

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



(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)
(Stock Code: 6886)

FIRST QUARTERLY REPORT OF 2018

The Board of Directors of the Company is pleased to announce the unaudited financial information of the Company and its subsidiaries for the first quarter ended March 31, 2018, prepared in accordance with China Accounting Standards for Business Enterprises. This announcement is made pursuant to the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rules 13.09(2) and 13.10B of the Listing Rules.

This announcement contains the Chinese original version and English translation of the “Huatai Securities Co., Ltd. First Quarterly Report of 2018” as published on the website of the Shanghai Stock Exchange, and is provided for your reference only. In case of discrepancy between the Chinese version and the English version, the Chinese version shall prevail.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“Board of Directors” or the board of Directors of the Company
“Board”

“Company”	a joint stock company incorporated in the People’s Republic of China with limited liability under the corporate name 华泰证券股份有限公司 (Huatai Securities Co., Ltd.), converted from our predecessor 华泰证券有限责任公司 (Huatai Securities Limited Liability Company) on December 7, 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 were listed on the Main Board of The Stock Exchange of Hong Kong Limited on June 1, 2015 (Stock Code: 6886) and the A shares of which were listed on the Shanghai Stock Exchange on February 26, 2010 (Stock Code: 601688). Unless the context otherwise requires, it includes its predecessor
“Director(s)”	director(s) of the Company
“Jiangsu SASAC”	State-owned Assets Supervision and Administration Commission of Jiangsu Provincial Government
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Reporting period”	the period from January 1, 2018 to March 31, 2018
“Supervisor(s)”	members of the Supervisory Committee
“Supervisory Committee”	the supervisory committee of the Company

By order of the Board
Zhou Yi
Chairman

Jiangsu, PRC, April 26, 2018

As of the date of this announcement, the Board of Directors comprises Mr. ZHOU Yi as an executive Director; Ms. PU Baoying, Mr. GAO Xu, Mr. CHEN Ning, Mr. XU Feng, Mr. XU Qing and Mr. ZHOU Yong as non- executive Directors; and Mr. CHEN Chuanming, Mr. LIU Hongzhong, Mr. LEE Chi Ming, and Ms. LIU Yan as independent non-executive Directors.

Company Code: 601688

Abbreviation of Company: HTSC

**HUATAI SECURITIES CO., LTD.
FIRST QUARTERLY REPORT OF 2018**

CONTENTS

I. Important Notice.....	5
II. Basic Information of the Company	6
III. Major Events.....	10
IV. Appendix	14

I. Important Notice

1.1 The Board, the Supervisory Committee, Directors, Supervisors and senior management of the Company warrant that the information in this quarterly report is true, accurate, complete and contains no false record, misleading statement or material omission, and assume individual and joint liabilities to the information contained herein.

1.2 Director(s) absent from the meeting

Name of absent Directors	Position of absent Directors	Reasons for absence	Name of proxies
Pu Baoying	Director	Business engagement	Gao Xu
Chen Ning	Director	Business engagement	Gao Xu
Xu Feng	Director	Business engagement	Zhou Yi
Liu Yan	Independent director	Business engagement	Chen Chuanming

1.3 Zhou Yi, officer in charge, Shu Ben'e, officer in charge of accounting, and Fei Lei, officer in charge of the accounting office of the Company (head of accounting department), hereby guarantee that the financial statements contained in this quarterly report are true, accurate and complete.

1.4 This first quarterly report of the Company is prepared in accordance with China Accounting Standards for Business Enterprises and unaudited.

II. Basic Information of the Company

2.1 Key Financial Data

Unit: Yuan Currency: RMB

	As of the end of the reporting period	As of the end of the previous year		Change (%) as of the end of the reporting period as compared to the end of the previous year
		After adjustment	Before adjustment	
Total assets	399,762,089,635.61	/	381,482,539,816.97	4.79
Net assets attributable to shareholders of the listed Company	88,932,600,420.21	/	87,335,937,716.47	1.83
	Beginning of the year to the end of the reporting period	Beginning of the previous year to the end of the reporting period in the previous year		Change (%) as compared to the corresponding period of the previous year
		After adjustment	Before adjustment	
Net cash flow generated from operating activities	-249,747,825.82	/	-21,876,562,816.54	-98.86
	Beginning of the year to the end of the reporting period	Beginning of the previous year to the end of the reporting period in the previous year		Change (%) as compared to the corresponding period of the previous year
		After adjustment	Before adjustment	
Operating revenue	4,289,557,776.25	3,784,371,119.64	3,784,422,746.27	13.35
Net profit attributable to the shareholders of the listed Company	1,903,006,658.17	/	1,330,162,690.23	43.07
Net profit after extraordinary profit and loss attributable to shareholders of the listed Company	1,848,321,864.81	/	1,331,241,952.01	38.84
Weighted average return on net assets (%)	2.16	/	1.56	Increased by 0.6 percentage point
Basic earnings per share (RMB/share)	0.2657	/	0.1857	43.08
Diluted earnings per share (RMB/share)	0.2657	/	0.1857	43.08

Note: The Company has prepared the financial statements for the first quarter of 2018 in accordance with the “Notice on Revision of the General Format of Financial Statements of Business Enterprises” (Cai Kuai [2017] No. 30) (《關於修訂印發一般企業財務報表格式的通知》財會[2017]30號) issued by the Ministry of Finance in December 2017, and has added a separate line item “Gains from asset disposals” in the income statement. Comparative figures have been adjusted retrospectively.

