Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

GUOTAI JUNAN INTERNATIONAL HOLDINGS LIMITED
國泰君安國際控股有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 1788)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

The board of directors (the "Board") of Guotai Junan International Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together, the "Group") for the six months ended 30 June 2011 together with comparative figures for the last corresponding period as follows:

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2011	**2010**	**Change**
	(HK$'000) *Unaudited*	*(HK$'000)* *Unaudited*	*%*
Income from dealing and broking	174,420	170,541	2.3%
Income from margin and other financing	101,961	35,483	187.4%
Income from corporate finance	76,377	54,666	39.7%
Income from asset management	12,350	18,971	-34.9%
Revenue from core business activities	365,108	279,661	30.6%
(Loss)/gain from investment holding (Note 1)	(6,117)	7,599	-180.5%
Other income	860	3,058	-71.9%
Total revenue	359,851	290,318	24.0%
Profit for the period	158,111	111,260	42.1%
Profit attributable to owners of the parent	158,079	110,541	43.0%
Profit from core business activities (Note 2)	163,368	100,603	62.4%
Basic and diluted earnings per share (HK cents) (Note 3)	9.6	9.0	6.7%
Dividend per share (HK cents)	3.0	2.0	50.0%

Notes

1. Gain/(loss) from investment holding represents dividend income and gain or loss from financial assets measured at fair value through profit or loss.
2. Profit from core business activities represents profit for the period after deducting gain/(loss) from investment holding and other income.
3. It is based on weighted average of 1,640,000,000 ordinary shares in issue for the six months ended 30 June 2011 (2010: 1,230,000,000 ordinary shares in issue).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**For the six months ended 30 June** **2011** *Unaudited* *HK$'000*	**2010** *Unaudited* *HK$'000*
Revenue	4	358,991	287,260
Other income	5	860	3,058
Revenue and other income		359,851	290,318
Staff costs	6	(70,357)	(66,140)
Commission to account executives		(24,458)	(23,861)
Other commission expenses		(23,464)	(15,811)
Performance fee expense		(803)	—
Depreciation		(11,995)	(9,660)
Impairment of accounts receivable		(8)	(4,877)
Other operating expenses		(44,041)	(39,071)
Operating profit		184,725	130,898
Finance costs		(1,318)	(2,694)
Profit before income tax	7	183,407	128,204
Income tax expense	8	(25,296)	(16,944)
Profit for the period		158,111	111,260
Other comprehensive income for the period, net of tax		—	—
Total comprehensive income for the period		158,111	111,260
Attributable to:			
Owners of the parent		158,079	110,541
Non-controlling interests		32	719
		158,111	111,260
Earnings per share for profit attributable to ordinary equity holders of the parent			
- Basic and diluted	10	9.6 cents	9.0 cents

Details of the dividends proposed for the six months ended 30 June 2011 are disclosed in note 9 to the condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 30 June 2011** *Unaudited* *HK$'000*	**As at 31 December 2010** *Audited* *HK$'000*
Non-current assets			
Property, plant and equipment		454,621	450,401
Investment properties		113,479	115,055
Intangible assets		2,823	2,823
Other assets		3,010	2,870
Deferred tax assets		2,130	2,530
Held-to-maturity investments		77,820	77,833
Total non-current assets		653,883	651,512
Current assets			
Loans and advances to customers	11	2,303,247	1,975,894
Accounts receivable	12	1,689,722	935,583
Prepayments, deposits and other receivables		14,824	11,970
Financial assets at fair value through profit or loss	13	137,317	84,099
Client trust bank balances		6,106,293	5,874,971
Cash and cash equivalents		320,666	441,631
Total current assets		10,572,069	9,324,148

	Notes	As at 30 June 2011 *Unaudited* *HK$'000*	As at 31 December 2010 *Audited* *HK$'000*
Current liabilities			
Accounts payable	14	(7,086,289)	(6,778,940)
Bank borrowings	15	(870,000)	—
Other payables and accrued liabilities		(83,471)	(106,161)
Current income tax liabilities		(34,324)	(17,154)
Total current liabilities		(8,074,084)	(6,902,255)
NET CURRENT ASSETS		2,497,985	2,421,893
TOTAL ASSETS LESS CURRENT LIABILITIES		3,151,868	3,073,405
Non-current liabilities			
Deferred tax liabilities		(2,153)	(1,056)
Net Assets		3,149,715	3,072,349
Equity			
Share capital		164,000	164,000
Share premium		2,771,707	2,771,707
Other reserve		(1,236,460)	(1,236,460)
Share-based compensation reserve	16	1,255	—
Proposed interim/final dividend	9	49,200	82,000
Retained earnings		1,393,553	1,284,674
Equity attributable to owners of the parent		3,143,255	3,065,921
Non-controlling interests		6,460	6,428
Total equity		3,149,715	3,072,349

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION OF THE GROUP AND BASIS OF PRESENTATION

The Company was incorporated on 8 March 2010 in Hong Kong with limited liability under the Hong Kong Companies Ordinance (Cap. 32) and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 8 July 2010. The registered office address of the Company is 27th Floor, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong. The Company is an investment holding company and its subsidiaries are principally engaged in dealing and broking, margin and other financing, corporate finance and asset management.

The Company's immediate holding company and ultimate holding company are Guotai Junan Holdings Limited and Guotai Junan Securities Company Limited respectively.

This interim financial information has been prepared on the basis that the current group structure had been in existence at the beginning of the earliest period. Accordingly, the condensed consolidated statements of comprehensive income of the Group for the six months ended 30 June 2010 and 2011 include the financial information of the Company and its subsidiaries with effect from 1 January 2010 or, if later, since their respective dates of incorporation as if the current group structure had been in existence throughout the two periods presented. The condensed consolidated statements of financial position of the Group as at 31 December 2010 and 30 June 2011 have been prepared as if the current group structure had been in existence as at the respective dates. All material intra-group transactions and balances have been eliminated on consolidation.

