

RECENT DEVELOPMENTS

The following information should be read in conjunction with the Group's unaudited condensed consolidated financial statements as at and for the six months ended 30 June 2011, included in Appendix II to this prospectus, together with the accompanying notes, as well as the information set forth under "Financial Information" in this prospectus and the audited consolidated financial statements included in the Accountants' Report in Appendix I to this prospectus, together with the accompanying notes.

Our unaudited condensed consolidated financial statements have been prepared in accordance with IFRS and reviewed by the reporting accountants in accordance with International Standard on Review Engagements 2410. Our historical results of operations and financial condition as at and for the six months ended 30 June 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. This discussion contains forward-looking statements that reflect the current views of management and involve risks and uncertainties. The Group's actual results may differ materially from these forward-looking statements as a result of many factors, including but not limited to those described under "Forward-Looking Statements" and "Risk Factors" and elsewhere in this prospectus.

All figures in this Recent Developments section have been rounded to the nearest million, where applicable, and all percentages in this Recent Developments section are calculated based on the figures used in this Recent Developments section. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED 30 JUNE 2011 COMPARED TO THE SIX MONTHS ENDED 30 JUNE 2010

The following table sets forth selected consolidated income statement items for the periods indicated:

	Six months ended 30 June	
	2010	2011
	(Unaudited) (RMB in millions)	
Revenues		
Fee and commission income	7,614	4,955
Interest income	1,064	995
Investment income	447	2,343
Other income	163	84
Total revenue and other income	9,288	8,377
Operating Expenses		
Fee and commission expense	911	573
Finance costs	363	292
Staff costs	2,211	2,062
Depreciation	127	80
Business tax and surcharges	374	288
Other operating expenses	1,290	1,091
Impairment losses	(9)	(5)
Total operating expenses	5,267	4,381
Operating profit	4,022	3,996
Share of profits and losses of:		
Associates	(2)	3
Jointly-controlled entities	(37)	(2)
Profit before income tax	3,983	3,997
Income tax expense	927	1,014
Profit for the period	3,056	2,983
Attributable to:		
Owners of the parent	2,628	2,973
Non-controlling interests	427	9

RECENT DEVELOPMENTS

The following discussion describes and compares the major components of our results of operation for the six months ended 30 June 2010 and 2011. In addition, we evaluate our financial results, particularly our revenue composition, through reporting segments. For a discussion of each of our segments, please see “— Segment Operating Results for the Six Months Ended 30 June 2011 Compared to the Six Months Ended 30 June 2010” below.

Revenue and Other Income

The following table sets forth the components of our revenue and other income for the periods presented:

	Six months ended 30 June	
	2010	2011
	(Unaudited) (RMB in millions)	
Revenue		
Fee and commission income	7,614	4,955
Interest income	1,064	995
Investment income	447	2,343
Other income	163	84
Total revenue and other income	<u>9,288</u>	<u>8,377</u>

Our total revenue and other income decreased by 9.8% between the six months ended 30 June 2010 and the six months ended 30 June 2011, from RMB9,288 million to RMB8,377 million. This was primarily the result of a 34.9% decrease in our fee and commission income, largely due to our divestment of a 53% equity interest in China Securities in the fourth quarter of 2010, following which we deconsolidated China Securities’ financial results, including its revenue and other income, from our financial statements. The decrease in our total revenue and other income for the six months ended 30 June 2011 was offset in part by an increase of RMB1,896 million in investment income for the six months ended 30 June 2011 compared to the six months ended 30 June 2010, reflecting gains from the divestment of certain of GoldStone’s private equity investments, and our increased multi-strategy market-neutral trading and market-making activities. Without giving effect to the contribution of revenue and other income from China Securities for the six months ended 30 June 2010, we would have recorded a comparative increase of 36.4%, or RMB2,237 million, in total revenue and other income for the six months ended 30 June 2011. This increase would have been primarily due to the increase in our investment income, as described above. Please see “Financial Information — Impact of Divestments” for additional information concerning our divestment of equity interests in China Securities. For the six months ended 30 June 2011, our Hong Kong operations contributed RMB301 million to our total revenue and other income, which represented 3.6% of our total revenue and other income for such period.

