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**ABOUT US**

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# IMPORTANT NOTICE

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

## II. Director(s) absent from the meeting

Position of absent Directors	Name of absent Directors	Reasons for absence	Name of proxy
Director	Ding Feng	Business engagement	Zhang Wei
Director	Chen Yongbing	Business engagement	Ke Xiang
Director	Wang Tao	Business engagement	Zhang Wei

III. This interim report has not been audited.

IV. Zhang Wei, the person in charge of the Company, Jiao Xiaoning, the person in charge of accounting, and Fei Lei, the officer in charge of the accounting office (head of accounting department), hereby warrant and guarantee that the financial report contained in the interim report is true, accurate and complete.

V. The profit distribution proposal or the reserve capitalization proposal for the Reporting Period was approved by resolutions of the Board.

The Board of the Company did not prepare any profit distribution proposal or capital reserve capitalization proposal when considering the interim report.

## VI. Risk statement with respect to the forward-looking statements

Forward-looking statements including future plans and development strategies involved in this interim report do not constitute the Company's substantive commitments to investors. The investors are advised to pay attention to investment risks.

VII. There is no non-operating misappropriation of funds of the Company by any controlling shareholders or their related parties.

VIII. The Company has not provided any external guarantees in violation of the decision-making procedures.

IX. There exists no such circumstance that more than half of the Directors could not guarantee the authenticity, accuracy and integrity of the interim report disclosed by the Company.

X. The interim report is prepared by the Company in both Chinese and English. In the event of any inconsistency, the Chinese version shall prevail.

## XI. Warning on major risks

General economic and political conditions such as 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, funds raising costs and interest rate levels and fluctuations 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, economic and market conditions.

Main risks in business operation faced by the Company 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 subject to 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; market risks from fluctuations in market prices (interest rates, exchange rates, stock prices and commodity prices, etc.); which make the Company suffer from loss in assets; credit risks from default of product or debt issuers or counterparties (customers), which make the Company suffer from loss; liquidity risks from inability to obtain sufficient funds at a 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, processing 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; money laundering risks from the utilization of the Company's products or services by criminals to engage in money laundering activities which lead to negative effects on the Company's legal, reputation, compliance, operation and other aspects. Besides, with the advancement of the Company's internationalization strategy, the Company's business will expand into the United States, the United Kingdom, Hong Kong and other countries and regions, and the Company will face more complex market environment and regulatory requirements.

# DEFINITIONS

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

## DEFINITIONS OF CAPITALIZED TERMS AND EXPRESSIONS

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 traded in RMB
AoP	Assets on Platform
APP	Application
Articles of Association	the articles of association of the Company, as amended, supplemented or otherwise modified from time to time
AssetMark	AssetMark Financial Holdings, Inc.
Bank of Jiangsu	Bank of Jiangsu Co., Ltd. (江蘇銀行股份有限公司)
Board or Board of Directors	the board of Directors 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 the PRC	the People's Republic of China, excluding, for the purpose of this interim report, Hong Kong, Macau Special Administrative Region and Taiwan
China Southern Asset Management	China Southern Asset Management Co., Ltd. (南方基金管理股份有限公司)
Communications Holding	Jiangsu Communications Holding Co., Ltd. (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 from time to time
CSI 300 Index	an index consisting of 300 index sample stocks which are most representative selected by the Shanghai Stock Exchange and the 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)	the director(s) of the Company
FICC	fixed income, currency and commodity
Fintech	financial technology
Future 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
GDR	global depository receipt
Govtor Capital	Govtor Capital Group Co., Ltd. (江蘇高科技投資集團有限公司)
Group, Our Group, we or us	the Company and its subsidiaries, and their respective predecessors
Guoxin Group	Jiangsu Guoxin Investment Group Limited (江蘇省國信集團有限公司), formerly known as Jiangsu Guoxin Asset Management Group Limited (江蘇省國信資產管理集團有限公司)
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 traded in HK dollars
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	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)
HTSC, Huatai Securities, our Company, Company or Parent Company	a joint stock company incorporated in the PRC 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 have been listed on the main board of Hong Kong Stock Exchange since June 1, 2015 (Stock Code: 6886); the A Shares of which have been listed on the Shanghai Stock Exchange since February 26, 2010 (Stock Code: 601688); the global depository receipts of which have been listed on the London Stock Exchange plc since June 2019 (Symbol: HTSC), unless the context otherwise requires, including its predecessor
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 Huatai International



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 International	Huatai International Financial Holdings Company Limited (華泰國際金融控股有限公司), 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 Purple Gold Investment	Huatai Purple Gold Investment Co, Ltd. (華泰紫金投資有限責任公司), a wholly-owned subsidiary of the Company
Huatai Securities (USA)	Huatai Securities (USA), Inc. (華泰證券(美國)有限公司), a wholly-owned subsidiary of Huatai International
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
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 SASAC	State-owned Assets Supervision and Administration Commission of Jiangsu Provincial Government (江蘇省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 (as amended, supplemented or otherwise modified from time to time)
London Stock Exchange or LSE	the London Stock Exchange plc (倫敦證券交易所)
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
New Third Board or NEEQ	National Equities Exchange and Quotations for medium and small-sized enterprises
NMAU	the number of monthly active users
OTC	over-the-counter
PBOC	the People's Bank of China
QDII	qualified domestic institutional investor
QFII	qualified foreign institutional investor
Reporting Period	the period of six months from January 1, 2021 to June 30, 2021
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 Brilliance	Shanghai Brilliance Credit Rating & Investors Services Co, Ltd. (上海新世紀資信評估投資服務有限公司)
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
SSF	the National Council for Social Security Fund of the PRC (全國社會保障基金理事會)
STAR Market	science and technology innovation board of SSE
Supervisor(s)	supervisor(s) of the Company
Supervisory Committee	the supervisory committee of the Company
TAMP	Turn-key Asset Management Platform, a technological platform providing services such as investment products and strategies, assets portfolio management, customer relationship management and asset custody, as well as corporate operation
USD, US\$ or US dollar	the lawful currency of the United States of America
VAR	value at risk
%	per cent.

In the 2021 interim report, any discrepancies between the total shown and the sum of the amounts listed are due to rounding; and any discrepancies in the change percentages of an item are due to the difference of currency unit of the item.

# COMPANY PROFILE

## 》 I. COMPANY INFORMATION

Chinese name of the Company  
华泰证券股份有限公司

Abbreviation of Chinese name of the Company  
華泰證券

English name of the Company  
HUATAI SECURITIES CO., LTD.

Abbreviation of English name of the Company  
HTSC

Legal representative of the Company  
**Zhang Wei**

Chief Executive Officer and chairman of the Executive Committee 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 at the end of the Reporting Period	As at the end of the previous year
Registered capital	9,076,650,000.00	9,076,650,000.00
Net capital	74,031,520,954.30	67,909,921,047.21

### Qualifications of each business line of the Company

During the Reporting Period, according to the Reply on Opinions Regarding Conducting Commodity Futures Market Making Business by Huatai Securities (《關於華泰證券開展商品期貨做市業務有關意見的覆函》) received by the Company, the CSRC has no objection to the Company conducting commodity futures market making business.

According to the business license issued by Jiangsu Provincial Market Regulation Administration, 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 financial 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 and other business activities approved by the CSRC (projects that need to be approved by law shall be carried out upon approval by relevant authorities).

## II. LIST OF MEMBERS OF THE BOARD OF DIRECTORS AND SPECIAL COMMITTEES

### Members of the Board of Directors

Executive Directors	Mr. Zhang Wei (Chairman)
	Mr. Zhou Yi (CEO and chairman of the Executive Committee)
	Mr. Zhu Xuebo
Non-executive Directors	Mr. Ding Feng
	Mr. Chen Yongbing
	Mr. Ke Xiang
	Ms. Hu Xiao
	Mr. Wang Tao
Independent Non-executive Directors	Mr. Chen Chuanming
	Ms. Liu Yan
	Mr. Chen Zhibin
	Mr. Wang Jianwen
	Ms. AU King-chi

### Members of Special Committees

Development Strategy Committee	Mr. Zhang Wei (Chairman)
	Mr. Zhou Yi
	Mr. Chen Yongbing
	Ms. Hu Xiao
	Mr. Wang Tao
Compliance and Risk Management Committee	Mr. Zhou Yi (Chairman)
	Mr. Ke Xiang
	Mr. Wang Jianwen
Audit Committee	Mr. Chen Zhibin (Chairman)
	Mr. Ding Feng
	Ms. AU King-chi
Nomination Committee	Mr. Chen Chuanming (Chairman)
	Mr. Zhu Xuebo
	Ms. Liu Yan
Remuneration and Appraisal Committee	Mr. Chen Chuanming (Chairman)
	Ms. Liu Yan
	Mr. Chen Zhibin

## III. CONTACT

### Secretary of the Board

Name	Zhang Hui
Address	11/F, Building 1, No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province, the PRC
Tel. No.	025-83387793, 83387780, 83389157
Fax	025-83387784
Email	zhanghui@htsc.com

### Joint company secretary

Name	Zhang Hui	Joint company secretary	Kwong Yin Ping Yvonne
Address	11/F, Building 1, No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province, the PRC		40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong

## IV. CHANGES IN BASIC INFORMATION

Registered address of the Company	No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province, the PRC
Historical changes in registered address of the Company	In July 2015, the Company has completed the change in business registration, and its registered address was changed from "No. 90 East Zhongshan Road, Nanjing, Jiangsu Province, the PRC" to "No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province, the PRC"
Office address of the Company	No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province, the PRC
Postal code 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	<a href="http://www.htsc.com.cn">http://www.htsc.com.cn</a>
Email	boardoffice@htsc.com
Main exchange	025-83389999
Customer service hotline	95597 or 4008895597
Company fax	025-83387784
Business License Unified Social Credit Code	91320000704041011J
Brief of Index inclusion	SSE 50 Index, CSI 300 Index, MSCI China Share Index, HSCASUSB
Index of changes during the Reporting Period	No change during the Reporting Period

## ➤ V. 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 the interim report	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a>
Website designated by the Hong Kong Stock Exchange for publication of the interim report	<a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>
Website designated by the LSE for publication of the interim report	<a href="https://www.londonstockexchange.com">https://www.londonstockexchange.com</a>
Location for inspection of the interim report of the Company (A Share)	No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province, the PRC; Shanghai Stock Exchange
Location for inspection of the interim report of the Company (H Share)	No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province, the PRC; Room 4201, 42/F, The Center, 99 Queen's Road Central, Hong Kong
Index of changes during the Reporting Period	No change during the Reporting Period

## » VI. LANGUAGE AND MEANS OF RECEIPT OF CORPORATE COMMUNICATION

The Company provides corporate communication to H shareholders based on their respective selected language version and means of receipt. H shareholders have the following options:

- to read and/or download the corporate communication published on the Company's website at [www.htsc.com.cn](http://www.htsc.com.cn) and receive written notice for the publication of the corporate communication; or
- to receive printed English version of all corporate communications only; or
- to receive printed Chinese version of all corporate communications only; or
- to receive both printed English and Chinese versions of all corporate communications.

H shareholders may choose and/or change the version of language of our corporate communication and/or the way to receive our corporate communication at any time. H shareholders may notify our Company by the following ways:

- by mail: 17M Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong
- by email: [huatai.ecom@computershare.com.hk](mailto:huatai.ecom@computershare.com.hk)

For enquiry on the arrangement of language version and means of receipt of our corporate communication, H shareholders may call our hotline +852 2862 8688 at any time.

## » VII. SHARES/DEPOSITORY RECEIPTS OF THE COMPANY

Type of shares/ depository receipts	Stock exchange for listing	Stock name	Stock code
A Share	Shanghai Stock Exchange	華泰證券	601688
H Share	Hong Kong Stock Exchange	HTSC	6886
GDR	London Stock Exchange	Huatai Securities Co., Ltd.	HTSC

Stock name before change: Nil

## » VIII. OTHER INFORMATION

### (I) Accounting firms

Accounting firm engaged by the Company (domestic)	Name	KPMG Huazhen LLP
	Office address	8th Floor, KPMG Tower, Oriental Plaza, 1 East Chang'an Avenue, Dongcheng District, Beijing, the PRC
Accounting firm engaged by the Company (Hong Kong)	Name	KPMG Registered PIE Auditor under the Hong Kong Financial Reporting Council Ordinance
	Office address	8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong
Accounting firm engaged by the Company (United Kingdom)	Name	KPMG Huazhen LLP
	Office address	8th Floor, KPMG Tower, Oriental Plaza, 1 East Chang'an Avenue, Dongcheng District, Beijing, the PRC

### (II) Legal Advisors

Legal advisor engaged by the Company (domestic)	Name	King & Wood Mallesons
	Office address	18th Floor, East Tower, World Financial Center 1 Middle East 3rd Ring Road, Chaoyang District, Beijing, the PRC
Legal advisor engaged by the Company (overseas)	Name	Clifford Chance
	Office address	27/F, Jardine House, 1 Connaught Place, Central, Hong Kong

### (III) Share registrars

Share registrar for A Share	Name	China Securities Depository and Clearing Corporation Limited, Shanghai Branch
	Office address	No. 188 South Yanggao Road, Pudong New Area, Shanghai, the PRC
Share registrar for H Share	Name	Computershare Hong Kong Investor Services Limited
	Office address	17M Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong

# SUMMARY OF THE RESULTS

## » I. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

(The accounting data and financial indicators contained in this report are prepared in accordance with the IFRS)

### (I) Key Accounting Data

Unit: Thousand Yuan Currency: RMB

Item	The Reporting Period	Corresponding period of the previous year	Year-on-year change (%)
Total revenue and other gains	24,615,529	18,972,166	29.75
Profit before income tax	10,036,901	8,306,061	20.84
Profit of this period – attributable to shareholders of the Company	7,770,308	6,404,994	21.32
Net cash used in operating activities	(30,531,020)	(2,403,010)	1,170.53
Total amount of other comprehensive income after tax this period	(463,027)	(9,148)	4,961.51



Unit: Thousand Yuan Currency: RMB

Item	As of the end of the Reporting Period	As of the end of the previous year	Increase/ decrease of the end of the Reporting Period over the end of the previous year (%)
Total assets	790,110,729	716,751,235	10.24
Total liabilities	653,919,179	584,439,200	11.89
Total equity attributable to shareholders of the Company	132,827,187	129,071,500	2.91
Total shareholders' equity	136,191,550	132,312,035	2.93
Total share capital (shares)	9,076,650,000	9,076,650,000	-

## (II) Key Financial Indicators

Key financial indicators	The Reporting Period	Corresponding period of the previous year	Year-on-year change (%)
Basic earnings per share (RMB/share)	0.86	0.71	21.13
Diluted earnings per share (RMB/share)	0.86	0.70	22.86
ROE (%)	5.73	4.98	Increase of 0.75 percentage point
Debt-to-assets ratio (%)	78.75	73.05	Increase of 5.70 percentage points
Net assets attributable to the Company's shareholders per share (RMB/share)	14.63	13.78	6.17

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

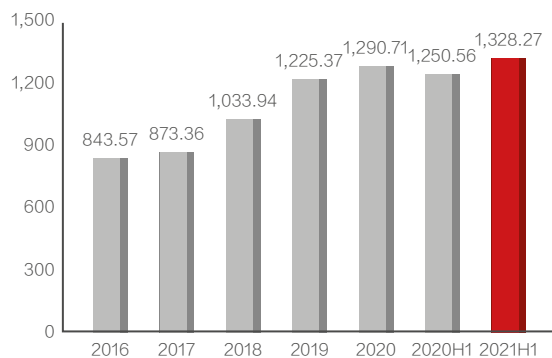
**(III) Net Capital of the Parent Company and Risk Control Indicators**

Unit: Yuan Currency: RMB

Item	As of the end of the Reporting Period	As of the end of the previous year
Net capital	74,031,520,954.30	67,909,921,047.21
Net assets	112,733,146,257.45	111,971,511,426.66
Risk coverage ratio (%)	236.65	236.68
Net capital/net assets (%)	65.67	60.65
Net capital/liabilities (%)	20.93	21.86
Net assets/liabilities (%)	31.88	36.04
Value of proprietary equity securities and derivatives/net capital (%)	43.39	49.91
Value of proprietary non-equity securities and derivatives/net capital (%)	298.25	296.70
Core net capital	60,031,520,954.30	62,909,921,047.21
Supplementary net capital	14,000,000,000.00	5,000,000,000.00
Total risk capital provision	31,283,738,065.23	28,693,100,276.16
Total on-balance and off-balance assets	375,505,279,725.24	333,759,265,959.88
Capital leverage ratio (%)	18.48	21.08
Liquidity coverage ratio (%)	184.06	230.31
Net stable funding ratio (%)	131.50	130.22

**(IV) Key Performance Indicators****Total Equity attributable to shareholders of the Company**

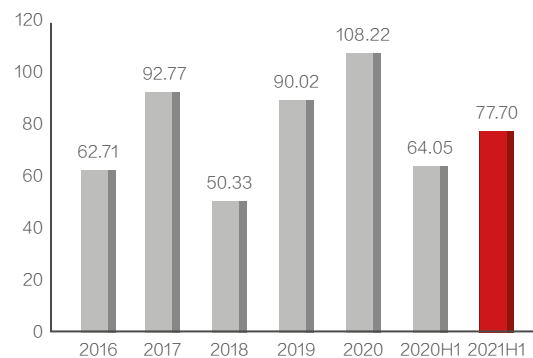
Unit: 100 Million Yuan Currency: RMB



Source: Regular reports of the Company

**Profit for the period—attributable to shareholders of the Company**

Unit: 100 Million Yuan Currency: RMB



Source: Regular reports of the Company

WEALTH MANAGEMENT BUSINESS	INSTITUTIONAL SERVICES BUSINESS	INVESTMENT MANAGEMENT BUSINESS	INTERNATIONAL BUSINESS
Equity and fund trading volume RMB	Number of equity underwriting	Total asset management scale RMB	Number of H share IPO sponsored projects
<b>18.04</b> trillion	<b>43</b>	<b>524.387</b> billion	<b>5</b>
<b>1</b> Market ranking	<b>3</b> Market ranking		<b>2</b> Market ranking
The number of monthly active users of ZhangLe Fortune Path	Amount of equity underwriting RMB	Average monthly scale of private equity funds of private equity subsidiaries RMB	AssetMark AoP USD
<b>8.4579</b> million	<b>68.992</b> billion	<b>41.074</b> billion	<b>84.594</b> billion
<b>1</b> Market ranking	<b>3</b> Market ranking	<b>2</b> Market ranking	
Balance of margin financing and securities lending business RMB	Number of bond underwriting	The number of enterprise asset securitization issuance	The market share of AssetMark
<b>138.078</b> billion	<b>843</b>	<b>56</b>	<b>11.0%</b>
<b>2</b> Market ranking	<b>3</b> Market ranking	<b>3</b> Market ranking	<b>3</b> Market ranking
The holding scale of non-money market public offering funds RMB	Amount of bond underwriting RMB	Scale of enterprise asset securitization issuance RMB	Explanations: The data of equity and fund trading volume is quoted from the statistics of members of the Shanghai Stock Exchange and the Shenzhen Stock Exchange, and the business ranking of equity and fund trading is quoted from Company's internal statistics; the number of monthly active users of ZhangLe Fortune Path and its ranking are quoted from the statistics of Analysys in June 2021; the balance of margin financing and securities lending is quoted from the regulatory statements of the Company and the business ranking of margin financing and securities lending is quoted from Company's internal statistics; the holding scale and ranking of non-money market public offering funds are quoted from the statistics from Asset Management Association of China as of the second quarter of 2021; the number, amount and ranking of equity underwriting and bond underwriting are quoted from Wind; the total asset management scale is quoted from the regulatory statements of Huatai Asset Management; average monthly scale of private equity funds of private equity subsidiaries and its ranking are quoted from the statistics from Asset Management Association of China as of the second quarter of 2021; the issuing number and total amount of enterprise asset securitization and its ranking are quoted from Wind; the number of H share IPO sponsored projects and its ranking are quoted from Dealogic's statistics of Chinese securities companies by the pricing date as of the second quarter of 2021; AssetMark AoP are quoted from Company's internal statistics as of the end of the second quarter of 2021; the market share of AssetMark and its ranking are quoted from Cerulli Associates and the TAMP industrial analysis on relevant public information as of the end of 2020; 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.
<b>112.6</b> billion	<b>404.359</b> billion	<b>55.215</b> billion	
<b>2</b> Market ranking	<b>3</b> Market ranking	<b>4</b> Market ranking	

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

There is no difference between the net profit attributable to shareholders of the listed company for the periods from January to June of 2021 and 2020, and the net assets attributable to shareholders of the listed company as of June 30, 2021 and December 31, 2020 as set out in the combined financial statements prepared in accordance with the CASBE and in the combined financial statements prepared in accordance with the IFRS.



1991



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

2006



The Company became the holding company of Huatai United Securities.



Huatai Financial Holdings (Hong Kong) Limited was established.



2010



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

2016



The Company acquired ASSETMARK in the United States.

1993



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

2008



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

2015



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



2018

# 国企改革

命,经济缺乏活力,金融... 活... 在... 中... 的... 地位...

The Company's overall pilot plan to deepen the mixed-ownership reform was approved.



The Company completed the non-public issuance of A Shares smoothly and raised funds exceeding RMB14.0 billion.



Standard & Poor's and Moody's awarded BBB and Baa2 long-term issuer rating to the Company respectively, and the rating outlook is stable.

2019

# 更懂你的 财富管理专家

涨乐财富通 7.0 (投资者教育专区)

"ZhangLe Fortune Path" (涨乐财富通) of Huatai Securities was upgraded to the new version 7.0.



The Company launched the "Xing Zhi" (行知) APP as a service platform for institutional customers.

2021

# 涨乐财富通 千万投资者的选择

涨乐财富通 涨乐财富通

The number of registered users and downloads of "ZhangLe Fortune Path" (涨乐财富通) exceeded approximately 62 million.



The Company launched its global wealth management platform "ZhangLe Global 3.0".



The company completed the registration of the grant of A share restricted stocks.

2017



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



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

2019



The Company's GDRs were listed for trading on the Main Market of London Stock Exchange.



AssetMark was listed and commenced trading on the New York Stock Exchange.



Huatai Securities (USA) obtained the qualification to conduct broker-dealer business in the US.

2020



The Company released "Securities Lending Path" (融券通) as the first open-ended online securities lending and trading platform in the entire market.

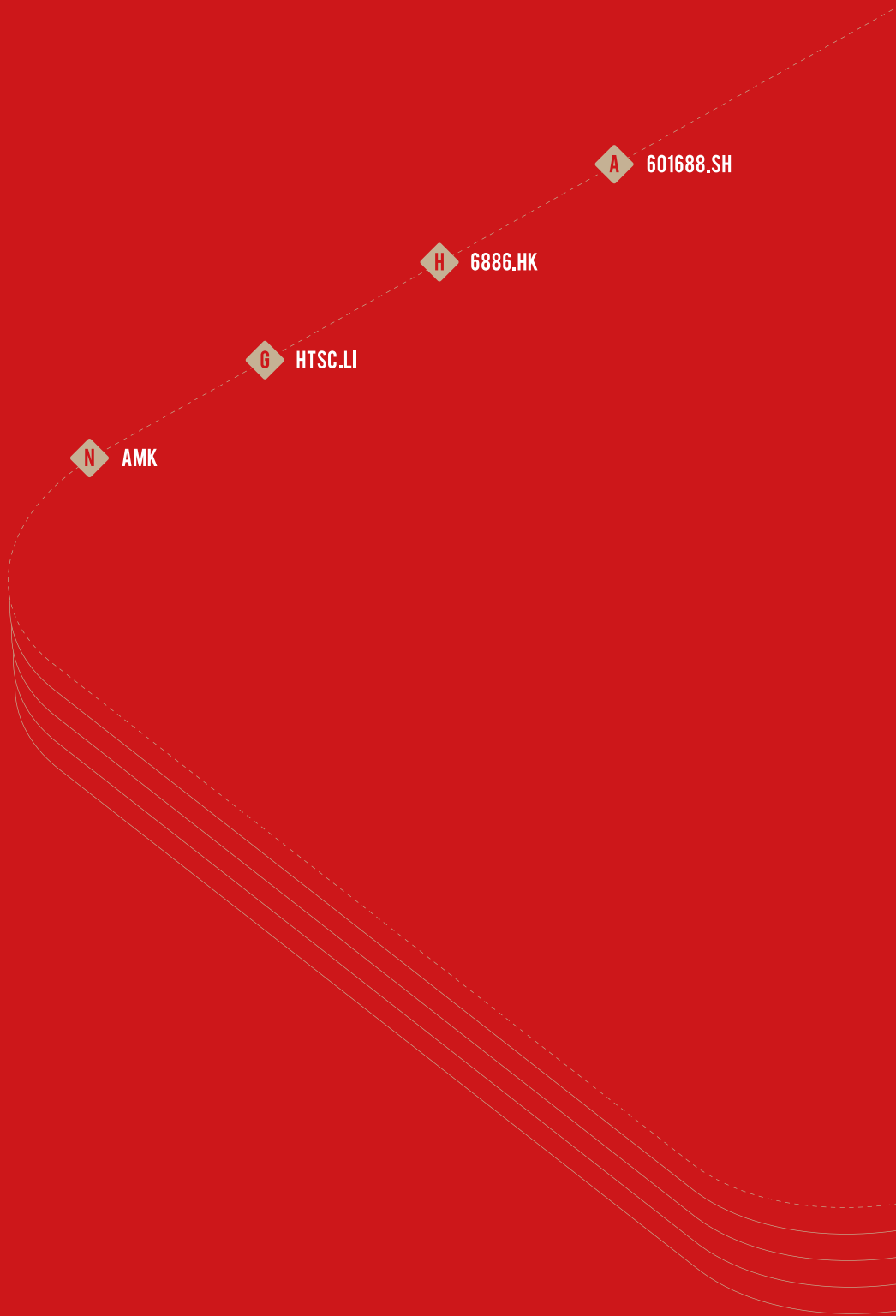


"ZhangLe Star Investment" (涨乐星投), the fund investment advisory service of the Company, was officially introduced.



The Company was approved to formally implement the pilot project of consolidated supervision.





**N** AMK

**G** HTSC.LI

**H** 6886.HK

**A** 601688.SH

The background features abstract, wavy, layered shapes in a light beige color. A halftone pattern of small circles is visible in the lower right quadrant, fading out towards the center.

# 2

## OPERATING ANALYSIS AND STRATEGIES



H U A T A I S E C U R I T I E S

Summary of the Company's Business ———— 024

Management Discussion and Analysis ———— 036

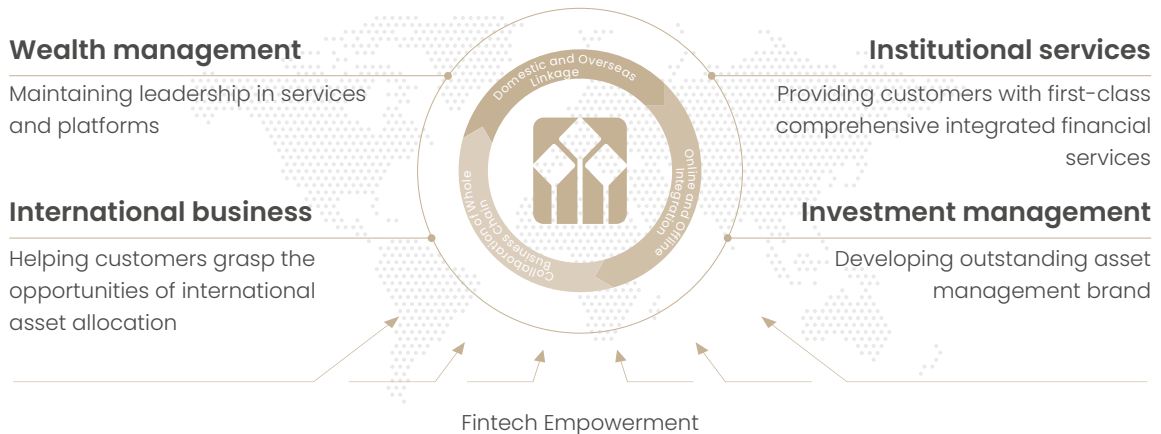
# SUMMARY OF THE COMPANY'S BUSINESS

**Strategic Vision** | **Striving to Become a First-Class Investment Bank With Both Domestic Advantages and Global Influence**

## » I. DESCRIPTIONS OF OUR INDUSTRY AND MAIN BUSINESS DURING THE REPORTING PERIOD

Our Group conducts business operations in the securities industry. The operating income and profit levels of the securities industry are highly dependent on the changes of the securities market trend and characterized by strong periodicity and fluctuations. Our Group's securities related businesses are dependent on and also benefit from the economic growth and the development and performance of the capital market in the PRC, and are also influenced by various factors including economic environment, regulatory environment, investor sentiment and international market.

The Group is a leading technology-driven securities group in China, with a highly collaborative business model, a cutting-edge digital platform and an extensive and engaging customer base. Our principal businesses comprise wealth management business, institutional services business, investment management business and international business. The Group constructs a client-based organizational structure and mechanism, provides comprehensive securities and financial services for individual and institutional clients through an organic online-offline synergy, and aims to become a leading investment bank with strong domestic advantages and global influence.



## Wealth management business

We provide customers with diversified wealth management services, including securities, futures and options brokerage, financial products sales, capital-based intermediary and fund investment advisory business through mobile APP, professional PC platform, subsidiaries and securities futures branch offices, Huatai International and its affiliated overseas subsidiaries, in the mode of online and offline, 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 mainly provide customers with a variety of financial products sales services and asset allocation services, and the related financial products are managed by the Group 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 stock pledged lending. Our fund investment advisory business mainly involves upon acceptance of clients' engagement, selecting specific category, amount and timing of trading of investment funds on behalf of our clients within the scope of clients' authorization in accordance with terms of agreement and submitting trading applications including, among others, subscription, redemption and conversion. Key performance drivers to wealth management business include fee and commission income, interest income, etc.

## Institutional services business

With institutional sales serving as a link, we integrate investment banking, institutional investor services and investment trading business resources to provide various types of corporate and institutional clients with all-round comprehensive financial services, which mainly include investment banking business, prime brokerage business, research and institutional sales business and investment and trading business.

(1) Investment banking business primarily consists of equity underwriting, debt underwriting, financial advisory, OTC business, etc. 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 provide clients with mergers-oriented financial advisory services based on industrial layout with a strategic point of view. 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 performance drivers to investment banking business include underwriting and sponsorship fees, advisory fees, etc.

(2) Prime brokerage business mainly includes the provision of asset custody and fund services for various types of asset management institutions, such as private and public funds, including settlement, liquidation, reporting and valuation. In addition, it also provides margin trading, sales of financial products and other value-added services for clients of prime brokerage. Key performance drivers to prime brokerage business include fees for fund custody and service business.

(3) 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 performance drivers to research and institutional sales business include incomes from services concerning various research and financial products.

(4) Investment and trading business mainly includes equity trading, FICC trading and OTC derivative transaction. The Group conducts equity, FICC and other financial instruments transactions with its own funds, and reduces investment risks and increases returns through various trading strategies and techniques. At the same time, in order to meet customers' needs for investment and financing as well as risk management, we also engage in market making business and OTC derivatives business. In terms of equity trading, we invest and trade stocks, ETFs and derivatives, and engage in market making services for financial products. In terms of FICC trading, we invest and trade all kinds of FICC and derivatives in the interbank and exchange bond markets, and engage in the inter-bank bond market and bond connect market making services. In terms of OTC derivative transactions, we develop and trade OTC financial products for customers, mainly including equity return swaps, OTC options and structured notes. Key performance drivers to investment and trading business include various investment incomes from equity, FICC products and derivatives, etc.

## Investment management business

We accept fund entrustments from clients, develop and provide various financial products for our clients and manage their assets through our professional investment and research platform as well as our substantial client base, effectively satisfying their investment and financing needs. Our investment management business mainly consists of securities firm asset management, private equity fund management and asset management for fund companies, etc. We participate in the operation of securities firm asset management business through our wholly-owned subsidiary Huatai Asset Management; such business includes collective asset management business, single asset management business, specialized asset management business and public offering fund management business (which is operated on a differentiated basis from our public offering fund management business for fund companies under the Group). For private equity fund management business, we operate private equity funds business, which includes investment and management of private equity funds, through our wholly-owned subsidiary Huatai Purple Gold Investment. For asset management business for fund companies, the Group holds non-controlling interests in two public offering 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 performance drivers to asset management business include management fee, performance fee, investment income, etc.

## International business

We enforce full-scope cross-border linkage and collaboration to better meet the diversified financial demands of domestic clients to “go global” and of overseas clients to “come into China”, establishing a cross-border integrated financial service platform. The Group operates international business covering various countries and regions including Hong Kong and the United States through its wholly-owned subsidiary Huatai International, and the wholly-owned subsidiaries of Huatai International including Huatai Financial Holdings (Hong Kong), AssetMark and Huatai Securities (USA).

The operations of the Group in Hong Kong are mainly conducted by Huatai Financial Holdings (Hong Kong), a wholly-owned subsidiary of Huatai International, primarily including fixed-income business platform, equity business platform, individual financial platform, fund platform and flagship investment banking business. Through the fixed-income business platform, we carry out investment and trading of a variety of FICC and derivative instruments with internal resources and provide FICC solutions, such as sales, trading and market making services to various institutional clients. Through the equity business platform, we conduct trading, design and sales of cross-border equity derivatives through our equity derivative team, providing intermediary services in respect of various equity capital for our clients, and provide integrated research and sales services covering both domestic and overseas markets and various industries for institutional clients around the globe through our stock sales and trading team. Through the individual financial platform, we provide brokerage, margin financing and wealth management services in respect of different categories of assets around the globe for our clients. In respect of the fund platform, we provide customized solutions in fields such as leveraged buyout, strategic M&A, pre-listing financing and business expansion for our clients through the Greater Bay Area Fund; the China Concept Stock Return Fund focuses on mid to late-stage investment, cross-border M&A and split and privatization investment opportunities in industries with growth potential, covering healthcare, semiconductor and hard & core technology, TMT, high-quality consumption and others; our asset management team provides investment portfolio and fund management services for international investors. For flagship investment banking business, we provide both Chinese and international customers with equity and debt underwriting and sponsoring services, as well as financial advisory services. In September 2019, Huatai Financial Holdings (Hong Kong) obtained its membership of the London Stock Exchange and completed the registration as a UK Cross-border Conversion Agency for Shanghai-London Stock Connect GDRs on the Shanghai Stock Exchange, thus capable of providing clients with the whole-process services of the issuance and trade of GDRs. In December 2020, Huatai Financial Holdings (Hong Kong) become the first financial institution in Asia that obtained the qualification as market maker of the London Stock Exchange.

The Group completed the acquisition of AssetMark in 2016. AssetMark is a leading turn-key asset management platform in the United States and a third-party financial service institution that provides a series of services and an advanced and convenient technology platform for investment advisors in respect of investment strategies and asset portfolios management, customer relations management and asset custody. In July 2019, AssetMark completed its listing on the New York Stock Exchange in the United States.

In September 2018, Huatai Securities (USA) was registered in Delaware, USA as a foreign wholly-owned subsidiary of Huatai International, aiming to promote the development of international business. In June 2019, upon approval from the US Financial Industry Regulatory Authority, Huatai Securities (USA) obtained the US broker-dealer license for carrying out broker-dealer businesses such as securities underwriting, securities brokerage for institutional investors and M&A financial advisory in the United States.

Key performance drivers to international business include brokerage commission, underwriting sponsorship fee, advisory fee, interest income and asset management fee.

## II. AWARDS AND RECOGNITION

### Wealth management business

Shanghai Stock Exchange:

🏆 The Company was awarded “2020 Top 10 Options Brokers” (2020 年度十佳期權經紀商)

The selection of recipients of “2020-2021 Fintech Award” (2020-2021 年度金融科技獎) organized by The Asset:

🏆 “ZhangLe Global” (漲樂全球通) was recognized as “Best Mobile Brokerage Application (Hong Kong Area)”

The selection of recipients of “2020 Fintech Awards” (2020 年金融科技大獎) organized by ETnet, a professional financial information platform:

🏆 “ZhangLe Global” (漲樂全球通) was awarded “Trading System—Outstanding Comprehensive Stock Trading Mobile APP” (交易系統 – 傑出全方位股票交易流動應用程式)

The data from Analysys:

🏆 “ZhangLe Fortune Path” (漲樂財富通) ranked first in the industry in terms of NMAU by the end of the first half of 2021

The selection of recipients of the “Sixth Session of Securities Firm APP List” (第六屆券商APP風雲榜) organized by Sina Finance:

🏆 “ZhangLe Fortune Path” (漲樂財富通) was recognized as “Top 10 APP Award of the Year” (年度十佳APP), “Best Wealth Management Platform APP” (最佳財富管理平台APP), “Best Intelligent Service APP” (最佳智能服務APP) and “Users’ Favorite APP” (最受用戶喜愛APP)

### Institutional services business

Shanghai Stock Exchange:

🏆 Huatai United Securities was awarded “2020 Outstanding Underwriter of Corporate Bonds” (2020 年度公司債券優秀承銷商), “2020 Outstanding Underwriter of Corporate Bond Innovative Products” (2020 年度公司債券創新產品優秀承銷商), “2020 Excellent Trust Manager” (2020 年度優秀受託管理人), etc.

The selection of the “Second Session of Investment Bank Most Respected by Listed Companies (第二屆最受上市公司尊敬的投行)” organized by Securities Times:

🏆 Huatai United Securities was awarded “Top 10 Investment Banks Most Respected by Listed Companies” (最受上市公司尊敬的十佳投行), “IPO Investment Bank Most Respected by Listed Companies” (最受上市公司尊敬的IPO投行), “M&A Investment Bank Most Respected by Listed Companies” (最受上市公司尊敬的併購投行), “Bond Investment Bank Most Respected by Listed Companies” (最受上市公司尊敬的債券投行), etc.

Shenzhen Stock Exchange:

🏆 Huatai United Securities was awarded “2020 Outstanding Bond Duration Management Institution” (2020 年度優秀債券存續期管理機構), etc.

The selection of the “Fourteenth Session of Best Investment Bank” (第十四屆最佳投行) organized by Xin Cai Fu (《新財富》):

🏆 Huatai United Securities was awarded “Best Domestic Investment Bank” (本土最佳投行), “Best Investment Bank in Equity Underwriting” (最佳股權承銷投行), “Best Investment Bank in Bond Underwriting” (最佳債權承銷投行), “Best IPO Investment Bank” (最佳IPO投行), “Best Refinancing Investment Bank” (最佳再融資投行), “Best Investment Bank in Mergers and Acquisitions” (最佳併購投行), “Best Investment Bank in Serving Overseas Markets” (海外市場能力最佳投行), “Most Innovative Investment Bank” (最具創新能力投行), etc.

### Investment management business

Shanghai Stock Exchange:

🏆 Huatai Asset Management was awarded “Excellent Manager for Asset Securitization Business for 2020” (2020 年度資產證券化業務優秀管理人), “Excellent Manager for Asset Securitization Innovative Business for 2020” (2020 年度資產證券化創新業務優秀管理人) and “2020 Special Award for Epidemic Prevention and Control” (2020 年度疫情防控專項獎)

Shenzhen Stock Exchange:

🏆 Huatai Asset Management was awarded “Outstanding Innovative Agency for Fixed-Income Business for 2020” (2020 年度優秀固定收益業務創新機構)

The selection of the “List of Eastmoney for the Year of 2020” (2020 東方財富風雲榜) organized by Eastmoney.com( 東方財富網):

🏆 Huatai Futures was awarded “Best Futures Asset Management” (最佳期貨資管)

The selection of “ChinaVenture Awards for 2020” (投中 2020 年度榜) held by ChinaVenture Investment:

🏆 Huatai Purple Gold Investment was awarded “Best Chinese Subsidiaries of Brokers for Private Funds TOP 10” (中國最佳券商私募基金子公司 TOP 10), “Best Chinese Private Equity Investment Institutions Top 20” (中國最佳中資私募股權投資機構 TOP 20), “Best China Private Equity Investment Institutions Top 50” (中國最佳私募股權投資機構 TOP 50), “Best Institutions for Investment in Biomedical Fields TOP 20” (最佳生物醫藥領域投資機構 TOP20), etc.

