673,136	3,706,863	—	6,379,999
– Gold	1,069,653	1,054,899	—	2,124,552
Designated as at fair value through profit or loss				
– Debt securities	327,018	30,050,536	6,122,329	36,499,883
– Others	—	1,140,966	692,976	1,833,942
Derivative financial liabilities	1,065,314	6,528,625	—	7,593,939
<b>Total</b>	<b>5,318,407</b>	<b>42,491,036</b>	<b>6,815,305</b>	<b>54,624,748</b>

## Section X Interim Condensed Consolidated Financial Statements

### 58 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

#### (1) Fair values of the financial assets and financial liabilities that are measured at fair value on a recurring basis: (continued)

##### Audited

31 December 2020	Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>	Total <i>RMB'000</i>
Financial assets at fair value through profit or loss				
At fair value through profit or loss				
– Debt securities	1,155,464	108,860,266	3,633,673	113,649,403
– Funds	26,543,124	28,380,870	4,436,617	59,360,611
– Equity securities	15,627,148	6,578,809	2,876,940	25,082,897
– Other investments	5,459,722	21,214,862	3,958,649	30,633,233
Debt instruments at fair value through other comprehensive income				
– Debt securities	959,118	71,533,684	—	72,492,802
Equity Instruments at fair value through other comprehensive income				
– Equity securities	3,756,128	207,029	366,383	4,329,540
– CSFC investment	—	13,307,522	—	13,307,522
Derivative financial assets	204,886	2,009,340	—	2,214,226
<b>Total</b>	<b><u>53,705,590</u></b>	<b><u>252,092,382</u></b>	<b><u>15,272,262</u></b>	<b><u>321,070,234</u></b>
Financial liabilities at fair value through profit or loss				
At fair value through profit or loss				
– Equity securities	847,312	—	—	847,312
– Debt securities	45,194	4,402,641	—	4,447,835
– Gold	—	265,094	—	265,094
Designated as at fair value through profit or loss				
– Debt securities	—	31,291,123	8,023,326	39,314,449
– Others	—	2,568,277	651,492	3,219,769
Derivative financial liabilities	2,027,632	3,498,840	—	5,526,472
<b>Total</b>	<b><u>2,920,138</u></b>	<b><u>42,025,975</u></b>	<b><u>8,674,818</u></b>	<b><u>53,620,931</u></b>

During the period/year mentioned above, there were no significant transfers of fair value measurements between Level 1 and Level 2.

## Section X Interim Condensed Consolidated Financial Statements

### 58 FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

#### (2) Valuation process and methods for specific investments

As at the end of the reporting period, the Group's valuation methods and assumptions are as follows:

##### Level 1

Fair value of financial investment is based on quoted prices (unadjusted) reflected in active markets for identical assets or liabilities.

##### Level 2

Fair value of financial investment is based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly.

During the period, the Group held no changes on the valuation techniques for level 2.

##### Level 3

Fair value of financial investment is based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. For certain unlisted equity securities and debt securities, the Group adopts the valuation techniques and quotation from counterparties' quotations or valuation techniques to determine the fair value. Valuation techniques include a discounted cash flow analysis, the market comparison approach, etc. The fair value measurement of these financial instruments may involve unobservable inputs such as credit spread, price to book ratio, price to earnings ratio, liquidity discount, etc. Fair value change resulting from changes in the unobservable inputs was not significant. The Finance Department periodically reviews all significant unobservable inputs and valuation adjustments used to measure the fair values of financial instruments in Level 3.

