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The following discussion and analysis should be read in conjunction with our unaudited condensed consolidated financial statements included in “Appendix II – Unaudited Interim Financial Report” to this prospectus, together with the accompanying notes, and the “Financial Information” in this prospectus and our audited consolidated financial statements included in “Appendix I – Accountants’ Report” to this prospectus, together with the accompanying notes. Our unaudited condensed consolidated financial statements included in Appendix II to this prospectus have been prepared in accordance with IFRS and reviewed by our reporting accountants in accordance with International Standard on Review Engagements 2400.

Our historical results of operations and financial condition as of and for the nine months ended September 30, 2011 do not necessarily indicate our results of operations or financial condition expected for any future periods, nor do they necessarily indicate our expected annual results of operations or year-end financial condition for 2011.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed and elsewhere in this prospectus, particularly in “Risk Factors” and “Forward Looking Statements.”

As required by the Shanghai Listing Rules, we published our quarterly report on October 28, 2011, containing our unaudited consolidated financial statements as of and for the nine months ended September 30, 2011 prepared under PRC GAAP. As a result, we have included our unaudited consolidated financial statements prepared in accordance with IAS 34 as of and for the nine months ended September 30, 2011, in condensed form, in the unaudited interim financial report set forth in Appendix II to this prospectus. Our unaudited condensed consolidated financial statements have been reviewed by our reporting accountants in accordance with Hong Kong Standard on Review Engagements 2400.

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RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 COMPARED TO THE NINE MONTHS ENDED SEPTEMBER 30, 2010

The following table sets forth our summary results of operations for the periods indicated:

	Nine months ended September 30,	
	2010	2011
	(unaudited) (RMB in millions)	
Revenue		
– Commission and fee income	5,651.8	5,289.4
– Interest income	1,160.4	1,844.5
– Net investment gains	804.8	789.6
Total revenue	7,617.0	7,923.5
Other income and gains	70.3	112.6
Total revenue and other income	7,687.3	8,036.1
Total expenses	(3,996.4)	(4,357.0)
Share of results of associates	58.1	50.7
Profit before income tax	3,749.0	3,729.8
Income tax expense	(860.6)	(842.2)
Profit for the period	2,888.4	2,887.6
– attributable to owners of the Company	2,753.6	2,728.6
– attributable to non-controlling interests	134.8	159.0

The following discussion compares the major components of our operating results for the nine months ended September 30, 2010 and 2011.

Revenue and other income

	Nine months ended September 30,	
	2010	2011
	(unaudited) (RMB in millions)	
Commission and fee income	5,651.8	5,289.4
Interest income	1,160.4	1,844.5
Net investment gains	804.8	789.6
Other income and gains	70.3	112.6
Total	7,687.3	8,036.1

Our total revenue and other income increased by 4.5% to RMB8,036.1 million for the nine months ended September 30, 2011 compared to RMB7,687.3 million for the corresponding period in 2010, due primarily to the increase in our interest income, partially offset by a decrease in our commission and fee income.

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Commission and fee income

The following table sets forth our commission and fee income for the periods indicated:

	Nine months ended September 30,	
	2010	2011
	(unaudited) (RMB in millions)	
Commission and fee income on securities brokerage	4,014.6	3,265.5
Commission and fee income on futures brokerage	274.3	272.4
Consultancy and financial advisory fees	199.2	203.9
Underwriting and sponsors fees	659.9	795.3
Asset management fees	486.8	742.1
Commission on bullion contracts	4.0	7.2
Others	13.0	3.0
Total	5,651.8	5,289.4

Our commission and fee income decreased by 6.4% to RMB5,289.4 million for the nine months ended September 30, 2011 compared to RMB5,651.8 million for the corresponding period in 2010, due primarily to a decrease in our commission and fee income on securities brokerage. Our commission and fee income on securities brokerage decreased by 18.7% to RMB3,265.5 million for the nine months ended September 30, 2011 compared to RMB4,014.6 million for the corresponding period in 2010. This decrease is mainly attributable to the lower commission rates for securities brokerage as a result of the intense price competition in the PRC securities industry. Our average securities brokerage commission rate decreased to 0.102% for nine months ended September 30, 2011 compared to 0.123% for the corresponding period in 2010. However, our brokerage commission rate remained relatively stable during the third quarter of 2011, as our average securities brokerage commission rate was only 0.001% lower than that during the six months ended June 30, 2011.

