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## **China International Capital Corporation Limited**

**中國國際金融股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 03908)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2021**

The board of directors (the “**Board**”) of China International Capital Corporation Limited (the “**Company**”) hereby announces the unaudited interim results of the Company and its subsidiaries for the six months ended June 30, 2021. This announcement, containing the main text of the 2021 interim report of the Company, complies with the relevant requirements of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* in relation to preliminary announcement of interim results. The printed version of the Company’s 2021 interim report will be despatched to the shareholders of the Company and available for viewing on the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.cicc.com](http://www.cicc.com) in due course.

By order of the Board  
**China International Capital Corporation Limited**  
*Secretary to the Board*  
**Sun Nan**

Beijing, the PRC  
August 27, 2021

*As at the date of this announcement, the Executive Director of the Company is Mr. Huang Zhaohui; the Non-executive Directors are Mr. Shen Rujun, Ms. Tan Lixia and Mr. Duan Wenwu; and the Independent Non-executive Directors are Mr. Liu Li, Mr. Siu Wai Keung, Mr. Ben Shenglin and Mr. Peter Hugh Nolan.*



# CORE VALUES

## BY THE PEOPLE AND FOR THE NATION

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People are our most valuable assets. We strive to attract, cultivate and retain the best people. Since inception, CICC has positioned itself as “a China-based investment bank with international perspectives”. It is our mission to serve the nation by promoting economic reform and long-term development of the capital markets.

## PROFESSIONALISM AND DILIGENCE

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We develop our businesses up to the highest professional standards, and nurture a high-caliber team of financial professionals, who boast international visions, diligently perform their duties and share our corporate values.

## INNOVATION AND ENTREPRENEURSHIP

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Innovation is the lasting force that drives CICC forward. Blessed with deep industry knowhow, visionary leadership, close relationship with clients, and abundant execution experiences, CICC is always prepared to embrace change and continue to deliver innovative products and quality services to our clients.

## CLIENT FIRST

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We always put our clients first. We develop and maintain long-term relationships of trust with our clients by truly safeguarding their interests and satisfying their needs.

## INTEGRITY

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We build our franchise upon the utmost professional integrity and highest ethical standards. We value our franchise and never compromise on integrity.

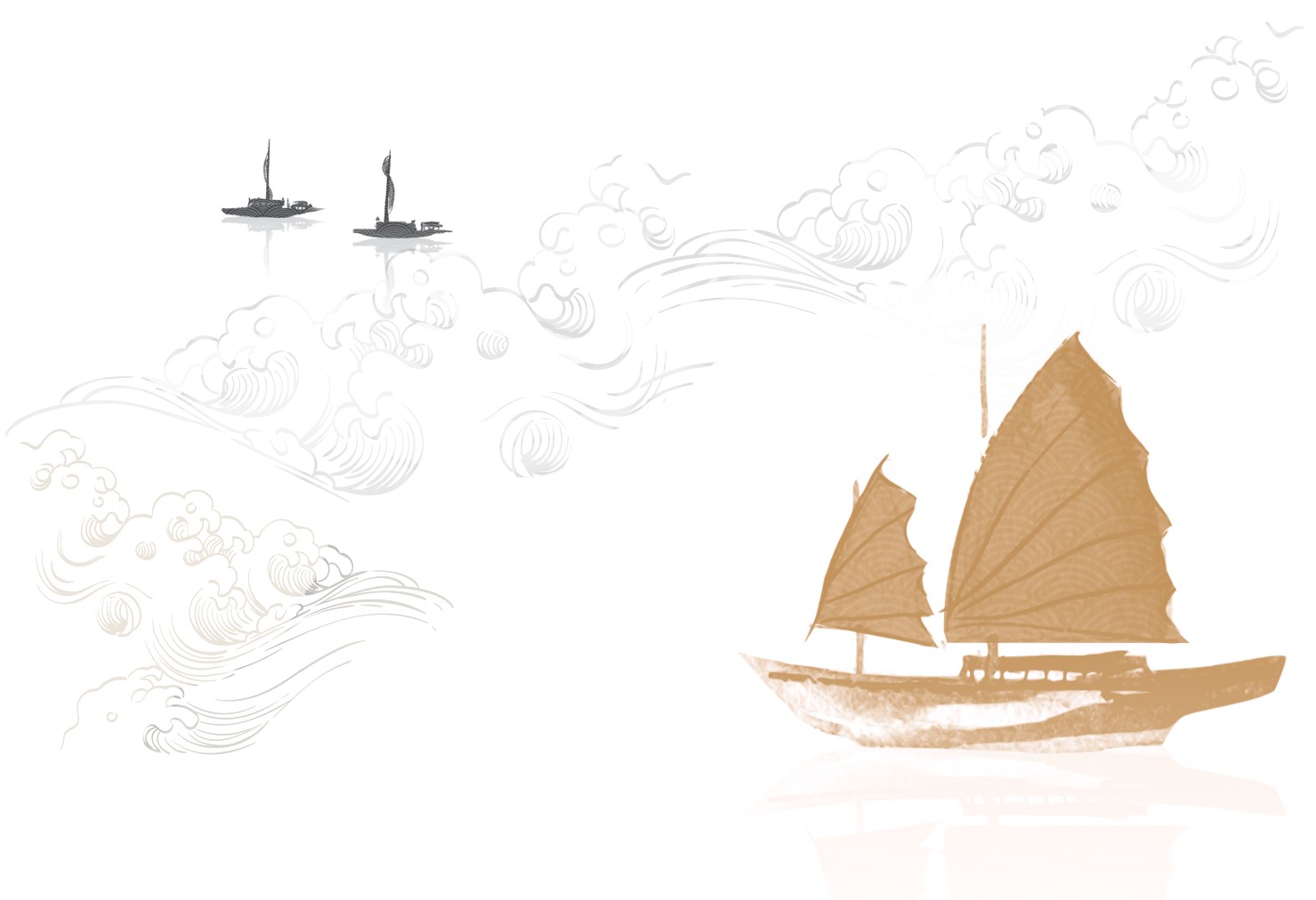
## CHINESE ROOTS AND INTERNATIONAL REACH

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As a China-based global investment bank, we are proud of our Chinese roots and of our international DNA. We bridge China and the world by providing best-in-class services to clients at home and abroad.

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# Definitions

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

“A Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is (are) subscribed for and traded in RMB and listed on the Shanghai Stock Exchange
“Articles of Association”	the articles of association of our Company (as amended)
“AUM”	the amount of assets under management
“Basic earnings per share”	(profit attributable to shareholders of the parent company – interest for holders of perpetual subordinated bonds for the period)/weighted average number of ordinary shares in issue
“Board” or “Board of Directors”	the board of directors of our Company
“Central Bank”	the People’s Bank of China* (中國人民銀行), the central bank of the PRC
“Corporate Governance Code”	Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules
“China Investment Consulting”	China Investment Consulting Co., Ltd.* (中國投資諮詢有限責任公司), a company incorporated in the PRC in March 1986 and a wholly-owned subsidiary of Jianyin Investment and a Shareholder of our Company
“CICC Capital”	CICC Capital Management Co., Ltd.* (中金資本運營有限公司), a company incorporated in the PRC in March 2017 and a wholly-owned subsidiary of our Company
“CICC Fund Management”	CICC Fund Management Co., Ltd.* (中金基金管理有限公司), a company incorporated in the PRC in February 2014 and a wholly-owned subsidiary of our Company
“CICC Futures”	CICC Futures Co., Ltd.* (中金期貨有限公司), a company incorporated in the PRC in July 2004 and a wholly-owned subsidiary of our Company
“CICC Hong Kong”	China International Capital Corporation (Hong Kong) Limited (中國國際金融(香港)有限公司), a company incorporated in Hong Kong in April 1997 and a wholly-owned subsidiary of our Company
“CICC Wealth Management” or “CISC”	China CICC Wealth Management Securities Company Limited (中國中金財富證券有限公司), formerly known as China Investment Securities Company Limited (中國中投證券有限責任公司), a company incorporated in the PRC in September 2005 and a wholly-owned subsidiary of our Company
“Company Law”	the Company Law of the PRC* (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time

# Definitions

“Directors”	directors of our Company
“ETF(s)”	exchange-traded fund(s)
“FoF”	Fund of Fund
“FICC”	fixed income, commodities and currencies
“Gearing ratio”	(total liabilities – accounts payable to brokerage clients and to underwriting clients)/(total assets – accounts payable to brokerage clients and to underwriting clients)
“Group”, “our Group”, “Company”, “our Company”, “CICC” or “we”	China International Capital Corporation Limited (中國國際金融股份有限公司), a joint stock company incorporated in the PRC with limited liability converted from China International Capital Corporation Limited (中國國際金融有限公司), a Chinese-foreign equity joint venture, on June 1, 2015, whose H Shares are listed on Hong Kong Stock Exchange (stock code: 03908) and A Shares are listed on the Shanghai Stock Exchange (stock code: 601995). Unless the context otherwise requires, including the Company and its subsidiaries
“Growth Enterprise Market”	the ChiNext board of the Shenzhen Stock Exchange
“H Share(s)”	ordinary shares in the share capital of our Company with a nominal value of RMB1.00 each, which is (are) listed on the Hong Kong Stock Exchange and are subscribed for and traded in HK dollars
“HK\$”, “HKD” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong, China
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Huijin”	Central Huijin Investment Ltd.* (中央匯金投資有限責任公司), a wholly state-owned company ultimately owned by the PRC Government and a Shareholder of our Company
“Jiayin Investment”	China Jiayin Investment Ltd.* (中國建銀投資有限責任公司), a company incorporated in the PRC in June 1986, a wholly-owned subsidiary of Huijin and a Shareholder of our Company
“JIC Investment”	JIC Investment Co., Ltd. (建投投資有限責任公司), a company incorporated in the PRC in October 2012, a wholly-owned subsidiary of Jiayin Investment and a Shareholder of our Company

# Definitions

“Latest Practicable Date”	August 27, 2021
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
“MTN(s)”	medium-term notes
“Net capital”	net capital refers to net assets after risk adjustments on certain types of assets and liabilities as defined in the Provisions on the Calculation Basis for Risk Control Indicators of Securities Companies
“NSSF”	the National Council for Social Security Fund of the PRC* (中國全國社會保障基金理事會)
“PRC” or “China”	the People’s Republic of China
“QDII(s)”	Qualified Domestic Institutional Investor* (合格境內機構投資者)
“QFII(s)”	Qualified Foreign Institutional Investor* (合格境外機構投資者)
“REITs”	real estate investment trusts
“Reporting Period”	the six-month period ended June 30, 2021
“REPOs”	financial assets sold under repurchase agreements
“Reverse REPOs”	financial assets held under resale agreements
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“RQFII(s)”	Renminbi Qualified Foreign Institutional Investor* (人民幣合格境外機構投資者)
“Securities Law”	the Securities Law of the PRC* (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong, China) as amended, supplemented or otherwise modified from time to time
“SSE”	the Shanghai Stock Exchange* (上海證券交易所)
“Shareholder(s)”	holder(s) of the Share(s)

# Definitions

“Share(s)”	ordinary shares in the share capital of our Company with a nominal value of RMB1.00 each
“SZSE”	the Shenzhen Stock Exchange* (深圳證券交易所)
“State-owned enterprise(s)”	state-owned enterprise(s)
“Supervisor(s)”	supervisor(s) of our Company
“Supervisory Committee”	the supervisory committee of our Company
“Tencent Holdings”	Tencent Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Hong Kong Stock Exchange (Stock Code: 700)
“Tencent Mobility Limited”	Tencent Mobility Limited, a company incorporated in Hong Kong, China with limited liability, a wholly-owned subsidiary of Tencent Holdings and a Shareholder of our Company
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “U.S.” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$” or “USD”	United States dollars, the lawful currency of the United States
“Weighted average return on net assets”	(profit attributable to shareholders of the parent company – interest for holders of perpetual subordinated bonds for the period)/weighted average of equity attributable to ordinary shareholders of the parent company
“%”	per cent

## Notes:

Certain amounts and percentage figures included in this report have been subject to rounding. Accordingly, the arithmetic sum shown in certain tables may not be the total of the figures preceding them. Any discrepancies in any table or chart between the arithmetic sum shown and the total of the amounts listed are due to rounding.

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in the report in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail. English translations of company names and other terms from the Chinese language are marked with “\*” and are provided for identification purposes only.

# Company Profile

<b>Name in Chinese:</b>	中國國際金融股份有限公司
<b>Name in English:</b>	China International Capital Corporation Limited
<b>Legal representative:</b>	Shen Rujun
<b>Chairman:</b>	Shen Rujun
<b>Chief Executive Officer:</b>	Huang Zhaohui
<b>Registered capital:</b>	RMB4,827,256,868
<b>Headquarters in the PRC:</b>	
Registered and office address	27th and 28th Floor, China World Office 2, 1 Jianguomenwai Avenue, Chaoyang District, Beijing, PRC
Company website	<a href="http://www.cicc.com">http://www.cicc.com</a>
E-mail	<a href="mailto:Investorrelations@cicc.com.cn">Investorrelations@cicc.com.cn</a>
<b>Principal place of business in Hong Kong, China:</b>	29/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong, PRC
<b>Secretary to the Board:</b>	Sun Nan
Address	27th and 28th Floor, China World Office 2, 1 Jianguomenwai Avenue, Chaoyang District, Beijing, PRC
Telephone	+86-10-65051166
Facsimile	+86-10-65051156
<b>Joint Company Secretaries:</b>	Sun Nan, Zhou Jiaying
<b>Authorized Representatives:</b>	Huang Zhaohui, Zhou Jiaying
<b>Statutory Auditors engaged by our Company:</b>	
Domestic accounting firm:	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Overseas accounting firm:	Deloitte Touche Tohmatsu Registered Public Interest Entity Auditor

# Financial Summary

## I. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

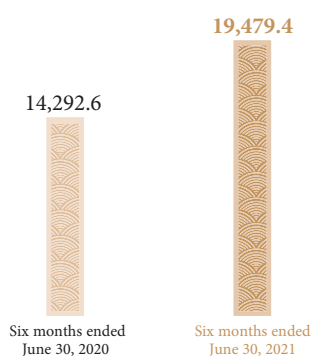
Items	Six months ended June 30, 2021	Six months ended June 30, 2020	Change
<b>Operating results (RMB in million)</b>			
Total revenue and other income	19,479.4	14,292.6	36.3%
Total expenses	13,394.3	10,493.4	27.6%
Profit before income tax	6,119.1	3,808.7	60.7%
Profit attributable to shareholders of the parent company	5,007.0	3,051.8	64.1%
Net cash used in operating activities	(25,066.5)	(3,989.5)	528.3%
Basic earnings per share (RMB/share)	1.004	0.693	44.8%
<b>Weighted average return on net assets</b>	<b>7.0%</b>	<b>6.2%</b>	<b>Increased by 0.8 percentage point</b>

Items	June 30, 2021	December 31, 2020	Change
<b>Financial position (RMB in million)</b>			
Total assets	618,076.8	521,620.5	18.5%
Total liabilities	539,089.9	449,805.4	19.8%
Total equity attributable to shareholders of the parent company	78,797.8	71,634.9	10.0%
Accounts payable to brokerage clients and to underwriting clients	86,607.7	70,655.2	22.6%
Share capital (in million shares)	4,827.3	4,827.3	–
Net assets per share attributable to shareholders of the parent company (RMB/share)	14.6	13.8	5.5%
<b>Gearing ratio</b>	<b>85.1%</b>	<b>84.1%</b>	<b>Increased by 1.1 percentage points</b>

# Financial Summary

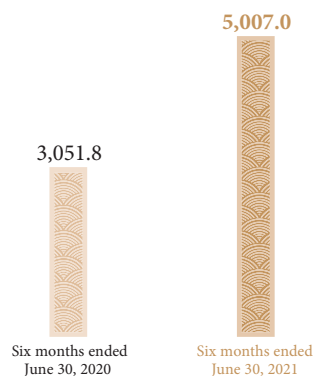
## Total revenue and other income

RMB in million

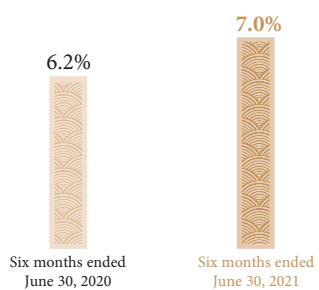


## Profit attributable to shareholders of the parent company

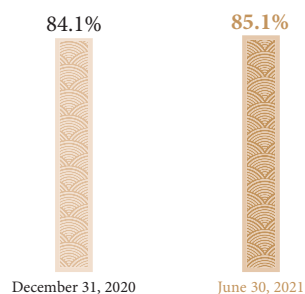
RMB in million



## Weighted average return on net assets

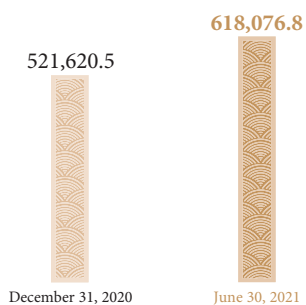


## Gearing ratio



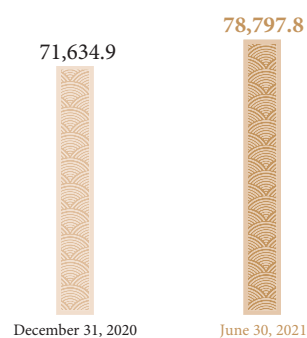
## Total assets

RMB in million



## Total equity attributable to shareholders of the parent company

RMB in million



# Financial Summary

## II. NET CAPITAL AND RELEVANT RISK CONTROL INDICATORS

As of June 30, 2021, the net capital of the parent company amounted to RMB48,042.0 million, representing an increase of 3.1% compared with RMB46,601.7 million as of December 31, 2020. During the Reporting Period, all risk control indicators of the parent company including the net capital met regulatory requirements.

Unit: RMB in million

Items	June 30, 2021	December 31, 2020
Core net capital	32,028.0	31,851.7
Supplementary net capital	16,014.0	14,750.0
Net capital	48,042.0	46,601.7
Net assets	64,773.5	60,320.0
Total risk capital reserves	32,103.8	28,613.2
Total on-and-off-balance-sheet assets	260,306.2	221,768.0
Risk coverage ratio	149.6%	162.9%
Capital leverage ratio	12.3%	14.4%
Liquidity coverage ratio	428.9%	248.6%
Net stable funding ratio	134.4%	125.0%
Net capital/net assets	74.2%	77.3%
Net capital/liabilities	19.3%	22.7%
Net assets/liabilities	26.0%	29.4%
Equity securities and related derivatives held/net capital	46.3%	45.6%
Non-equity securities and related derivatives held/net capital	320.4%	278.5%

# Management Discussion and Analysis

## I. ANALYSIS OF PRINCIPAL BUSINESSES

### Investment Banking

#### Equity Financing

##### *Market Environment*

During the first half of 2021, a total of 253 A-share IPOs were completed, with an aggregate financing size of approximately RMB215.8 billion, representing a year-on-year increase of 50.3%; a total of 197 A-share follow-on offerings were completed, with an aggregate financing size of approximately RMB288.7 billion, representing a year-on-year increase of 92.9%.

In the Hong Kong primary market, a total of 49 Hong Kong IPOs were completed, with an aggregate financing size of approximately US\$30.0 billion, representing a year-on-year increase of 136.9%; a total of 193 Hong Kong follow-on offerings and selldowns were completed, with an aggregate amount of approximately US\$55.0 billion, representing a year-on-year increase of 188.9%.

In the U.S. primary market, a total of 37 US IPOs of PRC-based companies were completed, with an aggregate financing size of approximately US\$12.6 billion, representing a year-on-year increase of 279.5%. A total of 46 US follow-on offerings and selldowns of PRC-based companies were completed, with an aggregate amount of approximately US\$6.2 billion, representing a year-on-year increase of 72.8%.

##### *Actions and Achievements*

In the first half of 2021, the Company closed a total of 7 A-share IPOs acting as the sponsor, with an aggregate sponsored amount of RMB13,111 million, ranking No. 4 in the market. The Company closed 14 A-share follow-on offerings as the lead underwriter, with an aggregate lead underwriting amount of RMB35,078 million, ranking No. 2 in the market.

During the first half of 2021, the Company closed a total of 10 Hong Kong IPOs acting as the sponsor, with an aggregate amount of US\$2,555 million, ranking No. 4 in the market; the Company also closed a total of 15 Hong Kong IPOs acting as the bookrunner, with an aggregate lead underwriting amount of US\$1,966 million, ranking No. 2 in the market.

During the first half of 2021, the Company closed a total of 8 US IPOs of PRC-based companies acting as the bookrunner, with an aggregate lead underwriting amount of US\$1,256 million, ranking No. 3 in the market.

# Management Discussion and Analysis

Items	January to June 2021		January to June 2020	
	Lead underwriting amount (RMB in million)	Number of offerings	Lead underwriting amount (RMB in million)	Number of offerings
<b>A shares</b>				
IPOs	11,576	8	24,356	13
Follow-on offerings	35,078	14	13,581	5

Items	January to June 2021		January to June 2020	
	Lead underwriting amount (USD in million)	Number of offerings	Lead underwriting amount (USD in million)	Number of offerings
<b>Hong Kong equity offerings</b>				
IPOs	1,966	15	490	4
Follow-on offerings	2,703	12	917	10

Items	January to June 2021		January to June 2020	
	Lead underwriting amount (USD in million)	Number of offerings	Lead underwriting amount (USD in million)	Number of offerings
<b>U.S. equity offerings by PRC-based companies</b>				
IPOs	1,256	8	296	4
Follow-on offerings	60	1	309	2

# Management Discussion and Analysis

## *Outlook for the Second Half of 2021*

In the second half of 2021, the Company will continue to closely following the policy direction of the central leadership, serve major national strategies, and continue to promote the healthy development of investment banking business. We will capitalize on the continuous deepening of the registration system reform, strengthen penetration into industry segments, and deepen our presence in emerging industries to build our franchise. We will also firmly implement regional strategies, particularly in industrial cluster areas, expand the coverage of regional leading enterprises and new economy players, and increase customer base and project pipeline.

## **Debt and Structured Financing**

### *Market Environment*

In the first half of 2021, the domestic market liquidity first tightened and then relaxed, and interest rates rose first and then fell. However, the overall market was relatively stable. The size of credit bond issuance in the first half of 2021 was approximately RMB9.39 trillion, a slight increase of 1.8% year-on-year, of which, the asset-backed securitization products recorded significant growth. In the overseas market, the initial interest rate at the beginning of the year was at a low level, and subsequently, affected by inflation and economic growth expectations in the United States, the interest rate level rose sharply and then fell slightly. In the first half of the year, the overseas debt capital raising amount of PRC-based companies amounted to approximately US\$110 billion, a year-on-year growth of 6.7%.

## *Actions and Achievements*

In the first half of 2021, we closed a total of 457 fixed income transactions, representing a year-on-year increase of 45.5%. Among them, 343 onshore bond underwriting transactions amounted to approximately RMB333.56 billion, and 114 offshore bond underwriting transactions amounted to approximately US\$9.65 billion.

In the first half of 2021, on the basis of tight risk control, CICC's debt and structured financing business continued to promote business regionalization, international presence and digital transformation, aiming to serve the real economy. In the first half of 2021, CICC ranked No. 5 in terms of onshore bonds offering amount, No. 3 in terms of underwriting amount of asset-backed securities and No. 1 in terms of convertible bonds offering amount. In addition, CICC ranked first in terms of underwriting amount, market making amount, strategic investment and research coverage of infrastructure publicly-offered REITs. In terms of offshore bonds, CICC maintained a leading position in the industry and achieved historical breakthroughs, and ranked first in terms of overseas debt capital raising amount and overseas convertible bonds offering amount of PRC-based companies.

In terms of product innovation and milestone deals, in the field of infrastructure publicly-offered REITs, CICC assisted GLP China and Shanghai-Hangzhou-Ningbo Expressway (沪杭甬高速) in completing the issuance of the first batch of infrastructure publicly-offered REITs. In the field of carbon neutrality bonds, CICC assisted the China Development Bank in completing the largest global public offering of carbon neutrality bonds, and assisted the National Energy Group, Huaneng Group, Beijing Infrastructure Investment Co., Ltd., Shenzhen Metro and other companies in completing the issuance of the first batch of carbon neutrality corporate bonds on the stock exchanges. In addition, CICC assisted Wens in completing the largest convertible bond offering by A-share listed and non-financial private enterprises, and assisted Oriental Wealth Information in completing the largest convertible bond offering on the Growth Enterprise Market. In the overseas market, CICC assisted Alibaba in completing the largest USD bond offering by PRC-based companies during the year, and assisted new economy companies such as NIO, Leading Ideal, and MicroPort in completing multiple milestone overseas convertible bonds offerings.

# Management Discussion and Analysis

## *Outlook for the Second Half of 2021*

In the second half of 2021, the Company will closely follow regulations and policies, strengthen the layout of industrial bonds and high-yield bonds, cultivate high-yield bond capabilities and make further efforts in key business areas such as the second batch pilots of publicly-offered REITs, panda bond business and green financial bonds. We will build a full-cycle service chain for credit bond, build a professional team, optimize team functions, and actively explore debt management and credit repair business opportunities. In addition, we will further implement the regional strategy and strengthen regional development and execution capabilities by improving the incentives and evaluation mechanism.

## **Financial Advisory Services**

### *Market Environment*

In the first half of 2021, according to statistics of Dealogic, 2,647 mergers and acquisitions (“M&A”) were announced on China’s M&A market with an aggregate amount of approximately US\$284.6 billion, representing a year-on-year increase of 74.5%, among which, 2,324 were domestic M&A transactions with a total amount of approximately US\$236.0 billion, representing a year-on-year increase of 71.7%; and 323 were cross-border M&A transactions with a total amount of approximately US\$48.6 billion, representing a year-on-year decrease of 89.8%.

## *Actions and Achievements*

We continued to reinforce our leadership in the M&A business. In the first half of 2021, according to statistics of Dealogic, the Company announced 48 deals, involving an amount of approximately US\$51,483 million. Among these transactions, 42 were domestic M&A transactions with a total amount of approximately US\$47,999 million and 6 were cross-border and offshore M&A transactions with a total amount of approximately US\$3,484 million. In the first half of 2021, the Company ranked No. 1 in the PRC M&A market with a market share of approximately 17.9%, maintaining an unparalleled market leadership.

# Management Discussion and Analysis

The milestone transactions announced in the first half of 2021 include:

Projects	Size	Highlights
Project of Sichuan Transportation Investment and Sichuan Railway Investment's merges into Shudao Investment Group Co., Ltd.	RMB617.4 billion	Realizing the reciprocal merger of two super-large local state-owned enterprises through the newly established merger method, and a benchmark transaction for the mixed reform of local state-owned enterprises
Project of Xinjiang Tianshan Cement Co., Ltd.'s issuance of shares to purchase assets	US\$27 billion	Deepening the supply-side reform of the cement industry and helping build the largest A-share listed company in the cement industry in China
Project of Australian recruitment website operator Seek's disposal of controlling interests in Zhaopin	US\$1.1 billion	Assisting Australia listed companies and leading PEs in achieving equity sales, an extremely influential sell-side transaction in China's M&A market in the first half of the year
Project of Yuexiu Group's privatization of Chong Hing Bank	US\$0.7 billion	The first privatization of a Hong Kong-listed bank by a PRC-based company in the past decade, helping the Greater Bay Area to invest in a coordinated benchmarking project
Project of Chongqing Liangjiang Fund's cross-border investment in Polestar	US\$0.6 billion	Responding to the national goal of "carbon neutrality", serving local state-owned customers and accurately deploying a milestone transaction in the new energy vehicle industry
Project of China Jinmao's strategic investment in China VAST Development through simultaneous acquisition of equity and subscription of convertible bonds	US\$0.32 billion	A representative project of Hong Kong listed companies' strategic acquisition of listed companies through simultaneous and parallel acquisition of equity and subscription of convertible bonds
Project of Cornerstone Capital's disposal of controlling interests in Suzhou Quanyi Health Pharmacy Chain Co., Ltd.	Not disclosed	The largest controlling interests transaction in China's pharmaceutical circulation field in recent years, a representative case of RMB M&A funds transferring controlling interests to the leading US dollar funds and achieving exit

# Management Discussion and Analysis

## *Outlook for the Second Half of 2021*

In the second half of 2021, the Company will continue to keep keen on the changes in the capital market environment and trend, strengthen the research on regulations and policies, enhance the coverage over and services for key target customers, and seize new opportunities for industrial mergers and acquisitions through early research, judgment and deployment.

## **Equities**

### *Market environment*

In the first half of 2021, the global economy maintained its recovery momentum amidst volatility, the overall financial market had ample liquidity, and the performance of major global stock markets was divergent. As of June 30, the SSE Index, SZSE Component Index and ChiNext Price Index in the A-share market rose by 3.4%, 4.8% and 17.2%, respectively. In the Hong Kong stock market, the Hang Seng Index rose by 5.9%, the Hang Seng China Enterprises Index fell by 0.7%, and the Hang Seng Tech Index fell by 3.2%. Despite the fluctuating performance of the stock indices, the overall trading in the secondary market was active, the average daily trading volume of A shares was RMB908.8 billion, representing a year-on-year increase of 19.9%; the average daily trading volume of Hong Kong stocks was HK\$188.2 billion, representing a year-on-year increase of 60.1%.

## *Actions and Achievements*

In the first half of 2021, the equities business continued to accelerate the pace of transformation and upgrading, continued to strengthen customer coverage, products and services, and at the same time focused on the cross-departmental synergy, improved integrated comprehensive service capabilities, and continued to scale up business and improve efficiency. The equities business continued to expand the team size, optimized the staff structure, accelerated the process of digital transformation and upgrading, and established a multi-level and all-round three-dimensional risk control and compliance system, so as to lay a solid foundation for the realization of medium and long-term strategic goals. In the first half of the year, all product lines of the equities business maintained strong momentum and the equities business saw a significant year-on-year increase in domestic and overseas business revenue, with a balanced structure of domestic and overseas, on-exchange and OTC business revenues.

In terms of coverage of institutional customers, the institutional client base has been continuously consolidated. With professional services and comprehensive one-stop solutions for institutional clients, the equities business maintained steady revenue growth despite increasing market volatility. The customer coverage and market share of the Company in long funds (including QFII/RQFII, WOFE, QDII and Shanghai-Shenzhen Stock Connect investors), insurance companies and hedge funds continued to remain at a high level. Our trading market share has reached a high record, the mutual fund investment research ranking constantly improved, and we also completed a number of projects in innovative structures.

# Management Discussion and Analysis

In terms of capital business, revenue increased significantly year on year, with effective risk management achieved, and no occurrence of major risk events. The domestic product business continued to innovate, and multiple business lines went hand in hand, achieving new breakthroughs. The business scale steadily increased, and the market leadership continued to be maintained. The overseas product business strengthened cross-regional cooperation, promoted product innovation, improved the customer ecosystem and the efficiency of IT system, optimized customer experience and steadily increased the scale of transactions and assets. Proprietary business and capital introduction business maintained steady performance.

In terms of international business, the equities business continued to deepen its efforts in international financial centers such as Hong Kong, Singapore, New York and London, and strengthened development of local trading platforms. At the same time, it gave full play to the advantages of cross-border business and led the market by core business indicators. The equities business has maintained a leading QFII coverage in the domestic market for 18 consecutive years, and a leading trading market share in fund and insurance clients' Hong Kong stock business. In the offshore market, the prime brokerage business scale of CICC Hong Kong continued to grow with increasing product diversification. The Company once again won the Most Active Broker Award in the Stock Connect Awards of Hong Kong Stock Exchange. In the first half of the year, CICC's Singapore trading platform has been actively prepared. The overseas team executed a number of primary and secondary market projects, and the amount of financing exceeded the level of last year.

## *Outlook for the Second Half of 2021*

Along with the implementation of the “14th Five-Year Plan”, the equities business will continue to serve national strategies under the new pattern of “dual circulation”, accelerate the pace of transformation and upgrading, rely on a professional customer base to continuously promote product service innovation and cross-product line collaboration, create an integrated business platform for domestic and overseas, on-exchange and OTC businesses, aiming to help achieve the medium and long-term development goals of the Company and the equities business.

## **FICC**

### *Market Environment*

In the first half of 2021, as the global economy and overseas pandemics improved, the demand for basic raw materials increased significantly, the economy maintained recovery momentum, the domestic bond market remained relatively stable, and the overseas bond market recovered after plummeted. In January, domestic market liquidity first tightened and then relaxed on tighter monetary policy, and the yield curve went upward. In February, liquidity tensions got eased. Yields in the second quarter gradually declined and fluctuated at low levels. Since the end of last year, the impact of frequent incidents of credit bond defaults has gradually phased out, and credit spreads have been compressed as a whole. U.S. treasury bond interest rates rose sharply in the first quarter, and at the same time, affected by frequent credit events, U.S. dollar bonds fell sharply. In the second quarter, the Federal Reserve continued to maintain quantitative easing, and the 10-year U.S. treasury bond yield fluctuated downward as compared with the first quarter. In terms of cross-border investment and financing, the holdings of Chinese bonds by foreign institutions have increased significantly.

# Management Discussion and Analysis

## *Actions and Achievements*

In the first half of 2021, the FICC business forged ahead with focus on customer service, to vigorously increase market share, and expand market presence. FICC business continued to strengthen product innovation, released many innovative businesses, and continued to create an all-round fixed-income service and support platform covering market making, financing, and cross-border businesses. Despite volatilities in the market, the trading business continued to showcase sound trading and risk control capabilities, and realized gains by steadily capturing market opportunities.

In the first half of the year, FICC continued to strengthen infrastructure development, advanced the integration of business and technology, and vigorously promoted digital transformation.

## *Outlook for the Second Half of 2021*

In the second half of the year, the FICC business will continue to promote business transformation, enhance its comprehensive customer service capabilities, and develop a first-class market-making platform for FICC products cross-border, cross-market and cross-platform. FICC will continue to strengthen risk control to achieve better returns, and form a risk control mechanism in line with business development. FICC will further strengthen its capabilities in creating various financial products to diversify product lines and enlarge product scale. FICC will improve its cross-border business capabilities to accelerate international presence, and step up digital development to build a first-class FICC fin-tech platform.

## **Asset Management**

### **Asset Management**

#### *Market Environment*

In the first half of 2021, as the asset management industry approached the end of the transitional period post the new asset management regulations, China Banking and Insurance Regulatory Commission and the People's Bank of China continued to refine the regulatory requirements, further implemented the new asset management regulations, the new wealth management rules and Wealth Management Measures for Subsidiaries of Banks to remove implicit guarantees and regulate capital pool models and curb the “conduit” business effectively. Various asset management institutions have strengthened active management and returned to the “de facto” the asset management business, and a new landscape and new ecology of the asset management industry have been gradually taking shape. As China continuously deepened reform and expanded opening-up in a comprehensive way, the household asset allocation has ushered in a “turning point”. With the accelerating sophistication of institutional investors as well as the continuous optimization of the capital market system, cross-border capital transactions have been increasing. 2021 marks the first year of China's “14th Five-Year Plan”, and the capital market will continue to deepen reforms in an all-round way, which will provide a more favorable external environment for the development of China's asset management industry.

# Management Discussion and Analysis

## *Actions and Achievements*

In the first half of 2021, we continued to enrich our product lines with focus on several well-defined key products, and intensified research and development of new investment strategies, innovative products and comprehensive solutions based on the market environment and customer needs, and continuously enhanced our comprehensive customer service capabilities; further strengthened investment and research capabilities, improved the investment research management system, strengthened team building and talent training, and enhanced investment research capabilities; further expanded customer coverage, extended the depth and breadth of customer service, strengthened the development of centrally-owned enterprises and industrial customers' annuity business, and dug deeper into the needs of wealth management subsidiaries of banks, vigorously developed the business of urban and rural commercial banks, strengthened in-depth cooperation with retail channels, improved customer response and value-added service capabilities, continued to strengthen the coverage of international customers and overseas Chinese funded institutions, expanded overseas channels, and achieved a substantial increase in the overall AUM. The Company accelerated the digital construction of its asset management business, rapidly advanced the construction of an institutional service platform and an integrated investment and research platform, accelerated the transformation of financial technology, and enhanced customer stickiness through digital services to help business development. Meanwhile, we further strengthened risk management and control, enhanced the risk awareness of all employees, strengthened the organization of institutional processes and system construction to improve management efficiency.

As of June 30, 2021, the AUM of the Asset Management Department of the Company was RMB939,397 million, representing an increase of 83.1% compared with the end of 2020. By product line, the AUM of collective asset management products and segregated asset management products (including NSSF, corporate annuities, pensions and occupational annuities) were RMB442,823 million and RMB496,574 million, respectively. We had altogether 660 products under management, most of which were under active management.

## *Outlook for the Second Half of 2021*

In the second half of 2021, we will continue to actively respond to national policy guidance, center on the development goal of building a world-leading all-round asset management institution, seize major development opportunities of the industry, and continuously consolidate asset management business capabilities. We will promote the construction of the investment and research system, continue to optimize the product layout, enrich product portfolios, facilitate the building of financial technology, expand customer coverage, enlarge the scale of international business, vigorously promote business development, and improve the comprehensive financial service solution for customers.