Shanghai Stock Exchange:

🏆 Huatai-PineBridge was awarded “Top Ten ETF Managers” (十佳 ETF 管理人)

Shanghai Securities News:

🏆 China Southern Asset Management was awarded “Golden Fund • TOP Bond Funds Return on Fund Managers for 2020” (2020 年度金基金 • 債券投資回報基金管理公司獎)

### International business

The selection of “Annual Awards” (年度獎項) organized by PDI (Private Debt Investor), an internationally renowned private debt industry magazine:

🏆 Huatai International was awarded “Deal of the Year in Asian Pacific Area for 2020” (2020 年度亞太區最佳項目) and “Best Real Estate Private Debt Investment Fund Manager in Asian Pacific Area for 2020” (2020 年度亞太區最佳地產私募債權投資基金管理人)

The Selection of “2021 Financial Institution Awards” (2021 金融機構大獎) organized by Bloomberg Businessweek/Chinese Edition:

🏆 Huatai International was awarded “Outstanding Securities Company Award” (證券公司傑出大獎), “Risk Management Excellence Award” (風險管理傑出大獎), “Excellence Award for Digital Innovation” (數碼創新卓越大獎), “Outstanding Initial Public Offering Project Award” (首次公開招股項目卓越大獎) and “Corporate Financing Excellence Award (the Greater Bay Area of the PRC)” (企業融資卓越大獎 (中國大灣區))

🏆 The paid-in capital of Huatai Financial Holdings (Hong Kong) amounted to HK\$8.8 billion, and its capital scale ranked among the top in Hong Kong

The selection of “Stock Connect Awards for 2020” (2020 年度滬深港通獎項) organized by HKEX:

🏆 Huatai Financial Holdings (Hong Kong) was awarded “Top Breakthrough Broker of the Year 2020” at HKEX Stock Connect Award (2020 滬深港通交投躍升經紀商大獎)

Cerulli Associates and other public information:

🏆 As of the end of the 2020, AssetMark accounted for 11.0% market share in the TAMP industry in the United States, ranking the third

### III. ANALYSIS OF CORE COMPETITIVENESSES DURING THE REPORTING PERIOD

#### (I) A technology-driven pioneer in China's securities industry transformation

The Group has been maintaining a high level of resources investment in information technology for many years, and comprehensively promoting the Group's digital transformation focusing on the overall target of "client's success, business innovation, operation optimization and employee empowering", and is committed to thoroughly transforming its business and management model with digital thinking and platforms. It strove to build a leading self-developed system for information technology research and development, equip the front, middle and back offices with technological devices through all-round technology empowerment, and create business model innovation driven by digitalization and advantages of the whole business chain with platform-based support. Meanwhile, with equity investment serving as a link, the Group focused on outstanding technological innovation companies to accelerate the construction of the fintech ecosystem and actively established presence in cutting-edge sectors, such as big data, artificial intelligence, blockchain, cloud computing, RPA security and 5G. In the field of wealth management, the Group constantly developed and strengthened the mobile finance strategy, built personalized wealth management platforms with the aim of mobilization, digitalization and intellectualization. In the field of institutional services, research, investment banking and other services on "Xing Zhi" (行知), our self-developed digital platform serving institutional customers, continue to innovate customer experience, and have received attention and awareness from an increasing number of institutional customers through more real-time and normalized interactions, facilitating the efficient interaction between institutional customers and business resources. Taking "Xing Zhi" (行知) as the guide, Securities Lending Path (融券通), credit analysis management system (CAMS system) and INCOS cloud platform combined all links of institutional services, continuously improving service efficiency and extending customer ecology. On the basis of various advanced digital middle office systems developed in-house, the Company continuously advanced the development of platforms such as FICC trading platform and distributed fast trading platforms to expedite the establishment of cores of trading and enhance pricing capabilities. During the Reporting Period, "ZhangLe Global" (漲樂全球通) platform was upgraded to promote innovation in business models and customer services, providing investors with a better global investment experience; we innovated the traditional technologies by introducing an integrated trading platform covering both the domestic and overseas markets, comprehensively improving the efficiency of our business and services; we commenced the operation of the brand new "Digital Huatai Operations Center", improving the overall level of IT digitization of our operations. The technical competency and talent team the Group developed through independent research and development over the years have laid a solid foundation for the building of platform-based and systematic competitive advantages.

#### (II) The open digital wealth management platform provides efficient and professional services to mass customers

China's securities industry with more than 18.92 million customers. Drawing on advanced wealth management service system and experiences at home and abroad, the Group accelerated the development of wealth management business from product, service, procedure, technology platform and other aspects. The Group's wealth management business has formed a platform-based development model driven by its headquarters. The Group launched "ZhangLe Fortune Path" (漲樂財富通), a mobile service platform, for our clients, and "AORTA", a cloud platform, for investment advisor. The two platforms strengthened their functions, deepened their coordination, and efficiently and accurately empowered first-line investment advisors through iterations and upgrades. As of the end of the Reporting Period, the cumulative download volume of "ZhangLe Fortune Path" (漲樂財富通) exceeded 62.30 million. According to the statistics of Analysys, the NMAU of "ZhangLe Fortune Path" (漲樂財富通) exceeded 8.45 million as at the end of June 2021, ranking the first among all APPs of securities companies. During the Reporting Period, the Group as one of the first batch of securities companies which obtained the pilot qualification for fund investment advisory business, our fund investment consultancy business has realized rapid development and achieved a leading position in the industry in terms of business size, and our product research, strategic operation and companion service systems have been continuously improving. The Group has actively pursued the development of investment advisor team and capacity for wealth management services. According to statistics from the Securities Association of China, investment advisors of the Parent Company accounted for over 32% of its total staff as of the end of the Reporting Period.

### **(III) First-class investment banking business with systematic services for clients and high-quality development**

Facing new patterns of the economic and social development, the Group fully seized the opportunities in economic transformation and upgrading and the capital market reform led by the registration-based IPO system and continued to speed up in industrial layout and optimize the team structure. It deeply implemented the “customer-oriented” business concept and actively developed the “ecosystem” with investment banking customers as the center. Leveraging the big platform covering the whole business chain, the Group continuously enhanced the linkage and cooperation between the investment banking business and other various businesses to build an ecosystem for institutional customer services with the integration of “buyers + sellers + research institutes”. The Group constantly provided new and old customers with domestic and overseas integrated professional investment banking services while going deep into the industry. Strategically focusing on TMT industry, consumption industry, big health industry, energy and environmental protection industry, financial industry, infrastructure and property industry and advanced manufacturing industry, and depending on our in-depth understanding of and trend analysis and judgement in respect of the industries, we precisely captured clients’ long-term and short-term demands and successfully developed and obtained a number of high-quality clients in key industries. All of the equity underwriting business, bond underwriting business and financial consultancy business of the Group retained leading positions in the market. During the Reporting Period, the domestic equity underwriting amount was RMB68.992 billion, ranking the third in the market. The Group retained its leading position in the STAR Market. As of the end of the Reporting Period, the total number of companies applying for listing on the STAR Market sponsored by the Group reached 55 and a total of 27 companies were listed, ranking the second in the market in terms of numbers of companies sponsored and successful listing. Since 2012, the Group’s total number of M&A and reorganization transactions approved by and registered with the CSRC reached 143, ranking the first in the market, and the number of M&A and reorganization projects in hand ranked a leading position in the market. During the Reporting Period, the number of M&A and reorganization projects for which the Group acted as an independent financial adviser was 12 and as of the end of June 2021, the number of projects subject to regulatory approval was 12, both ranking the first in the market. During the Reporting Period, the Group’s domestic lead-underwriting amount of full variety bonds was RMB404.359 billion, ranking the third in the industry and representing an increase of around 75.84% compared with that of the previous year. The Group continued to implement its innovation-driven development strategy and completed the issuance of Shougang Green Energy REITs as part of the first publicly offered infrastructure REITs. The Group’s overseas business achieved significant breakthrough. During the Reporting Period, the Group sponsored 5 IPOs in the Hong Kong Stock Exchange, ranking the second among Chinese securities companies and completed 2 IPO projects in the US stock market. The continuous reform and opening of capital market and increasingly vibrant M&A and financing activities are expected to bring valuable opportunities to the Group.

### **(IV) Comprehensive asset management platform with both scale and innovation advantages**

Relying on the large customer base and advantage in the whole business chain resources, the Group has established one of the leading asset management platforms in the industry by giving full play to its abilities in exploring investment bank assets, risk pricing and product design. The total amount of assets under asset management business ranked the forefront of the industry with continuous improvement in the capability and scale of active management. As of the end of the Reporting Period, the scale of asset management was RMB524.387 billion, and the scale of active management accounted for 80%, maintaining its leading position in the industry. Our management products cover major asset categories forming a product system with a considerable scale and wide coverage, which helped the Group build significant operational advantages and market influence. Huatai Asset Management focuses on the characteristics of brokers, systematically created “basic products + specialized products”, strengthened the two-way driving of the Group and established the output model of asset-end products to broaden the size of products and meet different needs of the Group, retail customers and high-net-worth customers in the market for product forms and risk return. Meanwhile, through customized services featuring multiple assets and multiple strategies, the Group has provided a basket of customized comprehensive financial services for institutional customers, which met customers’ needs for product forms, liquidity and returns through competitive fixed-income products as well as featured products such as FoF and MoM. The Group is a leader of ABS product designs in the industry, and has set a benchmark for the industry through constant innovation in underlying assets, transaction structure and other aspects. It has issued multiple notes in areas such as epidemic control and prevention, and green finance to support real economy projects, with the business scale continuously ranking the top in the industry.



### (V) Comprehensively improve the overall competitiveness and influence of our international business

The Group always adheres to constantly expanding its international business layout along with the expansion of international customer base. As a financial institution listed in the PRC, Hong Kong and London, the Group continued to leverage its strengths in the domestic market, consistently followed its international development strategy of providing services to help domestic clients to “go global” and overseas clients to “come into China” and enhanced the effective coordination of team, platform and client resources, striving to develop our financial service capabilities across different markets and continuously deepen cross-border integration. Huatai International’s role as the “bridgehead” of the overseas business of the Group was further enhanced as it continued to develop its principal business as a securities firm and on the basis of cross-border business, to develop a comprehensive sales and trading platform, thus further improving its business size and profitability. As of the end of the Reporting Period, the amount of assets under management of Huatai International exceeded HK\$100 billion and kept steady growth and Huatai International’s overall capabilities improved continuously and obtained a leading position among the China based securities firms in Hong Kong. During the Reporting Period, Huatai International continued to promote the construction of a “4+1” business platform system comprising fixed income business platform, equity business platform, individual financial platform, fund platform and flagship investment banking business to satisfy clients’ various demands through coordination of domestic and overseas markets, combination of equity and bond business, integration of institutional and retail business and linkage of primary and secondary markets. Moreover, Huatai International continued to optimize the structure of assets and liabilities and expand its intermediary business in the capital market, significantly increasing its overall revenue and optimizing its overall revenue structure. Huatai International continued to focus on the leading group of customers, upgrade its institutional business system on the basis of the aforesaid platforms, further expand cross-border business size and establish automated trading platform, consolidating cross-border sales and trading business system with prime brokerage as the core. In addition, Huatai International’s wealth management business underwent comprehensive transformation to customer operation and asset allocation on the basis of continuous customer acquisition and leveraged its expertise on institutional business and strengths brought by growth driven by both wealth management and institutional business, to provide differentiated products and services to satisfy clients’ wealth management demands of different levels. AssetMark continued to maintain operational independence, kept a steady growth in the size of its managed assets with its leading business model and advanced technology platform, and consolidated industry leadership, constantly increasing the Group’s international business revenue.

### (VI) Comprehensive risk management featuring professional and platform advantages

The Group has established a comprehensive risk management system with “high engagement, full coverage and deep penetration” as the core idea, and with “collectivization, specialization and platformization” as the main approach. The Group has a sound risk management culture and clear risk management objectives, and “stability” is always an important part of the core values of the Group. The Group has accumulatively established an effective risk management framework, procedures and measures that adapt to the international development of the Company’s businesses, and continued to promote the systematic coverage and penetration as well as specialized, centralized and unified management of the risks of each subsidiary. The Group focused on developing the abilities of professional forward-looking risk evaluation and dynamic monitoring and early warning, went deep into the business to identify risks in advance, monitored and alerted risks in a timely manner, and responded to and dealt with risks promptly. The Group attached great importance to technology-driven risk management capabilities and efficiency improvements, and adopted digital thinking to create a centralized, time-efficient, quantitative and penetrating risk management technology platform. Through the platform, risk management is empowered to ensure that the Group’s business continues to develop steadily under the premise that risks are measurable, controllable and tolerable.

### (VII) Top-ranking talent team and diversified shareholding structure

The consistent development of market-based systems and mechanisms is a key driving force for the continuous transformation and transcendence of the Group. As early as 2019, the Group’s professional manager system has been implemented, and it has built a market-oriented and professional operation and management team. The new operation and management team has broad vision, rich experience and strong business capabilities, and is leading the Group to open up a new development situation. The Group is deeply rooted in the corporate culture gene of “technology empowerment, innovation and initiative”, and continuously enriches and deepens the cultural connotation of “openness, inclusiveness, innovation, struggle and responsibility”, accumulating lasting power and vitality for the in-depth promotion of the “two-pronged” (雙輪驅動) strategy. The Group has established and improved a mechanism for the selection and appointment of talents based on ability and contribution, established a market-oriented employment mechanism and compensation incentive mechanism. During the Reporting Period, the Group has implemented a share incentive plan towards core and cadre employees. Focusing on the operation and development needs, the Company introduced outstanding domestic and overseas young talents, fintech talents in particular, through market-based channels to enhance talent reserves and build an international talent team towards the future. High-end talents, innovative talents, cross-boundary talents and international talents successively joined the Group, and a career-long, three-dimensional and practical dynamic training system was applied to keep meeting the demands of employees. The diversified and balanced structures of shareholders and the Board have effectively enhanced the transparency of the corporate governance and brought new concepts and new strategic resources for the Group’s future 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.

### London

In June 2019, the Company successfully listed its GDRs on the London Stock Exchange, and therefore became the first Chinese company to trade on the London Stock Exchange under the business rules of Shanghai-London Stock Connect. The funds raised therefrom amounted to US\$1,692 million, which set a number of financing records in the UK and even the European capital market.

### ASSETMARK

### California

In 2016, the Company successfully completed its acquisition of AssetMark, which provided a powerful platform for the wealth management business to transform and get access to global resources. The international development layout has therefore made a key step. In July 2019, AssetMark was successfully listed on the New York Stock Exchange, which further enhanced the Company's influence in the international market.

### New York

In 2018, Huatai Securities (USA) was incorporated in the USA by Huatai International as its wholly-owned subsidiary, with an office established in the New York City.



# MANAGEMENT DISCUSSION AND ANALYSIS

## » I. OPERATION DISCUSSION AND ANALYSIS

Unit: Thousand Yuan Currency: RMB

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	11,400,660	(7,389,581)	4,011,079	35.18	37.93	42.94	Decrease of 2.27 percentage points
Institutional services business	6,505,920	(3,436,685)	3,069,235	47.18	43.95	42.56	Increase of 0.52 percentage point
Investment management business	2,503,732	(594,697)	2,510,182	100.26	(7.84)	(33.50)	Decrease of 28.63 percentage points
International business	3,540,859	(2,483,668)	1,057,865	29.88	32.82	6.31	Increase of 17.51 percentage points
Others (including offset)	664,358	(2,257,853)	(611,460)	(92.04)	(17.43)	(1.98)	Decrease of 1.34 percentage points
Segment total	24,615,529	(16,162,484)	10,036,901	40.77	29.75	23.24	Decrease of 3.01 percentage points

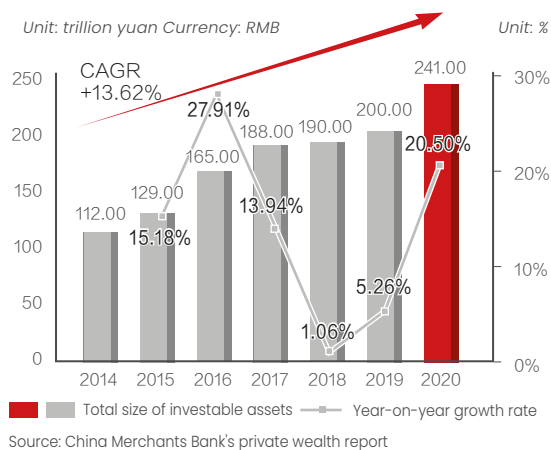
## (I) Wealth management business

### 1. Market environment and industry trend of wealth management business

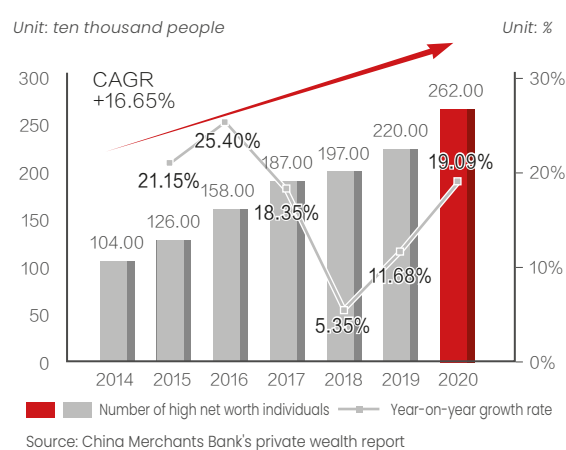
(1) The space for development in the wealth management industry in China was broad, and institutions with strong professional capabilities and mature service systems will usher in development opportunities

The wealth management industry has ushered in an important period full of opportunities for development, due to the continuous release of the potential of China's real economy, the steady advancement of financial supply-side structural reform, the development and improvement of a multi-level capital market, the increasing supply of financial investment products and the continuous growth of total social wealth, the rising demand of residents for investment and wealth management, and the increasing optimization of asset allocation structures. Obtaining customers' minds based on the service model of branding, content marketing and platform operation will become the key to the success of the wealth management business of securities companies in the future. According to the statistics of China Merchants Bank's private wealth report, as of the end of 2020, the overall scale of investable assets held by individuals in China reached RMB241 trillion, representing an increase of 20.50% from the end of 2019; the number of high-net-worth individuals with personal investable assets of over RMB10 million reached 2.62 million, representing an increase of 19.09% from the end of 2019. Under the background of construction a new dual-cycle development pattern, market-wide registration reform, increased industry penetration rate in wealth management and increased demand for specialized business, etc., wealth management institutions that focus on building an innovation-driven wealth management business ecosystem, forge professional asset allocation service capabilities, enhance the customer-centric service concept, deeply understand diversified customer needs, and pay attention to customer's full life cycle, full category product and services are expected to continue to expand their competitive advantages and continuously create long-term value for customers.

Total size and year-on-year growth rate of investable assets held by individuals in China



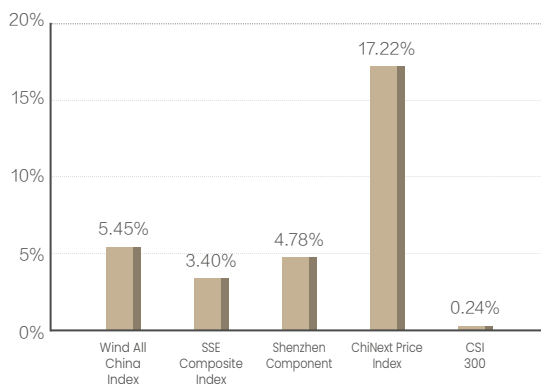
Number and year-on-year growth rate of high net worth individuals with investable assets over RMB10 million



## (2) Changes in clients' demands and market competition trends continuously promoted the transformation and upgrading of wealth management business of securities companies

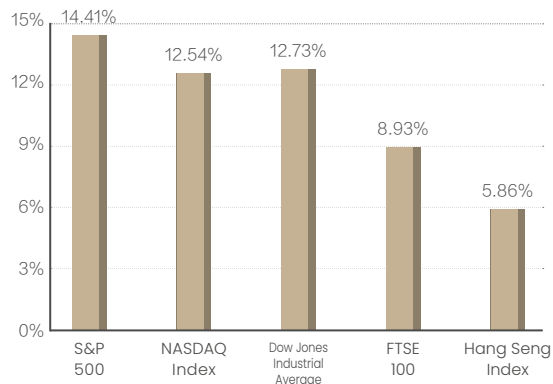
With the continuous advancement of the comprehensive deepening reform of the capital market, the continuous expansion of the new pattern of two-way opening of the financial market, the accelerated penetration of Fintech into the securities industry, and the increasingly fierce market competition, the average commission rate for stock and fund transactions in the securities industry has continued to remain low and the traditional profit model and operating mode of securities companies are facing disruptive challenge. Building a wealth management service model under the new ecosystem has become an important direction for the strategic transformation of securities companies. During the Reporting Period, under the macro background of accelerating economic recovery, the domestic stock market index showed a volatile upward trend with the Shanghai Composite Index rose by 3.40%, the Shenzhen Component Index rose by 4.78%, and the ChiNext Index rose by 17.22%; in terms of major international indexes, the S&P 500 rose by 14.41%, the Nasdaq rose by 12.54%, and the FTSE 100 rose by 8.93%. In the context of continuously strengthened linkages between domestic and foreign capital markets, gradually improved regulatory policies and market mechanisms, and continuous increase in the richness of investment products, the complexity of asset allocation services is increasing, and clients have more recognized the allocation opinions and the value of services of professional wealth management institutions. The further expansion of pilot institutions of fund investment advisory business will bring greater opportunities to the wealth management industry. Financial institutions which firmly transform towards a comprehensive business model with coordinated development of multiple businesses, continuously improve professional capabilities, and providing customers with a full range of services will have a better chance to gain an advantage in future competition.

Trends of major China-related indexes in the first half of 2021



Source: Wind

Trends of major international indexes in the first half of 2021



Source: Wind

## (3) Fintech empowerment and digital transformation reshape the operation and management model and lead the iterative upgrade of the wealth management industry

In recent years, securities companies have proactively grasped the new trend of the continuous expansion of Fintech application scenarios and the accelerated penetration of digitalization, by empowering all links of the wealth management business value chain through Fintech application innovation, building a digital, platform-based and ecological new wealth management service model, so as to realize the synergy, integration and sharing of internal and external resources and build a business model that integrates technology and business in an all-round way. Moreover, securities companies continued to optimize customer experience, improve business process, enhance operating efficiency, create new drivers for business growth and enhance the capabilities of securities companies in providing customers with professional, intelligent, and integrated financial services. With the continuous deepening of the application of Fintech in wealth management industry, Fintech is profoundly changing the service boundary, business model, resource allocation and operation management of the industry, and has become a basic driving



force to evolution of the financial ecosystem and a strategic commanding height for competition in the securities industry. In particular, the prevention and control of the COVID-19 epidemic has given rise to the demand for online financial services, providing an opportunity for the digital and intelligent transformation and development of the securities industry. The inevitable choice of a large domestic securities company to achieve digital transformation and build differentiated competitive advantages and a new business model is to make full use of Fintech to explore the potential value of data, and provide customers with comprehensive wealth management services. The application of Fintech will help securities companies transform into a diversified wealth management model.

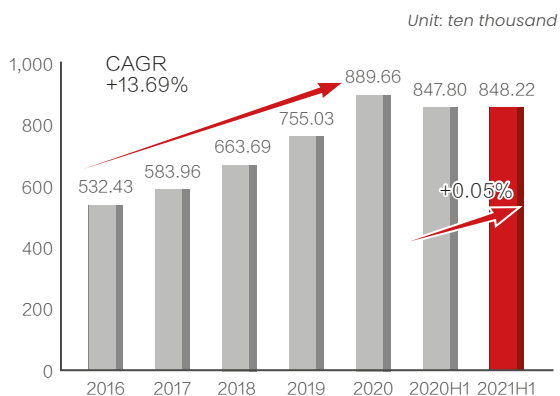
## 2. Operational measures and achievements of wealth management business

### (1) Securities, futures and options brokerage business

During the Reporting Period, in adherence to the values centering on customers' demand and relying on the advantages of the digital platform and the full business chain system, the Group created functions like multi-dimensional and intelligent potential customer mining, customer acquisition conversion and asset allocation, and developed professional abilities that create value for customers in an all-round way, thus strengthening brand recognition and professional reliance of customers, and continuing to deepen the systematic development of wealth management business. Based on the customer hierarchical and grading system and their differentiated needs, it also continued to build a professional investment consultant team and comprehensively enhanced the professional capabilities with asset allocation services as the core, so as to promote large-scale and specialized customer development and the optimization of channel structure and customer structure to achieve steady growth in customer scale and customer assets. The Group practiced the orientation of mobilization, digitization and intelligence, actively created a one-stop, professional, and benchmarking wealth management platform, continuously upgraded and interated investment advisory service platform, continuously optimized the business operation model, and fully empowered professional teams to develop their businesses.

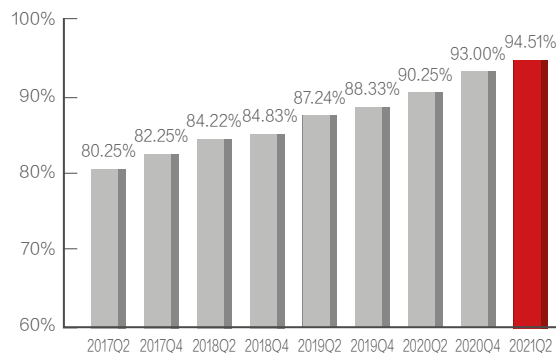
The Group continuously optimized and upgraded the business functions and service contents of "Zhangle Fortune Path" (漲樂財富通), and successively added functions such as time-sharing information, fund diagnosis, short video/live broadcast, etc., and actively created an all-round investment toolbox for users. The number of customers of "Zhangle Fortune Path" (漲樂財富通) and their activeness continued to maintain the leading position in the industry. During the Reporting Period, "Zhangle Fortune Path" (漲樂財富通) had a download volume of 4.2296 million, with a cumulative download volume of 62.3063 million since its launch; the number of accounts opened by mobile terminal customers was 1.8310 million, accounting for 99.72% of all accounts; 95.17% of trading customers used "Zhangle Fortune Path" (漲樂財富通) to conduct transactions. According to the statistics of Analysys Think Tanks (易觀智庫), during the Reporting Period, the average monthly activity of "Zhangle Fortune Path" (漲樂財富通) was 8.4822 million. As of the end of the Reporting Period, the monthly activity was 8.4579 million, ranking the first among securities company apps, which means "Zhangle Fortune Path" (漲樂財富通) has continued to play its important role as the core platform carrier of the Group's wealth management business. At the same time, the Group continued to strengthen the construction of "Zhangle Global" (漲樂全球通) platform and continuously consolidated the basic trading service capability of the platform, and be committed to providing customers with one-stop investment management services for global assets. The cumulative download volume of "Zhangle Global" (漲樂全球通) was 675,100 since its launch. During the Reporting Period, the average monthly activity was 101,700.

Average NMAU of "ZhangLe Fortune Path"



Source: Statistics from Analysys

Proportion of the number of users trading through "ZhangLe Fortune Path"



Source: Internal statistics from the Company

The Group further strengthened its advantages in trading services based on advanced platforms. According to the statistics of members of the Shanghai and Shenzhen Stock Exchanges, the Group's equity and fund trading volume totaled RMB18.04 trillion, ranking the first place in the industry. As of the end of the Reporting Period, according to internal statistics, the total assets of client accounts reached RMB5.22 trillion.

Data of agency transaction amount

Currency: RMB

January-June 2021		January-June 2020	
Type of securities	Agency transaction amount (in RMB100 million)	Type of securities	Agency transaction amount (in RMB100 million)
Stocks	166,938.59	Stocks	135,315.97
Funds	13,501.68	Funds	10,870.20
Debentures	177,084.33	Debentures	148,775.51
Total	357,524.60	Total	294,961.68

Note: In view of the fact that Wind Information no longer collects and publishes its member trading volume data, the data of trading volume in January - June 2020 and January-June 2021 are cited from the Shanghai and Shenzhen Stock Exchange members' statistics in which the fund data do not include trading volume of money market funds on the Shanghai Stock Exchange.

During the Reporting Period, the Southbound Trading business went steadily, with the number of clients increasing steadily and the services continuing to be deepened. For the Southbound Trading business under Shanghai-Hong Kong Stock Connect, there were 36.3 thousand authorized users in total. For the Southbound Trading business under Shenzhen-Hong Kong Stock Connect, there were 37.6 thousand authorized users in total. In terms of stock options brokerage business, the Group has continued to optimize the performance of the trading system, strengthened online and offline linkage services to effectively meet the needs of professional investors in high-frequency quantitative trading, and therefore the business has continued to maintain its market leading edge. According to the statistics of the Shanghai Stock Exchange, the Group's stock option brokerage business at the Shanghai Stock Exchange ranked the first in the industry in terms of trading volume and market share during the Reporting Period.

For the futures brokerage business, Huatai Futures continued to optimize its outlet layout. As of the end of the Reporting Period, there were 9 branches and 41 futures branches in total covering 4 municipalities directly under the Central Government and 16 provinces in China, being the agent of 94 types of futures. During the Reporting Period, Huatai Futures (excluding clearing members) realized an agency trading volume of 408.5201 million lots with a transaction amount of RMB36,467,097 million. The Group's futures IB business increased consistently, with 229 securities branches permitted to be engaged in futures IB business and the total number of futures IB business customers reaching 46,813 as of the end of the Reporting Period.

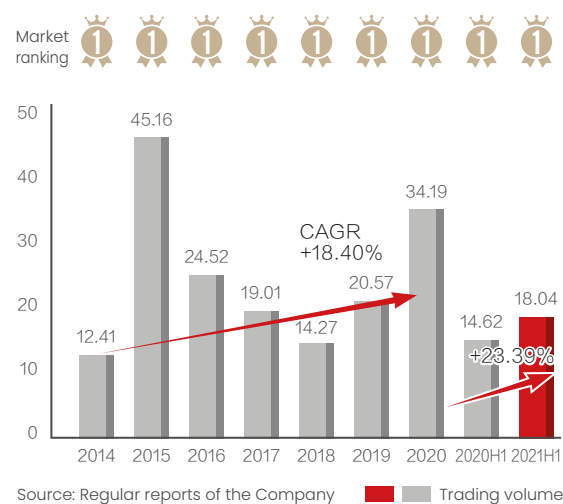
## (2) Financial product sales and fund investment advisory business

During the Reporting Period, the Group comprehensively promoted the business development of financial products centered on customer needs. Through the professional and digital large-scale asset research system, strategy research and development system, product research and evaluation system, product and fund investment advisory service system, the Group provided customers with strategic portfolios and financial products that meet their risk and return needs, and met customers' multi-level wealth management needs. The Group actively integrated internal and external resources, continuously optimized product lines for different customer groups, increased the richness of products and strategies, strengthened the layered and hierarchical customer service model, provided multi-level investment solutions, and continuously strengthened its business brand value. According to internal statistics, the number of financial products held (except for the cash management product "Tian Tian Fa" (天天發)) was 6,173, and their sales scale (except for the cash management product "Tian Tian Fa" (天天發)) was RMB365.436 billion, which has increased steadily. According to the statistics from the Asset Management Association of China (中國證券投資基金業協會) as of the second quarter of 2021, the Group's shares and hybrid public funds maintained a scale of RMB107,900 million, and the public funds in the non-money market maintained a scale of RMB12,600 million, both ranking the second in the industry.

During the Reporting Period, in terms of fund investment advisory business, the Group strengthened and improved the strategic investment and research system, operation promotion system, service system and related system platforms, continuously optimized customer service scenarios, customer service plans and companion services, strengthened business training and publicity, and continuously improved customer coverage through continuous customers operations. It also continued to improve the strategic investment and research infrastructure, built a fund investment and research system integrating asset research, allocation research and fund research, optimized transaction management and risk control management

## Equity fund trading volume

Unit: trillion yuan Currency: RMB



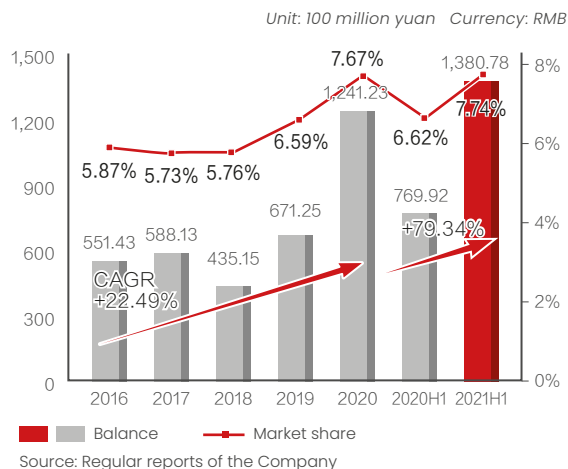
functions to effectively improve customer asset allocation service capabilities. The Group's fund investment advisory business covers three major customer demand scenarios: managing spare money, outperforming inflation, and pursuing income. It has a total of 14 strategic portfolios, which operate steadily. As of the end of the Reporting Period, according to internal statistics, the fund investment advisory business authorized assets amounted to RMB6.229 billion and the number of customers was 183,500. In addition, the Group focused on strengthening the construction of a digitized empowerment platform by actively building a digitized platform structure, with an aim to effectively enhance its overall business efficiency and capability.

### (3) Capital-based intermediary business

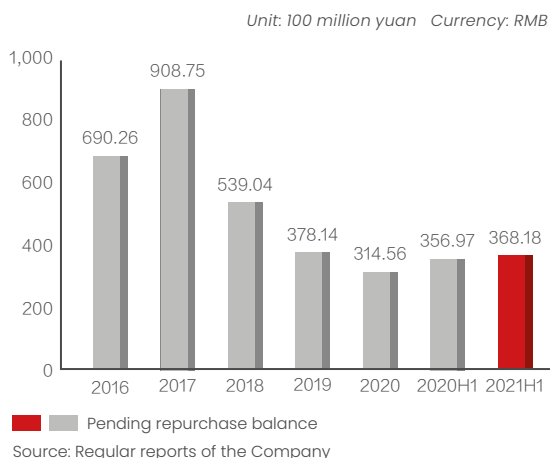
During the Reporting Period, relying on the business advantages of cooperation across the entire business chain, the Group continued to tap customer needs, built a matrix customer service system, innovated business operation models, enhanced differentiated and professional service capabilities, to consolidate business competition advantage. To quickly respond to market changes and regulatory requirements, it improved the marketing service system, implemented risk management and control throughout the process, improved risk management efficiency, led digital transformation through platform construction, promoted the high-quality development of capital intermediary business, thereby continuing

to expand brand influence. The Group focused on smart matching and platform algorithms with an aim to connect more participants in the securities lending market and continue to promote the iterative optimization of the "Securities Lending Path" (融券通) platform, and is committed to providing platform participants with all-dimensional one-stop services. During the Reporting Period, benefiting from the revived enthusiasm for credit transactions in the A-share market, the capital-based intermediary business of the Group showed good development momentum, the scale of margin financing and securities lending business increased greatly. The market share continued to increase, the securities lending business developed rapidly, and the stock pledged repurchase business structure was optimized to make business risks controllable. According to the regulatory statement data, as of the end of the Reporting Period, the balance of margin financing and securities lending business of the Company was RMB138.078 billion, with a year-on-year increase of 79.34% and a market share of 7.74%, and the integral maintenance guarantee ratio was 306.42%. Among them, the balance of securities lending business was RMB28.704 billion, with a year-on-year increase of 694.66% and a market share of 18.39%. The pending repurchase balance of stock pledged repurchase business was RMB36.818 billion in total, with an average fulfillment guarantee ratio of 290.20%. Among them, the pending repurchase balance of on-balance-sheet business was RMB6.267 billion, with an average fulfillment guarantee ratio of 264.46%; while the pending repurchase balance of off-balance-sheet business was RMB30.551 billion.

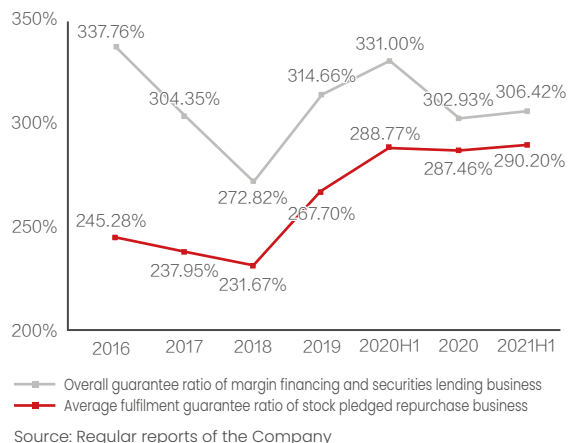
Scale of margin financing and securities lending business



Scale of stock pledged repurchase business



Overall guarantee ratio and average fulfilment guarantee ratio



### 3. Prospect of wealth management business for the second half of 2021

Wealth management business carries the strategic functions of the Group to gather and accumulate customer resources and assets on a large scale. In the second half of 2021, the Group will continue to seize the strategic opportunities for the in-depth development of the wealth management market, create a dual-end platform operation model for customers and investment advisors, and promote its transformation into a full life cycle service and asset allocation service model for customers through large-scale customer acquisition, precise activation of customers, and professional transformation of customer value, and continue to build new competitive edges for the future.

For wealth management business, the Group will continue to adapt to market changes, take advantage of its market leading customer size and the sound full-service business chain without compromising compliance, promote high-quality business development with the intelligent, digital, targeted and professional online and offline synergy. Based on the combination of customer needs and asset allocation strategies, we will create a diversified financial product and strategic product system, improve differentiated service models, and create sustainable long-term value for customers as well as enhance the cash ability of financial products and services. We will deepen digital development strategies, consistently strengthen digital and intelligent empowerment of the investment advisory team and continue to optimize outstanding investment advisory service models. Meanwhile, we will continue to optimize the classified and hierarchical service system on investment advisory and enhance refined operation to comprehensively improve the efficiency of investment advisory services. We will keep on implementing the concept of technology empowerment and driving by platform, move forward the construction of the integrated intelligent interactive digital platform system of full business chains and concentrate professional resources and digital capabilities on the platform to build the refined, digital and systematic operation system and continuously enhance customer stickiness and satisfaction.

For the financial product sales business, the Group will consistently enrich the reserve of quality product resources, iterate and optimize the strategy model, improve the service system and functions of platform systems and enhance the response to customer demands and the capacity of resources integration to continuously expand the business scale and reinforce business advantages. We will fully advance the integrated fund investment advisory business, continue to expand demand scenarios and strategy portfolios and develop competitive product strategies to expand customer coverage, strengthen escort services and enhance the overall business competitiveness and brand influence. We will strengthen digital empowerment and consistently boost the capacity of the digital operation system to provide effective support to business expansion.

For the capital-based intermediary business, the Group will continue to be customer-oriented, innovate product design and operation models, comprehensively strengthen risk management and control

capabilities, continuously improve the marketing service system and consistently enhance the development of resources-based customers to further consolidate the leading advantages in the industry. We will put more efforts in providing resources, continue to promote the iteration and upgrading of the “Securities Lending Path” (融券通) platform and create an integrated securities pool at home and abroad, on and off the market. We will vigorously build an open and efficient ecosystem in the securities lending industry, continuously reinforce the brand advantage of the “Securities Lending Path” (融券通) and build a new ecology of stock pledge business that meets the needs of customers for comprehensive financing services.