## Section X Interim Condensed Consolidated Financial Statements

### 58 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

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

	Six months ended 30 June 2021		
	Financial assets at fair value through profit or loss <i>RMB'000</i>	Equity instruments at fair value through other comprehensive income <i>RMB'000</i>	Financial liabilities at fair value through profit or loss <i>RMB'000</i>
<b>Unaudited</b>			
As at 1 January 2021	14,905,879	366,383	(8,674,818)
Gains/(losses) for the year	1,163,024	—	(12,000)
Changes in fair value recognized in other comprehensive income	—	(14,393)	—
Purchases	682,394	—	—
Issues	—	—	—
Transfers in	33,418	—	(47,729)
Transfers out	(10,821)	—	—
Disposal and settlements	(1,359,933)	—	1,919,242
Lost control of a subsidiary	(481,818)	—	—
As at 30 June 2021	<u>14,932,143</u>	<u>351,990</u>	<u>(6,815,305)</u>

	Year ended 31 December 2020				
	Financial assets at fair value through profit or loss <i>RMB'000</i>	Equity instruments at fair value through other comprehensive income <i>RMB'000</i>	Derivative assets <i>RMB'000</i>	Financial liabilities at fair value through profit or loss <i>RMB'000</i>	Derivative liabilities <i>RMB'000</i>
<b>Audited</b>					
As at 1 January 2020	10,471,542	754,301	94,919	(7,271,644)	(238,549)
Gains/(losses) for the year	29,344	—	—	(390,315)	—
Changes in fair value recognized in other comprehensive income	—	(380,987)	—	—	—
Purchases	3,440,275	2	—	—	—
Issues	—	—	—	(1,880,305)	—
Transfers in	1,054,467	—	—	—	—
Transfers out	(98,991)	(1,490)	(21,493)	—	5,244
Disposal and settlements	9,242	(5,443)	(73,426)	867,446	233,305
As at 31 December 2020	<u>14,905,879</u>	<u>366,383</u>	<u>—</u>	<u>(8,674,818)</u>	<u>—</u>

## Section X Interim Condensed Consolidated Financial Statements

### 58 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

#### (4) Important unobservable input value in fair value measurement of Level 3

For financial instruments in Level 3, prices are determined using valuation techniques such as discounted cash flow models and other similar techniques. Categorization of fair value measured within Level 3 of the valuation hierarchy is generally based on the significance of the unobservable inputs to the overall fair value measurement. The following table presents the valuation techniques and inputs of major financial instruments in Level 3.

Financial assets/liabilities	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Stocks/unlisted equity investments	Level 3	Discounted cash flow model	Risk adjusted discount rate	The higher the risk adjusted discounted rate, the lower the fair value
Stocks/unlisted equity investments	Level 3	Market comparable model	Discount for lack of marketability	The higher the volatility, the lower the fair value
Stocks/unlisted equity investments	Level 3	Recent transaction price	N/A	N/A
Unlisted funds	Level 3	Market comparable model	Discount for lack of marketability	The higher the volatility, the lower the fair value
Unlisted funds	Level 3	Recent transaction price	N/A	N/A
Other investments	Level 3	Discounted cash flow model	Risk adjusted discount rate	The higher the risk adjusted discounted rate, the lower the fair value
Financial liabilities	Level 3	Market comparable model	Discount for lack of marketability	The higher the volatility, the lower the fair value
Financial liabilities	Level 3	Recent transaction price	N/A	N/A

The fair value of the financial instruments in level 3 is not significantly sensitive to a reasonable change in these unobservable inputs.

## Section X Interim Condensed Consolidated Financial Statements

### 58 FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

#### (5) Financial assets and liabilities not measured at fair value

As at 30 June 2021 and 31 December 2020, the carrying amounts of the Group's financial instruments carried at cost or amortized cost approximated to their fair values, except for bonds payable, whose carrying amounts and fair values are summarized below:

	<b>As at 30 June 2021 (Unaudited) RMB'000</b>	As at 31 December 2020 (Audited) RMB'000
<b>Bonds payable</b>		
Carrying amounts	<b><u>103,599,744</u></b>	<u>91,692,414</u>
Fair values		
– Level 1	<b>7,979,300</b>	8,404,900
– Level 2	<b>93,202,609</b>	83,960,772
– Level 3	<b><u>3,967,567</u></b>	<u>1,304,174</u>
Total	<b><u>105,149,476</u></b>	<u>93,669,846</u>

## Section X Interim Condensed Consolidated Financial Statements

### 59 SHARE-BASED PAYMENTS

#### (a) Share-based payments of the Company

The Company carried out a restricted share Incentive scheme of A shares whereby the Company grant restricted A shares to the Incentive Participants in return for their services. 79,000,000 shares were granted during year ended 31 December 2020.