# Management Discussion and Analysis

## CICC Fund Management

### *Market Environment*

In the first half of 2021, the AUM of mutual funds exceeded RMB23 trillion, a 15.2% rise from the end of the previous year, hitting another record high. At the beginning of 2021, the A-share market continued its upward trend from 2020, and then entered period of volatility. The fever on new issuance of mutual funds also fluctuated with the market sentiment but maintained a relatively high level overall. The total number of new funds issued in the first half of the year exceeded RMB1.64 trillion, a significant year-on-year rise, of which actively managed equity and hybrid funds reached approximately RMB910 billion, accounting for over 50%. ETF product approvals returned to normal pace after the implementation of new regulations, and new products mainly themed on new energy, biomedical ESG and Technology Innovation and Entrepreneurship 50ETF (雙創 50ETF) of totally RMB87.9 billion were newly issued, a 61% year-on-year increase. In June 2021, the first batch of 9 publicly offered REITs funds were successfully listed, which marked another milestone in the innovation and reform of the capital market and opened up uncultivated land for the mutual fund industry.

### *Actions and Achievements*

In the first half of 2021, CICC Fund Management continued to improve its traditional product lines, covering actively managed equity-type and asset allocation products. It launched the first ETF product-CICC Quality ETF (中金質量ETF), and completed one of the first publicly traded REITs, CICC ProLogis REIT, which was issued and listed on the SSE. In the first half of 2021, CICC Fund Management continued to invest in capacity building of the investment and research team, maintained steady operations, and strived to improve long-term performance; expanded the regional distribution channels, and further improved retail coverage and services; vigorously explored key customers, and increased stickiness, and served their diversified investment needs; promoted third-party online education for investor, marketing and sales conversion, and carried out online live broadcast actively. The overall business operation remained stable, and there were no major violations of laws or regulations or major compliance risks.

As of June 30, 2021, the AUM of CICC Fund Management amounted to RMB69,226 million, representing an increase of RMB13,928 million compared with the end of 2020. In particular, the size of mutual funds increased to RMB68,027 million, representing an increase of 26.0% compared with the end of 2020.

### *Outlook for the Second Half of 2021*

In the second half of 2021, CICC Fund Management will focus on hybrid funds and bond funds under active management and ETF products. With the goal of building stable investment capabilities, it will continue to build track record, and optimize customer experience; continue to cultivate investment research teams, to enhance the core competitiveness of investment research; continue to penetrate and serve the retail market, strengthen the development of institutional business, and increase investment in online third-party operations; continue to actively build mutual fund REITs pipeline and improve asset operation capabilities; at the same time, taking advantage of One CICC to contribute to improving CICC's overall asset management and comprehensive service capacities.

## Private Equity Investment

### *Market Environment*

In the first half of 2021, China's private equity market rebounded slightly in terms of fundraising size on a year-on-year basis, and the overall market sentiment remained neutral and to a certain degree optimistic, primarily due to the domestic economy having seen a good start and the effective prevention and control of the pandemic. The industry continued to diverge where the flow of incremental funds into the leading private equity funds accelerated. There are also new opportunities in the fundraising market: First, as China continues to advance financial opening, overseas investors will have smoother access to China's capital market; second, with various policy reforms, insurance companies and other medium and long-term funds are expected to accelerate access to private equity market; third, state-owned capital are playing an increasingly pronounced role in supporting China's private equity market, and serving the diverse demands of government platforms and state-owned enterprises has become an important task for private equity fund managers.

# Management Discussion and Analysis

In terms of investment, in the first half of 2021, the business and venture capital environment continued to improve, releasing the vigor of innovation in the society and relatively active investments in the private equity market. Popular sectors were chased after by the market, and high-quality projects were highly favored by investors. In terms of industries, carbon neutrality, high-tech, medical and health, and semiconductor sectors were the investment hotspots in the first half of 2021, and the ecology of emerging industries was booming.

In terms of exit, the multi-layered capital market was becoming increasingly mature, providing the avenue for the smooth exit of private equity investment institutions at all stages. In the first half of 2021, with the continuous deepening of the reform of China's capital market, the regulators further strengthened the requirements on the scientific and technological innovation attributes of listed companies, and the registration system reform has entered a new stage of high-quality development. At the same time, a number of policies were implemented to actively promote the transfer of fund shares, and share transfer may serve as a new channel for equity investment exit.

## *Actions and Achievements*

CICC Capital is committed to establishing a unified and open management platform to achieve resource centralization and management synergy internally, and foster an open platform ecosystem externally. The family of funds managed by CICC Capital mainly include domestic corporate equity investment funds, fund of funds, US dollar funds, real estate funds, and infrastructure funds. The industries covered include high technology, high – end manufacturing, comprehensive healthcare and consumption.

During the Reporting Period, at the product level, CICC Capital established industrial funds in the high-end manufacturing sector through strong cooperation with leading industry groups; actively expanded investment in new products in the middle market and explored special investment opportunities; accelerated the raising of fund of funds products and enriched existing investor structure. At the regional level, CICC Capital accelerated its deployment in Beijing, the Yangtze River Delta, Hunan, Shandong and other regions, and provided a full range of services to support technological innovation and investment in various regions through fund of funds and direct investment funds.

CICC Capital has laid a solid foundation for steady business development in the long run through balancing the overall risk of the business in light of diversified risk profiles of different products. Leveraging on outstanding investment management capabilities, CICC Capital has won a number of authoritative awards in the industry, gained market recognition and investor favor, and its market position and industry influence continued to rise. As of June 30, 2021, the assets under management of CICC Capital through a variety of ways amounted to approximately RMB303,215 million.

CICC Capital attaches great importance to risk control, and risk awareness has been implanted in CICC culture. CICC Capital emphasizes on further strengthening risk awareness of the team, and urges the team to carry out investment, post-investment and exit in a more prudent manner to generate more revenue through investment appreciation, and create value for investors. In terms of internal control management, CICC Capital continued to promote sound and effective risk management and control measures, enhanced the unified management and control capabilities of its platform, and further formulated more stringent standards for investment decisions and post-investment management of each fund on the basis of the existing relatively complete and strict risk management system in line with business development.

# Management Discussion and Analysis

## *Outlook for the Second Half of 2021*

CICC Capital will continue to adhere to the basic concept of pursuing growth in prudent and steady paces. Catering for the requirements of shareholders and the needs of its own development and committed to serving the national strategic layout of “14th Five-Year Plan”, CICC Capital will capitalize on opportunities from the stock economy reform of China and development of new economies to implement CICC’s strategies of internationalization, regionalization, digitization and “One CICC”, consolidate the platform to effectively leverage its own advantages and create long-term solid investment returns for investors. In the second half of 2021, CICC Capital will further strengthen its advantage in terms of scale of assets under management and expand its market presence. With corporate equity funds as the starting point, CICC Capital will strengthen cooperation with local governments, industrial groups and ultra-high-net-worth individuals, and make strategic investments in emerging industries and accelerate the implementation of carbon-neutral funds to closely follow China’s Goals of Carbon Peak and Carbon Neutrality; CICC Capital will take the establishment of US dollar fund as a key task, select professional teams, and mobilize platform resources to build a flagship US dollar fund of CICC Capital; give full

play to the advantages of fund of funds products, deploy resources to establish new funds with leading industry players and local government platforms, and accelerate the completion of the fundraising and investment of existing funds; continue to strengthen investment research support for business teams and contributors in the field of emerging industries with strategic importance; start with single – project M&A funds, and gradually transform to market-based leveraged buyouts with focus on corporate spin-offs and cross-border mergers and acquisitions of PRC-based companies, and in the meantime constantly cultivate the post-investment capabilities of the platform; focus on the expansion of infrastructure funds and real estate funds, and actively explore the development of secondary investment funds and special opportunity funds; continue to optimize the revenue structure by increasing capital investment; promote the digital strategy of “business empowerment and value creation” to enhance customer experience and employee experience; taking advantages of “One CICC” platform, continue to promote cross-departmental cooperation and further strengthen inter – departmental business synergy; continue to strengthen risk control management and unified management and control of business platforms.

# Management Discussion and Analysis

## The Assets under Management of the Group

As of June 30, 2021, the size of total assets managed by different business divisions and subsidiaries of our Group is set forth as follows:

Unit: RMB in million

Items	June 30, 2021	December 31, 2020	% of change
<b>AUM in relation to fee and commission income</b>			
<b>(wholly-owned)</b>			
Collective asset management schemes	447,006	169,021	164.5%
Segregated asset management schemes	536,135	380,858	40.8%
Special asset management schemes	188,791	209,966	(10.1%)
Mutual funds <sup>1</sup>	69,226	55,298	25.2%
Private equity investment funds	201,918	198,603	1.7%
<b>Subtotal</b>	<b>1,443,076</b>	<b>1,013,746</b>	<b>42.4%</b>
<b>AUM in relation to share of profits of associates and</b>			
<b>joint ventures (jointly-invested)</b>			
Private equity investment funds	115,010	115,904	(0.8%)
Non-private equity investment funds	76,805	45,029	70.6%
<b>Subtotal</b>	<b>191,815</b>	<b>160,932</b>	<b>19.2%</b>
<b>Total</b>	<b>1,634,891</b>	<b>1,174,679</b>	<b>39.2%</b>

Note 1: Mutual funds include public securities investment funds and private asset management schemes under the management of CICC Fund Management.

# Management Discussion and Analysis

## Wealth Management

### *Market Environment*

In the first half of 2021, with the penetration of Covid-19 vaccines, the capital market experienced a rise followed by corrections and then rebounded, showing sharp volatility. The stock market moved upward amid narrowed fluctuations, with trading volume gradually picking up. The trading turnover of Shanghai and Shenzhen markets altogether was RMB107 trillion, representing a year-on-year increase of 20.9%. The number of new investors in the market reached 10.84 million, up 35.7% year on year. In the volatile capital market environment, individual investors' demands for high-quality wealth management services have become increasingly prominent.

### *Actions and Achievements*

In the first half of 2021, we remained keen on market changes, and various businesses maintained a good momentum of growth despite the turbulent market, achieving remarkable results. In terms of product allocation business, we continued to provide high-quality investment analysis through our professional research capabilities and screened out high-quality products for customers. In the first half of the year, our product assets exceeded RMB200 billion, with a year-on-year increase of 91%. In addition, we continued to strengthen product innovation capabilities and accelerated the deployment of asset allocation products. Following China 50 (中國50), to better meet the wealth management needs of the mass affluent customers, we created the first low-threshold allocation product Mini 50 (微50) in the brokerage industry. As of June 30, 2021, the buy-side fee-based assets<sup>1</sup> reached RMB50 billion. In terms of trading business, we continued to strengthen system development, synergy with product business and customer coverage, and our trading market share further increased to 2.33%. In terms of international business, we leveraged synergy with the investment banking business under "One CICC", upgraded international business products and operating system, and expanded the scale of international business, achieving a rapid growth in overseas revenue year-on-year.

In the first half of 2021, we continued to optimize the business strategy of customer segmentation. On the one hand, the private wealth management business grew rapidly. By building a dedicated, professional, and enthusiastic buy-side investment advisory team, we focused on the asset allocation appeals of individual clients, promoted the transformation of wealth management model from product sales to asset allocation. On the other hand, the business for the mass affluent customers grew steadily. The Company upholds the principle of financial inclusiveness. Based on serving the needs of a wider range of customers of asset appreciation, we improved the service quality and depth for the mass affluent customers through digital and intelligent financial technology means, and online and offline channels.

As of June 30, 2021, the number of CICC's wealth management customers reached 4.11 million, with total customer assets of RMB2,788,221 million. Among which, there were 29,098 high-net-worth customers, with total assets of RMB728,436 million.

### *Outlook for the Second Half of 2021*

In the second half of 2021, the Company will continue to lead the business model transformation toward buy-side investment advisory among securities firms, develop and strengthen asset allocation products, and guide customers to "save long-term money" and serve customers with value. Meanwhile, in terms of integration with CICC Wealth Management, the domestic wealth management business of parent company will be integrated into CICC Wealth Management to realize full business integration. In addition, CICC Wealth Management will fully implement a fully agile and innovative organizational model to fully release organizational productivity. Finally, we will continue to invest in the construction of financial technology, consolidate the digital foundation, gradually promote the construction of major strategic platforms, and deepen cooperation with the digital ecosystem.

<sup>1</sup> Including paid solutions based on buy-side investment advisory services, such as China 50, Mini 50, fund investment advisory, and various themed FOFs

# Management Discussion and Analysis

## Research

Our research team focuses on global markets and serves clients both at home and abroad through the Company's offices and platforms across the world. The scope of our research products and investment analysis ranges from macro economy and market strategy to fixed income, financial engineering, asset allocation, equities and commodities. As of June 30, 2021, our research team employed more than 240 highly experienced, high-caliber professionals and covered more than 40 sectors as well as over 1,200 companies listed on stock exchanges in the Chinese mainland, Hong Kong SAR, New York, Singapore, Frankfurt, London and Paris.

CICC Research has won recognition from major domestic and overseas investors for its independent, unbiased and insightful research products. In the first half of 2021, we published more than 7,264 research reports in Chinese and/or English. On top of numerous sector and company reports, we also assembled a series of thematic reports, such as China Infrastructure REITs Research Series (中國基礎設施REITs系列研究), Digital Banking: Reshaping of Service Provision Capabilities (數字銀行：重構金融供給能力), Seeking Opportunities in Logistics Sector under Dual Circulations (立足內外循環，掘金物流行業). These research products show our profound understanding of China. The superior quality and extensive coverage of our research reports have earned us the reputation as the "China Expert".

Since its inception in November 2020, CICC Global Institute (CGI) has worked diligently to perform its tasks, improve its social influence, and build a strong, comprehensive brand name for public policy research. In March 2021, CGI and the Research Department jointly held the highly successful "CICC Carbon Neutrality 2060 Forum" and rolled out a major report: Economics of Carbon Neutrality, Macro and Sector Analysis under New Constraints. We have distributed more than 30,000 printed copies of the report and have seen over 1,000 pieces of English and/or Chinese media coverage on it. Under the guidance of the Ministry of Ecology and Environment, CGI and the Belt and Road Initiative International Green Development Coalition (BRIGC) co-hosted in May the "Belt and Road Forum on Green Finance and Low-carbon Development". CGI issued at the Forum its White Paper on BRI Research in 2021, while BRIGC rolled out its Green BRI and 2030 Agenda for Sustainable Development. In addition, CGI and BRIGC jointly launched at the Forum an initiative for thinktank cooperation on "green Silk Road" research. Meanwhile, CGI has made significant achievements in terms of the support for public policy research and decision-making, global cooperation, as well as the construction of platforms for domestic and international exchange of ideas and information.

# Management Discussion and Analysis

## II. ANALYSIS OF FINANCIAL STATEMENTS

### (i) Profitability Analysis of the Group

The Group's revenue and profit in the first half of 2021 increased compared with those in the corresponding period last year. In particular, the equities business achieved a significant increase of revenue, and the revenue of wealth management business also increased notably.

The Group realized total revenue and other income of RMB19,479.4 million in the first half of 2021, representing an increase of 36.3% compared with that in the first half of 2020. Investment Banking<sup>(note)</sup> realized a revenue of RMB3,018.9 million, representing an increase of 24.6% compared with that in the first half of 2020; Equities<sup>(note)</sup> realized a revenue of RMB5,223.4 million, representing an increase of 65.8% compared with that in the first half of 2020; FICC<sup>(note)</sup> realized a revenue of RMB3,141.8 million, representing an increase of 3.8% compared with that in the first half of 2020; Asset Management<sup>(note)</sup> realized a revenue of RMB640.3 million, representing an increase of 46.9% compared with that in the first half of 2020; Private Equity<sup>(note)</sup> realized a revenue of RMB1,198.1 million, representing an increase of 44.1% compared with that in the first half of 2020; Wealth Management<sup>(note)</sup> realized a revenue of RMB4,989.8 million, representing an increase of 41.2% compared with that in the first half of 2020.

The Group's total expenses amounted to RMB13,394.3 million in the first half of 2021, representing an increase of 27.6% compared with that in the first half of 2020, mainly due to increases in staff costs and interest expenses.

The Group realized a profit attributable to shareholders of the parent company of RMB5,007.0 million in the

first half of 2021, representing an increase of 64.1% compared with that in the first half of 2020. The Group realized basic earnings per share of RMB1.004, representing an increase of 44.8% compared with that in the first half of 2020. The weighted average return on net assets was 7.0%, representing an increase of 0.8 percentage point compared with that in the first half of 2020.

### (ii) Asset Structure and Quality

As of June 30, 2021, the Group's total equity attributable to shareholders of the parent company amounted to RMB78,797.8 million, representing an increase of RMB7,162.8 million or 10.0% compared with that at the end of 2020, mainly consisting of the profit attributable to shareholders of the parent company and issuance of perpetual subordinated bonds during the Reporting Period.

The Group continuously maintained a relatively stable asset structure, a satisfactory asset quality and a healthy liquidity. As of June 30, 2021, the Group's total assets amounted to RMB618,076.8 million, representing an increase of RMB96,456.3 million or 18.5% compared with that at the end of 2020. Financial assets at fair value through profit or loss and derivative financial assets totaled RMB303,958.3 million, accounting for 49.2% of the total assets; financial assets at fair value through other comprehensive income amounted to RMB36,235.1 million, accounting for 5.9% of the total assets; cash and bank balances amounted to RMB54,603.9 million, accounting for 8.8% of the total assets; receivable from margin clients and reverse REPOs totaled RMB65,036.5 million, accounting for 10.5% of the total assets; interests in associates and joint ventures amounted to RMB1,207.5 million, accounting for 0.2% of the total assets. During the Reporting Period, there was no indication of significant impairment in the Group's assets.

Note: The Group has six principal business segments: Investment Banking, Equities, FICC, Asset Management, Private Equity and Wealth Management. Details about the business segments were set out in "Management Discussion and Analysis – (iv) Operating Revenue and Profit Analysis – 2. Segment Results" of the report.

# Management Discussion and Analysis

As of June 30, 2021, the Group's total liabilities amounted to RMB539,089.9 million, representing an increase of RMB89,284.5 million or 19.8% compared with that at the end of 2020. After deducting accounts payable to brokerage clients and to underwriting clients of RMB86,607.7 million, the Group's total liabilities amounted to RMB452,482.2 million, representing an increase of RMB73,332.0 million or 19.3% compared with that at the end of 2020. REPOs amounted to RMB33,984.3 million, accounting for 6.3% of the total liabilities; debt securities issued totaled RMB186,428.2 million, accounting for 34.6% of the total liabilities; financial liabilities at fair value through profit or loss and derivative financial liabilities totaled RMB57,012.4 million, accounting for 10.6% of the total liabilities; placements from financial institutions amounted to RMB23,688.1 million, accounting for 4.4 % of the total liabilities.

The gearing ratio was relatively steady. As of June 30, 2021, after excluding the impact of accounts payable to brokerage clients and to underwriting clients, total assets of the Group amounted to RMB531,469.0 million; the gearing ratio of the Group was 85.1%, representing an increase of 1.1 percentage points compared with 84.1% at the end of 2020.

## (iii) Cash Flows

Excluding the impact of cash held on behalf of clients, the Group's net increase in cash and cash equivalents amounted to RMB8,046.5 million in the first half of 2021, representing an increase of RMB1,290.8 million or 19.1% compared with that in the first half of 2020, mainly due to an increase in net cash generated from investing activities and from financing activities.

In the first half of 2021, net cash used in operating activities by the Group amounted to RMB25,066.5 million, representing an increase of RMB21,077.0 million or 528.3% compared with that in the first half of 2020, mainly due to a decrease in REPOs and a net decrease in placements from financial institutions compared with those in the first half of 2020.

In the first half of 2021, net cash generated from investing activities by the Group amounted to RMB512.6 million. The variation from the net cash used in investing activities in the first half of 2020 was mainly due to a decrease in payment for purchase of investments.

In the first half of 2021, net cash generated from financing activities by the Group amounted to RMB32,600.4 million, representing an increase of RMB14,140.8 million or 76.6% compared with that in the first half of 2020, mainly due to an increase in proceeds from issuing debt securities.

# Management Discussion and Analysis

## (iv) Operating Revenue and Profit Analysis

### 1. Analysis of Items in Statement of Profit or Loss

#### *Summary of Financial Performance*

The Group realized a profit of RMB5,015.9 million in the first half of 2021, representing an increase of 62.9% compared with that in the first half of 2020. The financial performance of the Group is summarized as follows:

Unit: RMB in million

Items	Six months ended June 30, 2021	Six months ended June 30, 2020	Change	% of change
<b>Revenue</b>				
Fee and commission income	8,297.1	6,043.0	2,254.1	37.3%
Interest income	3,431.9	2,500.8	931.1	37.2%
Investment income	8,163.5	5,500.7	2,662.8	48.4%
<b>Total revenue</b>	<b>19,892.4</b>	14,044.4	5,848.0	41.6%
Other (loss)/income, net	(413.0)	248.2	(661.2)	N/A
<b>Total revenue and other income</b>	<b>19,479.4</b>	14,292.6	5,186.8	36.3%
<b>Total expenses</b>	<b>13,394.3</b>	10,493.4	2,901.0	27.6%
<b>Share of profits of associates and joint ventures</b>	<b>34.0</b>	9.5	24.5	259.1%
<b>Profit before income tax</b>	<b>6,119.1</b>	3,808.7	2,310.4	60.7%
Income tax expense	1,103.1	729.9	373.2	51.1%
<b>Profit for the period</b>	<b>5,015.9</b>	3,078.8	1,937.2	62.9%
Profit attributable to shareholders of the parent company	5,007.0	3,051.8	1,955.2	64.1%

# Management Discussion and Analysis

## Revenue Breakdown

The Group's revenue in the first half of 2021 increased by 41.6% to RMB19,892.4 million compared with that in the same period last year. Fee and commission income accounted for 41.7% of total revenue, representing a decrease of 1.3 percentage points compared with that in the first half of 2020; interest income accounted for 17.3%, representing a decrease of 0.6 percentage point compared with that in the first half of 2020; investment income accounted for 41.0%, representing an increase of 1.9 percentage points compared with that in the first half of 2020. The composition of the Group's revenue for the six months ended June 30, 2021 is presented as follows:

Items	Six months ended June 30, 2021	Six months ended June 30, 2020	Change
Fee and commission income	41.7%	43.0%	Decreased by 1.3 percentage points
Interest income	17.3%	17.8%	Decreased by 0.6 percentage point
Investment income	41.0%	39.2%	Increased by 1.9 percentage points
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	

The Group achieved a notable increase of investment income in the first half of 2021 compared with that in the corresponding period last year, resulting in a smaller proportion of fee and commission income and of interest income in total revenue.

# Management Discussion and Analysis

## Fee and Commission Income and Expenses

In the first half of 2021, the Group realized a net fee and commission income of RMB7,191.6 million, representing an increase of 37.3% compared with that in the first half of 2020. The composition of the Group's net fee and commission income for the six months ended June 30, 2021 is presented as follows:

Unit: RMB in million

Items	Six months ended June 30, 2021	Six months ended June 30, 2020	Change	% of change
<b>Fee and commission income</b>				
Brokerage commission income	3,711.3	2,633.6	1,077.8	40.9%
Investment banking income	2,780.8	2,081.2	699.5	33.6%
Underwriting and sponsoring fees				
from equity financing	1,564.5	1,271.7	292.8	23.0%
Underwriting and sponsoring fees				
from debt and structured financing	739.3	542.3	197.0	36.3%
Financial advisory fees	477.0	267.3	209.7	78.4%
Asset management fees	1,457.0	1,124.3	332.6	29.6%
Asset management and mutual funds	758.2	487.3	270.9	55.6%
Private equity investment funds	698.8	637.0	61.8	9.7%
Investment advisory fees	318.3	187.4	130.8	69.8%
Others	29.7	16.4	13.3	80.7%
<b>Total fee and commission income</b>	<b>8,297.1</b>	<b>6,043.0</b>	<b>2,254.1</b>	<b>37.3%</b>
<b>Fee and commission expenses</b>	<b>1,105.5</b>	<b>806.0</b>	<b>299.4</b>	<b>37.2%</b>
<b>Net fee and commission income</b>	<b>7,191.6</b>	<b>5,237.0</b>	<b>1,954.6</b>	<b>37.3%</b>

# Management Discussion and Analysis

The composition of the Group's fee and commission income for the six months ended June 30, 2021 is presented as follows:

Items	Six months ended June 30, 2021	Six months ended June 30, 2020	Change
Brokerage commission income	44.7%	43.6%	Increased by 1.2 percentage points
Investment banking income	33.5%	34.4%	Decreased by 0.9 percentage point
Asset management fees	17.6%	18.6%	Decreased by 1.0 percentage point
Investment advisory fees	3.8%	3.1%	Increased by 0.7 percentage point
Others	0.4%	0.3%	Increased by 0.1 percentage point
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	

Brokerage commission income increased by RMB1,077.8 million or 40.9% compared with that in the first half of 2020, mainly due to an overall rise of the major stock indices in mainland China in the first half of 2021. At the same time, the overall trading in the secondary market was active. The average daily trading volume of A shares and of Hong Kong stocks increased by 19.9% and by 60.1% respectively compared with that for the first half of 2020.

Investment banking income increased by RMB699.5 million or 33.6% compared with that in the first half of 2020. Investment banking income included underwriting and sponsoring fees from equity financing and from debt and structured financing and financial advisory fees. The underwriting and sponsoring fees increased by RMB489.9 million or 27.0% compared with that in the first half of 2020 as a result of a notable increase in the underwriting and sponsoring fees from equity financing. The financial advisory fees increased by RMB209.7 million or 78.4% compared with that in the first half of 2020, mainly due to the significantly increases in advisory fee from projects such as debt restructuring and private capital introduction.

Asset management fees increased by RMB332.6 million or 29.6% compared with that in the first half of 2020, generally in line with the growth of AUM. Asset management fees consisted of fees from asset management business, mutual fund management business and private equity investment fund business. In addition to asset management fees, the Group had a share of profits of associates and joint ventures generated from the AUM of fund management companies jointly-invested by the Group.

Investment advisory fees increased by RMB130.8 million or 69.8% compared with that in the first half of 2020, mainly due to a rise in demand for trust investment advisory, private equity investment advisory, investment research and share block trading introduction in the first half of 2021.

Fee and commission expenses increased by RMB299.4 million or 37.2% compared with that in the first half of 2020, generally in line with the growth of total fee and commission income.

# Management Discussion and Analysis

## Interest Income and Expenses

In the first half of 2021, the Group incurred a net interest expense of RMB511.1 million, among which interest income amounted to RMB3,431.9 million, representing an increase of 37.2% compared with that in the first half of 2020, and interest expenses amounted to RMB3,943.0 million, representing an increase of 31.5% compared with that in the first half of 2020. A breakdown of the Group's interest income and expenses for the six months ended June 30, 2021 is presented as follows:

Unit: RMB in million

Items	Six months ended June 30, 2021	Six months ended June 30, 2020	Change	% of change
<b>Interest income</b>				
Interest income from financial institutions	979.6	800.6	179.0	22.4%
Interest income from margin financing and securities lending	1,343.4	844.7	498.7	59.0%
Interest income from reverse REPOs	464.1	292.1	172.0	58.9%
Interest income from financial assets at fair value through other comprehensive income	595.7	537.8	57.9	10.8%
Others	49.1	25.6	23.5	91.8%
<b>Total interest income</b>	<b>3,431.9</b>	<b>2,500.8</b>	<b>931.1</b>	<b>37.2%</b>
<b>Interest expenses</b>				
Interest expenses on accounts payable to brokerage clients	135.2	105.7	29.5	27.9%
Interest expenses on REPOs	373.7	290.7	83.0	28.6%
Interest expenses on placements from financial institutions	441.4	358.9	82.5	23.0%
Interest expenses on debt securities issued	2,813.3	1,972.5	840.8	42.6%
Interest expenses on lease liabilities	27.4	32.0	(4.7)	(14.5%)
Others	152.0	239.6	(87.6)	(36.6%)
<b>Total interest expenses</b>	<b>3,943.0</b>	<b>2,999.5</b>	<b>943.5</b>	<b>31.5%</b>
<b>Net interest expenses</b>	<b>(511.1)</b>	<b>(498.7)</b>	<b>(12.4)</b>	<b>2.5%</b>

# Management Discussion and Analysis

Interest income from financial institutions increased by RMB179.0 million or 22.4% compared with that in the first half of 2020, mainly due to an increase in average daily balance of deposits with banks compared with that in the first half of 2020.

Interest income from margin financing and securities lending increased by RMB498.7 million or 59.0% compared with that in the first half of 2020, mainly due to an enlargement of average daily scale of margin financing and securities lending as a result of surge in demands of domestic clients, resulting in the corresponding increase in interest income.

Interest income from reverse REPOs increased by RMB172.0 million or 58.9% compared with that in the first half of 2020, mainly due to an increase in the scale of bond-pledged repurchase business compared with that in the first half of 2020, resulting in the corresponding increase in interest income.

Interest income from financial assets at fair value through other comprehensive income increased by RMB57.9 million or 10.8% compared with that in the first half of 2020, mainly due to an increase in the Group's average bond positions compared with that in the first half of 2020.

Interest expenses increased by RMB943.5 million or 31.5% compared with that in the first half of 2020, mainly due to an increase in debt financing. During the second half of 2020 and the first half of 2021, in order to meet its business development needs and regulatory requirements, the Group issued various corporate bonds and subordinated bonds, resulting in the corresponding increase in interest expenses.

# Management Discussion and Analysis

## Investment Income

In the first half of 2021, the Group recognized an investment income of RMB8,163.5 million, representing an increase of RMB2,662.8 million or 48.4% compared with that in the corresponding period last year. A breakdown of the Group's investment income for the six months ended June 30, 2021 is presented as follows:

Unit: RMB in million

Items	Six months ended June 30, 2021	Six months ended June 30, 2020	Change	% of change
<b>Investment income</b>				
Net gains from disposal of financial assets at fair value through other comprehensive income	28.5	193.8	(165.3)	(85.3%)
Net gains from financial instruments at fair value through profit or loss and from derivative financial instruments	8,134.7	5,078.7	3,055.9	60.2%
– Equity investments	4,610.0	2,733.4	1,876.6	68.7%
– Debt investments	1,682.6	1,744.1	(61.5)	(3.5%)
– Other investments	1,842.1	601.2	1,240.9	206.4%
Others	0.3	228.1	(227.9)	(99.9%)
<b>Total</b>	<b>8,163.5</b>	<b>5,500.7</b>	<b>2,662.8</b>	<b>48.4%</b>

# Management Discussion and Analysis

Net gains from disposal of financial assets at fair value through other comprehensive income amounted to RMB28.5 million, representing a decrease of RMB165.3 million or 85.3% compared with that in the first half of 2020, mainly due to a decrease in gains from disposal of debt investments at fair value through other comprehensive income.

Net gains from financial instruments at fair value through profit or loss and from derivative financial instruments totaled RMB8,134.7 million, representing an increase of RMB3,055.9 million or 60.2% compared with that in the first half of 2020, and were from the following categories of investments:

- Net gains from equity investments increased by RMB1,876.6 million or 68.7% compared with that in the first half of 2020, mainly due to an increase in valuation of the Group's OTC derivatives and of the equity-linked structured products initiated by the Group amid the fluctuated upward stock market in mainland China and Hong Kong SAR;

- Net gains from debt investments decreased by RMB61.5 million or 3.5% compared with that in the first half of 2020;
- Net gains from other investments increased by RMB1,240.9 million or 206.4% compared with that in the first half of 2020, mainly due to a substantial growth in the gains from investments in private equity funds and money market funds, and an increase in gains from derivatives under commodities and interest rate contracts.

Other investment income amounted to RMB0.3 million, representing a decrease of RMB227.9 million or 99.9% compared with that in the first half of 2020. Other investment income in the first half of 2020 was primarily gains from disposal of a subsidiary.

# Management Discussion and Analysis

## Operating Expenses

In the first half of 2021, the Group's operating expenses (excluding fee and commission expenses and interest expenses, the same below) amounted to RMB8,345.9 million, representing an increase of RMB1,658.0 million or 24.8% compared with that in the first half of 2020. A breakdown of the Group's operating expenses for the six months ended June 30, 2021 is presented as follows:

Unit: RMB in million

Items	Six months ended June 30, 2021	Six months ended June 30, 2020	Change	% of change
<b>Operating expenses</b>				
Staff costs	6,560.6	5,174.2	1,386.4	26.8%
Depreciation and amortization expenses	540.4	490.3	50.1	10.2%
Tax and surcharges	59.4	51.0	8.5	16.6%
Other operating expenses and costs	1,214.9	805.2	409.7	50.9%
(Reversal of)/provision for impairment losses under expected credit loss model	(29.5)	167.3	(196.8)	N/A
<b>Total</b>	<b>8,345.9</b>	<b>6,687.9</b>	<b>1,658.0</b>	<b>24.8%</b>

Staff costs increased by RMB1,386.4 million or 26.8% compared with that in the first half of 2020, mainly due to an improvement in the operating results of the Group and an increase in the number of staff compared with that in the first half of 2020.

Depreciation and amortization expenses increased by RMB50.1 million or 10.2% compared with that in the first half of 2020, mainly due to an increase in the depreciation of property and equipment.

Tax and surcharges increased by RMB8.5 million or 16.6% compared with that in the first half of 2020, mainly due to an increase in the taxable revenue of value-added tax, resulting in a corresponding increase in surcharges of value-added tax.

Other operating expenses and costs increased by RMB409.7 million or 50.9% compared with that in the first half of 2020, mainly due to an increase in business development expenses, travelling and transportation expenses and information technology related expenses.

Reversal of impairment losses under expected credit loss model amounted to RMB29.5 million. The variation from the provision for impairment losses of RMB167.3 million in the first half of 2020 primarily consisted of the reversal of impairment losses for stock-pledged repurchase business. The reversal was partially offset by the provision for impairment losses for accounts receivables.

# Management Discussion and Analysis

## 2. Segment Results

The Group has six principal business segments: Investment Banking, Equities, FICC, Asset Management, Private Equity and Wealth Management. The segment Others mainly comprises other business departments and back offices.

Unit: RMB in million

Items	Six months ended June 30, 2021	Six months ended June 30, 2020	Change	% of change
<b>Investment Banking</b>				
Segment revenue and other income	3,018.9	2,422.8	596.1	24.6%
Fee and commission income	2,258.9	1,702.3	556.6	32.7%
Interest income	26.6	25.6	1.0	3.9%
Investment income	731.9	693.8	38.0	5.5%
Other income, net	1.5	1.0	0.5	50.7%
Interest expenses	(108.4)	(102.9)	(5.5)	5.4%
<b>Revenue and other income after interest</b>	<b>2,910.5</b>	<b>2,319.9</b>	<b>590.6</b>	<b>25.5%</b>
Non-interest expenses <sup>(2)</sup>	(2,130.8)	(1,641.0)	(489.8)	29.8%
<b>Profit before income tax</b>	<b>779.7</b>	<b>678.9</b>	<b>100.8</b>	<b>14.8%</b>
<b>Segment margin<sup>(3)</sup></b>	<b>25.8%</b>	<b>28.0%</b>	Decreased by 2.2 percentage points	

# Management Discussion and Analysis

Items	Six months ended June 30, 2021	Six months ended June 30, 2020	Change	% of change
<b>Equities</b>				
Segment revenue and other income	5,223.4	3,151.1	2,072.3	65.8%
Fee and commission income	1,642.9	993.4	649.5	65.4%
Interest income	410.6	242.3	168.4	69.5%
Investment income	3,534.4	1,873.1	1,661.3	88.7%
Other (losses)/income, net	(364.5)	42.3	(406.8)	N/A
Interest expenses	(533.3)	(394.9)	(138.3)	35.0%
<b>Revenue and other income after interest</b>	<b>4,690.1</b>	<b>2,756.2</b>	<b>1,933.9</b>	<b>70.2%</b>
Non-interest expenses <sup>(2)</sup>	(1,003.3)	(673.4)	(329.9)	49.0%
<b>Profit before income tax</b>	<b>3,686.9</b>	<b>2,082.8</b>	<b>1,604.0</b>	<b>77.0%</b>
<b>Segment margin<sup>(3)</sup></b>	<b>70.6%</b>	<b>66.1%</b>	Increased by 4.5 percentage points	

The variation of other losses of Equities from other income in the first half of 2020 was mainly due to changes in exchange gains and losses in relation with exchange derivatives and trade payables as a result of exchange rate fluctuations.