## (II) Institutional services business

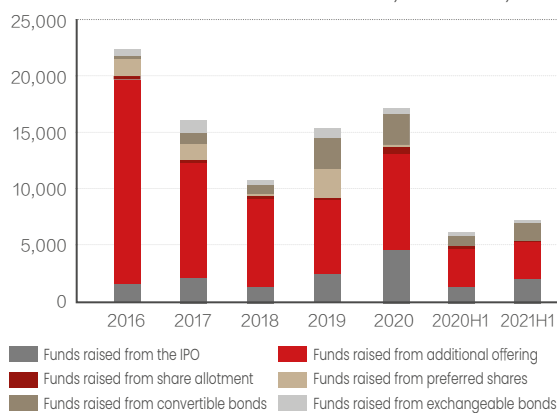
### 1. Market environment and industry trend of institutional services business

(1) Economic transformation and upgrading and the comprehensive deepening reform of the capital market have provided strategic opportunities for the development of institutional services business

With the consolidation and expansion of the stable recovery of China’s economic development, the supply-side structural reform and the innovation-driven development strategy are further advanced, the strategic position of the capital market in serving the high-quality development of the economy continues to rise, in which the market vitality and driving force will be further released, the institutional service business will have an opportunity to achieve leap-forward development, providing institutional clients with a full range of high-quality comprehensive financial services will become an important manifestation of the core competitiveness of securities companies. Against the background of the official implementation of the new Securities Law, the establishment and improvement of the normalized delisting mechanism, the implementation of the registration system reform and the promotion in the whole market step by step in recent years, the capital market has initiated a new stage with the full optimization of fundamental systems and the reform and development for the full restructuring of the market ecosystem, which presents the investment banking business of securities companies high-level transformation strategic opportunities, securities companies with outstanding business capabilities and rich project reserves will achieve more progresses in business and income. In the future, with the deepening of China’s capital market reform, the ability of the capital market to serve technological innovation and the real economy will be greatly enhanced. The securities industry is expected to expand the financing channels of new economy and technological innovation enterprises, support the integration and upgrading of traditional industrial, attract high-quality companies to return to domestic market, and enrich the varieties of capital market products and broaden business boundaries. Securities companies with the ability to better capture macroeconomic trends, improve the comprehensive service capabilities across the entire value chain in an all-around way and create long-term value for their clients will face more business opportunities.

Statistics of stock issuance

Unit: 100 million yuan Currency: RMB

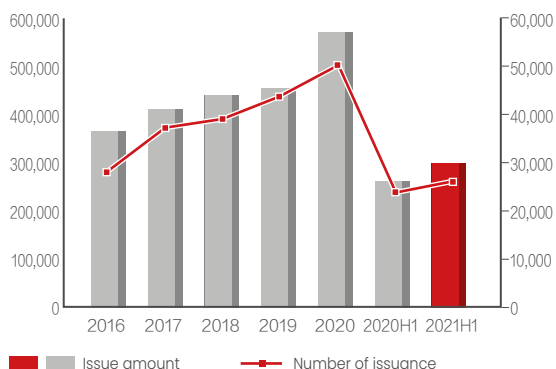


Notes:

1. Source: Wind;
2. The statistical coverage includes IPO, additional offering (including issuance of shares for purchasing assets), share allotment, preferred shares, convertible bonds and exchangeable bonds;
3. The statistical caliber of Wind is issuance date.

### Statistics of bond issuance

Unit: 100 million yuan Currency: RMB



Notes:

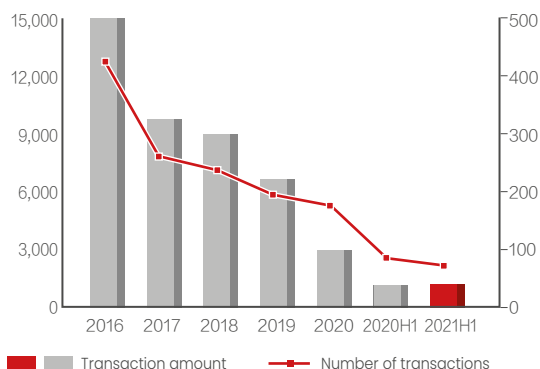
1. Source: Wind;

2. The statistical coverage includes government bonds, local government bonds, NCD, financial bonds, enterprise bonds, corporate bonds, medium-term notes, short-term financing bonds, dedicated instruments, bonds issued by international institutions, bonds issued by government-supported agencies, asset-backed securities, convertible bonds and exchangeable bonds;

3. The statistical caliber of Wind is issuance date.

### Statistics of material assets reorganization of the Company

Unit: 100 million yuan Currency: RMB



Notes:

1. Source: Wind;

2. The statistical caliber of Wind is the reorganization transactions of material assets disclosed by A-share listed companies.

## (2) The development trend of institutionalization, increased concentration, and internationalization of market participants have set higher standards for institutional services business of securities companies

Institutional investors are becoming the main force in the capital market, with the accelerated expansion of the capital market, the development and growth of domestic and foreign professional institutional investors, the marketization operation of domestic social security funds, insurance funds, and bank wealth management funds, the lowering market entry barriers for foreign capital, the increased participation of individual investors in securities market investment through financial products, the development and application of new technologies and the more obvious influence of the institutional market. In particular, driven by the policy orientation to promote the development of funds and benefited from the capital market reform, the trend of residents' wealth allocation towards financial assets is continuously enhanced, the scale of mutual funds hit a new high and the process of institutionalization of the capital market sped up, which have raised higher requirements on the capabilities of securities companies in providing integrated and professional financial services. In addition, in the context of the accelerated formation of a new pattern of high-level two-way opening of the capital market, the classified supervision of securities companies, the implementation of the "whitelist" (白名單) system and the establishment of aircraft carrier-level securities companies, superior market resources are speeding up in flowing into superior institutes and the strength polarization in the industry is increasingly obvious. The provision of comprehensive financial services to customers based on platform empowerment and efficient integration of onshore and offshore business resources will be the key in the new round competition on the institutional services business of securities companies. In the future, large-scale securities companies with advantages in systematic institutional services, differentiated and international institutional service capacities as well as advantages in institutional customer base, professional talent team and brand influence will obtain more development opportunities.

## (3) The sustainable development of institutional services business of securities companies requires strong risk management capabilities as the foundation

With the manifestations and transmission channels of financial risks becoming more and more complex and the risk management being increasingly difficult in recent years, it is key for securities companies to achieve more steady and sustainable development to build risk management capabilities based on their own development strategies and business development and establish an integrated risk management system with risks being measurable, controllable and tolerable. Securities companies must continuously improve risk supervision mechanisms, ensure effective coverage of comprehensive risk management systems

and enhance the professionalism and penetration of risk management to comprehensively improve risk management capabilities, effectively prevent, manage and defuse financial risks and enhance core competitive advantages. The prevention and management of financial risks requires securities companies to continuously optimize the organizational structure and operational process of risk management, continue to improve the professional and platform-based comprehensive risk management mechanism to achieve centralized monitoring, analysis and full process control of risk information. While defusing financial risks requires securities companies to effectively utilize the financial derivatives market while possessing strong capital strength. Based on the continuous improvement in professional capabilities such as valuation, pricing and trading, securities companies should deepen the coverage and penetration of professional risk management to the entire business process, enhance the professionalism, perspectiveness and proactiveness of risk management strategies and control measures and earnestly seize new opportunities in the high-end development of institutional services business coupled with their unique risk management service value and differentiated financial product innovation and design capability.

## 2. Operational measures and achievements of institutional services business

### (1) Investment banking business

During the Reporting Period, the Group continued to promote the full-service business chain strategy. Adhering to the customer-oriented operation philosophy, the Group deeply deployed in key areas and focused on customers in key industries with onshore and offshore integrated services, ranking among the best in terms of market ranking and market share. The market position and brand advantages of its investment banking business were further enhanced.

#### Consolidated data

Currency: RMB

Categories of Issuance	Times of lead underwriting (time)		Lead underwriting amount (in RMB10 thousand)		Lead underwriting income (in RMB10 thousand)	
	Current Period	Accumulated over the years	Current Period	Accumulated over the years	Current Period	Accumulated over the years
Issue of new shares	16	211	1,164,696.76	16,035,276.96	70,250.59	761,727.98
Additional issue of new shares	19	235	3,146,689.80	37,997,124.02	20,096.63	288,975.31
Allotment of shares	1	33	396,189.30	2,063,047.02	1,495.05	22,627.93
Issue of bonds	536	2,441	19,953,049.02	158,080,159.43	44,717.10	466,582.76
Total	572	2,920	24,660,624.88	214,175,607.43	136,559.37	1,539,913.98

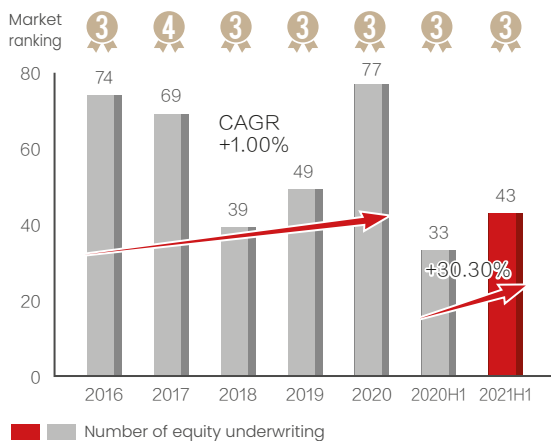
Note: The above data are from the regulatory statements, while the statistical scope is the issuance completion date of the project; preferred shares are included in the additional newly issued shares; bonds issuance includes treasury bonds, enterprise bonds, corporate bonds (including exchangeable bonds), convertible bonds, short-term financing bonds and medium-term notes, etc.

### ① Equity underwriting business

During the Reporting Period, the equity underwriting business fully displayed the advantages of the full business chain system and the integrated onshore and offshore platform of a large investment bank and provided customers with diversified, full-cycle and customized capital market services, maintaining stable business development. According to the statistics from Wind information, the Group's equity lead underwriting amount (including the initial public offering, follow-on offering, allotment of shares, preferred shares, convertible bonds, exchangeable bonds) was RMB68.992 billion, ranking the third in the industry. According to the statistics of the Shanghai Stock Exchange, as of the end of the Reporting Period, the accumulated number of companies in the STAR Market sponsored by the Group was 55 and the accumulated number of listed companies was 27, both ranking the second in the industry.



### Number and ranking of equity underwriting



■ Number of equity underwriting

■ Number of equity underwriting

Notes:

1. Source: Wind;

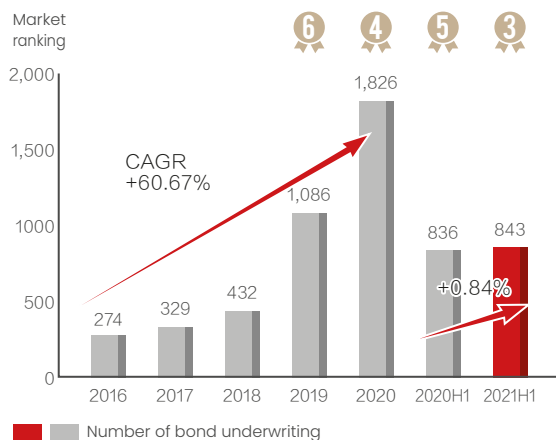
2. The statistical coverage includes IPO, additional offering (including ancillary financing and placement subscribed with assets), share allotment, preferred shares, convertible bonds and exchangeable bonds;

3. The statistical caliber of Wind is issuance date, while the statistical caliber of the Company's regulatory reporting is payment date. Therefore, there are differences between the data from Wind and the statistical data from the Company.

### ② Bonds underwriting business

During the Reporting Period, besides strict risk control, the bonds underwriting business gave full play to its all-license edge and all-round business advantages of equity-debt linkage, focused on products such as local government bonds, corporate bonds, asset-backed securities and financial bonds and continuously consolidated business channels with the number of customer groups further increased, the customer structure continuously optimized and the business scale achieving remarkable growth. According to the statistics from Wind information, the Group's lead-underwriting amount of full variety bonds was RMB404.359 billion, ranking the third in the industry.

### Number and ranking of bond underwriting



■ Number of bond underwriting

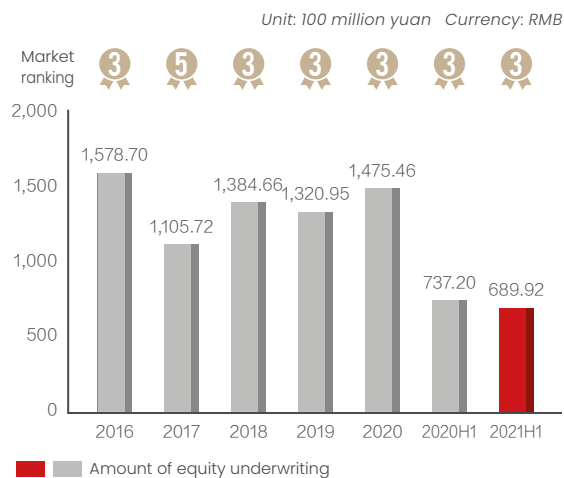
Notes:

1. Source: Wind;

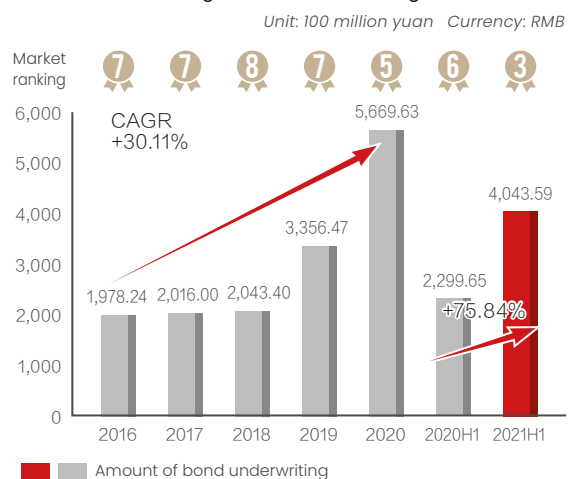
2. The statistical coverage includes local government bonds, policy-bank bonds, non-policy financial bonds (including securities corporate bonds), enterprise bonds, corporate bonds, medium-term notes, short-term financing bonds (including ultra short-term financing bonds), dedicated instruments, bonds 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. Besides, the statistical coverage of Wind is different from that of regulatory reporting. Therefore, there are differences between the data from Wind and the statistical data from the Company. For the calculation method of issuing number, the statistical caliber of Wind is different from that of regulatory reporting.

### Amount and ranking of equity underwriting



### Amount and ranking of bond underwriting



■ Amount of bond underwriting

### ③ Financial advisory business

During the Reporting Period, in terms of the M&A and restructuring, the financial advisory business aimed to build market benchmark projects, continuously improve capabilities on its industry research, the identification of high-value transaction opportunity and deal-making, and develop customer continuous services, thus leading the market in M&A and restructuring reserve projects. Based on the public statistics of the CSRC and stock exchanges, the number of M&A and reorganization projects with the Group acting as the independent financial advisor during the Reporting Period was 12 and the number of projects under review by regulatory authorities as at the end of the Reporting Period was 12, ranking the first in the industry. During the Reporting Period, two institutions are registered with and approved by the CSRC to conduct M&A transactions, with a transaction amount of RMB9.106 billion.

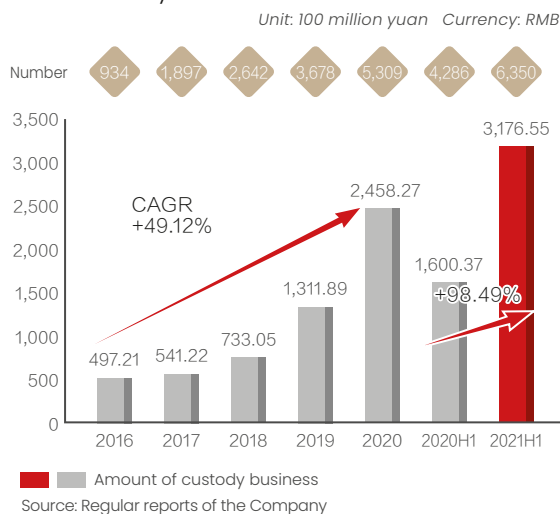
### ④ OTC business

During the Reporting Period, the NEEQ business fully displayed the integrated advantage of a large investment bank, actively undertook continuous overseeing projects and provided customers with private and public issuance of stocks, the inclusion in the NEEQ Select and other services. During the Reporting Period, the Group provided continuous overseeing services for 23 listed companies, completed one public issuance of stocks and the inclusion in the NEEQ Select as the main underwriter, one program under supervision as the sponsor and underwriter and one private issuance of stocks under review. Jiangsu Equity Exchange, a holding subsidiary of the Group, continued to strengthen the construction of compliance and risk control systems and the development of the listing and display of featured sectors, actively explored new business models, continued to expand financing service methods, adhered to the empowerment of Fintech and promoted the pilot construction of blockchain in an orderly manner, so as to provide high-quality and comprehensive financial services for small, medium and micro enterprises. As of the end of the Reporting Period, the Group has had 9,702 enterprises listed and displayed, 138 enterprises under custody, 252 membership units, and 76,978 investors of all types, and it raised RMB4.154 billion for enterprises through financing during the Reporting Period.

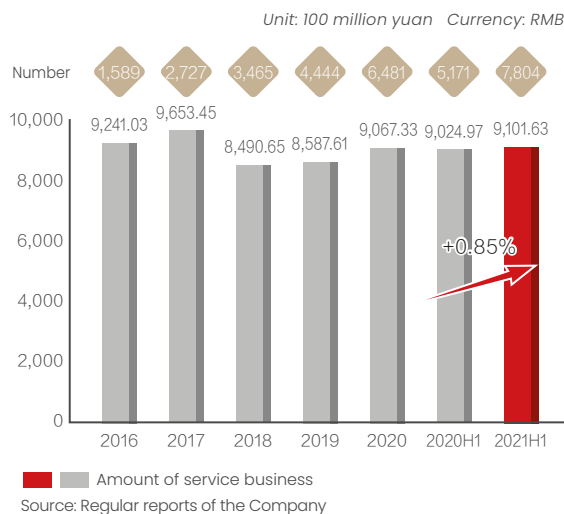
### (2) Prime brokerage (PB) business

During the Reporting Period, the Group practiced the customer-oriented full-chain service system, moved forward the development of PB business in a systematic way centered on the comprehensive financial service needs of the customer's full life cycle, expanded basic financial functions, enriched the content of services it provided, optimized the customer structure and business structure and actively explored diversified realization, and at the same time continued to promote the construction of an integrated service platform for internal and external customers, continuously improved system functions, and promoted digital transformation and operational efficiency. As of the end of the Reporting Period, the Group had 6,350 fund products in custody and the total size of fund in custody reached RMB317.655 billion. We provided administration services to 7,804 fund products (including 740 products from our asset management subsidiary), of which the service scale reached RMB910.163 billion (including the business scale of asset management subsidiary of RMB504.122 billion).

Number of fund custody products and business scale of fund custody



Number of fund service products and business scale of fund services



### (3) Research and institutional sales business

During the Reporting Period, in terms of research business, the Group continued to deepen the full business chain and build a research structure with the industrial chain system as the center. It continuously improved the professional talent team and personnel training system, drove in-depth industrial and trend research and firmly promoted the transformation of business models to consistently improve business synergy and efficiency and improve the effectiveness of research service docking. The Group continued to advance the digital strategy. Supported by RIS and the "Xing Zhi" (行知) platform, it strengthened the systematization of intelligent research platforms and actively built an institutional services ecosystem, innovated service models and strengthened research quality management to improve the participation experience of institutional customers. The Group actively built the cross-border research service system, completed the establishment of the interconnection system for research products and facilitated the integrated production process of research reports, which effectively met the bidirectional and multi-layered needs for professional research service of customers at home and abroad. Relying on the advantages of the full-service chain, in terms of the institutional sales business, the Group has increased the input of business resources, given full play to the synergies, implemented classification and hierarchical management of institutional investors, reshaped the institutional customer service system, deeply connected the diversified demands of institutional investors, and continued to optimize and upgrade the "Xing Zhi" (行知) APP service platform for institutional customers, institutional customer CRM system and other digital and systematic working platform functions to fully promote the transformation of business models and the upgrade of capabilities. The Group has actively carried out various forms of research service activities, including releasing 4,114 research reports, organizing 10,598 research roadshow services and 566 thematic tele-conferences, and holding four strategy meetings and thematic meeting online or through the integration of online and offline means. During the Reporting Period, the volume of sub-position transactions for the public fund was approximately RMB630.102 billion.

### (4) Investment and trading business

#### ① Equity trading business

During the Reporting Period, the Group made ongoing efforts to resolutely promote business transformation to a trading business model, stuck to the de-directionalization, focused on building the macro hedging business system, optimized and improved the big data transaction business system and vigorously expanded and innovated business models to consistently improve the efficiency of the investment and research integrated platform and fully upgrade the investment and transaction capabilities. In terms of

the macro hedging business, the Group continued to enhance the establishment of the macro strategy research team, strengthened the application of investment strategies, improved the research system on industrial fundamentals, perfected the micro market supervision system, dynamically monitored market characteristics and actively explored the law of market operation to effectively identify market opportunities and risks and support the trading business. For the big data transaction business, the Group continued to enhance the R&D on incident-based strategies and consolidate the Alpha transaction strategy and arbitrage strategies to establish a business system with multi scenarios, great varieties, multi cycles and strategies. Meanwhile, leveraging big data, artificial intelligence and other technical means, the Group actively developed an integrated big data transaction business platform to promote the improvement of the transaction scale and the profitability.

### ② FICC trading business

During the Reporting Period, the Group gave full display to the comprehensive and diversified operation advantages of the FICC business system, actively set up a cross-variety and cross-market product line, consistently improved the digital operation and empowered and optimized the trading system with technology to promote the rapid business development. In terms of fixed-income proprietary investment business, it comprehensively used trading strategies, diversified asset allocations and leverage-based operations, steadily carried out investment operation and actively seized opportunities in pricing deviations and valuation repair, achieving outstanding performance in proprietary investment. The Group continued to promote the construction of the HEADS large trading platform and the development of the CAMS (credit analysis management system), and to enhance the platform-based investment and transaction capabilities and risk management capabilities systematically. As for bulk commodity business and foreign exchange business, the Group continuously promoted strategic trading research, accelerated the development of agency for foreign exchange trading systems and product creation, in order to build core investment trading and pricing capabilities, and consistently improve profitability. According to statistics from Wind Information, during the Reporting Period, the delivery volume of bonds of the Group ranked the fourth in the industry.

### ③ OTC derivatives trading business

During the Reporting Period, the Group strived to build a customer-centric over-the-counter derivatives business system, sped up in advancing the digital transformation and reshaped business development models and management models with technology to consistently improve business innovation and transaction pricing capabilities, deeply connect institutional service systems and customer needs. It created and promoted cross-market, diversified and differentiated financial derivatives to provide customers with a full range of derivatives trading services. As of the end of the Reporting Period, the Group had 3,833 income swap transaction businesses with a notional principal of RMB69.472 billion; the Group had 1,016 OTC option trading businesses with total notional principal of RMB44.459 billion. During the Reporting Period, the Group issued 1,822 private placement products through the China Securities Internet System and OTC market, with a total amount of RMB35.281 billion.

## 3. Prospect of institutional services business for the second half of 2021

In terms of the institutional services business, the Group is devoted to providing industrial and financial institutional customers with full-business chain services. It is a key strategic sector for the Group to advance towards high-quality development. In the second half of 2021, the Group will continue to classify and focus on key customer groups' demands for financial services, continuously promote the systemic service model, consistently strengthen business synergy mechanisms, implement comprehensive operation of customer value and build a new model of services for institutional customers based on the platform, product and ecosystem to achieve mutual empowerment and common growth with customers.

For investment banking business, we will deeply implement the "client-centric" operation principle, leverage the big platform covering the whole business chain and strengthen domestic and overseas, in-exchange and OTC cross-market synergy. We will focus on emerging industries, extensively deploy in service areas and comprehensively improve the full-range professional product service ability. We will also build a

big “ecosystem” with investment banks around top customers in the industry and realize diversified and integrated full coverage of top customers. In terms of equity underwriting business, the Group will continue to grasp the opportunities under the capital market reform, focus on development in key regions and delve into the industry. Moreover, the Group will increase the number of high-quality customers, and strengthen cross-border linkages to truly empower customers in the introduction of domestic and foreign capital and the allocation of domestic and foreign resources; on the basis of maintaining the rapid development trend of the equity underwriting business, the Group will strengthen professional layout, deeply root in regional development and focus on industries and products to consistently improve the marketing development and professional service capabilities; while ensuring the efficient implementation of reserve projects in financial advisory business, the Group will focus on exploring domestic and foreign M&A opportunities based on industrial logic and enhance large-scale trading discovery and deal-making capability with comprehensive and throughout industrial research.

For prime brokerage business, we will constantly optimize the function of an integrated professional institutional service platform, service paths and processes, in order to build business competitiveness, extend the content of business services and strengthen business collaboration and professional service capabilities with the platform-based operation to consistently provide customers with comprehensive services and promote the transformation towards diversified business value.

For research and institutional sales business, we will continue to improve the integrated domestic and overseas business system, focusing on building the professional team with comprehensive service ability, continuously improve the coordinated and linked customer service mechanism and deeply implement the digital operation strategy to fully expand the dimension of service contents and the depth of services of the systematic work platform and effectively enhance the capability of comprehensive financial services for clients.

For investment trading business, we will continue to build platform-based and systematic investment and trading capabilities, practically upgrade to the goal of mastering asset pricing rights and productization of trading capabilities, actively build future-oriented core competitiveness, and further promote diversification of profit models. For the equity trading business, the Group will continue to upgrade the macro hedging transaction ability and improve the system of big data strategies. It will deeply expand and innovate business models and leverage on the improvement and expansion of the performance of the business platform to build a sustainable equity investment and trading system with core competitiveness. For FICC trading business, the Group will further develop the CAMS (credit analysis management system) and the integrated FICC large trading platform, which would actively guide customer needs, continuously enhance the construction of the product and customer service system and improve the decision-making system on investment transactions to promote high-level business transformation. For OTC derivatives trading business, the Group will continue to optimize products structure, innovate business models, actively build efficient systematic platforms and digital middle and back-end platforms and give full display to the advantages in systematic transactions and financial technology to fully upgrade the comprehensive value creation ability of customers.

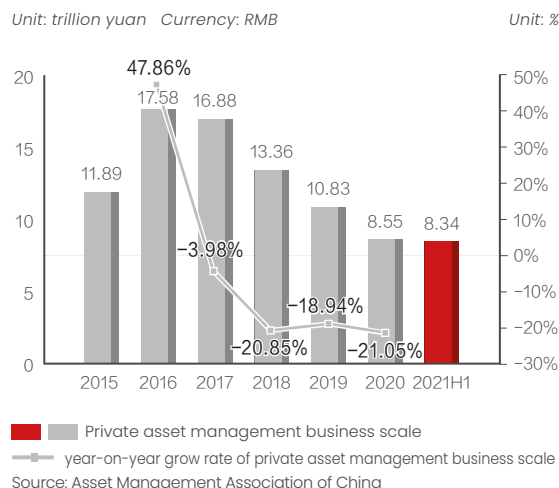
### (III) Investment management business

#### I. Market environment and industry trend of investment management business

##### (1) Asset management business entered into a new stage of returning to the origin with normative development

With the continuous improvement of the legal system of the asset management business, China's asset management industry has embarked on a new journey of returning to its original intention of founding, standardizing development, and in-depth integration. The public offering transformation of massive collective products was accelerated, the vitality in product innovation was continuously generated, the issuance of mutual REITs was initiated, and the business upgrading and ecosystem reshaping were accelerated by digital transformation. The asset management industry showed hierarchical competition patterns. Various asset management institutions are actively seeking new business development directions and strategic layouts, and continue to build a full-range, rich and complete product system, and investment strategies with a global perspective. Under the new development pattern of the asset management industry, asset management companies urgently need to transform to active management and create differentiated core competitiveness. Securities companies with high-quality value-added services and capabilities in added value of products will obtain advantages in the new round of transformation. According to the statistics from Asset Management Association of China (中國證券投資基金業協會), as of the end of the second quarter of 2021, the total amount of asset management business of fund management companies and their subsidiaries, securities companies, futures companies and private fund management institutions was approximately RMB63.73 trillion, among which, the amount of private asset management business of securities companies and their subsidiaries was RMB8.34 trillion. For the asset management business of large comprehensive securities companies, They will continue to create differentiated investment management, refined asset pricing and comprehensive risk management capabilities, build a professional asset management platform to integrate high-quality business resources, and commit to providing customers with multi-level and comprehensive high-quality investment products, asset allocation and overall financial solutions based on the in-depth understanding of client needs and structural changes as well as the collaboration of full business chain and integrated professional advantages.

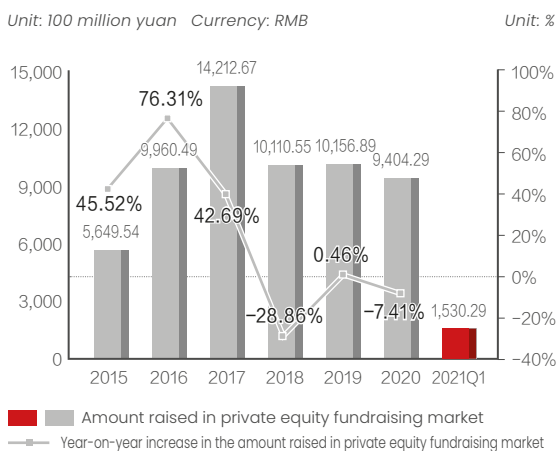
Scale and year-on-year growth rate of private asset management business of securities companies and their subsidiaries



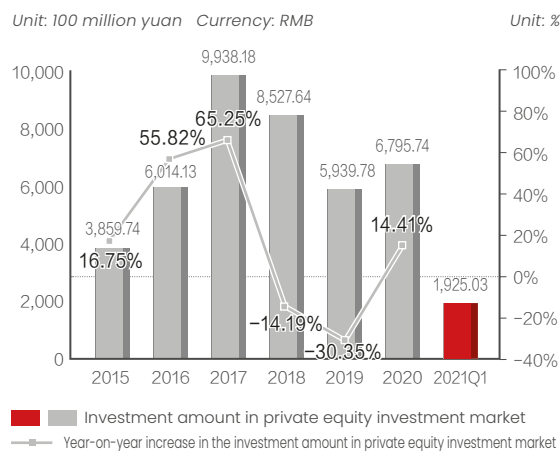
## (2) Private equity fundraising and investment amount remained sluggish with intense industry competition and increasingly advantages of top companies

In the context of the continuous spread of the global epidemic, the slowdown of macroeconomic growth and the increasingly tightening of supervision over private equity and self-discipline system in the industry, the private equity market is facing severe challenges, reflected by the trend that market funding difficulties continue to increase, market financing remains difficult and the average fundraising size of funds continue to decline. With the rapid resumption of domestic production and life as well as various commercial activities, the private equity investment market recovered with the number and size of investment cases jumped significantly. At the same time, competition for high-quality projects was fierce, and there was increasing advantages in top tier institutions. Market funds were gathering to top tier institutions, which have strong professional capabilities and resource integration capabilities, and the ecological pattern in the industry was further reshaped. According to the statistics from Zero2IPO Research Center private placement department, in the first quarter of 2021, 649 new funds were raised in the private equity fundraising market, with a fundraising amount of RMB153.029 billion, representing a decrease of 14.3% over the same period in 2020; and there were 1,005 investment cases in the private equity investment market, with an investment amount of RMB192.503 billion, representing an increase of 86.5% over the same period in 2020. In the long run, with the comprehensive deepening of the reform of the capital market, the gradual improvement of the multi-level market system and the full optimization of the fundamental market systems and under the market background of the full implementation of the registration-based IPO system in the future in particular, the capital market will play a more important role in promoting innovative capital, in the formation of an innovative economy and in the provision of scientific and technological innovation enterprises with full-life financial supports. There is much room for the future growth of private equity investment business. But the securities company's private equity investment business will leverage advantages in full business chains, rely on professional and three-dimensional investment management systems and continue to enhance all-round and comprehensive service capabilities. We will actively create core business competitiveness, thus effectively improving the efficiency of serving real economy.

Amount raised in private equity fundraising market and year-on-year increase



Investment amount in private equity investment market and year-on-year increase

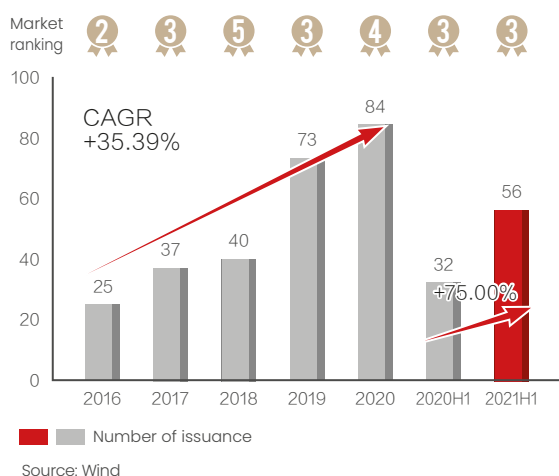


## 2. Operational measures and achievements of investment management business

### (1) Asset management business of securities companies

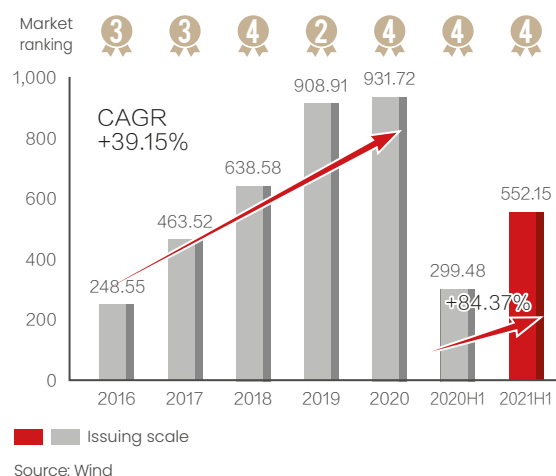
During the Reporting Period, under the background of the rectification of new asset management rules entering a critical period, Huatai Asset Management, a wholly-owned subsidiary of the Group, capitalized on the advantage of full-service business chain resources, focused on building a digital and ecological operation model, comprehensively improved investment and research capability, pricing capabilities and risk control efficiency, actively cultivated sustainable, high-quality, and high-value-added business models, and continuously strengthened active investment management capabilities to provide customers with a full life cycle, comprehensive financial service solutions for the entire business chain. According to the regulatory statement data, as of the end of the Reporting Period, the total asset management scale of Huatai Asset Management was RMB524.387 billion. According to statistics from Wind information, the issuance scale of enterprises' ABS (asset-backed securitization) of Huatai Asset Management during the Reporting Period was RMB55.215 billion, ranking the fourth in the industry.

Issuing number and ranking of enterprise ABS (asset-backed securities)



Issuing scale and ranking of enterprise ABS (asset-backed securities)

Unit: 100 million yuan Currency: RMB



During the Reporting Period, for asset management business of securities companies, we focused on asset identification and risk control capabilities. Leveraging the product design capabilities and pricing advantages, we strictly controlled the quality of fundamental assets and consolidated and improved the leading advantages of the asset securitization business. It stepped up efforts in business innovation, actively fostered and developed mutual REITs business and sped up in transformation towards active management to increasingly improve the size and quality of assets under management. The comprehensive strength of the collective asset management business was stable, and the net worth product series were enriched. A total of 195 collective asset management plans were under management and the total management scale was RMB118.735 billion. In respect of the single asset management business, we accelerated the exploration of net worth entrusted business and continuously promoted business transformation. A total of 408 single asset management plans were under management and the total management scale was RMB248.592 billion. In respect of specialized asset management business, we continued to maintain its development advantage, with the issuance number and scale of enterprise asset securitization projects ranking in the forefront of the industry. A total of 137 specialized asset management plans were under management and the total management scale was RMB136.795 billion. In respect of the public fund management business, we actively created net-value wealth management solutions for investors with different liquidity needs, issued and established three public funds and managed 20 public fund products in total with aggregated management scale of RMB20.265 billion.



The table below sets forth the scale and income of the securities companies' asset management business:

Currency: RMB

Item	January-June 2021		January-June 2020	
	Entrusted scale (in RMB100 million)	Net income (in RMB10 thousand)	Entrusted scale (in RMB100 million)	Net income (in RMB10 thousand)
Collective asset management business	1,187.35	49,901.04	1,496.69	81,583.04
Single asset management business	2,485.92	12,267.53	4,316.81	17,864.66
Specialized asset management business	1,367.95	6,006.74	1,005.31	4,786.31
Public fund management business	202.65	3,425.65	357.24	6,849.76

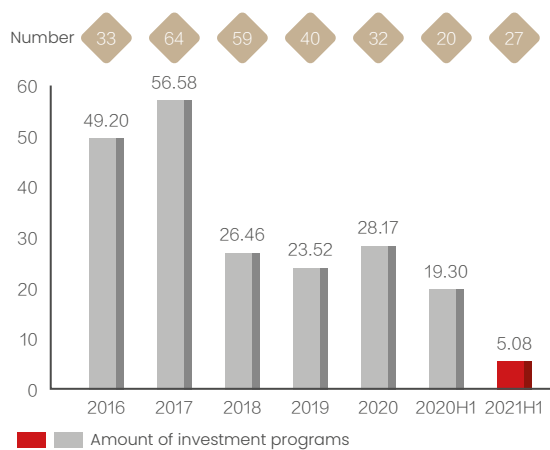
Note: The above data are from the regulatory statements.

## (2) Private equity fund management business

During the Reporting Period, the private equity fund management business actively adapted to regulatory changes. The Group continuously optimized the business structure system, continued to focus on industry positioning, strengthened the in-depth layout of key areas, seized the opportunities arisen in the capital market such as the reform of the STAR Market and the ChiNext registration system, gave full play to the advantages of the Group as a large platform, actively promoted the raising of equity investment funds and fund of funds, so as to continuously enhance professional investment management capabilities. As of the end of the Reporting Period, Huatai Purple Gold Investment and its secondary subsidiaries as managers have filed a total of 22 private equity investment funds with the Asset Management Association of China (中國證券投資基金業協會), with a total subscription amount of RMB47.765 billion and a total paid-up capital of RMB40.742 billion. During the Reporting Period, the above-mentioned private equity investment funds implemented a total of 27 investment projects with a total investment amount of RMB507,623,700, all of which were equity investment projects. According to the statistics of the Asset Management Association of China (中國證券投資基金業協會), as of the second quarter of 2021, Huatai Purple Gold Investment ranked the second in the industry in terms of average monthly scale of private equity.

Number and amount of investment programs with private equity investment funds

Unit: 100 million yuan Currency: RMB



Legend: ■ Amount of investment programs

Source: Regular reports of the Company

### (3) Asset management business of fund companies

During the Reporting Period, with adherence to equal emphasis on compliance management and business development, fund companies under the Group actively adapted to regulatory trends and market changes, continued to enhance product research and business innovation, continuously optimized the layout of product lines, consistently enriched sales and marketing methods and focused on improving the construction of intelligent systems. The size of assets under management expanded significantly and the market recognition and reputation were further improved. 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 RMB1,453.666 billion. Among which, China Southern Asset Management managed a total of 245 funds in its mutual funds business, the total asset size of which amounted to RMB1,007.128 billion, and the total asset size of private funds business amounted to RMB446.538 billion. As for asset management by Huatai-PineBridge, as of the end of the Reporting Period, the total assets managed by Huatai-PineBridge amounted to RMB231.713 billion. Specifically, Huatai-PineBridge managed a total of 90 funds in its mutual funds business, the total asset size of which amounted to RMB217.424 billion, and the total asset size of private funds business amounted to RMB14.289 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 of futures companies

During the Reporting Period, complying with the industry supervision trend, Huatai Futures, a holding subsidiary of the Group, focused on giving full play to the effectiveness of compliance and risk control management, actively built a diversified business system, promoted the transformation to active management business and continuously improve the digital operation system, so as to continuously improve its professional services, intelligent management and business innovation capability, and secure significant growth in business scale. As of the end of the Reporting Period, Huatai Futures managed a total of 24 asset management plans which were in the duration period. The total asset management scale was RMB1,837,894,900, and the futures equity scale was RMB449,083,900.

### (5) Alternative investment business

The Group carried out alternative investment business through its wholly-owned subsidiary Huatai Innovative Investment. During the Reporting Period, Huatai Innovative Investment continued to improve its internal management system and mechanism, focused on Fintech equity investment and the co-investment business of the STAR Market, and steadily explored the co-investment business of the ChiNext and the strategic placement business of the NEEQ according to regulatory requirements and business layout. As of the end of the Reporting Period, there were 40 subsisting investment projects with an investment scale of RMB1,645.9047 million. The investment attributes mainly include co-investment on the STAR Market and equity investment.