Non-recurring items and amounts

Applicable Not applicable

Unit: Yuan Currency: RMB

Items	Amount for current reporting period
Profit or loss on disposal of non-current assets	106,868.49
Government subsidies recognized in profit and loss of the current period, excluding those closely related to the normal operation of the Company and granted on an ongoing basis in standard fixed amount or fixed quota in accordance with government policies and regulations	70,859,325.13
Other non-operating income and expenses other than the above items	2,172,183.73
Effect of minority interest (net of tax)	-167,042.59
Effect of income tax	-18,286,541.40
Total	54,684,739.36

2.2 Total number of shareholders and shareholding of top ten shareholders and top ten holders of tradable shares (or holders of shares not subject to selling restrictions) as of the end of the reporting period

Unit: share

Total number of shareholders		183,704				
Shareholding of top ten shareholders						
Name of shareholder (in full name)	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	1,715,224,947	23.95	—	Nil	—	Foreign legal person
Jiangsu Guoxin Investment Group Limited	1,250,928,425	17.46	—	Nil	—	State-owned legal person
Jiangsu Communications Holding Company Limited	450,295,418	6.29	—	Nil	—	State-owned legal person
China Securities Finance Corporation Limited	349,680,811	4.88	—	Nil	—	Unknown
Govtor Capital Group Co., Ltd.	342,028,006	4.78	—	Nil	—	State-owned legal person
Jiangsu High Hope International Group Co., Ltd.	166,494,924	2.32	—	Nil	—	State-owned legal person
Jiangsu SOHO Holdings Group Co., Ltd.	166,194,386	2.32	—	Nil	—	State-owned legal person
Jiangsu Hiteker High-tech Co., Ltd.	123,169,146	1.72	—	Unknown	123,169,146	Domestic non-state-owned legal person
Central Huijin Assets Management Co., Ltd.	98,222,400	1.37	—	Nil	—	Unknown
Jincheng Group Co., Ltd.	85,353,007	1.19	—	Nil	—	State-owned legal person

Shareholding of top ten shareholders 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	1,715,224,947	Overseas listed foreign shares	1,715,224,947
Jiangsu Guoxin Investment Group Limited	1,250,928,425	Ordinary shares in RMB	1,250,928,425
Jiangsu Communications Holding Company Limited	450,295,418	Ordinary shares in RMB	450,295,418
China Securities Finance Corporation Limited	349,680,811	Ordinary shares in RMB	349,680,811
Govtor Capital Group Co., Ltd.	342,028,006	Ordinary shares in RMB	342,028,006
Jiangsu High Hope International Group Co., Ltd.	166,494,924	Ordinary shares in RMB	166,494,924
Jiangsu SOHO Holdings Group Co., Ltd.	166,194,386	Ordinary shares in RMB	166,194,386
Jiangsu Hiteker High-tech 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 relationship or action in concert between the above shareholders	Jiangsu Guoxin Investment Group Limited, Jiangsu Communications Holding Company Limited, 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. Apart from the above, it is not known if there is any connection between other shareholders or whether such shareholders are parties acting in concert as stipulated under the Measures for the Administration of the Takeover of Listed Companies.		
Explanation on restored voting rights by shareholders of preference shares and number of shares held	The Company has no shareholders of preference shares.		

Notes:

1. Among shareholders of overseas listed foreign shares (H shares) of the Company, shares of non-registered shareholders are held by HKSCC Nominees Limited on their behalf.
2. The shareholders of ordinary shares in RMB (A shares) refer to the shareholders who are holders of accounts registered with Shanghai Branch of China Securities Depository and Clearing Corporation Limited in terms of their nature.
3. Among the total number of shareholders of ordinary shares as at the end of the reporting period, there were 175,018 shareholders of A shares and 8,686 registered shareholders of H shares.

2.3 Total number of shareholders of preference shares, shareholdings of the top ten shareholders of preference shares and shareholdings of the top ten shareholders of preference shares not subject to selling restrictions as of the end of the reporting period

Applicable Not applicable

III. Major Events

3.1 Details and reasons for material changes in key accounting statement items and financial indicators of the Company

Applicable Not applicable

Unit and Currency: RMB

Balance sheet items	March 31, 2018	December 31, 2017	Change	Reason for change
Placements with other financial institutions	659,028,213.43	—	N/A	Newly increased placements with other financial institutions
Financial assets at fair value through profit and loss	133,094,479,023.37	84,550,421,345.70	57.41%	Reclassification of the new financial instrument standard and increase in the scale of proprietary investment
Derivative financial assets	1,003,604,619.01	391,714,298.43	156.21%	Increase in the scale of OTC options
Available-for-sale financial assets	—	44,583,168,305.62	-100.00%	Reclassification of the new financial instrument standard
Receivables	3,374,547,531.66	1,980,336,802.43	70.40%	Increase in OTC options receivables
Financial assets at fair value through other comprehensive income	11,157,087,113.62	—	N/A	Reclassification of the new financial instrument standard
Construction in progress	90,706,038.36	59,487,007.64	52.48%	Increase in research and development of softwares
Financial assets at amortized cost	5,648,856,402.33	—	N/A	Reclassification of the new financial instrument standard
Deferred income tax assets	321,161,235.37	472,556,004.59	-32.04%	Decrease in deductible temporary differences
Placements from other financial institutions	11,529,997,910.20	7,029,997,910.20	64.01%	Increase in refinancing integrated fund
Derivative financial liabilities	3,421,121,110.97	1,642,283,334.96	108.31%	Increase in the scale of OTC options
Securities underwriting services	6,541,000.00	31,421,000.00	-79.18%	Decrease in underwriting settlement funds