Fee and Commission Income

Fee and commission income decreased by 34.9% from RMB7,614 million for the six months ended 30 June 2010 to RMB4,955 million for the six months ended 30 June 2011. The primary reason for this decrease was our divestment of a 53% equity interest in China Securities in the fourth quarter of 2010, following which we deconsolidated China Securities’ financial results, including its fee and commission income, from our financial statements. Without giving effect to the contribution of fee and commission income from China Securities for the six months ended 30 June 2010, our fee and commission income for the six months ended 30 June 2011 would have decreased slightly by 2.9%, or RMB149 million, during this period.

RECENT DEVELOPMENTS

Interest Income

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

	Six months ended 30 June	
	2010	2011
	(Unaudited) (RMB in millions)	
Bank interest income	977	873
Interest income on margin and other financing	64	119
Others	23	3
Total interest income	1,064	995

Our interest income for the six months ended 30 June 2011 decreased by 6.5%, from RMB1,064 million for the six months ended 30 June 2010 to RMB995 million. Bank interest income for the six months ended 30 June 2011 decreased by 10.6%, or RMB104 million, compared to the six months ended 30 June 2010, primarily due to our divestment of a 53% equity interest in China Securities in the fourth quarter of 2010, after which we ceased to consolidate the Brokerage Deposits and related interest income we received from Brokerage Deposits of China Securities. The decrease in bank interest income was partially offset by an increase in interest income on margin and other financing for the six months ended 30 June 2011, which increased by 85.9%, or RMB55 million, compared to the six months ended 30 June 2010. This was due to the growth of our margin financing and securities lending business in China, with our total margin account balances increasing from RMB458 million as at 30 June 2010 to RMB1,913 million as at 30 June 2011. Without giving effect to the contribution of interest income from China Securities for the six months ended 30 June 2010, we would have recorded a comparative increase of 60.5%, or RMB375 million, in total interest income for the six months ended 30 June 2011 largely due to increases in the PBOC benchmark interest rate from 0.36% to 0.40% in February 2011 and subsequently to 0.50% in April 2011, as well as growth in our prime services business.

Investment Income

The following table sets forth the components of our investment income for the periods presented:

	Six months ended 30 June	
	2010	2011
	(Unaudited) (RMB in millions)	
Net gains/(losses) from disposal of available-for-sale financial assets	(601)	1,967
Dividend income and interest income from available-for-sale financial assets	418	321
Net gains/(losses) from financial assets held for trading	509	(553)
Net gains/(losses) from financial assets designated at fair value through profit or loss	—	(14)
Others	120	623
Total investment income	447	2,343

Our investment income for the six months ended 30 June 2011 was RMB2,343 million, an increase of 424.2% compared to the six months ended 30 June 2010, when investment income was RMB447 million. This was primarily a result of our gains from the disposal of available-for-sale financial assets, which increased by RMB2,568 million for the six months ended 30 June 2011 compared to the six months ended 30 June 2010. We realized these gains mainly from increases in investment income from our divestment of private equity and other investments and from our multi-strategy market-neutral trading and market-making activities during the six months ended 30 June 2011. Others investment income also increased by RMB503 million, or 419.2%, from RMB120

RECENT DEVELOPMENTS

million for the six months ended 30 June 2010 to RMB623 million for the six months ended 30 June 2011. Gains in investment income for the six months ended 30 June 2011 were partially offset by a net loss of RMB553 million from our financial assets held for trading during the same period. Gains and losses from financial assets held for trading and from others investment income during the six months ended 30 June 2011 were both largely attributable to our multi-strategy market-neutral trading activities, our market-making activities, and our hedging activities.

