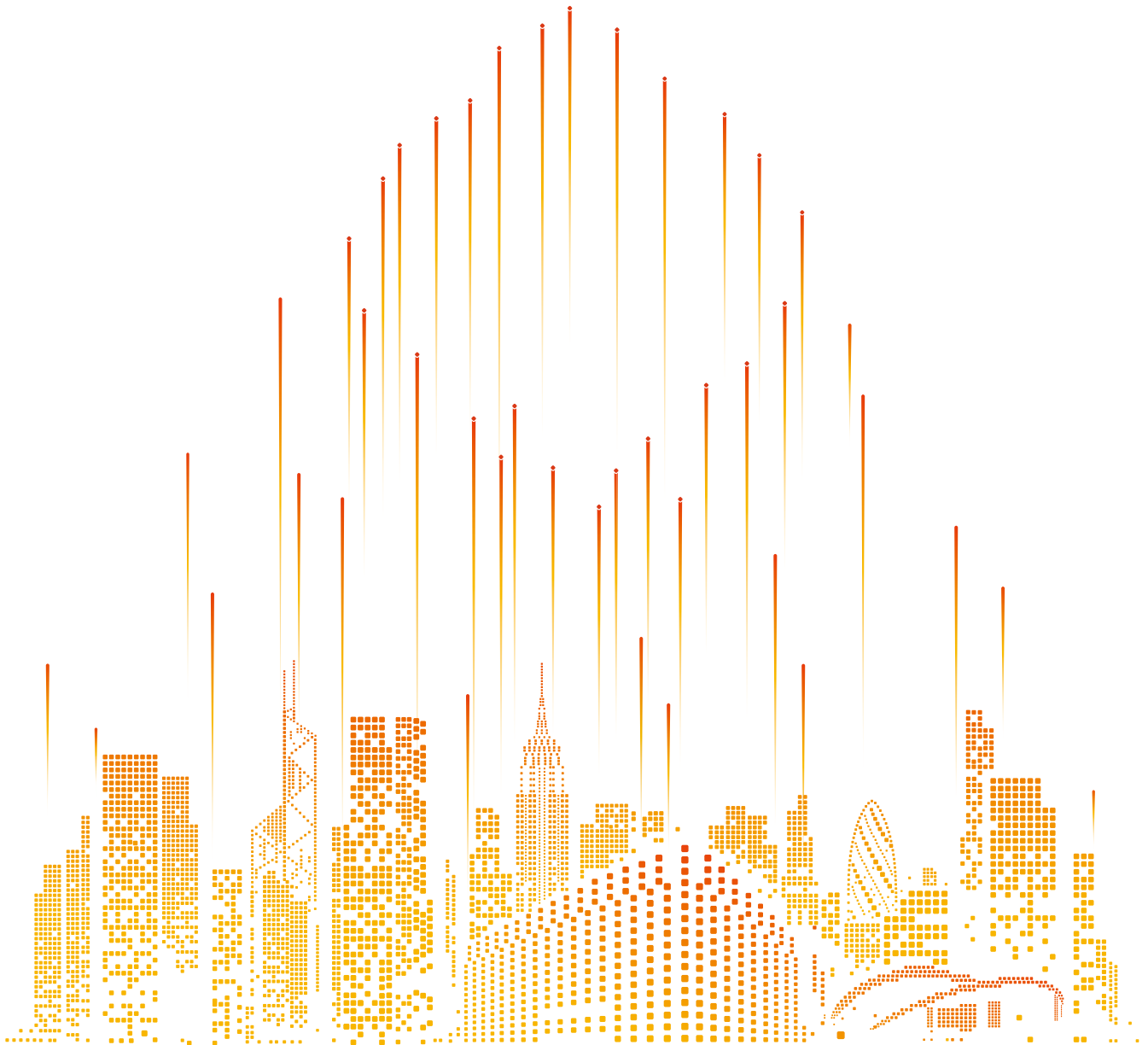





2017
ANNUAL REPORT
Stock Code: 6886

(A joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name 华泰证券股份有限公司 and carrying on business in Hong Kong as HTSC)





Striving to Become A First-Class Integrated
Financial Group with Both Domestic Advantages
and Global Vision

01

About Us

- 002 Important Notice
- 004 Definitions
- 006 Chairman's Letter
- 008 Company Profile
- 014 Summary of the Results
- 020 Major Events of the Company

02

Operating Analysis and Strategies

- 024 Summary of the Company's Business
- 032 Management Discussion and Analysis
- 086 Major Events

CONTENTS

03

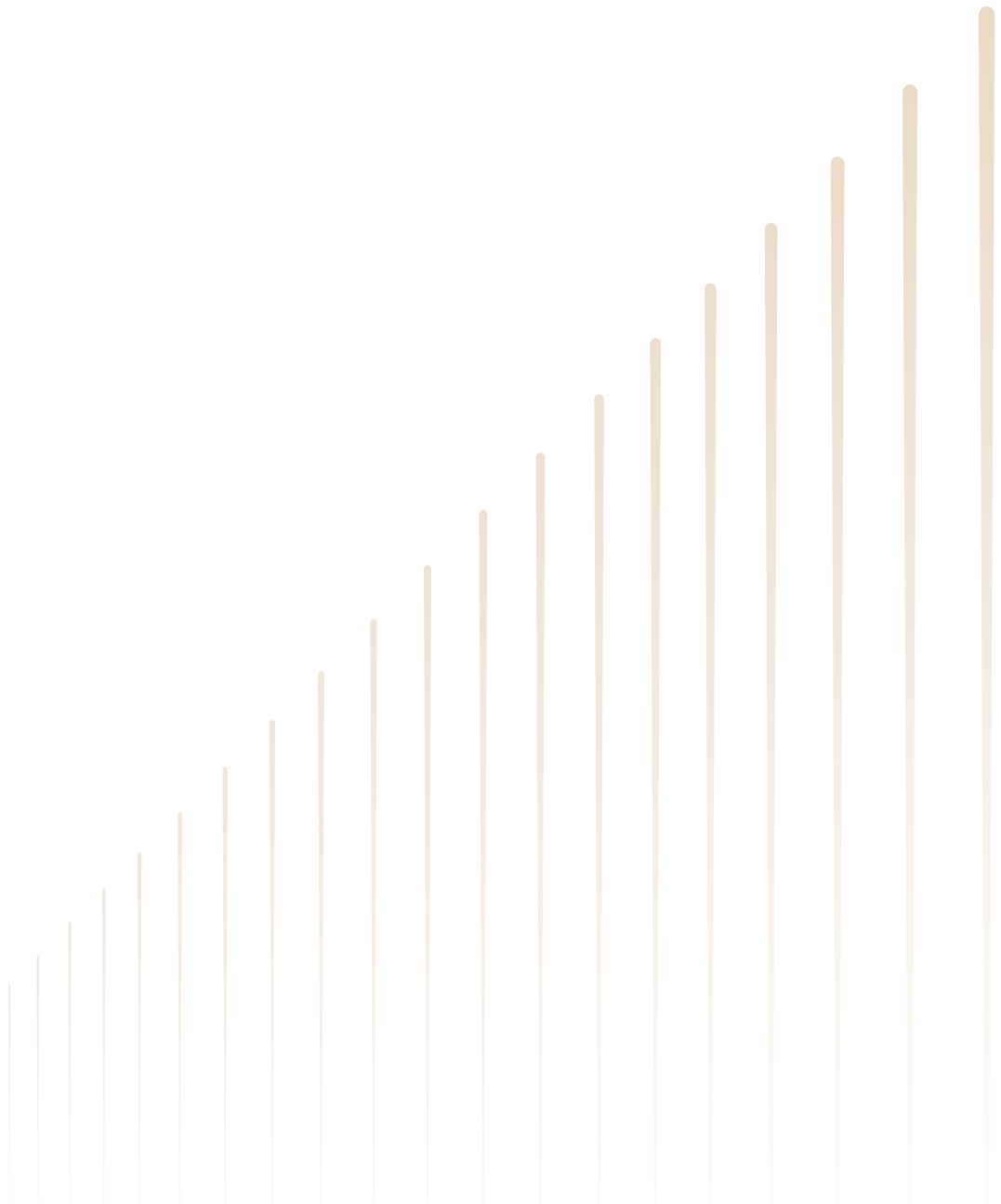
Corporate Governance

- 116 Changes in Share Capital and Shareholders
- 124 Directors, Supervisors, Senior Management and Staff
- 148 Corporate Governance Report
- 188 Corporate Bonds

04

Financial Report and Documents for Inspection

- 196 Audit Report
- 205 Annual Financial Report
- 356 Index of Documents for Inspection
- 356 Information Disclosure of Securities Companies
- 357 Appendix



01

About Us

Important Notice	002
Definitions	004
Chairman's Letter	006
Company Profile	008
Summary of the Results	014
Major Events of the Company	020

Important Notice

● The Board of Directors, the Board of Supervisors, Directors, Supervisors and senior management of the Company undertake that the information in this annual report is true, accurate and complete and contains no false record, misleading statement or material omission, and assume individual and joint liabilities to the information in this report.

● This report was considered and approved at the twelfth meeting of the fourth session of the Board of the Company.

● **Director(s) absent from the meeting**

Position of absent Directors	Name of absent Directors	Reasons for absence	Name of proxies
Director	Pu Baoying	Business engagement	Gao Xu
Director	Xu Feng	Business engagement	Zhou Yi
Director	Zhou Yong	Business engagement	Zhou Yi

● None of the Directors and Supervisors had objections towards this annual report.

● The annual financial report prepared by the CASBE and the IFRS was audited by KPMG Huazhen LLP and KPMG respectively, which issued a standard unqualified audit report to the Company.

● Zhou Yi, the person in charge of the Company, Shu Ben'e, the person in charge of accounting, and Fei Lei, the officer in charge of the accounting office of the Company (head of accounting department), hereby warrant and guarantee that the financial report contained in the annual report is true, accurate and complete.

● **The profit distribution plan or the reserve capitalization plan for the Reporting Period considered by the Board:**

As audited by KPMG Huazhen LLP, the profit for the year of the parent company for 2017 was RMB8,482,927,105.80. According to the relevant requirements of the Company Law, Securities Law, Financial Rules for Financial Enterprises (《金融企業財務規則》) and the Articles of Association of the Company, the Company had appropriated 10% statutory surplus reserve, 10% general risk reserve and 10% trading risk reserve of RMB2,544,878,131.74 in total, after which, the profit available for distribution for the year was RMB5,938,048,974.06.

Plus the balance of undistributed profit of RMB10,594,696,225.20 in previous years and less the dividend of RMB3,581,384,400.00 distributed according to the profit distribution plan of the Company for 2016, the accumulated profit available for distribution to investors in cash for the year was RMB12,951,360,799.26.

The Company is proceeding with the Non-Public Issuance of A Shares. As regulated in the Measures for the Administration of Securities Issuance and Underwriting of CSRC, listed companies shall only issue securities after submitting the profit distribution plan and plan for share capital increase from capital reserve to the General Meeting for resolution or putting such plans approved by the General Meeting into implementation. If the company implements the profit distribution of 2017, then before completing profit distribution, the company cannot issue any securities, which is unfavorable to the procedures for the Non-Public Issuance and even requires to re-perform the relevant internal and external procedures for non-public offering. Thus, the working capital cannot be supplemented in time, which will directly influence the company's profit of the term and long-term development.

Therefore, after comprehensive consideration of factors such as the interests of shareholders and the development of the company, the company will not make profit distribution for 2017, nor will it transfer its capital reserve to increase its share capital. The Company is intended to complete related matters for profit distribution upon the completion of the Non-Public Issuance of A Shares as soon as required by relevant regulatory authorities and the Articles of Association.

All independent non-executive Directors of the Company gave the following independent opinions on this profit

distribution proposal: The profit distribution proposal of the company in 2017 is in line with the interests of all shareholders. All independent non-executive Directors approve this proposal and agree to submit it to the Annual General Meeting of 2017 for resolution.

This profit distribution proposal was already considered and approved by the twelfth meeting of the fourth session of the Board and is to be submitted to the Annual General Meeting for 2017 for resolution.

- **Forward-looking statements including future plans and development strategies involved in this annual report do not constitute the Company's substantive commitments to investors. The investors are advised to pay attention to investment risks.**
- **There is no non-operating misappropriation of funds of the Company by any controlling shareholders and their related parties during the Reporting Period.**
- **The Company has not provided any guarantees in favor of others in violation of the decision-making procedures during the Reporting Period.**
- **The announcement of the Company is prepared in both Chinese and English. In the event of any inconsistency, the Chinese version should prevail.**
- **Warning on Major Risks**

Macroeconomy and monetary policies, laws and regulations influencing financial and securities industries, rising and falling trends in commercial and financial industries, inflation, exchange rate fluctuations, availability of long and short-term market capital sources, fund-raising costs and interest rate levels and fluctuations and overall economic and political conditions may have an impact on the company's business. Besides, like other companies in the securities industry, inherent risks in the securities market, such as market volatility and trading volume, may also affect the company's business. The company cannot guarantee the sustainability of favorable political economy and market conditions.

Main risks in business operation include: policy risks from national macro-control measures, changes in laws, regulations, relevant regulatory policies and transaction rules in securities industry, which will adversely influence the business of securities companies; compliance risks from business management or professional activities violating laws, regulations or codes, which cause the company being punished by laws, being taken regulatory measures, suffering from property loss or reputation loss; legal risks from failure to abide by provisions and requirements in laws and regulations, which make the company face litigations, compensation, and fines and suffer from loss; credit risks from default of products or floaters or counterparties (customers), which make the company suffer from loss; liquidity risks from inability to obtain sufficient funds at reasonable cost to pay matured debts, fulfil other payment obligations and satisfy the capital needs for normal business; information and technology risks such as various technical failure or data leakage of the company's information system from internal and external reasons, which consequently cause loss as the information system is impossible to guarantee the stability, high-efficiency and safety of transactions and business management in business realization, response speed, disposal capacity, data encryption and so on; operational risks from incomplete or problematic internal procedures, personnel or systems or external incidents, which cause loss; reputation risks from business operation, management and other behaviors or external incidents which lead to negative judgement on the company from relevant media. Besides, with the advancement of the company's internationalization strategy, the company's business will enter the United States, Hong Kong and other regions, and the company will face more complex market environment and regulatory requirements.

Definitions

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

360	360 Security Technology Inc. (三六零安全科技股份有限公司)
A Share(s)	Domestic share(s) in the share capital of the Company with nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and to be subscribed for and traded in RMB
AssetMark	AssetMark Financial Holdings, Inc.
Articles of Association or Articles	the currently effective articles of association of our Company, as amended
AUM	Asset Under Management
Board or Board of Directors	the Board of Directors of our Company
Board of Supervisors	the Board of Supervisors of the Company
CAGR	Compound annual growth rate
CASBE	the China Accounting Standards for Business Enterprises (中國企業會計準則)
China or PRC	the People's Republic of China, excluding, for the purpose of this annual report, Hong Kong, Macau Special Administrative Region and Taiwan
China Southern Asset Management	China Southern Asset Management Co., Ltd. (Changed to China Southern Asset Management Co., Ltd. after the Reporting Period)
Communications Holding	Jiangsu Communications Holding Company (江蘇交通控股有限公司)
Company Law	Company Law of the People's Republic of China (中華人民共和國公司法), as amended and adopted by the Standing Committee of the Tenth National People's Congress on 27 October 2005 and effective on 1 January 2006, as amended, supplemented or otherwise modified from time to time, which was further amended on 28 December 2013 and became effective on 1 March 2014
CSI 300 Index	An index consisting of 300 index sample stocks which are most representative selected by the Shanghai Stock Exchange and Shenzhen Stock Exchange jointly with the scale and liquidity as the basic standards
CSRC	the China Securities Regulatory Commission (中國證券監督管理委員會)
Director(s)	director(s) of the Company
FICC	fixed income, currency and commodity
Fintech	financial technology
FTSE China A50 Index	A tradable index created by FTSE China Index Limited through selecting 50 Chinese A-share companies
Futures IB Business	a business activity in which securities firms, as commissioned by futures companies, introduce clients to participate in futures transactions of the futures companies and provide other related services
Group, Our Group, we or us	The Company and its subsidiaries, and their respective predecessors
H Share(s)	Foreign share(s) in the share capital of the Company with nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and to be subscribed for and traded in HK dollars
Hang Seng China Enterprises Index	Hang Seng China Enterprise Index (HSEI or H-share Index) reflects the performance of the larger H-shares listed on the Hong Kong Stock Exchange. Unlike the Hang Seng Index, the number of constituents of the HSCEI is not limited, but must be the H shares of the maximum market value and within the constituent stocks of the Hang Seng Composite Index
HKEx	Hong Kong Exchanges and Clearing Limited (香港交易及結算所有限公司)
HK\$, HKD or HK dollars	the lawful currency of Hong Kong
Hong Kong or HK	the Hong Kong Special Administrative Region of the PRC
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited (香港聯合交易所有限公司)
Huatai Asset Management	Huatai Securities (Shanghai) Asset Management Co., Ltd. (華泰證券(上海)資產管理有限公司), a wholly-owned subsidiary of the Company
Huatai Financial Holdings (Hong Kong)	Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司), a wholly-owned subsidiary of the Company
Huatai Futures	Huatai Futures Co., Ltd. (華泰期貨有限公司), a holding subsidiary of the Company

Huatai Innovative Investment	Huatai Innovative Investment Co., Ltd. (華泰創新投資有限公司), a wholly-owned subsidiary of the Company
Huatai-PineBridge	Huatai-PineBridge Fund Management Co., Ltd. (華泰柏瑞基金管理有限公司)
Huatai United Securities	Huatai United Securities Co., Ltd. (華泰聯合證券有限責任公司), a holding subsidiary of the Company
Huatai Zijin Investment	Huatai Zijin Investment Co., Ltd. (華泰紫金投資有限責任公司), a wholly-owned subsidiary of the Company
IFRS	the International Financial Reporting Standards
IPO	the initial public offering
IT	information technology
Jiangsu Equity Exchange	Jiangsu Equity Exchange Co., Ltd. (江蘇股權交易中心有限責任公司), a holding subsidiary of the Company
Jiangsu Guoxin	Jiangsu Guoxin Investment Group Limited (江蘇省國信資產管理集團有限公司)
Jiangsu SASAC	State-owned Assets Supervision and Administration Commission of Jiangsu Provincial Government (江蘇省人民政府國有資產監督管理委員會)
Jiangsu Securities Regulatory Bureau	Jiangsu Securities Regulatory Bureau of the CSRC (中國證監會江蘇監管局)
Listing Rules or Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules
MSCI	Morgan Stanley Capital International Index
NMAU	the number of monthly active users
NSSF	the National Council for Social Security Fund of the PRC (全國社會保障基金理事會)
our Company, Parent Company, HTSC or Huatai Securities	a joint stock company incorporated in the People's Republic of China with limited liability under the corporate name 華泰證券股份有限公司 (Huatai Securities Co., Ltd.), converted from our predecessor 華泰證券有限責任公司 (Huatai Securities Limited Liability Company) on 7 December 2007, carrying on business in Hong Kong as "HTSC", and was registered as a registered non-Hong Kong company under Part 16 of the Companies Ordinance under the Chinese approved name of "華泰六八八六股份有限公司" and English name of "Huatai Securities Co., Ltd."; the H shares of which are listed on the main board of The Stock Exchange of Hong Kong on 1 June 2015 (stock code: 6886); the A shares of which are listed on the Shanghai Stock Exchange on 26 February 2010 (Stock Code: 601688). Unless the context otherwise requires, it includes its predecessor
OTC	over-the-counter
PBOC	the People's Bank of China (中國人民銀行)
QDII	qualified domestic institutional investors
QFII	qualified foreign institutional investors
Reporting Period	the year ended 31 December 2017
Securities and Futures Ordinance or SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
SFC	the Securities and Futures Commission of Hong Kong (香港證券及期貨事務監察委員會)
Shanghai Clearing House	The Interbank Market Clearing House Co., Ltd. (銀行間市場清算所股份有限公司)
Shanghai Stock Exchange or SSE	the Shanghai Stock Exchange (上海證券交易所)
Shenzhen Stock Exchange	the Shenzhen Stock Exchange (深圳證券交易所)
SSE 50 Index	an index consisting of 50 index sample stocks with large scale and good liquidity, which are most representative in the securities market of Shanghai selected by the Shanghai Stock Exchange
Supervisor(s)	supervisor(s) of the Company
TAMP	Turn-key Asset Management Platform, a technological platform providing services such as investment products and strategies and assets portfolio management, customer relationship and asset custody, as well as corporate operation
%	per cent

In the 2017 Annual Report, any discrepancies between the total shown and the sum of the amounts listed are due to rounding.



Chairman's Letter

Dear Shareholders:

We are standing in a great new age. Profound changes are taking place in various fields including the idea of development and growth model, the real economy and the capital market, financial supervision concept and regulatory means, the competitive landscape of the financial industry and business model. For the securities industry, the key to grasping the competitive initiative in the future is to bid farewell to the original development model and path dependence, return to the source of the capability of investment banks, re-define mission and value of the industry, and clearly define the new direction of development.

In the past 27 years, we have experienced gorgeous transformation through self-subversion and redefined ourselves from the followers to the beyonder and top runners in some fields of the Chinese securities industry. We are the direct beneficiaries of the policy of reform and opening up as well as the loyal practitioners of the spirit of the same. Today, how will we define ourselves? We are fully aware that we are currently at the turning point of model transformation, system reconstruction, and capability reconstruction. Focusing on customer needs, creating value for them, and growing together with them are the fundamental matters to our settlement and success.

As we firmly focus on customer needs, we have increased our strategic focus and tactical vitality in dealing with complex situations. As of the end of 2017, the Company's total assets reached RMB381,482,540 thousand, and the owner's equity attributable to shareholders of the Company reached RMB87,335,938 thousand. In 2017, the Company's total operating revenue and other income reached RMB31,323,372 thousand, and the profit for the year attributable to the shareholders of the Company was RMB9,276,520 thousand. We have established a favorable industry position and influence in overall strength and reached a higher development starting point for the future.

As we firmly focus on customer needs, we have restructured the two major business systems of retail and wealth management as well as institutional services, forming a customer-driven organizational structure and operating mechanism. On this account, we have been constantly releasing the full potential of the entire business chain with the focus on customer needs based on supports of platform, systematization and digitization, making our various financial products become a close link with customers, and striving to create differentiated core competitiveness.

►► Wealth Management

The diversification of customer structure in China's wealth management market has brought the increasingly complex and diverse wealth management needs. To develop along with the customers' wealth is our indelible responsibility. Therefore, to seek for greater customer number and larger asset scale is our long-term strategic goal.

In 2017, we not only maintained the leading position in the market with the largest stock-based trading volume, but also worked with more than 12 million customers with more than RMB2.7 trillion customer assets, and had more than 6 million monthly active users in the application ZhangLe Fortune Path and our capital intermediary business was close to RMB150 billion. This gave us the courage to continue our strategic initiative, and redefine the transformation of wealth management throughout the market cycle.

However, this is just the beginning. The retail business system based on ZhangLe Fortune Path and the wealth management system centered on investment consulting will start with a three-dimensional coordinated operation model. At the mobile and PC ends, innovative platforms and tools iteratively transform transaction services to the extreme. The abutment and absorption with AssetMark has formed a new operating system for B2B2C, showing a sign of wealth management business model with differentiated characteristics. Although our asset management business already ranked second in the industry, creating a competitive financial product system is still an essential matter. With our professional capabilities, we launched a series of financial products with Huatai characteristics by external introducing and internal creating, carefully selected and scientifically configured products for customers.

►► Institutional Services

In the past year, our institutional client number and assets scale increased significantly. The industry positioning strategy of the investment banking business strengthened the leading professional strength and influence. The amount of Mergers and Acquisitions transactions ranked No. 1 in the industry. The investment trading business significantly contributed to the overall performance of the Company and the continuously strengthening product



capability is becoming an important support for the transformation of wealth management.

The customer-oriented era is approaching. We aggregated resources and prospectively restructured the institutional customer service system. This is a moat to enhance the core capabilities, and the determination to achieve strategic transformation. We will layer customer classification, take sales transaction as a front contact, promote effective linkage of investment banking, investment transactions, research, and PB business resources, establish an integrated service system, and create core competencies of asset creation, asset pricing and product creation.

We hope that, through key investment and market refinement, we can rapidly establish competitive advantages and brand influences in institutional services that match the Company's position in the industry.

▶▶ International Development

The two-way opening up of the capital market has accelerated the pace of domestic customers "going global" and overseas customers "walking in". The relaxation of industry access is also preparing for new changes in the competition. We are ushering in a high-level competition age of internationalization and opening up.

We are pleased to see that the asset management scale of AssetMark is steadily increasing, cross-border investment banking and research businesses are making remarkable progresses, and international development is gradually enhancing. We are fully aware that exploiting the advantages of local resources and deepening cross-border resource linkages are the foundation of international development. For this purpose, we are building a cross-border integrated financial services platform to provide customers with a full range of overseas investment and financing services. We will focus on mining customer needs, strengthening cross-border collaboration in investment banking, research, investment transactions and wealth management, and shaping new features and new advantages in international development. This is how we let the global capital market perceive our ambitions.

▶▶ Science and Technology Enabling

Our pursuit of financial technology is endless to meet various customer needs and deliver ultimate customer services. For over ten years, we constantly invested greatly in information technology to shape the core competitive advantage of our financial technology based on our own research and development. In 2017, our information technology staff accounted for 6.61% of the total employees. The smart application ZhangLe Fortune Path on the mobile terminal continued to take a lead in the industry. From back-end support to business development and customer service-driven engines, the function of information technology has been redefined. Technology has been the essence of our strategic development.

Make the professional world simpler and more professional. We help investment advisors to conduct business efficiently on our advanced financial service platform. We strive to meet the demand for investment and research integration of customers on our customized institutional trading platform. We will also make full use of the profound data resources and tap the value of continuous data to open the boundless space for product development and customer service model innovation.

One should never immerse ourselves in the past or be intimidated by the future. Every redefinition is a self-confrontation of courage and wisdom, and a self-subversion of inertia and stereotype. Encourage ourselves and move forward without hurry and haste. We will remain true to our original aspiration of creating value for our customers, contribute to the development of the real economy, and strive to achieve a new leap in the new era.

Zhou Yi

Chairman and CEO

28 March 2018

Company Profile

I. COMPANY INFORMATION

Chinese name of the Company

华泰证券股份有限公司

The Chinese abbreviation of the Company

华泰證券

English name of the Company

HUATAI SECURITIES CO., LTD.

Abbreviation of English name of the Company

HTSC

Legal representative of the Company

Zhou Yi

General manager of the Company

Zhou Yi

Authorized representatives of the Company

Zhou Yi, Zhang Hui

Registered capital and net capital of the Company

Unit: Yuan Currency: RMB

	As of the end of the Reporting Period	As of the end of the previous year
Registered capital	7,162,768,800	7,162,768,800
Net capital	46,742,933,091.84	45,122,195,552.96

Qualifications of each of the business lines of the Company

According to the business license issued by Jiangsu Provincial Administration for Industry and Commerce, the business scope of the Company includes: securities brokerage, proprietary trading of securities, securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only), securities investment consulting, intermediary introduction business for futures companies, margin financing and securities lending business, agency sale of financial products, agency sale of securities investment funds, custodian for securities investment funds, agency services for gold and other precious metals spot contracts and proprietary business for spot gold contracts, stock options market making business, other business activities approved by CSRC. (Projects that need to be approved by law shall be carried out upon approval by relevant authorities.)

Please refer to "Appendix I: qualifications of the main business" of this report for qualifications of the main business of this company.

II. CONTACT

	Secretary of the Board	Securities affairs representative
Name	Zhang Hui	Luo Yi
Address	10/F, Building 1, No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province	12/F, Building 1, No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province
Tel. no.	025-83387793、83388272、83389157	025-83387788
Fax	025-83387784	025-83387784
Email	zhanghui@htsc.com	luoyi@htsc.com

	Joint company secretaries	
Name	Zhang Hui	Kwong Yin Ping Yvonne
Address	10/F, Building 1, No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province	18/F, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong

III. BASIC INFORMATION

Registered address of the Company	No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province
Postal codes of registered address of the Company	210019
Office address of the Company	No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province
Postal codes of office address of the Company	210019
Principal place of business in Hong Kong	Room 4201, 42/F, The Center, 99 Queen's Road Central, Hong Kong
Company website	http://www.htsc.com.cn
Email	boardoffice@htsc.com
Main exchange	025-83389999
Customer services hotline	95597 or 4008895597
Company fax	025-83387784
Business License Unified Social Credit Code	91320000704041011J
Brief of Index inclusion	SSE 50
	CSI 300
	FTSE China A50
	HSCEI



IV. INFORMATION DISCLOSURE AND LOCATION FOR INSPECTION OF DOCUMENTS

Name of newspapers selected by the Company for information disclosure	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily
Website designated by the CSRC for publication of annual report	http://www.sse.com.cn
Website designated by the Hong Kong Stock Exchange for publication of annual report	http://www.hkexnews.hk
Location for inspection of annual report of the Company (A Share)	No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province; The Shanghai Stock Exchange
Location for inspection of annual report of the Company (H Share)	No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province; Room 4201, 42/F, The Center, 99 Queen's Road Central, Hong Kong

V. SHARES OF THE COMPANY

Type of share	A Share	H Share
Stock exchange for listing	Shanghai Stock Exchange	Hong Kong Stock Exchange
Stock name	华泰证券	HTSC
Stock code	601688	6886

Stock name before change: Nil

VI. OTHER INFORMATION OF THE COMPANY

(I) Historical development of the Company, mainly including the reorganization and capital increases

The predecessor of the Company was Jiangsu Securities Company (江蘇省證券公司), which was established in December 1990 as approved by the headquarters of PBOC, obtained the business license on 9 April 1991, and officially opened for business on 26 May 1991. In 1994, the Economic Reform Commission of Jiangsu Province approved the conversion of the Company to be a directional stock raising company. In June 1997, changed its name to “江蘇證券有限責任公司”(Jiangsu Securities Co., Ltd.). In March 1999, changed its name to “华泰證券有限責任公司”(Huatai Securities Limited Liability Company), approved by CSRC, on 29 November 2007 the Company was converted into “华泰證券股份有限公司”(Huatai Securities Co., Ltd.) in its entirety. On 7 December 2007, the Company completed the business registration for such changes. In July 2009, the Company acquire Xintai Securities Co., Ltd. (信泰證券有限責任公司). In February 2010, the Company was successfully listed on the Shanghai Stock Exchange. In June 2015, the Company listed on the Main Board of the Hong Kong Stock Exchange.

Major capital increase events of the Company:

When it was established on 9 April 1991, the registered capital of the Company was RMB10 million.

The registered capital of the Company increased to RMB202,000,000 in June 1994.

The registered capital of the Company increased to RMB404,000,000 in June 1997.

The registered capital of the Company increased to RMB828,000,000 in May 1998.

The registered capital of the Company increased to RMB850,320,000 in December 1999.

The registered capital of the Company increased to RMB2,200,000,000 in April 2001.

The registered capital of the Company increased to RMB4,500,000,000 in November 2007.

The registered capital of the Company increased to RMB4,815,438,725 on 30 July 2009.

In February 2010, the Company conducted the IPO of 784,561,275 RMB-denominated ordinary shares (A shares), the registered capital of the Company was RMB5,600 million.

In June 2015, the Company completed its listing on the Main Board of the Hong Kong Stock Exchange and commenced trading. After full exercise of the over-allotment option, the Company issued 1,562,768,800 H shares in total, the total share capital of the Company changed to RMB7,162,768,800. Due to the issuance and listing of H shares, the relevant state-owned shareholders transferred 156,276,880 state-owned shares (A shares) of the Company held by them to the Social Security Fund in the form of H shares, according to 10% of the number of H shares issued this time. The changes in share capital structure of the Company were as follows: 5,443,723,120 shares of A shares, which accounted for 76% of the total share capital, and 1,719,045,680 shares of H shares, which accounted for 24% of the total share capital.

(II) Organization Structure of the Company

Organization Chart:



Note: On 4 December 2017, Huatai International Financial Holdings Company Limited received approval from the SFC which approved it to be a substantial shareholder of Huatai Financial Holdings (Hong Kong). Currently, the structural re-organization of Hong Kong subsidiaries is in progress.

(III) The Number and Distribution of Securities Branches of the Company

As of the end of the Reporting Period, the Company had 242 securities branches, which are widely located in 29 provinces, municipalities and autonomous regions including Shanghai, Beijing, Guangdong, Jiangsu, Hubei and etc. For more details of the number and distribution of securities branches of the Company, see "Appendix II: List of Branch Offices and Securities Branches" of this Report.

Provinces, Municipalities and Regions	Number of Securities Branches	Provinces, Municipalities and Regions	Number of Securities Branches	Provinces, Municipalities and Regions	Number of Securities Branches
Anhui Province	5	Hebei Province	1	the Ningxia Hui Autonomous Region	1
Beijing	7	Henan Province	3	Shandong Province	7
Chongqing	1	Hubei Province	29	Shanxi Province	1
Fujian Province	4	Hunan Province	3	Shaanxi Province	2
Gansu Province	1	Jilin Province	3	Shanghai	15
Guangdong Province	23	Jiangsu Province	93	Sichuan Province	7
the Guangxi Zhuang Autonomous Region	2	Jiangxi Province	2	Tianjin	4
Guizhou Province	1	Liaoning Province	7	the Xinjiang Uygur Autonomous Region	1
Hainan Province	2	Inner Mongolia Autonomous Region	3	Zhejiang Province	8
Heilongjiang Province	5	Qinghai Province	1		

VII. OTHER INFORMATION

Accounting firm engaged by the Company (domestic)	Name	KPMG Huazhen LLP
	Office address	8/F, KPMG Tower, Oriental Plaza, 1 East Chang'an Avenue, Dongcheng District, Beijing, PRC
	Name of the signatory accountant	Wang Guobei, Zhang Nan
Accounting firm engaged by the Company (overseas)	Name	KPMG
	Office address	8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong
	Name of the signatory accountant	Pang Shing Chor
Legal adviser engaged by the Company (domestic):	Name	ALLBRIGHT LAW OFFICES(Nanjing)
	Office address	19/F, Metro Building, No.228 Zhongshan Road, Xuanwu District, Nanjing City, Jiangsu Province
Legal adviser engaged by the Company (overseas):	Name	Clifford Chance
	Office address	27/F, Jardine House, One Connaught Place, Central, Hong Kong
Share registrar for A Share	Name	China Securities Depository and Clearing Corporation Limited, Shanghai Branch
	Office address	36/F, China Insurance Building, No. 166 Lujiazui East Road, Pudong New Area, Shanghai, PRC
Share registrar for H Share:	Name	Computershare Hong Kong Investor Services Limited
	Office address	17M Floor, Hopewell Center, 183 Queen's Road East, Wan Chai, Hong Kong



Summary of the Results

I. KEY FINANCIAL DATA AND INDICATORS

(I) Key Accounting Data and Financial Indicators for the Past Three Years

Unit: Thousand Yuan Currency: RMB

Item	2017	2016	Increase (decrease) by (%) compared to the previous period	2015
Total revenue and other gains	31,323,372	24,631,628	27.17	39,415,525
Profit before income tax	11,584,644	8,593,428	34.81	14,263,497
Profit of this year-attributable to Shareholders of the Company	9,276,520	6,270,612	47.94	10,696,871
Net cash (used in)/generated from operating activities	(6,726,875)	22,019,862	(130.55)	(46,417,732)
Total amount of other comprehensive income after tax this year	(2,717,380)	1,065,484	(355.04)	1,435,066

Item	At the end of 2017	At the end of 2016	Increase (decrease) by (%) compared to the previous period	At the end of 2015
Total assets	381,482,540	401,450,397	(4.97)	452,614,615
Total liabilities	292,892,628	315,790,200	(7.25)	371,085,844
Total equity attributable to shareholders of the Company	87,335,938	84,357,457	3.53	80,784,925
Total equity	88,589,912	85,660,197	3.42	81,528,771
Total share capital (shares)	7,162,768,800	7,162,768,800	-	7,162,768,800

(II) Key financial indicators

Key financial indicators	2017	2016	Percentage of increase/decrease (%)	2015
Basic earnings per share (RMB/share)	1.30	0.88	47.73	1.65
Diluted earnings per share (RMB/share)	1.30	0.88	47.73	1.65
ROE (%)	10.56	7.73	2.83	17.09
Debt-to-assets ratio (%)	71.80	72.25	(0.45)	74.85
Net assets attributable to the Company's shareholders per share (RMB/share)	12.19	11.78	3.48	11.28

Note: Debt-to-assets ratio = (total liabilities - accounts payable to brokerage clients) / (total assets - accounts payable to brokerage clients)

(III) Net Capital of the Parent Company and Risk Control Indexes

Unit: Yuan Currency: RMB

Item	As of the end of the Reporting Period	As of the end of the previous year
Net capital	46,742,933,091.84	45,122,195,552.96
Net assets	78,682,800,778.57	75,942,209,841.25
Net capital/the sum of various risk provisions (%)	193.75	206.71
Net capital/net assets (%)	59.41	59.42
Net capital/net liabilities (%)	29.75	38.09
Net assets/net liabilities (%)	50.08	64.10
Value of proprietary equity securities and derivatives/net capital (%)	60.50	55.38
Value of proprietary fixed income securities/net capital (%)	108.16	65.95
Core net capital	40,742,933,091.84	37,622,195,552.96
Supplementary net capital	6,000,000,000.00	7,500,000,000.00
Total risk capital provision	24,125,200,293.77	21,829,243,932.41
Total on-balance and off-balance assets	249,717,303,395.43	208,043,528,950.74
Capital leverage ratio (%)	19.05	21.35
Liquidity coverage ratio (%)	619.25	246.05
Net stable funding ratio (%)	130.39	139.68

**(IV) Key Accounting Data and Financial Indicators for the Past Five Years**

The financial situation for the past five years is as follows:

1. Profitability

Unit: Million Yuan Currency: RMB

Item	2017	2016	2015	2014	2013
Total revenue and other gains	31,323	24,632	39,416	15,978	9,000
Total expenses	20,279	16,492	25,572	10,349	6,272
Share of profits of associates and joint ventures	540	454	420	285	219
Profit before income tax	11,585	8,594	14,263	5,915	2,948
Profit of the year attributable to shareholders of the Company	9,277	6,271	10,697	4,486	2,220

2. Asset Details

Unit: Million Yuan Currency: RMB

Item	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
Total assets	381,483	401,450	452,615	272,226	116,214
Total liabilities	292,893	315,790	371,086	230,282	79,413
Accounts payable to brokerage clients	67,336	92,729	128,367	70,228	30,843
Total Equity attributable to shareholders of the Company	87,336	84,357	80,785	41,299	36,174
Total equity	88,590	85,660	81,529	41,944	36,801
Total share capital (shares)	7,162,768,800	7,162,768,800	7,162,768,800	5,600,000,000	5,600,000,000

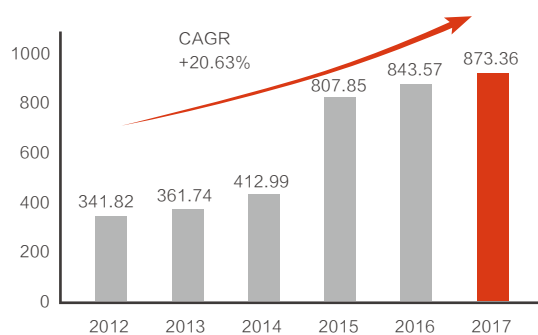
3. Key Financial Indicators

Item	2017	2016	2015	2014	2013
Dividend per share (RMB)	-	0.50	0.50	0.50	0.15
Basic earnings per share (RMB/share)	1.30	0.88	1.65	0.80	0.40
Dilutive earnings per share (RMB/share)	1.30	0.88	1.65	0.80	0.40
ROE (%)	10.56	7.73	17.09	11.74	6.24
Debt-to-assets ratio (%)	71.80	72.25	74.85	79.23	56.89
Net assets per share attributable to shareholders of the Company (RMB/share)	12.19	11.78	11.28	7.37	6.46

Note: Debt-to-assets ratio = (total liabilities - accounts payable to brokerage clients) / (total assets - accounts payable to brokerage clients)

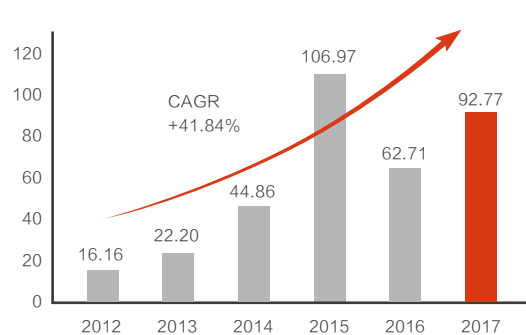
(V) Key Performance Indicators

Equity attributable to shareholders of the parent company
Unit: RMB100 million



Source: Regular reports of the Company

Net profit attributable to shareholders of the parent company
Unit: RMB100 million



Source: Regular reports of the Company



WEALTH MANAGEMENT BUSINESS	INSTITUTIONAL SERVICES BUSINESS	INVESTMENT MANAGEMENT BUSINESS	INTERANTIONAL BUSINESS
<p>Trading volume of stocks and funds transaction</p> <p>7.86%</p> <p>1</p> <p>Market ranking</p>	<p>Equity underwriting amount RMB</p> <p>110.572 billion</p> <p>5</p> <p>Market ranking</p>	<p>Average monthly scale of assets under management RMB</p> <p>788.562 billion</p> <p>2</p> <p>Market ranking</p>	<p>AssetMark AUM</p> <p>42.4 billion USD</p> <p>3</p> <p>Market ranking</p>
<p>The number of monthly active users of ZhangLe Fortune Path</p> <p>6.0434 million</p> <p>1</p> <p>Market ranking</p>	<p>Bond underwriting amount RMB</p> <p>201.600 billion</p> <p>7</p> <p>Market ranking</p>	<p>Average monthly scale of active management assets RMB</p> <p>240.187 billion</p> <p>4</p> <p>Market ranking</p>	<p>The market share of AssetMark</p> <p>9.5%</p> <p>3</p> <p>Market ranking</p>
<p>Balance of margin financing and securities lending RMB</p> <p>58.813 billion</p> <p>2</p> <p>Market ranking</p>	<p>Number of merger, acquisition and reorganization (Reviewed and approved by the reorganization committee)</p> <p>15</p> <p>2</p> <p>Market ranking</p>	<p>The number of enterprise asset securitization issuance</p> <p>37</p> <p>3</p> <p>Market ranking</p>	<p>Explanations: The share and ranking of the trading volume of stocks and funds are quoted from the WIND information; the number of monthly active users of ZhangLe Fortune Path and its ranking are quoted from the statistics of Analysis in December 2017; the balance of margin financing and securities lending and its ranking are quoted from WIND information; the outstanding amounts of securities-backed lending and its ranking are quoted from statistics in the monthly reports of the Shanghai Stock Exchange and the Shenzhen Stock Exchange; the equity underwriting amount and its ranking and the bond underwriting amount and its ranking are quoted from WIND information; the number and amounts of merger, acquisition and reorganization and its ranking are quoted from statistics of merger and acquisition and reorganization transactions reviewed and approved by the reorganization committee based on the information available to the public; the average monthly scale of assets under management and its ranking and the average monthly scale of active management assets and its ranking are quoted from the 2017 fourth quarter statistics from Asset Management Association of China; the number and total amount of enterprise asset securitization issuance and its ranking are quoted from WIND information; AssetMark AUM are quoted from the internal statistics of the Company; the market share of AssetMark and its ranking are quoted from Cerulli Associates and relevant public information in terms of the analysis of the TAMP industry by the end of the third quarter of 2017; for the terms without special illustration, the information is from the statistics by the end of the Reporting Period and the statistics for the Reporting Period.</p>
<p>Outstanding amounts of Securities-backed lending RMB</p> <p>90.875 billion</p> <p>3</p> <p>Market ranking</p>	<p>Amount of merger, acquisition and reorganization RMB (Reviewed and approved by the reorganization committee)</p> <p>97.304 billion</p> <p>1</p> <p>Market ranking</p>	<p>The total amount of enterprise asset securitization issuance RMB</p> <p>46.352 billion</p> <p>3</p> <p>Market ranking</p>	

II. DIFFERENCES IN FINANCIAL DATA PREPARED IN ACCORDANCE WITH DOMESTIC AND FOREIGN ACCOUNTING STANDARDS

There is no difference between the net profit for 2017 and 2016 and the net assets as of 31 December 2017 and 2016 set out in the combined financial statements prepared in accordance with the PRC GAAP and in the combined financial statements prepared in accordance with the IFRSs.

III. ITEMS MEASURED UNDER FAIR VALUE

Unit: Yuan Currency: RMB

Name of items	Balance at the beginning of the period	Balance at the end of the period	Change in the current period	Effect on the profit of the current period in amount
Financial assets at fair value through profit or loss	83,107,232,026.80	84,550,421,345.70	1,443,189,318.90	2,982,689,911.78
Financial liabilities at fair value through profit or loss	27,919,978,030.69	14,381,328,363.06	(13,538,649,667.63)	(563,965,789.71)
Available-for-sale financial assets	43,736,561,642.99	44,583,168,305.62	846,606,662.63	4,864,307,750.06
Held-to-maturity investments	5,000,000.00	-	(5,000,000.00)	319,191.39
Derivative financial instruments	(757,418,940.03)	(1,250,569,036.53)	(493,150,096.50)	18,899,376.86
Total	154,011,352,760.45	142,264,348,977.85	(11,747,003,782.60)	7,302,250,440.38



Major Events of the Company

Huatai Securities was established in 1991, and with its steady development for 26 years, it has been a leading large-scale integrated securities group with both A shares and H shares listed.

601688.SH



6886.HK

1991



Huatai Securities (referred to as Jiangsu Securities Company) was established.

1991

1993

1993



The first stock of Jiangsu Province "Taiji Industry" was issued publicly.

2006



The Company became the holding company of Huatai United Securities.



Huatai Financial Holdings (Hong Kong) Limited was established.

2006

2008

2008



The CRM (Customer Relationship Management) system was launched and put into operation.

2010

2010



The A shares of the Company were listed on the Shanghai Stock Exchange.

2015

2015



The H shares of the Company were listed on The Stock Exchange of Hong Kong Limited.

2016



The Company acquired ASSETMARK in the United States.

2016

2017



MATIC, an integrated financial service platform for professional investors, was launched.



The first publicly offered fund of Huatai Asset Management was launched.

2017



Huatai Securities was awarded the "Outstanding Contribution Award for New Generation Trading System" and "Outstanding Contribution Award in terms of Shenzhen-Hong Kong Stock Exchange" by the Shenzhen Stock Exchange.



Huatai Securities released ZhangLe Fortune Path APP5.0.



The number of registered users and downloads of ZhangLe Fortune Path exceeded 37 million.



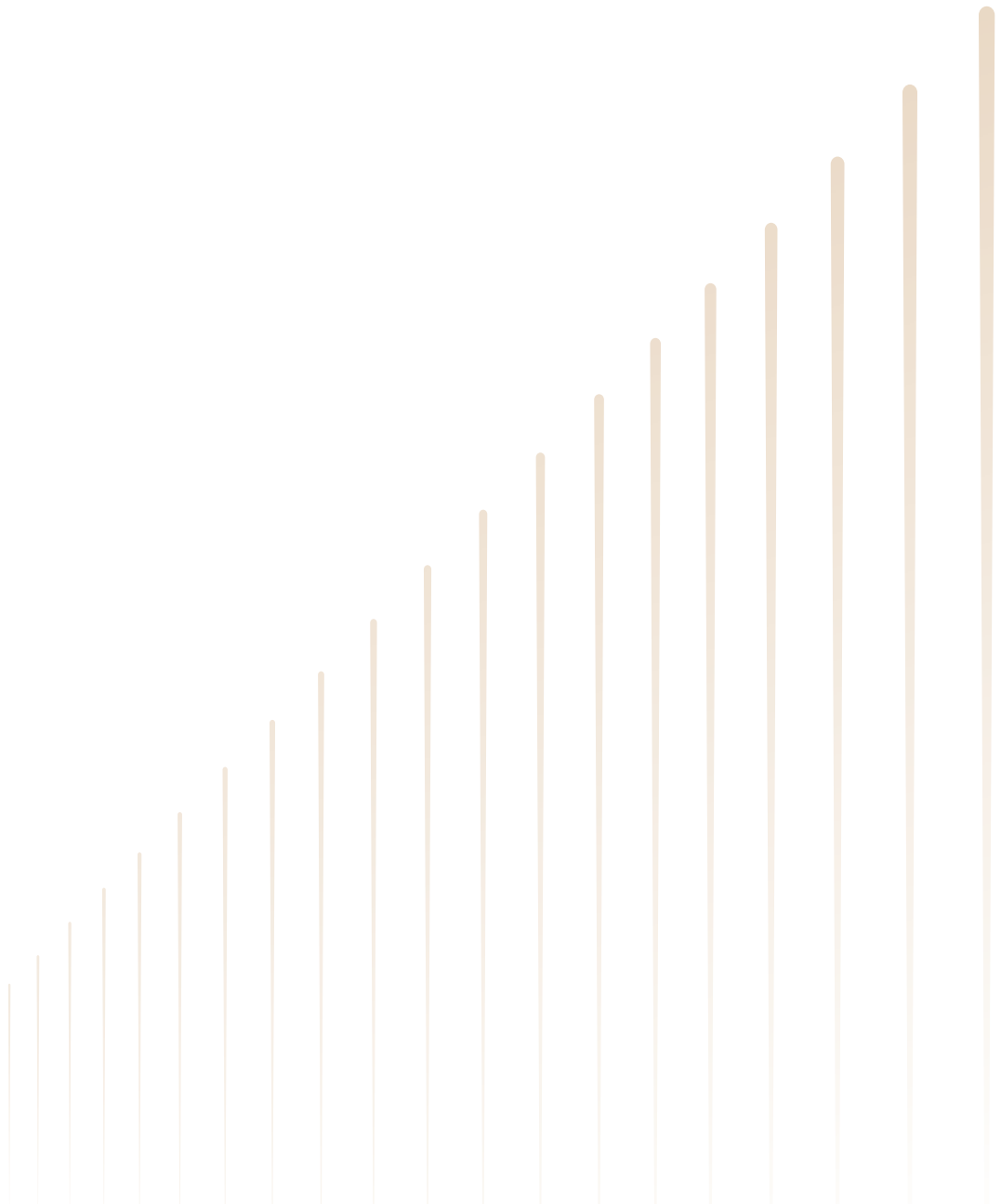
The reorganization of 360 for which Huatai United Securities served as Exclusive Financial Adviser was approved.

EFFICIENCY

HONESTY

PRUDENCY

INNOVATION



02

Operating Analysis and Strategies

Summary of the Company's Business	024
Management Discussion and Analysis	032
Major Events	086





Summary of the Company's Business

Strategic vision >

Being committed to becoming a first-class integrated financial group with domestic strengths and global vision

We are a leading integrated securities group in China, with a substantial customer base, a leading e-Platform and a highly collaborative full-service business model. Our principal business lines comprise wealth management, institutional services, investment management and international business. We construct a client-based organizational mechanism, provide comprehensive securities and financial services to individual and institutional clients to meet their financial needs through an organic online and offline blending, and aim to become a leading integrated financial group with strong domestic advantages and a global vision.



I. DESCRIPTIONS OF OUR PRINCIPAL BUSINESS LINES, OPERATION MODELS AND INDUSTRY CONDITIONS DURING THE REPORTING PERIOD

Wealth management business	<p>We provide customers with diversified wealth management services, including securities, futures and options brokerage, financial products sales, and capital-based intermediary business based on the Mobile Terminal (ZhangLe Fortune Path), PC online platform, subsidiaries, securities and futures business department, Huatai Financial Holdings (Hong Kong), and AssetMark through the online and offline blending, and the domestic and overseas linkage. For securities, futures and options brokerage, we mainly execute trades on behalf of our clients in stocks, funds, bonds, futures and options, etc to provide trading services. For financial products sales business, we provide customers with a variety of financial products sales services and asset allocation services, and the related financial products are managed by the Company and other financial institutions. In respect of capital-based intermediary business, we provide diversified financing services including margin financing and securities lending as well as securities-backed lending to our clients. Key drivers to wealth management business include fee and commission income, and interest income.</p>
Institutional services business	<p>We carry out a strategy which is led by investment banking with the institutional sales as the link and an integration of business resources such as investment and trade and research, to provide a all-round comprehensive financial service, which mainly includes investment banking, research and institutional sales, investment and trading and asset custody, for various types of enterprises and financial institutions.</p> <p>(1) Investment banking business primarily consists of equity underwriting, debt underwriting, financial advisory and OTC business. For equity underwriting business, we provide IPO and equity refinancing services for our clients. For debt underwriting business, we provide various types of bond financing services for our clients. For financial advisory business, we center on advising M&A from industry distribution and strategy perspective for clients. For OTC business, we provide clients with NEEQ listing and follow-on financing services, and relevant OTC businesses engaged in by Jiangsu Equity Exchange. Key drivers to investment banking include advisory fees, underwriting and sponsorship fees.</p> <p>(2) Research and institutional sales business mainly consists of research business and institutional sales business. For research business, we provide various professional research services for clients. For institutional sales business, we promote and sell securities products and services to clients. Key drivers to research and institutional sales include incomes from services concerning various research and financial products.</p> <p>(3) Our investment and trading business primarily consists of equity investment and trading, fixed-income investment and trading, OTC financial products and trading. For our equity investment and trading business, we engage in the investment and trading of stocks, ETFs and derivatives for our own account and also engage in market-making services for exchange-traded financial products. For our fixed-income investment and trading business, we engage in the trading of various types of fixed-income securities and derivative instruments on interbank bond market and stock exchanges and engage in market-making services in interbank bond market. For OTC financial products and trading business, we offer and trade OTC financial products, mainly including equity return swaps, structured notes and asset management schemes, for clients. We also engage in providing market-making and quotation services on the NEEQ. Furthermore, we engage in commodities trading for precious metal such as gold. Key drivers to investment and trading business include investment income from stocks, fixed-income products and derivatives.</p> <p>(4) Our asset custody business mainly consists of asset custody and fund services for private funds, publicly offered funds and various types of assets management institutions. Key drivers to asset custody business include fees for fund custody and service fee.</p>
Investment management business	<p>We accept the fund entrustment from clients, develop and provide various financial products and manage the assets for clients based on our professional investment research platform and substantial client base to satisfy their investment and financing needs. Our investment management business mainly consists of asset management for securities firms, private equity fund management and asset management for fund companies. Asset management business for securities firms mainly consists of collective asset management business, targeted asset management business, specialized asset management business and mutual fund management business (which are operated on a differentiated basis from our mutual fund management for fund companies). For private equity fund management business, we operate direct investment business, which includes investment in, and management of private equity funds, through our wholly-owned subsidiary Huatai Zijin Investment. For asset management business for fund companies, we hold non-controlling interests in two mutual fund management companies, namely China Southern Asset Management and Huatai-PineBridge, through which we participate in the operation of asset management business for fund companies. Key drivers to asset management business include management fee, performance fee and investment income.</p>
International business	<p>We enforce the cross-border linkage and collaboration comprehensively for more effective satisfaction of multiple financial needs of domestic clients to "go global" and overseas clients to "walk in" and establish a cross-border financial-based integrated service platform.</p> <p>We engage in the operation of international business, mainly consisting of investment banking, brokerage and wealth management, research and institutional sales, equity derivatives, fixed-income sales and trading and asset management business, via Huatai Financial Holdings (Hong Kong), a wholly-owned subsidiary of the Company. For investment banking business, we provide for both Chinese and foreign corporations with equity and debt underwriting, advisory on cross-border M&A and financing solutions. For brokerage and wealth management business, we provide securities trading service on multiple overseas markets for Hong Kong and US stocks, and overseas asset allocation and wealth management services for clients. For research and institutional sales, we provide an integrated research and institutional sales service both in and out of China with the coverage of all industries. For equity derivatives business, we perform cross-border equity derivative trading, design and sales businesses to provide various capital-based equity intermediary services for clients. For fixed-income sales and trading business, we provide comprehensive fixed-income sales and trading services, including market-making services, sales across-asset classes, and structured products for our clients. For asset management, we provide institutional clients, high net worth and retail clients with portfolio and fund management services. We completed the acquisition of AssetMark in the United States in 2016. AssetMark is a leading turn-key asset management platform and a third-party financial service institution that provides investment strategy and asset portfolio management, customer relation management, asset custody and a series of services and advanced and convenient technology platform for investment advisors. Key drivers to international business include brokerage commission, underwriting sponsorship fee, advisory fee, interest income and asset management fee.</p>



II. Awards and Honors

(I) Key awards and honors of the Group

Risk management	<p>The Selection of "10th Golden Cicada Award" hosted by China Times:</p> <ul style="list-style-type: none"> 🏆 The Company was awarded "2016 Risk Control & Management Securities Firm"
Social responsibilities	<p>"China Social Responsibility Charity Ceremony" jointly hosted by Xinhuanet and Research Center for CSR of Chinese Academy of Social Sciences:</p> <ul style="list-style-type: none"> 🏆 The Company was awarded "2017 China Social Responsibility Award for Corporate Excellence"
Others	<p>Award Ceremony of "2016 China Award of Financing Listed Corporations" hosted by China Financing Market (a Hongkong magazine):</p> <ul style="list-style-type: none"> 🏆 The Company was awarded the prize of "Best Brand Value" <p>"The Selection of Asia Capital Golden Orientation Award" hosted by The 21st Century Business Herald:</p> <ul style="list-style-type: none"> 🏆 The Company was awarded the prize of "Annual Outstanding Security Firm"

(II) Key awards and honors of the business segments of the Company

Wealth management business	<p>The data from Analysys:</p> <ul style="list-style-type: none"> 🏆 ZhangLe Fortune Path secured first position in the industry in terms of monthly active users in 2017 <p>China Business & Chinese Academy of Social Sciences:</p> <ul style="list-style-type: none"> 🏆 "Outstanding Security Firm for Wealth Management" for Year 2017 <p>East Money Net:</p> <ul style="list-style-type: none"> 🏆 Huatai Futures was awarded "The Most Popular Futures" 	<p>Statistics from Wind information:</p> <ul style="list-style-type: none"> 🏆 Secured first position in the trading volume of stocks and funds transactions in the industry in 2017 <p>The Selection of "2017 Excellent APP of Security Firm" hosted by "China Securities Traders" of Securities Times:</p> <ul style="list-style-type: none"> 🏆 ZhangLe Fortune Path won several awards such as "Top Ten Brand", "User Satisfaction Award", "Most Catchy Securities Traders' APP Names Platinum Award"
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Institutional services business

🏆 Ranked No.2 in terms of the number, and No.1 in terms of amount, of merger and acquisition projects reviewed and approved by Restructuring Committee for year 2017

MergerMarket:

🏆 Ranked No.2 in term of the number of M&A projects in Great China in which the Company acted as the financial advisor in year 2017

The Selection of "Institutional Investor • Caixin Best Analyst of Greater China" for 2017 jointly hosted by an authoritative financial journal in U.S., Institutional Investor, and Caixin Media:

🏆 Our research institution ranked No.2 in terms of the most powerful Chinese institutions in research, No.4 in terms of the best analysts, No.5 in terms of the best sales team with nine industry direction analysts on the list and won the Best Analyst Award

The Selection of "2017 Junding Award for Investment Bank Excellence of China" hosted by Securities Times:

🏆 Huatai Securities was awarded "2017 Junding Award for All-around Investment Banks of China"; "2017 Junding Award for Bond Investment Banks of China"; "2017 Junding Award for M&A Investment Banks of China"; "2017 Top Ten Innovative Projects Award of China: Privatization of Qihoo 360, Acquisition of 100% Equity of Home Inns Group by Capital Tourism"

The 10th Xincifu top investment banks awards:

🏆 No.6 in terms of the best domestic investment banks

🏆 No.3 in terms of investment banks with the best overseas market service capability

🏆 No.4 in terms of the most outstanding investment banks in equity underwriting

🏆 No.7 in terms of the most outstanding investment banks in debt underwriting

🏆 No.2 in terms of the most outstanding investment banks in merger and acquisition

🏆 No.5 in terms of the most outstanding investment banks in asset securitization

🏆 No.3 in terms of top investment banks in the medical treatment and health industry

🏆 No.5 in terms of top investment banks in the financial and real estate industry

🏆 No.2 in terms of TMT top investment banks

The best project as financial advisor:

🏆 No.1 in terms of back-door listing of S.f.Holding through Dingtai Rare Earth & New Materials

🏆 The best overseas project: Privatization of Qihoo 360 ranked No.1; Acquisition Home Inns Group by Capital Tourism ranked No.3; Acquisition of Kerr by Xiwang Food ranked No.6

Selection of 2017 New Fortune Best Analyst:

🏆 Strategy research group ranked No. 4

🏆 Construction work research group ranked No. 2

🏆 Macro-research group and financial engineering group were short-listed and both ranked No.7

Investment management business

The Shanghai Stock Exchange:

🏆 2016 Excellent Asset Securitization Product Innovation Award

China Venture's "11th Annual Investment Conference in China" annual summit:

🏆 2016 TOP10 Private Equity Investment Institutions with Greatest Growth Potential in China

🏆 2016 TOP10 Investment Institutions in the Medical Service Sector

"2017 China Asset Management Industry" Summit & Jinding Prize Fund hosted by National Business Daily:

🏆 The most powerful securities trader & asset manager, the best team in fixed income, the best ABS team, the best securities trader in ABS products - financial leasing

The 3rd China Securitization Forum:

🏆 ABS Outstanding Deal Award

🏆 Excellent Deal Award

🏆 New Prominent Award

China Securities Journal:

🏆 China Southern Asset Management was honored as "2016 Golden Bull Fund Management Company"

🏆 Huatai-PineBridge Fund was honored as "2016 Golden Bull Fund Company of Passive Investment"

Shanghai Securities News:

🏆 China Southern Asset Management was awarded "2016 Golden Fund • Top Corporation Award"

🏆 Huatai-PineBridge Quantitative Smart was honored as "Golden Fund • 2016 Quantitative Fund"

International business

🏆 Huatai Financial Holdings (Hong Kong)'s paid-in capital amounted to HKD8.8 billion, and its capital scale ranked among the best in Hong Kong

MergerMarket:

🏆 Huatai Financial Holdings (Hong Kong) ranked No.2 in terms of both the number of merger and acquisition projects and trading volume of PRC investment banks in Hong Kong in 2016.

Cerulli Associates:

🏆 As of the end of the third quarter of 2017, AssetMark ranked No.3 in terms of the TAMP market share in the United States with a market share of 9.5%



III. ANALYSIS ON CORE COMPETITIVE STRENGTHS DURING THE REPORTING PERIOD

<p>Adhere to the concept of centering on customer and form a full-service blending business advantage</p>	<p>The Company adheres to the operating concept of centering on customer, being committed to accurately grasping and timely responding to customer needs, and establishes the resolution rapidly to satisfy the needs of our customers. The Company adjusted the organizational structure and operating mechanism during the reporting period to establish a management system driven by customers. Meanwhile, the Company has formed a strong capability of a full-service resource allocation and highly-efficient resources integration benefitted from our highly consistent strategic concept and a complete coordination mechanism.</p>
<p>A leading customer base in the industry and a highlighted advantage in a systematic transformation of wealth management</p>	<p>Benefiting from our diversified channel advantage and professional service, the number of customers and the size of asset custody have been kept a constantly increase with a leading position in the industry. Our substantial customer base and their asset size became the strong guarantee and significant support to the development of our businesses. Meanwhile, the Company orderly advanced the implementation of wealth management transformation from team, product and technology platform and other aspects through pro-actively taking advanced international service system for reference and drawing on experiences from the acquisition of AssetMark. The systematic advantages of transformation have been emerging. The Company actively proceeded the development of the team of investment advisors and the ability in wealth management services; pursuant to the statistic of the Securities Association of China, by the end of the reporting period, the proportion of investment advisers in parent company accounted for 25.43% of its total staff, ranking the top in industry.</p>
<p>Advanced innovation in Internet layout with a constantly leading retail business volume in the industry</p>	<p>The Company owns an Internet strategic layout and strategy implementation which is leading the industry and providing a first-mover advantage for the Company. The mobile terminal application ZhangLe Fortune Path has been continuously improved and upgraded since its introduction in 2014, with multiple intelligent services and products taking a leading position in the industry. The number of active users ranked top of the broker APP list for successive three years and the brand effect has gradually emerged. The system has become the core carrier for acquiring retail customers and collecting customer assets. In the meantime, online and offline resources have been blended and advanced simultaneously, which also enhance customer development and the efficiency of services. During the reporting period, our retail business took the lead in the industry and secured first position in terms of trading volume of stocks and funds transactions in the industry for four years in a row.</p>
<p>Systematic competitive advantages enhanced constantly along with the increasingly highlighted effect of institutional services market</p>	<p>Centering on the needs of corporate and institutional customers with a strategy which is led by investment banking with institutional sales as the link and integration of business resources such as investment and trading, research and PB, the Company has constructed a full-service chain system for institutional service to improve the coverage of high-quality customers and the depth of market influence. During the reporting period, investment banking department completed several market benchmarking projects, and both the amount of acquisition and the IPO approval rate took the lead in the industry, which further expanded the market influence of our institutional business and provided high-quality customers and assets for other business lines of the Company. While realizing the investment performance, the investment and trading business actively developed various types of financial products relying on the platform and systematic investment and development capability to meet the needs of customers; the research business has established an integrated service system for both domestic and overseas customers, constantly enhancing its domestic and overseas influence.</p>

Business developed with the support of information technology and a differentiated competitive advantage established

The Company developed its independent ability of research and development in major businesses and key system fields based on customer needs and business needs, constantly improved its capabilities in R&D as well as operation and maintenance, and aggressively promoted the transformation of a technology-supported business model to a technology-driven business model. The IT investment, scale of professionals and technical innovation strength ranked top in the industry. During the reporting period, the Company introduced a customized trading service platform, namely MATIC, market products INSIGHT and other business systems and service platforms with advanced functions. Meanwhile, the Company continuously improved its analytical and application ability of big data, explored the potential value of data with an active arrangement in frontline financial technology and fostered new business model and service model. In addition, the Company made full use of information technologies to efficiently promote the compliance and risk management.

The effective development of market-oriented mechanism with a top-ranking talent group built

The market-oriented reform on human resource management was the source of vitality for promoting continuous improvement of the Company. In recent years, the Company has established and improved the mechanism for selection and appointment of talents based on ability and performance as well as market-oriented employment mechanism and compensation incentive mechanism. The constant introduction of top-level talents, innovative talents, cross-border talents and international talents improved the Company's talent competitiveness and overall strength. The senior management of the Company has developed a deep understanding of the industry development with rich experience and excellent team leadership. The management team and staff team of the Company have stronger sense of urgency for reform and efficient executive power, which is also the internal power of the Company's continuous transformation and breakthrough.



IV. BUSINESS COVERAGE

Huatai Securities has broad business coverage with 242 business branches and 29 subsidiaries in the PRC. It advanced the strategy of internalization stably by Huatai Financial Holdings (Hong Kong) and the acquisition of AssetMark.



The Company successfully completed the acquisition of AssetMark in 2016, which effectively facilitates the transformation of wealth management business and the connection with international resources. It makes a key step in the layout of international development.



Note: The map and presentation in this section do not represent standard geographic maps, but for the purpose of presenting business coverage of the Company only.



Huatai Financial Holdings (Hong Kong) Limited

The registered capital of Huatai Financial Holdings (Hong Kong) was HK\$8.8 billion, which ranked top in the industry in Hong Kong. Huatai Financial Holdings (Hong Kong), as a wholly-owned subsidiary of the Company, has provided global capital market services for customers through the position advance of Hong Kong as a global financial center.





Management Discussion and Analysis

MANAGEMENT DISCUSSION AND ANALYSIS AND REPORT OF THE BOARD

I. Management Discussion and Analysis

Unit: Thousand Yuan Currency: RMB

By segment	Segment revenue and other income	Segment expenses	Segment results	Segment profit margin (%)	Year-on-year change of segment revenue and other income (%)	Year-on-year change of segment expenses (%)	Year-on-year change of segment profit margin (%)
Wealth management business	14,098,968	(9,163,180)	4,935,788	35.01	(6.55)	(2.23)	Decrease of 2.87 percentage points
Institutional services business	5,425,015	(3,586,952)	1,841,047	33.94	7.16	10.73	Decrease of 2.10 percentage points
Investment management business	3,435,393	(1,183,337)	2,291,339	66.70	3.28	(0.60)	Increase of 2.52 percentage points
International business	3,767,094	(3,603,246)	163,848	4.35	951.25	405.50	Increase of 103.27 percentage points
Others	4,596,902	(2,741,991)	2,352,622	51.18	476.32	38.64	Increase of 142.24 percentage points
Segment total	31,323,372	(20,278,706)	11,584,644	36.98	27.17	22.96	Increase of 2.10 percentage points

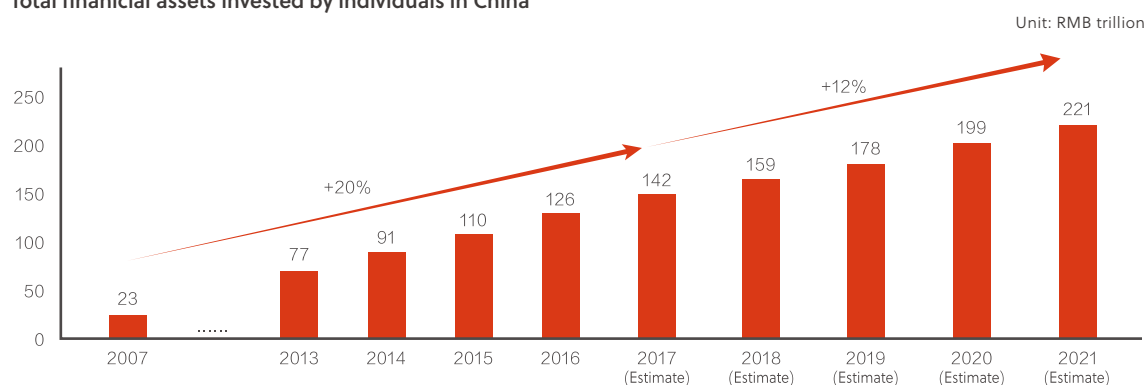
(I) Wealth management business

1. Market environment and industrial trend for wealth management business

(1) The expansion in both market size and trading volume of the wealth management business market in China brought with strategic opportunities to securities companies in exerting their competitive advantages in wealth management business

In last decade, the wealth of individual and high net worth persons in China increased rapidly by an annualized growth rate of approximately 20%, representing a leading level in the world. According to the statistics in BCG global wealth database, in 2016, total financial assets investable by individuals in China amounted to RMB126 trillion, ranking the second in the world. The rapid increase in wealth scale eventually drove the rapid development of wealth management market. Meanwhile, capital market is becoming a significant market for high net worth individuals to obtain, remain, increase, utilize and inherit their wealth, while securities companies have inherent advantage in serving clients' demand for financial services in capital market. Based on experience from matured markets, securities companies (or investment banks) are crucial players in the wealth management service market. Compared with other wealth management institutions, securities companies have remarkable advantage in terms of research, product design, asset access, investment management and professionals and have great potential in expending wealth management business and creating differentiated features.

Total financial assets invested by individuals in China



Source: BCG global wealth database; BCG analysis

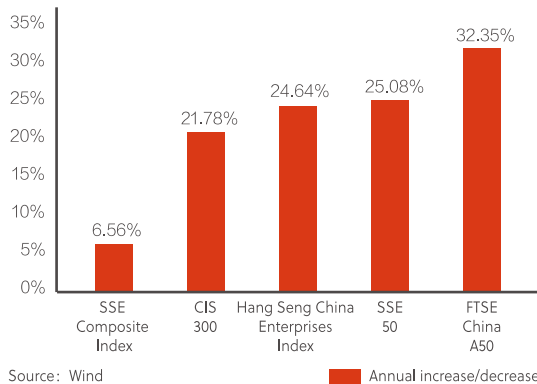
Note: Financial assets invested by individuals include offshore assets, not including non-financial assets, such as real estate and luxury goods.

(2) Changes in market trends and clients' demand preference presented favorable external environment for the wealth management transition of securities companies

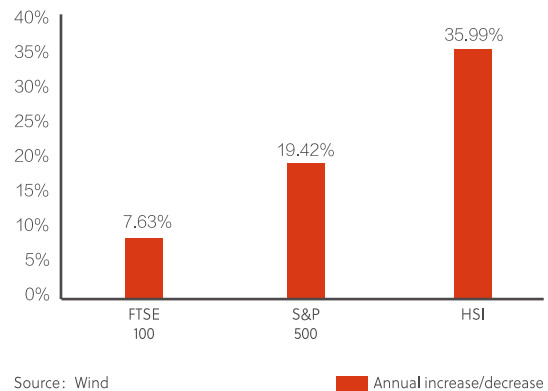
With the increasing intensification of market competition and the impact from Internet technology, brokerage rate for equity trading for securities companies continued to decline with traditional profitability models weaning. Therefore, a transition from channel services to diverse comprehensive financial services and comprehensive wealth management business demonstrated a major trend for securities companies. In recent years, regulatory policies have been guiding the marketization and rationalization of capital market with more stringent standards to facilitate the transition of investors from "for speculation" to "for investment". During the Reporting Period, the stock market experienced moderate increase in a general stable trend, with SSE Composite Index increased by 6.56% and SSE 50 Index increased by 25.08%. The concept of value investment and rational investment is gradually accepted by investors. Meanwhile, the demand and preference of high net worth clients were changing with changes in the macro environment. On the one hand, demand from clients was more diverse, complex and professional. On the other hand, greater importance was attached to the advice on major assets allocation and related service from professional financial institutions. All of the above factors have provided favourable background to securities companies for transition to comprehensive wealth management leveraging on their existing resources.



The trend of China's major indices in 2017



The trend of international major indices in 2017



(3) The extensive application of Fintech has advanced the development of a more digital, intelligent and integrated wealth management business

In recent years, the rapid development and penetration of Fintech has significant effect on the development of wealth management industry. The scope of wealth management business has been expanding with increasingly reducing entry barrier and optimizing service experience. The digitalized and intellectualized wealth management platform, featured with robot investment advisor was penetrating to the core steps (such as financial planning, risk adaption and resource allocation) of wealth management. It serves a large number of small and medium clients in a convenient and efficient way while providing alternatives for resource allocation to high net worth clients. Meanwhile, the wealth management service model with man-machine interaction is increasingly popular. It may provide clients with comprehensive wealth management service with combined advantage by giving full play to the respective comparative advantage of human investment advisor and digitalized wealth management service. It will be a significant strategic choice for securities companies to develop new model and competitive advantage for wealth management business by taking full advantage of Fintech.

2. Operation measures and achievements of wealth management business

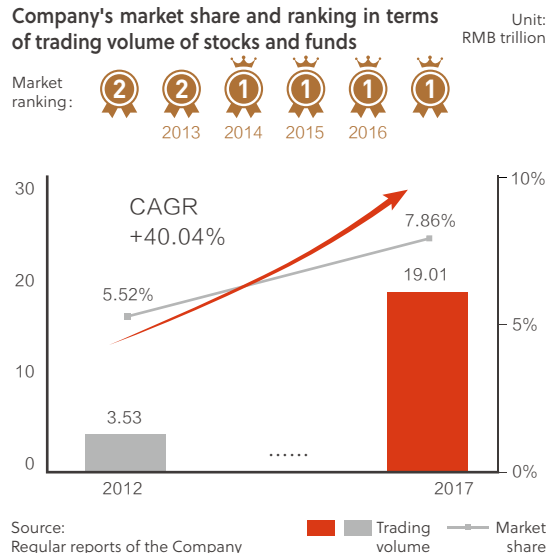
In 2017, the Company adjusted its organizational structure, further established the customer-centered concept and corresponding organizational structure and gave full play to its collaborative advantages in the whole business chain so as to promote the transformation of wealth management. The Company has made certain breakthroughs in various areas and achieved satisfying results from initial attempts and thus accumulated valuable experience, which provide a solid foundation for furthering the transition.

(1) The leading position in the securities, futures and options brokerage business has been remained, with the first position in trading volume of stock fund transaction kept for four consecutive years

During the Reporting Period, securities brokerage business actively adapted to policy and market environment change. It fully enhanced the eligibility management of clients, persistently expanded customer base and customer asset scale, and kept optimizing customer structure and revenue composition as well as continued to promote the transformation of securities brokerage business. Measures such as insisting on Internet development strategy, enhancing internal/external resources integration, promoting the integration of online

and offline business, and upgrading the intelligent marketing service platform by Fintech have been taken to optimize procedures and standards for customer services and develop a stereo and seamless customer service network. It gradually developed a wealth management development model with comprehensive financial services as the core in the system, made great efforts in building the team of investment advisors and continued to upgrade the investment advisor platform in order to improve professional service capability and meet clients' demand for diverse financial services. According to WIND information, trading volume of stocks and funds of the Company during the Reporting Period was RMB19.01 trillion in total, with a market share of 7.86% and ranking the first in the industry for four consecutive years.

Company's market share and ranking in terms of trading volume of stocks and funds



Data relevant to agent transaction amount and market share

Currency: RMB

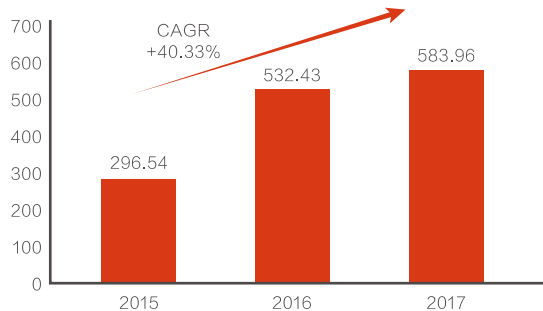
2017			2016		
Categories of Securities	Agency Sales Amount (in RMB100 million)	Market Share (%)	Categories of Securities	Agency Sales Amount (in RMB100 million)	Market Share (%)
Stocks	168,116.95	7.56	Stocks	200,008.38	7.85
Funds	22,022.39	11.23	Funds	45,194.72	20.33
Debentures	171,912.65	3.25	Debentures	136,541.20	2.88
Total	362,051.99	4.70	Total	381,744.30	5.08

Source: Wind

During the Reporting Period, the Company continually optimized and improved the functions of mobile terminal "ZhangLe Fortune Path" to develop an intelligent, digital, standard and professional mobile financial service system through innovation in financial trading technology. During the Reporting Period, "ZhangLe Fortune Path" was downloaded for 11,047,700 times. Since the "ZhangLe Fortune Path" was available to download online, the accumulative downloads reached 37,424,500. According to observable data, the Company's average NMAU in 2017 was 5,839,600 and the NMAU in December 2017 reached 6,043,400, with the NMAU ranking first among APPs from securities companies for a long time. Since 2016, the proportion of the number of users trading through mobile terminal "ZhangLe Fortune Path" increased steadily. During the Reporting Period, the number of new accounts opened on the mobile terminal of "ZhangLe Fortune Path" was 1,105,800, accounting for 98.49% of total new accounts of the Company. 85.29% of the Company's trading customers traded through "ZhangLe Fortune Path". Therefore, mobile terminal has become the major trading channel for clients.

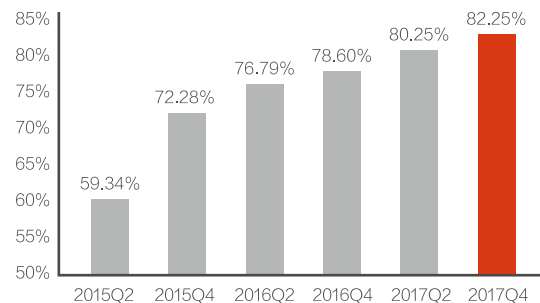


Annual average number of monthly active users of ZhangLe Fortune Path Unit: Ten thousand



Source: The data from Analysys

Proportion of the number of users trading through ZhangLe Fortune Path



Source: Internal statistics from the Company

During the Reporting Period, the Southbound Trading business of the Company was conducted in a stable and smooth manner with more active investment transactions. During the Reporting Period, for the Southbound Trading business under Shanghai-Hong Kong Stock Connect, there were 30,600 authorised users in total, with a total transaction amount of RMB78.524 billion and the market share of 5.27%. For the Southbound Trading business under Shenzhen-Hong Kong Stock Connect, there were 38,700 authorised users in total, with a total transaction amount reaching RMB30.386 billion and a market share of 6.60%. During the Reporting Period, through expanding customer base and furthering professional service, the stock option brokerage business of the Company increased steadily with a total volume of 17,811,700, with a market share of 7.82%. As of the end of Reporting Period, the cumulative accounts of option investors reached 15,008.

As of the end of the Reporting Period, as to the futures brokerage business, the Company has five branches and 38 futures branches in four domestic municipalities and 14 provinces, as the agent of 55 types of futures. During the Reporting period, Huatai Futures (excluding clearing members) recorded a trading volume and trading amount of 175,885,100 lots and RMB10,279.288 billion, accounting for 2.86% and 2.74% of the whole market. During the Reporting Period, the futures IB business of the Company was conducted in a stable manner. As of the end of the Reporting Period, 200 securities branches were allowed to be engaged in futures IB business of the Company. The total number of futures IB business customers reached 31,559. Daily equities of the customers of futures IB business were RMB2.702 billion.

(2) Financial product management system continued to improve, with the sales volume and held position of financial products rising steadily

During the Reporting Period, the Company continued to improve the product assessment business system and continuously enhanced requirements for eligibility management of clients and comprehensively optimized whole business process management, with the total sales volume and held position of financial products for the year rising steadily. The Company continued to improve product sales service system to make full use of the advantage of outlet layout and Internet platforms. Through increasing efforts in market trend research and guiding demand from branches and clients, the Company has seen increasingly improved business coverage and basic product penetration. During the Reporting Period, the total amount of the sales and the total income from agency sales of financial products were set out as below:

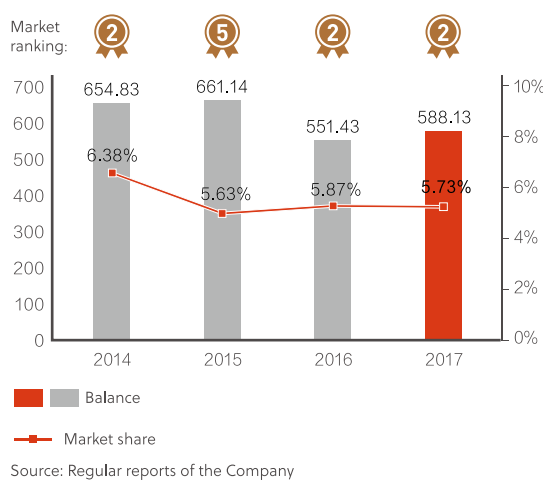
Unit: Yuan Currency: RMB

Agency Sales of Financial Products	2017		2016	
	Total Sales Volume	Total Sales Income	Total Sales Volume	Total Sales Income
Funds	23,653,690,358.05	125,643,365.32	18,340,621,642.82	193,266,983.47
Trusts	2,094,773,500.00	12,570,415.14	1,943,000,000.00	3,741,147.58
Others	3,176,006,645,969.75	2,950,342.08	4,012,479,169,811.37	9,535,419.46
Total	3,201,755,109,827.80	141,164,122.54	4,032,762,791,454.19	206,543,550.51

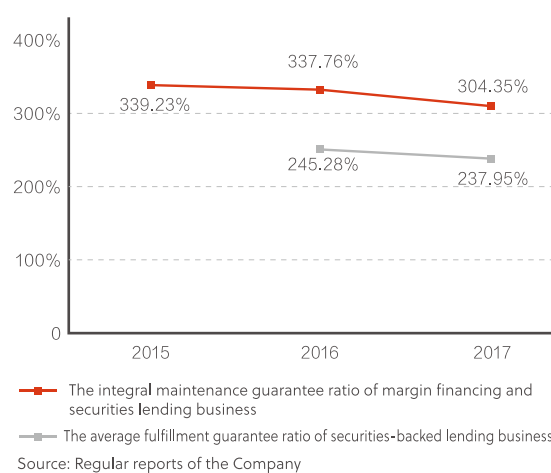
(3) Reinforced risk control and advanced system establishment for capital-based intermediary business

During the Reporting Period, based on the operating concept of customer orientation, the Company implemented eligibility management of clients and continued to optimize customer structure in order to advance the establishment of customer service system. Meanwhile, the Company focused on consolidating operation support base, improving its operation capability, reinforcing compliance risk control and management throughout the whole business process to lift risk management level and promote the well development of capital-based intermediary businesses. As of the end of the Reporting Period, balance of margin financing and securities lending business of the parent company was RMB58.813 billion, accounting for 5.73% of market share and ranking the second in the industry. The integral maintenance guarantee ratio was 304.35%. Securities-backed repurchase business of the Company kept growing during the Reporting Period. As of the end of the Reporting Period, the pending repurchase balance was RMB90.875 billion in total, with a scale ranking the third in the industry and an average fulfillment guarantee ratio of 237.95%.

Scale and ranking of margin financing and securities lending business of the Company

Unit: RMB
100 million

Integral maintenance guarantee ratio and average fulfillment guarantee ratio



3. Prospect of wealth management business for 2018

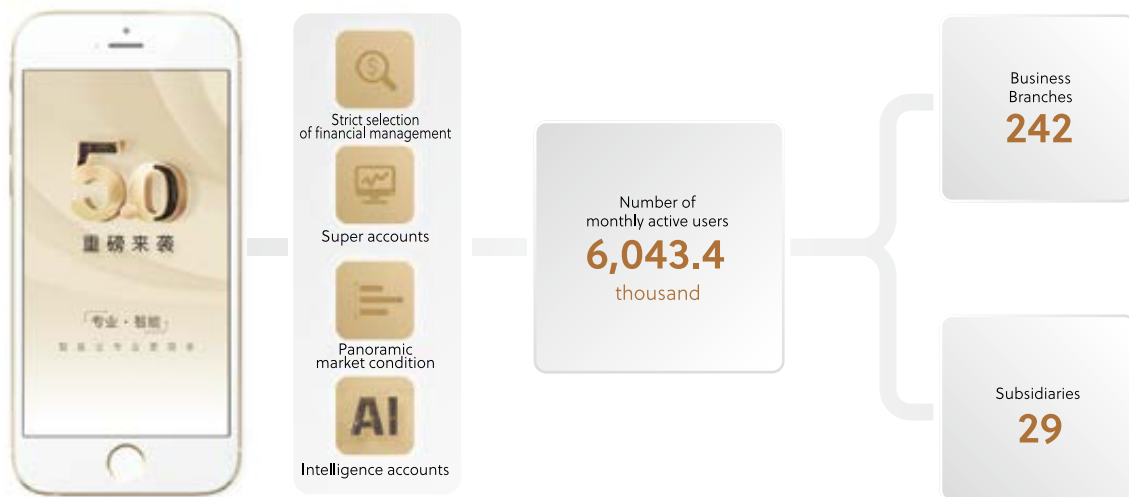
Brokerage and wealth management business takes up heavy responsibilities in gathering large-scale customer resources and creating values for customers. In 2018, the Company will fully leverage its overall forces to build a new retail business system based on trading services and with "ZhangLe Fortune Path" as platform, and focus on investment consulting and capitalize on the whole business chain to build a wealth management business system. The Company will make strong efforts in establishing new advantages in the large-scale, systemized and platform-based business development.



For brokerage and wealth management business, we will be positioned to create values for customers by enhancing big data application, exploring digital value in customer deal and behavior, fully pushing ahead service and product innovation and building customer demand-driven business system and operation model; continue to enlarge customer base and scale of customers' asset by promoting the classification of customers and the layering and grading of customers' demand and advancing the construction of an online and offline integrated business system; fully promote the transformation of business outlets' structure and function, strengthen the construction of investment consulting team and service system, optimize the investment consulting comprehensive service platform and continuously improve the professional service level of investment consultants, building up professional capacities in wealth management. Customers' demand for risk management will be explored in depth for options and futures brokerage business, driving the implementation and extension of innovation business.

The creation, design and introduction management of financial products will be coordinated in the sales of financial products to form differentiated sequence and whole value chain service system of financial products, and the construction of an integrated financial product sales strategies and sales system, which are based on large asset allocation, will be speeded up, effectively improving the management level of products and meeting the demand of customers for diversified asset allocation.

Capital-based intermediary business will remain customers' demand oriented to deepen the content of products and services and establish a diversified and competitive service system. We will strive to enhance our capabilities in evaluation of customers' credit risk and pricing power to ensure safe and healthy business development and constantly consolidate our superiority in the market.



(II) Institutional services business

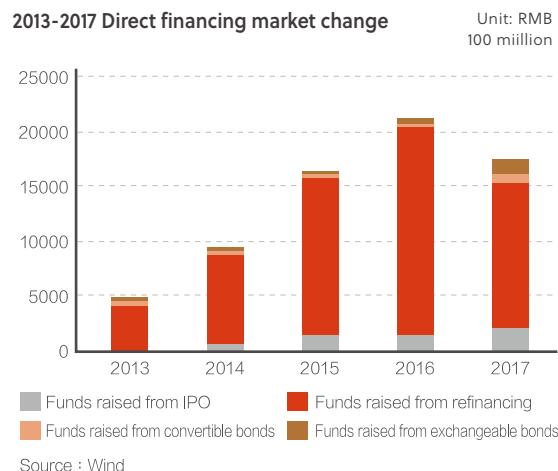
1. Market environment and industry trend of institutional services business

(1) The in-depth development of capital market and increasing proportion of direct financing have provided strategic opportunities for the development of securities companies' institutional services business

It is stated in the 19th CPC National Congress's Report that "China will continue to deepen reform of the financial system, enhance capacities of the finance to serve the real economy, increase the proportion of direct financing, and promote the sound development of the multi-level capital market." It means that direct financing will take up a more prominent position. The multi-level capital market with complete financing functions and solid

fundamental system has brought broad space for development of securities industry, in particular the investment banking business.

With the normalization of IPO approval as well as increased support for return of new economic enterprises and overseas high-tech enterprises to A-Share listing, the demand for investment banking business such as IPO, issue of CDRs, mergers and acquisitions will be significantly improved. Scale of securities companies' institutional services will be further expanded with more diversified business types, thus institutional services business will have strategic historical opportunities.



(2) The development trend of diversified and scaled institutional investors has set higher standards for securities company's institutional services business

In recent years, professional institutional investors such as domestic public funds, private equity funds and insurance companies have made considerable progress. The market value of shares held by professional institutional investors has also steadily increased and institutional investors are becoming the main force in the market. At the same time, with the continuous entry of domestic social security funds, pension funds and corporate annuities, as well as the accelerating entry of QDII, QFII, interconnection funds, and overseas funds upon inclusion of A-shares into MSCI, the proportion of long-term institutional funds in the market is significantly rising. The rapid development of institutional investors will have a more profound impact on market changes and operation rules. Investors' specialized and diversified financial needs are continuously increasing. The capital market service models with the securities companies as the core and the institutional services business development models centering on transactions will be more abundant. In addition, the systematic institutional services advantages and the differentiated institutional services capabilities will become the key competitiveness for the development of securities companies.

(3) Preventing financial risks is not only an important challenge for the development of securities companies, but also a historical opportunity for deepening the development of institutional services businesses.

Reports of the 19th National Congress of the CPC pointed out that "we shall take tough fights to prevent and mitigate major risks, alleviate poverty precisely and prevent and control pollution", especially "to improve financial supervisory system and hold the bottom line that there is no systemic financial risk". With the deepening of economic transform and upgrade and financial deleveraging, certain financial risks are gradually exposed and released, leading to increasingly complicated manifestation and transmission of financial risks. Securities companies must improve their risk management level, as they shoulder important missions of maintaining a stable market with healthy and sustainable development.

Resolving financial risks requires a multi-level and orderly development of the financial derivatives market. Financial derivatives have a complex and diverse base structure with higher professional requirements on capital scale, capital strength and pricing ability. Securities companies would be able to seize significant opportunities for growing businesses at an advanced stage, if they can, as equipped with stronger large asset investment, trading and pricing ability, cultivate their own valuation and pricing core competencies, grasp the opportunity of FICC and financial derivatives arising from the release of financial risks and changes in asset valuation, coupled with unique risk management service value and professional financial product innovation and design capability.



2. Operation measures and achievements of institutional services business

Huatai Securities started reform on investment banking business in 2011, where the merger and acquisition and reorganization business was first to lead the reform and transformation of the Company to build its core competitiveness, which was achieved by capitalizing on its own marketization and professionalization trend. From 2012 to 2016, Huatai Securities ranked first in the industry, successively for the fifth time, in terms of the number of merger and acquisition and reorganization transactions, as reviewed and approved by the reorganization committee. In terms of the amount of merger and acquisition and reorganization transactions, as reviewed and approved by the reorganization committee, Huatai Securities ranked first in the industry in 2017. Other investment banking businesses, such as IPO, refinancing, bond underwriting, have advanced much under the whole business chain system in recent years.

In 2017, the Company restructured the institutional services business so that it can better explore advantageous full business chain services and improve comprehensive customer services ability. Continually focusing on the industry and furthering regions, the investment banking business emphasized specialization and systematic coordination and strengthened domestic and overseas, OTC and in-market coordination, with awareness of compliance risk control improved significantly.

(1) Further improvement of investment banking business in market position and branding strength

During the Reporting Period, the Company continued to implement the whole business chain strategy, by means of improving the integrated operation system of large investment banking centering on customers, to progress the execution of projects and to ensure the quality of project execution, thereby promoting the market position and image.

Consolidated Data

Currency: RMB

Issuance category	Times of lead underwriting (time)		Lead underwriting amount (Ten Thousand Yuan)		Lead underwriting income (Ten Thousand Yuan)	
	Current Period	Accumulated over the years	Current Period	Accumulated over the years	Current Period	Accumulated over the years
Issue of new shares	18	159	714,371.65	9,959,438.31	49,631.17	435,822.31
Additional issue of shares	26	150	5,280,050.07	23,177,231.42	28,787.18	192,591.17
Allotment of shares	-	30	-	1,002,136.78	-	19,236.96
Issue of bonds	139	546	14,935,304.50	55,247,427.03	35,295.40	239,871.56
TOTAL	183	885	20,929,726.22	89,386,233.54	113,713.75	887,522.00

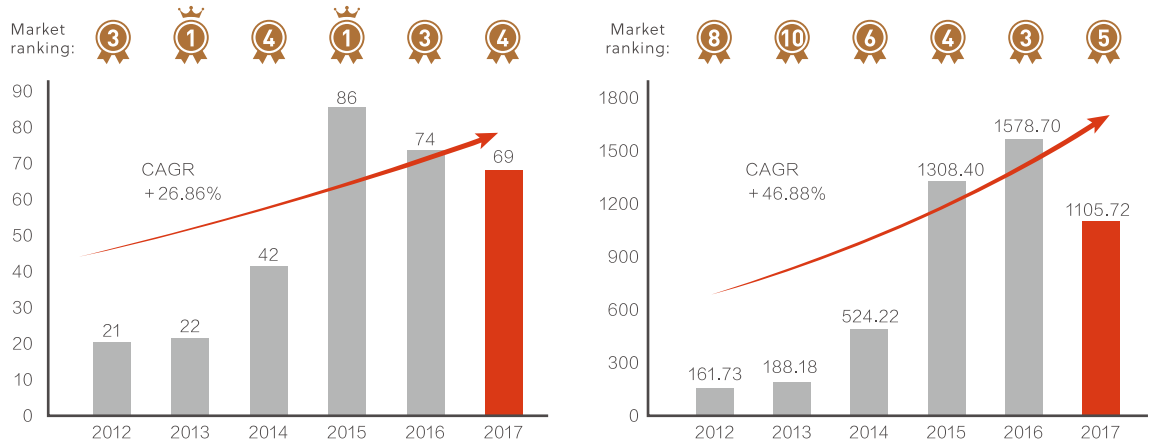
Note: The above data is from the regulatory reports of the Company; preferred shares are included in the additional newly issued shares; bonds issuance is all-inclusive which counts in treasury bonds, enterprise bonds, corporate bonds (including exchangeable bonds), convertible bonds, short-term financing bonds and medium-term notes, etc.

① Equity underwriting business

During the Reporting Period, the equity underwriting business adhered to the "industry-led and customer-centric" strategy to focus on key areas and industries, and to cultivate high-quality customers. With expanding customer base and strategic partnership, the business branding effect was continuously improved. According to the Wind information, the Company's equity lead-underwriting amount (including the initial offering, additional offering, allotment of shares, preferred shares, convertible bonds, exchangeable bonds) was RMB110.572 billion, ranking fifth in the industry.

Amount, number and ranking of equity underwriting of the Company

Unit: RMB100 million



Explanations: ■ ■ Equity underwriting number ■ ■ Underwriting amount

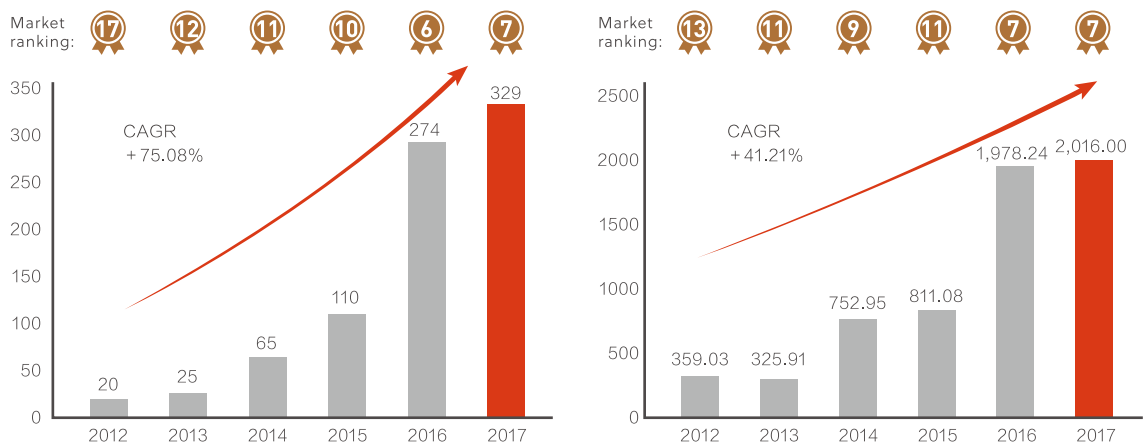
1. Source: Wind;
2. Includes IPO, placement (inclusive of ancillary financing and placement subscribed with assets), rights issue, preferred shares, convertible bonds and exchangeable bonds;
3. The statistical caliber of Wind is issuance date, while the statistical caliber of the Company's regulatory reporting is payment date. Therefore, there exist differences between the data from the Wind and the statistical data of the Company.

② Bonds underwriting business

During the Reporting Period, the bonds underwriting business focused on advantageous products with the full use of all license edge, and continued to promote innovation-driven strategy. Besides, it strengthened business channels, improved customer hierarchical management, and actively cultivated core customer groups, seeking an improvement on top of its solid position in the industry. According to the Wind information, the lead-underwriting amount of full variety bonds was RMB201.600 billion, ranking seventh in the industry.

Amount, number and ranking of bond underwriting of the Company

Unit: RMB100 million



Explanations: ■ ■ Bond underwriting number ■ ■ Underwriting amount

1. Source: Wind;
2. Includes local government bonds, policy-bank bonds, non-policy financial bonds, enterprise bonds, corporate bonds, short-term financing bonds, medium-term notes, dedicated instruments, bonds issued by international institutions, bonds issued by government-supported agencies, asset-backed securities, convertible bonds, exchangeable bonds and other bonds;
3. The statistical caliber of Wind is issuance date, while the statistical caliber of the Company's regulatory reporting is payment date. Therefore, there exist differences between the data from the Wind and the statistical data of the Company. For the calculation method of issuing quantity, the statistical caliber of Wind is different from that of regulatory reporting.









③ Merger and acquisition and reorganization business

During the Reporting Period, the merger and acquisition and reorganization business focused on key customers to develop classic projects. The Company led the project of restructuring and listing for a web security company named 360, as well as other merger and acquisition transactions with significant market influence, which allowed its leading position maintained in the industry and its business reputation increased. The amount of merger and acquisition and reorganization transactions, as reviewed and approved by the reorganization committee, reached RMB97.304 billion, ranking first in the industry during the Reporting Period.

Amount, number and ranking of merger and acquisition and reorganization

Currency: RMB

	2015	2016	2017
Number	28	23	15
Ranking by number			
Transaction amount (in RMB 100 million)	1,040.63	1,968.43	973.04
Ranking by transaction amount			

Source: The number, scale and ranking of merger and acquisition and reorganization transactions reviewed and approved by the reorganization committee based on the information available to the public.

④ OTC business

The NEEQ business actively promoted the reform on investment banking service system based on the whole industrial chain, given market conditions and adjustment of the overall strategic planning, to provide customers with high quality comprehensive financial services in an all-round manner. During the Reporting Period, the Company recommended three companies for listing, completed 19 times issuance of shares for 15 listed enterprises with a total amount raised of RMB800 million, and completed one merger and acquisition and reorganization transaction and one acquisition of financial advisor business. The Company's subsidiary Jiangsu Equity Exchange actively integrated business resources, strengthened innovation of financial products, and continued to construct featured segment and increase risk prevention, providing a full range of comprehensive financial services for listed enterprises. As of the end of the Reporting Period, the Company has developed 212 membership units and a total of 56,564 investors of all types; the Company has helped 2,220 listed enterprises, raising RMB636 million for the listed companies through equity financing and raised RMB98 million through equity pledged financing.

(2) Research and institutional sales business

The research business continued to strengthen team construction, increased the introduction of overseas and Hong Kong stock research talents with international vision to strengthen research service strength and improve the quality of customer services, leading to the growth of the influence and pricing capacity of the research business. The Company intensified the efforts on exploring institutional customers, further propelled the integration of the research businesses in Mainland China and Hong Kong, thus providing more comprehensive research services for customers to conduct cross-region and cross-market asset allocation. The institutional sales business continues to promote the construction of institutional sales and trading platform, aiming to increasing the platform management and lean management of full process for institutional customers, which purports to explore comprehensive demands of institutional customer so as to provide comprehensive financial services in an all-round way. Customer coverage and cooperation type of the Company in research business became more comprehensive during the Reporting Period. In this year, the Company issued 4,144 research reports, and organized 9,020 institutional roadshows and 707 reverse roadshows, 322 teleconferences, joint research on 910 companies and 68 forums and special topics conferences. During the Reporting Period, the volume of sub-position transactions of the Company for mutual funds was RMB436.123 billion; the market share was 3.81%.

(3) Investment and trading business

① Equity investment and trading business

The Company imposed strict control over risks and constantly intensified the philosophy of “absolute return” in value investment. The Company actively built industrial database to carry out research from the point of industrial chain, and constantly optimized the management of stock pool investment and research. It effectively utilized various financial instruments and trading technologies and actively exploited investment varieties with high margin of safety. With a tracking system for quantifying market built, the Company monitored the market all-round, and developed an overall investment strategy and deployment plan, realizing scientific and precise management of the whole process, which effectively increased investment arrangement ability. The Company put much efforts on building a professional big data investment research team to upgrade the big data system platform, so as to promote the development of trading strategies and upgrading of business model. In addition, it continued to conduct strategic research in greater depth and wider range, with benefits of scale achieved on the stock strategic trading business.

② Fixed-income investment and trading business

The Company started to carry out FICC business and continually expanded the depth and range of business synergies, with an aim of increasing its capability to tap into and grow the FICC business in full scale. For proprietary investment business, the Company adjusted its position structure timely as per the market behavior, and constantly improve the initiative of investment strategy using quantitative risk identification and hedge, with strategy transactions enriched and innovated and successfully obtaining low-risk excess returns. As for sales & trading business, the Company explored customer demands for risk management and accelerated the research and development of multi-strategy products, which contributed to a reverse increase in the accounts of investment consulting and outsourcing investment, with customer structure continued to optimize. As for bulk commodity business, the Company mainly concentrated on enriching trading varieties and optimizing the trading mode, actively carrying out gold leasing and lending business linked with product design business for bulk commodities. As for foreign exchange business, the Company actively advanced business model research and system construction to accelerate the layout of cross-border business.

③ OTC financial products and trading business

The Company actively implemented the eligibility management of investors, constantly improved the functions of OTC market transaction system and the business system and process, as well as the operation efficiency and customer experience, promoting orderly conduct of the issue and sales transactions of the OTC business. During the Reporting Period, the Company issued 298 private placement products through the business system and OTC market, with the total amount of RMB36.229 billion. As of the end of the Reporting Period, the Company had 70 income swap transaction businesses with a notional principal of RMB2.481 billion. As of the end of the Reporting Period, the Company had 388 OTC option businesses with a notional principal of RMB29.661 billion. Moreover, the Company actively carried out NEEQ market making business. As of the end of the Reporting Period, the Company has provided market making and quotation services for 54 listed companies, with a total value for market making of RMB595.3738 million.