However, this decrease was partially offset by (i) a 52.4%, or RMB255.3 million, increase in our asset management fees due primarily to the higher performance fees we received from the China-Belgium Fund that we managed and an increase in our average AUM; and (ii) a 20.5%, or RMB135.4 million, increase in our underwriting and sponsors fees due primarily to the increase in the number of debt offerings and the equity offerings on the SME Board and the ChiNext Board underwritten by us.

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Interest income

The following table sets forth our interest income for the periods indicated:

	Nine months ended September 30,	
	2010	2011
	(unaudited) (RMB in millions)	
Bank interest income	1,024.3	1,407.9
Interest income from advances to customers	124.5	366.3
Interest income from financial assets held under resale agreements	11.5	67.0
Other interest income	0.1	3.3
Total	1,160.4	1,844.5

Our interest income increased by 59.0% to RMB1,844.5 million for the nine months ended September 30, 2011 compared to RMB1,160.4 million for the corresponding period in 2010, due primarily to the increases in (i) bank interest income; (ii) interest income from advances to customers; and (iii) interest income from financial assets held under resale agreements.

Our interest income from bank deposits (including our own deposits and deposits we hold on behalf of our customers) increased by 37.4% to RMB1,407.9 million for the nine months ended September 30, 2011 compared to RMB1,024.3 million for the corresponding period in 2010. This increase was mainly attributable to (i) our effective treasury management measures that led to the increased yields on bank deposits; and (ii) higher prevailing market interest rates in the PRC pursuant to increases in benchmark interest rates announced by the PBOC during the period.

Our interest income from advances to customers increased by 194.2% to RMB366.3 million for the nine months ended September 30, 2011 compared to RMB124.5 million for the corresponding period in 2010. This was mainly attributable to the rapid development of our margin financing and securities lending business and the resulting significant increase in our average margin loan balance.

Our interest income from financial assets held under resale agreements increased significantly to RMB67.0 million for the nine months ended September 30, 2011 compared to RMB11.5 million for the corresponding period in 2010 as we entered into more resale agreements to improve our return on liquid funds.

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Net investment gains

The following table sets forth our net investment gains for the periods indicated:

	Nine months ended September 30,	
	2010	2011
	(unaudited) (RMB in millions)	
Net gains from available-for-sale investments	462.5	605.1
Net gains from financial instruments held for trading	187.5	885.7
Fair value change of financial instruments held for trading	154.8	(701.2)
Total	804.8	789.6

Our net investment gains slightly decreased to RMB789.6 million for the nine months ended September 30, 2011 compared to RMB804.8 million for the corresponding period in 2010, due primarily to a net investment loss of RMB207.6 million in the third quarter of 2011, offset by a significant increase in our net investment gains in the first half of 2011. For a discussion of our net investment gains for the six months ended June 30, 2011 compared to the six months ended June 30, 2010, please see “Financial Information – Results of Operations – Revenue and other income – Net investment gains.”

During the third quarter of 2011, the tightening monetary policy and high inflation in the PRC, global economic uncertainties and the euro zone sovereign debt crisis have resulted in adverse market conditions and increased volatility in the PRC and overseas securities markets. For example, the Shanghai Stock Exchange Composite Index decreased from 2,762.1 as of June 30, 2011 to 2,359.2 as of September 30, 2011, representing a decline of approximately 14.6% in the third quarter of 2011. As a result, we recorded a loss of RMB686.0 million in the fair value change of our financial instruments held for trading. However, such loss was partially offset by (i) an increase in our net gains from the disposal of financial instruments held for trading and available-for-sale investments that resulted from our prudent trading strategy amid market volatility; (ii) an increase in our fair value gains from derivative products due to our effective hedging strategy; and (iii) an increase in our investment gains from money market instruments that reflected our effective treasury management measures.