Balance sheet items	March 31, 2018	December 31, 2017	Change	Reason for change
Payables	8,510,328,118.83	6,445,349,539.95	32.04%	Increase in application amount for subscription of open funds
Other comprehensive income	502,465,261.24	1,447,656,530.79	-65.29%	Reclassification of the new financial instrument standard

Income statement items	Amount for current reporting period (January to March)	Amount for previous reporting period (January to March)	Change	Reason for change
Investment gains	1,350,111,953.06	921,326,549.66	46.54%	Increase in gains from investments in associates and joint ventures
Gains/ (losses) from change in fair value	116,669,989.34	89,592,399.45	30.22%	Increase in unrealized gains from financial instrument
Other business income	63,408,930.64	46,169,966.69	37.34%	Increase in rental income
Other gains	70,859,325.13	—	N/A	Reclassification of the items such as government subsidies
Gains from asset disposal (“-” indicating losses)	106,868.49	-51,626.63	-307.00%	Increase in gains from asset disposal
Asset impairment loss/(reversal)	-52,133,322.44	-1,676,208.30	3,010.19%	Impairment reversal
Non-operating income	2,843,841.02	5,501,710.90	-48.31%	Reclassification of government subsidies as other gains
Non-operating expenses	671,657.29	7,059,191.37	-90.49%	Decrease in donation expenses
Other comprehensive income, net of tax	-230,137,979.48	835,412,277.94	-127.55%	Reclassification of the new financial instrument standard

3.2 Analysis and explanation on the progress of major events and their effects and solutions

Applicable Not applicable

1. During the reporting period, 0.2% equity interest (2 million shares) of Huatai United Securities Co., Ltd. , a holding subsidiary of the company held by China Nuclear Energy Industry Corporation, was sold in a judicial sale on the Beijing Property Exchange and the Company acquired such equity with an amount of RMB13,140,200. The equity transfer has been completed and the shareholding of Huatai United Securities Co., Ltd.held by the Company changed from 99.72% to 99.92%.

2. During the reporting period, Huatai Zijin Investment Co., Ltd. (“Huatai Zijin Investment”), a wholly-owned subsidiary of the Company, completed its paid-in contribution to the below three subsidiaries:
 - (1) Beijing Huatai Ruihe Medical Industry Investment (Limited Partnership) was established in June 2015, and Huatai Zijin Investment as the investor subscribed for a contribution of RMB 440 million, representing 44% of the total subscribed contribution. During the reporting period, Huatai Zijin Investment completed its paid-in contribution of RMB 132 million to Beijing Huatai Ruihe Medical Industry Investment (Limited Partnership). The paid-in contribution of Huatai Zijin Investment increased from RMB 308 million to RMB 440 million.
 - (2) Nanjing Huatai Big Health No. 1 Equity Investment Partnership (Limited Partnership) was established in December 2016. Huatai Zijin Investment as a partner subscribed for a contribution of RMB 279.1 million, representing 19.12% of the total subscribed contribution. During the reporting period, Huatai Zijin Investment completed its paid-in contribution of RMB 139.55 million to Nanjing Huatai Big Health No. 1 Equity Investment Partnership (Limited Partnership). The paid-in contribution of Huatai Zijin Investment increased from RMB 139.55 million to RMB 279.1 million.
 - (3) Nanjing Huatai Big Health No. 2 Equity Investment Partnership (Limited Partnership) was established in December 2016. Huatai Zijin Investment as a partner subscribed for a contribution of RMB 19.9 million, representing 19.9% of the total subscribed contribution. During the reporting period, Huatai Zijin Investment completed its paid-in contribution of RMB 9.95 million to Nanjing Huatai Big Health No. 2 Equity Investment Partnership (Limited Partnership). The paid-in contribution of Huatai Zijin Investment increased from RMB 9.95 million to RMB 19.9 million.
3. During the reporting period, the executive partner and manager of Nanjing Huatai Big Health No. 1 Equity Investment Partnership (Limited Partnership), Nanjing Huatai Big Health No. 2 Equity Investment Partnership (Limited Partnership) changed from “Nanjing Huatai Ruixing Investment Fund Management Partnership (Limited Partnership)” to Huatai Zijin Investment and the change of industrial and commercial registration was completed. The executive partner and manager of Beijing Huatai Ruihe Medical Industry Investment (Limited Partnership) changed from “Beijing Huatai Ruihe Investment Fund Management Partnership (Limited Partnership)” to Huatai Zijin Investment. The partnership agreement was signed and the change of industrial and commercial registration was in progress.

4. During 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 a “Letter of Cessation of the Performance of Duties” from Mr. Yang Xiongsheng on 11 March 2018 and the resignation took immediate effect on the date of such submission.
5. During the reporting period, Huatai Zijin Investment appointed Cao Qun as its general manager. Jiangsu Equity Exchange Co., Ltd. appointed Ge Hao as its general manager.
6. During the reporting period, Mr. Zhou Yi, Mr. Jiang Jian and Mr. Lu Ting ceased to act as the Director of Huatai International Financial Holdings Company Limited, a wholly-owned subsidiary of the Company. The list of current Directors of Huatai International Financial Holdings Company Limited comprises of Wang Lei, Wang Chong, Chen Li and Hu Xisha.
7. During the reporting period, Mr. Zhou Yi ceased to act as the Director of Huatai Securities (Shanghai) Asset Management Co., Ltd, a wholly-owned subsidiary of the Company.