(4) Asset custody business

The Company continuously optimized the business system and process, promoted the construction of integrated product back-end operation, service and management platform, and improved the efficiency of business operation and management. In addition, the Company actively promoted the construction of multi-level customer service system, continued to expand business coverage with enhanced marketing efforts, kept widening business development space and boundary, so as to meet the demands of all kinds of customers based on standard basic services and personalized value-added services. As of the end of the Reporting Period, the Company had 1,897 fund custody products and the business scale of fund custody reached RMB54.122 billion, and there were 2,727 private fund service business products (including 896 products of asset management subsidiary) and the service business scale reached RMB965.345 billion (including the business scale of asset management subsidiary of RMB912.532 billion).



3. Prospect of 2018 for institutional services business

In 2018, for the institutional services business, the Company will integrate business resources of investment trading, research, lead-brokers fields to establish a vertical group-level institutional customer service system, led by the investment banking business and linked by institutional sales. It will try to make key breakthrough to increase the coverage of quality customers and market influence, build core competence of asset creation, asset pricing and product innovation and design, so that it can develop competence of institutional services business in line with the Company's overall position.

The investment banking business will, basing on the integrated platform and the whole business chain system of large investment banking, strive to increase service ability of full products and comprehensive services fast response capability towards the direction of industry focus, regional layout and customer cultivation. Equity underwriting business will increase the reserve of quality IPO projects to optimize refinancing business distribution and increase customer loyalty and industry reputation. The equity underwriting business will establish stable market development system, increase sales and trading capacity and fully exert versatile business advantages linking stock and bond. For the merger and acquisition and reorganization business, the Company will continuously enhance the trading mindset of the team and the team's capability of deal-making, and enhance the ability of cross-market service. The Company will optimize the customer structure of the NEEQ business, broaden the scope of service orderly, and maximize the coverage of premium customers. Jiangsu Equity Exchange will continue to promote building featured segment, strengthen the communication and cooperation with financial institutions, and constantly improve the service function.

The research and institutional sales business will continue to improve the integrated domestic and overseas business system, aiming to increase the platform management and lean management of full process, and to build synergic patterns and docking mechanism of institutional investors service, increasing the professional ability to create value for customers.

The investment trading business will set up customer oriented business structure and service system, strengthen the integration of across-asset strategies, promote establishment of financial products, so as to increase income on investment and establish a more differentiated competitive business system. The equity investment and trading business will accelerate the construction of big data system platform, strengthen strategy development and innovation of trading modes, shifting to the transaction-centric business origin. The Company will be customer oriented, optimize FICC business layout, develop the core competence of valuation and pricing, and continuously improve the ability to access excessive return and market competitiveness. The OTC financial products and trading business will continuously enhance product design and customer service capabilities, and create an OTC market platform integrating investment, financing and trading.

The asset custody business will continue to enrich the intension of business service, optimize business operating process, promote intelligent business operations and management, build efficient and integrative service capabilities, thereby further growing the scale of asset custody outsourcing business, increasing the market influence and competitiveness.

Major Clients



(III) Investment management business

1. Market environment and industry trend of investment management business

(1) New stage of asset management business returning to the origin with normative development

With the forthcoming promulgation of new regulations of asset management and follow-up regulatory rules, the asset management business will officially commence the process of dechannelizing. Under the circumstances, regulatory arbitrage space is compressed, the industry enters a normal period of stable development, and consequently, the active management ability will become the core competitiveness of asset management institutions in the future. According to the statistics from Asset Management Association of China, the total amount of asset management business of securities and futures operating companies reached approximately RMB53.57 trillion, with a 3.44% increase compared to that of 2016. Specifically, the total amount of asset management business of securities

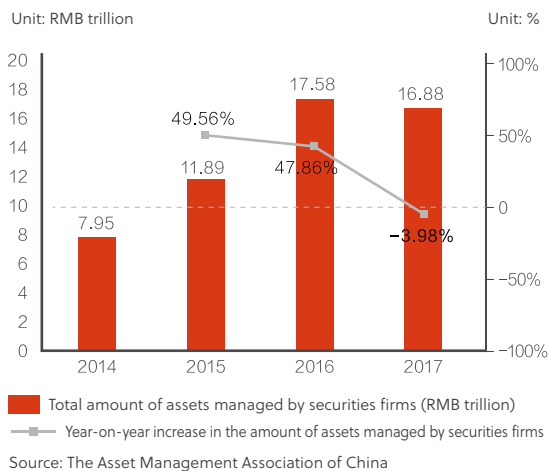


companies was RMB16.88 trillion, with a 3.98% decrease compared to that of 2016. The asset management business of large comprehensive securities companies will enjoy greater potential relying on their own diversified business structures, that was in terms of playing advantages of investment and research, furthering product exploration ability and creating differentiated competitive edges in active management.

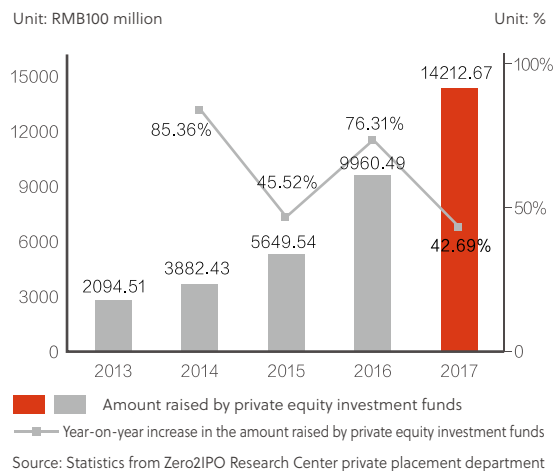
(2) Steady development of private equity investment business towards serving real economy

Along with the deepening of the supply-side structural reform and the optimized transformation of the real economy, plus the introduction of policies and regulations relating to the equity investment industry at the regulator level, the private equity investment business, as an important force directly servicing the real economy, is developing towards more organized and orderly direction. According to statistics from Zero2IPO Research Center private placement department, China's private equity institutions raised 2,533 new funds in 2017, with an increase of 51.22% compared to that of 2016; the raising scale was a total amount of RMB1,421.267 billion, with a 42.69% increase compared to that of 2016. Facing increasingly fierce market competition, the private equity investment business under securities companies continued to optimize and upgrade business models, with their full business chain advantages and on the basis of investment and research integration. With the above, they can improve efficiency of serving the real economy by forming new business features and differentiated competence advantages.

Amount of assets managed by securities firms and year-on-year increase



Amount raised by private equity investment funds and year-on-year increase



2. Operation measures and achievements of investment management business

(1) Asset management business of securities companies

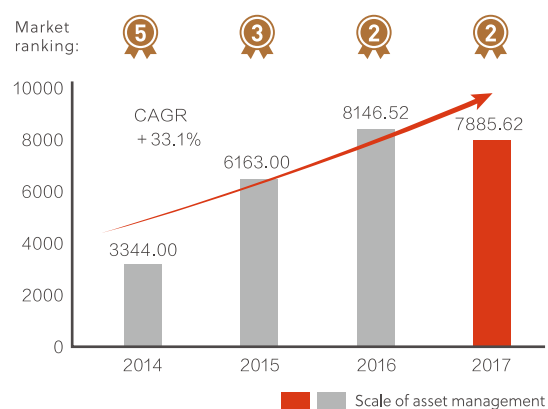
The Company set up an asset management subsidiary in 2014, formally raising the curtain of transformation and reform of the asset management business. Following the market-oriented and professional principle, the Company introduced outstanding talents and improved the organizational structure and mechanism, enabling it to capture the opportunity of brisk growth in the scale of asset management business. Recently, stricter regulations, dechannelizing, deleveraging and risk prevention have become the keynote of the industry, in which case, the Company shall expedite the adjustment of business model as that was a key to establish its competitive edges in the future.

Huatai Asset Management returns to the origin of asset management, being directed under its full business chain strategy with customer demands centered, enabling it to satisfy various business needs of customers with wide varieties of financial products. According to the 2017 fourth quarter statistics from Asset Management Association of China, the Company's asset management scale averaged RMB788.562 billion on a monthly basis, ranking second in the industry, while its active asset management averaged RMB240.187 billion on a monthly basis, ranking fourth in the industry.

The product line of the collective asset management business was more balanced, the fixed income investment maintained advantages, the equity investment performance was significantly improved, and the comprehensive financial service capability was continuously strengthened. Totally, 83 collective asset management plans were under management and the total management scale was RMB109.025 billion. In respect of the targeted asset management business, we actively enhanced the active management capabilities. Along with the steady development of the banking securities business, the outsourcing investment achieved positive revenues. Totally, 755 targeted asset management plans were under management and the total management scale was RMB740.901 billion. The advantages of the specialized asset management business continued to be enhanced in terms of consumer finance, leasing, supply chain and financial inter-banking, and breakthroughs were achieved in terms of real estate finance and internationalization. Totally, 58 specialized asset management plans were under management and the total management scale was RMB62.605 billion. In respect of the public fund management business, we issued and established three public funds, namely Huatai Zijin Tiantianjin Monetary ETF (華泰紫金天天金貨幣 ETF), Lingqianbao (零錢寶) and Honglidibo (紅利低波), gradually establishing a product line covering low, medium and high risk levels, with a total management scale of RMB5.219 billion.

Scale and ranking of asset management of the Company

Unit: RMB100 million

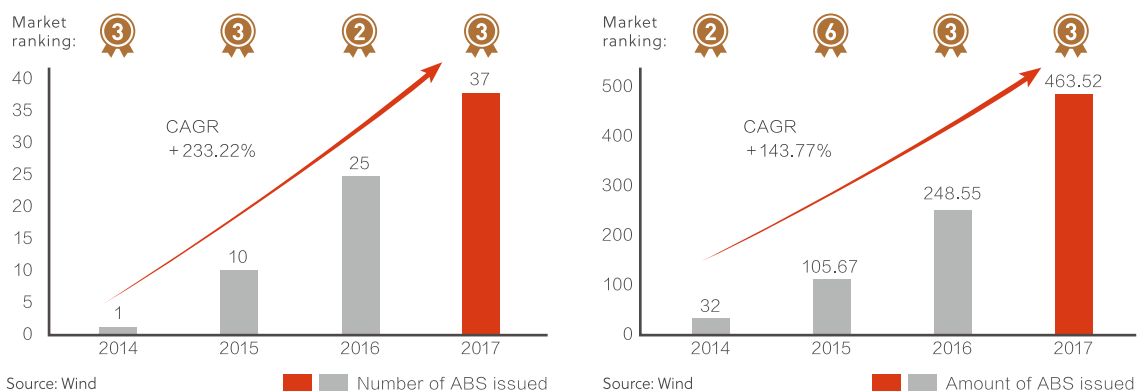


The table below sets forth the scale and income of the Company's asset management business:

Currency: RMB

Item	2017		2016	
	Entrusted Scale (RMB100 million)	Net income (RMB10 thousand)	Entrusted Scale (RMB100 million)	Net income (RMB10 thousand)
Collective asset management business	1,090.25	152,393.14	1,294.74	125,559.51
Targeted asset management business	7,409.01	36,965.94	7,187.05	28,935.95
Specialized asset management business	626.05	5,692.38	351.41	4,714.15
Public fund management business	52.19	364.71	-	-

Number, amount and ranking of the enterprises' ABS (asset-backed securities) issued by the Company Unit: RMB100 million



(2) Private equity fund management business

The Company regulated its private equity fund management business in accordance with a series of regulatory policies and regulations, through which it actively adjusted to the regulation changes, and actively established a unified business operation and back-end support system to improve the comprehensive operation level of "fund raising, investment, management and disposal". As of the end of the Reporting Period, the Company set up a total of 17 private equity investment funds. The amount of the funds subscribed totalled RMB42.207 billion and the amount of paid-in contribution totalled RMB34.846 billion. During the Reporting Period, the Company carried out or made additional investments in 64 investment projects via its private equity investment funds, among which 60 were equity investment projects and four were debt investment project; total investment amount was RMB5,658,325,500, among which, RMB5,485,911,600 was for equity investment projects and RMB172,413,900 was for debt investment projects.

(3) Asset management business for fund companies

Fund companies under the Company continued to strengthen and improve the compliance and risk control system, strengthen the building of sales team, enhance the investment management capabilities, promote the synergies between sales and investment, as well as provide customers with integrated solutions and one-stop services through a variety of product strategies. As for asset management business of China Southern Asset Management, As of the end of the Reporting Period, the total assets managed by China Southern Asset Management amounted to RMB724.610 billion. Specifically, China Southern Asset Management managed a total of 153 funds in its mutual funds business, the total asset size of which amounted to RMB440.031 billion, and the total size of private funds business amounted to RMB284.579 billion. As for asset management business of Huatai-PineBridge, As of the end of the Reporting Period, the total assets managed by Huatai-PineBridge amounted to RMB94.078 billion. Specifically, Huatai-PineBridge managed a total of 57 funds in its mutual funds business, the total asset size of which amounted to RMB82.634 billion, and the total asset size of private funds business amounted to RMB11.445 billion. (The profit or loss from equity investments of China Southern Asset Management and Huatai-PineBridge were included under other segments in the segment report.)

(4) Asset management business for futures companies

The Company's holding subsidiary, Huatai Futures, continued to enrich its funding channels, build and improve its compliance and risk control system and investment consulting and evaluation system, which greatly enhanced its investment research capabilities, business development capabilities and internal compliance practice capabilities, and continuously promoted its transforming to active management business. As of the end of the Reporting Period, Huatai Futures managed a total of 61 asset management plans which were in the duration period. The total asset management scale was RMB8,397,370,200, and the futures equity scale was RMB2,479,604,600.

(5) Alternative investment business

The Company carried out alternative investment business through its wholly-owned subsidiary Huatai Innovative Investment. As of the end of the Reporting Period, there were two subsisting investment projects, with an investment scale of RMB200 million. The investment varieties include qualified domestic limited partner, asset management plan and others.

3. Outlook for Investment Management Business in 2018

The investment management business shoulders the mission of building a competitive financial product line and assisting in the transformation of wealth management. In 2018, the Company will make full use of the full business chain to enhance the ability to create differentiated financial products, innovate and upgrade business models, expand the scale of quality and influential products and businesses, and continuously strengthen its leading position in the industry.

In respect of the asset management business for securities companies, the Company will actively adapt to regulatory changes, base ourselves upon customer needs, take root in the entire business chain, accelerate restructuring of business development models, expand deep and wide-ranging continuous product development capabilities, and focus on enhancing the integrated operational capabilities of asset acquisition, asset pricing and product creation, shape new advantages of differentiated development, consolidate and enhance its market position and brand value, as well as fully strengthen its expansion and deepening in the entire ABS industrial chain, expand the public fund management business, and enhance its active management capabilities in a focused and strategic manner.

In respect of the private equity fund management business, the Company will continue to focus on and penetrate into key industries, research and lay out emerging industries and high-end industries in a forward-looking manner, fully integrate internal and external resources, and well conduct the integrated management of "fund raising, investment, management and disposal", as well as deepen the linkage of the entire business chain, advance the business upgrading, create distinctive advantages and business influence, and play a greater role in serving the real economy.

In respect of the asset management business for fund companies, the Company will solidify its research foundation, dig deeper into and continuously track customer demands, adhere to the driving of financial technologies, optimize sales resources, effectively expand the customer base and focus on enhancing investment performance.

In respect of the asset management business for futures companies, the Company will focus on improving investment management capabilities, build and improve product systems, vigorously promote active management and solidify the market influence of the business.

In respect of the alternative investment business, the Company will strengthen the research and development of new strategies, capture investment opportunities and steadily improve investment returns.

(IV) International Business

(1) The two-way opening up of capital market accelerates the internationalization of securities companies

With the steady progress of RMB internationalization, the successive launching of the Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect and Bond Connect, the research and advance of Shanghai-London Stock Exchange and the admission of A-shares into the MSCI Index, the interconnection scope of domestic and overseas capital markets has continued to expand, and the docking mechanism has been further improved. In recent years, the two-way opening up of the capital market has steadily expanded. Under the background of the implementation of the "Belt and Road" initiative, the relaxation of foreign investment access in the securities industry and the deepening of the overseas listing system reform, the pace of internationalization of securities companies has accelerated. The industry development that the domestic and foreign capital markets have become increasingly tightly connected is bound to require securities companies to continuously improve their international service capabilities and become powerful promoters of cross-border and international business.



(2) Cross-border service demand of customers promotes linkage of domestic and foreign resources of securities companies

With the continuous increase in the number of high-net-worth persons and financial assets for investment in China, the demand of customers to globally deploy assets has increased. In the context of economic transformation and upgrading, domestic companies are also actively seeking strategic investment opportunities around the world, with an aim to gain technological advantages and mutual complementation of markets. The rising demand of customers for cross-border services will drive domestic financial institutions to accelerate the docking between domestic resources and the international market, and expand business opportunities in investment banking, research, investment, wealth management and others. Chinese securities companies with a solid customer base are in a strategic period of opportunities for development.

(3) The US TAMP market opportunities and growth potential

According to the data from Cerulli Managed Accounts Edge 2017 and Cerulli Intermediary Report (2011 to 2016), as a third-party platform focused on continuously servicing independent investment consultants, the US TAMP market has experienced a compound annual growth rate of approximately 13% since 2011, exceeding the overall growth rate of US investment consulting market for the same period. Judging from the policy environment, the US Department of Labor's new rules governing the fiduciary duties of brokers engaged in pension investment management business were formally implemented in June 2017, which will promote the transformation of independent investment consultants' charge model from commissions to fees. The TAMP platform with scale effect will embrace favorable development opportunities.

2. Operation Initiatives and Performance of International Business

(1) Huatai Financial Holdings (Hong Kong)

Huatai Financial Holdings (Hong Kong) continued to promote the development of international business, continuously deepened the business lines management and resource integration, promoted the business transformation and upgrading, and committed to providing a full range of cross-border integrated financial services for domestic and foreign customers. In respect of the investment banking business, the Company continued to identify enterprises with good development prospects in the adjustment and upgrading of industrial structure, and actively built business projects with market influence. In respect of the brokerage and wealth management business, the Company improved the product and customer service processes and focused on the layout in financial technology field, to provide customers with overseas asset allocation and wealth management services. In respect of the research and institutional sales business, the Company actively expanded business coverage, deepened domestic and overseas research integration and sales team cooperation, to effectively deliver investment value to customers. In respect of the equity derivatives business, the Company actively built a cross-border derivative business platform, continued to strengthen cross-border business capabilities. In respect of the fixed income sales and trading business, the Company continued to enhance its investment management capabilities, focused on building transaction and market-making capabilities, continuously promoted cross-border trading business and strengthened the cross-selling, to provide customers with comprehensive services. In respect of the asset management business, the Company promoted the establishment of an overseas asset management business platform, proactively expanded the actively-managed asset management capabilities, and continuously optimized the allocation of customer assets. As of the end of the Reporting Period, Huatai Financial Holdings (Hong Kong) had a paid-in capital of HKD8.8 billion, and such capital scale was among the forefront of the industry in Hong Kong.

As for securities trading, Huatai Financial Holdings (Hong Kong) achieved the total assets under custody of HKD7.899 billion and the total stocks trading volume of HKD33.146 billion; as for futures contract trading, it achieved the funds under custody of HKD89 million and the total futures trading of 55.8 thousand board lots; as for advising on securities, it provided research reports and advisory services for about 7,500 customers; as for advising on corporate finance, it participated in 2 IPO projects, 2 allotment projects and 6 bond issue projects, with a total underwriting quantity of 10

and the total amount of trading and issuance reaching about HKD16.472 billion; as for financing for securities deposits, it achieved the accumulated credit amount of HKD2.753 billion; as for providing assets management, it achieved a total amount of funds under custody of HKD333.229 billion (including the scale of funds under custody of AssetMark). Besides, during the Reporting Period, Huatai Financial Holdings (Hong Kong) also completed 7 financial advisory projects and 3 structured investments and financing projects.

(2) AssetMark

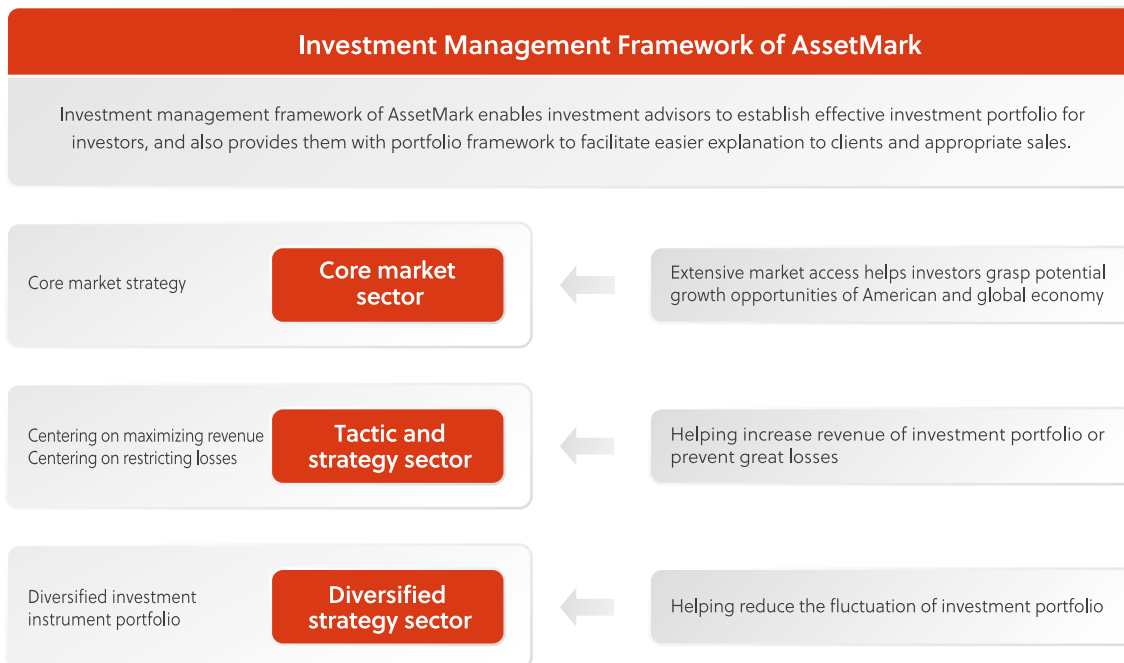
AssetMark continued centering on customers, upheld high professional ethics, provided the best service and the mutual-respect values, and adhered to four core strategies for long, including: asset management excellence, compelling technology platform, commercial thought leadership and deep relationship with customers. Such clear strategies helped AssetMark to define long-term work goals and promote the effective implementation of day-to-day operation. AssetMark adhered to create a full-service TAMP model through combination of competitive asset management products, compelling technology platforms and quality customer services. As of the end of the third quarter of 2017, AssetMark's market share in the TAMP industry was 9.5%, ranking third. The successful acquisition of AssetMark helped the Company to obtain resources in terms of platform, technology and high-quality customer from overseas markets, thus enhancing the Company's brand awareness and reputation and enforcing its overall international competitiveness.

Four core advantages of AssetMark





As of the end of the Reporting Period, the total assets under management of the AssetMark platform reached USD42.4 billion, representing an increase of approximately 31% from the end of 2016; the AssetMark platform served an aggregate of more than 7,100 independent investment consultants, representing an increase of approximately 4% from the end of 2016; AssetMark platform served 196,000 terminal accounts, which grew by approximately 21% from the end of 2016 and covered more than 113,500 households in the United States. During the Reporting Period, more than 900 independent investment consultants signed new cooperation agreements with AssetMark, achieving the best results in history.



3. Prospect of year 2018 for international business

International business shoulders the strategic mission of deepening cross-border development of the entire business chain. In 2018, the Company will seize the strategic opportunity of two-way opening up of the capital market, comprehensively deepen cross-border linkage and synergy and give full play to domestic resource advantages, so as to accelerate breakthroughs in key areas, establish differentiated competitiveness and build a new pattern of international business development with Huatai characteristics

Huatai Financial Holdings (Hong Kong) will fully deepen all-round connection with the Group's entire business chain system, establish a multi-level customer services and management system, and focus on building an overseas financial product platform, wealth management service system, innovative investment banking business system, stocks research and institutional sales and trading system, constantly improving cross-border capital market service capabilities.

AssetMark will focus on long-term and sustainable strategic development opportunities, concentrate on finding and expanding new business growth points, continue to strengthen and upgrade the technology platform for service investment consultants, so as to deepen existing customer relationships and further enhance the economies of scale of business operations by offering investment consultants' customers with compelling platforms, quality services, competitive asset management products.

(V) Business innovation and its effects on the Company's business performance and future development, and how to control relevant risks

1. Main business innovation and its effects on the Company's business performance and future development

As for exchange traded option business, during the Reporting Period, with the help of system advantages, the Company built a business system that focuses on market-making strategies and is supported by low-risk investment strategies; the Company actively carried out option market making and proprietary business; the daily exposure of position risk was controllable and the monthly exercise of options was stable; there was no risk accident; the Company ranked A in annual ranking for major market makers. Exchange-traded option business has enriched quantitative investment strategies and provided diversified investment and risk management tools.

As for OTC derivatives business, during the Reporting Period, supervision for OTC derivatives market continued to strengthen. The Company actively paid attention to business and market development opportunities, enhanced the research on market trend, constantly explored business innovative development mode, enriched and improved business contents, and further developed business scope and depth. OTC derivatives provided more room for innovation on investment business, met diversified demands of customers, and further enlarged the source of income of the Company.

2. Risk Control for Business Innovations

During the Reporting Period, the Company constantly facilitated business innovation activities, promoted the innovation of the Company's new business, new products, services and management modes, and improved its innovation ability. During innovation business operation, the Company adhered to the principle - "satisfying market needs, pursuing legally viable approach, enhancing risk control and ensuring efficiency", further improved the risk control measures for organizational mechanisms, authorization for decision-making, systems and procedures and other aspects as per the risk characteristics of innovation business, prevented the risks of insufficient awareness of the risks of innovation business, unreasonable business design and imperfect control mechanism, and ensured that all innovation businesses could be carried out constantly and steadily on the premise that the risks are measurable, controllable and bearable.

The Company has formulated the "New Business Risk Evaluation Management Approach", which clarifies the definition of new businesses, evaluation principles, evaluation standards, and evaluation participants, strengthens the control over the integrity of the overall assessment and the completeness of the evaluation process, enforces the ongoing management of new business lines and identifies the principles to be followed in the new business evaluation for its subsidiaries, ensuring that the new businesses are carried out in line with the Company's strategic planning and business development direction and in compliance with relevant laws and regulations, and the risks involved are measurable and controllable. Therefore, it promoted the Company's risk management framework to operate effectively and receive strong supports from the middle and back office at the beginning of new businesses, and it was also improved with the development of the businesses, systems and processes.

As for commodity option proprietary business, the Company launched a small-scale arbitrage business for soybean meal options and sugar options. This business seeks for spread gains on the premise that Delta exposure is controllable through hedging transactions in futures and options. The Company has established business management methods, formulated risk control solutions and conducted dynamic tracking and monitoring to ensure that the business risks are controllable.

As for OTC derivatives business, the Company issued multiple non-principal protected structured income certificates. The Company carried out Delta hedging on the issued income certificates, and controlled the overall market risk of the business within an affordable range. The Company has established business management methods, formulated risk control solutions, conducted dynamic tracking and monitoring and verified valuation models and their parameters to ensure that the business risks are controllable.

During the Reporting Period, the Company launched pilot cross-border businesses and received no-objection letter from the CSRC. The development of cross-border businesses of the Company will follow the provisions of the national laws and regulations, administrative regulations and related regulatory systems, so as to meet the risk management needs of customers by emphasizing its stance of serving the real economy. The Company will formulate a corresponding risk management system for cross-border businesses, strictly control the scale of the businesses, and calculate the risk capital reserve in accordance with regulatory requirements, further strengthening internal control and risk management measures to effectively prevent risks.

II. MAJOR BUSINESS OPERATION DURING THE REPORTING PERIOD

As of 31 December 2017, on a consolidated basis, total assets of the Company amounted to RMB381,482,540 thousand, representing a year-on-year decrease of 4.97%; total equity attributable to shareholders of the Company amounted to RMB87,335,938 thousand, representing a year-on-year increase of 3.53%; total revenue and other income amounted to RMB31,323,372 thousand, representing a year-on-year increase of 27.17%; and profit for the year attributable to shareholders of the Company amounted to RMB9,276,520 thousand, representing a year-on-year increase of 47.94%.

(i) Analysis of changes of items in profit statement and cash flow statement

Analysis table of the changes in relevant items of the income statement and the cash flow statement

Unit: Thousand Yuan Currency: RMB

Item	Amount for the current period	Amount for the same period of last year	Change percentage (%)
Total revenue and other income	31,323,372	24,631,628	27.17
Total expenses	(20,278,706)	(16,492,187)	(22.96)
Profit before income tax	11,584,644	8,593,428	34.81
Profit for the year attributable to the shareholders of the Company	9,276,520	6,270,612	47.94
Net cash generated from operating activities	(6,726,875)	22,019,862	(130.55)
Net cash generated from investing activities	(12,267,946)	(4,462,651)	(174.90)
Net cash generated from/ (used in) financing activities	19,089,767	(5,009,663)	-
Net (decrease) / increase in cash and cash equivalents	94,946	12,547,548	(99.24)
Research and development expense	(413,234)	(293,479)	(40.81)

1. Income and other gains

For the year ended 31 December 2017, the Group recorded income and other gains of RMB31,323 million, representing a year-on-year increase of RMB6,692 million or 27.17%, which was mainly attributable to increase in the revenue from international business segment and other business segments, including:

- (1) Commission and fee income of RMB12,926 million, accounting for 41.27% and representing a year-on-year increase of 13.29%, which was mainly attributable to consolidation of the asset management fee of Assetmark.

- (2) Interest income of RMB9,349 million, accounting for 29.85% and representing a year-on-year increase of 5.31%, which was mainly attributable to the growth of business scale of the capital intermediary business including the growth of average daily volume of own funds used for stock repurchase and securities-backed lending of 92.22%.
- (3) Net investment gains of RMB7,302 million, accounting for 23.31% and representing a year-on-year increase of 83.65%, which was mainly attributable to investment gains of approximately RMB3,000 million arising from change in accounting of Bank of Jiangsu in 2017.

Components of the Group's income and other gains during the Reporting Period and their respective percentages are set out as follows:

Unit: Thousand Yuan Currency: RMB

Item	2017		2016		Increase/decrease	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Fee and commission income	12,926,354	41.27%	11,409,918	46.33%	1,516,436	13.29%
Interest income	9,348,923	29.85%	8,877,946	36.04%	470,977	5.31%
Net investment gains	7,302,250	23.31%	3,976,115	16.14%	3,326,135	83.65%
Other revenue and gains	1,745,845	5.57%	367,649	1.49%	1,378,196	374.87%
Total revenue and other income	31,323,372	-	24,631,628	-	6,691,744	27.17%

2. Total expenses

For the year ended on 31 December 2017, the Group's total expenses were RMB20,279 million, representing a year-on-year increase of 22.96%, which was mainly attributable to the increase in expenses and costs resulting from the increase in income and other gains, including:

- (1) Fee and commission expenses of RMB4,244 million, representing a year-on-year increase of 65.68%, which was mainly attributable to consolidation of the asset management fees of Assetmark;
- (2) Interest expenses of RMB5,749 million, representing a year-on-year increase of 6.59%, which was mainly attributable to the growth of financing scale;
- (3) Staff costs of RMB7,030 million, representing a year-on-year increase of 24.46%, which was mainly attributable to the increase in staff costs due to increased investment in human resources of the Company resulting from the increase in the Company's operating revenue;
- (4) Other expenses, which mainly included depreciation and amortization expenses, tax and surcharge as well as (provision for)/ reversal of impairment losses and other operating expenses, including depreciation and amortization expenses of RMB566 million, representing a year-on-year increase of 38.62%; and other operating expenses of RMB2,277 million, representing a year-on-year increase of 10.22% during the Reporting Period, which was mainly attributable to increase in depreciation and amortization of software and hardware, R&D expenses, business promotion expenses and other expenses due to continually increased investment in Fintech and brand promotion in order to strengthen the industry position and improve the brand influence of the Company.

Unit: Thousand Yuan Currency: RMB

Item	2017		2016		Increase/decrease	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Fee and commission expenses	(4,244,196)	20.93%	(2,561,665)	15.53%	(1,682,531)	(65.68)%
Interest expenses	(5,749,099)	28.35%	(5,393,487)	32.70%	(355,612)	(6.59)%
Staff costs	(7,030,196)	34.67%	(5,648,420)	34.25%	(1,381,776)	(24.46)%
Depreciation and amortization expenses	(566,306)	2.79%	(408,527)	2.48%	(157,779)	(38.62)%
Business tax and surcharge	(152,408)	0.75%	(450,613)	2.73%	298,205	66.18%
Other operating expenses	(2,277,471)	11.23%	(2,066,228)	12.53%	(211,243)	(10.22)%
Asset impairment losses	(259,030)	1.28%	36,753	(0.22)%	(295,783)	(804.79)%
Total expenses	(20,278,706)	100.00%	(16,492,187)	100%	(3,786,519)	(22.96)%

3. Analysis of income and other gains and expenses

(1) Analysis of segment income and other gains

Unit: Thousand Yuan Currency: RMB

Business segment	Segment income and other gains for the current period	Percentage of total segment income and other gains for the current period (%)	Segment income and other gains for the same period of last year	Percentage of total segment income and other gains for the same period of last year (%)	Increase or decrease in percentage of total segment income and other gains as compared to the same period of last year
Wealth management business	14,098,968	45.01	15,086,789	61.25	Decrease by 16.24 percentage points
Institutional services business	5,425,015	17.32	5,062,730	20.55	Decrease by 3.23 percentage points
Investment management business	3,435,393	10.97	3,326,141	13.50	Decrease by 2.54 percentage points
International business	3,767,094	12.03	358,344	1.45	Increase by 10.57 percentage points
Others (including offset)	4,596,902	14.68	797,624	3.24	Increase by 11.44 percentage points

During the Reporting Period, on a combined basis, the Company recorded income and other gains of RMB31,323,372 thousand, representing a year-on-year increase of 27.17%. Among principal business segments, income and other gains from wealth management, institutional services, investment management and international business increased by RMB-987,821 thousand, RMB362,285 thousand, RMB109,252 thousand and RMB3,408,750 thousand, respectively.

In terms of income structure, due to consolidation of income from Assetmark and increased income arising from change in accounting of Bank of Jiangsu, income from international business segment and other segments increased

significantly and the percentage of total income increased by 10.57 and 11.44 percentage points as compared to 2016, respectively; income from both institutional services and investment management segments increased as compared to 2016, but the percentage of total income decreased by 3.23 and 2.54 percentage points as compared to 2016, respectively, due to lower increase than that of overall income; due to decrease in stock fund trading volume and commission, income from wealth management segment decreased as compared to 2016 and the percentage of total income decreased by 16.24 percentage points as compared to 2016.

(2) Statement of analysis on segment expenses

Unit: Thousand Yuan Currency: RMB

Business segment	Segment expenses for the current period	Percentage of total segment expenses for the current period (%)	Segment expenses for the same period of last year	Percentage of total segment expenses for the same period of last year (%)	Increase or decrease in percentage of total segment expenses as compared to the same period of last year
Wealth management business	(9,163,180)	45.19	(9,371,715)	56.83	Decrease by 11.64 percentage points
Institutional services business	(3,586,952)	17.69	(3,239,462)	19.64	Decrease by 1.95 percentage points
Investment management business	(1,183,337)	5.84	(1,190,490)	7.22	Decrease by 1.38 percentage points
International business	(3,603,246)	17.77	(712,810)	4.32	Increase by 13.45 percentage points
Others (including offset)	(2,741,991)	13.52	(1,977,710)	11.99	Increase by 1.53 percentage points

In terms of expenses of each business segment as a percentage of total expenses of the Company, expenses of international business segment and other business segments increased by 13.45 and 1.53 percentage points as compared to 2016, respectively, which was mainly due to increase in segment income resulting in increase in segment expenses; segment expenses of wealth management business and investment management business decreased slightly by 11.64 and 1.38 percentage points as compared to the same period of 2016, respectively; although segment expenses of institutional services increased as compared to the same period of 2016, such increase was lower than that of overall expenses, resulting in decrease in percentage of total expenses of 1.95 percentage points.

4. Cash flow

Unit: Thousand Yuan Currency: RMB

Item	Amount for the current period	Amount for the same period of last year	Amount of increase or decrease	Percentage of increase or decrease(%)
Net cash (used in)/generated from operating activities	(6,726,875)	22,019,862	(28,746,737)	(130.55)
Net cash (used in)/generated from investing activities	(12,267,946)	(4,462,651)	(7,805,295)	(174.90)
Net cash (used in)/generated from financing activities	19,089,767	(5,009,663)	24,099,430	-
Net (decrease)/increase in cash and cash equivalents	94,946	12,547,548	(12,452,602)	(99.24)



During the Reporting Period, net increase of cash and cash equivalents of the Group amounted to RMB94,946 thousand, including:

- (1) Net cash used in operating activities of RMB6,726,875 thousand, which was mainly due to increase in investment in financial assets at fair value through profit or loss.
- (2) Net cash used in investing activities of RMB12,267,946 thousand, which was mainly due to increase in purchase amount of available-for-sale financial assets.
- (3) Net cash generated from financing activities of RMB19,089,767 thousand, which was mainly due to increase in financing scale of the Company during the year.

5. R&D investment

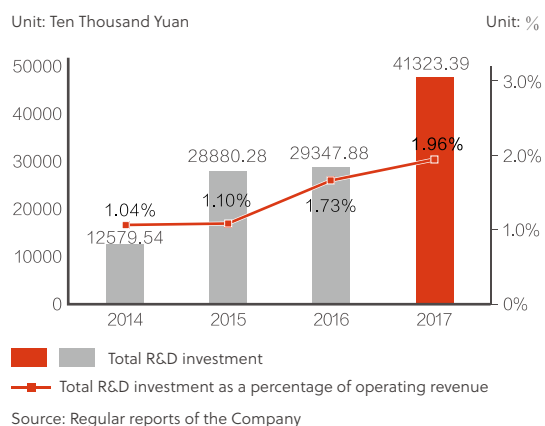
Unit: Ten Thousand Yuan Currency: RMB

R&D investment expensed in the current period	13,364.93
R&D investment capitalized in the current period	27,958.46
Total R&D investment	41,323.39
Total R&D investment as a percentage of net asset (%)	0.47
Total R&D investment as a percentage of operating revenue (%)	1.96
Number of R&D employees of the Company	538
Number of R&D employees as a percentage of total number of employees of the Company (%)	6.61
Percentage of R&D investment capitalized (%)	67.66

Note: The number of R&D employees of the Company is based on the number of IT employees of the Group.

Remarks:

The Company fully recognizes the importance of IT investment to its strategic development and has always insisted on putting R&D in the first priority and independently carries out the development and construction of its IT system. In 2017, the Company continued to increase its investment for IT innovation and improvement and introduced in succession MATIC, an intelligent financial terminal, and INSIGHT, a market information service platform in addition to the 5.0 version of "Zhangle Fortune Path (漲樂財富通)" by implementing the Fintech strategy focusing on customer experience.



6. Detailed description of significant changes in components or sources of the Company's profit

Unit: Thousand Yuan Currency: RMB

Item	Amount for the current period	Amount for the same period of last year	% of year-on-year change	Principal reason
Total revenue and other gains	31,323,372	24,631,628	27.17	Increase in income from international business and other businesses
Total expenses	(20,278,706)	(16,492,187)	(22.96)	Increase in total income and other gains
Operating profit	11,044,666	8,139,441	35.69	Increase in total income and other gains
Profit before income tax	11,584,644	8,593,428	34.81	Increase in total income and other gains
Profit for the year	9,407,856	6,519,488	44.30	Increase in total income and other gains
Among which: profit for the year attributable to shareholders of the parent company	9,276,520	6,270,612	47.94	Increase in total income and other gains
Total Assets	381,482,540	401,450,397	(4.97)	Decrease in scale of cash held on behalf of brokerage clients
Total liabilities	292,892,628	315,790,200	(7.25)	Outflow of clients' funds
Total shareholders' equity	88,589,912	85,660,197	3.42	Profit distribution for 2017

In 2017, the principal businesses of the Company remained wealth management, institutional services, investment management and overseas business and the revenue and profit structure of each business became more balanced and reasonable.

(ii) Analysis of key items of consolidated statement of financial position

1. General description of consolidated statement of financial position

Unit: Thousand Yuan Currency: RMB

Item	31 December 2017		31 December 2016		Increase/decrease	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Non-current assets						
Property and equipment	3,737,471	0.98%	3,567,451	0.89%	170,020	4.77%
Investment property	844,705	0.22%	1,130,268	0.28%	(285,563)	(25.27)%
Goodwill	1,971,722	0.52%	2,091,252	0.52%	(119,530)	(5.72)%
Other intangible assets	5,137,749	1.35%	5,509,024	1.37%	(371,275)	(6.74)%
Interests in associates	8,895,908	2.33%	3,075,521	0.77%	5,820,387	189.25%
Interests in joint ventures	-	-	301,756	0.08%	(301,756)	(100.00)%



Item	31 December 2017		31 December 2016		Increase/decrease	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Held-to-maturity investment	-	-	5,000	-	(5,000)	(100.00)%
Available-for-sale financial assets	29,766,929	7.80%	31,218,115	7.78%	(1,451,186)	(4.65)%
Financial assets held under resale agreements	8,424,304	2.21%	8,930,396	2.22%	(506,092)	(5.67)%
Financial assets at fair value through profit or loss	1,796,667	0.47%	1,294,444	0.32%	502,223	38.80%
Refundable deposits	7,302,285	1.91%	8,158,628	2.03%	(856,343)	(10.50)%
Deferred tax assets	472,556	0.12%	556,094	0.14%	(83,538)	(15.02)%
Other non-current assets	81,047	0.02%	79,070	0.02%	1,977	2.50%
Total non-current assets	68,431,343	17.94%	65,917,019	16.42%	2,514,324	3.81%
Current assets						
Accounts receivable	1,980,337	0.52%	991,413	0.25%	988,924	99.75%
Other receivables and prepayment	6,259,561	1.64%	5,070,483	1.26%	1,189,078	23.45%
Margin accounts receivable	59,991,454	15.73%	56,605,104	14.10%	3,386,350	5.98%
Available-for-sale financial assets	14,816,239	3.88%	12,518,447	3.12%	2,297,792	18.36%
Financial assets held under resale agreements	53,381,011	13.99%	37,400,786	9.32%	15,980,225	42.73%
Financial assets at fair value through profit or loss	82,753,755	21.69%	81,812,787	20.38%	940,968	1.15%
Derivative financial assets	391,714	0.10%	106,591	0.03%	285,123	267.49%
Clearing settlement funds	1,147,448	0.30%	1,228,801	0.31%	(81,353)	(6.62)%
Cash held on behalf of brokerage clients	65,303,548	17.12%	94,568,934	23.56%	(29,265,386)	(30.95)%
Cash and bank balances	27,026,130	7.08%	45,230,032	11.27%	(18,203,902)	(40.25)%
Total current assets	313,051,197	82.06%	335,533,378	83.58%	(22,482,181)	(6.70)%
Total assets	381,482,540	100.00%	401,450,397	100.00%	(19,967,857)	(4.97)%
Current liabilities						
Short-term bank borrowings	-	-	460,255	0.15%	(460,255)	(100.00)%
Short-term debt instruments issued	26,656,010	9.10%	1,621,000	0.51%	25,035,010	1544.42%

Item	31 December 2017		31 December 2016		Increase/decrease	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Placements from other financial institutions	7,029,998	2.40%	6,650,000	2.11%	379,998	5.71%
Accounts payable to brokerage clients	67,335,545	22.99%	92,728,837	29.36%	(25,393,292)	(27.38)%
Employee benefits payable	2,668,777	0.91%	2,517,090	0.80%	151,687	6.03%
Other payables and accruals	62,615,235	21.38%	79,671,695	25.23%	(17,056,460)	(21.41)%
Current tax liabilities	433,551	0.15%	495,647	0.16%	(62,096)	(12.53)%
Financial assets sold under repurchase agreements	23,921,537	8.17%	19,463,375	6.16%	4,458,162	22.91%
Financial liabilities at fair value through profit or loss	12,035,660	4.11%	2,756,267	0.87%	9,279,393	336.67%
Derivative financial liabilities	1,642,283	0.56%	864,011	0.27%	778,272	90.08%
Long-term bonds due within one year	21,597,480	7.37%	25,900,000	8.20%	(4,302,520)	(16.61)%
Total current liabilities	225,936,076	77.14%	233,128,177	73.82%	(7,192,101)	(3.09)%
Net current assets	87,115,121		102,405,201		(15,290,080)	(14.93)%
Total assets less current liabilities	155,546,464		168,322,220		(12,775,756)	(7.59)%
Non-current liabilities						
Long-term bonds	55,600,796	18.98%	49,947,816	15.82%	5,652,980	11.32%
Long-term employee benefits payable	6,078,642	2.08%	4,988,352	1.58%	1,090,290	21.86%
Deferred income tax liabilities	1,931,446	0.66%	2,562,144	0.81%	(630,698)	(24.62)%
Financial assets sold under repurchase agreements	1,000,000	0.34%	-	-	1,000,000	-
Financial liabilities at fair value through profit or loss	2,345,668	0.80%	25,163,711	7.97%	(22,818,043)	(90.68)%
Total non-current liabilities	66,956,552	22.86%	82,662,023	26.18%	(15,705,471)	(19.00)%
Net assets	88,589,912		85,660,197		2,929,715	3.42%
Shareholder's equity						
Share capital	7,162,769	8.09%	7,162,769	8.36%	-	-

Item	31 December 2017		31 December 2016		Increase/decrease	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Reserve	61,195,954	69.08%	60,999,752	71.21%	196,202	0.32%
Undistributed profit	18,977,215	21.42%	16,194,936	18.91%	2,782,279	17.18%
Total equity attributable to shareholders of the Company	87,335,938	98.58%	84,357,457	98.48%	2,978,481	3.53%
Non-controlling interest	1,253,974	1.42%	1,302,740	1.52%	(48,766)	(3.74)%
Total shareholders' equity	88,589,912	100.00%	85,660,197	100.00%	2,929,715	3.42%

As of 31 December 2017, total non-current assets of the Group amounted to RMB68,431 million, representing an increase of RMB2,514 million as compared to the beginning of the year, which was mainly due to increase in interests in associates of RMB5,820 million. As of 31 December 2017, total non-current liabilities of the Group amounted to RMB66,957 million, representing a decrease of RMB15,705 million as compared to the beginning of the year, which was mainly due to decrease in financial liabilities at fair value through profit or loss of RMB22,818 million and increase in long-term bonds of RMB5,653 million.

As of 31 December 2017, total current assets of the Group amounted to RMB313,051 million, representing a decrease of RMB22,482 million as compared to the beginning of the year, which was mainly due to decrease in cash held on behalf of brokerage clients of RMB29,265 million, decrease in cash and bank balances of RMB18,204 million and increase in financial assets held under resale agreements of RMB15,980 million. As of 31 December 2017, total current liabilities of the Group amounted to RMB225,936 million, representing a decrease of RMB7,192 million, which was mainly due to decrease in accounts payable to brokerage clients of RMB25,393 million, decrease in other payables and accruals of RMB17,056 million, decrease in long-term bonds due within one year of RMB4,303 million, increase in short-term debt instruments issued of RMB25,035 million and increase in financial liabilities at fair value through profit or loss of RMB9,279 million.

2. Description of changes in measurement property of assets measured at fair value and prime assets

Fair value refers to the price received by selling one asset or the price paid for transferring one liability by a market participant in an orderly transaction on the measurement date.

When the Group estimates the fair value, it considers the characteristics (including the status and location of the assets, the limitation to sell or use them, etc.) that the market participants consider when they price the related assets or liabilities on the measurement date, and adopts the currently suitable valuation techniques that are supported by adequate available data and information. The valuation techniques used include market approach, income approach and cost approach. As fair value has an important impact on the financial condition and operating results of the Company, the Company continues to improve the measurement, audit, reporting and disclosure of fair value. During the Reporting Period, the Company classified financial instruments in strict accordance with the accounting policies and accounting system adopted by the Board of Directors, and confirmed their fair values.

Below is the impact of gains and losses of changes in fair value on the Company's profit during the Reporting Period:

Unit: Yuan Currency: RMB

Item	Impact on profit for 2017	Impact on profit for 2016
Financial assets at fair value through profit or loss	314,612,900.40	(960,864,499.50)
Financial liabilities at fair value through profit or loss	(177,316,524.70)	(793,484,550.93)
Derivative financial instruments	(478,898,910.59)	1,414,644,981.30
Total	(341,602,534.89)	(339,704,069.13)

3. Structure and quality of assets

As of 31 December 2017, total shareholders' equity of the Group amounted to RMB88,590 million, representing an increase of RMB2,930 million as compared to the beginning of the year, which was mainly due to increase in the Group's profit.

The asset structure of the Group continues to be optimized and the assets have good quality and liquidity. As of 31 December 2017, total assets of the Group amounted to RMB381,483 million, representing a decrease of RMB19,968 million or 4.97% as compared to the beginning of the year. Specifically, cash and bank balances and clearing settlement funds accounted for 7.39% of total assets; financial assets at fair value through profit or loss, available-for-sale financial assets, accounts receivable, other receivables and prepayment accounted for 36.01% of total assets; margin accounts receivable accounted for 15.73% of total assets; cash held on behalf of brokerage clients accounted for 17.12% of total assets; financial assets held under resale agreements accounted for 16.20% of total assets; and property and equipment accounted for 0.98% of total assets. Most of the assets have strong cashability. The Group's assets have strong liquidity and the asset structure is reasonable. As of 31 December 2017, the ratio of current assets to current liabilities was 138.56%.

As of 31 December 2017, the Company obtained funds through borrowings, debt financing instruments, interbank lending and repurchase and other means of financing. As of the end of the Reporting Period, total borrowings and debt facilities of the Group amounted to RMB110,884,283,671.09. Details are shown as follows:

Unit: Yuan Currency: RMB

Borrowings and debt financing plans	As of 31 December 2017
Placement from China Securities Finance Corporation Limited	6,500,000,000.00
Placements from banks	529,997,910.20
Short-term borrowings	-
Short-term financing funds payable	26,656,010,000.00
Bonds payable	77,198,275,760.89
Total	110,884,283,671.09

Borrowings and debt facilities due after one year amounted to RMB55,601 million, accounting for 50.14% of total borrowings and debt facilities and including borrowings and debt facilities due between one and two years of RMB26,108 million, due between two and five years of RMB23,500 million, due after five years of RMB5,992 million, and borrowings and debt facilities due within one year amounted to RMB55,283 million, accounting for 49.86% of total borrowings and debt facilities.

As of 31 December 2017, borrowings and debt facilities with fixed interest rate of the Group amounted to RMB110,368 million, including balance of placement from China Securities Finance Corporation Limited of RMB6,500 million,



balance of income receipts with fixed interest rate of RMB19,140 million, balance of corporate bonds of RMB61,590 million, balance of subordinated debts of RMB20,000 million, balance of overseas debts of RMB2,608 million and balance of placements from banks of RMB530 million.

As of 31 December 2017, cash and cash equivalents of the Group amounted to RMB31,378 million, 93.68% of which were cash and cash equivalents denominated in RMB.

As of 31 December 2017, the Group had no other pledged assets.

4. Analysis on the Profitability of the Company during the Reporting Period

In 2017, the total revenue and other income of the Company amounted to RMB31,323.372 million, representing a year-on-year increase of 27.17%. The profit for the year attributable to the Shareholders of the Company amounted to RMB9,276.52 million, representing a year-on-year increase of 47.94%. The Company continued to accelerate reformation and transformation and achieved excellent operation results; the scale of capital intermediary business maintained steady growth, "direction removal" of investment and trading business achieved remarkable results, asset management business recorded new performance. The operation results of the Company maintained steady growth, the growth level of revenue and profit was well above the industry level.

5. Explanations on the changes in the scope of consolidation of the statements

(1) Changes in the scope of consolidation of the statement as a result of the establishment of new subsidiaries

On 31 December 2017, the newly established subsidiaries during the year were included in the consolidation scope of the Group. The management of the Company believed that the Company actually controls the newly established subsidiaries, so cost method for long-term equity investment is used for accounting. Two new subsidiaries of the Group were included in the consolidated statements.

(2) Changes in the scope of consolidation of the statement as a result of disposal of subsidiary

On February 28, 2017, the Group's subsidiary Huatai Zijin Investment reduced its subscribed capital of RMB200 million and paid-in capital of RMB100 million in the former subsidiary Nanjing Huatai Big Health No. 1 Equity Investment Partnership (Limited Partnership). After this capital reduction, Huatai Zijin Investment held 19.55% shares in the former subsidiary Nanjing Huatai Big Health No. 1 Equity Investment Partnership (Limited Partnership) and the shareholding of the Group further decreased to 19.15% after Nanjing Huatai Big Health No. 1 Equity Investment Partnership (Limited Partnership) introduced new investors, which led to the losing of the Group's control over it. As a result, the equity method for long-term equity investment was used for accounting, please refer to "Note 23. Investment in Subsidiaries" in the Financial Report for more details.

On 1 July 2017, the Group's subsidiary Huatai Zijin Investment reduced its proportion of vote right in Huatai Ruilian Fund Management Co., Ltd. Since then, Huatai Zijin Investment lost its control over its former subsidiary Huatai Ruilian Fund Management Co., Ltd, its former subsidiary. As a result, the equity method for long-term equity investment was used for accounting, please refer to "Note 23. Investment in Subsidiaries" in the Financial Report for more details.

6. The Company's income tax policy during the Reporting Period

During the Reporting Period, the Company's income tax was subject to the Corporate Income Tax Law of the PRC and the Enforcement Regulations of Corporate Income Tax Law of the PRC. The calculation and payment methods of the income tax shall be subject to Announcement of the State Administration of Taxation on Issuing the Measures for the Consolidated Collection of Corporate Income Tax on Trans-regional Business Operations (GJSWZJGG [2012] No. 57). The income tax rate applicable to the Company and its domestic subsidiaries is 25%. The Company enjoys the preferential policy of calculating and deducting research and development expenses, and the profit tax rate applicable to the Hong Kong subsidiary of the Company is 16.5%. Other overseas subsidiaries of the Company are subject to income taxes at tax rates applicable in their jurisdictions.

7. Analysis on the financing channels and financing capacity of the Company

Financing channels of the Company	<p>In terms of the financing methods, the Company's financing channels included equity financing and debt financing. In terms of financing maturity, the Company's short-term financing channels included credit lending via interbank market, bond repurchase via interbank market and exchange market, issuing short-term corporate bonds, short-term subordinated debt and income credential, carrying out income rights financing in relation to margin financing and securities lending, and asset securitization, etc.; the Company's medium and long-term financing channels included issuing corporate bonds (including non-public corporate bonds), long-term subordinated debt and equity refinancing, etc. After years of effective efforts, the Company explored and established a short, medium and long-term financing platform with new-type financing tools and multiple financing channels, which played a key role in the rapid development process of the Company's business.</p>
Liquidity management policy and measures of the Company	<p>The Company always attaches importance to liquidity management. As for funds management, it adhered to the principle — “full amount concentrated, allocated in a unified way, valued by classification and monitored timely” . In terms of management and development strategies, it paid attention to matching business scale with liabilities. Based on reasonable asset allocation and diversified debt financing, the Company ensured reasonable matching of duration, scale of assets and liabilities and proper liquidity. The Company followed the general comprehensive, prudential, predictive principles for liquidity risk management according to the centralized management and hierarchical prevention and control management model, established a liquidity risk management system based on comprehensive risk management framework, as well as a sound liquidity risk management system appropriate to the Company's strategy, implemented liquidity risk management policy with the preference for “steadiness and safety” . The Company ensured no liquidity risk that would cause significant impact on sustainable operation, so as to fully guarantee the steady and safe development of the business of the Company. In order to ensure its liquidity, the Company has adopted various key measures, including: 1) constantly improving the capital planning system, strengthening the management of capital position and cash flow monitoring, and ensuring the security of the daytime liquidity; 2) strengthening the management of matching the duration of assets and liabilities to establish high-quality current asset reserves in order to enhance the diversity and stability of financing; 3) continuously improving the liquidity management platform to effectively identify, measure, monitor and control the liquidity risk through information system, in order to ensure that the liquidity risks are measurable, controllable and tolerable; 4) analyzing supervisory indicators of cash flow and liquidity risk under certain stress scenarios to evaluate the tolerance level of the Company to liquidity risks and analyzing the stress test results to constantly improve response capacity of liquidity risk; 5) organizing formulation, exercise and evaluation of the liquidity risk contingency plan, and improving the Company's ability to handle liquidity risks; and 6) improving the liquidity risk reporting system so as to ensure that the management can timely understand the liquidity risk level and management situation;</p>
Analysis of financing capability and financing strategy of the Company	<p>The Company has regulated management, good prestige, strong capital strength, profitability and debt payment ability, good cooperation relationships with commercial banks, sufficient bank credit, steady growth of credit line, and strong short-term and medium and long term financing abilities. As a listed securities dealer, the Company can also meet the demand on funding of the long-term development through equity refinancing. For both liquidity and profitability, the Company held a certain amount of fixed-income products. Interest rate changes will bring direct impact to the Company's interest income in cash, the market price of the bonds held for the debt investment and investment income, etc. Margin financing and securities lending and other capital intermediary business, corporate debt financing and other businesses which directly related to interest rates may impact corresponding interest income and financing interest expenses. At the same time, the Company's stock investment was also indirectly affected by interest rate changes. In addition, as the Company has registered overseas subsidiaries whose capital is contributed in foreign currency, the Company holds foreign currency funds and assets, and the change of exchange rates will have impact on the Company's financial situation. To maintain the liquidity of the Company's assets and rate of return, the Company's own capital is uniformly managed by Capital Operation Department in accordance with a sound management system and corresponding business processes. The Company optimizes the distribution of assets and liabilities structure by timely adjusting all kinds of asset structure, strengthens the research on the interest rate and exchange rate market, and uses the appropriate interest rate, exchange rate and other derivative financial tools to avoid risks and reduce the influence of these factors.</p>
Contingencies and their impact on the financial position of the Company	<p>At the end of Reporting Period, the Company's contingencies mainly included providing counterguarantee to the Bank of China Limited for the USD400 million of foreign debt issued by Hong Kong subsidiary of the Company, and contingent liabilities resulting from pending litigation and arbitration, and the above matters had little effect on the Company's financial situation.</p>



(III) Analysis of industry operation

For details, please refer to the section of “Management Discussion and Analysis and Report of the Board” of this report.

(IV) Analysis of Investments

1. Overall analysis of external equity investments

As of the end of the Reporting Period, long-term equity investments of the Group amounted to RMB8.896 billion, representing an increase of RMB5.519 billion, or 163.43%, as compared to RMB3.377 billion at the beginning of the period.

Unit: Ten Thousand Yuan Currency: RMB

Investee	Balance at the beginning of the period	Increase and decrease in the current year	Balance at the end of the period
China Southern Asset Management	177,993.44	25,237.91	203,231.35
Huatai-PineBridge	36,954.77	5,545.17	42,499.94
Huatai Zijin (Jiangsu) Equity Investment Fund (Limited Partnership)	67,166.68	(7,020.09)	60,146.59
Jiangsu SME Financial Product Exchange Co., Ltd.	1,875.71	416.14	2,291.85
Jiangsu Industry and Information Industry Investment Fund (Limited partnership)	19,935.25	1,531.24	21,466.49
Beijing Huatai New Industries Growth Investment Fund (Limited Partnership)	1,987.43	(1,987.43)	-
Huatai China Merchants (Jiangsu) Capital Market Investment Fund of Funds (Limited Partnership)	30,175.63	(30,175.63)	-
Suzhou Equity Trading Center Co., Ltd.	945.80	(117.72)	828.08
Nanjing Huatai Big Health No. 1 Equity Investment Partnership (Limited Partnership)	-	13,678.40	13,678.40
Nanjing Huatai Big Health No. 2 Equity Investment Partnership (Limited Partnership)	-	968.37	968.37
Huatai Ruilian Fund Management Co., Ltd.	-	39,059.22	39,059.22
Bank of Jiangsu Co., Ltd.	-	505,410.12	505,410.12
Others	693.03	(682.63)	10.40
Total	337,727.74	551,863.07	889,590.81

(1) Significant equity investment

Unit: Ten Thousand Currency: RMB

Name of invested unit	Main business	Shareholding ratio	Investment amount at the beginning of the period	Amount of contribution/ increased contribution	Book value at the beginning of the period	Increase and decrease in the current period	Book value at the end of the period	Profit and loss during the Reporting Period	Change of owner's equity during the Reporting Period
Nanjing Huatai Big Health No. 1 Equity Investment Partnership (Limited Partnership)	Equity Investment	19.15%	-	13,889.12	-	(210.72)	13,678.40	(243.70)	32.97
Nanjing Huatai Big Health No. 2 Equity Investment Partnership (Limited Partnership)	Equity Investment	20.00%	-	1,000.00	-	(31.63)	968.37	(31.79)	0.16

(2) Significant non-equity investment

There is no significant non-equity investment during the Report Period.

(3) Financial assets measured at fair value

Unit: Yuan Currency: RMB

Item	Balance at the beginning of the period	Balance at the end of the period	Investment income during the Reporting Period	The changed amount of fair value during the Reporting Period
Financial assets at fair value through profit or loss	83,107,232,026.80	84,550,421,345.70	2,668,077,011.38	314,612,900.40
Financial liabilities at fair value through profit or loss	27,919,978,030.69	14,381,328,363.06	(386,649,265.01)	(177,316,524.70)
Available-for-sale financial assets	43,736,561,642.99	44,583,168,305.62	4,864,307,750.06	(3,105,084,424.15)
Held-to-maturity investments	5,000,000.00	-	319,191.39	-
Derivative financial instruments	(757,418,940.03)	(1,250,569,036.53)	497,798,287.45	(478,898,910.59)
Total	154,011,352,760.45	142,264,348,977.85	7,643,852,975.27	(3,446,686,959.04)

2. Information about the use of raised funds**(1) Overview of the use of raised funds****① Overview of the use of funds raised from the issuance of A shares**

Under the Approval for the Initial Public Offering by Huatai Securities Co., Ltd. (Zheng Jian Xu Ke [2010] No. 138) issued by the CSRC, the Company issued 784,561,275 ordinary shares to the public on February 9, 2010, each stock of which was RMB1.00 at an offering price of RMB20.00, and the total amount of funds raised was RMB15,691,225,500.00. The raised funds after deducting the underwriting fee and sponsoring fee of RMB130 million were RMB15,561,225,500.00, which were provided in place on February 12, 2010, and verified by Jiangsu Talent Certified Public Accountants with the capital verification report of "Tian Heng Yan Zi [2010] No. 009". As of December 31, 2012, all the funds raised from the IPO were used up and an accumulative of RMB15.6810 billion raised funds (including interest of raised funds of RMB119,808,200) were used. All of accounts designated for the use of raised funds had been cancelled with settlement of interests.



② Overview of the use of funds raised from the issuance of H shares

Approved by the CSRC, the Company completed the issuance of H Shares in 2015. Funds raised from the issuance of H Shares were verified by KPMG Huazhen LLP, and KPMG capital verification report (YZ No. 1501031) was issued.

According to the Capital Verification Report issued by KPMG Huazhen LLP, the net funds raised from the issuance of H Shares in 2015 were RMB30,587,689,604.94 (excluding related listing fees), and raised funds after deducting the underwriting and issuing fees were RMB30,015,054,696.76.

As of the end of the Reporting Period, interest income and exchange gains/ losses of the Company on the basis of raised funds from the issuance of H Shares were RMB36,942,891.49. As of the end of the Reporting Period, RMB29,989,596,015.32 (including interest of raised funds and exchange gains/losses) of funds raised was used in total.

As of the date of this report, the Company, with respect to its IPO on the Hong Kong Stock Exchange and the issuance of new shares by an overallotment option, has used raised funds of: RMB18,352,613,762.96 for capital intermediary business, such as developing securities margin trading, RMB3,058,768,960.49 for expanding investment and transaction businesses, RMB3,058,768,960.49 for capital increase in Huatai Zijin Investment and Huatai Asset Management, RMB3,058,768,960.49 for expanding overseas business, and RMB2,460,675,370.89 for daily operation and other general enterprise purposes. Apart from the above usages, surplus of the Company's proceeds, about RMB635,036,481.11 (including interest of raised funds and exchange gains/losses), were not used, which were put into the bank account of the Company. As of December 31, 2017, planned usage of the Company's funds raised from H share issuance was consistent with that disclosed in the prospectus with no change. The Company will continue to put funds raised from H Share issuance into operation according to the development strategy, market conditions and usage plan of funds raised from H Share issuance.

Overview of the use of raised funds

Unit: Ten Thousand Yuan Currency: RMB

Raising year	Raising method	Total amount of raised funds	Total amount of raised funds used in the Reporting Period	Total amount of raised funds used accumulatively	Total amount of raised funds yet to be used	Usage and where abouts of raised funds unused
2015	Initial public offering (H Shares)	3,058,768.96	2,074.61	2,998,959.60	63,503.65	Used as working capital and for other purposes
2010	Initial public offering (A Shares)	1,556,122.55	-	1,568,103.37	-	-
Total	/	4,614,891.51	2,074.61	4,567,062.97	63,503.65	/
Notes to the overview of the use of raised funds						-

Note: For the overview of the use of funds raised from the issuance of A shares, the surplus of RMB119,808,200 of the total amount of raised funds exceeding the initial funds raised was interest income generated from the designated account for the funds raised.

(2) Commitment in raised funds

There was no commitment in raised funds of the Company during the Reporting Period.

(3) Changes in raised funds

There was no changes in raised funds of the Company during the Reporting Period.

3. Projects not funded by raised funds

During the Reporting Period, the Company did not have non-raised fund investment projects whose total investment was more than 10% of the non-audited net assets of the Company in the previous year.

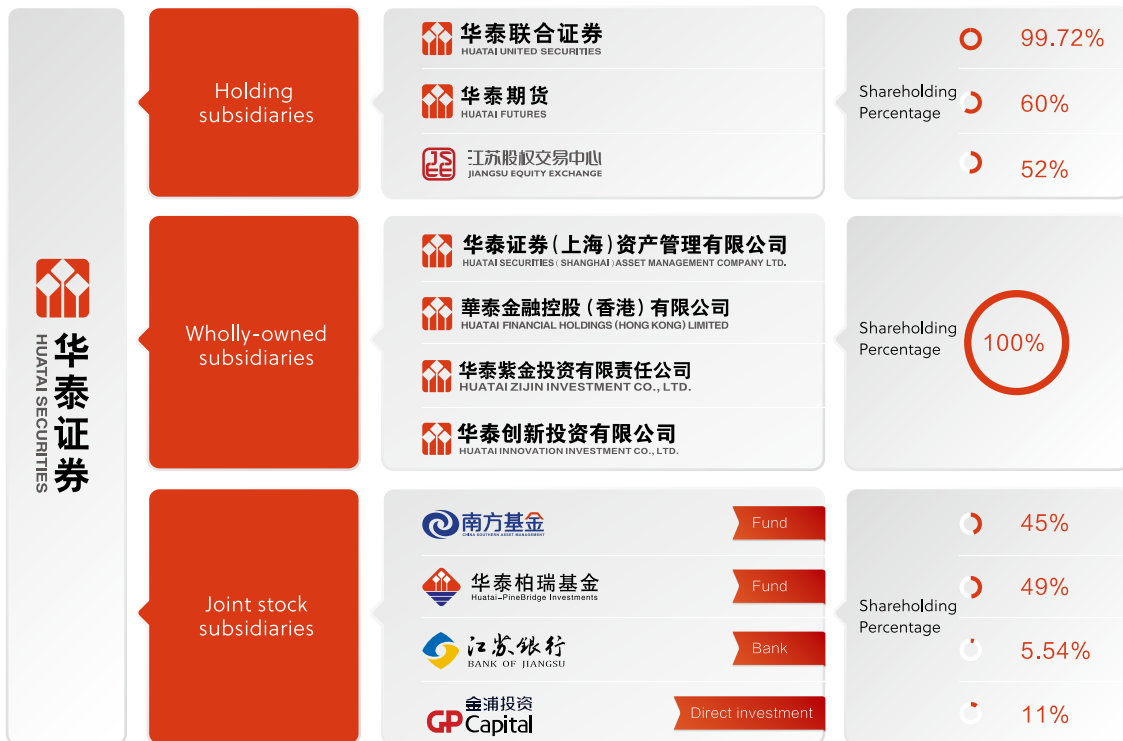
(V) Sales of Significant Assets and Equities

During the Reporting Period, the Company had no sales of significant assets and equities.

(VI) Bankruptcy and Restructuring, Merger or Division, Major Asset Disposal, Acquisition, Replacement, Stripping, Reorganization and Other Conditions of the Company

During the Reporting Period, the Company was not involved in any bankruptcy and restructuring, merger or division, major asset disposal, acquisition, replacement, stripping, reorganization and other conditions of the Company.

(VII) Analysis of key subsidiaries



Unit: Ten Thousand Yuan Currency: RMB

Company name	Shareholding percentage of the Company	Address	Date of establishment	Responsible person	Telephone No.	Registered capital	Total assets	Net assets	Operating revenue	Total profits	Net profits
Huatai United Securities Co., Ltd.	99.72%	(O1A, 02, 03, 04), 17A, 18A, 24A, 26A in the 5/F, Hong Kong CTS Building, Central Square, Central Area, Fustian District, Shenzhen	5 September 1997	Liu Xiaodan	010-56839300	99,748.00	664,832.98	482,549.31	226,115.37	83,760.49	62,711.23
Huatai Securities (Shanghai) Asset Management Co., Ltd.	100%	21/F, 118 Dongtan Road, China (Shanghai) Pilot Free Trade Zone	16 October 2014	Cui Chun	021-28972188	260,000.00	2,857,622.97	541,977.03	203,106.26	138,453.50	104,964.55
Huatai Zijin Investment Co., Ltd.	100%	180 Hanzhong Road, Nanjing	12 August 2008	Jiang Jian	025-83389999	600,000.00	895,529.58	634,465.35	113,951.80	95,769.76	73,445.73
Huatai Financial Holdings (Hong Kong) Limited	100%	Room 5808-12, 58/F, The Center, 99 Queen's Road Central, Hong Kong	23 November 2006	Wang Lei	852-36866000	HKD8,800,000,000	1,565,210.75	778,209.91	169,932.90	17,899.46	61,605.49
Huatai Innovative Investment Co., Ltd.	100%	Room 1501, 15/F, Block 28, Fengsheng Hutong, Xicheng District, Beijing	21 November 2013	Wang Lei	025-88387542	50,000.00	56,647.35	54,081.78	11,083.16	-1,494.74	-1,251.89
Huatai Futures Co., Ltd.	60%	20/F and Unit 04 of 29/F, Li Feng Building, 761 Dongfeng Eastern Road, Yuexiu District, Guangzhou	10 July 1995	Wu Zifang	020-89901155	160,900.00	2,202,859.53	246,601.73	104,867.61	30,578.78	22,102.89
Jiangsu Equity Exchange Co., Ltd.	52%	11/F, 188 Lushan Road, Nanjing	4 July 2013	Hu Zhi	025-89620288	20,000.00	28,186.62	26,112.75	5,796.06	2,643.28	1,996.10
Huatai International Financial Holdings Company Limited	100%	Unit 8-12, 58/F, The Center, 99 Queen's Road Central, Hong Kong	5 April 2017	Wang Lei	852-36866000	HKD2	-	-	-	-	-
China Southern Asset Management Co., Ltd. (南方基金资产管理公司) (changed to China Southern Asset Management Co., Ltd. (南方基金资产管理股份有限公司) after the Reporting Period)	45%	31-33/F, Duty-free Business Building, 6 Fuhua First Road, Futian Sub-district, Futian District, Shenzhen	6 March 1998	Zhang Halbo	0755-82768888	30,000.00	807,293.58	463,356.44	342,432.02	124,502.78	94,204.90
Huatai-PineBridge Fund Management Co., Ltd.	49%	17/F Building 1, Shanghai Zhenhai Wudaokou Square, Lane 1199, Mingsheng Road, China (Shanghai) Pilot Free Trade Zone	18 November 2004	Jia Bo	021-38660177	20,000.00	167,740.51	92,871.73	67,420.35	23,483.31	17,678.20
Bank of Jiangsu Co., Ltd.	5.54%	26 Zhonghua Road, Nanjing	22 January 2007	Xia Ping	025-52890919	1,154,445	177,055.00	11,282,600	3,383,900	1,379,000	1,209,400

Securities underwriting and sponsorship (excluding treasury bonds, non-financial corporate debt financing instruments and financial bond underwriting); financial advisory for securities trading and investment related activities; other businesses approved by the CSRC.

Securities asset management; publicly offered securities investment funds management (businesses that need to be approved by law shall be carried out upon the approval of relevant authorities).

Equity investment, debt investment, other fund investment associated with equity investment and debt investment; investment consulting and investment management for equity investment and debt investment, and financial consulting (businesses that need to be approved according to law shall be carried out upon the approval of relevant authorities).

Investment banking (stock underwriting, bond underwriting, private placement, financial consulting, merger and acquisition, structured financing and investment), sales and trading (provision of trading and market making services for various securities and futures products including shares, fixed income products, credits, futures contracts and structured products; provision of customized financial products and market access proposals for customers; provision of financing services for securities under agency business) and asset management.

Project investment, investment management, asset management, investment consulting, corporate management consulting, financial consulting, hotel management, goods import and export, technology import and export, sale of non-ferrous metals, precious metals and related products, metallic materials, metallic ores, non-metallic ores, construction materials, fuels, chemical products, rubber products, coal, glass, asphalt, agricultural and poultry products, fodder, edible oil, jewellery and handicrafts, purchase of gold products, and purchase of silver products.

Commodities futures brokerage, financial futures brokerage, futures investment consultancy, asset management and fund distribution (businesses that need to be approved according to law shall be carried out upon the approval of relevant authorities).

Provision of premises, facilities and services for approved listing, registration, custody, trading, financing, settlement, transfer, dividend distribution and pledge of equity interests, bonds, assets and related financial products and derivatives of unlisted companies; organization and monitoring of trading activities; issuance of market information, trading of listed products as an agent, and provision of consultation services for market participants (businesses that need to be approved according to law shall be carried out upon the approval of relevant authorities).

Holding company.

Fund raising, fund distribution, asset management and other businesses approved by CSRC.

Fund management, promotion and establishment of funds, other businesses approved by CSRC (businesses that need to be approved according to law shall be carried out upon the approval of relevant authorities).

Deposits taking from the general public; granting short-term, medium-term and long-term loans; handling domestic and foreign settlements; handling the discounting of negotiable instruments; issuing financial bonds; acting as an agent for the issue, honoring and underwriting of government bonds and underwriting of short-term commercial papers; buying and selling government bonds, financial bonds, corporate bonds, engaging in interbank lending; providing letter of credit services and guaranty, acting as an agent for receipts/payments and insurance business, wealth management, fund sales, precious metals sales, receipts/payments and custody of collective fund trust scheme; provision of safe deposit boxes; handling entrusted deposits and loans; bank card services; foreign currency deposits; foreign currency loans; foreign exchange remittances; currency exchange; settlement and sales of foreign exchange; acting as an agent for forward settlement and sales of foreign exchange; international settlement; proprietary trading and agency for trading of foreign exchange; interbank foreign exchange lending; trading and agency for trading in foreign currency securities other than stocks; credit investigation, consultation and witness services; online banking; and other services approved by the banking regulatory bodies; and relevant authorities; (businesses that need to be approved according to law shall be carried out upon the approval of relevant authorities).

Note: 1. On 4 December 2017, Huatai International Financial Holdings Company Limited received approval from the SFC which approved it to be a substantial shareholder of Huatai Financial Holdings (Hong Kong). Currently, the structural re-organization of Hong Kong subsidiaries is in progress.
2. The financial data of Bank of Jiangsu Co., Ltd. is extracted from the preliminary key annual financial data for 2017 of the Bank of Jiangsu.

(VIII) Structured entities controlled by the Company

The structured entities consolidated by the Group mainly refer to the asset management plan of the Group as the manager or investment consultant and investor. The Group carries out a comprehensive assessment of whether the return that the Group is entitled to for the held shares or the payment as a manager of the asset management plan or investment consultant will seriously affect the variable return of the Group, and according to this, determine whether the Group is the main responsible person of the asset management plan. As of 31 December 2017, the Group has consolidated 29 structured entities whose total asset is RMB60,600,933,025.97. The amount of the available-for-sale financial assets, which embodies the equity of the Group in the said consolidated structured entities, is RMB5,610,163,918.02.

(IX) Other information

1. Establishment and disposal of subsidiaries by the Company during the Reporting Period

(1) Establishment of the subsidiaries by the Company during the Reporting Period

For details of the subsidiaries established during the Reporting Period, please refer to note 23 to the financial statements of this report "Investment in Subsidiaries".

(2) Capital increase in subsidiaries by the Company during the Reporting Period

To enhance the capital strength of Huatai Futures, maintain its compliance with the regulatory requirements of net capital, further expand opportunities for the business development of Huatai Futures, keep up with the continuous innovation and rapid change of in futures industry, and effectively enhance the overall competitiveness of the Company in the futures company in the futures business sectors and anti-risk ability, during the Reporting Period, the registered capital of Huatai Futures was increased from RMB1.009 billion to RMB1.609 billion, among which, the capital increase of the Company was RMB360 million, and the shareholding ratio remained unchanged.

(3) Disposal of subsidiaries by the Company during the Reporting Period

For details of subsidiaries disposed of by the Company during the Reporting Period, please refer to note 23 to the financial statements of this report "Investment in Subsidiaries".

2. Establishment and disposal of branches and securities branches by the Company during the Reporting Period

During the Reporting Period, 3 branches and 26 securities branches were relocated. No establishment or de-registration of branches and securities branches occurred. As of the end of the Reporting Period, the Company has 29 branches and 242 securities branches in total. See "Appendix II: The List of Branches and Securities Branches" in this report for details.

(1) Relocation of branches during the Reporting Period

S/N	Branch	Address	Date of acquisition of license
1	Tianjin Branch, Huatai Securities	5/F, North Finance Building, 5 Friendship Road, Hexi District, Tianjin	15 May 2017
2	Yunnan Branch, Huatai Securities	6/F, Block C, Du Shi Ming Yuan, Renmin Central Road, Kunming, Yunnan province	21 July 2017
3	Hubei Branch, Huatai Securities	24/F, Unit 6, Blocks 6-7, Wuhan 1818 Center (phase 2), 109 Zhongbei Road, Shuiguohu Street, Wuchang District, Wuhan	14 August 2017

(2) Relocation of securities branches during the Reporting Period

S/N	Name of securities branch before relocation	Name of securities branch after relocation	Address	Date of acquisition of license
1	Securities Branch of Huatai Securities, Shangda Road, Shaoxing	Securities Branch of Huatai Securities, Fushan, Shaoxing	No. 213, No. 101, 102, 215, No. 101, 102, 217, No. 233, 234, 236-241 Huancheng Road West, Shaoxing city	10 January 2017
2	Securities Branch of Huatai Securities, Shengli Road, Dalian	Securities Branch of Huatai Securities, Lianhe Road, Dalian	No. 4 Meiduyuan, Shahekou District, Dalian City, Liaoning Province	12 January 2017
3	Securities Branch of Huatai Securities, Zhongguan Building, Liuxian Avenue, Shenzhen	The second Securities Branch of Huatai Securities in Rongchao Business Centre, Yitian Road, Shenzhen	2/F, Block A, Rongchao Business Centre, No. 6003, Yitian Road, Lianhua Street, Futian District, Shenzhen City	15 February 2017
4	Securities Branch of Huatai Securities, Zhongxin Road, Shajing, Shenzhen	Securities Branch of Huatai Securities, Alibaba Building, Houhai, Shenzhen	Shop 32, 33, 1/F, Block T4, Ali Centre, No. 3329, Keyuan South Road, Nanshan District, Shenzhen City	15 February 2017
5	Securities Branch of Huatai Securities, Yezhou Avenue, Jianshi	Securities Branch of Huatai Securities, Yezhou Avenue, Jianshi	No. 109, Yezhou Avenue, Yezhou Town, Jianshi County	20 February 2017
6	Securities Branch of Huatai Securities, Qingnian Road, Wuhan	Securities Branch of Huatai Securities, Zhujiang Road, Central Business District, Wuhan	Room 4, 26/F, Block 5, Fanhai International Soho Town, Wangjiadun Central Business District, Jiangnan District, Wuhan City	20 February 2017
7	Securities Branch of Huatai Securities, Wanghai Road West, Dongtai	Securities Branch of Huatai Securities, Middle Jinhai Road, Dongtai	Rooms 07-1, 07-2, 06-2, Block 4, Xinning Xinguang Apartment, No. 3, Middle Jinhai Road, Dongtai City	12 April 2017
8	Securities Branch of Huatai Securities, Zhongyang Road, Nanjing	Securities Branch of Huatai Securities, Pusi Road, Nanjing	No. 8-2, Pusi Road, Nanjing New & High Technology Industry Development Zone, Nanjing City, Jiangsu Province	1 April 2017
9	Securities Branch of Huatai Securities, West Avenue, Zhouzhuang, Jiangyin	Securities Branch of Huatai Securities, West Avenue, Zhouzhuang Town, Jiangyin	No. 318, West Avenue, Zhouzhuang Town, Jiangyin City	20 March 2017
10	Securities Branch of Huatai Securities, Baota Road, Gaochun, Nanjing	Securities Branch of Huatai Securities, Baota Road, Gaochun, Nanjing	No.158-8, Baota Road, Chunxi Town, Gaochun District, Nanjing City, Jiangsu Province	18 April 2017
11	Securities Branch of Huatai Securities, Middle Yan'an Road, Guiyang	Securities Branch of Huatai Securities, Zhonghua Road North, Guiyang	No. 3, Postal Telecommunication Production Building, No. 2 Zhonghua Road North, Yunyan District, Guiyang City, Guizhou Province	11 May 2017
12	Securities Branch of Huatai Securities, Huayang Road East, Jurong, Zhenjiang	Securities Branch of Huatai Securities, Huayang Road North, Jurong, Zhenjiang	No. 8-2, Huayang Road North, Huayang Town, Jurong City, Jiangsu Province	3 May 2017
13	Securities Branch of Huatai Securities, Guyang Avenue, Dantu, Zhenjiang	Securities Branch of Huatai Securities, Guyang Avenue, Dantu, Zhenjiang	Rooms 101-102, Block 56, Sandiego, Dantu District, Zhenjiang City	23 June 2017

S/N	Name of securities branch before relocation	Name of securities branch after relocation	Address	Date of acquisition of license
14	Securities Branch of Huatai Securities, Zhenzhu Road South, Lishui	Securities Branch of Huatai Securities, Zhenzhu Road South, Lishui	Room 6, Block 109, Guangcheng Oriental Great Town, No. 99, Zhenzhu Road South, Yongyang Town, Lishui District, Nanjing City, Jiangsu Province	19 June 2017
15	Securities Branch of Huatai Securities, Baisha Road, Yizheng, Yangzhou	Securities Branch of Huatai Securities, Zhenzhou Road East, Yizheng, Yangzhou	No. 101, Zhenzhou Road East, Zhenzhou Town, Yizheng City, Jiangsu Province	31 July 2017
16	Securities Branch of Huatai Securities, Jiefang Road Central, Haimen	Securities Branch of Huatai Securities, Changjiang Road, Haimen	No. 231, Changjiang Road, Haimen Town, Haimen City, Jiangsu Province	17 August 2017
17	Securities Branch of Huatai Securities, Tairan Road, Shenzhen	Securities Branch of Huatai Securities, Hongli Road, Shenzhen	Unit BC, 9/F, Block A, CIC International Business Centre, No. 1061 Xiangmei Road, Xiangmihu Subdistrict, Futian District, Shenzhen City	6 September 2017
18	Securities Branch of Huatai Securities, Wenchang West Road, Yangzhou	Securities Branch of Huatai Securities, Wenchang West Road, Yangzhou	Park International Building, No. 56, Wenchang West Road, Yangzhou City	25 September 2017
19	Securities Branch of Huatai Securities, Donghuan Road, Panyu District, Guangzhou	Securities Branch of Huatai Securities, Wanda Plaza, Panyu District, Guangzhou	No. 103, 105, 107 and 109, Huizhi Third Road, Nancun Town Panyu District, Guangzhou City	18 October 2017
20	Securities Branch of Huatai Securities, Ruijin Road, Nanjing	Securities Branch of Huatai Securities, Dongyuan Road, Nanjing	No. 1 Yinchengdongyuan Xuanwu District, Nanjing City, Jiangsu Province	23 October 2017
21	Securities Branch of Huatai Securities, Jiefang Road North, Wuxi	Securities Branch of Huatai Securities, Liangqing Road, Wuxi	1/F, Jiangong Building, No. 56 Liangqing Road, Wuxi City, Jiangsu Province	23 October 2017
22	Securities Branch of Huatai Securities, Jiefang East Road, Jilin City	Securities Branch of Huatai Securities, Jiefang East Road, Jilin City	No. 7 Outlet, Dongchang Second Complex Building, No. 62 Jiefang East Road, Changyi District, Jilin City, Jilin Province	27 October 2017
23	Securities Branch of Huatai Securities, Tongchang Street, Tongshan, Xuzhou	Securities Branch of Huatai Securities, Heping Road, Xuzhou	Unit 101-2, Wenyuan Building, No. 59 Heping Road, Yunlong District, Xuzhou City	7 December 2017
24	Securities Branch of Huatai Securities, Zhongshan South Road, Wujiang District, Suzhou	Securities Branch of Huatai Securities, Gaoxin Road, Wujiang District, Suzhou	No. 946 and 948, Gaoxin Road, Songling Town, Wujiang District, Suzhou City	7 December 2017
25	Securities Branch of Huatai Securities, Yuanwang Street, Daqing	Securities Branch of Huatai Securities, Xinchao Street, Daqing	S10 Commercial Service Building, Phase I of Xinchaojiayuan, Ranghulu District, Daqing City, Heilongjiang Province	14 December 2017
26	Securities Branch of Huatai Securities, Changjiangdong Street, Hefei	Securities Branch of Huatai Securities, Huaining Road, Hefei	Rooms 1211-1213, Block C, Land Square, No. 288 Huaining Road, Municipal District, Hefei City	17 December 2017



3. Compliance of ineligible accounts, judicially frozen accounts, risk disposal accounts and pure capital accounts

As of 31 December 2017, our company has 4,304 unqualified securities accounts, 573 judicially frozen accounts, 87,995 risk disposal accounts, and 658,796 pure capital accounts.

The following quality criteria have been met in the compliance management of various accounts by the Company: (1) all accounts involved in the securities transactions are eligible accounts, except for dormant securities accounts, remaining ineligible securities accounts, judicially frozen accounts and risk disposal accounts which are restricted in use; (2) consistency of key information of customers including name and ID number is ensured through regular comparison of capital account information and securities account information so as to avoid opening of any illegible account. The Company has made elaboration on any inconsistencies of key information of customers caused by discrepancy of information registration rules between depository banks and registration companies or disposal methods of Chinese characters that are rarely used.

Long-term account regulation and management measures are: strengthening daily management of accounts, strictly implementing the real-name requirements for account opening, introducing face identification technologies, strengthening verification of identities of investors through a combination of ID card reader and Public Security Bureau's online inspection, making innovations on account management measures and continuing to improve the long-term account regulation and management mechanism. The Company further improved customer files management system, strengthened management of files of customers opening accounts on the internet and made continuous efforts in the management of paper files and electronic files.

III. Discussion and analysis of the Company's future development

(I) Competition landscape and trend of the industry

2017 is an extraordinary year for the financial system of China. The report of the 19th National Congress of the Communist Party of China, which was successfully held in the year, points out that efforts will be made to deepen the reform of the financial system, strengthen the capability of the financial industry to serve the real economy, raise the percentage of direct financing and promote the healthy development of the multi-level capital market. It is emphasized in the spirits of the national conference on financial work that efforts should be made to establish a multi-level capital market with sound financing functions, solid fundamental systems, effective market regulation and effective protection for the legitimate interests of investors, and that the decisive role of the market should be brought into full play in the allocation of financial resources. In overall, the reform and opening-up process of the capital market of China is at a critical node, the securities industry is still in a period with strategic opportunities and there are huge potentials for the development of securities companies with leading marketing capabilities. However, it should be noted that there exists a certain extent of concentration of financial risks in China. In the central economic working conference for 2017, preventing and defusing major risks is put at top priority among the top three tough tasks in the three coming years, with a focus on preventing and controlling financial risks. This will raise higher requirements for the risk management and compliance capabilities of the securities industry and will increase the differentiation within the securities industry. Besides, with a change in the chairmanship of the Federal Reserve and rising voices of the hawks in the Federal Reserve, expectations in the market over the frequency for the Federal Reserve to increase interest rate and the reduction of its balance sheet will be more radical. Meanwhile, with the adoption of the tax reform act and the introduction of a new round of reform initiatives in the United States, it is highly likely that funds around the world will flow back to the United States gradually. In addition, the People's Bank of China also clarifies that it will continue to implement prudent and neutral monetary policy. As such, it can be expected that the monetary environment at home and abroad may continue to maintain a tight balance in the future, which will benefit the reform and opening-up of the securities industry and help securities companies with real core competitiveness to win out from the peers in the industry.

Technology is one of the core competitive strengths of the securities industry. Looking forward, financial technologies will redefine the operation philosophy of the securities companies. The new generation of Fintech centring on big data, artificial intelligence and cloud computing is overwhelming the globe at an unimaginable speed. The fast upgrading and

transboundary impact of such technologies have intensified the competitions in the securities industry, and as a result the ecology of the securities industry are restructuring and the development of the industry is facing challenges in both business and technical transformation. Fintech plays an important supporting role in the large scale and differentiated development of securities companies. A far-sighted deployment in advanced technology platforms may bring cost advantages for the securities industry, enhance operation efficiency, control risks and safeguard the security of information. With the constant upgrading of technology tools and the continuous innovation of financial products, it has become an important trend for the securities industry to pursue future development by constantly exploring and excavating the value of big data, improving customer's experience and supporting the expansion and international deployment of business.

(II) The Company's development strategy

1. Strategic guiding principles: Adapting to the new market environment and regulatory environment by capitalizing on the financial system reform and development of capital market in the PRC; focusing on satisfying customers' needs for integrated financial services; setting the establishment of differentiated core competitiveness and the construction of a new business model as priority so as to unwaveringly promote transformation, innovation, coordination, regulation and international business development.
2. Strategic vision: Striving to become a first-class integrated financial group with both domestic advantages and global vision, and become a financial institution with international competitiveness, brand influence and system importance.
3. Values and operation philosophy: By adhering to the core values of "high efficiency, integrity, stability and innovation" and committing to the operation philosophy of "providing client-oriented services to meet clients' needs and achieve clients' satisfaction", to be accountable to all clients, shareholders, staff and society to achieve harmony and unity.
4. Strategic measures: Developing an all-rounded business chain; pushing forward innovation and development; focusing on the layout of financial technology; strengthening group governance in a comprehensive manner and accelerating its pace in international business development.

(III) Business operation plan

Please refer to "Management Discussion and Analysis and Report of the Board" of this report.

(IV) The Company's capital needs to sustain the current business and complete the ongoing investment projects

As of the end of the Reporting Period, the Company was at the forefront of the industry in terms of total assets, net assets, net capital and other indicators. The company has built an assets & liabilities system and liquidity management system that not only meet the requirement of strategy and regulation of the Company but is also helpful for the development of businesses via optimizing allocation of assets and liabilities. The Company will enhance the management on capital, liabilities and business within the industry, improve the financing ability, optimize the structure of assets and liabilities and lower the financing cost via enriching the financing sources and expanding the financing channels for various stocks and bonds; realize mobility matching of large assets and liabilities by enhancing the liquidity arrangement of assets to guarantee the equilibrium of the gross volume and reasonable structure of the assets and liabilities of the Company and realize dynamic equilibrium of security, mobility and profitability as well as ensure that the capital strength of the Company matches with its position in the industry.

(V) Potential risks and risk prevention measures

1. Introduction to Risk Management

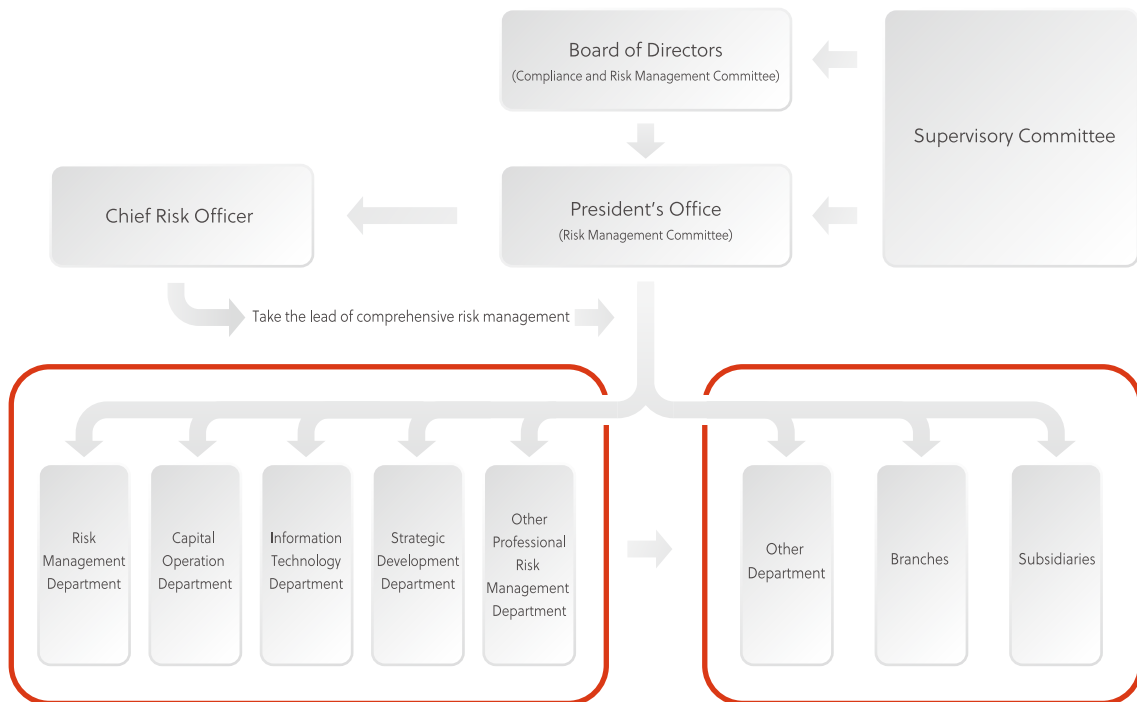
The Company attached great importance to risk management. According to regulatory requirements and the actual situation of business development, the Company established a relatively complete overall risk management system



by taking “high engagement, full coverage and deep penetration” as the core idea. The Company has a complete and effective risk management framework with clearly defined responsibilities and staff at all levels performing their duties effectively; the Company worked out a clear risk appetite and tolerance system, which integrated flexibly with development strategies, thereby forming a multi-level risk management system covering the whole Company; in addition, the Company promoted energetically the construction of collectivized risk-management technology system and built centralized, time-based, quantitative and penetrable pillars for risk management technologies, to improve the effect of risk management of the Group and further strengthen the Group’s ability of overall risk identification, quantitative evaluation and risk control. The Company gradually brought its subsidiaries into the overall risk management system of the Group, explored the construction of effective risk management patterns for subsidiaries, vigorously deepened the management thinking of centralized and unified professional risk lines, and built a professional risk management system meeting the business development requirements of the Group. The overall risk management system of the Company ran effectively, which substantially guaranteed the continuous and healthy development of various businesses of the Company.

During the Reporting Period, the Company fully implemented the requirements of the “Norms for Overall Risk Management of Securities Companies” (《證券公司全面風險管理規範》) and continuously improved the risk management of the Group. The Company strengthened the risk management and control of its subsidiaries with focus on improving the management system of its subsidiaries by means of the “implementation check, results evaluation and assessment, and direct management of major risks” for the risks of its subsidiaries by the Group. The Company made resolute progress towards the construction of collectivized risk-management technology system, completed the demand integration, system development configuration and testing of phase I of the outsourcing system of the platform integrating transactions, investment portfolios and risk management and the building of overall framework of the self-established (ERMP) system and carried out the trial operation of phase I. The Company strengthened the penetration of professional risk management and control into business, promoted professional risk management with the idea of collective risk management of the Group; effectively prevented and controlled risks and improved the efficiency and capacity of professional risk management and control at the group level by strengthening front-end risk identification, risk management and control and responds.

2. Risk Management Structure



The risk management framework of the Company covers five major parts: the Board and Compliance and Risk Management Committee; the Board of Supervisors; President's Office and Risk Control Committee; Risk Management Department and various professional risk management departments; other departments, branches and subsidiaries.

The Board is ultimately responsible for the overall risk management. The Board is responsible for reviewing and approving the basic system relating to the overall risk management of the Company, approving the risk appetite, risk tolerance and significant risk boundaries of the Company, and reviewing periodic risk assessment report of the Company. The Compliance and Risk Management Committee is set up by the Board to undertake risk management responsibilities including reviewing and making recommendations on overall risk management targets and fundamental policies; evaluating and making recommendations on the risks of major decisions which require the Board's review, as well as the solutions to these risks; reviewing and making recommendations on risk assessment reports which require the Board's review.

The Board of Supervisors of the Company is responsible for supervising overall risk management, supervising and examining the Board and President's Office on the performance of their duties of risk management, and urging them to make rectifications.

Based on the authorization and approval of the Board and the operation targets of the Company, the President's Office is specifically responsible for the implementation of risk management and assumes the primary responsibility for overall risk management. Upon authorization of the President's Office, the Risk Control Committee under the President's Office is mainly responsible for making decisions on risk management matters in the course of operation and authorization on risk undertaking in various business lines. Chief Risk Officer of the Company is responsible for leading the overall risk management of the Company.

The Company appoints the Risk Management Department to perform the overall risk management responsibilities and take the lead in managing the market risk, credit risk and operational risk of the Company; appoints the Capital Operation Department to take the lead in managing the liquidity risk of the Company; appoints the Information Technology Department to take the lead in managing the information technology risk of the Company; and appoints the Strategic Development Department to take the lead in managing reputation risk of the Company. Other departments, branches and subsidiaries of the Company are responsible for the management of various risks in respective lines, implementing various policies, procedures and measures formulated by the Company and various leading professional risk management departments, accepting the guidance from various leading professional risk management departments and decomposing the management and implementing responsibilities of various risks. The Audit Department brings overall risk management into the audit scope, makes independent and objective review and evaluation on the adequacy and effectiveness of overall risk management, and is responsible for taking the lead in evaluating or entrusting external professional institutions to evaluate the overall risk management system of the Company at regular intervals.

3. Market risk

Market risk refers to the risk of fluctuation in assets price of the Company due to changes in market parameters such as interest rates, exchange rates, stocks or commodity prices at the business operation level. The overall preference of the Company's market risk management is positive. The Company takes affordable market risks actively and optimizes investment strategies and adopts decentralized investment, risk hedging and other effective measures to obtain maximum benefits under controllable risks.

The Company has built a complete quota management system of market risk and ensured that the risk is under control by front end control via the system and establishing monitoring mechanism. Besides, it also conducts pressure tests in a regular and irregular way to ensure that the overall risks of the Company are under control. The Company adhered to the idea of value-oriented and combination of research and investment for individual share investment in the aspect of equity portfolio investment, and leveraged on the investment and research integration platform to explore individual shares with low valuation, which has effectively reduced the risk of positions; adhered to the risk control idea of "hedging control risk" for derivatives business, strictly controlled the business exposure at default and lowered the sensitiveness of the portfolios to subject assets; beside increasing investment size, used various derivatives to control the sensitiveness of the interest rate for portfolios at the aspect of constant return equity investment, maintained the duration of bond portfolios at a relatively low level and reduced the market value fluctuation of portfolios.



VAR of Market of the Company (statistical caliber of parent company):

Currency: RMB

Forward-looking Period: 1 day; Confidence: 95%; Historical Analogical Method; Unit (in RMB Ten Thousand Yuan)		
	As of the end of 2017	As of the end of 2016
Equity-sensitive Financial Instruments	8,982	21,269
Interest-sensitive Financial Instruments	2,657	816
Overall of the Company	8,315	20,984

Explanation: Statistical caliber of parent company Source: Internal statistics of the Company

4. Credit risk

Credit risk refers to the risk of asset loss of the Company resulting from the default of a product or bond issuer or counterparty (customer).

During the Reporting Period, the Company further deepened credit risk management system, broadened the boundary of credit risk management and improved depth and coverage of management. The Company completed systematic realization of unified quantitative indicators of credit risk, and began to implement unified quantitative management of credit risk at the group level; released measures on managing credit risk of counterparties and initiated the unified and centralized management of counterparties in group-wide transactions; completed systematic and unified management of information on key customers of credit business and issuers, and initially realized centralized management of risk information on the same customer in financing business; and established a credit risk asset dissolving management system at the group level to strengthen capabilities in risk management and treatment.

5. Liquidity risk

Liquidity risk refers to the risk that the Company cannot obtain sufficient funds at a reasonable cost in time to meet due debts, perform other payment obligations and meet the capital requirements of normal businesses.

During the Reporting Period, the Company constantly improved the capital planning system, strengthened capital management, and ensured daytime liquidity safety; with due prudence, the Company set up a cash flow analysis framework and monitored the framework every day through the information technology system to improve the frequency and accuracy of liquidity risk monitoring; the Company analyzed the stress situation, evaluated the Company's ability to bear liquidity risk, analyzed the stress test results, and continuously raised the pressure resistance ability of the Company's liquidity risk; the Company, according to the risk appetite, established right-sized liquidity assets reserves and maintained sufficient liquidity assets with high quality to ensure the satisfaction of liquidity needs under stressful scenarios in a timely manner; the Company improved the liquidity risk reporting system to ensure that the management can in a timely manner understand the status of the liquidity risk and its management. During the Reporting Period, the Company's liquidity coverage ratio (LCR) and net stable funding rate (NSFR) continued to meet regulatory requirements and maintained enough safe space.

6. Operational risk

Operational risk refers to risk on financial or other losses caused by inadequate or problematic internal procedures, staff, information technology system and external events and the types of losses may be caused mainly include loss of assets, external compensation, impairment of carrying amount, regulatory fines and confiscation, legal costs, recovery failure and other costs.

During the Reporting Period, the Company has improved the organizational structure, work division on functions, rules and regulations, management tools and information systems etc. in the operational risk field, strengthened the system-based real time control measures, improved pre-, middle and post-management measures for business operational risks and prevented and mitigated the operational risk via various measures. The Company has revised the Operational Risk Management Guide and improved organizational structure of operational risk management and responsibilities of each unit on managing operational risk; detailed operational risk management processes and

management tools, and introduced new management requirements for business continuity, outsourcing risk, and new business assessment; formulated rules for the collection and management of risk and control self-assessment, key risk indicators and operational risk events, which has promoted the unification of operational risk management idea and method; introduced operational risk and internal control management system (Phase II) which has optimized the linkage and verification mechanism for three major tools of operational risk management, strengthened the problem centralized management mechanism and enhanced response and tracking feedback mechanism; introduced new measures on managing new business risk assessment, which has enhanced the operational risk assessment and control management for innovative businesses; continuously sorted out the process optimization based on hierarchical authorization and emphasized the process efficiency under the precondition of risk under control, which has driven the implementation of risk management measures.

7. Compliance risk

Compliance risk refers to exposure to property loss or business reputation loss as a result of bearing legal responsibility, supervisory measures or disciplinary sanctions imposed on securities companies due to violation of laws, rules and standards by operational management or professional conduct performed by securities companies or their employees.

During the Reporting Period, taking the implementation of the “Administrative Measures on Compliance of Securities Firms and Securities Investment Fund Management Companies” (《證券公司和證券投資基金管理公司合規管理辦法》) and the “Guidelines on Implementation of Compliance Management of Securities Companies” (《證券公司合規管理實施指引》) as an opportunity, the Company optimized compliance management system in respect of system construction, compliance staffing, group-based compliance management and control, performance guarantee and specific working mechanisms, and effectively promoting full coverage of compliance management; improved compliance management mechanism of the Group, formulated compliance management measures of subsidiaries, established reporting mechanism of information on compliance management and compliance officer joint meeting mechanism of subsidiaries, and strengthened compliance communication and control among group members; continuously improved business compliance management mechanism, and enhanced the control and support for main business through compliance assessment, process analysis, provision of tips & supervision and meeting attendance, etc.; further improved the compliance training system and enriched training forms, striving to infuse business personnel with regulatory requirements and compliance consciousness and urging the business department to complete the self-regulation as early as possible; carefully carried out compliance audit, timely pointed out compliance issues or defects and proposed regulation suggestions to promote the compliance operation of related business or products; based on problems and risks, carried out compliance inspections with the focus of key business and risk hazards, timely proposed improvements in response to identified problems, and continuously tracked the implementation of rectifications; fully implemented the PBOC’s work requirements by launching a new version of the suspicious transaction monitoring system, reconstructing the indicators of suspicious transaction monitoring, optimizing the analysis procedures for suspicious transaction screening, conducting comprehensive training and promoting activities, and strictly performing obligations of customer identity recognition, customer identification information, and transaction record preservation, classification of customer risk levels, large-sum and suspicious transaction reports and other anti-money laundering work in order to continuous enhance the ability and level of anti-money laundering.