This unaudited condensed consolidated interim financial information is presented in thousands of units of Hong Kong dollars (HK$'000), unless otherwise stated.

This unaudited condensed consolidated interim financial information was approved by the Board for issue on 19 August 2011.

2.1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial information for the six months ended 30 June 2011 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements for the year ended 31 December 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

Except for the adoption of *Improvements to HKFRSs 2010* described below, the accounting policies and basis of preparation applied in the preparation of the interim financial information are the same as those used in the consolidated financial statements for the year ended 31 December 2010 disclosed in the 2010 annual report of the Company.

Standards, amendments and interpretations published and effective for accounting periods beginning on or after 1 January 2011

Improvements to HKFRSs 2010 was issued in May 2010 by the HKICPA. The amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for annual periods beginning on or after 1 January 2011, with earlier application permitted.

No material changes to accounting policies are expected as a result of these amendments, except for the amendments of HKAS 34 which require additional disclosures for fair values and changes in classification of financial assets and the amendments to HKFRS 7 which clarifies seven disclosure requirements for financial instruments, with a particular focus on qualitative disclosure and credit risk disclosures. The Group has reflected the revised disclosure requirements in notes 11, 12 and 13 to the interim financial information.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.2 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Valuation of financial assets at fair value through profit or loss

The fair value of financial assets designated at fair value through profit or loss that are not traded in an active market is determined by using external valuations or valuation techniques. The Group uses a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of the reporting period. Valuation techniques used include the use of comparable recent arm's length transactions, discounted cash flow analysis, option pricing model and other valuation techniques commonly used by other market participants. Changes in assumptions on the valuation techniques could affect the reported fair value of these financial assets and liabilities. Further details are included in note 13 to the interim financial information.

3 OPERATING SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's senior management. The Group's operating businesses are structured and managed separately according to the nature of the operations and the services they provide. Each of the Group's business segments represents a strategic business unit that offers services which are subject to risks and returns that are different from those of the other business segments. The placing and underwriting services were classified under the brokerage and margin segment in the last interim report. It has been combined with corporate finance and advisory to form the corporate finance segment in the current period. Margin and other financing was included in the brokerage and margin segment and "others" segment in the last interim report. It has been reported as a new margin and other financing segment in the current period. Comparatives have been restated to conform with the current period's presentation. Summary details of the business segments are as follows:

(a) the dealing and broking segment engages in the provision of securities, futures and leveraged foreign exchange dealing and broking services to customers;

(b) the margin and other financing segment engages in the provision of margin financing to margin customers, initial public offering ("IPO") loans and other loan financing to customers and bank deposits;

(c) the corporate finance segment engages in the provision of advisory services, placing and underwriting services;

(d) the asset management segment engages in asset management, including fund management and the provision of investment advisory services;

(e) the investment holding segment represents dividend income and gain or loss from listed equity investments and other unlisted investments; and

(f) the "others" segment mainly represents rental income and the provision of information channel services and others.

Inter-segment transactions, if any, are conducted with reference to the prices charged to third parties and there was no change in the basis during the periods ended 30 June 2010 and 2011.

The unaudited segment results of the Group for the six months ended 30 June 2011 are as follows:-

	Dealing and broking	Margin and other financing	Corporate finance	Asset management	Investment holding	Others	Eliminations	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue and other income:								
Sales to external customers	174,420	101,961	76,377	12,350	(6,117)	860	—	359,851
Inter-segment sales	—	—	—	—	—	—	—	—
Total	174,420	101,961	76,377	12,350	(6,117)	860	—	359,851
Segment results	75,398	77,618	34,548	2,875	(7,032)	—	—	183,407
Income tax expense								(25,296)
Profit for the period								158,111
Other segment information:								
Depreciation	(5,361)	(3,286)	(2,771)	(577)	—	—	—	(11,995)
Finance costs	(11)	(1,307)	—	—	—	—	—	(1,318)

The unaudited segment results of the Group for the six months ended 30 June 2010 are as follows:-

	Dealing and broking	Margin and other financing	Corporate finance	Asset management	Investment holding	Others	Eliminations	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue and other income:								
Sales to external customers	170,541	35,483	54,666	18,971	7,599	3,058	—	290,318
Inter-segment sales	—	—	1,000	—	—	—	(1,000)	—
Total	170,541	35,483	55,666	18,971	7,599	3,058	(1,000)	290,318
Segment results	62,908	23,121	28,429	6,147	7,599	—	—	128,204
Income tax expense								(16,944)
Profit for the period								111,260
Other segment information:								
Depreciation	(5,088)	(1,406)	(2,351)	(815)	—	—	—	(9.660)
Finance costs	(18)	(2,676)	—	—	—	—	—	(2,694)

4 REVENUE

	For the six months ended 30 June	
	2011	**2010**
	Unaudited	*Unaudited*
	HK$'000	*HK$'000*
Dealing and broking:		
- Commission on securities dealing and broking	133,318	133,746
- Commission on futures dealing and broking	28,465	27,187
- Handling income on dealing and broking	12,214	9,608
- Net income on leveraged foreign exchange dealing and broking	423	—
Margin and other financing:		
- Interest income from margin loans	79,634	26,506
- Interest income from term loans	1,261	1,984
- Interest income from IPO loans	204	689
- Interest income from banks and others	17,627	6,304
- Interest income from unlisted held-to-maturity investments	2,910	—
- Interest income from unlisted financial assets designated at fair value through profit or loss	325	—
Corporate finance:		
- Placing, underwriting and sub-underwriting commission	59,837	41,185
- Consultancy and financial advisory fee income	16,540	13,481
Asset management:		
- Management fee income	10,705	11,712
- Performance fee income	1,645	7,259
Investment holding:		
- Net (loss)/gain on financial assets held for trading	(11,002)	3,397
- Dividend income from listed financial assets held for trading	4,885	4,202
	358,991	287,260