3.3 Overdue and unfulfilled undertakings during the reporting period

Applicable Not applicable

3.4 Warning and reasons for cumulative net loss expected to be recorded for the period from the beginning of the year to the end of the next reporting period or material changes of cumulative net profit as compared to the corresponding period of the previous year

Applicable Not applicable

Name of Company	Huatai Securities Co., Ltd.
Legal representative	Zhou Yi
Date	April 26, 2018

IV. Appendix

4.1 Financial Statements

Consolidated Balance Sheet

March 31, 2018

Prepared by: Huatai Securities Co., Ltd.

Unit: Yuan Currency: RMB Type of audit: Unaudited

Items	Balance as of the end of the period	Balance as of the beginning of the year
Assets:		
Monetary capital:	74,716,314,122.55	76,898,221,871.61
Of which: Customer deposits	51,878,695,642.16	49,872,092,078.72
Clearing settlement funds	13,760,485,115.36	16,578,904,259.79
Of which: Settlement funds from customers	13,702,969,903.25	15,431,455,958.96
Placements with other financial institutions	659,028,213.43	—
Margin loans	57,747,654,674.41	59,991,453,477.46
Financial assets at fair value through profit and loss	133,094,479,023.37	84,550,421,345.70
Derivative financial assets	1,003,604,619.01	391,714,298.43
Financial assets held under resale agreements	62,110,506,920.98	61,805,314,851.66
Receivables	3,374,547,531.66	1,980,336,802.43
Interest receivable	5,891,581,116.80	5,630,981,053.45
Refundable deposits	8,395,427,025.42	7,302,285,193.78
Dividend receivables	—	—
Assets as held for sale	—	—
Available-for-sale financial assets	—	44,583,168,305.62
Financial assets at fair value through other comprehensive income	11,157,087,113.62	—
Held-to-maturity investments	—	—
Financial assets at amortized cost	5,648,856,402.33	—
Long-term receivables	—	—
Long-term equity investments	9,578,763,648.97	8,895,908,045.24
Investment properties	827,704,520.52	844,705,410.45

Items	Balance as of the end of the period	Balance as of the beginning of the year
Fixed assets	3,650,791,537.10	3,677,983,819.32
Construction in progress	90,706,038.36	59,487,007.64
Intangible assets	4,937,447,517.57	5,137,748,787.06
Development expenses	—	—
Goodwill	1,971,721,797.72	1,971,721,797.72
Long-term unamortized expenditures	80,891,260.65	81,047,599.88
Deferred income tax assets	321,161,235.37	472,556,004.59
Other assets	743,330,200.41	628,579,885.14
Total assets	399,762,089,635.61	381,482,539,816.97
Liabilities:		
Short-term loans	622,596,249.00	—
Short-term margin loans	23,112,810,000.00	26,656,010,000.00
Placements from other financial institutions	11,529,997,910.20	7,029,997,910.20
Financial liabilities at fair value through profit and loss	13,941,703,142.82	14,381,328,363.06
Derivative financial liabilities	3,421,121,110.97	1,642,283,334.96
Financial assets sold under repurchase agreements	30,930,583,169.23	24,921,536,820.62
Securities brokerage services	60,095,020,087.58	59,717,525,502.97
Securities underwriting services	6,541,000.00	31,421,000.00
Securities brokerage for margin transaction	8,269,797,976.34	7,618,019,320.77
Employee benefits payables	2,384,643,132.83	2,668,777,480.53
Tax payables	956,339,724.19	977,589,307.15
Payables	8,510,328,118.83	6,445,349,539.95
Interest payables	2,848,844,148.50	2,382,951,060.57
Dividend payables	14,311,640.00	13,096,640.00
Liabilities held for sale	—	—
Provision	—	—
Long-term loans	—	—
Bonds payables	78,203,018,104.32	77,198,275,760.89
Long-term payables	—	—
Long-term employee benefits payables	6,078,641,790.55	6,078,641,790.55
Special payables	—	—
Deferred income tax liabilities	1,884,831,894.45	1,931,445,912.42

Items	Balance as of the end of the period	Balance as of the beginning of the year
Deferred income	12,158,299.49	12,175,714.30
Other liabilities	56,754,462,449.52	53,186,201,957.03
Total liabilities	309,577,749,948.82	292,892,627,415.97
Owners' equity (or equity of shareholders):		
Paid up capital (or share capital)	7,162,768,800.00	7,162,768,800.00
Other equity instruments	—	—
Capital reserve	45,814,395,516.71	45,820,626,561.97
Less: treasury shares	—	—
Other comprehensive income	502,465,261.24	1,447,656,530.79
Special reserve	—	—
Surplus reserve	3,953,853,785.26	3,919,487,458.07
General risk provision	10,069,382,146.14	10,008,183,215.62
Undistributed profits	21,429,734,910.86	18,977,215,150.02
Translation reserve	—	—
Total equity attributable to the owners (or equity of shareholders) of the parent company	88,932,600,420.21	87,335,937,716.47
Minority interest	1,251,739,266.58	1,253,974,684.53
Total owners' equity (or equity of shareholders)	90,184,339,686.79	88,589,912,401.00
Total liabilities and owners' equity (or equity of shareholders)	399,762,089,635.61	381,482,539,816.97

Legal representative:
Zhou Yi

Officer in charge of
accounting:
Shu Ben'e

Head of accounting
department:
Fei Lei

Balance Sheet of the Parent Company

March 31, 2018

Prepared by: Huatai Securities Co., Ltd.