8. Information technology risk

Information technology risk mainly refers to exposure to abnormal operation of company information system or data damage or leakage caused by various internal and external reasons, making the system unable to continuously ensure stable, efficient and safe business management in aspects of business realization, response speed, handling capacity, data encryption, etc. and bringing losses.

The businesses and middle office and back office management of the Company are highly dependent on the information technology system and the information system has become the key assurance to support the operation of businesses of the Company. During the Reporting Period, the Company issued guidelines for information technology risk management (trial), improved the risk management system and further enhanced the level of information technology risk management. At the same time, the Company continuously increased the investment in information technology, gradually established a professional information technology services management system oriented to business lines, further improved the information system construction and safety management level, ensured the security, reliability and stability of the Company’s operational management support information system and effectively prevented the risks of information technology.



9. Reputational risk

Reputational risk refers to exposure to negative assessment from relevant media regarding the Company's operation, management and other conducts or external events.

During the Reporting Period, the Company carried out appropriate and effective reputation risk management and continued to maintain smooth communication with media, the overall public opinion was stable. The Company continued to improve its reputation risk management system, standardized related management systems, issued guidelines on reputational risk management (trial) and clarified the process and principles of reputational risk management to persist in strengthening prevention and make active response. At the same time, in response to the problems experienced in actual work, the Company strengthened the training of reputational risk management and enhanced normalized management which had raised the level of reputational risk response.

(VI) Establishment of the monitoring and complementary mechanism of the Company's dynamic risk control indexes

1. Establishment of the monitoring and complementary mechanism of the dynamic risk control indexes

Monitoring of dynamic risk control indicators and supplement mechanism are an important risk control means of the Company. During the Reporting Period, the Company pushed forward pre-warning of monitoring of various risk control indicators, continuously improved the dynamic monitoring mechanism for risk control indicators mainly based on net asset and liquidity and assigned full-time operators to conduct daily monitoring, duly reported and handled various abnormalities; with stricter corporate monitoring standards as the monitoring threshold, formed a three-stage risk control indicator monitoring standard based on the regulatory standards and early warning standards for dynamic risk control indicators specified by the CSRC to launch corresponding reporting route and response plan according to different early warning level and ensure that the net asset, liquidity and other risk control indicators always comply with the regulatory requirements; constantly optimized the function of the net asset and liquidity dynamic monitoring system to ensure that the dynamic monitoring system can effectively support the monitoring for corporate net asset, liquidity and other risk control indicators.

The Company has established a dynamic complementary mechanism for net asset, liquidity and other risk control indicators. The Company's complementary pathways of risk control indexes for net capital include but not limited to capital fund raising for increase in capital and share, issuance of subordinated bonds, compression of highly-risky investment types and scale, and reduction or suspension of profit distribution, etc. The Company's complementary pathways of liquidity include but not limited to external financing (interbank borrowing, bond repurchase, corporate bond, short-term corporate bond, subordinated debt, short-term financing bill, financing of creditor's rights and income rights for credit business, credit business assets-backed securities, income receipts, refinancing integrated fund, gold lease, etc.), cashable part liquid reserve, control or adjustment of business scale, etc.

2. Pre-warning standards for the triggering of risk control indicators, non-conformities, corrective measures adopted and rectification effect during the Reporting Period

During the Reporting Period, the Company conducted prospective estimate or pressure test for profit distribution, capital increase in and guarantee provision to subsidiary, engagement in new business and qualification application for offshore proprietary business, etc. and implemented above-mentioned matters as far as the analysis and test results meet the regulatory requirements. During the Reporting Period, the corporate operational risks were basically controlled within the affordable range; asset quality was high; business management regulations and main risk control indicators of the Company were in line with the regulatory requirements; there were no such circumstances that the risk control indicators violated the pre-warning standards and that the indicators were not in compliance with the provided standards. As of 31 December 2017, the parent company's net capital was RMB46.743 billion, increased by 3.59% compared to the RMB45.122 billion on 31 December 2016; the net asset of the parent company was RMB78.683 billion, the index of "net capital/net asset" was 59.41%, the index of "risk coverage" was 193.75%, the index of "capital leverage" was 19.05%, the index of "liquidity coverage ratio" was 619.25%, and the index of "net stable funding ratio" was 130.39%.

IV. Explanations on the Company's failure to make disclosure in accordance with the standards due to inapplicability of standards or special reasons including national secrets and trade secrets and the reasons thereof

During the Reporting Period, the Company did not fail to make disclosure in accordance with the standards due to the inapplicability of standards or special reasons.

V. Other disclosures

(I) Share capital

For the Company's share capital for the year ended 31 December 2017 and the changes therein, please refer to the section of "Changes in Ordinary Shares and Shareholders" of this report.

(II) Pre-emptive rights

According to the PRC laws and of the Articles of Association, none of the shareholders of the Company has any pre-emptive rights.

(III) Sufficient public float

As at the latest practical date before printing of this annual report, based on the information available to the public and as far as the Directors are aware of, the Directors believe that the Company has sufficient public float which satisfies the minimum public float requirement under Rule 8.08 of the Hong Kong Listing Rules.

(IV) Directors' interests in competing business

None of the Directors has any interest in any business that competes or is likely to compete, either directly or indirectly, with the business of the Company.

(V) Service contracts of Directors and Supervisors

According to rules 19A.54 and 19A.55 of the Hong Kong Listing Rules, the Company has entered into a contract with each of the Directors and Supervisors in respect of (among other matters) compliance of relevant laws and regulations, as well as Articles of Association and provisions on arbitration. Save as disclosed above, none of the Directors or Supervisors has entered into or is proposed to enter into any service contracts with the Company in their respective capacities as Directors/Supervisors (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation other than statutory compensation).

(VI) Directors' and Supervisors' interests in material contracts

During the Reporting Period, the Directors or Supervisors of the Company or entities that are connected to them did not have any material interests, whether directly or indirectly, in any material contract entered into by the Company or its subsidiaries.

(VII) Permitted indemnity provision — liability insurance for Directors, Supervisors and senior management

As authorized in 2014 annual general meeting, the Company has taken out a liability insurance policy for Directors, Supervisors, senior management, and other relevant competent persons. Appropriate insurance coverage has been arranged for Directors, Supervisors and senior management of the Company against potential legal actions and liabilities to reasonably avoid management and legal risks faced by Directors, Supervisors and senior management of the Company and to procure the full discharge of duties by the Directors, Supervisors and senior management.



(VIII) Profile of Directors, Supervisors and senior management

For the profile of Directors, Supervisors and senior management of the Company, please refer to “Directors, Supervisors, Senior Management and Staff”, “I. Changes in Shareholding Structure and Remuneration”, “(I) Changes in shareholding structure and remuneration of current and retired Directors, Supervisors and senior management during the Reporting Period” and “Primary Work Experience”.

(IX) Remuneration policy

For the remuneration and share incentive scheme of Directors, Supervisors and senior management, please refer to “Directors, Supervisors, Senior Management and Staff”, “I. Changes in Shareholding Structure and Remuneration”, “(I) Changes in shareholding structure and remuneration of current and retired Directors, Supervisors and senior management during the Reporting Period”, “(II) Option incentive conferred to Directors, Supervisors and Senior Management Officers during the Reporting Period” and “(III). Remuneration of Directors, Supervisors and senior management”.

(X) Share option scheme

The Company did not establish any share option scheme.

(XI) Major customers and suppliers

The Company provides services to a wide range of institutional and individual clients across a spectrum of sectors. The Company’s clients range from retail customers, wealth clients, high-net-worth individuals, institutional clients to corporate clients, who are primarily located in China. The successful listing in Hong Kong and smooth implementation of its deployment strategies in the international market will facilitate the Company in carrying out its overseas operations, exploring customer resources and boosting for further development of the Company’s businesses. In 2017, the revenue attributable to the five largest clients accounted for less than 30% of the total operating revenue of the Company.

The Company has no major supplier due to the nature of its business.

(XII) Relationship with employees, customers, suppliers and other persons with important relationships

For the employee’s remuneration and training plan, please refer to “Directors, Supervisors, Senior Management and Staff”, “VI. Information about the Staff of the Parent Company and Major Subsidiaries”, “(II) Remuneration policy” and “(IV) Training programs”. For the relationship between the Company and securities brokers, please refer to “Directors, Supervisors, Senior Management and Staff”, “VII. Customer Solicitation and Customer Services by the Brokers Commissioned by the Company” of this report. For the relationship between the Company and its major customers and suppliers, please refer to “Management Discussion and Analysis and Report of the Board”, “V. Other disclosures” and “(XI) Major customers and suppliers”.

(XIII) Business review

For the business analysis made using key financial indicators, please refer to “Summary of the Results” of this report.

(XIV) Corporate governance

For the corporate governance condition of the Company, please refer to “Corporate Governance Report” of this report.

(XV) Environmental Policies and Performance of the Company

For the environmental policies and performance of the Company, please refer to “Major Events”, “XV. Fulfilling of corporate social responsibility” of this report.

(XVI) Compliance with Relevant Laws and Regulations

As a public company listed both in mainland China and Hong Kong, the Company abides, in strict accordance, by domestic and foreign laws, regulations and normative documents including the Company Law, Securities Law, Regulation on the Supervision and Administration of Securities Companies, Rules for Governance of Securities Companies, Code of Corporate Governance for Listed Companies in China, Corporate Governance Code and Corporate Governance Report (Appendix 14 of Hong Kong Listing Rules) and the Articles of Association. The Company established and perfected its rules and regulations to standardize the operation, and devoted itself to maintaining and improving its market image. Please see the “Major Events”, “VIII. Material litigation, arbitration: (III) The punishment and denouncement received by the Company this year” of this report for the punishment and denouncement received by the Company during the Reporting Period.

(XVII) Reserve and reserve available for distribution

Please refer to the statement of changes in equity of consolidated shareholders and Note 51 of this report for the status of changes in reserves and distributable reserves.

(XVIII) Property and equipment and investment properties

The status of changes in the properties and equipment and investment properties of the Group is set out separately in Notes 19 and 20 of the consolidated financial statement. As of 31 December 2017, the Group did not own one or more investment properties with a ratio (as defined in the Rule 14.04(9) of the Hong Kong Listing Rules for the definition) over 5%, and did not hold any properties for development and/or for sale.

(XIX) Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2017.

(XX) Donations

The Company actively performed its social responsibilities in 2017: it spent a total of RMB14.3051 million in public welfare projects, charitable contribution, poverty relief donations, education support, etc. (RMB10.8330 million in 2016).

(XXI) Five-year financial highlight

For the highlight of operating performance, assets and liabilities of the Group in the past five financial years, please refer to “Summary of the Results—I. Key Financial Data And Indicators—(IV) Key Accounting Data and Financial Indicators for the Past Five Years” of this report. This summary does not constitute a part of the audited consolidated financial statement.



(XXII) Auditors

1. Upon the approval of the Company's AGM 2014 held on 30 March 2015, the Company employed KPMG Huazhen LLP as the audit service institute of the Company's and its holding companies' 2015 annual accounting statement and internal control. The audit service fee was capped at RMB2 million. Upon the approval of the Company's AGM 2015 held on 7 June 2016, the Company increased the A Share audit fee to RMB2.55 million and newly increased H Share review and audit fee of RMB2 million. In 2015, KPMG Huazhen LLP issued a standard unqualified opinion audit report on the annual financial report formed by the Company in accordance with the China's Accounting Standards for Business Enterprises. Certified public accountants Wang Guobei and Zhang Nan signed the report; KPMG issued a standard unqualified opinion audit report on the annual financial report formed by the Company in accordance with the International Financial Reporting Standards. Certified public accountant Peng Chengchu signed the report.
2. Upon the approval of the Company's AGM 2015 held on 7 June 2016, the Company employed KPMG Huazhen LLP as the audit service institute of the Company's and its holding companies' 2016 annual accounting statement and internal control to issue an A Share audit report and internal control audit report; and employed KPMG as the audit service institute of the Company's H Share to issue a H Share audit report. The audit service fee was capped at RMB5 million. In 2016, KPMG Huazhen LLP issued a standard unqualified opinion audit report on the annual financial report formed by the Company in accordance with the China's Accounting Standards for Business Enterprises. Certified public accountants Wang Guobei and Zhang Nan signed the report; KPMG issued a standard unqualified opinion audit report on the annual financial report formed by the Company in accordance with the International Financial Reporting Standards. Certified public accountant Peng Chengchu signed the report.
3. Upon the approval of the Company's AGM 2016 held on 21 June 2017, the Company employed KPMG Huazhen LLP as the audit service institute of the Company's and its holding companies' 2017 annual accounting statement and internal control to issue an A Share audit report and internal control audit report; and employed KPMG as the audit service institute of the Company's H Share to issue a H Share audit report. The audit service fee was capped at RMB5 million. In 2017, KPMG Huazhen LLP issued a standard unqualified opinion audit report on the annual financial report formed by the Company in accordance with the China's Accounting Standards for Business Enterprises. Certified public accountants Wang Guobei and Zhang Nan signed the report. KPMG issued a standard unqualified opinion audit report on the annual financial report formed by the Company in accordance with the International Financial Reporting Standards. Certified public accountant Peng Chengchu signed the report.
4. Upon the approval of the Company's Twelfth Meeting of the fourth session Board of Directors held on 28 March 2018, the Company employed KPMG Huazhen LLP as the audit service institute of the Company's and its holding companies' 2018 annual accounting statement and internal control; and employed KPMG as the audit service institute of the Company's H Share to issue a H Share audit report. The audit service fee was capped at RMB5 million, which is yet to be approved by the AGM 2017 of the Company.

(XXIII) Auditor's remuneration

For auditor's service fee of the Reporting Period, please refer to "Management Discussion and Analysis and Report of the Board" "V. Other disclosures" "(XXII) Auditors" of this report.

During the Reporting Period, the auditor did not charge any non-auditing service fee.

(XXIV) Review of Annual Report

This annual financial report has been audited. The Audit Committee of the Company's Board of Directors has reviewed the annual financial statement and annual report which have been audited for the year ended 31 December 2017, and did not raise any objections to the accounting policy or convention.

(XXV) Publication of the Annual Report

This results announcement will be released on the Company's website (www.htsc.com.cn) and the HKEXnews website (www.hkexnews.hk).

The 2017 annual report of the Company which contains all the materials required by the Hong Kong Listing Rules will be sent to shareholders and published on the Company's website (www.htsc.com.cn) and the HKEXnews website (www.hkexnews.hk).

By order of the Board
Zhou Yi
Chairman and CEO
28 March 2018



Major Events

I. Proposal of profit distribution for ordinary shares or capitalization from capital reserve

(I) Formulation, implementation or adjustment of cash dividend policy

In order to give investors reasonable returns on their investment and facilitate the formation of a stable return expectation, the Company's Articles of Association specified requirements for the Company's profit distribution and other policies, which stipulated the minimum proportion of the Company's cash distribution profits under normal circumstances, and protected legitimate rights and interests of small and medium investors.

For the last three years (including the Reporting Period), the Company had not implemented any plan or proposal regarding capitalization from capital reserve to share capital. The details of the dividend distribution plan or proposal of ordinary shares of the Company over the last three years were as follows:

The year 2015: the Company recorded a net profit of RMB10,696,870,875.92 attributable to the shareholders of ordinary shares of the Company. On the basis of the total share capital of 7,162,768,800 shares as of 31 December 2015, the Company proposed the distribution of cash dividend of RMB5.00 (tax inclusive) for every ten shares to all shareholders. The total amount of cash dividend distributed was RMB3,581,384,400.00 (tax inclusive), accounting for 33.48% of the net profit for the year attributable to the shareholders of ordinary shares of the Company.

The year 2016: the Company recorded a net profit of RMB6,270,611,459.43 attributable to the shareholders of the Company. On the basis of the total share capital of 7,162,768,800 shares as of 31 December 2016, the Company proposed the distribution of cash dividend of RMB5.00 (tax inclusive) for every ten shares to all shareholders. The

total amount of cash the dividend was RMB3,581,384,400.00, accounting for 57.11% of the net profit for the year attributable to the shareholders of ordinary shares of the Company in the year.

The year 2017, after the audit of KPMG Huazhen LLP (Special General Partnership), the parent company realized a net profit of RMB8,482,927,105.80 in the year. After the withdrawal of 10% of the statutory surplus reserve, 10% of the general risk reserve and 10% of the transaction risk reserve amounting to RMB2,544,878,131.74 according to the relevant regulations in the Company Law, Securities Law, Financial Enterprise Financial Rules and the Articles of Association, the profit available for distribution this year was RMB5,938,048,974.06.

Adding the previous year's undistributed profit of RMB10,594,696,225.20 and subtracting distributed dividend on shares of the Company's profit distribution for the year 2016 of RMB3,581,384,400.00, the accumulated profit available for investors' distribution of the year was RMB12,951,360,799.26.

The Company is currently promoting the Non-Public Issuance of A Shares. According to the Measures for the Administration of Securities Issuance and Underwriting of China Securities Regulatory Commission, when a listed company is issuing securities, if the profit distribution plan, and plan for capitalization from capital reserve to share capital has not yet been submitted to shareholders' meeting for voting or had been approved in shareholders' meeting but has not been implemented, it should be issued after the implementation of the plan. If the Company implements profit distribution of the year 2017, the Company might not be able to issue securities prior to the completion of the profit distribution. The internal and external procedures related to non-public offerings which need to be re-performed would not be able to supplement operational capital in a timely manner, which would directly affect the current profits and long-term development of the Company.

Considering all factors such as the interests of shareholders and the development of the Company, the Company did not plan for profit distribution for the year 2017 and capitalization from capital reserve to share capital. The Company plans to make the profit distribution related issues in accordance with the requirements of regulatory authorities and the Articles of Association as soon as possible after the completion of the Non-Public Issuance of A Shares.

The current profit distribution plan was reviewed and approved at the 12th meeting of the fourth session of the Board of Directors and the 6th meeting of the fourth session of the Board of Supervisors held on 28 March 2018, and will be implemented after being submitted to the Company's 2017 Annual Shareholders' Meeting for approval. All independent non-executive Directors of the Company have proposed independent opinions on the current profit distribution plan: agrees to the proposal and agrees to submit the proposal to the 2017 Shareholders' meeting of Company for deliberation as the current profit distribution plan of the Company is in the interest of all shareholders of the Company.

When the current profit distribution plan is submitted to the Company's 2017 Shareholders' Meeting for deliberation, it will provide investors with convenient conditions for online voting in accordance with relevant regulatory requirements. Meanwhile, the voting results will be disclosed by sections in accordance with the percentage of shares held by the A-share shareholders participating in the voting. Sections are divided into 1% or less, 1%-5%, or 5% and more; Shareholders holding shares less than 1% will be divided into two parts in accordance with the stock market value of a single shareholder (more than RMB500,000 or less), to further disclose the voting results of the relevant A shareholders.

The formulation and implementation of the profit distribution policy of the Company, in particular the cash dividend policy, were in compliance with relevant provisions of the securities industry, the requirements of the Articles of Association and the resolutions of Shareholders' General Meetings of the Company. Criteria and proportion of dividend distribution were clear and definite, and relevant decision-making procedures and mechanism were sound and complete. The independent Directors conducted due diligence and played their due roles, and channels were provided for minority shareholders to fully express their opinions and requests which fully protected their legal rights and interests. The conditions and procedures for the adjustments or changes of the Company's profit distribution policy were legitimate and transparent.

**(II) Plan or proposal of the profit distribution for ordinary shares or capitalization from capital reserve to share capital for the last three years (including the Reporting Period)**

Unit: Yuan Currency: RMB

Dividend year	Number of dividend shares per 10 shares (share)	Dividends per 10 shares (RMB Yuan) (tax inclusive)	Number of increased shares per 10 shares (share)	Amount of cash dividends (tax inclusive)	Net profit Attributable to the shareholders of ordinary shares of the company in the consolidated statement	Percentage of net profit attributable to the shareholders of ordinary shares of the company in the consolidated financial statements (%)
2017	-	-	-	-	9,276,520,447.68	-
2016	-	5.00	-	3,581,384,400.00	6,270,611,459.43	57.11
2015	-	5.00	-	3,581,384,400.00	10,696,870,875.92	33.48

(III) Profits made during the Reporting Period and the profit of parent company available for distribution of ordinary shareholders were positive, but the plan for the cash profits distribution of ordinary shares was not proposed. The Company should disclose the reasons, purpose and plan of the undistributed profits in detail.

The reason for the Company's made profits during the Reporting Period and the profit of parent company available for distribution of ordinary shareholders were positive, but the plan for the cash profits distribution of ordinary shares was not proposed.

Purpose and plan for undistributed profits

The Company is currently promoting the Non-Public Issuance of A Shares. According to the Measures for the Administration of Securities Issuance and Underwriting of CSRC, when a listed company is issuing securities, if the profit distribution plan, and plan for capitalization from capital reserve to share capital has not yet been submitted to the shareholders' meeting for voting or had been approved in the shareholders' meeting but has not been implemented, it should be issued after the implementation of the plan. If the Company implements profit distribution of the year 2017, the Company might not be able to issue securities prior to the completion of the profit distribution. The internal and external procedures related to non-public offerings which need to be re-performed would not be able to supplement operational capital in a timely manner, which would directly affect the current profits and long-term development of the Company. After comprehensive consideration of factors such as the interests of shareholders and the development of the Company, the Company will not make profit distribution for 2017, nor will it transfer its capital reserve to increase its share capital.

The Company plans to make the profit distribution related issues in accordance with the requirements of regulatory authorities and the Articles of Association as soon as possible after the completion of the Non-Public Issuance of A Shares.

(IV) Tax relief**1. A Share shareholders**

According to the provisions in the Notice on Issues Regarding Differentiated Individual Income Tax Policy for Dividends and Bonuses of Listed Company (Cai Shui [2015] No. 101) (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》(財稅[2015]101號)) and the Notice on Issues Regarding the Implementation of Differentiated Individual Income Tax Policy for Dividends and Bonuses of Listed Company (Cai Shui [2012] No. 85) (《關於實施上市公司股息紅利差別化個人所得稅政策有關問題的通知》(財稅[2012]85號)) jointly issued by the Ministry of Finance, State Administration of Taxation and the CSRC, for individual shareholders of the Company, if the term of shareholding (a period from the date when the individual acquire the listed shares on public offering and transferring markets by the individual to the date one day before the shares are transferred and settled) is within one month (inclusive), all the dividend and bonus incomes

thereof are counted as taxable income at the effective tax rate of 20%; if the term of shareholding is between one month and one year (inclusive), temporarily, 50% of the dividend and bonus incomes are counted as taxable income at the effective tax rate of 10%; if the term of shareholding exceeds one year, temporarily, the dividend and bonus incomes are exempted of individual income taxes. When dividends and bonus incomes are distributed by a listed company, such company, temporarily, shall not withhold or pay any individual income taxes on behalf of the individuals whose term of shareholding is within one year (inclusive); instead, the taxable incomes shall be calculated by a securities registration and settlement company based on the term of shareholding when the individual transfers those shares and the company shall withhold and pay the taxes through the securities registration and settlement company. For dividend and bonus incomes obtained by securities investment funds from listed companies, the individual income taxes thereof are calculated and levied pursuant to the provisions in the document of Cai Shui [2015] No. 85.

For QFII, according to the provisions in the Notice on Issues Regarding Withholding and Payment of Corporate Income Taxes when PRC Resident Enterprises Distribute Dividends, Bonuses and Interests to the QFII (Guo Shui Han, [2009] No. 47) (《關於中國居民企業向 QFII 支付股息、紅利、利息代扣代繳企業所得稅有關問題的通知》(國稅函[2009]47 號)) issued by State Administration of Taxation, the listed company withholds and pays corporate income taxes at a uniform tax rate of 10%. If the dividend and bonus incomes obtained by QFII shareholders are meant to claim the treatment as stipulated in tax treaties (arrangements), application for tax refund can be submitted to the governing tax authority after the acquisition of such dividends and bonuses according to regulations.

According to the provisions in the Notice on Tax Policy Regarding Shanghai-Hong Kong Stock Connect Pilot Programs (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81 號)) issued by the Ministry of Finance, State Administration of Taxation and CSRC, for the dividend and bonus incomes obtained by investors (including enterprise and individual) on Hong Kong market from investing in A Shares listed on Shanghai Stock Exchange, the implementation of differentiated taxation is suspended before Hong Kong Securities Clearing Co. Ltd. meets the conditions to provide the investor's identification, term of shareholding and other specific data. The listed company withholds and pays the income taxes at the tax rate of 10%, which should be duly declared to the governing taxation authority. For Hong Kong investors who are tax residents of foreign countries that have entered a tax treaty with the PRC specifying an income tax rate for dividend and bonus incomes below 10%, the rate for dividend and bonus income tax is less than 10%, the enterprises or individuals can, by themselves or entrust a withholding agent to apply to the governing tax authorities of the listed company for the treatment as stipulated in such tax treaties. The governing tax authorities shall refund the taxes according to the discrepancy between the levied taxes and taxes payable based on the tax treaty after verifying and approving the application.

For institutional investors, the taxes on their dividends and bonus incomes shall be paid on their own.

2. H Share shareholders

According to the provisions in the Notice by the State Administration of Taxation on Issues Regarding the Administration of Individual Income Tax Collection after the Annulment of Document Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045 號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348 號)), for the dividend and bonus incomes from shares offered in Hong Kong by domestic non-foreign investment enterprises acquired by individual shareholders as overseas foreign resident individual shareholders, the withholding agent shall legally lawfully withhold and remit paid the individual income taxes according to item "interest, dividend and bonus income". For shares offered in Hong Kong by domestic non-foreign investment enterprises, the individual shareholders as overseas residents can claim related tax preferences according to the provisions in the tax treaty signed by the country to which the resident identity belongs and the PRC and in the tax arrangements between Mainland China and Hong Kong (Macao). According to the related tax treaties and tax arrangements, the tax rates for dividends are normally 10%. To simplify administration of tax collection, when the domestic non-foreign investment enterprises offering shares in Hong Kong allocate distributable dividend and bonuses, the individual income taxes are generally withheld at the tax rate of 10% and such application is not necessary. If the dividend tax rate is not 10%, individual income taxes shall be withheld as per the following provisions: (1) for residents subject to tax rates below 10% pursuant to relevant treaties, the withholding agent can apply related treatment under such treaties on behalf of the residents and the governing tax authority will refund the additional tax payments after approving the application; (2) for residents subject to tax rate

over 10% but lower than 20% pursuant to relevant treaties, when the withholding agent distributes dividend and bonus, the individual income tax shall be withheld and paid at the actual tax rate specified in the treaties and application for approval is not necessary; (3) for residents from the country which did not enter into any tax treaty with the PRC, when the withholding agent distributes dividend and bonus, the individual income tax shall be withheld and paid at the tax rate of 20%.

According to the provisions in the Notice on Issues regarding Withholding of Enterprise Income Taxes when PRC Resident Enterprises Distribute Dividends to Nonresident Enterprise H Share Holders (Guo Shui Han [2008] No. 897) 《關於中國居民企業向境外 H 股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函 [2008]897 號 issued by the State Administration of Taxation, when Chinese resident enterprises distribute annual dividends and bonuses for foreign non-resident enterprise H Share holders for the year 2008 and subsequent years, the corporate income tax shall be withheld and paid by PRC resident enterprises at the uniform tax rate of 10% on behalf of its shareholders.

According to the provisions in the Notice on Tax Policy Regarding Shanghai-Hong Kong Stock Connect Pilot Programs (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅 [2014]81 號)) issued by the Ministry of Finance, State Administration of Taxation and CSRC, for dividends and bonuses acquired by Mainland individual investors by investing in listed H Shares at the Hong Kong Stock Exchange via Shanghai-Hong Kong Stock Connect, such H Share companies shall withhold the individual income tax at a tax rate of 20%. For dividends and bonuses acquired from Mainland securities investment funds by investing in listed shares at the Hong Kong Stock Exchange via Shanghai-Hong Kong Stock Connect, the individual income tax shall be levied as per above regulations. For dividends and bonuses acquired by mainland enterprise investor from investing in listed shares at the Hong Kong Stock Exchange via Shanghai-Hong Kong Stock Connect, such H Share companies shall not withhold or pay any income taxes on the dividends and bonuses, as the income tax should be paid by the investing enterprises on their own. Meanwhile, for the dividends and bonuses acquired by Mainland resident enterprises for continuous holding of relevant H Shares for 12 months, the corporate income tax shall be exempted according to laws.

According to the current practices of Inland Revenue Department of Hong Kong, no tax shall be levied for dividends distributed by the Company in Hong Kong.

The shareholders of the Company shall pay relevant taxes and/or be entitled tax reliefs according to above provisions.

II. Performance of undertakings

(I) Undertakings of de facto controllers, shareholders, related parties, purchasers, the Company and other undertaking-related parties made or remain effective during the Reporting Period

Background	Type of undertaking	Undertaking party	Content of undertaking	Date and duration of undertaking	Any deadline for performance or not	Strictly performed in a timely manner or not
Other undertakings made to minority shareholders of the Company	To solve horizontal competition	Jiangsu Guoxin	Jiangsu Guoxin and its subsidiaries or associated companies shall not engage in or conduct any business which compete with the primary business of Huatai Securities at any time in the future and in any form (including but not limited to self-owned, joint venture or cooperation) (except Jintai Futures Co., Ltd.). For any opportunities to conduct, engage in or invest in any business which may compete with the business of Huatai Securities available to Jiangsu Guoxin and its subsidiaries or associated companies, Jiangsu Guoxin shall refer to Huatai Securities (except Jintai Futures Co., Ltd.).	Issuing date: 27 June 2014; expiry date: in a long term	No	Yes

III. Appropriation of fund of the Company during the Reporting Period

IV. Standard Unqualified Opinion Audit Report prepared by the accounting firm of the Company

V. Analysis and explanation from the Company on the reasons and impact of the change of accounting policies and accounting estimates or correction of major accounting errors

(I) Analysis and explanation from the Company on the reasons and impact of the change of accounting policies and accounting estimates

For the change of accounting policies and accounting estimates during the Reporting Period, please refer to "Note 2. Major Accounting Policies" of this report.

(II) The Company made no correction of major accounting errors

VI. Appointment and removal of accounting firm

Unit: Ten Thousand Yuan Currency: RMB

	Currently employed unit
Name of the domestic accounting firm	KPMG Huazhen LLP
Remuneration of the domestic accounting firm	275
Audit years of the domestic accounting firm	4
Name of the overseas accounting firm	KPMG
Remuneration of the overseas accounting firm	220
Audit years of the overseas accounting firm	3

	Name	Remuneration
Accounting firm for the auditing of internal controls	KPMG Huazhen LLP	Please refer to the description of the situation under this table

Explanation on appointment and dismissal of accounting firms

During the Reporting Period, as approved at the Annual General Meeting of the Company for 2016, the Company re-appointed KPMG Huazhen LLP to audit the financial statements and internal controls of the Company and its holding subsidiaries for 2017. The auditing fee is not more than RMB5 million in aggregate.

VII. The Company had no risks of suspension of listing, termination of listing or bankruptcy and restructuring

VIII. Material litigation and arbitration

The Company had no new material litigation or arbitration during the year.

(I) Litigation and arbitration disclosed in ad hoc announcements without subsequent development

Summary and type of event	Query indexes
Debt disputes between Huatai United Securities, Stone Group and Stone Group Financial Company	Could be retrieved in the annual reports for the Year 2011–2016
Debt disputes between Huatai United Securities and Beijing Huazi Syndicated Group	Could be retrieved in the annual reports for the Year 2011–2016
Objection to enforcement for the deposit receipts under pledge raised by Huatai Securities as the manager of “Jinling No. 6 Targeted Assets Management Plan of Huatai Securities”	Could be retrieved in the interim report for 2016 and annual reports for the Year 2016

(II) Litigation and arbitration not disclosed in ad hoc announcement or with subsequent development

Unit Yuan Currency: RMB

During the Reporting Period: There were no new material litigation and arbitration.									
Plaintiff (claimant)	Defendant (respondent)	Joint liability party	Type of litigation or arbitration	Basic status of litigation (arbitration)	Amount involved in litigation (arbitration)	Whether litigation (arbitration) forms estimated liabilities	Progress of litigation (arbitration)	Award and effect of litigation (arbitration)	Enforcement of judgment of litigation (arbitration)
Huatai Futures	Zhang Xiaodong		Debt dispute	Refer to notes	22,639,786.41	No	Refer to notes	Refer to notes	Refer to notes
Huatai United Securities	China Nuclear Energy Industry Corporation		Contract dispute	Refer to notes	13,140,200	No	Refer to notes	Refer to notes	Refer to notes
(entrust) Chengdu Branch of Bank of Tianjin Co., Ltd.	Sichuan Shengda Group Limited		Debt dispute	Refer to notes	64,887,296	No	Refer to notes	Refer to notes	Refer to notes
Xiamen Bank Company Limited	Shenzhen Branch of Bank of Ningbo Co., Limited		Bill dispute	Refer to notes	-	No	Refer to notes	Refer to notes	Refer to notes

1. A considerable overloss occurred in futures account of Zhang Xiaodong, a client of Huatai Futures on 16 April 2013, with the overloss amount of RMB22,639,786.41. Since Zhang Xiaodong failed to repay the overloss amount lent by Huatai Futures, on 27 December 2013, Huatai Futures brought a civil suit against Zhang Xiaodong to the No. 1 Intermediate People's Court in Shanghai, requiring Zhang Xiaodong to reimburse the overloss amount paid by Huatai Futures for him and bear all legal costs. The No. 1 Intermediate People's Court in Shanghai held a hearing on 29 May 2014, and delivered a verdict ((2014) Hu Yi Zhong Min Liu (Shang) Chu Zi No. 1) ((2014) 滬一中民六(商)初字第1號)) on 25 June, pronouncing that the defendant Zhang Xiaodong shall repay RMB22,639,786.41 to the Huatai Futures within ten days after the verdict became effective, and supporting the Huatai Futures' demand that Zhang Xiaodong

shall bear the court case hearing cost. Huatai Futures applied to the No. 1 Intermediate People's Court in Shanghai for compulsory enforcement of overloss amount of Zhang Xiaodong on 11 November 2014; currently, the case is in the process of implementation. With respect to the application for enforcement through the defendant's properties, Huatai Futures received enforcement ruling from the Intermediate People's Court in Sanmenxia, Henan Province at the end of June 2015: since the person subject to enforcement was temporarily unable to repay the debt, the case failed to be executed effectively, and the court terminated the procedure of enforcement. If the person subject to enforcement was found to have properties to be executed, Huatai Futures may apply to the court for resuming enforcement at any time. In April 2017, the age of the "risk loss receivables" has passed three years, and there is no evidence to prove that it has a high probability of recovery. It does not meet the definition of assets in the ASBE, so the use of futures risk reserves are written off and transferred back when they are determined to be recoverable. In 2017, Huatai Futures did not find that Zhang Xiaodong, the person subjected to the execution had any assets available for execution and did not apply to the court to restart the enforcement procedures.

2. China Nuclear Energy Industry Corporation (中國原子能工業有限公司) (hereinafter referred to as "Nuclear Energy Corp") brought legal proceedings regarding to a deposit receipts dispute against China Huacheng Group Financial Co., Ltd. (中國華誠集團財務有限責任公司) (hereinafter referred to as "Huacheng Group") and Huacheng Investment Management Co., Ltd. (華誠投資管理有限公司) (hereinafter referred to as "Huacheng Investment"), No. 2 Intermediate Court in Beijing (hereinafter referred to as "No. 2 Intermediate Court") issued a civil verdict (1998) Er Zhong Jing Chu Zi No. 1218 on 10 February 1999. After the verdict came into effect, Nuclear Energy Corp applied to the No. 2 Intermediate Court for verdict enforcement on 12 July 1999. The No. 2 Intermediate Court, according to law, impounded the shares of United Securities Co., Ltd. (hereinafter referred to as "United Securities") held by Huacheng Investment. After that, Nuclear Energy Corp acquired 36.6 million shares of United Securities held by Huacheng Investment through auction. United Securities considered the contribution of RMB14.98 million at the beginning of the investment in United Securities by Huacheng Investment as overstated (deduction enforced by the court), and therefore filed a writ and raised an objection to enforcement to the Higher People's Court in Beijing and the Supreme People's Court. The No. 2 Intermediate Court and Nuclear Energy Corp finally deducted the 13.48 million shares of United Securities (equivalent to RMB14.98 million) from the 36.6 million shares of United Securities acquired through auction by Nuclear Energy Corp, and the remaining equity of 23.12 million shares were transferred to Nuclear Energy Corp. However, the aforesaid 13.48 million shares were requested to continue to be frozen under the name of Nuclear Energy Corp by the No. 2 Intermediate Court.

At the end of 2003, United Securities instituted proceedings to court against Huacheng Group and Huacheng Investment, but the proceedings were halted as the Supreme People's Court informed all the courts over the country to temporarily refuse to accept cases in relation to Huacheng Group and its subsidiaries through an openly transmitted telegraph. Therefore, United Securities initiated the negotiation with Nuclear Energy Corp in relation to the application of freezing the 13.48 million shares in the No. 2 Intermediate Court under the name of Nuclear Energy Corp. The two parties reached a mutual consent on the basis of mutual benefit. United Securities agreed that the aforesaid 13.48 million shares would continue to be under the name of Nuclear Energy Corp, provided that the entire equity would be split up in two parts in 40–60 proportion, in which Nuclear Energy Corp obtained 5.5 million shares, and the remaining 7.98 million shares were obtained by United Securities as the settlement of the debt owed by Huacheng Investment. In 2008, the 13.48 million shares of Huacheng Investment were transferred to Nuclear Energy Corp. By then, Nuclear Energy Corp, on behalf of United Securities, held the 7.98 million shares, which were originally held by Huacheng Investment in United Securities.

In 2009, Huatai Securities restructured United Securities. United Securities changed its name to Huatai United Securities Co., Ltd. After the split off, Nuclear Energy Corp held 10.98 million shares of Huatai United Securities, in which 8.586 million shares were held on its behalf, and 2.394 million shares were held as warehouse. Huatai Securities then negotiated with Nuclear Energy Corp, agreeing that Nuclear Energy Corp transferred 2 million shares of the 2.394 million entrusted shares to Huatai Securities, and the transfer payment was made to Huatai United Securities. The remaining 394,000 shares together with the 8.586 million shares (8.98 million shares in total) were converted to equity interest in Huatai Securities. Nevertheless, the issue of the 2 million entrusted shares held by Nuclear Energy Corp was yet to be settled.

On 23 December 2014, the People's Court in Xicheng District of Beijing accepted the case regarding contract dispute between Huatai United Securities and Nuclear Energy Corp. On 28 June 2016, people's court in Xicheng District of Beijing issued a civil verdict of (2015) Xi Min (Shang) Chu Zi No. 1048, Huatai United Securities obtained the judgment in its favor. The court judged that the defendant should continue to perform the Entrusted Equity Agreement and the Entrusted Equity Listing Transfer Agreement, and complete the equity transfer of the 2 million equity shares within 30 days commencing on the effective date of the judgment, as well as pay the proceeds from the equity transfer to Huatai United Securities. After the Reporting Period, these equity was sold in a judicial sale on the Beijing Property Exchange and Huatai Securities acquired such equity with an amount of RMB13,140,200.00. On 23 March, the equity transfer was completed and the shareholding of Huatai United Securities held by Huatai Securities changed from 99.72% to 99.92%.

3. Debt dispute between Huatai Securities and Sichuan Shengda Group Co., Ltd. (四川聖達集團有限公司): The interest of corporate bond of Sichuan Shengda Group Co., Ltd. of 2012 ("12 Shengda bond", bond code: 1280443) was not able to be paid to Huatai Securities in full and the principal amount of the bond was not able to be paid for redemption in full upon maturity. Huatai Securities and other creditors jointly entrusted the Chengdu branch of the Bank of Tianjin Co., Ltd. to raise litigation at Sichuan Higher People's Court on 7 June 2016 according to the decision made in the meeting of bondholders, requesting Sichuan Shengda Group Co., Ltd. to repay the principal amounts and interests. The total principal amount was RMB300 million, based on the coupon rate of 7.25% calculating from 6 December 2014 till the date of repayment, and the penalty interest was calculated based on the annual interest rate of 3.625% from 6 December 2015 till the date of repayment (of which RMB50 million was attributable to Huatai Securities). As of 31 December 2017, the principal, interest and interest penalty receivable by Huatai Securities from Sichuan Shengda Group Co., Ltd. were RMB50 million, RMB1,133,200 and RMB3,754,100 respectively. The case is closed through mediation. Sichuan Shengda Group Co., Ltd. (四川聖達集團有限公司) has agreed to pay the money above, confirming that Bank of Tianjin Co., Ltd. Chengdu Branch is entitled to the priority of claim for the money from disposal of the pledge and that relevant personnel are jointly responsible for liquidation. Currently the Intermediate People's Court in Leshan City, Sichuan Province, is disposing the pledge.

4. Bill dispute under No. 1 Targeted Assets Management Plan of Bank of Huafu Xiamen (華福廈門銀行) of Huatai Securities: Xiamen Bank Co., Ltd, the consignor of No. 1 Targeted Assets Management Plan of Bank of Huafu Xiamen of Huatai Securities ("No. 1 of Bank of Huafu Xiamen"), in view of disputes of the relevant bill disputes over No. 1 Targeted Assets Management Plan filed a lawsuit on contract disputes to the High People's Court in Fujian Province in October 2016 and March 2017 against the Shenzhen Branch of Bank of Ningbo Co., Limited (寧波銀行股份有限公司), with the litigation amount accounting to RMB950 million. The Shenzhen Branch of Bank of Ningbo Co., Limited, as the defendant, after receiving the materials on claim including the notice of response to action from the High People's Court in Fujian Province, submitted the Application for the Objection to the Jurisdiction to the High People's Court in Fujian Province to raise its objection to the jurisdiction. So far, the Supreme People's Court has rejected the objection of the defendant Shenzhen Branch of Bank of Ningbo Co., Limited on jurisdiction. The case will be on trial in the High People's Court of Fujian Province and the session is not open for the moment.

As the manager of No. 1 Targeted Assets Management Plan of Bank of Huafu Xiamen (華福廈門銀行), Huatai Asset Management was listed as third person of the civil action, and was not asked to bear the compensation liability. There was no adverse effect on the profits of Huatai Asset Management during and after the Period.



(III) Punishment and Reprimand of the Company this year

1. During the Reporting Period, the Company received a determination on administrative supervision measures — Determination on Taking Measures to Order Huatai Securities Co., Ltd. to Make Corrections ([2017] No. 3) (關於對華泰證券股份有限公司採取責令改正措施的決定 ([2017]3 號)) from the CSRC on 18 January 2017, which mainly stated: "Upon investigation, we found that your business department and asset management subsidiary used WeChat official account and official website with the same name of the Company to publicize and market private asset management products to unspecific objects. The abovementioned behaviors violated Article 39 of Measures for the Administration of the Customer Asset Management Business of Securities Companies (《證券公司客戶資產管理業務管理辦法》), Article 14 of Interim Measures for the Supervision and Administration of Privately Offered Investment Funds (《私募投資基金監督管理暫行辦法》) and Article 27 of Regulations on the Supervision and Administration of Securities Companies (《證券公司監督管理條例》). According to Article 33 of Interim Measures for the Supervision and Administration of Privately Offered Investment Funds (《私募投資基金監督管理暫行辦法》) and Article 70 of Regulations on the Supervision and Administration of Securities Companies (《證券公司監督管理條例》), we decided to adopt administrative supervision and management measures to order you to make corrections. You should make rectifications as per requirements of relevant laws, administrative regulations and CSRC, further sort out relevant procedures and strengthen relevant persons' awareness of compliance with laws and regulations. We will keep paying attention to and inspecting your rectification during daily supervision."

On the same day, Huatai United Securities received the Decision on Issuance of Warning Letter to Huatai United Securities Co., Ltd (No. [2017] 4) (《關於對華泰聯合證券有限責任公司採取出具警示函措施的決定》 ([2017]4 號)) from the CSRC, the primary content being: "Through investigation, we find that you have not made a thorough check on the primary clients and suppliers of the target assets as the financial advisor of Beijing Leadman Biochemistry Co., Ltd on the project of purchasing assets and raising supporting funds by issuance of stocks. The behaviors above have violated Article 3 and Article 24 of the Administrative Measures for Financial Advisory for Listed Companies on Merger, Acquisition and Reorganization. According to Article 39 of the Administrative Measures for Financial Advisory for Listed Companies on Merger, Acquisition and Reorganization, CSRC has decided to exercise the administrative measures for supervision and management by issuance of a warning letter to your Company."

The Company has disclosed the information above on China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily and www.sse.com.cn, the official website of the Shanghai Stock Exchange, on 20 January 2017.

Regarding the decisions of the supervision department, the Company and relevant subsidiaries have taken relevant rectification measures, specifically:

(1) Regarding the issue that the business department publicized and marketed asset management products to unspecific objects via its WeChat official account, the Company organized various branches to conduct self-examination and make rectifications in respect of WeChat-based publicity of small collective products and required various branches to intensify efforts for we media management, enhance the responsibilities of persons in charge of branches, and designate persons to conduct pre-examination over the contents to be issued. The Company has criticized the business department involved in a circulated notice, pursued their responsibility in internal compliance, and required relevant units to learn a lesson so as not to repeat the mistake.

(2) Regarding the issue that the asset management subsidiary publicized and marketed relevant asset management products to unspecific objects via the official website, the Company ordered the asset management subsidiary to make rectifications. The asset management subsidiary has taken the lead to improve the website and worked out procedures for online investigation on specific objects. For small collective products, only the investors subject to specific object investigation can access the product information. We conducted special self-examination over compliance with laws and regulations in respect of website operation and information release, strengthened inspection and random inspection over information spreading based on websites and information released via WeChat official account, and included them in the main contents of compliance inspection.

(3) On the issue of insufficient check on the primary clients and suppliers of the targeted assets, the Company has ordered Huatai United Securities to correct itself positively. Huatai United Securities has taken the following corrective measures: it has supplemented the records and sound records of interview on relevant clients and suppliers on the paper manuscript and the electronic draft; the responsible departments and persons involved are penalized by bonus

deduction and circulated criticism. The departments are asked to learn the lessons, strictly abide by the regulations of CSRC and the rules of the Company, carefully exercise the duties, and put an end to similar incidents.

2. During the Reporting Period, the Company received the Determination on Issuing A Warning Letter to Securities Branch in Zhenli Road, Tianjin of Huatai Securities Co., Ltd. (Jin Zheng Jian Cuo Shi Zi [2017] No. 7) (關於對華泰證券股份有限公司天津真理道證券營業部採取出具警示函措施的決定 (津證監措施字 [2017]7 號)) from Tianjin Office of CSRC on 15 June, 2017, which mainly stated "upon investigation, Liu Xlei, a staff of your business department copied the following contents in the Disclosure Document of Transaction Risks of Securities Lending and Borrowing on behalf the customers, namely, 'I confirm that I have read and fully understand all the contents of the abovementioned Disclosure Document of Transaction Risks of Securities Lending and Borrowing and am willing to bear the risks and losses of securities lending and borrowing business'. The abovementioned behavior violated Article 15 of the Measures for the Administration of Securities Lending and Borrowing Business of Securities Companies (《證券公司融資融券業務管理辦法》). According to Article 49 of the Measures for the Administration of Securities Lending and Borrowing Business of Securities Companies (《證券公司融資融券業務管理辦法》), we decided to take supervision and management measures by issuing a warning letter to your business department."

The Company has ordered Tianjin Branch to make rectifications. Tianjin Branch has criticized the liable persons of the business department in a circulated notice within the jurisdiction and imposed economic punishment on the directly liable persons and person in charge of the business department; organized the business department within the jurisdiction to conduct special compliance training and risk investigation so as to further improve the employees' compliance awareness, especially the awareness of adequacy management; designated ad hoc persons to sort out the business system and operation process of the business department, plugged the loopholes, enhanced control and started field inspection within the jurisdiction so as to improve the compliance management within the jurisdiction.

3. Guangdong Securities Regulatory Commission made the Decision on Measure of Warning Letter for Huatai Futures Co., Ltd (No. [2017] 5) (《關於對華泰期貨有限公司採取出具警示函措施的決定》([2017]5 號)) on 13 October 2017, the primary content being "Your company, the administrator of "Huatai Futures--Yinhua Quantitative Index Enhanced Asset Management Plan" (hereinafter referred to as Quantitative Index Asset Management), failed to effectively execute the risk management system for asset management businesses, identify the risks of quantitative index asset management, properly exercise the monitoring and control measures, or find the unusual transactions of the products; your Company failed to effectively execute the interest conflict prevention system and lacked supervision and management on Shenzhen Fuhang Investment Management Co., Ltd. (深圳市富航投資管理有限公司) (Hereinafter referred to as Fuhang Investment), the investment advisor of quantitative index asset management, leading to the tunneling between quantitative index asset management and other asset management products of Fuhang Investment. Your company's behaviors above have violated Article 31 of the Pilot Measures for Asset Management Businesses of Futures Companies (《期貨公司資產管理業務試點辦法》) (hereinafter referred to as the pilot measures) and Article 5.4 of the Interim Provisions for Business Operations on Private Asset Management of Securities and Futures Firms (《證券期貨經營機構私募資產管理業務運作管理暫行規定》) (hereinafter referred to as the interim provisions). According to Article 42 of the pilot measures and Article 12 of the interim provisions, your company is hereby warned and ordered to take measures against the issues above. Your company shall enhance the consciousness on risks and responsibilities among employees, further improve and refine the management system and operating instructions related to asset management businesses, and put an end to similar problems."

Huatai Futures has complete the rectification with the following measures: (1) organize the compliance training on the asset management headquarters and enhance the consciousness on compliance, risks and responsibilities among asset management employees; (2) revise asset management related systems and contractual texts; (3) reinforce overall management on third-party investment advisors; (4) improve the mode of unusual transaction monitoring, refine the indicators of monitoring, and improve the investigation in unusual transactions and its treatment measures.

4. During the Reporting Period, the Company's business department on Liuyizhong Road, Fuzhou, and Wei Xiang, General Manager of the department, respectively received the Determinations on Administrative Penalty (Fu Yin Fa Zi No. [2017] 8 and Fu Yin Fa Zi No. [2017] 7) (《行政處罰決定書》(福銀罰字 [2017]8 號、福銀罰字 [2017]7 號)) from People's Bank of China Fuzhou Center Sub-branch on 28 November 2017, the primary content being "It is found through inspection that the business department breaks the law during its performance of the obligation to identify anti-laundering clients, including opening deposit account for client, opening fund account, transfer of custody, appointed transaction, cancellation of appointed transaction, and commissioning of stock recognition, etc., in which the clients

are not identified by rule; continuous identification of client is not exercised by rule; re-identification is not exercised by rule. According to Item 1 of Clause 1 of Article 32 of the Anti-Money Laundering Law of the People's Republic of China, the bank has decided to fine the Company by RMB450,000 and the Company's General Manager Wei Xiang (魏翔) by RMB40,000".

The Company has paid extra attention, formulated corrective plan and guided the business department to carry out positive corrections on the building of interior control system on anti-money laundering, customer identification and other aspects. The Company has reminded customers to improve their basic identity information, carried out continuous identification or re-identification on relevant clients, and submitted the corrective plan to People's Bank of China Fuzhou Center Sub-branch in a timely manner. The Company will submit the rectification reports on schedule as required.

5. During the Reporting Period, the Company's securities business department on Datong Road, Haikou, and Chen Jie, General Manager of the department, received the Determination on Administrative Penalty (Qiong Yin Fa Zi No. [2017] 5) (《行政處罰決定書》(瓊銀罰字[2017]第5號)) from People's Bank of China Haikou Center Sub-branch on 8 December 2017, the primary content being "As the business department fails to perform the obligation of client identification by rule, including not registering the clients' basic information of identity by rule and not auditing the basic information of clients of the highest risk level by rule, the Company's business department will be fined by RMB200,000 and the Company's General Manager Chen Jie (陳傑) by RMB10,000 pursuant to Article 32 of the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》)."

The Company has paid extra attention, formulated corrective plan and guided the business department to carry out positive corrections on the building of interior control system on anti-money laundering, customer identification, client laundering risk level classification and other aspects. The Company has verified and revised client information, further improved the management of client laundering risk level, and submitted the rectification report to People's Bank of China Haikou Center Sub-branch in a timely manner.

6. During the Reporting Period, the Company's securities business department in Fushan, Shaoxing, and Fang Wei, General Manager of the department received the Determinations on Administrative Penalty (Shao Yin Fa No. [2017] 18 and No. [2017] 17) (《行政處罰決定書》(紹銀罰[2017]第18號、紹銀罰[2017]第17號)) from People's Bank of China on 11 December 2017, the primary content being "It is found through inspection that your business department violated the management regulations on anti-money laundering, including not continuously identifying clients by rule, not re-identifying clients by rule, not classifying client risk level in time and not auditing high-risk clients in time, etc. According to Article 32 of the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》), the Company's business department is fined by RMB300,000 and the Company's General Manager Fang Wei (方偉) by RMB25,000."

The Company has paid extra attention, organized the business department to formulate corrective plan and guided the department to further enhance the building of interior control system on anti-money laundering. The Company has implemented the requirement for client identification as required, further enhanced the analysis and identification of unusual transactions, promoted continuous and effective anti-money laundering and submitted the rectification and corrective measures to People's Bank of China, Shaoxing Center Sub-branch in a timely manner.

7. During the Reporting Period, the Company's securities business department in Tiyu Road, Taiyuan, received the Determination on Administrative Penalty (Bing Yin Fa Zi No. [2017] 13) (《行政處罰決定書》(並銀罰字[2017]第13號)) from People's Bank of China Taiyuan Center Sub-branch on 28 December 2017, the primary content being "Through inspection, the business department is found to have the following behaviors on anti-money laundering: not performing the obligation of client identification by rule and not submitting large-sum transaction or unusual transaction report by rule. According to Article 32 of the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》), the Company is ordered to correct by deadline with a fine of RMB200,000. Wu Kunze (吳坤澤) is fined by RMB10,000."

The Company has paid extra attention, formulated corrective plan, urged the business department to implement the plan, and guide the business department to positively implement the corrective measures on aspects of improvement of interior control system on anti-money laundering, reinforcement of client identification, improvement of classification of client laundering risk level and further reinforcement of analysis and identification of unusual transaction, etc. The Company has also submitted the rectification report to People's Bank of China Taiyuan Center Sub-branch in a timely manner.

IX. PUNISHMENT ON AND RECTIFICATION OF THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS, DE FACTO CONTROLLERS AND PURCHASERS

During the Reporting Period, none of the Directors, Supervisors, senior management, shareholders holding over 5% of equity interest or de facto controllers of the Company was investigated by competent authorities, imposed with coercive measures by a judiciary authority or disciplinary department, transferred to a judicial authority or held criminally liable, banned from accessing to market, identified as an unsuitable person, punished by other administrative departments or publicly condemned by a stock exchange.

For details of punishment on and rectification of the Company during the Reporting Period, please refer to “(III) The punishment and denouncement received by the Company for the year” under “Material litigation and arbitration”.

X. Integrity of the Company and its controlling shareholders and de facto controllers in the Reporting Period

During the Reporting Period, the Company and its de facto controllers maintained excellent integrity and there were no such cases as non-performance of effective court judgment or overdue of relative large liability.

XI. Share incentive scheme, employee stock ownership plan or other employee incentives and their implication

The Company did not implement any share incentive scheme or employee stock ownership plan.

See Note 45 of this report for the employee incentive measures adopted by AssetMark Holdings, LLC held by the group.

XII. Material related-party transactions

Details on the related-party transactions under the relevant accounting standards can be found in Note 55 of this report. The Company confirmed that the related-party transactions were not qualified as the connected transactions or the continuing connected transactions as defined in Chapter 14A of the Hong Kong Listing Rules (as the case may be), and were in compliance with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules.

XIII. Material contracts and performance thereof

(I) The Company had no custody, contracting and lease

(II) Guarantees

Unit: 100 Million Yuan Currency: RMB

External guarantee of the Company (excluding guarantee to subsidiaries)													
Guarantors	Relationship between guarantors and the Company	Guaranteed parties	Amount guaranteed	Date of guarantee (Date of agreement signed)	The starting date of guarantee	Expiry date of guarantee	Types of guarantee	Whether the guarantee has been duly performed or not	Whether the guarantee is past due or not	Amount guaranteed past due	Whether counter-guarantee existed or not	Whether to be guaranteed for related parties	Related relationship
Huatai Securities (counter guarantee)	Headquarter of the Company	Bank of China (providing guarantee for the wholly-owned subsidiaries of the Company, and is the guaranteed party of the counter guarantee)	30	24 September 2014	24 September 2014	May 7, 2020	Guarantee for joint and several liabilities	No	No	-	Yes	No	
Total amount of guarantees during the Reporting Period (excluding the guarantees for subsidiaries)													-
Total balance of guarantees at the end of the Reporting Period (A) (excluding the guarantees for subsidiaries)													30
Guarantees of the Company for its subsidiaries													
Total amount of guarantees for subsidiaries during the Reporting Period													-
Total balance of guarantees for subsidiaries at the end of the Reporting Period (B)													62
Total guarantee amount of the Company (including the guarantees for subsidiaries)													
Total guarantee amount (A+B)													92
Percentage of the total guarantee amount to net assets of the Company (%)													10.53
Among which:													
Amount of the guarantees provided for shareholders, actual controllers and their associated parties (C)													-
Amount of the debt guarantees provided directly or indirectly for the guaranteed objects with an asset-liability ratio of more than 70% (D)													-
Amount of the guarantees with the guarantee amount of over 50% of net assets (E)													-
Total amount of the three guarantees mentioned above (C + D + E)													-
Undue guarantees with joint and several liabilities													Nil
Conditions of guarantees	<p>1. Huatai International Finance I Limited under Huatai Financial Holdings (Hong Kong) completed the first foreign bond issuance on 8 October 2014. In order to enhance the debt service guarantee for the first foreign bond and reduce the issuing rate, the authorized person of the Company authorized at the Company's Annual Shareholders' General Meeting for 2013, determined to have the Bank of China Macao Branch provide a guarantee for the first foreign bonds with a standby L/C. At the same time, according to the resolution of the 9th meeting of the third session of the Board, the Company issued a Letter of Counter Guarantee to the Bank of China with regard to the standby L/C opened for the first foreign bonds issued by the Company. The amount of the counter guarantee did not exceed the principal, interest and other relevant expenses of the bonds, totaling US Dollars equivalent RMB3 billion. It was a guarantee with joint and several liabilities and the guarantee period would last until 6 months after the expiration of the standby L/C.</p> <p>2. In January 2015, Huatai Asset Management was officially founded. In order to ensure that all risk control indicators of Huatai Asset Management remain in conformity with the regulatory requirements, as considered and approved at the 16th meeting of the third session of the Board of the Company and the Annual General Meeting for 2014, the Company provided a net capital guarantee with the maximum amount of RMB1.2 billion for Huatai Asset Management and promised that it would provide cash within the said limit unconditionally should such business need arises in Huatai Asset Management. As considered and approved at the 35th meeting of the third session of the Board of the Company and the 2nd Extraordinary General Meeting for 2016, the Company provided a net capital guarantee with the maximum amount of RMB5 billion for Huatai Asset Management and promised that it would provide cash within the said limit unconditionally should such business need arises in Huatai Asset Management.</p> <p>3. In 2017, as approved and passed at the fifth meeting of the fourth session of the Board and the 2016 annual general meeting of the Company, the Company provided a maximum of RMB1.9 billion net capital guarantee to its wholly-owned subsidiary Huatai Asset Management. The RMB1.9 billion net capital guarantee has not been utilized during the Reporting Period.</p>												

(III) Other Material Contracts

Currency: RMB

Name of contract	Contracting parties	Date of signing	Price for transaction	Performance
General construction contract for Huatai Securities Square	HTSC and China Jiangsu International Economic and Technological Cooperation Group Ltd. (中國江蘇國際經濟技術合作公司)	30 July 2010	RMB1,132,851,800	In July 2010, the Company and China Jiangsu International Economic and Technological Cooperation Group Ltd. entered into the General Construction Contract for Huatai Securities Square. During the Reporting Period, the contract was duly performed and the Company paid RMB50,040,400 under the general construction contract and sub-contracts thereof. By the end of the Reporting Period, the Company has paid RMB774,305,500 in total under the general construction contract.
Construction contract for smart facilities at Huatai Securities Square	HTSC and Shanghai Haode Tech Co., Ltd. (上海浩德科技股份有限公司)	6 March 2012	RMB213,000,000	In March 2012, the Company and Shanghai Haode Tech Co., Ltd. entered into the Construction Contract for Smart Facilities at Huatai Securities Square. The total price was RMB198,899,700, and a supplementary agreement was signed on 15 February 2016 and the total contract price was changed to RMB213,000,000. During the Reporting Period, the contract was duly performed and the Company paid RMB9,086,300 under the construction contract for smart facilities. By the end of the Reporting Period, the Company has paid RMB180,782,700 in total under the construction contract for smart facilities.
Construction contract for interior decoration of the second bid section of Huatai Securities Square	HTSC and Zhejiang Yasha Decoration Co., Ltd. (浙江亞廈裝飾股份有限公司)	21 May 2013	RMB122,000,000	On 21 May 2013, the Company and Zhejiang Yasha Decoration Co., Ltd. entered into the Construction Contract for Interior Decoration of the Second Bid Section of Huatai Securities Square at the price of RMB117,584,500. A supplementary agreement was signed on 14 July 2016 and the contract price was changed to RMB122,000,000. During the Reporting Period, the contract was duly performed and the Company paid RMB8,163,300 under the construction contract for interior decoration of the second bid section. By the end of the Reporting Period, the Company has paid RMB103,633,100 in total under the construction contract for interior decoration of the second bid section.
Construction contract for interior decoration of the first bid section of Huatai Securities Square	HTSC and China Building Technique Group Co., Ltd. (中國建築集團有限公司)	21 May 2013	RMB120,071,300	On 21 May 2013, the Company and China Building Technique Group Co., Ltd. entered into the Construction Contract for Interior Decoration of the First Bid Section of Huatai Securities Square at total contract price of RMB78,771,800. Supplementary Agreement (2) was signed on 9 July 2015 to change the total contract price to RMB98,000,000 and Supplementary Agreement (3) was signed on 14 July 2016 to change the total contract price to RMB120,071,300. During the Reporting Period, the contract was duly performed and the Company paid RMB12,743,000 under the construction contract for interior decoration of the first bid section. By the end of the Reporting Period, the Company has paid RMB106,785,000 in total under the construction contract for interior decoration of the first bid section.
Construction contract for interior decoration of the third bid section of Huatai Securities Square	HTSC and Shenzhen Shen Zhuang Zong Decoration Co., Ltd. (深圳市深裝總裝飾工程工業有限公司)	October 2013	RMB135,052,600	In October 2013, the Company and Shenzhen Shen Zhuang Zong Decoration Co., Ltd. entered into the Construction Contract for Interior Decoration of the Third Bid Section of Huatai Securities Square at total contract price of RMB131,586,300. A supplementary agreement was signed on 3 February 2016 and the total contract price added RMB3,466,300 to RMB135,052,600. During the Reporting Period, the contract was duly performed and the Company paid RMB700,000 under the construction contract for interior decoration of the third bid section. By the end of the Reporting Period, the Company has paid RMB109,695,700 in total under the construction contract for interior decoration of the third bid section.



XIV. Other Major Events

(I) Capital increase in subsidiaries by the Company

For details on capital increase in subsidiaries by the Company during the Reporting Period, please refer to “(IX) Other information” of “II. Main Operations during the Reporting Period” under “Discussion and Analysis on Operation and Report of the Board” of this report.

(II) Huatai Zijin Investment and its subsidiaries

1. Changes in legal representative and business scope by Huatai Zijin Investment

The legal representative of Huatai Zijin Investment changed from Zhou Yi to Jiang Jian on 22 September 2017 and the change of industrial and commercial registration was also completed.

On 31 December 2017, the business scope of Huatai Zijin Investment changed from “equity investment (for its own account or for customers), debt investment, investment in other investment funds relating to equity investment or debt investment; investment advisory, management and financial advisory services against equity investment and debt investment. (Relevant operating activities shall not be conducted without prior approval of relevant authorities).” to “equity investment, debt investment, investment in other investment funds relating to equity investment or debt investment; investment advisory, management and financial advisory services against equity investment and debt investment. (Relevant operating activities shall not be conducted without prior approval of relevant authorities)” and the change of industrial and commercial registration was also completed.

2. Investment and contribution and establishment of subsidiaries by Huatai Zijin Investment

- (I) Nanjing Huatai Ruixing Investment Management Co., Ltd. (南京華泰瑞興投資管理有限公司), Nanjing Huatai Ruixing Investment Fund Management Partnership (Limited Partnership) (南京華泰瑞興投資基金管理合夥企業(有限合夥)), Nanjing Huatai Big Health No. 1 Equity Investment Partnership (Limited Partnership) (南京華泰大健康一號股權投資合夥企業(有限合夥)) and Nanjing Huatai Big Health No. 2 Equity Investment Partnership (Limited Partnership) (南京華泰大健康二號股權投資合夥企業(有限合夥))

Huatai Zijin Investment promoted and established Nanjing Huatai Ruixing Investment Management Co., Ltd. on 21 November 2016 with a registered capital of RMB1 million, of which Huatai Zijin Investment subscribed for a contribution of RMB510,000, representing 51% of the total subscribed contribution. As of 26 January 2017, Huatai Zijin Investment has completed its paid-in contribution of RMB40,800, representing 8% of the total subscribed contribution.

Nanjing Huatai Ruixing Investment Management Co., Ltd. promoted and established Nanjing Huatai Ruixing Investment Fund Management Partnership (Limited Partnership) on 7 December 2016. Nanjing Huatai Ruixing Investment Management Co., Ltd. subscribed for a contribution of RMB10,000 as the executive partner and general partner, representing 1% of the total subscribed contribution, and assumed unlimited liability. Huatai Zijin Investment subscribed for a contribution of RMB510,000 as a limited partner, representing 51% of the total subscribed contribution, and assumed limited liability. As of 26 January 2017, Huatai Zijin Investment has completed its paid-in contribution of RMB127,500, representing 25% of the total subscribed contribution.

Nanjing Huatai Ruixing Investment Fund Management Partnership (Limited Partnership) promoted and established Nanjing Huatai Big Health No. 1 Equity Investment Partnership (Limited Partnership) on 28 December 2016. Nanjing Huatai Ruixing Investment Fund Management Partnership (Limited Partnership) subscribed for a contribution of RMB400,000 as the executive partner, general partner and fund manager, representing 0.028% of the total subscribed contribution, and assumed unlimited liability. Huatai Zijin Investment subscribed for a contribution of RMB479.10 million as a limited partner, representing 33.52% of the total subscribed contribution, and assumed limited liability. On 19 April 2017, Huatai Zijin Investment decreased its subscribed contribution to Nanjing Huatai Big Health No. 1 Equity Investment Partnership (Limited Partnership) by RMB200 million and the adjusted subscribed contribution was RMB279.10 million, representing 19.12% of the total subscribed contribution. By the end of the Reporting Period, Huatai Zijin Investment has

completed its paid-in contribution of RMB139.55 million, representing 50% of the total subscribed contribution.

Nanjing Huatai Ruixing Investment Fund Management Partnership (Limited Partnership) promoted and established Nanjing Huatai Big Health No. 2 Equity Investment Partnership (Limited Partnership) on 28 December 2016. Nanjing Huatai Ruixing Investment Fund Management Partnership (Limited Partnership) subscribed for a contribution of RMB100,000 as the executive partner, general partner and fund manager, representing 0.1% of the total subscribed contribution, and assumed unlimited liability. Huatai Zijin Investment subscribed for a contribution of RMB19.90 million as a limited partner, representing 19.9% of the total subscribed contribution, and assumed limited liability. As of 13 January 2017, Huatai Zijin Investment has completed its paid-in contribution of RMB9.95 million, representing 50% of the total subscribed contribution.

(2) Yili Huatai Ruida Equity Investment Management Co., Ltd. (伊犁華泰瑞達股權投資管理有限公司)

Huatai Zijin Investment promoted and established Yili Huatai Ruida Equity Investment Management Co., Ltd. on 24 November 2015 with a registered capital of RMB2 million, of which Huatai Zijin Investment subscribed for a contribution of RMB1.02 million, representing 51% of the total subscribed contribution. As of 10 March 2017, Huatai Zijin Investment has completed its paid-in contribution of RMB153,000, representing 15% of the total subscribed contribution.

(3) Huatai Ruilian Fund Management Co., Ltd. (華泰瑞聯基金管理有限公司), Huatai China Merchants (Jiangsu) Capital Market Investment Fund of Funds (Limited Partnership) (華泰招商(江蘇)資本市場投資母基金(有限合夥))

Huatai Zijin Investment has increased its paid up subscribed contribution of RMB10.20 million to Huatai Ruilian Fund Management Co., Ltd. on 28 June 2017. By the end of the Reporting Period, Huatai Zijin Investment has completed its paid-in contribution to Huatai Ruilian Fund Management Co., Ltd..

Huatai China Merchants (Jiangsu) Capital Market Investment Fund of Funds (Limited Partnership) was promoted and established on 22 March 2016, by Huatai Ruilian Fund Management Co., Ltd. and Shanghai China Merchants Equity Investment Fund Management Co., Ltd (上海招銀股權投資基金管理有限公司). Huatai Ruilian Fund Management Co., Ltd. subscribed for a contribution of RMB10 million as the executive partner and general partner, representing 0.10% of the total subscribed contribution, and it assumed unlimited liability. Shanghai China Merchants Equity Investment Fund Management Co., Ltd. subscribed for a contribution of RMB10 million as the general partner, representing 0.10% of the total subscribed contribution, and it undertook unlimited liability. Huatai Zijin Investment subscribed for a contribution of RMB1 billion, representing 9.98% of the total subscribed contribution, and assumed limited liability. As of 25 and 26 December 2017, Huatai Zijin Investment made a paid-in contribution of RMB300 million respectively to Huatai China Merchants (Jiangsu) Capital Market Investment Fund of Funds (Limited Partnership). By the end of the Reporting Period, Huatai Zijin Investment has completed its paid-in contribution of RMB600 million.

3. Changes in legal representative and executive partner by subsidiaries of Huatai Zijin Investment

During the Reporting Period, the legal representative of both Nanjing Huatai Ruitong Investment Management Co., Ltd. and Nanjing Huatai Ruixing Investment Management Co., Ltd. changed from Zhou Yi to Cao Qun and the change of industrial and commercial registration was also completed.

The representative of executive partners of Huatai Zijin (Jiangsu) Equity Investment Fund (Limited Partnership), Nanjing Huatai Ruixing Investment Fund Management Partnership (Limited Partnership), Nanjing Huatai Big Health No. 1 Equity Investment Partnership (Limited Partnership) and Nanjing Huatai Big Health No. 2 Equity Investment Partnership (Limited Partnership) changed from Zhou Yi to Cao Qun and the change of industrial and commercial registration was also completed.

The legal representative of both Huatai Ruixin Equity Investment Management Co., Ltd. and Yili Huatai Ruida Equity Investment Management Co., Ltd. changed from Zhou Yi to Chen Gang and the change of industrial and commercial registration was also completed.



(III) Huatai Futures

1. Changes in shareholders, directors, supervisors and senior management

The Board of Directors of the Company received the written resignation from Mr. Zhang Tao, vice president, on 10 January 2017. Mr. Zhang Tao resigned as the vice president of the Company and the chairman of Huatai Futures due to work arrangement and the resignation took effect as from the date of submission. Mr. Wu Zufang was elected as the chairman of Huatai Futures on 12 April 2017 and began to perform his duty on 5 May 2017.

2. Major investment and financing works

- (1) During the Reporting Period, the Company increased additional capital of RMB360 million to Huatai Futures. The registered capital of Huatai Futures thereafter changed from RMB1,009 million to RMB1,609 million.
- (2) During the Reporting Period, Huatai Futures was approved to establish its second risk management subsidiary, Huatai Great Wall Investment Management Co., Ltd., in Shanghai Pilot Free Trade Zone and to file the registration Notice on the Filing of Establishment Registration of Huatai Great Wall Investment Management Co., Ltd. (Zhong Qi Xie Bei Zi [2017] No. 52) (《關於華泰長城投資管理有限公司設立予以備案的通知》(中期協備字[2017]52號)). On 4 September 2017, Huatai Futures made a capital contribution of RMB100 million to Huatai Great Wall Investment Management Co., Ltd. and further made a capital contribution of RMB250 million on 26 December 2017, holding 100% equity and 100% voting rights of Huatai Great Wall Investment Management Co., Ltd. thereafter.

3. During the reporting period, Huatai Financial USA, Inc., a subsidiary of Huatai Futures, obtained the license for futures business.

(IV) Huatai Financial Holdings (Hong Kong)

1. During the Reporting Period, the Board of Directors of Huatai Financial Holdings (Hong Kong) received the written resignation from Mrs. Lu Rong, its director and CEO. Mrs. Lu resigned as the director and CEO of Huatai Financial Holdings (Hong Kong) due to personal reasons. A meeting of Board of Directors was convened by Huatai Financial Holdings (Hong Kong) and Mr. Wang Lei was designated as the director and the CEO of Huatai Financial Holdings (Hong Kong).
2. During the Reporting Period, Huatai Financial Holdings (Hong Kong) has completed the application for de-registration of two British Virgin Islands SPV, Lucid Elegant Limited and Lead Talent Enterprises Limited, which were officially dissolved since then.
3. During the Reporting Period, the Company incorporated Huatai International Financial Holdings Company Limited in Hong Kong with a registered capital of HK\$2. Huatai International Financial Holdings Company Limited received the reply, which approved it to serve as the substantial shareholder of Huatai Financial Holdings (Hong Kong), from SFC on 4 December 2017. The organizational restructuring of Hongkong subsidiary is in process.

(V) During the Reporting Period, the president and legal representative of Huatai Innovative Investment was changed from Jiang Yu to Wang Lei.

(VI) During the Reporting Period, China Southern Asset Management has completed the shareholding reform and held the meeting for the incorporation of China Southern Asset Management Co., Ltd. on 8 December 2017 to change the nature of the company from limited company to joint stock company and renewed its business license and business operation permit on 4 January 2018 and 15 January 2018, respectively and renamed as "China Southern Asset Management Co., Ltd."

XV. Fulfilling of Corporate Social Responsibilities

(I) Poverty alleviation efforts of listed companies

1. Targeted poverty alleviation planning

- (1) **Basic strategies:** alleviating and getting rid of poverty in targeted areas.
- (2) **General objectives:** to help poor counties get rid of poverty soon, and to make due contribution in respect of building a moderately prosperous society by 2020 in order to overcome poverty by fully capitalizing on the Company's advantages on talents, intelligence, resources and capital.
- (3) **Main mission:** to help targets of poverty alleviation and areas in poverty pro-actively in developing industries with characteristics and advantages by integrating local resources, to enhance the development capability of such targets and areas with the help of the capital market and to continue to strengthen the internal momentum of economic development.

(4) Protective measures

- 1) Establishing poverty alleviation work stations which offer financial services

Establishing poverty alleviation work stations which offer financial services in poor areas, and establishing a long-term effective system regarding participating in poverty alleviation programs to give assistance to the poor in order to achieve deep connection between the Company and the poverty alleviation targets.
- 2) Setting up branches

Setting up branches in poor areas when the condition is mature, providing information on securities laws and financial knowledge, disseminating rational investment concepts so as to facilitate the healthy development of local capital markets.
- 3) Providing multi-layered capital market poverty alleviation services
 - ① Meeting the cultivation and incubation demand of listing guidance in poor counties precisely, recommending eligible quality enterprises to carry out listing and financing proactively, providing assistance to enterprises in the county areas on regulatory governance, as well as providing advice and suggestions for enterprises entering the capital market.
 - ② Participating pro-actively in supply-side structural reform in poor counties and providing differentiated financial services to enterprises with different sizes, types and growth stages.
 - ③ Carrying out training to improve financial knowledge.
- 4) Providing industry poverty alleviation services
 - ① Providing support and services for the establishment of industry funds in poor counties, participating and providing guidance actively in the management and operation of funds, providing investment, financing and management consulting services for small and medium-sized enterprises in poor counties, facilitating the economic development and industry upgrading of poor counties by broadening financing channels.
 - ② Assisting poor counties to carry out promotional activities to attract enterprises and investments based on the industry development condition of the poor counties.
- 5) Providing poverty alleviation services regarding consumption:

helping special agricultural products of poor counties to broaden their sales channels by using the China's securities inter-connection business platform on poverty alleviation regarding consumption in order to increase farmers' income and boost industrial development.



- 6) Providing poverty alleviation services regarding education:

organizing outstanding internal lecturers to interact with higher vocational institutes of poor counties, in an effort to help foster financial professionals in poor counties and to provide strong support in human resources for the long-term development of poor counties.
- 7) Providing employment and poverty alleviation services:

Under the same condition, employing fresh graduates from poor families in administrative record for poverty registration in poor counties which are given assistance by twinning poverty alleviation programs in priority to help solve the employment problem of poor families.
- 8) Providing community services for poverty alleviation
 - ① Operating aiding impoverished groups activities, organizing compassionate people to offer donations of money and materials to poor villages and poor families with established archives and cards.
 - ② Operating multi-type community activities such as caring for the construction of Children's Home to promote the development of poor counties' public undertakings.
- 9) Actively introducing local characteristic resources:

integrating the practice of the Company with that of poor areas with practice of the Company itself and poor areas, actively introducing local characteristic resources such as ecology, tourism and education, e.g. founding a red education base with the revolutionary districts.
- 10) Selecting staff to take temporary posts: according to poor areas' demands, select politically qualified staff with high professionalism level and strong coordinating capability ability to take temporary posts in poor areas to carry out targeted poverty alleviation.

2. Outline of targeted poverty alleviation of the year

During the Reporting Period, the poverty alleviation efforts of the Company mainly focused on three aspects, the "One Company, One County" action to help domestic poor counties in pairs, the counterpart-assistance to Northern Jiangsu and commonwealth undertakings, strengthening ongoing efforts for poverty alleviation. The effects of poverty alleviation have been outstanding.

The efforts on the "One Company, One County" action to help poor counties in pairs witnessed new progresses. In respect of consumption poverty alleviation, the agricultural byproducts with Jinzhai County's local characteristics, such as Jinzhai antibiotic-free pork and ganoderma lucidum spores powder were sold online; in respect of commonwealth poverty alleviation, the location of the project, "the Home of Our Children" in Jinzhai County was determined (Shuanghe Town Middle School); in addition, the Party branch of the Company's General Affairs Department conducted a public benefit activity, namely "Dedication of Love to Bright Hope", in Jinzhai County, materials such as computers, books, stationery and sporting goods, were donated to local schools and children; in respect of financing and industrial poverty alleviation, the Company and Huatai United Securities, organized personnels to Jinzhai County to carry out field research and in-depth visits to enterprises to understand the needs of local enterprises for the improvement of capital market services and to answer questions as well as study countermeasures for local enterprises on-site. The intention on "One Company One County" has been established primarily based on numerous efforts made. At the end of November, the chairman of the Company led a team to Jinzhai County for a forum on poverty alleviation. Both parties expressed their prospects on the future and long-term development of Jinzhai County so as to form a solid foundation for future projects. Senior managers of the Company went to Jinzhai to visit 21 needy families prior to the Spring Festival. The Company harvested a lot in the process of helping Jinzhai that it actively promoted the red educational resources of Jinzhai. The first training session was successfully completed in April 2017 and over 2,000 Party members in batches would go to Jinzhai for training in rotation within the pairing support.

Promoted the counterpart-assistance to Northern Jiangsu. The Company raised the poverty relief fund for Feng

County from RMB450,000 in 2016 to RMB1 million in 2017, and made such funds in place immediately. At the beginning of the year, the leadership of the Company carried out a field research and to visit local families in need. Currently, the “repository for the preservation of 600 tons of fruits and vegetables” project in Honglou Village, Liangzhai Town, Feng County, which was constructed with the help of the Company, was rented out, generating an extra income of RMB150,000 for the whole village every year and solving the problem of employment for partial low-income peasant households. The Company pulled all resources to help increase the income of peasant households. The Company purchased apples produced locally during the Mid-Autumn Festival, which contributed to a local income of RMB36,116. Furthermore, in 2017, the Company also focused on the implementation of several livelihood projects, including of road broadening, afforestation, darkening of sewer, improvement of public toilets and backfilling so as to greatly change the image of county areas and enhance the living standards and sense of happiness of local residents.

Actively participated in commonwealth to show the undertaking of a state-owned enterprise. In 2017, total public welfare expenditures of the Group was RMB17,139,800 with multiple aspects involved, including counterpart-assistance, charitable funds donations, poor students assistance and commonweal sponsorship. For example, the Company donated RMB5 million to Jiangsu Province Charity Federation, RMB1.1 million to Jiangsu Legal Aid Foundation and further input RMB0.5 million for the organization and implementation of the program of “For Children, For Tomorrow” and established “the Commonwealth Heart of Huatai” growth scholarship for Suqian Cangji Central Primary School in Jiangsu Province and Hetu Anqing Hetu Primary School in Yuexi County. In addition, the Company actively responded to the call of the Securities Association of China and Jiangsu Municipal Organization Department of the CPC to apply the retained Party membership dues to poverty alleviation, subscribing a contribution of RMB2.25 million for the construction of a photovoltaic plant in Xi County, Shanxi Province and donating RMB2.8 million to support the construction of Party & public service centers in five villages with weak economy in Lianyungang. With the lead of the Company, each and all branches and business departments were actively involved in targeted poverty alleviation with the assistance of local governments or associations. All in all, we engaged in more commonwealth undertakings to help the distressed. Jiangxi Branch and Boyang County introduced “Huatai · Boyang Hand in Hand” series to respond to the Honorable Program of “Dream-true Boyang · Social Poverty Alleviation” and donated RMB150,000 to support the construction of vegetable bases with a scale over hundred Mu and helped introduce social funds for the poverty alleviation in Boyang. Huatai Futures concluded the Strategic Cooperation Agreement on Targeted Poverty Alleviation with Jiange County of Sichuan to provide a special poverty alleviation fund of RMB1 million for Liuchang Village, Yaojiang Town, Jiange County and concluded a Memorandum on Targeted Poverty Alleviation with Yanchang County of Shanxi to provide a support fund of RMB0.5 million for Fujiayuan Village of Yanchang County. Meanwhile, Huatai Futures made full use of its professional strength, expanded its pilot project of “insurance + futures”. It carried out a pilot project of “insurance + futures” for corn in Kezuohou Banner, Tongliao, Inner Mongolia, a pilot project of “insurance + futures” for natural rubber in Qiongzong County, Hainan, a pilot project of “insurance + futures” for cotton in Wei County, Hebei, all of which provided an income guarantee for local farmers.

**3. Achievements of targeted poverty alleviation**

Unit: Ten Thousand Yuan Currency: RMB

Index	Number and implementation information
I. General information	
Including: 1. Funds	1,713.98
2. Goods converted to money	-
3. Number of poor people helped to be removed from administrative record for poverty registering (Persons)	334
II. Itemized input	
1. Poverty alleviation through industrial development	
Including: 1.1 Types of industrial poverty alleviation projects	" √ Poverty alleviation through agriculture and forestry" " <input type="checkbox"/> Poverty alleviation through tourism" " <input type="checkbox"/> Poverty alleviation through E-commerce" " <input type="checkbox"/> Poverty alleviation through assets Income" " <input type="checkbox"/> Poverty alleviation through science and technology" " √ Others"
1.2 Number of industrial poverty alleviation projects	7
1.3 Amount invested in industrial poverty alleviation projects	423.77
1.4 Number of poor people helped to be removed from administrative record for poverty registering (Persons)	334
2. Poverty alleviation through education	
Including: 2.1 Amount invested in subsidizing poor students	11.36
2.2 Number of students receiving allowance (Persons)	135
2.3 Amount invested in improvement of education resources in poverty area	50
3. Social poverty alleviation	
Including: 3.1 Amount invested in poverty alleviation in east and west of China	-
3.2 Amount invested in targeted poverty alleviation	177.40
3.3 Public funds for poverty alleviation	751.45
4. Other projects	
Including: 4.1 Number of projects (Project)	1
4.2 Amount invested	300
4.3 Details of other projects	Charity sponsorship

4. Follow-up targeted alleviation plan

The Company will carefully implement the central and provincial committee and government decisions and arrangements on poverty alleviation through development, enforce the requirements of CSRC and industrial associations concerning poverty alleviation and actively assume its social responsibilities while paying attention to transformation and upgrade as well as innovation and development to serve the national strategy on poverty alleviation with wholeheartedly.

The Company will comprehensively enhance the efforts on the "One Company One County" action to help the national poor counties in pairs. The first step is to deepen the industrial poverty alleviation. The Company will base itself on reality, keeping a foothold on local superior resources while attaching importance to the shortage in local industrial development to pertinently assist Jinzhai County to introduce investment. It will also actively promote the "One Company One County" assistance in pair to assist local enterprises to regulate the corporate governance and resolve difficulties in financing and enhance the self-development capability of Jinzhai County. The second step is to deepen the commonwealth undertakings. Based on the implementation of the project of "the Home of Our Children" in Jinzhai, the Company will actively carry out activities to show concerns and care for children in need. The third is to deepen poverty alleviation by the "party building+". The Company will actively promote the red resources in Jinzhai and plans to implement 4 terms of Party member educational training in 2018. In the meantime, we will integrate the Party building with poverty alleviation, organize our Party members to Jinzhai to implement commonwealth activities and explore a mode for cooperative and joint construction. The fourth is to direct our branches and subsidiaries to implement the "One Company One County" assistance in pair, support Jiangxi Branch to carry out poverty alleviation with Boyang County, Jiangxi, support Huatai Futures to carry out works of assistance in pair with Jiange County, Sichuan and Yanchang County, Shanxi and constantly implement the "insurance + futures" project to expand the benefited groups.

On the other hand, the Company will continuously complete the counterpart-assistance of Northern Jiangsu. The collective economic income of Honglou Village, Liangzhai Town, Feng County in 2017, which was directly assisted by staff of the Company designated for poverty alleviation, exceeded RMB180,000.00, which helped the village smoothly overcome poverty. The next step is to implement a new round of assistance in pair pursuant to the general arrangement of Jiangsu Provincial Party Committee on poverty alleviation. Firstly, the Company has to actively cooperate with the working team of Jiangsu Provincial Party Committee for poverty alleviation through the guarantee of funds and the work performance of support units and make such funds in place immediately. Secondly, the Company has to ensure the personnel allocation, select excellent team members for poverty alleviation works to stay in villages and on site, return to the basic posts and keep a close bond between the talent and intelligence advantages and efforts on poverty alleviation. Thirdly, the Company has to carefully select its poverty alleviation projects, learn from experience for poverty alleviation works, and insist on good practices. With in-depth investigations and multi-dimensional discussions, the Company can make most of local superior resources, respect the voices of local groups, make better choices on poverty alleviation projects and find better entry points of poverty alleviation work.

(II) Social Responsibilities

The Company is listed as a financial company on SSE and also listed inside and outside China. While disclosing the 2017 Annual Report, the Company also disclosed 2017 Annual CSR Report of Huatai Securities Co., Ltd. For details of the report, please check the website of SSE (www.sse.com.cn), the website of Hong Kong Stock Exchange (www.hkexnews.hk) and the website of our Company (www.htsc.com.cn) on 29 March 2018.



1. Responsibility Principles of Huatai Securities

Since its establishment, Huatai Securities has always been adhering to its core values of “efficiency, honesty, prudence, and innovation” and its business philosophy of “focusing on customer services, customer demands, and customer satisfactions”, and striving to maintain harmony between its responsibilities for customers, shareholders, employees and society.

Trustworthy to Customers	Pride to Employees	Satisfactory to Shareholders	Respectful to Society
The Company always places its customers at the center and strives to create good value for its customers, so as to win their trust with high quality financial services.	The Company values people that are both talented and morally respectable, for which it has built a solid career development platform and fostered an optimistic corporate culture, so as to achieve common growth with its employees.	The Company standardizes its corporate governance structure and attaches great importance to risk management and rule compliance, aiming to achieve a stable increase in asset value and ensure stable return to its shareholders.	The Company values the harmonious development of the financial system and community, gives full play to its professional strengths to facilitate social advances; it also actively participates in social welfare promotion and environment-friendly development, and fulfills its responsibilities as a corporate citizen.

2. Regulated Governance to Ensure Shareholders’ Satisfactions

The Company operates in strict compliance with the laws, regulations, and normative documents in the jurisdictions where its shares are listed so as to continuously improve the effectiveness of its corporate governance. The shareholders' meeting, the board of directors, the board of supervisors, and the management of the Company are separated from each other to maintain restrictions on and balance with each other. Each of them performs its own duties and responsibilities independently so as to achieve order and efficiency in the operation and management of the Company.

In the categorized evaluation of securities companies conducted by China Securities Regulatory Commission in 2017, the Company was rated Class AA under Category A.

3. Creating Value and Being Customer-trustworthy

▶▶ Driving Supply-side Reform

Supply-side structural reform is an important strategic decision that China has made in response to the new normal of economic development. While following closely the national development strategy, the Company taps the market demand, gives full play to its expertise and technical advantages, makes suggestions on the adjustment of industrial structure, industrial planning, industrial merger, acquisition and restructuring, provides three-dimensional financial service scheme for steel, coal, mining and metallurgy and other state-owned enterprises, implements the spirit of “three removals, one reduction and one supplement” (reducing capacity, destocking, deleveraging, lowering costs and shoring up weak spots) so as to help enterprises realize transformation and upgrading of the “new normal state”.

▶▶ Smart Service Provides Better Customer Experience

Cored with science and technology innovation in financial transactions and taking advantage of the science and technology strength, the Company constructed a specialized, intellectualized and scene-based financial service platform, unceasingly providing extremely intelligent financial services for the customer.

ZhangLe Fortune Path 5.0, Entertained you with Intelligence

The total number of downloads of the mobile financial service terminal "ZhangLe Fortune Path" of the Company had topped 37 million. According to the statistics of Analysys, the number of active users averaged 6,043,400 in December 2017, ranking first among brokers for three years in a row.



Innovation Achievement Award

appraised by China Customer Management Alliance



The Most Popular Wealth Management App Award in Jiangsu Province

appraised by Sina Weibo and Sina Jiangsu



Outstanding Securities Platform 2017

rated by Financial Champion 2017 in wallstreetcn.com in the selection of financial leaders of 2017



2017 Financial App Award of the Most Brand Value in Jiangsu

rated by 2017 Financial App Award of the Most Brand Value in Jiangsu of "Jiangsu V Influence Summit 2017"



The Best Financial App Award 2017

appraised by the 2nd Financial V List Rating hosted by 21st Century Business Herald

4. Cherishing Talent, Growing Together

The Company continued to improve its multi-level training system to enhance its staff's business capabilities. The Company, taking the overall human resources strategy as the outline, established our training system based on "corporate strategy, policy system, platform system, implementation system", supported by "trainers system, courses system, assessment system" and centered on "learning power" with international leading corporate university patterns. During 2017, the Company completed 38 centralized trainings, 20 Huatai Forums, 180 off-site trainings, with approximately 3,675 participants on site and over 20,000 participants by the way of remote video or internet trainings.



5. Targeted Poverty Alleviation for Society Advances

The Company actively responded to the calls of the PRC government on poverty alleviation and taken "Alleviating and Getting Rid of Poverty in Targeted Areas" as its basic strategies to help poor counties get rid of poverty soon by fully capitalizing on the Company's advantages on talents, intelligence, resources and capital. Under the leadership of the Company' Party Committee, the Company has actively conducted counterpart assistance in Jiangsu Province and "One Company One County" Assistance in Pair. During 2017, the fund contributed by the Company on poverty alleviation was over RMB 17,000,000, and the number of poor people helped to be removed from administrative record for poverty registering was 334.



►► Characteristics of Huatai's Poverty Alleviation Approaches

Utilized the advantages in talents and intelligence to provide the financial statistical data for areas in poverty

Leveraged the strength of industrial intermediary agent to pave the way for poor areas

Leveraged the strength of finance and transformed the poverty alleviation approaches of poor areas

Leveraged the strength of the precision of targets of aid, actively introduced local characteristic resources in poor areas

China Securities Journal "Society Responsibilities in Security Industry — Poverty Alleviation" to share the targeted poverty alleviation experience of Huatai Securities



Over RMB
17,000,000

the fund contributed by the Company on poverty alleviation in 2017

334 persons

the number of poor people helped to be removed from administrative record for poverty registering

6. Green Finance, Low-carbon Development

The reports of the 19th National Congress of the Communist Party of China expressly state to "accelerating the reform on the ecological civilization systems to build a beautiful China", and consider the "development of Green finance" as an approach of "Committed to Green Development". The Company strategically continues to push forward green finance programs and has invested a lot of resources in green finance bonds, serving as the pioneer and leader of underwriting and issuing domestic green bonds. In 2017, the Company issued green finance bond of RMB10 billion.

10 billion

the green finance bond issued by the Company in 2017

(III) Environment information

1. Companies and their subsidiaries in severely polluting industries specified in the regulations issued by national environmental protection authorities

The Company did not belong to companies or their subsidiaries in severely polluting industries specified in the regulations issued by national environmental protection authorities.

2. Companies that are not in severely polluting industries

The Company advocated a low-carbon and environmental-friendly operation and working mode, actively promoted its energy conservation and environmental protection system, called on each and every staff to incorporate the concept of energy conservation and environmental protection into the work and daily life to save social resources, protect the environment and reduce pollution to the maximum extent so as to create a healthy and comfortable working environment for staff. The Company is a financial company and main pollutants released are office waste, domestic wastewater and automobile exhaust with relatively lower emissions. The Company has also promoted a paperless working style, advocated water conservation and encouraged green travel to reduce the discharge of solid waste, wastewater and exhaust emission. Key methods of the Company to reduce the environmental influence are as follows:

Key methods	Details
Promoting paperless working environment	Encouraging the use of e-text, providing on-line modification and finalization functions for document approval procedures to reduce papers used for printing; meanwhile, providing an e-business platform, adding the function of ZhangLe Fortune Path to encourage the use of paperless services.
Generalizing telephone and video conferencing	Optimizing the communication mode through the adoption of telephone and video conference to reduce on-site meetings and decrease carbon emissions caused by business travels.
Promoting online training	Using cloud learning APPs and WeChat official platform for staff training to reduce business travels and vehicular application for training.
Advocating green travel	The Company owns 45 vehicles and imposes a strict management on such vehicles, encourages the sharing of vehicles in case of business travels, and advocates the use of subway and other public transports to reduce the use of official vehicles.
Setting up a low-carbon data center	Adopting an energy-efficient new technology for the close of cold channel in the substantial area of the machine room of our data center to improve the thermal performance and enhance the utilization of cooling air flow; meanwhile, realizing the integration of servers through virtualization technologies to substantially decline the use of servers and decrease energy consumption.
Proper treatment of solid wastes and wastewater	Office waste are collected and transported by property management companies in a timely manner to create a beautiful environment; hazardous wastes such as electronic wastes, light pipes, toner cartridges and ink cartridges are recovered by qualified entities for further disposal or recycling; wastewater is discharged to the sewage treatment factor through municipal sewage networks

XVI. The Company had no convertible corporate bonds

XVII. Main off-balance sheet items that may affect the Company's financial situation and operating results

1. Huatai International Finance I Limited under Huatai Financial Holdings (Hong Kong) completed the first offshore bond issuance on 8 October 2014. In order to enhance the repayment guarantee for the first offshore bonds and reduce the issuing rate, according to the mandate granted at the Company's Annual General Meeting for 2013, the authorized person of the Company determined to have the Bank of China Macau Branch providing a guarantee for the first offshore bonds with a standby L/C. At the same time, according to the resolution of the 9th meeting of the third session of the Board of the Company, the Company issued a Letter of Counter Guarantee to the Bank of China with regard to the standby L/C opened for the first offshore bonds issued by the Company. The amount of the counter guarantee did not exceed the principal, interest and other relevant expenses of the bonds, totaling the USD equivalent of RMB3 billion. It was a guarantee with joint and several liabilities, the period of which would last 6 months after the expiration of the standby L/C.
2. In January 2015, Huatai Asset Management officially operated. In order to ensure that the risk control indicators of Huatai Asset Management remain in conformity with the regulatory requirements, after consideration and approval at the 16th meeting of the third session of the Board and the Annual General Meeting for 2014, the Company provided a net capital guarantee with the maximum amount of RMB1.2 billion for Huatai Asset Management and promised that it would provide cash within the said limit unconditionally when Huatai Asset Management is in need of cash support for commencing its business operation. After consideration and approval at the 35th meeting of the third session of the Board and the 2nd Extraordinary General Meeting for 2016, the Company provided a net capital guarantee with the maximum amount of RMB5 billion for Huatai Asset Management and promised that it would provide cash within the said limit unconditionally when Huatai Asset Management is in need of cash support for commencing its business operation.



XVIII. Important matters after the balance sheet date

(I) Changes in shareholders, directors, supervisors and senior management

1. Huatai Zijin Investment convened the meeting of the Board on 23 January 2018 to appoint Cao Qun as its general manager.
2. After the Reporting Period, the independent non-executive Director, Mr. Yang Xiongsheng submitted a written resignation report to the Board to resign as the independent non-executive Director of the fourth session of the Board and the member of Audit Committee of the Board. The Company received the Letter of Performance Termination from Mr. Yang on 11 March 2018 and the resignation took effect on the date of such submission.
3. Mr. Lee Kwok Tai Louie ceased to act as the legal process service agent on behalf of the Company in Hong Kong pursuant to Part 16 of the Companies Ordinance (Cap. 622, Laws of Hong Kong) with effect from 29 March 2018. At the same time, Ms. Lam Mei Kuen will be appointed as the legal process service agent on behalf of the Company in Hong Kong as a replacement for Mr. Lee Kwok Tai Louie with effect from 29 March 2018.

(II) Proposal or resolution on annual distribution

Please refer to “Important Notice V” of this report.

(III) Material Investment and financing activities

On 18 January 2018, 0.2% equity of Huatai United Securities (2 million shares) held by China Atomic Energy Industry Co., Ltd. was sold in a judicial sale on the Beijing Property Exchange and Huatai Securities acquired such equity with an amount of RMB13,140,200.00. On 23 March, the equity transfer was completed and the shareholding of Huatai United Securities held by the Company changed from 99.72% to 99.92%.

(IV) Material litigation and arbitration

After the Reporting Period, the Company did not have any material litigation and arbitration.

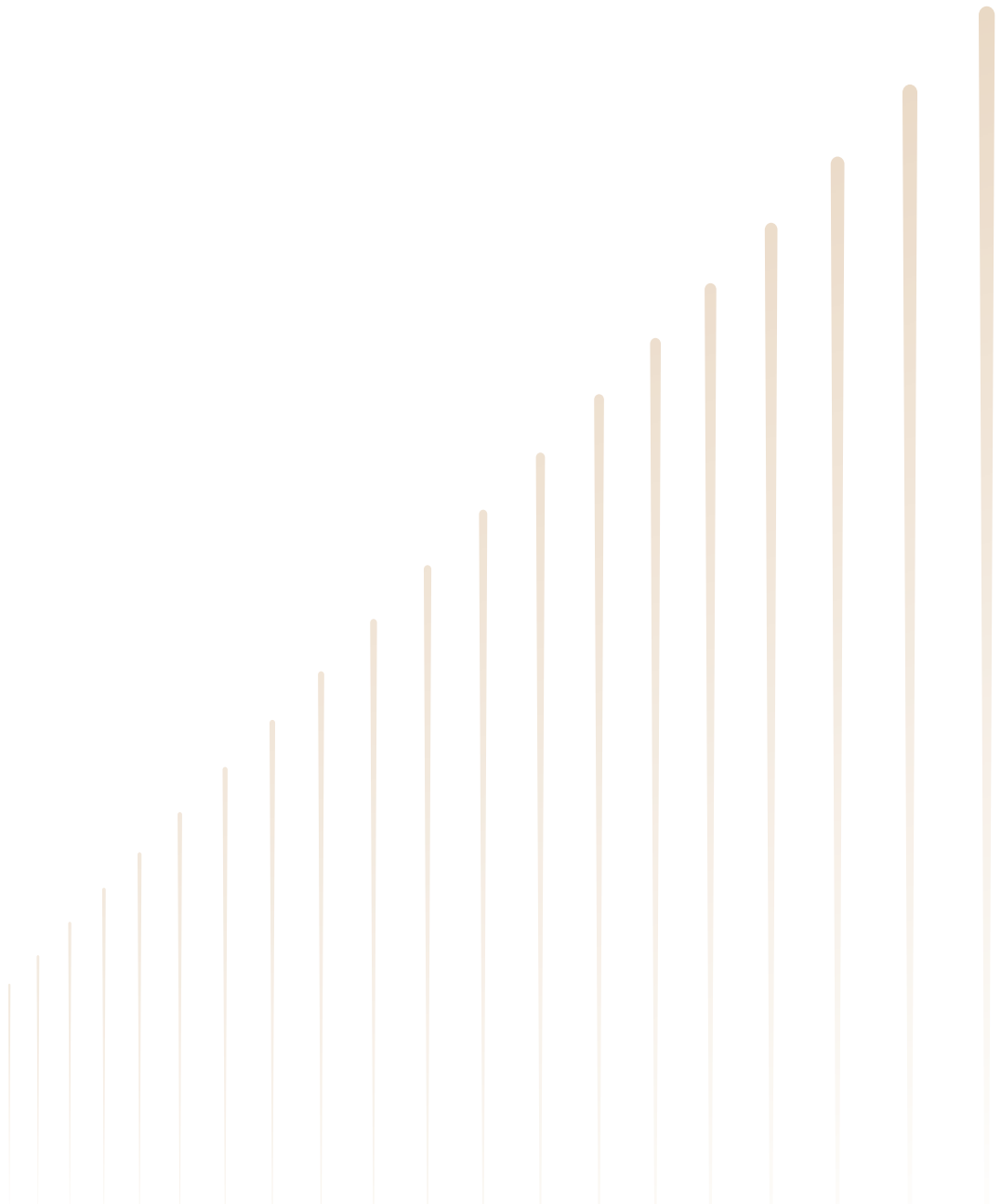
(V) Business combination or disposal of subsidiary

After the Reporting Period, the Company did not conduct any business combination or disposal of subsidiary.

(VI) Establishment and relocation of securities sales departments and branches

Name of branches before relocation	Name of branches after relocation	New address	Issue date of license
Guangdong Branch	Guangdong Branch	Room 02 and 03, 36/F, 10 Huaxia Road, Tianhe District, Guangzhou City	3 January 2018
Securities Branch in Changjiang Road, Yantai	Securities Branch in Jinhua Street, Yantai	85, Jinhua Street, Zhifu District, Yantai City, Shandong Province	8 February 2018

(VII) The Company had no other situations that might materially affect the financial position, results of operation and cash flow of the Company after the Reporting Period.



03

Corporate Governance

Changes in Share Capital and Shareholders	116
Directors, Supervisors, Senior Management and Staff	124
Corporate Governance Report	148
Corporate Bonds	188





Changes in Share Capital and Shareholders

CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

I. Changes in ordinary share capital

(I) Statement of changes in ordinary shares

As of the end of the Reporting Period, the Company had a total share capital of 7,162,768,800 Shares, including 5,443,723,120 A Shares (representing 76% of the total share capital) and 1,719,045,680 H Shares (representing 24% of the total share capital). During the Reporting Period, there was no change in the total number of shares and share capital structure of the Company.