# Management Discussion and Analysis

Items	Six months ended June 30, 2021	Six months ended June 30, 2020	Change	% of change
<b>FICC</b>				
<b>Segment revenue and other income</b>	<b>3,141.8</b>	3,027.6	114.2	3.8%
Fee and commission income	<b>437.6</b>	355.4	82.3	23.2%
Interest income	<b>642.1</b>	605.2	36.9	6.1%
Investment income	<b>2,171.0</b>	1,974.1	196.9	10.0%
Other (losses)/income, net	<b>(108.9)</b>	93.0	(201.9)	N/A
<b>Interest expenses</b>	<b>(1,533.2)</b>	(1,283.3)	(249.9)	19.5%
<b>Revenue and other income after interest</b>	<b>1,608.7</b>	1,744.4	(135.7)	(7.8%)
Non-interest expenses <sup>(2)</sup>	<b>(493.2)</b>	(443.7)	(49.5)	11.2%
<b>Profit before income tax</b>	<b>1,115.5</b>	1,300.7	(185.2)	(14.2%)
<b>Segment margin<sup>(3)</sup></b>	<b>35.5%</b>	43.0%	Decreased by 7.5 percentage points	

The variation of other losses of FICC from other income in the first half of 2020 was mainly due to changes in exchange gains and losses in relation with exchange derivatives as a result of exchange rate fluctuations.

# Management Discussion and Analysis

Items	Six months ended June 30, 2021	Six months ended June 30, 2020	Change	% of change
<b>Asset Management<sup>(1)</sup></b>				
<b>Segment revenue and other income</b>	<b>640.3</b>	435.8	204.5	46.9%
Fee and commission income	568.9	397.9	171.0	43.0%
Interest income	33.0	6.7	26.3	390.8%
Investment income	38.9	30.2	8.7	28.7%
Other (losses)/income, net	(0.5)	1.0	(1.5)	N/A
<b>Interest expenses</b>	<b>(31.3)</b>	(31.6)	0.3	(1.0%)
<b>Revenue and other income after interest</b>	<b>609.0</b>	404.2	204.8	50.7%
<b>Non-interest expenses<sup>(2)</sup></b>	<b>(548.4)</b>	(364.2)	(184.2)	50.6%
<b>Share of profits of associates and joint ventures</b>	<b>5.8</b>	3.8	2.0	53.0%
<b>Profit before income tax</b>	<b>66.4</b>	43.8	22.6	51.6%
<b>Segment margin<sup>(3)</sup></b>	<b>10.4%</b>	10.1%	Increased by 0.3 percentage point	

Interest income of Asset Management increased significantly compared with that in the first half of 2020, mainly due to an increase in interest income on the investment fund raised for asset management schemes.

# Management Discussion and Analysis

Items	Six months ended June 30, 2021	Six months ended June 30, 2020	Change	% of change
<b>Private Equity<sup>(1)</sup></b>				
Segment revenue and other income	1,198.1	831.6	366.5	44.1%
Fee and commission income	720.1	665.6	54.5	8.2%
Interest income	11.2	7.3	4.0	54.7%
Investment income	458.9	148.0	310.9	210.1%
Other income, net	7.8	10.8	(2.9)	(27.2%)
Interest expenses	(57.6)	(23.5)	(34.0)	144.6%
<b>Revenue and other income after interest</b>	<b>1,140.5</b>	<b>808.1</b>	<b>332.4</b>	<b>41.1%</b>
Non-interest expenses <sup>(2)</sup>	(562.2)	(526.0)	(36.1)	6.9%
Share of profits/(losses) of associates and joint ventures	51.0	(6.2)	57.2	N/A
Profit before income tax	629.4	275.9	353.5	128.1%
<b>Segment margin<sup>(3)</sup></b>	<b>52.5%</b>	<b>33.2%</b>	Increased by 19.4 percentage points	

Investment income of Private Equity increased significantly compared with that in the first half of 2020, mainly due to a substantial growth of gains from investment in private equity investment funds. The variation in share of profits and losses of associates and joint ventures primarily consisted of the share of profits of associates.

# Management Discussion and Analysis

Items	Six months ended June 30, 2021	Six months ended June 30, 2020	Change	% of change
<b>Wealth Management</b>				
<b>Segment revenue and other income</b>	<b>4,989.8</b>	3,534.2	1,455.7	41.2%
Fee and commission income	2,655.7	1,927.4	728.3	37.8%
Interest income	1,948.7	1,407.8	540.9	38.4%
Investment income	350.5	178.6	171.9	96.3%
Other income, net	34.9	20.3	14.6	71.6%
<b>Interest expenses</b>	<b>(1,099.5)</b>	(759.0)	(340.4)	44.9%
<b>Revenue and other income after interest</b>	<b>3,890.4</b>	2,775.1	1,115.2	40.2%
Non-interest expenses <sup>(2)</sup>	(2,243.3)	(1,645.6)	(597.7)	36.3%
<b>Share of (losses)/profits of associates and joint ventures</b>	<b>(31.9)</b>	0.8	(32.8)	N/A
<b>Profit before income tax</b>	<b>1,615.2</b>	1,130.4	484.8	42.9%
<b>Segment margin<sup>(3)</sup></b>	<b>32.4%</b>	32.0%	Increased by 0.4 percentage point	

The variation of share of losses of associates and joint ventures of Wealth Management from the share of profits in the first half of 2020 primarily consisted of the share of losses of joint ventures.

# Management Discussion and Analysis

Items	Six months ended June 30, 2021	Six months ended June 30, 2020	Change	% of change
<b>Others<sup>(4)</sup></b>				
<b>Segment revenue and other income</b>	<b>1,267.1</b>	889.5	377.6	42.5%
Fee and commission income	12.9	1.0	11.9	1,250.9%
Interest income	359.7	205.9	153.7	74.6%
Investment income	877.9	602.8	275.0	45.6%
Other income, net	16.7	79.8	(63.1)	(79.1%)
<b>Segment expenses</b>	<b>(3,050.0)</b>	(2,604.2)	(445.8)	17.1%
<b>Share of profits of associates and joint ventures</b>	<b>9.0</b>	11.0	(2.0)	(17.9%)
<b>Loss before income tax</b>	<b>(1,773.9)</b>	(1,703.8)	(70.1)	4.1%

- (1) As of June 30, 2021, based on the Group's strategic layout needs and internal management needs, the former investment management segment was divided into and presented as Asset Management and Private Equity. The information of comparative period was restated accordingly.
- (2) Non-interest expenses include fee and commission expenses, staff costs, depreciation and amortization expenses, tax and surcharges, other operating expenses and costs, and impairment losses.
- (3) Segment margin = profit before income tax/segment revenue and other income.
- (4) The segment margin of Others is not presented because this segment incurred loss before income tax in the relevant periods.

# Management Discussion and Analysis

## (v) Contingent Liabilities

The Group is exposed to the risk of economic benefit outflows due to litigations, arbitrations or regulatory investigations in the course of operations. The Group, after having assessed in accordance with the International Accounting Standard, believes that the probability for the occurrence of such risk is relatively low. The Group had no outstanding contingent matters which had a material impact on its consolidated financial position as of June 30, 2021.

## (vi) Pledge of Assets of the Group

The Group has no material pledge of assets as of June 30, 2021.

## (vii) Income Tax Policy

In accordance with the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) and the Provisions of Implementation for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), the statutory corporate income tax rate applicable to our parent company and our PRC subsidiaries is 25%. Our Hong Kong subsidiaries are subject to a tax rate of 16.5% on their assessable profit. The parent company's income tax computation and payment are governed by the Announcement of the State Administration of Taxation on Printing and Distributing the Administrative Measures for Collection of Consolidated Payments of Enterprise Income Tax by the Enterprises with Trans-regional Operations (《國家稅務總局關於印發〈跨地區經營匯總納稅企業所得稅徵收管理辦法〉的公告》) (Public Notice of the State Administration of Taxation [2012] No. 57). During the six months ended June 30, 2021, we had fulfilled all our tax obligations and did not have any unresolved tax disputes with the relevant tax authorities in China or other jurisdictions.

# Management Discussion and Analysis

## III. SIGNIFICANT INVESTMENT AND FINANCING ACTIVITIES OF THE COMPANY

### (i) Equity Investment

During the Reporting Period, the Company did not have significant equity investments.

### (ii) Equity Financing

During the Reporting Period, the Company did not have significant equity financing.

### (iii) Debt Financing

As of June 30, 2021, the Company's outstanding bonds are set out in the table below:

Type	Tranche	Size of Issuance	Date of Value	Maturity Date	Interest Rate	Remarks
Corporate bonds	16 CICC 01	RMB3,000 million	July 18, 2016	July 18, 2021	3.58%	The Company has an option to redeem such bond on July 18, 2019. According to the Company's announcement dated June 28, 2019, the Company announced to waive the option to redeem such bond, and opted to increase the coupon rate from 2.99% to 3.58% for the last two years of the duration of such bond, and hence was obligated to redeem such bond if required by the investors. On July 18, 2019, the Company has redeemed such bond as requested by investors who exercised put options, and the remaining amount of such bond following the redemption was RMB2,876 million.
	16 CICC 02	RMB1,000 million	July 18, 2016	July 18, 2023	3.29%	Our Company has an option to redeem such bond on July 18, 2021. If the early-redemption option is not exercised at the end of the fifth year, the Company has an option to increase the coupon rate and an obligation to redeem such bond if required by the investors.
	16 CICC 04	RMB900 million	October 27, 2016	October 27, 2023	3.13%	Our Company has an option to redeem such bond on October 27, 2021. If the early-redemption option is not exercised at the end of the fifth year, the Company has an option to increase the coupon rate and an obligation to redeem such bond if required by the investors.

# Management Discussion and Analysis

Type	Tranche	Size of Issuance	Date of Value	Maturity Date	Interest Rate	Remarks
Corporate bonds	17 CICC 03	RMB1,000 million	May 8, 2017	May 8, 2022	5.19%	Our Company has an option to adjust the coupon rate on November 21, 2022 and an obligation to redeem the bonds if required by the investors.
	19 CICC 04	RMB1,500 million	November 21, 2019	November 21, 2025	3.52%	
	20 CICC F1	RMB4,000 million	February 26, 2020	February 26, 2025	3.20%	Our Company has an option to adjust the coupon rate on February 26, 2023 and an obligation to redeem the bonds if required by the investors.
	20 CICC G1	RMB1,500 million	April 3, 2020	April 3, 2026	2.89%	Our Company has an option to adjust the coupon rate on April 3, 2023 and an obligation to redeem the bonds if required by the investors.
	20 CICC G2	RMB1,000 million	April 3, 2020	April 3, 2027	3.25%	Our Company has an option to adjust the coupon rate on April 3, 2025 and an obligation to redeem the bonds if required by the investors.
	20 CICC G3	RMB3,300 million	May 6, 2020	May 6, 2026	2.37%	Our Company has an option to adjust the coupon rate on May 6, 2023 and an obligation to redeem the bonds if required by the investors.
	20 CICC G4	RMB700 million	May 6, 2020	May 6, 2027	2.88%	Our Company has an option to adjust the coupon rate on May 6, 2025 and an obligation to redeem the bonds if required by the investors.
	20 CICC F2	RMB3,000 million	May 28, 2020	May 28, 2025	2.95%	Our Company has an option to adjust the coupon rate on May 28, 2023 and an obligation to redeem the bonds if required by the investors.
	20 CICC G5	RMB1,500 million	June 22, 2020	June 22, 2026	3.10%	Our Company has an option to adjust the coupon rate on June 22, 2023 and an obligation to redeem the bonds if required by the investors.
	20 CICC F3	RMB3,000 million	July 24, 2020	July 24, 2025	3.80%	Our Company has an option to adjust the coupon rate on July 24, 2023 and an obligation to redeem the bonds if required by the investors.
	20 CICC 07	RMB5,000 million	September 10, 2020	September 10, 2025	3.78%	Our Company has an option to adjust the coupon rate on September 10, 2023 and an obligation to redeem the bonds if required by the investors.
	20 CICC 09	RMB5,000 million	September 23, 2020	September 23, 2025	3.80%	Our Company has an option to adjust the coupon rate on September 23, 2023 and an obligation to redeem the bonds if required by the investors.
	20 CICC 11	RMB2,500 million	October 19, 2020	October 19, 2023	3.50%	Our Company has an option to adjust the coupon rate on October 19, 2022 and an obligation to redeem the bonds if required by the investors.
	20 CICC 12	RMB2,500 million	October 19, 2020	October 19, 2025	3.74%	Our Company has an option to adjust the coupon rate on October 19, 2023 and an obligation to redeem the bonds if required by the investors.

# Management Discussion and Analysis

Type	Tranche	Size of Issuance	Date of Value	Maturity Date	Interest Rate	Remarks
Corporate bonds	20 CICC 13	RMB2,000 million	October 28, 2020	October 28, 2023	3.48%	Our Company has an option to adjust the coupon rate on October 28, 2022 and an obligation to redeem the bonds if required by the investors.
	20 CICC 14	RMB3,000 million	October 28, 2020	October 28, 2025	3.68%	Our Company has an option to adjust the coupon rate on October 28, 2023 and an obligation to redeem the bonds if required by the investors.
	20 CICC F4	RMB2,500 million	December 14, 2020	December 14, 2023	3.85%	Our Company has an option to adjust the coupon rate on December 14, 2022 and an obligation to redeem the bonds if required by the investors.
	20 CICC F5	RMB2,500 million	December 14, 2020	December 14, 2025	4.09%	Our Company has an option to adjust the coupon rate on December 14, 2023 and an obligation to redeem the bonds if required by the investors.
	21 CICC F1	RMB2,500 million	January 18, 2021	January 18, 2024	3.55%	Our Company has an option to adjust the coupon rate on January 18, 2023 and an obligation to redeem the bonds if required by the investors.
	21 CICC F2	RMB2,500 million	January 18, 2021	January 18, 2026	3.75%	Our Company has an option to adjust the coupon rate on January 18, 2024 and an obligation to redeem the bonds if required by the investors.
	21 CICC F3	RMB1,500 million	March 4, 2021	March 4, 2024	3.60%	Our Company has an option to adjust the coupon rate on March 4, 2023 and an obligation to redeem the bonds if required by the investors.
	21 CICC F4	RMB2,000 million	March 4, 2021	March 4, 2026	3.82%	Our Company has an option to adjust the coupon rate on March 4, 2024 and an obligation to redeem the bonds if required by the investors.
	21 CICC G1	RMB2,000 million	March 16, 2021	March 16, 2026	3.58%	Our Company has an option to adjust the coupon rate on March 16, 2024 and an obligation to redeem the bonds if required by the investors.
	21 CICC G2	RMB2,000 million	March 16, 2021	March 16, 2031	4.10%	Our Company has an option to adjust the coupon rate on March 25, 2024 and an obligation to redeem the bonds if required by the investors.
	21 CICC G3	RMB1,500 million	March 25, 2021	March 25, 2026	3.51%	
	21 CICC G4	RMB2,500 million	March 25, 2021	March 25, 2031	4.07%	Our Company has an option to adjust the coupon rate on April 13, 2023 and an obligation to redeem the bonds if required by the investors.
	21 CICC F5	RMB1,000 million	April 13, 2021	April 13, 2024	3.43%	
	21 CICC F6	RMB3,500 million	April 13, 2021	April 13, 2026	3.70%	Our Company has an option to adjust the coupon rate on April 13, 2024 and an obligation to redeem the bonds if required by the investors.

# Management Discussion and Analysis

Type	Tranche	Size of Issuance	Date of Value	Maturity Date	Interest Rate	Remarks
Corporate bonds	17 CISC F2	RMB1,000 million	July 18, 2017	July 18, 2022	5.10%	Our Company has an option to redeem such bond on October 16, 2022. If the early-redemption option is not exercised at the end of the third year, the Company has an option to adjust the coupon rate and an obligation to redeem the bonds if required by the investors.
	18 CISC 03	RMB1,000 million	September 21, 2018	September 21, 2021	4.99%	
	19 CISC 01	RMB2,000 million	April 22, 2019	April 22, 2022	4.22%	
	19 CICC Wealth Management 01	RMB3,000 million	October 16, 2019	October 16, 2024	3.58%	
	20 CICC Wealth Management G1	RMB2,000 million	January 16, 2020	January 16, 2025	3.44%	Our Company has an option to redeem such bond on January 16, 2023. If the early-redemption option is not exercised at the end of the third year, the Company has an option to adjust the coupon rate and an obligation to redeem the bonds if required by the investors.
	20 CICC Wealth Management F1	RMB3,000 million	April 9, 2020	April 9, 2025	3.17%	
	20 CICC Wealth Management F2	RMB2,000 million	July 28, 2020	July 28, 2023	3.80%	Our Company has an option to adjust the coupon rate on April 9, 2023 and an obligation to redeem the bonds if required by the investors.
	20 CICC Wealth Management G2	RMB2,000 million	October 21, 2020	October 21, 2025	3.77%	
	20 CICC Wealth Management G3	RMB1,000 million	October 21, 2020	October 21, 2025	4.20%	Our Company has an option to adjust the coupon rate on October 21, 2023 and an obligation to redeem the bonds if required by the investors.
	20 CICC Wealth Management G5	RMB1,000 million	November 24, 2020	November 24, 2025	3.98%	
	20 CICC Wealth Management G6	RMB1,000 million	December 15, 2020	December 15, 2025	3.85%	Our Company has an option to adjust the coupon rate on December 15, 2023 and an obligation to redeem the bonds if required by the investors.
	21 CICC Wealth Management G1	RMB2,000 million	March 26, 2021	March 26, 2024	3.44%	
	21 CICC Wealth Management G2	RMB3,000 million	March 26, 2021	March 26, 2026	3.65%	Our Company has an option to adjust the coupon rate on March 26, 2024 and an obligation to redeem the bonds if required by the investors.
	21 CICC Wealth Management G3	RMB3,000 million	April 22, 2021	April 22, 2026	3.55%	
	21 CICC Wealth Management G4	RMB2,000 million	April 22, 2021	April 22, 2026	3.84%	Our Company has an option to adjust the coupon rate on April 22, 2024 and an obligation to redeem the bonds if required by the investors.

# Management Discussion and Analysis

Type	Tranche	Size of Issuance	Date of Value	Maturity Date	Interest Rate	Remarks
Financial bonds	19 CICC Financial Bond 01	RMB2,500 million	August 22, 2019	August 22, 2022	3.39%	
	16 CICC C2	RMB3,400 million	December 15, 2016	December 15, 2021	4.60%	
	17 CICC C1	RMB600 million	May 22, 2017	May 22, 2022	5.39%	
	17 CICC C2	RMB1,500 million	July 24, 2017	July 24, 2022	4.98%	
	17 CICC C3	RMB1,500 million	November 16, 2017	November 16, 2022	5.50%	
	18 CICC C1	RMB1,000 million	April 20, 2018	April 20, 2023	5.30%	
	18 CICC C2	RMB1,500 million	August 29, 2018	August 29, 2021	4.70%	
	19 CICC C1	RMB1,500 million	April 19, 2019	April 19, 2022	4.20%	
	19 CICC C3	RMB1,500 million	October 14, 2019	October 14, 2024	4.09%	
	19 CICC C4	RMB1,500 million	November 11, 2019	November 11, 2024	4.12%	
	19 CICC C5	RMB2,000 million	December 5, 2019	December 5, 2024	4.20%	
	20 CICC C1	RMB1,500 million	February 17, 2020	February 17, 2025	3.85%	
	20 CICC Y1	RMB5,000 million	August 28, 2020		Bearing an interest rate of 4.64% per annum in the first five years, and subject to reset every five years	As at the end of each five-year period, the Company has a right to extend the term of such perpetual subordinated bonds for another five-year period.
	21 CICC C1	RMB1,000 million	February 8, 2021	February 8, 2024	3.90%	
	21 CICC C2	RMB1,000 million	February 8, 2021	February 8, 2026	4.49%	
Subordinated bonds	21 CICC Y1	RMB1,500 million	January 29, 2021		Bearing an interest rate of 4.68% per annum in the first five years, and subject to reset every five years	As at the end of each five-year period, the Company has a right to extend the term of such perpetual subordinated bonds for another five-year period.
	21 CICC Y2	RMB2,000 million	April 26, 2021		Bearing an interest rate of 4.20% per annum in the first five years, and subject to reset every five years	As at the end of each five-year period, the Company has a right to extend the term of such perpetual subordinated bonds for another five-year period.
	17 CISC 02	RMB1,800 million	February 23, 2017	February 23, 2022	5.00%	
	19 CISC C1	RMB3,000 million	April 25, 2019	April 25, 2022	4.50%	

# Management Discussion and Analysis

Type	Tranche	Size of Issuance	Date of Value	Maturity Date	Interest Rate	Remarks
Subordinated bonds	20 CICC Wealth Management C1	RMB2,000 million	April 17, 2020	April 17, 2025	3.80%	
	21 CICC Wealth Management C1	RMB1,000 million	March 9, 2021	March 9, 2024	3.98%	
	21 CICC Wealth Management C2	RMB1,000 million	March 9, 2021	March 9, 2026	4.58%	
	21 CICC Wealth Management C3	RMB2,000 million	April 9, 2021	April 9, 2024	3.94%	
	21 CICC Wealth Management C4	RMB1,000 million	April 9, 2021	April 9, 2026	4.50%	
	16 CICC Futures	RMB100 million	December 16, 2016	December 16, 2024	Bearing an interest rate of 5.00% per annum in the first five years; 8.00% from the sixth to eighth year	CICC Futures has an option to redeem such bond on December 16, 2021
Medium-term note	The three-year USD-denominated US\$400 million guaranteed notes with floating rate under the guaranteed medium-term note programme of CICC Hong Kong Finance 2016 MTN Limited	US\$400 million	September 11, 2018	September 11, 2021, or interest payment date nearest to September 11, 2021	3-month USD LIBOR rate +1.20%	
	The three-year USD-denominated US\$700 million guaranteed notes with floating rate under the guaranteed medium-term note programme of CICC Hong Kong Finance 2016 MTN Limited	US\$700 million	May 3, 2019	May 3, 2022, or interest payment date nearest to May 3, 2022	3-month USD LIBOR rate +1.175%	
	The three-year USD-denominated US\$300 million guaranteed notes with fixed rate under the guaranteed medium-term note programme of CICC Hong Kong Finance 2016 MTN Limited	US\$300 million	May 3, 2019	May 3, 2022	3.375%	

# Management Discussion and Analysis

Type	Tranche	Size of Issuance	Date of Value	Maturity Date	Interest Rate	Remarks
Medium-term note	The three-year USD-denominated US\$1,000 million guaranteed notes with floating rate under the guaranteed medium-term note programme of CICC Hong Kong Finance 2016 MTN Limited	US\$1,000 million	February 18, 2020	February 18, 2023, or interest payment date nearest to February 18, 2023	3-month USD LIBOR rate +0.9%	
	The three-year USD-denominated US\$500 million guaranteed notes with fixed rate under the guaranteed medium-term note programme of CICC Hong Kong Finance 2016 MTN Limited	US\$500 million	August 10, 2020	August 10, 2023	1.75%	
	The 364-day USD-denominated US\$123.2 million guaranteed notes with fixed rate under the guaranteed medium-term note programme of CICC Hong Kong Finance 2016 MTN Limited	US\$123.2 million	September 28, 2020	September 27, 2021	1.05%	

# Management Discussion and Analysis

Type	Tranche	Size of Issuance	Date of Value	Maturity Date	Interest Rate	Remarks
Medium-term note	The three-year USD denominated US\$1,000 million guaranteed notes with fixed rate under the guaranteed medium-term note programme of CICC Hong Kong Finance 2016 MTN Limited	US\$1,000 million	January 26, 2021	January 26, 2024	1.625%	
	The five-year USD- denominated US\$500 million guaranteed notes with fixed rate under the guaranteed medium-term note programme of CICC Hong Kong Finance 2016 MTN Limited	US\$500 million	January 26, 2021	January 26, 2026	2.00%	

Furthermore, during the six months ended June 30, 2021, the Group completed 1,123 issuances of beneficiary certificates, with an aggregate issuance size of RMB24,204.0 million. As of June 30, 2021, the aggregate principal of the Group's outstanding beneficiary certificates amounted to RMB17,642.2 million.

During the six months ended June 30, 2021, the Group completed 12 issuances of financing notes, with an aggregate issuance size of US\$245.7 million and HK\$10.0 million. As of June 30, 2021, the aggregate principal of the Group's outstanding financing notes in USD and in RMB amounted to US\$557.2 million and RMB6.8 million respectively.

As of June 30, 2021, the balance in USD and in RMB of the bank borrowings overdrafts payable by Hong Kong subsidiaries of the Group amounted to US\$665.3 million and RMB228.0 million respectively.

As of June 30, 2021, the Group completed the issuance of 14 tranches of corporate bonds, 8 tranches of subordinated bonds and 2 tranches of MTNs, with an aggregate issuance size of RMB41,500.0 million and USD1,500.0 million.

# Management Discussion and Analysis

## IV. RISK MANAGEMENT

### Overview

Our Company has always believed that risk management creates value. The risk management of our Company aims to effectively allocate risk-based capital, limit risks to a controllable level, maximize the corporate value and constantly solidify the foundation for the steady and sustainable development of our Company. Our Company has sound corporate governance, effective risk management measures and a strict internal control system.

Pursuant to the relevant laws and regulations and regulatory requirements, our Company has established a sound governance structure. The general meeting, the Board of Directors and the Supervisory Committee of our Company perform duties in accordance with the “Company Law”, the “Securities Law”, the “Guidance for the Internal Control of Securities Companies” (《證券公司內部控制指引》), the “Norms for the Comprehensive Risk Management of Securities Companies” (《證券公司全面風險管理規範》) and the Articles of Association and supervise and manage the business operations of our Company. Through enhancing and improving the internal control structure, compliance and risk management culture, the Board of Directors has made internal control and risk management an essential aspect of the business operation management of our Company.

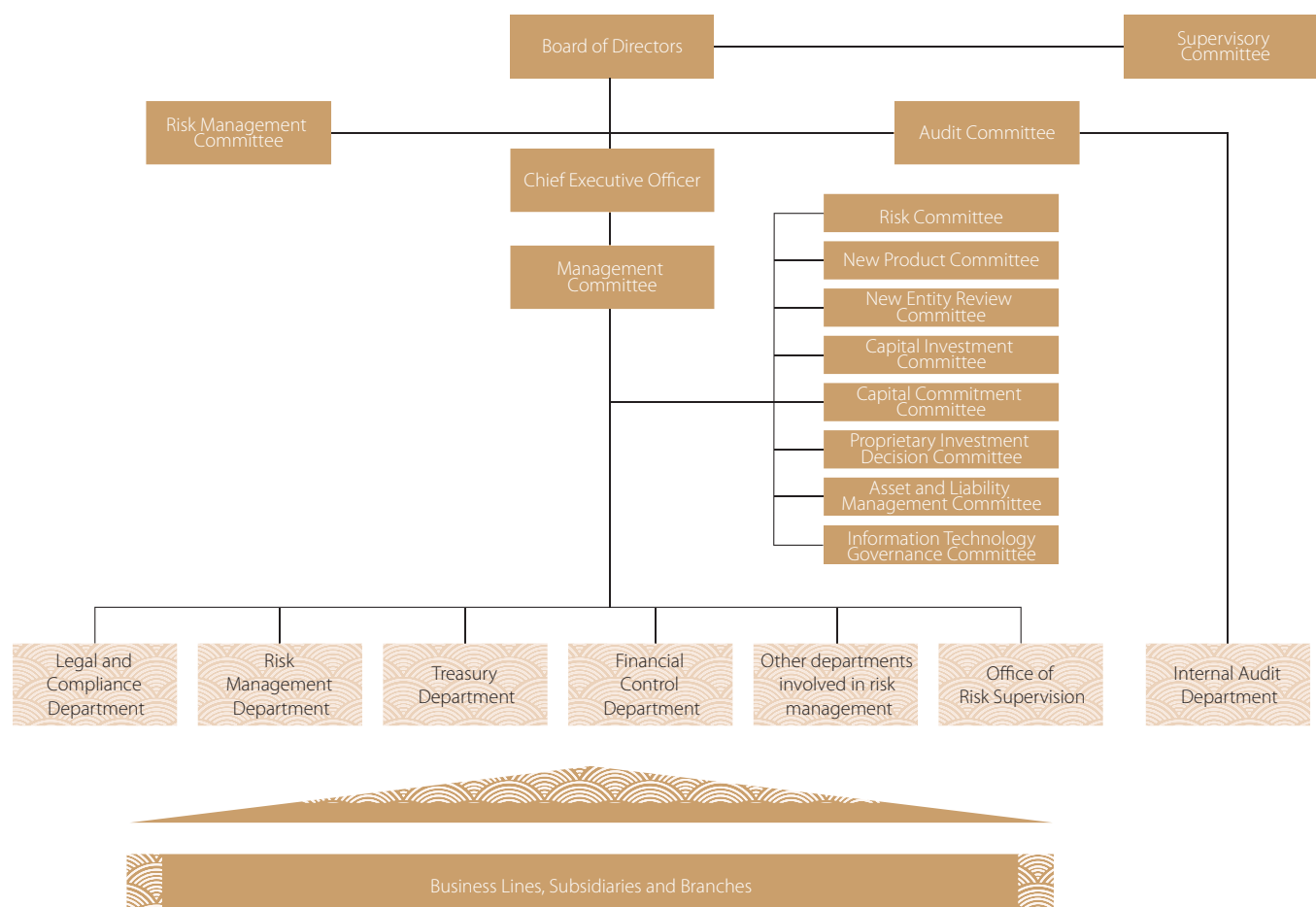
### Risk Management Framework

The Company has established a multi-level risk management organizational structure which comprises the Board of Directors, the Supervisory Committee, senior management, relevant departments performing risk management functions, business departments and branches, of which, (i) the Board of Directors is the top level of our Company’s risk management and internal control governance structure and is responsible for facilitating the enforcement of the firmwide risk management culture and reviewing and approving the overall risk management goals, risk appetite, risk tolerance, important risk limits and the risk management policy of our Company. The Board of Directors performs its risk management duties primarily through the Risk Management Committee and the Audit Committee; (ii) the Supervisory Committee assumes the supervision duty on the effectiveness of the overall risk management of our Company, and supervises

and inspects the fulfillment of the risk management duties performed by the Board of Directors and the Management Committee, and reviews the rectification of risk management deficiencies and findings; (iii) under the Board of Directors, our Company has established the Management Committee chaired by the Chief Executive Officer. The Management Committee determines the risk appetite of our Company in accordance with the overall risk management goals set by the Board of Directors and assumes the major responsibility of ensuring the effectiveness of the overall risk management of our Company; (iv) the Risk Committee established under the Management Committee reports risk issues to the Management Committee and significant risk matters to the Risk Management Committee under the Board of Directors. The Chief Operating Officer is the chairman of the Risk Committee, and the Chief Risk Officer and Chief Compliance Officer are the co-executive chairmen of the Risk Committee. Other members include the Chief Financial Officer, heads of each of the business departments and heads of relevant departments performing risk management functions. There are New Product Committee, New Entity Review Committee, Capital Investment Committee, Capital Commitment Committee, Proprietary Investment Decision Committee, Asset and Liability Management Committee and Information Technology Governance Committee under Management Committee, which perform their duties in respect of new business/new product approval, branch set-up and approval, approval of capital contribution from owned funds, risk control of issuance and underwriting in investment banking business, management of investment decision-making process of proprietary business, management of assets and liabilities of the Company, management of information technology and etc.; (v) relevant departments performing risk management functions, including the departments such as Risk Management Department, Legal and Compliance Department, Treasury Department, Financial Control Department, Operations Department, Information Technology Department and Public Relations Department, coordinate to manage various risks based on their respective perspectives; and (vi) heads of business departments and branches take the primary responsibility for the effectiveness of risk management. During our daily business operations, all staff involved in business operations in our business departments and branches are required to perform risk management functions.

# Management Discussion and Analysis

The organizational structure of our Company's risk management is shown in the following chart:



## Risk to Our Company's Business Activities and Management Measures

Risks related to business activities of our Company mainly include market risk, credit risk, liquidity risk, operational risk, IT risk, compliance risk, legal risk, money laundering risk and reputational risk, etc. During the Reporting Period, our Company proactively responded to and managed risks through effective risk management measures, which generally prevented the occurrence of significant risk events and ensured the stable development of the business operation of our Company.

In the first half of 2021, the global epidemic was still full of uncertainties. Fiscal stimuli and easing monetary policies in major developed economies continued to affect international financial markets. China focused its attention on the pandemic control and deepened the supply-side structural reforms but was still subject to many instabilities and uncertainties due to adverse factors including the rising of trade protectionism and the impact on global industrial chains and supply chains. Confronted with severe and complex market environment challenges, the Company persisted in implementing the risk management and control requirements of "full coverage, looking through, and full cycle", and continuously strengthened the integrated vertical risk management system covering its subsidiaries and branches. Through joint efforts on risk management control of three lines of defense, the Company

# Management Discussion and Analysis

actively identified, prudently evaluated, dynamically monitored, timely reported and proactively coped with risks. The Company deeply publicized the risk management culture, continuously enhanced risk management capabilities, coordinated its business plans, considered its risk appetite, reviewed and improved the multi-dimensional and multi-level risk management system, optimized the management mechanism and processes from a forward-looking perspective, and continuously promoted the optimization and sustainable development of its business models. During the Reporting Period, the business operation of the Company was stable without material risk events and large losses, and the overall risks were controllable and tolerable.

During the Reporting Period, the Company continued to enhance risk management of the same business and the same customer. The Company formulated identification standards for the same business to implement relatively consistent risk management standards and measures for the same business and to identify, assess, measure, monitor and aggregate risks of the same business within the Company in a unified manner. The Company also formulated identification standards for the same customer to enhance standardized and regulated management of information of the same customer and to aggregate and monitor the business transactions in various business lines of the Company with the same customer, which will be implemented throughout all key links of business. At the same time, the Company managed relevant risks of customers identified as related parties in a unified manner.

## Market Risk

Market risk refers to risks of changes in the fair value of financial assets held by our Company resulting from the fluctuations in equity prices, interest rates, exchange rates and commodity prices, etc.

Our Company has adopted the following measures to manage market risk:

- Business departments of our Company, as the first line of defense, dynamically manage market risk of exposures by way of diversifying risk exposures, controlling the size of positions and utilizing hedging instruments;
- The Risk Management Department of our Company independently assesses, monitors and manages the overall market risk of our Group with the following measures. The market risk management mainly includes risk measurement, limit formulation and risk monitoring:
  - Our Company measures market risk mainly by means of Value at Risk (VaR) analysis, stress tests and sensitivity analysis, etc. VaR is a major tool for our Company to measure and monitor market risk. VaR measures the potential maximum loss to an asset portfolio by changes in market risk factors at a certain confidence level within a certain holding period. Our Company computes the single day VaR at a confidence level of 95% by adopting a historical simulation method based on three years of historical data and examines the effectiveness of the model through the method of back testing on a regular basis. Meanwhile, our Company adopts stress test to complement the VaR analysis and measures whether the investment loss of our Company is within the scope of the risk tolerance when market risk factors such as equity prices, interest rates, exchange rates and commodity prices undergo extreme changes. In addition, in respect of sensitivity factors of different assets, our Company measures the impact of changes in specific factors on the value of assets by calculating the corresponding sensitivity indicators.

# Management Discussion and Analysis

- Our Company has formulated a risk limit indicator framework. Risk limit is a mean for controlling risks and also represents the risk appetite and risk tolerance of our Company. Our Company sets appropriate market risk limits based on the business nature, such as notional limit, VaR limit, concentration limit, sensitivity limit, stress test limit and stop-loss limit, etc.
- Our Company monitors risk limit usage in real time or on a daily basis. The Risk Management Department prepares daily risk reports to monitor the usage of limits and submits them to the management and business departments. When the limit usage triggers the warning line, the Risk Management Department will issue a warning notice to business departments. Once the risk indicators exceed the limits, business departments shall report reasons of the breach and measures to be taken to the Chief Risk Officer or his/her authorized person and shall be responsible for reducing the risk exposure to a level within the limits in a given time frame. If this cannot be achieved, they are required to apply to the Chief Risk Officer or his/her authorized person for a temporary increase in limit. If necessary, the Chief Risk Officer will submit a request to the management.

## Value at Risk (VaR)

Our Company sets the total VaR limit of our investment portfolio and VaR limits for different business lines. The Risk Management Department computes and monitors VaRs of these financial instruments on a daily basis to ensure the daily VaRs are maintained within limits. The following table sets forth the computed VaRs and diversification effect of the Company by risk categories (equity prices, interest rates, currency rates and commodity prices) as of the dates and for the periods as indicated: (i) the daily VaRs as of the end of the respective period; (ii) the averages of daily VaRs during the respective period; and (iii) the highest and lowest daily VaRs during the respective period.