Operating Expenses

The following table sets forth the components of our operating expenses for the periods presented:

	Six months ended 30 June	
	2010	2011
	(Unaudited) (RMB in millions)	
Fee and commission expense	911	573
Finance costs	363	292
Staff costs	2,211	2,062
Depreciation	127	80
Business tax and surcharges	374	288
Other operating expenses	1,290	1,091
Impairment losses	(9)	(5)
Total	<u>5,267</u>	<u>4,381</u>

Our expenses for the six months ended 30 June 2011 decreased by 16.8% from RMB5,267 million for the six months ended 30 June 2010 to RMB4,381 million. This was primarily a result of decreases in our fee and commission expense, which decreased by RMB338 million, or 37.1%, our other operating expenses, which decreased by RMB199 million, or 15.4%, and our staff costs, which decreased by RMB149 million, or 6.7%, in each case in the six months ended 30 June 2011 as compared to the six months ended 30 June 2010. These decreases were primarily due to our divestment of a 53% equity interest in China Securities in the fourth quarter of 2010, following which we ceased to consolidate China Securities' operating expenses with our financial statements.

Fee and Commission Expense

The following table sets forth our fee and commission expense for the periods presented:

	Six months ended 30 June	
	2010	2011
	(Unaudited) (RMB in millions)	
Commission expenses	903	560
Others	8	13
Total	<u>911</u>	<u>573</u>

Fee and commission expense for the six months ended 30 June 2011 decreased by 37.1% from RMB911 million for the six months ended 30 June 2010 to RMB573 million. This was primarily a result of our divestment of a 53% equity interest in China Securities in the fourth quarter of 2010, following which we ceased to consolidate China Securities' fee and commission expenses with our financial results.

RECENT DEVELOPMENTS

Staff Costs

The following table sets forth our staff costs for the periods presented:

	Six months ended 30 June	
	2010	2011
	(Unaudited) (RMB in millions)	
Salaries and bonuses	1,919	1,780
Staff benefits	163	131
Contributions to defined contribution schemes	129	151
Total	2,211	2,062

The primary component of our staff costs for the six months ended 30 June 2011 was salaries and bonuses. In the six months ended 30 June 2011, salaries and bonuses decreased by 7.2%, from RMB1,919 million for the six months ended 30 June 2010 to RMB1,780 million for the six months ended 30 June 2011. This was due to our deconsolidation of China Securities' staff costs from our financial statements, although this decrease was offset in part by increased staff costs across our business lines. Without giving effect to China Securities' staff costs for the six months ended 30 June 2010, our staff costs for the six months ended 30 June 2011 as a percentage of revenue would have remained relatively unchanged compared to the six months ended 30 June 2010.

Finance Costs

The following table sets forth our finance costs for the periods presented:

	Six months ended 30 June	
	2010	2011
	(Unaudited) (RMB in millions)	
Accounts payable to clients	212	126
Due to banks and other financial institutions	117	130
Bonds issued	32	32
Others	2	3
Total	363	292

Our finance costs decreased by 19.6% between the six months ended 30 June 2010, when finance costs were RMB363 million, and the six months ended 30 June 2011, when finance costs were RMB292 million. This was primarily attributable to a decrease of RMB86 million, or 40.6%, in accounts payable to clients due to our deconsolidation of China Securities' finance costs in the fourth quarter of 2010. This decrease was partially offset by an increase in our finance costs due to banks and other financial institutions, which increased slightly from RMB117 million for the six months ended 30 June 2010 to RMB130 million for the six months ended 30 June 2011, due to increases in the PBOC benchmark interest rate from 0.36% in the six months ended 30 June 2010 to 0.40% in February 2011 and subsequently to 0.50% in April 2011.

Profit before Income Tax

Our profit before income tax increased slightly between the six months ended 30 June 2010, when our profit before income tax was RMB3,983 million, and the six months ended 30 June 2011, when our profit before income tax was RMB3,997 million. Although our operating profit for the six months ended 30 June 2011 decreased by

RECENT DEVELOPMENTS

RMB26 million compared to the six months ended 30 June 2010, our share of profits and losses of associates and jointly-controlled entities increased comparatively by RMB40 million for the same periods, from a loss of RMB39 million for the six months ended 30 June 2010 to a profit of RMB1 million for the six months ended 30 June 2011, which offset our decreased operating profit for the six months ended 30 June 2011.