## 3. Prospect of investment management business for the second half of 2021

The investment management business provides a professional platform for the Group's financial product innovation and client asset management. It plays the dual strategic roles of asset manager and asset services supplier. In the second half of 2021, the Group will continue to display professional capabilities in asset discovery, risk pricing and product creation, fully leverage resources advantages in full business chains, and actively build scaled and featured financial product system with full varieties to meet the differentiated demands of customers. It will build a first-class investment management platform to continuously reinforce its leading position in the industry.

The asset management business of securities companies will continue to rely on the resources of the entire business chain, focus on technological empowerment, and allow digital transformation to drive the reshaping of the business system and the management processes. It will continue to develop rigorous risk prevention and control capabilities and reshape hardcore strength. It will deeply explore the needs of internal customers, secure more external customers, innovate product forms and models of customer

services, establish a customer-centric financial product system and enhance the construction of the investment research system, in order to comprehensively improve active investment management capabilities and investment performance, and to consolidate the market position and brand value.

In respect of private equity fund management business, we will grasp the opportunities of capital market reform, give full play to the business advantages of the whole industry chain of the Group, rely on its good management capability and historical results, combine the resource allocation of various funds such as industrial funds, M&A funds, and parent funds, as well as the investment and research advantages of key industries, continuously increase its investment efforts, and actively create first-class industry influence. It will continue to improve the construction of digital systems, strengthen its full-process business management and consistently enhance its all-round and comprehensive service ability and professional development strength.

In respect of the asset management business of fund companies, we will continue to enhance risk prevention and control and talent resource reserves, continuously consolidate its dominant position in key areas, continue to promote new business exploration and new product development, actively expand market and customer service boundary, increase efforts in the reform of Fintech to lead business development and management, and strive to enhance investment research professional capabilities to effectively enhance our overall asset management scale, and vigorously improve our investment performance.

In respect of the asset management business of futures companies, we will, on the basis of strengthened internal management and compliance risk control, implement the full business chain development strategies, continuously promote all-dimensional collaboration, vigorously promote the construction of a systematic platform, promote and lead the innovation of business models, commercial models and management models through Fintech, and continuously improve core competitiveness in investment management.

In respect of alternative investment business, we will constantly improve investment management and business development model, continuously optimize business operation procedures, and prudently promote the development of equity investment, the co-investment of the STAR Market, and other new businesses, effectively prevent and mitigate various risks and steadily improve capital usage efficiency and return on assets.

## (IV) International business

### 1. Market environment and industry trend of international business

(1) The new pattern of two-way opening up of capital market accelerated the internationalization of securities industry, and clients' demand for cross-border services promoted the international service capabilities of securities companies

Against the background of the increasingly high-level two-way opening of the capital market in breadth and depth in recent years, new channels increasingly emerge and cross-border investment becomes smoother. The interconnection of onshore and offshore markets is consistently enhanced and cross-border businesses are more diversified. The capital market had the new value proposition of being a platform connecting onshore and offshore financial and industrial resources and building a hub with dual-cycle systems. The securities industry ushered in historic and major development opportunities and the internationalization of securities companies will also further advance. Currently, as clients' demands for cross-border integrated financial services are growing, and global asset allocation continues to increase, international business has become a front field for large securities companies to expand development space, increase new profit growth points and promote business structure upgrading. Securities companies should seize the new opportunities for capital market development brought about by the all-round opening up, give full play to their professional and customer resource advantages, rely on domestic and overseas integrated platforms and full business chain system, establish long-term cross-border linkage mechanisms and internal collaborative incentive mechanisms, and continue to create the core competitiveness of

cross-border customer service. While meeting the needs of the real economy with multiple varieties, cross-regional global resource layout and asset allocation, we should enhance international operation and management capabilities.

**(2) Good growth momentum of the independent channel of the US wealth management industry is favorable for the long-term development of the TAMP market**

From the perspective of the overall industry development, the current wealth management industry in the US mainly consists of the “independent” channel (registered investment advisors, hybrid and the independent broker-dealers, insurance broker-dealers etc.) and the “traditional” channel (national and regional broker-dealers, bank broker-dealers and wirehouse advisors, etc.). In the wealth management industry, the market share of the “independent” channel grows faster than that of the “traditional” channel and such trend sustains. According to the statistics of PriceMetrix, 75% of the investment advisors’ revenue came from management fees in 2020, which was a record level relative to commissions. From the perspective of business development trends, the funds from investors are being transferred to investment products with lower costs and fees. The TAMP industry can keep empowering and fueling the wealth management business through leading Fintech development, which can bring the cost advantage of scale to customers and help them grasp booming development opportunities. According to the statistics of Cerulli Associates, from 2015 to 2020, the CAGR of the TAMP market was 15.6%, which was significantly higher than that of the overall investment advisory market, which was 5.2% for the same period.

**2. Operational measures and achievements of international business**

During the Reporting Period, as the Group’s holding platform for international business, Huatai International was fully integrated into the full business chain system of the Group. It enhanced the cross-border linkage of resources and deeply promoted the construction of cross-border financial product platform, so as to provide a full range of cross-border integrated financial services for domestic and foreign customers. As of the end of the Reporting Period, total asset size of Huatai International grew steadily on the basis of HK\$100 billion, ranking it among the leading Chinese-funded securities firms in Hong Kong with its comprehensive strength continuing to improve.

**(1) Business in Hong Kong**

Huatai Financial Holdings (Hong Kong) adhered to the original business of the brokerage firm, with cross-border business as the starting point, built a comprehensive sales and transaction business platform to provide systematic financial services for institutions, individuals and corporate customers. During the Reporting Period, capabilities of the business platform systems including fixed income business platform, equity business platform, personal financial platform, fund platform and flagship investment banking business continued to improve. For the investment banking business, the Group has leveraged the advantages of domestic and foreign integration and cross-border linkage, to broaden financing channels for customers, and actively provide domestic and foreign equity and bond services; for FICC business, the Group has actively built a business collaborative development system, fully promoted the development of business platform and continued to improve technological capability. At the same time, with the goal of de-directionalization, the Group has reduced the impact of market volatility and provided diversified trading services for domestic and foreign investors; for the equity derivatives business, the Group has utilized the advantages of the Group platform to provide customers with domestic and overseas multi-asset varieties, and comprehensive financial services of the entire business chain; for the stock sales and transactions business, the Group continued to expand customers coverage and provided one-stop cross-border comprehensive financial services for domestic and foreign institutional investors. During the Reporting Period, the business strategy of focusing on cash stock transactions, Synthetic transactions and QFII transactions has achieved fruitful results and the core functions of prime brokerage facilitated to build an institutional client ecosystem; for retail and online financial businesses, the Group has actively promoted the online technology platform “Zhangle Global” ( 漲樂全球通 ) and continuously updated functions of the platform to achieve platform-based large-scale customer acquisition, and improve customer loyalty and value realization, building a wealth management platform that serves global Chinese communities; for the

private wealth management business, the Group has intensified its effort in product development, expanded sales coverage, supported business transformation, deepened domestic and foreign cooperation, and made full use of the advantages of the Group's customer system and technology empowerment to provide comprehensive financial services throughout the life cycle; for the fund business, the Group has continued to implement the "investment linkage" ( 投投聯動) policy and obtained high-quality project resources. At the same time, the Group has promoted diversification of investment targets, steadily controlled investment risks, actively explored channels to introduce third-party capital and advanced the setting up of the fund of invested projects; in respect of asset management business, the Group continued to strengthen cross-border linkages at home and abroad, actively developed asset management products to provide clients with investment portfolio and fund management services and constantly optimized client asset allocation.

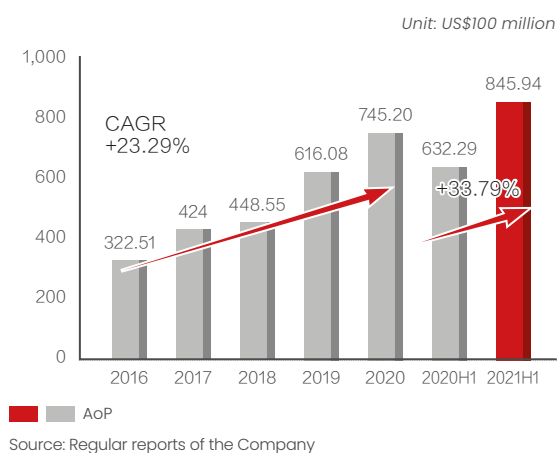
During the Reporting Period, Huatai Financial Holdings (Hong Kong) maintained healthy and balanced business development. As of the end of the Reporting Period, Huatai Financial Holdings (Hong Kong) had a paid-in capital of HK\$8.8 billion, and such capital scale was among the forefront of the industry in Hong Kong. As for securities trading, Huatai Financial Holdings (Hong Kong) achieved the total assets under custody of HK\$63.490 billion and the total stocks trading volume of HK\$171.397 billion; as for advising on securities, it provided research reports and advisory services for customers; as for advising on corporate finance, it participated in 13 listing and placing projects and 32 bond issue projects with the total amount of trading and issuance of about HK\$9.643 billion; as for financing for securities deposits, the accumulated credit amount was HK\$2.294 billion; as for providing asset management, it achieved a total amount of funds under custody of HK\$662.868 billion (including the scale of funds under custody of AssetMark). Besides, during the Reporting Period, Huatai Financial Holdings (Hong Kong) also completed 5 financial advisory projects.

## (2) AssetMark

AssetMark's mission is to make a difference in the lives of independent investment advisors and the investors they serve. The highlights of AssetMark's core business include a fully integrated platform with compelling technology, personalised and scalable services and curated investment function. Such clear business strategies guided AssetMark to define its short-term and long-term goals. AssetMark designs and aligns its strategies to things that matter most to advisors and that differentiate it in the TAMP marketplace. According to Cerulli Associates and other public information, as of the end of 2020, AssetMark's market share in the US TAMP industry was 11.0%, ranking the third in the industry.

As of the end of the Reporting Period, the total platform assets of AssetMark reached USD84.594 billion, representing an increase of approximately 13.52% from the end of 2020; the AssetMark platform served an aggregate of 8,496 independent investment advisors, of whom 2,691 active investment advisors manage assets of more than USD5 million, representing an increase of approximately 6.11% from the end of 2020; the total investor households served by the AssetMark platform reached nearly 196,000, representing an increase of approximately 4.81% from the end of 2020. During the Reporting Period, 397 independent investment advisors signed new contracts with AssetMark.

Assets on Platform (AoP) of AssetMark





**Investment Solutions**

Thoroughly vetted sets of solutions from leading third-party asset managers, strategists and in-house investment management team provides optionality, streamlines work and maximizes advisers' time with their clients

**Compliance Support**

AssetMark provides advisers with compliance support through portfolio monitoring and risk profiling tools that help mitigate risk



**Technology Platform**

Compelling and fully integrated platform designed to reduce costs and streamline processes while supporting the adviser and investor lifecycle

**Adviser Service**

Highly tenured sales, service and operations professionals support advisers across their business

**Custody**

Open architecture custodial platform provides flexibility

**(3) Huatai Securities (USA)**

With the US broker-dealer license approved by the Financial Industry Regulatory Authority, Huatai Securities (USA) was eligible to conduct broker-dealer business in the US in 2019, including securities underwriting, securities brokerage for institutional investors, M&A and financial advisory, etc., and in 2020, it obtained qualification for proprietary trading, further expanding its business qualifications. During the Reporting Period, Huatai Securities (USA) continued to improve its system and platform construction and introduce US institutional investors, actively promoted the underwriting of equity securities, global equity distribution and the establishment of the cross-border equity trading business. The cross-border linkage and coordination mechanism of U.S. domestic businesses and Hong Kong businesses has been continuously optimized, the investment banking business has been continuously expanded and the overall trading volume of stocks by customers has been effectively improved. During the Reporting Period, Huatai Securities (USA) completed a total of 2 IPO projects in the US stock market, which was a major breakthrough.

**3. Prospect of international business for the second half of 2021**

International business is a bridge for the Group to build an onshore and offshore integrated platform as well as a new engine for the high-level development and profit creation of the Group. In the second half of 2021, the Group will continue to deepen the cross-border integrated management mechanism, constantly strengthen the effective linkage of teams, platforms and resources and focus on developing the cross-market capital service ability to provide customers with onshore and offshore integrated comprehensive financial services and fully improve the competitiveness and influence of the international business.

Huatai International will enhance the resource integration function of the international business holding platform, focus on promoting the integrated construction of cross-border management and control, continue to improve the risk internal control system, further promote technology empowerment, continuously improve the business platform system, and deeply expand room and potential for the development of international business.

Huatai Financial Holdings (Hong Kong) will continue to focus on customer needs and provide customers with one-stop financial services through implementing business strategies such as domestic and overseas integration, equity and debt integration, complementation of institutional business and retail business, and first-level and second-level linkage. For investment banking business, the Group will utilize the advantages of domestic and foreign integration and A+H+GDR listing experience to strengthen the linkage between

domestic and foreign teams, and concentrate resources to promote project development; for FICC business, the Group will conduct multi-dimensional expansion and innovation on systems and platforms, customer systems, asset and product categories and provide customers with one-stop comprehensive solutions; for equity derivatives business, it will continue to enrich the product structure, innovate transaction models and meet customers' needs for cross-border financial services; for stock sales and trading business, the Group will advance towards the development orientation of the prime brokerage (PB) business to increasingly boost the trading algorithm ability and expand the size of cross-border businesses; for retail and online financial business, the Group will continue to improve the function of "Zhangle Global" (漲樂全球通), and carry out hierarchical marketing of customers to improve customer development efficiency; for private wealth management business, it will focus on customer needs, deepen domestic and foreign collaboration, increase product development and transformation, and continue to improve comprehensive service capabilities; for fund business, it will continue to enhance its professional design and distribution capabilities in investment and financing products, broaden industry coverage, continue to expand management scale, and continuously increase return on capital; for the asset management business, it will strengthen coordination and cooperation, to fully tap the advantages of business resources, strengthen investment research capabilities, thus effectively meeting the needs of asset management business.

AssetMark will continue to hold onto the core business highlights, build an integrated technology platform, improve customizable and scaled services, and strengthen advanced investment management capabilities. AssetMark will continue to deepen cooperation with the existing investment advisors, and will at the same time also focus on customers' needs, provide differentiated services and assist customer growth to further expand the investment consulting customer base. It will establish programs on financial health, actively explore empowering investment advisory with cutting-edge technology and provide in-depth services to meet the changing demands of customers. It will vigorously expand customer channels and devote to improving the operation efficiency and reducing operational risks through promoting scale-based business and the practice of the listed company in performing social responsibilities. In addition, AssetMark will continue to focus on high-quality strategic M&A opportunities to promote extensive growth.

Huatai Securities (USA) will continue to improve the team building, maintain the business relationship with US institutional investors, strengthen the linkage and collaboration with domestic and Hong Kong business teams, fully tap into new business opportunities, continuously expand its customer base and service scope, effectively balance compliance and risk management requirements and provide all-dimensional services to meet customers' demands for asset allocation.

### **(V) Business innovation and its effects on the Company's business performance, future development and risk control**

During the Reporting Period, the Company constantly promoted business innovation activities, promoted the innovation of new businesses, new products, services and management modes, and constantly improved its innovation ability. The development of innovative business is a supplement to the existing product lines and business scope, which can effectively release business space, expand client resources and revenue sources, enhance profitability, as well as improve customer structure and business model, meet customers' full and diversified business needs, and further enhance brand influence.

The Company strengthened the quality control management of the new business risk assessment, enhanced the quality control over the implementation of the new business process and the implementation of the new business follow-up assessment mechanism, optimized the new business risk assessment process and boosted the effectiveness of the operation of the new business assessment mechanism.

The Company actively participated in investment and trading businesses of new publicly offered REITs products and provided liquidity market-making services for such products. According to risk characteristics of specific business, the Company has developed and established a risk control mechanism that covers placing, market making and relevant over-the-counter derivatives business of publicly offered REITs and includes measures on concentration control, risk exposure control and target management for publicly offered REITs, to support steady business development.

(VI) There were no significant changes in the Company's operation status during the Reporting Period and there were no matters that had or expected to have significant influence in the future on the Company's operation during the Reporting Period

## II. MAJOR OPERATIONS DURING THE REPORTING PERIOD

### (I) Main businesses analysis

#### 1. 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	24,615,529	18,972,166	29.75
Total expenses	(16,162,484)	(13,114,287)	23.24
Profit before income tax	10,036,901	8,306,061	20.84
Profit for the current period attributable to the shareholders of the Company	7,770,308	6,404,994	21.32
Net cash used in operating activities	(30,531,020)	(2,403,010)	1,170.53
Net cash generated from/(used in) investing activities	2,509,846	(2,629,121)	N/A
Net cash generated from/(used in) financing activities	32,932,692	(6,461,999)	N/A
Net increase/(decrease) in cash and cash equivalents	4,911,518	(11,494,130)	N/A

#### 2. Income and other gains

As of June 30, 2021, the Group recorded income and other gains of RMB24,616 million, representing a year-on-year increase of 29.75%, in which:

(1) Fee and commission income recorded a year-on-year increase of 23.21% to RMB9,834 million, accounting for 39.95%, mainly due to the increase in charges income from securities and futures brokerage business and underwriting and sponsorship business of the Group.

(2) Interest income recorded a year-on-year increase of 51.89% to RMB7,149 million, accounting for 29.04%, mainly due to the increase in the Group's income from margin financing and securities lending business.

(3) Net investment gains recorded a year-on-year increase of 33.30% to RMB7,191 million, accounting for 29.22%, mainly due to the increase in revenue from the Group's investment business.

(4) Other income and gains recorded a year-on-year decrease of 50.41% to RMB441 million, accounting for 1.79%, mainly due to the increase in exchange losses.



The ratios of the Group's income and other gains during the Reporting Period are as follows:

Unit: Thousand Yuan Currency: RMB

Item	From January 1 to June 30, 2021		From January 1 to June 30, 2020		Increase/decrease	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Fee and commission income	9,834,181	39.95%	7,981,402	42.07%	1,852,779	23.21%
Interest income	7,148,805	29.04%	4,706,531	24.81%	2,442,274	51.89%
Net investment gains	7,191,441	29.22%	5,394,808	28.44%	1,796,633	33.30%
Other income and gains	441,102	1.79%	889,425	4.68%	(448,323)	(50.41)%
Total income and other gains	24,615,529	100.00%	18,972,166	100.00%	5,643,363	29.75%

### 3. Total expenses

As of June 30, 2021, the Group's total expenses were RMB16,162 million, representing a year-on-year increase of 23.24%, mainly due to the increase in staff costs and interest expenses, in which:

- (1) Fee and commission expenses amounted to RMB2,728 million, representing a year-on-year increase of 25.03%, mainly due to the increase in expenses from securities and futures brokerage business of the Group.
- (2) Interest expenses amounted to RMB5,238 million, representing a year-on-year increase of 42.16%, mainly due to the increase in the relevant finance costs during the Reporting Period as a result of the larger debt financing scale as compared to the same period of last year.
- (3) Staff costs amounted to RMB5,685 million, representing a year-on-year increase of 26.14%, mainly due to the increase in accrued staff costs as a result of the income growth in the Group.
- (4) Other expenses mainly include depreciation and amortisation expenses, tax and surcharges as well as reversal of/(provision for) of asset impairment loss and other operating expenses.

Unit: Thousand Yuan Currency: RMB

Item	From January 1 to June 30, 2021		From January 1 to June 30, 2020		Increase/decrease	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Fee and commission expenses	(2,727,742)	16.88%	(2,181,589)	16.64%	(546,153)	25.03%
Interest expenses	(5,237,852)	32.41%	(3,684,398)	28.09%	(1,553,454)	42.16%
Staff cost	(5,684,559)	35.17%	(4,506,437)	34.36%	(1,178,122)	26.14%
Depreciation and amortisation expenses	(705,826)	4.37%	(680,558)	5.19%	(25,268)	3.71%
Tax and surcharges	(109,880)	0.68%	(101,654)	0.78%	(8,226)	8.09%
Other operating expenses	(1,889,652)	11.68%	(1,746,288)	13.31%	(143,364)	8.21%
Net reversal of/(provision for) impairment loss on financial assets	193,027	(1.19)%	(206,982)	1.58%	400,009	(193.26)%
Net provision for impairment loss on other assets	-	-	(6,381)	0.05%	6,381	N/A
Total expenses	(16,162,484)	100.00%	(13,114,287)	100.00%	(3,048,197)	23.24%

## 4. 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	11,400,660	46.31	8,265,300	43.57	Increase of 2.74 percentage points
Institutional services business	6,505,920	26.43	4,519,532	23.82	Increase of 2.61 percentage points
Investment management business	2,503,732	10.17	2,716,849	14.32	Decrease of 4.15 percentage points
International business	3,540,859	14.38	2,665,875	14.05	Increase of 0.33 percentage point
Others (including offset)	664,358	2.71	804,610	4.24	Decrease of 1.53 percentage points

During the Reporting Period, on a consolidated basis, the Group recorded income and other gains of RMB24,616 million in total, representing a year-on-year increase of 29.75%. Among the principal business segments, income and other gains from wealth management, institutional services, investment management and international business increased year-on-year by RMB3,135 million, RMB1,986 million, RMB-213 million and RMB875 million, respectively.

In terms of income structure, the business structure of the Group has continued to be optimized. The income from wealth management business accounted for 46.31% of the Group's revenue, representing an increase in proportion of 2.74 percentage points, mainly because the Group's margin financing and securities lending recorded an increase and the business transformation continued to advance due to the relatively active trading of the stock market; benefited from the good performance of the investment and trading business and the effectiveness of institutional integration services, the institutional service business contributed 26.43% of the Group's revenue; and due to the forward-looking layout of the Group's private equity investment and investments in innovation investment industries, the investment management business contributed 10.17% of the Group's revenue; the income from international business accounted for 14.38% of the Group's revenue, representing an increase in proportion of 0.33 percentage point, mainly attributable to the improved results of Huatai Financial Holdings (Hong Kong).

## (2) 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	(7,389,581)	45.72	(5,169,770)	39.42	Increase of 6.30 percentage points
Institutional services business	(3,436,685)	21.26	(2,410,686)	18.38	Increase of 2.88 percentage points
Investment management business	(594,697)	3.68	(894,281)	6.82	Decrease of 3.14 percentage points
International business	(2,483,668)	15.37	(2,336,172)	17.81	Decrease of 2.44 percentage points
Others (including offset)	(2,257,853)	13.97	(2,303,378)	17.57	Decrease of 3.60 percentage points

In terms of expenses of each business segment as a percentage of total expenses of the Group, expenses of wealth management business segment increased by 6.30 percentage points, mainly due to the increase in fee expenses of brokerage business and interest expenses; expenses of institutional services business segment increased by 2.88 percentage points, primarily due to the increase in accrued staff costs as a results of the increase in income; and expenses of investment management business and international business segment decreased by 3.14 percentage points and 2.44 percentage points, respectively.

## 5. Analysis on 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 operating activities	<b>(30,531,020)</b>	(2,403,010)	(28,128,010)	1,170.53
Net cash generated from/(used in) investing activities	<b>2,509,846</b>	(2,629,121)	5,138,967	N/A
Net cash generated from/(used in) financing activities	<b>32,932,692</b>	(6,461,999)	39,394,691	N/A
Net increase/(decrease) in cash and cash equivalents	<b>4,911,518</b>	(11,494,130)	16,405,648	N/A

During the Reporting Period, the net increase of cash and cash equivalent of the Group was RMB4,912 million, in which:

- (1) Net cash used in operating activities was RMB30,531 million, mainly due to the increase in financing business scale.
- (2) Net cash generated from investing activities was RMB2,510 million, mainly due to the increase in dividend and interest income from investing activities.
- (3) Net cash generated from financing activities was RMB32,933 million, mainly due to the issuance of debt financing instruments.

## 6. Detailed description of significant changes in the Group's business types, components or sources of profit

Unit: Thousand Yuan Currency: RMB

Item	Amount for the current period	Amount for the same period of last year	Year-on-year change (%)	Principal reason
Total revenue and other gains	<b>24,615,529</b>	18,972,166	29.75	Increase in fee and commission income and net investment gains
Total expenses	<b>(16,162,484)</b>	(13,114,287)	23.24	Increase in interest expenses, staff costs and fee and commission expenses
Operating profit	<b>8,453,045</b>	5,857,879	44.30	Increase in total revenue and other gains
Profit before income tax	<b>10,036,901</b>	8,306,061	20.84	Increase in total revenue and other gains
Profit for the current period	<b>7,886,784</b>	6,443,209	22.40	Increase in total revenue and other gains
Among which: profit for the current period attributable to shareholders of the Company	<b>7,770,308</b>	6,404,994	21.32	Increase in total revenue and other gains

Item	Balance as at the end of the period	Balance as at the beginning of the period	Year-on-year change (%)	Principal reason
Total assets	<b>790,110,729</b>	716,751,235	10.24	Increase in cash held on behalf of brokerage clients and margin accounts receivable
Total liabilities	<b>653,919,179</b>	584,439,200	11.89	Increase in accounts payable to brokerage clients and long-term bonds
Total shareholders' equity	<b>136,191,550</b>	132,312,035	2.93	Profit retention for the year

**(II) Analysis of key items of consolidated statement of financial position****I. General description of consolidated statement of financial position**

Unit: Thousand Yuan Currency: RMB

Item	As at June 30, 2021		As at December 31, 2020		Increase/decrease	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
<b>Non-current assets</b>						
Property and equipment	5,046,549	0.64%	5,014,084	0.70%	32,465	0.65%
Investment properties	321,688	0.04%	408,338	0.06%	(86,650)	(21.22)%
Goodwill	2,240,812	0.28%	2,260,945	0.32%	(20,133)	(0.89)%
Other intangible assets	5,394,884	0.68%	5,276,069	0.74%	118,815	2.25%
Interest in associates	17,993,448	2.28%	17,691,161	2.47%	302,287	1.71%
Interest in joint ventures	1,815,358	0.23%	1,641,846	0.23%	173,512	10.57%
Debt investment at amortised cost	25,553,112	3.23%	19,230,660	2.68%	6,322,452	32.88%
Financial assets at fair value through other comprehensive income of financial assets	4,620,004	0.58%	14,401,106	2.01%	(9,781,102)	(67.92)%
Financial assets at fair value through profit or loss	11,422,374	1.45%	9,229,523	1.29%	2,192,851	23.76%
Refundable deposits	26,336,577	3.33%	24,763,790	3.46%	1,572,787	6.35%
Deferred tax assets	418,605	0.05%	339,502	0.05%	79,103	23.30%
Other non-current assets	254,248	0.04%	283,320	0.04%	(29,072)	(10.26)%
<b>Total non-current assets</b>	<b>101,417,659</b>	<b>12.83%</b>	<b>100,540,344</b>	<b>14.03%</b>	<b>877,315</b>	<b>0.87%</b>
<b>Current assets</b>						
Accounts receivable	10,351,527	1.31%	9,095,561	1.27%	1,255,966	13.81%
Other receivables and prepayments	1,129,258	0.14%	1,131,408	0.16%	(2,150)	(0.19)%
Margin accounts receivable	128,177,514	16.22%	102,574,007	14.31%	25,603,507	24.96%
Debt investment at amortised cost	7,946,126	1.01%	11,180,848	1.56%	(3,234,722)	(28.93)%
Financial assets held under resale agreements	18,071,368	2.29%	19,536,413	2.73%	(1,465,045)	(7.50)%

Item	As at June 30, 2021		As at December 31, 2020		Increase/decrease	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Financial assets at fair value through profit or loss	298,669,250	37.80%	282,577,589	39.42%	16,091,661	5.69%
Financial assets at fair value through other comprehensive income	3,072,555	0.39%	1,545,266	0.22%	1,527,289	98.84%
Derivative financial assets	12,376,627	1.57%	7,295,357	1.02%	5,081,270	69.65%
Clearing settlement funds	6,047,340	0.77%	6,988,396	0.98%	(941,056)	(13.47)%
Cash held on behalf of brokerage clients	137,665,349	17.42%	124,635,007	17.39%	13,030,342	10.45%
Cash and bank balances	65,186,156	8.25%	49,651,039	6.93%	15,535,117	31.29%
<b>Total current assets</b>	<b>688,693,070</b>	<b>87.17%</b>	<b>616,210,891</b>	<b>85.97%</b>	<b>72,482,179</b>	<b>11.76%</b>
<b>Total assets</b>	<b>790,110,729</b>	<b>100.00%</b>	<b>716,751,235</b>	<b>100.00%</b>	<b>73,359,494</b>	<b>10.24%</b>
<b>Current liabilities</b>						
Short-term bank loans	14,282,125	2.18%	11,299,859	1.93%	2,982,266	26.39%
Short-term debt instruments issued	34,867,899	5.33%	43,951,388	7.52%	(9,083,489)	(20.67)%
Placements from other financial institutions	6,117,116	0.94%	4,815,236	0.82%	1,301,880	27.04%
Accounts payable to brokerage clients	149,271,327	22.83%	136,387,634	23.34%	12,883,693	9.45%
Employee benefits payable	4,965,873	0.76%	4,156,895	0.71%	808,978	19.46%
Other payables and accruals	122,097,833	18.66%	105,880,311	18.12%	16,217,522	15.32%
Contract liabilities	106,245	0.02%	92,366	0.02%	13,879	15.03%
Current tax liabilities	413,506	0.06%	1,275,589	0.22%	(862,083)	(67.58)%
Financial assets sold under repurchase agreements	136,610,384	20.89%	139,899,968	23.94%	(3,289,584)	(2.35)%
Financial liabilities at fair value through profit or loss	19,460,681	2.98%	12,196,234	2.09%	7,264,447	59.56%
Derivative financial liabilities	13,204,053	2.02%	13,398,830	2.29%	(194,777)	(1.45)%

Item	As at June 30, 2021		As at December 31, 2020		Increase/decrease	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Long-term bonds due within one year	29,080,331	4.45%	11,428,893	1.95%	17,651,438	154.45%
<b>Total current liabilities</b>	<b>530,477,373</b>	<b>81.12%</b>	484,783,203	82.95%	45,694,170	9.43%
<b>Net current assets</b>	<b>158,215,697</b>	-	131,427,688	-	26,788,009	20.38%
<b>Total assets less current liabilities</b>	<b>259,633,356</b>	-	231,968,032	-	27,665,324	11.93%
<b>Non-current liabilities</b>						
Long-term bonds	108,991,004	16.67%	85,624,295	14.65%	23,366,709	27.29%
Long-term bank loans	956,938	0.15%	475,414	0.08%	481,524	101.29%
Long-term employee benefits payable	5,627,796	0.86%	6,974,615	1.19%	(1,346,819)	(19.31)%
Deferred tax liabilities	3,379,692	0.52%	2,545,647	0.44%	834,045	32.76%
Financial liabilities at fair value through profit or loss	3,589,849	0.55%	3,185,296	0.55%	404,553	12.70%
Other payables and accruals	896,527	0.13%	850,730	0.15%	45,797	5.38%
<b>Total non-current liabilities</b>	<b>123,441,806</b>	<b>18.88%</b>	99,655,997	17.05%	23,785,809	23.87%
<b>Net assets</b>	<b>136,191,550</b>	<b>100.00%</b>	132,312,035	100.00%	3,879,515	2.93%
<b>Shareholders' equity</b>						
Share capital	9,076,650	6.66%	9,076,650	6.86%	-	-
Treasury share	(1,231,547)	(0.90)%	(1,626,546)	(1.23)%	394,999	(24.28)%
Reserves	91,878,894	67.46%	92,622,778	70.00%	(743,884)	(0.80)%
Retained profits	33,103,190	24.31%	28,998,618	21.92%	4,104,572	14.15%
Total equity attributable to shareholders of the Company	132,827,187	97.53%	129,071,500	97.55%	3,755,687	2.91%
Non-controlling interests	3,364,363	2.47%	3,240,535	2.45%	123,828	3.82%
<b>Total shareholders' equity</b>	<b>136,191,550</b>	<b>100.00%</b>	132,312,035	100.00%	3,879,515	2.93%



As of June 30, 2021, total non-current assets of the Group amounted to RMB101,418 million, representing an increase of RMB877 million as compared to the beginning of the year, which was mainly due to the increase in refundable deposits of RMB1,573 million.

As of June 30, 2021, total non-current liabilities of the Group amounted to RMB123,442 million, representing an increase of RMB23,786 million as compared to the beginning of the year, which was mainly due to the increase in long-term bonds of RMB23,367 million.

As of June 30, 2021, total current assets of the Group amounted to RMB688,693 million, representing an increase of RMB72,482 million as compared to the beginning of the year, which was mainly due to the increase in margin accounts receivable of RMB25,604 million, the increase in total amount of debt investment at amortised cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss of RMB14,384 million as compared to the beginning of the year, the increase in cash held on behalf of brokerage clients of RMB13,030 million, and the increase in cash and bank balances of RMB15,535 million.

As of June 30, 2021, total current liabilities of the Group amounted to RMB530,477 million, representing an increase of RMB45,694 million as compared to the beginning of the year, which was mainly due to the increase in accounts payable to brokerage clients of RMB12,884 million, and the increase in long-term bonds due within one year and other payables and accruals of RMB17,651 million and RMB16,218 million, respectively.

## 2. Major restricted assets as of the end of the Reporting Period

As of the end of the Reporting Period, major restricted assets of the Group totaled RMB158,779,505 thousand, including cash and bank balances, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, and debt investment at amortised cost. Except for the above assets, no major assets of the Group were seized, detained, frozen, mortgaged or pledged so that they could or could not be realized, or could not be used to pay the debts only under a certain condition. There was no circumstance or arrangement under which the major assets were occupied, used or benefited or the disposal of them was limited.

## 3. Structure and quality of assets

As of June 30, 2021, total shareholders' equity of the Group amounted to RMB136,192 million, representing an increase of RMB3,880 million or 2.93% as compared to that of the end of 2020, which was mainly due to the effects of an increase in profit retention of the Group during the Reporting Period.

The asset structure of the Group continued to be optimized and the assets maintained good quality and liquidity. As of June 30, 2021, total assets of the Group amounted to RMB790,111 million, representing an increase of RMB73,360 million or 10.24% as compared to the beginning of the year. Specifically, cash and bank balances, cash held on behalf of brokerage clients and clearing settlement funds of the Group amounted to RMB208,899 million, accounting for 26.44% of the total assets; margin accounts receivable amounted to RMB128,178 million, accounting for 16.22% of the total assets; financial assets at fair value through profit or loss amounted to RMB310,092 million, accounting for 39.25% of the total assets; debt investment at amortised cost and financial assets at fair value through other comprehensive income amounted to RMB41,192 million, accounting for 5.21% of the total assets; property and equipment, investment properties and other intangible assets accounted for 1.36% of the total assets. Most of the assets have strong cashability. The Group's assets have strong liquidity and the asset structure is reasonable.

During the Reporting Period, the Group's debt-to-assets ratio has increased. As of June 30, 2021, the liabilities of the Group amounted to RMB653,919 million, representing an increase of RMB69,480 million or 11.89% as compared to the beginning of the year, mainly due to the increase in long-term bonds. The debt-to-assets ratio was 78.75% (excluding the impact of customer funds), representing an increase of 1.55 percentage points as compared to the beginning of the year.

As of June 30, 2021, the Group obtained funds through borrowings and debt financing instruments. As of the end of the Reporting Period, total amount of the placements from other financial institutions of the Group amounted to RMB194,295 million. Details are shown as follows:

Unit: Thousand Yuan Currency: RMB

Borrowings and debt financing plans	As of June 30, 2021
Placement from China Securities Finance Corporation Limited	-
Placement from other financial institutions	6,117,116
Short-term borrowings	14,282,125
Short-term financing funds payable	34,867,899
Long-term borrowings	956,938
Bonds payable	138,071,335
<b>Total</b>	<b>194,295,413</b>

Borrowings and debt-financing with a financing maturity of more than one year were RMB109,948 million, accounting for 56.59%. Among them, programs with a financing maturity of one to two years were RMB44,790 million and those with a financing maturity of two to five years were RMB65,158 million. Borrowings and debt-financing with a financing maturity of less than one year were RMB84,347 million, accounting for 43.41%.

As of June 30, 2021, the Group's borrowings and debt financing with fixed interest rate were RMB174,370 million. In particular, the balance of short-term borrowings was RMB14,282 million; the balance of placement from other financial institutions was RMB6,117 million; the balance of income receipts with fixed interest rate was RMB3,173 million; the balance of short-term financing bonds was RMB4,002 million; the balance of corporate bonds was RMB117,185 million; the balance of subordinated debts was RMB14,302 million; and the balance of foreign debts was RMB15,309 million.

As of June 30, 2021, cash and cash equivalents of the Group amounted to RMB72,397 million, of which RMB cash and cash equivalents accounted for 80.01%.

As of June 30, 2021 among the Group's short-term bank borrowings, RMB6,808 million were pledge borrowings and RMB7,474 million were credit borrowings.

As of June 30, 2021, all of the Group's long-term bank borrowings were credit borrowings.

#### 4. Analysis of profitability

In the first half of 2021, the Group firmly implemented the "two-pronged" (雙輪驅動) development strategy of wealth management and institutional services, and enhanced its digital operation capability with technology empowerment. Its main businesses have been growing steadily and its comprehensive strength soundly ranked in the forefront of the industry. The market rankings of the Group's key business indicators in terms of stock fund trading volume and financing balance were in leading positions in the industry. The Group achieved a rapid development in international business and its general profitability remained stable.

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

### (1) Changes in the scope of consolidation as a result of the establishment of a new subsidiary

During the Reporting Period, the Group established a new wholly-owned subsidiary, Gossamer Merger Sub, Inc., which has been included in the Group's consolidation scope from the date of its establishment.

### (2) Changes in the scope of consolidation as a result of the deregistration of a subsidiary

During the Reporting Period, OBS Financial Services, Inc., a subsidiary of the Group, was deregistered according to law.

### (3) Changes in the scope of consolidation as a result of a decrease of structured entities included into the consolidation scope

The Group consolidated the structured entities where the Group concurrently serves as the manager or investment adviser and investor, and where the Group will be, upon comprehensive assessment, significantly affected by variable returns due to the returns attributable to it for its investment and remuneration as the manager of the structured entities (mainly refers to asset management plan). The structured entities of the Group, which were included in the consolidated statement scope during the period, decreased by 7 with another 4 added as compared with last year.