## The Company

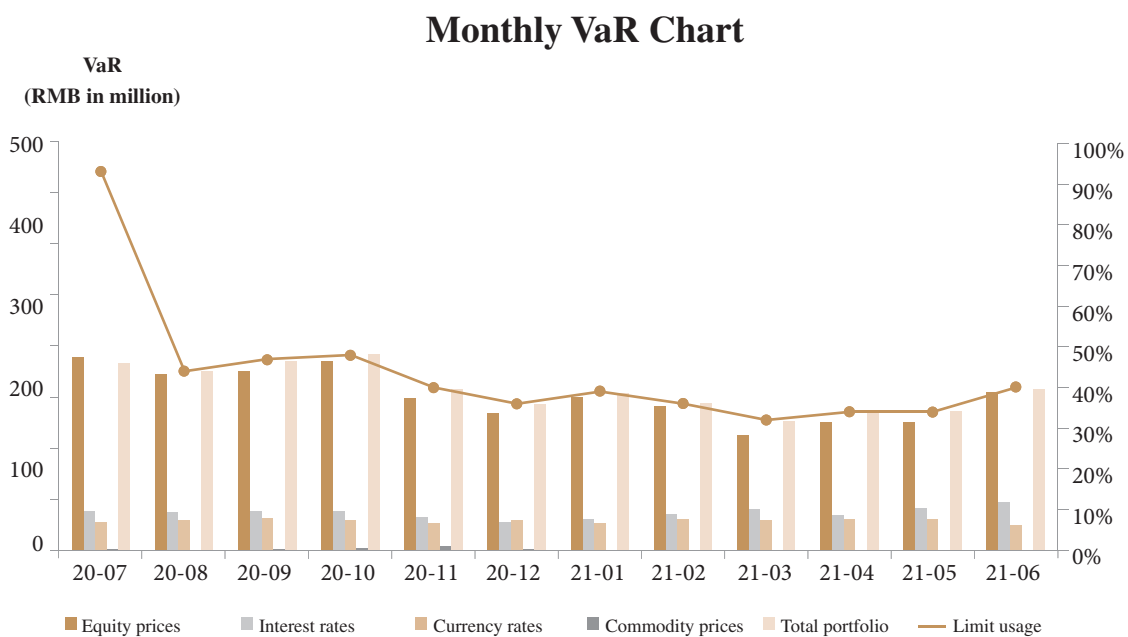
(RMB in million)	June 30, 2021	December 31, 2020	Six months ended June 30, 2021			Twelve months ended December 31, 2020		
			Average	Highest	Lowest	Average	Highest	Lowest
Equity prices <sup>(1)</sup>	195.2	168.8	171.2	215.7	132.5	159.5	271.6	32.8
Interest rates <sup>(2)</sup>	60.0	35.6	47.6	70.5	35.8	43.6	53.1	29.8
Currency rates <sup>(3)</sup>	31.0	37.2	37.2	44.3	25.9	37.0	43.5	25.5
Commodity prices <sup>(4)</sup>	0.2	1.3	0.6	1.5	0.1	1.4	5.4	0.3
Diversification effect	(87.3)	(63.1)	(76.1)			(71.8)		
Total portfolio	199.1	179.8	180.5	220.8	151.3	169.6	267.2	62.4

Notes:

- (1) including equities and the price-sensitive portion of derivative products
- (2) including fixed income products and the interest-rate sensitive portion of derivative products
- (3) including financial products subject to exchange rate changes (including derivative products)
- (4) including commodity and the price-sensitive portion of derivative products

# Management Discussion and Analysis

The chart below sets forth the VaRs by risk categories of the Company as of the end of each month over the past year:



# Management Discussion and Analysis

During the Reporting Period, our Company conducted foreign exchange risk management for offshore assets, measuring risk exposures and monitoring risk limit utilizations on a daily basis. The foreign exchange risk exposures were managed by adjusting currency positions and using foreign exchange derivatives as hedging instruments.

During the Reporting Period, our Company closely monitored domestic and overseas market conditions and business risks. Coping with interest rate swings in both domestic and overseas markets, our Company hedged the interest rate risk for the fixed-income portfolio by using treasury bond futures, interest rate swaps, etc.

## Credit Risk

Credit risk refers to the risk resulting from defaults or deterioration in creditworthiness of counterparties, financing parties and securities issuers.

## Bond Investments Business

Our Company emphasizes the diversification level of the fixed income credit products and the credit products invested are those predominantly with relatively high credit ratings. Our Company controls its market risk and credit risk exposures by setting up limits on investment size, product types, credit ratings and concentrations, and closely monitors and tracks bond issuers' business performance and credit profiles so as to constantly evaluate and warn any credit deterioration.

During the Reporting Period, when bond defaults were rising, FICC closely collaborated with the Risk Management Department and identified, assessed, monitored and managed credit risk related to bond investments. As a result, the Company avoided material losses during the Reporting Period through effective risk management measures.

# Management Discussion and Analysis

The Company	As of June 30, 2021 (RMB in million)		
	Position	DV01	Spread DV01
Outside mainland China (by international rating agencies) <sup>(1)</sup>			
– AAA	0.0	0.00	0.00
– AA- to AA+	2.9	0.00	0.00
– A- to A+	3,329.8	0.60	0.61
– below A-	12,327.2	1.79	1.82
Sub-total	15,659.9	2.40	2.43
Mainland China (by domestic rating agencies) <sup>(1)</sup>			
– AAA	69,523.1	12.29	8.82
– AA- to AA+	8,063.8	0.99	0.99
– A- to A+	1,012.3	0.20	0.20
– below A-	737.4	0.08	0.08
Sub-total	79,336.7	13.56	10.08
– Non-rated <sup>(2)</sup>	14,043.8	3.43	–
– Non-rated <sup>(3)</sup>	12,754.3	0.03	0.03
Total	121,794.6	19.41	12.54

Notes:

The Risk Management Department uses DV01 and Spread DV01 to measure the interest rate sensitivity and credit spread sensitivity of bonds. DV01 measures the change in the value of interest rate sensitive products for each parallel movement of one basis point in a market interest rate curve. Spread DV01 measures the change in the value of credit spread sensitive products for each parallel movement of one basis point in the credit spread.

- (1) The Company refers the credit ratings of its debt securities to the credit ratings of the debt securities or the debt securities' issuers from Bloomberg comprehensive ratings or the local major rating agencies.
- (2) These non-rated financial assets mainly include government bonds, Central Bank bills and policy financial bonds.
- (3) These non-rated financial assets are mainly other debt instruments and trading securities which are not rated by independent rating agencies.

# Management Discussion and Analysis

## Capital Business

For the credit risks of margin financing and securities lending business, stock-based lending business and other capital businesses, our Company has established a comprehensive and robust risk control system, including the customers' creditworthiness assessment, collateral management, underlying securities management, risk limit management, margin ratio monitoring, mandatory liquidation, etc. Our Company attaches considerable importance to customers' on-boarding and has established and implemented a strict customer selection and credit assessment mechanism, under which the branches are responsible for preliminary assessment of the customers' credit profile by collecting customers' basic information, financial status, securities investment experience, credit record and risk tolerance. The information of the customers that has passed the preliminary assessment will be submitted to the relevant business departments at the headquarters for further review, which, if qualified, will then be submitted to the Risk Management Department for formal approval, which will conduct an independent assessment of the customers' qualifications, and determine their credit ratings and credit limits.

During the Reporting Period, no significant losses were incurred in the Company's margin financing and securities lending business and stock-based lending business. Our Company primarily controlled the risks of margin financing and securities lending business and stock-based lending business by the following measures:

## Margin Financing and Securities Lending Business

During the Reporting Period, our Company strictly controlled the concentrations of single customer and single underlying security, closely monitored and assessed accounts with higher collateral concentration and riskier investment portfolio, timely communicated with the customers and promptly took corresponding measures to mitigate such risks; our Group attached considerable importance to collateral management and dynamically adjusted the scope and haircuts of the collaterals; we prudently reviewed and approved business

extension by considering the following factors, i.e., the concentration and risk condition of the investment portfolio, and the collateral ratio of the existing deal; our Group also conducted regular and irregular stress testing and closely monitored customers with high risks.

## Stock-based Lending Business

During the Reporting Period, our Company exercised strict control over the onboarding and approval of the stock-based lending deals, and has taken effective risk control measures, including, but not limited to, strengthening deal risk assessment and management, evaluating the risks by the customers' creditworthiness and fundamentals of the pledged securities (including the pledge ratio of the large shareholder, pledge ratio of all shareholders, liquidity and trading suspension records, shareholder structure, capital status of the controlling shareholder, potential delisting risk and negative news), carefully determining the loan-to-value ratio, as well as exercising strict control over the financing amount of the customers who are subject to shareholding reduction restriction; our Company strictly controlled single security concentration, established a security blacklist mechanism, and managed the overall exposure of a single security within the Company. In addition, our Company strengthened the on-site due diligence investigation, assessment and analysis of the pledged securities and clients with large financing demand, and raised the approval requirements to ensure risks were managed at a controllable level.

Meanwhile, our Company continuously monitored the risks of the outstanding contracts, conducted regular and irregular stress testing, and classified deals into different risk status and kept key track of the deals with potential high risks; we maintained close monitoring and regular assessment of the customers' credit risk with large financing amount, and maintained dynamic monitoring of the pledged securities, continuously tracked the fundamentals and security price fluctuations of large deals, and if any abnormal circumstances identified on the pledged security, our Group will ensure the risk precautions are in place, and corresponding measures are taken promptly.

# Management Discussion and Analysis

## Margin Financing and Securities Lending Business

The following table sets forth the balance of margin financing and securities lending, market value of collaterals, and collateral ratio data of the margin financing and securities lending business of the Company:

Unit: RMB in million

Items	As of June 30, 2021	As of December 31, 2020
Amounts of margin financing and securities lending	46,391.7	44,064.5
Market value of collaterals	134,717.6	119,919.0
Collateral ratio	290.4%	272.1%

Note: The collateral ratio is calculated as the ratio of the client's total account assets balance (including cash and securities held) to the client's balance of margin loans and securities borrowed from our Company (i.e. the sum of margin loans extended, the securities sold short and any accrued interests and fees).

## Stock-based Lending Business

The following table sets forth the lending amount, market value of collaterals, and collateral ratio data of the stock-based lending business of the Company:

Unit: RMB in million

Items	As of June 30, 2021	As of December 31, 2020
Amounts of stock-based lending	10,519.0	9,685.5
Market value of collaterals	35,381.9	32,560.1
Collateral ratio	336.4%	336.2%

Note: The collateral ratio refers to the ratio of the total market value of the pledged collateral and its yields to the client's total amount payable to our Group.

# Management Discussion and Analysis

## Liquidity Risk

Liquidity risk refers to the risks arising from our Company's inability to obtain sufficient funds at reasonable costs in a timely manner to settle debts due, fulfill other payment obligations, and satisfy the funding needs in conducting normal business operations.

Our Company implements vertical and centralized management on liquidity risks of all domestic and overseas branches and subsidiaries. Our Company has adopted the following measures to manage liquidity risk:

- Closely monitoring balance sheets of our Company and its branches and subsidiaries, and managing liquidity gaps between assets and liabilities;
- Setting liquidity risk limits based on our Company's overall situation and regulatory requirement;
- Conducting cash flow forecast and liquidity risk stress test on a regular and irregular basis to analyze and assess our liquidity risk exposure;
- Maintaining adequate high-quality liquid assets and establishing liquidity contingency plan for potential liquidity emergencies.

In order to withstand the potential liquidity risk and satisfy the short-term liquidity needs, our Company constantly holds sufficient unsecured and high-quality liquid assets as its liquidity reserves. The liquidity reserves are held by the Treasury Department and are managed independently from business departments. Our Company vertically manages the liquidity reserves to ensure the allocation efficiency of the liquidity reserves. Meanwhile, due to the liquidity transfer restrictions between entities and regions, the liquidity reserves are held in various currencies and maintained within major operating subsidiaries, ensuring that the liquidity requirements of different entities are met in a timely manner. The size and composition of the liquidity reserves are actively managed by our Company based on the consideration of

factors including, but not limited to, funding maturity profile, balance sheet size and composition, business and operational capital requirements, stress test results, and regulatory requirements. Our Company strictly limits the liquidity reserves to high-quality liquid assets (including cash and cash equivalents, interest rate bonds and money market funds) and sets risk limits.

Our Company constantly broadens and diversifies its funding channels to optimize the liability structure. The funding instruments of our Company include corporate bonds, financial bonds, medium term note program, bank loan, short-term commercial papers, beneficiary certificates, refinancing, income right transfer, inter-bank borrowing, REPOs, etc. Our Company maintains good relationship with major commercial banks and has sufficient bank credit to meet the funding requirement for business development. As of the Latest Practicable Date, as assessed by China Chengxin International Credit Rating Company Limited (中誠信國際信用評級有限責任公司), the credit rating of our Company was AAA and the rating outlook was stable. As of the Latest Practicable Date, as assessed by Standard & Poor's, the long-term rating of the Company was BBB, the short-term rating was A-2 and the rating outlook is stable. As assessed by Moody's, the long-term rating of the Company was Baa1, the short-term rating was P-2 and the rating outlook was stable. As assessed by Fitch, the long-term rating of the Company was BBB+, the short-term rating was F2 and the rating outlook was stable.

During the Reporting Period, there was no substantial change in terms of substance and type of liquidity risks exposed to our Company. Our Company's liquidity risk management was sound, the liquid reserve was sufficient, and the liquidity risk was under control.

During the Reporting Period, the regulatory indicator of liquidity risk management of our Company continued to comply with the regulatory requirements. As of June 30, 2021, the liquidity coverage ratio and the net stable funding ratio of our Company were 428.9% and 134.4%, respectively.

# Management Discussion and Analysis

## Operational Risk

Operational risk refers to the risks of losses resulting from failed or defective internal procedures, IT systems, human factors and external events. Operational risk can occur in all business operations and daily operations of the Company, which may eventually lead to other risks such as legal risk, compliance risk and reputational risk.

Our Company has adopted the following measures to manage operational risk:

- Cultivating the operational risk idea of all staffs and improving employees' consciousness of operational risks;
- Establishing a transparent organizational structure with a proper decision-making mechanism and defining the responsibilities of the management and control of business processes;
- Promoting risk management in key areas and processes, and optimizing and improving systems, processes and mechanisms;
- Carrying out risk assessment and follow-up review of new businesses and products, and strengthening the ex ante management of operational risks, management of operational risks in the act and ex post facto management of operational risks;
- Continuously strengthening the operational risk by tool of management and control to identify, assess, monitor, and respond to operational risks;
- Optimizing the communication, reporting and processing mechanism for operational risk information to prevent and control risks in a more active and forward-looking manner;
- Promoting the construction of business continuity management systems to enhance the continuity of going concern ability.

During the Reporting Period, there was no substantial change in nature and extent of operational risks exposed to our Company. Our Company continued to strengthen the operational risk management by enhancing IT systems and streamlining business procedures. Through developing business-related IT systems and optimizing and standardizing business procedures, our Company further improved the operation efficiency and prevent operational risk.

## IT Risk

IT risk refers to the operational, legal and reputational risks arising from natural factors, human factors, technology vulnerabilities and management deficiencies in the application of information technology in CICC.

The Company has adopted the following measures to control and prevent IT risks:

- Establishing an effective IT governance framework to keep information technology consistent with business goals;
- Clarifying the information technology risk management mechanism, and clarifying at the policy level the division of responsibilities of the three lines of defense in IT risk management, defining and regulating management strategies and methods;
- Conducting IT risk assessment, fully identifying and analyzing the risks, analyzing the possibility and potential impact of the risks, and implementing risk prevention measures; establishing an IT key risk indicator system and monitoring mechanism; cultivating IT risk culture and improve employees' awareness of IT risk prevention and control;
- Ensuring the reliability, integrity, availability and maintainability of information system through the management process of initialization, approval and control of IT projects;

# Management Discussion and Analysis

- Establishing information security management system, formulating and implementing information security plan, monitoring information security threats;
- Establishing a data governance organizational framework to ensure unified management, sustainable controllability and storage safety of data;
- Tracking, responding to, analyzing and dealing with problems of information system and emergencies of information technology through establishing an effective process to manage problems;
- Through establishing an IT emergency management system, formulating an emergency plan, carrying out emergency drills, and continuously improving IT emergency management process, to ensure that the system can support the Company's business operations in a continuous and steady manner.
- Our professional compliance team is responsible for examining various businesses and providing compliance advice. We implement effective compliance risk management measures at an early stage of new businesses and conduct compliance reviews and supervision during carrying out new business;
- Our Company controls the circulation of sensitive information by monitoring work information flows and establishing dynamic information barrier walls, with the aim to prevent risks of insider trading and manage conflicts of interest;
- Our Company undertakes compliance supervision and reviews in accordance with applicable laws and regulations, other regulatory documents, self-regulatory rules, industry norms and our internal policies, to monitor the compliance of our business operations and employee activities and identify and manage compliance risks in a proactive manner;

## Compliance Risk

Compliance risk refers to the risk of legal sanctions, regulatory actions, loss of property or damage to our reputation because of the violation of laws, regulations, industry self-regulatory rules or our internal policies arising from our operations and management activities or employee behavior.

Our Company has mainly adopted the following measures to manage and prevent compliance risk:

- Our Company formulates and updates our compliance policies and procedures in accordance with changes in laws, regulations and industry norms;
- Our Company adopts various means to cultivate a compliance culture with each business line, functional department and branch and provide compliance training to our employees to improve their compliance awareness;
- Our Company has established an internal accountability system in respect of employees' violations of laws and regulations and internal policies to impose applicable punishments on offenders.

During the Reporting Period, there was no substantial change in nature and extent of compliance risks exposed to our Company.

# Management Discussion and Analysis

## Legal Risk

Legal risk refers to the possible risk of economic loss or damage to our Company's reputation resulting from breach of contracts, infringement-related disputes, litigation or other legal disputes. Our Company manages, controls and prevents legal risks mainly through the following measures:

- Our Company continuously enhances our internal policies and business procedures from a legal perspective to ensure that our operations and management satisfy the requirements of applicable laws and regulations;
- Our Company formulates templates for various business contracts and requires our business departments to use our in-house templates to the fullest extent. We also review contracts drafted or provided by counterparties prior to entering into such contracts to mitigate the legal risk associated with performing such contracts;
- Our Company conducts legal training to enhance our employees' legal awareness;
- The application, maintenance and protection of our trademarks, protection of our goodwill and trade secrets and taking actions against behaviors that harms our reputation or interests;
- Our Company takes active measures to mitigate legal risks when disputes and litigation arise.

During the Reporting Period, there was no material change in the nature and extent of legal risks of our Company or in our ability to respond to legal risks.

## Money Laundering Risk

Money laundering risk refers to the risks of being used in illegal and criminal activities such as money laundering, terrorist financing and proliferation financing in the course of conducting business and operating management of the Company, which may bring reputation risks and legal risks to the Company, and may lead to customer loss, business loss and financial losses.

The Company mainly takes the following measures to manage and prevent money laundering risks:

- Formulating and updating anti-money laundering policies in accordance with laws, regulations and regulatory requirements;
- Integrating risk control measures into relevant business operation processes, in consideration of anti-money laundering obligations including customer identification, preservation of customer identity information and transaction records, transaction monitoring, reporting on large transactions and suspicious transactions, list monitoring, asset freezing;
- Continuously carrying out anti-money laundering publicity and training to promote the full transmission of money laundering risk management culture;
- Establishing and improving the anti-money laundering information system, data quality control mechanism and internal control and information sharing mechanism;
- Carrying out anti-money laundering inspection and internal audit work, and properly conducting anti-money laundering human resource assurance, anti-money laundering performance appraisal, rewards and punishments and emergency management work.

# Management Discussion and Analysis

## Reputational Risk

Reputational risk refers to the risk of negative comments on our Company caused by our Company's operational activities, business management and other actions as well as external events. Reputational risk can occur in all business areas and activities, and our Company assesses and manages reputational risk across all areas such as operation management, business activities and employee behaviors.

Our Company has mainly adopted the following measures to manage and prevent reputational risk:

- All business departments take measures to prevent and control reputational risks across important business activities and processes, and strictly follow "Know your Customers (KYC)" principle, enhance project due diligence and quality control, as well as timely prevent and deal with potential reputational risk;
- Reinforcing the firmwide culture of risk awareness for all employees and enhancing the professional ethics of employees through policy making and employee training; and any employee who causes a significant reputational loss to our Company due to any misconduct or improper behavior will be subject to disciplinary actions;
- The Public Relations Department manages the overall reputational risk matters of our Company by public opinion from media monitoring, media communications, taking proper actions to the events communication and response process in a timely manner according to the severity of events, and releases or communicates with media the correct information and stance related to our Company based on observations, so as to lead correct public opinion and further prevent the spread of inaccurate and false information in public environment.

# Other Events

## I. INTERIM DIVIDEND

The Board of Directors did not recommend to declare any interim dividend for the six months ended June 30, 2021 to the Shareholders.

## II. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF OUR COMPANY AND ITS ASSOCIATED CORPORATIONS

As of June 30, 2021, the interests or short positions of the Directors, Supervisors and chief executive of our Company in the shares, underlying shares or debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by our Company under section 352 of the SFO, or as otherwise notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules were as follows:

Name of Director/ Supervisor/chief executive	Class of shares	Capacity	Number of securities/Type of shares held	Approximate percentage of shareholding in the total share capital of the Company	Approximate percentage of shareholding in the relevant class of shares
Huang Zhaohui	H Shares	Others (Note 1)	7,240,173/Long positions	0.150%	0.380%
Siu Wai Keung	H Shares	Beneficial owner	100,000/Long positions	0.002%	0.005%

Note:

- (1) Mr. Huang Zhaohui indirectly holds interests through subscription of fund and asset management scheme.

## Other Events

### III. RIGHTS OF DIRECTORS AND SUPERVISORS TO ACQUIRE SHARES OR DEBENTURES

As of June 30, 2021, none of the Directors, Supervisors or their respective spouses or minor children were granted with rights or had exercised any such rights to acquire benefits by means of acquisition of Shares or debentures of the Company. Neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors, Supervisors or their respective spouses or minor children to acquire such rights from any other body corporate.

### IV. SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

As of June 30, 2021, to the knowledge of the Company and the Directors after making reasonable inquiries, the following persons (other than the Directors, Supervisors or chief executive of the Company as disclosed above) have interests or short positions in shares or underlying shares which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and have recorded in the register required to be maintained by the Company under Section 336 of the SFO:

Name of Shareholders	Class of shares	Capacity	Number of securities/Type of shares held	Approximate percentage of shareholding in the total share capital of the Company	Approximate percentage of shareholding in the relevant class of shares
Huijin (Note 1)	A Shares	Beneficial owner	1,936,155,680/ Long positions	40.109%	66.226%
		Interests of controlled corporation	2,734,800/ Long positions	0.057%	0.094%
Haier Group Corporation (Note 2)	A Shares	Interests of controlled corporation	398,500,000/ Long positions	8.255%	13.631%
Alibaba Group Holding Limited (Note 3)	H Shares	Interests of controlled corporation	202,844,235/ Long positions	4.202%	10.655%
	A Shares	Interests of controlled corporation	13,757,670/ Long positions	0.285%	0.471%
Tencent Holdings (Note 4)	H Shares	Interests of controlled corporation	216,249,059/ Long positions	4.480%	11.359%

# Other Events

## Notes:

- (1) Each of Jianyin Investment, JIC Investment and China Investment Consulting is wholly-owned by Huijin. Therefore, Huijin is deemed to be interested in 2,734,800 A Shares held by Jianyin Investment, JIC Investment and China Investment Consulting for the purpose of the SFO.
- (2) As of June 30, 2021, each of Haier Cosmo Shareholding Company (as the sole member of Haier Group (Qingdao) Financial Holdings Ltd.), Qingdao Haichuangke Management Consulting Enterprise (Limited Partnership) (holding 48.8% interest in Haier Cosmo Shareholding Company), Haier Group Corporation (holding 51.2% interest in Haier Cosmo Shareholding Company) and Qingdao Haichuangke Investment Management Co., Ltd. (as general partner of Qingdao Haichuangke Management Consulting Enterprise (Limited Partnership) and a member holding its 0.5% interest) is deemed to be interested in the A Shares held by Haier Group (Qingdao) Financial Holdings Ltd. under the SFO.
- (3) As of June 30, 2021, Des Voeux Investment Company Limited held 202,844,235 H Shares of the Company. Des Voeux Investment Company Limited is wholly owned by Alibaba Group Treasury Limited, which is wholly-owned by Alibaba Group Holding Limited. Therefore, Alibaba Group Treasury Limited and Alibaba Group Holding Limited are deemed to be interested in 202,844,235 H Shares held by Des Voeux Investment Company Limited under the SFO. In addition, Alibaba (China) Network Technology Co., Ltd. held 13,757,670 A Shares of the Company. Alibaba (China) Network Technology Co., Ltd. is wholly owned by Alibaba Group Holding Limited. Therefore, Alibaba Group Holding Limited is deemed to be interested in 13,757,670 A Shares held by Alibaba (China) Network Technology Co., Ltd. under the SFO.
- (4) As of June 30, 2021, Tencent Mobility Limited, directly interested in 216,249,059 H Shares, is a corporation controlled by Tencent Holdings, which is therefore deemed to be interested in the H Shares held by Tencent Mobility Limited.

## V. PURCHASE, SALE OR REDEMPTION OF SECURITIES OF THE COMPANY

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

## VI. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the Reporting Period, the Company strictly complied with the Corporate Governance Code, followed all code provisions and met the requirements of part of the recommended best practices set out in the Corporate Governance Code.

## VII. COMPLIANCE WITH THE MODEL CODE

The Company has adopted a code of conduct regarding Directors' and Supervisors' securities transactions on terms no less exacting than the required standard set out in the Model Code. The Company has made specific enquiries to all Directors and Supervisors concerning the compliance with the Model Code. All Directors and Supervisors confirmed that they had strictly observed all standards set out in the Company's code of conduct regarding Directors' and Supervisors' securities transactions during the Reporting Period.

## VIII. AUDIT

The 2021 interim financial report of the Company is unaudited. The Audit Committee under the Board of Directors has reviewed the unaudited interim financial report of the Company for the six months ended June 30, 2021, and did not raise any objection to the accounting policy and practices adopted by the Company. The external auditor of the Company has reviewed the interim financial report of the Company for the six months ended June 30, 2021 in accordance with Hong Kong Standard on Review Engagements 2410.

# Other Events

## IX. MATERIAL LITIGATION AND ARBITRATION

During the Reporting Period, the Company did not have any material litigation or arbitration.

## X. CHANGE IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

As of the Latest Practicable Date, the Board of our Company comprises 8 Directors, including one executive Director (Mr. Huang Zhaohui), 3 non-executive Directors (Mr. Shen Rujun, Ms. Tan Lixia and Mr. Duan Wenwu) and 4 independent non-executive Directors (Mr. Liu Li, Mr. Siu Wai Keung, Mr. Ben Shenglin and Mr. Peter Hugh Nolan).

### (i) Change in Directors and Composition of Board Committees

Due to work rearrangement, Ms. Xiong Lianhua resigned from the office of the non-executive Director of the Company, member of each of the Strategy Committee, the Audit Committee and the Risk Management Committee of the Board, with effect from January 14, 2021. Details of the aforementioned changes were disclosed in the announcement of resignation of non-executive Director issued by the Company on January 14, 2021.

### (ii) Change in Supervisors

During the Reporting Period, there have been no change in Supervisors.

### (iii) Change in Biographies of Directors and Supervisors

Ms. Tan Lixia has ceased to serve as the Vice Chairman of Haier Smart Home Co., Ltd since March 2021. The updated biography of Ms. Tan is as follows:

Ms. Tan Lixia (譚麗霞), aged 51, a Chartered Global Management Accountant, has been appointed as a Director of the Company since February 2020. Ms. Tan joined Haier from August 1992, and successively served as the director of Department of Overseas Market Development of Haier Group and Chief Financial Officer of Haier Group. Ms. Tan currently serves as the Executive Vice President and Head of Wanchain Platform of Haier Group, Chairman of Haier Group (Qingdao) Financing Holding Co., Ltd., a non-executive director of Bank of Qingdao Co., Ltd., a company listed on the Shenzhen Stock Exchange (Stock Code: 002948) and the Hong Kong Stock Exchange (Stock Code: 03866), Chairman of Qingdao Haier Biomedical Co., Ltd., a company listed on the Shanghai Stock Exchange (Stock Code: 688139) and Chairman of INKON Life Technology Co., Ltd., a company listed on the Shenzhen Stock Exchange (Stock Code: 300143). Ms. Tan once served as a non-executive director of Haier Electronics Group Co., Ltd. and Vice Chairman of Haier Smart Home Co., Ltd., a company listed on the Shanghai Stock Exchange (Stock Code: 600690) and the Hong Kong Stock Exchange (Stock Code: 06690). Ms. Tan currently serves as a standing member of the 12th session of All-China Women's Federation, Vice President of China Women Entrepreneurs Association, the Chairman of Shandong Women Entrepreneurs Association and the Vice Chairman of the 13th session of Qingdao Women's Federation. Ms. Tan graduated from Central University of Finance and Economics majoring in public finance in June 1992, and obtained an EMBA degree from the China Europe International Business School in July 2009.

## Other Events

Mr. Ben Shenglin has become an independent director of Industrial Bank Co., Ltd. since July 2021. The updated biography of Mr. Ben is as follows:

Mr. Ben Shenglin (黃聖林), aged 55, has been appointed as a Director of our Company since May 2015. He held several positions in ABN Amro in China and London, including leadership roles such as senior vice president and general manager of working capital business in China from September 1994 to January 2005. He served at HSBC from February 2005 to March 2010, successively as China country head and managing director of financial institutions, and China country head of commercial banking. From April 2010 to April 2014, he was with JP Morgan Chase as a member of the global leadership team at global corporate bank and the chief executive officer of J.P. Morgan Chase Bank (China). Mr. Ben currently serves as an independent director of Wuchan Zhongda Group Co., Ltd. (物產中大集團股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 600704), since February 2016, a supervisor of China Construction Bank Corporation, a company listed on the Shanghai Stock Exchange (Stock Code: 601939) and Hong Kong Stock Exchange (Stock Code: 939), since June 2020, and an independent director of Industrial Bank Co., Ltd., a company listed on the Shanghai Stock Exchange (Stock Code: 601166), since July 2021. Mr. Ben has also served as an independent director of Bank of Ningbo Co., Ltd., a company listed on the Shenzhen Stock Exchange (Stock Code: 2142), from September 2014 to February 2020, an independent non-executive director of Tsingtao Brewery Co., Ltd., a company listed on Hong Kong Stock Exchange (Stock Code: 168), from June 2014 to June 2020, and a supervisor of Industrial Bank Co., Ltd., a company listed on the Shanghai Stock Exchange (Stock Code: 601166), from December 2016 to June 2021. Mr. Ben joined Zhejiang University since May 2014 and currently serves as a full-time professor and doctoral advisor. He is also the dean of Academy of Internet Finance since April 2015, the dean of the International Business School since October 2018, and the co-director of Zhejiang University – Ant FinTech Research Center since November 2019. He also currently serves as an executive director of the International Monetary Institute in Renmin University of China since January 2014 and the co-director thereof since July 2018, the dean of Zhejiang Institute of Innovations since April 2018, a counsellor of the Zhejiang People's Government since August 2014, a member of Zhejiang Provincial Committee of the Chinese People's Political and Consultative Conference and Vice Commissioner of Economic Policy Committee since January 2018, the Joint Chairman of Zhejiang Association of Internet Finance since September 2015, a member of the Guangdong Financial Experts Advisory Committee since November 2017, a member of the International Cooperation Committee of the All-China Federation of Industry and Commerce since December 2018 and an expert specially invited by the FinTech Cooperation Committee of the Asian Financial Cooperation Association since July 2019. Mr. Ben obtained a bachelor's degree in engineering from Tsinghua University in July 1987, a master's degree in economics specializing in industrial enterprise management from Renmin University of China in March 1990 and a doctoral degree in economics from Purdue University, the United States, in August 1994.

The biographies of other Directors and Supervisors were disclosed in the 2020 Annual Report dated April 26, 2021 as published by the Company.

## Other Events

### (iv) Change in Senior Management

On account of the age, Ms. Yang Xinping resigned from her position as the Assistant President of the Company, with effect from January 12, 2021.

Upon consideration and approval by the Board of Directors, Mr. Chen Gang shall no longer serve as the Chief Compliance Officer of the Company due to health reasons, effective from April 8, 2021; Mr. Huang Zhaohui, the Chief Executive Officer of the Company, shall perform the duties in place of the Chief Compliance Officer from the same date, until a new Chief Compliance Officer is appointed by the Company.

Save from the above-mentioned changes, there has been no other change in Directors, Supervisors and senior management of our Company during the Reporting Period.

## XI. EMPLOYEES AND REMUNERATION

As of the Latest Practicable Date, we had 12,744 employees, among whom 11,825 employees were based in the Mainland China and 919 employees were based in Hong Kong SAR, Singapore, the United States, the United Kingdom and Germany, representing 93% and 7%, respectively, of the total number of our employees. Approximately 95% and 52% of our employees had obtained bachelor's degrees or master's degrees and above, respectively. Moreover, approximately 28% of our employees and 42% of our managing directors had overseas education or working experience.

During the Reporting Period, there was no change in the remuneration policy and training plans of the Company. For related information, please refer to "Directors, Supervisors, Senior Management and Employees" in the 2020 Annual Report of the Company.

# Report on Review of Condensed Consolidated Financial Statements

# Deloitte.

# 德勤

## TO THE BOARD OF DIRECTORS OF CHINA INTERNATIONAL CAPITAL CORPORATION LIMITED

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

### Introduction

We have reviewed the condensed consolidated financial statements of China International Capital Corporation Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 73 to 164, which comprise the condensed consolidated statement of financial position as of 30 June 2021 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements 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 Hong Kong 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong, China

27 August 2021

# Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2021 (Expressed in Renminbi ("RMB"), unless otherwise stated)

	Notes	Six months ended 30 June 2021 (Unaudited)	2020 (Unaudited)
Revenue:			
Fee and commission income	7	8,297,052,187	6,042,978,417
Interest income	8	3,431,922,995	2,500,774,036
Investment income	9	8,163,474,119	5,500,668,577
Total revenue		19,892,449,301	14,044,421,030
Other (losses)/income, net	10	(413,004,783)	248,188,821
Total revenue and other income		19,479,444,518	14,292,609,851
Expenses:			
Fee and commission expenses	11	1,105,467,064	806,017,646
Interest expenses	12	3,942,995,882	2,999,459,061
Staff costs	13	6,560,611,199	5,174,227,245
Depreciation and amortisation expenses	14	540,395,348	490,257,928
Tax and surcharges		59,437,226	50,954,462
Other operating expenses and costs	15	1,214,934,063	805,199,302
(Reversal of)/provision for impairment losses under expected credit loss ("ECL") model	16	(29,502,853)	167,261,838
Total expenses		13,394,337,929	10,493,377,482
Operating profit		6,085,106,589	3,799,232,369
Share of profits of associates and joint ventures		33,963,901	9,457,408
Profit before income tax		6,119,070,490	3,808,689,777
Less: Income tax expense	17	1,103,142,914	729,936,340
Profit for the period		5,015,927,576	3,078,753,437
Attributable to:			
Shareholders of the Company	18	5,007,028,294	3,051,785,319
Non-controlling interests		8,899,282	26,968,118
Basic earnings per share (in RMB per share)	18	1.00	0.69

The notes on pages 83 to 164 form part of this interim financial report.

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021 (Expressed in RMB, unless otherwise stated)

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
Profit for the period	5,015,927,576	3,078,753,437
Other comprehensive income for the period		
Items that may be reclassified to profit or loss in subsequent periods:		
Financial assets at fair value through other comprehensive income:		
– Net gains from changes in fair value	87,129,620	103,004,113
– (Reversal of)/provision for impairment losses under ECL model	(7,038,532)	3,725,209
– Tax effect	(15,831,802)	20,199,271
– Net gains transferred to profit or loss on disposals	(28,540,222)	(193,818,347)
Interests in associates and joint ventures:		
– Share of other comprehensive income	–	101,571
Foreign currency translation difference of financial statements of overseas subsidiaries	(124,809,145)	106,922,023
Total other comprehensive income for the period, net of income tax	(89,090,081)	40,133,840
Total comprehensive income for the period	4,926,837,495	3,118,887,277
Attributable to:		
Shareholders of the Company	4,917,938,213	3,091,919,159
Non-controlling interests	8,899,282	26,968,118

The notes on pages 83 to 164 form part of this interim financial report.

# Condensed Consolidated Statement of Financial Position

As at 30 June 2021 (Expressed in RMB, unless otherwise stated)

	Notes	As at 30 June 2021 (Unaudited)	As at 31 December 2020 (Audited)
Non-current assets:			
Property and equipment	19	867,614,393	748,398,324
Right-of-use assets	20	2,314,234,122	2,271,552,336
Goodwill	21	1,582,678,646	1,582,678,646
Intangible assets	22	331,547,969	310,819,976
Interests in associates and joint ventures		1,207,481,372	1,188,852,866
Financial assets at fair value through profit or loss	23	7,465,855,538	6,709,361,710
Financial assets held under resale agreements ("reverse REPOs")	24	664,544,428	902,186,358
Refundable deposits	25	13,757,112,972	11,768,323,935
Deferred tax assets	26	1,578,548,383	1,787,614,365
Other non-current assets	27	608,397,100	510,965,054
<b>Total non-current assets</b>		<b>30,378,014,923</b>	<b>27,780,753,570</b>
Current assets:			
Accounts receivable	28	54,983,327,869	43,493,774,685
Receivable from margin clients	29	36,417,311,524	33,884,813,279
Financial assets at fair value through other comprehensive income	30	36,235,106,892	37,212,187,524
Financial assets at fair value through profit or loss	23	281,854,851,219	240,896,335,935
Reverse REPOs	24	27,954,650,230	17,528,510,790
Derivative financial assets	31	14,637,593,586	12,311,263,836
Cash held on behalf of clients	32	80,486,617,079	60,950,716,097
Cash and bank balances	33	54,603,861,695	47,161,071,068
Other current assets		525,442,173	401,072,832
<b>Total current assets</b>		<b>587,698,762,267</b>	<b>493,839,746,046</b>
<b>Total assets</b>		<b>618,076,777,190</b>	<b>521,620,499,616</b>

The notes on pages 83 to 164 form part of this interim financial report.