Other income and gains

Our other income and gains increased by 60.2% to RMB112.6 million for the nine months ended September 30, 2011 compared to RMB70.3 million for the corresponding period in 2010, due primarily to an increase in our foreign exchange gains.

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Total expenses

The following table sets forth the breakdown of our total expenses for the periods indicated:

	Nine months ended September 30,	
	2010	2011
	(unaudited) (RMB in millions)	
Staff costs	(1,542.6)	(1,591.9)
Commission to account executives	(176.7)	(235.1)
Brokerage transaction fees and other services expenses	(549.0)	(557.7)
Depreciation and amortization	(216.4)	(222.8)
Interest expenses	(207.6)	(313.2)
Other expenses	(1,304.1)	(1,436.3)
Total	(3,996.4)	(4,357.0)

Our total expenses increased by 9.0% to RMB4,357.0 million for the nine months ended September 30, 2011 from RMB3,996.4 million for the corresponding period in 2010, due primarily to the increases in our commission to account executives, interest expenses and other expenses.

Staff costs

Our staff costs remained relatively stable at RMB1,591.9 million for the nine months ended September 30, 2011 compared to RMB1,542.6 million for the corresponding period in 2010. Our staff costs as a percentage of our total revenue and other income decreased slightly to 19.8% for the nine months ended September 30, 2011 compared to 20.1 % for the corresponding period in 2010.

Commission to account executives

Our commission to account executives increased by 33.1% to RMB235.1 million for the nine months ended September 30, 2011 compared to RMB176.7 million for the corresponding period in 2010, due primarily to the increased number of our licensed brokers and the resulting increase in the brokerage commission and fee income generated from these licensed brokers during the period.

Brokerage transaction fees and other services expenses

Our brokerage transaction fees and other services expenses increased slightly to RMB557.7 million for the nine months ended September 30, 2011 compared to RMB549.0 million for the corresponding period in 2010, due primarily to the increase in our commission expenses associated with our underwriting activities.

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Depreciation and amortization

Our depreciation and amortization remained relatively stable at RMB216.4 million and RMB222.8 million for the nine months ended September 30, 2010 and 2011, respectively.

Interest expenses

Our interest expenses increased by 50.9% to RMB313.2 million for the nine months ended September 30, 2011 compared to RMB207.6 million for the corresponding period in 2010, due primarily to an increase in our interest expenses on the proceeds from repurchase transactions as part of our effective treasury management activities.

Other expenses

Our other expenses increased by 10.1% to RMB1,436.3 million for the nine months ended September 30, 2011 compared to RMB1,304.1 million for the corresponding period in 2010. This increase was mainly attributable to: (i) an increase in our business tax and surcharges as a result of our increased taxable income; (ii) an increase in our rental and administrative expenses that resulted from the expansion and relocation of our securities brokerage branches; and (iii) an increase in our impairment losses.

Profit before income tax

As a result of the above, our profit before income tax decreased slightly to RMB3,729.8 million for the nine months ended September 30, 2011 compared to RMB3,749.0 million for the corresponding period in 2010.

Income tax expense

The following table sets forth our profit before income tax, income tax expenses and effective tax rate for the periods indicated:

	Nine months ended September 30,	
	2010	2011
	(RMB in millions, except percentages) (unaudited)	
Profit before income tax	3,749.0	3,729.8
Income tax expense	860.6	842.2
Effective tax rate	23.0%	22.6%

Our income tax expense decreased by 2.1% to RMB842.2 million for the nine months ended September 30, 2011 compared to RMB860.6 million for the corresponding period in 2010, due primarily to the decrease in our taxable income. Our effective tax rate decreased to 22.6% for the nine months ended September 30, 2011 compared to 23.0% for the corresponding period in 2010.