(II) Changes in shares not subject to selling restrictions

II. The issuance and listing of securities

(I) Issuance of securities as of the end of the Reporting Period

Currency: RMB

Types of shares and their derivative securities	Date of issue	Issue price (or interest rate)	Number of shares issued (RMB' 100 million)	Date of listing	Number of shares permitted to be listed for trading (RMB' 100 million)	Ending date of the trading
	Convertible corporate bonds, detachable convertible bonds, corporate bonds					
Corporate bonds	2013-06-05	4.68%	40	2013-07-17	40	2018-06-05
Corporate bonds	2013-06-05	5.10%	60	2013-07-17	60	2023-06-05
Corporate bonds	2015-06-29	4.20%	66	2015-07-30	66	2018-06-29
Corporate bonds	2015-12-06	3.57%	35	2016-12-13	35	2019-12-05
Corporate bonds	2016-12-06	3.78%	25	2016-12-13	25	2021-12-05
Corporate bonds	2016-12-14	3.79%	50	2016-12-22	50	2019-12-13
Corporate bonds	2016-12-14	3.97%	30	2016-12-22	30	2021-12-13
Subordinated bonds	2015-01-22	5.90%	60	2015-03-10	60	2017-01-23

Types of shares and their derivative securities	Date of issue	Issue price (or interest rate)	Number of shares issued (RMB' 100 million)	Date of listing	Number of shares permitted to be listed for trading (RMB' 100 million)	Ending date of the trading
Convertible corporate bonds, detachable convertible bonds, corporate bonds						
Subordinated bonds	2015-04-20	5.80%	50	2015-06-23	50	2020-04-21
Subordinated bonds	2015-06-25	5.50%	180	2015-08-26	180	2017-06-26
Subordinated bonds	2016-07-18	3.94%	6	2016-08-25	6	2017-07-18
Subordinated bonds	2016-10-14	3.30%	50	2016-11-02	50	2021-10-13
Subordinated bonds	2016-10-21	3.12%	30	2016-11-02	30	2019-10-20
Subordinated bonds	2017-07-27	4.95%	50	2017-08-16	50	2020-07-26
Subordinated bonds	2017-09-14	5.00%	20	2017-09-26	20	2018-09-13
Non-public corporate bonds	2017-02-24	4.50%	60	2017-03-09	60	2018-08-23
Non-public corporate bonds	2017-02-24	4.65%	20	2017-03-09	20	2020-02-23
Non-public corporate bonds	2017-05-15	5.00%	40	2017-09-20	40	2019-05-14
Non-public corporate bonds	2017-05-15	5.25%	60	2017-09-20	60	2020-05-14
Non-public corporate bonds	2017-08-11	4.65%	40	2017-08-24	40	2018-08-10
Non-public corporate bonds	2017-10-19	4.98%	50	2017-11-02	50	2019-04-18
Non-public corporate bonds	2017-11-20	5.20%	40	2017-11-30	40	2018-11-19

Information of the issuance of securities as of the end of the Reporting Period (for the bonds with different interest rates in the duration period, please explain otherwise):

1. Corporate bonds:

(1) Corporate bonds issued in previous years but still in the duration period:

On 5 June 2013, the Company publicly issued the 2013 corporate bonds of Huatai Securities to public investors with an amount of RMB10 billion at an issue price of RMB100 per bond, carrying 5-year and 10-year fixed rates. The amount of 5-year bonds came to RMB4 billion with 4.68% coupon rate, while the amount of 10-year bonds came to RMB6 billion with 5.10% coupon rate. Such bonds were listed for trading in the Shanghai Stock Exchange on 17 July 2013. The abbreviation and code for 5-year bonds are 13 Huatai 01 (13 華泰 01) and 122261, and the amount of the bonds permitted to be listed for trading came to RMB4 billion with the trading ended on 5 June 2018; the abbreviation and code for 10-year bonds are 13 Huatai 02 (13 華泰 02) and 122262, and the amount of the bonds permitted to be listed for trading came to RMB6 billion with the trading ended on 5 June 2023.

On 29 June 2015, the Company publicly issued 3-year 2015 corporate bonds of Huatai Securities to qualified investors (first tranche). The amount of the said bonds came to RMB6.6 billion with 4.20% coupon rate. Such bonds were listed for trading on the Shanghai Stock Exchange on 30 July 2015. The abbreviation and code for such bonds are 15 Huatai G1 (15 華泰 G1) and 122388, and the amount of the bonds permitted to be listed for trading came to RMB6.6 billion with the trading ended on 29 June 2018.

On 6 December 2016, the Company publicly issued the 2016 corporate bonds of Huatai Securities to qualified investors (first tranche). The amount of the said bonds came to RMB6 billion at an issue price of RMB100 per bond, carrying 3-year and 5-year fixed rates. The amount of 3-year bonds came to RMB3.5 billion with 3.57% coupon rate, while the amount of 5-year bonds came to RMB2.5 billion with 3.78% coupon rate. Such bonds were listed for trading in the Shanghai Stock Exchange on 13 December 2016. The abbreviation and code for 3-year bonds are 16 Huatai G1 (16 華泰 G1) and 136851, and the amount of the bonds permitted to be listed for trading came to RMB3.5 billion with the trading ended on 5 December 2019; the abbreviation and code for 5-year bonds are 16 Huatai G2 (16 華泰 G2) and 136852, and the amount of the bonds permitted to be listed for trading came to RMB2.5 billion with the trading ended on 5 December 2021.

On 14 December 2016, the Company publicly issued the 2016 corporate bonds of Huatai Securities to the qualified investors (second tranche). The amount of the said

bonds came to RMB8 billion at an issue price of RMB100 per bond, carrying 3-year and 5-year fixed rates. The amount of 3-year bonds came to RMB5 billion with 3.79% coupon rate, while the amount of 5-year bonds came to RMB3 billion with 3.97% coupon rate. Such bonds were listed for trading in the Shanghai Stock Exchange on 22 December 2016. The abbreviation and code for 3-year bonds are 16 Huatai G3 (16 华泰 G3) and 136873, and the amount of the bonds permitted to be listed for trading came to RMB5 billion with the trading ended on 13 December 2019; the abbreviation and code for 5-year bonds are 16 Huatai G4 (16 华泰 G4) and 136874, and the amount of the bonds permitted to be listed for trading came to RMB3 billion with the trading ended on 13 December 2021.

2. Subordinated bonds

(1) Subordinated bonds issued in previous years but still in duration period:

On 22 January 2015, the Company non-publicly issued the 2015 first tranche of subordinated bonds (the abbreviation and code of such bonds are 15 Huatai 01 (15 华泰 01) and 123265) with an amount of RMB6 billion, carrying a two-year period and 5.90% coupon rate and the principle together with the interests were repaid on 23 January 2017.

On 20 April 2015, the Company non-publicly issued the 2015 second tranche of subordinated bonds with an amount of RMB12 billion. The amount of 2-year bonds (with redemption option for the issuer at the end of the first year; the abbreviation and code of such bonds are 15 Huatai 02 (15 华泰 02) and 123099) came to RMB7 billion with 5.60% coupon rate, and the principal together with the interests were repaid on 21 April 2016, while the amount of 5-year bonds (with redemption option for the issuer at the end of the third year; the abbreviation and code of such bonds are 15 Huatai 03 (15 华泰 03) and 123100), came to RMB5 billion with 5.80% coupon rate.

On 25 June 2015, the Company non-publicly issued the 2015 third tranche of subordinated bonds (the abbreviation and code of such bonds are 15 Huatai 04 (15 华泰 04) and 125978) with an amount of RMB18 billion, carrying a two-year period and 5.50% coupon rate and the principle together with the interests were repaid on 26 June 2017.

On 18 July 2016, Huatai Futures non-publicly issued the 2016 subordinated bonds (abbreviation: 16 Huataiqi; bond code: 135634) with an issuance amount of RMB0.6 billion with a term of 4 years with redemption option for the issuer at the end of the first year and a coupon rate of 3.94% (if it is not redeemed in the first year, the coupon rate will be 5.94% for the following three years) and the principle together with the interests were repaid on 18 July 2017.

On 14 October 2016, the Company non-publicly issued the 2016 first tranche of subordinated bonds (the abbreviation and code of such bonds are 16 Huatai C1 (16 华泰 C1) and 145029) with an amount of RMB5 billion with a term of five years with redemption option for the issuer at the end of the third year and a coupon rate of 3.30%.

On 21 October 2016, the Company non-publicly issued the 2016 second tranche of subordinated bonds (the abbreviation and code of such bonds are 16 Huatai C2 (16 华泰 C2) and 145039) with an amount of RMB3 billion with a term of three years with redemption option for the issuer at the end of the second year and a coupon rate of 3.12%.

(2) Subordinated bonds issued during Reporting Period

On 27 July 2017, the company non-publicly issued the 2017 first tranches subordinated bonds(second bond) (abbreviation: 17 Huatai C2; bond code:145664) with an issuance amount of RMB5 billion with a term of 3 years and a coupon rate of 4.95% .

On 14 September 2017, the Company non-publicly issued the 2017 second tranche of subordinated bonds (the abbreviation: 17 Huatai C3; bond code: 145781) with an amount of RMB2 billion with a term of 1 year and a coupon rate of 5.00%.

3. Non-public corporate bonds

On 24 February 2017, the Company non-publicly issued the 2017 first tranche of subordinated bonds with an amount of RMB8 billion. The amount of 1.5-year bonds (the abbreviation: 17 华泰 01; bond code:145351) with an amount of RMB6 billion and a coupon rate of 4.50% ; while the amount of 3-year bonds (the abbreviation: 17 华泰 02; bond code: 145352 with an amount of RMB2 billion and a coupon rate of 4.65% .

On 15 May 2017, the Company non-publicly issued the 2017second tranche of subordinated bonds with an amount of RMB10 billion. The amount of 2-year bonds (the abbreviation: 17 华泰 03; bond code:145537) with an amount of RMB4 billion and a coupon rate of 5.00% ; while the amount of 3-year bonds (the abbreviation: 17 华泰 04; bond code: 145538 with an amount of RMB6 billion and a coupon rate of 5.25% .

On 11 August 2017, the Company non-publicly issued the 2017 third tranche of subordinated bonds (the abbreviation: 17 华泰 05; bond code:145132) with an issuance amount of RMB4 billion with a term of 1 year and a coupon rate of 4.65% .

On 19 October 2017, the Company non-publicly issued the 2017 fourth tranche of subordinated bonds (the abbreviation: 17 华泰 06; bond code:145839) with an issuance amount of RMB5 billion with a term of 1.5 year and a coupon rate of 4.98% .

On 20 November 2017, the Company non-publicly issued the 2017 fifth tranche of subordinated bonds (the abbreviation: 17 华泰 07; bond code:145701) with an issuance amount of RMB4 billion with a term of 1 year and a coupon rate of 5.20%.

4. Offshore bonds

On 8 October 2014, Huatai International Finance I Limited, a SPV, established in BVI by the Company's wholly-owned subsidiary Huatai Financial Holdings (Hong Kong) completed the first issuance of offshore bonds. The keep-well agreement and SLC of such bonds were provided by the Company and Bank of China Macau Branch respectively. Such bonds have an A1 (Moody's) credit rating with an amount of US\$400 million, issued under Regulation S, and will be due on 8 October 2019. Such bonds carry a coupon rate of 3.625% that shall be paid semi-annually, and are issued at the price of 99.914/the interest rate of US 5-year government bonds +185 basis points with an interest rate of 3.644%. The listing place is the Hong Kong Stock Exchange.

(II) Changes in the total number of ordinary shares of the Company and shareholder structure and the Company's assets and liabilities structure

During the Reporting Period, there were no changes in the sum of the Company's shares or in the shareholder structure caused by bonus shares, reserve capitalization, share allotment, additional issuance of new shares, non-public issuance of shares, warrants exercise, the implementation of any option incentive scheme, enterprise merger, equity conversion of convertible corporate bonds, capital reduction, listing employee shares, issuing bonds or other reasons.

For changes in the Company's assets and liabilities structure, please refer to "Management Discussion and Analysis and Report of the Board". "(II) Main operations during the Reporting Period" "(II) Analysis of the main items in consolidated statement of financial position".

(III) The Company had no employee shares**III. Information of Shareholders and DE FACTO Controllers****(I) Total number of shareholders**

Total number of shareholders of ordinary shares as at the end of the Reporting Period	173,074
Total number of shareholders of ordinary shares at the end of last month prior to the date on which the annual report shall be disclosed	185,488
Total number of shareholders of preferred shares whose voting rights have been restored as at the end of the Reporting Period	-
Total number of shareholders of preferred shares whose voting rights have been restored at the end of last month prior to the date on which the annual report shall be disclosed	-

Among shareholders of ordinary shares as at the end of the Reporting Period, shareholders of A Shares came to 164,009 and registered shareholders of H Shares came to 9,065.

Among the total number of shareholders of ordinary shares at the end of last month prior to the date on which the annual report shall be disclosed, shareholders of A Shares came to 176,767 and registered shareholders of H Shares came to 8,721.

(II) Shareholding of top ten shareholders and top ten holders of tradable shares (or holders of shares not subject to selling restrictions) as at the end of the Reporting Period

Unit: Shares

Name of share holder (in full name)	Increase/Decrease during the Reporting Period	Number of shares held as of the end of the Reporting Period	Percentage (%)	Number of shares held subject to selling restrictions	Pledged or frozen shares		Class of shareholder
					Status of shares	Number of shares	
					HKSCC Nominees Limited	(35,201)	
Jiangsu Guoxin Investment Group Limited	-	1,250,928,425	17.4643	-	Nil	-	State-owned legal person
Jiangsu Communications Holding Company Limited	9,996,700	450,628,918	6.2913	-	Nil	-	State-owned legal person
Govtor Capital Group Co., Ltd.	-	342,028,006	4.7751	-	Nil	-	State-owned legal person
China Securities Finance. Co., Ltd.	120,233,522	288,239,320	4.0241	-	Nil	-	Unknown
Jiangsu SOHO Holdings Group Co., Ltd.	(34,679,167)	174,527,550	2.4366	-	Nil	-	State-owned legal person
Jiangsu High Hope International Group Co., Ltd.	(30,150,023)	173,294,924	2.4194	-	Nil	-	State-owned legal person
Jiangsu Hiteker Co., Ltd.	(9,302,703)	123,169,146	1.7196	-	Unknown	123,169,146	Domestic non state-owned legal person
Central Huijin Assets Management Co., Ltd.	-	98,222,400	1.3713	-	Nil	-	Unknown
Jincheng Group Co. Ltd	-	85,353,007	1.1916	-	Nil	-	State-owned legal person

Shareholding of top ten holders of shares not subject to selling restrictions			
Name of shareholder	Number of tradable shares not subject to selling restrictions	Class and number of shares	
		Class	Number
HKSCC Nominees Limited	1,715,088,147	Overseas listed foreign shares	1,715,088,147
Jiangsu Guoxin Investment Group Limited	1,250,928,425	Ordinary shares in RMB	1,250,928,425
Jiangsu Communications Holding Company Limited	450,628,918	Ordinary shares in RMB	450,628,918
Govtor Capital Group Co., Ltd.	342,028,006	Ordinary shares in RMB	342,028,006
China Securities Finance Co., Ltd.	288,239,320	Ordinary shares in RMB	288,239,320
Jiangsu SOHO Holdings Group Co., Ltd.	174,527,550	Ordinary shares in RMB	174,527,550
Jiangsu High Hope International Group Co., Ltd.	173,294,924	Ordinary shares in RMB	173,294,924
Jiangsu Hiteker Co., Ltd.	123,169,146	Ordinary shares in RMB	123,169,146
Central Huijin Assets Management Co., Ltd.	98,222,400	Ordinary shares in RMB	98,222,400
Jincheng Group Co.Ltd	85,353,007	Ordinary shares in RMB	85,353,007
Description of the connected relationships or action in concert between the above shareholders	Jiangsu Guoxin, Communications Holding, Govtor Capital Group Co., Ltd., Jiangsu SOHO Holdings Group Co., Ltd. and Jiangsu Suhui Assets Management Co., Ltd. (the parent company of Jiangsu High Hope International Group Co., Ltd., with 67.41% shareholding) are wholly-owned by Jiangsu SASAC. Jiangsu SOHO Holdings Group Co., Ltd. is a controlling shareholder of Jiangsu SOHO International Group Corporation. Apart from the above, the Company is not aware of any connection between the other shareholders of the Company or whether such shareholders are parties acting in concert as specified in the Regulations on the Takeover of Listed Companies.		
Explanation of holders of preferential shares with restored voting rights and number of shares held	Nil		

Notes: 1. Among holders of overseas listed foreign shares (H Shares) of the Company, shares of non-registered shareholders are held by HKSCC Nominees Limited.

2. The class of shareholders of ordinary shares in RMB(A shares) represents the class of account held by shareholders registered with Shanghai branch of China Securities Depository and Clearing Corporation Limited.

(III) No strategic investors or common legal persons who became one of the top ten shareholders as a result of subscription of new shares allotted to them

IV. Controlling shareholders and DE FACTO Controllers

(I) Controlling shareholders

There are no controlling shareholders with more than 50% shareholding of the Company.

(II) De facto controllers**1. Legal person**

Name	Jiangsu SASAC
Person in charge of the unit or legal representative	Xu Guoping

2. Framework of the ownership and controlling relationship between the Company and the de facto controllers**3. De facto controllers did not control the Company through trust or other asset management methods****V. Other Legal-Person Shareholders with More than 10% Shareholding**

Unit: Billion Currency: RMB

Name of legal-person shareholder	Person in charge of the unit or legal representative	Time of establishment	Code of the organization	Registered capital	Main business or managed activities
Jiangsu Guoxin Investment Group Limited	Wang Hui	22 February 2002	91320000735724800G	20	State-owned assets operation, management transfer, investment, enterprise trusteeship, assets restructuring authorized by the provincial government and other businesses upon approval, house-renting.
Remarks	Shares held by HKSCC Nominees Limited are owned by the non-registered shareholders of H Shares.				

VI. The Company had no Restrictions on Shareholding Reduction

VII. Substantial Shareholders' and Other Persons' interests and Short Positions in Shares and Underlying Shares

As of 31 December 2017, as far as the Directors of the Company are aware after having made all reasonable enquiries, the following persons (other than the Directors, Supervisors or chief executive of the Company) held interests or short positions in the shares or underlying shares which shall be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and were recorded in the register required to be kept by the Company under section 336 of the SFO.

No.	Name of substantial shareholders	Class of shares	Nature of interests	Number of shares held (share)	Percentage of total issued shares of the Company (%)	Percentage of total issued A shares/H Shares of the Company (%)	Long position (Note 2)/ short position (Note 3) shares available for lending
1	Jiangsu Guoxin Investment Group Limited	A shares	Beneficial owner (Note 1)	1,250,928,425	17.46	22.98	Long position
2	Jiangsu Communications Holding Company Limited	A shares	Beneficial owner (Note 1)	450,628,918	6.29	8.28	Long position
3	Govtor Capital Group Co., Ltd.	A shares	Beneficial owner (Note 1)	342,028,006	4.78	6.28	Long position
4	China Securities Finance Co., Ltd.	A shares	Beneficial owner (Note 1)	288,239,320	4.02	5.29	Long position
5	NSSF	H Shares	Beneficial owner (Note 1)	142,346,200	1.99	8.28	Long position
		H Shares	(Beneficial owner (Note 1))	89,253,816	1.25	5.19	Long position
6	BlackRock, Inc.	H Shares	Interest in a controlled corporation (Note 1)	3,985,600	0.06	0.23	Short position

Note 1: According to the information disclosed on the websites of the Hong Kong Stock Exchange (www.hkex.com.hk) and China Securities Depository and Clearing Co., Ltd (www.chinaclear.cn). Under Section 336 of the SFO, forms disclosing of interests shall be submitted by shareholders of the Company upon satisfaction of certain conditions. Changes of shareholders' shareholdings in the Company are not required to inform the Company and the Hong Kong Stock Exchange, except for the satisfaction of certain conditions. Therefore, there could be difference between substantial shareholders' latest shareholdings in the Company and the shareholding information as reported to the Hong Kong Stock Exchange;

Note 2: A shareholder has a "long position" if such shareholder has an interest in shares, including interests through holding, writing or issuing financial instruments (including derivatives) under which: (i) such shareholder has a right to take the underlying shares; (ii) such shareholder is under an obligation to take the underlying shares; (iii) such shareholder has a right to receive money if the price of the underlying shares increases; or (iv) such shareholder has a right to avoid or reduce a loss if the price of the underlying shares increases; and

Note 3: A shareholder has a "short position" if such shareholder borrows shares under a securities borrowing and lending agreement, or holds, writes or issues financial instruments (including derivatives) under which: (i) such shareholder has a right to require another person to take the underlying shares; (ii) such shareholder is under an obligation to deliver the underlying shares; (iii) such shareholder has a right to receive money if the price of the underlying shares declines; or (iv) such shareholder has a right to avoid or reduce a loss if the price of the underlying shares declines;

Save as disclosed above, the Company is not aware of any other person (other than the Directors, Supervisors and chief executive of the Company) having any interests or short positions in the shares or underlying shares of the Company as of 31 December 2017 required to be recorded in the register pursuant to Section 336 of the SFO.

VIII. Directors, Supervisors and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares or Debentures of the Company and its Associated Corporations

As of 31 December 2017, according to the information obtained by the Company and so far as the Directors are aware, interests and short positions held by Directors, Supervisors and chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which shall be notified to the Company and the Hong Kong Stock Exchange pursuant to Section 347 of Part XV of the SFO, were as follows:

No.	Name	Class of shares	Nature of interest	Number of shares held (share)	Percentage of total issued shares of the Company (%)	Percentage of total issued A shares/ H shares of the Company (%)	Long position/ short position/ shares available for lending
1	Zhou Yi	H Shares	Beneficiary of the trust (Note 1)	353,261	0.005	0.02	Long position

Note 1: In July 2015, due to the significant fluctuation in share price of the Company, H Shares of the Company were purchased through the targeted asset management scheme for qualified domestic institutional investors (QDII) in compliance with the relevant laws and regulations so as to actively help to maintain the stability of the capital market.

Save as disclosed above, the Company was not aware of any other Directors, Supervisors and chief executive of the Company having any interests and short positions (including interests or short positions which had been taken or deemed to have been under such provisions of SFO) in the shares or underlying shares or debentures of the Company or its associated corporations on 31 December 2017, which shall be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or required to be recorded in the register under the provision of Section 352 of the SFO, or shall be notified to the Company and the Hong Kong Stock Exchange under the provision of the Model Code.

IX. Purchase, Sale or Redemption of the Listed Securities of the Company and its Subsidiaries

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company and its subsidiaries.

X. The Company had no matters relating to Preferential Shares

XI. Arrangement for Directors and Supervisors to purchase shares and debentures

At no time during the Reporting Period was the Company, its holding company or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors and Supervisors to acquire benefits by means of the purchase of shares in, or debentures of, the Company or any other corporate bodies.



Directors, Supervisors, Senior Management and Staff

I. Changes in Shareholding Structure and Remuneration

(I) Changes in shareholding structure and remuneration of current and retired Directors, Supervisors and senior management during the Reporting Period

Unit: Shares

Name	Position (note)	Gender	Age	Start of the term of office	Expiration of the term of office	Shares held at the start of the year	Shares held at the end of the year	Changes in shareholding during the year	Cause for change	Total pre-tax remuneration received from the Company during the Reporting Period (RMB Ten Thousand Yuan)	Whether received remuneration from any connected party of the Company or not
Zhou Yi	Chairman Executive Director & president	Male	48	2016.06.20 2007.12.06	2019.12.20	-	-	-		78.29	No
Pu Baoying	Non-executive Director	Female	54	2013.11.29	2019.12.20	-	-	-		-	Yes
Gao Xu	Non-executive Director	Male	53	2016.06.07	2019.12.20	-	-	-		-	Yes
Chen Ning	Non-executive Director	Male	43	2016.06.07	2019.12.20	-	-	-		-	Yes
Sun Hongning	Non-executive Director	Male	56	2007.12.06	2017.06.21	-	-	-		-	Yes
Zhou Yong	Non-executive Director	Male	51	2015.01.21	2019.12.20	-	-	-		-	Yes
Xu Feng	Non-executive Director	Male	44	2017.06.21	2019.12.20	-	-	-		-	Yes
Xu Qing	Non-executive Director	Male	45	2016.06.07	2019.12.20	-	-	-		-	Yes
Chen Chuanming	Independent non-executive Director	Male	60	2016.03.18	2019.12.20	-	-	-		12	No

Name	Position (note)	Gender	Age	Start of the term of office	Expiration of the term of office	Shares held at the start of the year	Shares held at the end of the year	Changes in shareholding during the year	Cause for change	Total pre-tax remuneration received from the Company during the Reporting Period (RMB Ten Thousand Yuan)	Whether received remuneration from any connected party of the Company or not
Liu Hongzhong	Independent non-executive Director	Male	52	2013.11.29	2019.12.20	-	-	-		12	No
Lee Chi Ming	Independent non-executive Director	Male	64	2015.04.30	2019.12.20	-	-	-		12	No
Yang Xiongsheng	Independent non-executive Director	Male	57	2016.04.05	2018.03.11	-	-	-		12	No
Liu Yan	Independent non-executive Director	Female	44	2016.12.21	2019.12.20	-	-	-		12	No
Chen Zhibin	Independent non-executive Director	Male	52	2015.10.09	2016.04.05	-	-	-		3	No
Yu Yimin	Chairman of Supervisory Committee	Male	49	2008.02.22	2019.12.20	-	-	-		-	Yes
Wang Huiqing	Supervisor	Male	47	2016.06.07	2019.12.20	-	-	-		-	Yes
Du Wenyi	Supervisor	Male	54	2010.12.17	2019.12.20	-	-	-		-	Yes
Liu Zhihong	Supervisor	Female	44	2015.10.09	2019.12.20	-	-	-		-	Yes
Peng Min	Employee Supervisor	Female	53	2013.11.29	2019.12.20	-	-	-		542.59	No
Zhou Xiang	Employee Supervisor	Male	54	2013.03.19	2019.12.20	-	-	-		298.19	No
Meng Qinglin	Employee Supervisor	Male	49	2016.12.21	2019.12.20	-	-	-		762.70	No
Zhang Haibo	Vice President	Male	54	2007.12.06	2017.05.19	-	-	-		17.24	No
Ma Zhaoming	Vice President	Male	54	2013.06.21	2019.12.20	-	-	-		88.45	No
Sun Hanlin	Vice President	Male	52	2007.12.06	2019.12.20	-	-	-		88.45	No
Wu Zufang	Vice President	Male	54	2007.12.06	2019.12.20	-	-	-		88.45	No
Zhang Tao	Vice President	Male	45	2007.12.06	2017.01.10	-	-	-		4.31	No
Jiang Jian	Vice President	Male	51	2007.12.06	2019.12.20	-	-	-		88.45	No
Shu Ben'e	Chief financial officer	Female	53	2007.12.06	2019.12.20	-	-	-		443.53	No
Li Yun	Chief compliance officer	Female	45	2012.06.14	2019.12.20	-	-	-		382.60	No
Zhang Hui	Secretary to the Board of Directors	Male	42	2017.04.26	2019.12.20	-	-	-		428.46	No
Wang Chong	Chief risk officer	Male	45	2016.12.21	2019.12.20	-	-	-		246.54	No
Total	/	/	/	/	/	-	-	-	/	3,621.25	/

- Note: 1. Total pre-tax remuneration received from the Company during the Reporting Period excluded old age security pension and enterprise annuity.
2. Total pre-tax remuneration received by above Directors, Supervisors and senior management from the Company during the Reporting Period included the 2015 and previous year's deferred compensation.
3. The remuneration of the Directors and senior management that are the persons in charge of provincial financial enterprises during the Reporting Period shall be implemented in accordance with the Interim Measures for the Administration of Remuneration of Persons in Charge of Provincial Financial Enterprises in Jiangsu Province (《江蘇省省管金融企業負責人薪酬管理暫行辦法》). Additional deferred bonuses for previous years payable (excluding the Directors and senior management with job changes) during the Reporting Period were: RMB736,300 for Zhou Yi, RMB531,400 for the Ma Zhaoming, RMB574,800 for Sun Hanlin, RMB520,700 for Wu Zufang and RMB537,300 for Jiang Jian. As calculated based on the Interim Measures for the Administration of Remuneration of Persons in Charge of Provincial Financial Enterprises in Jiangsu Province (《江蘇省省管金融企業負責人薪酬管理暫行辦法》), actual paid deferred bonuses for previous years after deducting the balance of liquidation of remuneration of persons in charge of provincial financial enterprises in 2015 were: RMB125,500 for Zhou Yi, RMB340,600 for the Ma Zhaoming, RMB384,100 for Sun Hanlin, RMB330,000 for Wu Zufang and RMB346,500 for Jiang Jian (deferred bonuses for previous years were not within the scope of liquidation of remuneration of persons in charge of provincial financial enterprises).
4. Mr. Zhang Haibo ceased to be vice president of the Company due to work changes in May 2017, and got his remuneration from May 2017 to December 2017 at China Southern Asset Management.
5. Mr. Chen Zhibin resigned as independent non-executive Director and a member of Audit Committee under the Board was submitted in December 2015, but performed his duty to April 2016 in effect. In January 2017, the Company compensated RMB30 thousand (the total amount before income tax) to Mr. Chen Zhibin as independent non-executive Director allowance for the period of performance in effect during 2016.

Name	Primary work experience
Zhou Yi	Bachelor in computer communications. Mr. Zhou once taught at Jiangsu Posts & Telecommunications School (江蘇省郵電學校) and worked on technology management in the telecommunications center of Jiangsu Posts & Telecommunications Bureau (江蘇省郵電管理局電信中心) and administrative management at Jiangsu Mobile Communication Co., Ltd. (江蘇移動通信有限公司). He served as the chairman of the board of directors at Jiangsu Beier Co., Ltd. (江蘇貝爾有限公司) and Nanjing Xinwang Tech Co., Ltd. (南京欣網視訊科技股份有限公司), the deputy general manager of Shanghai Beier Fortune Communications Company (上海貝爾富欣通信公司), the president of Huatai Securities Limited Liability Company from February 2007 to December 2007, and the director of the same company from September 2007 to December 2007. Mr. Zhou served as the Director, president and deputy party secretary of the Company from December 2007 to October 2011, and the Director, president, and party secretary of the Company from September 2011 to June 2016, has been the chairman of the Board of Directors, president, and party secretary of the Company since June 2016, and with a term of office in this session of Board as the chairman and the president of the Company from December 2016 to December 2019.
Pu Baoying	Master, senior accountant. Ms. Pu once served as the accountant and deputy chief of Jiangsu Building Material Industry Research Institute (江蘇省建材工業研究所), the deputy chief and chief of the financial section of Jiangsu Building Material Research and Design Institute (江蘇省建材研究設計院), the assistant to the section chief and the deputy section chief of the accounting and audit department of Jiangsu Building Material Industry Co., Ltd. (江蘇省建材工業總公司), the deputy department chief of the Planning and Finance Department of Nanjing Lukou International Airport (南京祿口國際機場), manager of the finance department of Nanjing Airport Development Co., Ltd. (南京空港發展股份有限公司), the manager of the audit and legal department of Jiangsu State-owned Assets Operation (Holding) Co., Ltd. (江蘇省國有資產經營(控股)有限公司), and general manager of the audit and legal department of Jiangsu Guoxin Assets Management Group Limited (江蘇省國信資產管理集團有限公司). She was the general manager of the finance department of Jiangsu Guoxin Assets Management Group Limited from December 2013 to March 2015, the chief accountant and party committee member thereof from March 2015 to August 2017, and has been the director, general manager and deputy party secretary since August 2017. She worked as a Supervisor of the Company from December 2007 to November 2013, and has been a Director of the Company since November 2013 with a term of office in this session of Board from December 2016 to December 2019.
Gao Xu	Bachelor, senior accountant. Mr. Gao was a staff member and then section chief of Nanjing Qixia Commission of Planning and Economics, and staff member, senior staff member, deputy section chief and section chief of the General Section, deputy division chief of the General Division of Jiangsu Administrative Bureau of State-owned Property (江蘇省國資局). He also used to serve as the deputy division chief of the Division of Statistics and Evaluation of the Department of Finance of Jiangsu Province and the manager of the asset management department of Jiangsu State-owned Assets Operation (Holding) Co., Ltd.. He has been the general manager in the asset management department of Jiangsu Guoxin from February 2007 to May 2017. He was the general manager of the audit and legal affairs department from December 2016 to May 2017. He has been secretary of the party committee and chairman of the Jiangsu Pharmaceutical Co., Ltd since May 2017. He was a Supervisor of the Company from November 2013 to June 2016 and a Director of the Company since June 2016 with a term of office in this session of Board from December 2016 to December 2019.

Name	Primary work experience
Chen Ning	<p>Bachelor, senior accountant. Mr. Chen successively worked at the steam workshop of Yangzi Petrochemical Refinery (揚子石化煉油廠) from July 1994 to February 1996; served as the accountant of the finance section of Yangzi Petrochemical Refinery from February 1996 to February 2003, the accountant of cost section, deputy section chief, deputy chief accountant of the finance department, the deputy department chief of the technology development and information management department and the deputy director of ERP Support Center of Yangzi Petrochemical Co., Ltd. (揚子石化股份公司) from February 2003 to October 2012, the deputy department chief of the finance department of Yangzi Petrochemical Ltd. and the department chief of the finance department of Yangzi Petrochemical Co. Ltd. (Nanjing) (南京揚子石化有限責任公司) from October 2012 to June 2015, the deputy general manager, the general manager of the IT department of Jiangsu Guoxin since June 2015, the general manager of the financial department since December 2016, and Director of the Company since June 2016 with a term of office in this session of Board from December 2016 to December 2019.</p>
Sun Hongning	<p>MBA. Mr. Sun once served as the secretary and deputy director of the Propaganda Department of Jiangsu Secrets Protection Bureau (江蘇省保密局), the secretary to the secretariat and reception center of the general office of Jiangsu Provincial Party Committee, the assistant to general manager of Communications Holding and was the director, deputy general manager and party committee member of Communications Holding from May 2003 to 21 December 2017. He has been full-time external director of Jiangsu Provincial State-run Enterprises since 21 December 2017. Mr. Sun was the Director of the Company from December 2007 to June 2017.</p>
Xu Feng	<p>Master Degree. From July 1995 to December 2001, he served as a staff member of Jiangsu Province Planning and Economic Committee Office and the senior staff member of industrial department; from December 2001 to January 2003, he worked as the principle staff member of general office of Jiangsu Province Planning and Economic Committee; from January 2003 to March 2004, he worked for JiangSu Communication Holding Co., Ltd.; he was the office director of Jiangsu Expressway Company Limited from March 2004 to November 2006; he worked as the deputy director of general office of JiangSu Communication Holding Co., Ltd. (worked as chair), deputy director of investment development department, director of Development Strategy and Policy and Regulation Research Office and deputy director of investment development department from November 2006 to April 2014; from April 2014 to January 2015, he served as the director of investment development department of JiangSu Communication Holding Co., Ltd., director of Development Strategy and Policy and Regulation Research Office; Mr. Xu worked as the director of investment development department of JiangSu Communication Holding Co., Ltd., deputy general manager of Jiangsu Railway Venture Development Co., Ltd. (worked as chair) from January 2015 to August 2016; from August 2016 to August 2017, he acted as the director of investment development department of JiangSu Communication Holding Co., Ltd.; Mr. Xu worked as the general manager assistant and director of investment development department of JiangSu Communication Holding Co., Ltd. from August 2017 to December 2017; he served as the deputy general manager of Jiangsu Guoxin Investment Group Limited, member of Party committee since December 2017. He has been the director of the Company since June 2017 with a term of office in this session of Board from December 2016 to December 2019.</p>
Zhou Yong	<p>Doctoral post graduate, principal senior economist, researcher, and senior international business engineer. Mr. Zhou served as an assistant engineer of East China Optical Instrument Plant (華東光學儀器廠) from July 1987 to July 1992 and the preparation team member and deputy general manager of Nanjing Petroleum Exchange Co., Ltd. (南京石油交易所有限公司) from July 1992 to September 1995, the assistant to general manager of Jiangsu Suwu Futures Brokerage Co., Ltd. (江蘇蘇物期貨經紀有限公司) from September 1995 to April 1998, staff of Jiangsu Arts & Crafts Import and Export Corporation (江蘇省工藝品進出口集團股份有限公司) from April 1998 to May 1998 and then the deputy manager of the securities department thereof from May 1998 to February 1999, the general manager of Jiangsu Holly International Investment Management Co., Ltd. (江蘇弘業國際集團投資管理有限公司) and the manager of the securities department of Jiangsu Arts & Crafts Import and Export Corporation from February 1999 to February 2000, the general manager of Jiangsu Holly International Investment Management Co., Ltd. and the general manager of Jiangsu Holly Futures Brokerage Co., Ltd. from February 2000 to January 2001, the general manager of Jiangsu Holly International Investment Management Co., Ltd., the chairman and the general manager of Jiangsu Holly Futures Brokerage Co., Ltd. From January 2001 to June 2006, the vice president and a member of the party committee of Jiangsu Holly International Group Co., Ltd. from June 2006 to July 2010, the vice president and a member of the party committee of Jiangsu Silk Group Co., Ltd. (changed its name to Jiangsu SOHO Holding Group Co., Ltd. in August 2011) from July 2010 to May 2013, the president, the deputy secretary of the party committee, and the director of Jiangsu SOHO Holding Group Co., Ltd. since May 2013. He has been the Director of the Company since January 2015 with a term of office in this session of Board from December 2016 to December 2019.</p>

Name	Primary work experience
Xu Qing	MBA, economist. Mr. Xu served as a technician and assistant engineer of Jiangsu Communications Cable Plant (江蘇省通信電纜廠) from August 1993 to November 1998; he subsequently worked as a deputy department chief of the securities investment department, deputy director of the president office, assistant to the general manager of the operations department and executive director of Jiangsu Hiteker Co., Ltd. from November 1998 to February 2006; he served as the secretary to the board, director of the group office, director of the party committee office, assistant to the president, general manager of the legal affairs department, general counsel, general manager of the investment management department and vice president subsequently in Jiangsu Govtor Capital Group Co., Ltd. since February 2006. He has served as the Director of the Company since June 2016 with a term of office in this session of Board from December 2016 to December 2019.
Chen Chuanming	Doctor in Economics, professor. In 1978, Mr. Chen was selected by the Ministry of Education of China to study social and economic management at University of Brittany in France. He was assigned to work in the Institute of World Economics and Politics of Chinese Academy of Social Sciences after returning to China in 1981. He taught in Nanjing University since December 1982, during which he studied for the Doctoral degree in economics at the School of Economics of Nankai University from September 1990 to June 1993, and currently he is the professor of Nanjing University Business School, and the vice chairman of Chinese Institute of Business Administration and Jiangsu Association of Science and Technology Innovation. He has served as the independent non-executive Director of the Company since March 2016 with a term of office in this session of Board from December 2016 to December 2019.
Liu Hongzhong	Doctor in International Finance. Mr. Liu once worked as a lecturer, an associate professor and the dean of the Departments of World Economics and Finance of Fudan University, and has been the professor of the Department of Finance of Fudan University since May 1999. He has been an independent non-executive Director in the Company since November 2013 with a term of office in this session of Board from December 2016 to December 2019.
Lee Chi Ming	MBA. Mr. Lee served as the assistant director and then the director of tax assessment at Inland Revenue Department of the Government of Hong Kong from October 1976 to November 1989, and the senior manager/supervisor of Licensing department, director of Corporate Planning, and director of Finance and Administration of the SFC from July 1989 to July 2014. He has been the chief partner of Boningdun Capital Management Limited (柏寧頓資本管理有限公司) since October 2014, and an independent non-executive Director in the Company since April 2015 with a term of office in this session of the Board from December 2016 to December 2019.
Yang Xiongsheng	Doctor, professor. Mr. Yang was a teacher and the office chief of the Business Administration Teaching and Research Office of Jiangsu Lianyungang Finance School from January 1981 to December 1986 and served as the staff and the deputy chief of Jiangsu Lianyungang Municipal Audit Bureau (江蘇省連雲港市審計局) from February 1987 to November 1994. He taught at the Accounting Department of Nanjing University from November 1994 to March 1999 and was the professor of the School of Accounting of Nanjing University from March 1999 to December 1999 and the professor and dean of the Accounting Department of International Business School of Nanjing University from December 1999 to March 2009. He has served as the dean of the Accounting and Finance School of Nanjing University since March 2009. He has been an independent non-executive Director of the Company from April 2016 to March 2018.
Liu Yan	Bachelor in laws, master in civil and commercial laws, master in laws of School of Law of New York University in the United States and a qualified lawyer in China and the United States (New York State). Ms. Liu joined Beijing Tian Yuan Law Firm in 1995 and became its partner in 2002. She has been an independent non-executive Director of the Company since December 2016 with a term of office from December 2016 to December 2019.
Yu Yimin	Master in economics, master in public administration, senior international business engineer. Mr. Yu served as a staff in the planning department in the headquarters of Nanjing Pharmaceutical Company (南京市醫藥總公司) from August 1990 to November 1994, and a staff in the research and development department, the director of the economic and securities analysis and research center, and the deputy general manager in the securities management department in the headquarters of investment bank of Jiangsu Securities Co., Ltd. from November 1994 to August 1999. He was the general manager of the entrusted asset management department and the fixed income department of Huatai Securities Limited Liability Company from August 1999 to September 2004. Mr. Yu has been the vice president of Jiangsu SOHO Holdings Group Co., Ltd. (named Jiangsu Silk Group Co., Ltd. before August 2011) from September 2004 to 21 December 2017, a full-time external director of Jiangsu Provincial State-run enterprise since 21 December 2017 a supervisor of Huatai Securities Limited Liability Company from September 2007 to December 2007, and a supervisor of the Company from December 2007 to February 2008. Since February 2008, he has been serving as the chairman of the Supervisory Committee of the Company, with a term of office in this session of Supervisory Committee from December 2016 to December 2019.

Name	Primary work experience
Wang Huiqing	<p>Master, certified public account, and a qualified lawyer. Mr. Wang served as a staff member of the Department of Finance of Jiangsu Province from August 1992 to May 2001; from May 2001 to August 2004, he worked as a senior staff member of Jiangsu Administration for Industry and Commerce; he was a section chief of Jiangsu SASAC from September 2004 to September 2009; he worked as the deputy general manager of the audit department of Jiangsu International Trust Corporation Limited from September 2009 to January 2010; he served as the deputy general manager of the finance department of Jiangsu International Trust Corporation Limited from January 2010 to February 2013; he served as the general manager of the finance department of Jiangsu International Trust Corporation Limited from February 2013 to December 2013; he was the deputy general manager of the audit and legal affairs department of Jiangsu Guoxin (in charge) from December 2013 to December 2014; he was the general manager of the audit and legal affairs department of Jiangsu Guoxin from December 2014 to December 2016; and he served as the deputy general manager and the secretary to the board of directors of Jiangsu Sainty Marine Corporation., Ltd. (江蘇舜天船舶股份有限公司), deputy general manager and the secretary to the board of directors of Jiangsu Guoxin and general manager of Securities Audit Legal Department from December 2016 to October 2017. He has been general manager and deputy secretary of Party Committee of Jiangsu International Trust Corporation Limited since May 2017. Mr. Wang has been a supervisor of the Company since June 2016, with a term of office in this session of Supervisory Committee from December 2016 to December 2019.</p>
Du Wenyi	<p>Bachelor, senior economist. Mr. Du worked in the teaching and research office of finance and accounting of Nanjing Communications Institute of Technology (南京交通學校) from July 1983 to February 1987, served as the deputy head and then the head of the financial planning office of Jiangsu Transportation Planning and Designing Institute from February 1987 to September 2000, the deputy director chief of the finance and auditing division of Communications Holding from September 2000 to November 2001, and later the deputy director and then the director of the finance and auditing division of Jiangsu Communications Holding Group Finance Co., Ltd (江蘇交通產業集團有限公司) from November 2001 to October 2004. He held the positions of deputy general manager of Jiangsu Expressway Company Limited (江蘇京滬高速公路有限公司) from October 2004 to October 2007. He successively served as the department chief of the finance and audit department, the deputy chief accountant, the department chief of the finance and audit department, the deputy chief accountant, the department chief of the finance department, the deputy chief accountant, and the department chief of the finance management department of Communications Holding from November 2007 to January 2011. He has been the deputy chief accountant and the department chief of finance department since February 2011. He has been employee director of Jiangsu Communications Holding Group Finance Co., Ltd. since January 2017. Mr. Du has been a supervisor of the Company since December 2010, and with a term of office in this session of Supervisory Committee from December 2016 to December 2019.</p>
Liu Zhihong	<p>Bachelor, accountant. Ms. Liu served as the accountant in the finance department of Dongfeng Motor Nanjing Sales and Technology Service Cooperation (東風汽車南京銷售技術服務聯合公司) from August 1996 to July 1999, the accountant in the finance department of Jiangsu Province Informatization Construction Investment Co., Ltd. (江蘇省信息化建設投資有限公司) from August 1999 to May 2005. She served as an employee of the audit department and the deputy general manager of the finance department of Jiangsu Govtor Capital Group Co., Ltd. from June 2005 to March 2017. She has been general manager of accounting department of Jiangsu Govtor Capital Group Co., Ltd. since March 2017 and the supervisor of the Company since October 2015 with a term of office in this session of Supervisory Committee from December 2016 to December 2019.</p>
Peng Min	<p>Bachelor, economist. Ms. Peng once served as the secretary and deputy manager of the sales department of Jiangsu Metallurgical Supply and Marketing Cooperation (江蘇省冶金物資供銷公司), an employee of the entrusted asset department and the fixed income department, secretary and deputy head of the president's office in Huatai Securities Limited Liability Company. She has been the deputy director and then the director of the Company's general office and the chairman of our labor union in succession since December 2007. She has been the employee representative supervisor of the Company since November 2013 with a term of office in this session of Supervisory Committee from December 2016 to December 2019.</p>

Name	Primary work experience
Zhou Xiang	MBA, accountant. Mr. Zhou was once an employee of Nanjing Supply and Marketing Cooperative (南京市供銷社). He worked for Huatai Securities Limited Liability Company as the general manager of the capital planning department, the general manager of the Nanjing Changjiang Road Branch, the deputy manager of the asset management head office, and the general manager of the Nanjing Zhongshan North Road No. 2 Branch and the office chief of development and planning implementation leading team. Later, he served as the general manager of finance planning department and the chief financial officer of Huatai United Securities from August 2006 to June 2012, the general manager of the Audit department of the Company from June 2012 to April 2016, and the general manager of the legal compliance department of the Company since April 2016. He has been the employee representative supervisor of the Company since March 2013, with a term of office in this session of Supervisory Committee from December 2016 to December 2019.
Meng Qinglin	Bachelor, economist. Mr. Meng was once an employee of Xuzhou Construction Machinery Group Co., Ltd. (徐州工程機械集團). He successively served as assistant to general manager, deputy general manager and general manager of sales department of Huatai Securities. He was the general manager of our corporate business department from April 2011 to April 2012 and general manager of our Shanghai Branch from April 2012 to April 2016. He served as the general manager of brokerage business head office from April 2016 to August 2017. He has been general manager of brokerage and wealth management department since August 2017. He has been the employee supervisor of the Company since December 2016 with a term of office in this session of Supervisory Committee from December 2016 to December 2019.
Zhang Haibo	MBA. Mr. Zhang once worked as a staff member, senior staff member and then principal member and assistant researcher of the Agriculture and Industry Department of Jiangsu Provincial Committee of the Communist Party, the secretary at the deputy division level and investigator of the Agriculture Division of the General Office of Jiangsu Government, and the assistant to the president of Jiangsu Securities Company. He was the assistant to the president and the general manager of the investment banking department, the chief inspector of investment banking business, the general manager of investment banking business at the head office, the vice president and the party committee member of Huatai Securities Limited Liability Company. He served as the vice president and party committee member of Huatai Securities from December 2007 to May 2017.
Ma Zhaoming	Bachelor, senior accountant. Mr. Ma was once an accountant of No. 898 Factory of the Ministry of Electronics Industry, the deputy chief and then chief of the finance section of its ceramics branch. He worked at Jiangsu Securities Company as the deputy manager of the planning and finance department and the director of the planning and finance division, then the director of the planning and finance division and the head of inspection office, and later the deputy chief accountant and the director of the planning and finance division and vice president. He served as the vice president and the party committee member of Huatai Securities Limited Liability Company, the chairman of Huatai United Securities Co., Ltd. He has been the vice president and the party committee member of Huatai Securities since June 2013 with the current term of office from December 2016 to December 2019.
Sun Hanlin	Bachelor in Business Administration/EMBA. Mr. Sun once worked as the clerk, officer and deputy chief of the cadre section of human resources division of the Jiangsu Branch of PBOC, the executive deputy chief and the chief of the human resources division of Jiangsu Securities Company, the chief of the human resources division, chief of the organization department, general manager of the human resources department, secretary of the discipline inspection commission, chief inspection officer, member of the party committee and vice president of Huatai Securities Limited Liability Company. He was the vice-president, secretary of the discipline inspection commission and member of the party committee of the Company from December 2007 to December 2015. He has been the vice-president and member of the party committee of the Company since December 2015 with current term of office from December 2016 to December 2019.
Wu Zufang	MBA. Mr. Wu used to work as a teacher in the mathematics department at Nanjing University, a staff member of the Policy Research Office of Jiangsu Commission of Planning and Economics, the business supervisor, head of issuance and transaction department, deputy general manager and general manager of stock affair department, the deputy general manager, general manager and then chairman and general manager of the subsidiary, the assistant to the president, the chief inspection officer of asset management business and general manager of asset management at the head office, the chief economist, vice president and party committee member of Jiangsu Securities Company. He has been the vice president and party committee member of the Company since December 2007 with the current term of office from December 2016 to December 2019.

Name	Primary work experience
Zhang Tao	<p>Doctor in Technical Economics and Management. Mr. Zhang once worked at Jiangsu Securities Company as the secretary to the president at the president's office, business manager of investment banking No. 1 department, deputy director of the Fuzhou representative office, deputy general manager of investment banking business department of Shanghai head office, deputy general manager of Shenzhen head office and general manager of Shenzhen Caitian Road branch, secretary of the board of directors, assistant to the president and director of the board office, vice president and party committee member. He was the vice president and party committee member of the Company from December 2007 to January 2017.</p>
Jiang Jian	<p>Master in Economics and Management. Mr. Jiang once taught at Nanjing Agricultural University. He worked at Jiangsu Securities Company as the employee and chief of the training and education section of the Human Resources division, deputy general manager of the stock affairs department under the investment banking head office, deputy general manager and senior manager of the investment banking No. 1 department, deputy general manager of the investment banking head office (concurrently acting as the manager of the issuance department), general manager of the asset management head office, general manager of the Nanjing investment banking business department, director of the investment banking business and general manager of Nanjing head office, assistant to the president and general manager of Shanghai head office, assistant to the president and secretary to the board of directors, assistant to the president and general manager of institution customer service departments, vice president and secretary to the board of directors, party committee member. He was the vice president, secretary to the Board of Directors, party committee member of the Company from December 2007 to April 2017. He has been vice president and party committee member of the Company since April 2017 with the current term of office from December 2016 to December 2019.</p>
Shu Benfe	<p>Bachelor, CPA. Ms. Shu was once the chief of finance division of Panda Electronics Group Co., Ltd. (熊猫电子集团公司), the deputy general manager of the planning and capital department of Jiangsu Securities Company. She worked at Huatai Securities Limited Liability Company as the deputy general manager of the capital planning department, the deputy general manager, executive deputy general manager and then general manager of the inspection and supervision department, and the general manager of the finance planning department. She was the general manager of the finance planning department from December 2007 to April 2016. She has been the chief financial officer of the Company since March 2012 with the current term of office from December 2016 to December 2019.</p>
Li Yun	<p>Master, economist. Ms. Li was once the principal member at the office of Nanjing Securities and Futures Commission, and the principal member of Nanjing Commissioner Office, principal member of the verification division of institution supervision department, deputy chief of the institution division of Jiangsu Securities Regulatory Bureau, and deputy chief and investigator of the No. 2 Division of Shanghai Commissioner Office of the CSRC. She has been the chief compliance officer of the Company since June 2012. She served as our chief compliance officer (concurrently acting as the general manager of the compliance and risk management department) from July 2012 to December 2014. She concurrently worked in the office as the chief risk officer from August 2014 to December 2016. She served as the general manager of the compliance and legal department of the Company from December 2014 to April 2016. Ms. Li is the chief compliance officer and general legal counsel of the Company with the current term of office from December 2016 to December 2019.</p>
Zhang Hui	<p>Doctorate in Technology Economy and Management. Mr. Zhang has worked for Dongcheng District Personnel Exchange Service Center of Beijing, Brilliance Auto Corporation Shanghai Office, Tongshang Co., Ltd. and New Margin Capital Management Co., Ltd. He served as the senior manager of asset management head office of Huatai Securities Co., Ltd. and the deputy general manager of Business Department of Nantong Yaogang Road Branch. Mr. Zhang served as the general manager of Business Department of Shanghai Ruijin First Road Branch of the Company from January, 2008 to February, 2010; served as the deputy general manager of Security Investment Department of the Company from February 2010 to July 2012; he worked as the general manager of the Company's general office from July 2012 to January 2016; he has been the general manager of the HR department of the Company since January 2016 and been the secretary of the board of directors of Huatai Securities since April 2017 with the current term of office from December 2016 to December 2019.</p>



Name	Primary work experience
Wang Chong	Master. Mr. Wang was the principal staff of the treasury department/global finance marketing department of Bank of China Limited from July 1995 to March 2003, and middle office chief of internal risk control for European treasury operations in London Branch of Bank of China Limited from March 2003 to May 2007. He also served as the team leader of interest rate derivative product and fixed income risks in J.P. Morgan Securities from June 2007 to January 2010 and the risk compliance officer of China International Capital Corporation (UK) Limited (中國國際金融有限公司(英國)) from January 2010 to November 2014. He has been the general manager of risk management department of Huatai Securities Co., Ltd. since December 2014. He has been the chief risk officer of the Company since March 2017 with current term of office from December 2016 to December 2019.

Explanation of Other information:

1. During the Reporting Period, Directors, Supervisors and the senior management of the Company did not hold any share and option of the Company.
2. During the Reporting Period, the Company did not carry out any option incentive scheme for Directors, Supervisors and the senior management of the Company. Directors, Supervisors and the senior management of the Company did not hold any option of the Company.
3. During the Reporting Period, no current or retired Director, Supervisor and senior management was punished by any securities regulatory authority in the past three years.

(II) Option Incentive conferred to Directors, Supervisors and Senior Management Officers during the Reporting Period

During the Reporting Period, situation which the Company conferred option incentive to Directors, Supervisors and senior management officers did not exist.

II. Employment of Directors, Supervisors and Senior Management Officers at Present and during the Reporting Period

(I) Employment at the Shareholder of the Company

Name of employee	Name of shareholder of the Company	Position	Start of the term of office	Expiration of the term of office
Pu Baoying	Jiangsu Guoxin	General accountant	25 March 2015	28 August 2017
		Director & General manager & Deputy secretary of Party committee	28 August 2017	
Gao Xu	Jiangsu Guoxin	General manager of asset management department	1 February 2007	30 May 2017
		General manager of audit and legal affairs department	5 December 2016	30 May 2017
Chen Ning	Jiangsu Guoxin	General manager of information technology department	22 December 2015	
		General manager of finance	5 December 2016	
Sun Hongning	Communications Holding	Deputy general manager	1 May 2003	21 December 2017
Xu Feng	Communications Holding	Minister of investment and development	1 April 2014	21 December 2017
	Jiangsu Guoxin	Deputy general manager & Member of Party committee	21 December 2017	
Zhou Yong	Jiangsu SOHO Holdings Group Co., Ltd.	President & Deputy secretary of Party committee & Director	28 May 2013	
Xu Qing	Govtor Capital Group Co., Ltd.	Deputy president	16 May 2016	
Yu Yimin	Jiangsu SOHO Holdings Group Co., Ltd.	Deputy president	1 September 2004	21 December 2017
Wang Huiqing	Jiangsu Guoxin	Supervisor	21 December 2015	
Du Wenyi	Communications Holding	Deputy general accountant & Minister of finance management department	1 February 2011	
Liu Zhihong	Govtor Capital Group Co., Ltd.	Deputy general manager of finance department	13 March 2017	
Explanation of the employment at the shareholder of the Company	Nil			

**(II) Other Jobs**

Name of employee	Name of job provider	Position	Start of the term of office	Expiration of the term of office
Zhou Yi	Huatai Financial Holdings (Hong Kong)	Director	28 November 2006	
	Huatai International Financial Holdings	Director	5 April 2017	28 February 2018
	Huatai Zijin Investment	Chairman	19 August 2013	7 September 2017
	Huatai Securities (Shanghai) Asset Management Co., Ltd.	Director	16 October 2014	
	AssetMark Holdings, LLC	Director	31 October 2016	6 March 2018
	AssetMark Financial Holdings, Inc.	Director	31 October 2016	
	Dongying Assets Management Co., Ltd.	Chairman	7 November 2017	
	Jiangsu Emerging Industry Investment Co., Ltd.	Chairman	9 June 2013	
	Nanjing Huatai Ruitong Investment Management Co., Ltd.	Chairman	25 December 2012	25 October 2017
	Huatai Ruilian Funds Management Co., Ltd.	Chairman	20 November 2013	17 October 2017
	Nanjing Huatai Ruixin Equity Investment Management Co., Ltd.	Director	1 November 2015	25 December 2017
		Chairman	1 November 2015	10 November 2017
	Yili Huatai Ruida Equity Investment Management Co., Ltd.	Director	1 November 2015	25 December 2017
		Chairman	1 November 2015	10 November 2017
	Huatai Junxin Fund Investment Management Co., Ltd.	Chairman	2 July 2014	3 November 2017
Huatai Ruixing Investment Management Co., Ltd.	Chairman	21 November 2016	25 October 2017	
Beijing Huatai Tongxin Investment Fund Management Co., Ltd.	Chairman	29 December 2014	28 February 2018	
Pu Baoying	Jiangsu Guoxin Group Finance Co., Ltd.	Chairman	16 December 2015	
	Jiangsu Zhongjiang Network Media Corp.	Director	27 April 2016	1 November 2017
	Jiangsu International Trust Corporation Limited	Chairman of the Supervisory Committee	22 May 2015	
	Jiangsu Broadcasting Cable Information Network Investment Co., Ltd.	Director	23 April 2014	1 November 2017
	Jiangsu Guoxin and Xinnan (Erdos) Energy Development Co., Ltd. (江蘇國信鑫南(鄂爾多斯)能源發展有限公司)	Director	24 April 2014	18 January 2017
	Shanghai-Nanjing Intercity Railway Group Co. Ltd.	Director	20 April 2016	1 November 2017

Name of employee	Name of job provider	Position	Start of the term of office	Expiration of the term of office
Pu Baoying	Suzhou Industrial Park Co., Ltd.	Vice chairman	24 June 2015	
	Nanjing Yue Jin Auto Co., Ltd.	Director	27 April 2016	1 November 2017
	Bank of Nanjing Co., Ltd.	Supervisor	24 May 2016	1 November 2017
	Jiangsu Guoxin Corporation Limited	Chairman	24 November 2017	
Gao Xu	Jiangsu Jintai Futures Co., Ltd.	Chairman of the Supervisory Committee	27 April 2011	
	Jiangsu Jinsuzheng Investment and Development Co., Ltd.	Director	22 June 2007	
	Nanjing Technology Imp & Exp Corp. Ltd.	Vice chairman	12 May 2008	
	Jiangsu Sainty International Group Limited	Director	23 August 2010	
	Qingtongxia Aluminum Industry Co., Ltd.(青銅峽鋁業股份有限公司)	Director	27 March 2008	
	Jiangsu Digital Certificate Authority Co., Ltd.	Vice chairman	17 June 2015	6 February 2017
	Jiangsu Guoxin Yongtai Asset Disposal Co., Ltd.(江蘇省國信永泰資產處置有限公司)	Director	5 June 2007	
	Jiangsu Pharmaceutical Co., Ltd.	Director	27 April 2016	
	Jiangsu Railway Development Co., Ltd.	Director	20 December 2014	
	Chen Ning	Jiangsu Investment Management Corporation Limited	Director	27 April 2016
Jiangsu International Trust Corporation Limited		Director	11 May 2016	
Jiangsu Guoxin Group Finance Co., Ltd.		Director	13 April 2016	
Jiangsu Guoxin Fuel Materials Co., Ltd.(江蘇國信燃料物資有限公司)		Supervisor	6 January 2016	
Jiangsu Real Estate Investment Co., Ltd.		Chairman of the Supervisory Committee	15 September 2017	
Jiangsu Guoxin Corporation Limited		Supervisor	29 December 2017	
Nanjing Yue Jin Auto Co., Ltd.		Director	1 November 2017	
Sun Hongning	Shanghai-Nanjing Intercity Railway Group Co. Ltd.	Director	1 November 2017	
	Jiangsu Kuailu Motor Transport Co., Ltd.	Chairman	1 December 2004	1 March 2017
	Suzhou Nanlin Hotel Co., Ltd.	Chairman	1 December 2004	1 March 2017
	Taicang Container Lines Co., Ltd.	Chairman	1 August 2011	21 March 2017
	Nanjing Sharelink Venture Capital Co., Ltd.	Chairman of the Supervisory Committee	11 May 2009	
	Yili Suxin Energy Development and Investment Co., Ltd.(伊犁蘇新能源開發投資有限公司)	Chairman of the Supervisory Committee	1 February 2012	
Jiangsu Taicang Port Group Co., Ltd.	Vice chairman	1 July 2006		

Name of employee	Name of job provider	Position	Start of the term of office	Expiration of the term of office
Sun Hongning	Guodian Taizhou Power Generation Co., Ltd.	Director	1 December 2007	
	Jinling Hotel Corporation	Director	1 December 2002	
	Jiangsu SASAC	Provincial State-owned Enterprises Full-time External Director	21 December 2017	
	Jiangsu Financial Leasing Co., Ltd.	Chairman of the Supervisory Committee	1 February 2008	1 March 2017
Xu Feng	Nantong Tiansheng Port Electricity Generating Co., Ltd.	Director	1 May 2010	
	Jiangsu Yunshan Assets Management Co., Ltd.	Director	24 June 2015	
	Nanjing Sharelink Venture Capital Co., Ltd.	Director	3 August 2015	
	Zhenjiang Junding Sharelink Venture Capital Co., Ltd.	Director	11 August 2015	
	Nanjing Sharelink Investment Management Co., Ltd.	Director	21 October 2015	
	Jiangsu Port Group Co., Ltd.	Director	4 May 2017	
	Jiangsu Railway Venture Development Co., Ltd.	Supervisor	2 December 2016	
	Jiangsu Financial Leasing Co., Ltd.	Supervisor	1 April 2017	
Zhou Yong	Jiangsu International Talents Advisory Services Co., Ltd. (江蘇國際人才諮詢服務有限公司)	Supervisor	20 April 2016	
	Jiangsu Railway Development Group Co., Ltd.	Director	1 June 2017	
	Holly Futures Co., Ltd.	Chairman	1 January 2001	
	ZKING PROPERTY & CASUALTY INSURANCE CO., LTD.	Director	10 April 2014	
Xu Qing	Jiangsu Cultural Asset and Equity Exchange Co., Ltd.	Chairman	1 October 2012	11 April 2017
	Aerosun Co., Ltd.	Independent director	1 May 2011	24 May 2017
	Suzhou Govtor Venture Capital Management Co., Ltd.	Chairman	12 July 2017	
	Jiangsu International Trust Corporation Limited	Director	3 August 2016	
	Nanjing Reinsurance Microfinance Technology Co., Ltd. (南京市再保科技小額貸款有限公司)	Director	23 March 2016	
	Changzhou Gaorui Venture Capital Management Co., Ltd. (常州高睿創業投資管理有限公司)	Chairman	17 July 2017	
	Nanjing Asia Pacific Institute of Finance	Director	26 October 2016	
	Jiangsu Cultural Investment & Management Group Co., Ltd.	Director	3 August 2016	
	Jiangsu Govtor Electronic Information Co., Ltd. (江蘇高投電子信息有限公司)	Director	4 January 2016	
	Jiangsu Govtor Venture Capital Management Co., Ltd. (江蘇高投創業投資管理有限公司)	Director	8 January 2016	
Jiangsu Hi-tech Venture Capital Co., Ltd. (江蘇高新創業投資有限公司)	Director	23 March 2016		
Jiangsu Hi-tech Venture Capital Management Co., Ltd.	Chairman	23 March 2016		
Jiangsu Hongrui Technology Venture Capital Co., Ltd. (江蘇弘瑞科技創業投資有限公司)	Director	4 January 2016		

Name of employee	Name of job provider	Position	Start of the term of office	Expiration of the term of office
Xu Qing	Jiangsu Suzhou New & High Venture Capital Co., Ltd (江蘇省蘇高新風險投資股份有限公司)	Director	23 March 2016	
	Wuxi High-Tech Risk Investment Co., Ltd. (無錫高新技術風險投資股份有限公司)	Director	23 March 2016	
	Changzhou High-Tech Venture Capital Co., Ltd.(常州高新技術風險投資有限公司)	Chairman	3 August 2016	
	Suzhou Gaoyuan Venture Capital Co., Ltd.(蘇州高遠創業投資有限公司)	Chairman	3 August 2016	
	Jiangsu Gaoding Technology Venture Capital Co., Ltd. (江蘇高鼎科技創業投資有限公司)	Director	23 March 2016	
	Jiangsu Gaojin Venture Capital Co., Ltd.(江蘇高晉創業投資有限公司)	Chairman	3 August 2016	
	Changzhou Govtor Venture Capital Co., Ltd. (常州高投創業投資有限公司)	Chairman	3 August 2016	
	Suzhou New & High Risk Investment Venture Investment Management Co., Ltd.	Director	18 April 2016	
	Suzhou Gaojin Venture Investment Co., Ltd.	Vice chairman	23 March 2016	
	Nantong Gaosheng Growth Venture Capital Co., Ltd. (南通高勝成長創業投資有限公司)	Director	4 January 2016	
	Yancheng Govtor Venture Capital Co., Ltd.(鹽城高投創業投資有限公司)	Director	4 January 2016	
	Yangzhou Govtor Venture Capital Co., Ltd. (揚州高投創業投資管理有限公司)	Director	4 January 2016	
	Yangzhou Gautou Venture Investment Management Co., Ltd. (揚州高投創業投資管理有限公司)	Chairman	26 October 2016	
	Jiangsu Addor Equity Investment Fund Management Co.,Ltd.	Supervisor	9 February 2017	
	Jiangsu Gaohong Investment Management Co., Ltd.	Chairman	7 March 2017	
	Jiangsu Fenghai New Energy Seawater Desalination Co., Ltd.	Director	9 February 2017	
	Jiangsu Sports Industry Group Co., Ltd.	Supervisor	9 February 2017	
	SeuComm Corporation Ltd.	Vice chairman	9 February 2017	
Changzhou Govtor Venture Capital (Hong Kong) Co., Ltd. (常州高投創業投資(香港)有限公司)	Executive director	13 January 2017		
Jiangsu Gaohui Asset Operation and Management Co., Ltd.	Legal person & Executive director & General manager	28 December 2016		
Chen Chuanming	School of Business of Nanjing University	Professor	1 November 2006	
	Kunshan King Lai Hygienic Materials Co., Ltd.	Independent director	6 November 2014	
	Nanjing Iron & Steel Co., Ltd.	Independent director	7 May 2016	
	GCL System Integration Technology Co., Ltd.	Independent director	31 March 2016	

Name of employee	Name of job provider	Position	Start of the term of office	Expiration of the term of office
Liu Hongzhong	International Finance Department, School of Economics, Fudan University	Professor	1 May 1999	
	Shanghai Rural Commercial Bank Co., Ltd.	Supervisor	8 September 2009	10 March 2017
	Shenyin & Wanguo Futures Company Limited	Independent director	1 February 2008	
	Donghai Futures Co., Ltd.	Independent director	29 June 2009	
	China International Fund Management Co., Ltd.	Independent director	28 May 2013	
	Shanghai Construction Group Co., Ltd.	External director	29 June 2013	
	Industrial Securities Co., Ltd.	Independent director	12 January 2018	
Lee Chi Ming	Boningdun Capital Management Co., Ltd.(柏寧頓資本管理有限公司)	Chief partner & Director	27 October 2014	
	China Minsheng Drawin Technology Group Limited (Previously known as South East Group Limited)	Independent non-executive director	30 December 2014	
	China Baoli Technologies Holdings Limited (Previously known as Rex Global Entertainment Holdings)	Independent non-executive director	15 July 2015	26 September 2017
	Chung Ying Theatre Company Limited	Director	10 December 2015	
Yang Xiongsheng	Nanjing University	Dean of School of Accounting and Finance & Professor	10 March 2009	
	Shenji Group Kunming Machine Tool Company Limited	Independent director	22 March 2013	19 March 2017
	Jiangsu Phoenix Publishing & Media Corporation Limited	Independent director	24 March 2016	
	IDT International Limited	Independent director	26 August 2015	
Liu Yan	Beijing Tian Yuan Law Firm	Partner	1 January 2002	
	Huaxin Cement Co., Ltd.	Independent director	26 September 2014	
	Yantai Changyu Pioneer Wine Co. Ltd.	Independent director	24 September 2016	
	WuXi AppTec Co., Ltd.	Independent director	March 2017	

Name of employee	Name of job provider	Position	Start of the term of office	Expiration of the term of office
Yu Yimin	Jiangsu SOHO Investment Group Co., Ltd.	Chairman	1 April 2013	
	Jiangsu Financial Holding Co., Ltd.	Director	11 May 2015	
	Suxin Energy Hefeng Co., Ltd. (蘇新能源和豐有限公司)	Director	1 March 2012	3 November 2017
	Jiangsu SOHO Venture Capital Investment Co., Ltd.	Chairman	20 June 2011	
	Jiangsu Province Emerging Industry Investment Management Co. (江蘇省新興產業基金投資管理公司)	Director	1 March 2015	
	Jiangsu International Trust Corporation Limited	Director	1 November 2014	
	Jiangsu Coastal Innovative Capital Management Co., Ltd.	Director	30 January 2015	
	Jiangsu Belt and Road Initiative Capital Management Co., Ltd. (江蘇一帶一路資本管理有限公司)	Chairman	15 December 2015	
	Jiangsu SASAC	Provincial State-owned Enterprises Full-time External Director	21 December 2017	
	Jiangsu Guoxin Co., Ltd.	Deputy General Manager & Secretary of the Board	5 December 2016	30 October 2017
Wang Huiqing	Jiangsu Guoxin Group Finance Co., Ltd.	Chairman of the Supervisory Committee	24 August 2015	
	Jiangsu Investment Management Corporation Limited	Supervisor	27 April 2016	
	Jiangsu International Trust Corporation Limited	Supervisor	3 March 2014	
	Jiangsu Real Estate Investment Co., Ltd. (江蘇省房地產投資有限公司)	Chairman of the Supervisory Committee	13 August 2014	
	Jiangsu New Energy Development Co., Ltd	Chairman of the Supervisory Committee	7 April 2015	
	Jiangsu Sheyang Port Electric Power Generation Co., Ltd. (江蘇射陽港發電有限公司)	Supervisor	13 March 2014	
	Yancheng Electric Power Generation Co., Ltd.	Convener of Supervisory Committee	27 April 2016	
	Hong Kong BROADSINO INVESTMENT CO., LTD.	Chairman of the Supervisory Committee	24 August 2015	
	Jiangsu Huaiyin Electric Power Generation Co., Ltd. (江蘇淮陰發電有限公司)	Supervisor	28 April 2016	
	Jiangsu Software Industry Co., Ltd. (江蘇省軟件產業股份有限公司)	Supervisor	23 April 2014	
Jiangsu Sainty International Group Limited	Supervisor	22 April 2015		

Name of employee	Name of job provider	Position	Start of the term of office	Expiration of the term of office
Wang Huiqing	Jiangsu Guoxin Huaian New Energy Investment Co., Ltd. (江蘇國信淮安新能源投資有限公司)	Chairman of the Supervisory Committee	24 April 2014	
	Guoxin (Hainan) Longmu Bay Investment Holding Co., Ltd. (國信(海南)龍沐灣投資控股有限公司)	Chairman of the Supervisory Committee	26 March 2015	
	Jiangsu Susu Industrial Park Development Co., Ltd. (江蘇省蘇宿工業園區開發有限公司)	Supervisor	3 March 2014	7 June 2017
	Huaneng Nantong Power Generation Limited Liability Company	Supervisor	20 April 2016	
	Guodian Changzhou Electric Power Generation Co., Ltd.	Supervisor	20 February 2014	
	Parkview Dingshan Hotel Nanjin Co., Ltd.	Director	19 March 2014	
	Jiangsu Software Park Real Estate Co., Ltd.	Supervisor	23 April 2014	
	Jiangsu Broadcasting Cable Information Network Investment Co., Ltd.	Supervisor	23 April 2014	
	Nanjing Mandarin Garden Hotel Co., Ltd. (南京狀元樓酒店有限責任公司)	Director	23 April 2014	
	Jiangsu Xinhai Power Generation Co., Ltd. (江蘇新海發電有限公司)	Director	27 April 2016	
	Jiangsu Xielian Thermoelectricity Group Co., Ltd. (江蘇協聯熱電集團有限公司)	Director	30 July 2014	
	Jiangsu Guoxin Liyang Pumped Storage Power Generation Co., Ltd. (江蘇國信溧陽抽水蓄能發電有限公司)	Director	27 April 2016	
	Jiangsu Guoxin Yongtai Asset Disposal Co., Ltd. (江蘇省國信永泰資產處置有限公司)	Chairman of the Supervisory Committee	10 March 2015	
	Jiangsu Pharmaceutical Co., Ltd.	Convener of Supervisory Committee	27 April 2016	
	Jiangsu International Talents Advisory Services Co., Ltd. (江蘇國際人才諮詢服務有限公司)	Supervisor	20 February 2016	
	Jiangsu Guoxin and Xinnan (Erdos) Energy Development Co., Ltd. (江蘇國信鑫南(鄂爾多斯)能源發展有限公司)	Director	30 July 2014	18 January 2017
	Jiangsu Expressway Company Limited	Director	6 June 2008	
	Jiangsu Jinghu Expressway Company Limited	Director	1 December 2007	1 April 2017
	Jiangsu Communications Holding Group Finance Co., Ltd.	Chairman	1 August 2011	1 March 2017
Jiangsu Communications Holding Group Finance Co., Ltd.	Director	1 March 2017		
Jiangsu Yanjiang Expressway Co., Ltd.	Director	1 December 2007	1 April 2017	
Du Wenyi	Jiangsu Ocean Shipping Co., Ltd.	Director	1 April 2010	21 December 2007
Jiangsu Expressway Network Operation & Management Co., Ltd.	Chairman of the Supervisory Committee	1 December 2007	1 April 2017	
Fuanda Fund Management Co., Ltd.	Supervisor	1 December 2007		
Jiangsu Financial Leasing Co. Ltd	Director	1 December 2007		

Name of employee	Name of job provider	Position	Start of the term of office	Expiration of the term of office
Du Wenyi	Nanjing Yue Jin Auto Co., Ltd.	Director	1 December 2007	
	Hengtai Insurance Brokerage Co., Ltd.	Director	1 April 2012	
	Guodian Taizhou Power Generation Co., Ltd.	Supervisor	1 April 2012	
	Nanjing Sharelink Venture Capital Co., Ltd.	Director	11 May 2009	
	Zhenjiang Junding Sharelink Venture Capital Co., Ltd.	Director	17 January 2013	
	Jiangsu Railway Venture Development Co., Ltd.	Director	1 December 2014	
	Bank of Jiangsu Co., Ltd.	Director	1 February 2012	
	Jiangsu Southern part of Suzhou-Wuxi-Changzhou Expressway Company Limited	Chairman of the Supervisory Committee	8 January 2017	
	Jiangsu International Talents Advisory Services Co., Ltd. (江蘇國際人才諮詢服務有限公司)	Director	20 April 2016	
Liu Zhihong	Jiangsu Hi-tech Venture Capital Co., Ltd. (江蘇高新創業投資有限公司)	Supervisor	1 March 2015	
	Changzhou High-Tech Venture Capital Co., Ltd. (常州高新技術風險投資有限公司)	Supervisor	1 March 2015	
	Changzhou Gaorui Venture Capital Management Co., Ltd. (常州高睿創業投資管理有限公司)	Supervisor	1 March 2015	
	Jiangsu Wan hao Real Estate Development Co., Ltd.	Director	9 February 2017	
	Jiangsu Govtor Venture Capital Management Co., Ltd. (江蘇高投創業投資管理有限公司)	Supervisor	8 January 2016	
Zhou Xiang	Huatai Zijin Investment	Supervisor	19 August 2013	
	Jiangsu Equity Exchange Co., Ltd.	Supervisor	1 June 2016	
	Nanjing Huatai Ruixing Investment Management Co., Ltd.	Supervisor	21 November 2016	
	Huatai Ruilian Funds Management Co., Ltd.	Supervisor	20 November 2013	
Meng Qinglin	Huatai Asset Management	Director	16 October 2014	
	Jiangsu Equity Exchange	Director	1 June 2016	
Zhang Haibo	China Southern Asset Management	Chairman	18 October 2016	
Wu Zufang	Huatai Futures	Chairman	5 May 2017	
	Huatai Futures	Chairman	1 November 2013	10 February 2017
Zhang Tao	Huatai Capital Management (Hong Kong) Limited	Chairman of the Board of Directors	17 September 2015	12 April 2017
	Huatai (Hong Kong) Futures Co., Ltd.	Chairman of the Board of Directors	24 September 2015	12 April 2017

Name of employee	Name of job provider	Position	Start of the term of office	Expiration of the term of office
Jiang Jian	Huatai Financial Holdings (Hong Kong)	Director	10 August 2015	
	Huatai International Financial Holdings	Director	5 April 2017	28 February 2018
	Huatai Zijin Investment	Director	19 August 2013	
		Chairman	7 September 2017	
	Bank of Jiangsu Co., Ltd.	Director	16 May 2012	
	E-Capital Transfer Co., Ltd.	Director	8 January 2015	
	Nanjing Huatai Ruitong Investment Management Co., Ltd.	Director	9 December 2013	30 January 2018
Shu Ben'e	Huatai United Securities	Chairman of the Supervisory Committee	7 June 2013	
	Huatai Futures	Vice chairman	17 October 2006	
	China Southern Asset Management	Supervisor	29 November 2003	
	Nanjing Huatai Ruixing Investment Management Co., Ltd.	Director	21 November 2016	6 February 2018
	Nanjing Huatai Ruitong Investment Management Co., Ltd.	Director	25 December 2012	30 January 2018
Zhang Hui	China Southern Asset Management	Director	18 October 2016	
Explanation of other jobs	Nil			

III. Remuneration of the Directors, Supervisors and Senior Management

Decision-making procedures of remuneration of the Directors, Supervisors and senior management	The Remuneration and Appraisal Committee of the Board is responsible for advising the Board on the remuneration structure and policies of the Directors and senior management of the Company. The Board makes decisions on matters relating to the remuneration of and reward and punishment of senior management in accordance with relevant national policies, and matters relating to the remuneration of Directors and Supervisors shall be determined at the general meeting.
The basis for determining the remuneration of the Directors, Supervisors and senior management	The external Directors and external Supervisors of the Company do not receive remuneration from the Company; Standard of remuneration of the independent Directors is determined with reference to that of the listed peers and based on actual situation of the Company; Remuneration of internal Directors, employee Supervisors and the senior management applies relevant policies of governing authorities and the remuneration assessment system of the Company, and determined in accordance with job responsibilities and the result of annual performance, as it is linked to position and performance.
Actual payments of remuneration of the Directors, Supervisors and senior management	Please refer to "Changes in Shareholding Structure and Remuneration of Directors, Supervisors, Senior Management and Staff"
Total remuneration actually obtained by the Directors, Supervisors and senior management at the end of the Reporting Period	Approximately RMB36.2125 million

In December 2017, the Company approved the resolution on the adjustments of the standard of allowance of the Independent Non-executive Directors of the Company at the first extraordinary general meeting of 2017, and adjusted the allowance of each Independent Non-executive Director to RMB20,000 per month (tax inclusive). The adjustment was effective from December 2017.

IV. Changes of Directors, Supervisors and Senior Management

Name	Position	Change	Reason for Change
Sun Hongning	Non-executive Director	Resigned	Ceased to be non-executive Director of the third session of the Board and a member of Nominations Committee under the Board and a member of Remuneration and Assessment Committee due to job placement
Zhang Tao	Vice President	Resigned	Ceased to be vice president of the Company due to personal work changes
Zhang Haibo	Vice President	Resigned	Ceased to be vice president of the Company due to personal work changes
Jiang Jian	Secretary of the board and of the company & Authorised representative	Resigned	Ceased to be secretary of the board and of the company and authorised representative due to work division and adjustment
Xu Feng	Non-executive Director	Elected	Elected by the General Meeting
Wang Chong	Chief risk officer	Appointed	Appointed by the Board
Zhang Hui	Secretary of the board and of the company & Authorised representative	Appointed	Appointed by the Board

1. On June 21 2017, Mr. Sun Hongning submitted resignation as non-executive Director of the Board and member of various special committees under the Board of the Company due to work arrangement; the 2016 shareholders' annual general meeting of the Company convened that day considered and approved the Resolution on Election of Mr. Xu Feng as a non-executive Director of the Fourth Session of the Board, and elected Mr. Xu Feng as a non-executive Director of the Fourth Session of the Board. As Mr. Xu Feng has obtained the qualification to serve as Director of the securities company as approved by securities regulatory authority, Mr. Xu Feng will replace Mr. Sun Hongning to serve as a non-executive Director in the fourth session of the Board from the date of resolution and he shall hold the office till the end of this session of the Board.
2. On December 21 2016, according to the nomination of Mr. Zhou Yi, president of the Company, the first meeting of the fourth session of the Board of the Company considered and approved the appointment of Wang Chong as Chief Risk Officer of the Company, and Mr. Wang Chong shall officially take the office of Chief Risk Officer after applying for and obtaining the qualification as Manager-level Member of Senior Management of a Securities Company. On March 16 2017, the Company received from Jiangsu Securities Regulatory Bureau the Approval for the Qualification of Wang Chong as Manager-Level Senior Management Member of the Securities Company (Su Zheng Jian Xu Ke Zi [2017] No. 14). Mr. Wang Chong shall begin to serve as a Chief Risk Officer from the date of resolution and hold the office till the end of this session of the Board.
3. On April 26 2017, Mr. Jiang Jian, vice president of the Company, submitted resignation as secretary to the Board of Directors, joint company secretary and authorized representative of the Company due to work adjustment. On April 26 2017, according to the nomination of Mr. Zhou Yi, president of the Company, the fifth meeting of the fourth session of the Board approved the appointment of Mr. Zhang Hui as secretary to the Board of Directors, joint company secretary and authorized representative of the Company, and he shall hold the office till the end of this session of the Board.
4. On January 10 2017, Mr. Zhang Tao ceased to be vice president of the Company due to work changes.
5. On May 19 2017, Mr. Zhang Haibo ceased to be vice president of the Company due to work changes.
6. On 31 October 2017, the authorized representative authorized by the Company under Section 774 of the Hong Kong Companies Ordinance was changed from Ms. Cheung Lai Fong to Mr. Lee Kwok Tai Louie.

V. Special Committees Under the Board

5 special committees, namely, Compliance and Risk Management Committee, Audit Committee, Development Strategy Committee, Nomination Committee and Remuneration and Appraisal Committee were established under the Board, members of which as of 31 December 2017 were as follows:

Compliance and Risk Management Committee (3 in total): Pu Baoying (chairman (convener) of the Compliance and Risk Management Committee), Zhou Yong and Xu Qing;

Audit Committee (3 in total, including more than 1/2 of independent non-executive Directors): Lee Chi Ming (chairman (convener) of the Audit Committee), Chen Ning and Yang Xiongsheng;

Development Strategy Committee (3 in total): Zhou Yi (chairman (convener) of Development Strategy Committee), Gao Xu and Liu Hongzhong;

Nomination Committee (3 in total, including more than 1/2 of independent non-executive Directors): Chen Chuanming (chairman (convener) of the Nomination Committee), Xu Feng and Liu Yan;

Remuneration and Appraisal Committee (3 in total, including more than 1/2 of independent non-executive Directors): Chen Chuanming (chairman (convener) of the Remuneration and Appraisal Committee), Xu Feng and Liu Yan.

VI. Information about the Staff of the Parent Company and Major Subsidiaries

(I) Information about the staff

Number of staff employed by the parent company	5,647
Number of staff employed by major subsidiaries	2,488
The total number of staff employed	8,135
Number of retired staff of the parent company and its subsidiaries that need to be paid for the cost	145
Profession Composition	
Profession	Number of staff
Researchers	260
Investment banking professionals	530
Investment professionals	250
Asset management professionals	238
Brokers	4,965
Info-tech professionals	538
Administrative professionals	400
Financial professionals	258
Compliance and risk control professionals	340
Others	356
Total	8,135
Education	
Level of education	Number (persons)
Doctor	100
Master	2,598
Bachelor	4,206
Junior college graduate and below	687
Total	7,591

Note: Due to the internal policies of American corporations, Educational Background statistics do not include AssetMark.



Demographics of the parent company

Dimensions	Items	Total
Profession structure	Researchers	137
	Investment banking professionals	-
	Investment professionals	141
	Asset management professionals	-
	Brokers	4,409
	Financial professionals	179
	Administrative professionals	100
	Info-tech professionals	418
	Compliance and risk control professionals	201
	Others	62
Levels of education	Doctor	55
	Master	1,530
	Bachelor	3,513
	Junior college graduate and below	549
Total		5,647

(II) Remuneration policy

The Company attaches importance to the external competitiveness and internal fairness of salary incentive, and implements a remuneration distribution system based on market standards and weighted by the result of performance evaluation. Staff remuneration of the Company consists of fixed salary, performance bonus and employee benefit.

Pursuant to relevant laws and regulations, the Company makes full payments to social insurances (pension insurance, medical insurance, unemployment insurance, job-related injury insurance and maternity insurance) and housing fund accounts for the staff according to regulations. Meanwhile, the Company establishes supplementary commercial medical insurance plan to provide staff with supplementary medical care. In 2017, the company has set up an enterprise annuity plan for staff to ensure post-retirement treatment of staff.

Please refer to Note 16 to the combined financial statements in the annual results announcement for employees' remuneration for the Reporting Period.

(III) Retirement benefits

The Group has provided a pension plan for full-time employees in Mainland China as required by the government. Namely, the Group pays endowment insurance premiums to the social insurance institution designated by the government on a monthly basis, which account for a certain percentage of the total salaries of the staff. After the retirement of the employees, the government is obliged to pay the pensions to them. According to the aforesaid Defined Contribution Plan (DCP), the Group shall not be liable for the postretirement benefits beyond the above contributions. Contributions to the Plan will be included in the cost at the time of occurrence.

(IV) Training programs

In line with the development trend of industry innovation and transformation, the Company continued to centralize its training on the aspects including business innovation, induction education, management capability and cultivation of internal trainers, propelled the training work with a combination of centralized trainings and external trainings as well as on-site trainings and internet trainings; its annual training plan is implemented smoothly. During the whole year, the Company completed 38 centralized trainings, 20 Huatai Forums and 180 off-site trainings, with approximately 3,675 participants on site and over 20,000 participants by the way of remote video or internet trainings. 98.6% of the participants completed the studies provided by the internet training school. In 2017, the Company's internal trainers provided 365 hours of lectures in total, and developed 144 courses.

VII. Customer Solicitation and Customer Services by the Brokers Commissioned by the Company

The Company implements a securities brokerage system in compliance with the regulatory rules. At the end of 2017, the Company had a total of 1,476 securities brokers.

In building its sales team, the Company upheld the commitment to expand the business in compliance with regulations and protect the rights and interests of investors, so as to achieve a concentrated and unified management through the improvement of effective management system covering qualification management, training management, behavioral code, information inquiry, customer survey, abnormal transaction monitoring, mal-practice punishment, performance evaluation, etc. The Company and its branches duly performed the responsibilities and watched over each other, as regular inspection and non-scheduled spotcheck are introduced to ensure the standardization and effectiveness of management. All the branches of the Company could implement corporate rules on the daily operation management of sales staff stringently, review and handle the early learn, and properly handle the complaints of customers in time.



Corporate Governance Report

I. Description of corporate governance

As a public company listed both in the mainland China and Hong Kong, the Company has operated business in a standard manner and in strict compliance with the requirements set forth in the laws, regulations and normative documents of the PRC and the overseas jurisdiction where the shares of the Company are listed, and has made continuous efforts to maintain and enhance the good image of the Company in the market. The Company keeps improving its corporate governance structure, compliance risk control and internal control system according to the requirements of the Company Law, the Securities Law, the Regulations on Supervision and Management of Securities Companies, the Rules for Governance of Securities Companies, the Rules for Corporate Governance of Listed Companies, the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Hong Kong Listing Rules and other relevant laws and regulations as well as the Articles of Associations, in order to establish a modern corporate system, and shape a corporate governance structure where checks and balances among the general meeting, the Board, the Supervisory Committee and the operation management are maintained, with each of them being separated from the other and performing its own functions and responsibilities corresponding to its position within the specified terms of reference, thereby ensuring all the operational activities of the Company are carried out smoothly and in accordance with relevant laws and regulations.

(I) Corporate governance

During the Reporting Period, the Company conducted its operations and management in a standard and orderly manner. Various rules and regulations have been formulated and continuously refined in strict compliance with the requirements of laws, regulations and normative documents for standardization of its operation. Currently, the Company has established the following main systems and their public disclosure statuses are set out below:

Main Rules and Regulations of the Company	Public Disclosure Status
Articles of Associations	Has been disclosed publicly on the website of the Shanghai Stock Exchange
Rules of Procedures of the General Meeting of the Company	Has been disclosed publicly on the website of the Shanghai Stock Exchange
Rules of Procedures of the Board of Directors of the Company	Has been disclosed publicly on the website of the Shanghai Stock Exchange

Main Rules and Regulations of the Company	Public Disclosure Status
Terms of Reference of the Special Committees under the Board of Directors of the Company	Has been disclosed publicly on the website of the Shanghai Stock Exchange
Working System for Independent Directors of the Company	Has been disclosed publicly on the website of the Shanghai Stock Exchange
Rules of Procedures of the Supervisory Committee of the Company	Has been disclosed publicly on the website of the Shanghai Stock Exchange
Working Rules of the President of the Company	Has been disclosed publicly on the website of the Shanghai Stock Exchange
Working Rules of the Secretary to the Board of the Company	Has been disclosed publicly on the website of the Shanghai Stock Exchange
Decision Making System of the Company for External Guarantee	Has not been disclosed publicly
Regulations on the Management of Proceeds of the Company	Has been disclosed publicly on the website of the Shanghai Stock Exchange
Decision Making System of the Company for Connected Transactions	Has not been disclosed publicly
Administrative System regarding Investor Relationship of the Company	Has not been disclosed publicly
Administrative Measures of the Company for Information Disclosure	Has not been disclosed publicly
Accountability System for Material Errors of Information Disclosure in the Annual Report of the Company	Has been disclosed publicly on the website of the Shanghai Stock Exchange
Internal Reporting System for Material Information of the Company	Has been disclosed publicly on the website of the Shanghai Stock Exchange
System regarding Insider Registration and Management and Confidentiality of the Company	Has been disclosed publicly on the website of the Shanghai Stock Exchange
Information Disclosure Suspension and Exemption Management System of Company	Has been disclosed publicly on the website of the Shanghai Stock Exchange
Management System of Shares Held by Directors, Supervisors and Senior Executives of Company	Has been disclosed publicly on the website of the Shanghai Stock Exchange
Annual Report Working Procedures of Audit Committee Board of Directors of Company	Has been disclosed publicly on the website of the Shanghai Stock Exchange
Rules on Auditing of Annual Reports of the Company	Has been disclosed publicly on the website of the Shanghai Stock Exchange
Compliance Management System of the Company	Has been disclosed publicly on the website of the Shanghai Stock Exchange
Basic Risk Management System of Company	Has been disclosed publicly on the website of the Shanghai Stock Exchange
Strategic Management System of the Company	Has been disclosed publicly on the website of the Shanghai Stock Exchange
Mid-term Shareholders' Return Plan of the Company (2017-2019)	Has been disclosed publicly on the website of the Shanghai Stock Exchange

During the Reporting Period, the Company revised and improved its Articles of Associations in accordance with the Company's implementation of "integration of three certificates into one", the actual condition of non-public issuance of A-shares, and the Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies revised and promulgated by China's Securities Regulatory Commission.



To further improve the corporate governance structure and promote a more standardized operation, the Company revised and improved the Working System for Independent Directors of the Company. To further standardize the use and management of the Company's raised funds, improve the efficiency of the use of raising funds, and protect the legitimate rights and interests of investors, the Company revised and improved the Regulations on the Management Proceeds of Company. The revision of such systems was approved by the general meeting of shareholders of Company. To standardize the information disclosure suspension and exemption of the Company and ensure that the Company complies with the law and compliance with its information disclosure obligations, the Company formulated the Information Disclosure Suspension and Exemption Management System of Company. To strengthen the internal supervision, give full play to the role of internal auditing, and promote the lawful enterprises management, compliance operation and risk prevention, the Company revised and improved the Terms of Reference of the Special Committees under the Board of Directors. The formulation and revision of such systems were approved by the board of directors of company. Meanwhile, the Company also revised the Basic Risk Management System of the Company and Compliance Management System of the Company in accordance with relevant regulations, and obtained approval of the board of directors of company. In addition, during the Reporting Period, the Company adjusted the members of the fourth session of the board of directors and the special committee of the board of directors after the review of board of directors and the approval of the general meeting of shareholders, so as to give full play to its professional advantages and improve the efficiency and level of decision-making. Through the establishment and improvement as well as the full implementation of the above systems, the corporate governance structure has been continuously standardized and improved.

The convening, holding and voting procedures of the general meeting, the Board and Supervisory Committee were standard, legal and valid, and the Company disclosed truthful and accurate information in a complete, timely and fair manner. The Company carried out investor relationship management in a standard and professional manner, and carried out inside information management and registration of insiders in strict compliance with the requirements of the System regarding Insider Registration and Management and Confidentiality of the Company and other relevant rules. The Company adhered to the principle of scientificity, standardization and transparency when practicing corporate governance. The Company was once again rated Class A Level AA in the assessment of securities firms conducted by CSRC in 2017, and was rated as the highest level A in the 2016 information disclosure evaluation of listed companies organized by the Shanghai Stock Exchange during the Reporting Period.

1. Shareholders and the General Meeting

The general meeting is the supreme authority of the Company, and all shareholders exercise their powers through such meeting. The Company convened and held general meetings in strict compliance with the Articles of Associations, Rules of Procedures of the General Meeting and other relevant regulations, and ensured all shareholders, especially the minority shareholders, enjoyed equal status and full exercise of their rights. The largest shareholder and the de facto controller of the Company exercised their rights in accordance with the laws, regulations and the Articles of Associations, and neither directly or indirectly intervened in the decisions and operations of the Company beyond the general meeting nor appropriated any fund of the Company or requested the Company to provide any external guarantee. The Company was completely independent from its largest shareholder and de facto controller in terms of staff, assets, finance, organization and business.

2. Directors and the Board

The appointment and change of Directors were in strict compliance with the Articles of Associations. The number and composition of the Board conformed to the requirements of the relevant laws and regulations. The Board has continuously improved its rules of procedures. All the Board meetings were duly convened and held, and all voting procedures at the meetings were legal and valid. The Company has established the Working System for Independent Directors, and all the independent Directors have independently and objectively worked to protect the legitimate rights and interests of the Company and its shareholders, and played a role of check and balance in the decision-making process of the Board. All Directors performed their respective responsibilities with due diligence in accordance with relevant requirements, and worked to protect the interests of the Company and all shareholders.

There is no financial, business, family or other significant/related relationship between the Directors, Supervisors and senior management of the Company.

The Company believes that the increasing diversity of the Board is one of the key factors that help support its strategic objectives and maintain sustainable development. Therefore, the Company should, when determining the composition of the Board, consider the diversity of Board members in several aspects, including but not limited to gender, age, cultural, educational background, professional experience, skills, knowledge and popularity in service. The determination of the members should be based on the value of the candidates and the contribution that they could make to the Board. All nominations of the Board should be in the principle of "merit-based". When the candidates are selected, the benefits from the diversity of Board members should be taken into full consideration according to their objective conditions. The Nomination Committee will report annually on the diversified composition of the Board in the annual report, inspect the implementation of the abovementioned policy on diversification of Board members and review such policy in due course so as to ensure its effectiveness.

3. Supervisors and the Supervisory Committee

The appointment and change of the Supervisors were in strict compliance with the Articles of Associations. The number and composition of the Supervisory Committee conformed to the requirements of the relevant laws and regulations. The Supervisory Committee has continuously improved its rules of procedure. All the meetings of the Supervisory Committee were duly convened and held, and all voting procedures at the meetings were legal and valid. The Supervisory Committee is responsible to the general meeting. Based on the principle of being responsible to all shareholders, the Supervisory Committee effectively supervised the legality and compliance of the Company's finance and the performance of duties by the Board and the management of the Company. All Supervisors diligently performed their duties, attended all meetings of the Supervisory Committee and sat in the meetings of the Board as non-voting delegates, made reports to the general meeting and submitted its work report.

4. Senior Management of the Company

The appointment and change of the senior management were in strict compliance with the Articles of Associations. The procedures for appointment of senior management complied with the Company Law and the Articles of Associations. The Company has formulated the Working Rules of the President and the Working Rules of the Secretary to the Board and other rules and regulations. The senior management of the Company conducted operations and performed their duties legally and diligently in accordance with the laws, regulations and authorizations of the Board, in order to maximize shareholders' benefits and social benefits.

5. Information Disclosure and Transparency of the Company

The Company disclosed information in a truthful, accurate, complete and timely manner in strict compliance with the requirements of laws, rules and relevant regulations, and ensured that all shareholders had an equal access to the relevant information of the Company, thereby ensuring the transparency of the Company. The Company strengthened the management of inside information, worked to ensure the confidentiality of inside information, and safeguarded the principle of fairness in information disclosure in strict compliance with the System regarding Insider Registration and Management and Confidentiality of the Company. The Board designated the secretary to the Board to be responsible for the Company's information disclosure, and the Office of the Board also assisted the secretary in information disclosure. Meanwhile, the Company also arranged specific person to answer telephone enquiries of investors and questions from investors via e-mails, actively entertained institutional investors during their on-site survey, and set up an investor relations section on the Company's website.



6. Stakeholders

The Company gave full respects to the shareholders, customers, staff and other stakeholders and protected their legitimate rights and interests from the perspective of system building and in each link of business operation, ensured the development of the Company in a sustainable, harmonious, healthy and standard way, in order to achieve all-win results for the Company and all stakeholders, thus maximizing the Company's profits and social benefits.

During the Reporting Period, according to the requirements of the regulatory departments, the Company further improved its organizational structure, institutional building and strengthened management of inside information, and ensured that the actual status of the corporate governance of the Company complied with the requirements of the normative documents published by the CSRC regarding the corporate governance of listed companies. Meanwhile, the Company strictly complied with all the code provisions as set out in the Corporate Governance Code and Corporate Governance Report, and met most of the recommended best practices in the Corporate Governance Code.

(II) Formulation and Implementation of Insider Registration and Management System

The Company formulated the System regarding Insider Registration and Management and Confidentiality in April 2010 in accordance with the requirements of relevant laws and regulations, normative documents and the Articles of Associations and in light of the actual situation of the Company, which was considered and approved at the 17th meeting of the first session of the Board, in order to strengthen the management of inside information, maintain the confidentiality of inside information, ensure fair information disclosure and protect the legitimate rights and interests of investors.

In December 2011, according to the Provisions on the Establishment of an Insiders Registration and Management System by Listed Companies (CSRC Announcement [2011] No. 30) by CSRC and the Circular on Filing Records of Insiders by Listed Companies (SSE Circular [2011] No. 1501) by the Shanghai Stock Exchange, the Company made amendments to the System regarding Insider Registration, Management and Confidentiality, which were considered and approved at the 7th meeting of the second session of the Board.

In March 2015, in order to meet the relevant regulatory requirements regarding the listing of the H Shares of the Company, the Company made amendments to the System regarding Insider Registration and Management and Confidentiality, which were considered and approved at the 16th meeting of the third session of the Board.

During the Reporting Period, the Company made more efforts to maintain the confidentiality of inside information, performed its obligation of insider registration, management and confidentiality diligently, kept records of the names of insiders who had accessed to the inside information at the stage of negotiation, planning, demonstration and consultation and contracting as well as in the processes of reporting, delivery, preparation, auditing, resolution and disclosing before its final disclosure in strict compliance with the requirements of System regarding Insider Registration and Management and Confidentiality, and kept records of information relating to insiders and memos of progress of major events, in order to effectively prevent insider dealing and properly carry out information disclosure.

During the Reporting Period, the Company organized internal investigation into the dealing of shares and derivatives of the Company by insiders, and found that none of the holders of inside information had made use of inside information in share transactions before any significant-price-sensitive-nature information disclosure that may affect the share price of the Company, and the Company has not received any punishment or administrative measure imposed by regulatory departments due to the implementation of the Insiders Registration and Management System or the possible involvement in insider dealing.

(III) Corporate Governance Policies and the Board's Responsibilities on Corporate Governance

During the Reporting Period, the Company has been strict compliance with the Hong Kong Listing Rules, and followed all the principles in the Corporate Governance Code and the Corporate Governance Report to be its own corporate governance policies. In respect of the corporate governance function, the terms of reference of the Board shall at least include:

- (1) to formulate and review the corporate governance policies and practices of the Company;
- (2) to review and monitor the training and continuous professional development of the Directors and the senior management;
- (3) to review and monitor the Company's policies and practices on compliance with laws and regulatory requirements;
- (4) to formulate, review and monitor the code of conduct and compliance manual (if any) applicable to monitor employees and Directors;
- (5) to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

(IV) Securities Transactions by Directors, Supervisors and Employees

During the Reporting Period, the Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules as the code of conduct for securities transactions of the Company by all Directors and Supervisors. According to the domestic regulatory requirements, the Company convened the 13th meeting of the third session of the Board on 25 November 2014 to consider and approve the Administrative System regarding the Shares of the Company Held by Directors, Supervisors and Senior Management (the "Administrative System") in order to regulate holding and dealing in the shares of the Company by Directors, Supervisors and senior management. On 6 March 2015, the Company made amendments to the Administrative System in order to meet the relevant regulatory requirements regarding the listing of the H Shares of the Company, which were considered and approved at the 16th meeting of the third session of the Board. The compulsory provisions contained in the Administrative System are stricter than those under the Model Code. Having made all enquiries with Directors, Supervisors and senior management, the Company confirmed that all Directors, Supervisors and senior management had strictly complied with the relevant requirements under the Administrative System and Model Code during the Reporting Period. The Board of the Company will, from time to time, carry out inspection on corporate governance and operation of the Company, in order to ensure the relevant provisions under the Hong Kong Listing Rules were well observed and to protect the interests of the shareholders. Please refer to the section of "Directors, Supervisors, Senior Management and Staff" - "I. Changes in Shareholding Structure and Remuneration" - "(I) Changes in shareholding structure and remuneration of current and retired Directors, Supervisors and senior management during the Reporting Period" for details about the shareholding of the Directors, Supervisors and senior management of the Company.



II. Brief Introductions to the General Meetings

Meeting	Convening date	Resolutions	Status	Enquiry index of the websites designated for publication of the resolutions	Date of disclosure of the publication of the resolution
2016 Annual General Meeting	21 June, 2017	<ol style="list-style-type: none"> 1. Work Report of the Board of Directors of the Company for 2016; 2. Work Report of the Supervisory Committee of the Company for 2016; 3. Final Financial Report of the Company for 2016; 4. Resolution on the Profit Distribution Plan of the Company for 2016; 5. Resolution on the Annual Report of the Company for 2016; 6. Resolution on the Estimated Ordinary Connected Transactions of the Company for 2017; 7. Resolution on the Estimated Investment Amount of the Company's Proprietary Business for 2017; 8. Resolution on the Appointment of Mr. Xu Feng as Non-executive Director of the Fourth Session of the Board of the Company; 9. Resolution on the Re-appointment of the Accounting Firm of the Company; 10. Resolution on the Revision of Working System of Independent Directors of Huatai Securities; 11. Resolution on the Provision of Guarantee on the Net Capital of the Company's Wholly-owned Subsidiary Huatai Asset Management; 12. Resolution on General Authorization of Domestic and Overseas Debt Financing Instruments of the Company; 13. Resolution on Recommending the General Meeting to the Grant of General Mandate to Issue Shares to the Board; 14. Resolution on the Company's Compliance with Conditions of Non-public Issuance of New A Shares; 15. Resolution on Proposal of the Company's Non-public Issuance of New A Shares; 16. Resolution on the Feasibility Analysis Report of the Use of the Proceeds Raised from the Non-public Issuance of New A Shares by the Company; 17. Resolution on the Report of the Use of the Proceeds Raised in the Previous Issuance of Shares of the Company; 18. Resolution on the Dilution of Current Returns and Remediate Measures upon the Non-public Issuance of New A Shares of the Company; 19. Resolution on the Company's Shareholder's Interim Return Plan for the years from 2017 to 2019; 20. Resolution on Requesting the General Meeting to Authorize the Board and its Authorized Person to consider the Relevant Matters of the Non-public Issuance of New A Shares; 21. Resolution on the Amendments to the Articles of Associations of Huatai Securities; 22. Debriefing of Working Report of Independent Director of the Company for 2016; 23. Debriefing of the Report on Performance Assessment and Remuneration of the Directors of the Company for 2016; 24. Debriefing of the Report on Performance Assessment and Remuneration of the Supervisors of the Company for 2016; 25. Debriefing of the Report on Execution of Duty, Performance Assessment and Remuneration of Senior Management of the Company for 2016. 	All resolutions were considered and approved	http://www.sse.com.cn http://www.hkexnews.hk http://www.htsc.com.cn	22 June, 2017
The first extraordinary general meeting in 2017	27 December, 2017	<ol style="list-style-type: none"> 1. Resolution on the Amendments to the Regulations on the Management of Proceeds of Huatai Securities; 2. Resolution on the Adjustment of Standard of Allowance of the Independent Director of the Company; 3. Resolution on the Amendments to the Articles of Associations of Huatai Securities. 	All resolutions we reconsidered and approved	http://www.sse.com.cn http://www.hkexnews.hk http://www.htsc.com.cn	28 December, 2017

Explanations on general meetings

During the Reporting Period, the Company held two general meetings in total, the details of which are as follows:

1. The 2016 annual general meeting of the Company, with scene & network voting methods adopted, was held in Renaissance Nanjing Olympic Centre Hotel (No. 139, Aoti Street, Jianye District, Nanjing). The general meeting was organized by the Board of Directors and hosted by the Executive Director — Zhou Yi. Certain Directors, Supervisors and the secretary to the Board attended the meeting and certain senior management of the Company and witnessing lawyers employed by the Company and relevant personnel of Computershare Hong Kong Investor Services Limited sat in the meeting. The meeting was convened and held and its voting method was in conformity with relevant regulations such as Company Law and Articles of Associations and so on. Details of relevant announcements on the resolutions of the general meeting can be found at <http://www.sse.com.cn> (the Shanghai Stock Exchange website), <http://www.hkexnews.hk> (disclosure website of Hong Kong Stock Exchange), our Company's website <http://www.htsc.com.cn> and China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times published on 22 June, 2017.
2. The Company's first extraordinary general meeting in 2017, with scene & network voting methods adopted, was held in Renaissance Nanjing Olympic Centre Hotel (No. 139, Aoti Street, Jianye District, Nanjing). The general meeting was organized by the Board of Directors and hosted by the Executive Director- Zhou Yi. Certain Directors, Supervisors and the secretary to the Board attended the meeting and certain senior management of the Company and witnessing lawyers employed by the Company and relevant personnel of Computershare Hong Kong Investor Services Limited sat in the meeting. The meeting was convened and held and its voting method was in conformity with relevant regulations such as Company Law and Articles of Associations and so on. Details of relevant announcements on the resolutions of the general meeting can be found at <http://www.sse.com.cn> (the Shanghai Stock Exchange website), <http://www.hkexnews.hk> (disclosure website of Hong Kong Stock Exchange), our Company's website <http://www.htsc.com.cn> and China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times published on 28 December, 2017.