5 OTHER INCOME

	For the six months ended 30 June	
	2011	**2010**
	Unaudited	*Unaudited*
	HK$'000	*HK$'000*
Information services income	731	899
Rental income	71	1,925
Others	58	234
	860	3,058

6 STAFF COSTS

	For the six months ended 30 June	
	2011	**2010**
	Unaudited	*Unaudited*
	HK$'000	*HK$'000*
Staff costs (including directors' remuneration):		
Salaries, bonuses and allowances	68,191	65,385
Share-based compensation expense (note 16)	1,255	—
Pension scheme contributions	911	755
	70,357	66,140

7 PROFIT BEFORE INCOME TAX

The Group's profit before income tax is arrived at after charging:

	For the six months ended 30 June	
	2011	**2010**
	Unaudited	*Unaudited*
	HK$'000	*HK$'000*
Minimum lease payments under land and buildings	100	4,134
Professional and consultancy fee	10,197	6,220
Information services expense	5,324	5,745
Repair and maintenance (including system maintenance)	4,444	3,944
Marketing, advertising and promotion expenses	1,000	1,096
Bank charges	495	956
Business trips	2,720	1,356
Handling charges	2,029	1,923
Entertainment	2,886	2,407

8 INCOME TAX EXPENSE

	For the six months ended 30 June	
	2011	**2010**
	Unaudited	*Unaudited*
	HK$'000	*HK$'000*
Current taxation		
Charge for the period	23,799	17,674
Overprovision in prior periods	—	(730)
Deferred income tax		
Current period temporary differences	1,497	—
Total tax charge for the period	25,296	16,944

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

9 PROPOSED INTERIM/FINAL DIVIDEND

The Board proposed an interim dividend of HK$49,200,000 or HK$0.03 per ordinary share (2010: HK$32,800,000 or HK$0.02 per ordinary share) for the six months ended 30 June 2011. The interim dividend proposed after the reporting date has not been recognized as a liability in the condensed consolidated interim financial information at the end of the reporting period.

The Board has declared and paid a final dividend of HK$82,000,000 (HK$0.05 per ordinary share) for the year ended 31 December 2010 on 28 April 2011 and 9 May 2011 respectively.

10 EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2011 is based on the profit attributable to ordinary equity holders of the parent of HK$158,079,000 (2010: HK$110,541,000) and the weighted average of 1,640,000,000 ordinary shares (2010: 1,230,000,000 ordinary shares in issue before the listing of the shares on the Stock Exchange, as if the shares had been outstanding for the period).

(b) Diluted earnings per share

The calculation of diluted earnings for share for the six months ended 30 June 2011 is the same as the calculation of basic earnings per share for the current period (2010: the same). 40,000,000 share options granted under the Company's share option scheme (the "Share Option Scheme") did not give rise to any dilution effect in the Company's earnings per share and there were no other dilutive potential ordinary shares during the six months ended 30 June 2011 (2010: No share options granted).

11 LOANS AND ADVANCES TO CUSTOMERS

	As at 30 June 2011	**As at 31 December 2010**
	Unaudited	*Audited*
	HK$'000	*HK$'000*
Margin loans	2,196,597	1,975,894
Term loans to customers	104,986	—
IPO loans	1,664	—
Gross loans and advances to customers	2,303,247	1,975,894
Less: allowance for impairment	—	—
	2,303,247	1,975,894

Margin financing operations

The Group provides customers with margin financing for securities transactions, which are secured by customers' securities held as collateral. The maximum credit limit granted for each customer is based on the customer's financial background and quality of the related collateral. The Group seeks to maintain strict control over its outstanding receivables and has a Credit and Risk Management Department to monitor credit risks.

Margin loans to clients are secured by the underlying pledged securities, bearing interest at a rate with reference to the Hong Kong dollar prime rate and are repayable on demand. The carrying values of margin loans approximate to their fair values. No aging analysis is disclosed as, in the opinion of the directors, an aging analysis does not give additional value in view of the nature of margin loan business. The amount of credit facilities granted to margin clients is determined by the discounted market value of the collateral securities accepted by the Group. As at 31 December 2010 and 30 June 2011, the total value of securities pledged as collateral in respect of the margin loans was approximately HK$12,216 million and HK$12,703 million respectively. The balances represent the market values of the securities as at 31 December 2010 and 30 June 2011.

Term loans to customers

The Group also provides term loans to customers. In determining the interest rates, reference will be made to the credit standing of the relevant customers and quality of the collateral pledged. The term loans granted to customers amounted to HK$103,500,000, the aggregate of handling charges and accrued interests of the loans amounted to HK$1,486,000 as at 30 June 2011. The carrying amounts of the term loans to customers approximate to their fair values.

As at 31 December 2010 and 30 June 2011, all loans and advances to customers were neither past due nor impaired and no impairment allowance has been provided during the six months ended 30 June 2010 and 2011.

12 ACCOUNTS RECEIVABLE

(a) **The carrying value of accounts receivable arising from the course of business of the Group is as follows:**

	As at 30 June 2011 Unaudited *HK$'000*	**As at 31 December 2010 Audited** *HK$'000*
Accounts receivable arising from dealing and broking		
- cash and custodian clients	380,561	50,134
- the Stock Exchange and other clearing houses	467,864	186,051
- brokers and dealers	831,766	679,782
Accounts receivable arising from corporate finance, asset management and investment holding		
- corporate clients and investment funds	21,367	31,444
Gross	1,701,558	947,411
Less: allowance for impairment	(11,836)	(11,828)
Net	1,689,722	935,583

(b) **Accounts receivable neither past due nor impaired**

	Accounts receivable from cash and custodian clients	Accounts receivable from the Stock Exchange and other clearing houses	Accounts receivable from brokers and dealers	Accounts receivable from corporate clients and investment funds	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Unaudited					
As at 30 June 2011					
Neither past due nor impaired	364,230	467,864	831,766	19,504	1,683,364
Audited					
As at 31 December 2010					
Neither past due nor impaired	38,224	186,051	679,782	30,759	934,816

No aging analysis is disclosed as, in the opinion of the directors, an aging analysis does not give additional value in view of the nature of these accounts receivable.