Unit: Yuan Currency: RMB Type of audit: Unaudited

Items	Balance as of the end of the period	Balance as of the beginning of the year
Assets:		
Monetary capital:	50,460,197,113.07	44,255,563,515.71
Of which: Customer deposits	43,200,987,962.31	34,670,001,628.07
Clearing settlement funds	14,089,847,445.62	17,765,664,597.56
Of which: Settlement funds from customers	13,926,160,356.63	15,421,942,085.75
Placements with other financial institutions	—	—
Margin loans	57,099,157,435.58	59,446,148,929.52
Financial assets at fair value through profit and loss	74,453,920,726.48	39,284,162,844.27
Derivative financial assets	529,190,926.91	349,247,991.99
Financial assets held under resale agreements	52,804,324,881.78	51,720,449,104.69
Receivables	906,770,139.63	678,545,439.69
Interest receivables	4,791,829,831.91	4,361,549,497.26
Refundable deposits	1,902,888,912.64	1,435,529,531.37
Dividend receivables	—	—
Assets held for sale	—	—
Non-current assets due within one year	—	—
Available-for-sale financial assets	—	36,053,432,051.32
Financial assets at fair value through other comprehensive income	11,156,987,113.62	—
Held-to-maturity investments	—	—
Financial assets at amortized cost	5,648,856,402.33	—
Long-term receivables	—	—
Long-term equity investments	25,465,750,263.78	25,173,046,077.16
Investment properties	1,726,519,474.86	1,742,738,143.75
Fixed assets	2,551,288,659.37	2,572,864,887.49
Construction in progress	26,209,909.55	21,730,155.04
Intangible assets	439,659,383.99	429,142,191.08

Items	Balance as of the end of the period	Balance as of the beginning of the year
Development expenses	—	—
Goodwill	—	—
Long-term unamortized expenditures	61,803,944.33	63,117,920.99
Deferred income tax assets	—	—
Other assets	243,266,593.52	251,365,477.69
Total assets	304,358,469,158.97	285,604,298,356.58
Liabilities:		
Short-term loans	—	—
Short-term margin loans	23,112,810,000.00	26,656,010,000.00
Placements from other financial institutions	11,529,997,910.20	7,029,997,910.20
Financial liabilities at fair value through profit and loss	11,533,972,800.00	11,795,824,300.00
Derivative financial liabilities	1,573,577,830.77	1,601,480,120.25
Financial assets sold under repurchase agreements	26,477,052,719.46	21,114,158,715.09
Securities brokerage services	46,940,110,958.57	41,401,022,172.40
Securities underwriting services	6,541,000.00	11,421,000.00
Securities brokerage for margin transaction	7,971,060,383.28	7,461,799,839.01
Employee benefit payables	1,605,349,621.04	1,403,619,009.56
Tax payables	386,346,788.39	481,710,137.95
Payables	5,695,135,741.06	4,364,153,136.57
Interest payables	2,844,945,037.10	2,354,104,257.92
Dividend payables	—	—
Liabilities held for sale	—	—
Provision	—	—
Long-term loans	—	—
Bonds payables	75,691,461,434.80	74,589,798,462.17
Long-term payables	—	—
Long-term employee benefits payables	5,151,000,000.00	5,151,000,000.00
Special payables	—	—
Deferred income tax liabilities	575,071,593.00	503,470,580.75
Deferred income	12,175,714.30	12,175,714.30
Other liabilities	2,036,973,272.30	989,752,221.84
Total liabilities	223,143,582,804.27	206,921,497,578.01

Items	Balance as of the end of the period	Balance as of the beginning of the year
Owners' equity (or equity of shareholders):		
Paid up capital (or share capital)	7,162,768,800.00	7,162,768,800.00
Other equity instruments	—	—
Capital reserve	45,577,448,327.12	45,577,448,327.12
Less: treasury shares	—	—
Other comprehensive income	670,819,902.79	1,020,851,663.49
Special reserve	—	—
Surplus reserve	3,953,853,785.26	3,919,487,458.07
General risk provision	8,119,616,385.01	8,050,883,730.63
Undistributed profits	15,730,379,154.52	12,951,360,799.26
Translation reserve	—	—
Total owners' equity (or equity of shareholders)	81,214,886,354.70	78,682,800,778.57
Total liabilities and owners' equity (or equity of shareholders)	304,358,469,158.97	285,604,298,356.58

Legal representative:
Zhou Yi

Officer in charge of
accounting:
Shu Ben'e

Head of accounting
department:
Fei Lei

Consolidated Income Statement

January to March 2018

Prepared by: Huatai Securities Co., Ltd.