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Net profit and net margin

The following table sets forth the key measurements of our profitability:

	Nine months ended September 30,	
	2010	2011
	(RMB in millions, except percentages)	
Operating profit ⁽¹⁾	3,620.6	3,566.5
Operating margin ⁽²⁾	47.5%	45.0%
Adjusted operating margin ⁽³⁾	54.2%	52.3%
Net profit	2,888.4	2,887.6
Net margin ⁽⁴⁾	37.9%	36.4%
Adjusted net margin ⁽⁵⁾	43.2%	42.4%

Notes:

- (1) Operating profit = total revenue – total expenses
- (2) Operating margin = (total revenue – total expenses)/total revenue
- (3) Adjusted operating margin = (total revenue – total expenses)/(total revenue – commission to account executives – brokerage transaction fees and other services expenses – interest expenses). Adjusted operating margin is presented here because we believe that, after excluding, (i) commission to account executives, (ii) brokerage transaction fees and other services expenses and (iii) interest expenses, such measurement provides a meaningful indicator of our results of operations that is more comparable to other PRC listed securities companies due to different presentation requirements from the CSRC. Prospective investors should be aware that adjusted operating margin presented in this prospectus may not be comparable to other similarly titled measures reported by other companies, due to different calculation methods or assumptions.
- (4) Net margin = net profit for the year or period/total revenue
- (5) Adjusted net margin = (profit for the year or period)/(total revenue – commission to account executives – brokerage transaction fees and other services expenses – interest expenses). Adjusted net margin is presented here for the reasons stated in note 3 above.

Our net profit remained relatively stable at RMB2,887.6 million for the nine months ended September 30, 2011 and RMB2,888.4 million for the corresponding period in 2010.

Our net margin decreased to 36.4% for the nine months ended September 30, 2011 compared to 37.9% for the corresponding period in 2010. This decrease was mainly attributable to the decrease in our average securities brokerage commission rate, partially offset by (i) the increased interest income due to our effective treasury management measures and expanded margin financing and securities lending business in the PRC; (ii) increased underwriting and sponsors fees generated from our investment banking business; and (iii) higher performance fees generated from our asset management business.

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SEGMENT RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2011 COMPARED TO THE NINE MONTHS ENDED SEPTEMBER 30, 2010

The following table sets forth our segment revenue and other income (including inter-segment revenue) for the periods indicated:

	Nine months ended September 30,			
	2010		2011	
	(unaudited)			
	(RMB in millions)	%	(RMB in millions)	%
PRC business				
– Securities and futures brokerage	4,309.9	56.1	3,802.6	47.3
– Investment banking	715.7	9.3	854.2	10.6
– Asset management	592.0	7.7	835.4	10.4
– Proprietary trading	680.3	8.9	499.6	6.2
– Direct investment.	36.0	0.5	31.6	0.4
– Headquarters and others. .	1,332.8	17.3	2,050.6	25.5
Overseas business	586.2	7.6	740.0	9.2
Inter-segment elimination . . .	(565.6)	(7.4)	(777.9)	(9.6)
Total	7,687.3	100.0	8,036.1	100.0

The following table sets forth our segment expenses (including inter-segment expenses) for the periods indicated:

	Nine months ended September 30,			
	2010		2011	
	(unaudited)			
	(RMB in millions)	%	(RMB in millions)	%
PRC business				
– Securities and futures brokerage	2,217.3	55.5	2,103.7	48.3
– Investment banking	236.6	5.9	236.3	5.4
– Asset management	347.8	8.7	468.5	10.8
– Proprietary trading	61.7	1.5	147.5	3.4
– Direct investment.	11.5	0.3	8.0	0.2
– Headquarters and others. .	1,171.3	29.3	1,317.9	30.2
Overseas business	461.0	11.5	584.1	13.4
Inter-segment elimination . . .	(510.8)	(12.7)	(509.0)	(11.7)
Total	3,996.4	100.0	4,357.0	100.0