(c) **Accounts receivable past due but not impaired**

	Accounts receivable from cash and custodian clients	Accounts receivable from the Stock Exchange and other clearing houses	Accounts receivable from brokers and dealers	Accounts receivable from corporate clients and investment funds	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Unaudited					
As at 30 June 2011					
Past due less than 6 months	4,460	—	—	1,863	6,323
Audited					
As at 31 December 2010					
Past due less than 6 months	74	—	—	634	708
Past due 6 -12 months	—	—	—	51	51
	74	—	—	685	759

Accounts receivable from cash and custodian clients which are past due but not impaired represent client trades on various securities and futures exchanges which are unsettled beyond the settlement date. When the cash and custodian clients fail to settle on the settlement date, the Group has a right to force-sell the collateral underlying the securities transactions. The outstanding accounts receivable from cash and custodian clients as at 30 June 2011 and 31 December 2010 are considered not to be impaired after taking into consideration the recoverability from collateral. Collaterals held against such loans represent publicly traded securities.

Accounts receivable from corporate clients and investment funds which are past due but not impaired represent receivable which have not yet been settled by clients after the Group's normal credit period of three months from the date of invoice. The outstanding accounts receivable from corporate clients and investment funds as at 30 June 2011 and 31 December 2010 are considered not to be impaired as the credit rating and reputation of trade counterparties are sound.

(d) **Impaired accounts receivable**

	Accounts receivable from cash and custodian clients	Accounts receivable from the Stock Exchange and other clearing houses	Accounts receivable from brokers and dealers	Accounts receivable from corporate clients and investment funds	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Unaudited					
As at 30 June 2011					
Impaired accounts receivable	11,871	—	—	—	11,871
Less: allowance for impairment	(11,836)	—	—	—	(11,836)
Net	35	—	—	—	35
Fair value of collateral	35	—	—	—	35
Audited					
As at 31 December 2010					
Impaired accounts receivable	11,836	—	—	—	11,836
Less: allowance for impairment	(11,828)	—	—	—	(11,828)
Net	8	—	—	—	8
Fair value of collateral	8	—	—	—	8

Accounts receivable from cash and custodian clients are considered impaired when clients fail to settle according to the settlement terms and that the collection of all of the amounts due is improbable. As at 31 December 2010 and 30 June 2011, gross impaired accounts receivable from cash and custodian clients amounted to HK$11,836,000 and HK$11,871,000 respectively and impairment allowance of HK$11,828,000 and HK$11,836,000 have been provided against these impaired accounts receivable respectively.

The net carrying amounts of these impaired accounts receivable were HK$8,000 as at 31 December 2010 and HK$35,000 as at 30 June 2011.

Movements in the impairment allowance on accounts receivable are as follows:

	2011	2010
	Unaudited	*Audited*
	HK$'000	*HK$'000*
At 1 January	11,828	3,253
Impariment losses recognised during the period/year	8	10,012
Amount written off as uncollectible during the period/year	—	(1,431)
Impariment losses reversed during the period/year	—	(6)
At 30 June 2011/31 December 2010	11,836	11,828

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2011	As at 31 December 2010
	Unaudited	*Audited*
	HK$'000	*HK$'000*
Financial assets held for trading		
- Hong Kong listed equity investment	71,812	84,099
Financial assets designated at fair value through profit or loss		
- unlisted equity investment (Note a)	22,855	—
- unlisted convertible promissory note (the "Convertible Promissory Note") (Note b)	42,650	—
	137,317	84,099

Note a:

The Group has entered into a subscription agreement (the "Subscription Agreement") in May 2011 to acquire non-voting equity shares of a company (the "Investee") amounting to HK$22,855,000. Pursuant to the Subscription Agreement, if the audited and forecasted consolidated profit after tax of the Investee for the two years ended 30 June 2011 and 2012 is less than a certain threshold level, the Group will be compensated for the shortfall.

Note b:

The Group purchased the two-year Convertible Promissory Note issued by a third party (the "Issuer") amounting to approximately HK$42,650,000 in May 2011. The interest income accrued and earned from the Convertible Promissory Note for the six months ended 30 June 2011 was HK$325,000. Pursuant to a warrant agreement entered into between the Issuer and the Group in

May 2011, the Issuer guaranteed that the audited and forecasted consolidated profit after tax of the wholly-owned subsidiary of the Issuer for the years ended 31 December 2010 and 2011 should not be less than a certain threshold level, otherwise the Group will be compensated for the shortfall.

Fair value hierarchy

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

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

As at 30 June 2011 - unaudited

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets at fair value through profit or loss	71,812	—	65,505	137,317

As at 31 December 2010 - audited

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets at fair value through profit or loss	84,099	—	—	84,099

During the six months ended 30 June 2011, there were no transfers between instruments in Level 1 and Level 2, and no transfer into and out of Level 3 fair value measurements.

14 ACCOUNTS PAYABLE

	As at 30 June 2011 *Unaudited* *HK$'000*	As at 31 December 2010 *Audited* *HK$'000*
Accounts payable arising from dealing and broking		
- clients	6,871,892	6,682,318
- brokers and dealers	196,335	71,275
Accounts payable arising from corporate finance and asset management		
- corporate clients	18,062	25,347
	7,086,289	6,778,940

The majority of the accounts payable is repayable on demand except for certain accounts payable to clients which represent margin deposits received from clients for their trading activities in the normal course of business. Only the excess amounts over the required margin deposits stipulated are repayable on demand.