## 6. Analysis of income tax policy

During the Reporting Period, the Company's income tax was subject to the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) and the Enforcement Regulations of Corporate Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》). The calculation and payment methods of the income tax shall be subject to the Announcement of the State Administration of Taxation on Issuing the Measures for the Consolidated Collection of Corporate Income Tax on Trans-regional Business Operations (Announcement No.57[2012] of the State Administration of Taxation)(《國家稅務總局關於印發〈跨地區經營匯總納稅企業所得稅徵收管理辦法〉的公告》(國家稅務總局公告[2012]57號)). 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 of financing channels and financing capacity

Financing channels	<p>In terms of financing methods, the Company has two financing channels, equity financing and debt financing. In terms of financing maturity, the Company's onshore short-term financing channels included credit lending via interbank market, bond repurchasing via interbank market and stock exchange market, issuing short-term financing bills, short-term corporate bonds, issuing income credential via quotation and service system for inter-institutional private equity products and self-built counter market, carrying out margin refinancing and income rights financing in relation to margin financing and securities lending from banks and other financial institutions, and asset securitization, etc., and the Company's medium and long-term financing channels included issuing corporate bonds, subordinated debt, perpetual subordinated debt and equity refinancing, etc. In addition, the Company can also introduce foreign currency funds through the issuance of overseas bonds and medium-term notes. After years of effective efforts, the Company explored and established a short, medium and long-term financing platform with new financing tools and multiple financing channels, which played a key role in the rapid development process of the Company's business.</p>
Liquidity management policies and measures	<p>The Company has always attached great importance to liquidity management. As for funds management, it adhered to the principle of "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 liabilities and proper liquidity.</p> <p>The Company followed the general principles of comprehensiveness, prudence, predictiveness 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, and implemented liquidity risk management policy with the preference for "steadiness and safety". The Company ensured no liquidity risk that would cause significant impacts on sustainable operation, so as to fully guarantee the steady and safe development of the business of the Company.</p> <p>In order to ensure its liquidity, the Company has adopted various measures mainly including: 1) constantly improving the capital planning system, establishing a daytime liquidity monitoring system and realizing a daytime monitoring of capital position and cash flow through platforms, so as to ensure the security of daytime liquidity; 2) strengthening the management for the matching between durations of assets and liabilities and establishing high-quality current asset reserves, in order to enhance the diversity and stability of financing; 3) upgrading and transforming the treasury management platform, and achieving effective identification, measurement, monitoring and controlling on liquidity risks 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 for liquidity risks and analyzing the stress test results to constantly improve the Company's response capacity for liquidity risks; 5) leveraging the consolidation supervision to strengthen the subsidiary liquidity risk guidance and to implement vertical management for overseas subsidiaries' fund and liquidity risks, to improve subsidiaries' response capacity for liquidity risks and the Group's prevention and control for liquidity risks; 6) organizing the formulation, exercise and evaluation of a liquidity risk contingency plan, in order to improve the Company's emergency capacity for liquidity risks; and 7) improving the liquidity risk reporting system, so as to ensure that the management is able to keep abreast of the Group's liquidity risk level and management situation.</p>
Analysis of financing capability and financing strategy	<p>The Company has operated in compliance with regulations, enjoyed sound reputation as well as strong capital strength, profitability and debt repayment ability, maintained good cooperation relationships with commercial banks, had sufficient bank credit with the credit line increasing steadily, and possessed strong short-term and medium-to-long term financing abilities. As a listed securities dealer, the Company can also meet the fund demand for long-term development by means such as equity refinancing.</p> <p>Taking into consideration both liquidity and profitability, the Company held a certain amount of fixed-income products. Interest rate changes will bring direct impact to the interest income of the cash and the market price and investment income of the bond investment held by the Company. Margin financing and securities lending and other capital intermediary business, corporate debt financing and other businesses which directly relate to interest rates may directly 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 changes of exchange rate will have certain impact on the Company's financial situation.</p> <p>To maintain the liquidity of the Company's assets and rate of return, the Company's own capital was uniformly managed by Capital Operation Department in accordance with a sound management system and corresponding business processes. The Company optimized the distribution of assets and liabilities structure by timely adjusting all kinds of asset structure, strengthened the research on the interest rate and exchange rate market, and used appropriate interest rate, exchange rate and other derivative financial tools to avoid risks and reduce the influence of these factors.</p>
Contingencies and- their impacts on the financial situation of the Company	-

### (III) Analysis of investments

#### 1. Overall analysis of external equity investments

As of the end of the Reporting Period, the Group's investment in associates amounted to RMB17,993 million, representing an increase of RMB302 million or 1.71% as compared to RMB17,691 million at the beginning of the period; and the investment in joint ventures amounted to RMB1,815 million, representing an increase of RMB173 million or 10.57% as compared to RMB1,642 million at the beginning of the period. For details of the overall situation of the Group's external equity investment, please refer to Note 20 "Interest in associates" and Note 21 "Interest in joint ventures" to the financial statements in this report.

- (1) The Company had no significant equity investment
- (2) The Company had no significant non-equity investment
- (3) Financial assets measured at fair value

Unit: Thousand Yuan Currency: RMB

Item	Balance at the end of last period	Balance at the end of current period	Investment gains during the Reporting Period	The changed amount of fair value during the Reporting Period
Financial assets at fair value through other comprehensive income	15,946,372	<b>7,692,559</b>	620,649	(507,889)
Financial assets at fair value through profit or loss	291,807,112	<b>310,091,624</b>	15,476,501	(1,669,935)

#### 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

(a) Information about the use of funds raised from the Initial Public Offering of A Shares

Under the Approval for the Initial Public Offering by Huatai Securities Co., Ltd. (Zheng Jian Xu Ke [2010] No. 138) (《關於核准华泰證券股份有限公司首次公開發行股票的批覆》(證監許可[2010]138號)) issued by the CSRC, the Company publicly issued 784,561,275 ordinary shares in RMB 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 RMB130,000,000.00 amounted to RMB15,561,225,500.00, which were all 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 principal of the funds raised from the IPO was used up and the accumulative amount of RMB15.681 billion of the raised funds (including interest of raised funds of RMB119.8082 million) were used. All of the accounts designated for the use of raised funds of the Company had been cancelled with settlement of interests.

(b) Information about the use of funds raised from the Non-Public Issuance of A Shares

Upon the Approval for the Non-Public Issuance of Shares by Huatai Securities Co., Ltd. (Zheng Jian Xu Ke [2018] No. 315) (《關於核准华泰證券股份有限公司非公開發行股票的批覆》(證監許可[2018]315號)) issued by the CSRC, the Company completed the non-public issuance of 1,088,731,200 RMB denominated ordinary shares

(A Shares) in July 2018, each with a nominal value of RMB1.00 at an offering price of RMB13.05 and the total amount of funds raised was RMB14,207,942,160.00. After deducting the issuing fees of RMB74,736,488.79 related to the non-public offering (including underwriting sponsorship fee, attorney fee, accountant fee, information disclosure fee, issuance registration fee, stamp duty and other fees), the net funds raised were RMB14,133,205,671.21, which were all in place on July 31, 2018 and were verified by KPMG Huazhen LLP with the capital verification report (KPMG Huazhen Yan Zi No. 1800286). As of December 31, 2019, all the funds raised from the Non-Public Issuance of the Company were used up and the accumulative amount of RMB14.184 billion of the raised funds (including current interest income generated by raised funds) was used. Accounts designated for the use of raised funds of the Company have been cancelled.

### 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 initial public 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 December 31, 2020, all the funds raised from the H Share issuance of the Company were used up and the accumulative amount of RMB30.666 billion of the raised funds (including interest arising from the funds raised) was used and relevant accounts have been cancelled.

### ③ Overview of the use of funds raised from the issuance of GDRs

Upon the Approval for Issuance and Admission of Global Depository Receipts on London Stock Exchange by Huatai Securities Co., Ltd. (Zheng Jian Xu Ke [2018] No. 1993) (《關於核准华泰證券股份有限公司發行全球存託憑證並在倫敦證券交易所上市的批覆》(證監許可[2018]1993號)) issued by the CSRC, the Company completed the total issuance of 82,515,000 GDRs in June 2019, each of which at an offering price of USD20.50 and the total amount of funds raised was USD1,691,557,500.00. After deducting the issuing fees of USD39,961,513.72 related to the GDR offering, the net funds raised were USD1,651,595,986.28, equivalent to RMB11,313,036,931.20 at the central parity of RMB against the U.S. dollar on the date when transferred to the account. The abovementioned funds raised were all in place on June 28, 2019 and were verified by KPMG Huazhen LLP and the capital verification report was issued (KPMG Huazhen Yan Zi No. 1900393).

As of the end of the Reporting Period, the Company, with respect to its GDRs, has used raised funds of: RMB3,547,720,085.15, calculated at actual exchange rate on the date of settlement for continuous investment in the existing main businesses, deeply cultivating the business sectors such as wealth management, institutional services and investment management, and further promoting the business transformation and upgrading; RMB1,000,000,000.00, calculated at actual exchange rate on the date of settlement of foreign currency, for supplementing working capital and meeting general enterprise purposes; USD994,212,858.59 for supporting the internal and external growth of international business, and expanding overseas strategic layout. Apart from the above uses, the Company's remaining proceeds of RMB127,358,491.15 (including interest of raised funds, exchange gains/losses and outstanding issuing fees, at the exchange rate at the end of the Reporting Period) were not used and were put into the special bank account of the Company. As of June 30, 2021, planned use of the Company's funds raised from the issuance of GDRs was consistent with that agreed in the GDR prospectus with no change. The Company plans to arrange for the use of the remaining funds raised from the issuance of GDR by the end of 2021.

## 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 whereabouts of raised funds unused
2019	GDR offering	1,131,303.69	-	1,145,595.39	7,993.29	Supplementing working capital and meeting general enterprise purposes
2018	Non-Public offering (A Shares)	1,420,794.22	-	1,418,421.26	-	-
2015	Initial offering (H Shares)	3,058,768.96	-	3,066,604.63	-	-
2010	Initial offering (A Shares)	1,556,122.55	-	1,568,103.37	-	-
Total	-	7,166,989.42	-	7,198,724.65	7,993.29	-
Notes to the overview of the use of raised funds					-	

(2) There was no commitment in raised funds of the Company during the Reporting Period

(3) There was no change 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 any project funded by non-raised funds whose total investment was more than 10% of the audited net assets of the Company as at the end of the previous year.

4. There were no sales of significant assets or equities by the Company during the Reporting Period

5. There was no bankruptcy or restructuring, merger or division, major disposal, acquisition, replacement or stripping of assets or restructuring of other companies by the Company during the Reporting Period

 华泰证券 HUATAI SECURITIES	HOLDING SUBSIDIARIES	 华泰联合证券 HUATAI UNITED SECURITIES		 99.92%
		 华泰期货 HUATAI FUTURES	SHAREHOLDING PERCENTAGE	 60%
		 江苏股权交易中心 JIANGSU EQUITY EXCHANGE		 52%
	WHOLLY-OWNED SUBSIDIARIES	 华泰证券(上海)资产管理有限公司 HUATAI SECURITIES (SHANGHAI) ASSET MANAGEMENT COMPANY LTD.		
		 华泰国际金融控股有限公司 HUATAI INTERNATIONAL FINANCIAL CONTROL CO., LTD.	SHAREHOLDING PERCENTAGE	 100%
		 华泰紫金投资有限责任公司 HUATAI ZIJIN INVESTMENT CO., LTD.		
	JOINT STOCK SUBSIDIARIES	 南方基金 NANFANG FUND	FUND	 41.16%
		 华泰柏瑞基金 HUATAI BERREI INVESTMENTS	FUND	 49%
		 江苏银行 BANK OF JIANGSU	BANK	 5.63%



## 6. Analysis of key subsidiaries

Unit: Ten Thousand Yuan Currency: RMB

Company name	Address	Date of establishment	Registered capital	Total assets	Net assets	Operating revenue	Total profit	Net profit
Huatai United Securities Co., Ltd.	401, Building B7, Qianhai Shenzhen-Hong Kong Fund Town, No. 128 Guiwan Fifth Road, Nanshan Street, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, the PRC	September 5, 1997	99,748.00	763,791.07	441,894.47	158,491.48	44,193.16	32,910.10
Main businesses: 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.								
Huatai Securities (Shanghai) Asset Management Co., Ltd.	Room 1222, 6, Jilong Road, China (Shanghai) Pilot Free Trade Zone	October 16, 2014	26,000.00	1,015,090.67	878,966.17	96,536.13	69,117.11	52,180.04
Main businesses: 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)								
Huatai Purple Gold Investment Co., Ltd.	180 Hamzhong Road, Nanjing, Jiangsu Province, the PRC	August 12, 2008	600,000.00	1,665,203.48	1,171,544.02	119,145.40	11,497.71	84,366.53
Main businesses: equity investment, debt investment, other fund investments 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 by law shall be carried out upon the approval of relevant authorities).								
Huatai International Financial Holdings Company Limited	Rooms 5809-12, 58/F, The Center, 99 Queen's Road Central, Hong Kong	April 5, 2017	HK\$ 8,800,000,002.00	12,075,527.62	1,183,841.51	278,091.83	106,865.05	92,580.42
Main business: holding company.								
Huatai Innovative Investment Co., Ltd.	Room 1501, 15/F, Block 28, Fengsheng Hutong, Xicheng District, Beijing, the PRC	November 21, 2013	350,000.00	360,415.50	301,656.99	60,544.11	53,754.70	40,696.63
Main businesses: project investment; investment management, sale of precious metal, hotel management; the followings are permitted to be operated only by branches: accommodation, catering services, sale of foods, fitness services, swimming pool, laundry collection, typing and copying, motor vehicle public parking services, conference services, undertaking exhibitions, tourism information consultation, ticket agent service. (1. Public fund-raising shall not be conducted without approval by relevant authorities; 2. Trading activities of securities products and financial derivatives shall not be publicly carried out; 3. No loans shall be granted; 4. No guarantee shall be provided to any other enterprises except for its invested enterprises; promises shall not be made to investors that the principal of their investments will not be subject to any loss or that they will get a minimum return; enterprises shall independently select business terms and carry out operations according to law; businesses that need to be approved by law shall be carried out in accordance with the approved contents upon the approval of relevant authorities; business activities classified as prohibited or restricted items by industrial policies of this city shall not be carried out).								
Huatai Futures Co., Ltd.	20/F, Li Feng Building, 761 Dongfeng Eastern Road, Fubei District, Guanghaiou, the PRC	July 10, 1995	160,900.00	4,890,487.25	315,605.93	111,133.28	24,731.77	18,152.03
Main businesses: commodities futures brokerage, financial futures brokerage, financial futures brokerage, futures investment consultancy, asset management and fund sales. (Businesses that need to be approved by law shall be carried out upon the approval of relevant authorities).								
Jiangsu Equity Exchange Co., Ltd.	11/F, 188 Lushan Road, Nanjing, Jiangsu Province, the PRC	July 4, 2013	20,000.00	48,414.59	37,176.82	4,254.63	1,797.19	1,349.72
Main businesses: 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 financial derivatives of unlisted companies, organization and monitoring of trading activities, issuance of market information, trading of listed products in the trading market as an agent, and provision of consultation services for market participants. (Businesses that need to be approved by law shall be carried out upon the approval of relevant authorities).								
China Southern Asset Management Co., Ltd.	32-42/F, Fund Mansion, 5999 Yitian Road, Lianhua Street, Futian District, Shenzhen, the PRC	March 6, 1998	36,172.00	1,229,631.65	794,768.59	346,059.44	116,995.67	87,640.31
Main businesses: fund raising, fund sales, asset management and other businesses approved by the securities regulatory authority under the State Council.								
Huatai-PineBridge Fund Management Co., Ltd.	17/F, Building 1, Shanghai Zenda Wudaokou Square, Lane 1199, Minsheng Road, China (Shanghai) Pilot Free Trade Zone	November 18, 2004	20,000.00	197,280.45	130,811.00	70,820.17	26,869.14	20,278.32
Main businesses: fund raising, fund sales, asset management and other businesses approved by the CSRC.								
Bank of Jiangsu Co., Ltd.	26 Zhonghua Road, Nanjing, Jiangsu Province, the PRC	January 22, 2007	1,154,445.00	256,329,474.80	18,331,675.80	3,073,682.20	1,330,719.50	101,985,720
Main businesses: deposits taking from the general public; granting short-term, medium-term and long-term loans; handling domestic settlements; handling acceptance and 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 metal 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 or acting as an agent 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 by law shall be carried out upon the approval of relevant authorities).								

Note: The financial data of the Bank of Jiangsu was extracted from its interim report for 2021. The data of net assets represents owner's equity attributable to shareholders of the listing company, and the data of net profit represents net profit attributable to shareholders of the listing company.

## 7. Structured entities controlled by the Company

The structured entities consolidated by the Group mainly refer to the asset management plans with the Group as the manager or investment advisor and the investor. The Group carries out a comprehensive assessment of whether the Group will be significantly affected by variable returns due to the return which the Group is entitled to for the shares held by it and its remuneration as the manager or investment advisor of the asset management plan, and according to which, determines whether the Group is the main responsible party for the asset management plan. As at June 30, 2021, the Group has consolidated 44 structured entities with assets reaching RMB89,932,113,921.19 in total. The amount of the trading financial assets in the balance sheet, which embodied the equity of the Group in the above consolidated structured entities, was RMB31,943,662,630.04.

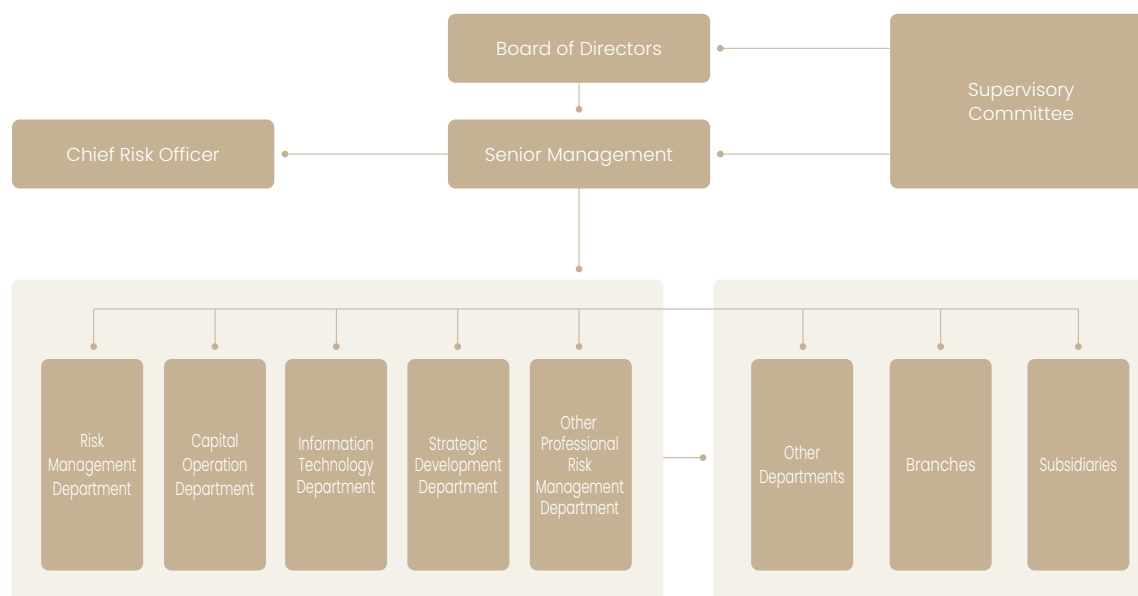
## III. POTENTIAL RISKS AND RISK PREVENTION MEASURES

### 1. Overview of risk management

The Company attached great importance to risk management. According to regulatory requirements and its current business development, the Company established a relatively sound overall risk management system by taking “high engagement, full coverage and deep penetration” as the principle. The Company has a sound and effective risk management structure with clearly-defined responsibilities and staff at all levels performing their individual duties effectively. The Company worked out a risk appetite and tolerance system, which integrated flexibly with development strategies, thereby forming a multi-level risk management system covering all businesses. In addition, the Company promoted the construction of a collectivized technology-driven risk-management 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 in overall risk identification, quantitative evaluation and control. The Company included its subsidiaries in the overall risk management system, explored 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 practically guaranteed the continuous and healthy development of the Company’s businesses.

During the Reporting Period, the Company comprehensively promoted various risk management tasks with focuses on thorough business risks management and control, improvement and refining of risk management system and establishment of systematic risk management platform. The Company intensified risk management and control in key businesses and areas, thoroughly investigated the sources of business risks and enhanced business forward-looking analysis and bottom-line control. The Company continued to improve the construction of a comprehensive risk management system and facilitated the implementation of systematic risk management and control to improve control of risks of significance and risks in specific areas. The Company adhered to technology empowerment, and by vigorously advancing the construction of a digital risk management platform and building an integrated risk management platform for businesses at home and abroad, the Company’s risk identification, early warning and discovery, measurement monitoring and risk management and control capabilities have been continuously improved.

## 2. Risk management structure



The risk management organizational structure of the Company covers five major parts: the Board and Compliance and Risk Management Committee; Supervisory Committee; the Senior Management 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 and 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 major risk limits of the Company, and reviewing periodic risk assessment reports 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 Supervisory Committee of the Company is responsible for supervising overall risk management, supervising and inspecting the Board and the senior management 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 objectives of the Company, the senior management is specifically responsible for the implementation of risk management and assumes the primary responsibility for overall risk management. Upon authorization of the senior management, the Risk Control Committee under the senior management is mainly responsible for the decision-making on risk management matters in the course of operation and authorizing on risk undertakings 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 duties 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 the reputation risk of the Company. Other departments, branches and subsidiaries of the Company are responsible for the management of various risks in their respective lines, implementing various policies, procedures and measures formulated by the Company and various leading professional risk management departments, accepting guidance from various leading risk management departments and assigning the

risk management duties and implementation responsibilities. The audit department incorporates 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 or entrusting external professional institutions to evaluate the overall risk management system of the Company regularly.

### 3. Market Risk

Market risk refers to the risk of asset loss of the Company resulting from fluctuations in risk factors, including stock prices, interest rates, exchange rates and commodities.

During the Reporting Period, massive currencies issuance by central banks of various countries (especially the U.S.) caused a rise in global inflation pressure and led to over-heat trends and drastic volatility in various financial markets, and as a result, the risk that markets experience significant corrections in the coming future has been gradually increasing. The Company adhered to the concept of creating value through transactions and controlling risks through hedging in controlling risk exposures, and managed the market risk of holding assets through various risks control measures. The Company has built up a unified risk limitation system to control business risks from various aspects, such as Market Value at Risk (VAR), stop-loss, stress testing and sensitivity. The Company also established a pressure testing system to measure all kinds of extreme risks on a regular basis. In respect of investments in equity securities, the Company continued to promote investment transformation towards diminishing orientation, flexibly adjusted hedging positions according to market changes, and actively explored trading opportunities on the premise of ensuring the downside risks of assets controllable. In respect of fixed-income securities investment, the Company strictly control duration of credit bond portfolios and effectively hedged interest rate risk of bond portfolio with interest rate swaps, treasury futures and other interest rate derivatives. In respect of derivatives business, the Company adopted market neutral strategy for both OTC derivatives business and market making business for exchange-traded options, controlled the Greeks values (such as Delta, Gamma and Vega) exposure risks within acceptable limits, and created profit opportunities based on controllable risks. In respect of OTC derivatives business, the Company established management standards such as incorporating targets into transaction list, performance guarantee ratio of counterparty, the liquidity and concentration of transaction targets, etc., to effectively prevent market risks and counterparty default risk.

#### Market Value at Risk (VAR) of the Company

Currency: RMB

Forward-looking Period: 1 day; Confidence: 95%; Historical Analogical Method; Unit (Ten Thousand Yuan)

	The Company		The Group	
	As at the end of mid-2021	As at the end of mid-2020	As at the end of mid-2021	As at the end of mid-2020
Equity-sensitive Financial Instruments	7,325	3,607	15,949	7,504
Interest-sensitive Financial Instruments	3,518	4,073	4,749	4,272
Commodity-sensitive Financial Instruments	42	128	179	335
Overall Portfolio Risk Value	7,743	5,642	16,465	8,820

Source: Internal statistics of the Company.

## During the Reporting Period, Sequence Descriptive Statistics of Market Value at Risk (VAR) of the Company

Currency: RMB

Forward-looking Period: 1 day; Confidence: 95%; Historical Analogical Method; Unit (Ten Thousand Yuan)

	At the beginning of the period	At the end of the period	Maximum value	Minimum value
The Group	17,656	16,465	24,851	11,303
The Company	8,170	7,743	17,996	5,964

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 financing customers, of a product or bond issuer or counterparty.

In terms of financing business, the Company implemented strict customer and target management, continuous dynamic monitoring, timely risk resolution and other full-process control measures to control business credit risks. During the Reporting Period, the Company's margin financing and securities lending business has grown consistently due to favorable active market. The Company has implemented strict risk control procedures and measures, conducted special risk inspections on such business and improved business reverse-cycle management mechanism and differentiated client management standards, to keep the amount to be recovered for the margin financing and securities lending business remained at a low level. In addition, the Company prudently carried out stock pledge business, continuously explored and optimized risk control standards for stock pledge business and strengthened substantive risk review to strictly control business risk exposures. In terms of bond investment business, the Company has established a unified management system for issuers. During the Reporting Period, the Company revised and reorganized its bottom-line control plan on credit bonds of key industries and areas, promoted the supervision and management plan for the Group's credit bonds, continuously promoted the systematic development of credit risk management modules for issuers to enhance risk control and management pertinence. At the same time, it steadily promoted the credit analysis management system (CAMS system), improved the unified internal evaluation system and continuously promoted the implementation of linking business access and quota rules to CAMS rating results, to enhance the Group's overall risk identification and management capabilities. In terms of counterparty management, the Company promoted the development of a unified management system for counterparties by further expanding the coverage of the unified management of counterparty credit lines at the Group level to form a group-wide counterparty list management plan and to strictly control business risk exposures. At the same time, the Company strengthened coverage control over counterparty management system for entrusted capital under asset management. Besides, the Company continuously promoted the systematic development of credit risk management modules for counterparties to realize platform-based business integrated management and procedures. In terms of guarantee settlement business, the Company has included it into counterparty system for unified management. At the same time, the Company explored to strengthen its customer qualification management system and access standards, continued to improve front-end management and control of risk indicator design and promoted systematic construction, and strengthened the management and control capabilities of risk handling and transmission. At the same time, the Company promoted the systematic construction of the Group's unified customer penetration management system, comprehensively sorted out and published the Key Reference Guidelines for Business Credit Risk Management and Control, strengthened the bottom-line management and control measures, put in place the customer ESG risk management mechanism, consolidated the unified management system for credit risks, and improved the ability to deal with the external complicated credit environment, therefore providing strong risk control guarantee support for the development of various credit businesses.

## 5. Liquidity risk

Liquidity risk refers to the risk that the Company cannot obtain sufficient funds at reasonable costs in time to repay due debts, perform other payment obligations and meet the capital requirements for carrying out ordinary businesses.

The Company has always attached importance to liquidity safety, preferred a “sound and safe” liquidity risk preference, followed the general principle of comprehensiveness, importance, applicability, effectiveness, prudence and foresight, and continued to strengthen the identification, measurement, monitoring and control mechanisms of liquidity risks through a management model of centralized management and hierarchical prevention and control, to improve the Company’s liquidity risk management capability. On the basis of controlled overall liquidity risks, the Company identified potential liquidity risks of all business lines by regular analysis of existing liquidity risk and ad-hoc new business assessment. The Company has established a liquidity indicator analysis framework including cash flow, and appropriately set risk limits and implemented daily monitoring through the information technology system, to improve the monitoring frequency and control level of liquidity risks. At the same time, the Company continued to improve the capital planning system by strengthening capital position management and establishing a liquidity daytime monitoring system to keep abreast of capital usage in business and day-time payment progress in a timely manner, further moving forward the frontline of liquidity risk prevention and control. The Company regularly and occasionally conducted special stress tests on liquidity risks to assess the Company’s liquidity risk tolerance under stress from the perspective of cash flow and liquidity indicators, and took targeted measures to improve the Company’s liquidity risk resilience. In order to ensure that liquidity needs can be met in a timely manner under stress, the Company has established high-quality liquid asset reserve of an appropriate scale based on risk preferences. At the same time, it has expanded its debt financing channels and quotas from multiple perspectives, and continued to improve the Company’s emergency financing capabilities. In addition, the Company leveraged the consolidation supervision to strengthen the subsidiary liquidity risk guidance and emphasized the liquidity management of its Hong Kong subsidiaries, to improve the subsidiaries’ response capability to liquidity risks and the Group’s prevention and control of overall liquidity risks. During the Reporting Period, the Company’s liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) continued to remain at a level that can meet regulatory requirement and far beyond the safety requirement.

## 6. Operational risks

Operational risk refers to risk on the Company’s losses caused by inadequate or problematic internal procedures, personnel, system or external events.

The Company continued to strengthen the accuracy and precision of operational risk identification, and has facilitated the effective operation of the whole process from operational risk identification, assessment, monitoring, response and reporting. During the Reporting Period, the Company focused on analyzing the front, middle and back procedures for key businesses and key focus areas for operational risks and improved management and control measures; strengthened the Group’s quality control management in new business risk assessment and improved new business risk assessment procedures and mechanism; facing the risk of local and small-scale pandemic rebounds under the regular control in the PRC, the Company rationalized important resource, optimized emergency response plan for COVID-19 and key resources allocation to ensure business continuity under the COVID-19 pandemic.

## 7. Model Risk

Model risk refers to the risk of adverse consequence or loss to the Company’s businesses resulting from incorrect or inappropriate model design, development or use.

During the Reporting Period, the Company conducted overall and proactive model management throughout the life cycle and promoted model risk management by approaches and measures including model validation, assessment and monitoring. The Company continuously developed and improved the model risk management system adaptive to its own business development while optimizing risk management system and organizational structure as well as the model’s information database function.

During the Reporting Period, the Company analyzed and updated the all-around application of model in business lines, recorded model exposures and classified models according to their risk levels and other information, so to realize model risk management.

## 8. 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, regulations and standards by operational management or professional conduct performed by securities companies or their employees.

During the Reporting Period, the Company continued to improve the compliance management system, optimized the compliance management mechanism, accelerated the transformation of compliance risk management from passive response to active control; continuously improved business compliance management mechanism, and enhanced the control and support for main businesses through compliance assessment, process analysis, provision of tips and supervision and meeting attendance, etc.; deepened implementation mechanism in fostering staff's compliance concept, 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 take early action on self-regulation; and prudently carried out compliance audit, timely pointed out compliance issues or defects and proposed regulation suggestions to promote the compliance operation of relevant business or products.

## 9. Information technology risk

Information technology risk mainly refers to exposure to losses caused by the failure of the information system to continuously ensure the stable, efficient and safe operation of transaction and business management in terms of business realization, timely response, solving capacity and data security, resulting from technical problems or data leakage out of various internal or external reasons.

The business lines and the middle and back office management of the Company are highly depended on the information technology system, which has become the key support to the operation of businesses of the Company. During the Reporting Period, the Company continued to increase investment in information technology to improve the management system and process of information technology risks and promote the quality control of information technology, strengthened the investigation and governance for information technology risks, improved the monitoring system, further improving the effectiveness of risk management. The Company continued to improve its emergency plans for information technology risk, conducted regular emergency drills. During the Reporting Period, the Company's information system was operated safely and stably. No major information technology risk events occurred.

## 10. Reputational risk

Reputational risk mainly refers to exposure to negative judgements from relevant media caused by the Company's operation, management and other conducts or external events.

During the Reporting Period, the Company's reputational risk management mechanism was running steadily without occurrence of any significant reputational risk events. Focusing on its strategy and key business, the Company increased its communication with domestic and foreign media and intensified its monitoring and handling of reputational risks, which have created a good public sentiment for the Company's development. At the same time, the Company continued to improve its workflow, and strengthened prior management and internal publicity, further enhancing its response to reputational risk.

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# 3

## CORPORATE GOVERNANCE



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# CORPORATE GOVERNANCE

## » I. INTRODUCTION TO SHAREHOLDERS' GENERAL MEETINGS, MEETINGS OF THE BOARD OF DIRECTORS AND MEETINGS OF THE SUPERVISORY COMMITTEE

Meeting	Convening date	Inspection indexes of the websites designated for publishing the resolutions	Date of disclosure for publishing the resolutions	Resolutions
2021 First Extraordinary General Meeting	February 8, 2021	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a> <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a> <a href="http://www.londonstockexchange.com">http://www.londonstockexchange.com</a> <a href="http://www.htsc.com.cn">http://www.htsc.com.cn</a>	February 8, 2021	The Resolution in Relation to the Election of Mr. Ke Xiang as a Non-executive Director of the Fifth Session of the Board of the Company, the Resolution on the General Mandate to Issue Onshore and Offshore Debt Financing Instruments of the Company, the Resolution on Amendments to the Rules of Procedure for General Meeting of Huatai Securities Co., Ltd., the Resolution on the Restricted Share Incentive Scheme of A Shares (Draft) and its Summary of Huatai Securities Co., Ltd., the Resolution on the Administrative Measures for the Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd., the Resolution on the Administrative Measures for the Implementation and Appraisal of the Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd. and the Resolution on the Grant of Authorization by the General Meeting to the Board to Handle Matters in Relation to the Restricted Share Incentive Scheme of A Shares of the Company have been considered and approved
2020 Annual General Meeting	June 22, 2021	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a> <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a> <a href="http://www.londonstockexchange.com">http://www.londonstockexchange.com</a> <a href="http://www.htsc.com.cn">http://www.htsc.com.cn</a>	June 22, 2021	The 2020 Work Report of the Board, the 2020 Work Report of the Supervisory Committee, the 2020 Final Financial Report, the Resolution on the 2020 Annual Report, the Resolution on the 2020 Profit Distribution, the Resolution on the Estimated Ordinary Transactions with Related Parties of the Company for 2021, the Resolution on the Estimated Investment Amount for the Proprietary Business of the Company for 2021, the Resolution on the Re-appointment of the Accounting Firm of the Company for 2021 and the Resolution on the Election of an Independent Non-executive Director of the Fifth Session of the Board of the Company have been considered and approved

Explanations on meetings of the Board and the Supervisory Committee are as follows:

Session	Convening date	Meeting form	Resolutions
The Twelfth Meeting of the Fifth Session of the Board	January 29, 2021	By means of teleconference.	To consider the resolution on the Establishment of Industrial Fund by Huatai Purple Gold Investment Co., Ltd., a wholly-owned subsidiary of the Company.
The Thirteenth Meeting of the Fifth Session of the Board	February 8, 2021	By means of teleconference.	To consider the resolution on Adjustment to the Composition of Certain Special Committees of the Fifth Session of the Board of the Company.
The Fourteenth Meeting of the Fifth Session of the Board	March 23, 2021	By means of onsite & video meetings. Address: Large Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing; Medium Conference Room, Beijing Branch Office of Huatai Securities, Floor 18, Building A, China Pacific Insurance Plaza, No. 28 Fengsheng Alley, Xicheng District, Beijing; Simulated Video Conference Room, Shanghai Branch Office of Huatai Securities, Floor 25, Poly Plaza, No. 18, Dongfang Road, Pudong New Area, Shanghai; Simulated Video Conference Room, Shenzhen Branch Office of Huatai Securities, 42/F, Fund Mansion, No. 5999 Yitian Road, Shenzhen; Simulated Video London Conference Room, Huatai Financial Holdings (Hong Kong) Limited, 62/F, The Center, 99 Queen's Road Central, Hong Kong.	<ol style="list-style-type: none"> <li>1. To consider the 2020 Work Report of the Senior Management of the Company;</li> <li>2. To consider the 2020 Final Financial Report of the Company;</li> <li>3. To consider the 2021 Financial Budget Report of the Company;</li> <li>4. To consider the proposal on the 2020 profit distribution of the Company;</li> <li>5. To consider the resolution on the Provision for Impairment of Assets;</li> <li>6. To consider the 2020 Work Report of the Board of the Company;</li> <li>7. To consider the resolution on the 2020 Annual Report of the Company;</li> <li>8. To consider the resolution on the 2020 Annual Compliance Report of the Company;</li> <li>9. To consider the resolution on the 2020 Annual Risk Management Report of the Company;</li> <li>10. To consider the resolution on the 2020 Annual Internal Control Evaluation Report of the Company;</li> <li>11. To consider the resolution on the Special Report on Information Technology Management of the Company for 2020;</li> <li>12. To consider the resolution on the 2020 Corporate Social Responsibility Report of the Company;</li> <li>13. To consider the proposal on the estimated ordinary transactions with related parties of the Company for 2021;</li> <li>14. To consider the proposal on the estimated investment amount for the proprietary business of the Company for 2021;</li> <li>15. To consider the Internal Audit Work Plan of the Company for 2021;</li> <li>16. To consider the resolution on the reappointment of the accounting firm by the Company;</li> <li>17. To consider the Resolution in Relation to the Adjustment to the Restricted Share Incentive Scheme of A Shares of the Company;</li> <li>18. To consider the Resolution on Granting Restricted A Shares to the Incentive Participants;</li> <li>19. To consider the Report on Performance Assessment and Remuneration of Directors of the Company for 2020;</li> <li>20. To consider the Report on Execution of Duty, Performance Assessment and Remuneration of the Senior Management of the Company for 2020;</li> <li>21. To consider the resolution on convening the 2020 Annual General Meeting of the Company;</li> <li>22. Debriefing of the Work Report of Independent Directors of the Company for 2020;</li> <li>23. Debriefing of the Report on Performance of Duties by the Audit Committee of the Board of the Company for 2020;</li> <li>24. Debriefing of the Work Report of the Chief Compliance Officer of the Company for 2020;</li> <li>25. Debriefing of the Work Report on Anti-money Laundering of the Company for 2020;</li> <li>26. Debriefing of the Report on Internal Audit of the Company for 2020;</li> <li>27. Review of the Report on Net Capital and Other Risk Control Indicators of the Company for 2020.</li> </ol>

Session	Convening date	Meeting form	Resolutions
The Fifteenth Meeting of the Fifth Session of the Board	April 29, 2021	By means of onsite & video meetings. Address: Large Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing; Conference Room No. 3, Research Institute, Beijing Branch Office of Huatai Securities, Floor 9, Building A, China Pacific Insurance Plaza, No. 28 Fengsheng Alley, Xicheng District, Beijing; Simulated Video Conference Room, Shanghai Branch Office of Huatai Securities, Floor 25, Poly Plaza, No. 18, Dongfang Road, Pudong New Area, Shanghai; Simulated Video Conference Room, Shenzhen Branch Office of Huatai Securities, 42/F, Fund Mansion, No. 5999 Yitian Road, Shenzhen; Simulated Video London Conference Room, Huatai Financial Holdings (Hong Kong) Limited, 62/F, The Center, 99 Queen's Road Central, Hong Kong	1. To consider the resolution on the First Quarterly Report of the Company for 2021; 2. To consider the resolution on Using Part of the Shares of Bank of Jiangsu Co., Ltd. as Deposits for Margin and Securities Refinancing.
The Sixteenth Meeting of the Fifth Session of the Board	May 20, 2021	By means of teleconference.	1. To consider the proposal on the election of independent non-executive Directors of the fifth session of the Board of the Company; 2. To consider the proposal to increase the agenda for the 2020 Annual General Meeting of the Company.
The Seventeenth Meeting of the Fifth Session of the Board	June 29, 2021	By means of teleconference.	1. To consider the resolution on the "14th Five-Year" Strategic Development Plan of the Company; 2. To consider the resolution on Adjustment to the Composition of Certain Special Committees of the Fifth Session of the Board of the Company.

Session	Convening date	Meeting form	Resolutions
The Seventh Meeting of the Fifth Session of the Supervisory Committee	February 2, 2021	By means of on-site meeting. Address: Small Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228 Middle Jiangdong Road, Nanjing	To consider the resolution on the Publicity and the Verification Opinion of the Incentive Participants of the Restricted Share Incentive Scheme of A Shares of the Company.
The Eighth Meeting of the Fifth Session of the Supervisory Committee	March 23, 2021	By means of on-site meeting. Address: Small Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228 Middle Jiangdong Road, Nanjing	1. To consider the 2020 Work Report of the Supervisory Committee; 2. To consider the proposal on the 2020 Profit Distribution of the Company; 3. To consider the resolution on the Provision for Impairment of Assets; 4. To consider the resolution on the 2020 Annual Report of the Company; 5. To consider the resolution on the 2020 Annual Internal Control Evaluation Report of the Company; 6. To consider the Resolution in Relation to the Adjustment to the Restricted Share Incentive Scheme of A Shares of the Company; 7. To consider the Resolution on Granting Restricted A Shares to the Incentive Participants; 8. To consider the Report on the Performance Assessment and Remuneration of Supervisors of the Company for 2020; 9. Debriefing of the Report on Internal Audit of the Company for 2020; 10. Debriefing of the Internal Audit Work Plan of the Company for 2021.
The Ninth Meeting of the Fifth Session of the Supervisory Committee	April 29, 2021	By means of on-site meeting. Address: Small Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228 Middle Jiangdong Road, Nanjing	To consider the resolution on the First Quarterly Report of the Company for 2021.

## II. AUDIT COMMITTEE OF THE BOARD AND AUDITING

The Audit Committee was established under the Board in accordance with the requirements of the CSRC, the Shanghai Stock Exchange, and the Listing Rules of the Hong Kong Stock Exchange. The Audit Committee of the fifth session of Board of the Company is composed of independent Directors and Directors assigned by shareholders. As of the end of the Reporting Period, the Audit Committee of the Company is composed of three members, namely Mr. Chen Zhibin, Mr. Ding Feng and Ms. AU King-chi, most of whom are independent Directors and Mr. Chen Zhibin is the chairman (convener) of the Audit Committee. The Audit Committee is responsible for the communication, supervision and verification of internal and external audits of the Company and provides professional advice to the Board.