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The following table sets forth our segment results for the periods indicated. Our segment results are calculated as our segment revenue and other income (including inter-segment revenue) less segment expenses (including inter-segment expenses):

	Nine months ended September 30,			
	2010		2011	
	(unaudited)			
	(RMB in millions)	%	(RMB in millions)	%
PRC business				
– Securities and futures brokerage	2,092.5	56.7	1,698.9	46.2
– Investment banking	479.1	13.0	617.9	16.8
– Asset management	244.2	6.6	366.9	10.0
– Proprietary trading	618.7	16.8	352.2	9.6
– Direct investment.	24.5	0.7	23.6	0.6
– Headquarters and others.	161.5	4.3	732.7	19.9
Overseas business	125.2	3.4	155.9	4.2
Inter-segment elimination	(54.8)	(1.5)	(269.0)	(7.3)
Total	3,690.9	100.0	3,679.1	100.0

The following table sets forth our segment margin for the periods indicated. Our segment margin is calculated as our segment results (including inter-segment results) divided by segment revenue and other income (including inter-segment revenue):

	Nine months ended September 30,	
	2010	2011
PRC business		
– Securities and futures brokerage	48.6%	44.7%
– Investment banking	66.9%	72.3%
– Asset management	41.3%	43.9%
– Proprietary trading	90.9%	70.5%
– Direct investment	68.1%	74.7%
– Headquarters and others	12.1%	35.7%
Overseas business	21.4%	21.1%
Total	48.0%	45.8%

PRC business

Securities and futures brokerage

Segment results of our securities and futures brokerage business decreased by 18.8% to RMB1,698.9 million for the nine months ended September 30, 2011 compared to RMB2,092.5 million for the corresponding period in 2010, due primarily to a 11.8%, or RMB507.3 million, decrease in our segment revenue and other income during the period. This decrease was mainly attributable to the decrease in our segment commission and fee income as a result of lower commission rates we charged for securities brokerage due to the intense price competition in the PRC securities industry. Our average securities

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brokerage commission rate decreased to 0.102% for nine months ended September 30, 2011 compared to 0.123% for the corresponding period in 2010. However, our average securities brokerage commission rate remained relatively stable during the third quarter of 2011, as our average securities brokerage commission rate during the third quarter of 2011 was only 0.001% lower than that during the six months ended June 30, 2011.

The decrease in our segment commission and fee income was partially offset by a significant increase in our segment interest income, due primarily to the significant growth of our margin financing and securities lending business and the resulting increase in our average margin loan balance.

As a result, our segment margin decreased to 44.7% for nine months ended September 30, 2011 compared to 48.6% for the corresponding period in 2010.

Investment banking

Segment results for our investment banking business increased by 29.0% to RMB617.9 million during the nine months ended September 30, 2011 compared to RMB479.1 million for the corresponding period in 2010, due primarily to a 19.4%, or RMB138.5 million, increase in our segment revenue and other income during the period that resulted from our increased underwriting and sponsors fees. Our underwriting and sponsors fees increased by 18.9%, or RMB121.9 million, due primarily to (i) an increase in the number of debt offerings underwritten by us; and (ii) an increased number of equity offerings on the SME Board and the ChiNext Board underwritten by us.

As a result, our segment margin increased to 72.3% for nine months ended September 30, 2011 compared to 66.9% for the corresponding period in 2010.

Asset management

Segment results for our asset management business increased by 50.2% to RMB366.9 million for the nine months ended September 30, 2011 compared to RMB244.2 million for the corresponding period in 2010, due primarily to a 41.1%, or RMB243.4 million, increase in our segment revenue and other income, which primarily resulted from (i) higher performance fees we received from the China-Belgium Fund that we managed; and (ii) an increase in our average AUM.

As a result, our segment margin increased to 43.9% for the nine months ended September 30, 2011 compared to 41.3% for the corresponding period in 2010.