The Group has a practice to satisfy all the requests for payment immediately within one business day. No aging analysis is disclosed as, in the opinion of the directors, an aging analysis does not give additional value in view of the nature of these businesses.

Accounts payable to clients also include those payables placed in trust accounts with authorized institutions of HK$6,106 million (31 December 2010: HK$5,875 million), HKFE Clearing Corporation Limited and other futures dealers totaling HK$610 million (31 December 2010: HK$601 million).

Accounts payable are non-interest-bearing except for the accounts payable to clients.

15 BANK BORROWINGS

	As at 30 June 2011 *Unaudited* *HK$'000*	As at 31 December 2010 *Audited* *HK$'000*
Secured bank borrowings	290,000	—
Unsecured bank borrowings	580,000	—
Total bank borrowings	870,000	—

Bank loans of HK$290,000,000 (31 December 2010: nil) were secured by certain of listed shares pledged by the customers to the Group as margin loan collaterals which had an aggregate fair value amounting to HK$957,160,000 as at 30 June 2011 (31 December 2010: nil).

In addition, the Company has guaranteed certain of the Group's bank borrowings up to HK$530 million (31 December 2010: nil) as at the end of the reporting period.

The Group's bank borrowings bear interest at Hong Kong Interbank Offered Rate plus an interest spread per annum and were repayable within one month or less at the end of the reporting period.

The carrying amounts of bank borrowings approximate to their fair values as the impact on discounting is not significant.

16 SHARE-BASED COMPENSATION RESERVE

The Company operates the Share Option Scheme for the purpose of assisting in recruiting, retaining and motivating key staff members. The Board has the discretion to grant share options to employees and directors of any members of the Group. The Share Option Scheme became effective on 19 June 2010 and unless otherwise cancelled or amended, will remain in force for 10 years from that date.

On 10 June 2011, the Company granted 40,000,000 share options to its directors and employees, subject to acceptance of the grantees, under the Share Option Scheme. The option period of the share options is from 10 June 2011 to 9 June 2021. One-third of the share options granted will be vested on the first, second and third anniversaries of the date of grant respectively. The exercise price of the options is HK$4.30 per share which was the offer price of the Company when listed on the Stock Exchange on 8 July 2010. The fair value of the equity-settled share options was estimated on the date of grant using a binomial pricing model, taking into account the terms and conditions upon which the options were granted.

The following table lists out the key inputs to the model used:

Share price at the date of grant (per share)	HK$3.25
Exercise price (per share)	HK$4.30
Expected volatility	45.17%
Expected dividend yield	1.78%
Risk-free interest rate	2.23%
Weighted average share option price (per share)	HK$0.97

For the six months ended 30 June 2011, the Group has recognized a share-based compensation expense of HK$1,255,000 in the consolidated statement of comprehensive income (2010: nil).

17 OPERATING LEASE AND CAPITAL COMMITMENTS

Leases for properties are negotiated for terms of one to three years.

At 30 June 2011, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30 June 2011 *Unaudited* *HK$'000*	As at 31 December 2010 *Audited* *HK$'000*
Within one year	15	115

In addition to the operating lease commitments disclosed above, the Group had capital commitments for renovation of premises and IT upgrade of approximately HK$402,000 which were contracted but not provided for as at 30 June 2011 (31 December 2010: HK$6,750,000).

18 CONTINGENT LIABILITIES

The Group has undertaken underwriting obligations to capture placing and IPO activities. The Board has resolved to ensure that the Group has adequate working capital to meet such obligations. As at 30 June 2011, the underwriting obligations were approximately HK$86.4 million (31 December 2010: HK$674.2 million).

In addition to the guarantees provided in respect of bank borrowings as mentioned in note 15, as at 30 June 2011, the Company provided guarantees up to approximately HK$77.8 million (31 December 2010: approximately HK$77.8 million) in favor of a financial institution in respect of the trading limit granted to a wholly owned subsidiary principally engaged in the provision of futures dealing services.

The Group had no other material contingent liabilities as at 30 June 2011 and 31 December 2010.

19 EVENTS AFTER THE REPORTING PERIOD

On 28 July 2011, in addition to the guarantees provided by the Company in respect of trading limit as mentioned in note 18, the Company provided another guarantee of up to approximately HK$77.8 million in favor of a financial institution in respect of the trading limit of a wholly owned subsidiary principally engaged in futures dealing services. As a result, as of 28 July 2011 the total guarantees provided by the Company in favor of financial institutions in respect of trading limits granted to a group company amounted to approximately HK$155.6 million.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS AND OVERVIEW

We are pleased to report to our shareholders that the Group achieved a promising growth in the profit from core business activities to HK$163.4 million for the six months ended 30 June 2011 (2010: HK$100.6 million), an increase of 62.4% as compared to 2010. As a result of the loss from investment holding of HK$6.1 million (2010: HK$7.6 million gain from investment holding) for the six months ended 30 June 2011, the profit attributable to owners of the parent increased 43.0% to HK$158.1 million (2010: HK$110.5 million).

Such encouraging results were founded on the solid performance of the Group's margin and other financing activities and corporate finance activities, which recorded a growth of 187.4% and 39.7% respectively in the first half of the year. In addition to the strong growth in the Group's revenue, the Group continued to improve its operation efficiency, which resulted in an operating margin of 51.0% for the six months period ended 30 June 2011 (2010: 44.2%).

MARKET REVIEW

The unclear picture of economic recovery in United States, the concerns about rising government deficits and debt repayments in some European countries and the consequences of the earthquake and tsunami in Japan in March 2011 caused doubts to the recovery of the global economy. In addition, fragile investor confidence and high volatility in global markets continued to affect the global market performance in the first half of the year.