During the Reporting Period, the Audit Committee of the Board of the Company convened four meetings, as detailed below:

1. The first meeting of the Audit Committee of the fifth session of the Board for 2021 was convened by way of on-site and video meetings on January 19, 2021, at which staff from KPMG Huazhen LLP introduced their schedule of audit work, focus of annual audit and pre-audit work in 2020.
2. The second meeting of the Audit Committee of the fifth session of the Board for 2021 was convened by means of teleconference on February 26, 2021, which considered and approved the Resolution on the Auditing Plan of the Company for 2020.
3. The third meeting of the Audit Committee of the fifth session of the Board for 2021 was convened by way of on-site and video meetings on March 19, 2021, at which the Final Financial Report of the Company for 2020, the Financial Budget Report of the Company for 2021, the Proposal on the Profit Distribution Plan

of the Company for 2020, the Resolution on the Provision for Impairment of Assets, the Resolution on the Annual Financial Statements of the Company for 2020, the Proposal on the Annual Report of the Company for 2020, the Resolution on the Internal Control Assessment Report of the Company for 2020, the Proposal on the Anticipation of Ordinary Related Party Transactions of the Company for 2021, the Proposal on the Reappointment of the Company's Accounting Firm, the Report on Performance of Duties of Audit Committee under the Board of the Company for 2020, the Special Audit Report on Related Party Transactions of the Company for 2020, and the Internal Audit Work Plan of the Company for 2021 were considered and approved, and the Audit Committee reviewed the important matters involved in the "Key Audit Matters" as set out in the annual audit report of the Company for 2020, and debriefed the Report on Internal Audit of the Company for 2020.

4. The fourth meeting of the Audit Committee of the fifth session of the Board for 2021 was convened by means of teleconference on April 28, 2021, at which the Resolution on the Financial Statements for January to March 2021 of the Company was considered and approved.

The interim financial report of the Company for 2021 prepared according to the International Financial Reporting Standards has been reviewed by KPMG in accordance with the International Standard on Review Engagements. On August 26, 2021, the Audit Committee reviewed and confirmed the Interim Results Announcement of the Group for the six months ended June 30, 2021, the Interim Report for 2021 and unaudited interim financial statements for the six months ended June 30, 2021 prepared according to the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting".

### » III. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Position	Change	Reason for Change
Ke Xiang	Non-executive Director	Elected	Elected at the 2021 First Extraordinary General Meeting
AU King-chi	Independent Director	Elected	Elected at the 2020 Annual General Meeting
Xu Qing	Non-executive Director	Resigned	Due to work arrangements, he will no longer serve as a non-executive Director of the Company
Lee Chi Ming	Independent Director	Resigned	Due to the expiration of his term, he will no longer serve as an independent Director of the Company

Notes: 1. On February 8, 2021, the Resolution on the Election of Mr. Ke Xiang as a Non-executive Director of the Fifth Session of the Board of the Company was considered and approved at the 2021 First Extraordinary General Meeting of the Company, pursuant to which Mr. Ke Xiang was elected as a non-executive Director of the fifth session of the Board of the Company. Mr. Ke Xiang has replaced Mr. Xu Qing to serve as a non-executive Director of the fifth session of the Board of the Company from February 8, 2021, and his term of office shall be ended at the end of the term of the current session of the Board.

2. On June 22, 2021, the Resolution on the Election of an Independent Non-executive Director of the Fifth Session of the Board of the Company was considered and approved at the 2020 Annual General Meeting of the Company, pursuant to which Ms. AU King-chi was elected as an independent non-executive Director of the fifth session of the Board of the Company. Ms. AU King-chi has replaced Mr. Lee Chi Ming to serve as an independent non-executive Director of the fifth session of the Board of the Company from June 22, 2021, and her term of office shall be ended at the end of the term of the current session of the Board. Upon the retirement of Mr. Lee Chi Ming, the Audit Committee of the Board of the Company only comprises two members, which temporarily shall not comply with the Rule 3.21 of the Listing Rules that (i) the Audit Committee shall have at least three members, (ii) the majority of its members shall be independent non-executive directors and (iii) the chairman shall be an independent non-executive director as required. Save for the above, the retirement of Mr. Lee Chi Ming did not cause the number of members of the Board of

the Company to fall below the statutory minimum quorum, and did not affect the normal operation of the Company and the Board of the Company. On June 29, 2021, the seventeenth meeting of the fifth session of the Board of the Company has considered and approved the Resolution in relation to the proposal on adjustment to the composition of certain special committees under the fifth session of the Board of the Company. After the adjustment to the composition of the Audit Committee, the Audit Committee of the Board of the Company comprises three members, which has fully complied with the requirements of the three aforementioned rules.

Save as disclosed above, the Company did not appoint or dismiss any Director, Supervisor and senior management during the Reporting Period. Meanwhile, there is no change of information about the Directors, Supervisors and Chief Executive which shall be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

## ➤ IV. PROPOSAL OF PROFIT DISTRIBUTION OR CAPITALIZATION FROM CAPITAL RESERVE

### Proposal of profit distribution or capitalization from capital reserve to share capital for the first half of the year

Whether to make profit distribution or capitalization of capital reserve into share capital	No
Number of bonus share per 10 shares (share)	-
Amount of cash dividend per 10 shares (Yuan) (including tax)	-
Number of shares converted per 10 shares (share)	-
Description of proposed profit distribution or capitalization from capital reserves	
When reviewing the interim report, the Board of Directors of the Company did not draft any proposal of profit distribution or proposal of capitalization from capital reserve to share capital.	

## » V. EQUITY INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVES AND THEIR IMPLICATION

Summary of event	Inspection indexes
<p>On December 31, 2020, the eleventh meeting of the fifth session of the Board and the sixth meeting of the fifth session of the Supervisory Committee of the Company have considered and approved the Resolution on the Restricted Share Incentive Scheme of A Shares of the Company (the "Incentive Scheme"), respectively, and agreed to submit it to the general meeting of the Company for consideration. On February 2, 2021, the Incentive Scheme was approved by the Jiangsu Provincial Government State-owned Assets Supervision and Administration Commission. On February 8, 2021, the 2021 First Extraordinary General Meeting of the Company has considered and approved the relevant resolution on the Incentive Scheme.</p>	<p>Announcements No. Lin 2021-001, 2021-015, 2021-016</p>
<p>On March 23, 2021, the fourteenth meeting of the fifth session of the Board and the eighth meeting of the fifth session of the Supervisory Committee of the Company have considered and approved the Resolution in Relation to the Adjustment to the Restricted Share Incentive Scheme of A Shares of the Company and the Resolution on Granting Restricted A Shares to the Incentive Participants, respectively. The Company was of the view that the grant conditions under the Incentive Scheme have been satisfied, and determined March 29, 2021 as the grant date.</p>	<p>Announcements No. Lin 2021-029, 2021-030</p>
<p>On April 7, 2021, the Company received the Certificate of Registration of Changes in Securities issued by China Securities Depository and Clearing Corporation Limited Shanghai Branch to set out the record date being April 6, 2021 and granted 45,488,000 Restricted A Shares to 810 eligible incentive participants at the Grant Price of RMB9.10 per Share. The incentive participants granted under the Incentive Scheme include the Directors, senior management and other core key employees of the Company, but exclude the non-executive Directors (including independent Directors) and Supervisors of the Company. The Company has completed the registration of the grant of the Restricted A Shares.</p>	<p>Announcement No. Lin 2021-032</p>

### Other incentives

For the employee incentives adopted by AssetMark, a controlled company of the Group, please refer to "Share-based Payment of Subsidiaries" under "Note 54(b) to the financial statements" in this report.



## ➤ VI. EMPLOYEES AND REMUNERATION POLICY

### (I) Remuneration policy

The Company attaches importance to external competitiveness and internal fairness of salary incentive, and implements a remuneration distribution system based on market standards and on performance-oriented basis. Staff remuneration of the Company consists of fixed salary, performance bonus, equity incentives and benefits system. The Company has established and implemented the restricted share incentive scheme of A Shares in accordance with national laws and regulations, which established a sound medium and long-term incentive and restraint mechanism, and created a market-oriented institutional mechanism and development platform to gather core talents.

Pursuant to relevant laws and regulations, the Company makes full payments to different types of social insurances and housing fund accounts for staff in accordance with laws. Meanwhile, the Company has established the supplementary medical insurance plan and enterprise annuity plan to improve supplementary medical care and retirement treatment of staff.

### (II) Training

In line with the development trend of industry innovation and transformation, the Company continued to centralize its training on the aspects including business innovation, employee orientation, common skills, management capability and internal trainers. The Company propelled training programs with a combination of centralized training and external training as well as on-site training and HTSC Cloud Academy training; its annual training plan was implemented smoothly. The Company built the talent development system HTalent based on the business strategy of the two-pronged and talent development strategy of empowerment of people. In the first half of 2021, the Company organized and carried out one session of training for new persons in charge of securities branches in the BAL Star Battle Camp (BAL 星戰營), one session of training for new team heads, three sessions of training for current team heads; seven sessions of Huatai STAR training program; four sessions of training for institutional RM. For online trainings, the Company organized three sessions of online training camps for investment consultants. The Company launched a total of 185 live broadcast training sessions, with over 102,000 participants via live broadcast and over 575,000 participants completed 136,000 hours of online learning through the Cloud Academy.

The Company's HTalent talent development system was committed to meeting employees' demand for dynamic development by launching the HTSC STAR project for new employees, high potential/backbone HIPO project, and manager BAL project throughout the employees' career, and investment consultants, institutional businesses, technology empowerment and other professional training programs across the entire business chain, which focused on employees' career growth and professional empowerment. The Company customized each project based on employee portraits to cater to employees' demand and provided targeted learning courses to meet their personalized development needs. It adhered to the future growth concept of Meet&Foresee, and foresaw the direction of future development of the Company's business, and the needs of employees' future ability development. It explored to establish a learning platform combining online and offline, and launched a number of online and offline training programs to accelerate the digital transformation of training development and to upgrade the functions of the Cloud Academy. It established a think tank focusing on the development of the financial industry to create high-quality knowledge. In addition, the Company created an omni-directional empowerment of symbiotic talent ecosystem, collaborating with its internal and external resources to empower internal employees and ecological partners.

### (III) Number of Employees

As of the end of June 2021, there were 11,610 employees (including dispatched workers and brokers) in the Group, of which 8,280 (including dispatched workers and brokers) were from the Parent Company.

## » VII. OTHER DESCRIPTION OF CORPORATE GOVERNANCE

As a public company listed in both domestic and overseas markets, the Company has standardised its operation in strict compliance with the requirements of relevant laws, regulations and normative documents applicable in places where the shares of the Company are listed. The Company is committed to continuously maintaining and improving corporate image in the market. During the Reporting Period, the Company was in strict compliance with the requirements of the Company Law (《公司法》), the Securities Law (《證券法》), the Regulations on Supervision and Administration of Securities Companies (《證券公司監督管理條例》), the Rules for Governance of Securities Companies (《證券公司治理準則》), and the Code of Corporate Governance for Listed Companies (《上市公司治理準則》), together with the Corporate Governance Code (《企業管治守則》) and the Corporate Governance Report (《企業管理報告》) set out in Appendix 14 to the Hong Kong Listing Rules (《香港上市規則》), and other relevant laws and regulations as well as the Articles of Association of the Company. In order to establish a modern corporate system, the Company has strengthened and refined its corporate governance structure, compliance and risk control system and internal control management system. A corporate governance structure with checks and balances has been formed, which features the separation among the shareholders' general meeting, the Board, the Supervisory Committee and senior management. Under such structure, each of the parties at various levels performs their respective functions and is held accountable for their respective responsibilities and authorization, ensuring the robust and standardised operation of the Company.

### (I) Corporate governance policies and the Board's responsibilities for corporate governance

The Company strictly followed all the principles in the Corporate Governance Code (《企業管治守則》) and the Corporate Governance Report (《企業管治報告》) as set out in Hong Kong Listing Rules (《香港上市規則》) as 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 employees and Directors;
- (5) to review the Company's compliance with the Corporate Governance Code (《企業管治守則》) and disclosure in the Corporate Governance Report (《企業管治報告》).

### (II) Compliance with the provisions under the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules

During the Reporting Period, the Company convened 2 shareholders' general meetings, 6 meetings of the Board of Directors, 3 meetings of the Supervisory Committee, 4 meetings of the Audit Committee, 1 meeting of the Compliance and Risk Management Committee, 1 meeting of the Development Strategy Committee, 1 meeting of the Remuneration and Appraisal Committee and 1 meeting of Nomination Committee. The total number of meetings convened was 19. The convening, holding and voting procedures of the general meetings, meetings of the Board of Directors and the meetings of the Supervisory Committee were legal and valid. During the Reporting Period, by continuously enhancing investor relationship management and information disclosure, the Company applied standardised and professional investor relationship management, disclosed truthful and accurate information in a complete, timely and fair manner and continuously improved the transparency of its operation and management.

According to provision of A.2.1 of the Corporate Governance Code (《企業管治守則》), the roles of the chairman and chief executive shall be separate and shall not be assumed by the same person at the same time. On December 16, 2019, in the first meeting of the fifth session of the Board, the Company elected Mr. Zhang Wei as the chairman of the fifth session of the Board and continued to appoint Mr. Zhou Yi as the chief executive officer and chairman of the Executive Committee of the Company. The Board believes that the management structure of the Company is effective and has enough checks and balances for the operation of the Company.

The Company has been striving for continuous improvement of corporate governance structure and system establishment. The Company has strengthened its corporate governance with gradual standardisation of corporate governance structure. There is no deviation of the actual performance of its corporate governance from the Company Law (《公司法》) and relevant requirements of the CSRC. Meanwhile, save as disclosed in this report, the Company was in full compliance with all the codes and provisions of the Corporate Governance Code (《企業管治守則》) as well as the Corporate Governance Report (《企業管治報告》). It also complies with substantially all of the recommended best practices as set out in the Corporate Governance Code(《企業管治守則》).

### (III) Securities transactions by Directors, Supervisors and relevant employees

During the Reporting Period, the Company adopted the Model Code as the code of conduct for securities transactions by Directors, Supervisors and relevant employees of the Company. According to the domestic regulatory requirements, the Company convened the thirteenth meeting of the third session of the Board on November 25, 2014 to consider and approve the Administrative System Regarding the Shares of the Company Held by Directors, Supervisors and Senior Management (“Administrative System”) in order to regulate the holding and trading in the shares of the Company by Directors, Supervisors and senior management. On March 6, 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 Administrative System, which were considered and approved at the sixteenth 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, all Directors, Supervisors and senior management of the Company confirmed that they 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 are well observed and to protect the interests of the shareholders. There was no breach of guidelines by relevant employees during the Reporting Period to the knowledge of the Company.

### (IV) Independent non-executive Directors

As of the end of the Reporting Period, the Company has appointed a sufficient number of independent non-executive Directors with appropriate professional qualifications, accounting or related financial management expertise in accordance with the Hong Kong Listing Rules. As of the end of the Reporting Period, the Company has appointed five independent non-executive Directors, namely Mr. Chen Chuanming, Ms. Liu Yan, Mr. Chen Zhibin, Mr. Wang Jianwen and Ms. AU King-chi.

### (V) Service contract of Directors and Supervisors

Pursuant to Rules 19A.54 and 19A.55 of the Hong Kong Listing Rules, we have entered into a contract with each of our Directors and Supervisors in respect of (among other things) the compliance of relevant laws and regulations and observance of the Articles of Association and provisions on arbitration. Save as disclosed above, the Company has not entered into and does not propose to enter into any service contract with any of the Directors or Supervisors in respect of their capacities as Directors or Supervisors (other than contracts expiring within one year or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

# ENVIRONMENT AND SOCIAL RESPONSIBILITY

## » I. Environmental Information

**(I) The Company is not in the list of severely polluting units published by the environmental protection authority**

**(II) Description of the environmental protection of enterprises excluding attention units discharging pollutants**

The Company is a financial company, which is not in the list of attention units discharging pollutants and their major subsidiaries published by the environmental protection authority. The Company entrusts qualified third-party organizations to conduct inspections for the wastewater, exhaust gases and noises of the headquarters office every year. All inspections are in line with the national standards.

For possible rainstorms, typhoons and other extreme weather events as a result of climate change, the Company issues pre-warning alerts and notices to all departments and branches in time and relevant staff immediately adopt measures on preventing wind and water logging, inspect and clear flood-discharging facilities and prepare sandbags, raincoats and other emergency equipment. Under extreme weathers, relevant staff enhance inspections on key areas and parts in preventing wind and water logging and rectify equipment failure in time.

**(III) Relevant information beneficial to protecting ecosystem, preventing pollution and performing environmental responsibilities**

1. The Company actively responds to the Nanjing Municipal Domestic Waste Management Regulations and sets household waste sorting points on each floor of Huatai Securities Square. It publicizes the concepts and practice on waste sorting among staff through pasting posters on waste sorting in striking parts of public places and playing videos on waste sorting repeatedly in elevators to create an atmosphere of "waste sorting with all participation" and form a habit of actively sorting and consciously putting waste. Office wastes of the Company are collected and transported by the property management company. Hazardous wastes such as electronic wastes, light pipes, toner cartridges and ink cartridges are recovered by qualified entities for further disposal or recycling.

2. According to the Management Measures on Motor Vehicles of the Company, new energy vehicles shall be given priority when purchasing vehicles for corporate affairs and operation of the Company to practice low-carbon and environmental operation. The underground garage of Huatai Securities Square is equipped with charging piles for new energy vehicles and electric motorcycles to encourage employees to practice green commuting and advocate green and environmental concepts.

3. For the decoration and renovation of business buildings of the Company, it takes measures such as setting the shortest decoration intervals (decoration and renovation are not allowed for those not exceeding the shortest decoration intervals except under special circumstances) and improving the quality of decoration and renovation projects to extend the life of decoration for business buildings, reduce the frequency of decoration and minimize pollution from decoration and renovation. The Company adopts new construction materials in decoration and renovation to achieve the integration of environmental protection and buildings. For curtain walls, interior furnishings and landscapes, it follows green, innovative and environmental concepts and focuses on the popularization of LED lighting with low energy consumption in office areas to save lighting power in daily office to the maximum extent. It significantly reduces the use of paint and other decoration materials and adopts environmental and paint-free materials instead. Panel furniture is widely adopted for office and it generally eliminates the use of paint furniture. Greater efforts are made in aerial detection and governance after decoration to improve the air quality in the office environment so as to create a safe and comfortable office environment for employees.

4. On July 6, 2021, Huatai Asset Management has formally signed an agreement to join the United Nations Principles for Responsible Investment (聯合國責任投資原則組織)(the “UNPRI”).

The UNPRI is committed to helping investors understand the impact of factors such as environment, social and corporate governance on investment value, and supporting each signing organizations to incorporate such factors into their investment strategies and decisions. After formally joining the UNPRI, Huatai Asset Management became the largest asset management subsidiary of a securities company in the PRC to join the organization, which marked Huatai Asset Management’s commitment to follow the six principles of the UNPRI and continue to practice the concept of responsible investment, so as to provide better services to investors.

5. In August 2021, Morgan Stanley Capital International (“MSCI”), the largest index company in the world, raised the ESG rating of Huatai Securities to Grade A, achieving upgrade for three consecutive years and reaching the leading level in the same industry around the world.

The MSCI index is the most widely used benchmark index by investment portfolio managers worldwide, and its ESG ratings are an important basis for decision-making by major investment institutions around the world. Based on publicly available market information, the rating system evaluates the sustainability performance of a company from an ESG perspective, and measures the ESG risks faced by a company, the potential opportunities for its core business and the ESG issues of general concern in the industry. This rating upgrade is a recognition of the systematic construction of ESG governance structure and active fulfillment of social responsibilities by Huatai Securities, as well as an affirmation of the Company’s ability for sustainable development in the long term. As a large securities group listed in Shanghai, Hong Kong and London, Huatai Securities will actively seize the historic opportunity of market changes, continue to increase its investment in social responsibility and ESG, and jointly contribute to the realization of green and high-quality development and “carbon neutrality”.

## (IV) Measures adopted for reducing its carbon emission during the Reporting Period and their effects

### 1. Green parks

The greening rate of Huatai Securities Square is 27.9%, which is higher than that of general business office areas. Around the concept of garden-like office, the Company consistently expanded the plantation area of green plants and focused on reducing carbon emission through developing greening in central area and creating a multi-level landscape.

The solar photovoltaic power generation system of the Company saved 37,452 kWh of electricity in the first half of 2021. Its power factors reached the incentive standards of the power supply bureau each month and was granted an incentive of approximately RMB130,000. Through the sunlight induced lighting device system, the air-conditioning ice storage system, the floor air supply system, the intelligent lighting control in office areas and other measures, the Company brought positive social benefits to the low carbon economy.

### 2. Green operation

The usable area of the data center of Huatai Securities Square is approximately 3,600 square meters and was put into production in 2015. With the target of building a green data center from the early construction to the later operation and maintenance, it has adopted various measures to improve the use efficiency of energy.

During the construction period, the machine room area adopted the high-efficient cold aisle enclosed energy-saving technology to improve the heat dissipation efficiency of equipment and enhance the utilization of cold air. During the nearly six years after being put into production, the data center consistently reduced energy consumption through technical and management means, such as adding blind plates to improve the isolation effect of hot and cold aisles; renovating and updating the return louvers of air-conditioning rooms to reduce resistance in air returning; and conducting fine management on the lighting system of the machine room.

To further improve the energy efficiency, the operation and maintenance staff carried out comprehensive analysis on the overall temperature of the data center in 2021. They found that the temperature of approximately 20% of the cold aisles, which directly face the air supply channels of air conditioners, has been relatively low for a long time. The return temperature of air-conditioners in the corresponding area was adjusted 1°C higher after various tests and adjustments, accounting for 20% of all air conditioners. The overall energy consumption of air conditioners in the data center reduced by 1.6% after the adjustment, which can reduce electricity by approximately 140,000 kWh.

### 3. Green action initiative

“Earth Hour” (地球一小時) is an environmental action initiated by the World Wide Fund for Nature (世界自然基金會) (WWF) in response to global climate change. The Company has participated in the “Earth Hour” environmental protection relay for 5 consecutive years. In the “Earth Hour” (地球一小時) event on March 27, 2021, the Company participated in the capacity of a “promotion partner” and held the star dialogue with the theme of “One Hour, One Yangtze River” online. It invited frontline experts on the project “One Yangtze River Small Fund for Wildlife Protection” and discussed with the audience on how to assist in protecting the biological diversity in the Yangtze River Basin and promote green development driven by scientific research, ecological protection, community development and the public. In addition, the Company turned off the lights of its headquarters for one hour, advocated the public to turn off unnecessary lights and electronic equipment and called for attention on environmental changes to promote sustainable development.

### 4. Developing green finance and promoting capital inflow

In February 2021, Huatai United Securities, a subsidiary of the Company, facilitated China Energy Investment

Group Co., Ltd. (國家能源投資集團有限責任公司) in successfully issuing the “Tranche 1 Green Corporate Bonds in 2021 of China Energy Investment Group Co., Ltd. (國家能源投資集團有限責任公司) (Special for Carbon Neutrality)” on the Shanghai Stock Exchange. It is the first green corporate bond for carbon neutrality on the stock exchange and the proceeds will be mainly used in the construction, operation and acquisition of certified green industrial projects with carbon emission reduction effects or the repayment of the loan of carbon neutrality projects. The Company will reduce carbon emission through energy saving, carbon emission reduction and full use of recyclable energy and consistently devote to promoting green development.

In March 2021, the “Tranche 2 Special Asset-backed Plans on Tariff Premium of Renewable Energy (Special for Carbon Neutrality)” of Longyuan Power (龍源電力) were successfully issued on the Shenzhen Stock Exchange with Huatai United Securities acting as the financial advisor. This tranche of special plans is the first special asset-backed plans on “carbon neutrality” on the stock exchange and the proceeds will be invested in the new energy industry to facilitate the achieving of the target of “carbon neutrality” and promote the construction of the low-carbon and energy-saving ecosystem.

Huatai United Securities, a subsidiary of the Company, has always been committed to responding to major national decisions on carbon emission reduction and promoting the development of green industries with financial strength and actively participating in the construction of the green financial market and the innovation of green financial products. As at the end of the Reporting Period, Huatai United Securities has successfully underwritten various “carbon neutrality” bonds in the market, including the corporate bonds on “carbon neutrality” of CHN Energy, the corporate bonds on “carbon neutrality” of China Huadian Corporation and the corporate bonds on “carbon neutrality” of Shenzhen Metro Group.

## » II. Details on Consolidation and Expansion of the Results of Poverty Alleviation, Rural Revitalization and Other Work

The Company firmly practices the ESG concepts, earnestly performs social responsibilities, consistently consolidates the results of poverty alleviation and actively contributes to rural revitalization.

1. Conducting joint Party building. The Party committee of the Company and Party organizations of local communities carried out joint building. Grass-roots Party organizations and 10 Party organizations of villages for joint building carried out joint building and interconnectivity. During the Reporting Period, the Company completed 1 practice base for CPC members and 1 patriotism education base, arranged CPC members and volunteers to visit over 100 old Red Army veteran, old CPC members and impoverished families and strived to lead rural revitalization with Party building.

2. Carrying out industrial support. The Company arranged special capitals and boosted efforts in promoting the completion of 14 joint projects under the “Ten Thousand Enterprises Connecting Ten Thousand Villages to Adhere to the Road of Rejuvenation (萬企聯萬村 共走振興路)”. Currently, the agricultural program with high-efficiency facilities in Feng County has been completed and put into production. The “futures + insurance” program on the hog production industry in Funing County and the standard steel plant program in Pei County has received support funds. The construction of beautiful countryside in Xinghua County and the construction of online channels for rice with rich selenium in Yangzhou are under orderly progress.

3. Initiating consumption support. The Company considers consumption as a key means of serving rural revitalization. During the Reporting Period, the Company purchased products for supporting the poverty alleviation in Qinghai Province with RMB453,000 in total.

4. Promoting public welfare support. During the Reporting Period, the Company worked with the Amity Foundation to launch the “Funding Program for Children in Need” on the public welfare platform of Tencent, raising RMB528,000. The Company provided life subsidies of RMB2,640 a year for each of 200 impoverished children in five schools under the “One Commonwealth Heart of Huatai One Tomorrow” project in Jinzhai and Yuexi in Anhui Province, Enshi, Hubei Province, Suqian, Jiangsu Province and Yushu, Qinghai Province to improve their learning and living conditions. It donated RMB500,000 to Halajun Township, Atushi City, Kizilsu Kirghiz Autonomous Prefecture, Xinjiang, which was special for the pilot program on the environmental renovation in Keziletao Village.



### » III. Trainings on Compliance and Ethics

In April 2021, to strengthen the perception of all employees on national security, enhance the confidential awareness of all employees on anti-money laundering and specify the responsibilities on confidentiality in anti-money laundering, the Company, with the National Security Education Day as an opportunity and focusing on the security of financial information and confidentiality in anti-money laundering information, held the “Popularization of Laws on the National Security Education Day and Trainings on Confidentiality in Anti-money Laundering Information in 2021” and arranged all employees of the Company to study.

The Amendment (XI) to the Criminal Law of the People’s Republic of China (《中華人民共和國刑法修正案(十一)》) officially came into force on March 1, 2021. The amendments to the Criminal Law followed the orientation of problems with the target of preventing and dissolving financial risks, guaranteeing financial reform and safeguarding the financial order to adapt to the reform of the registration-based IPO system with information disclosure as the core. It significantly increased criminal punishment on four crimes of securities and futures, including fraudulent issuance, disclosure of false information, provision of false documentary evidence by intermediary agencies and market manipulation, which is of significance in raising the cost of crimes of securities, protecting the legitimate interests of investors, safeguarding the market order, promoting the reform of the registration-based IPO system and guaranteeing the steady and healthy development of the capital market. To help the employees fully recognize the significance of the Amendment (XI) to the Criminal Law, the Company prepared “courses on the interpretation of crimes of securities under the Amendment (XI) to the Criminal Law” and publicity and training videos covering all employees (including part-time employees, interns and outsourcing staff) to enhance their awareness on compliance and ethics.

Meanwhile, the Company attaches great importance to integrity education. It carried out trainings on ethics and anti-corruption to enhance the employees’ awareness on integrity and regulate their work. The Company irregularly sends anti-corruption-related materials and typical cases to all employees through working groups “Discipline Inspection Working Group” and “Huatai Integrity”.

# MAJOR EVENTS

## ➤ I. PERFORMANCE OF UNDERTAKINGS

Undertakings that de facto controllers, shareholders, related parties and acquirers of the Company, the Company and other undertaking-related parties made or remained 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	Guoxin Group	Guoxin Group and its subsidiaries or associated companies will not engage in or conduct any business activities which may compete with the primary business of Huatai Securities in any way (including but not limited to self-operated, joint-ventured or associated) at any time in the future (except for Jintai Futures Co., Ltd.). For any opportunities to conduct, engage in or invest in any business that may compete with the operations of Huatai Securities available to Guoxin Group and its subsidiaries or associated companies, Guoxin Group will give such opportunities to Huatai Securities (except for Jintai Futures Co., Ltd.).	Issuing date: June 27, 2014; expiry date: in a long term	No	Yes

## ➤ II. NON-OPERATING MISAPPROPRIATION OF FUNDS OF THE COMPANY BY ANY CONTROLLING SHAREHOLDERS AND THEIR RELATED PARTIES DURING THE REPORTING PERIOD

There was no non-operating misappropriation of funds of the Company by any controlling shareholders and other related parties during the Reporting Period.

### » III. GUARANTEES IN VIOLATION OF REGULATIONS

The Company had no guarantees in violation of regulations during the Reporting Period.

### » IV. AUDIT OF INTERIM REPORT

The interim report of the Company has not been audited.

### » V. CHANGES IN AND TREATMENTS OF MATTERS INVOLVED IN NON-STANDARD AUDIT OPINION ON THE ANNUAL REPORT OF THE PREVIOUS YEAR

There was no non-standard audit opinion on the annual report of the Company for the previous year.

### » VI. BANKRUPTCY AND RESTRUCTURING

There were no bankruptcy and restructuring of the Company during the Reporting Period.

### » VII. MATERIAL LITIGATIONS AND ARBITRATIONS

During the Reporting Period, there were no material litigation and arbitration of the Company with amount involving more than RMB10 million and accounting for more than 10% of the absolute value of the audited net assets of the Company for the latest period, which are required to be disclosed by the SSE Listing Rules.

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

Summary and type of event	Query indexes
Debt dispute between the Company and Sichuan Shengda Group Co., Ltd. (四川聖達集團有限公司)	Retrieval in the 2020 annual report
Property mortgage dispute and bond default contract dispute under Huatai collective asset management program of Huatai Asset Management	Retrieval in the 2020 annual report
Stock pledged repurchase contract dispute under No. 3 Targeted Assets Management Plan on Capital Innovation of China Merchants of Huatai Asset Management	Retrieval in the 2020 annual report
Debt disputes between Huatai United Securities, Stone Group (四通集團) and Stone Group Financial Company (四通集團財務公司)	Retrieval in the 2011-2020 annual reports
Debt disputes between Huatai United Securities and Beijing Huazi Syndicated Group (北京華資銀團集團)	Retrieval in the 2011-2020 annual reports
Debt disputes between Huatai United Securities, China Huacheng Group Financial Co., Ltd. (中國華誠集團財務有限責任公司) and Huacheng Investment Management Co., Ltd. (華誠投資管理有限公司)	Retrieval in the 2011-2020 annual reports
Dispute over Magnate project between Huatai United Securities and Postal Savings Bank	Retrieval in the 2020 annual report
A considerable overloss in futures account of Zhang Xiaodong, a client of Huatai Futures	Retrieval in the 2013-2020 annual reports

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

The litigation or arbitration of the Company which was newly raised but has not been disclosed (with an involved amount of over RMB100 million) or has been disclosed but had progress during the Reporting Period.

### I. Disputes over pledged securities repurchase

Matters	Descriptions
Dispute over pledged securities repurchase between the Company, Chu Jinfu, Tang Fujun and Henan Senyuan Group Co., Ltd. (hereinafter referred to as "Senyuan Group")	Due to the breach of contract on stock pledged repurchase transaction by Chu Jinfu, the Company filed a lawsuit with the Intermediate People's Court of Nanjing in July 2020, requesting the court to order Chu Jinfu to pay the outstanding principal of RMB571.80 million and the corresponding interest, liquidated damages and the fees on the realization of creditor's rights, order Tang Fujun to undertake joint settlement obligations and order that the Company is entitled to the priority of claim for the money from the discounting, auction or sale of relevant shares, equity interests and the corresponding dividend pledged to the Company by Chu Jinfu and Senyuan Group within the scope of relevant payment obligations. On June 24, 2021, the Company received the first-instance judgment from the Intermediate People's Court of Nanjing, ruling that Chu Jinfu, the defendant, shall repay the financing principal, the interest and liquidated damages to the Company and pay the lawyer's fee. The Company is entitled to the priority of claim for the money from the discounting, auction or sale of relevant shares, equity interests and the corresponding dividend pledged to the Company by Chu Jinfu and Senyuan Group within the scope of the above payment obligations. Tang Fujun shall undertake joint responsibilities on the payment obligations of Chu Jinfu. On July 8, 2021, Senyuan Group and Tang Fujun filed an appeal. Currently, the second trial is in progress.
Dispute over pledged securities repurchase between the Company, Henan Senyuan Group Co., Ltd. and Chu Jinfu	Due to the breach of contract on stock pledged repurchase transaction by Senyuan Group, the Company filed a lawsuit with the Intermediate People's Court of Nanjing in July 2020, requesting the court to order Senyuan Group to pay the outstanding principal of RMB300 million and the corresponding liquidated damages and the fees on the realization of creditor's rights, order Chu Jinfu to undertake joint settlement obligations and order that the Company is entitled to the priority of claim for the money from the discounting, auction or sale of relevant shares, equity interests and the corresponding dividend pledged to the Company by Senyuan Group within the scope of relevant payment obligations. On June 24, 2021, the Company received the first-instance judgment from the Intermediate People's Court of Nanjing, ruling that Senyuan Group, the defendant, shall repay the financing principal and liquidated damages to the Company and pay the lawyer's fee. The Company is entitled to the priority of claim for the proceeds from the disposal of relevant shares, equity interests and the corresponding dividend pledged to the Company by Senyuan Group within the scope of the above payment obligations. Chu Jinfu shall undertake joint responsibilities on the above payment obligations of Senyuan Group. On July 8, 2021, Senyuan Group filed an appeal. Currently, the second trial is in progress.

Matters	Descriptions
Dispute over pledged securities repurchase between the Company, Han Hua and Yang Lijun	<p>Due to the breach of contract on stock pledged repurchase transaction by Han Hua, the Company filed a lawsuit with the Intermediate People's Court of Nanjing in August 2020, requesting the court to order Han Hua to pay the outstanding principal of RMB161,905,600 and the corresponding interest, liquidated damages and the fees on the realization of creditor's rights, order Yang Lijun to undertake joint settlement obligations and order that the Company is entitled to the priority of claim for the money from the discounting, auction or sale of relevant shares and the corresponding dividend pledged to the Company by Han Hua within the scope of relevant payment obligations. On June 16, 2021, the Company received the first instance judgment from the Intermediate People's Court of Nanjing, ruling that Han Hua shall pay the amount on the stock repurchase transaction and liquidated damages to the Company. The Company is entitled to the priority of claim for the proceeds from the disposal of relevant shares pledged by Han Hua. Yang Lijun shall undertake joint settlement responsibilities on the debts of Han Hua.</p>
Dispute over pledged securities repurchase between the Company, Yang Lijun and Han Hua	<p>Due to the breach of contract on stock pledged repurchase transaction by Yang Lijun, the Company filed a lawsuit with the Intermediate People's Court of Nanjing in September 2020, requesting the court to order Yang Lijun to pay the outstanding principal of RMB101,268,300 and the corresponding interest, liquidated damages and the fees on the realization of creditor's rights, order Han Hua to undertake joint settlement obligations and order that the Company is entitled to the priority of claim for the money from the discounting, auction or sale of relevant shares and the corresponding dividend pledged to the Company by Yang Lijun. On July 12, 2021, the Company received the first-instance judgment from the Intermediate People's Court of Nanjing, ruling that Yang Lijun shall pay the amount on the stock repurchase transaction and liquidated damages to the Company. The Company is entitled to the priority of claim for the proceeds from the disposal of relevant shares pledged by Yang Lijun. Han Hua shall undertake joint settlement responsibilities on the debts of Yang Lijun.</p>

## 2. Arbitration on the Dispute in relation to the Master Agreement on Bond Pledge Repurchase Transactions of Shanghai Stock Exchange between Everbright Securities Company Limited and the Company

During the Reporting Period, the Company received an arbitration document from Shanghai International Economic and Trade Arbitration Commission (Shanghai International Arbitration Center). Everbright Securities Company Limited applied to Shanghai International Economic and Trade Arbitration Commission for arbitration on the bond pledge repurchase transactions of Shanghai Stock Exchange, requesting the Company to repay the financing amount under four repurchase transactions under relevant agreements of RMB184,300,000 in total and the corresponding interest and liquidated damages. As the Company is not the repurchasing party in the repurchase transactions under the agreements involved and it is only the dealer of the repurchasing party, the Company has appointed lawyers to respond to the case. Currently, the case has not yet been heard in court.

### 3. Dispute between Huatai United Securities and investors of 16 Bright Oceans Bonds

Bright Oceans Group Co., Ltd. was approved to issue corporate bonds with a nominal value of no more than RMB2.5 billion (the "16 Bright Oceans Bonds") to qualified investors in 2015. Huatai United Securities served as the joint lead underwriter.

#### (1) Disclosed cases with new developments

On October 26, 2020, Huatai United Securities received a notice of response to action from the First Intermediate People's Court of Beijing. China Foreign Economy and Trade Trust Co., Ltd., the plaintiff, believed the bonds have breached contract and there were false and misleading statements or significant omissions in the Prospectus and the lead underwriter and the joint lead underwriter failed to perform due diligence obligations. It filed a lawsuit against the issuer, the lead underwriter and the joint lead underwriter, requesting the issuer to repay a principal of RMB45 million and interest of RMB16,481,126 and requesting the lead underwriter and the joint lead underwriter to undertake joint responsibilities.

On October 31, 2020, Huatai United Securities received a notice of response to action from the First Intermediate People's Court of Beijing. Shenzhen Rongtong Capital Management Co., Ltd., the plaintiff, filed a lawsuit against the issuer, the lead underwriter and the joint lead underwriter, requesting the issuer to repay a principal of RMB500 million, the interest and the fees on the realization of the creditor's rights with a total amount of RMB602.4 million, and requesting the lead underwriter and the joint lead underwriter to undertake joint responsibilities.

On November 5, 2020, Huatai United Securities received a notice of response to action from the First Intermediate People's Court of Beijing. CITIC Trust Co., Ltd. (中信信託有限責任公司), the plaintiff, filed a lawsuit against the issuer, the lead underwriter and the joint lead underwriter, requesting the issuer to repay a principal of RMB20 million and the interest with a total amount of RMB23,536,500, and requesting the lead underwriter and the joint lead underwriter to undertake joint responsibilities.

For the above cases, the First Intermediate People's Court of Beijing has ruled that the three cases shall be combined for trial and handed over to the Intermediate People's Court of Harbin. On August 3, 2021, the Intermediate People's Court of Harbin served a civil judgment to lawyers of the Company, ruling that the claims of the three plaintiffs have been effectively settled through bankruptcy and restructuring procedures and that the debtor-creditor relationship between the plaintiffs and the defendant have been terminated. Therefore, it rejected the claims of the plaintiffs.

#### (2) New case

On March 8, 2021, Huatai United Securities received a notice of response to action from the First Intermediate People's Court of Beijing. China Securities Funds Management Limited, the plaintiff, filed a lawsuit against the issuer, requesting the issuer to repay the principal and interest of the bond with a total amount of RMB85,684,579 and requesting the lead underwriter and the joint lead underwriter, the responsible person on the issuance, the accounting firm and the law firm to undertake joint compensation responsibilities.

The First Intermediate People's Court of Beijing made a ruling on April 25, 2021 that the case is handed over to the Intermediate People's Court of Harbin. It has not received relevant judicial documents on response to action from the Intermediate People's Court of Harbin as at the end of the Reporting Period.

### (III) Punishment and public denouncement suffered by the Company during the Reporting Period

There were no punishment and public denouncement suffered by the Company during the Reporting Period.