Income Tax Expense

Our income tax expense increased by 9.4% from RMB927 million for the six months ended 30 June 2010 to RMB1,014 million for the six months ended 30 June 2011. Our effective income tax rate was 25.4% for the six months ended 30 June 2011, compared to our effective income tax rate of 23.3% for the six months ended 30 June 2010. This was primarily due to the decreased benefit from the Shenzhen tax preference, which increased our applicable tax rate.

Profit for the Period

The following table sets forth our profit for the period for the periods indicated:

	Six months ended 30 June	
	2010	2011
	(Unaudited) (RMB in millions)	
Attributable to:		
Owners of the parent	2,628	2,973
Non-controlling interests	427	9
Total	3,056	2,983

Our profit for the six months ended 30 June 2011 was RMB2,983 million, a decrease of 2.4% from our profit for the six months ended 30 June 2010 of RMB3,056 million. Our profit attributable to owners of the parent increased by 13.1%, from RMB2,628 million to RMB2,973 million, over the same comparative periods. The increase in our profit attributable to owners of the parent was mainly due to our increased investment income and reduced operating expenses in the six months ended 30 June 2011. In addition, we ceased to recognize non-controlling interests in China Securities for the six months ended 30 June 2011, following our divestment of a 53% equity interest in China Securities in the fourth quarter of 2010. Without giving effect to the contribution of China Securities to profit attributable to owners of the parent for the six months ended 30 June 2010, we would have recorded a comparative increase of 48.4%, or RMB969 million, in profit attributable to owners of the parent for the six months ended 30 June 2011.

RECENT DEVELOPMENTS

SEGMENT OPERATING RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011 COMPARED TO THE SIX MONTHS ENDED 30 JUNE 2010

The following table sets forth the revenue and other income and profit before income tax of each of our segments, and the percentage contribution of each of our segments to our consolidated revenue and other income and profit before income tax for the periods indicated:

	Six months ended 30 June			
	2010	(Unaudited)		2011
	(RMB in millions except percentages)			
		%		%
Investment Banking				
Segment revenue and other income	1,130	12.2	718	8.6
Profit before income tax	504	12.7	294	7.4
Brokerage				
Segment revenue and other income	5,384	58.0	3,156	37.7
Profit before income tax	2,296	57.6	1,347	33.7
Trading				
Segment revenue and other income	526	5.7	1,568	18.7
Profit before income tax	206	5.2	708	17.7
Asset Management				
Segment revenue and other income	2,013	21.7	1,695	20.2
Profit before income tax	871	21.9	574	14.4
Others				
Segment revenue and other income	235	2.5	1,241	14.8
Profit before income tax	106	2.7	1,074	26.9

The following discussion describes and compares each of our five segments' revenue and other income, operating expenses and profit before income tax for the periods presented.

Investment Banking

The following table sets forth selected information concerning our Investment Banking segment for the periods presented:

	Six months ended 30 June	
	2010	2011
	(Unaudited)	
	(RMB in millions)	
Segment revenue and other income	1,130	718
Fee and commission income	1,130	717
Interest income	—	—
Investment income	—	—
Other income	—	1
Operating expenses	626	424
Profit before income tax	504	294

Our Investment Banking segment contributed 12.2% and 8.6% of our total revenue and other income and 12.7% and 7.4% of our total profit before income tax for the six months ended 30 June 2010 and 2011, respectively.

RECENT DEVELOPMENTS

Segment revenue and other income

Segment revenue and other income from our Investment Banking segment decreased by 36.5% in the six months ended 30 June 2011 compared to the six months ended 30 June 2010, from RMB1,130 million to RMB718 million. This decrease was primarily due to dissimilar market conditions and differences in the pipeline schedule of our investment banking engagements between the six months ended 30 June 2010 and the six months ended 30 June 2011, and also reflected the deconsolidation of China Securities' investment banking fee and commission income following our divestment of a 53% equity interest in China Securities in the fourth quarter of 2010. Excluding the contributions of China Securities' investment banking activities for the six months ended 30 June 2010, our Investment Banking segment's revenue and other income would have increased by 16.9% between the six months ended 30 June 2010 and the six months ended 30 June 2011.