Emerging economies, which is mainly represented by China, played an important role in influencing the global economic recovery. However, in China, high inflation remained the top priority issue for the government to resolve. By means of administrative measures and tightening the money supply, the government intends to control the inflation rate. As at 30 June 2011, the growth rate of Consumer Price Index of China has achieved 6.4%. The stock markets in China were also affected by the government policies in controlling the economic overheating. As such, the Shanghai Composite Index closed at 2,762 as at 30 June 2011, 2.2% lower than that as at 31 December 2010.

In Hong Kong, the inflation rate remained high in the first half of the year. The growth rate of Consumer Price Index achieved 5.6% by the end of June 2011. Hong Kong continued to position itself as international financial centre and continued to expand itself into an offshore clearing centre for RMB. The Hong Kong's RMB deposits achieved RMB553.6 billion at the end of June 2011, an increase of 75.8% as compared to the balance of RMB314.9 billion at the end of 2010. However, the supply of RMB investment products was still limited. Other than bond products, during the first half of the year, there was only one RMB denominated REIT listed on the Stock Exchange.

The Hong Kong stock market remained volatile and sensitive in the first half of the year. While the Hang Seng Index dropped by 2.8% to 22,398 when compared to the end of 2010, the average daily turnover increased by 15% when compared to the corresponding period of last year.

BUSINESS REVIEW

In 2011, our business continued to benefit from the strong sentiment of the Chinese investors in offshore investment and the demand for corporate finance services. As an international financial services provider, we continued to strengthen our operational platforms across our core businesses: dealing and broking, margin and other financing, corporate finance services and asset management services. The result has been reflected in the significant improvements of our revenues and profits.

The Group's core businesses can be classified into dealing and broking, margin and other financing, corporate finance and asset management. The allocation of the revenue from these core businesses is listed in the following table:-

	For the six months ended 30 June			
	2011		**2010**	
	HK$'000	*%*	*HK$'000*	*%*
Dealing and broking	174,420	47.8	170,541	61.0
Margin and other financing	101,961	27.9	35,483	12.7
Corporate finance	76,377	20.9	54,666	19.5
Asset management	12,350	3.4	18,971	6.8
Revenue from core business activities	365,108	100.0	279,661	100.0

Since the listing of the Company last year, the Group has invested significant efforts and resources in strengthening the margin and other financing activities and corporate finance activities. Such efforts were then rewarded by the strong performance in those two businesses, recording an improvement in revenue of 187.4% and 39.7% respectively. Subject to strong competitions in the brokerage business, the Group managed to achieve an increase in brokerage revenue of 2.3% as compared to the corresponding period of last year. Revenue from asset management business decreased by 34.9% owing to the decrease in value of assets under management and in the performance fee income.

Dealing and broking

Amongst our core business activities, dealing and broking is the most significant part of the Group. During the six months ended 30 June 2011, the revenue generated from dealing and broking business was HK$174.4 million, representing an increase of 2.3% as compared to the corresponding period of 2010 (2010: HK$170.5 million).

	For the six months ended 30 June			
	2011		**2010**	
	HK$'000	%	*HK$'000*	%
Securities	133,318	76.4	133,746	78.4
Futures	28,465	16.3	27,187	16.0
Leveraged foreign exchange	423	0.3	—	—
Handling income	12,214	7.0	9,608	5.6
Income from dealing and broking activities	174,420	100.0	170,541	100.0

As an Internet service provider with over 80% of our customers executing their trades through Internet, our online trading platform can support 9 international securities markets and 18 global futures markets and leveraged foreign exchange trading. In 2011, 83% of our brokerage business was executed through Internet (2010: 82%). To grow our dealing and broking business, we offered a range of client promotion schemes, and successfully recruited almost 4,200 new clients during the first six months ended 30 June 2011.

Though the market was volatile in 2011, the Hong Kong market average daily turnover increased by 15% in the first half of 2011 as compared with that of the corresponding period in 2010. Facing tough competitions from a number of securities houses and banks in the market, we have engaged in a number of promotional schemes to secure our business, including provision of one month free Internet trades for the new accounts. This helped us to improve the turnover and resulted in an increase of 8.4% as compared to the corresponding period of 2010. However, our net commission rate on securities brokerage business in Hong Kong was affected and dropped to 0.12% (2010: 0.14%). Overall, our revenue from securities business decreased by 0.3% to HK$133.3 million (2010: HK$133.7 million) for the six months ended 30 June 2011.

The volatility of the global market during 2011 encouraged futures dealing and broking activities. For the period ended 30 June 2011, the commission income increased by 4.7% to HK$28.5 million (2010: HK$27.2 million). Due to continuous expansion of our Internet platform to global futures markets, the commission income attributable to the international markets accounted for 91% of the revenue from futures dealing and broking business.

The leveraged foreign exchange trading service has successfully rolled out this year by offering 7 major currency contracts and up to 21 cross currency contracts. In order to promote our new leveraged foreign exchange business, we organized a number of investor conferences so as to educate our clients. Though the net income on leveraged foreign exchange dealing and broking was HK$0.4 million for the period ended 30 June 2011 (2010: nil), we are expecting more income will be generated in the second half of 2011.

As a result of increase in corporate action activities and stock borrowing and lending activities in 2011, the handling income increased by 27.1% to HK$12.2 million for the period ended 30 June 2011 (2010: HK$9.6 million).

Margin and other financing

The income from our margin and other financing business increased by 187.4% to HK$102.0 million for the period ended 30 June 2011 (2010: HK$35.5 million). A summary of interest income is set out below:-

	For the six months ended 30 June			
	2011		**2010**	
	HK$'000	*%*	*HK$'000*	*%*
Margin loans	79,634	78.1	26,506	74.7
Term loans	1,261	1.2	1,984	5.6
IPO loans	204	0.2	689	1.9
Banks and others	17,627	17.3	6,304	17.8
Held-to-maturity investments	2,910	2.9	—	—
Financial assets designated at fair value through profit or loss	325	0.3	—	—
	101,961	100.0	35,483	100.0

Following the listing on the Stock Exchange, the Group has allocated additional resources to develop margin financing business. The interest income from margin loan increased by 200.4% to HK$79.6 million for the six months ended 30 June 2011

(2010: HK$26.5 million). The average margin loan balance increased by 227.1% to HK$2,320.6 million for the six months ended 30 June 2011 (2010: HK$709.5 million).