# Condensed Consolidated Statement of Financial Position (Continued)

As at 30 June 2021 (Expressed in RMB, unless otherwise stated)

	Notes	As at 30 June 2021 (Unaudited)	As at 31 December 2020 (Audited)
Current liabilities:			
Financial liabilities at fair value through profit or loss	35	37,066,941,033	42,891,549,327
Derivative financial liabilities	31	19,945,466,835	24,682,534,637
Accounts payable to brokerage clients	36	86,054,478,211	70,655,180,456
Placements from financial institutions	37	23,688,094,653	34,516,414,695
Short-term debt securities issued	38	21,049,527,602	26,492,570,465
Financial assets sold under repurchase agreements ("REPOs")	39	33,984,265,455	25,101,083,823
Employee benefits payable		6,644,069,480	7,805,043,988
Income tax payable		834,142,720	915,619,202
Long-term debt securities issued due within one year	40	30,388,068,810	23,386,443,319
Lease liabilities		527,146,863	541,299,132
Contract liabilities	41	383,149,837	170,928,280
Other current liabilities	42	140,780,618,728	85,922,851,573
<b>Total current liabilities</b>		<b>401,345,970,227</b>	<b>343,081,518,897</b>
<b>Net current assets</b>		<b>186,352,792,040</b>	<b>150,758,227,149</b>
<b>Total assets less current liabilities</b>		<b>216,730,806,963</b>	<b>178,538,980,719</b>
Non-current liabilities:			
Non-current employee benefits payable		1,168,265,891	781,920,387
Long-term debt securities issued	40	134,990,624,963	104,614,517,533
Deferred tax liabilities	26	673,171,984	506,667,665
Lease liabilities		754,697,872	663,560,140
Other non-current liabilities		157,182,000	157,182,000
<b>Total non-current liabilities</b>		<b>137,743,942,710</b>	<b>106,723,847,725</b>
<b>Net assets</b>		<b>78,986,864,253</b>	<b>71,815,132,994</b>

The notes on pages 83 to 164 form part of this interim financial report.

# Condensed Consolidated Statement of Financial Position (Continued)

As at 30 June 2021 (Expressed in RMB, unless otherwise stated)

	Notes	As at 30 June 2021 (Unaudited)	As at 31 December 2020 (Audited)
Equity:			
Share capital	43	4,827,256,868	4,827,256,868
Other equity instruments	44	8,500,000,000	5,000,000,000
Reserves	43	43,989,963,956	44,008,757,978
Retained profits		21,480,550,175	17,798,924,176
Total equity attributable to shareholders of the Company		78,797,770,999	71,634,939,022
Non-controlling interests		189,093,254	180,193,972
Total equity		78,986,864,253	71,815,132,994

The condensed consolidated financial statements were approved and authorised for issue by the board of directors on 27 August 2021.

**Shen Rujun**  
Chairman of Board

**Huang Zhaohui**  
Chief Executive Officer

Company chop

The notes on pages 83 to 164 form part of this interim financial report.

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021 (Expressed in RMB, unless otherwise stated)

	Attributable to shareholders of the Company										
	Reserves							Retained profits	Subtotal	Non-controlling interests	Total equity
	Share capital (Note 43(a))	Other equity instruments (Note 44)	Capital reserve (Note 43(b))	Surplus reserve (Note 43(b))	General reserves (Note 43(b))	Investment revaluation reserve (Note 43(b))	Foreign currency translation reserve (Note 43(b))				
At 1 January 2021	4,827,256,868	5,000,000,000	39,533,272,979	995,576,479	4,074,311,372	37,927,416	(632,330,268)	17,798,924,176	71,634,939,022	180,193,972	71,815,132,994
Changes in equity for the six months ended 30 June 2021											
Profit for the period	-	-	-	-	-	-	-	5,007,028,294	5,007,028,294	8,899,282	5,015,927,576
Other comprehensive income for the period	-	-	-	-	-	35,719,064	(124,809,145)	-	(89,090,081)	-	(89,090,081)
Total comprehensive income for the period	-	-	-	-	-	35,719,064	(124,809,145)	5,007,028,294	4,917,938,213	8,899,282	4,926,837,495
Appropriation to general reserves	-	-	-	-	70,296,059	-	-	(70,296,059)	-	-	-
Dividends to shareholders	-	-	-	-	-	-	-	(868,906,236)	(868,906,236)	-	(868,906,236)
Distributions to holders of perpetual subordinated bonds	-	-	-	-	-	-	-	(386,200,000)	(386,200,000)	-	(386,200,000)
Issuance of perpetual subordinated bonds	-	3,500,000,000	-	-	-	-	-	-	3,500,000,000	-	3,500,000,000
At 30 June 2021 (Unaudited)	4,827,256,868	8,500,000,000	39,533,272,979	995,576,479	4,144,607,431	73,646,480	(757,139,413)	21,480,550,175	78,797,770,999	189,093,254	78,986,864,253

The notes on pages 83 to 164 form part of this interim financial report.

# Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 June 2021 (Expressed in RMB, unless otherwise stated)

	Attributable to shareholders of the Company										
	Reserves							Retained profits	Subtotal	Non-controlling interests	Total equity
	Share capital (Note 43(a))	Other equity instruments (Note 44)	Capital reserve (Note 43(b))	Surplus reserve (Note 43(b))	General reserves (Note 43(b))	Investment revaluation reserve (Note 43(b))	Foreign currency translation reserve (Note 43(b))				
At 1 January 2020	4,368,667,868	1,000,000,000	26,931,646,975	736,558,479	3,201,193,156	191,007,682	84,117,242	11,780,607,940	48,293,799,342	237,736,093	48,531,535,435
Changes in equity for the six months ended 30 June 2020											
Profit for the period	-	-	-	-	-	-	-	3,051,785,319	3,051,785,319	26,968,118	3,078,753,437
Other comprehensive income for the period	-	-	-	-	-	(66,788,183)	106,922,023	-	40,133,840	-	40,133,840
Total comprehensive income for the period	-	-	-	-	-	(66,788,183)	106,922,023	3,051,785,319	3,091,919,159	26,968,118	3,118,887,277
Appropriation to general reserves	-	-	-	-	10,869,216	-	-	(10,869,216)	-	-	-
Dividends to shareholders	-	-	-	-	-	-	-	-	-	(15,431,034)	(15,431,034)
Distributions to holders of perpetual subordinated bonds	-	-	-	-	-	-	-	(57,000,000)	(57,000,000)	-	(57,000,000)
Redemption of perpetual subordinated bonds	-	(1,000,000,000)	-	-	-	-	-	-	(1,000,000,000)	-	(1,000,000,000)
Liquidation of subsidiaries	-	-	-	-	-	-	-	-	-	(1,003,402)	(1,003,402)
At 30 June 2020 (Unaudited)	4,368,667,868	-	26,931,646,975	736,558,479	3,212,062,372	124,219,499	191,039,265	14,764,524,043	50,328,718,501	248,269,775	50,576,988,276

The notes on pages 83 to 164 form part of this interim financial report.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021 (Expressed in RMB, unless otherwise stated)

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
Cash flows from operating activities:		
Profit before income tax	6,119,070,490	3,808,689,777
Adjustments for:		
Net financing interest expenses	2,842,174,254	2,050,354,006
Depreciation and amortisation expenses	540,395,348	490,257,928
(Reversal of)/provision for impairment losses under ECL model	(29,502,853)	167,261,838
Net (gains)/losses on disposal of property, equipment and other assets	(1,427,204)	977,879
Foreign exchange gains from derivatives and from others	(975,498,844)	(168,201,790)
(Gains)/losses on changes in fair value of financial instruments		
at fair value through profit or loss	(11,122,500,821)	2,092,233,502
Interest income from financial assets at fair value through other comprehensive income	(595,687,051)	(537,783,518)
Dividend income from investments in financial assets		
and share of profits of associates and joint ventures	(90,828,440)	(38,774,247)
Net gains on disposal of investments	(174,215,375)	(439,404,769)
Operating cash flows before movements in working capital	(3,488,020,496)	7,425,610,606
Increase in receivable from margin clients	(2,414,854,663)	(2,495,795,067)
Increase in accounts receivable, other receivables and prepayments	(13,260,256,314)	(9,790,898,393)
Increase in reverse REPOs	(10,032,936,419)	(1,933,035,370)
Increase in financial instruments at fair value through profit or loss	(40,763,403,217)	(36,526,639,261)
Increase in cash held on behalf of clients	(19,535,313,410)	(10,622,882,664)
(Increase)/decrease in restricted bank deposits	(137,812,853)	325,710,765
Increase in refundable deposits	(1,988,618,785)	(2,403,826,919)
Increase in accounts payable to brokerage clients	15,398,710,183	16,925,167,731
Increase in REPOs	8,906,586,685	19,376,840,040
Increase in other liabilities	43,075,447,219	16,750,742,609
Cash used in operating activities, before income tax	(24,240,472,070)	(2,969,005,923)
Income tax paid	(826,038,840)	(1,020,517,030)
Net cash used in operating activities	(25,066,510,910)	(3,989,522,953)

The notes on pages 83 to 164 form part of this interim financial report.

# Condensed Consolidated Statement of Cash Flows (Continued)

For the six months ended 30 June 2021 (Expressed in RMB, unless otherwise stated)

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Cash flows from investing activities:		
Cash receipts from disposal of investments	20,405,635,264	25,159,831,312
Cash receipts of investment returns	800,715,840	205,596,586
Proceeds from disposal of property, equipment and other long-term assets	5,090,063	4,890,630
Purchase of investments	(20,290,554,526)	(32,450,200,650)
Purchase of property, equipment and other long-term assets	(408,265,150)	(165,382,047)
Net cash outflows on disposal of a subsidiary	–	(469,103,820)
Net cash generated from/(used in) investing activities	512,621,491	(7,714,367,989)
Cash flows from financing activities:		
Proceeds from issuance of beneficiary certificates	23,247,087,747	27,733,495,769
Proceeds from issuance of corporate bonds	31,000,000,000	20,000,000,000
Proceeds from issuance of medium-term notes (“MTNs”)	9,727,050,000	6,982,600,000
Proceeds from issuance of subordinated bonds	7,000,000,000	3,500,000,000
Proceeds from issuance of perpetual subordinated bonds	3,500,000,000	–
Proceeds from issuance of structured notes	1,598,726,701	3,917,432,008
Redemption of beneficiary certificates	(29,413,201,138)	(28,187,177,412)
Redemption of corporate bonds	(4,000,000,000)	(7,500,000,000)
Redemption of MTNs	(3,894,780,000)	–
Redemption of structured notes	(3,831,407,461)	(3,906,825,898)
Redemption of perpetual subordinated bonds	–	(1,000,000,000)
Redemption of subordinated bonds	–	(1,000,000,000)
Repayment of lease liabilities	(310,442,736)	(243,903,207)
Cash paid for dividend or interest	(2,018,816,183)	(1,775,385,642)
Distribution to holders of perpetual subordinated bonds	–	(57,000,000)
Cash outflows associated with other financing activities	(3,783,821)	(3,601,566)
Net cash generated from financing activities	32,600,433,109	18,459,634,052

The notes on pages 83 to 164 form part of this interim financial report.

# Condensed Consolidated Statement of Cash Flows (Continued)

For the six months ended 30 June 2021 (Expressed in RMB, unless otherwise stated)

	Note	Six months ended 30 June	
		2021 (Unaudited)	2020 (Unaudited)
Net increase in cash and cash equivalents		8,046,543,690	6,755,743,110
Cash and cash equivalents at the beginning of the period		46,662,433,555	23,097,595,255
Effect of exchange rate changes		(778,595,672)	409,743,685
Cash and cash equivalents at the end of the period	34	53,930,381,573	30,263,082,050
Net cash used in operating activities including:			
Interest received		3,253,081,125	2,384,981,987
Interest paid		(1,150,939,030)	(991,917,852)

The notes on pages 83 to 164 form part of this interim financial report.

# Notes to the Condensed Consolidated Financial Statements

(Expressed in RMB, unless otherwise stated)

## 1. GENERAL INFORMATION

China International Capital Corporation Limited (中國國際金融股份有限公司) (the “Company”) was established on 25 June 1995 in the People’s Republic of China (“PRC”) as approved by the People’s Bank of China (“PBOC”). On 31 July 1995, it obtained the Business License for Enterprise Legal Person (Qi He Guo Zi No.000599) issued by the State Administration for Industry and Commerce of the PRC.

Pursuant to a conversion completed on 1 June 2015, the Company was converted into a joint stock company with limited liability. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 9 November 2015 and was listed on the Shanghai Stock Exchange on 2 November 2020.

The Company’s unified social credit code is 91110000625909986U, and the registered address of the Company is the 27th and 28th Floor, China World Trade Centre 2, 1 Jian Guo Men Wai Avenue, Beijing, the PRC. As at 30 June 2021, the Company has 23 securities business offices and 7 branches.

The Company and its subsidiaries (together “the Group”) are principally engaged in investment banking business, equities business, fixed-income, currency and commodity (“FICC”) business, asset management business, private equity business, wealth management business and other business activities.

## 2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* (“IAS 34”), issued by the International Accounting Standards Board (the “IASB”).

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2020, except the changes in accounting policies that are expected to be adopted for the preparation of the 2021 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The condensed consolidated financial statements do not include all of the information and disclosures required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”), and should be read in conjunction with the Group’s financial statements for the year ended 31 December 2020.

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 3. CHANGES IN ACCOUNTING POLICIES

### Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRS issued by the IASB, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendment to IFRS 16

*Covid-19-Related Rent Concessions*

Amendments to IFRS 9, IAS 39,  
IFRS 7, IFRS 4 and IFRS 16

*Interest Rate Benchmark Reform – Phase 2*

The amendment to IFRS 16 provides a practical expedient to Covid-19-Related rent concessions if certain conditions are met. This amendment has no significant impact on the condensed consolidated financial statements.

As at 1 January 2021, the Group has certain financial assets, financial liabilities and derivatives, of which the interests are indexed to benchmark rates that may be subject to interest rate benchmark reform. After assessment, the application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures of the condensed consolidated financial statements.

## 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the condensed consolidated financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. 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 uncertainty for the estimation used for the preparation of the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those for the preparation of the Group's financial statements for the year ended 31 December 2020.

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 5. TAXATION

### (a) Value-added tax (“VAT”) and surcharges

The applicable tax rate is 6%. The urban maintenance and construction tax, education surcharge and local education surcharge are charged at 7%, 3% and 2% of VAT respectively.

### (b) Income tax

The income tax rate applicable to the Company and its subsidiaries in mainland China is 25%.

The income tax rate applicable to the subsidiaries in Hong Kong Special Administrative Region (“Hong Kong SAR”) is 16.5%. Taxes of other offshore subsidiaries are charged at the relevant local rates.

## 6. SEGMENT REPORTING

Reportable segments are identified based on operating segments which are determined based on the Group’s internal organizational structure, management requirements and internal reporting mechanisms. An operating segment is a component of the Group:

- that engages in business activities from which it may earn revenues and incur expenses;
- whose operating results are regularly reviewed by the Group’s management for the purposes of resources allocation and performance evaluation; and
- for which statements of financial position, of profit or loss and of cash flows are available.

Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics in respect of:

- nature of the services;
- type or class of clients for the services;
- approaches to providing the services; and
- nature of the regulatory environment.

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 6. SEGMENT REPORTING (continued)

For management purposes, the Group's businesses are structured and managed separately according to the nature of their operations and the services that the Group provides. Each of the Group's operating segments represents a strategic business unit and offers services which are subject to risks and returns different from those to which the services offered by the other operating segments are subject. A summary of the operating segments is as follows:

- the Investment Banking segment provides investment banking services, including equity financing, debt and structured financing and financial advisory services to domestic and overseas corporations and institutional clients.
- the Equities segment provides one-stop integrated financial services such as investment research, sales, trading, products and cross-border services to domestic and overseas professional investors, including institutional trading services and capital services such as primary brokerage, over-the-counter derivatives, capital introduction and market-making transactions.
- the FICC segment provides a package of services and supports in the areas of market making and financing to domestic and overseas institutional and corporate clients on fixed-income products such as interest rate, credit and structured products, as well as on overseas exchange and commodities.
- the Asset Management segment designs and provides a wide range of asset management products and services to domestic and overseas investors, including social security and annuity investment management business, institutional entrusted investment management business, overseas asset management business, retail and mutual fund business, etc.
- the Private Equity segment designs and provides integrated private equity fund products and services to domestic and overseas investors, mainly including corporate equity funds, Funds of Funds, dollar funds, real estate funds, infrastructure funds, etc.
- the Wealth Management segment provides a wide range of wealth management products and services, consisting of transactional services, capital services and product configuration services, to retail clients, families and corporate clients.
- the Others segment mainly comprises of other business departments and back offices.

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 6. SEGMENT REPORTING (continued)

### (a) Segment results

	Six months ended 30 June 2021							Total
	Investment Banking	Equities	FICC	Asset Management	Private Equity	Wealth Management	Others	
Segment revenue								
– Fee and commission income (Note 1)	2,258,905,324	1,642,923,471	437,646,280	568,891,567	720,080,539	2,655,713,900	12,891,106	8,297,052,187
– Interest income	26,574,104	410,646,027	642,129,094	32,975,051	11,223,369	1,948,718,034	359,657,316	3,431,922,995
– Investment income	731,857,075	3,534,382,686	2,170,994,275	38,932,138	458,938,077	350,511,985	877,857,883	8,163,474,119
– Other income/(losses), net	1,544,897	(364,547,530)	(108,934,983)	(491,057)	7,848,528	34,887,667	16,687,695	(413,004,783)
Segment revenue and other income	3,018,881,400	5,223,404,654	3,141,834,666	640,307,699	1,198,090,513	4,989,831,586	1,267,094,000	19,479,444,518
Segment expenses	2,239,227,179	1,536,541,465	2,026,370,339	579,691,433	619,744,271	3,342,738,920	3,050,024,322	13,394,337,929
Segment operating profit/(loss)	779,654,221	3,686,863,189	1,115,464,327	60,616,266	578,346,242	1,647,092,666	(1,782,930,322)	6,085,106,589
Share of profits/(losses) of associates and joint ventures	-	-	-	5,819,331	51,035,773	(31,934,749)	9,043,546	33,963,901
Profit/(loss) before income tax	779,654,221	3,686,863,189	1,115,464,327	66,435,597	629,382,015	1,615,157,917	(1,773,886,776)	6,119,070,490
Segment assets	9,267,835,379	220,636,765,786	121,391,069,327	2,708,346,364	5,779,732,002	120,981,971,921	135,732,508,028	616,498,228,807
Deferred tax assets								1,578,548,383
Total assets								618,076,777,190
Segment liabilities	7,879,487,669	213,999,373,463	111,560,904,355	2,090,517,020	3,209,624,358	109,699,054,881	89,977,779,207	538,416,740,953
Deferred tax liabilities								673,171,984
Total liabilities								539,089,912,937
Other segment information (Amounts included in the measure of segment profit or loss):								
Interest expenses (Note 2)	108,385,386	533,280,677	1,533,175,791	31,278,939	57,568,177	1,099,480,221	579,826,691	3,942,995,882
Depreciation and amortisation expenses	46,755,645	36,994,789	29,330,389	30,338,002	22,416,278	196,052,469	178,507,776	540,395,348
Provision for/(reversal of) impairment losses under ECL model	5,727,696	(19,297,747)	(2,282,667)	34,121,856	677,112	(48,392,728)	(56,375)	(29,502,853)

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 6. SEGMENT REPORTING (continued)

### (a) Segment results (continued)

	Six months ended 30 June 2020 (Note 3)							
	Investment Banking	Equities	FICC	Asset Management	Private Equity	Wealth Management	Others	Total
Segment revenue								
- Fee and commission income (Note 1)	1,702,340,807	993,432,329	355,365,317	397,858,180	665,583,823	1,927,443,693	954,268	6,042,978,417
- Interest income	25,571,676	242,285,200	605,179,268	6,718,940	7,254,133	1,407,828,504	205,936,315	2,500,774,036
- Investment income	693,825,317	1,873,129,542	1,974,081,330	30,246,392	148,001,921	178,571,529	602,812,546	5,500,668,577
- Other income, net	1,025,352	42,284,861	93,013,801	1,000,821	10,775,189	20,326,614	79,762,183	248,188,821
Segment revenue and other income	2,422,763,152	3,151,131,932	3,027,639,716	435,824,333	831,615,066	3,534,170,340	889,465,312	14,292,609,851
Segment expenses	1,743,884,340	1,068,311,394	1,726,945,497	395,811,801	549,564,066	2,404,618,383	2,604,242,001	10,493,377,482
Segment operating profit/(loss)	678,878,812	2,082,820,538	1,300,694,219	40,012,532	282,051,000	1,129,551,957	(1,714,776,689)	3,799,232,369
Share of profits/(losses) of associates and joint ventures	-	-	-	3,803,958	(6,183,507)	827,653	11,009,304	9,457,408
Profit/(loss) before income tax	678,878,812	2,082,820,538	1,300,694,219	43,816,490	275,867,493	1,130,379,610	(1,703,767,385)	3,808,689,777
Segment assets	4,464,244,443	145,300,418,560	130,014,043,785	3,486,087,212	4,191,507,537	92,056,352,848	57,508,504,892	437,021,159,277
Deferred tax assets								1,153,773,961
Total assets								438,174,933,238
Segment liabilities	5,491,501,336	143,154,716,936	112,859,233,318	1,891,177,560	2,134,224,123	78,484,419,618	43,149,623,187	387,164,896,078
Deferred tax liabilities								433,048,884
Total liabilities								387,597,944,962
Other segment information (Amounts included in the measure of segment profit or loss):								
Interest expenses (Note 2)	102,879,986	394,949,532	1,283,261,922	31,586,748	23,534,740	759,036,986	404,209,147	2,999,459,061
Depreciation and amortisation expenses	51,016,177	33,963,915	27,454,657	29,084,009	23,180,380	179,184,949	146,373,841	490,257,928
Provision for/(reversal of) impairment losses under ECL model	169,044,042	3,397,878	4,064,993	81,871	(12,497,397)	2,303,481	866,970	167,261,838

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 6. SEGMENT REPORTING (continued)

### (a) Segment results (continued)

Note 1: Disaggregation of revenue was disclosed in Note 7. Brokerage commission is mainly generated from brokerage service provided by Equities and Wealth Management segments; underwriting and sponsoring fees and financial advisory fees are mainly generated by Investment Banking segment; asset management fees are mainly generated by Asset Management, Private Equity and Wealth Management segments.

Note 2: The Group allocates interest expenses across the reportable segments based on the capital used during the reporting period for the purpose of measuring segment operating performance and improving efficiencies of capital management.

Note 3: Based on the Group's strategic layout and needs of internal management, the former Investment Management was divided into and presented as Asset Management and Private Equity. The information of comparative period was restated accordingly.

### (b) Geographical information

The following table sets out the Group's revenue and other income from external clients and the Group's non-current assets (excluding financial assets at fair value through profit or loss, reverse REPOs, refundable deposits and deferred tax assets, same as below) in terms of geographical locations. The geographical locations of the revenue and other income from external clients are identified based on the locations in which the services or the products are rendered. The geographical locations of the non-current assets are identified based on where the fixed assets are located, where the intangible assets are allocated or where the associates and joint ventures operate.

	Revenue and other income from external clients	
	Six months ended 30 June	
	2021	2020
Mainland China	15,045,415,581	12,081,768,389
Outside mainland China	4,434,028,937	2,210,841,462
Total	19,479,444,518	14,292,609,851
	Non-current assets	
	As at 30 June 2021	As at 31 December 2020
Mainland China	5,860,522,665	4,896,853,135
Outside mainland China	1,051,430,937	1,716,414,067
Total	6,911,953,602	6,613,267,202

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 6. SEGMENT REPORTING (continued)

### (b) Geographical information (continued)

Reconciliation of segment non-current assets:

	Non-current assets	
	As at 30 June 2021	As at 31 December 2020
Total non-current assets for segments	32,815,731,116	29,361,611,314
Elimination of inter-segment non-current assets	(25,903,777,514)	(22,748,344,112)
Total	6,911,953,602	6,613,267,202

### (c) Major clients

The Group's client base is diversified and there was no case where the revenue recognised from a single client exceeded 10% of the Group's revenue for the six months ended 30 June 2021 and ended 30 June 2020.

## 7. FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2021	2020
Brokerage commission income	3,711,349,362	2,633,563,338
Underwriting and sponsoring fees	2,303,783,973	1,813,904,998
Asset management fees	1,456,984,677	1,124,334,961
Financial advisory fees	476,982,058	267,312,959
Investment advisory fees	318,258,051	187,431,202
Others	29,694,066	16,430,959
Total	8,297,052,187	6,042,978,417

Note: The accounting policies of revenue disaggregation and recognition applied in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those applied in the Group's annual financial statements for the year ended 31 December 2020.

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 8. INTEREST INCOME

	Six months ended 30 June	
	2021	2020
Interest income from margin financing and securities lending	1,343,409,905	844,700,343
Interest income from financial institutions	979,587,282	800,610,583
Interest income from financial assets at fair value through other comprehensive income	595,687,051	537,783,518
Interest income from reverse REPOs	464,117,796	292,069,668
Others	49,120,961	25,609,924
Total	3,431,922,995	2,500,774,036

## 9. INVESTMENT INCOME

	Six months ended 30 June	
	2021	2020
Net gains from disposal of financial assets at fair value through other comprehensive income	28,540,222	193,818,347
Net gains from financial instruments at fair value through profit or loss	16,526,931,155	12,996,941,240
Net losses from derivative financial instruments	(8,392,250,467)	(7,918,202,287)
Others (Note)	253,209	228,111,277
Total	8,163,474,119	5,500,668,577

Note: For the six months ended 30 June 2020, other investment income mainly consisted of a gain of RMB214 million arising from disposal of a subsidiary owned by China CICC Wealth Management Securities Company Limited ("CICC Wealth Management", "CISC" or "CICC WMS"). CICC Wealth Management is a wholly owned subsidiary of the Company.

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 10. OTHER (LOSSES)/INCOME, NET

	Note	Six months ended 30 June 2021	2020
Tax refunds		42,078,090	25,639,939
Government grants		40,014,605	43,494,576
Foreign exchange (losses)/gains from derivatives		(126,263,462)	277,395,189
Others	(i)	(368,834,016)	(98,340,883)
Total		(413,004,783)	248,188,821

(i) Others mainly consisted of gains and losses of foreign currency transactions due to exchange rate fluctuations.

## 11. FEE AND COMMISSION EXPENSES

	Six months ended 30 June 2021	2020
Brokerage commission expenses	913,197,069	632,455,244
Underwriting and sponsoring expenses	86,760,826	80,598,951
Asset management expenses	105,509,169	92,963,451
Total	1,105,467,064	806,017,646

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 12. INTEREST EXPENSES

	Six months ended 30 June	
	2021	2020
Interest expenses on:		
– Corporate bonds	1,616,351,055	826,693,602
– Subordinated bonds	629,972,895	492,312,887
– Placements from financial institutions	441,409,092	358,889,274
– REPOs	373,709,395	290,700,202
– MTNs	254,728,421	261,838,532
– Beneficiary certificates	231,447,121	250,623,362
– Accounts payable to brokerage clients	135,186,037	105,695,134
– Financial bonds	42,026,712	42,258,904
– Structured notes	38,776,688	98,782,270
– Lease liabilities	27,376,647	32,028,502
– Others	152,011,819	239,636,392
Total	3,942,995,882	2,999,459,061

## 13. STAFF COSTS

	Six months ended 30 June	
	2021	2020
Salaries, bonus and allowance	6,003,450,797	4,879,939,023
Retirement scheme contributions	234,949,822	76,439,801
Other social welfare	233,105,159	145,005,812
Other benefits	89,105,421	72,842,609
Total	6,560,611,199	5,174,227,245

The Group is required to participate in pension schemes in mainland China, Hong Kong SAR and other jurisdictions whereby the Group pays annual contributions for its employees at certain ratios of salaries. The Group has no other material obligations of payment for retirement benefits to its employees beyond the annual contributions described above.

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 14. DEPRECIATION AND AMORTISATION EXPENSES

	Six months ended 30 June	
	2021	2020
Depreciation of right-of-use assets	304,626,606	297,313,060
Depreciation of property and equipment	167,691,599	136,942,037
Amortisation of intangible assets	67,502,983	55,400,893
Others	574,160	601,938
Total	540,395,348	490,257,928

## 15. OTHER OPERATING EXPENSES AND COSTS

	Six months ended 30 June	
	2021	2020
Business development expenses	392,283,859	239,333,998
Information technology related expenses	263,973,101	181,292,764
Travelling and transportation expenses	150,686,187	64,154,956
Professional service fees	83,708,531	64,581,602
Securities Investor Protection Fund	48,645,180	39,524,973
Utilities and maintenance	38,480,768	36,059,055
Lease expenses	28,208,302	13,052,571
Auditors' remuneration	4,000,000	3,000,000
Others	204,948,135	164,199,383
Total	1,214,934,063	805,199,302

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 16. (REVERSAL OF)/PROVISION FOR IMPAIRMENT LOSSES UNDER ECL MODEL

	Six months ended 30 June	
	2021	2020
Impairment losses (reversed)/provided for:		
Accounts receivable and other assets	39,708,909	156,395,095
Receivable from margin clients	10,623,450	6,921,015
Reverse REPOs	(72,721,631)	235,939
Financial assets at fair value through other comprehensive income	(7,001,160)	3,577,463
Cash and bank balances	(112,421)	132,326
Total	(29,502,853)	167,261,838

## 17. INCOME TAX EXPENSE

### (a) Taxation in the condensed consolidated statement of profit or loss:

	Six months ended 30 June	
	2021	2020
Current tax		
– Mainland China income tax	386,794,923	585,520,723
– Hong Kong SAR profits tax	357,767,435	115,744,841
Subtotal	744,562,358	701,265,564
Deferred tax		
– Origination and reversal of temporary differences	358,580,556	28,670,776
Total	1,103,142,914	729,936,340

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 17. INCOME TAX EXPENSE (continued)

### (b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

The income tax has been provided at the statutory rate of 25%, in accordance with the relevant tax laws in mainland China during the period. Taxes on profits assessable outside mainland China have been calculated at the applicable tax rates prevailing in the countries/jurisdictions in which the Group operates, based on the existing legislation, interpretations and practices. Reconciliation between income tax expense that would result from applying the PRC statutory income tax rate to the Group's profit before income tax and the income tax expense in the condensed consolidated statement of profit or loss is as follows:

	Six months ended 30 June	
	2021	2020
Profit before income tax	6,119,070,490	3,808,689,777
Income tax calculated at the PRC statutory income tax rate	1,529,767,623	952,172,444
Effect of non-deductible expenses	17,689,003	14,853,444
Effect of non-taxable income	(221,598,682)	(203,810,494)
Effect of different applicable tax rates of the subsidiaries	(298,310,179)	2,034,889
Effect of deductible temporary differences or deductible tax losses		
with no deferred tax asset recognised in the period	38,590,919	67,651,427
Effect of using the deductible temporary differences or deductible tax losses		
with no deferred tax asset recognised in previous period	(4,987,742)	(5,148,071)
Others	41,991,972	(97,817,299)
Total income tax expense	1,103,142,914	729,936,340

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 18. BASIC EARNINGS PER SHARE

	Six months ended 30 June	
	2021	2020
Profit attributable to shareholders of the Company	5,007,028,294	3,051,785,319
Interest for holders of perpetual subordinated bonds for the period	(159,661,918)	(23,112,329)
Total	4,847,366,376	3,028,672,990
Weighted average number of ordinary shares in issue	4,827,256,868	4,368,667,868
Basic earnings per share (in RMB per share)	1.00	0.69

Basic earnings per share was calculated as the profit for the period attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares in issue.

No diluted earnings per share has been presented for the six months ended 30 June 2021 and ended 30 June 2020 as the Company had no potential ordinary shares in issue during the periods.

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 19. PROPERTY AND EQUIPMENT

	Buildings	Office equipment	Furniture and fixtures	Motor vehicles	Leasehold improvements	Construction in progress	Total
<b>Cost</b>							
As at 31 December 2020	92,721,687	1,600,593,892	105,571,362	21,250,345	811,121,887	37,337,284	2,668,596,457
Additions and transfer-in	-	181,513,035	7,504,890	-	47,328,015	79,833,388	316,179,328
Transfer-out	-	-	-	-	-	(25,120,316)	(25,120,316)
Disposals	-	(55,042,541)	(1,386,000)	(6,719,442)	(2,584,122)	-	(65,732,105)
Effect of changes in exchange rates	-	(1,542,032)	(163,973)	-	(1,678,092)	-	(3,384,097)
As at 30 June 2021	92,721,687	1,725,522,354	111,526,279	14,530,903	854,187,688	92,050,356	2,890,539,267
<b>Accumulated depreciation</b>							
As at 31 December 2020	(41,485,338)	(1,167,366,201)	(78,923,235)	(17,163,812)	(615,259,547)	-	(1,920,198,133)
Additions	(2,225,286)	(111,840,198)	(6,807,807)	(202,583)	(46,615,725)	-	(167,691,599)
Disposals	-	52,465,029	1,268,577	6,321,377	2,584,122	-	62,639,105
Effect of changes in exchange rates	-	1,191,137	118,228	-	1,016,388	-	2,325,753
As at 30 June 2021	(43,710,624)	(1,225,550,233)	(84,344,237)	(11,045,018)	(658,274,762)	-	(2,022,924,874)
<b>Carrying amount</b>							
As at 30 June 2021	49,011,063	499,972,121	27,182,042	3,485,885	195,912,926	92,050,356	867,614,393
As at 31 December 2020	51,236,349	433,227,691	26,648,127	4,086,533	195,862,340	37,337,284	748,398,324

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 19. PROPERTY AND EQUIPMENT (continued)

	Buildings	Office equipment	Furniture and fixtures	Motor vehicles	Leasehold improvements	Construction in progress	Total
<b>Cost</b>							
As at 31 December 2019	91,329,992	1,481,439,154	104,438,927	54,751,668	806,063,472	6,514,139	2,544,537,352
Transfer-out due to disposals of subsidiaries	–	(4,496,590)	(37,147)	(593,130)	(7,261,768)	–	(12,388,635)
Additions and transfer-in	1,391,695	216,248,401	7,830,289	360,080	66,793,587	58,823,981	351,448,033
Transfer-out	–	–	–	–	–	(28,000,836)	(28,000,836)
Disposals	–	(84,484,221)	(5,605,381)	(33,261,678)	(45,365,875)	–	(168,717,155)
Effect of changes in exchange rates	–	(8,112,852)	(1,055,326)	(6,595)	(9,107,529)	–	(18,282,302)
As at 31 December 2020	92,721,687	1,600,593,892	105,571,362	21,250,345	811,121,887	37,337,284	2,668,596,457
<b>Accumulated depreciation</b>							
As at 31 December 2019	(37,124,241)	(1,065,069,036)	(72,650,171)	(45,328,010)	(594,859,174)	–	(1,815,030,632)
Transfer-out due to disposals of subsidiaries	–	3,960,597	14,859	593,130	6,958,083	–	11,526,669
Additions	(4,361,097)	(190,552,412)	(11,449,962)	(2,018,424)	(76,898,369)	–	(285,280,264)
Disposals	–	79,246,758	5,141,517	29,582,897	45,345,873	–	159,317,045
Effect of changes in exchange rates	–	5,047,892	20,522	6,595	4,194,040	–	9,269,049
As at 31 December 2020	(41,485,338)	(1,167,366,201)	(78,923,235)	(17,163,812)	(615,259,547)	–	(1,920,198,133)
<b>Carrying amount</b>							
As at 31 December 2020	51,236,349	433,227,691	26,648,127	4,086,533	195,862,340	37,337,284	748,398,324
As at 31 December 2019	54,205,751	416,370,118	31,788,756	9,423,658	211,204,298	6,514,139	729,506,720

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 20. RIGHT-OF-USE ASSETS

	Buildings	Leasehold land	Equipment	Total
<b>Cost</b>				
As at 31 December 2020	2,192,003,536	1,266,558,879	877,867	3,459,440,282
Increases	400,557,277	–	–	400,557,277
Decreases	(68,477,848)	–	–	(68,477,848)
Effect of changes in exchange rates	(5,864,091)	–	(4,707)	(5,868,798)
As at 30 June 2021	2,518,218,874	1,266,558,879	873,160	3,785,650,913
<b>Accumulated depreciation</b>				
As at 31 December 2020	(1,002,613,003)	(184,821,786)	(453,157)	(1,187,887,946)
Increases	(304,573,638)	(16,455,329)	(78,671)	(321,107,638)
Decreases	36,516,397	–	–	36,516,397
Effect of changes in exchange rates	1,061,810	–	586	1,062,396
As at 30 June 2021	(1,269,608,434)	(201,277,115)	(531,242)	(1,471,416,791)
<b>Carrying amount</b>				
As at 30 June 2021	1,248,610,440	1,065,281,764	341,918	2,314,234,122
As at 31 December 2020	1,189,390,533	1,081,737,093	424,710	2,271,552,336

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

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

	Buildings	Leasehold land	Equipment	Total
<b>Cost</b>				
As at 31 December 2019	2,023,843,309	1,266,558,879	891,449	3,291,293,637
Increases	317,109,121	–	74,410	317,183,531
Decreases	(116,914,915)	–	–	(116,914,915)
Effect of changes in exchange rates	(32,033,979)	–	(87,992)	(32,121,971)
As at 31 December 2020	2,192,003,536	1,266,558,879	877,867	3,459,440,282
<b>Accumulated depreciation</b>				
As at 31 December 2019	(535,523,833)	(151,911,128)	(349,805)	(687,784,766)
Increases	(568,695,032)	(32,910,658)	(162,125)	(601,767,815)
Decreases	92,838,106	–	–	92,838,106
Effect of changes in exchange rates	8,767,756	–	58,773	8,826,529
As at 31 December 2020	(1,002,613,003)	(184,821,786)	(453,157)	(1,187,887,946)
<b>Carrying amount</b>				
As at 31 December 2020	1,189,390,533	1,081,737,093	424,710	2,271,552,336
As at 31 December 2019	1,488,319,476	1,114,647,751	541,644	2,603,508,871

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 21. GOODWILL

### (a) Changes in goodwill

	Six months ended 30 June 2021	Year ended 31 December 2020
At the beginning of the period/year	1,582,678,646	1,582,678,646
Additions for the period/year	–	–
Subtotal	1,582,678,646	1,582,678,646
Less: Impairment loss allowance	–	–
Carrying amount	1,582,678,646	1,582,678,646

Note: The Company acquired CICC Wealth Management in 2017 and paid, as the cost of the acquisition, the consideration of RMB16,700,695,000 in the form of share issuance. The difference between the consideration and the fair value of the identifiable net assets attributable to the Company amounted to RMB1,582,678,646 and was recognised as goodwill.