Operating Expenses

Operating expenses from our Investment Banking segment decreased by 32.3% between the six months ended 30 June 2010, when operating expenses were RMB626 million, and the six months ended 30 June 2011, when operating expenses were RMB424 million. This was largely attributable to our deconsolidation of China Securities' operating expenses from our financial statements beginning in the fourth quarter of 2010 due to our divestment of a 53% equity interest in China Securities.

Profit before income tax

Profit before income tax from our Investment Banking segment decreased by 41.7% between the six months ended 30 June 2010, when profit before income tax was RMB504 million, and the six months ended 30 June 2011, when profit before income tax was RMB294 million. This was primarily attributable to the decrease in segment revenue and other income for the six months ended 30 June 2011.

Brokerage

The following table sets forth selected information concerning our Brokerage segment for the periods presented:

	Six months ended 30 June	
	2010	2011
	(Unaudited) (RMB in millions)	
Segment revenue and other income	5,384	3,156
Fee and commission income	4,598	2,559
Interest income	763	552
Investment income	—	24
Other income	22	22
Operating expenses	3,088	1,809
Profit before income tax	2,296	1,347

Our Brokerage segment contributed 58.0% and 37.7% of our total revenue and other income and 57.6% and 33.7% of our total profit before income tax for the six months ended 30 June 2010 and 30 June 2011, respectively.

Segment revenue and other income

Segment revenue and other income from our Brokerage segment decreased by 41.4% in the six months ended 30 June 2011 compared to the six months ended 30 June 2010, from RMB5,384 million to RMB3,156 million. This

RECENT DEVELOPMENTS

was primarily due to our divestment of a 53% equity interest in China Securities in the fourth quarter of 2010, following which we deconsolidated China Securities' financial results and ceased to report China Securities' brokerage revenue under our Brokerage segment. The divestment of China Securities impacted our Brokerage segment's financial results as China Securities was one of our primary brokerage subsidiaries. Without including China Securities' brokerage revenue and other income for the six months ended 30 June 2010, we would have recorded a comparative increase of 2.9%, or RMB90 million, in our Brokerage segment's revenue and other income for the six months ended 30 June 2011.

Operating Expenses

Operating expenses from our Brokerage segment decreased by 41.4% between the six months ended 30 June 2010, when operating expenses were RMB3,088 million, and the six months ended 30 June 2011, when operating expenses were RMB1,809 million. This was largely attributable to our divestment of a 53% equity interest in China Securities in the fourth quarter of 2010, following which we deconsolidated China Securities' financial results and ceased to report China Securities' brokerage operating expenses under our Brokerage segment.

Profit before income tax

Profit before income tax from our Brokerage segment decreased by 41.3% between the six months ended 30 June 2010, when profit before income tax was RMB2,296 million, and the six months ended 30 June 2011, when profit before income tax was RMB1,347 million. This was largely due to decreases in our fee and commission income as well as the interest income we earned from Brokerage Deposits.

Trading

The following table sets forth selected information concerning our Trading segment for the periods presented:

	<u>Six months ended 30 June</u>	
	<u>2010</u>	<u>2011</u>
	(Unaudited) (RMB in millions)	
Segment revenue and other income	526	1,568
Fee and commission income	—	—
Interest income	210	417
Investment income	317	1,139
Other income	—	11
Operating expenses	321	860
Profit before income tax	206	708

Our Trading segment contributed 5.7% and 18.7% of our total revenue and other income and 5.2% and 17.7% of our total profit before income tax for the six months ended 30 June 2010 and 30 June 2011, respectively.

Segment revenue and other income

Segment revenue and other income from our Trading segment increased by 198.1% in the six months ended 30 June 2011 compared to the six months ended 30 June 2010, from RMB526 million to RMB1,568 million. This was primarily due to increases in our investment income, which increased by RMB822 million, or 259.3%, and our interest income, which increased by RMB207 million, or 98.6%, in the six months ended 30 June 2011 compared to the six months ended 30 June 2010. Our investment income increased largely because of increased gains from our

RECENT DEVELOPMENTS

market-making and multi-strategy market-neutral trading activities. Our interest income increased mainly due to our increased prime services activities in China in the six months ended 30 June 2011, with our total margin account balances increased from RMB458 million as at 30 June 2010 to RMB1,913 million as at 30 June 2011.