Proprietary trading

Segment results for our proprietary trading business decreased by 43.1% to RMB352.2 million for the nine months ended September 30, 2011 compared to RMB618.7 million for the corresponding period in 2010, due primarily to (i) a 26.6%, or RMB180.7 million, decrease in our segment revenue; and (ii) a 139.1%, or RMB85.8 million, increase in our segment expenses.

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Although our proprietary trading business recorded a significant increase in its segment revenue and other income in the first half of 2011, its segment revenue declined in the nine months ended September 30, 2011 due to a significant loss in the fair value change of our financial instruments held for trading in the third quarter of 2011 as a result of adverse market conditions and increased volatility in the PRC and overseas securities markets that largely resulted from the tightening monetary policy and high inflation in the PRC, global economic uncertainties and the euro zone sovereign debt crisis. However, such loss was partially offset by (i) an increase in our net gains from the disposal of financial instruments held for trading and available-for-sale investments that resulted from our prudent trading strategy amid market volatility; and (ii) an increase in our fair value gains from derivative products due to our effective hedging strategy.

The increase in our segment expenses was mainly attributable to our increased payment of business tax that resulted from an increase in our realized investment gains from the disposal of financial instruments. As a result, segment margin decreased to 70.5% for the nine months ended September 30, 2011 as compared to 90.9% for the corresponding period in 2010.

Direct investment

Segment results for our direct investment business decreased slightly to RMB23.6 million during the nine months ended September 30, 2011 compared to RMB24.5 million for the corresponding period in 2010, due primarily to a 12.2%, or RMB4.4 million, decrease in our segment revenue and other income. We did not exit from any direct investment during the nine months ended September 30, 2011 and the corresponding period in 2010. The decrease in our segment revenue and other income was mainly attributable to the decrease in our interest income from unutilized capital because we deployed additional capital to private equity investments during the nine months ended September 30, 2011.

However, our segment expenses decreased by 30.4%, or RMB3.5 million during the period. As a result, segment margin increased to 74.7% for the nine months ended September 30, 2011 as compared to 68.1% for the corresponding period in 2010.

Headquarters and others

Segment results increased significantly to RMB732.7 million during the nine months ended September 30, 2011 compared to RMB161.5 million for the corresponding period in 2010, due primarily to a 53.9%, or RMB717.8 million, increase in our segment revenue and other income. This is mainly attributable to the increases in our segment interest income and segment investment gains.

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Our segment interest income increased due primarily to (i) an increase in our financial assets held under resale agreements and our effective treasury management measures that led to the increased yields on bank deposits; and (ii) higher prevailing market interest rates in the PRC pursuant to increases in benchmark interest rates announced by the PBOC during the period.

Our segment investment gains increased due primarily to (i) an increase in our investment gains from money market instruments that reflected our effective treasury management measures; and (ii) an increase in net gains from the disposal of available-for-sale investments as we timely responded to the changing market conditions and captured market opportunities.

As a result, segment margins increased significantly to 35.7% for the nine months ended September 30, 2011 compared to 12.1% for the corresponding period in 2010.

Overseas business

Segment results for our overseas business increased to RMB155.9 million for the nine months ended September 30, 2011 compared to RMB125.2 million for the corresponding period in 2010, due primarily to a 26.2%, or RMB153.8 million, increase in our segment revenue and other income. This increase is mainly attributable to the growth of Haitong International Securities' margin financing and securities lending and corporate finance businesses during the period.

However, the increase in our segment revenue and other income was partially offset by a 26.7%, or RMB123.1 million, increase in our segment expenses that primarily reflected Haitong International Securities' business growth and its increased impairment losses amid market volatility. As a result, segment margin decreased slightly to 21.1% for the nine months ended September 30, 2011 compared to 21.4% for the corresponding period in 2010.