Unit: Yuan Currency: RMB Type of audit: Unaudited

Items	Amount in the current period	Amount in corresponding period of the previous year
I. Operating income	4,289,557,776.25	3,784,371,119.64
Net fee and commission income	1,984,356,709.01	2,048,036,245.17
Of which: Net fee income from brokerage business	985,797,707.36	1,059,489,349.26
Net fee income from investment banking business	407,287,808.60	390,711,731.22
Net fee income from asset management business	565,753,074.83	570,035,422.59
Net interest income	697,575,292.56	673,726,630.48
Investment gains (“-” indicating losses)	1,350,111,953.06	921,326,549.66
Of which: Gains from investments in associates and joint ventures	580,299,432.76	115,594,549.20
Gain from disposal of assets (“-” indicating losses)	106,868.49	-51,626.63
Gains from change in fair value (“-” indicating losses)	116,669,989.34	89,592,399.45
Foreign exchange gains (“-” indicating losses)	6,468,708.02	5,570,954.82
Other gains	70,859,325.13	—
Other business income	63,408,930.64	46,169,966.69
II. Operating expenses	1,887,964,740.80	1,976,470,163.44
Tax and surcharges	34,165,880.79	27,203,587.41
Business and administrative expenses	1,875,419,088.56	1,920,760,887.81
Asset impairment loss	-52,133,322.44	-1,676,208.30
Other business costs	30,513,093.89	30,181,896.52

Items	Amount in the current period	Amount in corresponding period of the previous year
III. Operating profit (“-” indicating loss)	2,401,593,035.45	1,807,900,956.20
Add: Non-operating income	2,843,841.02	5,501,710.90
Less: Non-operating expenses	671,657.29	7,059,191.37
IV. Total profit (“-” indicating loss)	2,403,765,219.18	1,806,343,475.73
Less: Income tax expenses	483,253,618.85	433,457,855.96
V. Net profit (“-” indicating loss)	1,920,511,600.33	1,372,885,619.77
(I) Classified by continuity of operations	1,920,511,600.33	1,372,885,619.77
1. Net profit from continuing operations (“-” indicating losses)	1,920,511,600.33	1,372,885,619.77
2. Net profit from discontinued operations (“-” indicating losses)	—	—
(II) Classified by ownership of equity	1,920,511,600.33	1,372,885,619.77
1. Profit or loss of minority interest	17,504,942.16	42,722,929.54
2. Net profit attributable to shareholders of the parent company	1,903,006,658.17	1,330,162,690.23
VI. Other comprehensive income after tax, net	-230,137,979.48	835,412,277.94
Other comprehensive income after tax attributable to the owners of the parent company, net	-230,173,705.53	813,247,826.99
(I) Other comprehensive income that will not subsequently be reclassified to profit and loss	—	—

Items	Amount in the current period	Amount in corresponding period of the previous year
1. Change in net liabilities or assets of defined benefit scheme	—	—
2. Share of other comprehensive income of investees that will not be reclassified to profit and loss under equity method	—	—
(II) Other comprehensive income that will subsequently be reclassified to profit and loss	-230,173,705.53	813,247,826.99
1. Share of other comprehensive income of investees that will subsequently be reclassified to profit and loss under equity method	-8,594,013.38	-933,479.96
2. Gains and losses of changes in fair value for financial assets at fair value through other comprehensive income	-5,667,814.31	848,736,041.45
3. Gains and losses from held-to-maturity investment reclassified as available-for-sale financial assets	—	—
4. Effective portion of hedging gains and losses from cash flows	—	—
5. Exchange differences from translation of statements denominated in foreign currencies	-215,911,877.84	-34,554,734.50
6. Others	—	—

Items	Amount in the current period	Amount in corresponding period of the previous year
Other comprehensive income after tax attributable to minority interest, net	35,726.05	22,164,450.95
VII.Total comprehensive income	1,690,373,620.85	2,208,297,897.71
Total comprehensive income attributable to owners of the parent company	1,672,832,952.64	2,143,410,517.22
Total comprehensive income attributable to minority interest	17,540,668.21	64,887,380.49
VIII Earnings per share:		
(I) Basic earnings per share (RMB/share)	0.2657	0.1857
(II) Diluted earnings per share (RMB/share)	0.2657	0.1857

Legal representative:
Zhou Yi

Officer in charge of
accounting:
Shu Ben'e

Head of accounting
department:
Fei Lei

Note: The beginning balance in the balance sheet for the first quarter of 2018 is unaudited amount at the end of 2017. Changes in certain items under the equity for the period are inconsistent with the articulation of the income statement, as the Company has adopted the new standards on financial instrument on January 1, 2018, and adjustments were made in accordance with the standard requirements.

Income Statement of the Parent Company

January to March 2018

Prepared by: Huatai Securities Co., Ltd.

Unit: Yuan Currency: RMB Type of audit: Unaudited

Items	Amount in the current period	Amount in corresponding period of the previous year
I. Operating income	3,703,341,841.61	4,310,515,374.41
Net fee and commission income	940,781,746.77	1,031,496,816.11
Of which: Net fee income from brokerage business	917,248,014.49	968,697,412.81
Net fee income from investment banking business	-1,266,767.85	34,999,661.19
Net fee income from asset management business	—	—
Net interest income	492,425,802.41	664,780,923.36
Investment gains (“-” indicating losses)	2,216,348,896.19	2,520,027,350.37
Of which: Gains from investments in associates and joint ventures	288,158,000.00	116,784,813.83
Gain from disposal of assets (“-” indicating losses)	68,264.91	-43,398.01
Gains from change in fair value (“-” indicating losses)	20,155,638.04	75,896,332.98
Foreign exchange gains (“-” indicating losses)	-1,976.20	-0.11
Other gains	6,031,931.33	—
Other business income	27,531,538.16	18,357,349.71
II. Operating expenses	914,326,998.25	993,476,826.05
Tax and surcharges	28,289,904.59	21,496,145.02
Business and administrative expenses	923,312,822.72	956,552,725.25
Asset impairment loss	-52,893,997.12	-430,841.73
Other business costs	15,618,268.06	15,858,797.51