None of the shareholders of the Company are holders of preference shares with voting rights recovered. Therefore, none of the extraordinary general meetings was convened by holders of preference shares with voting rights restored, nor was any general meeting proposed to be convened, convened or chaired by the holders of preference shares with voting rights recovered during the Reporting Period.

III. Meetings of the Board during the Reporting Period

Meeting Name	Time	Meeting Form and Place	Meeting Motion	Status
The 2nd Meeting of the Fourth Session of the Board	1 March, 2017	By means of on-site & video meetings. Address: Large Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing; Conference Room I (HD Video Conference Room), Huatai United Securities, Floor 6, Building A, Fengming International Building, No. 22, Fengsheng Alley, Xicheng District, Beijing; HD Video Conference Room, Shanghai Branch Office of Huatai Securities, Floor 25, Poly Plaza, No. 18, Dongfang Road, Pudong New Area, Shanghai; HD Video Conference Room, Huatai Financial Holdings (Hong Kong), Floor 58, The Centre, No. 99, Queen's Road Central, Hong Kong.	<ol style="list-style-type: none"> 1. Resolution on Organization Restructuring of the Subsidiaries in Hong Kong; 2. Resolution on the Company's Donation of RMB1,000,000 for Poverty Alleviation; 3. Resolution on the Company's Donation for the Charity Federation of Jiangsu Province. 	All resolutions were considered and approved.
The 3rd Meeting of the Fourth Session of the Board	17 March 2017	By means of teleconference	Resolution on the Work Program for Implementation of Comprehensive Risk Management Requirements.	All resolutions were considered and approved.



Meeting Name	Time	Meeting Form and Place	Meeting Motion	Status
The 4th Meeting of the Fourth Session of the Board	30 March 2017	By means of on-site meeting. Address: Large Conference Room, Floor 12, Building 1, Huatai Securities Square, No.228, Middle Jiangdong Road, Nanjing.	<ol style="list-style-type: none"> 1. Work report of the president of the Company for 2016; 2. Final financial report of the Company for 2016; 3. Financial budget report of the Company for 2017; 4. Proposal on profit distribution plan of the Company for 2016; 5. Work report of the Board for 2016; 6. Resolution on the annual report of the Company for 2016; 7. Resolution on the annual compliance report of the Company for 2016; 8. Resolution on the annual risk management report of the Company for 2016; 9. Resolution on the internal control assessment report of the Company for 2016; 10. Resolution on the social responsibility report of the Company for 2016; 11. Proposal on the estimated ordinary connected transactions of the Company for 2017; 12. Proposal on the estimated investment amount of the Company's proprietary business for 2017; 13. Proposal on electing Mr. Xu Feng as the non-executive Director of the fourth session of the Board; 14. Resolution on re-appointment of the accounting firm for the Company; 15. Resolution on General Authorization of Domestic and Overseas Debt Financing Instruments of the Company; 16. Report on performance assessment and remuneration of the Directors of the Company in 2016; 17. Report on execution of duty, performance assessment and remuneration of the senior management of the Company in 2016; 18. Resolution on convening the general meeting of the Company for 2016; 19. Debriefing of the work report of independent Directors of the Company for 2016; 20. Debriefing of the report on the performance of duties of the Audit Committee of the Board for 2016; 21. Debriefing of work report of the Compliance Director of the Company for 2016; 22. Examination on report on execution of the net capital and risk control indicator of the Company for 2016. 	All resolutions were considered and approved.

Meeting Name	Time	Meeting Form and Place	Meeting Motion	Status
The 5th Meeting of the Fourth Session of the Board	26 April, 2017	By means of on-site & video meetings. Address: Large Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing; Conference Room I (HD Video Conference Room), Huatai United Securities, Floor 6, Building A, Fengming International Building, No. 22, Fengsheng Alley, Xicheng District, Beijing; HD Video Conference Room, Shanghai Branch Office of Huatai Securities, Floor 25, Poly Plaza, No. 18, Dongfang Road, Pudong New Area, Shanghai; HD Video Conference Room, Huatai Financial Holdings (Hong Kong), Floor 58, The Centre, No. 99, Queen's Road Central, Hong Kong.	<ol style="list-style-type: none"> 1. Resolution on the first quarterly report of the Company of 2017. 2. Resolution on appointment of secretary to the Board, joint secretary and authorized representative; 3. Resolution on increasing the business scale of share pledge repurchase transactions of the Company; 4. Resolution on amendments to the Basic System of Risk Management of the Company; 5. Resolution on amendments to the Terms of Reference of the Specialized Committees of the Board of Huatai Securities; 6. Resolution on amendments to the Working System of Independent Director of Huatai Securities; 7. Resolution on the provision of guarantee on the net capital of the Company's wholly-owned subsidiary — Huatai Asset Management; 8. Resolution on addition of agenda for the general meeting of the Company in 2016. 	All resolutions were considered and approved.
The 6th Meeting of the Fourth Session of the Board	26 May, 2017	By means of on-site & video meetings. Address: Large Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing; Conference Room I (HD Video Conference Room), Huatai United Securities, Floor 6, Building A, Fengming International Building, No. 22, Fengsheng Alley, Xicheng District, Beijing; HD Video Conference Room, Shanghai Branch Office of Huatai Securities, Floor 25, Poly Plaza, No. 18, Dongfang Road, Pudong New Area, Shanghai; HD Video Conference Room, Huatai Financial Holdings (Hong Kong), Floor 58, The Centre, No. 99, Queen's Road Central, Hong Kong.	<ol style="list-style-type: none"> 1. Resolution on Recommending the General Meeting to the Grant of General Mandate to Issue Shares to the Board; 2. Resolution on the Company's Compliance with Conditions of Non-public Issuance of New A Shares; 3. Resolution on Proposal of the Company's Non-public Issuance of New A Shares; 4. Resolution on the Plan for the Company's Non-public Issuance of New A Shares; 5. Resolution on the Feasibility Analysis Report of the Use of the Proceeds Raised from the Non-public Issuance of New A Shares by the Company; 6. Resolution on the Report of the Use of the Raised in the Previous Issuance of Shares of the Company; 7. Resolution on the Dilution of Current Returns and Remediate Measures upon the Non-public Issuance of New A Shares of the Company; 8. Resolution on the Company's Shareholder's Interim Return Plan for the years from 2017 to 2019; 9. Resolution on the Interim Capital Planning for the years from 2017 to 2019; 10. Resolution on Requesting the General Meeting to Authorize the Board and its Authorized Person to consider the Relevant Matters of the Non-public Issuance of New A Shares; 11. Resolution on the Amendments to the Articles of Associations of Huatai Securities; 12. Resolution on Adjustment of the Organizational Structure of the Headquarters and the Duties of Relevant Departments. 	All resolutions were considered and approved.

Meeting Name	Time	Meeting Form and Place	Meeting Motion	Status
The 7th Meeting of the Fourth Session of the Board	26 June, 2017	By means of teleconference.	Resolution on the composition adjustment of certain special committees of the Fourth Session of the Board.	All resolutions were considered and approved.
The 8th Meeting of the Fourth Session of the Board	11 August, 2017	By means of on-site meeting. Address: Large Conference Room, Floor 12, Building 1, Huatai Securities Square, No.228, Middle Jiangdong Road, Nanjing.	1. Resolution on interim report of the Company for 2017; 2. Resolution on interim compliance report of the Company for 2017; 3. Resolution on interim adjustment program of financial budget of the Company for 2017; 4. Resolution on the Amendments to the Regulations on the Management of Proceeds of Huatai Securities; 5. Resolution on the Adjustment of Standard of Allowance of Independent Non-executive Director of the Company; 6.Regulatory report on net capital computation sheet and risk control indicator of the Company of the first half year of 2017.	All resolutions were considered and approved.
The 9th Meeting of the Fourth Session of the Board	18 September, 2017	By means of teleconference.	Resolution on the Company's Donation for the Charity Federation of Jiangsu Province.	Resolutions were considered and approved.
The 10th Meeting of the Fourth Session of the Board	30 October, 2017	By means of on-site & video meetings. Address: Large Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing; Conference Room 1 (HD VideoConference Room), Huatai United Securities, Floor 6, Building A, Fengming International Building, No. 22, Fengsheng Alley, Xicheng District, Beijing	1. Resolution on the third quarterly report of the Company in 2017; 2. Resolution on formulation of the Information Disclosure of Suspension and Exemption of Management System of Huatai Securities; 3. Resolution on amendments to the Compliance Management System of Huatai Securities; 4. Resolution on amendments to the Articles of Associations of Huatai Securities; 5.Resolution on convening the first extraordinary general meeting of the Company in 2017.	All resolutions were considered and approved.

Note: Details of relevant announcements on the resolutions of the Board can be found on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>), the website of Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and our Company's website (<http://www.htsc.com.cn>) and China Securities Journal, Shanghai Securities News, Securities Daily as well as Securities Times.

IV. Meetings of the Supervisory Committee during the Reporting Period

Meeting name	Time	Meeting form and place	Meeting motion	Status
The 2nd Meeting of the Fourth Session of the Supervisory Committee	30 March, 2017	By means of on-site Meeting. Address: Small Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing	1. Work report of the Supervisory Committee for 2016; 2. Proposal on profit distribution plan of the Company in 2016; 3. Resolution on the Company's annual report for 2016; 4. Resolution on the Company's internal control evaluation report for 2016; 5. Report on performance assessment and remuneration of the Supervisors in 2016; 6. Debriefing of report on internal audit of the Company in 2016; 7. Debriefing of work plan on internal audit of the Company in 2017.	All resolutions were considered and approved.
The 3rd Meeting of the Fourth Session of the Supervisory Committee	26 April, 2017	By means of on-site Meeting. Address: Small Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing	Resolution on the first quarterly report of the Company in 2017.	The resolution was considered and approved.
The 4th Meeting of the Fourth Session of the Supervisory Committee	11 August, 2017	By means of on-site Meeting. Address: Small Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing	Resolution on interim report of the Company for 2017.	The resolution was considered and approved.
The 5th Meeting of the Fourth Session of the Supervisory Committee	30 October, 2017	By means of on-site Meeting. Address: Small Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing	Resolution on the third quarterly report of the Company in 2017.	The resolution was considered and approved.

Note: Details of relevant announcements on the resolutions of the Supervisory Committee can be found on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>), the website of Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and our Company's website (<http://www.htsc.com.cn>) and China Securities Journal, Shanghai Securities News, Securities Daily as well as Securities Times.



V. Performance of Duties of Directors

(I) Attendance of Directors at Board Meetings and General Meetings

Name of Director	Whether or not he/she is an independent Director	Attendance at Board meetings						Attendance at general meetings
		Number of Board meetings requiring attendance during the year	Attendance in person	Attendance by teleconference	Attendance by proxy	Absence	Whether or not he/she failed to attend the meeting in person for two consecutive times	Times of attendance at general meetings
Zhou Yi	No	9	9	3	-	-	No	2
Pu Baoying	No	9	5	3	4	-	No	1
Gao Xu	No	9	8	3	1	-	No	1
Chen Ning	No	9	7	3	2	-	No	2
Sun Hongning	No	5	1	1	4	-	Yes	-
Xu Feng	No	4	4	2	-	-	No	1
Zhou Yong	No	9	8	3	1	-	No	2
Xu Qing	No	9	8	3	1	-	No	1
Chen Chuanming	Yes	9	6	3	3	-	No	2
Liu Hongzhong	Yes	9	8	3	1	-	No	2
Lee Chi Ming	Yes	9	9	3	-	-	No	2
Yang Xiongsheng	Yes	9	8	3	1	-	No	1
Liu Yan	Yes	9	7	3	2	-	No	-

Explanation on the failing to attend Board meetings in person for two consecutive times

Due to business engagement, Mr. Sun Hongning failed to attend Board meetings in person for two consecutive times.

Number of Board meetings held within the year	9
Of which: number of on-site meetings	6
Number of meetings held by teleconference	3
Number of meetings held both on-site and via teleconference	-

(II) Objections raised by Independent Non-Executive Directors

During the Reporting Period, no objections were raised by independent non-executive Directors to resolutions at Board meetings or other meetings.

(III) Board of Directors and the operation management

1. Composition of the Board

According to the relevant regulations of Articles of Associations of the Company, the Board shall be composed of 13 Directors, with the number of independent Directors accounting for at least 1/3 of the total number; the Board shall have one staff representative Director who is selected by the Company's staff in a democratic way via congress of workers and staff, general membership meeting or other forms and is directly allowed to enter the Board. On December 21, 2016, the non-staff representative Director of the fourth session of the Board was selected in the Company's third extraordinary general meeting in 2016. During the Reporting Period, as considered and approved in the general meeting of 2016, the Company adjusted the members of the fourth session of the Board. As of the Reporting Period, there were 12 members in the Board, including 1 executive Director (Zhou Yi), 6 non-executive Directors (Pu Baoying, Gao Xu, Chen Ning, Xu Feng, Zhou Yong, Xu Qing) and 5 independent non-executive Directors (Chen Chuanming, Liu Hongzhong, Lee Chi Ming, Yang Xiongsheng, Liu Yan), and congress of workers and staff will be held as soon as possible to select one appropriate staff representative Director to perform the duty of Director in the Board.

The Directors are elected or changed via the general meeting for a term of three years, from the date on which their appointments are approved by the general meeting and their qualifications of being Directors of securities companies are obtained and approved by the CSRC or its delegated authority. Directors are eligible for re-election upon the expiration of their terms. However, the successive terms of independent non-executive Directors may not be more than 6 years. According to relevant regulations of Rule 3.13 of the Hong Kong Listing Rules, the Company received the annual written confirmation from each independent non-executive Director with regards to his/her independence. Based on these confirmations and the relevant information available to the Board, the Board continues to confirm that they are independent.

The Company covered liability insurance for Directors, Supervisors and senior executives according to the authorization of the 2014 annual general meeting, to protect them from the compensation liabilities that may arise from performing their duties and to reasonably avoid management risk and legal risk which the Directors, Supervisors and senior management maybe exposed to, and to encourage them to earnestly fulfil their duties and responsibilities.

2. Duties and Responsibilities of the Board

The Board is the decision-making body of the Company, which is responsible to report its work to the general meeting. According to the Articles of Association of the Company, the Board shall exercise the following major functions and powers: to convene general meeting and report to general meeting; to carry out the resolutions of the general meetings; to resolve on the business & investment plans of the Company; to prepare annual financial budget plan and final accounting plan of the Company; to prepare profit distribution plan and loss remedy plan of the Company; to formulate proposals on increasing or decreasing the registered capital, issuing bonds or other securities and the listing plan thereof; to formulate plans for material acquisition, purchase of shares of the Company, merger, division, dissolution or transformation of the Company; to determine, within the authority granted by the general meeting, such matters as external investment, acquisition and disposal of assets, asset mortgage, external guarantee, consigned wealth management, connected transactions, etc.; to decide on the establishment of the Company's internal management organizations; to appoint or dismiss the Company's president and secretary to the Board; to appoint or dismiss the vice president, financial controllers and other senior management of the Company according to the nominations by the president, and to decide the matters on their remuneration and rewards as well as penalties; to set up the basic management system of the Company; to formulate the proposals for any amendment to the Articles of Associations; to manage the Company's information disclosure; to propose to the general meeting the appointment or replacement of the accounting firms which provide audit services for the Company; to listen to the work reports of the president and review his/her work; to formulate the risk control system of the Company; to determine Directors' remunerations and distribution plan thereof; and to exercise other functions and powers authorized by laws, administrative regulations, departmental rules or the Articles of Associations.

3. Duties and Responsibilities of the Operation Management

According to the Articles of Associations of the Company, the principal person in charge of operational management of the Company shall report the conditions of the signing and execution of material contracts, usage of fund as well as profit and loss of the Company to the Board or Supervisory Committee as required by the Board of Directors or Supervisory Committee. The principal person in charge of the operation and management refers to the Company's president, or the person in charge of the management committee or executive committee exercising the power



of the president of the Company. The Company's president shall be responsible for the Board, and exercise the following functions and powers: to manage the daily business operations of the Company, organize and implement the resolutions of the Board, and report work to the Board; to formulate the development plan, annual operational & investment plans of the Company; to organize and implement the plan for the establishment of internal management structure of the Company; to prepare the plan for the setting of internal management of the Company to formulate the basic management system of the Company; to prepare the specific rules of the Company; to represent the Company to handle important external businesses and matters; to propose to the Board for the appointment or removal of the Company's vice president, financial controller, chief compliance officer, chief risk officer and other senior management; to decide to appoint or dismiss executives except for those who are appointed or dismissed by the Board; to decide the rewards and punishments, promotion and demotion, salary increase and decrease, appointment, dismissal and recruitment of staff of the Company; to temporarily handle the emergencies in business activities which shall be decided by the Board and reported to the Board after that; and to exercise other functions and powers authorized by the Articles of Associations or the Board.

4. Implementation by the Board of resolutions passed at general meetings

- 1) On 9 October 2015, Proposal on General Mandate for Issuance of Domestic Debt Financing Tools by the Company was reviewed and passed at the Company's first extraordinary general meeting of the Company in 2015. According to the resolution, after being approved by Letter on Unanimity for Listing Transfer of Privately Placed Bonds of Huatai Securities Co., Ltd. (SZH [2016] No. 2333) of the Shanghai Stock Exchange, the Company completed the non-public issuance of bonds of RMB31 billion during the Reporting Period.
- 2) On 9 October 2015, Proposal on General Mandate for Issuance of Domestic Debt Financing Tools by the Company was reviewed and passed at the Company's first extraordinary general meeting of the Company in 2015. According to the resolution, after being approved by Letter on Unanimity for Listing Transfer of Subordinated Bonds of Huatai Securities Co., Ltd. in 2016 (SZH [2016] No. 1832) of the Shanghai Stock Exchange, the Company completed the non-public issuance of subordinated bonds of RMB7 billion during the Reporting Period.
- 3) On 21 June 2017, the 2016 annual shareholders general meeting of the Company considered and approved the Company's Proposal on Annual Profit Distribution for 2016. According to the resolution, during the Reporting Period, based on a total share of 7,162,768,800 on 31 December 2016, the Company distributed a total of RMB3,581,384,400.00 to all shareholders with every 10 shares in cash dividend of RMB5.00 (including tax); and all remaining undistributed profits will be distributed annually after carry-over. During the Reporting Period, the profit distribution plan was completed.
- 4) On 21 June 2017, the 2016 annual general meeting of the Company considered and approved the Proposal of the Estimated Ordinary Connected Transactions in 2017 of the Company. According to the resolution, during the Reporting Period, for details of the actual performance of regular ordinary connected transactions of the Company, please refer to "Major Events" "XII. Material Connected Transaction" of this report.
- 5) On 21 June 2017, the 2016 annual shareholders general meeting of the Company considered and approved the Proposal of the Estimated Investment Amount of the Company's Proprietary Business in 2017. According to the resolution, during the Reporting Period, related business indicators of the Company were controlled within the authorized scope of the shareholders' general meeting.
- 6) On 21 June 2017, the 2016 annual shareholders general meeting of the Company considered and approved the Proposal of Electing Mr. Xu Feng as the Non-Executive Director of the Fourth Session of the Board. According to the resolution, during the Reporting Period, Mr. Xu Feng replaced Mr. Sun Hongning to perform duties of a non-executive director of the fourth session of the Board, after obtaining official reply from China Securities Regulatory Commission Jiangsu Bureau on approving the qualification for acting as a director of the Company.
- 7) On 21 June 2017, the 2016 annual shareholders general meeting considered and approved the Proposal of Re-appointment of the Accounting Firm of the Company. According to the resolution, during the Reporting Period, the Company continued to appoint KPMG Huazhen LLP to handle 2017 annual financial statements and the internal control auditing services for the Company and its subsidiary companies, and to issue the audit report of A shares and

Internal Control Auditing Report; the Company also appoint KPMG for auditing services of H Shares for the Company, and to issue audited report of H Shares.

- 8) On 21 June 2017, the 2016 annual shareholders general meeting considered and approved the Proposal of Provision of Guarantee on the Net Capital Guarantee for the Fully-owned Subsidiary Huatai Securities Asset Management (Shanghai) Co., Ltd. According to the resolution, during the Reporting Period, the Company provided the highest quota of RMB1.9 billion of newly increased net capital for its fully-owned subsidiary Huatai Securities Asset Management (Shanghai) Co., Ltd.
- 9) On 21 June 2017, the 2016 annual shareholders general meeting considered and approved a series of proposals, including the Proposal of the Company's Non-public Issuance of New A Shares. According to the resolution, during the Reporting Period, the Company, in accordance with provisions of relevant laws, regulations and normative documents, unified its own actual situation and actively promoted the Non-public Issuance of A shares, in order to improve the Company's operating efficiency and market competitiveness and guarantee the Company's sustainable and long-term development. As at the end of the Reporting Period, the Company's Non-public Issuance of A shares was yet to be approved by China Securities Regulatory Commission.
- 10) On 21 December 2017, the Company considered and approved the Proposal of Adjusting of the Standard of Allowance of the Company's Independent Non-executive Directors in the first shareholders' extraordinary general meeting of the Company in 2017. According to the resolution, the Company adjusted the allowance standard of the independent non-executive directors to RMB20,000 per person per month (including tax).

5. Training of Directors

Trainings are provided to Directors on an on-going basis. The Company attaches great importance to the ongoing training of Directors, to ensure that the Directors form an appropriate understanding of the operation of the Company and its business and they understand their duties and responsibilities as directors as required by the CSRC, the Shanghai Stock Exchange, the Hong Kong Stock Exchange and as stipulated in the Articles of Associations and other relevant laws and regulatory requirements. During the Reporting Period, the Company's Directors attach great importance to updating professional knowledge and skills, to adapt to the needs of the development of the Company. In addition to participation in regular training held by regulatory organizations and self-regulatory organizations and complete required ongoing trainings, the Office of the Board also prepared the Work Newsletter of the Company regularly and sent it to the Directors to enable them to understand the latest policies and regulations and industrial trends and enhance their knowledge and understanding of the culture and operation of the Company. In addition, the Company continuously improved the internal work procedures, established multi-level information communication mechanism, and set up information communication platform, in order to ensure the access to information for Directors to perform their responsibilities and constantly improve their overall performance capability. During the Reporting Period, the main trainings of the Directors were as follows:

Director Name	Date	Organizer	Content	Training Location
Zhou Yi	5 May 2017	Clifford Chance	The Stock Exchange of Hong Kong: Directorship and the Role and Function of Board Committee	Nanjing (network video training)
Pu Baoying	5 May 2017	Clifford Chance	The Stock Exchange of Hong Kong: Directorship and the Role and Function of Board Committee	Nanjing (network video training)
	9 June 2017	Jiangsu Provincial Association for Listed Companies	New Rules on Reduction of Shares	Nanjing
Gao Xu	5 May 2017	Clifford Chance	The Stock Exchange of Hong Kong: Directorship and the Role and Function of Board Committee	Nanjing (network video training)

Director Name	Date	Organizer	Content	Training Location
Chen Ning	5 May 2017	Clifford Chance	The Stock Exchange of Hong Kong: Directorship and the Role and Function of Board Committee	Nanjing (network video training)
	9 June 2017	Jiangsu Provincial Association for Listed Companies	New Rules on Reduction of Shares	Nanjing
Sun Hongning	5 May 2017	Clifford Chance	The Stock Exchange of Hong Kong: Directorship and the Role and Function of Board Committee	Nanjing (network video training)
Xu Feng	18 September 2017- 22 September 2017	China Executive Leadership Academy Pudong	Training on Enhancement of Leadership Ability	Shanghai
Xu Qing	5 May 2017	Clifford Chance	The Stock Exchange of Hong Kong: Directorship and the Role and Function of Board Committee	Nanjing (network video training)
Zhou Yong	5 May 2017	Clifford Chance	The Stock Exchange of Hong Kong: Directorship and the Role and Function of Board Committee	Nanjing (network video training)
Chen Chuanming	5 May 2017	Clifford Chance	The Stock Exchange of Hong Kong: Directorship and the Role and Function of Board Committee	Nanjing (network video training)
Liu Hongzhong	5 May 2017	Clifford Chance	The Stock Exchange of Hong Kong: Directorship and the Role and Function of Board Committee	Shanghai (network video training)
	12 July 2017- 13 July 2017	Shanghai Stock Exchange	The Second Phase of Follow-up Training for Independent Directors of Listed Companies 2017	Wuhan
	19 September 2017	Fudan University	Foreign Direct Investment and Debt Financing in Emerging Economies	Shanghai
	24 October 2017	Fudan University	Exploring the Risk-Return Tradeoff in China	Shanghai
	20 December 2017	Fudan University	Bond Finance, Bank Finance, and Bank Regulation	Shanghai
Lee Chi Ming	5 May 2017	Clifford Chance	The Stock Exchange of Hong Kong: Directorship and the Role and Function of Board Committee	Hong Kong (network video training)
	12 July 2017- 13 July 2017	Shanghai Stock Exchange	The Second Phase of Follow-up Training for Independent Directors of Listed Companies 2017	Wuhan
Yang Xiongsheng	5 May 2017	Clifford Chance	The Stock Exchange of Hong Kong: Directorship and the Role and Function of Board Committee	Nanjing (network video training)
Liu Yan	20 February 2017- 23 February 2017	Shanghai Stock Exchange	The 48 th Phase of Qualification Training for Independent Directors of Listed Companies	Shanghai
	5 May 2017	Clifford Chance	The Stock Exchange of Hong Kong: Directorship and the Role and Function of Board Committee	Beijing (network video training)

(IV) Chairman and President

Chairman and President are two different positions, and according to the provisions of the Articles of Associations, the chairman is the legal representative of the Company, responsible for managing the operations of the Board, ensuring that the Board acts in compliance with the best interests of the Company, ensuring the effective operation of the Board, ensuring that the Board has fulfilled its responsibilities, ensuring that discussions about all significant matters are held so that Directors get accurate, timely and explicit data. President manages the daily work of the Company, attends Board meetings, reports to the Board and exercises the functions and powers according to the responsibility scope of the president.

On 21 December 2016, in the first session of the fourth Board meeting, the Company elected Mr. Zhou Yi as the fourth chairman of the Board and continued to hire Mr. Zhou Yi as the president of the Company. According to provisions of A.2.1 of "Corporate Governance Code", the roles of the chairman and chief executive shall be separate and should not be performed by the same individual at the same time. Given the fact that Mr. Zhou Yi has been supervising daily operation and management of the Company, formulating strategies of the Company and its business, nominating and determining senior management personnel of the Company since he joined the Group in August 2006, the Board believes that Mr. Zhou Yi simultaneously assuming the duty of effective management and business development is in the best interest of the Company. As a result, the Board thinks that the Company's arrangement is appropriate even in the circumstance that it contradicts the provision of A.2.1 of "Corporate Governance Codes". Despite the above situations, the Board thinks that this management structure of the Company is effective and has enough checks and balances.

(V) Non-executive Directors

As of the end of the Reporting Period, the Company has 6 non-executive Directors, 5 independent non-executive Directors. For details of their terms of office, please refer to "Directors, Supervisors, Senior Management and Staff", "I. Changes in Shareholding Structure and Remuneration" and "(I) Changes in shareholding structure and remuneration of current and retired Directors, Supervisors and senior management during the Reporting Period" in this report.

(VI) Performance of duties by Independent Non-Executive Directors

(1) Regular reporting of relevant works

In the annual report compilation process, independent non-executive Directors of our Company have performed all the responsibilities according to the requirements of the CSRC and the provisions of the Work System of Independent Directors of the Company.

On 25 January 2017, in the first meeting of the Audit Committee of the fourth session of Board in 2017, the Audit Committee listened to the report of the auditing work schedule, annual auditing focus and pre-auditing work of the Company in 2016 by relevant personnel from KPMG Huazhen LLP, and made discussion and communication with relevant personnel from KPMG Huazhen LLP. Two of the three members in the Audit Committee are independent non-executive Directors, who put forward opinions and suggestions to the supplement and perfection of the 2016 Annual Audit Plan of the Company from different perspectives in their roles as members of the Audit Committee and as independent non-executive Directors.

On 7 March 2017, in the second meeting of the Audit Committee of the fourth session of the Board in 2017, the Audit Committee considered and approved the Proposal on the 2016 Annual Audit Plan of the Company. Two of the three members in the Audit Committee are independent non-executive Directors, who examined the 2016 Annual Audit Plan of the Company from different perspectives in their roles as members of the Audit Committee and as independent non-executive Directors.

On 29 March 2017, in the third meeting of the Audit Committee of the fourth session of the Board, the Audit



Committee examined the 2016 Annual Financial Statements of the Company, the 2016 Annual Report, the Internal Control Evaluation Report of 2016, the performance of duties of the Audit Committee in 2016 and the Internal Auditing Plan of 2017, etc., checked and approved major events involved in "key auditing events", etc. of the 2016 Annual Auditing Report of the Company, and listened to the report on the annual internal auditing work of the Company in 2016. Two of the three members in the Audit Committee are independent non-executive Directors, who examined relevant proposals and gave opinions from different perspectives in their roles as members of the Audit Committee and as independent non-executive Directors.

On 2 August 2017, in the fifth meeting of 2017 of the Audit Committee of the fourth session of the Board, the Audit Committee listened to the report on the interim review of H Shares in 2017 and 2017 Annual Auditing Plan of the Company by relevant personnel from KPMG Huazhen LLP, and made discussion and communication with relevant personnel from KPMG Huazhen LLP. Two of the three members in the Audit Committee are independent non-executive Directors, who made discussions, exchanged views and made comments and suggestions from different perspectives in their roles as members of the Audit Committee and as independent non-executive Directors.

(2) Consideration about connected transactions

On 30 March 2017, all the independent non-executive Directors of the Company gave independent opinions on Plan for Proposal on the Estimated Ordinary Connected Transactions of the Company for 2017. They were of the opinion that the relevant connected transactions were fair with reference to the market price for pricing the transactions without compromising the interests of the Company and other shareholders; the connected transactions were all derived in the ordinary operation of the Company and would help carry out the businesses of the Company and bring some income to the Company; the procedures for approval for relevant connected transactions complied with the laws, regulations and normative documents as well as Articles of Association of the Company and the Decision Making System of the Company for Connected Transactions.

(3) Other performance of duties

On 30 January 2017, all the independent non-executive Directors of the Company gave independent opinions on the matter of nominating Mr Xu Feng as nominees of the independent non-executive Directors of the fourth session of the Board. On 30 March 2017, all the independent non-executive Directors of the Company gave special clarification and independent opinions on external guarantees carried out in 2016, gave special clarification and independent opinions on fund intercourse between the Company and the controlling shareholders & other related parties, gave independent opinions on the Proposal on Profit Distribution Plan of the Company in 2016, gave independent opinions on the internal control evaluation report of the Company in 2016 and gave independent opinions on continuing the employment of the accounting firm. On 26 April 2017, all the independent nonexecutive Directors of the Company gave independent opinions on the matter of nomination of Mr. Zhang Hui as the secretary to the Board for the fourth session of the Board. On 26 May 2017, all independent non-executive Directors of the Company gave independent opinions on Interim Shareholders Return Plan from 2017 to 2019 of Huatai Securities Co., Ltd.

VI. IMPORTANT ADVICE AND RECOMMENDATIONS FROM THE SPECIAL COMMITTEES OF THE BOARD IN PERFORMING DUTIES DURING THE REPORTING PERIOD AND DISCLOSURE OF DISSENTING EVENTS

The Board has established the Development Strategy Committee, Compliance and Risk Management Committee, Audit Committee, Nomination Committee, and Remuneration and Appraisal Committee.

(I) Development Strategy Committee of the Board

The major duties of the Development Strategy Committee of the Board include: 1. Understanding and grasping the complete situation of the Company's operation; 2. Understanding, analysing and grasping the current situation of the international and domestic industry; 3. Understanding and grasping the relevant policies of the State; 4. Studying the short-term, medium-term and long-term development strategies of the Company or relevant issues; 5. Providing consultancy advice on the Company's long-term development strategies, major investments, reforms and other major decisions; 6. Considering and approving the special study report on the development strategy; 7. Publishing daily research reports in regular or irregular manner; and 8. other duties assigned by the Board.

During the Reporting Period, the Development Strategy Committee of the Board convened a total of two meetings, the details of which were as follows:

1. The Development Strategy Committee of the fourth session of the Board convened the first meeting of 2017 by way of teleconference on 24 February 2017 and considered and approved the Resolution on Organization Restructuring of Subsidiaries in Hong Kong.
2. The Development Strategy Committee of the fourth session of the Board convened the second meeting of 2017 on 25 April 2017 and considered and approved the Resolution on the Company Providing Net Capital Guarantee for its Wholly-owned Subsidiary, Huatai Securities (Shanghai) Asset Management Co., Ltd.

Attendance of members of the Development Strategy Committee at meetings held during the Reporting Period:

Name	Attendance in person/Number of meetings requiring attendance
Zhou Yi (Chairman)	2/2
Gao Xu	2/2
Liu Hongzhong	2/2

(II) Compliance and Risk Management Committee of the Board

The main duties of the Compliance and Risk Management Committee include: 1. Considering and approving the general objective and basic policies of compliance management and risk management, and putting forward some suggestions; 2. Considering and approving the establishment of the institution for compliance management and risk management, and its duties, and putting forward some suggestions; 3. Evaluating the risk for major decisions to be considered and approved at the Board meeting and solutions to such major risks, and putting forward some suggestions; 4. Considering and approving the compliance report and risk evaluation report required to be considered and approved by the Board, and putting forward some suggestions; 5. Such other duties as stipulated in the Articles of Association.

During the Reporting Period, the Compliance and Risk Management Committee of the Board convened a total of five meetings, the details of which were as follows:

1. The Compliance and Risk Management Committee of the fourth session of the Board convened the first meeting of 2017 by way of teleconference on 16 March 2017, and considered and approved the Resolution on the Company's Work Scheme for Implementing Requirements on Comprehensive Risk Management.
2. The Compliance and Risk Management Committee of the fourth session of the Board convened the second meeting of 2017 in Nanjing on 29 March 2017, and considered and approved the Resolution on the Annual Compliance Report of the Company in 2016, the Resolution on the Annual Risk Management Report of the Company in 2016, and the Resolution on Annual Internal Control Evaluation Report of the Company in 2016. Zhou Yong, non-executive Director authorized Pu Baoying, the chairman of the committee and a non-executive Director to attend the meeting. Pu Baoying, the chairman of the committee and a non-executive Director inquired and discussed issues such as the duties division of the Company's compliance director, the workflow setup of the compliance law department and other internal control departments, the Company's compliance management system and management method and the work division of the compliance law department, risk management department and inspecting department. The

compliance director of the company Li Yun and other relevant personnel in the compliance law department and risk management department made explanations and descriptions respectively. At the meeting, while fully recognizing the achievement of compliance and risk control, Pu Baoying, the chairman of the committee and a non-executive Director, reminded that the Company should pay more attention to relevant regulations on supervision, strengthen the construction of compliance internal control system, reduce the dead zone from overlapping business operations between internal control departments and try to comprehensively cover all possible risk exposures.

3. The Compliance and Risk Management Committee of the fourth session of the Board convened the third meeting of 2017 on 25 April 2017, and considered and approved the Resolution on Revising the Company's Basic System of Risk Management.
4. The Compliance and Risk Management Committee of the fourth session of the Board convened its fourth meeting of 2017 by way of teleconference on 10 August 2017, and considered and approved the Resolution on the Company's 2017 Interim Compliance Report.
5. The Compliance and Risk Management Committee of the fourth session of the Board convened its fifth meeting of 2017 by way of teleconference on 27 October 2017, and considered and approved the Resolution on Revising Compliance Management System of Huatai Securities Co., Ltd.

Attendance of members of the Compliance and Risk Management Committee at meetings held during the Reporting Period:

Name	Attendance in person/Number of meetings requiring attendance
Pu Yingbao (Chairman)	5/5
Zhou Yong	4/5
Xu Qing	5/5

(III) Audit Committee of the Board

The main duties of the Audit Committee of the Board include: 1. Supervising and guiding the audit work. It shall manage and guide the internal audit work planning and audit team construction, regularly listen to and review the comprehensive report of audit work, annual audit plan and important audit reports, make judgements on the truthfulness, accuracy and completeness of the audited financial report, and submit them to the Board for reviewing. It shall supervise the Company's financial statement and the completeness of the Company's annual report and account, interim report and quarterly report and review statements as well as major opinions on financial declaration in reports. The Committee shall pay special attention to the following matters: (i) Changes in accounting policies and practices; (ii) Matters concerning significant judgment; (iii) Significant adjustments due to the audit; (iv) Assumptions of on-going operations of the Company and its qualified opinions; (v) Compliance with the accounting standards; and (vi) Compliance with the Listing Rules or relevant laws and regulations of the listing place where the financial reporting shall be made; 2. Proposing the engagement or changing of external audit institutions and supervising the professional conduct of external audit institutions, so as to ensure the coordination of internal and external auditors. Moreover, it shall also ensure that the internal audit function can have enough resources for operation and appropriate status within the Company and check and supervise its validity; 3. Considering and putting forward suggestions for the appointment, reappointment, remuneration, appointment terms and any other issues about its resignation or being dismissed of external auditors. It shall hold the position as the main representative between the Company and the external auditor and supervise their relationship; 4. Discussing with the external auditors about the nature, scope and relevant responsibility of audit and frequently check if the audit procedure is valid and whether the external auditor is objective and independent before carrying out the audit work; 5. Checking the Explanation Letter on Audit offered by external auditors to the management and any major doubts put forward by the auditors to the management about the accounting record, financial account or monitoring system as well as response of the management and ensure that the Board can timely reply to issues put forward in the Explanation Letter on Audit offered by external auditors to the management; 6. Checking and monitoring the Company's financial supervision, risk management and internal

monitoring system and check the financial and accounting policies and practices of the Company and its subsidiaries; 7. Discussing the risk management and internal supervision system with the management level so as to ensure that the management level has performed its duty and established a valid internal supervision system; Studying the important investigations results and responses of the management related to risk management and internal supervision system actively or as assigned by the Board of Directors; 8. Reporting issues above to the Board; 9. Checking the Company's following arrangement: Employees of the Company may secretly raise concerns on irregular conducts about financial reporting, internal monitoring, or other aspects. The Audit Committee shall ensure that there is appropriate arrangement for the Company to make fair and independent investigation and take appropriate actions on such issues; 10. Studying other projects defined by the Board; 11. Other responsibilities according to the Company's Articles of Association or the Listing rules or laws and regulations of the place where the Company is listed.

During the Reporting Period, the Audit Committee of the Board convened seven meetings, the details of which were as follows:

1. The first meeting of the Audit Committee of the fourth session of the Board for 2017 was convened in the way of video and on-site conference on 25 January 2017. Yang Xiongsheng, the independent non-executive Director authorized Lee Chi Ming, chairman and independent non-executive director to attend the meeting. At the meeting, the Audit Committee listened to the report on the arrangement of audit progress of the audit work in 2016, the focus of annual audit and the situation of pre-audit made by relevant personnel from KPMG Huazheng LLP (special general partnership), discussed and communicated with relevant personnel from KPMG Huazheng LLP (special general partnership) and at the same time reviewed the Company's first draft of 2016 annual audit report. At the meeting, Lee Chi Ming, the chairman of the committee and an independent Director, inquired about the situation of internal control audit of peers in the same industry, the transition from business tax to VAT and the taxation of asset management products and so on, on which the auditor made full explanation and eliminated the doubts of directors. On the meeting, the chairman and independent non-executive Director Lee Chi Ming inquired about the situation of the Company's internal control and long-form audit report and asked the auditor to pay attention to the regulatory requirements on internal control by U.S. Securities and Exchange Commission (SEC) after acquisition of AssetMark after listening to the explanation and reporting of relevant personnel from KPMG Huazhen LLP (special general partnership). The independent non-executive director Chen Ning inquired about the situation of internal control audit of peers in the same industry, the transition from business tax to VAT and the taxation of asset management products and so on, on which the auditor made full explanation and eliminated the doubts of directors.
2. The second meeting of the Audit Committee of the fourth session of the Board for 2017 was convened by the way of teleconference on 7 March 2017, and considered and approved the Resolution on the Auditing Plan of the Company for 2016.
3. The third meeting of the Audit Committee of the fourth session of the Board for 2017 was convened in Nanjing on 29 March 2017, and considered and approved the Financial Final Report of the Company in 2016, the Financial Budget Report of the Company in 2017, the Proposal on Profit Distribution of the Company in 2016, the Proposal on Annual Report of the Company in 2016, the Proposal on Internal Control Assessment Report of the Company in 2016, the Report on Performance of Duties by the Audit Committee of the Board of the Company in 2016, the Plan on Renewal of the Contract with the Accounting Firm, the Proposal on Renewal of the Company's Accountant, the Proposal on Estimating the Ordinary Connected Transactions of the Company in 2017, the Internal Audit Work Plan of the Company in 2017. The Committee reviewed or listened to the "Key Audit Issues" and other Important Issues Involved in the Company's 2016 Annual Audit Report and the Report on the Company's 2016 Internal Audit Work. The independent non-executive director and chairman Lee Chi Ming inquired about the Company's budget structure of labor expense, the audit results of AssetMark and so on, and suggested the Company to increase the relevant contents of internal audit. The non-executive director Chen Ning inquired about the influence from transition from business tax to VAT and suggested the Company to optimize the business and management fee budget table. The independent non-executive Director Yang Xiongsheng inquired about the net cash flow of operation activities and risk control indicators and so on and suggested the Company to match financial budget with company strategy. And relevant personnel from KPMG Huazhen LLP (special general partnership) and the Company's Plan Financial Department made detailed explanation.
4. The fourth meeting of the Audit Committee of the fourth session of the Board for 2017 was convened in the way of teleconference on 25 April 2017, and considered and approved the Resolution on the First Quarterly Report of the

Company in 2017.

5. The fifth meeting of the Audit Committee of the fourth session of the Board for 2017 was convened in the way of teleconference and on-site meeting on 2 August 2017. At the meeting, the Committee listened to the report on the mid-term review of the Company's H stock and the audit plan of the Company's 2017 annual report made by relevant personnel from KPMG Huazhen LLP (special general partnership), discussed and communicated with relevant personnel from KPMG Huazhen LLP (special general partnership). On the meeting, independent non-executive director and chairman Lee Chi Ming inquired about the influence of scientific and technological innovation on IT audit and key audit issues. The non-executive director Chen Ning inquired about the situation of futures risk reserve presentation and the independent non-executive director Yang Xiongsheng inquired about the subsequent operation and monitoring of overseas acquired asset and suggested to compare the standard pairs of A+H as to make fair and careful reflection. And relevant personnel from KPMG Huazhen LLP (special general partnership) and the Company's Plan Financial Department made detailed explanation.
6. The sixth meeting of the Audit Committee of the fourth session of the Board for 2016 was convened in Nanjing on 8 August 2017, and considered and passed the Proposal on the Financial Statement in the First Half Year of the Company in 2017 and Proposal on Interim Report of the Company in 2017. At the meeting, the independent non-executive director and chairman Lee Chi Ming inquired about the main reasons for income increase and adjustment of investment income and expense and so on. The non-executive director Chen Ning inquired about the reason for budget adjustment and the independent non-executive director Yang Xiongsheng inquired about the audit results of subsidiaries in America and suggested the Company to optimize the measurement model for explaining income and expense. And relevant personnel from KPMG Huazhen LLP (special general partnership) and the Company's Plan Financial Department made detailed explanation.
7. The seventh meeting of the Audit Committee of the fourth session of the Board for 2017 was convened in the way of teleconference and on-site meeting on 27 October 2017, and considered and approved the Proposal on the Financial Statement of the Company from January to September of 2017. And the non-executive director Chen Ning authorized the independent non-executive director Yang Xiongsheng to attend the meeting. The independent non-executive director and committee chairman Lee Chi Ming inquired about the influence from the new International Financial Reporting Standards and the Company's preparation against it and the independent non-executive director Yang Xiongsheng inquired about the reflection of fair value in the income statement, result of risk assessment, etc. And relevant personnel from KPMG Huazhen LLP (special general partnership) and the Company's Plan Financial Department made detailed explanation.

Attendance of the members of the Audit Committee at the meetings held during the Reporting Period:

Name	Attendance in person/Number of meetings requiring attendance
Lee Chi Ming (Chairman)	7/7
Chen Ning	6/7
Yang Xiongsheng	6/7

(IV) Nomination Committee of the Board of Directors

The main duties of the Nomination Committee of the Board include: 1. Reviewing the structure, headcount and composition (including skills, knowledge and experience) of the Board at least once each year and making recommendations regarding any proposed changes in the Board in line with the Company's strategies; 2. Considering and making suggestions on the criteria and procedures for selection of Directors and senior management members; 3. Searching for qualified candidates for Director and senior management, and selecting from the list nominated by Directors or making recommendation to the Board; 4. Reviewing and making suggestions on the qualification requirements for Director and senior management; 5. Assessing the independence of independent non-executive Directors; 6. Making recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors (in particular the chairman and

the president); and 7. Other responsibilities stipulated in the Articles of Associations or as required by the Board. During the Reporting Period, the Nomination Committee of the Board of the Company convened two meetings:

1. The first meeting of the Nomination Committee of the fourth session of the Board for 2017 was convened in the way of teleconference and on-site meeting on 29 March 2017. The Proposal on Selecting Mr Xu Feng as Non-Executive Director of the fourth Session of the Board of Directors of the Company.
2. The Nomination Committee of the fourth session of the Board for 2017 convened its second meeting in on 25 April 2017 by teleconference, and the Proposal on the Appointment of Secretary of the Board of Directors and Secretary and Authorized Representative of Joint Company was considered and approved.

Attendance of the members of the Nomination Committee at the meetings held during the Reporting Period:

Name	Attendance in person/Number of meetings requiring attendance
Chen Chuanming (Chairman)	2/2
Liu Yan	2/2
Sun Hongning	1/2

(V) Remuneration and Appraisal Committee of the Board of Directors

The main duties of the Remuneration and Appraisal Committee include: 1. Reviewing and providing opinions on the appraisal and remuneration management system for Directors and senior management, and making recommendations to the Board on the Company's overall policy and structure for remuneration of the Directors and senior management, and on the establishment of a formal and transparent procedure to develop remuneration policy; 2. Reviewing and approving the management' remuneration proposals with reference to the Board's corporate goals and objectives; 3. Conducting assessment on and making recommendations to the Directors and senior management: making recommendations on the remuneration packages, including benefits in kind, pensions and compensation payments (including any compensation payable for loss or termination of their appointment), for certain executive Directors and senior management, and making recommendations to the Board on the remuneration of non-executive Directors; 4. Considering salaries paid by comparable companies, time commitment and responsibilities and engagement condition elsewhere in the Group; 5. Reviewing and approving compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with the relevant contractual terms. In case of inconsistency with the relevant contractual terms, the compensation shall be fair and not be excessive; 6. Reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with the contractual terms. In case of inconsistency with the relevant contractual terms, the compensation shall be reasonable and appropriate; 7. Ensuring that no Director or any of his associates is involved in determining his/her own remuneration; 8. Other responsibilities stipulated in the Articles of Association.

The Remuneration and Appraisal Committee of the Board of Directors convened two meetings in the Reporting Period and the detailed information is as follows:

1. On 29 March 2017, the Remuneration and Appraisal Committee of the fourth session of the Board held its first meeting for 2017 in the way of teleconference and on-site meeting. Non-executive director Sun Hongning authorized independent non-executive director and committee chairman Chen Chuanming to attend the meeting. At the meeting, Report on the Performance Appraisal and Remuneration of Directors of the Company in 2016 and Report on Responsibilities Fulfillment, Performance Appraisal and Remuneration for Senior Management Personnel of the Company in 2016 were considered and approved. At the meeting, the independent non-executive director and chairman Chen Chuanming inquired about the total amount of remuneration of the Company and the General Manager of the Company's Human Resource Department Zhang Hui made explanation.



2. On 10 August 2017, the second meeting of the Remuneration and Appraisal Committee of the third session of the Board for 2017 was held by teleconference and the Proposal on Plan and Target of Performance of Senior Management Personnel of the Company in 2017 was considered and approved.

Attendance of the members of the Remuneration and Appraisal Committee at the meetings held during the Reporting Period:

Name	Attendance in person/Number of meetings requiring attendance
Chen Chuanming (Chairman)	2/2
Liu Yan	2/2
Sun Hongning	1/2

VII. PERFORMANCE OF DUTIES OF SUPERVISORS

The Supervisory Committee is a supervisory body of the Company and shall be accountable to the general meeting. As required by the Company Law and Articles of Association, the Supervisory Committee is responsible for monitoring the Company's financial activities and internal control, and overseeing the legality and compliance of the performance of duties by the Board, the management and its members.

For the year 2017, in strict compliance with the relevant requirements of the Company Law, the Securities Law, the Articles of Association and the Rules of Procedures for the Supervisory Committee, the Supervisory Committee of the Company earnestly performed its duties as required by law and effectively monitored the Company's financial conditions, the legality and compliance of the Board's significant decisions and the performance of duties by the management, and safeguarded the legitimate rights and interests of the Company and its shareholders acting in the spirit of being accountable to all the shareholders.

(I) Performance of duties of Supervisors

During the Reporting Period, the Supervisory Committee of the Company convened four meetings. For details, please refer to "IV. Meetings of the Supervisory Committee during the Reporting Period" of this section.

All the members of the Supervisory Committee attended the meetings of Supervisory Committee, Board meetings and the general meetings during the Reporting Period as follows:

Name of Supervisor	Conditions for attending the Supervisory Committee						Attendance at Board meeting in the year	Attendance at the general meeting
	Number of meetings of Supervisory Committee requiring attendance in the year	Attendance in person	Attendance in the way of teleconference	Attendance by proxy	Absence	Whether or not he/she failed to attend the meeting in person for two successive times		
Yu Yimin	4	3	-	1	-	No	8	1
Wang Huiqing	4	4	-	-	-	No	9	2
Du Wenyi	4	3	-	1	-	No	6	-
Liu Zhihong	4	3	-	1	-	No	8	2
Peng Min	4	4	-	-	-	No	9	2
Zhou Xiang	4	3	-	1	-	No	8	2
Meng Qinglin	4	4	-	-	-	No	7	1
Number of meetings of Supervisory Committee convened during the year								4
Of which: number of meetings held on-site								4
Number of meetings in the way of teleconference								-
Number of meetings held on-site and in the way of teleconference								-

(II) Independent opinions of the Supervisory Committee

During the Reporting Period, the Supervisory Committee convened 4 meetings in total in the whole year, at which 10 proposals and reports were considered. The Supervisors sat in all the Board meetings and general meetings of the Company as nonvoting delegates, monitored the decision-making process of the Board on material matters on a real-time basis, and kept abreast of the management's implementation of the decisions made by the Board through carefully reading the reports of the Company, including Work Newsletter (monthly) and Brief Report on Audit Work (quarterly). On this basis, the Supervisory Committee gave independent opinions on the Company's relevant matters as follows:

1. For the legal operation of the Company: during the Reporting Period, the Company was under legal operation in compliance with relevant laws and regulations such as the Company Law, the Securities Law and the Articles of Association as well as the requirements of the Company's systems. Major operational decisions of the Company were reasonable, and the decision-making procedures were lawful. The Company established a relatively sound internal management system and internal control system, under which various regulations were effectively implemented. During the Reporting Period, the Supervisory Committee found no conducts violating laws, regulations, Articles of Association or damaging the interests of the Company and its shareholders made by Directors and senior management of the Company when performing their duties. During the Reporting Period, there were no material risks in the Company.
2. For the financial aspect: during the Reporting Period, Supervisors of the Company regularly read the main financial information on the operation of the Company in every month, convened meetings of the Supervisory Committee to review the quarterly reports, semi-annual reports, annual financial reports, annual evaluation reports on internal control and other documents of the Company, and checked the business and financial conditions of the Company. The Supervisory Committee believed that the financial report of the Company for 2017 had been audited

by KPMG Huazhen LLP which had issued a standard audit report without qualified opinions. The Company's financial statements were prepared in compliance with the relevant requirements of the ASBE, which truly reflected the financial conditions and operating results of the Company. Regular reports were prepared and reviewed in compliance with relevant laws, regulations and various requirements of the CSRC, the contents of which were true, accurate and complete to reflect the actual conditions of the Company.

3. For the implementation of the registration, management and confidentiality system for inside information holders of the Company: during the Reporting Period, the Company managed to carry out the registration, management, disclosure and filing of insider information and kept the confidentiality thereof in accordance with the requirements of the system, continued to optimize the working procedures, and established Huatai Securities Co., Ltd. Information Disclosure Suspension and Exemption Management System to standardize the information suspension and exemption behaviour. There were no incidents found in the Company in violation of inside information holders' obligations for registration, management and confidentiality.
4. During the Reporting Period, the Company's related connected transactions were fair and reasonable, and no incidents of damaging the rights and interests of the Company and its shareholders were found in the Company. When considering related matters, independent Directors of the Board of the Company gave independent opinions and related Directors abstained from voting, the procedure of which was legal and valid.
5. During the Reporting Period, the Company revised the Regulations on the Management of the Proceeds of Huatai Securities Co., Ltd. to further standardize the Company's funds raising management. It successfully issued 2 subordinated bonds of RMB7 billion, privately issued 7 corporation bonds of RMB31 billion and issued 285 income certificates with an accumulative scale of RMB35.258 billion. Up to 31 December 2017, the inventory amount of income certificates was RMB19.656 billion. All funds raised were used to supplement the Company's working capital, which is consistent with the contents disclosed in the prospectus
6. Written review opinions on the annual report of the Company for 2017 prepared by the Board of Directors were as follows:
The annual report of the Company for 2017 was prepared and reviewed in compliance with the relevant laws, regulations and requirements of regulatory authorities, the contents of which were true, accurate and complete and could reflect the actual conditions of the Company.
7. The Supervisory Committee of the Company reviewed the Assessment Report on Internal Control of the Company for 2017, and had no objections to the contents therein.

VIII. RISKS FOUND BY THE SUPERVISORY COMMITTEE IN THE COMPANY

During the Reporting Period, the Supervisory Committee of the Company had no objections towards the matters under supervision during the Reporting Period.

IX. EXPLANATIONS ON THE COMPANY'S INABILITY TO ENSURE INDEPENDENCE AND OPERATE INDEPENDENTLY FROM ITS CONTROLLING SHAREHOLDER IN RESPECT OF BUSINESS, STAFF, ASSETS, ORGANIZATION AND FINANCE

The shareholding structure of the Company is relatively decentralized without controlling shareholders. Since its inception, the Company has been operating in strict compliance with the relevant laws and regulations including the Company Law and the Securities Law as well as the requirements of the Articles of Association. The Company is completely separated from its shareholders in respect of business, staff, assets, organization and finance, owns a complete business system and is capable of operating independently in the market

1. Information about the independence of business

In accordance with the requirements of the Company Law and the Articles of Association, the Company conducts business on its own pursuant to the law within the operating scope approved by the CSRC, and has obtained various business materials required for securities business operation with an independent and complete business system and the ability of self-operation. Its business operation is not controlled or affected by its shareholders or related parties. The Company can compete in the market independently. Shareholders and related parties of the Company did not breach the Company's working procedures or intervene in the Company's internal management or the making of its operational decisions.

2. Information about the independence of the staff

The Company set up a dedicated human resources management department, and established independent and complete systems for labor employment, personnel management, salary management and social security. The Directors, Supervisors, and senior management of the Company were selected and employed in compliance with the relevant requirements of the Company Law, the Securities Law, and the Measures for the Supervision and Administration of the Professional Qualifications of Directors, Supervisors and Senior Management of Securities Firms and the Articles of Association. The current Directors, Supervisors and senior management of the Company have obtained the qualifications required for working in securities firms. The senior management of the Company held no positions in its largest shareholder and actual controller and other enterprises under its control. The Company adopts an appointment system for the senior management, a labor contract system for all staff, and enters into Labor Contract with all the staff in accordance with the law. The Company owns independent rights for labor employment and its staff is independent from the shareholders and enterprises under their control without any interference from the shareholders.

3. Information about the integrity of the assets

The Company owns main business qualifications, land, real estate, vehicles and other operating equipment required for business operation. The above assets are subject to no mortgage, pledge or other guarantees, and the Company is the legal owner of these assets. The assets of the Company are independent from its largest shareholder and other shareholders. As of the end of the Reporting Period, the Company provided no guarantees for the debts of any of its shareholders and their subsidiaries by using its assets or reputation as the collateral. The Company had full control and use right over its assets, and there had been no circumstance under which the interests of the Company were damaged due to the largest shareholder's occupation of any of its assets and funds.

4. Information about organizational independence

In strict compliance with the requirements of the Company Law and the Articles of Association, the Company has set up a sound corporate governance structure, under which the general meeting, the Board of Directors, the Supervisory Committee, the management and the relevant operating management departments are formed. The general meeting, the Board of Directors, the Supervisory Committee and the management are in good operation and exercise their respective functions and powers pursuant to the law. The Company owns an independent and complete system for securities business operation and management, and conducts its business on its own. The organizations are set up and run in compliance with the relevant requirements of CSRC. The existing offices and premises of the Company are totally separate from its shareholders without the circumstances of sharing organizations with them or their direct intervention in the Company's business activities.

5. Information about financial independence

As required by the Accounting Standards for Business Enterprises and the Financial Systems of Securities Firms, the Company has established an independent financial accounting and management system, set up an independent accounting department, and employed independent financial accountants. The chief financial officer and financial personnel of the Company held no positions in its shareholders. The Company has opened an independent bank account, applied for an independent tax registration and paid taxes in accordance with laws and regulations. The Company shared no accounts and taxes with its shareholders and related parties.

As of the end of the Reporting Period, the Company provided no guarantees for its shareholders and other related parties. During the Reporting Period, the Company experienced no peer competition and related-party transactions resulted from shareholding reform, features of the industry and national policies or mergers and acquisitions.



X. APPRAISAL MECHANISM FOR SENIOR MANAGEMENT AND THE ESTABLISHMENT AND IMPLEMENTATION OF INCENTIVE MECHANISM DURING THE REPORTING PERIOD

During the Reporting Period, the Company conducted appraisal of its senior management under the principle of goal-sharing, consistency between management and appraisal, and performance linkage. The overall appraisal would be conducted on a yearly basis. At the beginning of the year, the Board of Directors would set the performance appraisal indicators for senior management based on the performance appraisal indicators and goals of the Company and the functional areas managed by senior management; in the mid-year, the comprehensive review would be conducted and specific improvement measures would be formulated based on the accomplishment of the goals set at the beginning of the year; at the end of the year, the Remuneration and Appraisal Committee would be responsible for the performance appraisal of senior management of the Company. Based on the benefits and the development of the Company, it would comprehensively appraise the fulfilment of the annual operating goals of the Company and the responsibilities of its senior management. Meanwhile, based on the results of post performance appraisal and the policy for remuneration distribution provided by the Company and supervising departments, it would put forward the amount of remuneration and the reward rule for senior management which would be reported to the Board of Directors for consideration upon approval by voting.

XI. RESPONSIBILITY STATEMENT OF INTERNAL CONTROL AND THE ESTABLISHMENT OF INTERNAL CONTROL SYSTEM

(I) Statement of the Board

As required by the internal control standard system of the Company, the Board of Directors of the Company bears the responsibility to establish a sound internal control system and put it in place while assessing its effectiveness, and honestly disclose its evaluation report on internal control. Under the leadership of the Company's Board of Directors, the Company established a five-layered internal control organization system consisting of the Board of Directors and its specialized committees, the Board of Supervisors, the management layer and its specialized committee, internal control function management department and business operation department, which are with definite and clear responsibility division. The responsibility of each later is as follows: Each specialized committee shall carry out work under the authorization of the Board of Directors and provide advisory opinions for the decision making of the Board of Directors. And the Compliance and Risk Management Committee shall be responsible for planning the Company's internal control policies and guidelines and reviewing the Company's major decisions and main activities about internal control; The Audit Committee shall be responsible for reviewing the Company's internal control, supervising the valid implementation of internal control and self-assessment of internal control and coordinating internal control audit and other relevant issues. The Supervisory Committee shall monitor the establishment and implementation of internal control conducted by the Board of Directors. The management shall be responsible for leading the daily operation of internal control of the Company. The Board of Directors, Supervisory Committee, Directors, Supervisors and senior management of the Company shall ensure that there are no false descriptions, misleading statements or major omissions contained in this report, and shall individually and collectively assume legal responsibilities for the truthfulness, accuracy and completeness of any information contained in this report.

The objective of internal control of the Company is to reasonably ensure the legality and compliance of the operation and management, the security of the assets, and the truthfulness and completeness of the financial report and its relevant information, to improve operating efficiency and effectiveness, and to promote the accomplishment of the development strategy. Due to the inherent limitations of internal control, only reasonable assurance can be provided for the achievement of the above objectives. In addition, internal control may become inappropriate or the level of compliance with control policies and procedures may become lower due to the changes of situation, so it may involve certain risks to speculate the effectiveness of internal control in the future based on the results of internal control evaluation. The Company shall supervise and conduct self-checking on its internal control, and once any defect is identified in its internal control, it will take rectification measures immediately.

(II) Structure of the internal control system

The Board of Directors of the Company shall be responsible for the effectiveness of internal control of the Company, and it has set up special committees it, including the Compliance and Risk Management Committee, the Audit Committee and the Development Strategy Committee, to comprehensively monitor the effective implementation of internal control and self-evaluation of internal control. The Company established internal control construction and continuous optimization leading group to comprehensively lead internal control standardized project construction and continuously promote the improvement of internal control system. The Company designates Risk Management Department, Plan Financial Department, and Inspecting Department etc. as internal control management department and all departments as internal control implementation department to fully cooperate with the improvement and self-assessment of internal control system, actively rectify defects in internal control and give feedback on rectification results as required. The audit department shall be responsible for conducting internal control evaluation independently and implementing certain regular or irregular internal audit and assessment independently on the Company's internal control measures annually. During the Reporting Period, the Company was not aware of any events that had affected the shareholders' equity as a result of material risk management and internal control system failure. The Board was in the view that the risk management and internal control system of the Company was effective and adequate.

(III) Construction and improvement of internal control system

The Company strictly follows Securities Law of the People's Republic of China, Guidelines for Internal Control of Securities Firms, Regulation on Supervision and Administration of Securities Firms, Basic Internal Control Norms for Enterprises, Implementation Guidelines for Enterprise Internal Control and other laws and regulations, practices the Company's internal control management methods, constantly enhances the Company's ability to restrict itself and effectively prevents and resolves various risks so as to ensure the continuous, stable and rapid development of the Company's various businesses. The Company makes clear internal control organization structure and division of responsibilities and sets up internal control construction and continuous optimization leading group to supervise and promote the internal control construction of the Company. The Company promotes internal control system construction by developing or revising External Financial Assets, Liabilities and Transactions Statistical Management Methods, Tax Management and Business Operation Handbook, and Accounting Methods, standardizing operation procedures and improving control measures. The Company also released information disclosure suspension and exemption management system, which guarantees the legality and compliance of implementing information disclosure suspension and exemption. Considering the situation of business operation, the Company focuses on the update and refinement of the related systems and procedures for innovative business, so as to ensure that the system and procedures comply with the principles of comprehensiveness, prudence, effectiveness, timeliness and the like, so as to avoid blank or loopholes in the system and procedures. Starting from prudent operation and identification, prevention and resolution of risks, the Company establishes risk matrixes for all businesses and develops clear control measures to check the effectiveness of control measures with regular assessment.

Relevant internal control systems of the Company's financial report are sound, and effectively operated; the quality of financial report can be guaranteed, and high reliability of financial information can be ensured.

(IV) Basis for the establishment of internal control over financial reporting

Based on documents such as the Basic Internal Control Norms for Enterprises (《企業內部控制基本規範》) and the Implementation Guidelines for Enterprise Internal Control (《企業內部控制配套指引》) jointly issued by the Ministry of Finance, the CSRC, the National Audit Office, the CBRC and the CIRC, the Guidelines for Internal Control of Securities Firms (《證券公司內部控制指引》) issued by the CSRC, and the Guidelines of the Shanghai Stock Exchange for the Internal Control of Listed Companies (《上海證券交易所上市公司內部控制指引》) issued by the Shanghai Stock Exchange, the Company has established a sound internal control system for financial reporting.

According to the judging standards for major defects, important defects and general defects from the Basic Internal



Control Norms for Enterprises, the Guidelines for Internal Control of Securities Firms and the Guidelines of the Shanghai Stock Exchange for the Internal Control of Listed Companies, and in consideration of factors including the scale of the Company, industry features and risk levels, the Company determined the internal control defects applicable to the Company and the specific judging standards thereof after researching, which were consistent with those of the previous year. Major defects refer to the combination of one or more control defects which may cause the enterprise to significantly deviate from its control objectives. Important defects refer to the combination of one or more defects, the severity level and economic consequences of which are lower than those of the major defects, but they may still cause the enterprise to deviate from its control objectives. General defects refer to the defects other than major defects and important defects.

Based on the above judging standards and in combination with daily supervision and special supervision, during the Reporting Period, the internal control system and mechanism of the Company were sound and effectively implemented in the actual work. There were no major defects of internal control over financial reporting found in the Company.

(V) Operation of internal control system

In 2017, the Company continuously promoted internal control construction. It revised Operation Risk Management Guideline, Emergency Management System etc., further improved the methodology of operation risk management and improved internal control system. It launched operation risk and internal control management system (Phase II) and organized to carry out regular self-assessment and trigger self-assessment of internal control so as to realize objective assessment of inherent risk, effectiveness of control and residual risk and disclose the defects in internal control design and implementation effectiveness. The Company enhances the analysis of procedure of high residual risk, improves relevant control measures and put them into practice, continuously improves control design and improves the implementation force. The Company also implements internal control examination and specialized examination of branch organizations and subsidiaries, reminds them of vulnerable links in management and supervises them to complete problems rectification and improve management quality. The Company carries out training and guiding of internal control on branch organizations and subsidiaries in batches, imparts application methods for operational risk management tools and promotes the culture of internal control.

(VI) Internal supervision of the establishment and implementation of internal control

Every year, the Company's inspecting department will spot check and recheck the control assessment results of various procedures and implement internal control assessment.

(VII) Internal control defect and its identification

Up to now, no defect in internal control was detected.

(VIII) Internal control effectiveness assessment

According to the Basic Norms of Internal Control and its provisions in its supporting guidelines and other regulatory requirements on internal control as well as the Company's internal control system and assessment methods, the Company assesses the internal control effectiveness on 31 December 2017 (base date of internal control assessment report) based on the daily supervision and specialized supervision of internal control.

According to the identification results of major defects in financial report internal control, on the base date of internal control assessment report, the Company doesn't have major defects in financial report internal control. The Board of Directors thinks that the Company has maintained effective financial report internal control in all major aspects according to the enterprise internal control standardized system and requirements in relevant regulations.

According to the identification results of major defects in non-financial report internal control, on the base date of internal control assessment report, the Company doesn't have major defects in non-financial report internal control.

From the base date of internal control assessment report to the date on which the internal control assessment report is sent out, no factor that will affect internal control effectiveness assessment conclusion was occurred.

(IX) Work plan for internal control in 2018

In 2018, the Company will continuously promote internal control self-assessment and optimize work scheme and supervise the implementation. The key contents include: Further improving internal control system according to the requirements of regulatory institution; Reorganizing the module function and management process of operational risk and internal control management system, further improving the function of the system according to the operation status of the system and improving the usability; Enhancing the guidance of subsidiaries and branch institutions and deepening the application of the three tools for operational risk; Advocating the "high-level management, all personnel responsible, any violation will be investigated" cultural concept of internal control through the form of on-site training for subsidiaries.

XII. DISCLOSURE OF SELF-EVALUATION REPORT OF INTERNAL CONTROL

When disclosing the annual report for 2017, the Company will also disclose the Evaluation Report of Internal Control of Huatai Securities Co., Ltd. for 2017 at the same time, which will be published on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>), the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company's official website (www.htsc.com.cn) on 29 March 2018.

XIII. INFORMATION ABOUT THE AUDIT REPORT OF INTERNAL CONTROL

The KPMG Huazhen LLP (Special General Partnership) engaged by the Company conducted an audit on the internal control of the Company, and issued an audit report of internal control without qualified opinions. When disclosing the annual report for 2017, the Company discloses the Audit Report of Internal Control of Huatai Securities Co., Ltd. at the same time, which will be published on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>), the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company's official website (www.htsc.com.cn) on 29 March 2018.

XIV. BUILDING OF THE COMPLIANCE MANAGEMENT SYSTEM OF THE COMPANY AND THE INSPECTION AND AUDIT FINISHED BY THE COMPLIANCE AND AUDIT DEPARTMENTS DURING THE REPORTING PERIOD

The Company always places emphasis on the enterprise culture of operation in compliance with regulations, strict management, prudent and standard operation. During the Reporting Period, in accordance with the relevant laws and regulations and the regulatory requirements, the Company further established a sound compliance management system, improved the organizational structure for compliance management, and continued to strengthen the compliance management of the Company to keep continuous and standardized development of the business lines of the Company.



1. Organizational Structure for Compliance Management

Since its establishment, the Company has been adjusting and improving the organizational structure for compliance management and the relevant systems based on the changes of the market environment and regulatory requirements and the development needs of business. In 2017, China Securities Regulatory Commission issued the Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies (hereinafter referred to as the "Measures"), and according to requirements of the Measures, the Company further clarified the compliance duties of the Board of Directors, board of supervisors, senior management, chief compliance officer, and responsible persons of all departments, all branches and subsidiaries at all levels (hereinafter referred to collectively as "all subordinate units") in the Articles of Association and the basic compliance management system. The current compliance organizational system comprehensively reflects the basic requirements of the Measures for "full compliance" and "starting compliance management from the senior management", and a resultant force situation of sound compliance management organizational structure, clear positioning of responsibilities at all levels and full compliance is basically created.

The Board of Directors is the supreme decision-making body for compliance management of the Company, bears ultimate responsibility for the effectiveness of compliance management, decides on the objective of compliance management and is responsible for the effectiveness of compliance management of the Company; the compliance and risk management committee under the Board of Directors is responsible for overseeing the overall risk management of the Company, and controlling the risks within a reasonable range to ensure the internal management system, business rules, significant decisions and main activities of the Company are in compliance with laws and regulations, and the risks can be controlled and accepted; the board of supervisors is responsible for supervising the compliance management and the performance of compliance management duties by directors and senior management; the senior management assumes the compliance management subject responsibility, implements the compliance management objective of the Company and is responsible for the whole company's compliance management; responsible persons of all subordinate units are responsible for their units' operations in accordance with laws and regulations; all the staff of the Company are responsible for the compliance of operational matters and practices within the range of their operational activities.

The chief compliance officer is in charge of compliance of the Company, conducts audit, inspection and supervision on the compliance of the management and performance of the Company and its staff, and helps the management effectively identify and manage compliance risks. The chief compliance officer is a member of the senior management, and is appointed by the Board of Directors. The chief compliance officer does not hold any concurrent posts or take charge of any departments that conflict with his/her compliance management duties.

The Company has established a legal and compliance department to assist the chief compliance officer in performing specific compliance management duties. The legal and compliance department is mainly responsible for the following matters: establishment of the compliance management system of the Company; compliance training, inspection and guidance; assessment and unified disposal of compliance risks; compliance examination and compliance reports; cooperation with external compliance supervision and management institutions; anti-money laundering and Chinese Wall; establishment of the legal system of the Company; review of legal documents; handling of legal affairs; assessment of and consultation on legal risks.

All departments and branches of the Company have their own compliance officers. A compliance officer is mainly responsible for the compliance management work of the department or branch he/she belongs to, performs such duties as carrying out timely and effective supervision, inspection, assessment and reporting on the implementation of compliance policies and procedures by such department or branch and its staff, and is responsible for the department's or branch's communication and exchange of information with the legal and compliance department and other compliance management work in its own department or branch. During the Reporting Period, the Company further optimizes the compliance management mode of branches, completes the vertical management of the branches' compliance management teams, strengthens the compliance risk management work of branches, enhances the independence of the branches' compliance risk management teams, improves the effect of communication between the headquarters and branches, and strives to prevent compliance risks of front-line businesses from the source.

The Company issued the Measures for the Compliance Management of Subsidiaries of Huatai Securities Co., Ltd., made detailed arrangements for the basic principles, organizational structure and working mechanism of compliance management of subsidiaries, and established a sound compliance management system appropriate to the group strategy. Meanwhile, the Company established a special compliance management information reporting mechanism, and all subsidiaries shall report on the operation of compliance management quarterly and report on any major risk or abnormal situation timely after the event so that the Company can grasp the compliance risk management and control of subsidiaries timely; the Company established a mechanism for regular meetings between compliance chiefs of the parent company and subsidiaries to call together compliance chiefs of subsidiaries to hold regular meetings quarterly and make the communication mechanism between the group's compliance chief and the compliance department unblocked, and built an important platform of notifying the group's compliance risk events, sharing supervision information, exchanging key and difficult points of the compliance management work and forming a resultant force for compliance management.

2. Compliance System Building of the Company

The Company has established a complete compliance management system and kept improving it. During the Reporting Period, the Company further refined and improved all compliance management systems in compliance with the requirements of the Securities Law, Regulations on Supervision and Management of Securities Companies, Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies and other laws and regulations and normative documents and in combination with the Company's operation, management and operating practices.

During the Reporting Period, the Company's Compliance Department revised or developed a total of 13 relevant compliance and legal management systems by combining with operation management and business practices. According to the Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies and supporting implementing rules, Guidelines for Implementation of the Compliance Management of Securities Companies, the Company completed the revision of basic compliance management systems, formed the Compliance Management System of Huatai Securities Co., Ltd. (2017 Revision), and developed or revised the Measures for the Compliance Management of Subsidiaries, Measures for Management of Compliance Management Personnel, Measures for the Implementation of Compliance Accountability, Daily Working Measures for Compliance Management (2017 Revision) and other management systems timely based on its basic compliance systems. Besides, according to the Measures for the Administration of Reporting on High Value Transactions and Suspicious Transactions of Financial Institutions of the People's Bank of China and the requirements for legal construction and state-owned enterprise construction, the Compliance Department synchronously revised the Measures for the Administration of Reporting on High Value Transactions and Suspicious Transactions, Contract Management System and Contract Review Process, Anti-money Laundering Work Organizational Structure and Duties, External Legal Adviser Management System, Legal Publicity and Education Management System and many other systems involving anti-money laundering and legal affairs management, forming a systematic, complete and effective compliance management system reflecting the requirements of new regulations.

As of the end of the Reporting Period, the Company has established the following basic compliance management systems: Compliance Management System (Revision), Daily Working Measures for Compliance Management (Revision), Measures for the Compliance Management of Subsidiaries, Measures for Management of Compliance Management Personnel, Measures for the Implementation of Compliance Accountability, Measures for Assessment of the Effectiveness of Compliance Management, Staff Compliance Manual, Regulations on the Management of Securities Investment by Working Staff, Regulations on the Management of Chinese Wall (Revision), System for Internal Control of Anti-money Laundering (Revision) and Anti-money Laundering Confidentiality System.



3. Implementation of the Compliance Management Mechanism

Since the full implementation of the compliance management system, the Company saw continuous improvement of its compliance management work, and continued to benefit from observance with the philosophy of "Creating Value through Compliance Management" and saw significant improvement in the standardization of operations. During the Reporting Period, the Company focuses on "improving the efficiency of compliance management and enhancing the actual effect of compliance management", accelerates the transformation from passive response to active control in compliance risk management, practically performs all functions of compliance management, and promotes optimization and upgrading of the working mechanism. The compliance department provided all departments and branches with comprehensive compliance consultation, regulated the compliance consultation process, and put forward recommendations on common issues in time and monitored and gave guidance over the rectification and improvement of relevant systems and procedures by relevant departments; carried out compliance review comprehensively, clarified the front-line compliance review responsibilities, focused on the implementation of the requirements of compliance management in the process of review, and strengthened cross-examination in order to improve the accuracy and effectiveness of compliance review; further reinforced routine compliance examination, conducted regular and irregular specialized compliance examination in line with business innovations and regulatory focus, in order to screen potential risks effectively, identify compliance issues in time and supervise the standard rectification; submitted quarterly, interim and annual compliance reports to the regulatory institution in time and submitted temporary reports as needed; optimized and improved the compliance assessment and compliance accountability mechanism, clarified the special compliance examination requirements for all subordinate units, and standardized the compliance accountability mechanism and procedure, which significantly improved the authority and effectiveness of compliance risk control and provided important guarantee for the effective implementation of the compliance management system; further increased the frequency and efforts of compliance training, and further broadened the coverage of compliance training through diversified forms such as video training and online training so as to make the regulatory requirements and compliance awareness penetrate into the minds of business personnel; optimized and upgraded the compliance management system, launched a new suspicious transaction monitoring system and improved the Chinese Wall system.

4. Information about Inspection Carried out by the Compliance Department during the Reporting Period

During the Reporting Period, the Company's Compliance Department took the lead in carrying out 7 special business self-inspections such as the special self-inspection on illegal financing and "looking back" special self-inspection on the implementation of the state-owned assets supervision system by provincial enterprises. The Compliance Department organized or participated in about 10 on-site inspections, including carrying out inspection on the implementation of compliance risk management by branches in Zhejiang area, completing the on-site compliance inspection on 8 branches within Zhejiang jurisdiction, and conducting special compliance inspection and investigation on Huaian branch; at the headquarters level, the Compliance Department carried out 3 on-site inspections on relevant departments, involving the sales of financial products on a commission basis, OTC derivatives business and special contract research and inspection, and it also conducted 1 special random inspection on the sales of financial products on a commission basis; at the subsidiary level, the Compliance Department carried out research and inspection on the compliance and legal affairs management of Jiangsu Equity Exchange, a subsidiary, according to the Company's arrangements. For problems discovered in inspection, the Compliance Department promptly tracked the rectification and implementation situation and promoted the related unit to lay a solid foundation and standardize business management, which effectively reinforces weak links of the Company's key fields.

5. Progress of Audit Work of the Audit Department during the Reporting Period

During the Reporting Period, the Company's Audit Department, in accordance with the current laws and regulations as well as corporate rules, followed the requirements of the Internal Audit Standards, insisted on the working policy of "auditing by law, serving the overall situation, highlighting the key points and being realistic and pragmatic",

actively changed work ideas around the job requirements of the Company for deepening the system construction of the whole business chain, made great efforts to innovate and improve the audit work method, focused on project quality control, strengthened internal management, team construction and cooperation, and effectively carried out the legality, compliance and validity auditing on internal control, compliance management, money-laundering risk, financial accounting, operating guarantee, business management, innovative business, client data and services of each branch and securities business department, and each department and subsidiary of the Company.

During the Reporting Period, the Audit Department completed 162 audit items, including regular auditing of 11 business and management departments, such as the Company's securities investment department, fixed income department, wealth management department, research institution, office, information technology department, network finance department, brokerage and wealth management department, financial innovation department, and securities margin trading department; regular auditing and auditing for outgoing responsible persons of 7 subsidiaries, such as Huatai United Securities, Huatai Innovation Investment, Huatai Zijin Investment, Huatai Asset Management, Huatai Financial Holdings and Jiangsu Equity Exchange; auditing for the departure and mandatory leave of general managers of 15 subsidiaries in Anhui, Heilongjiang, Fujian, Guangdong, Liaoning, Tianjin, Xuzhou, Shandong and Nanjing; auditing for the departure and mandatory leave of general managers of 113 securities business departments locating at Zhonghua North Street, Shijiazhuang, Xiahe Road, Xiamen, Wenchang West Road, Yangzhou, Yufeng Road, Zhengzhou, Guangrong Street, Shenyang, Fushan Road, Pudong New Area, Shanghai, Jiuyi Street, Quanzhou, Xinhua West Street, Yinchuan, Fanggong Road, Jiaying, Guangzhou Road, Nanjing, Changjiang Road, Nanjing, Freedom Road, Changchun, Renmin Middle Road, Nantong, Dongheng Street, Changzhou, Qiaoxiang Road, Shenzhen, Tongguan South Road, Lianyungang, and Wenchang Middle Road, Yangzhou; 6 special auditing works such as corporate internal control evaluation, compliance management validity evaluation and anti-money laundering; rectification and tracking of problems discovered in 1 audit item; 9 items reported were under inspection, and audit reports have been issued for all audit items. 493 audit opinions and suggestions were put forward, and the rectification completion rate was 85.14%; according to the Implementing Rules for Penalties of Illegal Behaviours of Subsidiaries and Business Offices of the Company, suggestions were made on economic penalties for illegal behaviours of 76 person-times in 68 units.

When implementing audit, the Company's Audit Department strengthens the process audit, implements the audit project team leader responsibility system and reasonably determines the key points and scope of audit. While engaging in improvement of the auditing work system and assurance of the independence, objectivity and impartiality of its auditing works, the Company's Audit Department reasonable determines the key points and scope of audit, with emphasis on the compliance, soundness and effectiveness of the internal control links in carrying out various businesses, investigating doubts and problems thoroughly, devoting limited audit resources to the inspection on high risk business points, making fact and nature of fact clearly ascertained with irrefutable evidence; in particular, the compliance management and risk control are deemed as the main content in audit examination to guide the audited unit to strengthen the basic works in the aspects of compliance management, risk control, business operation and internal management for the sake of potential risk elimination. Through the standard audit procedure, the Audit Department improved the audit quality, reduced audit risks, put risk management work on a firm footing and gave full play to the role of risk work in improving the level of corporate internal control.



XV. OTHER INFORMATION

(i) Company Secretary

Pursuant to Rule 3.28 and Rule 8.17 of the Hong Kong Listing Rules, the Company must appoint an individual as its company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the duties of a company secretary.

During the Reporting Period, with the approval the fifth meeting of the fourth Board of Directors of the Company, Mr. Zhang Hui was appointed the Company's board secretary, joint company secretary and authorized representative. Currently, Mr. Zhang Hui and Ms. Kwong Yin Ping Yvonne serve as the joint company secretaries of the Company. Mr. Zhang Hui has abundant experience in company management, but does not possess any of the qualifications under Rule 3.28 and Rule 8.17 of the Hong Kong Listing Rules, and may not be able to fully comply with the requirements of the Hong Kong Listing Rules. Accordingly, the Company has appointed Ms. Kwong Yin Ping Yvonne, who is a member of the Hong Kong Institute of Chartered Secretaries and fully complies with the requirements stipulated under Rule 3.28 and Rule 8.17 of the Hong Kong Listing Rules, to act as the other joint company secretary to enable Mr. Zhang Hui to acquire the relevant experience under Note (2) to Rule 3.28 of the Hong Kong Listing Rules, so as to fully comply with the requirements set forth under Rule 3.28 and Rule 8.17 of the Hong Kong Listing Rules. During the Reporting Period, the joint company secretaries of the Company discharged their duties in earnest, and ensured the smooth convening of various meetings of the Board; and promoted the effective communication among members of the Board, and between the directors, shareholders and management of the Company.

During the Reporting Period, pursuant to Rule 3.29 of the Hong Kong Listing Rules, both Mr. Zhang Hui and Ms. Kwong Yin Ping Yvonne had taken no less than 15 hours of professional training to update their skills and knowledge. The primary contact person for Ms. Kwong Yin Ping Yvonne at the Company is Mr. Zhang Hui.

(ii) Responsibilities of the Directors and Auditors in Respect of the Accounts

The following responsibility statement of Directors regarding the financial statements shall be read in conjunction with the responsibility statement of the certified public accountants included in the audit report of this report. Each responsibility statement shall be understood separately.

The Board of Directors confirmed that it took responsibility for the preparation of the annual report for the year ended 31 December 2017.

The Board of Directors is responsible for presenting a clear and well-defined assessment of the annual and interim reports, stock price sensitive information, and other matters that need to be disclosed according to the Hong Kong Listing Rules and other regulatory provisions. The management has provided relevant and necessary explanation and information to the Board of Directors so that the Board of Directors could make informed assessment on the financial data and position of the Group for examination and approval.

To the knowledge of all Directors, the Company does not face any events or situations of significant uncertainty likely to give rise to the significant doubt of the Company's capability of sustained operations. In addition, the Company has arranged appropriate insurance cover for the legal actions and liabilities which the Directors, Supervisors and senior management may be exposed to.

(iii) Performance Assessment Results for Directors and Supervisors

During the Reporting Period, the Directors and Supervisors of the Company had abided by the relevant provisions of laws, administrative laws and regulations as well as Articles of Association, and performed their duties and obligations honestly and diligently.

All the Directors of the Company have performed their statutory duties honestly, faithfully and diligently in compliance with laws. They have attended board meetings and various meetings of special committees in accordance with relevant provisions, considered each proposal seriously, offered advice and suggestions on significant strategic decisions and plans, important investment and financing projects, business innovations, related-party transactions, compliance management and internal control, system construction, appointment of senior management, performance assessment, enterprise cultural construction and social responsibilities of the Company, and acted as professional gatekeepers on such issues, which ensured those material decisions to be scientific and standardized as well as the sustainable and innovative development of the Company, and preserved the interests of the shareholders practically.

All the Supervisors of the Company have performed their statutory duties honestly, faithfully and diligently in compliance with laws. They have attended the meetings of the Supervisory Committee in accordance with relevant provisions, attended the on-site Board meetings and shareholders' general meetings, and supervised and inspected the legality of operation, material decisions and important business activities as well as the financial position of the Company.

For the details on the performance of duties of the Company's Directors and Supervisors, please refer to the "V. Performance of Duties of Directors" and "VII. Performance of Duties of Supervisors" of this section in the report.

(iv) Communication with Shareholders

The shareholders' general meeting is the organ of the highest authority of the Company, and the shareholders exercise their rights through the shareholders' general meeting. The Company convenes and holds shareholders' general meetings in strict accordance with the relevant provisions of the Articles of Association and the Rules of Procedures for General Meetings to ensure the equal status of all shareholders, in particular the minority shareholders, and enable them to exercise their rights completely.

The Company pays high attention to the shareholders' opinions and advice, actively and regularly carries out various investor relations activities to keep communication with shareholders and meet their reasonable needs timely. The Company has formulated a series of relatively perfect rules and regulations such as the Administrative System Regarding Investor Relationship, to manage investor relationship in accordance with the standards, systems and procedures. Meanwhile, the Company has formed good interaction and communication with the investors by actively using various channels such as existing investor service hotlines, the special column for investor relations at the Company's website and reception of on-site researchers.

The Board of Directors of the Company is willing to listen to the shareholders' advice and encourages shareholders to attend the general meetings to ask the Board of Directors or the management directly about any doubts they may hold. Shareholders may convene extraordinary general meetings or submit interim proposals to general meetings according to the procedures set out in Article 76 and Article 81 of the Articles of Association, which was published on the website of the Shanghai Stock Exchange (www.sse.com.cn), the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company's official website (htsc.com.cn). The Company will arrange for the Board of Directors to answer the shareholders' questions at its annual general meeting for 2017.



(v) Investor Relations

1. Amendment to the Articles of Association of the Company

During the Reporting Period, the amendment to the Articles of Association of the Company is as follows:

- (1) According to the resolution at the third Extraordinary General Meeting of the Company in 2016 and the authorization granted in the resolution in regard to the amendment to the Company's Articles of Association, with the approval of the Jiangsu Securities Regulatory Bureau, the Company has completed the procedures for archival filing of amendment to its Articles of Association within the Reporting Period.

The amendment to the Articles of Association mainly includes: Amending Article 125 in accordance with the Guidelines on the Articles of Association of Listed Companies (Revised in 2016) (CSRC Announcement [2016] No. 23) issued by CSRC on 30 September 2016; amending Article 150 and Article 218 in accordance with the Company Law and other laws and regulations as well as the actual situation of the Company in order to maintain the basic stability of the governance structure of the Company and enhance its operational efficiency; and amending Article 155 in order to strengthen the risk control of the Company as the Company's net assets increase continuously.

- (2) According to the resolution at the General Meeting of the Company in 2016 and the authorization granted in the resolution in regard to the amendment to the Company's Articles of Association, the Company will actively handle the securities regulator's approval of amendment to its Articles of Association and the procedures for archival filing of the amendment with the industrial and commercial bureau according to law.

The amendment to the Articles of Association mainly includes: Amending Article 2 according to the implementation of the registration system of "integrating the business license, organization code certificate and taxation registration certificate into one document"; amending Article 6 and Article 21 according the practical situation of the Company's non-public placement of A shares as the registered capital, number of ordinary shares and number of domestic shares of the Company will change.

- (3) According to the resolution at the 1st Extraordinary General Meeting of the Company in 2017 and the authorization granted in the resolution in regard to the amendment to the Company's Articles of Association, the Company will actively handle the securities regulator's approval of amendment to its Articles of Association and the procedures for archival filing of the amendment with the industrial and commercial bureau according to law.

The amendment to the Articles of Association mainly includes: Amending Article 151, Article 189, Article 198, Article 199, Article 200, Article 201, Article 202, Article 219 and Article 305 by combining with the current compliance management situation of the Company according to relevant provisions of the Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies issued by CSRC in June 2017 and the Guidelines for Implementation of the Compliance Management of Securities Companies issued by the Securities Association of China in September 2017 as well as the listing rules, latest accounting standards and relevant regulatory provisions.

(vi) Independence of the Auditor

According to the relevant provisions in Rule 19A.31 of the Hong Kong Listing Rules, annual accounts should be audited by a prestigious certified public accountant (whether it is an individual, a firm or a company), who (whether it is an individual, a firm or a company) also should be independent of the Chinese issuer to the extent that its independent procedures should be substantially the same as those specified in the statements on independence issued in the Companies Ordinance or by the International Federation of Accountants. According to the relevant provisions in Rule C.3.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Hong Kong Listing Rules, the Audit Committee should review and monitor the independence and objectiveness of external auditors as well as the validity of the auditing process in accordance with applicable standards. During the Reporting Period, the Company continued to engage KPMG Huazhen LLP as the auditors of A Shares and KPMG as the auditors of H Shares. The Audit Committee had carried out necessary review and supervision to ensure the independence between the firm and the Company.

(VII) Auditor's remuneration

For auditor's service fee of the Reporting Period, please refer to "Management Discussion and Analysis and Report of the Board" "V. Other disclosures" "XXII. Auditors".

During the Reporting Period, the auditor did not charge any non-auditing fee.



Corporate Bonds

I. Basic Information on Corporate Bonds

Unit: 100 Million Yuan Currency: RMB

Name	Abbreviation	Code	Issue date	Expiration date	Balance	Interest rate (%)	Principal and interest payment method	Place for trading
2013 Corporate Bonds of Huatai Securities (Five-year bonds)	13 Huatai 01	122261	2013.06.05	2018.06.05	40	4.68	Principal to be paid upon expiration	Shanghai Stock Exchange
2013 Corporate Bonds of Huatai Securities (Ten-year bonds)	13 Huatai 02	122262	2013.06.05	2023.06.05	60	5.10	and interest to be paid annually	Shanghai Stock Exchange
2015 Corporate Bonds of Huatai Securities (First tranche) (Type 1)	15 Huatai G1	122388	2015.06.29	2018.06.29	60	4.20	Principal to be paid upon expiration	Shanghai Stock Exchange
2016 Corporate Bonds of Huatai Securities (First tranche) (Type 1)	16 Huatai G1	136851	2016.12.06	2019.12.06	30	3.57	and interest to be paid annually	Shanghai Stock Exchange
2016 Corporate Bonds of Huatai Securities (First tranche) (Type 2)	16 Huatai G2	136852	2016.12.06	2021.12.06	25	3.78	Principal to be paid	Shanghai Stock Exchange
2016 Corporate Bonds of Huatai Securities (Second tranche) (Type 1)	16 Huatai G3	136873	2016.12.14	2019.12.14	50	3.79	upon expiration	Shanghai Stock Exchange
2016 Corporate Bonds of Huatai Securities (Second tranche) (Type 2)	16 Huatai G4	136874	2016.12.14	2021.12.14	30	3.97	and interest to be paid annually	Shanghai Stock Exchange

Interest payment for corporate bonds

The Company paid the interest for the period from 5 June 2016 to 4 June 2017 for "13 Huatai 01" and "13 Huatai 02" bonds on 6 June 2017 with a total amount of RMB493.2 million (tax inclusive), and paid the interest for the period from 29 June 2016 to 28 June 2017 for "15 Huatai G1" bond on 29 June 2017 with a total amount of RMB277.2 million (tax inclusive). The Company paid the interest for the period from 6 December 2016 to 5 December 2017 for "16 Huatai G1" and "16 Huatai G2" bonds on 6 December 2017 with a total amount of RMB219,45 million (tax inclusive), and paid the interest for the period from 14 December 2016 to 13 December 2017 for "16 Huatai G3" and "16 Huatai G4" bonds on 14 December 2017 with a total amount of RMB308,60 million (tax inclusive).

Other information about corporate bonds

Appropriate arrangements for investors of corporate bonds: target investors are those qualified ones who hold A share securities accounts of China Securities Depository and Clearing Corporation Limited, Shanghai Branch and are in compliance with the requirements of Administrative Measures for Issue and Trading of Corporate Bonds and the relevant laws and regulations (excluding purchasers prohibited by laws and regulations). Investors shall not subscribe by illegally making use of others' accounts or fund accounts, or illegally financing or financing for others. Investors subscribing for this tranche of bonds shall observe relevant laws and regulations and the relevant provisions of the China Securities Regulatory Commission and assume corresponding legal responsibilities on their own.

II. Entrusted Managers of Corporate Bonds and Their Contacts and Contacts of the Credit Rating Agency

Entrusted manager of bonds	Name	GF Securities Co., Ltd.
	Office address	Room 4301-4316, 43rd Floor, Metropolitan Plaza, 183-187 Tianhe North Road, Tianhe District, Guangzhou City, Guangdong Province
	Contact persons	Li Peng
	Tel. no.	021-60750691
Entrusted manager of bonds	Name	Industrial Securities Co., Ltd.
	Office address	Room 1103, Block B, Xincheng Mansion, 5 Finance Avenue, Xicheng District, Beijing City
	Contact persons	Meng Xiang
	Tel. no.	010-66553783
Entrusted manager of bonds	Name	Shenwan Hongyuan Securities Co., Ltd.
	Office address	45th Floor, 989 Changle Road, Xuhui District, Shanghai City
	Contact persons	Yu Shan, Liu Yuan
	Tel. no.	010-88013931
Credit rating agency	Name	Shanghai Brilliance Credit Rating & Investors Service Co., Ltd.
	Office address	14th Floor, Huasheng Mansion, 398 Hankou Road, Shanghai City

Other notes:

The entrusted manager of bonds "13 Huatai 01" and "13 Huatai 02" is GF Securities Co., Ltd., the entrusted manager of bond "15 Huatai G1" is Industrial Securities Co., Ltd., the entrusted manager of bonds "16 Huatai G1", "16 Huatai G2", "16 Huatai G3" and "16 Huatai G4" is Shenwan Hongyuan Securities Co., Ltd., and the credit rating agency for each tranche of bonds is Shanghai Brilliance Credit Rating & Investors Service Co., Ltd.



III. Usage of Proceeds from Corporate Bonds

All the proceeds from 2013 corporate bonds have been used to supplement the Company's working capital and mainly for the purposes of expanding the scale of its margin financing and securities lending, stock repurchase and securities-backed lending business, the above use of proceeds was in compliance with the prospectus. All the proceeds from 2015 corporate bonds have been used to supplement the Company's working capital and for the main purposes of expanding the scale of its margin financing and securities lending, stock repurchase and securities-backed lending business and other innovative businesses that meet the regulatory requirements and other purposes in relation to the primary businesses of the Company. The use of the proceeds is in line with the covenants undertaken in the prospectus. All the proceeds from the two tranches of corporation bonds issued in 2016 have been used to supplement the Company's working capital and mainly for the purposes of capital-based intermediary businesses such as securities-backed lending and investment business such as FICC. The above use of proceeds is in compliance with the prospectus.

IV. Information on rating for the corporate bonds

On 8 May 2017, Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. updated the credit ratings on the credit status of "13 Huatai 01", "13 Huatai 02" and "15 Huatai G1" "16 Huatai G1", "16 Huatai G2", "16 Huatai G3", "16 Huatai G4" issued corporate bonds of the Company, and issued the Updated Credit Rating Report on the 2013, 2015 and 2016 Corporate Bonds of Huatai Securities Co., Ltd.(No.: Brilliance [2017] 100087), which reaffirmed the AAA credit rating for the Company's "13 Huatai 01", "13 Huatai 02" and "15 Huatai G1" "16 Huatai G1", "16 Huatai G2", "16 Huatai G3", "16 Huatai G4" bonds, the AAA entity credit rating for the Company and a stable rating outlook.

It is expected that the Announcement of the Updated Credit Rating Results of 2017 Corporate Bonds of Huatai Securities Co., Ltd. will be disclosed within 2 months after the publishing of 2017 Annual Report. For detailed contents of the rating results, please refer to the announcement on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times, and the website of the Shanghai Stock Exchange (www.sse.com.cn).

V. Credit Enhancement Mechanism and Settlement Plan for and Other Relevant Information on the Corporate Bonds During the Reporting Period

The credit enhancement mechanism for the four tranches of corporate bonds issued by the Company is issued unsecured, and the settlement plan is to pay the interest once annually in the duration of the bonds and to pay the principal together with the last installment of interest. During the Reporting Period, there was no change to the credit enhancement mechanism, settlement plan or other settlement safeguards for the corporate bonds, and the Company strictly performed the covenants set out in the prospectus in relation to the settlement plan, paid interests for the corporate bonds on time, and disclosed relevant information on the Company in a timely manner, to protect the legal interests of the investors.

VI. Meetings of the Holders of Corporate Bonds

During the Reporting Period, the Company did not hold any meeting for the holders of corporate bonds.

VII. Performance of the Duties by the Entrusted Managers of Corporate Bonds

During the Reporting Period, GF Securities Co., Ltd., as the entrusted manager of the corporate bonds, issued the Report on the Entrusted Affairs in Relation to the 2013 Corporate Bonds of Huatai Securities Co., Ltd. (Year 2016) and the Interim Report on the Entrusted Affairs for the First Time in 2017 in Relation to the 2013 Corporate Bonds (the First Tranche) of Huatai Securities Co., Ltd. For details, please refer to the relevant announcement published on China Securities Journal,

Securities Times, Shanghai Securities News and Securities Daily on 30 April 2016 by the Company, which was disclosed on the website of the Shanghai Stock Exchange (www.sse.com.cn).

During the Reporting Period, Industrial Securities Co., Ltd., as the entrusted manager of the corporate bonds, issued the Report on the Entrusted Affairs in Relation to the 2016 Corporate Bonds (the First Tranche) of Huatai Securities Co., Ltd. (Year 2016) and the Interim Report on the Significant Matters Entrusted Affairs in Relation to the 2015 Corporate Bonds (the First Tranche) of Huatai Securities Co., Ltd. Made by Industrial Securities Co., Ltd. For details, please refer to the relevant announcement published on China Securities Journal, Securities Times, Shanghai Securities News and Securities Daily on 1 July 2016 by the Company, which was disclosed on the same date on the website of the Shanghai Stock Exchange (www.sse.com.cn).

During the Reporting Period, Shenwan Hongyuan Securities Co., Ltd., as the entrusted manager of the corporate bonds, issued the Report on the Entrusted Affairs in Relation to the 2016 Corporate Bonds (the First Tranche) of Huatai Securities Co., Ltd. (Year 2016), the Report on the Entrusted Affairs in Relation to the 2016 Corporate Bonds (the Second Tranche) of Huatai Securities Co., Ltd. (Year 2016), the Report on the Interim Entrusted Affairs in Relation to the 2016 Corporate Bonds (the First Tranche) of Huatai Securities Co., Ltd Made by Shenwan Hongyuan Securities Co., Ltd. and the Report on the Interim Entrusted Affairs in Relation to the 2016 Corporate Bonds (the Second Tranche) of Huatai Securities Co., Ltd Made by Shenwan Hongyuan Securities Co., Ltd. For details, please refer to the relevant announcement published on China Securities Journal, Securities Times, Shanghai Securities News and Securities Daily on 1 July 2016 by the Company, which was disclosed on the same date on the website of the Shanghai Stock Exchange (www.sse.com.cn).

VIII. Accounting data and Financial Indicators of the Company for the past two years up to the end of the Reporting Period

Unit: Ten Thousand Yuan Currency: RMB

Primary indicators	2017	2016	Year-on-year change (%)	Reason for change
Earnings before interest, tax, depreciation and amortisation (EBITDA)	17,598,740	13,958,688	26.08	Due to the increase in operating revenue of the Company
Net cashflow generated from investing activities	(12,267,946)	(4,462,651)	(174.90)	Due to the increase in investment in available-for-sale financial assets
Net cashflow generated from financing activities	19,089,767	(5,009,663)	-	Due to the increase in proceeds from issuance of short-term debt instruments
Balance of cash and cash equivalents at the end of the period	31,378,585	31,651,614	(0.86)	-
Current ratio	1.55	1.72	(9.88)	-
Quick ratio	1.55	1.72	(9.88)	-
Gearing ratio	71.80%	72.25%	reduced 0.45 percentage point	-
EBITDA to total debt ratio	11.72%	10.58%	increased 1.14 percentage point	-
Times interest earned	3.13	2.73	14.65	Due to the increase in operating revenue of the Company
Time cash-interest earned	0.15	5.47	(97.26)	Due to the significant decrease in operating cashflow during the period
Time interest earned of EBITDA	3.23	2.82	14.54	Due to the increase of operating revenue of the Company
Loan repayment ratio	100%	100%	-	-
Interest payment ratio	100%	100%	-	-

Note: Customers' funds are not included in the above indicators.

IX. Interest Payment for and Redemption of Other Bonds and Debt Financing Instruments of the Company

Unit: 100 Million Yuan Currency: RMB

Short name of the bond	Issuing scale	Closing balance	Coupon rate (%)	Value date	Maturity date	Redemption and interest payment
15 Huatai 01	60	-	5.90	2015-01-23	2017-01-23	Redemption of principal and interests
15 Huatai 03	50	50	5.80	2015-04-21	2020-04-21	Redemption of interests
15 Huatai 04	180	-	5.50	2015-06-26	2017-06-26	Redemption of principal and interests
16 Huatai C1	50	50	3.30	2016-10-14	2021-10-14	Redemption of interests
16 Huatai C2	30	30	3.12	2016-10-21	2019-10-21	Redemption of interests
17 Huatai C2	50	50	4.95	2017-07-27	2020-07-27	
17 Huatai C3	20	20	5.00	2017-09-14	2018-09-14	
17 Huatai 01	60	60	4.50	2017-02-24	2018-08-24	
17 Huatai 02	20	20	4.65	2017-02-24	2020-02-24	
17 Huatai 03	40	40	5.00	2017-05-15	2019-05-15	
17 Huatai 04	60	60	5.25	2017-05-15	2020-05-15	
17 Huatai 05	40	40	4.65	2017-08-11	2018-08-11	
17 Huatai 06	50	50	4.98	2017-10-19	2019-04-19	
17 Huatai 07	40	40	5.20	2017-11-20	2018-11-20	
16 Huatai Futures	6	6	3.94	2016-07-18	2017-07-18	Redemption of principal and interests
Offshore Bonds	USD400,000,000	USD400,000,000	3.625	2014-10-08	2019-10-08	Redemption of interests

Note:

- "15 Huatai 03" bonds rendered the issuer an option for redemption at the end of the third year.
- "16 Huatai C1" bonds rendered the issuer an option for redemption at the end of the third year.
- "16 Huatai C2" bonds rendered the issuer an option for redemption at the end of the second year.