As at 30 June 2021, cumulative amount of RMB235,507 thousand was recognized within the capital reserve of the Company. The total expenses booked for the six months ended 30 June 2021 was RMB148,741 thousand. (six months ended 30 June 2020: Nil)

The fair value of services received in return for restricted share Incentive scheme is measured by reference to the fair value of shares. The estimate of the fair value of restricted shares granted is measured based on the closing price of shares at grant date, RMB18.1 per share.

#### (b) Share-based payments of a subsidiary

GJIHL, a subsidiary of the Company, operated two equity-settled share-based compensation schemes including a share option scheme (the “Share Option Scheme”) and a share award scheme (the “Share Award Scheme”) for the purpose of motivating and rewarding staff who contributed to GJIHL’s operations. During the six months ended 30 June 2021, the total equity-settled share-based compensation expense of RMB2,561 thousand was recognized in profit or loss (six months ended 30 June 2020: RMB15,009 thousand).



## Section X Interim Condensed Consolidated Financial Statements

### 60 EVENTS AFTER THE REPORTING PERIOD

Other than those already disclosed elsewhere in the consolidated financial statements, significant events after the reporting period included the following events:

#### (a) Issuance of bonds

On 8 July 2021, the Company has issued 1st batch of short-term debt instruments of RMB4 billion, bearing interest at 2.20% per annum.

On 21 July 2021, the Company has publicly issued 4th batch of corporate bonds to qualified investors, with Category I of 1096 days corporate bond with a nominal amount of RMB1.9 billion, bearing interest at 3.13% per annum and Category II of 1826 days with a nominal amount of RMB6.1 billion, bearing interest at 3.48% per annum.

On 4 August 2021, the Company has publicly issued 5th batch of corporate bonds to qualified investors, with Category I of 1096 days corporate bond with a nominal amount of RMB2.8 billion, bearing interest at 3.01% per annum and Category II of 1826 days with a nominal amount of RMB4.2 billion, bearing interest at 3.35% per annum.

On 9 August 2021, the Company has issued 2nd batch of short-term debt instruments of RMB5 billion, bearing interest at 2.10% per annum.

On 12 August 2021, the Company has publicly issued 6th batch of corporate bonds to qualified investors, the bonds is of 3652 days with a nominal amount of RMB3 billion, bearing interest at 3.77% per annum.

## **Section X Interim Condensed Consolidated Financial Statements**

### **61 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP**

Except as described below, the accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020.

The Group has initially adopted Interest rate Benchmark Reform Phased 2 – Amendments to IFRS9, IAS 39, IFRS7, IFRS4 and IFRS 16 (the Phase 2 amendments) from 1 January 2021. These amendments had no impact on the condensed consolidated financial statements of the Group.

### **62 APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved and authorized for issue by the board of directors on 24 August 2021.

### **63 STANDARDS ISSUED BUT NOT YET EFFECTIVE**

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

## Section XI Information Disclosure of Securities Company

### I. RELEVANT INFORMATION ABOUT SIGNIFICANT ADMINISTRATIVE PERMISSIONS FOR THE COMPANY

Applicable  Not applicable

#### (I) Administrative permissions for the subsidiary of Guotai Junan Futures

Name of subsidiary	Date of Approval (yyyy/mm/dd)	Headings of approval	No. of approval
Guotai Junan Risk Management Co., Ltd.	2021/4/13	Business License Replacement	04000000202104130039
Guotai Junan Risk Management Co., Ltd.	2021/5/7	Registration Form of Foreign Trade Business Operators (對外貿易經營者備案登記表)	04059286
Guotai Junan Risk Management Co., Ltd.	2021/6/28	Business Permit for the Operation of Hazardous Chemicals (《危險化學品經營許可證》)	Hu (Xu) Ying Ji Guan Wei Jing Xu [2021]202593

### II. RESULT OF CLASSIFICATION BY REGULATORY AUTHORITY

Applicable  Not applicable

The Company's classified evaluation result in 2021: Class A Grade AA