Items	Amount in the current period	Amount in corresponding period of the previous year
III. Operating profit (“-” indicating loss)	2,789,014,843.36	3,317,038,548.36
Add: Non-operating income	2,839,395.47	5,392,239.28
Less: Non-operating expenses	643,152.19	6,631,963.07
IV. Total profit (“-” indicating loss)	2,791,211,086.64	3,315,798,824.57
Less: Income tax expenses	252,757,021.66	302,418,502.69
V. Net profit (“-” indicating loss)	2,538,454,064.98	3,013,380,321.88
(I) Net profit from continuing operations (“-” indicating losses)	2,538,454,064.98	3,013,380,321.88
(II) Net profit from discontinued operations (“-” indicating losses)	—	—
VI. Other comprehensive income after tax, net	-14,261,827.69	626,518,772.80
(I) Other comprehensive income that will not subsequently be reclassified to profit and loss	—	—
1. Change in net liabilities or assets of defined benefit scheme	—	—
2. Share of other comprehensive income of investees that will not be reclassified to profit and loss under equity method	—	—
(II) Other comprehensive income that will subsequently be reclassified to profit and loss	-14,261,827.69	626,518,772.80
1. Share of other comprehensive income of investees that will subsequently be reclassified to profit and loss under equity method	-8,594,013.38	13,158,847.08

Items	Amount in the current period	Amount in corresponding period of the previous year
2. Gains and losses of changes in fair value for financial assets at fair value through other comprehensive income	-5,667,814.31	613,359,925.72
3. Gains and losses from held-to-maturity investment reclassified as available-for-sale financial assets	—	—
4. Effective portion of hedging gains and losses from cash flows	—	—
5. Exchange differences from translation of statements denominated in foreign currencies	—	—
6. Others	—	—
VII. Total comprehensive income	2,524,192,237.29	3,639,899,094.68
VIII. Earnings per share:		
(I) Basic earnings per share (RMB/share)	—	—
(II) Diluted earnings per share (RMB/share)	—	—

Legal representative:
Zhou Yi

Officer in charge of
accounting:
Shu Ben'e

Head of accounting
department:
Fei Lei

Consolidated Cash Flow Statement

January to March 2018

Prepared by: Huatai Securities Co., Ltd.

Unit: Currency: RMB Type of audit: Unaudited

Items	Amount in the current period	Amount in corresponding period of the previous year
I. Cash flows from operating activities:		
Net cash increased on disposal of financial assets at fair value through profit and loss	—	—
Cash received from interest, fees and commissions	6,206,762,013.73	6,266,218,809.19
Net increase in placements from other financial institutions	4,500,000,000.00	—
Net increase in cash from repurchase business	7,408,160,937.03	3,571,301,797.44
Net decrease in margin accounts	2,297,918,909.63	2,684,951,970.76
Net cash received from securities brokerage services	1,029,273,240.18	—
Cash received relating to other operating activities	6,045,827,608.08	1,897,147,441.64
Subtotal of cash inflows from operating activities	27,487,942,708.65	14,419,620,019.03
Net increase in margin accounts	—	—
Net cash paid for purchase of financial assets at fair value through profit and loss	20,491,923,171.77	4,816,267,321.03
Net increase in placements from other financial institutions and margin accounts	659,028,213.43	—
Net decrease in cash from repurchase business	—	—
Net decrease in placements from other financial institutions	—	1,150,000,000.00
Net cash paid for securities brokerage services	—	14,529,952,509.34
Cash paid for interest, fees and commissions	1,782,503,365.56	2,276,542,309.83

Items	Amount in the current period	Amount in corresponding period of the previous year
Cash paid to and paid for employees	1,443,124,593.14	1,461,236,572.86
Taxes paid	701,704,798.54	771,716,358.12
Cash paid relating to other operating activities	2,659,406,392.03	11,290,467,764.39
Subtotal of cash outflows from operating activities	27,737,690,534.47	36,296,182,835.57
Net cash flow from operating activities	-249,747,825.82	-21,876,562,816.54
II. Cash flows from investing activities:		
Cash received from disposal of investments	—	—
Cash received from investment returns	49,964,159.98	230,496,712.55
Net cash received from disposal of subsidiaries and other business units	—	—
Cash received relating to other investing activities	3,988,982.24	536,943,239.77
Subtotal of cash inflows from investing activities	53,953,142.22	767,439,952.32
Cash paid for investments	271,019,202.72	2,358,487,388.33
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	34,584,283.43	190,614,951.38
Net cash paid for acquisition of subsidiaries and other business units	162,890,200.00	11,425,000.00
Cash paid relating to other investing activities	81,480,000.00	—
Subtotal of cash outflows from investing activities	549,973,686.15	2,560,527,339.71
Net cash flow from investing activities	-496,020,543.93	-1,793,087,387.39
III. Cash flows from financing activities:		
Proceeds from investments	—	39,200.00