During the Reporting Period, the Company redeemed and paid the interest for the first tranche of subordinated bonds (two year bonds) privately issued by the Company in 2014 (short name of the bond: "15 Huatai 01", bond code: 123625), with the payment amounting to RMB6,354,000,000.00 (tax included); paid the interest of the second tranche of subordinated bonds privately issued by the Company in 2015 (short name of the bond: "15 Huatai 03", bond code: 123100), for the period from 21 April 2016 to 20 April 2017, with interest payment amounting to RMB290,000,000.00 (tax included). The Company redeemed and paid the interest for the third tranche of subordinated bonds privately issued by the Company (short name of the bond: "15 Huatai 04", bond code: 125978), with the payment amounting to RMB18,990,000,000.00 (tax included); paid the interest for the first tranche of the subordinated bonds privately issued by the Company in 2016 (short name of the bond: "16 Huatai C1", bond code: 145029), for the period from 14 October 2016 to 13 October 2017, with interest payment amounting to RMB165,000,000.00 (tax included); paid the interest for the second tranche of the subordinated bonds privately issued by the Company in 2016 (short name of the bond: "16 Huatai C2", bond code: 145039), for the period from 21 October 2016 to 20 October 2017, with the interest payment amounting to RMB93,600,000.00 (tax included).

According to the Prospectus of Non-Public Issuance of 2016 Subordinated Bonds to Qualified Investors by Huatai Futures Co., Ltd., the terms of the redemption option for the issuer of "16 Huatai C1" subordinated bonds and the resolution of the fifth board meeting of Huatai Futures in 2017 and the resolution of the fifth general meeting of Huatai Futures in 2017, Huatai Futures decided to exercise the redemption option for the issuer of "16 Huatai C1" subordinated bonds to fully redeemed the "16 Huatai C1" subordinated bonds which were registered at the Register of Members on the redemption registration date on 18 July 2017. The amount of redemption was RMB600 million with the interest being RMB23.64 million.

Huatai International Finance I Limited, a special-purpose company subordinated to the Company's wholly-owned subsidiary, Huatai Financial Holdings (Hong Kong), paid USD7.25 million as the interests for offshore bonds on 10 April and 10 October 2016 respectively, or totally USD14.50 million for the year. During the Reporting Period, the Company made no redemption and payment the interest for the corporate bonds privately issued by the Company.

For the details of relevant announcements, please refer to the disclosure of the Company on China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily and the website of the Shanghai Stock Exchange (www.sse.com.cn).

X. Bank Credit of the Company During the Reporting Period

During the Reporting Period, the Company enhanced credit management, and as of the end of 2017, the total credit line obtained by the Company from commercial banks exceeded RMB410 billion, representing a significant increase as compared to that as of the end of last year, which effectively supported the development of all the businesses of the Company.

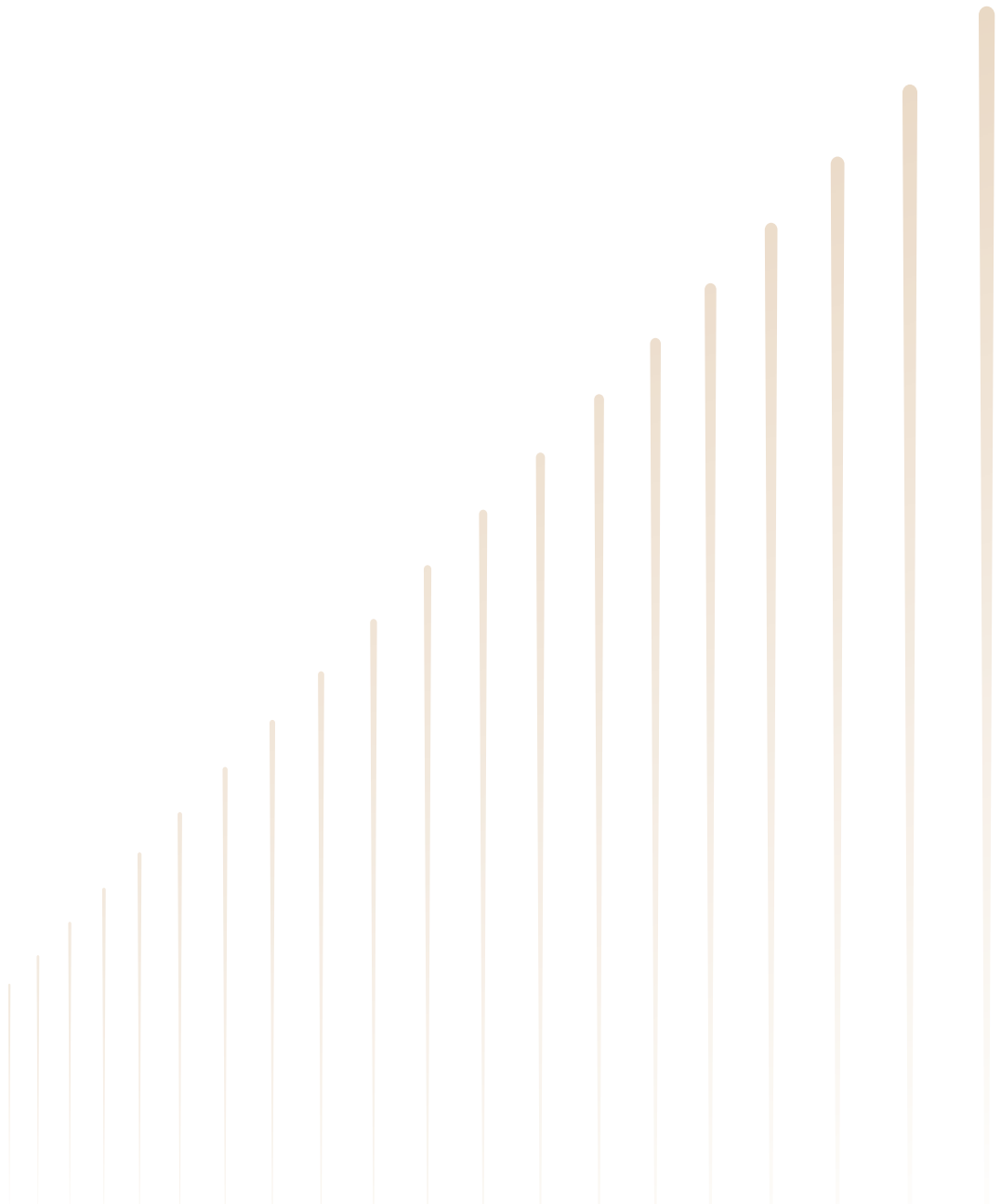
The Company enjoyed a good reputation, and repaid bank loans on time during the Reporting Period without extension or reduction of any loan.

XI. Performance of Relevant Covenants and Undertakings in the Prospectus for Corporate Bonds by the Company During the Reporting Period

During the Reporting Period, the Company strictly performed the relevant covenants or undertakings in the prospectus for corporate bonds, and the usage of the proceeds was in line with the covenants in the prospectus. The Company strictly performed its obligations for information disclosure, and paid the interests for the bonds on time to protect the legal interests of the investors. During the Reporting Period, the Company did not default on the redemption and interest payment of issued bonds, and operated stably with satisfactory earnings and no risk of it failing to make payments on time in the future.

XII. Major Events of the Company and Their Impact on the Operation and Solvency of the Company

During the Reporting Period, the Company did not experience any major event set out in Rule 45 of the Administrative Measures for the Issuance and Transaction of Corporate Bonds that could impact the operation and solvency of the Company.



04

Financial Report and Documents for Inspection

Audit Report	196
Annual Financial Report	205
Index of Documents for Inspection	356
Information Disclosure of Securities Companies	356
Appendix	357



Audit Report

Independent auditor's report to the shareholders of Huatai Securities Co., Ltd.

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

Opinion

We have audited the consolidated financial statements of Huatai Securities Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 205 to 355, which comprise the consolidated statement of financial position as of 31 December 2017, the consolidated income statement, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as of 31 December 2017 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the People's Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition: Fee and commission income

Refer to note 4 to the consolidated financial statements and the accounting policies on page 234.

The Key Audit Matter	How the matter was addressed in our audit
<p>Fee and commission income represented over 39% of the total revenue of the Group for the year ended 31 December 2017.</p> <p>Fee and commission income mainly comprises brokerage commission income, asset management fees, underwriting and sponsoring fees and financial advisory fees.</p> <p>Brokerage commission income arising from brokerage trading of investment securities is recognised on a trade date basis. Asset management fees, underwriting and sponsoring fees and financial advisory fees are recognised when the corresponding service is provided and when the Group is entitled to receive the fees in accordance with the terms of the related client service agreement.</p> <p>The determination of the timing of recognition of asset management fees, underwriting and sponsoring fees and financial advisory fees can involve significant management judgement in assessing when the Group is entitled to receive the fees.</p> <p>We identified the recognition of fee and commission income as a key audit matter because revenue is one of the key performance indicators of the Group and therefore there is an inherent risk that the recognition of revenue could be subject to manipulation to meet targets or expectations.</p>	<p>Our audit procedures to assess the recognition of fee and commission income included the following:</p> <ul style="list-style-type: none"> ● assessing the design, implementation and operating effectiveness of key internal controls which govern revenue recognition; ● inspecting client service agreements, on a sample basis, and evaluating whether revenue was recognised in accordance with the terms of the agreements and the Group's revenue recognition policies with reference to the requirements of the prevailing accounting standards; ● for brokerage commission income, reconciling the daily transaction volume with the transaction data received from exchanges and clearing houses and comparing the commission rates for individual clients with relevant client service agreements on a sample basis; ● performing recalculations of asset management fees recognised during the year, on a sample basis, with reference to the value of assets under management and management fee rates as stipulated in the relevant asset management contracts; ● selecting a sample of active underwriting, sponsoring and financial advisory transactions for which revenue was recognised during the current year and performing the following procedures: <ul style="list-style-type: none"> - inquiring of the Group about the project status and inspecting information published on websites of regulators or exchanges to ascertain the completion of the selected projects; - based on our understanding of the completion status of the selected projects, comparing the fees recognised with details in the relevant client service agreement to assess whether the revenue was recognised in the appropriate accounting period; ● assessing, on a sample basis, whether revenue transactions around the financial year end had been recognised in the appropriate financial period by: (i) comparing brokerage commission income calculated automatically on the trade date basis in the brokerage trading system with the related revenue recognised in the revenue ledger; and (ii) inspecting terms in client service agreements in respect of the nature, basis of calculation and timing of revenue recognition for asset management fees, underwriting and sponsoring fees, and financial advisory fees; ● inspecting manual adjustments to revenue raised during and after the reporting period, enquiring of management about the reasons for such adjustments and comparing the details of the adjustments to relevant underlying documentation; ● for the key underlying systems used for the processing of transactions in relation to fee and commission income, utilising our information technology ("IT") specialists to assess the design, implementation and operating effectiveness of a selection of relevant automated controls within these systems. We also assessed the design, implementation and operating effectiveness of the general IT controls over these underlying systems, including controls over access to these systems and controls over data, program change and computer operation.



Assessing the fair value of financial instruments

Refer to note 58 to the consolidated financial statements and the accounting policies on page 223.

The Key Audit Matter	How the matter was addressed in our audit
<p>As of 31 December 2017, the fair value of the Group's financial assets and financial liabilities totalled RMB129,525 million and RMB16,024 million respectively. Financial assets of RMB70,331 million and financial liabilities of RMB11,848 million were classified under the fair value hierarchy as level 1, financial assets of RMB51,230 million and financial liabilities of RMB1,603 million were classified as level 2 and financial assets of RMB7,965 million and financial liabilities of RMB2,572 million were classified as level 3.</p> <p>The valuation of the Group's financial instruments is based on a combination of market data and valuation models which often require a considerable number of inputs.</p> <p>Many of these inputs are obtained from readily available data for liquid markets. Where such observable data is not readily available, as in the case of certain level 2 and level 3 financial instruments, estimates need to be developed which can involve significant management judgement.</p> <p>We identified assessing the fair value of financial instruments as a key audit matter because of the degree of complexity involved in valuing certain financial instruments and because of the significant degree of judgement exercised by management in determining the inputs used in the valuation models.</p>	<p>Our audit procedures to assess the fair value of financial instruments included the following:</p> <ul style="list-style-type: none"> ● assessing the design, implementation and operating effectiveness of key internal controls over the valuation, independent price verification and valuation model approval for financial instruments; ● assessing the fair values of all financial instruments traded in active markets by comparing the fair values applied by the Group with publicly available market data; ● reading investment agreements entered into during the current year, for a sample of level 2 and level 3 financial instruments to understand the relevant investment terms and identify any conditions that were relevant to the valuation of financial instruments; ● engaging our internal valuation specialists to assist us in evaluating the valuation models used by the Group to value certain level 2 and level 3 financial instruments and to perform, on a sample basis, independent valuations of level 2 and level 3 financial instruments and compare these valuations with the Group's valuations. This included comparing the Group's valuation models with our knowledge of current market practice, testing inputs to the fair value calculations and establishing our own valuation models to perform revaluations; ● assessing whether the disclosures in the consolidated financial statements reflected the Group's exposure to financial instrument valuation risk with reference to the requirements of the prevailing accounting standards.

Consolidation of structured entities

Refer to note 53 to the consolidated financial statements and the accounting policies on page 238.

The Key Audit Matter	How the matter was addressed in our audit
<p>Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. The Group may acquire or retain an ownership interest in, or act as a sponsor of, a structured entity through issuing or acquiring a wealth management product, an investment fund, an asset management scheme, a trust scheme or an asset-backed security.</p> <p>In determining whether a structured entity is required to be consolidated by the Group, management is required to consider the power the Group is able to exercise over the activities of the entity and its exposure to and ability to influence its own returns from the entity. In certain circumstances the Group may be required to consolidate a structured entity even though it has no equity interest therein.</p> <p>The factors which management needs to consider when determining whether a structured entity should be consolidated or not are not purely quantitative and need to be considered collectively.</p> <p>As of 31 December 2017, the carrying amount of the Group's interests in structured entities sponsored by third party institutions which the Group did not consolidate was RMB35,719 million whilst the carrying amounts of the Group's interests in structured entities sponsored by the Group which the Group did and did not consolidate were RMB5,610 million and RMB1,203 million, respectively.</p> <p>We identified the consolidation of structured entities as a key audit matter because it involves significant management judgement in determining whether a structured entity is required to be consolidated by the Group or not and because the impact of consolidating a structured entity on the consolidated statement of financial position could be significant.</p>	<p>Our audit procedures to assess the consolidation of structured entities included the following:</p> <ul style="list-style-type: none"> ● making enquiries of management and inspecting relevant documents used by management relating to the judgement process over whether a structured entity is consolidated or not to assess whether the Group has a robust process in this regard; ● selecting a sample of structured entities for each key product type and performing the following procedures for each item selected: <ul style="list-style-type: none"> - inspecting the related contracts and internal documents to understand the purpose of the establishment of the structured entity and the involvement the Group has with the structured entity and to assess management's judgement over whether the Group has the ability to exercise power over the structured entity; - evaluating the risk and reward structure of the structured entity including any capital or return guarantee, commission paid and distribution of the returns to assess management's judgement as to exposure, or rights, to variable returns from the Group's involvement in such an entity; - evaluating management's analysis of the structured entity including qualitative analysis and calculations of the magnitude and variability associated with its economic interests in the structured entity to assess management's judgement over the Group's ability to influence its own returns from the structured entity; - evaluating management's judgement over whether the structured entity should be consolidated or not; ● assessing the disclosures in the consolidated financial statements in relation to structured entities with reference to the requirements of the prevailing accounting standards.



Assessing potential impairment of goodwill and indefinite-lived intangible assets

Refer to note 21 and note 22 to the consolidated financial statements and the accounting policies on pages 222 and 230.

The Key Audit Matter	How the matter was addressed in our audit
<p>As of 31 December 2017, the carrying amount of goodwill and indefinite-lived intangible assets, which mainly arose from the acquisition of AssetMark Financial Holdings, Inc. ("AssetMark") in 2016, were RMB1,972 million and RMB3,728 million respectively, representing 2% and 4% of the Group's net assets as at that date.</p> <p>There is a risk that the carrying value of goodwill and indefinite-lived intangible asset may not be recoverable in full through the future cash flows to be generated from the relevant cash-generating units (the "CGUs") to which the goodwill and indefinite-lived intangible assets have been allocated. In order to assess the recoverable amount of goodwill and indefinite-lived intangible assets, management engaged an external appraiser to calculate the value-in-use of the relevant CGUs using the discounted cash flow model with a cash flow forecast compiled by management.</p> <p>We identified assessing potential impairment of goodwill and indefinite-lived intangible assets as a key audit matter because of its significance to the consolidated financial statements and because determining whether any impairment is required involves a significant degree of management judgement and estimation, particularly in forecasting future cash flows, including budgeted revenue, the long-term growth rate and profit margins and in determining appropriate discount rates, all of which can be inherently uncertain and could be subject to management bias.</p>	<p>Our audit procedures to assess potential impairment of goodwill and indefinite-lived intangible assets included the following:</p> <ul style="list-style-type: none"> ● assessing management's identification of CGUs and the allocation of goodwill and other assets to each CGU with reference to our understanding of the Group's business and the requirements of the prevailing accounting standards; ● evaluating the competence, capabilities and objectivity of the external appraiser appointed by management; ● engaging our internal valuation specialists to evaluate the methodology and assumptions adopted in the discounted cash flow forecasts of the prevailing accounting standards; ● challenging the assumptions and critical judgements adopted in the discounted cash flow forecasts by comparing key inputs, including budgeted revenue, the long-term growth rate and profit margins with the historical performance of the relevant subsidiaries, details in the financial budgets approved by board of directors, recent business pipeline reports, industry research reports and industry statistics; ● evaluating the discount rates applied in the discounted cash flow forecasts by recalculating the discount rates based on market data for similar companies in the same industry and comparing our calculations with the discount rates adopted in the discounted cash flow forecasts; ● performing sensitivity analyses for the key assumptions, including budgeted revenue and the discount rates applied, to assess the impact of changes in these key assumptions on the results of impairment assessments and considering whether there were any indicators of management bias in the selection of key assumptions; ● assessing the results of the value-in-use calculations by comparison with valuations derived from EBITDA multiples of comparable companies in the market; and ● assessing the disclosures in the consolidated financial statements in relation to the assessment of potential impairment of goodwill and indefinite-lived intangible assets with reference to the requirement of the prevailing accounting standards.

Reclassification of the Group's equity investment in Bank of Jiangsu Co., Ltd ("Bank of Jiangsu")

Refer to note 7 and note 24 to the consolidated financial statements and the accounting policies on pages 220 and 221.

The Key Audit Matter	How the matter was addressed in our audit
<p>On 28 December 2017, the Group reclassified its investment in Bank of Jiangsu as an associate of the Group for the reasons set out in note 24(i) to the consolidated financial statements. Prior to this time the Group recognised its investment in Bank of Jiangsu as an available-for-sale financial asset measured at fair value.</p> <p>In accordance with the prevailing accounting standards, the reclassification has been recognised as a deemed disposal of the available-for-sale investment and the acquisition of the associate investment at fair value. Consequently, the Group reclassified the fair value gain in the equity investment in Bank of Jiangsu of RMB2,997 million from other comprehensive income to net investment gains and recognised other income and gains of RMB753 million as a result of the such reclassification.</p> <p>We identified the appropriateness of the reclassification of equity investment in Bank of Jiangsu and the accuracy of the net investment gains and other income and gains as a key audit matter because of its financial significance to the consolidated financial statements.</p>	<p>Our audit procedures to assess the appropriateness of the reclassification of the Group's equity investment in Bank of Jiangsu and the accuracy of the net investment gains and other income and gains included the following:</p> <ul style="list-style-type: none"> ● assessing management's judgement over whether the Group has obtained significant influence over Bank of Jiangsu by performing the following procedures: <ul style="list-style-type: none"> - making enquiries of the management about the reasons and basis for the reclassification; - inspecting the Notice and the specific implementation measures demonstrating the Group's ability to exercise significant influence over Bank of Jiangsu set out in the resolution of the management meeting; ● obtaining management's calculation sheet of the net investment gains and other income and gains and performing following procedures: <ul style="list-style-type: none"> - assessing the fair value of the equity investment in Bank of Jiangsu at the date of the reclassification by engaging our internal valuation specialists to assist us in evaluating the valuation model used by the Group; - assessing the Group's share of the net fair value of identifiable assets and liabilities of Bank of Jiangsu by performing analytical procedures; and - comparing data used in the calculation sheet to the underlying documentation and performing recalculation of the net investment gains and other income and gains; ● evaluating the Group's accounting treatment with reference to the requirements of the prevailing accounting standards; and ● assessing the disclosures in the consolidated financial statements in relation to the reclassification of the Group's equity investment in Bank of Jiangsu with reference to the requirement of the prevailing accounting standards.



Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Pang Shing Chor Eric.

KPMG

Certified Public Accountants

8th Floor, Prince's Building,
10 Chater Road
Central, Hong Kong

28 March 2018

Consolidated income statements

For the year ended 31 December 2017

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Year ended 31 December	
		2017	2016
Revenue			
Fee and commission income	4	12,926,354	11,409,918
Interest income	5	9,348,923	8,877,946
Net investment gains	6	7,302,250	3,976,115
		<hr/>	<hr/>
Total revenue		29,577,527	24,263,979
Other income and gains	7	1,745,845	367,649
		<hr/>	<hr/>
Total revenue and other income		31,323,372	24,631,628
		<hr style="border-top: 1px dashed;"/>	<hr style="border-top: 1px dashed;"/>
Fee and commission expenses	8	(4,244,196)	(2,561,665)
Interest expenses	9	(5,749,099)	(5,393,487)
Staff costs	10	(7,030,196)	(5,648,420)
Depreciation and amortisation expenses	11	(566,306)	(408,527)
Tax and surcharges		(152,408)	(450,613)
Other operating expenses	12	(2,277,471)	(2,066,228)
(Provision for)/reversal of impairment losses	13	(259,030)	36,753
		<hr/>	<hr/>
Total expense		(20,278,706)	(16,492,187)
		<hr style="border-top: 1px dashed;"/>	<hr style="border-top: 1px dashed;"/>

The notes on pages 219 to 355 form part of these financial statements. Details of dividends payable to equity shareholders of attributable to the profit for the year are set out in Note 51(h).



Consolidated income statements (continued)

For the year ended 31 December 2017

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Year ended 31 December	
		2017	2016
Operating profit		11,044,666	8,139,441
Share of profit of associates and joint venture		539,978	453,987
Profit before income tax		11,584,644	8,593,428
Income tax expense	14	(2,176,788)	(2,073,940)
Profit for the year		9,407,856	6,519,488
Attributable to:			
Shareholders of the Company		9,276,520	6,270,612
Non-controlling interests		131,336	248,876
		9,407,856	6,519,488
Basic and diluted earnings per share (in Renminbi per share)	18	1.30	0.88

The notes on pages 219 to 355 form part of these financial statements. Details of dividends payable to equity shareholders of attributable to the profit for the year are set out in Note 51(h).

Consolidated statements of profit or loss and other comprehensive income

For the year ended 31 December 2017

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Year ended 31 December	
		2017	2016
Profit for the year		9,407,856	6,519,488
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
- Net changes in fair value		1,756,408	1,450,207
- Reclassified to profit or loss		(4,861,492)	(567,296)
Share of other comprehensive income of associates and joint venture		34,436	158,913
Exchange differences on translation of financial statements in foreign currencies		(449,668)	342,910
Income tax impact		802,936	(319,250)
Total other comprehensive income for the year, net of tax	17	(2,717,380)	1,065,484
Total comprehensive income for the year		6,690,476	7,584,972
Attributable to:			
Shareholders of the Company		6,577,001	7,153,916
Non-controlling interests		113,475	431,056
Total		6,690,476	7,584,972

The notes on pages 219 to 355 form part of these financial statements.



Consolidated statements of financial position

As of 31 December 2017

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	As of 31 December	
		2017	2016
Non-current assets			
Property and equipment	19	3,737,471	3,567,451
Investment properties	20	844,705	1,130,268
Goodwill	21	1,971,722	2,091,252
Other intangible assets	22	5,137,749	5,509,024
Interest in associates	24	8,895,908	3,075,521
Interest in joint venture	25	-	301,756
Held-to-maturity investments	26	-	5,000
Available-for-sale financial assets	27	29,766,929	31,218,115
Financial assets held under resale agreements	28	8,424,304	8,930,396
Financial assets at fair value through profit or loss	29	1,796,667	1,294,444
Refundable deposits	30	7,302,285	8,158,628
Deferred tax assets	31	472,556	556,094
Other non-current assets	32	81,047	79,070
		<hr/>	<hr/>
Total non-current assets		68,431,343	65,917,019
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>

The notes on pages 219 to 355 form part of these financial statements.

Consolidated statements of financial position (continued)

As of 31 December 2017

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	As of 31 December	
		2017	2016
Current assets			
Accounts receivable	33	1,980,337	991,413
Other receivables and prepayments	34	6,259,561	5,070,483
Margin accounts receivable	35	59,991,454	56,605,104
Available-for-sale financial assets	27	14,816,239	12,518,447
Financial assets held under resale agreements	28	53,381,011	37,400,786
Financial assets at fair value through profit or loss	29	82,753,755	81,812,787
Derivative financial assets	36	391,714	106,591
Clearing settlement funds	37	1,147,448	1,228,801
Cash held on behalf of brokerage clients	38	65,303,548	94,568,934
Cash and bank balances	39	27,026,130	45,230,032
		<hr/>	<hr/>
Total current assets		313,051,197	335,533,378
		<hr/>	<hr/>
Total assets		381,482,540	401,450,397
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 219 to 355 form part of these financial statements.



Consolidated statements of financial position (continued)

As of 31 December 2017

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	As of 31 December	
		2017	2016
Current liabilities			
Short-term bank loans	41	-	460,255
Short-term debt instruments issued	42	26,656,010	1,621,000
Placements from other financial institutions	43	7,029,998	6,650,000
Accounts payable to brokerage clients	44	67,335,545	92,728,837
Employee benefits payable	45	2,668,777	2,517,090
Other payables and accruals	46	62,615,235	79,671,695
Current tax liabilities		433,551	495,647
Financial assets sold under repurchase agreements	47	23,921,537	19,463,375
Financial liabilities at fair value through profit or loss	48	12,035,660	2,756,267
Derivative financial liabilities	36	1,642,283	864,011
Long-term bonds due within one year	49	21,597,480	25,900,000
		<hr/>	<hr/>
Total current liabilities		225,936,076	233,128,177
		<hr/>	<hr/>
Net current assets		87,115,121	102,405,201
		<hr/>	<hr/>
Total assets less current liabilities		155,546,464	168,322,220
		<hr/>	<hr/>

The notes on pages 219 to 355 form part of these financial statements.

Consolidated statements of financial position (continued)

As of 31 December 2017

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	As of 31 December	
		2017	2016
Non-current liabilities			
Long-term bonds	50	55,600,796	49,947,816
Non-current employee benefits payable	45	6,078,642	4,988,352
Deferred tax liabilities	31	1,931,446	2,562,144
Financial assets sold under repurchase agreements	47	1,000,000	-
Financial liabilities at fair value through profit or loss	48	2,345,668	25,163,711
		<hr/>	<hr/>
Total non-current liabilities		66,956,552	82,662,023
		<hr/>	<hr/>
Net assets		88,589,912	85,660,197
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 219 to 355 form part of these financial statements.



Consolidated statements of financial position (continued)

As of 31 December 2017

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	As of 31 December	
		2017	2016
Equity			
Share capital	51	7,162,769	7,162,769
Reserves	51	61,195,954	60,999,752
Retained profits	51	18,977,215	16,194,936
		<hr/>	<hr/>
Total equity attributable to shareholders of the Company		87,335,938	84,357,457
Non-controlling interests		1,253,974	1,302,740
		<hr/>	<hr/>
Total equity		88,589,912	85,660,197

Approved and authorised for issue by the board of directors on 28 March 2018.

Zhou Yi
Chairman of the Board
Executive Director and President

Chen Chuanming
Director

The notes on pages 219 to 355 form part of these financial statements.

Consolidated statements of changes in equity

For the year ended 31 December 2017

(Expressed in thousands of Renminbi, unless otherwise stated)

	Attributable to shareholders of the Company							Non-controlling interests	Total equity	
	Share capital (Note 51)	Reserves				Retained profits	Total			
		Capital reserve (Note 51)	Surplus reserve (Note 51)	General reserve (Note 51)	Fair value reserve (Note 51)					Translation reserve (Note 51)
As of 1 January 2017	7,162,769	45,837,763	3,071,195	7,943,619	3,775,704	371,471	16,194,936	84,357,457	1,302,740	85,660,197
Changes in equity for 2017										
Profit for the year	-	-	-	-	-	-	9,276,520	9,276,520	131,336	9,407,856
Other comprehensive income	-	-	-	-	(2,250,054)	(449,465)	-	(2,699,519)	(17,861)	(2,717,380)
Total comprehensive income					(2,250,054)	(449,465)	9,276,520	6,577,001	113,475	6,690,476
Capital injection by non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	265,233	265,233
Recognition on disposal of subsidiaries	-	(17,136)	-	-	-	-	-	(17,136)	(425,854)	(442,990)
Appropriation to surplus reserve	-	-	848,293	-	-	-	(848,293)	-	-	-
Appropriation to general reserve	-	-	-	2,064,564	-	-	(2,064,564)	-	-	-
Dividends declared for the year	-	-	-	-	-	-	(3,581,384)	(3,581,384)	(1,620)	(3,583,004)
As of 31 December 2017	7,162,769	45,820,627	3,919,488	10,008,183	1,525,650	(77,994)	18,977,215	87,335,938	1,253,974	88,589,912

The notes on pages 219 to 355 form part of these financial statements.

Consolidated statements of changes in equity (continued)

For the year ended 31 December 2017

(Expressed in thousands of Renminbi, unless otherwise stated)

	Attributable to shareholders of the Company							Non-controlling interests	Total equity	
	Share capital (Note 5)	Reserves				Translation reserve (Note 5)	Retained profits			Total
		Capital reserve (Note 5)	Surplus reserve (Note 5)	General reserve (Note 5)	Fair value reserve (Note 5)					
As of 1 January 2016	7,162,769	45,837,763	2,607,376	6,681,123	3,237,861	26,010	15,232,023	80,784,925	743,846	81,528,771
Changes in equity for 2016										
Profit for the year	-	-	-	-	-	-	6,270,612	6,270,612	248,876	6,519,488
Other comprehensive income	-	-	-	-	537,843	345,461	-	883,304	182,180	1,065,484
Total comprehensive income					537,843	345,461	6,270,612	7,153,916	431,056	7,584,972
Capital injection by non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	67,723	67,723
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	60,115	60,115
Appropriation to surplus reserve	-	-	463,819	-	-	-	(463,819)	-	-	-
Appropriation to general reserve	-	-	-	1,262,496	-	-	(1,262,496)	-	-	-
Dividends declared for the year	-	-	-	-	-	-	(3,581,384)	(3,581,384)	-	(3,581,384)
As of 31 December 2016	7,162,769	45,837,763	3,071,195	7,943,619	3,775,704	371,471	16,194,936	84,357,457	1,302,740	85,660,197

The notes on pages 219 to 355 form part of these financial statements.

Consolidated statements of cash flow

For the year ended 31 December 2017

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Year ended 31 December	
		2017	2016
Cash flows from operating activities:			
Profit before income tax		11,584,644	8,593,428
Adjustments for:			
Interest expenses		5,749,099	5,393,487
Share of profit of associates and joint venture		(539,978)	(453,987)
Depreciation and amortisation expenses		566,306	408,527
Provision for/(reversal of) impairment losses		259,030	(36,753)
Net gains on disposal of property and equipment and intangible assets		(6,949)	(8,916)
Foreign exchange losses		38,040	14,427
Net realised gains from available-for-sale financial assets and other investments		(4,219,420)	(1,459,893)
Dividend income and interest income from available-for-sale financial assets and held-to-maturity investments		(645,207)	(248,366)
Unrealised fair value changes in financial instruments through profit or loss		(137,296)	1,754,349
Unrealised fair value changes in derivatives		467,963	(1,334,949)
		<hr/>	<hr/>
Operating cash flows before movements in working capital		13,116,232	12,621,354
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>

The notes on pages 219 to 355 form part of these financial statements.



Consolidated statements of cash flow (continued)

For the year ended 31 December 2017

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Year ended 31 December	
		2017	2016
Cash flows from operating activities (continued):			
Decrease/(increase) in refundable deposits		856,343	(2,149,328)
(Increase)/decrease in margin accounts receivable		(3,467,433)	10,827,660
Increase in accounts receivables, other receivables and prepayments		(2,264,006)	(1,171,798)
Increase in financial assets held under resale agreements		(9,983,253)	(14,751,970)
(Increase)/decrease in financial instruments at fair value through profit or loss		(7,410,200)	48,771,961
Decrease/(increase) in restricted bank deposits		12,486,730	(104,963)
Decrease in cash held on behalf of brokerage clients		29,265,386	37,375,590
Decrease in accounts payable to brokerage clients		(25,393,292)	(35,638,542)
Decrease in other payables and accruals		(17,366,962)	(19,187,901)
Increase in employee benefits payable and other non-current liabilities		1,241,977	1,331,035
Increase/(decrease) in financial assets sold under repurchase agreements		5,458,162	(13,728,644)
Increase in placements from other financial institutions		379,998	3,650,000
		<hr/>	<hr/>
Cash (used in)/generated from operations		(3,080,318)	27,844,454
Income taxes paid		(1,802,203)	(3,942,617)
Interest paid		(1,844,354)	(1,881,975)
		<hr/>	<hr/>
Net cash (used in)/generated from operating activities		(6,726,875)	22,019,862
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>

The notes on pages 219 to 355 form part of these financial statements.

Consolidated statements of cash flow (continued)

For the year ended 31 December 2017

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Year ended 31 December	
		2017	2016
Cash flows from investing activities:			
Proceeds on disposal of property and equipment		41,401	16,393
Dividends received from associates		229,819	211,000
Dividends and interest received from available-for-sale financial assets and other investments		645,207	248,366
(Decrease) / increase of other limited partners' interest in private funds		(285,866)	4,227,328
Proceeds on disposal of available-for-sale financial assets		531,134	1,459,893
Proceeds on disposal of an associate		-	35,006
Cash paid for acquisition of subsidiaries, net of cash and bank balances acquired		-	(4,885,017)
Cash paid for disposal of subsidiaries, net of cash and bank balances decreased		(840,724)	-
Purchases of property and equipment, investment properties, other intangible assets and other non-current assets		(377,634)	(600,368)
Purchases of associates and joint venture		(11,425)	(336,550)
Purchases of available-for-sale financial assets		(12,199,858)	(4,838,702)
Net cash used in investing activities		(12,267,946)	(4,462,651)

The notes on pages 219 to 355 form part of these financial statements.



Consolidated statements of cash flow (continued)

For the year ended 31 December 2017

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Year ended 31 December	
		2017	2016
Cash flows from financing activities:			
Capital injection from non-controlling shareholders		265,233	67,723
Proceeds from issuance of short-term debt instruments		42,258,270	5,035,260
Proceeds from issuance of long-term bonds		31,000,000	29,180,000
Repayment of bank loans		(471,065)	(756,381)
Repayment of debt securities issued		(46,723,260)	(30,837,709)
Short-term debt instruments interest paid		(220,186)	(82,636)
Long-term bonds interest paid		(3,431,905)	(3,911,396)
Dividends paid		(3,583,004)	(3,581,384)
Payment for other financing activities		(4,316)	(123,140)
Net cash generated from/(used in) financing activities	40(b)	19,089,767	(5,009,663)
<hr/>			
Net increase in cash and cash equivalents		94,946	12,547,548
Cash and cash equivalents at the beginning of the year		31,651,614	18,595,759
Effect of foreign exchange rate changes		(367,975)	508,307
Cash and cash equivalents at the end of the year	40(a)	31,378,585	31,651,614

The notes on pages 219 to 355 form part of these financial statements.

Notes to the Financial Statements

(Expressed in thousands of Renminbi, unless otherwise stated)

1 General information

Huatai Securities Co., Ltd. (the "Company"), formerly known as Jiangsu Securities Company, was approved by the People's Bank of China ("PBOC"), and registered with the Administration for Industry and Commerce of Jiangsu Province on 9 April 1991, with a registered capital of RMB10 million. The Company was renamed as Huatai Securities Limited Liability Company on 21 December 1999 and then renamed as Huatai Securities Co., Ltd. on 7 December 2007 as a result of the conversion into a joint stock limited liability company.

The Company publicly issued RMB784,561 thousand ordinary shares (A shares) in February 2010, and was listed on the Shanghai Stock Exchange on 26 February 2010.

In June 2015, the Company issued RMB1,562,769 thousand H shares, which were listed on the main board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

As of 31 December 2017, the Company's registered capital was RMB7,162,769 thousand and the Company has a total of 7,162,769 thousand issued shares of RMB1 each.

The Company and its subsidiaries (the "Group") principally engaged in securities brokerage, securities proprietary trading, securities underwriting and sponsorship, securities investment advisory, asset management, margin financing and securities lending, agency sale of financial products, intermediary introduction business for the futures companies, agency sale and custody of securities investment fund, mutual fund management, brokerage of spot contracts for precious metal such as gold, proprietary trading of spot contract for gold, direct investment business, alternative investment business, stock option market making, futures brokerage business and other business activities as approved by the China Securities Regulatory Commission ("CSRC").

2 Significant accounting policies

(1) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes International Accounting Standards and related interpretations promulgated by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). A summary of the significant accounting policies adopted by the Group are set out below.

The IASB has issued a number of new and revised IFRSs that are first effective for the current accounting period of the Group. Note 2(3) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period ended 31 December 2017 are set out in Note 60.



(2) Basis of preparation of the financial statements

The financial statements has been prepared on the historical cost basis except that the following assets and liabilities are measured at their fair value: financial derivatives, non-derivative financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets. The methods used to measure fair value are discussed further in Note 2(8).

The financial statements is presented in Renminbi ("RMB"), which is the functional currency of the Group. All financial information presented in RMB has been rounded to the nearest thousand, except when otherwise indicated. The Group translates the financial statements of subsidiaries from their respective functional currencies into the Group's functional currency if the subsidiaries' functional currencies are not the same as that of the Group.

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgments made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 2(28).

(3) Changes in accounting policies

The IASB has issued several amendments to IFRSs that are first effective for the current accounting period of the Group. None of these have significant impact on the accounting policies of the Group.

However, additional disclosure has been included in Note 40(b) to satisfy the new disclosure requirements introduced by the amendments to IAS 7, Statement of cash flows: Disclosure initiative, which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(4) Basis of consolidation

(i) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised gains arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meet the definition of a financial liability.

Non-controlling interests are presented in the consolidated statements of financial position within equity, separately from equity attributable to the shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statements and the consolidated statements of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the reporting period between non-controlling interests and the shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(8)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see Note 2(4) (ii)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(15)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(ii) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 2(5) and (15)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.



If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(8)).

In the Company's statement of financial position, investments in associates and joint venture of the Company are accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale).

(5) Goodwill

Goodwill represents the excess of:

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit ("CGU"), or groups of CGUs, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 2(15)).

On disposal of a CGU during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(6) Foreign currency

When the Group receives capital in foreign currencies from investors, the capital is translated to RMB at the spot exchange rate on the date of receipt. Other foreign currency transactions are, on initial recognition, translated to RMB at the spot exchange rates or the rates that approximate the spot exchange rates on the dates of the transactions.

A spot exchange rate is an exchange rate quoted by the PBOC, the State Administrative of Foreign Exchange or a cross rate determined based on quoted exchange rates. A rate that approximates the spot exchange rate is a rate determined under a systematic and rational method, normally the average exchange rate of the current period.

Monetary items denominated in foreign currencies are translated to RMB at the spot exchange rate at the end of the reporting period. The resulting exchange differences are recognised in profit or loss. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated to RMB using the foreign exchange rate at the transaction date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rate at the date the fair value is determined; the resulting exchange differences are recognised in profit or loss, except for the differences arising from the translation of available-for-sale financial assets, which are recognised as other comprehensive income in capital reserve.

The assets and liabilities of foreign operation are translated to RMB at the spot exchange rate at the end of reporting period. The equity items, excluding "retained profits", are translated to RMB at the spot exchange rates at the transaction dates. The income and expenses of foreign operation are translated to RMB at the spot exchange rates or the rates that

approximate the spot exchange rates at the transaction dates. The resulting translation differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. Upon disposal of a foreign operation, the cumulative amount of the translation differences recognised in shareholders' equity which relates to that foreign operation is transferred to profit or loss in the period in which the disposal occurs.

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments, which are readily convertible into known amounts of cash and are subject to insignificant risk of change in value.

(8) Financial instruments

(i) Recognition and measurement of financial assets and financial liabilities

A financial asset or financial liability is recognised in the statements of financial position when the Group becomes a party to the contractual provisions of a financial instrument.

The Group classifies financial assets and liabilities into different categories at initial recognition based on the purpose of acquiring assets or assuming liabilities: financial assets and financial liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and other financial liabilities.

Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any attributable transaction costs are included in their initial costs.

Financial assets and financial liabilities are categorised as follows:

Financial assets and financial liabilities at fair value through profit or loss (including financial assets or financial liabilities held for trading)

A financial asset or financial liability is classified at fair value through profit or loss if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term, a financial instrument managed in a pattern of short-term profit taking, a derivative, or if it is designated at fair value through profit or loss.

Financial assets and financial liabilities are designated at fair value through profit or loss upon initial recognition when:

- the financial assets or financial liabilities are managed, evaluated and reported internally on a fair value basis;
- the designation eliminates or significantly reduces the discrepancies in the recognition or measurement of relevant gains or losses arising from the different basis of measurement of the financial assets or financial liabilities;
- the financial assets or financial liabilities contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract; or
- the separation of the embedded derivatives from the financial instrument is prohibited.

Subsequent to initial recognition, financial assets and financial liabilities at fair value through profit or loss are measured at fair value, without any deduction for transaction costs that may occur on sale, and changes therein are recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent



to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses (see Note 2(8)(iii)).

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity, other than

- those that the Group, upon initial recognition, designated as at fair value through profit or loss or as available-for-sale; or

- those that meet the definition of loans and receivables.

Held-to-maturity investments are carried at amortised cost using the effective interest method, less any impairment losses (see Note 2(8)(iii)). A sale or reclassification of a more than insignificant amount of held-to-maturity investments would result in the reclassification of all held-to-maturity investments as available-for-sale, and would prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years. However, sales and reclassifications in any of the following circumstances would not trigger a reclassification:

- sales or reclassifications that are so close to maturity that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;

- sales or reclassifications after the Group has collected substantially all of the asset's original principal; and

- sales or reclassifications that are attributable to non-recurring isolated events beyond the Group's control that could not have been reasonably anticipated.

Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated as available-for-sale or are not classified as another category of financial assets. Available-for-sale investments comprise equity securities and debt securities. Unquoted equity securities whose fair value cannot be measured reliably are carried at cost. All other available-for-sale investments are measured at fair value after initial recognition.

Interest income is recognised in profit or loss using the effective interest method. Dividend income is recognised in profit or loss when the Group becomes entitled to the dividend (see Note 2(22)(vi)). Impairment losses are recognised in profit or loss (see Note 2(8)(iii)).

Other fair value changes, other than impairment losses (see Note 2(8)(iii)), are recognised in other comprehensive income and presented in the fair value reserve within equity. When the investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Other financial liabilities

Financial liabilities other than the financial liabilities at fair value through profit or loss are classified as other financial liabilities.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method.

(ii) Fair value measurement

If there is an active market for a financial asset or financial liability, the quoted market price without adjusting for transaction costs that may be incurred upon future disposal or settlement is used to establish the fair value of the

financial asset or financial liability. For a financial asset held or a financial liability to be assumed, the quoted price is the current bid price. For a financial asset to be acquired or a financial liability assumed, the quoted price is the current asking price. Quoted prices from an active market are prices that are readily and regularly available from an exchange, dealer, broker, industry group or pricing service agency, and represent actual and regularly occurring market transactions on an arm's length basis.

If no active market exists for a financial instrument, a valuation technique is used to establish the fair value. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. Where discounted cash flow technique is used, future cash flows are estimated based on management's best estimates and the discount rate used is the prevailing market rate applicable for instrument with similar terms and conditions at the end of the reporting period. Where other pricing models are used, inputs are based on market data at the end of the reporting period.

In estimating the fair value of a financial asset and financial liability, the Group considers all factors including, but not limited to, risk-free interest rate, credit risk, foreign exchange rate and market volatility, that are likely to affect the fair value of the financial asset and financial liability.

The Group obtains market data from the same market where the financial instrument was originated or purchased.

(iii) Impairment of financial assets

The carrying amounts of financial assets other than those at fair value through profit or loss are reviewed by the Group at the end of the reporting period to determine whether there is objective evidence of impairment. If any such evidence exists, impairment losses are provided. Objective evidence of impairment in the financial asset represents events that occur after the initial recognition of the financial assets and have impact on the estimated future cash flows of the asset, which can be estimated reliably.

Objective evidence that financial assets are impaired includes, but not limited to:

- significant financial difficulty of the borrower or issuer;
- a breach of contract by the borrower, such as a default or delinquency in interest or principal payments;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- disappearance of an active market for financial assets because of financial difficulties of the issuer;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the borrower; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loans and receivables

The Group assess impairment losses on a collective basis. Loans and receivables are grouped for similar aging characteristics for collective assessment. The objective evidence of impairment mainly includes that, though it is unable to identify the decrease of cash flow of each individual asset, after collective assessment based on observable data, there is observable evidence indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets.

Held-to-maturity investments

The impairment loss is calculated based on the excess of its carrying amount over the present value of the estimated



future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate. All impairment losses are recognised in profit or loss.

If, in a subsequent period the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. The reversal shall not result in a carrying amount of the financial asset that exceeds the amortised cost at the date of the reversal had the impairment not been recognised.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost net of any principal repayment and amortisation and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income.

For the available-for-sale equity investment, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is "significant" or "prolonged" requires judgement. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. The Group generally considers a significant decline to be one in which the fair value is below its original cost by 50% or more or a prolonged decline to be one in which fair value is below cost in declining trend for 12 months or longer, upon which impairment loss is recognised. The Group also takes into consideration of other specific relevant factors through the whole investing period when assessing whether there is objective evidence that the available-for-sale equity investment is under a significant or prolonged decline in the fair value.

If, in a subsequent period, the fair value of an impaired available-for-sale debt investments increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity investment is recognised in other comprehensive income.

For investments in equity instruments measured at cost, the amount of any impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset and recognised in profit or loss. Any impairment loss in respect of available-for-sale equity investments carried at cost should not be reversed.

(iv) Derecognition of financial assets and financial liabilities

Financial assets (or a part of a financial asset or group of financial assets) are derecognised when the financial assets meet one of the following conditions:

- the contractual rights to the cash flows from the financial asset expire; or
- the Group transfers substantially all the risks and rewards of ownership of the financial assets or where substantially all the risks and rewards of ownership of a financial asset are neither retained nor transferred, the control over that asset is relinquished.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but retains control, the Group continues to recognise the financial asset and relevant liability to the extent of its continuing involvement in the financial asset.

The financial liability (or part of it) is derecognised only when the underlying present obligation (or part of it) specified in the contracts is discharged, cancelled or expired. An agreement between the Group and an existing lender to replace the original financial liability with a new financial liability with substantially different terms, or a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and recognition of a new financial liability. The difference between the carrying amount of the derecognised financial liability and the consideration paid is recognised in profit or loss.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position when the Group has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis, or by realising the asset and settling the liability simultaneously.

(vi) Equity instruments

An equity instrument is a contract that proves the ownership interest of the residual assets after deducting all liabilities of the Group. Considerations received from issuance of equity instruments net of transaction costs are recognised in equity. Considerations and transaction costs paid by the Group for repurchasing its own equity instruments are deducted from equity.

(vii) Derivative financial instruments

Derivative financial instruments are initially measured at fair value at the date a derivative contract is entered into and are subsequently measured at fair value. Changes in fair value of these derivative financial instruments other than those designed as hedge instrument are recognised in profit or loss. Fair values are obtained from quoted market prices in active market or are determined using valuation techniques, including discounted cash flow model and options pricing model as appropriate.

All derivatives are recognised as assets when the fair value is positive and as liabilities when the fair value is negative.

Derivative embedded in non-derivative host contracts are treated as separate derivative when their characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. These embedded derivatives are separately accounted for at fair value, with changes in fair value recognised in profit or loss.

(viii) Asset-backed securities

The Group securitises the financial assets, which generally results in the sale of these financial assets to structured entities. The structured entities in turn issue asset-backed securities to investors. Interests in the securitised financial assets may be retained in the form of senior or subordinated tranches, or other residual interests. For asset securitisation business, the Group has applied the accounting policies set out in Note 2(4) when assessing consolidation of the structured entities and applied the accounting policies described in Note 2(8)(iv) when assessing whether or not to derecognise the transferred financial assets.

(9) Margin financing and securities lending

Margin financing and securities lending refer to the lending of funds by the Group to customers for purchase of securities, or lending of securities by the Group to customers for securities selling, for which the customers provide the Group with collateral.



The Group recognises margin financing receivables as loans and receivables, and recognises interest income using effective interest rate method. Securities lent are not derecognised when the risk and rewards are not transferred, and interest income is recognised using effective interest rate method.

Securities trading on behalf of margin financing or securities lending customers are accounted for as securities brokerage business.

(10) Financial assets held under resale and sold under repurchase agreements

Financial assets held under resale agreements are transactions where the Group acquires financial assets which will be resold at a predetermined price at a future date under resale agreements. Financial assets sold under repurchase agreements are transactions where the Group sells financial assets which will be repurchased at a predetermined price at a future date under repurchase agreements.

The cash advanced or received is recognised as amounts held under resale or sold under repurchase agreements in the statement of financial position. Assets held under resale agreements are recorded in memorandum accounts as off-balance sheet items. Assets sold under repurchase agreements continue to be recognised in the statement of financial position.

The difference between the purchase and resale consideration, and that between the sale and repurchase consideration, is amortised over the period of the respective transaction using the effective interest method and is included in interest income and interest expenses respectively.

(11) Investments in subsidiaries

In the Group's consolidated financial statements, investments in subsidiaries are accounted for in accordance with the principles described in Note 2(4).

In the Company's statements of financial position, investments in subsidiaries are accounted for using the cost method. The investment is stated at cost less impairment loss (Note 2(15)) in the statements of financial position. Except for declared but not yet distributed cash dividends or profits distribution that have been included in the price or consideration paid in obtaining the investments, the Group recognises its share of the cash dividends or profit distribution declared by the investees as investment income.

(12) Property and equipment and construction in progress

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Costs of construction in progress are determined based on the actual expenditures incurred which include all necessary expenditures incurred during the construction period, borrowing costs eligible for capitalisation and other costs incurred to bring the asset to its intended use.

Items classified as construction in progress are transferred to property and equipment when such assets are ready for their intended use.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Items of property and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line basis over their estimated useful lives.

Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative years of significant items of property and equipment are as follows:

Types of assets	Estimated useful lives	Estimated residual values	Depreciation rates
Buildings	30 - 50 years	3%	1.94% - 3.23%
Motor vehicles	3 - 8 years	3%	12.13% - 32.33%
Electronic equipment	5 years	3%	19.40%
Furniture and fixtures	2 - 5 years	3%	19.40% - 48.50%

No depreciation is provided in respect of construction in progress. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(13) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is accounted for using the cost model and stated in the financial statements at cost less accumulated depreciation, and impairment losses (see Note 2(15)). The cost of investment property, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the investment property is classified as held for sale.



Types of assets	Estimated useful lives	Estimated residual values	Depreciation rates
Investment property	30 - 35 years	3%	2.77% - 3.23%

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

(14) Other intangible assets

Intangible assets are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment loss (see Note 2(15)). For an intangible asset with finite useful life, its cost less impairment loss is amortised on the straight-line method over its estimated useful life.

The respective amortisation periods for intangible assets are as follows:

Types of assets	Estimated useful lives
Existing relationships with broker-dealers	Indefinite
Land-use right	50 years
Trade names	20 years
Software and others	2 - 20 years

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group.

(15) Impairment of non-financial assets

The carrying amounts of the following assets are reviewed at each reporting date to determine whether there is any indication of impairment:

- property and equipment
- investment property
- other intangible assets
- equity investment in subsidiaries, associates and joint venture
- goodwill
- leasehold improvements and long-term deferred expenses

If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from

continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(16) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(iii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on corporate bonds, which have a credit rating of at least AA from rating agency, that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

(iv) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.



(17) Share-based payments

(i) Classification of share-based payments

Share-based payment transactions in the Group are cash-settled share-based payments.

(ii) Accounting treatment of share-based payments

- cash-settled share-based payments

Where the Group receives services from employees by incurring a liability to deliver cash or other assets for amounts that are determined based on the price of shares or other equity instruments, the service received from employees is measured at the fair value of the liability incurred. If a cash-settled share-based payment do not vest until the completion of services for a period, or until the achievement of a specified performance condition, the Group recognises costs or expenses as services are received, with a corresponding increase in liability, at an amount equal to the fair value of the liability based on the best estimate of the outcome of vesting. Until the liability is settled, the Group will remeasure the fair value of the liability at each balance sheet date and at the date of settlement, with changes recognised in profit or loss for the current period.

When the Group receives services and has the obligation to settle the transaction, but the relevant equity instruments are issued by the Company's ultimate parent or its subsidiaries outside the Group, the Group classifies the transaction as cash-settled.

(18) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(iii) Tax exposures

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(19) Operating leases

(i) Operating lease charges

Rental payments under operating leases are recognised as costs or expenses on a straight-line basis over the lease term. Contingent rental payments are recognised as expenses in the accounting period in which they are incurred.

(ii) Assets leased out under operating leases

Property and equipment leased out under operating leases are depreciated in accordance with the Group's depreciation policies described in Note 2(12)(iii). Impairment losses are recognised in accordance with the accounting policies described in Note 2(15). Income derived from operating leases is recognised in the profit or loss using the straight-line method over the lease term. If initial direct costs incurred in respect of the assets leased out are material, the costs are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Otherwise, the costs are charged to profit or loss immediately. Contingent rentals are recognised as income in the accounting period in which they are earned.

**(20) Provisions and contingent liabilities**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(21) Fiduciary activities

The Group acts in a fiduciary activity as a manager, a custodian, or an agent for customers. Assets held by the Group and the related undertakings to return such assets to customers are recorded as off-balance sheet items as the risks and rewards of the assets reside with customers.

(22) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business. Revenue is recognised when it is probable that the economic benefits will flow to the Group and when revenue can be measured reliably, on the following basis:

(i) Commission income from brokerage business

Brokerage commission income is recognised on a trade date basis when the relevant transactions are executed. Handling and settlement fee income arising from brokerage business is recognised when the related services are rendered.

(ii) Underwriting and sponsor fees

Underwriting and sponsor fees are recognised when the obligation of underwriting or sponsorship is completed, that is, the economic interests may flow into the Group and the relevant revenue and costs may be calculated reliably.

(iii) Advisory fees

Revenue arising from advisory services is recognised on completion of such services.

(iv) Asset management fees

Asset management fees are recognised when the Group is entitled to receive the income under the asset management agreement.

(v) Interest income

Interest income is recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts and payments through the expected life of the financial asset. The effective interest rate is established on initial recognition of the financial asset and is not revised subsequently.

The calculation of the effective interest rate includes all fees paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset.

(vi) Dividend income

Dividend income is recognised when the right to receive income is established. Usually this is the ex-dividend date for equity investments.

(vii) Other income

Other income is recognised on an accrual basis.

(23) Expenses recognition

(i) Commission expenses

Commission expenses relate mainly to transactions, which are recognised as expenses when the services are received.

(ii) Interest expenses

Interest expenses are recognised based on the principal outstanding and at the effective interest rate applicable.

(iii) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the terms of the respective leases. Lease incentives received are recognised as an integral part of the total lease expenses, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(iv) Other expenses

Other expenses are recognised on an accrual basis.

(24) Dividend distribution

Dividends or profit distributions proposed in the profit appropriation plan, which will be authorised and declared after the end of the reporting period, are not recognised as a liability at the end of the reporting period but disclosed in the notes to the financial statements separately.

(25) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant, and are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised.



(26) Related parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

- (1) has control or joint control over the Group;
- (2) has significant influence over the Group; or
- (3) is a member of the key management personnel of the Group or the Group's parent.

(ii) An entity is related to the Group if any of the following conditions applies:

- (1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (3) Both entities are joint ventures of the same third party.
- (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (6) The entity is controlled or jointly controlled by a person identified in (i).
- (7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (8) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(27) Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose financial performance are regularly reviewed by the Group's management to make decisions about resource to be allocated to the segment and assess its performance, and for which financial information regarding financial position, financial performance and cash flows is available.

Two or more operating segments may be aggregated into a single operating segment if the segments have same or similar economic characteristics and are similar in respect of the nature of each products and service, the nature of production processes, the type or class of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

Inter-segment revenues are measured on the basis of actual transaction price for such transactions for segment reporting, and segment accounting policies are consistent with those for the consolidated financial statements.

(28) Significant accounting estimates and judgements

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(i) Fair value of financial instruments

As indicated in Note 2(8)(i), financial instruments at fair value through profit or loss and available-for-sale investments are measured at fair value at the end of the year and it is usually possible to determine their fair values within a reasonable range of estimates.

For part of the above financial instruments, quoted market prices are readily available. However, the determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in Note 2(8)(ii). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(ii) Impairment of available-for-sale financial assets

In determining whether there is any objective evidence that impairment has occurred on available-for-sale financial assets, we assess periodically whether there has been a significant or prolonged decline in the fair value of the investments below its cost or carrying amount, or whether other objective evidence of impairment exists based on the investee's financial conditions and business prospects, including industry outlook, technological changes as well as operating and financing cash flows. This requires a significant level of management judgment which would affect the amount of impairment losses.

(iii) Impairment of capital-based intermediary businesses

The Group reviews the capital-based intermediary businesses (including margin financing and securities lending, securities-backed lending and stock repurchase) to assess the impairment on a periodic basis. In determining whether an impairment loss should be recognised in profit or loss, the Group makes judgments as to whether there is any observable data indicating that there is an objective evidence of impairment. The Group makes an estimate of the value of the collaterals received from the customers firstly on an individual basis, then on a collective basis in determining the impairment. The methodology and assumptions used for estimating impairment of capital-based intermediary businesses are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(iv) Impairment of receivables

Receivables that are measured at amortised cost are reviewed at each end of reporting period to determine whether there is objective evidence of impairment. If any such evidence exists, impairment loss is provided. Objective evidence of impairment includes observable data that comes to the attention of the Group about loss events such as a significant decline in the estimated future cash flow of an individual debtor and other factors. If there is an indication that there has been a change in the factors used to determine the provision for impairment, the impairment loss recognised in prior years is reversed.



(v) Impairment of non-financial assets

Non-financial assets are reviewed regularly to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is provided.

Since the market price of an asset (the asset group) cannot be obtained reliably, the fair value of the asset cannot be estimated reliably. In assessing the present value of future cash flows, significant judgements are exercised over the asset's selling price, related operating expenses and discounting rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the selling price and related operating expenses based on reasonable and supportable assumption.

(vi) Depreciation and amortisation

Property and equipment, investment property, intangible assets, leasehold improvements and long-term deferred expenses are depreciated and amortised using the straight-line method over their estimated useful lives after taking into account residual values. The estimated useful lives are regularly reviewed to determine the depreciation and amortisation costs charged in the reporting period. The estimated useful lives are determined based on historical experiences of similar assets and the estimated technical changes. If there is an indication that there has been a change in the factors used to determine the depreciation or amortisation, the amount of depreciation or amortisation will be revised.

(vii) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

(viii) Determination of consolidation scope

All facts and circumstances must be taken into consideration in the assessment of whether the Group, as an investor, controls the investee. The principle of control includes three elements: (i) power over the investee; (ii) exposure, or rights, to variable returns from involvement with the investee; and (iii) the ability to use power over the investee to affect the amount of investors' returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

For asset management schemes where the Group involves as the manager or investment consultant, the Group assesses whether the combination of investments it holds, if any, together with its remuneration creates exposure to variability of returns from the activities of the asset management schemes that is of such significance indicating that the Group is a principal. The asset management scheme shall be consolidated if the Group acts in the role of principal.

3 Taxation

The Group's main applicable taxes and tax rates are as follows:

Tax type	Tax basis	Tax rate
Value-added tax (VAT)	Output VAT is calculated on product sales and taxable services revenue. The basis for VAT payable is to deduct input VAT from the output VAT for the period.	3% - 17% ⁽ⁱ⁾
Business tax	Based on taxable revenue before 1 May 2016. According to Caishui [2016] No. 36, jointly issued by Ministry of Finance of the People's Republic of China and the State Administration of Taxation, all taxpayers subject to business tax in the Mainland China are included in the scope of the VAT pilot scheme. Effective from 1 May 2016, those taxpayers are required to pay VAT in lieu of business tax.	5%
City maintenance and construction tax	Based on business tax and value added tax paid	1% - 7%
Education surcharge	Based on business tax and value added tax paid	2% - 3%
Income tax	Based on taxable profits	25% ⁽ⁱⁱ⁾

(i) According to Notice on Clarifying VAT Policies for Financial Services, Real Estate Development, and Educational Ancillary Services (Cai Shui [2016] No. 140), Supplementary Notice on Issues concerning VAT Policies for Asset Management Products (Cai Shui [2017] No. 2) and Notice on Issues Relating to VAT on Fund Management Products (Cai Shui [2017] No. 56) issued by the Ministry of Finance and State Administration of Taxation, effective from 1 January 2018, the simple tax computation method shall apply in the interim to VAT taxable acts arising in the course of operation of fund management products by managers of fund management products (hereinafter referred to as the "managers"), and VAT shall be payable in accordance with the 3% levy rate.

(ii) The income tax rate applicable to the Company and its domestic subsidiaries is 25% (2016:25%). The income tax rate applicable to subsidiaries in Hong Kong is 16.5% (2016:16.5%). Pursuant to the Tax Cuts and Jobs Act of 2017 signed into law on 22 December 2017, the corporate income tax rate applicable to subsidiaries in the United States is reduced from a maximum marginal rate of 35% to a flat 21% rate, effective from 1 January 2018. Taxes of other overseas subsidiaries are charged at the relevant local rates.



4 Fee and commission income

	Year ended 31 December	
	2017	2016
Income from securities brokerage and advisory business	5,834,535	7,669,113
Income from asset management business	4,210,180	1,168,405
Income from underwriting and sponsorship business	1,175,244	1,512,620
Income from financial advisory business	905,021	659,409
Income from futures brokerage business	727,529	277,219
Other commission income	73,845	123,152
	<hr/>	<hr/>
Total	12,926,354	11,409,918
	<hr/> <hr/>	<hr/> <hr/>

5 Interest income

	Year ended 31 December	
	2017	2016
Interest income from margin financing and securities lending	4,179,059	4,283,385
Interest income from financial institutions	2,820,669	3,130,245
Interest income from securities-backed lending	2,085,663	1,390,201
Interest income from other financial assets held under resale agreements	212,135	54,468
Others	51,397	19,647
	<hr/>	<hr/>
Total	9,348,923	8,877,946
	<hr/> <hr/>	<hr/> <hr/>

6 Net investment gains

	Year ended 31 December	
	2017	2016
Net realised gains from disposal of available-for-sale financial assets	4,219,420	1,459,893
Dividend income and interest income from available-for-sale financial assets	644,888	248,145
Net realised losses from disposal of financial instruments at fair value through profit or loss	(120,405)	(1,198,505)
Dividend income and interest income from financial instruments at fair value through profit or loss	2,401,833	2,414,998
Net realised gains from disposal of derivative financial instruments	497,798	1,391,067
Interest income from held-to-maturity investments	319	221
Unrealised fair value changes of financial instruments at fair value through profit or loss	137,296	(1,754,349)
Unrealised fair value changes of derivative financial instruments	(478,899)	1,414,645
Total	7,302,250	3,976,115

7 Other income and gains

	Year ended 31 December	
	2017	2016
Government grants ⁽ⁱ⁾	67,671	169,279
Rental income	80,891	68,410
Income from commodity sales	2,706	11,277
Gains on disposal of property and equipment	8,379	10,989
Excess of interest in the fair value of investee's identifiable net assets over investment costs of associates ventures acquired ⁽ⁱⁱ⁾	752,555	-
Gain on previously held interest in subsidiaries and joint venture upon loss of control ⁽ⁱⁱⁱ⁾	725,306	-
Foreign exchange losses	(38,040)	(14,427)
Others	146,377	122,121
Total	1,745,845	367,649

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

(ii) The Group has changed the accounting treatment of equity investment in Bank of Jiangsu Co., Ltd ("Bank of Jiangsu") from available-for-sale financial assets to interest in associates using the equity method in 2017 (see Note 24(i)). Other income and gains amounting to RMB752,555 thousand arose due to the excess of the Group's share of the net fair value of identifiable assets and liabilities of the associates over the investment cost at the date of accounting treatment change.

(iii) Gain on previously held interest in subsidiaries and joint venture upon loss of control mainly attributable to the Group's loss of control of Huatai Rulian Fund Management Co., Ltd ("Huatai Rulian") (see Note 23(c)). In this connection, the Group recognised other income and gains, which was resulted from the Group's previously recognised equity in relation to Huatai Rulian.



8 Fee and commission expenses

	Year ended 31 December	
	2017	2016
Expenses for asset management business	1,904,344	128,068
Expenses for securities brokerage and advisory business	1,838,785	2,335,713
Expenses for futures brokerage business	455,573	15,945
Expenses for underwriting and sponsorship business	41,754	53,102
Expenses for financial advisory business	-	21,879
Other commission expenses	3,740	6,958
	<hr/>	<hr/>
Total	4,244,196	2,561,665
	<hr/> <hr/>	<hr/> <hr/>

9 Interest expenses

	Year ended 31 December	
	2017	2016
Interest expenses on long-term bonds	3,407,715	3,294,413
Interest expenses on financial assets sold under repurchase agreements	861,801	974,341
Interest expenses on short-term debt instruments issued	521,294	78,645
Interest expenses on placements	302,801	154,971
Interest expenses of accounts payable to brokerage clients	301,309	436,754
Interest expenses on gold leasing	279,650	372,060
Interest expenses on short-term bank loans	10,810	27,640
Interest expenses on long-term bank loans	-	15,009
Others	63,719	39,654
	<hr/>	<hr/>
Total	5,749,099	5,393,487
	<hr/> <hr/>	<hr/> <hr/>

10 Staff costs

	Note	Year ended 31 December	
		2017	2016
Salaries, bonuses and allowances		6,126,921	5,047,574
Contribution to pension schemes		455,225	188,885
Cash-settled share-based payment expenses	45(a)	24,812	3,646
Other social welfare		423,238	408,315
Total		7,030,196	5,648,420

The domestic employees of the Group in the PRC participate in social plans, including pension, medical, housing, and other welfare benefits, organised and administered by the governmental authorities. The Group also operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. According to the relevant regulations, the premiums and welfare benefits contributions that should be borne by the Group are calculated on regular basis and paid to the labor and social welfare authorities. The contributions to the social security plans are expensed as incurred.

11 Depreciation and amortisation expenses

	Year ended 31 December	
	2017	2016
Amortisation of other intangible assets	283,373	131,616
Depreciation of property and equipment	211,232	194,049
Amortisation of leasehold improvements and long-term deferred expenses	38,514	43,783
Depreciation of investment properties	33,187	39,079
Total	566,306	408,527



12 Other operating expenses

	Year ended 31 December	
	2017	2016
Rental expenses	301,391	246,301
Products distribution expenses	175,498	104,699
Stock exchange fees	167,906	177,162
Marketing, advertising and promotion expenses	166,972	143,587
Business travel expenses	152,645	111,451
Postal and communication expenses	141,475	137,622
Securities investor protection funds	135,343	241,871
IT expenses	133,649	95,876
Business entertainment expenses	113,833	105,286
Consulting fees	112,929	152,115
Utilities	49,898	40,007
Auditors' remuneration	14,598	9,969
Others	611,334	500,282
Total	2,277,471	2,066,228

13 Provision for/(reversal of) impairment losses

	Year ended 31 December	
	2017	2016
Provision for/(reversal of) impairment losses against margin accounts receivable	81,083	(646)
Provision for/(reversal of) impairment losses against other receivables and prepayments	75,443	(54,499)
Provision for impairment losses available-for-sale financial assets	57,327	-
Provision for impairment losses against financial assets held under resale agreements	34,616	15,618
Provision for impairment losses against accounts receivable	10,561	2,774
Total	259,030	(36,753)

14 Income tax expense

(a) Taxation in the consolidated income statements represents:

	Year ended 31 December	
	2017	2016
Current income tax		
- Mainland China	1,815,410	2,074,627
- Hong Kong	5,637	(131,814)
- Overseas	58,576	2,700
	<hr/>	<hr/>
	1,879,623	1,945,513
	<hr/>	<hr/>
Adjustment in respect of prior years		
- Mainland China	(5,619)	(6,472)
- Hong Kong	-	-
- Overseas	-	-
	<hr/>	<hr/>
	(5,619)	(6,472)
	<hr/>	<hr/>
Deferred tax Origination and reversal of temporary differences	302,784	134,899
	<hr/>	<hr/>
Total	2,176,788	2,073,940
	<hr/> <hr/>	<hr/> <hr/>

**(b) Reconciliation between income tax expense and accounting profit at applicable tax rate:**

	Year ended 31 December	
	2017	2016
Profit before income tax	11,584,644	8,593,428
National tax calculated using the PRC statutory tax rate	2,896,161	2,148,357
Tax effect of non-deductible expenses	30,584	33,977
Tax effect of non-taxable income	(252,721)	(202,440)
Tax effect of unused tax losses not recognised	112,845	100,636
Effect of different tax rates of the subsidiaries	9,479	(672)
Deferred tax re-pricing due to U.S. tax reform(i)	(619,398)	-
Adjustment for prior years	(5,619)	(6,472)
Others	5,457	554
Actual income tax expense	2,176,788	2,073,940

(i) The Tax Cuts and Jobs Act (TCJA) of 2017 was signed into law on 22 December 2017 in the United States. The federal corporate income tax rate is reduced from a maximum marginal rate of 35% to a flat 21% rate. As a result, deferred tax assets and liabilities were revalued using the enacted tax rate of 21% for the Group's subsidiaries in the United States, and the total tax effect on deferred tax balances was a tax benefit.

15 Directors' and supervisors' remuneration

The remuneration of directors and supervisors who held office during the reporting period is as follows:

Name	Directors' fees	Year ended 31 December 2017				Total
		Salaries, allowances and benefits in kind	Contribution to pension schemes	Discretionary bonuses	Annuity plan	
Executive directors						
Zhou Yi	-	351	40	558	92	1,041
Non-executive directors						
Pu Baoying ⁽¹⁾	-	-	-	-	-	-
Sun Hongning ⁽¹⁾⁽²⁾	-	-	-	-	-	-
Zhou Yong ⁽¹⁾	-	-	-	-	-	-
Gao Xu ⁽¹⁾⁽³⁾	-	-	-	-	-	-
Chen Ning ⁽¹⁾⁽⁴⁾	-	-	-	-	-	-
Xu Qing ⁽¹⁾⁽⁵⁾	-	-	-	-	-	-
Xu Feng ⁽¹⁾⁽⁶⁾	-	-	-	-	-	-
Independent non-executive directors						
Liu Hongzhong	120	-	-	-	-	120
Lee Chi Ming	120	-	-	-	-	120
Chen Zhibin ⁽⁷⁾	30	-	-	-	-	30
Chen Chuanming ⁽⁸⁾	120	-	-	-	-	120
Yang Xiongsheng ⁽⁹⁾	120	-	-	-	-	120
Liu Yan ⁽¹⁰⁾	120	-	-	-	-	120
Supervisors						
Yu Yimin ⁽¹⁾	-	-	-	-	-	-
Du Wenyi ⁽¹⁾	-	-	-	-	-	-
Liu Zhihong ⁽¹⁾	-	-	-	-	-	-
Peng Min	-	835	40	4,591	64	5,530
Zhou Xiang	-	713	40	2,269	68	3,090
Wang Huiqing ⁽¹⁾⁽¹⁾	-	-	-	-	-	-
Meng Qinglin ⁽¹⁾⁽²⁾	-	877	46	6,750	101	7,774
Total	630	2,776	166	14,168	325	18,065



Name	Year ended 31 December 2016				
	Directors' fees	Salaries, allowances and benefits in kind	Contribution to pension schemes	Discretionary bonuses	Total
Executive directors					
Zhou Yi	-	601	39	736	1,376
Non-executive directors					
Sun L ^{u(13)}	-	-	-	-	-
Wang Shuhua ⁽¹⁾⁽⁴⁾	-	-	-	-	-
Pu Baoying ⁽¹⁾	-	-	-	-	-
Sun Hongning ⁽¹⁾⁽²⁾	-	-	-	-	-
Zhou Yong ⁽¹⁾	-	-	-	-	-
Cai Biao ⁽¹⁾⁽⁵⁾	-	-	-	-	-
Xu Min ⁽¹⁾⁽⁶⁾	-	-	-	-	-
Gao Xu ⁽¹⁾⁽³⁾	-	-	-	-	-
Chen Ning ⁽¹⁾⁽⁴⁾	-	-	-	-	-
Xu Qing ⁽¹⁾⁽⁵⁾	-	-	-	-	-
Independent non-executive directors					
Bai Wei ⁽⁷⁾	120	-	-	-	120
Shen Kunrong ⁽⁸⁾	-	-	-	-	-
Liu Hongzhong	120	-	-	-	120
Lee Chi Ming	120	-	-	-	120
Chen Zhibin ⁽⁷⁾	-	-	-	-	-
Chen Chuanming ⁽⁸⁾	100	-	-	-	100
Yang Xiongsheng ⁽⁹⁾	90	-	-	-	90
Liu Yan ⁽¹⁰⁾	-	-	-	-	-
Supervisors					
Yu Yimin ⁽¹⁾	-	-	-	-	-
Gao Xu ⁽¹⁾⁽³⁾	-	-	-	-	-
Du Wenyi ⁽¹⁾	-	-	-	-	-
Song Weibin ⁽¹⁾⁽⁹⁾	-	-	-	-	-
Liu Zhihong ⁽¹⁾	-	-	-	-	-
Dong Junzheng ⁽¹⁾⁽²⁰⁾	-	-	-	-	-
Peng Min	-	793	39	4,233	5,065
Zhou Xiang	-	693	39	4,100	4,832
Zhang Hui ⁽²¹⁾	-	641	39	4,000	4,680
Wang Huiqing ⁽¹⁾⁽¹⁾	-	-	-	-	-
Meng Qinglin ⁽¹⁾⁽²⁾	-	-	-	-	-
Total	550	2,728	156	13,069	16,503

(1) The remunerations of these non-executive directors and supervisors of the Company were borne by its shareholders and other related parties including Jiangsu Guoxin Investment Group Limited, Jiangsu Communications Holding Company Limited, Jiangsu High Hope International Group Co., Ltd., Govtor Capital Group Co., Ltd., Jiangsu SOHO Holdings Group Co., Ltd. and Guohua Energy Investment Co., Ltd.. No allocation of the remunerations between these related parties and the Group has been made during the reporting period.

(2) Resigned as non-executive director on 21 June 2017.

(3) Resigned as supervisor on 7 June 2016, and appointed as non-executive director on 7 June 2016.

(4) Appointed as non-executive director on 7 June 2016.

(5) Appointed as non-executive director on 7 June 2016.

(6) Appointed as non-executive director on 21 June 2017.

(7) Resigned as independent non-executive director on 5 April 2016. Pay independent director's allowance of January to March 2016 retroactively in January 2017.

(8) Appointed as independent non-executive director on 18 March 2016.

(9) Appointed as independent non-executive director on 5 April 2016.

(10) Appointed as independent non-executive director on 21 December 2016.

(11) Appointed as supervisor on 7 June 2016.

(12) Appointed as supervisor on 21 December 2016.

(13) Resigned as non-executive director on 7 June 2016.

(14) Resigned as non-executive director on 7 June 2016.

(15) Resigned as non-executive director on 21 December 2016.

(16) Resigned as non-executive director on 7 June 2016.

(17) Resigned as independent non-executive director on 21 December 2016.

(18) Resigned as independent non-executive director on 18 March 2016.

(19) Resigned as supervisor on 21 December 2016.

(20) Resigned as supervisor on 25 March 2016.

(21) Resigned as supervisor on 21 December 2016.

There were no amounts paid during the reporting period to the directors and supervisors in connection with their retirement from employment or compensation for loss of office with the Company, or inducement to join. During the year, there was no arrangement under which a director or a supervisor who had resigned waived or agreed to waive any remuneration, except for one independent non-executive director who resigned from his position waived the remuneration in 2017.



16 Individuals with highest emoluments

Of the five individuals with the highest emoluments, none are directors or supervisors whose emoluments are disclosed in Note 15. The aggregate of the emoluments are as follows:

	<i>Year ended 31 December</i>	
	2017	2016
Salaries and allowances	7,714	12,605
Discretionary bonuses	48,872	48,993
Employer's contribution to pension schemes	139	123
Entry bonus	993	-
Share-based payments	-	1,527
Total	57,718	63,248

The emoluments with the highest emoluments are within the following bands:

	<i>Year ended 31 December</i>	
	2017 Number of individuals	2016 Number of individuals
HKD 8,500,001 to HKD 9,000,000	-	-
HKD 9,000,001 to HKD 9,500,000	-	-
HKD 9,500,001 to HKD 10,000,000	-	1
HKD 10,000,001 to HKD 15,000,000	4	2
HKD 15,000,001 to HKD 20,000,000	1	2
Total	5	5

Emoluments amounting to RMB993 thousand are paid to individuals as an inducement to join the Group or as compensation for loss of office during the reporting period. No emoluments are paid or payable to these individuals as retirement from employment.

17 Other comprehensive income

	Year ended 31 December 2017		
	Before tax	Tax (expense) /benefi	Net of tax
Available-for-sale financial assets			
- Net changes in fair value	1,756,408	(417,546)	1,338,862
- Reclassified to profit or loss	(4,861,492)	1,213,285	(3,648,207)
Share of other comprehensive income of associates and joint venture	34,436	7,197	41,633
Exchange differences on translation of financial statements in foreign currencies	(449,668)	-	(449,668)
	<hr/>	<hr/>	<hr/>
Total	(3,520,316)	802,936	(2,717,380)

	Year ended 31 December 2016		
	Before tax	Tax (expense) /benefi	Net of tax
Available-for-sale financial assets			
- Net changes in fair value	1,450,207	(414,117)	1,036,090
- Reclassified to profit or loss	(567,296)	141,824	(425,472)
Share of other comprehensive income of associates and joint venture	158,913	(46,957)	111,956
Exchange differences on translation of financial statements in foreign currencies	342,910	-	342,910
	<hr/>	<hr/>	<hr/>
Total	1,384,734	(319,250)	1,065,484

**18 Basic and diluted earnings per share**

	Note	Year ended 31 December	
		2017	2016
Profit attributable to shareholders of the Company		9,276,520	6,270,612
Weighted average number of ordinary shares (in thousands)	18(a)	7,162,769	7,162,769
Basic and diluted earnings per share attributable to equity shareholders (in Renminbi per share)		1.30	0.88

There is no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the period.

(a) Weighted average number of ordinary shares (in thousands)

	Year ended 31 December	
	2017	2016
Number of ordinary shares as at 1 January	7,162,769	7,162,769
Increase in weighted average number of ordinary shares	-	-
Weighted average number of ordinary shares	7,162,769	7,162,769

19 Property and equipment

	Buildings	Motor vehicles	Electric equipment	Furniture and fixtures	Construction in progress	Total
Cost						
As of 1 January 2017	3,500,382	152,749	651,065	130,826	63,041	4,498,063
Additions	2,819	3,023	78,045	13,665	41,758	139,310
Transfer during the year (Note 32)	41,027	-	-	-	(45,312)	(4,285)
Transfer in from investment properties (Note 20)	284,147	-	-	-	-	284,147
Disposals	(4,875)	(2,635)	(53,008)	(12,771)	-	(73,289)
	<u>3,823,500</u>	<u>153,137</u>	<u>676,102</u>	<u>131,720</u>	<u>59,487</u>	<u>4,843,946</u>
Accumulated depreciation						
As of 1 January 2017	(360,682)	(114,628)	(388,647)	(66,655)	-	(930,612)
Charge for the year	(102,872)	(11,181)	(80,627)	(16,552)	-	(211,232)
Transfer in from investment properties (Note 20)	(31,194)	-	-	-	-	(31,194)
Disposals	1,248	2,057	52,015	11,243	-	66,563
	<u>(493,500)</u>	<u>(123,752)</u>	<u>(417,259)</u>	<u>(71,964)</u>	<u>-</u>	<u>(1,106,475)</u>
Carrying amount						
As of 31 December 2017	<u>3,330,000</u>	<u>29,385</u>	<u>258,843</u>	<u>59,756</u>	<u>59,487</u>	<u>3,737,471</u>



	Buildings	Motor vehicles	Electric equipment	Furniture and fixtures	Construction in progress	Total
Cost						
As of 1 January 2016	2,572,138	150,655	610,791	78,998	761,146	4,173,728
Additions	-	5,775	81,907	19,336	121,076	228,094
Acquisition of subsidiaries	-	-	17,036	23,415	-	40,451
Transfer during the year (Note 32)	776,371	-	-	17,962	(819,181)	(24,848)
Transfer in from investment properties (Note 20)	153,595	-	-	-	-	153,595
Disposals	(1,722)	(3,681)	(58,669)	(8,885)	-	(72,957)
As of 31 December 2016	3,500,382	152,749	651,065	130,826	63,041	4,498,063
Accumulated depreciation						
As of 1 January 2016	(260,089)	(106,741)	(365,945)	(61,935)	-	(794,710)
Charge for the year	(93,719)	(11,360)	(75,745)	(13,225)	-	(194,049)
Transfer in from investment properties (Note 20)	(7,744)	-	-	-	-	(7,744)
Disposals	870	3,473	53,043	8,505	-	65,891
As of 31 December 2016	(360,682)	(114,628)	(388,647)	(66,655)	-	(930,612)
Carrying amount						
As of 31 December 2016	3,139,700	38,121	262,418	64,171	63,041	3,567,451

As of 31 December 2017 and 31 December 2016, included in buildings, there is a carrying amount of RMB38,308 thousand and RMB39,993 thousand respectively, for which the Group has yet to obtain the relevant land or building certificates.

20 Investment properties

	2017	2016
Cost		
As of 1 January	1,367,892	1,508,102
Additions	577	14,068
Transfer to property and equipment (Note 19)	(284,147)	(153,595)
Disposals	-	(683)
	<hr/>	<hr/>
As of 31 December	1,084,322	1,367,892
	<hr/>	<hr/>
Accumulated depreciation		
As of 1 January	(233,077)	(202,024)
Charge for the year	(33,187)	(39,079)
Transfer to property and equipment (Note 19)	31,194	7,744
Disposals	-	282
	<hr/>	<hr/>
As of 31 December	(235,070)	(233,077)
	<hr/>	<hr/>
Impairment		
As of 1 January	(4,547)	(4,547)
Impairment losses of the year	-	-
	<hr/>	<hr/>
As at 31 December	(4,547)	(4,547)
	<hr/>	<hr/>
Carrying amount	844,705	1,130,268
	<hr/>	<hr/>

As of 31 December 2017 and 31 December 2016, included in investment properties, there is a carrying amount of RMB136,525 thousand and RMB142,287 thousand respectively, for which the Group has yet to obtain the relevant land or building certificates.



21 Goodwill

	<i>As of 31 December</i>	
	2017	2016
Cost	2,040,399	2,040,399
Effect of exchange rate changes for cost	(68,677)	50,853
Less: Provision for impairment losses	-	-
Carrying amount	<u>1,971,722</u>	<u>2,091,252</u>

Impairment testing on goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to operating segment as follows:

	<i>As of 31 December</i>	
	2017	2016
Investment banking	51,090	51,090
Futures brokerage	252	252
Overseas asset management	1,920,380	2,039,910
Total	<u>1,971,722</u>	<u>2,091,252</u>

The Group acquired the investment banking business together with the relevant assets and liabilities, and the interest in

Huatai United Securities Co., Ltd. in 2006. The Group recognised the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the goodwill of the investment banking CGU.

The Group acquired the futures brokerage business together with the relevant assets and liabilities, and the interest in Huatai Futures Co., Ltd. (previously known as Huatai Great Wall Futures Co., Ltd.) in 2006. The Group recognised the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the goodwill of the futures brokerage CGU.

The Group acquired the overseas asset management business together with the relevant assets and liabilities, and the interest in AssetMark Financial Holdings, Inc. in 2016. The Group recognised the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the goodwill of the overseas asset management CGU.

The cash flows generated from each subsidiary acquired are independent from those of the other subsidiaries of the Group. Therefore, each of these acquired subsidiaries is a separate CGU. Management considered that the synergies arising from each acquisition mainly benefited the corresponding acquired subsidiary. Therefore, in performing the impairment test, the goodwill generated from each acquisition is allocated to the corresponding subsidiary acquired.

(i) Investment banking and futures brokerage CGU

The recoverable amounts of each CGU are determined based on value-in-use calculations respectively. These calculations use cash flow projections with reference to financial budgets approved by management covering certain period. Cash flows beyond the certain period are extrapolated using an estimated weighted average growth rate, which does not exceed the long-term average growth rate for the business in which the CGU operates and reflected specific risks related to the CGU. Other major assumptions for the recoverable amount estimation relate to the estimation of cash inflows/outflows which include budgeted income and profit margins, such estimation is based on the CGU's past performance and management's expectations for the market development.

(ii) Overseas asset management CGU

The recoverable amount of each cash-generating unit has been determined based on a value-in-use calculation using cash flow projection based on a financial budget covering a 14-year period approved by management. The discount rate applied to the cash flow projections is 13%. The growth rate used to extrapolate the cash flows of the above cash-generating units beyond the 14-year period is 3.5%. Other major assumptions for the recoverable amount estimation relate to the estimation of cash inflows/outflows which include budgeted revenue and profit margins, such estimation is based on the CGU's past performance and management's expectations for the market development.

As at 31 December 2017, the Group performed its annual goodwill impairment test. No impairments were recognised for the goodwill related to investment banking CGU, futures brokerage CGU and overseas asset management CGU. The Group believes that appropriate assumptions have been made based on available information. The key assumptions based on the cash flow projections of the asset groups may change, which may cause the recoverable amounts to be over or below its book value.

**22 Other intangible assets**

	Land use rights	Existing relationships with broker-dealers	Trade names	Software and others	Total
Cost					
As of 1 January 2017	359,161	3,957,420	317,923	1,427,847	6,062,351
Additions	-	-	-	201,540	201,540
Disposals	-	-	-	(169,849)	(169,849)
Exchange differences	-	(229,789)	(18,460)	(14,038)	(262,287)
As of 31 December 2017	359,161	3,727,631	299,463	1,445,500	5,831,755
Accumulated amortisation					
As of 1 January 2017	(63,731)	-	(2,650)	(486,946)	(553,327)
Charge for the period	(7,196)	-	(18,542)	(257,635)	(283,373)
Disposals	-	-	-	142,123	142,123
Exchange differences	-	-	324	247	571
As of 31 December 2017	(70,927)	-	(20,868)	(602,211)	(694,006)
Carrying amount					
As of 31 December 2017	288,234	3,727,631	278,595	843,289	5,137,749

	Land use rights	Existing relationships with broker-dealers	Trade names	Software and others	Total
Cost					
As of 1 January 2016	359,161	-	-	487,863	847,024
Additions	-	-	-	129,711	129,711
Acquisition of a subsidiaries	-	3,858,784	309,999	790,317	4,959,100
Other additions	-	98,636	7,924	20,340	126,900
Disposals	-	-	-	(384)	(384)
As of 31 December 2016	359,161	3,957,420	317,923	1,427,847	6,062,351
Accumulated amortisation					
As of 1 January 2016	(56,536)	-	-	(365,520)	(422,056)
Charge for the year	(7,195)	-	(2,650)	(121,771)	(131,616)
Disposals	-	-	-	345	345
As of 31 December 2016	(63,731)	-	(2,650)	(486,946)	(553,327)
Carrying amount					
As of 31 December 2016	295,430	3,957,420	315,273	940,901	5,509,024

Existing relationships with brokers and dealers are regarded as having an indefinite useful life and is not amortised because there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group.

As at 31 December 2017, the Group performed its impairment test on the above individual intangible assets based on the judgment of whether the recoverable amounts of the above individual intangible assets can be reliably estimated. The recoverable amounts are determined based on value-in-use calculation. The Group uses cash flow projections with reference to financial budget approved by management covering a 14-year period and the discount rate of 13%. The current rate has reflected the specific risks of the underlying assets. The cash flows for the years beyond the financial budget are estimated at the long-term average growth rate of 3.5%.

Based on management's impairment assessment, no impairment loss was recognised for the year ended 31 December 2017 (2016: Nil).



23 Investments in subsidiaries

(a) Details of principal subsidiaries

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. Unless otherwise stated, the class of shares held is ordinary, and the issued and fully paid-up capital is expressed in Renminbi Yuan.

Name of company	Place and date of incorporation/ establishment	Issued and fully paid-up capita	Equity interest held by the Company as of 31 December		Principal activity	Auditor ^(b) GAAP	
			2017	2016		2017	2016
Huatai United Securities Co., Ltd.	PRC 5 September 1997	RMB 997,480,000	99.72%	99.72%	Investment banking	KPMG PRC PRC GAAP	KPMG PRC PRC GAAP
Huatai Futures Co., Ltd.	PRC 10 July 1995	RMB 1,609,000,000	60.00%	60.00%	Futures brokerage	KPMG PRC PRC GAAP	KPMG PRC PRC GAAP
Huatai Zijin Investment Co., Ltd.	PRC 12 August 2008	RMB 4,700,000,000	100.00%	100.00%	Equity investment	KPMG PRC PRC GAAP	KPMG PRC PRC GAAP
Huatai Financial Holdings (Hong Kong) Limited	Hong Kong 23 November 2006	HKD 8,800,000,000	100.00%	100.00%	Securities and futures brokerage	KPMG HKFRSs	KPMG HKFRSs
Huatai Innovative Investment Co., Ltd.	PRC 21 November 2013	RMB 500,000,000	100.00%	100.00%	Alternative investment	KPMG PRC PRC GAAP	KPMG PRC PRC GAAP
Huatai Securities (Shanghai) Assets Management Co., Ltd.	PRC 16 October 2014	RMB 2,600,000,000	100.00%	100.00%	Asset management	KPMG PRC PRC GAAP	KPMG PRC PRC GAAP
Huatai Ruilin Equity Management (Limited Partnership) ⁽²⁾⁽³⁾	PRC 28 September 2014	RMB 340,000,000	31.00%	31.00%	Equity investment	KPMG PRC PRC GAAP	KPMG PRC PRC GAAP
Shenzhen Huatai Ruilin NO.1 Equity Management (Limited Partnership) ⁽²⁾⁽³⁾	PRC 22 January 2015	RMB 4,000,000	25.00%	25.00%	Equity investment	KPMG PRC PRC GAAP	KPMG PRC PRC GAAP
Beijing Huatai Ruihe Medical Industry Investment (Limited Partnership) ⁽²⁾⁽³⁾	PRC 1 June 2015	RMB 775,000,000	45.00%	45.00%	Equity investment	KPMG PRC PRC GAAP	KPMG PRC PRC GAAP
Yili Suxin Investment Fund (Limited Partnership) ⁽²⁾⁽³⁾	PRC 19 February 2016	RMB 1,330,000,000	24.73%	24.73%	Equity investment	KPMG PRC PRC GAAP	KPMG PRC PRC GAAP
AssetMark Financial Holdings, Inc. ⁽²⁾	US 1 January 1996	USD 1,000	100.00%	100.00%	Asset management	KPMG LLP US GAAP	KPMG LLP US GAAP

(1) Auditors of the respective subsidiaries of the Group are as follows:

- KPMG PRC represents KPMG Huazhen LLP, a firm of certified public accountants registered in PRC;
- KPMG represents KPMG in Hong Kong, a firm of certified public accountants registered in Hong Kong; and
- KPMG LLP represents KPMG in the United States, a firm of certified public accountants registered in the United States.

(2) These subsidiaries are indirectly controlled by the Company.

(3) As of 31 December 2017, the Company indirectly holds less than 50.00% equity interest of Huatai Ruilin Equity Management (Limited Partnership), Shenzhen Huatai Ruilin NO.1 Equity Management (Limited Partnership), Beijing Huatai Ruihe Medical Industry Investment (Limited Partnership) and Yili Suxin Investment Fund (Limited Partnership). Pursuant to the partnership agreement, the Company has the power over these funds and it is able to use the power to influence the amount of variable returns to the Company. The directors of the Company consider the Company has the power to control these funds and they are therefore accounted for as subsidiaries of the Group.

(b) Partially-owned subsidiary with material non-controlling interests

The following table lists out the information relating to Huatai Futures Co., Ltd., the only subsidiary of the Group which has material non-controlling interest ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination:

	2017	2016
NCI percentage	40%	40%
Assets	22,028,595	23,617,003
Liabilities	(19,562,577)	(21,970,840)
Net assets	2,466,018	1,646,163
Carrying amount of NCI	987,136	661,699
Revenue	1,058,604	1,024,429
Profit for the year	221,029	203,887
Other comprehensive income	(1,175)	1,680
Total comprehensive income	219,854	205,567
Profit allocated to NCI	85,685	79,832
Dividend paid to NCI	-	-
Cash flows from operating activities	(1,023,610)	3,400,114
Cash flows from investing activities	(376,404)	245,998
Cash flows from financing activities	(26,895)	177,290

**(c) Disposal of subsidiaries**

Entity name	Consideration	Share of interest disposed	Date of losing control	Reasons of losing control	Difference between consideration received and the related share of net assets in consolidated financial statements	Proportion of remaining shareholding on the date of losing control	Carrying amount of remaining equity interests on the date of losing control	Fair value of remaining equity interests on the date of losing control	Gain or loss from remeasurement of remaining equity interests to fair value	Net cash outflow on disposal of subsidiaries	Other income and gains transferred from equity related to previous equity investment in subsidiaries
Nanjing Huatai Onehealth NO.1 Equity Investment (Limited Partnership) ⁽ⁱ⁾	99,385	13.99%	February 2017	Losing power to control the fund due to divestment	44	19.55%	138,830	138,891	61	(608,694)	-
Huatai Ruilian Fund Management Co., Ltd ⁽ⁱⁱ⁾	-	-	July 2017	Decreasing voting power		42.33%	325,529	325,529	-	(232,030)	723,615

(i) In February 2017, the Group reduced 13.99% of equity investment in Nanjing Huatai Onehealth NO.1 Equity Investment (Limited Partnership). As a result, the Group lost control of Nanjing Huatai Onehealth NO.1 Equity Investment (Limited Partnership).

(ii) In July 2017, the Group lost control over Huatai Ruilian Fund Management Co., Ltd (“Huatai Ruilian”) and its 3 subsidiaries as well as private equity funds within consolidation scope due to the Group’s decreased voting power in the Board of Huatai Ruilian. Based on the composition and decision making mechanism of the Board of Directors of Huatai Ruilian, the Group considers that it has only retained the power to participate in the financial and operating policy decisions of the Huatai Ruilian, and was no longer exclusively possessing the power to govern policy decisions of Huatai Ruilian. Thus the Group changed the accounting treatment of equity investment in Huatai Ruilian from investment in subsidiaries to interest in associates using the equity method.

24 Interest in associates

	As of 31 December	
	2017	2016
Share of net assets	8,895,908	3,075,521

The following list contains only the particulars of material associates, all of which (except for Bank of Jiangsu Co., Ltd. ("Bank of Jiangsu") has been listed on the Shanghai Stock Exchange) are unlisted corporate entities whose quoted market price is not available:

Name of associate	Registered place	Registered capital	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the Company	Held by a subsidiary	
Bank of Jiangsu ⁽ⁱ⁾	Nanjing	11,544,450	5.54%	5.54%	-	Commercial banking
China Southern Asset Management Co., Ltd.	Shenzhen	300,000	45%	45%	-	Fund management

All of the above associates are accounted for using the equity method in the consolidated financial statements.

(i) The Group acquired shares in Bank of Jiangsu after obtaining the approval from the relevant authorities in 2006, and has appointed one non-executive director in the board of directors of Bank of Jiangsu. Pursuant to the approval document, the Group should not substantially participate in the operational management of Bank of Jiangsu. As such, the Group considered that it had no control, joint control or significant influence over Bank of Jiangsu. The equity investment was accounted for as an available-for-sale financial asset measured at fair value. In December 2017, the Group has received a notice from Jiangsu Provincial State-Owned Assets Supervision and Administration Commission ("the Notice") requiring the Group to "fully exercise its shareholder's rights, effectively exert its significant influence on the board of directors of Bank of Jiangsu and maintain stable shareholding in Bank of Jiangsu". In order to implement the requirements of the Notice, on 28 December 2017, the Group, as resolved by its management meeting, decided to change the nature of its equity investment in Bank of Jiangsu from financial investment to strategic investment, formulated certain specific implementation measures that had a significant influence over Bank of Jiangsu and changed the accounting treatment of equity investment in Bank of Jiangsu from available-for-sale financial assets to interest in associates using the equity method.



Summarised financial information of Bank of Jiangsu and China Southern Asset Management Co., Ltd which are individually significant associate to the Group, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

Bank of Jiangsu

	2017
Gross amounts of the associate	
Assets	1,770,551,000
Liabilities	(1,657,725,460)
Net assets	112,825,540
Revenue	33,839,000
Profit for the year	12,093,900
Other comprehensive income	(1,398,413)
Total comprehensive income	10,695,487
Dividend received from the associate ⁽ⁱ⁾	113,920
Reconciled to the Group's interest in the associate:	
Net assets of the associate attributable to the parent company	91,167,000
The Group's effective interest	5.54%
The Group's share of net assets of the associate	5,054,101
Carrying amount in the consolidated financial statements	5,054,101

(i) The dividend was received by the Company in June 2017 which was distributed by Bank of Jiangsu before the date on which the Company changed the accounting treatment on equity investment in Bank of Jiangsu. Therefore, the dividend was not credited to interest in associates.

China Southern Asset Management Co., Ltd.

	2017	2016
Gross amounts of the associate		
Assets	8,072,936	6,374,667
Liabilities	(3,439,371)	(2,238,236)
Net assets	4,633,565	4,136,431
Revenue	3,424,320	3,002,467
Profit for the year	942,049	825,788
Other comprehensive income	1,058	(24,967)
Total comprehensive income	943,107	800,821
Dividend received from the associate	162,000	162,000
Reconciled to the Group's interest in the associate:		
Net assets of the associate attributable to the parent company	4,516,252	3,955,410
The Group's effective interest	45%	45%
The Group's share of net assets of the associate	2,032,314	1,779,934
Carrying amount in the consolidated financial statements	2,032,314	1,779,934

Aggregate information of associates that are not individually material:

	2017	2016
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	1,809,493	1,295,587
Aggregate amounts of the Group's share of those associates' gains	126,882	96,195
Other comprehensive income	35,799	170,148
Total comprehensive income	162,681	266,343



25 Interest in joint venture

	<i>As at 31 December</i>	
	2017	2016
Share of net assets	-	301,756

Details of the Group's interest in the joint venture, which is accounted for using the equity method in the consolidated financial statements, are as follows:

Name of joint venture	Registered place	Registered capital	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the Company	Held by a subsidiary	
Huatai Merchants (Jiangsu) Capital Market Investment Fund of Funds (Limited Partnership)	Nanjing	10,020,000	10%	-	10%	Equity investment

As at 31 December 2016, the Group holds 10% equity interest of Huatai Merchant (Jiangsu) Capital Market Investment Fund of Funds (Limited Partnership). Pursuant to the partnership agreement, the Group and the third party contractually agree to share control of the fund, and have rights to the net assets of the fund. The directors of the Group consider the fund is jointly controlled by the Group and the third party, and it is therefore accounted for as joint venture of the Group. As at 31 December 2017, the Group lost the rights to share control of the fund. Thus the Group changed the accounting treatment of equity investment in the fund from investment in joint venture using the equity method to available-to-sale financial assets.

26 Held-to-maturity investments

	<i>As at 31 December</i>	
	2017	2016
Listed outside Hong Kong:		
- Debt securities	-	5,000

27 Available-for-sale financial assets

Non-current

	<i>As at 31 December</i>	
	2017	2016
At fair value:		
- Equity securities	6,548,624	17,103,586
- Debt securities	11,883,339	143,655
- Funds	10,057	-
- Wealth management products	11,324,909	13,970,874
At cost:		
- Equity securities	5,716	5,716
Less: Impairment losses	(5,716)	(5,716)
Total	29,766,929	31,218,115
Analysed as:		
Listed outside Hong Kong	9,359,410	6,886,017
Unlisted	20,407,519	24,332,098
Total	29,766,929	31,218,115



Current

	<i>As at 31 December</i>	
	2017	2016
At fair value:		
- Equity securities	10,510,861	9,232,942
- Debt securities	3,223,006	836,775
- Funds	156,423	688,970
- Wealth management products	983,276	1,759,760
Less: Impairment losses	(57,327)	-
Total	14,816,239	12,518,447
Analysed as:		
Listed outside Hong Kong	12,153,725	10,627,289
Listed inside Hong Kong	8,621	34,521
Unlisted	2,653,893	1,856,637
Total	14,816,239	12,518,447

As at 31 December 2017, the available-for-sale financial assets above contained the special account investment. The Company has entered into the agreement with China Securities Finance Corporation Limited (CSF), contributed to the special account established and managed by CSF for unified operation. Risk and income arising from the investment shall be shared by all securities firms according to the proportion of their respective contribution. As at 31 December 2017 and 31 December 2016, the fair value of the Company's contribution recognised by the Company was RMB11,096 million and RMB13,621 million based on the investment account statement provided by CSF.

As at 31 December 2017 and 31 December 2016, the fund investments with lock-up periods held by the Group are RMB124,338 thousand and RMB2,958 thousand respectively. The fair values of these funds have taken into account the relevant features including the restrictions.

As at 31 December 2017 and 31 December 2016, the non-current listed equity securities held by the Group included investments in restricted shares of approximately RMB 475,631 thousand and RMB6,742,362 thousand, respectively. The restricted shares are listed in the PRC with a legally enforceable restriction on these securities that prevents the Group to dispose of within the specified period. The fair values of these securities have taken into account the relevant features including the restrictions.

The equity interest in unlisted securities held by the Group are issued by private companies. As the reasonable range of fair value estimation is so significant that the directors of the Company are of the opinion that for those of which the fair value cannot be measured reliably, the value of the securities is measured at cost less impairment at the reporting date. And for the fair value of the equity which can be measured reliably, the value of the securities is measured by applying valuation models.

Non-current available-for-sale investments are expected to be realised or restricted for sale beyond one year from the end of the respective reporting periods. The fair value of the Group's investments in unlisted funds, which mainly invest in publicly traded equities listed in the PRC, are valued based on the net asset values of the funds calculated by the respective fund managers by reference to their underlying assets and liabilities' fair values.

The fair value of the Group's investments in equity securities without restriction, exchange-listed funds and debt securities are determined with reference to their quoted prices as at reporting date.

As at 31 December 2017, the Group has entered into securities lending arrangement with clients that resulted in the transfer of available-for-sale investments with total fair value of RMB5,592 thousand to external clients, and it did not result in derecognition of the financial assets. The fair value of collaterals for the securities lending business is analysed in Note 35(c) together with the fair value of collaterals of margin financing business. The Group has no such securities lending arrangement as at 31 December 2016.

As of 31 December 2017, the Group has pledged available-for-sale investment with a total fair value of RMB1,271,051 thousand to CSF for the purpose of replacement. The fair values of these securities have taken into account the relevant features including the restrictions. As at 31 December 2016, the Group did not pledge the available-for-sale investment to CSF.

As of 31 December 2017, the Group has pledged available-for-sale investment with a total fair value of RMB9,308,650 thousand for the purpose of repurchase agreement business. The fair values of these securities have taken into account the relevant features including the restrictions. As at 31 December 2016, the Group did not pledge the available-for-sale investment for repurchase agreement business.