## » VIII. SUSPECTED VIOLATIONS OF LAWS AND REGULATIONS BY, PUNISHMENT ON AND RECTIFICATION OF THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS

During the Reporting Period, none of the Company and its Directors, Supervisors, senior management, shareholders holding over 5% of equity interest or de facto controllers were 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 the market, identified as unsuitable persons, punished by other administrative departments or publicly condemned by a stock exchange.

## » IX. INTEGRITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS DURING THE REPORTING PERIOD

During the Reporting Period, the Company and its de facto controllers maintained good faith with no such cases as non-performance of effective court judgment or overdue of relatively large liability.

## » X. MAJOR RELATED-PARTY TRANSACTIONS

Details on the related-party transactions under the relevant accounting standards can be found in note 55 to the financial statements of this report headed "Related party relationships and transactions". The Company confirmed that, except for the transaction of the participation of Huatai Purple Gold Investment in the establishment of the Partnership shown in "XII. 2. Description of major events of the subsidiaries" in this report, the related-party transactions shown in notes to the financial statements 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 those qualified as the connected transactions in Chapter 14A of the Hong Kong Listing Rules were fully in compliance with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules.

## XI. MATERIAL CONTRACTS AND PERFORMANCE THEREOF

### 1. Custody, contracting or leasing

During the Reporting Period, the Company was not engaged in any custody, contracting or leasing.

### 2. Material guarantees completed and not yet completed during the Reporting Period

Unit: 100 Million Yuan Currency: RMB

External guarantees of the Company (excluding the guarantees for subsidiaries)	
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)	-
Guarantees of the Company for its subsidiaries	
Total amount of guarantees for subsidiaries during the Reporting Period	123.02
Total balance of guarantees for subsidiaries at the end of the Reporting Period (B)	270.83
Total guarantee amount of the Company (including the guarantees for subsidiaries)	
Total guarantee amount (A+B)	270.83
Percentage of the total guarantee amount to net assets of the Company (%)	20.39
Among which:	
Amount of guarantees provided for shareholders, actual controllers and their related parties (C)	-
Amount of debt guarantees provided directly or indirectly for the guaranteed objects with an asset-liability ratio of more than 70% (D)	208.83
Excess amount of the total guarantee over 50% of the net assets (E)	-
Total amount of the three guarantees mentioned above (C+D+E)	208.83
Undue guarantees with joint and several liabilities	Bearing the principal, interest and other expenses of the bonds

#### 1. Guarantees Provided by the Company

(1) In January 2015, Huatai Asset Management was officially founded. With the steady development of the Company's asset management business and the rapid expansion of the scale of asset management, in order to ensure the risk control indicators of Huatai Asset Management meet the supervisory requirements, the Company's Shareholders' meeting reviewed and approved relevant resolutions respectively on March 30, 2015 and September 13, 2016, approved the Company to offer Huatai Asset Management a net capital guarantee with the maximum amount of RMB1.2 billion and RMB5.0 billion and promised that, whenever Huatai Asset Management needs to expand businesses, it will provide cash support within the aforesaid amount unconditionally.

On December 31, 2020, Shanghai Securities Regulatory Bureau approved the Company to terminate the commitment on the provision of net capital guarantee with an amount of RMB2.0 billion to Huatai Asset Management. As at the end of the Reporting Period, the Company provided a total net capital guarantee with the maximum amount of RMB4.2 billion to Huatai Asset Management.

(2) 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 net capital guarantee with the maximum amount of RMB1.9 billion to Huatai Asset Management. The net capital guarantee of RMB1.9 billion has not been utilized during the Reporting Period.

(3) In 2018, as approved and passed at the sixteenth meeting of the fourth session of the Board, the Company provided a net capital guarantee with the maximum amount of RMB2.0 billion to Huatai United Securities. The net capital guarantee will be available from July 1, 2019.

(4) In 2019, as considered and approved at the twentieth meeting of the fourth session of the Board, the Company (as the guarantor) entered into a guarantee agreement with Citicorp International Limited (as the trustee) for the provision of an unconditional and irrevocable guarantee of USD500 million for the bonds issued by Pioneer Reward Limited, a subsidiary of Huatai International. In 2020, as considered and approved at the second meeting of the fifth session of the Board, the Company (as the guarantor) entered into a guarantee agreement with Citicorp International Limited (as the trustee) for the provision of an unconditional and irrevocable guarantee of USD400 million for the bonds issued by Pioneer Reward Limited, a subsidiary of Huatai International.

(5) In 2020, as considered and approved at the seventh meeting of the fifth session of the Board, the Company provided a liquidity guarantee with a maximum amount of RMB2.0 billion to Huatai United Securities, which had not been utilized during the Reporting Period.

(6) In April 2021, as considered and approved at the eleventh meeting of the fifth session of the Board and the 2021 First Extraordinary General Meeting of the Company, the persons authorized by the general mandate to issue onshore and offshore debt financing instruments of the Company may sign relevant agreements, and the Company (as the guarantor) has entered into a guarantee agreement with Citicorp International Limited (as the trustee), to provide an unconditional and irrevocable guarantee respectively for USD1,300 million bonds and additional USD100 million bonds issued by Pioneer Reward Limited, a subsidiary of Huatai International.

#### 2. Guarantees Provided by the Subsidiaries

During the Reporting Period, Huatai International and its subsidiaries had provided guarantees for the benefits of their subsidiaries in connection with their business operations, which are mainly guarantees for corporate bonds, guarantees for medium-term notes, and guarantees for transactions with counterparties involving the signing of international swaps and derivatives association agreements. The aggregate guaranteed amount was approximately RMB5.314 billion as of the end of the Reporting Period.

3. The aforesaid amount of debt guarantees provided directly or indirectly for the guaranteed objects with an asset-liability ratio of more than 70% was RMB20.883 billion, including: 1) guarantee provided by the Company to Pioneer Reward Limited, a subsidiary of Huatai International, for the issuance of USD2.3 billion bonds; 2) the guarantee provided by Huatai International and its subsidiaries to meet the needs of the business operation of their subsidiaries.

Conditions of guarantees



### 3 Other material contracts

(1) According to the SSE Listing Rules and the Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No.3-Contents and Formats of Interim Report (Revised in 2021)(《公開發行證券的公司信息披露內容與格式準則第3號-半年度報告的內容與格式(2021年修訂)》), the Group did not enter into material contracts during the Reporting Period.

(2) There was no progress of relevant material contracts disclosed during the Reporting Period.

## » XII. DESCRIPTION OF OTHER MAJOR EVENTS

### 1. Establishment, relocation and cancellation of securities branches and branches during the Reporting Period

(1) Newly-established securities branches of the Company during the Reporting Period:

No.	Name	Location	Date of establishment	Business scope
1	Securities Branch of Huatai Securities Co., Ltd. in Ganzhou M&A Fund Park	Ganzhou, Jiangxi province	May 25, 2021	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; agency sale of securities investment funds; agency sale of financial products.

(2) Relocation of branches during the Reporting Period:

No.	Name before relocation	Name after relocation	Address after relocation	Issue Date of License
1	Sichuan Branch	Sichuan Branch	Rooms 2503, 2504, 2505, 2506, 2507 and 2508, 25/F, Unit 1, Building 1, China Overseas Chinese Financial Center, No.33, Jiaozi Avenue, Hitech Zone, Chengdu, China (Sichuan) Pilot Free Trade Zone	November 16, 2020

## (3) Relocation of securities branches during the Reporting Period:

No.	Name before relocation	Name after relocation	Address after relocation	Issue Date of License
1	Securities Branch in Dongfang Road, Danyang, Zhenjiang	Securities Branch in Fenghuang Road, Danyang, Zhenjiang	No.16-1 to 16-3, Fenghuang Road, Development Zone, Danyang	January 12, 2021
2	Securities Branch in Renmin Middle Road, Nantong	Securities Branch in Renmin Middle Road, Nantong	East Half of Jinxin Mansion, No. 79, Renmin Middle Road, Chongchuan District, Nantong	January 12, 2021
3	Securities Branch in Renmin South Road, Chengdu	Securities Branch in Renmin South Road, Chengdu	Room 703, 7/F, Unit 1, Building 1, New Hope Mansion, No. 45, Section 4, Renmin South Road, Wuhou District, Chengdu	January 25, 2021
4	Securities Branch in Haide Third Avenue, Shenzhen	Securities Branch in China Resources Building, Keyuan South Road, Shenzhen	L1805, L1806 China Resources Building, No. 2666, Keyuan South Road, Haizhu Community, Yuehai Sub-district, Nanshan District, Shenzhen	January 25, 2021
5	Securities Branch in Wangyuan South Road, Fengxian District, Shanghai	Securities Branch in Wangyuan South Road, Fengxian District, Shanghai	No.46, 47, 48 and 49, Miaoqing New Village, Fengxian District, Shanghai	January 27, 2021
6	Securities Branch in Xinnan First Avenue, High and New-tech Zone, Shenzhen	Securities Branch in China Resources Land Building, Shennan Avenue, Shenzhen	Rooms 2904, 2905 and 2906, Block D, China Resources Land Building, No. 19, Kefa Road, Dachong Community, Yuehai Sub-district, Nanshan District, Shenzhen	January 27, 2021
7	Securities Branch in Qingnian Road, Xuzhou	Securities Branch in Huaihai East Road, Xuzhou	No.165, 1/F, Rooms 2102-2105, Unit A, Suning Plaza, No.29, Huaihai East Road, Gulou District, Xuzhou City	March 8, 2021
8	Securities Branch in Shanghai Dongfang Road, Nantong	Securities Branch in Shanghai Dongfang Road, Nantong	Room 101, Building 2, Jinhai Garden, Development Zone, Nantong City	March 5, 2021
9	Securities Branch in Kaifeng North Road, Zhongjiang County, Deyang	Securities Branch in Diamond Plaza, Changjiang West Road, Deyang	A2, A3, A4, A5, A6, 5/F, Building 1, Diamond Plaza, No.29, Section 2, Changjiang West Road, Deyang, Sichuan province	March 31, 2021
10	Securities Branch in Guangzhou Road, Nanjing	Securities Branch in Wenlan Road, Nanjing	No.6, Wenlan Road, Xianlin Higher Education Mega Center, Qixia District, Nanjing	April 7, 2021
11	Securities Branch in Zhongshan North Road, Nanjing	Securities Branch in Zhenghe Middle Road, Nanjing	Room 902, 9/F, Building D, Nanjing Yangtze River International Shipping Center, No.118, Zhenghe Middle Road; No.3-15-2, Yongning Street, Gulou District, Nanjing	April 19, 2021

No.	Name before relocation	Name after relocation	Address after relocation	Issue Date of License
12	Securities Branch in Zhongtai Road, Nanning	Securities Branch in Minzu Avenue, Nanning	Rooms 702-704, 7/F, South Office Building, Nanning China Resources Center, No.136-5, Minzu Avenue, Qingxiu District, Nanning	April 29, 2021
13	Securities Branch in Jiefang Road, Nanjing	Securities Branch in Daguang Road, Nanjing	Room 202A, Guanghua Mansion, No.39, Daguang Road, Qinhuai District, Nanjing	May 25, 2021
14	Securities Branch in Tianhe East Road, Guangzhou	Securities Branch in Xingmin Road, Guangzhou	Rooms 906-911, The Third of No.222, Xingmin Road, Tianhe District, Guangzhou	May 28, 2021
15	Securities Branch in Hongri Avenue, Lianshui, Huaian	Securities Branch in Hongri Avenue, Lianshui, Huaian	Room 104, Building Z02, Xin Lian Yi Pin, Zhong Lian One City, Lianshui County, Huaian	June 17, 2021
16	Securities Branch in Gannan Road, Lanzhou	Securities Branch in Donggang West Road, Lanzhou	4/F, Changye Golden Villa, No.621, Donggang West Road, Chengguan District, Lanzhou City, Gansu Province	June 24, 2021

## 2. Description of major events of the subsidiaries

### (1) Huatai Purple Gold Investment

Huatai Purple Gold Investment entered into a partnership agreement with three companies, including Jiangsu Investment Management Co., Ltd., a wholly-owned subsidiary of Guoxin Group, to establish Nanjing Huatai Guoxin Medical Investment Partnership (Limited Partnership) (the "Partnership"). According to the agreement, the total subscription scale is RMB3,000 million. During the Reporting Period, the Board of the Company approved the participation of Huatai Purple Gold Investment in the investment in and establishment of the Partnership. Huatai Purple Gold Investment, as the fund manager, an executive partner and a general partner, has contributed RMB600 million. As of the end of the Reporting Period, Huatai Purple Gold Investment has paid-in capital of RMB60 million.

During the Reporting Period, Huatai Purple Gold Investment has contributed additional RMB87 million to Jiangsu Purple Gold Cloud Healthy Industry Investment Partnership (Limited Partnership) (江蘇紫金弘雲健康產業投資合夥企業(有限合夥)) sponsored and established by it. As of the end of the Reporting Period, Huatai Purple Gold Investment has paid-in capital of RMB232 million.

### (2) Huatai International

During the Reporting Period, AssetMark Financial, Inc., a subsidiary of Huatai International, registered and established Gossamer Merger Sub, Inc. as its wholly-owned subsidiary, and deregistered OBS Financial Services, Inc., its subsidiary, in Delaware, USA.

### (3) Huatai Futures

During the Reporting Period, Huatai Capital Management (Hong Kong) Limited, an overseas subsidiary of Huatai Futures, increased its investments in its wholly-owned subsidiaries namely Huatai (Hong Kong) Futures Limited and Huatai Financial USA, Inc. by HK\$6 million and HK\$3 million, respectively.

In August 2021, Huatai Futures appointed Mr. Zhao Changtao as the general manager.

#### (4) Jiangsu Equity Exchange

During the Reporting Period, Jiangsu Equity Exchange held a board meeting, at which Mr. Sun Hanlin was elected as chairman of the third session of the board of directors of the company for a term ending at the expiry of the current session of the board of directors.

**3. For other major events disclosed by 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](http://www.sse.com.cn)) during the Reporting Period, please refer to the appendix**

#### **4. The Company's communication with its shareholders and the investor relations management during the Reporting Period**

Investor relations management is one of the most important tasks for the normative development and legitimate operation of the Company, and is highly valued by the Board of the Company. The Company planned, arranged and organized various activities for the management of investor relations with a strong sense of responsibility, including coordinating on-site interviews to the Company, keeping in contact with regulatory authorities, investors, intermediary agencies and news media, etc.

During the Reporting Period, the Company updated in a timely manner information on the "Investor Relations" column on the Company's website, and answered inquiries from investors of the interactive E-platform on the website of the Shanghai Stock Exchange. The Company has received 14 batches of onsite investigations and surveys or telephone interviews conducted by around 47 researchers and investment professionals from a number of domestic and overseas brokers, fund companies and other organizations during the first half of 2021, and also has earnestly provided daily consulting services for investors and answered their questions in detail. Meanwhile, to assist the announcement of periodic reports, the Company held one results presentation and one briefing on performance of the interactive E-platform, proactively attended strategy seminars and investment forums held by domestic or overseas securities institutions, which total 2 times during the first half of 2021, and had full communications with investors and researchers on issues such as the development trend of the industry, and the operating results and business development strategy of the Company, which has effectively promoted the investors and researchers' in-depth understanding of the business condition and performance of the Company, completely marketed the development advantages of the Company, and effectively guided the market expectations. The Company persisted in inducing and analyzing various questions proposed by institutional investors and researchers, so as to continuously improve the professionalism, normalization and quality of the investor relations management of the Company.

The Company's reception of investigations and surveys, communications and interviews in the first half of 2021 is as follows:

No.	Date of reception	Place of reception	Way of reception	Guests	Major topics discussed and information provided
1	January 20, 2021	Hong Kong Office	Telephone interview	Fidelity Funds (1 person-time)	
2	January 20, 2021	Hong Kong Office	Telephone interview	M&G Asset Management (1 person-time)	
3	January 27, 2021	Hong Kong Office	Telephone interview	CLSA (1 person-time)	
4	March 30, 2021	The headquarters of the Company	Telephone interview	Schroders Group (4 person-times)	
5	March 30, 2021	The headquarters of the Company	On-site interview	Rosefinch Fund, Guotai Asset Management, Harvest Fund, etc. (13 person-times)	
6	April 8, 2021	Shanghai Office	On-site interview	Rosefinch Fund (2 person-times)	Business development, innovative business and long-term development strategy of the Company, etc.
7	April 12, 2021	Shanghai Office	On-site interview	APS Asset Management (2 person-times)	
8	April 12, 2021	Shanghai Office	On-site interview	CPIC AMC (1 person-time)	
9	May 12, 2021	Shenzhen Office	Telephone interview	Fidelity Funds (1 person-time)	
10	May 13, 2021	Shenzhen Office	On-site interview	Dacheng Fund (1 person-time)	
11	May 21, 2021	The headquarters of the Company	On-site interview	China Merchants Fund (1 person-time)	
12	May 27, 2021	Hong Kong Office	Telephone interview	HSBC (3 person-times)	
13	June 3, 2021	Hong Kong Office	Telephone interview	Ping An Securities, Soochow Securities (2 person-times)	
14	June 23, 2021	Hong Kong Office	Telephone interview	Prime Capital, WT Capital, etc. (14 person-times)	

The Company's participation in strategy seminars and investment forums held by domestic or overseas securities institutions in the first half of 2021 is as follows:

No.	Date of reception	Meeting name	Way of reception	Guests	Major topics discussed and information provided
1	January 21, 2021	UBS GCC 2021	Telephone interview	UBS Wealth Management, APS Asset Management, Nomura Asset Management, etc. (18 person-times)	Business highlights, operations and financial performance, and long-term strategic planning of the Company
2	June 1, 2021	CITIC Securities 2021 Capital Market Forum	On-site interview	Dacheng Fund, Harvest Fund, Springs Capital, etc. (28 person-times)	

# CHANGES IN SHARES AND SHAREHOLDERS

## » I. CHANGES IN SHARE CAPITAL

### (I) Statement of changes in shares

#### 1. Statement of changes in shares

Unit: Shares

	Before the change		Increase/decrease (+, -) of the change					After the change	
	Number	Percentage (%)	New shares issued	Bonus shares	Shares converted from reserves	Others	Subtotal	Number	Percentage (%)
<b>I. Shares subject to selling restrictions</b>	-	-	-	-	-	45,488,000	45,488,000	45,488,000	0.50
1. Shares held by the state	-	-	-	-	-	-	-	-	-
2. Shares held by state-owned legal persons	-	-	-	-	-	-	-	-	-
3. Shares held by other domestic investors	-	-	-	-	-	-	-	-	-
Including: Shares held by domestic non state-owned legal persons	-	-	-	-	-	-	-	-	-
Shares held by domestic natural persons	-	-	-	-	-	45,488,000	45,488,000	45,488,000	0.50
4. Shares held by foreign investors	-	-	-	-	-	-	-	-	-
Including: Shares held by overseas legal persons	-	-	-	-	-	-	-	-	-
Shares held by overseas natural persons	-	-	-	-	-	-	-	-	-

	Before the change		Increase/decrease (+, -) of the change					After the change	
	Number	Percentage (%)	New shares issued	Bonus shares	Shares converted from reserves	Others	Subtotal	Number	Percentage (%)
<b>II. Tradable shares not subject to selling restrictions</b>	9,076,650,000	100.00	-	-	-	-45,488,000	-45,488,000	9,031,162,000	99.50
1. Ordinary shares in RMB	7,357,604,320	81.06	-	-	-	-45,488,000	-45,488,000	7,312,116,320	80.56
2. Domestic listed foreign shares	-	-	-	-	-	-	-	-	-
3. Overseas listed foreign shares	1,719,045,680	18.94	-	-	-	-	-	1,719,045,680	18.94
4. Others	-	-	-	-	-	-	-	-	-
<b>III. Total shares</b>	9,076,650,000	100.00	-	-	-	-	-	9,076,650,000	100.00

## 2. Information on changes in shares

During the Reporting Period, the Company completed the registration of the grant of restricted A Shares. 45,488,000 restricted A Shares granted to incentive participants were changed from tradable shares not subject to selling restrictions to shares subject to selling restrictions, and the source of shares was ordinary A Shares repurchased by the Company from secondary market.

## 3. Other contents that the Company deemed necessary or the securities regulatory authorities required to disclose

On July 6, 2021, Guoxin Group notified the Company that Guoxin Group increased its holding of H Shares in the Company by 2,363,600 shares via Southbound Trading, accounting for approximately 0.0260% of the Company's total shares. After the increase in shareholding, Guoxin Group held 1,351,597,036 shares of the Company, accounting for approximately 14.8909% of the Company's total shares. Guoxin Group intended to continue to increase its holding of H Shares of the Company via Southbound Trading within the next six months from the date of the increase in shareholding, with the increased shareholding percentage in aggregate not less than 0.1102% (10 million shares) of the Company's total shares and not higher than 0.5% of the Company's total shares (inclusive of this increase in shareholding). (See Shanghai Stock Exchange announcement 2021-045 for details)

On July 8, 2021, Guoxin Group notified the Company that Guoxin Group increased its holding of H Shares in the Company by 7,824,600 shares in aggregate via Southbound Trading during the period from July 6 to July 8, 2021, which exceeded 50% of the lower limit of the shareholding increase plan. After the increase in shareholding, Guoxin Group held 1,357,058,036 shares of the Company, accounting for 14.9511% of the Company's total shares. (See Shanghai Stock Exchange announcement 2021-046 for details)

**(II) Changes in shares subject to selling restrictions**

Unit: Shares

Name of shareholder	Number of shares subject to selling restrictions at the beginning of the Reporting Period	Number of shares released from selling restrictions during the Reporting Period	Increase in the number of shares subject to selling restrictions during the Reporting Period	Number of shares subject to selling restrictions at the end of the Reporting Period	Reasons for selling restrictions	Date of release from selling restrictions
Incentive participants of restricted A Shares	-	-	45,488,000	45,488,000	Incentive scheme of restricted A Shares	See note for details
Total	-	-	45,488,000	45,488,000	/	/

Note: The unlocking period and unlocking schedule of each period of the restricted shares granted under the incentive scheme are set out below:

Unlocking Arrangement	Unlocking Period	Unlocking proportion
The first unlocking period	Commencing from the first trading day upon the expiry of 24 months from the date of completion of registration for the grant of the corresponding portion of the restricted shares to the last trading day of 36 months from the date of completion of registration for the grant of the restricted shares	33%
The second unlocking period	Commencing from the first trading day upon the expiry of 36 months from the date of completion of registration for the grant of the corresponding portion of the restricted shares to the last trading day of 48 months from the date of completion of registration for the grant of the restricted shares	33%
The third unlocking period	Commencing from the first trading day upon the expiry of 48 months from the date of completion of registration for the grant of the corresponding portion of the restricted shares to the last trading day of 60 months from the date of completion of registration for the grant of the restricted shares	34%

**» II. INFORMATION ON SHAREHOLDERS****(I) Total number of shareholders:**

Total number of shareholders of ordinary shares as of the end of the Reporting Period	346,778
Total number of shareholders of preferred shares whose voting rights have been restored as of the end of the Reporting Period	-

Among the total number of shareholders of ordinary shares as of the end of the Reporting Period, the number of shareholders of A Shares amounted to 339,243 and the number of registered shareholders of H Shares amounted to 7,535.



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

Unit: Shares

Shareholding of top ten shareholders							
Name of shareholder (in full)	Increase/decrease during the Reporting Period	Number of shares held as at the end of the Reporting Period	Percentage (%)	Number of shares held subject to selling restrictions	Pledged, marked or frozen shares		Nature of shareholder
					Status of shares	Number of shares	
HKSCC Nominees Limited	-87,937,200	1,483,151,327	16.34	-	Nil	-	Foreign legal person
Jiangsu Guoxin Investment Group Limited	-	1,349,233,436	14.86	-	Nil	-	State-owned legal person
Jiangsu Communications Holding Co., Ltd.	5,000,000	489,065,418	5.39	-	Nil	-	State-owned legal person
Govtor Capital Group Co., Ltd.	-	356,233,206	3.92	-	Nil	-	State-owned legal person
Alibaba (China) Technology Co., Ltd.	-	268,199,233	2.95	-	Nil	-	Domestic non state-owned legal person
Hong Kong Securities Clearing Company Limited	-48,020,163	227,399,485	2.51	-	Nil	-	Foreign legal person
Jiangsu SOHO Holdings Group Co., Ltd.	6,614,245	160,019,699	1.76	-	Nil	-	State-owned legal person
China Securities Finance Corporation Limited	-93,814,073	152,906,738	1.68	-	Nil	-	Unknown
Jiangsu Hiteker High-tech Co., Ltd.	-	123,169,146	1.36	-	Unknown	123,169,146	Domestic non state-owned legal person
Essence Securities – China Merchants Bank – Essence Securities Dingzengbao No. 1 Collective Asset Management Program	-79,931,176	118,743,891	1.31	-	Nil	-	Unknown

Shareholding of top ten holders of shares not subject to selling restrictions			
Name of shareholder	Number of tradable shares held not subject to selling restrictions	Class and number of shares	
		Class	Number
HKSCC Nominees Limited	1,483,151,327	Overseas listed foreign shares	1,483,151,327
Jiangsu Guoxin Investment Group Limited	1,349,233,436	Ordinary shares in RMB	1,271,072,836
		Overseas listed foreign shares	78,160,600
Jiangsu Communications Holding Co., Ltd.	489,065,418	Ordinary shares in RMB	452,065,418
		Overseas listed foreign shares	37,000,000
Govtor Capital Group Co., Ltd.	356,233,206	Ordinary shares in RMB	342,028,006
		Overseas listed foreign shares	14,205,200
Alibaba (China) Technology Co., Ltd.	268,199,233	Ordinary shares in RMB	268,199,233
Hong Kong Securities Clearing Company Limited	227,399,485	Ordinary shares in RMB	227,399,485
Jiangsu SOHO Holdings Group Co., Ltd.	160,019,699	Ordinary shares in RMB	56,997,299
		Overseas listed foreign shares	103,022,400
China Securities Finance Corporation Limited	152,906,738	Ordinary shares in RMB	152,906,738
Jiangsu Hiteker High-tech Co., Ltd.	123,169,146	Ordinary shares in RMB	123,169,146
Essence Securities – China Merchants Bank – Essence Securities Dingzengbao No.1 Collective Asset Management Program	118,743,891	Ordinary shares in RMB	118,743,891
Description of special repurchase accounts for the top ten shareholders	There are no special repurchase accounts for the top ten shareholders		
Description of the voting rights entrusted by the above shareholders, the voting rights the above shareholders are entrusted with and the voting rights the above shareholders abstained from	There are no voting rights entrusted by the above shareholders, the voting rights the above shareholders are entrusted with and the voting rights the above shareholders abstained from		
Description of the related party relationships or acting in concert among the above shareholders	Guoxin Group, Communications Holding, Govtor Capital and Jiangsu SOHO Holdings Group Co., Ltd. are wholly owned by Jiangsu SASAC. Apart from the above, the Company is not aware of any related party relationship among other shareholders or whether such shareholders are parties acting in concert as specified in the Regulations on the Takeover of Listed Companies.		
Explanation of shareholders of preferred shares with restored voting rights and the number of shares held by them	There are no shareholders of preferred shares of the Company		

Notes: 1. The class of shareholders of ordinary shares in RMB (A Shares) represents the class of accounts held by them registered with Shanghai Branch of China Securities Depository and Clearing Corporation Limited.

2. Among the holders of overseas listed foreign shares (H Shares) of the Company, shares of non-registered shareholders are held by HKSCC Nominees Limited on their behalf. As of the end of the Reporting Period, Guoxin Group, Communications Holding, Govtor Capital and Jiangsu SOHO Holdings Group Co., Ltd. acquired, via Southbound Trading, 78,160,600 shares, 37,000,000 shares, 14,205,200 shares and 103,022,400 shares of the Company's H Shares, respectively, which are also being held by HKSCC Nominees Limited. These shares are specifically and separately listed at the time of disclosure of this report; should such shares be included, the actual number of shares held by HKSCC Nominees Limited on their behalf would have been 1,715,539,527 shares, representing 18.90% of the Company's total shares.

3. Hong Kong Securities Clearing Company Limited is the nominal holder of the A Shares of the Company held by the investors in Northbound Trading under Shanghai-Hong Kong Stock Connect.

4. Citibank, National Association is the depository of the Company's GDRs, and the domestic underlying A Shares represented by the GDRs are legally registered under its name. According to the statistics provided by the depository, the Company had a total of 1,032,393 GDRs in the duration period as of the end of the Reporting Period, accounting for 1.25% of the approved number of issuance by the CSRC.

## Number of shares held by top ten holders of shares subject to selling restrictions and relevant selling restrictions

Unit: Shares

No.	Name of holders of shares subject to selling restrictions	Number of shares held subject to selling restrictions	Listing and trading of shares subject to selling restrictions		Selling restrictions
			Permitted time for listing and trading	Number of additional shares permitted to be listed and traded	
1	Zhou Yi	720,000	See note for details	–	See note for details
2	Han Zhencong	600,000	See note for details	–	See note for details
3	Li Shiqian	600,000	See note for details	–	See note for details
4	Sun Hanlin	600,000	See note for details	–	See note for details
5	Jiang Jian	600,000	See note for details	–	See note for details
6	Zhang Hui	600,000	See note for details	–	See note for details
7	Chen Tianxiang	600,000	See note for details	–	See note for details
8	Jiao Xiaoning	500,000	See note for details	–	See note for details
9	Jiao Kai	500,000	See note for details	–	See note for details
10	Wang Chong	500,000	See note for details	–	See note for details
Description of the related party relationships or acting in concert among the above shareholders		The Company is not aware of any related party relationship or acting in concert arrangement			

Note: The above shares subject to selling restrictions represent the shares granted by the Company to the incentive participants due to the implementation of incentive scheme of restricted A Shares. Details of listing and trading of shares subject to selling restrictions and selling restrictions are available in the Incentive Scheme of Restricted A Shares disclosed by the Company on the website of the Shanghai Stock Exchange on February 9, 2021.

### (III) A strategic investor or common legal person who became one of the top ten shareholders as a result of subscription for new shares allotted to them

During the Reporting Period, the Company did not have any strategic investor or common legal person who became one of the top ten shareholders as a result of subscription for new shares allotted to them.

### » III. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

Unit: Shares

Name	Position (Note)	Number of shares held at the beginning of the Reporting Period	Number of shares held at the end of the Reporting Period	Increase/ decrease in the number of shares during the Reporting Period	Reasons for increase/ decrease
Zhou Yi	CEO, chairman of the Executive Committee, executive Director	-	720,000	720,000	Option incentive
Li Shiqian	Member of the Executive Committee	-	600,000	600,000	Option incentive
Sun Hanlin	Member of the Executive Committee	-	600,000	600,000	Option incentive
Jiang Jian	Member of the Executive Committee	-	600,000	600,000	Option incentive
Zhang Hui	Member of the Executive Committee	-	600,000	600,000	Option incentive
Chen Tianxiang	Member of the Executive Committee	-	600,000	600,000	Option incentive
Jiao Xiaoning	Chief financial officer	-	500,000	500,000	Option incentive
Jiao Kai	Chief compliance officer, general legal counsel	-	500,000	500,000	Option incentive
Wang Chong	Chief risk officer	-	500,000	500,000	Option incentive

## (II) Option incentive granted to Directors, Supervisors and senior management during the Reporting Period

*Unit: Shares*

Name	Position	Number of restricted shares held at the beginning of the period	Number of restricted shares newly granted during the Reporting Period	Unlocked shares	Locked shares	Number of restricted shares held at the end of the period
Zhou Yi	CEO, chairman of the Executive Committee, executive Director	-	720,000	-	720,000	720,000
Li Shiqian	Member of the Executive Committee	-	600,000	-	600,000	600,000
Sun Hanlin	Member of the Executive Committee	-	600,000	-	600,000	600,000
Jiang Jian	Member of the Executive Committee	-	600,000	-	600,000	600,000
Zhang Hui	Member of the Executive Committee	-	600,000	-	600,000	600,000
Chen Tianxiang	Member of the Executive Committee	-	600,000	-	600,000	600,000
Jiao Xiaoning	Chief financial officer	-	500,000	-	500,000	500,000
Jiao Kai	Chief compliance officer, general legal counsel	-	500,000	-	500,000	500,000
Wang Chong	Chief risk officer	-	500,000	-	500,000	500,000
Total	/	-	5,220,000	-	5,220,000	5,220,000

## ▶ IV. CHANGES IN CONTROLLING SHAREHOLDERS OR DE FACTO CONTROLLERS

During the Reporting Period, there was no change in controlling shareholders or de facto controllers of the Company.

## » V. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of June 30, 2021, as far as the Company and the Directors were aware after making all reasonable enquiries, the following persons (other than the Directors, Supervisors or chief executives of the Company) held interests or short positions in 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:

Name of substantial No. shareholders	Class of shares	Nature of interests	Number of shares held (share)	Percentage of the total issued shares of the Company (%)	Percentage of the total issued A Shares/ H Shares of the Companyn (%)	Long position (Note 2)/ short position (Note 3)/ shares available for lending
1 Jiangsu Guoxin Investment Group Limited	A Shares	Beneficial owner (Note 1)	1,271,072,836	14.00	17.28	Long position
	H Shares (Southbound Trading)	Beneficial owner (Note 1)	78,160,600	0.86	4.55	Long position
2 Jiangsu Communications Holding Co., Ltd.	A Shares	Beneficial owner (Note 1)	452,065,418	4.98	6.14	Long position
	H Shares (Southbound Trading)	Beneficial owner (Note 1)	37,000,000	0.41	2.15	Long position
3 Jiangsu SOHO Holdings Group Co., Ltd.	A Shares	Beneficial owner (Note 1)	56,997,299	0.63	0.77	Long position
	H Shares (Southbound Trading)	Interests of controlled corporations (Note 1)	26,938,200	0.30	1.57	Long position
4 Rosefinch Fund Management Co., Ltd.	H Shares (Southbound Trading)	Persons acting in concert as one of the parties to the purchase agreement described in Section 317(1)(a)(Note 1)	114,309,400	1.26	6.65	Long position

Name of substantial No. shareholders	Class of shares	Nature of interests	Number of shares held (share)	Percentage of the total issued shares of the Company (%)	Percentage of the total issued A Shares/ H Shares of the Companyn (%)	Long position (Note 2)/ short position (Note 3)/ shares available for lending
5 Citigroup Inc.	H Shares	Interests of controlled corporations, approved lending agent (Note 1)	87,884,862	0.97	5.11	Long position
	H Shares	Interests of controlled corporations (Note 1)	452,600	0.005	0.02	Short position
	H Shares	Approved lending agent (Note 1)	86,210,689	0.95	5.01	Shares available for lending

Note 1: According to the information disclosed on the websites of HKEX ([www.hkex.com.hk](http://www.hkex.com.hk)) and China Securities Depository and Clearing Corporation Limited ([www.chinaclear.cn](http://www.chinaclear.cn)). Under Section 336 of the SFO, forms disclosing 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 unless certain conditions are satisfied. Therefore, there could be differences between substantial shareholders' latest shareholdings in the Company and the shareholding information reported to the Hong Kong Stock Exchange.

Jiangsu SOHO Holdings Group Co., Ltd. directly held a long position in 103,022,400 H Shares of the Company, and, through its controlled corporation (namely Jiangsu SOHO International Group Corp. (江蘇蘇豪國際集團股份有限公司)), indirectly held a long position in 26,938,200 H Shares of the Company.

Citigroup Inc., through a series of its controlled corporations, indirectly held a long position in 87,884,862 H Shares of the Company, of which 86,210,689 shares were held in the capacity of approved lending agent, and a short position in 452,600 H Shares of the Company.

Note 2: A shareholder has a "long position" if such shareholder has interests in shares, including interests through holding, writing or issuing financial instruments (including derivatives), under which such shareholder (i) has a right to purchase the underlying shares; (ii) is under an obligation to purchase the underlying shares; (iii) has a right to receive payments if the price of the underlying shares increases; or (iv) 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 such shareholder (i) has a right to require another person to purchase the underlying shares; (ii) is under an obligation to deliver the underlying shares; (iii) has a right to receive payments if the price of the underlying shares declines; or (iv) 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 executives of the Company) having any interests or short positions in the shares or underlying shares of the Company as at June 30, 2021, which shall be recorded in the register pursuant to Section 336 of the SFO.

## » VI. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As of June 30, 2021, based on the information obtained by the Company and the knowledge of the Directors, the following Directors, Supervisors and chief executives of the Company have interests and short positions that shall be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests or short positions which they are taken or deemed to have under such provisions of the SFO), or shall be notified to the Company and the Hong Kong Stock Exchange pursuant to Section 352 of the SFO in the shares, underlying shares or debentures of the Company or its associated corporations (as defined in Part XV of the SFO).

As of the end of the Reporting Period, details on the restricted shares granted to some Directors of the Company due to the Company's implementation of the Restricted Share Incentive Scheme of A Shares are as follows:

No.	Name	Class of shares	Nature of interests	Number of shares held (share)	Percentage of the total issued shares of the Company (%)	Percentage of the total issued A Shares/H Shares of the Company (%)	Long position/ short position/ shares available for lending
1	Zhou Yi	A Shares	Beneficial owner	720,000	0.008	0.010	Long position

Save as disclosed above, as at June 30, 2021, the Company was not aware of any other Directors, Supervisors or chief executives of the Company having any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations, 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 (including interests or short positions which were taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to section 352 of the SFO, to be recorded in the register of interests, or which shall, pursuant to the Model Code, be notified to the Company and the Hong Kong Stock Exchange.



## » VII. REPURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

On January 8, 2021, the Company repurchased 2,675,500 A Shares through centralized auction trading, and thus the repurchase was completed. 90,766,495 A Shares had actually been repurchased, accounting for 0.9999999% of the total share capital of the Company. The maximum repurchase price was RMB23.08 per share, the lowest repurchase price was RMB17.19 per share and the average repurchase price was RMB18.46 per share. The total amount of funds used was RMB1,675,361,296.88 (excluding transaction costs). There existed no difference between the actual implementation of such A Shares repurchase scheme and the share repurchase scheme originally disclosed, and the Company had completed the repurchase according to the disclosed scheme. (See Shanghai Stock Exchange announcement 2021-007 for details)

Save for the above circumstances, the Company and its subsidiaries did not repurchase, sell or redeem any listed securities of the Company and its subsidiaries during the Reporting Period.

## » VIII. INFORMATION ON PREFERRED SHARES

During the Reporting Period, the Company had no preferred shares.

# RELEVANT INFORMATION OF BONDS

## ➤ I. ENTERPRISE BONDS, CORPORATE BONDS AND NON-FINANCIAL CORPORATE DEBT FINANCING INSTRUMENTS

### (I) Enterprise Bonds

During the Reporting Period, the Company did not issue any enterprise bonds.