Items	Amount in the current period	Amount in corresponding period of the previous year
Of which: Cash contribution from minority interest to subsidiaries	—	—
Proceeds from borrowings	622,596,249.00	10,815,390.00
Proceeds from issuance of bonds	7,313,430,000.00	11,975,950,000.00
Cash received relating to other financing activities	—	—
Subtotal of cash inflows from financing activities	7,936,026,249.00	11,986,804,590.00
Cash repayments of borrowings	9,756,630,000.00	9,383,030,000.00
Cash paid for dividends, profits or interest	578,174,846.26	395,681,131.21
Of which: Dividends and profits paid to minority interest by subsidiaries	12,715,000.00	1,620,000.00
Cash paid relating to other financing activities	—	379,774.83
Subtotal of cash outflows from financing activities	10,334,804,846.26	9,779,090,906.04
Net cash flow from financing activities	-2,398,778,597.26	2,207,713,683.96
IV. Effect of exchange rate changes on cash and cash equivalents	-57,852,854.10	-21,246,775.19
V. Net increase in cash and cash equivalents	-3,202,399,821.11	-21,483,183,295.16
Add: Balance of cash and cash equivalents at the beginning of the period	96,682,132,974.24	126,220,547,927.29
VI. Balance of cash and cash equivalents at the end of the period	93,479,733,153.13	104,737,364,632.13

Legal representative:
Zhou Yi

Officer in charge of
accounting:
Shu Ben'e

Head of accounting
department:
Fei Lei

Cash Flow Statement of the Parent Company

January to March 2018

Prepared by: Huatai Securities Co., Ltd.

Unit: Yuan Currency: RMB Type of audit: Unaudited

Items	Amount in the current period	Amount in corresponding period of the previous year
I. Cash flows from operating activities:		
Net cash increased on disposal of financial assets at fair value through profit and loss	—	—
Cash received from interest, fees and commissions	3,849,057,081.38	3,553,057,459.35
Net increase in placements from other financial institutions	4,500,000,000.00	—
Net increase in cash from repurchase business	5,452,929,037.71	5,072,207,234.32
Net decrease in margin accounts	2,401,111,600.52	2,737,018,766.99
Net cash received from securities brokerage services	6,048,349,330.44	—
Cash received relating to other operating activities	2,644,505,718.14	28,445,283.82
Subtotal of cash inflows from operating activities	24,895,952,768.19	11,390,728,744.48
Net increase in margin accounts	—	—
Net cash paid for purchase of financial assets at fair value through profit and loss	15,925,902,076.53	12,209,770,009.14
Net decrease in cash from repurchase business	—	—
Net decrease in placements from other financial institutions	—	1,150,000,000.00
Net cash paid for securities brokerage services	—	10,732,708,089.44

Items	Amount in the current period	Amount in corresponding period of the previous year
Cash paid for interest, fees and commissions	1,525,742,751.38	1,534,401,451.67
Cash paid to and paid for employees	590,742,345.39	465,109,122.25
Taxes paid	294,837,360.08	371,634,216.32
Cash paid relating to other operating activities	1,063,376,035.00	710,791,925.61
Subtotal of cash outflows from operating activities	19,400,600,568.38	27,174,414,814.43
Net cash flow from operating activities	5,495,352,199.81	-15,783,686,069.95
II. Cash flows from investing activities:		
Cash received from disposal of investments	—	92,248,361.79
Cash received from investment returns	1,492,005,000.00	2,001,238,756.13
Cash received relating to other investing activities	3,893,346.03	161,615.17
Subtotal of cash inflows from investing activities	1,495,898,346.03	2,093,648,733.09
Cash paid for investments	—	1,846,337,513.15
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	285,817,694.91	163,784,633.63
Net cash paid for acquisition of subsidiaries and other business units	13,140,200.00	—
Cash paid relating to other investing activities	—	—
Subtotal of cash outflows from investing activities	298,957,894.91	2,010,122,146.78
Net cash flow from investing activities	1,196,940,451.12	83,526,586.31
III. Cash flows from financing activities:		

Items	Amount in the current period	Amount in corresponding period of the previous year
Proceeds from investments	—	—
Proceeds from borrowings	—	—
Proceeds from issuance of bonds	7,313,430,000.00	11,975,950,000.00
Cash received relating to other financing activities	—	—
Subtotal of cash inflows from financing activities	7,313,430,000.00	11,975,950,000.00
Cash repayments of borrowings	9,756,630,000.00	9,383,030,000.00
Cash paid for dividends, profits or interest	565,459,846.26	389,091,256.21
Cash paid relating to other financing activities	—	379,774.83
Subtotal of cash outflows from financing activities	10,322,089,846.26	9,772,501,031.04
Net cash flow from financing activities	-3,008,659,846.26	2,203,448,968.96
IV. Effect of exchange rate changes on cash and cash equivalents	-1,976.20	-0.11
V. Net increase in cash and cash equivalents	3,683,630,828.47	-13,496,710,514.79
Add: Balance of cash and cash equivalents at the beginning of the period	70,167,178,730.22	87,210,964,194.04
VI. Balance of cash and cash equivalents at the end of the period	73,850,809,558.69	73,714,253,679.25

Legal representative:
Zhou Yi

Officer in charge of
accounting:
Shu Ben'e

Head of accounting
department:
Fei Lei

4.2 Audit Report

Applicable Not applicable