### (b) Impairment test

The Company acquired 100% equity interests of CICC Wealth Management in March 2017, aiming to generate long-term benefit of synergy by utilising strengths in aspects of products, services and distributions across the enlarged group. The Group recognised the portion of consideration in excess of fair value of the identifiable net assets acquired as the goodwill of the cash-generating unit of wealth management.

As at 30 June 2021, no indications of impairment came to attention of the management.

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 22. INTANGIBLE ASSETS

	Securities trading seat rights	Others (Note)	Total
<b>Cost</b>			
As at 31 December 2020	163,112,847	603,671,526	766,784,373
Additions	–	88,232,805	88,232,805
Disposal	–	(1,324,831)	(1,324,831)
Effect of changes in exchange rates	–	(4,780)	(4,780)
As at 30 June 2021	163,112,847	690,574,720	853,687,567
<b>Accumulated amortisation</b>			
As at 31 December 2020	(109,487,844)	(346,476,553)	(455,964,397)
Additions	(4,290,000)	(63,212,983)	(67,502,983)
Disposal	–	1,324,831	1,324,831
Effect of changes in exchange rates	–	2,951	2,951
As at 30 June 2021	(113,777,844)	(408,361,754)	(522,139,598)
<b>Carrying amount</b>			
As at 30 June 2021	49,335,003	282,212,966	331,547,969
As at 31 December 2020	53,625,003	257,194,973	310,819,976

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 22. INTANGIBLE ASSETS (continued)

	Securities trading seat rights	Others (Note)	Total
<b>Cost</b>			
As at 31 December 2019	164,008,627	466,228,881	630,237,508
Transfer-out due to disposals of subsidiaries	(885,930)	(1,553,999)	(2,439,929)
Additions	–	142,967,169	142,967,169
Disposals	–	(3,926,177)	(3,926,177)
Effect of changes in exchange rates	(9,850)	(44,348)	(54,198)
As at 31 December 2020	163,112,847	603,671,526	766,784,373
<b>Accumulated amortisation</b>			
As at 31 December 2019	(100,890,344)	(244,246,505)	(345,136,849)
Transfer-out due to disposals of subsidiaries	–	1,520,400	1,520,400
Additions	(8,597,500)	(107,214,047)	(115,811,547)
Disposals	–	3,445,863	3,445,863
Effect of changes in exchange rates	–	17,736	17,736
As at 31 December 2020	(109,487,844)	(346,476,553)	(455,964,397)
<b>Carrying amount</b>			
As at 31 December 2020	53,625,003	257,194,973	310,819,976
As at 31 December 2019	63,118,283	221,982,376	285,100,659

Note: Others mainly included computer software used by the Group.

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

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

### Non-current

	As at 30 June 2021	As at 31 December 2020
Equity securities	7,465,855,538	6,709,361,710

### Current

	As at 30 June 2021	As at 31 December 2020
Equity securities	113,121,596,918	104,210,837,992
Debt securities (Note)	85,559,527,572	80,814,486,684
Funds and other investments	83,173,726,729	55,871,011,259
Total	281,854,851,219	240,896,335,935

Note: As at 30 June 2021, the perpetual bonds included in debt securities amounted to RMB14,514,134,620 (31 December 2020: RMB13,646,545,485).

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 24. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS (“REVERSE REPOS”)

### (a) Analysed by collateral type:

#### Non-current

	As at 30 June 2021	As at 31 December 2020
Stocks	639,842,900	886,465,533
Accrued interests	25,761,327	18,705,684
Less: Impairment loss allowance	(1,059,799)	(2,984,859)
Total	664,544,428	902,186,358

#### Current

	As at 30 June 2021	As at 31 December 2020
Stocks	9,873,336,173	8,697,855,495
Debt securities	18,091,397,607	8,987,319,233
Subtotal	27,964,733,780	17,685,174,728
Accrued interests	218,751,800	142,967,983
Less: Impairment loss allowance	(228,835,350)	(299,631,921)
Total	27,954,650,230	17,528,510,790

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 24. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS (“REVERSE REPOS”) (continued)

### (b) Analysed by market:

#### Non-current

	As at 30 June 2021	As at 31 December 2020
Stock exchanges	205,333,887	550,856,785
Over-the-counter market	459,210,541	351,329,573
Total	664,544,428	902,186,358

#### Current

	As at 30 June 2021	As at 31 December 2020
Stock exchanges	26,900,827,060	15,465,920,946
Inter-bank market	679,421,457	1,727,510,775
Over-the-counter market	374,401,713	335,079,069
Total	27,954,650,230	17,528,510,790

The Group receives securities as collateral in connection with reverse REPO business. The Group is allowed to sell or re-pledge the collaterals held in connection with debt securities outright REPO business in the absence of default of its counterparties. If the securities depreciate in value, the Group may, in certain circumstances, require additional collaterals. The Group has an obligation to return the collaterals to its counterparties at the expiration of the agreements.

As at 30 June 2021, the collateral received by the Group in connection with reverse REPO business amounted to RMB55,002,179,081 (31 December 2020: RMB43,423,699,202).

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 24. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS (“REVERSE REPOS”) (continued)

### (c) Analysis of the movement in impairment loss allowance:

	Six months ended 30 June 2021	Year ended 31 December 2020
At the beginning of the period/year	302,616,780	30,598,140
(Reversed)/provided for the period/year	(72,721,631)	287,054,140
Write-offs for the period/year	–	(15,035,500)
At the end of the period/year	229,895,149	302,616,780

	As at 30 June 2021			Total
	12-month ECL	Lifetime ECL- not credit impaired	Lifetime ECL- credit impaired	
Impairment loss allowance	46,376,358	4,822,657	178,696,134	229,895,149

	As at 31 December 2020			Total
	12-month ECL	Lifetime ECL- not credit impaired	Lifetime ECL- credit impaired	
Impairment loss allowance	41,298,123	7,386,813	253,931,844	302,616,780

## 25. REFUNDABLE DEPOSITS

	As at 30 June 2021	As at 31 December 2020
Self-owned refundable deposits	7,759,925,289	8,107,621,610
Refundable deposits held on behalf of clients	5,996,467,362	3,660,152,256
Subtotal	13,756,392,651	11,767,773,866
Accrued interests	720,321	550,069
Total	13,757,112,972	11,768,323,935

Refundable deposits are mainly placed at stock exchanges and clearinghouses, futures and commodity exchanges, China Securities Finance Corporation Limited, Shanghai Clearing House, futures companies and other institutions.

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 26. DEFERRED TAX ASSETS/(LIABILITIES)

### (a) *Deferred tax assets and liabilities recognised*

The components of deferred tax assets/(liabilities) recognised in the condensed consolidated statement of financial position and the movement during the period/year are as follows:

	As at 1 January 2021	Credited/ (charged) to profit or loss	(Charged)/ credited to equity	Effect of changes in exchange rates	As at 30 June 2021		
					Deferred tax, net	Deferred tax assets	Deferred tax liabilities
Deferred tax assets/(liabilities) before set-off:							
Staff cost	1,286,938,753	7,086,735	-	(59,136)	1,293,966,352	1,293,966,352	-
Deductible tax losses	65,048,404	566,534,126	-	(951,343)	630,631,187	630,631,187	-
Depreciation and amortisation	(29,798,976)	(10,690,280)	-	(12,918)	(40,502,174)	1,788,157	(42,290,331)
Changes in fair values of financial instruments at fair value through profit or loss	(282,134,833)	(1,064,766,499)	-	(6,206)	(1,346,907,538)	20,532,892	(1,367,440,430)
Changes in fair values of financial assets at fair value through other comprehensive income	(4,795,623)	-	(17,435,071)	136,215	(22,094,479)	722,430	(22,816,909)
Fair value adjustment arising from acquisition of a subsidiary	(167,194,386)	1,272,239	-	-	(165,922,147)	-	(165,922,147)
Others	412,883,361	141,983,123	1,445,237	(106,523)	556,205,198	571,409,720	(15,204,522)
Subtotal	1,280,946,700	(358,580,556)	(15,989,834)	(999,911)	905,376,399	2,519,050,738	(1,613,674,339)
Set off						(940,502,355)	940,502,355
Deferred tax assets/(liabilities) recognised in the condensed consolidated statement of financial position						1,578,548,383	(673,171,984)

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 26. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

### (a) Deferred tax assets and liabilities recognised (continued)

	As at 1 January 2020	Credited/ (charged) to profit or loss	Credited/ (charged) to equity	Effect of changes in exchange rates	As at 31 December 2020		
					Deferred tax, net	Deferred tax assets	Deferred tax liabilities
Deferred tax assets/(liabilities) before set-off:							
Staff cost	830,304,832	457,384,927	–	(751,006)	1,286,938,753	1,286,938,753	–
Deductible tax losses	33,729,748	34,680,521	–	(3,361,865)	65,048,404	65,048,404	–
Depreciation and amortisation	(30,173,159)	429,382	–	(55,199)	(29,798,976)	1,709,895	(31,508,871)
Changes in fair values of financial instruments at fair value through profit or loss	(78,058,586)	(204,197,972)	–	121,725	(282,134,833)	225,082,043	(507,216,876)
Changes in fair values of financial assets at fair value through other comprehensive income	(53,438,968)	–	48,518,724	124,621	(4,795,623)	7,288,066	(12,083,689)
Fair value adjustment arising from acquisition of a subsidiary	(174,993,509)	7,799,123	–	–	(167,194,386)	–	(167,194,386)
Others	201,186,197	213,832,260	(474,066)	(1,661,030)	412,883,361	429,188,090	(16,304,729)
Subtotal	728,556,555	509,928,241	48,044,658	(5,582,754)	1,280,946,700	2,015,255,251	(734,308,551)
Set off						(227,640,886)	227,640,886
Deferred tax assets/(liabilities) recognised in the condensed consolidated statement of financial position						1,787,614,365	(506,667,665)

### (b) Deferred tax assets not recognised

As at 30 June 2021, the accumulated deductible temporary differences and deductible tax losses with no deferred tax asset recognised of the Group amounted to RMB1,910 million (31 December 2020: RMB1,505 million).

Deferred tax assets not recognised in respect of cumulative tax losses are mainly attributable to certain overseas subsidiaries of the Group which were set up to strengthen the Group's cross-border service capabilities.

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 27. OTHER NON-CURRENT ASSETS

	As at 30 June 2021	As at 31 December 2020
Rental and other deposits	184,621,886	150,211,057
Others	597,133,938	528,831,735
Subtotal	781,755,824	679,042,792
Less: Impairment loss allowance	(173,358,724)	(168,077,738)
Total	608,397,100	510,965,054

### (a) Analysis of the movement in impairment loss allowance:

	Six months ended 30 June 2021	Year ended 31 December 2020
At the beginning of the period/year	168,077,738	20,821,165
(Reversed)/provided for the period/year	(194,969)	170,654,092
Write-offs for the period/year	–	(10,721,771)
Effect of changes in exchange rates and others	5,475,955	(12,675,748)
At the end of the period/year	173,358,724	168,077,738

	As at 30 June 2021			Total
	12-month ECL	Lifetime ECL- not credit impaired	Lifetime ECL- credit impaired	
Impairment loss allowance	916,089	7,381,217	165,061,418	173,358,724

	As at 31 December 2020			Total
	12-month ECL	Lifetime ECL- not credit impaired	Lifetime ECL- credit impaired	
Impairment loss allowance	1,325,671	–	166,752,067	168,077,738

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 28. ACCOUNTS RECEIVABLE

### (a) Analysed by nature:

	As at 30 June 2021	As at 31 December 2020
Trade receivable (Note)	52,033,426,560	41,104,785,042
Asset management fees receivable	1,654,331,635	1,310,345,227
Underwriting and advisory fees receivable	1,547,737,063	1,296,068,783
Trading seat rental fees receivable	238,889,151	195,405,526
Others	169,732,578	212,101,324
Subtotal	55,644,116,987	44,118,705,902
Less: Impairment loss allowance	(660,789,118)	(624,931,217)
Total	54,983,327,869	43,493,774,685

Note: Trade receivable mainly consisted of receivables from brokers and clearinghouses for trade settlements and from counterparties in derivative transactions and deposits for securities-based lending.

### (b) Analysed by aging:

	As at 30 June 2021			
	Gross amount Amount	%	Impairment loss allowance Amount	%
Within 1 year (inclusive)	54,112,175,033	97.25%	(233,594,922)	35.35%
1 – 2 years (inclusive)	1,035,748,232	1.86%	(163,068,248)	24.68%
2 – 3 years (inclusive)	212,810,633	0.38%	(101,540,457)	15.37%
More than 3 years	283,383,089	0.51%	(162,585,491)	24.60%
Total	55,644,116,987	100.00%	(660,789,118)	100.00%

	As at 31 December 2020			
	Gross amount Amount	%	Impairment loss allowance Amount	%
Within 1 year (inclusive)	42,357,168,020	96.00%	(206,675,937)	33.08%
1 – 2 years (inclusive)	1,317,021,385	2.99%	(197,759,198)	31.64%
2 – 3 years (inclusive)	141,947,812	0.32%	(94,563,609)	15.13%
More than 3 years	302,568,685	0.69%	(125,932,473)	20.15%
Total	44,118,705,902	100.00%	(624,931,217)	100.00%

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 28. ACCOUNTS RECEIVABLE (continued)

### (c) Analysis of the movement in impairment loss allowance:

	Six months ended 30 June 2021	Year ended 31 December 2020
At the beginning of the period/year	624,931,217	233,301,015
Provided for the period/year	39,900,247	399,212,753
Write-offs for the period/year	(2,546,702)	(5,901,123)
Effect of changes in exchange rates and others	(1,495,644)	(1,681,428)
At the end of the period/year	660,789,118	624,931,217

	12-month ECL	As at 30 June 2021		Total
		Lifetime ECL- not credit impaired	Lifetime ECL- credit impaired	
Impairment loss allowance	237,635,061	59,256,837	363,897,220	660,789,118

	12-month ECL	As at 31 December 2020		Total
		Lifetime ECL- not credit impaired	Lifetime ECL- credit impaired	
Impairment loss allowance	243,346,795	59,555,430	322,028,992	624,931,217

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 29. RECEIVABLE FROM MARGIN CLIENTS

### (a) Analysed by nature:

	As at 30 June 2021	As at 31 December 2020
Individuals	30,762,143,470	29,229,190,952
Institutions	4,992,635,016	4,110,732,871
Subtotal	35,754,778,486	33,339,923,823
Accrued interests	809,818,510	681,692,892
Less: Impairment loss allowance	(147,285,472)	(136,803,436)
Total	36,417,311,524	33,884,813,279

### (b) Analysed by fair value of collaterals:

	As at 30 June 2021	As at 31 December 2020
Stocks	116,635,098,466	102,655,533,418
Cash	5,532,193,915	4,629,138,045
Funds	7,908,478,929	5,758,757,056
Debt securities	226,938,871	116,697,735
Total	130,302,710,181	113,160,126,254

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 29. RECEIVABLE FROM MARGIN CLIENTS (continued)

### (c) Analysis of the movement in impairment loss allowance:

	Six months ended 30 June 2021	Year ended 31 December 2020
At the beginning of the period/year	136,803,436	42,952,110
Provided for the period/year	10,623,450	111,960,873
Effect of changes in exchange rates and others	(141,414)	(18,109,547)
At the end of the period/year	147,285,472	136,803,436

	As at 30 June 2021			Total
	12-month ECL	Lifetime ECL- not credit impaired	Lifetime ECL- credit impaired	
Impairment loss allowance	143,011,019	4,047,807	226,646	147,285,472

	As at 31 December 2020			Total
	12-month ECL	Lifetime ECL- not credit impaired	Lifetime ECL- credit impaired	
Impairment loss allowance	131,830,972	4,832,093	140,371	136,803,436

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 30. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

### (a) Analysed by type:

	As at 30 June 2021	As at 31 December 2020
At fair value		
– Debt securities	36,235,106,892	37,212,187,524

### (b) Analysed by listing status:

	As at 30 June 2021	As at 31 December 2020
Listed		
– In Hong Kong, China	3,952,919,293	2,071,334,212
– Outside Hong Kong, China	32,282,187,599	35,140,853,312
Total	36,235,106,892	37,212,187,524

### (c) Analysis of the movement in impairment loss allowance:

	Six months ended 30 June 2021	Year ended 31 December 2020
At the beginning of the period/year	18,166,922	17,043,688
(Reversed)/provided for the period/year	(7,001,160)	1,841,028
Effect of changes in exchange rates and others	(37,372)	(717,794)
At the end of the period/year	11,128,390	18,166,922

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 30. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(continued)

### (c) Analysis of the movement in impairment loss allowance: (continued)

	As at 30 June 2021			Total
	12-month ECL	Lifetime ECL- not credit impaired	Lifetime ECL- credit impaired	
Impairment loss allowance	11,128,390	–	–	11,128,390

	As at 31 December 2020			Total
	12-month ECL	Lifetime ECL- not credit impaired	Lifetime ECL- credit impaired	
Impairment loss allowance	18,166,922	–	–	18,166,922

## 31. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	As at 30 June 2021		
	Notional amount	Fair value	
		Assets	Liabilities
Hedging instruments (a)			
– Interest rate contracts	7,890,000,000	107,359,489	–
Non-hedging instruments			
– Interest rate contracts	459,852,359,979	672,266,553	(637,734,124)
– Currency contracts	121,310,429,222	1,614,363,147	(1,865,936,246)
– Equity contracts	398,914,664,660	11,743,801,331	(17,798,772,290)
– Credit contracts	1,125,103,500	5,364,034	(13,010,974)
– Other contracts (Note)	49,893,582,196	500,358,863	(334,714,726)
Total	1,038,986,139,557	14,643,513,417	(20,650,168,360)
Less: Settlement		(5,919,831)	704,701,525
Net position		14,637,593,586	(19,945,466,835)

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 31. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (continued)

	As at 31 December 2020		
	Notional amount	Fair value	
		Assets	Liabilities
Hedging instruments (a)			
– Interest rate contracts	9,590,000,000	147,610,386	–
Non-hedging instruments			
– Interest rate contracts	405,563,762,807	610,719,055	(666,826,709)
– Currency contracts	122,152,208,668	1,925,466,923	(3,427,667,304)
– Equity contracts	301,153,269,581	9,045,945,509	(20,693,731,679)
– Credit contracts	1,228,896,500	10,146,455	(10,762,169)
– Other contracts (Note)	54,619,624,733	609,631,600	(585,781,254)
Total	894,307,762,289	12,349,519,928	(25,384,769,115)
Less: Settlement		(38,256,092)	702,234,478
Net position		12,311,263,836	(24,682,534,637)

Note: Other contracts mainly include commodity options and commodity futures.

Under a daily mark-to-market settlement arrangement, any gains or losses of the Group's positions in futures contracts in mainland China are settled daily. As at 30 June 2021, derivative financial assets of RMB5,919,831 arose from unexpired treasury bond futures contracts (31 December 2020: derivative financial assets of RMB38,256,092 arose from unexpired commodity and treasury bond futures contracts); derivative financial liabilities of RMB704,701,525 arose from unexpired commodity and stock index futures contracts (31 December 2020: derivative financial liabilities of RMB702,234,478 arose from unexpired stock index futures contracts). These gains or losses are reflected as settlement in the tables above.

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 31. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (continued)

### (a) Hedging instruments

Fair value hedges are used by the Group to protect against changes in the fair value of financial liabilities due to movements in market interest rates. Interest rate swaps are used to hedge the interest rate risk of the selected long-term debt securities issued.

The gains of fair value hedges are presented as follows:

	Six months ended 30 June	
	2021	2020
Gains arising from fair value hedges, net:		
Interest rate contracts	2,294,668	133,909,510
Hedged items attributable to the hedged risk	19,866,324	(102,694,920)
Total	22,160,992	31,214,590

The notional amounts with remaining life of the designated as hedging instruments in fair value hedges are presented as follows:

	As at 30 June 2021			
	Less than 6 months (inclusive)	6 months to 12 months (inclusive)	More than 12 months	Total
Hedging instruments-interest rate contracts	1,500,000,000	1,550,000,000	4,840,000,000	7,890,000,000

	As at 31 December 2020			
	Less than 6 months (inclusive)	6 months to 12 months (inclusive)	More than 12 months	Total
Hedging instruments-interest rate contracts	1,400,000,000	2,000,000,000	6,190,000,000	9,590,000,000

Details of the Group's hedged risk exposure in fair value hedges strategy are set out below:

	As at 30 June 2021	As at 31 December 2020
Long-term debt securities issued		
Carrying amount of hedged items	8,110,323,258	9,878,977,040
Accumulated adjustments to the fair value of hedged items	142,218,600	207,364,163

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 32. CASH HELD ON BEHALF OF CLIENTS

The Group maintains segregated deposit accounts with banks and authorised institutions to hold client monies arising from its ordinary course of business. The Group has classified their client monies as cash held on behalf of clients under current assets of the condensed consolidated statement of financial position and recognised the corresponding current liabilities, in particular, accounts payable to brokerage clients and accounts payable to underwriting clients, on the grounds that the Group is liable for any misappropriation of their clients' monies. In mainland China, clients' monies are restricted and governed by relevant third-party deposit regulations issued by the China Securities Regulatory Commission (the "CSRC"). In Hong Kong SAR, clients' monies are restricted and governed by the *Securities and Futures (Client Money) Rules* under the *Securities and Futures Ordinance*.

## 33. CASH AND BANK BALANCES

	As at 30 June 2021	As at 31 December 2020
Cash on hand	163,634	139,386
Deposits with banks	49,282,348,179	44,082,495,955
Deposits with clearinghouses	5,212,732,005	3,006,847,606
Subtotal	54,495,243,818	47,089,482,947
Accrued interests	108,673,907	71,756,629
Less: Impairment loss allowance	(56,030)	(168,508)
Total	54,603,861,695	47,161,071,068

## 34. CASH AND CASH EQUIVALENTS

	As at 30 June 2021	As at 31 December 2020
Cash on hand	163,634	139,386
Deposits with banks	49,282,348,179	44,082,495,955
Deposits with clearinghouses	5,212,732,005	3,006,847,606
Subtotal	54,495,243,818	47,089,482,947
Less: Restricted bank deposits	(564,862,245)	(427,049,392)
Total	53,930,381,573	46,662,433,555

The restricted bank deposits mainly include the risk reserve deposits held for asset management business and temporary deposits held on behalf of non-brokerage clients.

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

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

	As at 30 June 2021		Total
	Financial liabilities held for trading	Financial liabilities designated as at fair value through profit or loss	
Equity securities	4,198,278,064	29,577,447,553	33,775,725,617
Debt securities	890,384,661	1,749,562,291	2,639,946,952
Funds and others	651,268,464	–	651,268,464
<b>Total</b>	<b>5,739,931,189</b>	<b>31,327,009,844</b>	<b>37,066,941,033</b>

	As at 31 December 2020		Total
	Financial liabilities held for trading	Financial liabilities designated as at fair value through profit or loss	
Equity securities	5,904,122,584	33,251,717,178	39,155,839,762
Debt securities	1,066,167,906	1,542,983,452	2,609,151,358
Funds and others	1,126,558,207	–	1,126,558,207
<b>Total</b>	<b>8,096,848,697</b>	<b>34,794,700,630</b>	<b>42,891,549,327</b>

As at 30 June 2021 and 31 December 2020, there were no significant fair value changes related to the changes in the credit risk of financial liabilities designated as at fair value through profit or loss of the Group.

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 36. ACCOUNTS PAYABLE TO BROKERAGE CLIENTS

	As at 30 June 2021	As at 31 December 2020
Client deposits for brokerage trading	77,143,094,494	62,030,728,369
Client deposits for margin financing and securities lending	8,899,123,896	8,612,779,838
Subtotal	86,042,218,390	70,643,508,207
Accrued interests	12,259,821	11,672,249
Total	86,054,478,211	70,655,180,456

Accounts payable to brokerage clients represent the monies received from and repayable to brokerage clients, which are mainly held at banks and clearinghouses. Accounts payable to brokerage clients are interest-bearing at the prevailing interest rate.

The balance of the accounts payable includes certain margin deposits and cash collaterals received from clients for their margin financing and securities lending activities under ordinary course of business. Only the amounts in excess of the required amount of margin deposits and cash collaterals are repayable on demand.

## 37. PLACEMENTS FROM FINANCIAL INSTITUTIONS

### (a) Analysed by funding source:

	As at 30 June 2021	As at 31 December 2020
Placements from banks	22,986,773,545	33,796,181,995
Placements from China Securities Finance Corporation Limited	500,000,000	200,000,000
Placements from non-bank financial institution	–	300,000,000
Subtotal	23,486,773,545	34,296,181,995
Accrued interests	201,321,108	220,232,700
Total	23,688,094,653	34,516,414,695

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 37. PLACEMENTS FROM FINANCIAL INSTITUTIONS (continued)

### (b) Analysed by residual maturity:

	As at 30 June 2021		As at 31 December 2020	
	Book value	Range of interest rate	Book value	Range of interest rate
Within 1 month (inclusive)	9,085,384,724	0.12% – 7.35%	18,964,291,414	0.99% – 3.50%
1 – 3 months (inclusive)	3,269,518,980	2.80% – 3.45%	4,248,025,919	1.08% – 2.99%
3 months – 1 year (inclusive)	11,333,190,949	1.39% – 3.49%	11,304,097,362	1.76% – 3.49%
Total	23,688,094,653		34,516,414,695	

## 38. SHORT-TERM DEBT SECURITIES ISSUED

	Notes	As at 30 June 2021	As at 31 December 2020
Beneficiary certificates	(a)	16,517,556,409	19,683,669,800
Structured notes	(b)	3,606,000,741	5,884,269,327
MTNs	(c)	795,304,522	803,260,708
Subtotal		20,918,861,672	26,371,199,835
Accrued interests:			
Beneficiary certificates		116,289,853	92,036,857
Structured notes		11,759,316	27,082,943
MTNs		2,616,761	2,250,830
Total		21,049,527,602	26,492,570,465

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 38. SHORT-TERM DEBT SECURITIES ISSUED (continued)

### (a) Beneficiary certificates:

Nominal interest rate	Book value as at 1 January 2021	Issuance	Interest accrued, net of interest paid	Redemption	Reclassified to long-term debt securities issued (Note)	Book value as at 30 June 2021
0.00% – 11.02%	19,775,706,657	23,247,087,747	26,475,736	(26,213,201,138)	(202,222,740)	16,633,846,262

Nominal interest rate	Book value as at 1 January 2020	Issuance	Interest accrued, net of interest paid	Redemption	Reclassified to long-term debt securities issued (Note)	Book value as at 31 December 2020
0.00% – 11.02%	14,590,818,072	61,155,882,718	8,707,077	(55,625,339,603)	(354,361,607)	19,775,706,657

Note: A balance of RMB202 million (31 December 2020: RMB354 million) was reclassified to long-term debt securities issued as extension rights were exercised by the holders of these beneficiary certificates.

The Group has issued beneficiary certificates bearing nominal interest at:

- fixed rates, ranging from 1.50% to 7.90% per annum;
- a fixed rate plus a floating rate; or
- a floating rate.

The floating interest rate is calculated based on stock indices such as Shanghai & Shenzhen 300 Index and China Securities Index (CSI) 500, individual stocks, prices of commodity products or USD index. The yield rate of such income certificates is based on market performance of the underlying instruments in the contractual period, and the non-fixed income is bifurcated and accounted under derivative financial instruments.

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 38. SHORT-TERM DEBT SECURITIES ISSUED (continued)

### (b) Structured notes:

Name	Book value as at 1 January 2021	Issuance	Interest accrued, net of interest paid	Redemption	Amortisation and others	Book value as at 30 June 2021
Structured notes (i)	5,911,352,270	1,598,726,701	(15,323,627)	(3,831,407,461)	(45,587,826)	3,617,760,057

Name	Book value as at 1 January 2020	Issuance	Interest accrued, net of interest paid	Redemption	Amortisation and others	Book value as at 31 December 2020
Structured notes (i)	6,649,516,797	10,529,132,195	(40,654,932)	(10,773,425,640)	(453,216,150)	5,911,352,270

- (i) The notes were issued bearing nominal interest rates ranging from 0.00% to 3.80% per annum. The notes are for maturities of 21 days to 365 days.

### (c) MTNs:

Name	Interest commencement date	Maturity date	Principal	Nominal interest rate	Book value as at 1 January 2021	Issuance	Interest accrued, net of interest paid	Redemption	Amortisation and others	Book value as at 30 June 2021
MTN	28/09/2020	27/09/2021	USD123.2 million	1.05%	805,511,538	-	365,931	-	(7,956,186)	797,921,283

Name	Interest commencement date	Maturity date	Principal	Nominal interest rate	Book value as at 1 January 2020	Issuance	Interest accrued, net of interest paid	Redemption	Amortisation and others	Book value as at 31 December 2020
MTN	28/09/2020	27/09/2021	USD123.2 million	1.05%	-	840,864,640	2,250,830	-	(37,603,932)	805,511,538

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 39. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS (“REPOs”)

### (a) Analysed by collateral type:

	As at 30 June 2021	As at 31 December 2020
Debt securities	29,279,728,584	20,905,356,393
Others	4,697,271,453	4,165,056,959
Subtotal	33,977,000,037	25,070,413,352
Accrued interests	7,265,418	30,670,471
Total	33,984,265,455	25,101,083,823

### (b) Analysed by market:

	As at 30 June 2021	As at 31 December 2020
Inter-bank market	25,009,181,683	14,593,790,179
Stock exchanges	2,830,939,143	3,902,244,482
Over-the-counter market	6,144,144,629	6,605,049,162
Total	33,984,265,455	25,101,083,823

As at 30 June 2021, the Group's pledged collateral in connection with its repurchase financing business amounted to RMB34,240,603,362 (31 December 2020: RMB25,245,903,799).