Though the capital market activities were very active in 2011, the IPO financing activities in the market were very weak. Interest income from IPO financing dropped significantly to HK$0.2 million for the six month ended 30 June 2011 (2010: HK$0.7 million). On the other hand, the interest income from banks and others increased by 179.6% to HK$17.6 million for the six months ended 30 June 2011 (2010: HK$6.3 million), reflecting the increase in deposit interest rate offered by the banks in 2011. The Group also invested into a 3-year senior note and a 2-year convertible promissory note in September 2010 and May 2011. Such held-to-maturity investments and financial assets designated at fair value through profit or loss contributed interest income of HK$2.9 million and HK$0.3 million respectively for the six months ended 30 June 2011 (2010: nil).

Corporate finance

As the world's largest IPO centre, Hong Kong is continuing to attract Chinese and overseas companies to list on the Stock Exchange. For the period ended 30 June 2011, there were 48 new listings on the Stock Exchange (2010: 30) and total fund raised by IPO increased by 240% to HK$171.2 billion (2010: HK$50.4 billion).

Our corporate finance business also made good progress in business and returned with solid performance. In the first half of 2011, our corporate finance business managed to record an increase in revenue by 39.7% to HK$76.4 million (2010: HK$54.7 million). During the period, we have been appointed as the global coordinator, bookrunner or lead manager for 3 IPOs, namely, Newtree Group Holdings Limited, Tang Palace (China) Holdings Limited and Xiangyu Dredging Holdings Limited. We have also participated in 11 equity fund raising exercises. In addition, our corporate finance team has been engaged as compliance adviser for 34 newly listed companies and has provided advisory services in 9 financial advisory projects during the six months ended 30 June 2011.

Asset management

We derive our fee income primarily from management fees and performance fees, which all linked to the asset under management and the returns of funds, respectively. For the six months period ended 30 June 2011, our revenue from asset management business decreased by 34.9% to HK$12.4 million (2010: HK$ 19.0 million). Such decrease was mainly due to the decrease in the value of asset under management as some of the Japanese public funds under our management has redemptions after the earthquake and tsunami instance in Japan, and the weak performance of the funds under management.

However, during the first half of the year, we still managed to increase the number of funds under our management. As at 30 June 2011, we acted as fund manager for 8 public funds and 3 private funds (31 December 2010: 7 public funds and 3 private funds) as well as investment advisor for 1 public fund and 9 private funds (31 December 2010: 1 public fund and 8 private funds).

Investment holding

In 2011, the Group has started to engage in direct investment. We focus our investments on unlisted companies with good opportunities to go for listings in near term. Our objectives are to diversify revenue streams and to secure corporate finance deal opportunities. During the six months period ended 30 June 2011, we have participated in 2 direct investment projects and the total investment amount was HK$65.5 million (2010: nil).

During the period, the Group incurred loss on investment holding amounting to HK$6.1 million (2010: gain on investment holding amounting to HK$7.6 million). This is due to recognition of a net loss from the financial assets at fair value through profit or loss amounting to HK$11.0 million for the six months ended 30 June 2011 (2010: a net gain of HK$3.4 million) and was offset by the dividend income of HK$4.9 million (2010: HK$4.2 million).

RESULTS OF FINANCIAL POSITION

During the six months ended 30 June 2011, the Group's total assets increased by 12.5% to HK$11,226.0 million (31 December 2010: HK$9,975.7 million). The increase was mainly due to the increase in current assets, including increase in loan and advances to customers of HK$327.4 million, increase in accounts receivable of HK$754.1 million and increase in client trust bank balances of HK$231.3 million. Cash and bank balances decreased by HK$121.0 million.

The Group's total liabilities as at 30 June 2011 increased by 17.0% to HK$8,076.2 million (31 December 2010: HK$6,903.3 million). The increase was due to the increase in current liabilities, including increase in accounts payable of HK$307.3 million and increase in bank borrowings of HK$870 million.

As the Group recorded a net profit for the period, the Group's net assets increased by 2.5% to HK$3,149.7 million (31 December 2010: HK$3,072.3 million) at the period end.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2011, the net current assets of the Group increased by 3.1% to HK$2,498.0 million (31 December 2010: HK$2,421.9 million). The Group's current ratio was at 1.31 times as at 30 June 2011 (31 December 2010: 1.35 times).

The Group had a cash outflow of HK$121.0 million (30 June 2010: cash inflow of HK$104.7 million) during the six months ended 30 June 2011 and the Group's bank balances were HK$320.7 million as at the period end (30 June 2010: HK$565.0 million). As at 30 June 2011, the Group had outstanding bank borrowings of HK$870 million through bilateral banking facilities with various banks (31 December 2010: Nil). The gearing ratio (defined as bank borrowings to equity attributable to owners of the parent) was 0.28 as at 30 June 2011 (31 December 2010: nil). The Group also had sufficiently unutilized banking facilities from authorized financial institutions in Hong Kong, we believe our operating cash flow remains adequate to finance our recurrent working capital requirements as well as any investment opportunities that may arise in the near future.

The Group monitors its capital structure in order to ensure the compliance of the capital requirements under the Securities and Futures (Financial Resources) Rules (Cap. 571N) for its licensed subsidiaries and to support the development of new business. On 15 June 2011, Guotai Junan Securities (Hong Kong) Limited, one of our wholly owned subsidiaries, has increased its share capital to HK$2 billion (31 December 2010: HK$600 million). All licensed corporations within the Group complied with their respective liquid capital requirements during the period and up to the date of this announcement.