Operating Expenses

Operating expenses from our Trading segment increased by 167.9% between the six months ended 30 June 2010, when operating expenses were RMB321 million, and the six months ended 30 June 2011, when operating expenses were RMB860 million. This was largely attributable to the greater volume of business activity in our Trading segment for the six months ended 30 June 2011.

Profit before income tax

Profit before income tax from our Trading segment increased by 243.7% between the six months ended 30 June 2010, when profit before income tax was RMB206 million, and the six months ended 30 June 2011, when profit before income tax was RMB708 million. This was largely attributable to the significant increases in investment income and interest income for the six months ended 30 June 2011.

Asset Management

The following table sets forth selected information concerning our Asset Management segment for the periods presented:

	Six months ended 30 June	
	2010	2011
	(Unaudited) (RMB in millions)	
Segment revenue and other income	2,013	1,695
Fee and commission income	1,861	1,634
Interest income	12	15
Investment income	83	15
Other income	57	31
Operating expenses	1,142	1,121
Profit before income tax	871	574

Our Asset Management segment contributed 21.7% and 20.2% of our total revenue and other income and 21.9% and 14.4% of our total profit before income tax for the six months ended 30 June 2010 and 30 June 2011, respectively.

Segment revenue and other income

Segment revenue and other income from our Asset Management segment decreased by 15.8% in the six months ended 30 June 2011 compared to the six months ended 30 June 2010, from RMB2,013 million to RMB1,695 million. This was mainly due to decreases in fee and commission income and investment income contributed by China AMC, our wholly-owned asset management subsidiary, caused by a decrease in the amount of China AMC's average AUM for the six months ended 30 June 2011. Fee and commission income for the Company's asset management business increased by 32.1%, from RMB81 million for the six months ended 30 June 2010 to RMB107 million for the six months ended 30 June 2011.

RECENT DEVELOPMENTS

Operating Expenses

Operating expenses from our Asset Management segment decreased by 1.8% between the six months ended 30 June 2010, when operating expenses were RMB1,142 million, and the six months ended 30 June 2011, when operating expenses were RMB1,121 million. Our operating expenses decreased slightly but remained largely unchanged because operating expenses in the asset management business, including fund distribution and marketing expenses, are generally not as variable as revenue and other income.

Profit before income tax

Profit before income tax from our Asset Management segment decreased by 34.1% between the six months ended 30 June 2010, when profit before income tax was RMB871 million, and the six months ended 30 June 2011, when profit before income tax was RMB574 million. This was primarily attributable to a decrease in China AMC's average AUM and consequently a decrease in its revenue and other income for the six months ended 30 June 2011.

Others

The following table sets forth selected information concerning our Others segment for the periods presented:

	Six months ended 30 June	
	2010	2011
	(Unaudited) (RMB in millions)	
Segment revenue and other income	235	1,241
Fee and commission income	25	45
Interest income	80	11
Investment income	47	1,166
Other income	84	19
Operating expenses	90	168
Profit before income tax	106	1,074

Our Others segment contributed 2.5% and 14.8% of our total revenue and other income and 2.7% and 26.9% of our total profit before income tax for the six months ended 30 June 2010 and 30 June 2011, respectively.

Segment revenue and other income

Segment revenue and other income from our Others segment increased by 428.1% in the six months ended 30 June 2011 compared to the six months ended 30 June 2010, from RMB235 million to RMB1,241 million. This was primarily due to a significant increase in investment income of RMB1,119 million in the six months ended 30 June 2011, largely resulting from returns on our exit of certain private equity investments.

Operating Expenses

Operating expenses from our Others segment increased by 86.7% between the six months ended 30 June 2010, when operating expenses were RMB90 million, and the six months ended 30 June 2011, when operating expenses were RMB168 million. This was largely attributable to the growth of our private equity investment business activities and associated increases in staff costs.