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 40. LONG-TERM DEBT SECURITIES ISSUED

	Notes	As at 30 June 2021	As at 31 December 2020
Due within one year			
– Corporate bonds	(a)	8,808,385,059	9,830,163,597
– Subordinated bonds	(b)	11,919,189,440	5,008,689,660
– MTNs	(c)	9,035,246,517	6,520,769,369
– Beneficiary certificates	(e)	241,009,800	1,741,009,800
Subtotal		30,003,830,816	23,100,632,426
Due after one year			
– Corporate bonds	(a)	91,497,936,282	63,530,023,736
– Subordinated bonds	(b)	19,617,564,005	19,530,109,664
– MTNs	(c)	19,331,775,203	16,269,771,958
– Financial bonds	(d)	2,500,000,000	2,500,000,000
– Beneficiary certificates	(e)	–	1,500,000,000
Subtotal		132,947,275,490	103,329,905,358
Accrued interests:			
– Corporate bonds		1,743,120,592	1,045,156,424
– Subordinated bonds		485,214,722	363,649,805
– MTNs		124,816,094	63,919,194
– Financial bonds		72,908,219	30,881,507
– Beneficiary certificates		1,527,840	66,816,138
Subtotal		2,427,587,467	1,570,423,068
Total		165,378,693,773	128,000,960,852
Fair value		166,662,079,720	127,825,070,661

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 40. LONG-TERM DEBT SECURITIES ISSUED (continued)

### (a) Corporate bonds:

Name	Interest commencement date	Maturity date	Interest payment	Principal	Nominal interest rate	Book value as at 1 January 2021	Issuance	Interest accrued, net of interest paid	Redemption	Amortisation and others	Book value as at 30 June 2021
16 CICC 01	18/07/2016	18/07/2021	Annually	3,000,000,000	3.58%	2,923,108,092	-	51,057,272	-	-	2,974,165,364
16 CICC 02 (i)	18/07/2016	18/07/2023	Annually	1,000,000,000	3.29%	1,015,052,877	-	16,314,795	-	-	1,031,367,672
16 CICC 04 (ii)	27/10/2016	27/10/2023	Annually	900,000,000	3.13%	905,093,753	-	13,969,233	-	-	919,062,986
17 CICC 03	08/05/2017	08/05/2022	Annually	1,000,000,000	5.19%	1,039,819,840	-	(26,785,549)	-	(16,611,006)	996,423,285
18 CICC 02 (ix)	26/01/2018	26/01/2021	Annually	1,000,000,000	5.70%	1,053,487,398	-	(37,421,339)	(1,000,000,000)	(16,066,059)	-
18 CICC 04 (xi)	24/04/2018	24/04/2021	Annually	1,000,000,000	4.94%	1,034,778,011	-	(21,214,545)	(1,000,000,000)	(13,563,466)	-
18 CICC 06 (xiii)	28/06/2018	28/06/2021	Annually	1,000,000,000	5.30%	1,026,731,144	-	(18,438,801)	(1,000,000,000)	(8,292,343)	-
19 CICC 04 (xiv)	21/11/2019	21/11/2025	Annually	1,500,000,000	3.52%	1,505,930,959	-	26,183,014	-	-	1,532,113,973
20 CICC F1 (xv)	26/02/2020	26/02/2025	Annually	4,000,000,000	3.20%	4,108,361,644	-	(64,526,027)	-	-	4,043,835,617
20 CICC G1 (xvi)	03/04/2020	03/04/2026	Annually	1,500,000,000	2.89%	1,532,304,658	-	(21,853,151)	-	-	1,510,451,507
20 CICC G2 (xvii)	03/04/2020	03/04/2027	Annually	1,000,000,000	3.25%	1,024,219,178	-	(16,383,562)	-	-	1,007,835,616
20 CICC G3 (xviii)	06/05/2020	06/05/2026	Annually	3,300,000,000	2.37%	3,351,211,479	-	(39,426,411)	-	-	3,311,785,068
20 CICC G4 (xix)	06/05/2020	06/05/2027	Annually	700,000,000	2.88%	713,200,658	-	(10,162,849)	-	-	703,037,809
20 CICC F2 (xx)	28/05/2020	28/05/2025	Annually	3,000,000,000	2.95%	3,052,615,069	-	(44,613,699)	-	-	3,008,001,370
20 CICC G5 (xxi)	22/06/2020	22/06/2026	Annually	1,500,000,000	3.10%	1,524,460,274	-	(23,441,096)	-	-	1,501,019,178
20 CICC F3 (xxii)	24/07/2020	24/07/2025	Annually	3,000,000,000	3.80%	3,049,972,603	-	56,531,507	-	-	3,106,504,110
20 CICC 07 (xxiii)	10/09/2020	10/09/2025	Annually	5,000,000,000	3.78%	5,057,476,712	-	93,723,288	-	-	5,151,200,000
20 CICC 09 (xxiv)	23/09/2020	23/09/2025	Annually	5,000,000,000	3.80%	5,051,013,699	-	94,219,178	-	-	5,145,232,877
20 CICC 11 (xxv)	19/10/2020	19/10/2023	Annually	2,500,000,000	3.50%	2,517,500,000	-	43,390,411	-	-	2,560,890,411
20 CICC 12 (xxvi)	19/10/2020	19/10/2025	Annually	2,500,000,000	3.74%	2,518,700,000	-	46,365,753	-	-	2,565,065,753
20 CICC 13 (xxvii)	28/10/2020	28/10/2023	Annually	2,000,000,000	3.48%	2,012,203,836	-	34,513,973	-	-	2,046,717,809
20 CICC 14 (xxviii)	28/10/2020	28/10/2025	Annually	3,000,000,000	3.68%	3,019,357,808	-	54,746,301	-	-	3,074,104,109
20 CICC F4 (xxix)	14/12/2020	14/12/2023	Annually	2,500,000,000	3.85%	2,504,482,877	-	47,729,452	-	-	2,552,212,329
20 CICC F5 (xxx)	14/12/2020	14/12/2025	Annually	2,500,000,000	4.09%	2,504,762,329	-	50,704,795	-	-	2,555,467,124
21 CICC F1 (xxxiv)	18/01/2021	18/01/2024	Annually	2,500,000,000	3.55%	-	2,500,000,000	39,633,562	-	-	2,539,633,562
21 CICC F2 (xxxv)	18/01/2021	18/01/2026	Annually	2,500,000,000	3.75%	-	2,500,000,000	41,866,438	-	-	2,541,866,438
21 CICC F3 (xxxvi)	04/03/2021	04/03/2024	Annually	1,500,000,000	3.60%	-	1,500,000,000	17,457,534	-	-	1,517,457,534
21 CICC F4 (xxxvii)	04/03/2021	04/03/2026	Annually	2,000,000,000	3.82%	-	2,000,000,000	24,699,178	-	-	2,024,699,178
21 CICC G1 (xxxviii)	16/03/2021	16/03/2026	Annually	2,000,000,000	3.58%	-	2,000,000,000	20,793,425	-	-	2,020,793,425

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 40. LONG-TERM DEBT SECURITIES ISSUED (continued)

### (a) Corporate bonds: (continued)

Name	Interest commencement date	Maturity date	Interest payment	Principal	Nominal interest rate	Book value as at 1 January 2021	Issuance	Interest accrued, net of interest paid	Redemption	Amortisation and others	Book value as at 30 June 2021
21 CICC G2	16/03/2021	16/03/2031	Annually	2,000,000,000	4.10%	-	2,000,000,000	23,813,699	-	-	2,023,813,699
21 CICC G3 (xxxix)	25/03/2021	25/03/2026	Annually	1,500,000,000	3.51%	-	1,500,000,000	13,991,918	-	-	1,513,991,918
21 CICC G4	25/03/2021	25/03/2031	Annually	2,500,000,000	4.07%	-	2,500,000,000	27,040,411	-	-	2,527,040,411
21 CICC F5 (xl)	13/04/2021	13/04/2024	Annually	1,000,000,000	3.43%	-	1,000,000,000	7,329,863	-	-	1,007,329,863
21 CICC F6 (xli)	13/04/2021	13/04/2026	Annually	3,500,000,000	3.70%	-	3,500,000,000	27,319,178	-	-	3,527,319,178
17 CISC F2	18/07/2017	18/07/2022	Annually	1,000,000,000	5.10%	1,023,334,247	-	25,290,411	-	-	1,048,624,658
18 CISC 01 (xxxii)	23/03/2018	23/03/2021	Annually	1,000,000,000	5.95%	1,046,280,749	-	(46,345,866)	(1,000,000,000)	65,117	-
18 CISC 03	21/09/2018	21/09/2021	Annually	1,000,000,000	4.99%	1,013,896,731	-	24,744,932	-	32,797	1,038,674,460
19 CISC 01	22/04/2019	22/04/2022	Annually	2,000,000,000	4.22%	2,058,563,227	-	(42,550,830)	-	67,495	2,016,079,892
19 CICC WMS 01	16/10/2019	16/10/2024	Annually	3,000,000,000	3.58%	3,020,477,755	-	53,258,630	-	258,574	3,073,994,959
20 CICC WMS G1	16/01/2020	16/01/2025	Annually	2,000,000,000	3.44%	2,065,594,368	-	(34,696,955)	-	49,733	2,030,947,146
20 CICC WMS F1	09/04/2020	09/04/2025	Annually	3,000,000,000	3.17%	3,069,566,301	-	(47,945,308)	-	4,486	3,021,625,479
20 CICC WMS F2	28/07/2020	28/07/2023	Annually	2,000,000,000	3.80%	2,032,690,411	-	37,687,671	-	-	2,070,378,082
20 CICC WMS G2	21/10/2020	21/10/2025	Annually	2,000,000,000	3.77%	2,014,873,425	-	37,390,137	-	-	2,052,263,562
20 CICC WMS G3	21/10/2020	21/10/2025	Annually	1,000,000,000	4.20%	1,008,284,932	-	20,827,397	-	-	1,029,112,329
20 CICC WMS G5	24/11/2020	24/11/2025	Annually	1,000,000,000	3.98%	1,004,143,562	-	19,736,438	-	-	1,023,880,000
20 CICC WMS G6	15/12/2020	15/12/2025	Annually	1,000,000,000	3.85%	1,001,793,151	-	19,091,781	-	-	1,020,884,932
21 CICC WMS G1	26/03/2021	26/03/2024	Annually	2,000,000,000	3.44%	-	2,000,000,000	18,246,100	-	37,736	2,018,283,836
21 CICC WMS G2	26/03/2021	26/03/2026	Annually	3,000,000,000	3.65%	-	3,000,000,000	29,043,396	-	56,604	3,029,100,000
21 CICC WMS G3	22/04/2021	22/04/2026	Annually	3,000,000,000	3.55%	-	3,000,000,000	20,368,054	-	56,604	3,020,424,658
21 CICC WMS G4	22/04/2021	22/04/2026	Annually	2,000,000,000	3.84%	-	2,000,000,000	14,691,031	-	37,736	2,014,728,767
Total						74,405,343,757	31,000,000,000	697,964,168	(4,000,000,000)	(53,865,992)	102,049,441,933

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 40. LONG-TERM DEBT SECURITIES ISSUED (continued)

### (a) Corporate bonds: (continued)

Name	Interest commencement date	Maturity date	Interest payment	Principal	Nominal interest rate	Book value as at 1 January 2020	Issuance	Interest accrued, net of interest paid	Redemption	Amortisation and others	Book value as at 31 December 2020
16 CICC 01	18/07/2016	18/07/2021	Annually	3,000,000,000	3.58%	2,922,826,008	-	282,084	-	-	2,923,108,092
16 CICC 02 (i)	18/07/2016	18/07/2023	Annually	1,000,000,000	3.29%	1,015,052,877	-	-	-	-	1,015,052,877
16 CICC 04 (ii)	27/10/2016	27/10/2023	Annually	900,000,000	3.13%	905,093,753	-	-	-	-	905,093,753
17 CICC 01 (iii)	20/01/2017	20/01/2020	Annually	4,000,000,000	4.35%	4,165,686,653	-	(136,365,664)	(4,000,000,000)	(29,320,989)	-
17 CICC 02 (iv)	08/05/2017	08/05/2020	Annually	1,000,000,000	4.97%	1,032,496,932	-	(19,782,570)	(1,000,000,000)	(12,714,362)	-
17 CICC 03	08/05/2017	08/05/2022	Annually	1,000,000,000	5.19%	1,055,402,156	-	(8,917,013)	-	(6,665,303)	1,039,819,840
17 CICC 04 (v)	27/07/2017	27/07/2020	Annually	2,000,000,000	4.78%	2,042,623,536	-	(24,900,930)	(2,000,000,000)	(17,722,606)	-
17 CICC 05 (vi)	20/10/2017	20/10/2020	Annually	2,000,000,000	5.13%	2,019,150,296	-	1,577,033	(2,000,000,000)	(20,727,329)	-
17 CICC 06 (vii)	21/11/2017	21/11/2020	Annually	2,500,000,000	5.45%	2,512,752,752	-	17,466,810	(2,500,000,000)	(30,219,562)	-
18 CICC 01 (viii)	26/01/2018	26/01/2020	Annually	1,000,000,000	5.58%	1,052,245,432	-	(40,513,328)	(1,000,000,000)	(11,732,104)	-
18 CICC 02 (ix)	26/01/2018	26/01/2021	Annually	1,000,000,000	5.70%	1,062,144,259	-	(2,461,455)	-	(6,195,406)	1,053,487,398
18 CICC 03 (x)	24/04/2018	24/04/2020	Annually	500,000,000	4.80%	517,057,151	-	(13,576,425)	(500,000,000)	(3,480,726)	-
18 CICC 04 (xi)	24/04/2018	24/04/2021	Annually	1,000,000,000	4.94%	1,041,603,234	-	(4,470,094)	-	(2,355,129)	1,034,778,011
18 CICC 05 (xii)	28/06/2018	28/06/2020	Annually	1,000,000,000	5.20%	1,027,609,961	-	(23,003,639)	(1,000,000,000)	(4,606,322)	-
18 CICC 06 (xiii)	28/06/2018	28/06/2021	Annually	1,000,000,000	5.30%	1,032,202,027	-	(4,007,022)	-	(1,463,861)	1,026,731,144
19 CICC 04 (xiv)	21/11/2019	21/11/2025	Annually	1,500,000,000	3.52%	1,505,786,301	-	144,658	-	-	1,505,930,959
20 CICC F1 (xv)	26/02/2020	26/02/2025	Annually	4,000,000,000	3.20%	-	4,000,000,000	108,361,644	-	-	4,108,361,644
20 CICC G1 (xvi)	03/04/2020	03/04/2026	Annually	1,500,000,000	2.89%	-	1,500,000,000	32,304,658	-	-	1,532,304,658
20 CICC G2 (xvii)	03/04/2020	03/04/2027	Annually	1,000,000,000	3.25%	-	1,000,000,000	24,219,178	-	-	1,024,219,178
20 CICC G3 (xviii)	06/05/2020	06/05/2026	Annually	3,300,000,000	2.37%	-	3,300,000,000	51,211,479	-	-	3,351,211,479
20 CICC G4 (xix)	06/05/2020	06/05/2027	Annually	700,000,000	2.88%	-	700,000,000	13,200,658	-	-	713,200,658
20 CICC F2 (xx)	28/05/2020	28/05/2025	Annually	3,000,000,000	2.95%	-	3,000,000,000	52,615,069	-	-	3,052,615,069
20 CICC G5 (xxi)	22/06/2020	22/06/2026	Annually	1,500,000,000	3.10%	-	1,500,000,000	24,460,274	-	-	1,524,460,274
20 CICC F3 (xxii)	24/07/2020	24/07/2025	Annually	3,000,000,000	3.80%	-	3,000,000,000	49,972,603	-	-	3,049,972,603
20 CICC 07 (xxiii)	10/09/2020	10/09/2025	Annually	5,000,000,000	3.78%	-	5,000,000,000	57,476,712	-	-	5,057,476,712
20 CICC 09 (xxiv)	23/09/2020	23/09/2025	Annually	5,000,000,000	3.80%	-	5,000,000,000	51,013,699	-	-	5,051,013,699
20 CICC 11 (xxv)	19/10/2020	19/10/2023	Annually	2,500,000,000	3.50%	-	2,500,000,000	17,500,000	-	-	2,517,500,000
20 CICC 12 (xxvi)	19/10/2020	19/10/2025	Annually	2,500,000,000	3.74%	-	2,500,000,000	18,700,000	-	-	2,518,700,000
20 CICC 13 (xxvii)	28/10/2020	28/10/2023	Annually	2,000,000,000	3.48%	-	2,000,000,000	12,203,836	-	-	2,012,203,836
20 CICC 14 (xxviii)	28/10/2020	28/10/2025	Annually	3,000,000,000	3.68%	-	3,000,000,000	19,357,808	-	-	3,019,357,808
20 CICC F4 (xxix)	14/12/2020	14/12/2023	Annually	2,500,000,000	3.85%	-	2,500,000,000	4,482,877	-	-	2,504,482,877
20 CICC F5 (xxx)	14/12/2020	14/12/2025	Annually	2,500,000,000	4.09%	-	2,500,000,000	4,762,329	-	-	2,504,762,329

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 40. LONG-TERM DEBT SECURITIES ISSUED (continued)

### (a) Corporate bonds: (continued)

Name	Interest commencement date	Maturity date	Interest payment	Principal	Nominal interest rate	Book value as at 1 January 2020	Issuance	Interest accrued, net of interest paid	Redemption	Amortisation and others	Book value as at 31 December 2020
17 CISC F1 (xxxix)	18/07/2017	18/07/2020	Annually	3,000,000,000	4.95%	3,067,758,196	-	(67,758,196)	(3,000,000,000)	-	-
17 CISC F2	18/07/2017	18/07/2022	Annually	1,000,000,000	5.10%	1,023,270,492	-	63,755	-	-	1,023,334,247
18 CISC 01 (xxxix)	23/03/2018	23/03/2021	Annually	1,000,000,000	5.95%	1,046,088,333	-	126,492	-	65,924	1,046,280,749
18 CISC 02 (xxxix)	03/09/2018	03/09/2020	Annually	2,000,000,000	4.72%	2,032,396,587	-	(40,027,001)	(2,000,000,000)	7,630,414	-
18 CISC 03	21/09/2018	21/09/2021	Annually	1,000,000,000	4.99%	1,013,794,862	-	38,100	-	63,769	1,013,896,731
19 CISC 01	22/04/2019	22/04/2022	Annually	2,000,000,000	4.22%	2,058,278,417	-	160,473	-	124,337	2,058,563,227
19 CICC WMS 01	16/10/2019	16/10/2024	Annually	3,000,000,000	3.58%	3,022,595,081	-	(2,768,284)	-	650,958	3,020,477,755
20 CICC WMS G1	16/01/2020	16/01/2025	Annually	2,000,000,000	3.44%	-	2,000,000,000	65,508,630	-	85,738	2,065,594,368
20 CICC WMS F1	09/04/2020	09/04/2025	Annually	3,000,000,000	3.17%	-	3,000,000,000	69,566,301	-	-	3,069,566,301
20 CICC WMS F2	28/07/2020	28/07/2023	Annually	2,000,000,000	3.80%	-	2,000,000,000	32,690,411	-	-	2,032,690,411
20 CICC WMS G2	21/10/2020	21/10/2025	Annually	2,000,000,000	3.77%	-	2,000,000,000	14,873,425	-	-	2,014,873,425
20 CICC WMS G3	21/10/2020	21/10/2025	Annually	1,000,000,000	4.20%	-	1,000,000,000	8,284,932	-	-	1,008,284,932
20 CICC WMS G5	24/11/2020	24/11/2025	Annually	1,000,000,000	3.98%	-	1,000,000,000	4,143,562	-	-	1,004,143,562
20 CICC WMS G6	15/12/2020	15/12/2025	Annually	1,000,000,000	3.85%	-	1,000,000,000	1,793,151	-	-	1,001,793,151
Total						38,173,915,296	55,000,000,000	370,011,020	(19,000,000,000)	(138,582,559)	74,405,343,757

- (i) The Company has an option to redeem the bonds on 18 July 2021. If the early-redemption option is not exercised, the Company will have an option to increase the nominal interest rate and an obligation to redeem the bonds when requested by the investors.
- (ii) The Company has an option to redeem the bonds on 27 October 2021. If the early-redemption option is not exercised, the Company will have an option to increase the nominal interest rate and an obligation to redeem the bonds when requested by the investors.
- (iii) The Company redeemed the bonds on 20 January 2020.
- (iv) The Company redeemed the bonds on 8 May 2020.
- (v) The Company redeemed the bonds on 27 July 2020.
- (vi) The Company redeemed the bonds on 20 October 2020.
- (vii) The Company redeemed the bonds on 23 November 2020.
- (viii) The Company redeemed the bonds on 3 February 2020.
- (ix) The Company redeemed the bonds on 26 January 2021.
- (x) The Company redeemed the bonds on 24 April 2020.

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 40. LONG-TERM DEBT SECURITIES ISSUED (continued)

### (a) Corporate bonds: (continued)

- (xi) The Company redeemed the bonds on 24 April 2021.
- (xii) The Company redeemed the bonds on 29 June 2020.
- (xiii) The Company redeemed the bonds on 28 June 2021.
- (xiv) The Company has an option to adjust the nominal interest rate on 21 November 2022 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xv) The Company has an option to adjust the nominal interest rate on 26 February 2023 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xvi) The Company has an option to adjust the nominal interest rate on 3 April 2023 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xvii) The Company has an option to adjust the nominal interest rate on 3 April 2025 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xviii) The Company has an option to adjust the nominal interest rate on 6 May 2023 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xix) The Company has an option to adjust the nominal interest rate on 6 May 2025 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xx) The Company has an option to adjust the nominal interest rate on 28 May 2023 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xxi) The Company has an option to adjust the nominal interest rate on 22 June 2023 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xxii) The Company has an option to adjust the nominal interest rate on 24 July 2023 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xxiii) The Company has an option to adjust the nominal interest rate on 10 September 2023 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xxiv) The Company has an option to adjust the nominal interest rate on 23 September 2023 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xxv) The Company has an option to adjust the nominal interest rate on 19 October 2022 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xxvi) The Company has an option to adjust the nominal interest rate on 19 October 2023 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xxvii) The Company has an option to adjust the nominal interest rate on 28 October 2022 and an obligation to redeem the bonds when requested by the investors accordingly.

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 40. LONG-TERM DEBT SECURITIES ISSUED (continued)

### (a) Corporate bonds: (continued)

- (xxviii) The Company has an option to adjust the nominal interest rate on 28 October 2023 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xxix) The Company has an option to adjust the nominal interest rate on 14 December 2022 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xxx) The Company has an option to adjust the nominal interest rate on 14 December 2023 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xxxi) CICC Wealth Management redeemed the bonds on 20 July 2020.
- (xxxii) CICC Wealth Management redeemed the bonds on 23 March 2021.
- (xxxiii) CICC Wealth Management redeemed the bonds on 3 September 2020.
- (xxxiv) The Company has an option to adjust the nominal interest rate on 18 January 2023 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xxxv) The Company has an option to adjust the nominal interest rate on 18 January 2024 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xxxvi) The Company has an option to adjust the nominal interest rate on 4 March 2023 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xxxvii) The Company has an option to adjust the nominal interest rate on 4 March 2024 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xxxviii) The Company has an option to adjust the nominal interest rate on 16 March 2024 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xxxix) The Company has an option to adjust the nominal interest rate on 25 March 2024 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xl) The Company has an option to adjust the nominal interest rate on 13 April 2023 and an obligation to redeem the bonds when requested by the investors accordingly.
- (xli) The Company has an option to adjust the nominal interest rate on 13 April 2024 and an obligation to redeem the bonds when requested by the investors accordingly.

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 40. LONG-TERM DEBT SECURITIES ISSUED (continued)

### (b) Subordinated bonds:

Name	Interest commencement date	Maturity date	Interest payment	Principal	Nominal interest rate	Book value as at 1 January 2021	Issuance	Interest accrued, net of interest paid	Redemption	Amortisation and others	Book value as at 30 June 2021
16 CICC C2	15/12/2016	15/12/2021	Annually	3,400,000,000	4.60%	3,406,855,890	-	77,557,260	-	-	3,484,413,150
					1st - 5th year, 5.00%; 6th - 8th year,						
16 CICC Futures (i)	16/12/2016	16/12/2024	Annually	100,000,000	8.00%	100,219,178	-	2,479,452	-	-	102,698,630
17 CICC C1	22/05/2017	22/05/2022	Annually	600,000,000	5.39%	624,072,690	-	(17,014,352)	-	(8,600,473)	598,457,865
17 CICC C2	24/07/2017	24/07/2022	Annually	1,500,000,000	4.98%	1,541,393,843	-	34,398,985	-	2,644,275	1,578,437,103
17 CICC C3	16/11/2017	16/11/2022	Annually	1,500,000,000	5.50%	1,514,165,601	-	40,011,917	-	3,236,190	1,557,413,708
18 CICC C1	20/04/2018	20/04/2023	Annually	1,000,000,000	5.30%	1,051,682,141	-	(28,665,520)	-	(10,443,747)	1,012,572,874
18 CICC C2	29/08/2018	29/08/2021	Annually	1,500,000,000	4.70%	1,522,573,405	-	35,462,819	-	1,499,239	1,559,535,463
19 CICC C1	19/04/2019	19/04/2022	Annually	1,500,000,000	4.20%	1,544,358,904	-	(31,758,904)	-	-	1,512,600,000
19 CICC C3	14/10/2019	14/10/2024	Annually	1,500,000,000	4.09%	1,513,110,411	-	30,422,877	-	-	1,543,533,288
19 CICC C4	11/11/2019	11/11/2024	Annually	1,500,000,000	4.12%	1,508,465,753	-	30,646,027	-	-	1,539,111,780
19 CICC C5	05/12/2019	05/12/2024	Annually	2,000,000,000	4.20%	2,005,983,562	-	41,654,795	-	-	2,047,638,357
20 CICC C1	17/02/2020	17/02/2025	Annually	1,500,000,000	3.85%	1,550,155,479	-	(29,112,329)	-	-	1,521,043,150
21 CICC C1	08/02/2021	08/02/2024	Annually	1,000,000,000	3.90%	-	1,000,000,000	15,097,784	-	3,429,655	1,018,527,439
21 CICC C2	08/02/2021	08/02/2026	Annually	1,000,000,000	4.49%	-	1,000,000,000	17,378,213	-	4,979,543	1,022,357,756
17 CISC 02	23/02/2017	23/02/2022	Annually	1,800,000,000	5.00%	1,876,112,521	-	(45,409,815)	-	368,132	1,831,070,838
19 CISC C1	25/04/2019	25/04/2022	Annually	3,000,000,000	4.50%	3,091,333,871	-	(68,061,162)	-	537,639	3,023,810,348
20 CICC WMS C1	17/04/2020	17/04/2025	Annually	2,000,000,000	3.80%	2,051,965,880	-	(38,315,914)	-	209,328	2,013,859,294
21 CICC WMS C1	09/03/2021	09/03/2024	Annually	1,000,000,000	3.98%	-	1,000,000,000	12,411,817	-	18,868	1,012,430,685
21 CICC WMS C2	09/03/2021	09/03/2026	Annually	1,000,000,000	4.58%	-	1,000,000,000	14,285,790	-	18,868	1,014,304,658
21 CICC WMS C3	09/04/2021	09/04/2024	Annually	2,000,000,000	3.94%	-	2,000,000,000	17,881,168	-	37,736	2,017,918,904
21 CICC WMS C4	09/04/2021	09/04/2026	Annually	1,000,000,000	4.50%	-	1,000,000,000	10,214,009	-	18,868	1,010,232,877
Total						24,902,449,129	7,000,000,000	121,564,917	-	(2,045,879)	32,021,968,167

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 40. LONG-TERM DEBT SECURITIES ISSUED (continued)

### (b) Subordinated bonds: (continued)

Name	Interest commencement date	Maturity date	Interest payment	Principal	Nominal interest rate	Book value as at 1 January 2020	Issuance	Interest accrued, net of interest paid	Redemption	Amortisation and others	Book value as at 31 December 2020
16 CICC C2	15/12/2016	15/12/2021	Annually	3,400,000,000	4.60%	3,406,855,890	-	-	-	-	3,406,855,890
					1st - 5th year, 5.00%; 6th - 8th						
16 CICC Futures (i)	16/12/2016	16/12/2024	Annually	100,000,000	year, 8.00%	100,219,178	-	-	-	-	100,219,178
17 CICC C1	22/05/2017	22/05/2022	Annually	600,000,000	5.39%	632,674,900	-	(5,395,148)	-	(3,207,062)	624,072,690
17 CICC C2	24/07/2017	24/07/2022	Annually	1,500,000,000	4.98%	1,559,390,549	-	(12,806,812)	-	(5,189,894)	1,541,393,843
17 CICC C3	16/11/2017	16/11/2022	Annually	1,500,000,000	5.50%	1,540,393,113	-	(16,046,016)	-	(10,181,496)	1,514,165,601
18 CICC C1	20/04/2018	20/04/2023	Annually	1,000,000,000	5.30%	1,058,803,374	-	(8,452,147)	-	1,330,914	1,051,682,141
18 CICC C2	29/08/2018	29/08/2021	Annually	1,500,000,000	4.70%	1,529,206,314	-	(6,194,938)	-	(437,971)	1,522,573,405
19 CICC C1	19/04/2019	19/04/2022	Annually	1,500,000,000	4.20%	1,544,186,301	-	172,603	-	-	1,544,358,904
19 CICC C3	14/10/2019	14/10/2024	Annually	1,500,000,000	4.09%	1,512,942,329	-	168,082	-	-	1,513,110,411
19 CICC C4	11/11/2019	11/11/2024	Annually	1,500,000,000	4.12%	1,508,296,438	-	169,315	-	-	1,508,465,753
19 CICC C5	05/12/2019	05/12/2024	Annually	2,000,000,000	4.20%	2,005,753,425	-	230,137	-	-	2,005,983,562
20 CICC C1	17/02/2020	17/02/2025	Annually	1,500,000,000	3.85%	-	1,500,000,000	50,155,479	-	-	1,550,155,479
17 CISC 01 (ii)	23/02/2017	23/02/2020	Annually	1,000,000,000	4.85%	1,041,359,653	-	(41,457,534)	(1,000,000,000)	97,881	-
17 CISC 02	23/02/2017	23/02/2022	Annually	1,800,000,000	5.00%	1,875,369,227	-	35,706	-	707,588	1,876,112,521
19 CISC C1	25/04/2019	25/04/2022	Annually	3,000,000,000	4.50%	3,092,581,966	-	(3,142,577)	-	1,894,482	3,091,333,871
20 CICC WMS C1	17/04/2020	17/04/2025	Annually	2,000,000,000	3.80%	-	2,000,000,000	51,664,618	-	301,262	2,051,965,880
Total						22,408,032,657	3,500,000,000	9,100,768	(1,000,000,000)	(14,684,296)	24,902,449,129

(i) CICC Futures Co., Ltd. has an option to redeem the bonds on 16 December 2021.

(ii) CICC Wealth Management redeemed the bonds on 24 February 2020.

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 40. LONG-TERM DEBT SECURITIES ISSUED (continued)

### (c) MTNs:

Name	Interest commencement date	Maturity date	Interest payment	Principal	Nominal interest rate	Book value as at 1 January 2021	Issuance	Interest accrued, net of interest paid	Redemption	Amortisation and others	Book value as at 30 June 2021
MTN	25/04/2018	25/04/2021	Quarterly	USD600 million	3M LIBOR plus 1.2%	3,923,367,904	-	(10,263,951)	(3,894,780,000)	(18,323,953)	-
MTN	11/09/2018	11/09/2021	Quarterly	USD400 million	3M LIBOR plus 1.2%	2,609,690,057	-	(263,282)	-	(24,247,852)	2,585,178,923
MTN	03/05/2019	03/05/2022	Quarterly	USD700 million	3M LIBOR plus 1.2%	4,569,141,336	-	(279,913)	-	(42,307,502)	4,526,553,921
MTN	03/05/2019	03/05/2022	Semi-annually	USD300 million	3.38%	1,963,183,847	-	(103,883)	-	(17,641,591)	1,945,438,373
MTN	18/02/2020	18/02/2023	Quarterly	USD1,000 million	3M LIBOR plus 0.9%	6,519,649,063	-	(539,530)	-	(60,919,291)	6,458,190,242
MTN	10/08/2020	10/08/2023	Semi-annually	USD500 million	1.75%	3,269,428,314	-	(1,164,173)	-	(29,698,483)	3,238,565,658
MTN	26/01/2021	26/01/2024	Semi-annually	USD1,000 million	1.63%	-	6,484,700,000	45,517,865	-	(40,994,025)	6,489,223,840
MTN	26/01/2021	26/01/2026	Semi-annually	USD500 million	2.00%	-	3,242,350,000	27,993,767	-	(21,656,910)	3,248,686,857
Total						22,854,460,521	9,727,050,000	60,896,900	(3,894,780,000)	(255,789,607)	28,491,837,814

Name	Interest commencement date	Maturity date	Interest payment	Principal	Nominal interest rate	Book value as at 1 January 2020	Issuance	Interest accrued, net of interest paid	Redemption	Amortisation and others	Book value as at 31 December 2020
MTN	25/04/2018	25/04/2021	Quarterly	USD600 million	3M LIBOR plus 1.2%	4,203,319,129	-	(14,183,383)	-	(265,767,842)	3,923,367,904
MTN	11/09/2018	11/09/2021	Quarterly	USD400 million	3M LIBOR plus 1.2%	2,789,214,903	-	(2,765,171)	-	(176,759,675)	2,609,690,057
MTN	03/05/2019	03/05/2022	Quarterly	USD700 million	3M LIBOR plus 1.2%	4,892,001,713	-	(13,741,110)	-	(309,119,267)	4,569,141,336
MTN	03/05/2019	03/05/2022	Semi-annually	USD300 million	3.38%	2,095,186,685	-	(723,490)	-	(131,279,348)	1,963,183,847
MTN	18/02/2020	18/02/2023	Quarterly	USD1,000 million	3M LIBOR plus 0.9%	-	6,982,600,000	8,722,089	-	(471,673,026)	6,519,649,063
MTN	10/08/2020	10/08/2023	Semi-annually	USD500 million	1.75%	-	3,482,450,000	22,361,375	-	(235,383,061)	3,269,428,314
Total						13,979,722,430	10,465,050,000	(329,690)	-	(1,589,982,219)	22,854,460,521

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 40. LONG-TERM DEBT SECURITIES ISSUED (continued)

### (d) Financial bonds:

Name	Interest commence- ment date	Maturity date	Interest payment	Principal	Nominal interest rate	Book value as at 1 January 2021	Issuance	Interest accrued, net of interest paid	Redemption	Amortisation and others	Book value as at 30 June 2021
19 CICC Financial											
Bond 01	22/08/2019	22/08/2022	Annually	2,500,000,000	3.39%	2,530,881,507	-	42,026,712	-	-	2,572,908,219

Name	Interest commence- ment date	Maturity date	Interest payment	Principal	Nominal interest rate	Book value as at 1 January 2020	Issuance	Interest accrued, net of interest paid	Redemption	Amortisation and others	Book value as at 31 December 2020
19 CICC Financial											
Bond 01	22/08/2019	22/08/2022	Annually	2,500,000,000	3.39%	2,530,649,315	-	232,192	-	-	2,530,881,507

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 40. LONG-TERM DEBT SECURITIES ISSUED (continued)

### (e) Beneficiary certificates:

Nominal interest rate	Book value as at 1 January 2021	Issuance	Interest accrued, net of interest paid	Reclassified from short-term debt securities issued	Redemption	Book value as at 30 June 2021
3.05% – 10.50%	3,307,825,938	–	(67,511,038)	202,222,740	(3,200,000,000)	242,537,640

Nominal interest rate	Book value as at 1 January 2020	Issuance	Interest accrued, net of interest paid	Reclassified from short-term debt securities issued	Redemption	Book value as at 31 December 2020
2.40% – 10.50%	2,299,034,692	2,240,000,000	13,429,639	354,361,607	(1,599,000,000)	3,307,825,938

The Group has issued beneficiary certificates bearing nominal interest at:

- fixed rates, ranging from 2.40% to 4.65% per annum; or
- a fixed rate plus a floating rate.

The floating interest rate is calculated based on the index market. The yield rate of such beneficiary certificates is based on market performance of the underlying instruments in the contractual period, and the non-fixed income is bifurcated and accounted under derivative financial instruments.

An investor put or issuer call is applicable for certain beneficiary certificates.

The beneficiary certificates are for maturities of 1 year to 3 years.

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 41. CONTRACT LIABILITIES

	As at 30 June 2021	As at 31 December 2020
Asset management services	194,953,228	79,043,664
Investment banking services	182,011,996	86,228,079
Others	6,184,613	5,656,537
<b>Total</b>	<b>383,149,837</b>	<b>170,928,280</b>

Contract liabilities mainly included advanced receipts from clients for assets management services and investment banking services. The corresponding revenue for these services would be recognised when the Group fulfilled its obligations. The Group anticipated to meet most of the obligations within the next 12 months.

## 42. OTHER CURRENT LIABILITIES

	As at 30 June 2021	As at 31 December 2020
Trade payable	132,865,858,262	78,737,749,542
Payables to other investors of consolidated structured entities (Note 1)	3,626,360,352	4,487,977,574
Accrued expenses	905,415,771	787,129,102
Dividends payable to shareholders of the Company (Note 2)	834,205,181	–
Sundry tax payable	582,934,437	908,722,259
Accounts payable to underwriting clients	553,269,990	–
Dividends payable to holders of perpetual subordinated bond	386,200,000	–
Others	1,026,374,735	1,001,273,096
<b>Total</b>	<b>140,780,618,728</b>	<b>85,922,851,573</b>

Note 1: For each reporting period, the consolidation scope of structured entities varies due to the addition of structured entities to which the Group is a principal or due to the liquidation of the consolidated structured entities or changes in the Group's interests therein.

Note 2: The difference between dividends payable to shareholders of the Company and the announced payment of cash dividend in Note 43(c) is the payment of income tax on behalf of overseas shareholders.

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 43. CAPITAL, RESERVES AND DIVIDENDS

### (a) Share capital

The Company's number of shares and nominal value are as follows:

	As at 30 June 2021	As at 31 December 2020
Ordinary shares of RMB1 each, issued and fully paid		
A shares	2,923,542,440	2,923,542,440
H shares	1,903,714,428	1,903,714,428
Total	4,827,256,868	4,827,256,868
Share capital		
A shares	2,923,542,440	2,923,542,440
H shares	1,903,714,428	1,903,714,428
Total	4,827,256,868	4,827,256,868

On 2 November 2020, the Company completed the initial public offering of 458,589,000 A shares at a price of RMB28.78 per share with par value of RMB1 and listed on the Shanghai Stock Exchange. Accordingly, the registered capital of the Company increased to RMB4,827,256,868 and the total number of shares of the Company increased to 4,827,256,868 shares, including 2,923,542,440 A shares and 1,903,714,428 H shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares in issue confer identical right in respect of the Company's residual assets.

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 43. CAPITAL, RESERVES AND DIVIDENDS (continued)

### (b) Reserves

#### (i) Capital reserve

	As at 30 June 2021	As at 31 December 2020
Share premium	39,458,384,639	39,458,384,639
Others	74,888,340	74,888,340
Total	39,533,272,979	39,533,272,979

#### (ii) Surplus reserve

The surplus reserve represents statutory surplus reserve. According to the Accounting Standards for Business Enterprises issued by the MOF and other relevant requirements, the Company is required to appropriate 10% of its net profit, after offsetting prior year's accumulated losses, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to the approval of the shareholders, the statutory surplus reserve may be used to offset accumulated losses, or converted into capital of the Company provided that the balance of the statutory surplus reserve after such capitalisation is not less than 25% of the registered capital immediately before the capitalisation.

The Company makes the appropriation to surplus reserve at the end of each year.

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 43. CAPITAL, RESERVES AND DIVIDENDS (continued)

### (b) Reserves (continued)

#### (iii) General reserves

General reserves include general risk reserve and trading risk reserve.

In accordance with the Financial Rules for Financial Enterprises (Order of the MOF No. 42) and the application guidance (Cai Jin [2007] No. 23) issued by the MOF, and the Guideline of Supervision of Annual Report of Securities Companies issued by the CSRC, the Company is required to appropriate an amount equivalent to 10% of the net profit to the general risk reserve.

In addition, the Company as the mutual fund custodian shall accrue general risk reserve at a proportion of no less than 2.5% of custodian fee income. The accrual could be suspended on condition that the ending balance of risk reserve reached 0.25% of the aggregate of net asset values of the mutual funds under custody at the end of last quarter.

In accordance with the Guideline of Supervision of Annual Report of Securities Companies issued by the CSRC, the Company is required to appropriate an amount equivalent to 10% of the net profit to the trading risk reserve.

In accordance with the Guidelines for the Large Collective Asset Management Business of Securities Companies on implementing the Guiding Opinions for Regulating the Asset Management Business of Financial Institutions, securities companies shall be analogically governed by relevant laws and requirements of public offering funds. Accordingly, the Company and CICC Wealth Management accrued risk reserves for large collective asset management business in accordance with relevant regulations on mutual funds.

General reserves for the Company's subsidiaries are appropriated if relevant requirements are in place.

#### (iv) Investment revaluation reserve

The investment revaluation reserve mainly represents cumulative gains and losses arising on the revaluation of financial assets at fair value through other comprehensive income, net of amounts reclassified to profit or loss when those financial assets are disposed of or are determined to be impaired.

#### (v) Foreign currency translation reserve

The foreign currency translation reserve comprises foreign exchange differences arising from translation of the financial statements of the Group entities from their respective reporting currencies to RMB.

### (c) Dividends

Upon the approval of the Annual General Meeting on 18 May 2021, the Company declared the payment of cash dividend for its 2020 profit distribution. The amount of cash dividend was RMB868,906,236, tax inclusive (or RMB1.80 for every ten shares, tax inclusive).

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 44. OTHER EQUITY INSTRUMENTS

At initial recognition, the Group classifies perpetual subordinated bonds issued as financial liabilities or equity instruments based on their contractual terms and their economic substance after considering the definition of financial liabilities and equity instruments.