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ASSETS AND LIABILITIES

The following table sets forth a summary of our assets and liabilities as of the dates indicated. For a detailed discussion of our assets and liabilities as of December 30, 2008, 2009 and 2010 and June 30, 2010 and 2011, please see “Financial Information – Liquidity and Capital Resources – Assets and Liabilities.”

	As of December 31, 2010	As of September 30, 2011
		(unaudited)
		(RMB in millions)
Non-current assets		
Property and equipment	1,201.2	1,154.5
Investment properties	100.6	98.0
Goodwill	673.9	646.0
Other intangible assets	289.7	301.9
Investments in associates	543.3	906.2
Available-for-sale investments	1,877.5	2,441.4
Deferred tax assets	61.6	460.6
Restricted bank deposits	260.8	314.5
Other assets	108.0	197.0
Total non-current assets	5,116.6	6,520.1
Current assets		
Advances to customers	5,814.5	6,623.2
Accounts receivable	980.2	1,193.4
Other receivables and prepayments	447.5	865.4
Available-for-sale investments	5,060.8	6,981.5
Financial assets held under resale agreements	2,120.0	965.4
Financial assets at fair value through profit or loss	15,018.1	19,536.3
Deposits with exchanges	2,373.4	2,288.0
Clearing settlement funds	20,424.7	4,000.3
Bank balances and cash	58,057.3	52,076.9
Total current assets	110,296.5	94,530.4
Total assets	115,413.1	101,050.5
Current liabilities		
Borrowings	2,922.3	2,720.7
Deposit taken from other financial institution	–	400.0
Accounts payable to brokerage clients	63,682.3	38,720.5
Other payables and accruals	2,523.4	2,143.0
Provisions	6.9	4.8
Tax liabilities	465.3	396.2
Financial assets sold under repurchase agreements	–	10,561.4
Total current liabilities	69,600.2	54,946.6
Net current assets	40,696.3	39,583.8
Total non-current liabilities	196.1	89.1
Total liabilities	69,796.3	55,035.7
Total equity	45,616.8	46,014.8

Non-current assets and liabilities

Our non-current assets increased from RMB5,116.6 million as of December 31, 2010 to RMB6,520.1 million as of September 30, 2011. The increase in our non-current assets reflected the increases in our available-for-sale investments, investments in associates and deferred tax assets.

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Our non-current liabilities mainly include deferred tax liabilities. As of September 30, 2011, our non-current liabilities amounted to RMB89.1 million.

Current assets and liabilities

As of September 30, 2011, our current assets decreased to RMB94,530.4 million compared to RMB110,296.5 million as of December 31, 2010, due primarily to the decreases in our clearing settlement funds, bank balances and cash, and financial assets held under resale agreements, partially offset by the increases in our financial assets at fair value through profit or loss, available-for-sale investments, and advances to customers.

As of September 30, 2011, our current liabilities decreased to RMB54,946.6 million compared to RMB69,600.3 million as of December 31, 2010, due primarily to a decrease in our accounts payable to brokerage clients, partially offset by the increase in our financial assets sold under repurchase agreements.

Adjusted assets and liabilities

The following table sets forth our adjusted assets and liabilities as of the dates indicated:

	As of December 31, 2010	As of September 30, 2011
		(unaudited)
		(RMB in millions)
Adjusted current assets ⁽¹⁾	46,614.2	55,809.9
Non-current assets	5,116.6	6,520.1
Adjusted total assets ⁽²⁾	51,730.8	62,330.0
Adjusted current liabilities ⁽³⁾	5,917.9	16,226.1
Non-current liabilities	196.1	89.1
Adjusted total liabilities ⁽⁴⁾	6,114.0	16,315.2
Total equity	45,616.8	46,014.8

(1) The adjusted current assets equal to total current assets less accounts payable to brokerage clients.

(2) The adjusted total assets equal to non-current assets plus adjusted current assets.

(3) The adjusted current liabilities equal to total current liabilities less accounts payable to brokerage clients.

(4) The adjusted total liabilities equal to non-current liabilities plus adjusted current liabilities.