RECENT DEVELOPMENTS

Profit before income tax

Profit before income tax from our Others segment increased by 913.2% between the six months ended 30 June 2010, when profit before income tax was RMB106 million, and the six months ended 30 June 2011, when profit before income tax was RMB1,074 million. This was attributable to our increased investment income from exiting certain private equity investments during the six months ended 30 June 2011.

ASSETS AND LIABILITIES

The following table sets out certain key components of our assets and liabilities for the periods indicated, as adjusted to exclude the effect of customers' brokerage deposits and share of refundable deposits and corresponding accounts payable to clients. Please see "Financial Information — Liquidity and Capital Resources — Assets and Liabilities."

	<u>As at 31 December 2010</u>	<u>As at 30 June 2011</u>
	(RMB in millions)	
Adjusted non-current assets⁽¹⁾	13,418	14,457
Including:		
Property, plant and equipment	2,491	2,732
Investments in associates	1,022	1,008
Investments in jointly-controlled entities	740	754
Available-for-sale financial assets	5,983	7,777
Total non-current liabilities	2,308	2,053
Including:		
Bonds payable	1,500	1,500
Adjusted current assets⁽²⁾	77,678	75,587
Including:		
Margin financing and securities lending	1,975	2,816
Available-for-sale financial assets	37,056	30,084
Financial assets held for trading	13,856	16,030
Reverse repurchase agreements	1,866	1,933
Cash and bank balances	18,444	20,979
Adjusted current liabilities⁽³⁾	17,941	19,921
Including:		
Repurchase agreements	6,902	11,130
Loans	128	769
Total debt⁽⁴⁾	1,628	2,269
Adjusted net current assets⁽⁵⁾	59,737	55,666
Adjusted assets⁽⁶⁾	91,096	90,044

(1) Adjusted non-current assets equals total non-current assets less our customers' refundable deposits. The amount of our customers' refundable deposits is calculated by subtracting cash held on behalf of customers from accounts payable to clients.

(2) Adjusted current assets equals total current assets less cash held on behalf of customers.

(3) Adjusted current liabilities equals total current liabilities less accounts payable to clients.

(4) Total debt is the aggregate of our bonds payable and loans.

(5) Adjusted net current assets equals adjusted current assets less adjusted current liabilities.

(6) Adjusted assets equals total assets less (i) cash held on behalf of customers and (ii) customers' refundable deposits.

RECENT DEVELOPMENTS

Adjusted Non-Current Assets

We had adjusted non-current assets of RMB14,457 million as at 30 June 2011, an increase of 7.7% from our adjusted non-current assets of RMB13,418 million as at 31 December 2010, mainly due to the increase in non-current available-for-sale financial assets resulting from our increased private equity investments. Investments in associates, investments in jointly-controlled entities and non-current available-for-sale financial assets amounted to RMB9,539 million as at 30 June 2011 and were 66.0% of our adjusted non-current assets, with non-current available-for-sale financial assets accounting for most of this amount. Property, plant and equipment was valued at RMB2,732 million and accounted for 18.9% of adjusted non-current assets as at 30 June 2011.

Non-Current Liabilities

We had total non-current liabilities of RMB2,053 million as at 30 June 2011. The majority of our non-current liabilities consist of our outstanding 4.25% Bonds due 2021 in aggregate principal amount of RMB1.5 billion.

Adjusted Current Assets

Our adjusted current assets as at 30 June 2011 were RMB75,587 million, 2.7% less than the RMB77,678 million we held as at 31 December 2010, mostly due to a decrease in our current available-for-sale financial assets, some of which we sold to realise investment gains, in the six months ended 30 June 2011.

Adjusted Current Liabilities

Our adjusted current liabilities as at 30 June 2011 were RMB19,921 million, and increased by 11.0% from 31 December 2010, when our adjusted current liabilities were RMB17,941 million. This was largely due to an increase in our outstanding repurchase agreement liabilities as at 30 June 2011 compared to 31 December 2010, and an increase in our liabilities due to banks and other financial institutions as we increased our short-term loans overseas to meet our short-term liquidity needs.

Adjusted Net Current Assets

Our adjusted net current assets were RMB55,666 million as at 30 June 2011, and decreased by 6.8% from RMB59,737 million as at 31 December 2010.