Perpetual subordinated bonds issued that should be classified as equity instruments are recognised in equity at the actual amount received. Any distribution of dividends or interests during the instruments' duration is treated as profit distribution. When the perpetual subordinated bonds are redeemed pursuant to the contractual terms, the redemption price is charged to equity.

Key contractual terms related to the above perpetual subordinated bonds are as follows:

- The bonds bear interest at a fixed rate;
- The nominal interest rate of the first five interest-bearing years is determined by book building and will remain unchanged. The nominal interest rate resets every five years since the sixth interest-bearing year;
- The Company has an 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 to the next interest payment date the payment for the interest for the current period as well as all the accreted interests as a result of exercising the interest payment deferral option. There is no limitation on number of times that the Company exercises the deferral option. Exercising the interest payment deferral option shall not be deemed as the issuer's failure to pay the interest in full as agreed. Mandatory interest payment events are limited to dividend distributions to ordinary shareholders and reductions of registered capital.

The Company does not have any contractual obligation to deliver cash or other financial assets to redeem the perpetual subordinated bonds. The redemption of the perpetual subordinated bonds is solely at the discretion of the Company.

- (a) On 29 May 2020, the Company exercised the issuer early-redemption option for the 2015 perpetual subordinated bonds to redeem all of the perpetual subordinated bonds that had been registered as at the redemption registration date.
- (b) The Company issued 20 CICC Y1 with an aggregate principal amount of RMB5.0 billion on 28 August 2020.
- (c) The Company issued 21 CICC Y1 with an aggregate principal amount of RMB1.5 billion on 29 January 2021 and issued 21 CICC Y2 with an aggregate principal amount of RMB2.0 billion on 26 April 2021.

## 45. COMMITMENT

### (a) Capital commitments

As at 30 June 2021 and 31 December 2020, the capital commitments contracted but not provided for in the condensed consolidated financial statements were as follows:

	As at 30 June 2021	As at 31 December 2020
Contracted, but not provided for	3,134,929,308	2,703,292,134

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 45. COMMITMENT (continued)

### (b) Underwriting commitments

According to the relevant tendering documents, the underwriting commitments taken but not provided for at 30 June 2021 was RMB1,791,806,000 for the Group (31 December 2020: RMB600,200,820).

## 46. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

### (a) The controlling shareholder of the Company – Central Huijin Investment Ltd. (“Huijin”)

As at 30 June 2021, Huijin owned 40.17% of the equity interest of the Company (31 December 2020: 40.17%) directly and indirectly.

In November 2020, the Company completed the initial public offering of 458,589,000 A shares and listed on the Shanghai Stock Exchange. After the completion of the issuance, the registered capital and share capital of the Company increased to RMB4,827,256,868 (see Note 43(a)). Accordingly, the equity interest held directly by Huijin decreased to 40.11%.

Huijin does not carry out any other commercial business activities, nor does it interfere with the daily operations of the state-owned key financial enterprises it controls. The Group’s daily business transactions with Huijin and Huijin’s affiliates are conducted on normal commercial terms.

### (i) Related party transactions with Huijin and Huijin’s affiliates

	Six months ended 30 June	
	2021	2020
Brokerage commission income	25,934,732	3,250,598
Underwriting and sponsoring fees	5,061,673	22,746,131
Asset management fees	–	17,084,612
Investment advisory fees	566,038	394,472
Interest income	494,329,186	367,882,181
Net gains from financial instruments at fair value through profit or loss	75,461,591	42,026,928
Net gains from derivative financial instruments	135,163,901	1,893,406
Other losses, net	1,763,833	–
Brokerage commission expenses	28,710,198	26,629,171
Asset management expenses	16,009,508	21,027,920
Interest expenses	196,003,629	145,997,090
Other operating expenses and costs	3,408,005	393,635

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 46. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

### (a) The controlling shareholder of the Company – Central Huijin Investment Ltd. (“Huijin”) (continued)

#### (ii) The balances of transactions with Huijin and Huijin’s affiliates

	As at 30 June 2021	As at 31 December 2020
Accounts receivable	209,613,514	892,335,688
Financial assets at fair value through other comprehensive income	3,804,487,671	4,486,800,088
Financial assets at fair value through profit or loss	8,398,766,136	3,558,032,591
Reverse REPOs	30,000,000	–
Refundable deposits	132,018,654	40,442,798
Derivative financial assets	1,209,375,520	929,893,328
Cash and bank balances (Note)	51,338,299,761	44,011,197,862
Other non-current assets	270,611	930,481
Financial liabilities at fair value through profit or loss	65,293,612	269,373,752
Derivative financial liabilities	845,915,688	965,555,551
Accounts payable to brokerage clients	22,882,635	32,030,997
Placements from financial institutions	10,082,609,923	10,490,809,695
REPOs	8,906,624,666	4,228,739,184
Short-term debt securities issued	52,569,000	25,245,000
Long-term debt securities issued	2,271,818,887	1,536,168,603
Other current liabilities	1,294,962,402	1,298,816,638

Note: Balances of deposits at Huijin’s affiliates include self-owned cash and bank balances and cash held on behalf of clients.

### (b) Related party transactions with key management personnel

The key management personnel are those who have the authority and responsibility to plan, direct and control directly or indirectly, the activities of the Group, including members of the Board of Directors and the supervisory board, and other senior executives. Remuneration for key management personnel of the Group is as follows:

	Six months ended 30 June 2021	2020
Salaries, allowances and benefits in kind	13,520,986	17,260,530
Discretionary bonuses (Note)	–	–
Retirement scheme contributions	715,806	450,644
Total	14,236,792	17,711,174

Note: The discretionary bonuses of the Group’s management personnel for the six months ended 30 June 2021 have not yet been finalised.

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 46. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

### (c) Related party transactions with other shareholders holding 5% or more shares of the Company

#### (i) Related party transactions with other shareholders holding 5% or more shares of the Company

	Six months ended 30 June	
	2021	2020
Asset management fees	–	12,997,783
Brokerage commission income	–	110
Interest expenses	211	40,813

#### (ii) The balances of transactions with other shareholders holding 5% or more shares of the Company

	As at 30 June 2021	As at 31 December 2020
Accounts payable to brokerage clients	47	210,514

### (d) Related party transactions with the Group's associates and joint ventures

#### (i) Related party transactions with associates and joint ventures and their affiliates

	Six months ended 30 June	
	2021	2020
Brokerage commission income	4,201,943	3,147,677
Asset management fees	3,835,014	6,237,755
Investment advisory fees	5,489,867	10,204,206
Interest income	2,181,209	4,257,782
Interest expenses	1,447	3,063

#### (ii) The balances of transactions with associates and joint ventures and their affiliates

	As at 30 June 2021	As at 31 December 2020
Accounts receivable	12,630,807	32,211,963
Other non-current assets	184,881,105	182,958,826
Accounts payable to brokerage clients	761,927	905
Contract liabilities	1,141,380	–
Other current liabilities	12,080,000	12,080,000

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 47. FAIR VALUE INFORMATION

The Group adopts the following methods and assumptions when evaluating fair values:

- (i) Financial assets including cash and bank balances, cash held on behalf of clients and reverse REPOs and financial liabilities including short-term placements from financial institutions and REPOs, are mainly instruments with floating interest rates or for short-term financing. Accordingly, the carrying amounts approximate their fair values.
- (ii) Financial instruments at fair value through profit or loss or through other comprehensive income and derivatives are stated at fair value. For financial instruments traded in active markets, the Group uses market prices as the best estimate for their fair values. For financial instruments without any market price, the Group determines their fair values using discounted cash flows or other valuation techniques.
- (iii) The fair values of short-term and long-term debt securities issued are determined with reference to the available market prices or quotes from brokers or agents. If there is no quoted market price in an active market, the Group estimates the fair values using discounted cash flows or other valuation techniques with reference to the yields of financial instruments with similar characteristics such as similar credit risk and maturity. The fair values of long-term debt securities issued are disclosed in Note 40. The carrying amounts of short-term debt securities issued approximate their fair values.
- (iv) Accounts receivable and accounts payable to brokerage clients are mainly due within one year. Accordingly, the carrying amounts approximate their fair values.

### (a) *Financial assets and liabilities measured at fair value*

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

- Level I: Fair value measured using only Level I inputs (i.e. unadjusted quoted prices in active markets for identical assets or liabilities) at the measurement date.
- Level II: Fair value measured using Level II inputs (i.e. observable inputs which are unqualified as Level I inputs), and no significant unobservable inputs. Unobservable inputs are the inputs for which market data are not available.
- Level III: Fair value measured using significant unobservable inputs.

If there is a reliable market quote for a financial instrument, the fair value of the financial instrument is measured based on quoted market price. If a reliable quoted market price is not available, the fair value of the financial instrument is estimated using valuation techniques. For the fair value of financial instruments categorised within Level II, the valuation techniques applied include discounted cash flow analysis and option pricing models. The significant observable inputs to the valuation techniques used for Level II include future cash flows estimated based on contractual terms, risk-free and benchmark interest rates, credit spreads and foreign exchange rates. For the fair value of financial instruments categorised within Level III, the valuation techniques and significant unobservable inputs are disclosed in Note 47(a)(ii).

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 47. FAIR VALUE INFORMATION (continued)

### (a) Financial assets and liabilities measured at fair value (continued)

The following table presents the analysis of financial instruments measured at fair value at the end of the reporting periods on the basis of the fair value hierarchy:

	As at 30 June 2021			
	Level I	Level II	Level III	Total
<b>Assets</b>				
Financial assets at fair value through profit or loss				
– Equity securities	101,745,012,279	656,355,170	18,186,085,007	120,587,452,456
– Debt securities	1,865,151,468	83,373,564,374	320,811,730	85,559,527,572
– Funds and other investments	11,064,589,495	70,855,902,208	1,253,235,026	83,173,726,729
Derivative financial assets	693,383,156	13,944,210,430	–	14,637,593,586
Financial assets at fair value through other comprehensive income				
– Debt securities	–	36,235,106,892	–	36,235,106,892
<b>Total</b>	<b>115,368,136,398</b>	<b>205,065,139,074</b>	<b>19,760,131,763</b>	<b>340,193,407,235</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading				
– Equity securities	(4,196,406,640)	(1,871,424)	–	(4,198,278,064)
– Debt securities	–	(890,384,661)	–	(890,384,661)
– Funds and others	(651,268,464)	–	–	(651,268,464)
Financial liabilities designated as at fair value through profit or loss				
– Equity securities	–	(29,577,447,553)	–	(29,577,447,553)
– Debt securities	–	(1,749,562,291)	–	(1,749,562,291)
Derivative financial liabilities	(249,730,927)	(19,695,735,908)	–	(19,945,466,835)
<b>Total</b>	<b>(5,097,406,031)</b>	<b>(51,915,001,837)</b>	<b>–</b>	<b>(57,012,407,868)</b>

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 47. FAIR VALUE INFORMATION (continued)

### (a) Financial assets and liabilities measured at fair value (continued)

	As at 31 December 2020			
	Level I	Level II	Level III	Total
Assets				
Financial assets at fair value through profit or loss				
–Equity securities	92,814,231,510	538,538,406	17,567,429,786	110,920,199,702
–Debt securities	1,210,768,017	79,171,022,879	432,695,788	80,814,486,684
–Funds and other investments	11,965,827,662	43,571,807,870	333,375,727	55,871,011,259
Derivative financial assets	836,397,586	11,474,866,250	–	12,311,263,836
Financial assets at fair value through other comprehensive income				
–Debt securities	–	37,212,187,524	–	37,212,187,524
Total	106,827,224,775	171,968,422,929	18,333,501,301	297,129,149,005
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading				
–Equity securities	(5,889,938,351)	(14,184,233)	–	(5,904,122,584)
–Debt securities	–	(1,066,167,906)	–	(1,066,167,906)
–Funds and others	(1,126,558,207)	–	–	(1,126,558,207)
Financial liabilities designated as at fair value through profit or loss				
–Equity securities	–	(33,251,717,178)	–	(33,251,717,178)
–Debt securities	–	(1,542,983,452)	–	(1,542,983,452)
Derivative financial liabilities	(236,239,998)	(24,446,294,639)	–	(24,682,534,637)
Total	(7,252,736,556)	(60,321,347,408)	–	(67,574,083,964)

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 47. FAIR VALUE INFORMATION (continued)

### (a) Financial assets and liabilities measured at fair value (continued)

#### (i) Transfer between levels

As of 30 June 2021, the Group's investment of RMB19 million (31 December 2020: RMB30 million) in suspended stocks were transferred from Level I to Level II, as the quoted prices of these stocks were no longer regularly available.

As of 30 June 2021, the Group's investments in equity securities, debt securities and others of RMB114 million (31 December 2020: RMB421 million) were transferred from Level I or II to Level III, as the fair values of these investments were determined with the use of valuation techniques instead of quoted prices, due to events such as delisting or credit risk in existence, etc.

As of 30 June 2021, the Group's investments in equity securities and debt securities of RMB277 million (31 December 2020: RMB35 million) were transferred from Level III to Level I or II, as the fair values of these securities were determined with the use of quoted prices instead of valuation techniques, due to events such as listing, re-listing or expiration of lock-up period, etc.

Apart from the transfers above, for the six months ended 30 June 2021 and the year ended 31 December 2020, there was no other significant transfer among Level I, Level II and Level III for the Group's financial assets and liabilities measured at fair value. In accordance with its accounting policies, the Group recognises transfers among the levels as at the end of the reporting period in which such transfers occur.

#### (ii) Information about Level III fair value measurements

The following table presents a reconciliation from the beginning balance to the ending balance of financial assets measured at Level III through profit or loss:

	Financial assets at fair value through profit or loss
As at 1 January 2021	18,333,501,301
Gains for the period	2,184,877,464
Purchases	5,802,239,711
Disposals and settlement	(6,397,530,872)
Transfer into Level III	113,944,526
Transfer out of Level III	(276,900,367)
As at 30 June 2021	19,760,131,763
Net gains for the period included in profit or loss for assets held at the end of the reporting period	2,663,018,575

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 47. FAIR VALUE INFORMATION (continued)

### (a) Financial assets and liabilities measured at fair value (continued)

#### (ii) Information about Level III fair value measurements (continued)

	Financial assets at fair value through profit or loss
As at 1 January 2020	4,857,511,258
Gains for the period	1,897,406,804
Purchases	12,138,828,913
Disposals and settlement	(945,940,038)
Transfer into Level III	420,628,728
Transfer out of Level III	(34,934,364)
As at 31 December 2020	18,333,501,301
Net gains for the period included in profit or loss for assets held at the end of the reporting period	1,983,597,596

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 47. FAIR VALUE INFORMATION (continued)

### (a) Financial assets and liabilities measured at fair value (continued)

#### (ii) Information about Level III fair value measurements (continued)

For financial instruments measured at Level III, fair values are determined based on the reports on capital account for these instruments obtained by management or determined by using valuation techniques such as discounted cash flow model, market comparable company analysis and recent financing price method. Key determinant to categorise fair value as Level III is the significance of the unobservable inputs to the overall fair value measurement. The following table presents the valuation techniques and inputs used in the valuation of the major financial instruments measured at Level III. As of 30 June 2021 and 31 December 2020, the fair value of the financial instruments measured at Level III is not significantly sensitive to a reasonable change in these unobservable inputs.

Financial instruments	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Debt securities	Level III	Discounted cash flow models	Discount rate (Note 1)	The higher the discount, the lower the fair value
Equity securities	Level III	Option pricing models	Historical volatility (Note 2)	The higher the volatility, the lower the fair value
Equity securities	Level III	Market comparable companies	Discount for lack of marketability (Note 3)	The higher the discount, the lower the fair value

Note 1: Discount rate, ranging from 2.48% to 3.36% (31 December 2020: 2.47% – 3.36%).

Note 2: Historical volatility, ranging from 10.06% to 87.57% (31 December 2020: 22.57% – 90.00%).

Note 3: Discount for lack of marketability, ranging from 20.00% to 60.00% (31 December 2020: 60.00%).

### (b) Fair value of financial assets and liabilities carried at other than fair value

The fair values of long-term debt securities issued have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of the Group. The fair values of long-term debt securities issued are classified as Level II and disclosed in Note 40.

Except for the above, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities carried at amortised cost in the Group's condensed consolidated statement of financial position approximate their fair values.

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 48. FINANCIAL RISK MANAGEMENT

The Group's risk management aims to effectively allocate risk-based capital, limit risks to a controllable level, maximise the corporate value and constantly solidify the foundation for a steady and sustainable development of the Group. The group monitors and controls different types of risk exposures, such as credit risk, liquidity risk and market risk, which incurred from group's holdings on various financial instruments.

### (a) Credit risk

Credit risk refers to the risk resulting from defaults or deterioration in creditworthiness of counterparties, borrowers and security issuers.

The exposure to credit risk of the Group arises mainly from: (1) credit risk from default or bankruptcy of debtors, including the loss due to default of intermediary institutions (such as brokers or custodian banks), in which case the risk exposure is the total value of outstanding debts; (2) counterparty risk in terms of default of counterparties in over-the-counter ("OTC") derivative transactions (such as swaps or forward transactions), in which case the risk exposure depends on the changes in the market value of the derivatives; (3) credit risk from defaults or deterioration in creditworthiness of bond issuers.

At the end of the reporting period, the Group's maximum credit risk exposure is the net carrying amount of financial assets without taking account of any collateral or other credit enhancements.

### Measurement of expected credit losses

The Group recognises an impairment loss allowance for financial assets measured at amortised cost (including receivable from margin clients, reverse REPOs, etc.) and debt securities measured at fair value through other comprehensive income via ECL model. The measurement of the ECL is based on the Probability of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD").

A default is that a client, a financier or issuer of investment products fails to fulfil the contract. PD is an estimate of the likelihood of default over a given time horizon. The Group estimates the PD based on its internal rating model, integrating factors such as external rating information, macroeconomic environment and changes in quantitative and qualitative indicators of the counterparties or bonds issuers. LGD is an estimate of the loss bore by the Group on the exposure at default. In the determination of LGD, the Group estimates the recoverable cash flow from disposing underlying assets and collaterals by taking their liquidity and relevant historical market data into full consideration, and estimates LGD based on the difference between the recoverable and the contracted cash flows. EAD is the amount that shall be repaid to the Group when a default occurs within a given period of time. When measuring the ECL, the Group classifies the assets into different risk stages based on whether the credit risk of each asset has increased significantly since the initial recognition. Accordingly, the Group measures the loss allowance on either a 12-month or the lifetime basis for the investments at different risk stages.

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 48. FINANCIAL RISK MANAGEMENT (continued)

### (a) Credit risk (continued)

#### Provision method of ECL

The Group recognises impairment allowance based on ECL for businesses such as debt securities investment and margin financing. For the financial instruments for which the ECL measurement is used, the Group classifies these financial instruments into different risk stages based on whether the credit risk of each instrument has increased significantly since the initial recognition. The financial instruments with lower credit risk on balance sheet date or of which the credit risk has not increased significantly since the initial recognition will be classified into “Stage 1”; the financial instruments of which the credit risk has increased significantly since the initial recognition will be classified into “Stage 2”; and the financial instruments that have been credit-impaired will be transferred into “Stage 3”. The Group measures ECL based on the parameters such as PD, LGD and EAD.

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

The Group considers a financial instrument experiencing SICR when one or more of the following quantitative and qualitative criteria have been met: (1) for debt securities investment business: the latest external or internal ratings of the bond issuer or the debt securities per se decline substantially compared with their ratings on the initial recognition, or there are adverse changes in business, financial or external conditions of the bond issuer and these adverse changes are expected to cause a significant decrease in the bond issuer’s ability to meet its obligations; or (2) for margin financing business: the performance guarantee ratio is lower than the predetermined warning line, collaterals are suspended continuously or have adverse changes in their conditions, assets held by the debtors have significant deterioration in qualities, or a debt is approaching its maturity with a risk of default.

#### The criteria of credit-impaired assets

The Group considers that a financial instrument has been credit-impaired when (1) for debt securities: the circumstances in which a bond issuer can be regarded as in default include failure to perform the payment obligations as agreed, having other bond defaults or having significant financial difficulties; (2) for margin financing business: a margin financing client violates the business agreement in terms of failing to remargin in a timely manner when the margin ratio is below the agreed level, failing to fully repay the debt when a margin call is triggered or failing to fully repay the debt when the contract expires, or when a margin is unable to be closed out as trading of the collaterals has been suspended, or when the shares used as pledge/guarantee are frozen by judicial system.

#### Forward-looking information

The Group measures ECL using forward looking information without undue costs or efforts. In order to adjust the default rates to incorporate forward-looking information, the Group, using forecasts of year-on-year changes in cumulative GDP and of year-on-year changes in domestic loans denominated in RMB as the basis, establishes relationship between the two macroeconomic indicators and default rates with the use of statistical models and sets different scenario weightings. The Group determined the forecasted values of the two macroeconomic indicators to be 8.9% and 11.4% as at 30 June 2021 based on publicly available forecasts of third parties. The tuning parameter was determined with the use of weighted average of the values under optimistic, neutral and pessimistic hypothetical scenarios in combination with qualitative analysis method.

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 48. FINANCIAL RISK MANAGEMENT (continued)

### (a) Credit risk (continued)

#### Debt securities (including debt securities measured at fair value through profit or loss (“FVTPL”) and at FVTOCI)

The Group emphasizes the diversification level of the fixed income credit products and the credit products invested are those predominantly with relatively high credit ratings. The Group controls its market risk and credit risk exposures by setting up limits on investment size, product types, credit ratings and concentrations, and closely monitors and tracks bond issuers' business performance and credit profiles so as to constantly evaluate and warn any credit deterioration.

The carrying amount of the Group's debt securities is presented as follows:

	As at 30 June 2021	As at 31 December 2020
Financial assets at fair value through profit or loss	85,559,527,572	80,814,486,684
Financial assets at fair value through other comprehensive income	36,235,106,892	37,212,187,524
<b>Total</b>	<b>121,794,634,464</b>	<b>118,026,674,208</b>

(i) The exposure to credit risk for debt securities at FVTPL and FVTOCI by the location of issuer is presented as follows:

	As at 30 June 2021	As at 31 December 2020
Mainland China	121,551,002,536	117,490,283,780
Outside mainland China	243,631,928	536,390,428
<b>Total</b>	<b>121,794,634,464</b>	<b>118,026,674,208</b>

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 48. FINANCIAL RISK MANAGEMENT (continued)

### (a) Credit risk (continued)

**Debt securities (including debt securities measured at fair value through profit or loss (“FVTPL”) and at FVTOCI) (continued)**

(ii) The following table presents an analysis of credit quality of the debt securities at FVTPL and FVTOCI.

Credit rating	As at 30 June 2021		As at 31 December 2020	
	FVTPL	FVTOCI 12-month ECL	FVTPL	FVTOCI 12-month ECL
Outside mainland China (by international rating agencies)				
– AAA	12,983	–	13,428	–
– From AA – to AA+	2,866,035	–	195,266,774	–
– From A – to A+	577,783,834	2,752,012,933	976,835,477	1,266,183,968
– Below A-	9,252,386,705	3,074,800,182	11,918,910,384	2,473,257,046
Subtotal	9,833,049,557	5,826,813,115	13,091,026,063	3,739,441,014
Mainland China (by domestic rating agencies)				
– AAA	45,502,303,036	24,020,843,003	36,619,827,151	29,898,050,228
– From AA – to AA+	7,756,716,174	307,064,371	6,886,308,780	487,227,674
– From A – to A+	1,012,339,518	–	1,850,277,198	–
– Below A-	737,401,483	–	502,380,429	–
Subtotal	55,008,760,211	24,327,907,374	45,858,793,558	30,385,277,902
Non-rated I (Note 1)	7,963,457,648	6,080,386,403	5,953,043,593	3,087,468,608
Non-rated II (Note 2)	12,754,260,156	–	15,911,623,470	–
Total	85,559,527,572	36,235,106,892	80,814,486,684	37,212,187,524
Impairment loss allowance		(11,128,390)		(18,166,922)

Note 1: These non-rated financial assets mainly include government bonds, central bank bills and policy financial bonds.

Note 2: These non-rated financial assets are mainly other debt securities and trading securities with no ratings provided by independent rating agencies.

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 48. FINANCIAL RISK MANAGEMENT (continued)

### (a) Credit risk (continued)

#### Other non-derivative financial investments (other than debt securities)

The Group has adopted the following measures to manage credit risk in capital businesses including margin financing and securities lending business and stock-based lending business: vetting counterparties, determining credit ratings and setting lending limits; managing collaterals (via haircut rates, liquidity and concentration) and closely monitoring margin ratios and/or collateral ratios; establishing and implementing margin call and mandatory liquidation policy.

The exposure to credit risk for financial assets other than debt securities at the reporting date by geographic region was as follows:

	As at 30 June 2021	As at 31 December 2020
Mainland China	196,692,202,227	161,864,911,019
Outside mainland China	72,953,019,490	54,449,388,368
Total	269,645,221,717	216,314,299,387

#### Derivatives

Regarding the counterparty credit risk of the OTC derivatives business, the Group has established a counterparty credit rating system. Through a combination of qualitative and quantitative methods, it comprehensively evaluates counterparty qualifications and determines credit ratings accordingly. On the basis of credit ratings, the Group sets a corresponding limit of credit risk exposure for each counterparty, and manages counterparty credit risk by signing OTC derivatives trading master agreements and performance guarantee agreements, and by requiring performance guarantees. The Group calculates the minimum amount required as collateral and credit risk exposure for an OTC derivative counterparty by establishing dynamic scenarios combined with stress test, and measures and monitors the minimum collateral value and credit risk exposure through the system on a daily basis. In view of this, the Group maintains the credit risk exposure of derivatives transactions within an acceptable range.

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 48. FINANCIAL RISK MANAGEMENT (continued)

### (b) Liquidity risk

Liquidity risk refers to the risks arising from the Group's inability to obtain sufficient funds at reasonable costs in a timely manner to meet its debt obligations, fulfill other payment obligations, and satisfy the funding needs in conducting ordinary business operations.

The Group implements vertical and centralised management on liquidity risks of all domestic and overseas branches and subsidiaries. The Group has adopted the following measures to manage liquidity risk: closely monitoring balance sheets of the Group and its branches and subsidiaries, and managing liquidity gaps between assets and liabilities; setting liquidity risk limits based on the Group's overall situation and regulatory requirement; conducting cash flow forecast and liquidity risk stress test on a regular and irregular basis to analyse and assess the Group's liquidity risk level; maintaining adequate high-quality liquid assets and establishing contingency plan for potential liquidity crisis situation.

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

	As at 30 June 2021				
	Overdue/ repayable on demand	Within 1 year (inclusive)	1 – 5 years (inclusive)	More than 5 years	Total
Financial liabilities					
Financial liabilities at fair value through profit or loss	-	37,068,555,004	-	-	37,068,555,004
Derivative financial liabilities (Note)	-	19,205,607,492	736,845,457	3,013,886	19,945,466,835
Accounts payable to brokerage clients	86,054,478,211	-	-	-	86,054,478,211
Placements from financial institutions	-	23,930,636,133	-	-	23,930,636,133
Short-term debt securities issued	-	19,849,871,465	1,303,985,786	-	21,153,857,251
REPOs	-	33,995,088,131	-	-	33,995,088,131
Long-term debt securities issued	-	33,465,234,372	142,992,257,597	7,171,410,000	183,628,901,969
Lease liabilities	-	570,457,884	719,269,873	94,950,259	1,384,678,016
Others	85,693,024,921	54,457,465,459	17,257,712	-	140,167,748,092
Total	171,747,503,132	222,542,915,940	145,769,616,425	7,269,374,145	547,329,409,642

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 48. FINANCIAL RISK MANAGEMENT (continued)

### (b) Liquidity risk (continued)

	As at 31 December 2020				Total
	Overdue/ repayable on demand	Within 1 year (inclusive)	1 – 5 years (inclusive)	More than 5 years	
Financial liabilities					
Financial liabilities at fair value through profit or loss	–	42,861,548,262	31,204,353	–	42,892,752,615
Derivative financial liabilities (Note)	–	24,274,292,861	404,514,934	3,726,842	24,682,534,637
Accounts payable to brokerage clients	70,655,180,456	–	–	–	70,655,180,456
Placements from financial institutions	–	34,693,675,373	–	–	34,693,675,373
Short-term debt securities issued	–	24,786,178,088	1,777,427,519	–	26,563,605,607
REPOs	–	25,176,471,507	–	–	25,176,471,507
Long-term debt securities issued	–	25,317,890,096	107,220,070,994	8,273,380,000	140,811,341,090
Lease liabilities	–	583,385,659	631,680,737	80,101,973	1,295,168,369
Others	55,400,011,773	29,438,926,631	13,888,735	–	84,852,827,139
Total	126,055,192,229	207,132,368,477	110,078,787,272	8,357,208,815	451,623,556,793

Note: The undiscounted contractual net cash outflows on derivative liabilities is presented on a net basis.

### (c) Market risk

Market risk is the risk of loss of the Group's income and value of financial instruments arising from unfavourable market conditions such as adverse changes in interest rates, stock prices and exchange rates. The objectives of market risk management are to monitor the market risk and control it within the acceptable range and to maximise the risk-adjusted return. The Group conducts stress test on a regular basis and calculates risk control indicators and operating indicators under different scenarios. The Group monitors the market risk for investment portfolios and for non-trading portfolios separately.

#### (i) Market risk of investment portfolios

Investment portfolio includes financial assets at FVTPL and at FVTOCI, derivative financial assets, financial liabilities at FVTPL, derivative financial liabilities. The risk exposures are measured and monitored against limits on principal, stop-loss limit, etc., and are maintained within the established limits. The Group adopts various methods (such as Value-at-Risk ("VaR") analysis, sensitivity limit analysis, investment concentration limit analysis, scenario analysis and stress test) to manage market risk. The VaR analysis is a major tool used by the Group to measure and monitor market risk of the investment portfolios.

VaR is a technique with the use of which the Group estimates the potential losses that could incur on its risk position under the unfavourable market condition over a specified time horizon and at a given level of confidence. The independent risk management personnel of the Group computes VaR using historical simulation method and implements relevant controls over the market risk accordingly. The historical simulation method is used to estimate future profit or loss based on observed historical market risk factors movements and sensitivity of the current investment portfolio to those risk factors.

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 48. FINANCIAL RISK MANAGEMENT (continued)

### (c) Market risk (continued)

#### (i) Market risk of investment portfolios (continued)

Based on three-year historically observed market risk factors movements, the Group has adopted the historical simulation method at the 95% confidence level to compute its daily VaR. The 95% daily VaR indicates that the expected one-day loss of the Group's portfolio will not exceed this VaR at 95% chance, if the portfolio were held constant for one day. Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do have some limitations, including the following:

- When there is severe market illiquidity for a prolonged period, the realisable value of the Group's investment portfolio in a trade day may vary from the estimate due to the one-day time horizon of VaR;
- The 95% confidence level does not reflect losses that may occur beyond this level. Under the model currently in use, the unrealised loss in portfolio value would have been exceeded with a frequency of 5%;
- VaR is calculated on an end-of-day basis and does not take into account intraday trading; and
- Historical changes in market risk factors may not be accurate predictors of future market conditions, especially in terms of fully incorporating the risk of extreme market events.

The following tables set forth the Group computed VaRs by risk categories as of the dates and for the periods:

	As at 30	Six months ended 30 June 2021		
	June 2021	Average	Highest	Lowest
Equity prices	195,181,340	171,150,055	215,684,592	132,532,882
Interest rates	60,015,874	47,642,900	70,531,955	35,761,912
Currency rates	30,973,749	37,175,763	44,258,664	25,913,734
Commodity prices	239,846	633,261	1,548,226	116,233
Diversification effect	(87,329,855)	(76,133,153)		
Total portfolio	199,080,954	180,468,826	220,752,094	151,260,280

	As at 31	Year ended 31 December 2020		
	December 2020	Average	Highest	Lowest
Equity prices	168,760,417	159,476,256	271,586,230	32,843,887
Interest rates	35,629,109	43,610,214	53,094,558	29,775,232
Currency rates	37,172,023	36,988,612	43,489,561	25,464,285
Commodity prices	1,309,872	1,359,948	5,372,547	283,783
Diversification effect	(63,062,795)	(71,837,789)		
Total portfolio	179,808,626	169,597,241	267,183,358	62,439,644

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 48. FINANCIAL RISK MANAGEMENT (continued)

### (c) Market risk (continued)

#### (ii) Market risk of non-trading portfolios

##### (1) Interest rate risk

The non-trading portfolios of the Group are subject to the risk of interest rate fluctuations. Except for the financial assets and liabilities managed through VaR, the Group's major interest-earning assets in its non-trading portfolios include deposits with banks and with clearinghouses, receivable from margin clients and reverse REPOs; and its interest-bearing liabilities mainly include short-term debt securities issued, placements from financial institutions, REPOs and long-term debt securities issued.

The Group adopts sensitivity analysis to measure the interest rate risk of non-trading portfolios. Assuming all other variables remain constant, interest rate sensitivity analysis is as follows:

	Sensitivity of net profit	
	Six months ended 30 June	
	2021	2020
Changes in basis points (bps)		
Increase by 50 bps	(322,305,191)	(306,383,452)
Decrease by 50 bps or decrease to 0	369,903,976	308,233,946

	Sensitivity of equity	
	As at 30 June 2021	As at 31 December 2020
Changes in bps		
Increase by 50 bps	(322,305,191)	(287,838,356)
Decrease by 50 bps or decrease to 0	369,903,976	323,448,026

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 48. FINANCIAL RISK MANAGEMENT *(continued)*

### (c) **Market risk** *(continued)*

#### (ii) **Market risk of non-trading portfolios** *(continued)*

##### (1) **Interest rate risk** *(continued)*

The sensitivity analysis is based on the static rate risk profile of the Group's assets and liabilities. The sensitivity analysis measures the impact of changes of interest rates within one year and shows how annualised net profit or loss and equity would have been affected by repricing of the Group's assets and liabilities within the one-year period. The sensitivity analysis is based on the following assumptions that:

- The 50-bp changes of interest rates at the end of the reporting periods apply to all of the Group's non-trading financial instruments in the next 12 months;
- the shift in the yield curve is parallel with the changes of interest rate;
- There are no changes in the assets and liabilities portfolios;
- Other variables (including exchange rates) remain unchanged; and
- Risk management measures undertaken by the Group are not considered.

As the actual changes of interest rate can be different from the above assumptions, the impact of the interest rate changes on the Group's net profit and equity may vary from the estimated results of the sensitivity analysis.

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 48. FINANCIAL RISK MANAGEMENT (continued)

### (c) Market risk (continued)

#### (ii) Market risk of non-trading portfolios (continued)

##### (2) Currency risk

Currency risk is the risk arising from fluctuations of foreign exchange rates. The table below presents the exchange rate sensitivity analysis of the Group's major currency risk exposures, which calculates the impact of reasonably possible changes in the foreign exchange rate on equity where all other variables are held constant. This analysis does not take into account any foreign exchange correlations or changes in fair values of financial instruments denominated in foreign currencies, nor does it take into account any measures (for instance use of currency derivatives) that the Group may take to address the adverse impact of foreign exchange exposure on equity.

Currency	Changes in exchange rates	Sensitivity of equity	
		As at 30 June 2021	As at 31 December 2020
USD	1%	(246,773,869)	(257,483,322)
HKD	1%	32,861,686	80,385,868
Others	1%	4,248,109	1,773,972

While the table above indicates the impact on equity of 1% appreciation of USD, HKD and other foreign currencies, there will be an opposite effect with the same amount if the currencies depreciate by the same percentage.

# Notes to the Condensed Consolidated Financial Statements (Continued)

(Expressed in RMB, unless otherwise stated)

## 49. CONTINGENCIES

The Group is exposed to the risk of economic benefit outflows due to litigations, arbitrations or regulatory investigations in the course of operations. The Group, after having assessed in accordance with the IAS, believes that the probability for the occurrence of such risk is relatively low. The Group had no outstanding contingent matters which had a material impact on its consolidated financial position as at 30 June 2021.

## 50. SUBSEQUENT EVENTS

### (a) *Corporate bonds*

The Group redeemed 16 CICC 01 with an aggregate principal amount of RMB2.88 billion and 16 CICC 02 with an aggregate principal amount of RMB1.00 billion on 19 July 2021. The Group issued 21 CICC WMS S1 with an aggregate principal amount of RMB2.00 billion on 9 August 2021. The Group issued 21 CICC G5 with an aggregate principal amount of RMB1.00 billion and 21 CICC G6 with an aggregate principal amount of RMB1.50 billion on 16 August 2021.

### (b) *Profit distribution*

The Company's Annual General Meeting approved the 2020 profit distribution plan on 18 May 2021. The distribution of cash dividends was made in July 2021.

### (c) *Business integration between the Company and CICC Wealth Management*

To achieve synergy of the Group, the Company intends to transfer 20 branches (including their assets and liabilities), and other client relationships, business and contracts related to domestic wealth management business to CICC Wealth Management. This transaction does not change the equity structure of CICC Wealth Management and is not expected to have material impacts to the consolidated financial statements.