Other than the information disclosed above, there were no other equity or debt instruments issued by the Company during the reporting period and at the end of the review period.

OUTLOOK AND FUTURE PLANS

As we mentioned earlier, the second half of 2011 will be a challenging period for us to further expand our business. Following the solid performance in the first half of the year, margin and other financing activities and corporate finance activities will continue to expand and will provide significant growth opportunities to the Group. We will continue to leverage on parent company's client base and explore those Chinese clients who have overseas investment demand.

We will continue to grow our brokerage business, by broadening institutional and retail client base, by strengthening our Internet trading platform and by offering our clients with access to global markets around the world. We intend to provide our clients with a one-stop electronic investment platform to invest globally.

We are expecting that the strong demand for margin financing from Chinese investors will remain. In addition, due to the tight liquidity in the market, we see opportunities in developing personal loans and secured lending business. As such, we will continue to invest additional resources into the financing business by increasing the Group's leverage levels through bank borrowings.

Regarding the corporate finance services, we are expecting fund raising activities will remain active in the second half of 2011. We will continue to pursue corporate finance advisory and fund raising opportunities for our clients in Hong Kong and China. In addition, the Group has started to look into direct investment opportunities, for the purpose of generating investment income as well as securing corporate finance deals.

For asset management business, we will continue to explore and solicit more fund management opportunities by setting up public funds under Guotai Junan's brand name as well as working together with the other experienced market participants. In addition, we are working on the development of RMB denominated investment products.

INTERIM DIVIDEND

The Board declared an interim dividend of HK$0.03 per ordinary share for the six months ended 30 June 2011 to the shareholders whose names appear on the register of members of the Company on Thursday, 8 September 2011. The dividend will be payable on or about 20 September 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 5 September 2011 to Thursday, 8 September 2011, both days inclusive, during which period no transfers of shares of the Company will be registered. In order to qualify for interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712 - 1716, 17th Floor, Hopewell Centre, No.183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 2 September 2011.

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 19 June 2010 which shall be valid and effective for a period of 10 years from that date. The purpose of the Share Option Scheme is to grant options to the eligible participants in recognition and acknowledgement of their contributions made or to be made to the Group. Under the Share Option Scheme, the Board has the discretion to grant share options to employees and directors of any members of the Group to subscribe for shares in the Company.

On 10 June 2011, 40,000,000 share options have been granted to the directors and employees with the exercise price of HK$4.30 per share. Among the share options granted above, a total of 13,500,000 share options were granted to the directors of the Company. The closing price of the Company's shares prior to the date of the grant of the share options was HK$3.25. The option period of the share options is from 10 June 2011 to 9 June 2021. One-third of the share options granted will be vested in respect of their underlying shares on the first, second and third anniversaries of the date of grant respectively. No share options were exercised or cancelled during the six months ended 30 June 2011.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

During the period under review, the Group had not made any material acquisitions and disposal of subsidiaries and associated companies. As at the end of the reporting period, the Group did not hold any significant investments.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2011 other than as an agent for the clients of the Group.

CHARGES ON THE GROUP'S ASSETS

No asset of the Group was subject to any charge as at 30 June 2011 and 31 December 2010.

OPERATING LEASE COMMITMENTS AND CAPITAL COMMITMENTS

The operating lease commitments and capital commitments were approximately HK$15,000 (31 December 2010: HK$115,000) and HK$402,000 (31 December 2010: HK$6.8 million) respectively as at 30 June 2011.

GUARANTEE AND CONTINGENT LIABILITIES

The Group has undertaken underwriting obligation to capture placing and IPO activities. The Board has resolved to ensure that the Group has adequate working capital to meet such obligations. As at 30 June 2011, the underwriting obligations were approximately HK$86.4 million (31 December 2010: HK$674.2 million).

As at 30 June 2011, the Company had provided guarantees in favor of an authorized financial institution in respect of bank borrowings of a wholly owned subsidiary engaged in margin financing amounting to approximately HK$530 million (31 December 2010: Nil). The Company had also provided guarantees in favor of a financial institution in respect of trading limit of a wholly owned subsidiary principally engaged in the provision of futures dealing services amounting to approximately HK$77.8 million as at 30 June 2011 (31 December 2010: HK$77.8 million).

The Group had no other material contingent liabilities as at 30 June 2011 and 31 December 2010.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

The Company's corporate governance practices are based on the principles and code provisions (the "Code Provision") set forth in The Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Company has fully complied with the code provisions set out in the CG Code during the six months ended 30 June 2011.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in the Appendix 10 of the Listing Rules regarding securities transactions by its directors. The Company has made specific enquiry of all directors regarding any noncompliance with the Model Code. All the directors confirmed that they have fully complied with the required standard set out in the Model Code for the six months ended 30 June 2011.

REVIEW OF INTERIM FINANCIAL INFORMATION

The Group's external auditor has carried out a review of the interim financial information in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial reports.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises one non-executive director, being Dr. CHEN Geng (Chairman), four executive directors, being Dr. YIM Fung (Vice-Chairman and CEO), Mr. LI Guangjie, Mr. LI Sang Edward and Mr. WONG Tung Ching; and three independent non-executive directors, being Dr. FU Tingmei, Dr. SONG Ming and Mr. TSANG Yiu Keung.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2011 ON THE WEBSITES OF HONG KONG EXCHANGES AND CLEARING LIMITED AND THE COMPANY

This announcement of interim results for the six months ended 30 June 2011 is published on the websites of Hong Kong Exchanges and Clearing Limited at http://www.hkexnews.hk under "Latest Listed Company Information" and the Company at http://www.gtja.com.hk. The interim report for the six months ended 30 June 2011 of the Company containing all the information required by the Listing Rules will be despatched to shareholders of the Company and published on the aforesaid websites in due course.

By order of the Board
CHEN Geng
Chairman

Hong Kong, 19 August 2011