**28 Financial assets held under resale agreements****(a) Analysed by collateral type:**

Non-current

	<i>As at 31 December</i>	
	2017	2016
Equity securities	8,433,090	8,938,155
Less: Impairment losses	(8,786)	(7,759)
Total	8,424,304	8,930,396

Current

	<i>As at 31 December</i>	
	2017	2016
Equity securities	39,979,757	28,848,644
Debt securities	13,458,628	8,573,060
Others	86	2,953
Less: Impairment losses	(57,460)	(23,871)
Total	53,381,011	37,400,786

(b) Analysed by market:

Non-current

	<i>As at 31 December</i>	
	2017	2016
Shenzhen stock exchange	7,369,590	8,394,760
Shanghai stock exchange	1,063,500	543,395
Less: Impairment losses	(8,786)	(7,759)
Total	8,424,304	8,930,396

Current

	<i>As at 31 December</i>	
	2017	2016
Shenzhen stock exchange	36,403,031	24,982,056
Shanghai stock exchange	5,086,265	5,114,378
Inter-bank market	11,845,688	7,328,223
Others	103,487	-
Less: Impairment losses	(57,460)	(23,871)
Total	53,381,011	37,400,786

(c) Analysis of the movement of provision for impairment losses:

	<i>As at 31 December</i>	
	2017	2016
At the beginning of the year	31,630	16,012
Charge for the year	42,909	17,682
Reversal of impairment	(8,293)	(2,064)
At the end of the year	66,246	31,630



29 Financial assets at fair value through profit or loss

Non-current

(a) Analysed by type:

	As at 31 December	
	2017	2016
Financial assets designated at fair value through profit or loss:		
- Wealth management products	1,796,667	1,294,444
Total	1,796,667	1,294,444

(b) Analysed as:

	As at 31 December	
	2017	2016
Financial assets designated at fair value through profit or loss:		
- Unlisted	1,796,667	1,294,444
Total	1,796,667	1,294,444

Current

(a) Analysed by type:

	<i>As at 31 December</i>	
	2017	2016
Held for trading:		
- Debt securities	55,045,651	50,293,491
- Funds	17,460,228	22,744,645
- Equity securities	7,644,385	4,565,506
- Wealth management products	2,603,491	4,209,145
	<hr/>	<hr/>
Total	82,753,755	81,812,787
	<hr/> <hr/>	<hr/> <hr/>

(b) Analysed as:

	<i>As at 31 December</i>	
	2017	2016
Held for trading:		
- Listed outside Hong Kong	38,740,252	59,548,602
- Listed in Hong Kong	2,709,081	124,792
- Unlisted	41,304,422	22,139,393
	<hr/>	<hr/>
Total	82,753,755	81,812,787
	<hr/> <hr/>	<hr/> <hr/>

As of 31 December 2017, the Group has pledged financial assets at fair value through profit or loss with a total fair value of RMB15,924,235 thousand for the purpose of repurchase agreement business and bond lending business.

**30 Refundable deposits**

	<i>As at 31 December</i>	
	2017	2016
Deposits with stock exchanges		
- China Securities Depository and Clearing Corporation Limited	501,501	452,046
- Hong Kong Securities Clearing Company Limited	12,897	8,213
	<hr/>	<hr/>
	514,398	460,259
	<hr/>	<hr/>
Deposits with futures and commodity exchanges		
- China Financial Futures Exchange	1,780,405	2,993,065
- Shanghai Futures Exchange	1,719,349	1,425,906
- Dalian Commodity Exchange	1,383,878	1,202,923
- Zhengzhou Commodity Exchange	1,001,240	710,754
- Overseas Commodity Exchange	30,052	90
	<hr/>	<hr/>
	5,914,924	6,332,738
	<hr/>	<hr/>
Deposits with other institutions		
- China Securities Finance Corporation Limited	771,339	1,249,255
- Shanghai Clearing House	101,324	116,070
- Shanghai Gold Exchange	300	300
- Others financial institutions	-	6
	<hr/>	<hr/>
	872,963	1,365,631
	<hr/>	<hr/>
Total	<hr/> <hr/> 7,302,285	<hr/> <hr/> 8,158,628

31 Deferred taxation

(a) The components of deferred tax assets / (liabilities) recognised in the consolidated statements of financial position and the movements during the year are as follows:

Deferred tax arising from:	Provision for impairment losses	Employee benefits payable	Changes in fair value of financial instruments at fair value through profit or loss	Changes in fair value of derivative financial instruments	Changes in fair value of available-for-sale financial assets	Intangible assets recognised in the acquisition	Others	Total
As at 1 January 2017	111,222	1,302,235	(309,823)	179,051	(1,242,901)	(1,735,046)	(310,788)	(2,006,050)
Recognised in profit or loss	63,408	245,124	52,528	124,706	-	545,948	(1,334,498)	(302,784)
Recognised in reserves	-	-	-	-	850,841	-	(897)	849,944
As at 31 December 2017	174,630	1,547,359	(257,295)	303,757	(392,060)	(1,189,098)	(1,646,183)	(1,458,890)
As at 1 January 2016	121,050	891,803	(652,761)	576,473	(1,031,065)	-	(44,710)	(139,210)
Recognised in profit or loss	(9,828)	397,188	342,938	(397,422)	-	(65,743)	(402,032)	(134,899)
Acquisition of subsidiaries	-	13,244	-	-	-	(1,669,303)	182,910	(1,473,149)
Recognised in reserves	-	-	-	-	(211,836)	-	(46,956)	(258,792)
As at 31 December 2016	111,222	1,302,235	(309,823)	179,051	(1,242,901)	(1,735,046)	(310,788)	(2,006,050)

**(b) Reconciliation to the statements of financial position**

	<i>As at 31 December</i>	
	2017	2016
Net deferred tax assets recognised in the statement of financial position	472,556	556,094
Net deferred tax liabilities recognised in the statement of financial position	(1,931,446)	(2,562,144)
Total	(1,458,890)	(2,006,050)

(c) Deferred tax assets not recognised

As at 31 December 2017 and 31 December 2016, in accordance with the accounting policy set out in Note 2(18) (ii), the Group has not recognised unused tax losses of RMB1,323,946 thousand and RMB796,965 thousand respectively as deferred tax assets, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. Most of the tax losses will not expire under current tax legislation.

32 Other non-current assets**(a) Analysed by nature:**

	<i>As at 31 December</i>	
	2017	2016
Leasehold improvements and long-term deferred expenses	81,047	79,070

(b) The movements of leasehold improvements and long-term deferred expenses are as below:

	As at 31 December	
	2017	2016
Balance at beginning of the year	79,070	78,174
Additions	36,206	19,831
Transfer in from property and equipment (Note 19)	4,285	24,848
Amortisation	(38,514)	(43,783)
Balance at end of the year	81,047	79,070

33 Accounts receivable**(a) Analysed by nature:**

	As at 31 December	
	2017	2016
Accounts receivable of:		
- Fee and commission	524,805	473,989
- Settlement	428,818	55,678
- Redemption of open-ended fund	409,186	35,110
- Return swap	191,329	-
- Subscription receivable	142,612	122,857
- Brokers, dealers and clearing house	85,081	287,864
- Others	208,424	20,539
Less: Provision for impairment losses	(9,918)	(4,624)
Total	1,980,337	991,413

**(b) Analysed by aging:**

As at the end of the reporting period, the aging analysis of accounts receivable, based on the trade date, is as follows:

	<i>As at 31 December</i>	
	2017	2016
Within 1 month	1,498,523	875,284
1 to 3 months	372,601	63,395
Over 3 months	109,213	52,734
Total	1,980,337	991,413

(c) Analysis of the movement of provision for impairment losses:

	<i>As at 31 December</i>	
	2017	2016
At the beginning of the year	4,624	1,850
Charge for the year	10,561	2,774
Reversal of impairment	-	-
Amounts written-off	(5,267)	-
At the end of the year	9,918	4,624

(d) Accounts receivable that is not impaired

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

34 Other receivables and prepayments

(a) Analysed by nature:

	As at 31 December	
	2017	2016
Interest receivable	5,630,981	4,154,103
Other receivables ⁽¹⁾	630,376	973,582
Deferred expenses	71,718	22,974
Others	341,033	259,059
Less: Impairment on other receivables and prepayments	(414,547)	(339,235)
Total	6,259,561	5,070,483

(1) The balance of others mainly represents the amount due from non-controlling shareholders of Huatai United Securities Co., Ltd., receivables from securities investor protection fund, and sundry receivables arising from normal course of business.

(b) Analysis of the movement of provision for impairment losses:

	As at 31 December	
	2017	2016
At the beginning of the year	339,235	396,297
Charge for the year	79,267	2,282
Reversal of impairment	(3,824)	(56,781)
Amounts written-off	(131)	(2,563)
At the end of the year	414,547	339,235



35 Margin accounts receivable

(a) Margin accounts receivable

	<i>As at 31 December</i>	
	2017	2016
Individuals	57,810,197	53,792,895
Institutions	2,321,474	2,871,343
Less: Impairment losses	(140,217)	(59,134)
Total	59,991,454	56,605,104

(b) Analysis of the movement of provision for impairment losses:

	<i>As at 31 December</i>	
	2017	2016
At the beginning of the year	59,134	59,780
Charge for the year	89,909	8,567
Reversal of impairment	(8,826)	(9,213)
At the end of the year	140,217	59,134

(c) The fair value of collaterals for margin financing and securities lending business is analysed as the followings:

	As at 31 December	
	2017	2016
Fair value of collaterals:		
- Equity securities	159,051,344	156,933,396
- Cash	7,461,800	12,944,433
- Funds	683,609	234,571
- Debt securities	65,559	13,045
	<hr/>	<hr/>
Total	167,262,312	170,125,445
	<hr/> <hr/>	<hr/> <hr/>

The Group evaluates the collectability of receivable from margin clients based on management's assessment on the credit rating, collateral value and the past collection history of each margin client.

**36 Derivative financial instruments**

	As at 31 December 2017		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives	48,494,434	12,003	(6,373)
- Treasury futures	1,149,434	900	-
- Interest rate swap	47,345,000	11,103	(6,373)
Currency derivatives	457,394	-	(17,341)
- Currency swaps	457,394	-	(17,341)
Equity derivatives	49,428,114	392,326	(1,085,559)
- Stock index futures	266,835	3,607	(639)
- Equity return swaps	4,162,375	96,627	(828,925)
- Exchange-traded options	2,527,561	37,491	(29,510)
- Over-the-counter options	42,471,343	254,601	(226,485)
Credit derivatives	130,684	-	(1,854)
- Credit default swaps	130,684	-	(1,854)
Others	11,947,244	-	(531,163)
- Forward contracts	11,945,665	-	(531,129)
- Commodity futures	278	-	(7)
- Commodity options	1,301	-	(27)
Total	110,457,870	404,329	(1,642,290)
Less: settlement		(12,615)	7
Net position		391,714	(1,642,283)

	As at 31 December 2016		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives	44,336,843	64,094	(31,865)
- Treasury futures	876,843	-	(10,754)
- Interest rate swap	43,460,000	64,094	(21,111)
Currency derivatives	3,468,500	4,834	(3,286)
- Currency swaps	3,468,500	4,834	(3,286)
Equity derivatives	45,106,918	93,536	(387,618)
- Stock index futures	23,742	43	-
- Equity return swaps	868,300	65,246	(370,969)
- Exchange-traded options	481,395	8,005	(6,240)
- Over-the-counter options	43,733,481	20,242	(10,409)
Credit derivatives	2,081,100	1,260	(896)
- Credit default swaps	2,081,100	1,260	(896)
Others	15,237,775	794	(451,100)
- Forward contracts	15,189,090	768	(451,100)
- Commodity futures	48,685	26	-
Total	110,231,136	164,518	(874,765)
Less: settlement		(57,927)	10,754
Net position		106,591	(864,011)

Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in interest rate swap contracts settling with Shanghai Clearing House, stock index futures, treasury futures and certain commodity futures trading through Huatai Futures Co., Ltd., were settled daily and the corresponding receipts and payments were included in "clearing settlement funds". Accordingly, the Group has maintained no open position for these contracts at 31 December 2017 and 31 December 2016.



37 Clearing settlement funds

	<i>As at 31 December</i>	
	2017	2016
Deposits with stock exchanges		
- China Securities Depository and Clearing Corporation Limited	1,143,758	1,222,971
- Hong Kong Securities Clearing Company Limited	3,349	2,633
Deposits with other institutions	341	3,197
Total	1,147,448	1,228,801

38 Cash held on behalf of brokerage clients

The Group maintains segregated deposit accounts with banks and authorized institutions to hold clients' monies arising from its normal course of business. The Group has classified the brokerage clients' monies as cash held on behalf of brokerage clients under the current assets section of the consolidated statements of financial position, and recognised the corresponding accounts payable to the respective brokerage clients on the grounds that they are liable for any loss or misappropriation of their brokerage clients' monies. In the PRC, cash held on behalf of brokerage clients for their transaction and settlement funds is restricted and governed by relevant third-party deposit regulations issued by the CSRC. In Hong Kong, cash held on behalf of brokerage clients is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

39 Cash and bank balances

	<i>As at 31 December</i>	
	2017	2016
Cash on hand	194	381
Bank balances	27,025,936	45,229,651
Total	27,026,130	45,230,032

Bank balances comprise time and demand deposits which bear interest at the prevailing market rates.

40 Cash and cash equivalents

(a) Cash and cash equivalents comprise:

	As at 31 December	
	2017	2016
Cash on hand	194	381
Bank balances	27,025,936	45,229,651
Clearing settlement funds	1,147,448	1,228,801
Financial assets held under resale agreements within 3 months	13,458,300	7,932,804
Less: restricted bank deposits	(10,253,293)	(22,740,023)
Total	31,378,585	31,651,614

The restricted bank deposits include bank deposits with original maturity of more than three months held by the Group, minimum liquid capital restriction deposits and risk reserve deposits.

(b) Reconciliation of liabilities arising from financing activities:



The following table details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the cash flow statement as cash flows from financing activities.

	Short-term debt instrument	Long-term bonds	Other debt instruments	Retained earnings	Non-controlling interests	Total
At 1 January 2017	1,621,000	75,847,816	460,255	16,194,936	1,302,740	95,426,747
Changes from financing cash flows						
Proceeds from issuance	42,258,270	31,000,000	-	-	-	73,258,270
Repayment of borrowings	(17,223,260)	(29,500,000)	(460,255)	-	-	(47,183,515)
Capital injection from non-controlling interests	-	-	-	-	265,233	265,233
Interest paid	(220,186)	(3,436,221)	(10,810)	-	-	(3,667,217)
Dividend paid	-	-	-	(3,581,384)	(1,620)	(3,583,004)
Total changes from financing cash flows	24,814,824	(1,936,221)	(471,065)	(3,581,384)	263,613	19,089,767
Other changes						
Interest expenses	521,294	3,407,715	10,801	-	-	3,939,810
Total liability-related other changes	521,294	3,407,715	10,801	-	-	3,939,810
Total equity-related other changes						
	-	-	-	6,363,663	(312,379)	6,051,284
As at 31 December 2017	26,957,118	77,319,310	(9)	18,977,215	1,253,974	124,507,608

41 Short-term bank loans

	As at 31 December	
	2017	2016
Collateralised loans	-	460,255

42 Short-term debt instruments issued

As at 31 December 2017

Name	Par value Original currency	Issuance date	Due date	Issue amount Original currency	Nominal interest rate
17 HUATAI 05 ⁽¹⁾	RMB4,000,000	11/08/2017	11/08/2018	RMB4,000,000	4.65%
17 HUATAI C3 ⁽²⁾	RMB2,000,000	14/09/2017	14/09/2018	RMB2,000,000	5.00%
17 HUATAI 07 ⁽³⁾	RMB4,000,000	20/11/2017	20/11/2018	RMB4,000,000	5.20%
Structured notes ⁽⁴⁾	RMB16,656,010	Note(4)	Note(4)	RMB16,656,010	Note(4)

Name	Book value as at 1 January 2017 RMB equivalent	Increase RMB equivalent	Amount of amortisation RMB equivalent	Decrease RMB equivalent	Book value as at 31 December 2017 RMB equivalent
17 HUATAI 05 ⁽¹⁾	-	4,000,000	-	-	4,000,000
17 HUATAI C3 ⁽²⁾	-	2,000,000	-	-	2,000,000
17 HUATAI 07 ⁽³⁾	-	4,000,000	-	-	4,000,000
Structured notes ⁽⁴⁾	1,621,000	32,258,270	-	(17,223,260)	16,656,010
Total	1,621,000	42,258,270	-	(17,223,260)	26,656,010

As at 31 December 2016

Name	Par value Original currency	Issuance date	Due date	Issue amount Original currency	Nominal interest rate
Structured notes	RMB1,621,000	-	-	RMB1,621,000	-

Name	Book value as at 1 January 2016 RMB equivalent	Increase RMB equivalent	Amount of amortisation RMB equivalent	Decrease RMB equivalent	Book value as at 31 December 2016 RMB equivalent
Structured notes	1,053,004	5,035,260	-	(4,467,264)	1,621,000



- (1) The Company has issued a 1-year corporate bond with a total nominal amount of RMB4 billion on 11 August 2017.
- (2) The Company has issued a 1-year subordinated bond with a total nominal amount of RMB2 billion on 14 September 2017.
- (3) The Company has issued a 1-year corporate bond with a total nominal amount of RMB4 billion on 20 November 2017.
- (4) In 2017, the Company has issued 284 tranches of structured notes, bearing interest ranging from 4.34% to 6.81% per annum, repayable within 1 year. Structured notes repayable more than 1 year are classified as “Long-term bonds” (Note 50).

43 Placements from other financial institutions

	<i>As at 31 December</i>	
	2017	2016
Placements from China Securities Finance Co., Ltd.	6,500,000	6,650,000
Interbank lendings	529,998	-
Total	<u>7,029,998</u>	<u>6,650,000</u>

As at 31 December 2017, the interbank lendings are unsecured, bearing interest of 5.00%-7.30% per annum, with maturities within 263 days, and the placements from China Securities Finance Co., Ltd. are secured by the securities investment held by the Group, bearing interest of 5.10% per annum, with maturities within 150 days.

44 Accounts payable to brokerage clients

	<i>As at 31 December</i>	
	2017	2016
Clients' deposits for brokerage trading	59,717,526	82,617,056
Clients' deposits for margin financing and securities lending	7,618,019	10,111,781
Total	<u>67,335,545</u>	<u>92,728,837</u>

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

The majority of the accounts payable balances are repayable on demand except where certain accounts payable to brokerage clients represent monies received from clients for their margin financing activities under normal course of business, such as margin financing and securities lending. Only the excess amounts over the required margin deposits and cash collateral stipulated are repayable on demand.

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

45 Employee benefits payable

Employee benefits payable

	As at 31 December 2017			
	As of 1 January	Accrued for the year	Payments made	As at 31 December
Salaries, bonuses and allowance	4,984,706	1,961,415	(895,937)	6,050,184
Cash-settled share-based payments	3,646	24,812	-	28,458
Total	4,988,352	1,986,227	(895,937)	6,078,642

	As at 31 December 2016			
	As of 1 January	Accrued for the year	Payments made	As of 31 December
Salaries, bonuses and allowance	3,366,621	2,254,291	(636,206)	4,984,706
Cash-settled share-based payments	-	3,646	-	3,646
Total	3,366,621	2,257,937	(636,206)	4,988,352



Current

	As at 31 December 2017			
	As at 1 January	Accrued for the year	Payments made	As at 31 December
Salaries, bonuses and allowance	2,477,157	4,165,506	(4,001,545)	2,641,118
Contribution to pension scheme	190	314,071	(313,061)	1,200
Other social welfare	39,743	564,392	(577,676)	26,459
Total	2,517,090	5,043,969	(4,892,282)	2,668,777

	As at 31 December 2016				
	As at 1 January	Additions through business combinations	Accrued for the year	Payments made	As at 31 December
Salaries, bonuses and allowance	2,788,192	104,859	2,811,982	(3,227,876)	2,477,157
Contribution to pension scheme	138	-	188,973	(188,921)	190
Other social welfare	19,457	11,372	410,512	(401,598)	39,743
Total	2,807,787	116,231	3,411,467	(3,818,395)	2,517,090

(a) Share-based payment of a subsidiary

(i) Summary information about share-based payments of a subsidiary

	Year ended 31 December			
	As at 1 January	Accrued for the year	Payments made	As at 31 December
Cash-settled share-based payments				
- USD equivalent to RMB	3,646	24,812	-	28,458

(ii) Cash-settled share-based payments

AssetMark Holdings, LLC, a subsidiary of the Group, granted a share-based compensation to all officers of its subsidiary, AssetMark Financial Holdings, Inc, at 1 November 2016. The share-based compensation is calculated based on the fair value of Class C common units of AssetMark Holdings, LLC. The vesting conditions consist of service time and performance conditions. The options will vest in 3 years after the grant date and are exercisable with a period of 4 to 8 years.

Incentive unit activity during the year ended 31 December 2017 is as follows:

	Share quantities	Weighted average remaining contractual years
Balance at 1 January 2017	8,075.04	7.80
- Granted	623.35	7.37
- Forfeited	(148.26)	6.83
Balance at 31 December 2017	8,550.13	6.87

As at 31 December 2017, the accumulated amount of liabilities arising from cash-settled share-based payments was USD4,355 thousand, equivalent to RMB28,458 thousand, and total expenses recognised for the year arising from cash-settled share-based payments amounted to RMB24,812 thousand.

Share-based payments for services are calculated at fair value. The method for determining the fair value of liabilities based on the shares or other equity instruments assumed by the Group is Monte Carlo simulation.

**46 Other payables and accruals**

	<i>As at 31 December</i>	
	2017	2016
Payables to interest holders of consolidated structured entities ⁽¹⁾	51,519,774	68,380,572
Trade payable	3,002,452	711,543
Interest payable	2,382,951	2,155,236
Payable to open-ended funds	1,332,196	5,169,259
Redemption payables	1,022,606	-
Settlement payables	750,436	632,679
Payable for office building construction	663,683	799,554
Other tax payable	544,039	385,413
Dividend to be converted to the investment capital of consolidated structured entities	214,259	156,862
Fee and commission payable	206,920	217,276
Futures risk reserve	98,750	107,404
Payable to the securities investor protection fund	92,159	131,333
Payable to brokerage agents	38,961	52,964
Others ⁽²⁾	746,049	771,600
Total	62,615,235	79,671,695

(1) The financial liabilities arising from the consolidated structured entities with underlying investments in money market and fixed income instruments are classified as other payables and accruals in these consolidated financial statements. It is because, the Group has an obligation to pay other investors upon maturity dates of the structured entities based on the net book value and related terms of those consolidated asset management schemes.

(2) The balance of others mainly represents payable to the joint bonds underwriters, and sundry payables arising from normal course of business.

47 Financial assets sold under repurchase agreements

(a) Analysed by collateral type:

Non-current

	<i>As at 31 December</i>	
	2017	2016
Margin loans receivable backed repurchase	1,000,000	-

Current

	<i>As at 31 December</i>	
	2017	2016
Debt securities	22,421,537	12,411,375
Margin loans receivable backed repurchase	1,500,000	5,800,000
Securities-backed lending repurchase	-	1,252,000
Total	23,921,537	19,463,375

(b) Analysed by market:

Non-current

	<i>As at 31 December</i>	
	2017	2016
Over-the-counter	1,000,000	-



Current

	<i>As at 31 December</i>	
	2017	2016
Inter-bank market	6,101,557	8,235,490
Shanghai stock exchange	14,526,100	4,055,200
Shenzhen stock exchange	735,076	70,000
Over-the-counter	2,558,804	7,102,685
Total	23,921,537	19,463,375

48 Financial liabilities at fair value through profit or loss

Non-current

	<i>As at 31 December</i>	
	2017	2016
Financial liabilities designated at fair value through profit or loss	2,345,668	25,163,711

Current

	<i>As at 31 December</i>	
	2017	2016
Financial liabilities held for trading	11,907,337	2,604,066
Financial liabilities designated at fair value through profit or loss	128,323	152,201
Total	12,035,660	2,756,267

In the consolidated financial statements, the financial liabilities arising from consolidation of structured entities and private funds with the underlying investments related to listed equity investments in active markets and unlisted equities are designated at fair value through profit or loss by the Group, as the Group has the obligation to pay other investors or limited partners upon maturity dates of the structured entities based on net book value and related terms of those consolidated asset management schemes or private equity funds.

49 Long-term bonds due within one year

As at 31 December 2017

Name	Par value Original currency	Issuance date	Due date	Issue amount Original currency	Nominal interest rate
13 HUATAI 01 ⁽¹⁾	RMB4,000,000	05/06/2013	05/06/2018	RMB4,000,000	4.68%
15 HUATAI 01 ⁽²⁾	RMB6,000,000	22/01/2015	23/01/2017	RMB6,000,000	5.90%
15 HUATAI 03 ⁽³⁾	RMB5,000,000	20/04/2015	21/04/2020	RMB5,000,000	5.80%
15 HUATAI 04 ⁽⁴⁾	RMB18,000,000	25/06/2015	26/06/2017	RMB18,000,000	5.50%
15 HUATAI G1 ⁽⁵⁾	RMB6,600,000	29/06/2015	29/06/2018	RMB6,600,000	4.20%
17 HUATAI 01 ⁽⁶⁾	RMB6,000,000	24/02/2017	24/08/2018	RMB6,000,000	4.50%
Structured notes ⁽⁷⁾	RMB1,900,000	Note(7)	Note(7)	RMB1,900,000	2.40% - 5.00%

Name	Book value as at 1 January 2017 RMB equivalent	Increase RMB equivalent	Amount of amortisation RMB equivalent	Decrease RMB equivalent	Book value as at 31 December 2017 RMB equivalent
13 HUATAI 01 ⁽¹⁾	-	3,997,332	1,894	-	3,999,226
15 HUATAI 01 ⁽²⁾	6,000,000	-	-	(6,000,000)	-
15 HUATAI 03 ⁽³⁾	-	5,000,000	-	-	5,000,000
15 HUATAI 04 ⁽⁴⁾	18,000,000	-	-	(18,000,000)	-
15 HUATAI G1 ⁽⁵⁾	-	6,594,798	3,456	-	6,598,254
17 HUATAI 01 ⁽⁶⁾	-	6,000,000	-	-	6,000,000
Structured notes ⁽⁷⁾	1,900,000	-	-	(1,900,000)	-
Total	25,900,000	21,592,130	5,350	(25,900,000)	21,597,480



As at 31 December 2016

Name	Par value Original currency	Issuance date	Due date	Issue amount Original currency	Nominal interest rate
14 HUATAI 02	RMB3,000,000	18/04/2014	21/04/2016	RMB3,000,000	6.15%
14 HUATAI 04	RMB4,000,000	26/09/2014	29/09/2018	RMB4,000,000	5.90%
15 HUATAI 01 ⁽²⁾	RMB6,000,000	22/01/2015	23/01/2017	RMB6,000,000	5.90%
15 HUATAI 02	RMB7,000,000	20/04/2015	21/04/2017	RMB7,000,000	5.60%
15 HUATAI 04 ⁽⁴⁾	RMB18,000,000	25/06/2015	26/06/2017	RMB18,000,000	5.50%
15 HUATAIQI	RMB600,000	22/07/2015	22/07/2019	RMB600,000	5.80%
Structured notes	RMB3,580,000	-	-	RMB3,580,000	2.40% - 5.00%

Name	Book value as at 1 January 2016 RMB equivalent	Increase RMB equivalent	Amount of amortisation RMB equivalent	Decrease RMB equivalent	Book value as at 31 December 2016 RMB equivalent
14 HUATAI 02	2,998,178	-	1,822	(3,000,000)	-
14 HUATAI 04	-	4,000,000	-	(4,000,000)	-
15 HUATAI 01 ⁽²⁾	-	6,000,000	-	-	6,000,000
15 HUATAI 02	-	7,000,000	-	(7,000,000)	-
15 HUATAI 04 ⁽⁴⁾	-	18,000,000	-	-	18,000,000
15 HUATAIQI	-	615,445	17,352	(632,797)	-
Structured notes	-	3,580,000	-	(1,680,000)	1,900,000
Total	2,998,178	39,195,445	19,174	(16,312,797)	25,900,000

(1) The Company has issued a 5-year corporate bond with a total nominal amount of RMB4 billion on 5 June 2013.

(2) The Company has issued 2-year subordinated bond with a total nominal amount of RMB6 billion on 22 January 2015. The Company fully redeemed the bond on 23 January 2017.

(3) The Company has issued 5-year subordinated bond with a total nominal amount of RMB5 billion on 20 April 2015, which will be fully redeemed in 2018.

(4) The Company has issued 2-year subordinated bond with a total nominal amount of RMB18 billion on 25 June 2015. The Company fully redeemed the bond on 26 June 2017.

(5) The Company has issued a 3-year corporate bond with a total nominal amount of RMB6.6 billion on 29 June 2015.

(6) The Company has issued a 1.5-year corporate bond with a total nominal amount of RMB6 billion on 24 February 2017.

(7) As at 31 December 2017, no structured notes would mature within one year. In 2017, the Company paid the outstanding balance of structured notes due within one year as at the end of 2016.

50 Long-term bonds

As at 31 December 2017

Name	Par value Original currency	Issuance date	Due date	Issue amount Original currency	Nominal interest rate
13 HUATAI 01 ⁽¹⁾	RMB4,000,000	05/06/2013	05/06/2018	RMB4,000,000	4.68%
13 HUATAI 02 ⁽¹⁾	RMB6,000,000	05/06/2013	05/06/2023	RMB6,000,000	5.10%
HUATAI B1910 ⁽²⁾	US\$400,000	08/10/2014	08/10/2019	US\$399,665	3.625%
15 HUATAI 03 ⁽³⁾	RMB5,000,000	20/04/2015	21/04/2020	RMB5,000,000	5.80%
15 HUATAI G1 ⁽⁴⁾	RMB6,600,000	29/06/2015	29/06/2018	RMB6,600,000	4.20%
16 HUATAI Q1 ⁽⁵⁾	RMB600,000	18/07/2016	18/07/2020	RMB600,000	3.94%
16 HUATAI C1 ⁽⁶⁾	RMB5,000,000	14/10/2016	14/10/2021	RMB5,000,000	3.30%
16 HUATAI C2 ⁽⁶⁾	RMB3,000,000	21/10/2016	21/10/2019	RMB3,000,000	3.12%
16 HUATAI G1 ⁽⁷⁾	RMB3,500,000	06/12/2016	06/12/2019	RMB3,500,000	3.57%
16 HUATAI G2 ⁽⁷⁾	RMB2,500,000	06/12/2016	06/12/2021	RMB2,500,000	3.78%
16 HUATAI G3 ⁽⁸⁾	RMB5,000,000	14/12/2016	14/12/2019	RMB5,000,000	3.79%
16 HUATAI G4 ⁽⁸⁾	RMB3,000,000	14/12/2016	14/12/2021	RMB3,000,000	3.97%
17 HUATAI 01 ⁽⁹⁾	RMB6,000,000	24/02/2017	24/08/2018	RMB6,000,000	4.50%
17 HUATAI 02 ⁽⁹⁾	RMB2,000,000	24/02/2017	24/02/2020	RMB2,000,000	4.65%
17 HUATAI 03 ⁽¹⁰⁾	RMB4,000,000	15/05/2017	15/05/2019	RMB4,000,000	5.00%
17 HUATAI 04 ⁽¹⁰⁾	RMB6,000,000	15/05/2017	15/05/2020	RMB6,000,000	5.25%
17 HUATAI C2 ⁽¹¹⁾	RMB5,000,000	27/07/2017	27/07/2020	RMB5,000,000	4.95%
17 HUATAI 06 ⁽¹²⁾	RMB5,000,000	19/10/2017	19/04/2019	RMB5,000,000	4.98%
Structured notes ⁽¹³⁾	RMB3,000,000	26/12/2017	26/02/2019	RMB3,000,000	5.15%



Name	Book value as at 1 January 2017 RMB equivalent	Increase RMB equivalent	Amount of amortisation RMB equivalent	Decrease RMB equivalent	Foreign exchange impact RMB equivalent	Book value as at 31 December 2017 RMB equivalent
13 HUATAI 01 ⁽¹⁾	3,997,332	-	-	(3,997,332)	-	-
13 HUATAI 02 ⁽¹⁾	5,991,065	-	1,254	-	-	5,992,319
HUATAI B1910 ⁽²⁾	2,764,621	-	3,785	-	(159,929)	2,608,477
15 HUATAI 03 ⁽³⁾	5,000,000	-	-	(5,000,000)	-	-
15 HUATAI G1 ⁽⁴⁾	6,594,798	-	-	(6,594,798)	-	-
16 HUATAI Q1 ⁽⁵⁾	600,000	-	-	(600,000)	-	-
16 HUATAI C1 ⁽⁶⁾	5,000,000	-	-	-	-	5,000,000
16 HUATAI C2 ⁽⁶⁾	3,000,000	-	-	-	-	3,000,000
16 HUATAI G1 ⁽⁷⁾	3,500,000	-	-	-	-	3,500,000
16 HUATAI G2 ⁽⁷⁾	2,500,000	-	-	-	-	2,500,000
16 HUATAI G3 ⁽⁸⁾	5,000,000	-	-	-	-	5,000,000
16 HUATAI G4 ⁽⁸⁾	3,000,000	-	-	-	-	3,000,000
17 HUATAI 01 ⁽⁹⁾	-	6,000,000	-	(6,000,000)	-	-
17 HUATAI 02 ⁽⁹⁾	-	2,000,000	-	-	-	2,000,000
17 HUATAI 03 ⁽¹⁰⁾	-	4,000,000	-	-	-	4,000,000
17 HUATAI 04 ⁽¹⁰⁾	-	6,000,000	-	-	-	6,000,000
17 HUATAI C2 ⁽¹⁰⁾	-	5,000,000	-	-	-	5,000,000
17 HUATAI 06 ⁽¹²⁾	-	5,000,000	-	-	-	5,000,000
Structured notes ⁽¹³⁾	3,000,000	3,000,000	-	(3,000,000)	-	3,000,000
Total	49,947,816	31,000,000	5,039	(25,192,130)	(159,929)	55,600,796

As at 31 December 2016

Name	Par value Original currency	Issuance date	Due date	Issue amount Original currency	Nominal interest rate
13 HUATAI 01 ⁽¹⁾	RMB4,000,000	05/06/2013	05/06/2018	RMB4,000,000	4.68%
13 HUATAI 02 ⁽¹⁾	RMB6,000,000	05/06/2013	05/06/2023	RMB6,000,000	5.10%
14 HUATAI 04	RMB4,000,000	26/09/2014	29/09/2018	RMB4,000,000	5.90%
HUATAI B1910 ⁽²⁾	US\$400,000	08/10/2014	08/10/2019	US\$399,665	3.625%
15 HUATAI 01	RMB6,000,000	22/01/2015	23/01/2017	RMB6,000,000	5.90%
15 HUATAI 02	RMB7,000,000	20/04/2015	21/04/2017	RMB7,000,000	5.60%
15 HUATAI 03 ⁽³⁾	RMB5,000,000	20/04/2015	21/04/2020	RMB5,000,000	5.80%
15 HUATAI 04	RMB18,000,000	25/06/2015	26/06/2017	RMB18,000,000	5.50%
15 HUATAI G1 ⁽⁴⁾	RMB6,600,000	29/06/2015	29/06/2018	RMB6,600,000	4.20%
15 HUATAIQI	RMB600,000	22/07/2015	22/07/2019	RMB600,000	5.80%
16 HUATAIQI ⁽⁵⁾	RMB600,000	18/07/2016	18/07/2020	RMB600,000	3.94%
16 HUATAI C1 ⁽⁶⁾	RMB5,000,000	14/10/2016	14/10/2021	RMB5,000,000	3.30%
16 HUATAI C2 ⁽⁶⁾	RMB3,000,000	21/10/2016	21/10/2019	RMB3,000,000	3.12%
16 HUATAI G1 ⁽⁷⁾	RMB3,500,000	06/12/2016	06/12/2019	RMB3,500,000	3.57%
16 HUATAI G2 ⁽⁷⁾	RMB2,500,000	06/12/2016	06/12/2021	RMB2,500,000	3.78%
16 HUATAI G3 ⁽⁸⁾	RMB5,000,000	14/12/2016	14/12/2019	RMB5,000,000	3.79%
16 HUATAI G4 ⁽⁸⁾	RMB3,000,000	14/12/2016	14/12/2021	RMB3,000,000	3.97%
Structured notes	RMB6,580,000	-	-	RMB6,580,000	2.80% - 5.00%



Name	Book value as at 1 January 2016 RMB equivalent	Increase RMB equivalent	Amount of amortisation RMB equivalent	Decrease RMB equivalent	Foreign exchange impact RMB equivalent	Book value as at 31 December 2016 RMB equivalent
13 HUATAI 01 ⁽¹⁾	3,995,676	-	1,656	-	-	3,997,332
13 HUATAI 02 ⁽¹⁾	5,989,982	-	1,083	-	-	5,991,065
14 HUATAI 04	4,000,000	-	-	(4,000,000)	-	-
HUATAI B1910 ⁽²⁾	2,581,298	-	3,499	-	179,824	2,764,621
15 HUATAI 01	6,000,000	-	-	(6,000,000)	-	-
15 HUATAI 02	7,000,000	-	-	(7,000,000)	-	-
15 HUATAI 03 ⁽³⁾	5,000,000	-	-	-	-	5,000,000
15 HUATAI 04	18,000,000	-	-	(18,000,000)	-	-
15 HUATAI G1 ⁽⁴⁾	6,591,599	-	3,199	-	-	6,594,798
15 HUATAIQI	615,445	-	17,352	(632,797)	-	-
16 HUATAIQI ⁽⁵⁾	-	600,000	-	-	-	600,000
16 HUATAI C1 ⁽⁶⁾	-	5,000,000	-	-	-	5,000,000
16 HUATAI C2 ⁽⁶⁾	-	3,000,000	-	-	-	3,000,000
16 HUATAI G1 ⁽⁷⁾	-	3,500,000	-	-	-	3,500,000
16 HUATAI G2 ⁽⁷⁾	-	2,500,000	-	-	-	2,500,000
16 HUATAI G3 ⁽⁸⁾	-	5,000,000	-	-	-	5,000,000
16 HUATAI G4 ⁽⁸⁾	-	3,000,000	-	-	-	3,000,000
Structured notes	9,600,000	6,580,000	-	(13,180,000)	-	3,000,000
Total	69,374,000	29,180,000	26,789	(48,812,797)	179,824	49,947,816

- (1) The Company has issued a 5-year corporate bond with a total nominal amount of RMB4 billion and a 10-year corporate bond with a total nominal amount of RMB6 billion on 5 June 2013. These two tranches of corporate bonds were listed in the Shanghai Stock Exchange on 17 July 2013. As at 31 December 2017, the corporate bond with a total nominal amount of RMB4 billion is due within one year and is therefore classified as "Long-term bonds due within one year" (Note 49).
- (2) Huatai International Finance I Limited, the Company's Hong Kong subsidiary, has issued a 5-year bond with a total nominal amount of USD0.4 billion on 8 October 2014. The bond was guaranteed by the Bank of China Limited. The Company has provided counter-guarantee to the Bank of China Limited.
- (3) The Company has issued a 5-year subordinated bond with a total nominal amount of RMB5 billion on 20 April 2015. The Company has the option to redeem the 5-year subordinated bond at the end of the third year since its issuance. During the current period, the Company decided to exercise the redemption option and will fully redeem the subordinated bonds in 2018. As at 31 December 2017, the subordinated bond is due within one year and is therefore classified as "Long-term bonds due within one year" (Note 49).
- (4) The Company has issued a 3-year corporate bond with a total nominal amount of RMB6.6 billion on 29 June 2015. As at 31 December 2017, the subordinated bond is due within one year and is therefore classified as "Long-term bonds due within one year" (Note 49).
- (5) Huatai Futures Co., Ltd. has issued a 4-year subordinated bond with a total nominal amount of RMB0.6 billion on 18 July 2016. Huatai Futures Co., Ltd. has the option to redeem the 4-year subordinated bond at the end of the first year since its issuance. The Company redeemed the bond in advance on 18 July 2017.
- (6) The Company has issued a 5-year subordinated bond with a total nominal amount of RMB5 billion on 14 October 2016 and a 3-year subordinated bond with a total nominal amount of RMB3 billion on 21 October 2016. The Company has the option to redeem the 5-year subordinated bond at the end of the third year since its issuance and redeem the 3-year subordinated bond at the end of the second year since its issuance.
- (7) The Company has issued a 3-year corporate bond with a total nominal amount of RMB3.5 billion and a 5-year corporate bond with a total nominal amount of RMB2.5 billion on 6 December 2016.
- (8) The Company has issued a 3-year corporate bond with a total nominal amount of RMB5 billion and a 5-year corporate bond with a total nominal amount of RMB3 billion on 14 December 2016.
- (9) The Company has issued a 1.5-year corporate bond with a total nominal amount of RMB6 billion and a 3-year corporate bond with a total nominal amount of RMB2 billion on 24 February 2017. As at 31 December 2017, the corporate bond with a total nominal amount of RMB6 billion is due within one year and is therefore classified as "Long-term bonds due within one year" (Note 49).
- (10) The Company has issued a 2-year corporate bond with a total nominal amount of RMB4 billion and a 3-year corporate bond with a total nominal amount of RMB6 billion on 15 May 2017.
- (11) The Company has issued a 3-year subordinated bond with a total nominal amount of RMB5 billion on 27 July 2017.
- (12) The Company has issued a 1.5-year corporate bond with a total nominal amount of RMB5 billion on 19 October 2017.
- (13) The Company has issued 1 tranche of long-term structured notes with a total nominal amount of RMB3 billion on 26 December 2017.

**51 Share capital, reserves and retained profits****(a) Movements in components of equity**

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Note	Reserves							Total
		Share capital	Capital reserve	Surplus reserve	General reserve	Fair value reserve	Translation reserve	Retained profits	
As at 1 January 2017		7,162,769	45,577,448	3,071,195	6,354,298	3,162,823	18,981	10,594,696	75,942,210
Changes in equity for 2017									
Profit for the year		-	-	-	-	-	-	8,482,927	8,482,927
Other comprehensive income		-	-	-	-	(2,160,952)	-	-	(2,160,952)
Total comprehensive income		-	-	-	-	(2,160,952)	-	8,482,927	6,321,975
Appropriation to surplus reserve		-	-	848,293	-	-	-	(848,293)	-
Appropriation to general reserve		-	-	-	1,696,585	-	-	(1,696,585)	-
Dividends declared for the year		-	-	-	-	-	-	(3,581,384)	(3,581,384)
As at 31 December 2017	59	7,162,769	45,577,448	3,919,488	8,050,883	1,001,871	18,981	12,951,361	78,682,801

	Note	Reserves							Total
		Share capital	Capital reserve	Surplus reserve	General reserve	Fair value reserve	Translation reserve	Retained profits	
As at 1 January 2016		7,162,769	45,577,448	2,607,376	5,426,661	2,725,705	16,009	10,929,349	74,445,317
Changes in equity for 2016									
Profit for the year		-	-	-	-	-	-	4,638,187	4,638,187
Other comprehensive income		-	-	-	-	437,118	2,972	-	440,090
Total comprehensive income		-	-	-	-	437,118	2,972	4,638,187	5,078,277
Appropriation to surplus reserve		-	-	-	-	-	-	-	-
Appropriation to general reserve		-	-	463,819	-	-	-	(463,819)	-
Dividends declared for the year		-	-	-	927,637	-	-	(927,637)	-
		-	-	-	-	-	-	(3,581,384)	(3,581,384)
As at 31 December 2016	59	7,162,769	45,577,448	3,071,195	6,354,298	3,162,823	18,981	10,594,696	75,942,210

**(b) Share capital**

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

	As at 31 December 2017		As at 31 December 2016	
	Number of shares (Thousand)	Nominal value	Number of shares (Thousand)	Nominal value
Registered, issued and fully paid:				
A shares of RMB1 each	5,443,723	5,443,723	5,443,723	5,443,723
H shares of RMB1 each	1,719,046	1,719,046	1,719,046	1,719,046
Total	7,162,769	7,162,769	7,162,769	7,162,769

On 1 June 2015, the Company completed its initial public offering of 1,400,000,000 H shares on the Main Board of the Hong Kong Stock Exchange. On 19 June 2015, the Company partially exercised the over-allotment option and issued 162,768,800 H shares.

According to the relevant requirements of PRC regulators, existing shareholder of the state-owned shares of the Company have transferred an aggregate number of 156,276,880 state-owned shares of the Company to the National Social Security Fund of the PRC, and such shares were then converted into H shares on a one-for-one basis.

The H shares rank pari passu in all respects with the existing A shares including the right to receive all dividends and distributions declared or made.

(c) Capital reserve

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

The Company was listed on the Main Board of the Hong Kong Stock Exchange on 1 June 2015. The excess of the proceeds over the nominal value of the total number of ordinary shares issued which amounted to RMB28,590,928 thousand was credited to the capital reserve, net of offering expenses (of which the inter-group transactions were eliminated on consolidation) of RMB441,058 thousand.

(d) Surplus reserve

Pursuant to the Company Law of the PRC, the Company is required to appropriate 10% of its net profit to the statutory surplus reserve until the balance reaches 50% of its registered capital.

Subject to the approval of the shareholders, the statutory reserve may be used to offset accumulated losses, or converted into capital of provided that the balance of the statutory surplus reserve after such capitalisation is not less than 25% of the registered capital immediately before the capitalisation.

(e) General reserve

General reserve includes general risk reserve and transaction risk reserve.

In accordance with the requirements of the CSRC Circular regarding the Annual Reporting of Securities Companies in 2007 (Zhengjian Jigou Zi [2007] No. 320) issued on 18 December 2007, the Company appropriates 10% of its annual net profit to the general risk reserve.

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

The Company's subsidiaries appropriate their profits to the general reserve according to the applicable local regulations.

(f) Fair value reserve

The fair value reserve comprises the cumulative net changes in fair values of available-for-sale financial assets until the assets are derecognised or impaired.

(g) Translation reserve

The translation reserve mainly comprises foreign currency differences arising from the translation of the financial statements of foreign currencies.

(h) Dividends

Pursuant to the resolution of the general meeting of the shareholders dated 21 June 2017, the Company was approved to distribute cash dividends of RMB5.00 (tax inclusive) per 10 Shares to our existing holders of A Shares and H shares, with total cash dividends amounting to RMB3,581,384 thousand.



52 Commitments

(a) Capital commitments

Capital commitments outstanding at 31 December 2017 and 31 December 2016 not provided for in the financial statements were as follows:

	<i>As at 31 December</i>	
	2017	2016
Contracted, but not provided for	791,124	73,041

The above-mentioned capital commitments mainly represent the construction of properties and securities underwriting commitments of the Group.

(b) Operating lease commitments

As at 31 December 2017 and 31 December 2016, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	<i>As at 31 December</i>	
	2017	2016
Within 1 year (inclusive)	252,026	223,519
1-2 years (inclusive)	224,201	154,874
2-3 years (inclusive)	161,373	131,189
After 3 years	115,610	61,362
Total	753,210	570,944

53 Interests in structured entities

(a) Interests in structured entities consolidated by the Group

Structured entities consolidated by the Group mainly stand for the asset management schemes where the Group involves as manager or investment consultant and also as investor, the Group assesses whether the combination of investments it holds together with its remuneration creates exposure to variability of returns from the activities of the asset management product to a level of such significance that it indicates that the Group is a principal.

As at 31 December 2017, the Group consolidates 29 structured entities and remains the same with the year at 31 December 2016, which are mainly asset management schemes. As at 31 December 2017 and 31 December 2016, the total assets of the consolidated structured entities are RMB60,600,933 thousand and RMB84,733,108 thousand respectively, and the carrying amount of interests held by the Group in the consolidated structured entities are RMB5,610,164 thousand and RMB6,808,105 thousand respectively

(b) Interests in structured entities sponsored by the Group but not consolidated

Structured entities for which the Group served as general partner or manager, therefore has power over them during the reporting periods are asset management schemes. Except for the structured entities that the Group has consolidated as set out in Note 53(a), the Group's exposure to the variable returns in the structured entities in which the Group has interest are not significant. The Group therefore did not consolidate these structured entities.

As at 31 December 2017 and 31 December 2016, the total assets of these unconsolidated structured entities managed by the Group amounted to RMB897,646,449 thousand and RMB835,989,087 thousand respectively. As at 31 December 2017 and 31 December 2016, the carrying amount of interests held by the Group in these unconsolidated structured entities are RMB1,203,494 thousand and RMB570,174 thousand respectively.

During the years ended 31 December 2017 and 31 December 2016, income derived from these unconsolidated structured entities held by the Group amounted to RMB817,077 thousand and RMB1,015,178 thousand respectively.

**(c) Interests in structured entities sponsored by third party institutions**

The types of structured entities that the Group does not consolidate but in which it holds interests include funds, asset management schemes, trust schemes, and wealth management products issued by banks or other financial institutions. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These vehicles are financed through the issue of units to investors.

The carrying amount of the related accounts in the consolidated statements of financial position is equal to the maximum exposure to loss of interests held by the Group in the unconsolidated structured entities sponsored by third party institutions as at 31 December 2017 and 31 December 2016, which are listed as below:

	As at 31 December 2017		
	Available-for-sale financial assets	Financial assets at fair value through profit or loss	Total
Funds	42,143	17,439,657	17,481,800
Wealth management products	13,837,294	4,400,157	18,237,451
Total	13,879,437	21,839,814	35,719,251

	As at 31 December 2016		
	Available-for-sale financial assets	Financial assets at fair value through profit or loss	Total
Funds	688,970	22,744,645	23,433,615
Wealth management products	24,617,402	5,503,590	30,120,992
Total	25,306,372	28,248,235	53,554,607

54 Outstanding litigations

As at 31 December 2017 and 31 December 2016, the Group involved as defendant in certain lawsuit with claim amounts of approximately RMB2,252 thousand and RMB4,472 thousand, respectively. Based on the court rulings, advices from legal representatives and management judgement, no provision had been made to the claim amounts. The directors of the Company are of the opinion the final court judgement will not have a significant impact on the Group's financial position or operations.

55 Related party relationships and transactions

(a) Relationship of related parties

(i) Major shareholders

The detailed information of the transactions and balances with Group's major shareholders is set out in Note 55(b)(i).

(ii) Subsidiaries of the Group

The detailed information of the Group's subsidiaries is set out in Note 23.

(iii) Associates of the Group

The detailed information of the Group's associates is set out in Note 24.

(iv) Other related parties

Other related parties can be individuals or enterprises, which include: members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals.

**(b) Related parties transactions and balances**

(i) Transactions between the Group and major shareholders:

	<i>As at 31 December</i>	
	2017	2016
Balances at the end of the year:		
Financial assets at fair value through profit or loss		
- Jiangsu Guoxin Investment Group Limited	9,898	10,300
- Jiangsu Communications Holding Company Limited	147,740	151,054
Other receivables and prepayments		
- Jiangsu Guoxin Investment Group Limited	391	391
- Jiangsu Communications Holding Company Limited	1,010	1,017
Accounts payable to brokerage clients		
- Jiangsu Guoxin Investment Group Limited	50	50
- Jiangsu Communications Holding Company Limited	16	29
Other payables and accruals		
- Jiangsu Guoxin Investment Group Limited	3,211	3,211
	<i>Year ended 31 December</i>	
	2017	2016
Transactions during the year:		
Fee and commission income		
- Jiangsu Guoxin Investment Group Limited	7,112	253
- Jiangsu Communications Holding Company Limited	38	-
Net investment gains		
- Jiangsu Communications Holding Company Limited	5,815	5,768
- Jiangsu Guoxin Investment Group Limited	498	3,621

During the year of 2017 and 2016, the Group has disposed the corporate bonds issued by major shareholders amounting to RMB3,716 thousand and RMB251,983 thousand respectively.

(ii) Transactions between the Group and associates:

	As at 31 December	
	2017	2016
Balances at the end of the year:		
Available-for-sale financial assets		
- Bank of Jiangsu Co., Ltd ⁽¹⁾	193,353	-
Financial assets at fair value through profit or loss		
- Bank of Jiangsu Co., Ltd	446,573	194,509
Accounts receivable		
- China Southern Asset Management Co., Ltd.	6,031	15,785
- Huatai-PineBridge Fund Management Co., Ltd.	7,407	18,316
- Jiangsu Huatai Strategic Emerging Industry Investment Fund (Limited Partnership)	50,001	-
- Jiangsu Huatai Internet Industry Investment Fund (Limited Partnership)	10,001	-
- Jiangsu Industry and Information Industry Investment Fund (Limited Partnership)	1,206	-
- Nanjing Huatai Onehealth NO.1 Equity Investment Fund (Limited Partnership) ⁽²⁾	320	-
- Nanjing Huatai Onehealth NO.2 Equity Investment Fund (Limited Partnership)	22	-
Other receivables and prepayments		
- Bank of Jiangsu Co., Ltd	6,214	1,694
- Huatai-PineBridge Fund Management Co., Ltd.	-	461
Cash and bank balances		
- Bank of Jiangsu Co., Ltd	508,923	418,617
Accounts payable to brokerage clients		
- China Southern Asset Management Co., Ltd.	81	65
- Huatai-PineBridge Fund Management Co., Ltd.	1	-
- Jiangsu Huatai Strategic Emerging Industry Investment Fund (Limited Partnership)	723	-
- Jiangsu Huatai Internet Industry Investment Fund (Limited Partnership)	238	-
- Huatai Zijin (Jiangsu) Equity Investment Fund (Limited Partnership)	8	-
Other payables and accruals		
- Huatai Zijin (Jiangsu) Equity Investment Fund (Limited Partnership)	513	-



	Year ended 31 December	
	2017	2016
Transactions during the year:		
Fee and commission income		
- China Southern Asset Management Co., Ltd.	44,510	47,070
- Huatai-PineBridge Fund Management Co., Ltd.	30,322	22,597
- Bank of Jiangsu Co., Ltd	15,094	17,130
- Huatai Zijin (Jiangsu) Equity Investment Fund (Limited Partnership)	15,572	19,714
- Jiangsu Industry and Information Industry Investment Fund (Limited Partnership)	1,138	1,169
- Jiangsu Huatai Internet Industry Investment Fund (Limited Partnership)	9,435	9,697
- Jiangsu Huatai Strategic Emerging Industry Investment Fund (Limited Partnership)	47,171	48,482
- Nanjing Huatai Onehealth NO.1 Equity Investment Fund (Limited Partnership)	24,412	-
- Nanjing Huatai Onehealth NO.2 Equity Investment Fund (Limited Partnership)	2,148	-
- Huatai Ruilian Fund Management Co., Ltd. ⁽³⁾	3,302	-
Fee and commission expenses		
- Bank of Jiangsu Co., Ltd	-	991
Interest income		
- Bank of Jiangsu Co., Ltd	84,582	3,832
Net investment gains		
- Bank of Jiangsu Co., Ltd	10,740	6,411
Other income and gains		
- China Southern Asset Management Co., Ltd.	1,552	1,104
- Huatai-PineBridge Fund Management Co., Ltd.	108	99
- Bank of Jiangsu Co., Ltd	6,644	6,031
- Jiangsu Huatai Ruilian Fund Management Co., Ltd	2	98

During the year of 2017 and 2016, the Group has subscribed the corporate bond issued by Bank of Jiangsu Co., Ltd for RMB445,417 thousand and RMB194,509 thousand.

During the year of 2017 and 2016, the capital injection made by the Group into the associates are RMB11,425 thousand and RMB336,550 thousand, respectively. During the year of 2017 and 2016, the disinvestment made by the Group from the associates are RMB128,142 thousand and RMB35,006 thousand, respectively.

During the year of 2017 and 2016, the dividend received from associates are RMB229,819 thousand and RMB211,000 thousand, respectively.

- (1) Since December 2017, Bank of Jiangsu Co., Ltd has been recognised as the Group's associate. The detailed information is set out in Note 24 (i).
- (2) Since February 2017, Nanjing Huatai Onehealth NO.1 Equity Investment (Limited Partnership) has been recognised as the Group's associate. The detailed information is set out in Note 23 (c) (i).
- (3) Since July 2017, Huatai Rulian Fund Management Co., Ltd has been recognised as the Group's associate. The detailed information is set out in Note 23 (c) (ii).

**(c) Key management personnel remuneration**

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in Note 15, is as follows:

	<i>As at 31 December</i>	
	2017	2016
Short-term employee benefits		
- Fees, salaries, allowances and bonuses	37,739	29,836
Post-employment benefits		
- Contribution to pension scheme	1,547	465
Total	39,286	30,301

Total remuneration is included in "staff costs" (see Note 10).

(d) Applicability of the Listing Rules relating to connected transactions

The related party transactions set out in Note 55(b) which constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules are exempt from the disclosure requirements in Chapter 14A of the Listing Rules as they are below the de minimis threshold under Rule 14A.76(1).

56 Segment reporting

In 2017, management began to allocate resources and assess the segment's performance according to the updated operating segment classification. Accordingly, the segment report for the relevant periods has been presented in a new way adopted by management in the financial statements. Management manages the business operations by the following segments in accordance with the nature of the operations and the services provided:

- The wealth management segment engages in the trading of stocks, funds, bonds and futures on behalf of clients, to provide customers with a variety of financial products sales services and asset allocation services. Moreover, the activities of providing margin financing, securities lending, securities-backed lending and sell financial products are included in this segment.
- The institutional services segment mainly provides investment banking business to clients, research and institutional sales, equity securities investments and transactions, fixed income investments and transactions, OTC financial products and transactions.
- The investment management segment mainly consists of asset management, private equity investment, alternative investments and commodities trading and arbitrage.
- The international business segment mainly includes the overseas business of overseas subsidiaries.
- Other segments include other operations of head office, mainly including interest income, share of profit of associates and joint venture, interest expenses of working capitals, and costs and expenses of middle offices and back offices.

(a) Business segments

For the year ended 31 December 2017

	Wealth management	Institutional services	Investment management	Overseas business	Others	Total
Revenue						
- External	14,008,278	5,327,644	2,589,743	3,669,575	3,982,287	29,577,527
- Inter-segment	18,067	62,243	1,437	-	1,988,854	2,070,601
Other income and gains	72,623	35,128	844,213	97,519	823,380	1,872,863
Segment revenue and other income	14,098,968	5,425,015	3,435,393	3,767,094	6,794,521	33,520,991
Segment expenses	(9,163,180)	(3,586,952)	(1,183,337)	(3,603,246)	(2,946,057)	(20,482,772)
Segment operating profit	4,935,788	1,838,063	2,252,056	163,848	3,848,464	13,038,219
Share of profit of associates and joint venture	-	2,984	39,283	-	497,711	539,978
Profit before income tax	4,935,788	1,841,047	2,291,339	163,848	4,346,175	13,578,197
Interest income	7,760,129	150,957	725,310	74,455	638,072	9,348,923
Interest expenses	(3,335,182)	(1,309,714)	(146,208)	(159,518)	(798,477)	(5,749,099)
Depreciation and amortisation expenses	(120,529)	(24,553)	(8,914)	(162,541)	(249,769)	(566,306)
Provision for impairment losses	(109,418)	(127,516)	(5,180)	(16,916)	-	(259,030)
Segment assets	178,175,834	73,362,625	74,160,523	15,835,319	160,953,261	502,487,562
Additions to non-current segment assets during the year	140,488	19,279	11,563	100,702	109,887	381,919
Segment liabilities	(174,949,018)	(69,430,859)	(58,290,110)	(8,049,167)	(103,178,496)	(413,897,650)



For the year ended 31 December 2016

	Wealth management	Institutional services	Investment management	Overseas business	Others	Total
Revenue						
- External	14,970,579	5,016,768	3,177,655	378,247	720,730	24,263,979
- Inter-segment	952	-	-	-	548	1,500
Other income and gains	115,258	45,962	148,486	(19,903)	117,294	407,097
Segment revenue and other income	15,086,789	5,062,730	3,326,141	358,344	838,572	24,672,576
Segment expenses	(9,371,715)	(3,239,462)	(1,190,490)	(712,810)	(2,017,955)	(16,532,432)
Segment operating profit/(loss)	5,715,074	1,823,268	2,135,651	(354,466)	(1,179,383)	8,140,144
<hr/>						
Share of profit of associates and joint venture	-	1,227	(1,003)	-	453,763	453,987
Profit/(loss) before income tax	5,715,074	1,824,495	2,134,648	(354,466)	(725,620)	8,594,131
<hr/>						
Interest income	7,629,151	247,231	525,540	34,420	441,604	8,877,946
Interest expenses	(3,311,879)	(973,204)	(146,497)	(134,189)	(828,850)	(5,394,619)
Depreciation and amortisation expenses	(104,627)	(21,587)	(5,217)	(29,247)	(247,849)	(408,527)
(Provision for)/reversal of impairment losses	(18,421)	56,781	(905)	-	(702)	36,753
Segment assets	187,696,676	51,116,715	106,629,487	13,798,939	163,392,861	522,634,678
Additions to non-current segment assets during the year	145,363	30,780	22,850	68,324	164,800	432,117
Segment liabilities	(185,273,352)	(48,657,710)	(91,011,607)	(6,380,389)	(105,651,423)	(436,974,481)

Reconciliations of segment revenues, profit or loss, assets and liabilities:

	Year ended 31 December	
	2017	2016
Revenue		
Total revenue and other income for segments	33,520,991	24,672,576
Elimination of inter-segment revenue	(2,197,619)	(40,948)
Consolidated revenue and other income	31,323,372	24,631,628
Profit		
Total profit before income tax for segments	13,578,197	8,594,131
Elimination of inter-segment profit	(1,993,553)	(703)
Consolidated profit before income tax	11,584,644	8,593,428
Assets		
Total assets for segments	502,487,562	522,634,678
Elimination of inter-segment assets	(121,005,022)	(121,184,281)
Consolidated total assets	381,482,540	401,450,397
Liabilities		
Total liabilities for segments	(413,897,650)	(436,974,481)
Elimination of inter-segment liabilities	121,005,022	121,184,281
Consolidated total liabilities	(292,892,628)	(315,790,200)

	As at 31 December	
	2017	2016
Assets		
Total assets for segments	502,487,562	522,634,678
Elimination of inter-segment assets	(121,005,022)	(121,184,281)
Consolidated total assets	381,482,540	401,450,397
Liabilities		
Total liabilities for segments	(413,897,650)	(436,974,481)
Elimination of inter-segment liabilities	121,005,022	121,184,281
Consolidated total liabilities	(292,892,628)	(315,790,200)

For the year ended 31 December 2017 and 31 December 2016, the Group's customer base is diversified and no customer had transactions which exceeded 10% of the Group's revenue.

**(b) Geographical segments**

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property and equipment, investment properties, goodwill, other intangible assets, interest in associates, interest in joint venture and other non-current assets ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property and equipment and other non-current assets, the location of the operation to which they are allocated, in the case of goodwill and other intangible assets, and the location of operations, in the case of interest in associates and interest in joint venture.

	Year ended 31 December 2017			Year ended 31 December 2016		
	Mainland China	Overseas	Total	Mainland China	Overseas	Total
Segment Revenue						
Revenue from external customers	25,907,952	3,669,575	29,577,527	23,885,732	378,247	24,263,979
Other income and gains	1,722,630	23,215	1,745,845	387,552	(19,903)	367,649
Total	27,630,582	3,692,790	31,323,372	24,273,284	358,344	24,631,628
	<hr/>					
	As at 31 December 2017			As at 31 December 2016		
	Mainland China	Overseas	Total	Mainland China	Overseas	Total
Specified non-current assets	13,959,653	6,708,950	20,668,603	8,575,058	7,179,284	15,754,342

57 Financial instruments and risk management

The Group monitors and controls key exposures to the credit risk, market risk, liquidity risk and operational risk from its use of financial instruments.

(a) Credit risk

Credit risk represents the potential loss that may arise from the failure of a debtor or counterparty to meet its obligation or commitment to the Group.

During the reporting period, the Group was exposed to three types of credit risk: (i) default risk of the issuer or counterparty in debt securities trading; (ii) risk of losses arising from default of customers in credit business such as margin financing and securities lending, securities-backed lending and stock repurchases; (iii) counterparty credit risk from a counterparty's default on the derivative transaction, such as swap or forward. The risk exposure is determined by the change in the market prices of the derivatives.

The Group uses its risk management systems to monitor its credit risk on a real time basis, keep track of the credit risk of the Group's business products and its transaction counterparties, provide analyses and pre-warning reports, and adjust its credit limits in a timely manner. The Group will also measure the credit risks of its major operations through stress test and sensitivity analysis.

For credit risk in debt securities trading, the Group monitors the issuer and bonds during the reporting period. The Group established the credit rating framework and conducted research on the debt securities held by the Group. The Group also assessed the creditability of counterparties to mitigate related default risk. In respect of margin financing and securities lending, securities-backed lending, stock repurchases business and OTC derivative transaction, the Group evaluate the customers, aiming to have a thorough picture of the customers' credit level and risk tolerance and determine the customers' credit rating. Penalties for defaults were specified in contracts and risk disclosure statements. The Group monitors the collateral of the margin financing and securities lending, securities-backed lending, stock repurchases business and OTC derivative transaction and promptly communicated with customers on any abnormalities identified to avoid defaults. In respect of innovative credit business, preliminary due diligence was performed with a comprehensive project feasibility report and a due diligence report submitted for approval by the Group before a project can be launched.



(i) Maximum exposure to credit risk

Maximum exposure to credit risk of the Group without taking account of any collateral and other credit enhancements:

	<i>As at 31 December</i>	
	2017	2016
Held-to-maturity investments	-	5,000
Refundable deposits	7,302,285	8,158,628
Accounts receivable	1,980,337	991,413
Other receivables and prepayments	5,874,665	4,815,938
Margin accounts receivable	59,991,454	56,605,104
Available-for-sale financial assets	15,111,937	980,430
Financial assets held under resale agreements	61,805,315	46,331,182
Financial assets at fair value through profit or loss	56,212,040	52,345,113
Derivative financial assets	391,714	106,591
Clearing settlement funds	1,147,448	1,228,801
Cash held on behalf of brokerage clients	65,303,548	94,568,934
Bank balances	27,025,936	45,229,651
Total maximum credit risk exposure	302,146,679	311,366,785

(ii) Risk concentrations

The Group's maximum credit risk exposure without taking account of any collateral and other credit enhancements, as categorised by geographical area:

	By geographical area		
	Mainland China	Outside Mainland China	Total
31 December 2017			
Held-to-maturity investments	-	-	-
Refundable deposits	7,282,060	20,225	7,302,285
Accounts receivable	1,310,968	669,369	1,980,337
Other receivables and prepayments	5,639,939	234,726	5,874,665
Margin accounts receivable	59,446,149	545,305	59,991,454
Available-for-sale financial assets	14,588,030	523,907	15,111,937
Financial assets held under resale agreements	61,701,827	103,488	61,805,315
Financial assets at fair value through profit or loss	52,649,484	3,562,556	56,212,040
Derivative financial assets	362,787	28,927	391,714
Clearing settlement funds	1,144,099	3,349	1,147,448
Cash held on behalf of brokerage clients	64,580,719	722,829	65,303,548
Bank balances	26,033,443	992,493	27,025,936
Total maximum credit risk exposure	294,739,505	7,407,174	302,146,679



	By geographical area		
	Mainland China	Outside Mainland China	Total
31 December 2016			
Held-to-maturity investments	5,000	-	5,000
Refundable deposits	8,150,415	8,213	8,158,628
Accounts receivable	593,295	398,118	991,413
Other receivables and prepayments	4,792,049	23,889	4,815,938
Margin accounts receivable	56,523,470	81,634	56,605,104
Available-for-sale financial assets	514,802	465,628	980,430
Financial assets held under resale agreements	46,194,762	136,420	46,331,182
Financial assets at fair value through profit or loss	51,008,899	1,336,214	52,345,113
Derivative financial assets	99,728	6,863	106,591
Clearing settlement funds	1,226,168	2,633	1,228,801
Cash held on behalf of brokerage clients	93,875,719	693,215	94,568,934
Bank balances	42,756,372	2,473,279	45,229,651
Total maximum credit risk exposure	305,740,679	5,626,106	311,366,785

(iii) Credit rating analysis of financial assets

The Group adopts credit rating method to monitor the credit risk of the debt securities portfolio. Rating of debt securities is referred from major rating institutions in which debt issuers located. The carrying amounts of debt securities at the end of the reporting period are categorised by rating distribution as follows:

	<i>As at 31 December</i>	
	2017	2016
Rating		
- AAA	22,224,921	6,341,889
- From A to AA+	16,930,027	17,285,585
- A-1	1,839,755	719,150
- C	3,822	3,951
Sub-total	40,998,525	24,350,575
Non-rated ⁽¹⁾	29,153,471	26,928,346
Total	70,151,996	51,278,921

(1) Non-rated financial assets mainly represent debts instruments issued by the Ministry of Finance of the People's Republic of China, the PBOC, and policy banks, which are creditworthy issuers in the market, private bonds and trading securities, which are not rated by independent rating agencies.

(b) Liquidity risk

Liquidity risk arises in the investment activities, financing activities and capital management of the Group. Liquidity risk includes: (1) market liquidity risk of being unable to make a large size transaction at a reasonable price while trading volume in market is comparatively small; (2) funding liquidity of being unable to meet financial obligations when they come due.

The following tables show the details of the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivate financial liabilities. Analysis of non-derivative financial liabilities are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:



As at 31 December 2017									
	Carrying amount	Overdue/ repayable on demand	Less than 1 month	1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	Undated	Total
Financial Liabilities									
Short-term bank loans	-	-	-	-	-	-	-	-	-
Short-term debt instruments issued	26,656,010	-	1,695,614	7,068,370	18,910,148	-	-	-	27,674,132
Placements from other financial institutions	7,029,998	-	500,632	3,589,005	3,107,414	-	-	-	7,197,051
Accounts payable to brokerage clients	67,335,545	67,335,545	-	-	-	-	-	-	67,335,545
Other payables and accruals	59,662,972	57,996,544	1,002,745	663,683	-	-	-	-	59,662,972
Financial assets sold under repurchase agreements	24,921,537	-	22,441,170	-	1,545,305	1,001,959	-	-	24,988,434
Derivative financial liabilities	1,642,283	-	7,962	64,231	730,844	839,246	-	-	1,642,283
Financial liabilities at fair value through profit or loss	14,381,328	239,836	99,139	80,682	11,744,914	955,794	1,389,875	-	14,510,240
Long-term bonds	77,198,276	-	-	228,000	24,688,107	54,364,350	6,306,000	-	85,586,457
Total	278,827,949	125,571,925	25,747,262	11,693,971	60,726,732	57,161,349	7,695,875	-	288,597,114

As at 31 December 2016									
	Carrying amount	Overdue/ repayable on demand	Less than 1 month	1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	Undated	Total
Financial Liabilities									
Short-term bank loans	460,255	-	3,270	4,970	461,970	-	-	-	470,210
Short-term debt instruments issued	1,621,000	-	1,392,049	161,743	83,383	-	-	-	1,637,175
Placements from other financial institutions	6,650,000	-	1,167,442	5,583,417	-	-	-	-	6,750,859
Accounts payable to brokerage clients	92,728,837	92,728,837	-	-	-	-	-	-	92,728,837
Other payables and accruals	77,105,368	75,208,910	1,096,904	-	799,554	-	-	-	77,105,368
Financial assets sold under repurchase agreements	19,463,375	-	12,295,686	1,140,431	6,219,759	-	-	-	19,655,876
Derivative financial liabilities	864,011	-	2,308	108,455	114,993	638,255	-	-	864,011
Financial liabilities at fair value through profit or loss	27,919,978	358,231	29,251	1,313,185	1,065,096	20,479,074	5,215,892	-	28,460,729
Long-term bonds	75,847,816	-	6,354,000	1,016,767	21,972,662	49,237,793	6,612,000	-	85,193,222
Total	302,660,640	168,295,978	22,340,910	9,328,968	30,717,417	70,355,122	11,827,892	-	312,866,287



(c) Market risk

Market risk is the risk of loss, in respect of the Group's income and value of financial instruments held, arising from the adverse market movements such as changes in interest rates, stock prices, foreign exchange rates and so on. The objective of market risk management is to monitor and control the market risk within the acceptable range and to maximise the risk adjusted return.

(i) Interest rate risk

Interest rate risk refers to the likelihood of loss that may arise from adverse movements in the market interest rate. The Group's interest rate risk mainly arises from interest rate policy changes and the mismatch of interest-sensitive assets and liabilities.

The Group mainly manages interest rate risk through structuring and adjusting its asset portfolio. The Group's asset portfolio management aims at mitigating risks and improving profitability by diversification of assets.

The following tables indicate the assets and liabilities as at the end of the reporting period by the expected next repricing dates or by maturity dates, depending on which is earlier:

As at 31 December 2017							
Financial assets	Less than 1 month	1 month but less than 3 months	3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	Non interest-bearing	Total
Held-to-maturity investments	-	-	-	-	-	-	-
Available-for-sale financial assets	402,803	1,157,260	2,291,058	10,990,383	264,841	29,476,823	44,583,168
Financial assets held under resale agreements	13,483,775	6,410,616	33,486,620	8,424,304	-	-	61,805,315
Refundable deposits	7,302,285	-	-	-	-	-	7,302,285
Accounts receivable	-	-	-	-	-	1,980,337	1,980,337
Other receivables and prepayments	-	-	-	-	-	243,684	243,684
Margin accounts receivable	2,840,227	11,280,123	45,871,104	-	-	-	59,991,454
Financial assets at fair value through profit or loss	4,529,394	3,530,753	15,076,705	28,753,635	4,321,554	28,338,381	84,550,422
Derivative financial assets	2,691	-	-	-	-	389,023	391,714
Clearing settlement funds	1,147,448	-	-	-	-	-	1,147,448
Cash held on behalf of brokerage clients	65,303,548	-	-	-	-	-	65,303,548
Cash and bank balances	9,792,912	7,150,000	10,083,024	-	-	194	27,026,130
Total	104,805,083	29,528,752	106,808,511	48,168,322	4,586,395	60,428,442	354,325,505



As at 31 December 2017							
Financial liabilities	Less than 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	Non interest-bearing	Total
Short-term bank loans	-	-	-	-	-	-	-
Short-term debt instruments issued	(1,684,690)	(6,983,030)	(17,988,290)	-	-	-	(26,656,010)
Placements from other financial institutions	(500,000)	(3,500,000)	(3,029,998)	-	-	-	(7,029,998)
Accounts payable to brokerage clients	(67,335,545)	-	-	-	-	-	(67,335,545)
Other payables and accruals	-	-	-	-	-	(59,662,972)	(59,662,972)
Financial assets sold under repurchase agreements	(22,421,537)	-	(1,500,000)	(1,000,000)	-	-	(24,921,537)
Derivative financial liabilities	(6,372)	-	-	-	-	(1,635,911)	(1,642,283)
Financial liabilities at fair value through profit or loss	(99,139)	(80,535)	(11,616,150)	-	-	(2,585,504)	(14,381,328)
Long-term bonds	-	-	(21,597,480)	(49,608,478)	(5,992,318)	-	(77,198,276)
Total	(92,047,283)	(10,563,565)	(55,731,918)	(50,608,478)	(5,992,318)	(63,884,387)	(278,827,949)
Net interest rate risk exposure	12,757,800	18,965,187	51,076,593	(2,440,156)	(1,405,923)	(3,455,945)	75,497,556

As at 31 December 2016							
Financial assets	Less than 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	Non interest-bearing	Total
Held-to-maturity investments	-	-	5,000	-	-	-	5,000
Available-for-sale financial assets	1,012,286	178,870	147,930	561,320	-	41,836,156	43,736,562
Financial assets held under resale agreements	8,829,847	4,333,892	24,237,047	8,930,396	-	-	46,331,182
Refundable deposits	2,524,843	-	-	-	-	5,633,785	8,158,628
Accounts receivable	-	-	-	-	-	991,413	991,413
Other receivables and prepayments	-	-	-	-	-	661,835	661,835
Margin accounts receivable	3,168,277	6,338,674	47,053,199	44,954	-	-	56,605,104
Financial assets at fair value through profit or loss	21,709,237	3,979,318	19,863,618	25,050,734	2,754,688	9,749,636	83,107,231
Derivative financial assets	-	6,236	4,834	-	-	95,521	106,591
Clearing settlement funds	1,228,801	-	-	-	-	-	1,228,801
Cash held on behalf of brokerage clients	94,568,934	-	-	-	-	-	94,568,934
Cash and bank balances	19,307,986	10,520,950	15,000,715	400,000	-	381	45,230,032
Total	152,350,211	25,357,940	106,312,343	34,987,404	2,754,688	58,968,727	380,731,313



Financial liabilities	As at 31 December 2016							Total
	Less than 1 month	More than 1 month but less than 3 months	More than 3 months but less than 1 year	More than 1 year but less than 5 years	More than 5 years	Non interest-bearing		
Short-term bank loans	(3,255)	-	(457,000)	-	-	-	(460,255)	
Short-term debt instruments issued	(1,381,000)	(160,000)	(80,000)	-	-	-	(1,621,000)	
Placements from other financial institutions	(1,150,000)	(5,500,000)	-	-	-	-	(6,650,000)	
Accounts payable to brokerage clients	(92,728,837)	-	-	-	-	-	(92,728,837)	
Other payables and accruals	-	-	-	-	-	(77,105,368)	(77,105,368)	
Financial assets sold under repurchase agreements	(12,281,375)	(1,050,000)	(6,132,000)	-	-	-	(19,463,375)	
Derivative financial liabilities	(2,015)	(19,096)	(3,286)	-	-	(839,614)	(864,011)	
Financial liabilities at fair value through profit or loss	(29,251)	(1,313,185)	(1,055,600)	(13,722,800)	-	(11,799,142)	(27,919,978)	
Long-term bonds	(6,000,000)	(1,000,000)	(18,900,000)	(43,956,752)	(5,991,064)	-	(75,847,816)	
Total	(113,575,733)	(9,042,281)	(26,627,886)	(57,679,552)	(5,991,064)	(89,744,124)	(302,660,640)	
Net interest rate risk exposure	38,774,478	16,315,659	79,684,457	(22,692,148)	(3,236,376)	(30,775,397)	78,070,673	

Sensitivity analysis

For those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period, the Group adopts sensitivity analysis to measure the potential effect of changes in interest rates on the Group's net profit and equity. Assuming all other variables remain constant, interest rate sensitivity analysis is as follows:

	Sensitivity of net profit	
	<i>As at 31 December</i>	
	2017	2016
Move in yield curve		
Up 100 basis points	(601,891)	(486,257)
Down 100 basis points	625,927	504,109

	Sensitivity of equity	
	<i>As at 31 December</i>	
	2017	2016
Move in yield curve		
Up 100 basis points	(822,556)	(487,657)
Down 100 basis points	856,034	505,529

The sensitivity analysis above indicates the instantaneous change in the Group's net profit and equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's net profit and equity is estimated as an annualised impact on interest expense or income of such a change in interest rates.



(ii) Currency risk

Currency risk is the risk arising from foreign exchange business of the Group, which is attributable to the fluctuation of foreign exchange rates. The Group adopts sensitivity analysis to measure currency risk.

Assuming all other risk variables remained constant and without consideration of risk management measures undertaken by the Group, a 10% strengthening of the RMB against the US dollar ("USD") and HKD at the reporting date would have increased/(decreased) the Group's equity and net profit by the amount shown below, whose effect is in RMB and translated using the spot rate at the reporting date:

	Sensitivity of net profit	
	As at 31 December	
	2017	2016
Currency		
USD	(483,209)	1,977
HKD	(218,579)	(54,442)

	Sensitivity of equity	
	As at 31 December	
	2017	2016
Currency		
USD	(541,162)	(56,715)
HKD	(219,299)	(54,442)

A 10% weakening of the RMB against the USD and HKD at balance date would have had the equal but opposite effect on them to the amounts shown above, on the basis that all other variables remained constant.

Due to the above assumptions, the result of sensitivity analysis on exchange rate changes may be different, compared with the actual changes in the Group's net profit and equity of may arise with this.

(iii) Price risk

The Group is exposed to equity price changes arising from equity investments concluded in financial instruments at fair value through profit or loss and available-for-sale financial instruments. Price risk the Group facing is mainly the proportionate fluctuation in the Group's net profits due to the price fluctuation of the held for trading financial instruments and the proportionate fluctuation in the Group's equity due to the price fluctuation of the held for trading and available-for-sale financial instruments.

Sensitivity analysis

The analysis below is performed to show the impact on Group's net profit and equity due to change in the prices of equity securities by 10% with all other variables held constant.

	Sensitivity of net profit	
	<i>As at 31 December</i>	
	2017	2016
Increase by 10%	897,230	73,554
Decrease by 10%	(897,230)	(73,554)

	Sensitivity of equity	
	<i>As at 31 December</i>	
	2017	2016
Increase by 10%	3,109,511	3,282,411
Decrease by 10%	(3,109,511)	(3,282,411)

The sensitivity analysis indicates the instantaneous change in the Group's net profit and equity that would arise assuming that the changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that the fair values of the Group's equity investments would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables, and that all other variables remain constant. The analysis is performed on the same basis for 2017 and 2016.

**(d) Capital management**

The Group's objectives of capital management are:

- (i) To safeguard the Group's ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders;
- (ii) To support the Group's stability and growth;
- (iii) To maintain a strong capital base to support the development of their business; and
- (iv) To comply with the capital requirements under the PRC, Hong Kong and the United States regulations.

As at 16 June 2016, Administrative Measures for Risk Control Indicators of Securities Companies (Revision 2016) (the "Revised Administrative Measures") and Calculation Standard for Risk Control Indicators of Securities Companies were issued by the CSRC. The Company is required to meet the following standards for risk control indicators on a continual basis from 1 October 2016:

- (i) The ratio of net capital divided by the sum of its various risk capital provisions shall be no less than 100% ("Ratio 1");
- (ii) The ratio of net capital divided by net assets shall be no less than 20% ("Ratio 2");
- (iii) The ratio of net capital divided by liabilities shall be no less than 8% ("Ratio 3");
- (iv) The ratio of net assets divided by liabilities shall be no less than 10% ("Ratio 4");
- (v) The ratio of the value of equity securities and derivatives held divided by net capital shall not exceed 100% ("Ratio 5");
- (vi) The ratio of the value of non-equity securities and derivatives held divided by net capital shall not exceed 500% ("Ratio 6");
- (vii) The ratio of core net capital divided by on balance sheet and off balance sheet assets shall be no less than 8% ("Ratio 7");
- (viii) The ratio of high quality liquidity assets divided by net cash outflows for the next 30 days shall be no less than 100% ("Ratio 8");
- (ix) The ratio of available stable funds divided by required stable funds shall be no less than 100% ("Ratio 9"); and
- (x) The ratio of margin financing (including securities lending) divided by net capital shall not exceed 400% ("Ratio 10").

Net capital refers to net assets minus risk adjustments on certain types of assets as defined in the Revised Administrative Measures.

As at 31 December 2017 and 31 December 2016, the Company maintained net capital and the above ratios as follows:

	<i>Year ended 31 December</i>	
	2017	2016
Net Capital	46,742,933	45,122,196
Ratio 1	193.75%	206.71%
Ratio 2	59.41%	59.42%
Ratio 3	29.75%	38.09%
Ratio 4	50.08%	64.10%
Ratio 5	60.50%	55.38%
Ratio 6	108.16%	65.95%
Ratio 7	19.05%	21.35%
Ratio 8	619.25%	246.05%
Ratio 9	130.39%	139.68%
Ratio 10	220.53%	193.75%

Similar to the Company, certain subsidiaries of the Group are also subject to capital requirements under the Mainland China, Hong Kong and the United States regulatory requirements, respectively. These subsidiaries comply with the capital requirements during the years ended 31 December 2017 and 31 December 2016.

**(e) Transfer of financial assets**

The Group transferred financial assets to certain counterparties through repurchase agreements, securities lending and asset-backed securities scheme. These securities, margin accounts receivable and securities-backed lending are not derecognised from the consolidated statement of financial position because the Group retains substantially all the risks and rewards of these securities, margin loans and securities-backed lending.

The Group entered into repurchase agreements with certain counterparties to sell debt securities classified as financial assets at fair value through profit or loss, margin accounts receivable and financial assets held under resale agreements. Sales and repurchase agreements are transactions in which the Group sell a security, rights and interests in a margin accounts receivable or securities-backed lending and agree to repurchase it at the agreed date and price. The repurchase prices are fixed and the Group is still exposed to substantially all the credit risks, market risks and rewards of those securities and rights and interests sold. These securities, margin accounts receivable and financial assets held under resale agreements are not derecognised from the consolidated statement of financial position because the Group retains substantially all the risks and rewards of these financial assets.

The Group entered into securities lending agreements with clients to lend out its equity securities and exchange-traded funds classified as fair value through profit or loss and available-for-sale financial assets. As stipulated in the securities lending agreements, the legal ownership of these equity securities and exchange-traded funds is transferred to the clients. Although the clients are allowed to sell these securities during the covered period, they have obligations to return these securities to the Group at specified future dates. The Group has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised these securities in the consolidated statement of financial position.

The Group sells margin accounts receivable to the securitisation vehicle, which in turn issue asset-backed securities to investors with the purchased assets as the underlying assets. Such securitisation vehicle is consolidated by the Group, consequently the underlying assets are transferred from the Group to the investors. The Group has the obligation to pass cash flows from the underlying assets to the investors.

The cash flows that the securitisation vehicle collect from the transferred assets has not been passed through to investors without material delay, and the Group has the obligation to repurchase these margin accounts receivable on specified future dates and at agreed-upon prices. Thus the Group has not derecognised these financial assets in the consolidated statements of financial position. The consideration received from the investors is recognised as a financial liability.

The following tables provide a summary of carrying amounts and fair values of the transferred financial assets that are not derecognised in their entirety and the associated liabilities:

As at 31 December 2017

	Financial assets at fair value through profit or loss		Available-for-sale financial assets		Margin accounts receivable		Financial assets held under resale agreements		Total
	Sales and repurchase agreements	Securities lending	Securities lending	Securities lending	Margin loans receivable backed repurchase	Margin loans receivable backed repurchase	Securities -backed lending	Securities -backed lending	
Carrying amount of transferred assets	-	-	5,592	5,592	2,716,389	2,716,389	-	-	2,721,981
Carrying amount of associated liabilities	-	-	-	-	(2,500,000)	(2,500,000)	-	-	(2,500,000)
Net position	-	-	5,592	5,592	216,389	216,389	-	-	221,981

As at 31 December 2016

	Financial assets at fair value through profit or loss		Available-for-sale financial assets		Margin accounts receivable		Financial assets held under resale agreements		Total
	Sales and repurchase agreements	Securities lending	Securities lending	Securities lending	Margin loans receivable backed repurchase	Margin loans receivable backed repurchase	Securities -backed lending	Securities -backed lending	
Carrying amount of transferred assets	-	-	-	-	7,431,807	7,431,807	1,366,900	1,366,900	8,798,707
Carrying amount of associated liabilities	-	-	-	-	(5,800,000)	(5,800,000)	(1,252,000)	(1,252,000)	(7,052,000)
Net position	-	-	-	-	1,631,807	1,631,807	114,900	114,900	1,746,707



(f) Offsetting financial assets and financial liabilities

The Group offsets the related financial assets and financial liabilities when the Group currently has a legally enforceable right to set off the balances, and intends either to settle on a net basis, or to realise the balances simultaneously.

The Group has entered into master netting arrangements with counterparties for the derivative instruments.

Under the agreement signed between the Group and the customers, money obligations receivable and payable with the same customers on the same settlement date are settled on net basis.

Under the agreement of continuous net settlement made between the Group and clearing house, money obligations receivables and payables with clearing house on the same settlement date are settled on net basis.

As at 31 December 2017

	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the consolidated statements of financial position	Net amounts of financial assets presented in the consolidated statements of financial position	Related amounts not set off in the consolidated statements of financial position		Net amount
				Financial instruments	Cash collateral received	
Financial assets						
Derivative financial assets	404,329	(12,615)	391,714	-	-	391,714
Accounts receivable	779,906	(66,445)	713,461	-	-	713,461
Total	1,184,235	(79,060)	1,105,175	-	-	1,105,175
Financial liabilities						
Derivative financial liabilities	(1,642,290)	7	(1,642,283)	-	-	(1,642,283)
Other payables and accruals	(5,209,936)	167,873	(5,042,063)	-	-	(5,042,063)
Total	(6,852,226)	167,880	(6,684,346)	-	-	(6,684,346)



As at 31 December 2016

	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the consolidated statements of financial position	Net amounts of financial assets presented in the consolidated statements of financial position	Related amounts not set off in the consolidated statements of financial position		Net amount
				Financial instruments	Cash collateral received	
Financial assets						
Derivative financial assets	164,518	(57,927)	106,591	-	-	106,591
Accounts receivable	171,170	(1,129)	170,041	-	-	170,041
Total	335,688	(59,056)	276,632	-	-	276,632
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the consolidated statements of financial position	Net amounts of financial assets presented in the consolidated statements of financial position	Related amounts not set off in the consolidated statements of financial position		Net amount
				Financial instruments	Cash collateral received	
Financial liabilities						
Derivative financial liabilities	(874,765)	10,754	(864,011)	-	-	(864,011)
Other payables and accruals	(813,204)	99,784	(713,420)	-	-	(713,420)
Total	(1,687,969)	110,538	(1,577,431)	-	-	(1,577,431)

Except for the enforceable master netting arrangements and the offset-right of the financial instruments under the similar agreements disclosed above, the collateral of which, such as financial assets held under resale agreements and financial assets sold under repurchase agreements are disclosed in the corresponding notes, which are generally not on the net basis in the consolidated statement of financial position.

However, the risk exposure associated with favorable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis. As at 31 December 2017 and 31 December 2016, the fair value of the collaterals related to the above items exceeded the book value of those financial instruments, net exposure is insignificant after setting off the collaterals.

58 Fair value information

(a) Fair value of financial instruments

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

- (i) Financial assets including cash and bank balances, cash held for brokerage clients, clearing settlement funds, financial assets held under resale agreements, and financial liabilities including placements from other financial institutions, short-term bank loans and financial assets sold under repurchase agreements are mainly short-term financing or floating interest rate instruments. Accordingly, the carrying amounts approximate the fair values.
- (ii) Financial instruments at fair value through profit or loss, derivatives and available-for-sale financial assets are stated at fair value unless the fair values cannot be reliably measured. For the financial instruments traded in active open markets, the Group uses market prices or markets rates as the best estimate for their fair values. For the financial instruments without any market price or market rate, the Group determines the fair values of these financial assets and financial liabilities by discounted cash flow or other valuation methods.
- (iii) The fair values of held-to-maturity investments, short-term debt instruments issued and long-term bonds are determined with reference to the available market prices or quotes from brokers or agents. If there is no quoted market price in an active market, the Group refers to the yield of financial instruments with similar characteristics such as credit risk and maturity, to estimate the fair values using pricing models or discounted cash flow.
- (iv) Accounts receivable, other receivables and prepayments, margin accounts receivable, and accounts payable to brokerage clients are within one year. Accordingly, the carrying amounts approximate the fair values.

**(b) Fair value of other financial instruments (carried at other than fair value)**

The carrying amount and fair value of held-to-maturity investments, short-term debt instruments issued and long-term bonds which are not presented at fair value are listed as below:

Carrying amount

	As at 31 December	
	2017	2016
Financial assets		
- Held-to-maturity investments	-	5,000
Total	-	5,000
Financial liabilities		
- Short-term debt instruments issued	(26,656,010)	(1,621,000)
- Long-term bonds	(77,198,276)	(75,847,816)
Total	(103,854,286)	(77,468,816)

Fair value

	2017			
	Level I	Level II	Level III	Total
Financial assets				
- Held-to-maturity investments	-	-	-	-
Total	-	-	-	-
Financial liabilities				
- Short-term debt instruments issued	-	-	26,656,010	26,656,010
- Long-term bonds	73,824,987	-	3,000,000	76,824,987
Total	73,824,987	-	29,656,010	103,480,997

	2016			Total
	Level I	Level II	Level III	
Financial assets				
- Held-to-maturity investments	-	5,091	-	5,091
Total	-	5,091	-	5,091
Financial liabilities				
- Short-term debt instruments issued	-	-	1,621,000	1,621,000
- Long-term bonds	70,813,922	-	4,900,000	75,713,922
Total	70,813,922	-	6,521,000	77,334,922

The fair values of the financial assets and financial liabilities included in the level II and III categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Except for the above, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost and available-for-sale financial assets at cost less impairment in the Group's statements of financial position approximate their fair values.

**(c) Fair value hierarchy**

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	2017			
	Level I	Level II	Level III	Total
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading				
- Debt securities	25,688,578	29,357,072	-	55,045,650
- Equity securities	6,561,929	1,082,457	-	7,644,386
- Funds	17,069,017	391,211	-	17,460,228
- Wealth management products	468,364	1,018,696	1,116,430	2,603,490
Financial assets designated at fair value through profit or loss				
- Equity securities	-	1,796,667	-	1,796,667
Available-for-sale financial assets				
- Debt securities	11,068,223	3,992,891	45,231	15,106,345
- Equity securities	9,312,807	1,140,727	6,548,624	17,002,158
- Funds	124,338	42,142	-	166,480
- Wealth management products	-	12,308,185	-	12,308,185
Derivative financial assets	37,490	99,623	254,601	391,714
Total	70,330,746	51,229,671	7,964,886	129,525,303
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading				
- Financial liabilities held for trading	(11,818,892)	(88,445)	-	(11,907,337)
Financial liabilities designated at fair value through profit or loss				
- Financial liabilities designated at fair value through profit or loss	-	(128,324)	(2,345,668)	(2,473,992)
Derivative financial liabilities	(29,537)	(1,386,261)	(226,485)	(1,642,283)
Total	(11,848,429)	(1,603,030)	(2,572,153)	(16,023,612)

	2016			
	Level I	Level II	Level III	Total
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading				
- Debt securities	18,974,811	31,318,680	-	50,293,491
- Equity securities	4,379,288	186,218	-	4,565,506
- Funds	22,744,645	-	-	22,744,645
- Wealth management products	2,523,090	954,625	731,430	4,209,145
Financial assets designated at fair value through profit or loss				
- Equity securities	-	1,294,444	-	1,294,444
Available-for-sale financial assets				
- Debt securities	886,728	-	93,702	980,430
- Equity securities	9,092,231	6,883,073	10,361,224	26,336,528
- Funds	686,012	2,958	-	688,970
- Wealth management products	165,110	15,365,524	200,000	15,730,634
Derivative financial assets	8,005	78,345	20,241	106,591
Total	59,459,920	56,083,867	11,406,597	126,950,384
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading				
	(1,548,466)	-	-	(1,548,466)
Financial liabilities designated at fair value through profit or loss				
	-	(14,930,601)	(11,440,911)	(26,371,512)
Derivative financial liabilities	(6,240)	(847,361)	(10,410)	(864,011)
Total	(1,554,706)	(15,777,962)	(11,451,321)	(28,783,989)

For the year ended 31 December 2017, there was a transfer of amount RMB623,245 thousand from Level I to Level II due to its active trading as at 31 December 2016 while suspended from trading as at 31 December 2017. For the year ended, there were no significant transfer between Level II and Level III of the fair value hierarchy.



(i) Financial instruments in Level I

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price within bid-ask spread. These instruments are included in Level I. Instruments included in Level I comprise primarily securities traded on the Shanghai Stock Exchange and the Shenzhen Stock Exchange classified as trading securities or available for sale.

(ii) Financial instruments in Level II

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level II.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level III.

(iii) Valuation methods for specific investments

As at 31 December 2017 and 31 December 2016, the Group's valuation methods for specific investments are as follows:

(1) For exchange-listed equity securities, fair value is determined based on the closing price of the equity securities as at the reporting date within bid-ask spread. For those which has no quoted market price or those with lock-up periods as at the reporting date, valuation techniques are used to determine the fair value.

(2) For exchange-listed investment funds, fair value is determined based on the closing price within bid-ask spread as at the reporting date or the most recent trading date. For open-end funds and wealth management products, fair value is determined by trading price which is based on the net asset value as at the reporting date.

(3) For debt securities listed through exchanges, fair values are determined based on the closing price within bid-ask spread of the debt securities at the date of statements of financial position.

(4) For debt securities traded through the inter-bank bond market and OTC market, fair values are determined using valuation techniques.

(5) For gold leasing and derivative financial instruments, fair value is determined using valuation techniques.

(iv) Financial instruments in Level III

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level III of the fair value hierarchy:

	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Derivative financial assets	Financial liabilities at fair value through profit or loss	Derivative financial liabilities	Total
As at 1 January 2017	731,430	10,654,925	20,242	(11,440,911)	(10,409)	(44,723)
Gains or losses for the year	39,646	2,599	273,157	419,540	(159,084)	575,858
Changes in fair value recognised in other comprehensive income	-	(856,525)	-	-	-	(856,525)
Purchases	385,000	4,400,136	10,238	-	(45,394)	4,749,980
Sales and settlements	(39,646)	(7,607,280)	(49,036)	8,675,703	(11,598)	968,143
As at 31 December 2017	1,116,430	6,593,855	254,601	(2,345,668)	(226,485)	5,392,733
Total gains or losses for the year included in profit or loss for assets held at the end of the reporting period	-	-	239,690	419,540	(176,003)	483,227

	Financial assets at fair value through profit or loss	Available-for-sale financial assets	Derivative financial assets	Financial liabilities at fair value through profit or loss	Derivative financial liabilities	Total
As at 1 January 2016	1,444,571	9,298,723	156,585	-	(295)	10,899,584
Gains or losses for the year	5,522	8,183	(17,539)	(585,431)	2,550	(586,715)
Changes in fair value recognised in other comprehensive income	-	2,912,765	-	-	-	2,912,765
Purchases	60,000	4,432,424	-	(10,855,480)	(10,018)	(6,373,074)
Sales and settlements	(778,663)	(5,997,170)	(118,804)	-	(2,646)	(6,897,283)
As at 31 December 2016	731,430	10,654,925	20,242	(11,440,911)	(10,409)	(44,723)
Total gains or losses for the year included in profit or loss for assets held at the end of the reporting period	3,055	-	-	(585,431)	(3,575)	(585,951)

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

Financial assets and liabilities	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Wealth management products and private placement bonds	Level III	Discounted cash flow model	Risk adjusted discount rate	The higher the risk adjusted discount rate, the lower the fair value
Unlisted equity investment	Level III	Market comparable companies	Discount for lack of marketability	The higher the discount, the lower the fair value
Financial liabilities arising from consolidation of private equity funds	Level III	Market comparable companies of the underlying portfolios	Discount for lack of marketability	The higher the discount, the lower the fair value
Over-the-counter options	Level III	Black-Scholes option pricing model	Price volatility of underlying assets	The higher the price volatility, the greater the impact on the fair value
		Monte-Carlo option pricing model	Price volatility of underlying assets	The higher the price volatility, the greater the impact on the fair value

**59 Company-level statement of financial position**

	Note	As at 31 December	
		2017	2016
Non-current assets			
Property and equipment		2,594,595	2,443,530
Investment properties		1,742,738	2,028,931
Other intangible assets		429,142	432,715
Investments in subsidiaries		17,661,632	17,301,632
Interest in associates		7,511,414	2,149,482
Held-to-maturity investments		-	5,000
Available-for-sale financial assets		23,739,044	20,909,233
Financial assets held under resale agreements		8,059,703	7,751,396
Financial assets at fair value through profit or loss		1,796,667	1,294,444
Refundable deposits		1,435,529	1,833,842
Other non-current assets		63,118	61,948
Total non-current assets		65,033,582	56,212,153
Current assets			
Accounts receivable		678,545	151,497
Other receivables and prepayments		4,612,915	3,083,018
Margin accounts receivable		59,446,149	56,523,470
Available-for-sale financial assets		12,314,388	8,777,045
Financial assets held under resale agreements		43,660,746	24,225,509
Financial assets at fair value through profit or loss		37,487,496	27,199,271
Derivative financial assets		349,248	81,459
Clearing settlement funds		2,343,723	1,750,341
Cash held on behalf of brokerage clients		50,091,944	77,887,650
Cash and bank balances		9,585,562	15,498,654
Total current assets		220,570,716	215,177,914
Total assets		285,604,298	271,390,067

	Note	As at 31 December	
		2017	2016
Current liabilities			
Short-term debt instruments issued		26,656,010	1,621,000
Placements from other financial institutions		7,029,998	6,650,000
Accounts payable to brokerage clients		48,862,822	71,803,690
Employee benefits payable		1,403,619	1,291,016
Other payables and accruals		8,213,316	9,458,152
Current tax liabilities		-	91,202
Financial assets sold under repurchase agreements		20,114,159	10,520,963
Financial liabilities at fair value through profit or loss		11,795,824	2,398,036
Derivative financial liabilities		1,601,480	851,834
Long-term banks loans due within one year		-	-
Long-term bonds due within one year		21,597,480	25,900,000
		<hr/>	<hr/>
Total current liabilities		147,274,708	130,585,893
		<hr/>	<hr/>
Net current assets		73,296,008	84,592,021
		<hr/>	<hr/>
Total assets less current liabilities		138,329,590	140,804,174
		<hr/>	<hr/>
Non-current liabilities			
Long-term bonds		52,992,318	46,583,195
Long-term bank loans		-	-
Non-current employee benefits payable		5,151,000	4,225,060
Deferred tax liabilities		503,471	330,909
Financial assets sold under repurchase agreements		1,000,000	-
Financial liabilities at fair value through profit or loss		-	13,722,800
		<hr/>	<hr/>
Total non-current liabilities		59,646,789	64,861,964
		<hr/>	<hr/>
Net assets		78,682,801	75,942,210
		<hr/>	<hr/>



	Note	As at 31 December	
		2017	2016
Equity			
Share capital	51(a)	7,162,769	7,162,769
Reserves		58,568,671	58,184,745
Retained profits		12,951,361	10,594,696
Total equity		78,682,801	75,942,210

Approved and authorised for issue by the board of directors on 28 March 2018.

Zhou Yi

Chairman of the Board, Executive Director and President

Chen Chuanming

Director

60 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2017

Up to the date of issue of the financial statements, the IASB has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2017 and which have not been adopted in the financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
IFRS 15, Revenue from contracts with customers	1 January 2018
IFRS 9, Financial instruments	1 January 2018
IFRS 16, Leases	1 January 2019
Amendments to IAS 40, Investment Property	1 January 2018
Amendments to IFRS 2, Share-based payment	1 January 2018
Annual Improvements 2014-2016 Cycle, Amendments to IFRS 1 and IAS 28	1 January 2018
Amendments to IFRS 10 and IAS 28, Sales or Contribution of Assets between An Investor and Its Associate or Joint Venture	No mandatory effective date yet determined
IFRIC 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019

Except as described below, the application of the new and revised IFRS will have no material impact on the Group's financial statements.

IFRS 9, Financial instruments

IFRS 9 will replace the current standard on accounting for financial instruments, IAS 39, Financial instruments: Recognition and measurement. IFRS 9 introduces new requirements for classification and measurement of financial assets, including the measurement of impairment for financial assets and hedge accounting. On the other hand, IFRS 9 incorporates without substantive changes the requirements of IAS 39 for recognition and derecognition of financial instruments and the classification and measurement of financial liabilities.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to use the exemption from restating comparative information and will recognise any transition adjustments against the opening balance of equity at 1 January 2018.

Expected impacts of the new requirements on the Group's financial statements are as follows:

(a) Classification and measurement

IFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss (FVTPL) and (3) fair value through other comprehensive income (FVTOCI):

- debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments are measured at their fair value.
- For equity securities, the classification is FVTPL regardless of the entity's business model. The only exception is if the equity security is not held for trading and the entity irrevocably elects to designate that security as FVTOCI. If an



equity security is designated as FVTOCI then only dividend income on that security will be recognised in profit or loss. Gains, losses and impairments on that security will be recognised in other comprehensive income without recycling. The classification and measurement requirements for financial liabilities under IFRS 9 are largely unchanged from IAS 39, except that IFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's credit risk to be recognised in other comprehensive income (without reclassification to profit or loss).

(b) Impairment

The new impairment model in IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure either a 12-month expected credit loss or a lifetime expected credit loss, depending on the asset and the facts and circumstances. The Group expects that the application of the expected credit loss model will result in earlier recognition of credit losses.

(c) Hedge accounting

IFRS 9 does not fundamentally change the requirements relating to measuring and recognising ineffectiveness under IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting. As the Group does not apply hedge accounting thus the Group has estimated that the hedge accounting requirements of IFRS 9 has no material impact on the Group's financial statements.

(d) Disclosures

IFRS 9 requires extensive new disclosures, in particular about credit risk and expected credit loss model. The Group has changed the relevant controls that it believes is necessary to capture the required data.

Based on the initial assessment, the adoption of the new requirements of classification and measurement, impairment and hedge accounting in IFRS 9 would decrease the Group's net assets at 31 December 2017 by less than 1%.

IFRS 15, Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction contracts and IFRIC 13 Customer Loyalty Programmes. It also includes guidance on when to capitalise costs of obtaining or fulfilling a contract not otherwise addressed in other standards, and includes expanded disclosure requirements.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5 steps approach to revenue recognition:

Step 1. Identify the contract(s) with the customer.

Step 2. Identify the performance obligations in the contract.

Step 3. Determine the transaction price.

Step 4. Allocate the transaction price to the performance obligations in the contract.

Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group has assessed the impact on the financial statements resulting from the application of IFRS 15. So far it has concluded that the adoption of IFRS 15 has no significant impact on the Group's results of operations and financial position.

IFRS 16, Leases

IFRS 16 provides comprehensive guidance for the identification of lease arrangements and their treatment by lessees and lessors. In particular, IFRS 16 introduces a single lessee accounting model, whereby assets and liabilities are recognised for all leases, subject to limited exceptions. It replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16.

When IFRS 16 is adopted in the future, it is expected that certain portion of lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

The Group has completed an initial assessment of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Group's borrowing rate at 1 January 2019, the composition of the Group's lease portfolio at that date, the Group's latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients and recognition exemptions.

As set out in Note 52, total operating lease commitment of the Group in respect of rental payment as at 31 December 2017 amounted to RMB753.21 million (31 December 2016: RMB570.94 million), however, the Group has not yet determined to what extent these commitments will result in the recognition of right-of-use assets and liabilities for future payments and how this will affect the Group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

61 Events after the reporting date

(a) Issuance of long-term bonds

On 15 March 2018, the Company completed the issuance of the first tranche of 2018 subordinated bonds with a nominal value of RMB1 billion. The long-term bonds bear interest at 5.65% per annum with a maturity of 2 years.

(b) Non-public issuance of A shares

In March 2018, the Company received the "Approval in Relation to the Non-Public Issuance of Shares by Huatai Securities Co., Ltd." from the CSRC, which approved the Company's non-public issuance of not more than 1,088,731,200 new A Shares. The approval document is valid for six months from the date of approval.

(c) Change in the proportion of ownership interest of a subsidiary

On 23 March 2018, China Nuclear Energy Industry Corporation transferred its 0.2% shares in Huatai United Securities Co., Ltd to the Company. As of the report date, the Company's proportion of ownership interest in Huatai United Securities Co., Ltd. has changed from 99.72% to 99.92%.



Index of Documents for Inspection

Index of Documents for Inspection	Financial statements carrying the signature and seal of the Company's legal representative, person in charge of accounting work and head of accounting organ
Index of Documents for Inspection	Audit report carrying the seal of the accounting firm and the signature and seal of the certified public accountant
Index of Documents for Inspection	All company documents and announcements made public on the newspapers designated by CSRC within the Reporting Period
Index of Documents for Inspection	Articles of Association

Chairman of the Board: Zhou Yi

Date of Submission as Approved by the Board of Directors: 28 March 2018

Information Disclosure of Securities Companies

I. Major Administrative Approvals of the Company

1. Approval for the Modification of Important Clauses of the Articles of Association by Huatai Securities Co., Ltd. (SZJXKZ [2017] No. 9) dated 2 March 2017;
2. Approval for the Qualification of Zhang Hui as Senior Manager of Securities Company (SZJXKZ [2017] No. 13) dated 13 March 2017;
3. Approval for the Qualification of Wang Chong as Senior Manager of Securities Company (SZJXKZ [2017] No. 14) dated 13 March 2017;
4. Approval for the Qualification of Xu Feng as Director of Securities Company (SZJXKZ [2017] No. 15) dated 7 April 2017;
5. Approval of the Jiangsu Provincial SASA for the Non-public Placement of A Shares by Huatai Securities Co., Ltd. (SGZF [2017] No. 33) dated 5 June 2017;
6. Approval for the Agency Qualification of Huatai Securities Co., Ltd. for Subscription, Purchasing and Redeeming of Gold ETF in Spot Trading (SJIF [2017] No. 103) dated 5 June 2017.

II. Results of Classification by Regulatory Authority

1. In 2015, the Company was rated Class AA under Category A according to the classified evaluation of securities companies.
2. In 2016, the Company was rated Class BBB under Category B according to the classified evaluation of securities companies.
3. In 2017, the Company was rated Class AA under Category A according to the classified evaluation of securities companies.

Appendix

I: Main Business Qualifications

The Company was entitled to become the members of the Shanghai Stock Exchange, the Shenzhen Stock Exchange and Securities Association of China, to engage in the clearing of warrants of China Securities Depository and Clearing Corporation Limited and participate in the clearing of China Securities Depository and Clearing Corporation Limited. Besides, the Company also has the following main business qualifications:

No.	Type of License	Approval Department	Years
1	National interbank market access qualification	People' s Bank of China	January 2000
2	Qualification for online entrusted securities brokerage business	CSRC	May 2001
3	Qualification for distributing open-end equity funds	CSRC	February 2003
4	Qualification for entrusted investment management business	CSRC	March 2003
5	Value-added telecommunications business license	Jiangsu Communications Administration	July 2004
6	Pilot securities firm for relevant innovative activities	Securities Association of China	March 2005
7	Qualification for underwriting short-term financing bills	People' s Bank of China	August 2005
8	Qualification for foreign exchange operation in the securities business	State Administration of Foreign Exchange	November 2006
9	Foreign exchange registration certificate for overseas investment	Jiangsu Provincial Bureau of SAFE	December 2006
10	Qualification for agency business of stock transfer	Securities Association of China	June 2007
11	Qualification of tier-1 dealer on the integrated e-platform for fixed income securities	Shanghai Stock Exchange	August 2007
12	Qualified domestic institutional investor (QDII) qualification for overseas securities investment management business	CSRC	December 2007
13	Qualification to provide intermediary introduction business for Great Wall Weiye Futures Co., Ltd.	CSRC	April 2008
14	Qualified investor qualification in block trade system	Shanghai Stock Exchange	June 2008
15	Qualification to incorporate wholly-owned specialized subsidiaries to engage in direct investment business	CSRC	July 2008
16	Obtain a stock index futures trading code and a hedging limit	China Financial Futures Exchange	June 2010
17	Pilot program of securities margin trading	CSRC	June 2010
18	Qualification of the dealer for credit risk mitigation tools and creator for credit risk mitigation certificates	National Association of Financial Market Institutional Investors	
19	Change the securities brokerage business (the business in Jiangsu, Shanghai, Zhejiang, Anhui, Shandong, Heilongjiang, Jilin, Liaoning, Beijing, Tianjin, Hebei, Henan, Shaanxi, Shanxi, Ningxia, Inner Mongolia, Gansu, Xinjiang, Qinghai only) within the original business scope to securities brokerage business, and change the securities underwriting and sponsorship business (the relevant business on the Shanghai Stock Exchange only) to securities underwriting business (the underwriting of government bonds, debt financing instruments of non-financial enterprises only), reduce the financial advisory business relating to securities trading and securities investment activities.	CSRC	August 2011
20	Provide trading seats to insurance institutional investors	China Insurance Regulatory Commission	January 2012
21	Pilot program of bonds collateralized quotation repurchase business	CSRC	January 2012
22	Bonds collateralized quotation repurchase business	Shanghai Stock Exchange	February 2012
23	CSI 300ETF liquidity service provider	Shanghai Stock Exchange	May 2012



No.	Type of License	Approval Department	Years
24	Innovative brokerage deposit business	CSRC	June 2012
25	Participate in interest rate swap trading by using the Company's proprietary funds	Jiangsu Securities Regulatory Bureau	August 2012
26	Pilot program of margin refinancing	China Securities Finance Co., Ltd.	August 2012
27	Pilot program of stock repurchase	CSRC	September 2012
28	Lead underwriting business for non-financial enterprises debt financing instruments in the interbank market	National Association of Financial Market Institutional Investors	November 2012
29	Qualification for conducting arbitrage and speculative trading using CSI 300 index-futures and trading code	China Financial Futures Exchange	December 2012
30	Agency sale of financial products	Jiangsu Securities Regulatory Bureau	January 2013
31	Qualification to carry out the stock repurchase business	Shenzhen Stock Exchange	January 2013
32	Pilot comprehensive custody business for private funds, which can provide comprehensive custody services, such as asset custody, settlement, computation of net value, investment control, custody report and etc., for private securities investment funds (limited partnership)	Institutional supervision department of CSRC	February 2013
33	Qualification of margin refinancing business	China Securities Finance Co., Ltd.	February 2013
35	Operate recommendation and brokerage business on the National Equities Exchange and Quotations as the lead securities firm	National Equities Exchange and Quotations Company Limited	March 2013
36	Qualification to submit filing materials for witnessing the opening of customers' securities accounts	China Securities Depository and Clearing Corporation Limited	April 2013
37	Qualification of financial bonds (including policy finance bonds) undertaking business	Jiangsu Securities Regulatory Bureau	June 2013
38	Conduct stock pledge-style repo transaction business for securities listed on the Shanghai Stock Exchange or Shenzhen Stock Exchange	Shanghai Stock Exchange and Shenzhen Stock Exchange	June 2013
39	Treasury bonds futures business	Jiangsu Securities Regulatory Bureau	September 2013
40	Qualification to conduct treasury bonds futures arbitrage and hedging businesses	CSRC and China Financial Futures Exchange	September 2013
41	Qualification to conduct asset management share transfer business	Shenzhen Stock Exchange	September 2013
42	Qualification to carry out equity return swaps business	Securities Association of China	September 2013
43	Qualification to conduct when-issued trading of treasury bonds	Shanghai Stock Exchange	October 2013
44	Pass the on-site inspection on stock options	Shanghai Stock Exchange	June 2014
45	Operate market-making business on the National Equities Exchange and Quotations as a market maker, namely market-making qualification on the OTC market	National Equities Exchange and Quotations Company Limited	July 2014
46	Trial market maker on the interbank market	National Inter-Bank Funding Center	July 2014
47	Trial business of financing by exercising the share incentive scheme	Shenzhen Stock Exchange	August 2014
48	With the qualification to provide payment services for clients' funds, the Company could provide various payment services for investors such as deposits collection, mobile recharging, online store consumption, sales return, water fee and credit card payment	Securities Fund Supervision Department of CSRC	August 2014
49	Qualification of custodian for securities investment funds	CSRC	September 2014
50	Qualification for pilot operations of Internet-based securities business	Securities Association of China	September 2014

No.	Type of License	Approval Department	Years
51	OTC qualification	Securities Association of China	September 2014
52	Qualification to conduct Southbound trading under A Shares trading seats	Shanghai Stock Exchange	October 2014
53	Pilot program on the OTC market	Securities Association of China	October 2014
54	Pilot program of restricted securities lending under share incentive schemes of listed companies	Shenzhen Stock Exchange	December 2014
55	Qualification of practicing brokerage business on an authentic basis for stock option businesses	Shenzhen Stock Exchange	December 2014
56	Qualification of stock option trading participant, and trading qualification for stock option brokerage and proprietary business	Shanghai Stock Exchange	January 2015
57	Qualification for stock options market making business	CSRC	January 2015
58	Main market maker of SSE 50ETF option contracts	Shanghai Stock Exchange	January 2015
59	Qualification of standard interest rate swap and forward centralized settlement of standard bonds	Shanghai Clearing House	April 2015
60	Qualification of participating in the net settlement of bond trade	Shanghai Clearing House	April 2015
61	Provide private equity with the valuation and calculation service, share registration service, sales backstage service support and other outsourcing services, as well as other value-added services derived from the above services	Asset Management Association of China	April 2015
62	Qualification of pilot innovative business for one-way video verification of investors' identities	China Securities Depository and Clearing Corporation Limited	June 2015
63	Permission to conduct Southbound trading under Shenzhen-Hong Kong stock connect	Shenzhen Stock Exchange	November 2016
Single business qualifications obtained by the Company in 2017 include			
1	Agency qualification for subscription, purchasing and redeeming of gold ETF in spot trading	Shanghai Gold Exchange	June 2017
2	Pilot program of cross-border business	CSRC	December 2017

II: List of Branch Offices and Securities Branches

1. Establishment of Branch Offices of the Company

As of the end of the Reporting Period, the Company had 29 branches in mainland China. The basic information is as follows:

Unit: Ten Thousand Yuan Currency: RMB

No.	Name	Address	Date of establishment	Registered capital (or working capital)	Zip code	Person in charge	Contact number	Business scope
1	Anhui Branch	The East Building, No. 46 Mingguang Road, Yaohai District, Hefei	25 August 2014	10,000	230011	Gui Hanzhen	0551-64297088 0551-64290999	Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products.
2	Beijing Branch	Room 1501, 15/F, Block 28, Fengsheng Hutong, Xicheng District, Beijing	28 May 2010	500	100032	Zhou Eri	010-63211377	Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products.



No.	Name	Address	Date of establishment	Registered capital (or working capital)	Zip code	Person in charge	Contact number	Business scope
3	Changzhou Branch	No. 9, North Heping Road, Changzhou, Jiangsu Province	16 April 2014	2,000	213003	Wang Yansheng	0519-88139733	Securities brokerage; securities investment consulting; agency sale of securities investment funds; margin financing and securities lending business; agency sale of financial products; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only).
4	Fujian Branch	No. 201, Block B, Haiyi Edifice, No. 668, Xiahe Road, Siming District, Xiamen, Fujian Province	18 September	2,000	361004	Chu Rentang	0592-2997899	Securities brokerage; securities investment consulting; agency sale of securities investment funds; margin financing and securities lending business; agency sale of financial products; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only).
5	Guangdong Branch	Unit 07-08, 39/F, No. 230 and 232 Tianhe Road, Tianhe District, Guangzhou, Guangdong Province	2014	500	510620	Zhao Changtao	020-88830128	Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products.
6	Henan Branch	No. 16, Nongye Road, Jinshui District, Zhengzhou, Henan Province	19 May 2012	2,000	450008		0371-89998299	Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products.
7	Heilongjiang Branch	3/F, Block B, Aocheng International, No. 239 Xuanhua Street, Nangang District, Harbin, Heilongjiang Province	16 April 2014	500	150001	Tao Mingqing	0451-51994000	Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products; management of local business departments.
8	Hubei Branch	24/F, No. 6 Building 6-7 (Building 6) Wuhan-1818 Center (Phase II), No. 109 Zhongbei Road Shuiguohu Street, Wuchang District, Wuhan City	28 May 2010	500	430070	Qu Feng	027-87314798	Securities brokerage; securities investment consulting; securities underwriting (limited to ancillary works such as project contracting, project information transmission and recommendation and customer relationship maintenance of underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products; management of securities branches at Hubei of Huatai Securities Co., Ltd.
9	Hunan Branch	No. 346, Laodong Road West, Tianxin District, Changsha, Hunan Province	19 March 2012	500	410015	Ding Lanhe	0731-85120568	Securities brokerage; securities investment consulting; agency sale of securities investment funds; margin financing and securities lending business; agency sale of financial products; securities underwriting and sponsoring (limited to ancillary works such as project contracting, project information transmission and recommendation and customer relationship maintenance).
10	Huai'an Branch	9/F, Building 1, No. 18, Huaihai Road East, Huai'an, Jiangsu Province	24 March 2014	2,000	223001	Li Dabin	0517-83907888	Securities brokerage; securities investment consulting; agency sale of securities investment funds; margin financing and securities lending business; agency sale of financial products; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises, policy-bank bonds, enterprise bonds).

No.	Name	Address	Date of establishment	Registered capital (or working capital)	Zip code	Person in charge	Contact number	Business scope
11	Jiangxi Branch	No. 1416, Jinggangshan Avenue, Xihu District, Nanchang, Jiangxi Province	3 November 2014	500	330002	Wan Bin	0791-86600577	Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; intermediary introduction business for the futures companies; agency sale of financial products; management of securities branches at Jiangxi.
12	Jiangyin Branch	(5/F New Baiye Square) No. 8, Futai Road, Jiangyin, Jiangsu Province	4 August 2014	2,000	214431	Gu Fuping	0510-86817888	Securities brokerage; securities investment consulting; agency sale of securities investment funds; margin financing and securities lending business; agency sale of financial products; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises, policy-bank bonds, enterprise bonds).
13	Liaoning Branch	(Building 201) No. 320 Young Street, Heping District, Shenyang, Liaoning Province	3 June 2011	500	110004	Chen Min	024-31881777	Securities brokerage; securities investment consulting; margin financing and securities lending business; agency sale of securities investment funds; intermediary introduction business for the futures companies; agency sale of financial products; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only).
14	Nanjing Branch	No. 90 Zhongshan Road East, Qinhuai District, Nanjing, Jiangsu Province	9 April 2010	2,000	210002	Gu Chengzhong	025-84798508	Securities brokerage; securities investment consulting; agency sale of securities investment funds; margin financing and securities lending business; agency sale of financial products; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises, policy-bank bonds, enterprise bonds).
15	Nantong Branch	Fangtian Building, No. 6 Yaogang Road, Nantong, Jiangsu Province	28 May 2010	500	226000	Wang Jie	0513-85529888	Securities brokerage; securities investment consulting; agency sale of securities investment funds; margin financing and securities lending business; agency sale of financial products; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises, policy-bank bonds, enterprise bonds).
16	Shandong Branch	No. 17703, Jingshi Road, Lixia District, Jinan, Shandong Province	16 April 2014	2,000	250061	Ma Jian	0531-55686555	Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products.
17	Shanghai Branch	Room 2201, No. 18 Dongfang Road, Pudong New Area, Shanghai, China	28 May 2010	500	200120	Zhai Jun	021-28972289	Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products.
18	Shenzhen Branch	18A, China Travel Service Tower, Central Square, Central Area, Futian District, Shenzhen	19 March 2012	500	518048	Wang Lianfen	0755-82492098	Securities brokerage; securities underwriting (limited to contracting); securities investment consulting; margin financing and securities lending business; agency sale of financial products; agency sale of securities investment funds.



No.	Name	Address	Date of establishment	Registered capital (or working capital)	Zip code	Person in charge	Contact number	Business scope
19	Sichuan Branch	No. 2, 16/F, Block 1, Zhongda Junyue Jinsha Office Building, 51 Qingjiang Road West, Qingyang District, Chengdu City	19 May 2012	500	610091	Hu Zheng	028-61502398	Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products.
20	Suzhou Branch	4/F and 5/F, No. 102 Xinshi Road, Suzhou, Jiangsu Province	28 May 2010	500	215000	Liu Xiaobing	0512-67579666	Securities brokerage; securities investment consulting; agency sale of securities investment funds; margin financing and securities lending business; agency sale of financial products; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only).
21	Taizhou Branch	No. 22, Yingchun Road West, Hailing District, Taizhou, Jiangsu Province	4 August 2014	2,000	225300	Tian Zhiwu	0523-86234237	Securities brokerage; securities investment consulting; agency sale of securities investment funds; margin financing and securities lending business; agency sale of financial products; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises, policy-bank bonds, enterprise bonds).
22	Tianjin Branch	5/F, Northern Financial Building, No. 5 Youyi Avenue, Hexi District, Tianjin	28 May 2010	500	300211	Li Yijun	022-59657718	Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products.
23	Wuxi Branch	No. 325, Jiefang Road West, Wuxi, Jiangsu Province	11 June 2014	2,000	214000	Feng Wei	0510-82723020	Securities brokerage; securities investment consulting; agency sale of securities investment funds; margin financing and securities lending business; agency sale of financial products; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only).
24	Xuzhou Branch	No. 19, Yangshan Road, Xuzhou Economic and Technological Development Zone, Jiangsu Province	16 April 2014	2,000	221001	Wang Minsheng	0516-85602988	Securities brokerage; securities investment consulting; agency sale of securities investment funds; margin financing and securities lending business; agency sale of financial products; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises, policy-bank bonds, enterprise bonds).
25	Yancheng Branch	No. 1015, Business Street, Dongjin Road, Bao Long City Square, Yancheng, Jiangsu Province	24 March 2014	2,000	224002	Gu Wenhuan	0515-88216888	Securities brokerage; securities investment consulting; agency sale of securities investment funds; margin financing and securities lending business; agency sale of financial products; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises, policy-bank bonds, enterprise bonds).
26	Yangzhou Branch	No. 406, Wenchang Middle Road, Guangling District, Yangzhou, Jiangsu Province	4 August 2014	2,000	225001	Cao Xingtai	0514-82196688	Securities brokerage; securities investment consulting; agency sale of securities investment funds; margin financing and securities lending business; agency sale of financial products; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises, policy-bank bonds, enterprise bonds).
27	Yunnan Branch	6/F, Block C, Dushi Mingyuan Community, Middle Renmin Road, Kunming, Yunnan Province	25 February 2014	500	650021	Yin Tianshui	0871-65951973	Securities brokerage; securities investment consulting; agency sale of securities investment funds; margin financing and securities lending business; agency sale of financial products; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only).

No.	Name	Address	Date of establishment	Registered capital (or working capital)	Zip code	Person in charge	Contact number	Business scope
28	Zhejiang Branch	Room2302, 2304, 2305 and 2306, Block 1, Sunyard International Creative Center Building, No. 1750, Jianghong Rd., Binjiang District, Hangzhou City, Zhejiang Province	25 March 2013	500	310052	Wu Baoguo	0571-86698700	Securities brokerage; securities investment consulting; agency sale of securities investment funds; margin financing and securities lending business; agency sale of financial products; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only).
29	Zhenjiang Branch	No. 11, Changjiang Road, Zhenjiang, Jiangsu Province	24 March 2014	2,000	212000	Yuan Hongbin	0511-85037099	Securities brokerage; securities investment consulting; agency sale of securities investment funds; margin financing and securities lending business; agency sale of financial products; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises, policy-bank bonds, enterprise bonds).

2. Number and distribution of Securities Branches

As of 31 December 2017, the number of of Securities Branches of the Company and their distribution are as follows:

No.	Province	City	Name	Address	Zip code	Person in charge of securities branches	Contact number of person in charge
1	Anhui	Hefei	Securities Branch in Huaining Road, Hefei	Room 1211-1213, Block C, Landmark Plaza, No. 288, Huaining Road, Zhengwu District, Hefei City	230022	Fan Huijuan	13514961801
2			Securities Branch in Chuangxin Road, Hefei	4F, Block C, Chuangxin Department, No. 2760, Chuangxin Road, High-tech District, Hefei City, Anhui Province	230088	Yang Xiangwen	0551-62686969
3		Ma'anshan	Securities Branch in Huafei Road, Ma'anshan	No. 5-6, Block 10 Zhenzhuyuan II village, Huashan District, Ma'anshan City, Anhui Province	243000	Zhang Jiazhu	0555-7185517
4		Chuzhou	Securities Branch in Langya Road East, Chuzhou	No. 5, No. 201, Langya East Road, Chuzhou City, Anhui Province	239001	Wang Yanchun	05503019976
5		Tongling	Securities Branch in Huaihe Avenue, Tongling	No. 1602 & 1603, 16/F, Huijin Building, Tongling Trade Building, Huaihe Avenue, Tongling City, Anhui Province	244000	Gao Guosheng	0562-2801988
6	Beijing	Beijing	Securities Branch in Guangqumen Inner Street, Beijing	Room 43-(04)01, 4/F, No. 43 Guangqumen Inner Street, Dongcheng District, Beijing City	100062	Yang Junpeng	010-67172636
7			Securities Branch in Agriculture Exhibition Centre South Road, Beijing	Room F1-6, F1-7, F2-1, Ruichen International Centre, No. 13 Agriculture Exhibition Centre South Road, Chaoyang District, Beijing City	100026	Wang Jian	010-84273899
8			Securities Branch in Suzhou Street, Beijing	Room 901-903, 9/F Weiya Building, Block 18, No. 29 Suzhou Street, Haidian District, Beijing City	100080	Li Shuai	010-62523799
9			Securities Branch in Xisanhuan North Road, Beijing	3/F, Block A, Yard 72 Xisanhuan North Road, Haidian District, Beijing City	100048	Wei Zhimin	010-68733708
10			Securities Branch in Yonghe Temple, Beijing	Room 501, 5/F, Block F, No. 28 Andingmen East Street, Dongcheng District, Beijing City	100007	Chen Xi	010-84273989
11			Securities Branch in Yuetan South Street, Beijing	3/F Wanfengyihe Business Club, No. 12A Yuetan South Street, Xicheng District, Beijing City	100045	Zhao Youqiang	010-68058688
12			Securities Branch in Zhongguancun South Street, Beijing	Room 3201, 3/F, Building 1, No. 11 Zhongguancun South Street, Haidian District, Beijing City	100081	Hao Zhanxin	010-68733967



No.	Province	City	Name	Address	Zip code	Person in charge of securities branches	Contact number of person in charge
13	Inner Mongolia	Baotou	Securities Branch in Donghe District, Baotou	No. 41, Bayantala Street, Donghe District, Baotou City, Inner Mongolia Autonomous Region	014040	Ma Xiaoju	0472-4136027/6867887
14			Securities Branch in Gangtie Main Street, Baotou	Basement Shop 4, Baobin Wall East, No. 19 Gangtie Main Street, Kun District, Baotou City, Inner Mongolia	014010	Niu Anfang	0472-6867886
15	3	Hohhot	Securities Branch in Xinhua Street East, Saihan District, Hohhot	No. 1707, 17/F, Block A, Wanda Plaza Complex, No. 26, Xinhua East Street, Saihan District, Hohhot City, the Inner Mongolia Autonomous Region	010010	Qi Hong	0471-3251997
16	Hebei 1	Shijiazhuang	Securities Branch in Zhonghua North Street, Shijiazhuang	No. 50, Zhonghua North Street, Shijiazhuang City, Hebei Province	050051	Zhang Feng	0311-87038116
17	Fujian 4	Fuzhou	Securities Branch in Middle Liuyi Road, Fuzhou	5/F, Guangmingqiao Complex, No. 382 Middle Liuyi Road, Taijiang District, Fuzhou City, Fujian Province	350009	Wei Xiang	0591-88037887
18		Quanzhou	Securities Branch in Jiuyi Street, Quanzhou	4/F, Baiyuan Building, Jiuyi Street, Quanzhou City, Fujian Province	362000	Chen Mingfeng	0595-22187188
19		Xiamen	Securities Branch in Xiahe Road, Xiamen	No. 202, Block B, Haiyi Building, No. 668 Xiahe Road, Siming District, Xiamen City	361004	Dong Kaisong	0592-2997888
20		Zhangzhou	Securities Branch in Shuixian Avenue, Zhangzhou	Flat 03-04, 4/F, Block B, Doubletree Hotel by Hilton, Rongxin, No. 88, Shuixian Avenue, Longwen District, Zhangzhou City, Fujian Province	363000	Liu Huafeng	0592-2977386
21	Guangdong 23	Foshan	Securities Branch in Denghu East Road, Foshan	Flat A, actually 26/F (nominally 29/F), Block 2, Youbang Financial Centre, No. 1, Denghu East Road, Guicheng Street, Nanhai District, Foshan City	528200	Zheng Chengbin	0757-29808989
22		Guangzhou	Securities Branch in Huangpu West Avenue, Guangzhou	Room 1509, No. 638 Huangpu West Avenue, Tianhe District, Guangzhou City	510000	Min Yunan	020-3227666
23		Guangzhou	Securities Branch in Donghuan Road, Panyu District, Guangzhou	Rooms 103, 105, 107, 109, Huizhi III Road, Nancun County, Panyu District, Guangzhou City, Guangdong Province	510440	Zhu Dao-ming	020-39213388
24		Guangzhou	Securities Branch in Xingang East Road, Guangzhou	Rooms 1808-1810, 1801 Self-Edit, No. 620, Xingang East Road, Haizhu District, Guangzhou City	510220	Chen Xiao-min	020-84133637
25		Guangzhou	Securities Branch in Huanshi East Road, Guangzhou	Rooms S1201, 1218-23, 12/F, South Tower, No. 371-375 Huanshi East Road, Yuexiu District, Guangzhou City, Guangdong Province	510060	Cheng Feng	020-83853823
26		Guangzhou	Securities Branch in Tianhe East Road, Guangzhou City	5/F, No. 65 Tianhe East Road, Tianhe District, Guangzhou City, Guangdong Province	510620	Lin Hao	020-89286707
27		Guangzhou	Securities Branch in Tiyu East Road, Guangzhou	20/F, Pingan Building, No. 160 Tiyu East Road, Guangzhou City	510620	Tang Jia	020-22031389
28		Guangzhou	Securities Branch in Yuncheng West Road, Guangzhou	Flat 4002-4004, Baiyun Green Centre, No. 888 Yuncheng West Road, Baiyun District, Guangzhou City, Guangdong Province	510420	Liu Enyue	020-86273767
29		Zhongshan	Securities Branch in Xingzheng Road, Zhongshan	Shop No. 1003, Block 1, Zhongshan Central Plaza, No. 1, Xingzheng Road, East District, Zhongshan City, Guangdong Province	528403	Song Tao	0760-89823338
30		Shantou	Securities Branch in Zhujiang Road, Shantou	Rooms 09, 11, 13, No. 1001, Block A, Xingyuan Building, the South Side of Zhujiang Road, Longhu District, Shantou City, Guangdong Province	515041	Liang Geng-hai	0754-89898199

No.	Province	City	Name	Address	Zip code	Person in charge of securities branches	Contact number of person in charge
31			The Second Securities Branch in Rongchao Business Center, Yitian Road, Shenzhen	2/F, Block A, Rongchao Business Center, No. 6003, Yitian Road, Lianhua Street, Futian District, Shenzhen City	518031	Cheng Tao	0755-82873125
32			Securities Branch in Caitian Road, Shenzhen	1/F, 2/F, Block 3, Fuyuan Building, No. 2014-9 Caitian Road, Futian District, Shenzhen City	518026	Yang Dongyang	0755-82993655
33			Securities Branch in Haide 3rd Road, Shenzhen	Rooms 1903, 1904, 1905, East Tower of Hai'an Building, Haide 3rd Road, Nanshan District, Shenzhen City	518059	Zhang Yijiang	0755-86271277
34			Securities Branch in Huangge North Road, Longgang,	Flat A102-2, Plant 1, Longgang Tian'an Cyber Innovation Park, Longgang Tian'an Cyber, No. 441, Huangge Road, Longcheng Street, Longgang District, Shenzhen City	518172	Xiang Hong	0755-82872960
35			Securities Branch in Qiaoxiang Road, Shenzhen	Tower 1.08-01, Office Building of Shengquotou Square, the Junction of Nonglin Road and Qiaoxiang Road, Futian District, Shenzhen City	518040	Wang Shaolian	0755-82531008
36			Securities Branch in Shennan Avenue, Shenzhen	No. 01B, 25/F, Block A, Donghai International Center, No. 7888 Shennan Road, Xiangmihu Street, Futian District, Shenzhen City	518040	Li Chendong	0755-82719339
37	Guangdong	Shenzhen	Securities Branch in Road 1 of High-tech Park South, Shenzhen	Southeast Side of 8/F, Fucheng Technology Building, No. 003, Road 1 of High-tech Park South, Nanshan District, Shenzhen City	518057	Gu Guoxu	0755-25870808
38			Securities Branch in Hongli Road, Shenzhen	No. BC, 9/F, Block A, CIC Investment International Business Center, No. 1061 Xiangmei Road, Xiangmihu Street, Futian District, Shenzhen City	518000	Li Xiaoshan	0755-82080300
39			Securities Branch in Zhihui Square, Qiaoxiang Road, Shenzhen	Zone 1101-04, Block A, Zhihui Square, Qiaoxiang Road, Nanshan District, Shenzhen City	518053	Cao Mengming	0755-26626388
40			Securities Branch in Rongchao Business Centre, Yitian Road, Shenzhen	Flats 03, 05, 06, 08, 09, 3/F, Block A, Rongchao Business Centre, No. 6003 Yitian Road, Futian District, Shenzhen City,	518026	Zhang Xiuyan	0755-83767319
41			Securities Branch in Yitian Road, Shenzhen	Flats 02, 03, 04, 17/F, China Travel Service HK Building, No. 4011 Shennan Avenue, Futian District, Shenzhen City	518048	Chen Li	0755-82766183
42			Securities Branch in Zhuzilin 4th Road, Shenzhen	Flat 101, 10J, 22D, 22E, China Economy and Trading Building, Zizhu 7th Road, Zhuzilin, Futian District, Shenzhen City	518041	Ma Jianmin	0755-82027636
43			Securities Branch in Ali cloud Building, Houhai, Shenzhen	Shop 32 & 33, 1/F, Block T4, Ali Center, Keyuan South Road, Nanshan District, Shenzhen City	518048	Chen Shun	0755-27247971
44	Guangxi	Nanning	Securities Branch in Zhongtai Road, Nanning	7/F, South Tower of Beibuwang Building, No. 11 Zhongtai Road, Nanning City, Guangxi Province	530029	Zhang Han	0771-5570608
45		Wuzhou	Securities Branch in Xidi 3rd Road, Wuzhou	Wuzhou No. 1 of 1/F, No. 19 Xidi 3rd Road, Wuzhou City	543002	Li Yong	0774-3862288
46	Hainan	Haikou	Securities Branch in Datong Road, Haikou	Room 1406, 14/F, Fortune Centre Building, No. 38 Datong Road, Haikou City	570102	Chen Jie	0898-66202789
47		Sanya	Securities Branch in Yuya Road, Sanya	2/F, Huipudeng Seaview Hotel, No. 139 Yuya Road, Sanya City	572021	He Ruijin	0898-88211669
48	Shanxi	Taiyuan	Securities Branch in Tiyu Road, Taiyuan	No. 58, Tiyu Road, Xiaodian District, Taiyuan City, Shanxi Province	030001	Wang Guoqi	0351-7775553
49			Securities Branch in Jingsan Road, Zhengzhou	Guanghuiguomao Building, No. 15, Jingsan Road, Jinshui District, Zhengzhou City, Henan Province	450003	Xia Mengfei	0371-65585069
50	Henan	Zhengzhou	Securities Branch in Nongye Road, Zhengzhou	No. 101, Floors 1-2, Building 1, No. 16, East Nongye Road, Jinshui District, Zhengzhou City, Henan Province	450000	Shi Qianjin	0371-63855159
51			Securities Branch in Yufeng Road, Zhengzhou	Fazhanguoji Building, No. 333, Yufeng Road, Jinshui District, Zhengzhou City	450008	Zhou Rui	0371-55357826



No.	Province	City	Name	Address	Zip code	Person in charge of securities branches	Contact number of person in charge
52	Heilongjiang ⁵	Harbin	Securities Branch in West 16th Street, Harbin	No.15 West 16th Street, Daoli District, Harbin City, Heilongjiang Province	150010	Zhang Lei	0451-51998718
53			Securities Branch in Xuanhua Street, Harbin	Floors 1-2, Block B, Aochengguoji, No. 239, Xuanhua Street, Nangang District, Harbin City, Heilongjiang Province	150001	Zhai Lei	0451-51998768
54		Mudanjiang	Securities Branch in Xiyitiao Road, Mudanjiang	No. 236, Xiyitiao Road, Xi'an District, Mudanjiang, Heilongjiang	157001	Ma Xiuhui	0453-8111898
55		Suihua	Securities Branch in Zhengyang Street, Zhaodong, Suihua	2/F, ICBC Zhaodong Branch Building, Zhengyangnanshidao Street, Zhaodong, Suihua, Heilongjiang Province	151100	Sun Peng	0455-8182228
56		Daqing	Securities Branch in Xinchao Street, Daqing	S10, Commercial Service Building, Xinchao Jiayuan Community, Ranghulu District, Daqing City, Heilongjiang Province	163400	Zheng Ye	0459-8971477
57	Jilin 3	Changchun	Securities Branch in Minkang Road, Changchun	No. 855 Minkang Road, Nanguan District, Changchun City	130041	Guo Jiayin	0431-81910599
58			Securities Branch in Ziyou Avenue, Changchun	No. 1000, Ziyou Avenue, Chaoyang District, Changchun City, Jilin Province	130021	Wang Jixiang	0431-81919187
59		Jilin	Securities Branch in Jiefang East Road, Jilin City	No. 7 Branch, No. 2 Dongchang Complex Building, No. 62 Jiefang East Road, Changyi District, Jilin City, Jilin Province	132001	Liu Yan	0432-65128799
60	Hubei 29	Xiaogan	Securities Branch in Zijin Road, Anlu	No. 1, Zijin Road, Anlu City, Hubei Province	432600	Ding Xiang	0712-5231718
61			Securities Branch in Dawu Xiyu Road	Xiyue Avenue, Dawu County, Hubei Province	432800	Chen Junhong	0712-7226466
62			Securities Branch in Xiannv Avenue, Hanchuan	No. 215, Xiannv Avenue, Hanchuan City, Hubei Province	431600	Wang Lin	0712-8296358
63			Securities Branch in Changzheng Road, Xiaogan	No. 29, Changzheng Road, Xiaogan City, Hubei Province	432000	Peng Chao	0712-2326727
64			Securities Branch in West Main Street, Yingcheng	No. 22, Building 1 of Guchengxindu, West Main Street, Yingcheng City, Hubei Province	432400	Meng Zhiyang	0712-3226017
65			Securities Branch in Chaoyang Road, Yunmeng	No. 1, Chaoyang Road, Yunmeng County, Hubei Province	432500	Zhang Yin	0712-4338338
66			Securities Branch in Shizhou Avenue, Enshi City	No. 63, Shizhou Avenue, Enshi City, Hubei Province	445000	Zhang Feng	0718-8237528
67			Securities Branch in Jianshi Yezhou Road, Enshi City	No. 109, Yezhou Avenue, Yezhou Town, Jianshi County	445300	Chen Yan	0718-3230098
68			Securities Branch in Badong Chutian Road, Enshi City	No. 5 Chutian Road, Badong County, Enshi Tujia and Miao Autonomous Prefecture, Hubei Province	444300	Feng Bo	0718-8456188
69			Securities Branch in Laifeng fengxiang Road, Enshi City	No. 50, Fengxiang Avenue, Laifeng County, Enshi Tujia and Miao Autonomous Prefecture, Hubei Province	445700	Zhang Xingxin	0718-6288118
70	Jingzhou	Securities Branch in Lichuan Garden Road, Enshi City	No. 1, Park Road, Lichuan City, Enshi Tujia and Miao Autonomous Prefecture, Hubei Province	445400	Tan Xiqiong	0718-7283339	
71		Securities Branch in Middle Beijing Road, Jingzhou	No. 249, Middle Beijing Road, Shashi District, Jingzhou City, Hubei Province	434000	Xu Jian	0716-8249551	
72		Securities Branch in Bijian Road, Shishou	No. 88, Bijian Road, Xiulin Agency, Shishou City, Hubei Province	434400	Zuo Feng	0716-7282593	
73	Shiyan	Securities Branch in Chaoyang North Road, Shiyan	No. 8, Chaoyang North Road, Zhangwan District, Shiyan City	442000	Li Zhihua	0719-8240158	
74	Shennongjia Forestry District	Securities Branch in Shennong Avenue, Shennongjia	No. 225, Shennong Avenue, Songbai Town, Shennongjia Forestry District	442400	Liu Chao	0719-3336276	
75	Forestry District	Securities Branch in Minzu Avenue, Wuhan	Southeast Side of Green Square, Lu Lane, Donghu Development Zone, Wuhan City	430074	Li Dehong	027-87575660	

No.	Province	City	Name	Address	Zip code	Person in charge of securities branches	Contact number of person in charge
76	Hubei 29	Wuhan	Securities Branch in Zhujiang Road, Wuhan CBD	Room 4, 26/F, Building 5, Fanhai International SOHO, Wangjiadun CBD, Jiangnan District, Wuhan City	430032	Yu Yanhua	027-83632286
77			Securities Branch in Youyi Avenue, Wuhan	No. 999, Youyi Avenue, Wuhan City	430080	Li Wei	027-86880966
78			Securities Branch in Shouyi Road, Wuhan	No. 115, Shouyi Road, Wuchang District, Wuhan City	430060	Wang Kai	027-88133377
79			Securities Branch in Wuluo Road, Wuhan	No. 558 attaching No. 4, Wuluo Road, Wuchang District, Wuhan City, Hubei Province	430070	Zhao Changtao	027-87816068
80			Securities Branch in Xinhua Road, Wuhan	No. 296, Xinhua Street, Jiangnan District, Wuhan City, Hubei Province	430015	Liu Hongyan	027-85558889
81		Xiangyang	Securities Branch in Changhong, North Road, Xiangyang	No. 19, Changhong Road North, High-tech Zone, Xiangyang City	441000	Hu Dewen	0710-3278298
82		Huanggang	Securities Branch in Chibi Avenue, Huanggang	No. 25, Chibi Avenue, Huangzhou District, Huanggang City	438000	Ning Yi	0713-8613915
83		Huanggang	Securities Branch in Yongning Avenue, Wuxue	No. 55, Yongning Avenue East, Wuxue City, Hubei Province	435400	Li Zhongrun	0713-6758589
84		Huanggang	Securities Branch in Ronghui Road, Macheng	No. 33, Ronghui Road, Macheng City, Hubei Province	438300	Liu Wei	0713-2772385
85		Huanggang	Securities Branch in Changban Road, Dangyang	No. 112, Changban Road, Dangyang City, Hubei Province	444100	You Jianghua	0717-3252238
86	Yichang	Securities Branch in Xiling Yi Road, Yichang	No. 12, Xiling Yi Road, Xiling District, Yichang City, Hubei Province	443000	Wang Bo	0717-6229898	
87		Securities Branch in Qingjiang Road, Yidu	No. 23 Lucheng Qingjiang Road, Yidu City, Hubei province	443300	Wang Bo	0717-4836899	
88		Securities Branch in Madian Road, Zhijiang	No. 5 Madian Road, Zhijiang City, Hubei province	443200	Deng Min	0717-4200539	
89	Hunan 3	Changsha	Securities Branch in Shaoshan North Road, Changsha	3/F, Yixinhuayuan Club, No. 285, Shaoshan Road North, Yuhua District, Changsha City, Hunan Province	410007	Chen Siyuan	0731-85561098
90		Yueyang	Securities Branch in Tianyue Avenue, Pingjiang, Yueyang	Beside to the Local Tax Bureau, Tianyue Avenue, Pingjiang County, Yueyang City	414500	Chen Tao	0730-6297008
91		Yueyang	Securities Branch in Wulipai, Yueyang	3/F, Jiamei Building, Wulipai Village, Yueyang City	414000	Chen Muyuan	0730-8240599
92	Jiangxi 2	Nanchang	Securities Branch in Supu Road, Nanchang	No. 111, Supu Road, Nanchang City, Jiangxi Province	330006	Ding Xiaohan	0791-86216997
93		Securities Branch in Wenhua Avenue, Xinjian, Nanchang	Room A1, Block 1 of Honggufengshang Community, No. 1290 Wenhua Avenue, Xinjian County, Nanchang City, Jiangxi Province	330100	Zhang Xiaobo	0791-83751699	
94	Jiangsu 93	Changzhou	Securities Branch in Dongheng Street, Changzhou	No. 2 Dongheng Street, Changzhou City, Jiangsu Province	213003	Yu Bo	13915093366
95			Securities Branch in Heping North Road, Changzhou	No. 9 Heping North Road, Tianning District, Changzhou City, Jiangsu Province	213000	Shen Jianwei	0519-86618298
96			Securities Branch in high-tech park, Xinbei District, Changzhou	No. 105, Block E, Building 3, high-tech park, Xinbei District, Changzhou City	213000	Ruan Jing	0519-81000818
97			Securities Branch in Middle Yanzheng Avenue, Changzhou	No. 16 Middle Yanzheng Avenue, Wujin District, Changzhou City	213159	Fang Jinliang	0519-81000818
98			Securities Branch in Dongmen Street, Jintan	No. 500 Dongmen Street, Jintan District, Changzhou City, Jiangsu Province	213200	Shi Yuefeng	0519-82696969
99	Securities Branch in South Street, Liyang	No. 91 South Street, Liyang City, Changzhou, Jiangsu Province	213300	Liang Qiuming	0519-80981752		



No.	Province	City	Name	Address	Zip code	Person in charge of securities branches	Contact number of person in charge
100	Jiangsu 93	Huaian	Securities Branch in Beijing East Road, Huaiyin, Huaian	No. 17 Beijing East Road, Huaiyin District, Huaian City, Jiangsu Province	223300	Chen Qinqin	0517--84908988
101			Securities Branch in Hongri Avenue, Lianshui, Huaian	Room 104, the Second Shop on the north side of Fuqian Yujingyuan, Lianshui County, Huaian, Jiangsu Province	223400	Zeng Zhushan	0517-82660908
102			Securities Branch in South Hanxin Road, Huaian District, Huaian	No. 2-4 Hanxin South Road, Huaian District, Huaian City, Jiangsu Province	223200	Xu Aijun	0517-85198077
103			Securities Branch in Huaihe East Road, Xuyi, Huaian	No. 45 Huaihe East Road, Xucheng Town, Xuyi County, Huaian City, Jiangsu Province	211700	Kang Le	0517-88219875
104			Securities Branch in Zhenzhu South Road, Lishui	Room 6, Building 109, Guangcheng Oriental City, No. 99 Zhenzhu South Road, Yongyang Town, Lishui District, Nanjing City, Jiangsu Province	211200	Li Guangxiang	025 56235323
105			Securities Branch in Caochangmen Street, Nanjing	18/F, Wenhui Plaza, No. 101 Caochangmen Street, Nanjing City	210036	Peng Jibo	025-86586118
106			Securities Branch in Changjiang Road, Nanjing	1/F and 2/F, No. 99 Changjiang Road, Nanjing City	210005	Zhang Cuilian	025-84798478
107			Securities Branch in Baota Road, Gaochun, Nanjing	No. 158-8 Baota Road, Chunxi Town, Gaochun District, Nanjing City, Jiangsu Province	211300	Sha Zhen	025-56816718
108			Securities Branch in Guangzhou Road, Nanjing	11/F, No. 189 Guangzhou Road, Gulou District, Nanjing City, Jiangsu Province	210024	Liu Lei	025-58010023
109		Securities Branch in Hanzhongmen Street, Nanjing	No. 81 Hanzhongmen Street, Jianye District, Nanjing City, Jiangsu Province	210029	Liu Bin	025-83539789	
110		Securities Branch in Hubu Street, Nanjing	No. 15 Hubu Street, Qinhuai District, Nanjing City	210002	Geng Kun	025-86895618	
111		Securities Branch in Jinbo Road, Jiangning, Nanjing	1-2/F, No. 700 Jinbo Road, Dongshan Street, Jiangning District, Nanjing City	211100	Wu Chunpeng	025-87189599	
112		Securities Branch in Jiefang Road, Nanjing	No. 20 Jiefang Road, Qinhuai District, Nanjing City	210016	Zhang Anzhong	025-84620977	
113		Securities Branch in Tonghua Road, Liuhe, Nanjing	Room 18-4, Block 18, No. 9 Tonghua Road, Xiongzhou Street, Liuhe District, Nanjing City, Jiangsu Province	211500	Xie Xiangshun	025-57115051	
114		Securities Branch in Dongyuan Road, Nanjing	No. 1 Yincheng Dongyuan, Xuanwu District, Nanjing City, Jiangsu Province	210007	Xing Qin	025-84623388	
115		Securities Branch in Yushi Street, Nanjing	No. 96 Yushi Street, Nanjing City	210008	Zhang Hongxing	025-84701234	
116		Securities Branch in Zhimaying, Nanjing	No. 26 Zhimaying, Nanjing City	210004	Chu Dongbing	025-52210618	
117		Securities Branch in Zhonghua Road, Nanjing	No. 255 Zhonghua Road, Nanjing City, Jiangsu Province	210001	Xu Minfeng	025-52230208	
118		The Second Securities Branch in Zhongshan North Road, Nanjing	8/F, No. 219 Zhongshan North Road, Nanjing City, Jiangsu Province	210009	Wang Juan	025-83346819	
119	Securities Branch in Zhongshan North Road, Nanjing	1/F and 5/F, Zhongshan Junjing Building, No. 333 Zhongshan North Road, Gulou District, Nanjing City, Jiangsu Province	210003	Chen Zhijun	025-83539281		
120	The Third Securities Branch in Zhongyang Road, Nanjing	Block 6, Tianzheng International Plaza, No. 399, Zhongyang Road, Nanjing City, Jiangsu Province	210037	Shang Qiu	025-83581188		
121	Securities Branch in Pusi Road, Nanjing	No. 8-2 Pusi Road, High-tech Industrial Development Zone, Nanjing City, Jiangsu Province	210032	Li Boyang	025-83581189		
122	Securities Branch in Changjiang Road, Haimen	No. 231, Changjiang Road, Haimen Town, Haimen City, Jiangsu Province	226100	Mao Weiping	0513-82227766		
123	Securities Branch in Middle Changjiang Road, Haian, Nantong	No. 93 Middle Changjiang Road, Haian Town, Haian County, Nantong City, Jiangsu Province	226600	Zhai Jiping	0513-88856678		

No.	Province	City	Name	Address	Zip code	Person in charge of securities branches	Contact number of person in charge
124	Jiangsu	Nan Tong	Securities Branch in Huancheng West Road, Nantong	No. 18 Huancheng West Road, Nantong City, Jiangsu Province	226000	Sha Fei	0513-85126758
125			Securities Branch in Middle Renmin Road, Nantong	No. 10 Middle Renmin Road, Nantong City, Jiangsu Province	226001	Bian Xiaohong	0513-85123188
126			Securities Branch in Renmin Road, Rudong, Nantong	Renmin Road West, Juegang Town, Rudong County, Nantong City, Jiangsu Province	226400	Chen Xiaojun	0513-84883333
127			Securities Branch in Shanghai East Road, Nantong	Room 112, Business Block 1, Xinghu Linli, Nantong City, Jiangsu Province	226009	Zhu Bing	0513-83593191
128			Securities Branch in Renmin Road, Tongzhou, Nantong	Intersection of Renmin Road, Jinsha Town, Tongzhou District, Nantong City	226300	Qian Hang	0513-81692959
129			Securities Branch in Yaogang Road, Nantong	No. 6 Yaogang Road, Nantong City, Jiangsu Province	226006	Ji Chunbo	0513-85580999
130			Securities Branch in Middle Renmin Road, Qidong	No. 505, Middle Renmin Road, Huilong Town, Qidong City, Jiangsu Province	226200	Xu Ke	0513-83652208
131			Securities Branch in Fushou Road, Rugao	No. 2-1 & 2-2 Building Phase III, Chengjianjiayuan, Rucheng Town, Rugao City, Jiangsu Province	226500	Ji Xi	0513-81692950
132			Securities Branch in Jinshajiang Road, Changshu	No. 18, Jinshajiang Road, Changshu City	215500	Xu Lijun	0512-52895122
133			Securities Branch in Heilongjiangbei North Road, Kunshan	3/F, Building 3, No. 8 Heilongjiang North Road, Kunshan Development Zone, Jiangsu Province	215300	Liu Xinglin	0512-55219166
134			Securities Branch in Ganjiang West Road, Suzhou	No. 1359, Ganjiang West Road, Suzhou City	215004	Zhang Zhen	0512-68270515
135			Securities Branch in Heshan Road, Suzhou	2/F, Building 2, Jinri Jiayuan (No. 56, Heshan Road), Suzhou City, Jiangsu Province	215000	Zhang Renrong	0512-68785488
136			Securities Branch in Renmin Road, Suzhou	No. 1925, Renmin Road, Suzhou City	215001	Lu Rong	0512-67579766
137			Securities Branch in Xiandai Avenue, Suzhou	Room 307 Lejia Building, No. 8 Jiarui Lane, Suzhou Industrial Park (Xinghun Crossroad, Xiandai Avenue)	215028	Pan Yi	0512-68363826
138	Securities Branch in Xinshi Road, Suzhou	No. 102, Xinshi Road, Canglang District, Suzhou City, Jiangsu Province	215007	Yu Lin	0512-65729996		
139	Securities Branch in Taiping South Road, Taicang	No. 36-1 Taiping South Road, Chengxiang Town, Taicang City, Jiangsu Province	215400	Li Shengyu	051253589559		
140	Securities Branch in Shichang Road, Shengze Town, Wujiang	4/F, ICBC Shengze Branch Building, Yaojiaba, Shichang Road, Shengze Town, Wujiang City, Jiangsu Province	215228	Dong Xiaoyan	0512-63910061		
141	Securities Branch in Middle Changjiang Road, Jingang Town, Zhangjiagang	No. 251, Middle Changjiang Road, Jingang Town, Zhangjiagang City, Jiangsu Province	215633	Zhang Lin	0512-56767800		
142	Securities Branch in Yangshe East Road, Zhangjiagang	No. 2 Yangshe Road East, Zhangjiagang City, Jiangsu Province	215600	Wang Zhigang	0512-58178288		
143	Securities Branch in Wuzhong Avenue, Suzhou	2/F, Wuzhong Commercial Center, Building 1, No. 198 Su Street, Yuexi Subdistrict, Wuzhong Economic Development Zone, Suzhou	215104	Sun Liang	0512-66021881		
144	Securities Branch in Gaoxin Road, Wujiang District, Suzhou	Room 703, Shangling Building, No. 1729, Gaoxin Road, Songling Town, Wujiang District, Suzhou City, Jiangsu Province	215200	Fan Xiaofeng	0512-63956208		



No.	Province	City	Name	Address	Zip code	Person in charge of securities branches	Contact number of person in charge
145	Jiangsu 93	Taizhou	Securities Branch in Jiangyan Road East	No. 23, East Avenue, Luotang Street, Jiangyan District, Taizhou City, Jiangsu Province	225500	Miao Genping	0523-88209518
146			Securities Branch in Middle Renmin Road, Jingjiang	No. 150-3 Middle Renmin Road, Jingjiang City, Jiangsu Province	214500	Tao Jin	0523-89101088
147			Securities Branch in Guoqing West Road, Taixing	D106/D206, Garden Hotel Building 4, Qingyun Garden, Taixing City, Jiangsu Province	225400	Dong Jun	0523-87095597
148			Securities Branch in Jingang	No. 150-3 Middle Renmin Road, Jingjiang City, Jiangsu Province	214500	Tao Jin	0523-89101088
149			South Road, Gaogang, Taizhou	Room 02, Building 6, Dushijiayuan Phase I, Jingang South Road, Gaogang District, Taizhou City, Jiangsu Province	225300	Zhang Zhan	0523-86985597
150		Wuxi	Securities Branch in Huan-dong Road, Huashi Town, Jiangyin	No. 680, Huandong Road, Huashi Town, Jiangyin City, Jiangsu province	214421	Zhong Hua	0510-86837400
151			Securities Branch in West Avenue, Zhouzhuang Town, Jiangyin	No. 318, West Street, Zhouzhuang Town, Jiangyin City, Jiangsu province	214423	Zheng Jia	0510-86812928
152			Securities Branch in Hongqiao North Road, Changjing	No. 198 Middle Yingwu Road, Xinghua City, Jiangsu province	225700	Su Bin	0523-83256333
153			Town, Jiangyin	No. 10, Hongqiao North Road, Changjing Town, Jiangyin City, Jiangsu province	214411	Gu Chun	0510-86837472
154			Securities Branch in Yingxiu Road, Qingyang Town, Jiangyin	No. 318, West Street, Zhouzhuang Town, Jiangyin City, Jiangsu province	214423	Zheng Jia	0510-86812928
155			Jiangyin	No. 111, Yingxiu Road, Qingyang Town, Jiangyin City, Jiangsu province	214401	Liu Chaohui	0510-86817241
156			Securities Branch in Shenpu Road, Lingang, Jiangyin	No. 108, Shenpu Road, Lingang Subdistrict, Jiangyin City, Jiangsu Province	214443	Xu Dalei	0510-86837409
157			Securities Branch in Liangqing Road, Wuxi	1/F Jiangong Building, No. 56 Liangqing Road, Wuxi City, Jiangsu Province	214000	Wan Lei	0510-82768155
158			Securities Branch in Jiefang North Road, Wuxi	No. 327, Jiefang West Road, Wuxi City, Jiangsu Province	214000	Zhang Lei	0510-82705608
159	Securities Branch in Suxi Road, Wuxi	No. 359, Suxi Road, Binhu District, Wuxi City, Jiangsu Province	214123	Zhang Ye	0510-85065672		
160	Lianyungang	Securities Branch in Tongguan South Road, Lianyungang	No. 69 Tongguan South Road, Lianyungang, Jiangsu Province	222001	Zhang Tingwen	0518-85519068	
161	Suqian	Securities Branch in Beijing North Road, Shuyang	No. 17 (on the first floor of CCB), Beijing North Road, Shucheng Town, Shuyang County, Jiangsu Province	223600	Zhang Yang	0527-87880259	
162		Securities Branch in Hongze Lake Road, Suqian	No. 110, Hongze Lake Road, Sucheng District, Suqian City, Jiangsu Province	223800	Zhang	0510-85065672	
163		Securities Branch in Tiyu North Road, Sihong, Suqian	Room 103, Building 23, Fuyuantianjun, Tiyu North Road, Qingyang Town, Sihong County, Jiangsu Province (Sihong County Economic Development Zone, Jiangsu Province)	223900	Zheng Hai	0527-89889601	
164		Securities Branch in Middle Beijing Road, Siyang, Suqian	No. 1, Middle Beijing Road, Zhongxing Town, Siyang County, Suqian City, Jiangsu Province	223700	Zhou Zhi	0527-85181112	

No.	Province	City	Name	Address	Zip code	Person in charge of securities branches	Contact number of person in charge
165			Securities Branch in Huaihai West Road, Xuzhou	Floor 5, Huamei Commercial Building, No. 252, Huaihai West Road, Xuzhou City, Jiangsu Province	221006	Chen Kai-sheng	0516-85850911
166			Securities Branch in Tangmu Road, Pei County, Xuzhou	No. 2, Tangmu Road, Pei County, Xuzhou City, Jiangsu Province	221600	Jiao Shuai	0516-81202066
167			Securities Branch in Qingnian Road, Xuzhou	No. 117, Qingnian Road, Xuzhou City, Jiangsu Province	221000	Luo Wei	0516-83718448
168		Xuzhou	Securities Branch in Zhongshan South Road, Suining, Xuzhou	Floor 3, Suining Telecommunications Office, No. 10, Zhongshan South Road, Suicheng Town, Suining County	221200	Liu Lei	0516-66778896
169			Securities Branch in Heping Road, Xuzhou	101-2, Wenyuan Building, No. 59 Heping Road, Yunlong District, Xuzhou City, Jiangsu Province	221116	Zhang Qi	0516-83538896
170			Securities Branch in Jianguo West Road, Xuzhou	Room 109, F/1 & Room 205, F/2, Caifu Square 1A Building, No. 75, Jianguo West Road, Xuzhou City, Jiangsu Province	221000	Li Gang	0516-85803998
171			Securities Branch in Daqiao West Road, Xinyi	No. 8 Daqiao West Road, Xinyi, Xuzhou City, Jiangsu Province	221400	Wang Lei	0516-88989808
172			Securities Branch in Zhongyang Avenue, Feng County, Xuzhou	(Shops 2-10, Mingshi Garden), No. 5101, Zhongyang Avenue, Feng County, Xuzhou	221400	Wang Lei	0516-88989808
173			Securities Branch in Jinfengnan Street, Dafeng, Yancheng	No. 8-1, Jinfeng South Street, Dafeng District, Yancheng City, Jiangsu Province	224100	Wang Zhijian	0515-83928806
174		Yancheng	Securities Branch in Jinhai Middle Road, Dongtai	Room 07-1, 07-2 and 06-2, Building 4, Xinning Xinguang Apartment, No. 3, Jinhai Middle Road, Dongtai City, Jiangsu Province	224200	Zhou De-hong	0515-85105761
175			Securities Branch in Fucheng Avenue, Funing, Yancheng	No. 113, Fucheng Street, Funing County, Jiangsu Province	224400	Fu Yacheng	0515-87875111
176	Jiangsu 93		Securities Branch in Xiangyang Avenue, Binhai, Yancheng	Floor 1, Building East, No. NC-14, Xiangyang Avenue, Binhai County, Yancheng City, Jiangsu Province	224500	Xi Jing	0515-87021988
177			Securities Branch in Tonghu Road, Gaoyou	No. 90 Tonghu Road, Gaoyou City, Jiangsu Province	225600	Zhou Ruihua	0514-84666552
178			Securities Branch in Yeting East Road, Baoying, Yangzhou	No. 10, Yeting East Road, Baoying County, Yangzhou City, Jiangsu Province	225800	Zhang Jingbao	0514-88230488
179		Yangzhou	Securities Branch in Longcheng Road, Jiangdu, Yangzhou	Room 22, Block 6, Longcheng Buildings, Yin Jiang Community, Fairy Town, Jiangdu District, Yangzhou City, Jiangsu Province	225200	Wang Hong-mei	0514-86534998
180			Securities Branch in Wenchang West Road, Yangzhou	(Park International Building) No. 56 Wenchang West Road, Yangzhou City, Jiangsu Province	225000	Yu Bing	0514-85863888
181			Securities Branch in Wenchang Middle Road, Yangzhou	No. 406, Wenchang Middle Road, Yangzhou City, Jiangsu Province	225001	Xu Yiping	0514-87055888
182			Securities Branch in Zhenzhou East Road, Yizheng, Yangzhou	No. 101 Zhenzhou East Road, Zhenzhou Town, Yizheng City, Jiangsu Province	211400	Wang Kaimin	0514-83962098
183			Securities Branch in Middle Yangzi Road, Yangzhong	Room 25-6, No. 127, Middle Yangzi Road, Sanmao Sub-district, Yangzhong City, Jiangsu Province	212200	Cheng Li	0511-88399933
184			Securities Branch in Guyang Avenue, Dantu, Zhenjiang	Room 101-102, Building 56 Shengdiyage, Dantu District, Zhenjiang City	212000	Hou Yeping	0511-85115898
185		Zhenjiang	Securities Branch in Dongfang Road, Danyang, Zhenjiang	No. 25, Dongfang Road, Development Zone of Danyang City, Jiangsu Province	212300	Yang Jiang	18900662321
186			Securities Branch in Huayang East Road, Jurong, Zhenjiang	No. 8-2 Huayang North Road, Huayang Town, Jurong City, Jiangsu Province	212400	Xu Kai	051185979998



No.	Province	City	Name	Address	Zip code	Person in charge of securities branches	Contact number of person in charge
187	Liaoning	Dalian	Securities Branch in Jiefang Road, Dalian	Room 8, Building 11-12, No. 336, Jiefang Road, Zhongshan District, Dalian City, Liaoning Province	116013	Tang Wei	0411-82815866
188			Securities Branch in Lianhe Road, Dalian	No. 4, Meiduyuan, Shahekou District, Dalian City, Liaoning Province	116021	Liu Jun	0411-84342688
189		Panjin	Securities Branch in Shiyou Street, Panjin	Jiguanwei, Shiyou Street, Xinglongtai District, Panjin City	124010	Wang Ran	0427-3257500
190		Shenyang	Securities Branch in Daxi Road, Shenyang	No. 187, Daxi Road, Shenhe District, Shenyang City, Liaoning Province	110014	Wang Hui	024-31976665
191			Securities Branch in Guangrong Street, Shenyang	Floors 2-5, No. 23, Guangrong Street, Heping District, Shenyang City, Liaoning Province	110003	Liu Zhiwei	024-31883577
192			Securities Branch in Qingnian Street, Shenyang	No. 320 (Building group 201), Qingnian Street, Heping District, Shenyang City, Liaoning Province	110004	Li Hongyu	024-31883388
193		Yingkou	Securities Branch in Bohai Street, Yingkou	No. 16-A-1, Bohai Street East, Zhanqian District	115000	Jia Jing	0417-3350961
194	Shandong	Jinan	Securities Branch in Huayuan Road, Jinan	No. 35, Huayuan Road, Licheng District, Jinan City, Shandong Province	250000	Zhang Qinlei	18660186343
195			Securities Branch in Qianfoshan Road, Jinan	2/F, Building 2, No. 7, Qianfoshan Road, Jinan City	250061	Li Guoping	0531-82318318
196			Securities Branch in Jiefang Road, Jinan	102 Zhengda Times Square, No. 112, Jiefang Road, Lixia District, Jinan City, Shandong Province	250013	Cheng Gaofeng	0531-85829568
197		Yantai	Securities Branch in Changshan Road, Laiyang	No. 32, Changshan Road, Laiyang City, Shandong Province	265200	Zhang Baigang	0535-7999111
198			Securities Branch in Changjiang Road, Yantai	No. 173, Changjiang Road, Yantai Development Zone, Shandong Province	264006	Wang Xiaodong	0535-3410968
199		Qingdao	Securities Branch in Ningxia Road, Qingdao	No. 122, Ningxia Road, Qingdao City	266071	Cui Junfeng	0532-85713938
200		Linyi	Securities Branch in Jinqieshan Road, Linyi	Room 1012, Block B, Kaiyuanshangcheng International, No. 10, Jinqieshan Road, Lanshan District, Linyi City, Shandong Province	276000	Yi Aimin	0539-8259526
201	Shanghai	Shanghai	Securities Branch in Macau Road, Shanghai	Rooms 501-505, 512, 516, No. 158, Macau Road, Putuo District, Shanghai City	200060	Cheng Shi	021-33532200
202			Securities Branch in Gonghe New Road, Shanghai	Zones A, B, C, 15/F, No. 5199, Gonghe New Road, Baoshan District, Shanghai City	200435	Che Yun	021-56761987
203			Securities Branch in Guobin Road, Yangpu District, Shanghai	Rooms 1801-1806, No. 36, Guobin Road, Yangpu District, Shanghai City	200433	Liu Qun	021-33621855
204			Securities Branch in Huanghe Road, Shanghai	4/F, No. 333, Huanghe Road, Huangpu District, Shanghai City	200003	Duan Baodong	021-63181398
205			Securities Branch in Raffles Square, Huangpu District, Shanghai	Room 3002, No. 268, Central Tibet Road, Huangpu District, Shanghai City	200042	Fan Hao	021-63550001
206			Securities Branch in Weihai Road, Jing'an District, Shanghai	Room 1301 & 1802B, No. 511, Weihai Road, Jing'an District, Shanghai City	200041	Fan Li	021-62678287
207			Securities Branch in Mudanjiang Road, Shanghai	5/F, No. 1508, Mudanjiang Road, Baoshan District, Shanghai City	201999	Xu Fuqiang	021-56106616
208			Securities Branch in Wangyuan South Road, Fengxian District, Shanghai	Room 102, No. 2, Block 2, Alley 1529 Wangyuan South Road, Fengxian District, Shanghai City	201400	Yang Junjie	021-67136006
209			Securities Branch in Fushan Road, Pudong New District, Shanghai	Rooms 03B-05A, 26/F (actual floor number: 23/F), No. 388, Fushan Road, Pudong New District, Shanghai City	200120	Wang Yuehao	021-20773068
210			Securities Branch in Tianyaoqiao Road, Xuhui District, Shanghai	Rooms 1103, 1105, 1107 and 1109, No. 329, Tianyaoqiao Road, Xuhui District, Shanghai City	200030	Yu Yong	021-54254885

No.	Province	City	Name	Address	Zip code	Person in charge of securities branches	Contact number of person in charge
211			Securities Branch in Xianxia Road, Changning District, Shanghai	No. 1398-1, Xianxia Road, Changning District, Shanghai City (Temporary)	200336	Guo Houjun	021-52983009
212			Securities Branch in Wuding Road, Shanghai	6/F, 7/F, No. 1008, Wuding Road, Jing'an District, Shanghai City	200040	Wang Houyin	021-62566063
213	Shanghai	Shanghai	Securities Branch in Tibet South Road, Shanghai	Rooms 506-509, 5/F, No. 1313 Tibet South Road, Jing'an District, Shanghai City	200011	Qi Lili	021-53078867
214			Securities Branch in Miao-jing Road, Pudong New District, Shanghai	1-3/F, No. 642, Miaoqing Road, Pudong New District, Shanghai City	201299	Miao Cong	021-33825017
215			Securities Branch in Rushan Road, Pudong New District, Shanghai	No. 229-1, Rushan Road, Pudong New District, Shanghai City (Temporary)	200120	Cao Yaye	021-38476005
216			Securities Branch in Jinyang Road, Chengdu	3/F, Jinyan Building, No. 184, Jinyang Road, Wuhou District, Chengdu City, Sichuan Province	610000	He Xiaoping	028-87448096
217			The Second Securities Branch in Nanyihuan Road, Chengdu	5/F, BOC Building, No. 45, Yihuan Road South Section III, Wuhou District Chengdu City, Sichuan Province	610041	Gao Xiongwei	028-85512252
218		Chengdu	Securities Branch in Renmin South Road, Chengdu	Rooms 702 & 703, 7/F, Xinxiwang Building, No. 45, Renmin Road South Section IV, Wuhou District, Chengdu City	610031	Li Huiying	028-85590880
219	Sichuan		Securities Branch in Shujin Road, Chengdu	Rooms 301, 302, 410, 411 and 412, Block C, Jinshawanrui Center, No. 1, Shujin Road, Qingyang District, Chengdu City	610091	Li Hui	028-61505176
220			Securities Branch in Zheng-dong Central Street, Tianfu New District, Chengdu	Rooms 240, 242, 244 and 246, Zhengdong Central Street, Huayang Subdistrict, Tianfu New District, Chengdu City, Sichuan Province	610213	Yang Rui	028-85640443
221				2/F, Annex 6 of No. 26, Tianfu Avenue, Xipu Town, Pi County, Chengdu City, Sichuan Province	611731	Liu Feng	028-87843269
222		Deyang	Securities Branch in Kaifeng North Road, Zhongjiang County, Deyang	No. 22, Block 3, No. 13, Kaifeng North Road, Zhongjiang County, Deyang City, Sichuan Province	618100	Liu Xiaodong	0838-7201167
223	Guizhou	Guiyang	Securities Branch in Yan'an Middle Road, Guiyang	No. 3, Postal Communications Production Building, No. 2, Zhonghua North Road, Yunyan District, Guiyang City, Guizhou Province	550001	Xiong Lihan	0851-84109471
224	Chongqing	Chongqing	Securities Branch in Chunhui Road, Chongqing	Annex 6 of No. 89, Chunhui Road, Chunhui Subdistrict, Dadukou District, Chongqing City	400084	Liu Yong	023-68901837
225			Securities Branch in Baidi Road, Tianjin	No. 240, Baidi Road, Nankai District, Tianjin City	300192	Xu Jianguo	022-87893469
226		Tianjin	Securities Branch in Erwei Road, Dongli Development Zone, Tianjin	Rooms 713-714, Caizhi Building, No. 9, Erwei Road, Dongli Development Zone, Tianjin City	300399	Zhang Haiyan	022-84373801
227			Securities Branch in Qinjian Road, Tianjin	No. 185, Qinjian Road, Hongqiao District	300130	Yan Eryan	022-26532286
228			Securities Branch in Zhenli Road, Tianjin	Fuxin Building, No. 29, Zhenli Road, Hedong District, Tianjin City	300151	Liu Yongjun	022-58811908
229	Gansu	Lanzhou	Securities Branch in Gannan Road, Lanzhou	No. 753, Gannan Road, Gulou Lane Subdistrict, Chengguan District, Lanzhou City, Gansu Province	730000	Fu Jie	0931-8106511
230	Shaanxi	Xi'an	Securities Branch in Wenyi North Road, Xi'an	1/F and 6/F, Western Culture Plaza, No. 11, Wenyi North Road, Xi'an City, Shaanxi Province	710054	Jia Gang	029-87889991
231			Securities Branch in Zhangba East Road, Xi'an	1/F, Jialifang, No. 151, Zhangba East Road, Yanta District, Xi'an City, Shaanxi Province	710065	Cao Danghe	029-85587020
232	Qinghai	Xining	Securities Branch in Wusi Road, Xining	14/F, Unit 1, No. 33, Wusi Road, Chengxi District, Xining City	810000	Li Shuxue	0971-6368338
233	Xinjiang	Yining	Securities Branch in Jiefang West Road, Yining City	8/F, Jinrong Building, No. 243, Jiefang West Road, Yining City	835000	Wang Hui	0999-8986569



No.	Province	City	Name	Address	Zip code	Person in charge of securities branches	Contact number of person in charge
234	Ningxia 1	Yinchuan	Securities Branch in Xinhua West Street, Yinchuan	No. 51, Xinhua West Street, Yinchuan City, the Ningxia Hui Autonomous Region	750004	Liu Ming	0951-6019666
235	Zhejiang 8	Hangzhou	Securities Branch in Jiefang East Road, Hangzhou	Room 901 Di Kai Yin Zuo, No. 29, Jiefang East Road, Jiangan District, Hangzhou City, Zhejiang Province	310004	Peng Hanqi	0571-28809281
236			Securities Branch in Qiushi Road, Hangzhou	Room 101-1, North Block of Gongyuan Building, No. 8, Qiushi Road, Xihu District, Hangzhou City	310007	Yang Desheng	0571-87756088
237		Ningbo	Securities Branch in Liuting Street, Ningbo	3/F, Office Building, No. 230, Liuting Street, Haishu District, Ningbo City, Zhejiang Province	315010	Ren Xin	0574-87023678
238	Zhejiang 8	Shaoxing	Securities Branch in Fushan, Shaoxing	No. 213 (101 & 102), No. 215 (101 & 102) and No. 217 (233, 234 & 236-241) Huan Cheng West Road, Shaoxing City, Zhejiang Province	312000	Fang Wei	0575-85222917
239		Wenzhou	Securities Branch in Yangguang Avenue, Yongjia	No. 8-13, 1/F, Yangguang Building, Xinqiao Village, Jiangbei Subdistrict, Yongjia County, Zhejiang Province	325102	Zhang Yongpo	0577-66992199
240		Zhoushan	Securities Branch in Jiefang East Road, Zhoushan	Rooms 802 & 803, No. 118, No. 116-1, Jiefang East Road, Dinghai District, Zhoushan City, Zhejiang Province	316100	Zhang Mingfeng	0580-3066008
241		Taizhou	Securities Branch in Zhongxin Avenue, Taizhou	Northeast Section, Room 104, Donggang Office Building, No. 183, Zhongxin Avenue, Taizhou City, Zhejiang Province	318000	Zhao Luoliang	0571-86698711
242		Jiaxing	Securities Branch in Fanggong Road, Jiaxing	No. 1115, Fanggong Road, Jiaxing City, Zhejiang Province	314000	Wang Yujie	0573-82862312

III: Information Disclosures Index

1. During the Reporting Period, the Company disclosed the following matters in China Securities Journal, the Shanghai Securities News, Securities Times and Securities Daily and on the website of the SSE (www.sse.com.cn):

No.	Date	Announcement
1	2017-01-11	Announcement on HTSC Business Operation and the Main Financial Information for December 2016, Announcement by HTSC on Resignation of Mr. Zhang Tao as Vice President of the Company and on Changes of Principal Person in Charge of the Subsidiary of the Company
2	2017-01-16	Announcement by HTSC on Payment of Principal and Interest in 2017 for the First Tranche of Subordinated Bonds under Private Placement of 2015 and Delisting thereof
3	2017-01-20	Announcement by HTSC on the Decision on Administrative and Supervisory Measure by CSRC received by the Company and the Holding Subsidiary of the Company
4	2017-02-08	Announcement on HTSC Business Operation and the Main Financial Information for January 2017
5	2017-03-02	Announcement by HTSC on the Resolutions of the Second Meeting of the Fourth Session of the Board
6	2017-03-06	Announcement by HTSC on Profit Distribution of Holding Subsidiaries
7	2017-03-07	Announcement on HTSC Business Operation and the Main Financial Information for February 2017
8	2017-03-08	Announcement by HTSC on the Listing of Corporate Bonds (the First Tranche) of 2017 Privately Placed by HTSC on the Shanghai Stock Exchange
9	2017-03-18	Announcement by HTSC on the Appointment of Chief Risk Officer
10	2017-03-31	2016 Annual Report of HTSC, the Internal Control Assessment Report of HTSC for 2016, 2016 Annual Report Summary of HTSC, Corporate Social Responsibility Report of HTSC for 2016, 2016 Annual Auditing Report, Auditing Report of Internal Control, Special Explanation on Non-operating Misappropriation of Funds and Transaction of Other Associated Funds for 2016, Announcement by HTSC on Resolutions of the Fourth Meeting of the Fourth Session of the Board, Announcement by HTSC on Resolutions of the Second Meeting of the Fourth Session of the Supervisory Committee, Announcement by HTSC on Anticipation of Ordinary Connected Transactions in 2017, Report on Performance of Duties of Audit Committee under the Board of HTSC in 2016, Report on Performance of Duties of Independent Directors of HTSC in 2016, Independent Opinion of HTSC Independent Directors on the Matters Concerning 2016 Annual Report of the Company, Independent Opinion of HTSC Independent Directors on the Company's Director Candidate

No.	Date	Announcement
11	2017-04-12	Announcement on HTSC Business Operation and the Main Financial Information for March 2017, Announcement by HTSC on Payment for Interest in 2017 for the Second Tranche of Subordinated Bonds of 2015
12	2017-04-18	Announcement by HTSC on the Amendments to the Company's Articles of Association, Articles of Association of HTSC (Revised in 2017)
13	2017-04-26	Report on the Entrusted Affairs in Relation to the 2013 Corporate Bonds of HTSC (Year 2016)
14	2017-04-27	HTSC First Quarterly Report of the Company for 2017, Announcement by HTSC on Resolutions of the Fifth Meeting of the Fourth Session of the Board, Independent Opinion of Independent Director on Appointment of Senior Management of HTSC, Terms of Reference of the Committees of the Board of Directors of HTSC (Revised in 2017), Basic System for Risk Management of HTSC (Revised in 2017)
15	2017-05-03	Announcement by HTSC on Changes of Directors and Chief Executive Officer of the Subsidiary in Hong Kong
16	2017-05-05	Notice by HTSC on Convening 2016 Annual General Meeting, Document of HTSC 2016 Annual General Meeting
17	2017-05-06	Announcement on HTSC Business Operation and the Main Financial Information for April 2017
18	2017-05-11	Announcement by HTSC on Report on Tracking Rating of Corporate Bonds Issued in 2013, 2015 and 2016 and Subordinated Bonds Issued in 2015, Report on Tracking Rating of Corporate Bonds of HTSC Issued in 2013, 2015 and 2016, Report on Tracking Rating of Subordinated Bonds of HTSC Issued in 2015
19	2017-05-17	Announcement by HTSC on Issuance Results for the Corporate Bonds (the Second Tranche) under Private Placement in 2017
20	2017-05-23	Announcement by HTSC on Resignation of Mr. Zhang Haibo as Vice President of the Company
21	2017-05-24	Announcement by HTSC on Payment for Interest in 2017 for the Corporate Bonds of 2013
22	2017-05-27	Announcement by HTSC on Resolutions of the Sixth Meeting of the Fourth Session of the Board, Proposal of Private Issuance of A Shares by HTSC, Announcement by HTSC on Dilution of Current Returns as a Result of the Private Placement of A Shares and the Remedial Measures, Shareholders' Interim Return Plan of HTSC (2017-2019), Feasibility Analysis Report on the Use of Proceeds from the Private Placement of A Shares by HTSC, Assurance Report of the Report on the Use of Previously Raised Funds, Independent Opinion of HTSC Independent Directors on Shareholders' Interim Return Plan (2017-2019) of the Company
23	2017-06-02	Announcement by HTSC on Inclusion of an Interim Proposal for Approval at the 2016 Annual General Meeting, Document of HTSC 2016 Annual General Meeting
24	2017-06-06	The Second Notice of the 2016 Annual General Meeting of HTSC
25	2017-06-07	Announcement on HTSC Business Operation and the Main Financial Information for May 2017, Announcement by HTSC on Approval from Jiangsu SASAC in Relation to the Private Placement of A Shares
26	2017-06-19	Announcement on the Repayment of the Principal Together with the Interests and Delisting in 2017 in Relation to the Third Tranche of Subordinated Bonds of HTSC of 2015
27	2017-06-21	Announcement by HTSC on Payment for Interest in 2017 for the Corporate Bonds (the First Tranche) of 2015
28	2017-06-22	Announcement by HTSC on Resolutions of the Annual General Meeting in 2016, Working System for Independent Directors of HTSC (Revised in 2017), Legal Opinion of the Annual General Meeting of HTSC in 2016
29	2017-06-23	Report of the Entrusted Manager in Relation to the Third Tranche of Subordinated Bonds of HTSC of 2015 (Year 2016)
30	2017-06-24	Report of the Entrusted Management Affairs in Relation to the Second Tranche of Subordinated Bonds of HTSC of 2015 (Year 2016)
31	2017-06-27	Announcement by HTSC on Resolutions of the 7th Meeting of the Fourth Session of the Board
32	2017-06-28	Report on the Entrusted Management Affairs in Relation to the Corporate Bonds (the First Tranche) of HTSC of 2016 (Year 2016), Report on the Entrusted Management Affairs in Relation to the Corporate Bonds (the Second Tranche) of HTSC of 2016 (Year 2016), Report on the Entrusted Management Affairs in Relation to the Subordinated Bonds (the First Tranche) of HTSC of 2016 (Year 2016), Report on the Entrusted Management Affairs in Relation to the Subordinated Bonds (the Second Tranche) of HTSC of 2016 (Year 2016)
33	2017-06-29	Report on the Entrusted Management Affairs in Relation to the Corporate Bonds (the First Tranche) of HTSC of 2015 (Year 2016)
34	2017-07-11	Announcement on HTSC Business Operation and the Main Financial Information for June 2017,
35	2017-07-31	Announcement by HTSC on Issuance Results for the Subordinated Bonds (the First Tranche) under Private Placement in 2017
36	2017-08-01	Announcement on HTSC Annual Distribution of Interest for Year 2016
37	2017-08-05	Announcement on HTSC Business Operation and the Main Financial Information for July 2017,
38	2017-08-12	Announcement by HTSC on HTSC 2017 Interim Report, HTSC 2017 Interim Report Summary, and Resolutions of the 8th Meeting of the fourth Session of the Board
39	2017-08-15	Announcement by HTSC on Listing of the Subordinated Bonds (the First Tranche) (Variety II) under Private Placement in 2017 in the Shanghai Stock Exchange
40	2017-08-18	Announcement by HTSC on Issuance Results for the Corporate Bonds (the Third Tranche) under Private Placement in 2017
41	2017-08-23	Announcement by HTSC on Listing of the Corporate Bonds (the Third Tranche) under Private Placement in 2017 in the Shanghai Stock Exchange
42	2017-09-05	Announcement by HTSC on acceptance of CRSC on Application of Private Placement of A Shares
43	2017-09-07	Announcement on HTSC Business Operation and the Main Financial Information for August 2017,



No.	Date	Announcement
44	2017-09-09	Announcement by HTSC on Change of Chairman of Huatai Zijin Investment Co., Ltd.
45	2017-09-16	Announcement by HTSC on Issuance Results for the Subordinated Bonds (the Second Tranche) under Private Placement in 2017
46	2017-09-19	Announcement by HTSC on Resolutions of the 9th Meeting of the fourth Session of the Board, Announcement by HTSC on Listing of the Corporate Bonds (the Second Tranche) (Variety II) under Private Placement in 2017 in the Shanghai Stock Exchange, Announcement by HTSC on Listing of the Corporate Bonds (the Second Tranche) (Variety I) under Private Placement in 2017 in the Shanghai Stock Exchange
47	2017-09-25	Announcement by HTSC on Listing of the Subordinated Bonds (the Second Tranche) under Private Placement in 2017 in the Shanghai Stock Exchange
48	2017-09-30	Announcement by HTSC on Payment for Interest in 2017 for the Subordinated Bonds (the First Tranche) of 2016
49	2017-10-16	Announcement by HTSC on Payment for Interest in 2017 for the Subordinated Bonds (the Second Tranche) of 2016
50	2017-10-17	Announcement on HTSC Business Operation and the Main Financial Information for September 2017,
51	2017-10-21	Announcement by HTSC on Issuance Results for the Corporate Bonds (the Fourth Tranche) under Private Placement in 2017
52	2017-10-25	Announcement by HTSC on Answer to Feedback of Application on Private Placement of Stock, HTSC: Reply Report to Feedback of HTSC's Application on Private Placement of Stock by Huatai Securities Co., Ltd., Guotai Junan Securities Co., Ltd. and Huatai United Securities Co., Ltd.
53	2017-10-31	Announcement by HTSC on Resolutions of the 10th Meeting of the fourth Session of the Board, Third Quarterly Report of 2017, HTSC Information Disclosure Suspension and Exemption Management System and HTSC Compliance Management System (2017 revised version)
54	2017-11-01	Announcement by HTSC on Listing of the Corporate Bonds (the Fourth Tranche) under Private Placement in 2017 in the Shanghai Stock Exchange
55	2017-11-07	Announcement on HTSC Business Operation and the Main Financial Information for October 2017,
56	2017-11-10	Announcement on Notice of Convening the First Extraordinary General Meeting in 2017, Documents of the First Extraordinary General Meeting of HTSC in 2017, and the Fact that the Accumulated New Loans of HTSC for the Current Year exceeds 20% of Net Assets at the End of the Previous Year
57	2017-11-17	Interim Report on the Entrusted Management Affairs in Relation to the First Tranche of Corporate Bonds of Huatai Securities Co., Ltd. of 2013 (Year 2017); Report on the First Interim Entrusted Management Affairs in Relation to the Second Tranche of Subordinated Bonds (Variety II) of Huatai Securities Co., Ltd. of 2015 (Year 2017); Report on the Interim Entrusted Management Affairs in Relation to the First Tranche of Subordinated Bonds of Huatai Securities Co., Ltd. of 2016 made by Shenwan Hongyuan Securities Co., Ltd; Report on the Interim Entrusted Management Affairs in Relation to the Second Tranche of Subordinated Bonds of Huatai Securities Co., Ltd. of 2016 made by Shenwan Hongyuan Securities Co., Ltd; Report on the Interim Entrusted Management Affairs in Relation to the First Tranche of Corporate Bonds of Huatai Securities Co., Ltd. of 2016 made by Shenwan Hongyuan Securities Co., Ltd; Report on the Interim Entrusted Management Affairs in Relation to the Second Tranche of Corporate Bonds of Huatai Securities Co., Ltd. of 2016 made by Shenwan Hongyuan Securities Co., Ltd; Report on the Interim Entrusted Management Affairs in Relation to the First Tranche of Subordinated Bonds of Huatai Securities Co., Ltd. under Private Placement in 2017 made by Shenwan Hongyuan Securities Co., Ltd. Report on the Interim Entrusted Management Affairs in Relation to the Second Tranche of Subordinated Bonds of Huatai Securities Co., Ltd. under Private Placement in 2017 made by Shenwan Hongyuan Securities Co., Ltd. Report on the Major Events Entrusted Management Affairs in Relation to the First Tranche of Corporate Bonds of Huatai Securities Co., Ltd. of 2015 made by Industrial Securities Co., Ltd. Report on the Major Events Entrusted Management Affairs in Relation to the Corporate Bonds of Huatai Securities Co., Ltd. under Private Placement in 2017 made by China International Capital Corporation Limited.
58	2017-11-21	Announcement by Huatai Securities Co., Ltd. On Issuance Results for the Corporate Bonds (the Fifth Tranche) under Private Placement of 2017
59	2017-11-25	Announcement by HTSC on Adjustment of Stock Plan of Private Placement of A Shares, Announcement by HTSC on the Revised Explanation of Plan on Private Placement of A Shares (Amendment), Plan on Private Placement of A Shares of HTSC (Amendment), Feasibility Analysis Report on the Availability of Funds Raised for Private Placement of A Shares of HTSC.
60	2017-11-29	Announcement by HTSC on Listing of the Corporate Bonds (the Fifth Tranche) under Private Placement in 2017 in the Shanghai Stock Exchange, Announcement by HTSC on Payment for Interest in 2017 for Corporate Bonds (the First Tranche) of 2016
61	2017-12-02	Announcement by HTSC on Answer to Inform Letter of Application on Private Placement of Stock, Reply Report to Letters on Do Well in Preparation of Relevant Project for Review and Approval Committee Meetings by Huatai Securities Co., Ltd., Guotai Junan Securities Co., Ltd. and Huatai United Securities Co., Ltd.
62	2017-12-07	HTSC Business Operation and the Main Financial Information of November 2017, Announcement by HTSC on Payment for Interest in 2017 for Corporate Bonds (the Second Tranche) of 2016
63	2017-12-09	Announcement by HTSC on Acceptance of HTSC's Application for Private Placement of A-Shares by the Issuance Examination Commission of CSRC.
64	2017-12-12	The Second Notice of the 2017 First Extraordinary General Meeting
65	2017-12-28	Fund Raised Management System of HTSC (2017 revised version), Announcement by HTSC on Resolutions of the First Extraordinary General Meeting in 2017, Legal Opinion on the First Extraordinary General Meeting of HTSC in 2017
66	2017-12-30	Announcement by HTSC on Changing Accounting Methods for Equity Investment in Bank of Jiangsu

2. During the Reporting Period, the Company disclosed the following matters on the website of Hong Kong Exchanges (www.hkexnews.hk):

No.	Date	Announcement
1	2017-01-06	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 December 2016
2	2017-01-10	Announcement on Key Financial Information for December 2016, Overseas Regulatory Announcement — Announcement by Huatai Securities Co., Ltd. on the resignation of Mr. Zhang Tao as the vice president of the Company and Changes of Principal Person in Charge of the Subsidiary of the Company
3	2017-01-13	Overseas Regulatory Announcement — Announcement by Huatai Securities Co., Ltd. on Receipt of Notice of Administrative Regulatory Measures from the CSRC by the Company and holding subsidiary
4	2017-01-19	Announcement on Receipt of Notice of Administrative Regulatory Measures from the CSRC
5	2017-02-03	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 January 2017
6	2017-02-07	Announcement on Key Financial Information for January 2017
7	2017-03-01	Overseas Regulatory Announcement — Announcement by Huatai Securities Co., Ltd. On Resolutions of the 2nd Meeting of the Fourth Session of the Board
8	2017-03-03	Monthly Return of Equity Issuer on Movements in Securities for the month ended 28 February 2017
9	2017-03-05	Announcement on Profit Distribution from Holding Subsidiary
10	2017-03-06	Announcement on Key Financial Information for February 2017
11	2017-03-16	Date of Board Meeting
12	2017-03-17	Overseas Regulatory Announcement — Announcement by Huatai Securities Co., Ltd. On the Appointment of Chief Risk Officer
13	2017-03-31	Announcement for the Annual Results for the Year Ended 31 December 2016, Announcement on Resolutions of Board Meeting, Overseas Regulatory Announcement — Announcement by Huatai Securities Co., Ltd. on Resolutions of the 4th Meeting of the Fourth Session of the Board, Announcement by Huatai Securities Co., Ltd. on Resolutions of the 2nd Meeting of the Fourth Session of the Supervisory Committee, Announcement by Huatai Securities Co., Ltd. on Anticipation of Ordinary Connected Transactions in 2017, Evaluation Report of Internal Control of Huatai Securities Co., Ltd. for 2016, Report on Performance of Duties of Audit Committee under the Board of Huatai Securities Co., Ltd. in 2016, Independent Opinion of Independent Directors of Huatai Securities Co., Ltd. On the Matters Concerning 2016 Annual Report of the Company, Independent Opinion of Independent Directors of Huatai Securities Co., Ltd. on the Company's Director Candidate, Report on Performance of Duties of the Audit Committee under the Board of Huatai Securities Co., Ltd. in 2016, 2016 Corporate Social Responsibility Report of Huatai Securities Co., Ltd., Audit Report of Internal Control of Huatai Securities Co., Ltd., Special Explanation on Non-operating Misappropriation of Funds and Transaction of Other Associated Funds of Huatai Securities Co., Ltd. for 2016
14	2017-04-07	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 March 2017
15	2017-04-11	Announcement on Key Financial Information for March 2017, Overseas Regulatory Announcement — Announcement by Huatai Securities Co., Ltd. on Payment for Interest in 2017 for the Second Tranche of Subordinated Bonds of 2015
16	2017-04-12	Date of Board Meeting
17	2017-04-18	Articles of Association of Huatai Securities Co., Ltd. (Revised in 2017), Overseas Regulatory Announcement — Announcement by Huatai Securities Co., Ltd. on Changes of Articles of Association
18	2017-04-25	Overseas Regulatory Announcement — Report on the Entrusted Management Affairs in Relation to the Corporate Bonds of Huatai Securities Co., Ltd. of 2013 (Year 2016)
19	2017-04-26	2016 Annual Report, First Quarterly Report of 2017, Announcement on Resolutions of the Board Meeting, Notification Letter and Request Form to Registered Shareholders, Notification Letter and Request Form to Non-Registered Shareholder, Terms of Reference of the Committees of the Board of Directors, Overseas Regulatory Announcement — Terms of Reference of the Committees of the Board of Directors of Huatai Securities Co., Ltd. (Revised in 2017), Announcement by Huatai Securities Co., Ltd. on Resolutions of the 5th Meeting of the Fourth Session of the Board, Basic System for Risk Management of Huatai Securities Co., Ltd. (Revised in 2017)
20	2017-04-27	Update Announcement on Appointment of Joint Company Secretary, Overseas Regulatory Announcement — Independent Opinion of Independent Director on Appointment of Senior Management of Huatai Securities Co., Ltd.
21	2017-05-02	Overseas Regulatory Announcement — Announcement by Huatai Securities Co., Ltd. on Changes of Directors and Chief Executive Officer of Subsidiaries in Hong Kong
22	2017-05-04	Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 April 2017, Circular of 2016 Annual General Meeting, Notice of AGM, Reply Slip for Holders of H Shares for Attending the AGM to be Held on 21 June 2017, Notification Letter and Request Form to Registered Shareholders, Notification Letter and Request Form to Non-Registered Shareholders, Form of Proxy of Holders of H Shares for Use at the AGM to be Held on 21 June 2017, Overseas Regulatory Announcement — Document of 2016 Annual General Meeting of Huatai Securities Co., Ltd.
23	2017-05-05	Announcement on Key Financial Information for April 2017
24	2017-05-10	Overseas Regulatory Announcement — Announcement by Huatai Securities Co., Ltd. on Report on Tracking Rating of Corporate Bonds Issued in 2013, 2015 and 2016 and Subordinated Bonds Issued in 2015, Report on Tracking Rating of Subordinated Bonds of Huatai Securities Co., Ltd. Issued in 2015, Report on Tracking Rating of Corporate Bonds of Huatai Securities Co., Ltd. Issued in 2013, 2015 and 2016



No.	Date	Announcement
25	2017-05-16	Overseas Regulatory Announcement — Announcement by Huatai Securities Co., Ltd. on Issuance Results for the Corporate Bonds (the Second Tranche) under Private Placement of 2017
26	2017-05-22	Overseas Regulatory Announcement — Announcement by Huatai Securities Co., Ltd. on Resignation of Mr. Zhang Haibo as Vice President of the Company
27	2017-05-23	Overseas Regulatory Announcement — Announcement by Huatai Securities Co., Ltd. on Payment for Interest in 2017 for the Corporate Bonds of 2013
28	2017-05-26	Proposed Non-public Issuance of New A Shares and Proposed Authorization, Overseas Regulatory Announcement — Announcement by Huatai Securities Co., Ltd. on Resolutions of the 6th Meeting of the Fourth Session of the Board, Proposal by Huatai Securities Co., Ltd. on Non-public Issuance of A Shares, Shareholders' Interim Return Plan of Huatai Securities Co., Ltd. (2017-2019), Feasibility Analysis Report on the Use of Proceeds Raised from the Non-Public Issuance of A Shares of Huatai Securities Co., Ltd., Assurance Report on the Use of Previously Raised Funds of Huatai Securities Co., Ltd., Announcement by Huatai Securities Co., Ltd. on Dilution of Current Returns as a Result of the Private Placement of A Shares and the Remedial Measures, Independent Opinion of Independent Director of Huatai Securities Co., Ltd. on the Company's Shareholders' Interim Return Plan (2017-2019)
29	2017-06-01	Revised Notice of AGM, Overseas Regulatory Announcement — Document of Huatai Securities Co., Ltd. 2016 Annual General Meeting, Announcement by Huatai Securities Co., Ltd. on Inclusion of an Interim Proposal for Approval at the 2016 Annual General Meeting
30	2017-06-05	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 May 2017, Overseas Regulatory Announcement — The Second Notice of 2016 Annual General Meeting
31	2017-06-06	Overseas Regulatory Announcement — Announcement by HTSC Securities Co., Ltd. on Approval from Jiangsu SASAC in Relation to the Private Placement of A Shares, Announcement on Key Financial Information for May 2017
32	2017-06-07	Grant of General Mandate to Issue Shares, Proposed Non-public Issuance of New A Shares, Proposed Amendments to the Articles of Association and Revised Notice of AGM, Revised Form of Proxy, Notification Letter and Request Form to Registered Shareholders, Notification Letter and Request Form to Non-Registered Shareholders
33	2017-06-18	Overseas Regulatory Announcement — Announcement by Huatai Securities Co., Ltd. On Repayment of the Principal Together with the Interests in 2017 for the Third Tranche of Subordinated Bonds of 2015 and Delisting Thereof
34	2017-06-20	Overseas Regulatory Announcement — Announcement by Huatai Securities Co., Ltd. On Payment for Interest in 2017 for the Corporate Bonds (the First Tranche) of 2015
35	2017-06-21	Overseas Regulatory Announcement — Working System for Independent Directors of Huatai Securities Co., Ltd. (Revised in 2017), Legal Opinion of Huatai Securities Co., Ltd. 2016 Annual General Meeting
36	2017-06-22	Poll Results of the Annual General Meeting for 2016, Change of Executive Directors, Approval of Payment of Final Dividends and Non-Public Issuance of New A Shares and Effectiveness of Approval of the Articles of Association,
37	2017-06-22	List of Directors and their Roles and Functions, Overseas Regulatory Announcement — Report of the Entrusted Manager in Relation to the Third Tranche of Subordinated Bonds of Huatai Securities Co., Ltd. of 2015 (Year 2016)
38	2017-06-23	Overseas Regulatory Announcement — Report on the Entrusted Management Affairs in Relation to the Second Tranche of Subordinated Bonds of Huatai Securities Co., Ltd. of 2015 (Year 2016)
39	2017-06-26	Changes to the Composition of Nomination Committee and Remuneration and Appraisal Committee, List of Directors and their Role and Function
40	2017-06-27	Overseas Regulatory Announcement — Report on the Entrusted Management Affairs in Relation to Corporate Bonds (the First Tranche) of Huatai Securities Co., Ltd. of 2016 (Year 2016), Report on the Entrusted Management Affairs in Relation to Corporate Bonds (the Second Tranche) of Huatai Securities Co., Ltd. of 2016 (Year 2016), Report on the Entrusted Management Affairs in Relation to Subordinated Bonds (the First Tranche) of Huatai Securities Co., Ltd. of 2016 (Year 2016), Report on the Entrusted Management Affairs in Relation to Subordinated Bonds (the Second Tranche) of Huatai Securities Co., Ltd. of 2016 (Year 2016)
41	2017-06-28	2016 Environmental, Social and Governance Report
42	2017-06-29	Overseas Regulatory Announcement — Report on the Entrusted Management Affairs in Relation to Corporate Bonds (the First Tranche) of Huatai Securities Co., Ltd. of 2015 (Year 2016)
43	2017-07-05	Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 June 2017
44	2017-07-10	Announcement on Key Financial Information for June 2017
45	2017-07-30	Overseas Regulatory Announcement — Announcement by Huatai Securities Co., Ltd. on Issuance Results for the Subordinated Bonds (the First Tranche) under Private Placement of 2017
46	2017-07-31	Overseas Regulatory Announcement — Announcement by HTSC on Implementation of Equities Distribution for 2016
47	2017-08-01	Date of Board Meeting
48	2017-08-03	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 July 2017
49	2017-08-04	Announcement on Key Financial Information for July 2017
50	2017-08-11	Announcement for the Interim Results Six Months Ended 30 June 2017, Proposed Adjustment on Allowance of Independent Non-Executive Directors, Overseas Regulatory Announcement — Announcement by HTSC on Resolutions of the 8th Meeting of the Fourth Session of the Board
51	2017-08-17	Overseas Regulatory Announcement — Announcement by Huatai Securities Co., Ltd. on Issuance Results for the Corporate Bonds (the Third Tranche) under Private Placement of 2017
52	2017-09-04	Overseas Regulatory Announcement — Announcement by HTSC on Acceptance of HTSC's Application for Private Placement of A-Shares by CSRC

No.	Date	Announcement
53	2017-09-05	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 August 2017
54	2017-09-06	Announcement on Key Financial Information for August 2017
55	2017-09-08	Overseas Regulatory Announcement — Announcement by HTSC on Change of Chairman of Huatai Zijin Investment Co., Ltd.
56	2017-09-15	Overseas Regulatory Announcement — Announcement by HTSC on Issuance Results of the Subordinated Bonds (the Second Tranche) under Private Placement of 2017
57	2017-09-18	Overseas Regulatory Announcement — Announcement by HTSC on Resolutions of the 9th Meeting of the Fourth Session of the Board
58	2017-09-25	2017 Interim Report, Notification Letter and Request Form to Registered Shareholders, Notification Letter and Request Form to Non-Registered Shareholders
59	2017-09-29	Overseas Regulatory Announcement — Announcement by HTSC on Payment for Interest in 2017 for Subordinated Bonds (the First Tranche) under Private Placement of 2016
60	2017-10-09	Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 September 2017
61	2017-10-15	Overseas Regulatory Announcement — Announcement by HTSC on Payment for Interest in 2017 for Subordinated Bonds (the Second Tranche) under Private Placement of 2016
62	2017-10-16	Announcement on Key Financial Information for September 2017
63	2017-10-18	Date of Board Meeting
64	2017-10-20	Overseas Regulatory Announcement — Announcement by Huatai Securities Co., Ltd. on Issuance Results for the Corporate Bonds (the Fourth Tranche) under Private Placement of 2017
65	2017-10-24	Overseas Regulatory Announcement — Reply Report to Feedback of HTSC's Application on Private Placement of Stock by Huatai Securities Co., Ltd., Guotai Junan Securities Co., Ltd. and Huatai United Securities Co., Ltd.
66	2017-10-30	Third Quarterly Report of the Company of 2017, Proposed Amendments to the Articles of Association, Overseas Regulatory Announcement — Announcement by HTSC on Resolutions of the 10th Meeting of the Fourth Session of the Board, HTSC Information Disclosure Suspension and Exemption Management System and HTSC Compliance Management System (2017 revised version)
67	2017-11-03	Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 October 2017
68	2017-11-06	Announcement on Key Financial Information for October 2017
69	2017-11-09	Amendment on Fund Raised Management System of HTSC, Adjustment of Allowance for Independent Non-executive Directors, Amendment on Articles of Association and Notice on the EGM, Proxy Form for H Shareholders used in the EGM held on 27 December 2017, Return Receipts used for H Shareholders' Attendance of EGM held on 27 December 2017, Notification Letter and Application Forms to the Registered Shareholders, Notification Letter and Application Forms to the Non-registered Shareholders, and Overseas Regulatory Announcement—Announcement on the Fact that the Accumulated New Loans of HTSC for the Current Year exceeds 20% of Net Assets at the End of the Previous Year
70	2017-11-16	Overseas Regulatory Announcement — Interim Report on the Entrusted Management Affairs in Relation to the First Tranche of Corporate Bonds of Huatai Securities Co., Ltd. of 2013 (Year 2017); Report on the First Interim Entrusted Management Affairs in Relation to the Second Tranche of Subordinated Bonds (Variety II) of Huatai Securities Co., Ltd. of 2015 (Year 2017); Report on the Interim Entrusted Management Affairs in Relation to the First Tranche of Subordinated Bonds of Huatai Securities Co., Ltd. of 2016 made by Shenwan Hongyuan Securities Co., Ltd.; Report on the Interim Entrusted Management Affairs in Relation to the Second Tranche of Subordinated Bonds of Huatai Securities Co., Ltd. of 2016 made by Shenwan Hongyuan Securities Co., Ltd.; Report on the Interim Entrusted Management Affairs in Relation to the First Tranche of Corporate Bonds of Huatai Securities Co., Ltd. of 2016 made by Shenwan Hongyuan Securities Co., Ltd.; Report on the Interim Entrusted Management Affairs in Relation to the Second Tranche of Corporate Bonds of Huatai Securities Co., Ltd. of 2016 made by Shenwan Hongyuan Securities Co., Ltd.; Report on the Interim Entrusted Management Affairs in Relation to the First Tranche of Subordinated Bonds of Huatai Securities Co., Ltd. under Private Placement in 2017 made by Shenwan Hongyuan Securities Co., Ltd.; Report on the Interim Entrusted Management Affairs in Relation to the Second Tranche of Subordinated Bonds of Huatai Securities Co., Ltd. under Private Placement in 2017 made by Shenwan Hongyuan Securities Co., Ltd.; Interim Report on the Major Events Entrusted Management Affairs in Relation to the First Tranche of Corporate Bonds of Huatai Securities Co., Ltd. of 2015 made by Industrial Securities Co., Ltd.; Interim Report on the Major Events Entrusted Management Affairs in Relation to the Corporate Bonds of Huatai Securities Co., Ltd. under Private Placement in 2017 made by China International Capital Corporation Limited
71	2017-11-20	Overseas Regulatory Announcement — Announcement by Huatai Securities Co., Ltd. On Issuance Results for the Corporate Bonds (the Fifth Tranche) under Private Placement of 2017
72	2017-11-24	Adjusted Plan of the New Private Placement of A Shares, Overseas Regulatory Announcement — Announcement by HTSC on the Revised Explanation of Plan on Private Placement of A Shares (Amendment), Plan on Private Placement of A Shares of HTSC (Amendment), Feasibility Analysis Report on the Availability of Funds Raised for Private Placement of A Shares of HTSC.
73	2017-11-28	Overseas Regulatory Announcement — Announcement by HTSC on Payment for Interest in 2017 for Corporate Bonds (the First Tranche) of 2016
74	2017-12-01	Overseas Regulatory Announcement — Announcement by HTSC on Reply of Inform Letter of Private Placement of Stocks
75	2017-12-06	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended 30 November 2017, Announcement on the Main Financial Information of November in 2017, Overseas Regulatory Announcement — Announcement by HTSC on Payment for Interest in 2017 for Corporate Bonds (the Second Tranche) of 2016



No.	Date	Announcement
76	2017-12-08	Announcement by HTSC on Acceptance of HTSC's Application for Private Placement of A-Shares by the Issuance Examination Commission of CSRC
77	2017-12-11	Second Notice of First Extraordinary General Meeting of 2017
78	2017-12-27	Poll Results of the First Extraordinary General Meeting for 2017 as well as Approval and Validity of Articles of Association, Overseas Regulatory Announcement — Fund Raised Management System of HTSC (2017 revised version)
79	2017-12-29	Announcement on Changing Accounting Methods for Equity Investment in Bank of Jiangsu



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