### (II) Corporate Bonds

#### 1. Basic information on corporate bonds

Unit: 100 million Yuan Currency: RMB

Name of bond	Abbreviation	Code	Issue date	Value date	Expiration date	Balance	Interest rate (%)	Principal and interest payment method
2013 Corporate Bonds of Huatai Securities Co., Ltd. (Ten-year bonds)	13 Huatai 02	122262.SH	June 5, 2013	June 5, 2013	June 5, 2023	60	5.10	Principal to be paid upon expiration and interest to be paid annually
2016 Corporate Bonds of Huatai Securities Co., Ltd. (First tranche) (Type II)	16 Huatai G2	136852.SH	December 2, 2016	December 6, 2016	December 6, 2021	25	3.78	Principal to be paid upon expiration and interest to be paid annually
2016 Corporate Bonds of Huatai Securities Co., Ltd. (Second tranche) (Type II)	16 Huatai G4	136874.SH	December 12, 2016	December 14, 2016	December 14, 2021	30	3.97	Principal to be paid upon expiration and interest to be paid annually
2018 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Qualified Investors (First tranche) (Type I)	18 Huatai G1	155047.SH	November 22, 2018	November 26, 2018	November 26, 2021	30	3.88	Principal to be paid upon expiration and interest to be paid annually

Name of bond	Abbreviation	Code	Issue date	Value date	Expiration date	Balance	Interest rate (%)	Principal and interest payment method
2018 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Qualified Investors (First tranche) (Type II)	18 Huatai G2	155048.SH	November 22, 2018	November 26, 2018	November 26, 2023	10	4.17	Principal to be paid upon expiration and interest to be paid annually
2019 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Qualified Investors (First tranche) (Type I)	19 Huatai G1	155240.SH	March 15, 2019	March 19, 2019	March 19, 2022	70	3.68	Principal to be paid upon expiration and interest to be paid annually
2019 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Qualified Investors (Second tranche) (Type I)	19 Huatai G3	155358.SH	April 18, 2019	April 22, 2019	April 22, 2022	50	3.80	Principal to be paid upon expiration and interest to be paid annually
2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Qualified Investors (First tranche)	20 Huatai G1	163353.SH	March 24, 2020	March 26, 2020	March 26, 2023	80	2.99	Principal to be paid upon expiration and interest to be paid annually
2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Qualified Investors (Second tranche)	20 Huatai G3	163482.SH	April 27, 2020	April 29, 2020	April 29, 2025	35	2.90	Principal to be paid upon expiration and interest to be paid annually
2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Qualified Investors (Third tranche)	20 Huatai G4	163558.SH	May 19, 2020	May 21, 2020	May 21, 2025	30	3.20	Principal to be paid upon expiration and interest to be paid annually
2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Qualified Investors (Fourth tranche) (Type II)	20 Huatai G6	163670.SH	June 16, 2020	June 18, 2020	June 18, 2023	32	3.10	Principal to be paid upon expiration and interest to be paid annually
2020 Subordinated Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First tranche)	20 Huatai C1	175409.SH	November 11, 2020	November 13, 2020	November 13, 2025	50	4.48	Principal to be paid upon expiration and interest to be paid annually
2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fifth tranche)	20 Huatai G7	175473.SH	November 20, 2020	November 24, 2020	November 24, 2023	35	3.90	Principal to be paid upon expiration and interest to be paid annually
2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Sixth tranche) (Type I)	20 Huatai G8	175534.SH	December 7, 2020	December 9, 2020	December 9, 2022	40	3.67	Principal to be paid upon expiration and interest to be paid annually
2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Sixth tranche) (Type II)	20 Huatai G9	175535.SH	December 7, 2020	December 9, 2020	December 9, 2023	40	3.79	Principal to be paid upon expiration and interest to be paid annually

Name of bond	Abbreviation	Code	Issue date	Value date	Expiration date	Balance	Interest rate (%)	Principal and interest payment method
2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First tranche) (Type I)	21 Huatai G1	175648.SH	January 18, 2021	January 20, 2021	January 20, 2024	40	3.58	Principal to be paid upon expiration and interest to be paid annually
2021 Subordinated Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First tranche)	21 Huatai C1	175721.SH	January 27, 2021	January 29, 2021	January 29, 2026	90	4.50	Principal to be paid upon expiration and interest to be paid annually
2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second tranche)	21 Huatai G3	188047.SH	April 22, 2021	April 26, 2021	April 26, 2024	50	3.42	Principal to be paid upon expiration and interest to be paid annually
2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Third tranche)	21 Huatai G4	188106.SH	May 13, 2021	May 17, 2021	May 17, 2026	60	3.71	Principal to be paid upon expiration and interest to be paid annually
2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fourth tranche) (Type I)	21 Huatai G5	188134.SH	May 20, 2021	May 24, 2021	May 24, 2024	40	3.28	Principal to be paid upon expiration and interest to be paid annually
2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fourth tranche) (Type II)	21 Huatai G6	188140.SH	May 20, 2021	May 24, 2021	May 24, 2026	20	3.63	Principal to be paid upon expiration and interest to be paid annually
2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fifth tranche) (Type I)	21 Huatai G7	188239.SH	June 10, 2021	June 15, 2021	June 15, 2024	20	3.40	Principal to be paid upon expiration and interest to be paid annually
2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Sixth tranche) (Type I)	21 Huatai G9	188282.SH	June 17, 2021	June 21, 2021	June 21, 2024	25	3.45	Principal to be paid upon expiration and interest to be paid annually
2021 Short-term Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First tranche) (Type II)	21 Huatai S2	163883.SH	June 24, 2021	June 28, 2021	June 28, 2022	40	2.95	One-off payment of principal and interest upon expiration
2021 Short-term Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second tranche) (Type I)	21 Huatai S3	163888.SH	July 7, 2021	July 9, 2021	February 22, 2022	20	2.75	One-off payment of principal and interest upon expiration

Name of bond	Abbreviation	Code	Issue date	Value date	Expiration date	Balance	Interest rate (%)	Principal and interest payment method
2021 Short-term Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second tranche) (Type II)	21 Huatai S4	163889.SH	July 7, 2021	July 9, 2021	July 9, 2022	40	2.87	One-off payment of principal and interest upon expiration
2021 Short-term Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Third tranche)	21 Huatai S5	163892.SH	July 15, 2021	July 19, 2021	July 19, 2022	30	2.75	One-off payment of principal and interest upon expiration
2021 Short-term Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fourth tranche)	21 Huatai S6	188548.SH	August 5, 2021	August 9, 2021	February 11, 2022	40	2.55	One-off payment of principal and interest upon expiration
2021 Short-term Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fifth tranche)	21 Huatai S7	188591.SH	August 12, 2021	August 16, 2021	January 20, 2022	40	2.51	One-off payment of principal and interest upon expiration
2021 Short-term Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Sixth tranche)	21 Huatai S8	188658.SH	August 24, 2021	August 26, 2021	November 9, 2021	30	2.40	One-off payment of principal and interest upon expiration
2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Seventh tranche) (Type I)	21 Huatai I1	188324.SH	September 3, 2021	September 7, 2021	September 7, 2024	15	3.03	Principal to be paid upon expiration and interest to be paid annually
2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Seventh tranche) (Type II)	21 Huatai I2	188325.SH	September 3, 2021	September 7, 2021	September 7, 2031	27	3.78	Principal to be paid upon expiration and interest to be paid annually

Note: 1. Arrangements for investors' appropriateness: Targets of the issuance are professional investors who hold A share securities accounts of China Securities Depository and Clearing Corporation Limited, Shanghai Branch and are in compliance with the requirements of the Administrative Measures for Issuance and Trading of Corporate Bonds, the Administrative Measures of the Shanghai Stock Exchange for Eligibility of Investors in the Bond Market (《上海證券交易所債券市場投資者適當性管理辦法》), the Administrative Measures for the Eligibility of the Investors of Securities and Future (《證券期貨投資者適當性管理辦法》) and relevant laws and regulations (excluding purchasers subject to prohibition under laws and regulations). Investors shall not subscribe by illegal 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 relevant provisions of the CSRC and assume corresponding legal responsibilities on their own.

2. The above corporate bonds are listed on the Shanghai Stock Exchange, which can be traded by bidding, quotation, enquiry and agreement, and there is no risk of termination of listing and trading.

3. During the Reporting Period, the Company had no overdue bonds.

## 2. Implementation and changes of guarantees, settlement plan and other settlement safeguards and their impact during the Reporting Period

During the Reporting Period, the Company completed the payment of interest on 7 corporate bonds in RMB and the redemption of 3 corporate bonds in RMB as scheduled, as detailed below:

Abbreviation of the bond	Value date	Expiration date	Issue amount (RMB100 million)	Redemption and interest payment
13 Huatai 02	June 5, 2013	June 5, 2023	60	
19 Huatai G1	March 19, 2019	March 19, 2022	70	
19 Huatai G3	April 22, 2019	April 22, 2022	50	
20 Huatai G1	March 26, 2020	March 26, 2023	80	Payment of interest in full as scheduled
20 Huatai G3	April 29, 2020	April 29, 2025	35	
20 Huatai G4	May 21, 2020	May 21, 2025	30	
20 Huatai G6	June 18, 2020	June 18, 2023	32	
20 Huatai G5	June 18, 2020	June 18, 2021	23	
20 Huatai S2	August 31, 2020	May 28, 2021	15	Redemption in full as scheduled
20 Huatai S4	September 17, 2020	April 17, 2021	40	

The existing twenty-six corporate bonds of the Company are issued unsecured, among which, the settlement plan of 13 Huatai 02, 16 Huatai G2, 16 Huatai G4, 18 Huatai G1, 18 Huatai G2, 19 Huatai G1, 19 Huatai G3, 20 Huatai G1, 20 Huatai G3, 20 Huatai G4, 20 Huatai G6, 20 Huatai C1, 20 Huatai G7, 20 Huatai G8, 20 Huatai G9, 21 Huatai G1, 21 Huatai C1, 21 Huatai G3, 21 Huatai G4, 21 Huatai G5, 21 Huatai G6, 21 Huatai G7 and 21 Huatai 09 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. The settlement plan of 20 Huatai S1, 20 Huatai S3 and 21 Huatai S2 is to pay the principal and interest in a lump sum upon the expiration of the bonds. During the Reporting Period, there was no change to the guarantees, settlement plan or other settlement safeguards for the corporate bonds, and the Company strictly performed the covenants as set out in the prospectus in relation to the settlement plan, paid the interest for the corporate bonds on time, and disclosed relevant information on the Company in a timely manner, so as to protect the legal interest of investors.

### (III) Non-financial corporate debt financing instruments in the inter-bank bond market

During the Reporting Period, the Company did not issue any non-financial corporate debt financing instruments in the inter-bank bond market.

### (IV) During the Reporting Period, the Company did not record a loss in the consolidated statements exceeding 10% of the net assets at the end of the previous year

**(V) Key accounting data and financial indicators**

Unit: Thousand Yuan Currency: RMB

Primary indicators	As of the end of the Reporting Period	As of the end of the previous year	Increase/ decrease as of the end of the Reporting Period from the end of the previous year (%)	Reason for the change
Current ratio	1.42	1.38	2.90	-
Quick ratio	1.42	1.38	2.90	-
Gearing ratio	78.75%	77.20%	Increase of 1.55 percentage points	-
	The Reporting Period (from January to June)	Corresponding period of the previous year	Increase/decrease of the Reporting Period from the corresponding period of the previous year (%)	Reason for the change
Net profit after non-recurring profit or loss	7,835,516	6,417,178	22.10	Increase in net profit
EBITDA to total debt ratio	4.44%	5.54%	Decrease of 1.10 percentage points	Increase in debts
Times interest earned	3.02	3.39	(10.91)	Increase in interest expenses
Times cash-interest earned	(5.37)	0.72	(845.83)	Increase in cash expenses from operating activities
Times interest earned of EBITDA	3.17	3.59	(11.70)	Increase in interest expenses
Loan repayment ratio	100%	100%	-	-
Interest payment ratio	100%	100%	-	-

Note: Customer's funds are not included in the above indicators.

**II. CONVERTIBLE CORPORATE BONDS**

During the Reporting Period, the Company did not issue any convertible corporate bonds.

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# **4** FINANCIAL REPORT AND DOCUMENTS FOR INSPECTION



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# REPORT ON REVIEW OF INTERIM FINANCIAL REPORT

To the board of directors of Huatai Securities Co., Ltd.

*(Incorporated in the People's Republic of China with Limited Liability)*

## Introduction

We have reviewed the accompanying interim financial report set out on pages 137 to 218, which comprises the condensed consolidated statement of financial position of Huatai Securities Co., Ltd. (the "Company") and its subsidiaries (collectively the "Group") as at 30 June 2021, the condensed consolidated statement of profit or loss, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with IAS 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the International Auditing and Assurance Standards Board. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial report as at 30 June 2021 is not prepared, in all material respects, in accordance with IAS 34.

## KPMG

Certified Public Accountants

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

27 August 2021

# Unaudited condensed consolidated statement of profit or loss

For the six months ended 30 June 2021

(Expressed in thousands of Renminbi, unless otherwise stated)

Six months ended 30 June			
	Note	2021 (Unaudited)	2020 (Unaudited)
<b>Revenue</b>			
Fee and commission income	5	9,834,181	7,981,402
Interest income	6	7,148,805	4,706,531
Net investment gains	7	7,191,441	5,394,808
<b>Total revenue</b>		<b>24,174,427</b>	<b>18,082,741</b>
Other income and gains	8	441,102	889,425
<b>Total revenue and other income</b>		<b>24,615,529</b>	<b>18,972,166</b>
<b>Expenses</b>			
Fee and commission expenses	9	(2,727,742)	(2,181,589)
Interest expenses	10	(5,237,852)	(3,684,398)
Staff costs	11	(5,684,559)	(4,506,437)
Depreciation and amortisation expenses	12	(705,826)	(680,558)
Tax and surcharges		(109,880)	(101,654)
Other operating expenses	13	(1,889,652)	(1,746,288)
Net reversal of / (provision for) impairment loss on financial assets	14	193,027	(206,982)
Net provision for impairment loss on other assets		-	(6,381)
<b>Total expenses</b>		<b>(16,162,484)</b>	<b>(13,114,287)</b>
<b>Operating profit</b>		<b>8,453,045</b>	<b>5,857,879</b>
Share of profit of associates and joint ventures		1,583,856	2,448,182
<b>Profit before income tax</b>		<b>10,036,901</b>	<b>8,306,061</b>
Income tax expense	15	(2,150,117)	(1,862,852)
<b>Profit for the period</b>		<b>7,886,784</b>	<b>6,443,209</b>
Attributable to:			
Shareholders of the Company		7,770,308	6,404,994
Non-controlling interests		116,476	38,215
		<b>7,886,784</b>	<b>6,443,209</b>
Earnings per share (in Renminbi per share)			
- Basic	16	0.86	0.71
- Diluted		0.86	0.70

The notes on pages 147 to 218 form part of this interim financial report.

# Unaudited condensed consolidated statement of profit or loss and other comprehensive income

For the six months ended 30 June 2021

(Expressed in thousands of Renminbi, unless otherwise stated)

	Six months ended 30 June	
Note	2021 (Unaudited)	2020 (Unaudited)
<b>Profit for the period</b>	<b>7,886,784</b>	<b>6,443,209</b>
<b>Other comprehensive income for the period</b>		
Items that will not be reclassified to profit or loss:		
Equity investment at fair value through other comprehensive income		
- Net change in fair value	(483,824)	(301,613)
Income tax impact	120,956	75,403
Items that may be reclassified subsequently to profit or loss:		
Net (loss) / gain from debt investment at fair value through other comprehensive income	(25,160)	53,004
Reserve from cash flow hedging instruments	8,773	(44,394)
Share of other comprehensive income of associates and joint ventures	10,331	21,665
Exchange differences on translation of financial statements in foreign currencies	(94,103)	186,787
<b>Total other comprehensive income for the period, net of tax</b>	<b>(463,027)</b>	<b>(9,148)</b>
<b>Total comprehensive income for the period</b>	<b>7,423,757</b>	<b>6,434,061</b>
Attributable to:		
Shareholders of the Company	7,322,343	6,370,394
Non-controlling interests	101,414	63,667
<b>Total</b>	<b>7,423,757</b>	<b>6,434,061</b>

The notes on pages 147 to 218 form part of this interim financial report.

# Unaudited condensed consolidated statement of financial position

As at 30 June 2021

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	As at 30 June 2021 (Unaudited)	As at 31 December 2020 (Audited)
<b>Non-current assets</b>			
Property and equipment	17	5,046,549	5,014,084
Investment properties		321,688	408,338
Goodwill	18	2,240,812	2,260,945
Other intangible assets	19	5,394,884	5,276,069
Interest in associates	20	17,993,448	17,691,161
Interest in joint ventures	21	1,815,358	1,641,846
Debt investment at amortised cost	22	25,553,112	19,230,660
Financial assets at fair value through other comprehensive income	23	4,620,004	14,401,106
Financial assets at fair value through profit or loss	24	11,422,374	9,229,523
Refundable deposits	25	26,336,577	24,763,790
Deferred tax assets	26	418,605	339,502
Other non-current assets	27	254,248	283,320
<b>Total non-current assets</b>		<b>101,417,659</b>	<b>100,540,344</b>
<b>Current assets</b>			
Accounts receivable	28	10,351,527	9,095,561
Other receivables and prepayments	29	1,129,258	1,131,408
Margin accounts receivable	30	128,177,514	102,574,007
Debt investment at amortised cost	22	7,946,126	11,180,848
Financial assets held under resale agreements	31	18,071,368	19,536,413
Financial assets at fair value through profit or loss	24	298,669,250	282,577,589
Financial assets at fair value through other comprehensive income	23	3,072,555	1,545,266
Derivative financial assets	32	12,376,627	7,295,357
Clearing settlement funds	33	6,047,340	6,988,396
Cash held on behalf of brokerage clients	34	137,665,349	124,635,007
Cash and bank balances	35	65,186,156	49,651,039
<b>Total current assets</b>		<b>688,693,070</b>	<b>616,210,891</b>
<b>Total assets</b>		<b>790,110,729</b>	<b>716,751,235</b>

# Unaudited condensed consolidated statement of financial position (continued)

As at 30 June 2021

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	As at 30 June 2021 (Unaudited)	As at 31 December 2020 (Audited)
<b>Current liabilities</b>			
Short-term bank loans	37	14,282,125	11,299,859
Short-term debt instruments issued	38	34,867,899	43,951,388
Placements from other financial institutions	39	6,117,116	4,815,236
Accounts payable to brokerage clients	40	149,271,327	136,387,634
Employee benefits payable		4,965,873	4,156,895
Other payables and accruals	41	122,097,833	105,880,311
Contract liabilities		106,245	92,366
Current tax liabilities		413,506	1,275,589
Financial assets sold under repurchase agreements	42	136,610,384	139,899,968
Financial liabilities at fair value through profit or loss	43	19,460,681	12,196,234
Derivative financial liabilities	32	13,204,053	13,398,830
Long-term bonds due within one year	44	29,080,331	11,428,893
<b>Total current liabilities</b>		<b>530,477,373</b>	<b>484,783,203</b>
<b>Net current assets</b>		<b>158,215,697</b>	<b>131,427,688</b>
<b>Total assets less current liabilities</b>		<b>259,633,356</b>	<b>231,968,032</b>
<b>Non-current liabilities</b>			
Long-term bonds	45	108,991,004	85,624,295
Long-term bank loans	46	956,938	475,414
Non-current employee benefits payable		5,627,796	6,974,615
Deferred tax liabilities	26	3,379,692	2,545,647
Financial liabilities at fair value through profit or loss	43	3,589,849	3,185,296
Other payables and accruals	41	896,527	850,730
<b>Total non-current liabilities</b>		<b>123,441,806</b>	<b>99,655,997</b>
<b>Net assets</b>		<b>136,191,550</b>	<b>132,312,035</b>

# Unaudited condensed consolidated statement of financial position (continued)

As at 30 June 2021

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	As at 30 June 2021 (Unaudited)	As at 31 December 2020 (Audited)
<b>Equity</b>			
Share capital	47	9,076,650	9,076,650
Treasury shares	48	(1,231,547)	(1,626,546)
Reserves	49	91,878,894	92,622,778
Retained profits	50	33,103,190	28,998,618
Total equity attributable to shareholders of the Company		132,827,187	129,071,500
Non-controlling interests		3,364,363	3,240,535
<b>Total equity</b>		<b>136,191,550</b>	<b>132,312,035</b>

Approved and authorised for issue by the board of directors on 27 August 2021.

Zhang Wei  
Chairman of the Board, Director

Chen Chuanming  
Director

The notes on pages 147 to 218 form part of this interim financial report.

# Unaudited condensed consolidated statement of changes in equity

## For the six months ended 30 June 2021

(Expressed in thousands of Renminbi, unless otherwise stated)

	Attributable to shareholders of the Company											
	Share capital (Note 47)	Treasury shares (Note 48)	Capital reserve (Note 49)	Surplus reserve (Note 49)	General reserve (Note 49)	Fair value reserve (Note 49)	Cash flow hedges reserve (Note 32)	Translation reserve (Note 49)	Retained profits (Note 50)	Total	Non- controlling interests	Total equity
As at 1 January 2021	9,076,650	(1,626,546)	70,750,052	5,711,067	15,792,946	605,917	(34,348)	(202,856)	28,998,618	129,071,500	3,240,535	132,312,035
<b>Changes in equity for the period</b>												
Profit for the period	-	-	-	-	-	-	-	-	7,770,308	7,770,308	116,476	7,886,784
Other comprehensive income	-	-	-	-	-	(377,697)	8,773	(79,041)	-	(447,965)	(15,062)	(463,027)
Total comprehensive income	-	-	-	-	-	(377,697)	8,773	(79,041)	7,770,308	7,322,343	101,414	7,423,757
Equity-settled share-based payments	-	443,963	(349,106)	-	-	-	-	-	-	94,855	22,414	117,269
Acquisition of treasury shares	-	(48,964)	-	-	-	-	-	-	-	(48,964)	-	(48,964)
Appropriation to general reserve	-	-	-	-	53,188	-	-	-	(53,188)	-	-	-
Dividends declared for the period	-	-	-	-	-	-	-	-	(3,612,548)	(3,612,548)	-	(3,612,548)
Others	-	-	1	-	-	-	-	-	-	1	-	1
<b>As at 30 June 2021 (Unaudited)</b>	<b>9,076,650</b>	<b>(1,231,547)</b>	<b>70,400,945</b>	<b>5,711,067</b>	<b>15,846,134</b>	<b>228,220</b>	<b>(25,575)</b>	<b>(281,897)</b>	<b>33,103,190</b>	<b>132,827,187</b>	<b>3,364,363</b>	<b>136,191,550</b>



# Unaudited condensed consolidated statement of changes in equity (continued)

For the six months ended 30 June 2021

(Expressed in thousands of Renminbi, unless otherwise stated)

	Attributable to shareholders of the Company											
	Share capital (Note 47)	Treasury shares (Note 48)	Capital reserve (Note 49)	Surplus reserve (Note 49)	General reserve (Note 49)	Fair value reserve (Note 49)	Cash flow hedges reserve (Note 32)	Translation reserve (Note 49)	Retained profits (Note 50)	Total	Non- controlling interests	Total equity
<b>As at 1 January 2020</b>	9,076,650	-	70,290,533	5,118,691	14,084,427	393,572	-	395,195	23,178,411	122,537,479	3,117,229	125,654,708
<b>Changes in equity for the period</b>												
Profit for the period	-	-	-	-	-	-	-	-	6,404,994	6,404,994	38,215	6,443,209
Other comprehensive income	-	-	-	-	-	(15,154)	(44,394)	161,335	-	(34,600)	25,452	(9,148)
<b>Total comprehensive income</b>	-	-	-	-	-	(15,154)	(44,394)	161,335	6,404,994	6,370,394	63,667	6,434,061
Equity-settled share-based payments	-	-	134,011	-	-	-	-	-	-	134,011	56,704	190,715
Acquisition of treasury shares	-	(1284,837)	-	-	-	-	-	-	-	(1,284,837)	-	(1,284,837)
Appropriation to general reserve	-	-	-	-	74,321	-	-	-	(74,321)	-	-	-
Dividends declared for the period	-	-	-	-	-	-	-	-	(2,701,395)	(2,701,395)	-	(2,701,395)
Others	-	-	2	-	-	-	-	-	-	2	-	2
<b>As at 30 June 2020 (Unaudited)</b>	9,076,650	(1284,837)	70,424,546	5,118,691	14,158,748	242,031	(44,394)	556,530	26,807,689	125,055,654	3,237,600	128,293,254

# Unaudited condensed consolidated statement of changes in equity (continued)

## For the six months ended 30 June 2021

(Expressed in thousands of Renminbi, unless otherwise stated)

	Attributable to shareholders of the Company											
	Share capital (Note 47)	Treasury shares (Note 48)	Capital reserve (Note 49)	Surplus reserve (Note 49)	General reserve (Note 49)	Fair value reserve (Note 49)	Cash flow hedges reserve (Note 32)	Translation reserve (Note 49)	Retained profits (Note 50)	Total	Non- controlling interests	Total equity
<b>As at 1 January 2020</b>	9,076,650	-	70,290,533	5,118,691	14,084,427	393,572	-	395,195	23,178,411	122,537,479	3,117,229	125,654,708
<b>Changes in equity for the year</b>												
Profit for the period	-	-	-	-	-	-	-	-	10,822,497	10,822,497	47,949	10,870,446
Other comprehensive income	-	-	-	-	-	212,345	(34,348)	(598,051)	-	(420,054)	(119,263)	(539,317)
Total comprehensive income	-	-	-	-	-	212,345	(34,348)	(598,051)	10,822,497	10,402,443	(71,314)	10,331,129
Equity-settled share-based payments	-	-	459,514	-	-	-	-	-	-	459,514	194,820	654,134
Acquisition of treasury shares	-	(1,626,546)	-	-	-	-	-	-	-	(1,626,546)	-	(1,626,546)
Appropriation to surplus reserve	-	-	-	592,376	-	-	-	-	(592,376)	-	-	-
Appropriation to general reserve	-	-	-	-	1,708,519	-	-	-	(1,708,519)	-	-	-
Dividends declared for the year	-	-	-	-	-	-	-	-	(2,701,395)	(2,701,395)	-	(2,701,395)
Others	-	-	5	-	-	-	-	-	-	5	-	5
<b>As at 31 December 2020</b>	9,076,650	(1,626,546)	70,750,052	5,711,067	15,792,946	605,917	(34,348)	(202,856)	28,998,618	129,071,500	3,240,535	132,312,035

The notes on pages 147 to 218 form part of this interim financial report.

# Unaudited condensed consolidated statement of cash flows

For the six months ended 30 June 2021

(Expressed in thousands of Renminbi, unless otherwise stated)

	Six months ended 30 June	
Note	2021 (Unaudited)	2020 (Unaudited)
<b>Cash flow from operating activities:</b>		
Profit before income tax	10,036,901	8,306,061
Adjustments for:		
Interest expenses	5,237,852	3,684,398
Share of profit of associates and joint ventures	(1,583,856)	(2,448,182)
Depreciation and amortisation expenses	705,826	680,558
Net (reversal of) / provision for impairment loss	(193,027)	213,363
Expenses recognised from equity-settled share-based payment	99,088	190,715
(Gains) / losses on disposal of property and equipment	(319)	6
Foreign exchange losses / (gains)	141,239	(320,192)
Dividend income and interest income	(1,226,870)	(481,313)
Net gains arising from derecognition of financial assets at fair value through other comprehensive income	(1,779)	(35,612)
Net (gains) / losses arising from derecognition of debt investment at amortised cost	(50,256)	222
Unrealised fair value changes in financial instruments at fair value through profit or loss	2,086,518	(1,795,374)
Unrealised fair value changes in derivatives	(3,872,745)	1,000,743
Operating cash flow before movements in working capital	11,378,572	8,995,393
Increase in refundable deposits	(1,572,787)	(1,914,063)
Increase in margin accounts receivable	(25,495,891)	(9,305,769)
Increase in accounts receivable, other receivables and prepayments	(1,306,755)	(2,077,737)
(Increase) / decrease in financial assets held under resale agreements	(774,069)	607,170
Increase in financial instruments at fair value through profit or loss	(12,718,799)	(1,414,170)

## Unaudited condensed consolidated statement of cash flows (continued)

For the six months ended 30 June 2021

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Six months ended 30 June	
		2021 (Unaudited)	2020 (Unaudited)
<b>Cash flow from operating activities (continued):</b>			
(Increase) / decrease in restricted bank deposits		(4,592,183)	8,148,752
Increase in cash held on behalf of brokerage clients		(13,001,347)	(25,293,278)
Increase in accounts payable to brokerage clients		12,883,693	28,292,022
Increase in other payables and accruals		11,597,497	16,655,027
Decrease in employee benefits payable and other non-current liabilities		(537,841)	(135,190)
Decrease in financial assets sold under repurchase agreements		(3,289,584)	(14,249,480)
Increase / (decrease) in placements from other financial institutions		1,301,130	(8,324,178)
		<u>1,301,130</u>	<u>(8,324,178)</u>
Cash used in operations		(26,128,364)	(15,501)
Income taxes paid		(2,136,302)	(1,069,138)
Interest paid		(2,266,354)	(1,318,371)
Net cash used in operating activities		<u>(30,531,020)</u>	<u>(2,403,010)</u>

# Unaudited condensed consolidated statement of cash flows (continued)

For the six months ended 30 June 2021

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Six months ended 30 June	
		2021 (Unaudited)	2020 (Unaudited)
<b>Cash flow from investing activities:</b>			
Proceeds on disposal of property and equipment		3,939	2,078
Dividends received from associates		757,224	332,604
Dividend income and interest income		1,226,870	481,313
Net gains arising from derecognition of financial assets at fair value through other comprehensive income		1,779	35,612
Net gains / (losses) arising from derecognition of debt investment at amortised cost		50,256	(222)
Divestments of associates and joint ventures		521,699	1,153,837
Purchase of property and equipment, investment properties, other intangible assets and other non-current assets		(417,114)	(224,010)
Acquisition of interests in associates and other investments		(147,000)	-
(Purchase) / derecognition of debt investment measured at amortised cost		(3,097,259)	11,361
Derecognition / (purchase) of financial assets at fair value through other comprehensive income		3,609,452	(3,893,784)
Cash paid for acquisition of a subsidiary, net of cash and bank balances acquired		-	(130,049)
Others		-	(397,861)
Net cash generated from / (used in) investing activities		<b>2,509,846</b>	<b>(2,629,121)</b>

# Unaudited condensed consolidated statement of cash flows (continued)

For the six months ended 30 June 2021

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Six months ended 30 June	
		2021 (Unaudited)	2020 (Unaudited)
<b>Cash flow from financing activities:</b>			
Proceeds from issuance of short-term debt instruments		56,174,688	64,443,977
Proceeds from issuance of long-term bonds		43,516,419	20,548,180
Proceeds from bank loans		3,478,127	2,694,201
Repayment of debt securities issued		(68,097,918)	(90,120,121)
Short-term debt instruments interest paid		(374,575)	(772,949)
Short-term bank loans interest paid		(101,946)	(68,187)
Long-term bank loans interest paid		(9,995)	(26,234)
Long-term bonds interest paid		(1,703,100)	(1,703,527)
Cash received from Restricted Share Incentive Scheme of A Shares		413,941	-
Payment of lease liabilities		(313,985)	(172,502)
Payment of acquisition of treasury shares		(48,964)	(1,284,837)
Net cash generated from / (used in) from financing activities		<u>32,932,692</u>	<u>(6,461,999)</u>
Net increase / (decrease) in cash and cash equivalents		4,911,518	(11,494,130)
Cash and cash equivalents at the beginning of the period		67,646,413	69,198,778
Effect of foreign exchange rate changes		(161,411)	447,623
Cash and cash equivalents at the end of the period	36	<u>72,396,520</u>	<u>58,152,271</u>

The notes on pages 147 to 218 form part of this interim financial report.

# Notes to the unaudited condensed consolidated financial statements

For the six months ended 30 June 2021  
(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 RMB784,561,275 ordinary shares (the “A shares”) in February 2010, and was listed on the Shanghai Stock Exchange on 26 February 2010.

In June 2015, the Company issued RMB1,562,768,800 H shares, which were listed on the main board of the Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”).

In July 2018, the Company issued RMB1,088,731,200 A shares through private placement.

In June 2019, the Company issued 82,515,000 Global Deposits Receipts (the “GDRs”), representing 825,150,000 new A shares, and was listed on the London Stock Exchange plc (the “London Stock Exchange”).

As at 30 June 2021, the Company’s registered capital was RMB9,076,650,000 and the Company has a total of 9,076,650,000 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 (the “CSRC”).

## 2 Basis of preparation

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”), issued by the International Accounting Standards Board. It was authorised for issue on 27 August 2021.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report does not include all the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial report as at and for the year ended 31 December 2020.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by International Auditing and Assurance Standards Board. KPMG’s independent review report to the Board of

Directors is issued on 27 August 2021.

The financial information relating to the financial year ended 31 December 2020 that is included in the interim financial report as comparative information does not constitute the Group's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. The auditors have expressed an unqualified opinion on those financial statements in their report dated 23 March 2021.

### 3 Use of judgements and estimates

#### (a) Measurement of fair values

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

A number of the Group's accounting policies require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level III fair values, and reports directly to the Chief Financial Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustment. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRSs, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level I: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level II: inputs other than quoted prices included in Level I that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level III: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumption made in measuring fair values is included in Note 58 - fair value information.

### 4 Significant accounting policies

The accounting policies adopted in the preparation of the interim financial report are consistent with those followed in the preparation of the Group's annual financial statements prepared in accordance with IFRSs (including IASs) for the year ended 31 December 2020, except for the adoption of the following amendments to standards effective on 1 January 2021:

- COVID-19-Related Rent Concessions beyond 30 June 2021 - Amendments to IFRS 16

The Group previously applied the practical expedient in IFRS 16 such that as lessee it was not required to assess whether



rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022.

The Group has early adopted the amendment in this financial year. With the extended time limit, certain rent concessions that were previously ineligible for the practical expedient because of the original time limit, become eligible. Accordingly, these rent concessions, which were previously accounted for as lease modifications, are now accounted for as negative variable lease payments, and are recognised in profit or loss in the period in which the event or condition that triggers those payments occurred.

- Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (the Phase 2 amendments)

The amendments provide targeted reliefs from accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates.

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 5 Fee and commission income

	Six months ended 30 June	
	2021	2020
Income from securities brokerage and advisory business	4,802,969	3,919,016
Income from asset management business	2,069,298	2,167,631
Income from underwriting and sponsorship business	1,766,705	1,038,117
Income from futures brokerage business	939,960	569,245
Income from financial advisory business	174,302	235,651
Other commission income	80,947	51,742
Total	<u>9,834,181</u>	<u>7,981,402</u>

## 6 Interest income

	Six months ended 30 June	
	2021	2020
Interest income from margin financing and securities lending	4,355,751	2,458,695
Interest income from financial institutions	1,926,523	1,586,347
Interest income from debt investment at amortised cost and debt instruments at fair value through other comprehensive income	608,000	479,993
Interest income from securities-backed lendings	188,777	103,629
Interest income from other financial assets held under resale agreements	68,689	69,422
Others	1,065	8,445
Total	<u>7,148,805</u>	<u>4,706,531</u>

## 7 Net investment gains

	Six months ended 30 June	
	2021	2020
Dividend income and interest income from financial instruments at fair value through profit or loss	4,330,530	3,661,892
Dividend income and interest income from financial instruments at fair value through other comprehensive income	618,870	1,320
Net realised gains from disposal of financial instruments at fair value through profit or loss	11,097,226	6,683,310
Net realised gains from disposal of debt financial instruments at fair value through other comprehensive income	1,779	35,612
Net realised gains / (losses) arising from derecognition of debt investment at amortised cost <sup>(i)</sup>	50,256	(222)
Net realised losses from disposal of derivative financial instruments	(11,249,575)	(4,224,149)
Unrealised fair value changes of derivative financial instruments	4,428,873	(2,558,329)
Unrealised fair value changes of financial instruments at fair value through profit or loss	(2,086,518)	1,795,374
Total	<u>7,191,441</u>	<u>5,394,808</u>

(i) During the period ended 30 June 2021, the Group sold certain investment securities measured at amortised cost. These sales were made because the financial assets no longer met the Group's investment policy due to a deterioration in their credit risk.

## 8 Other income and gains

	Six months ended 30 June	
	2021	2020
Income from commodity sales	416,260	406,670
Government grants <sup>(i)</sup>	74,336	52,269
Rental income	25,607	49,271
Gains on disposal of property and equipment	319	-
Foreign exchange (losses) / gains	(141,239)	320,192
Others	65,819	61,023
Total	<u>441,102</u>	<u>889,425</u>

(i) The government grants were received unconditionally by the Group from the local government where they reside.

## 9 Fee and commission expenses

	Six months ended 30 June	
	2021	2020
Expenses for securities brokerage and advisory business	1,506,340	1,261,113
Expenses for futures brokerage business	629,325	415,170
Expenses for asset management business	467,980	470,635
Expenses for underwriting and sponsorship business	122,750	11,573
Expenses for financial advisory business	360	707
Other commission expenses	987	22,391
Total	<u>2,727,742</u>	<u>2,181,589</u>

## 10 Interest expenses

	Six months ended 30 June	
	2021	2020
Interest expenses on long-term bonds	2,048,071	1,164,232
Interest expenses on financial assets sold under repurchase agreements	1,454,027	1,211,084
Interest expenses on placements	832,610	297,026
Interest expenses of accounts payable to brokerage clients	276,181	211,524
Interest expenses on short-term debt instruments issued	450,383	630,045
Interest expenses on short-term bank loans	87,610	90,333
Interest expenses on lease liabilities	28,285	18,115
Interest expenses on long-term bank loans	9,995	21,948
Others	50,690	40,091
Total	<u>5,237,852</u>	<u>3,684,398</u>

## 11 Staff costs

	Six months ended 30 June	
	2021	2020
Salaries, bonuses and allowances	4,854,612	3,918,883
Contribution to pension schemes	352,833	85,949
Equity-settled share-based payment expense	99,088	190,715
Other social welfare	378,026	310,890
Total	<u>5,684,559</u>	<u>4,506,437</u>

The domestic employees of the Group in the PRC participate in social welfare 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 labour and social welfare authorities. The contributions to the social security plans are expensed as incurred.

## 12 Depreciation and amortisation expenses

	Six months ended 30 June	
	2021	2020
Amortisation of other intangible assets	248,073	262,881
Depreciation of property and equipment		
- Right-of-use assets	215,543	199,215
- Other property and equipment	183,901	166,588
Amortisation of leasehold improvements and long-term deferred expenses	50,564	41,260
Depreciation of investment properties	7,745	10,614
Total	<u>705,826</u>	<u>680,558</u>

## 13 Other operating expenses

	Six months ended 30 June	
	2021	2020
Cost of commodity sales	413,314	408,661
IT expenses	296,068	284,755
Marketing, advertising and promotion expenses	142,369	114,380
Stock exchange fee	136,364	90,998
Consulting fees	132,639	94,574
Postal and communication expenses	79,036	66,509
Products distribution expenses	66,284	79,811
Securities investor protection funds	62,689	50,041
Rental expenses	28,834	37,043
Utilities	22,946	20,411
Auditors' remuneration	8,036	6,666
Others	501,073	492,439
Total	<u>1,889,652</u>	<u>1,746,288</u>

## 14 Net (reversal of) / provision for impairment loss on financial assets

	Six months ended 30 June	
	2021	2020
(Reversal of) / provision for impairment losses against financial assets held under resale agreements	(174,688)	102,373
Provision for impairment losses against other receivables and prepayments	69,412	77,666
(Reversal of) / provision for impairment losses against financial assets at fair value through other comprehensive income	(1,095)	21,971
(Reversal of) / provision for impairment losses against accounts receivable	(16,474)	18,319
(Reversal of) / provision for impairment losses against margin accounts receivable	(84,327)	381
Provision for / (reversal of) impairment losses against cash and bank balances	4,617	(10,962)
Provision for / (reversal of) impairment losses against debt investment at amortised cost	9,528	(2,766)
Total	(193,027)	206,982

## 15 Income tax expense

### (a) Taxation in the consolidated income statements represents:

	Six months ended 30 June	
	2021	2020
Current income tax		
- Mainland China	1,104,876	1,774,264
- Hong Kong	96,159	-
- Overseas	57,658	41,719
	<u>1,258,693</u>	<u>1,815,983</u>
Adjustment in respect of prior years		
- Mainland China	15,526	(819)
- Hong Kong	-	-
- Overseas	-	-
	<u>15,526</u>	<u>(819)</u>
Deferred tax		
Origination and reversal of temporary differences	<u>875,898</u>	<u>47,688</u>
Total	<u>2,150,117</u>	<u>1,862,852</u>

(1) According to the PRC Corporate Income Tax ("CIT") Law that took effect on 1 January 2008, the Company and the Group's subsidiaries in the Mainland China are subject to CIT at the statutory tax rate of 25%.

(2) Hong Kong profit tax has been provided at the rate of 16.5% on the estimated assessable profits. The federal income tax of subsidiaries in the United States were provided at the rate of 21%, whereas the states' income tax are charged at the applicable local tax rates.

**(b) Reconciliation between income tax expense and accounting profit at applicable tax rate:**

	Six months ended 30 June	
	2021	2020
Profit before income tax	10,036,901	8,306,061
Notional tax calculated using the PRC statutory tax rate	2,509,225	2,076,516
Effect of different tax rates of the subsidiaries	(29,832)	23,681
Tax effect of non-deductible expenses	56,747	51,883
Tax effect of unused tax losses not recognised	-	19,443
Effect of using the deductible tax losses for which no deferred tax asset was recognised in previous period	(30,605)	(99,042)
Tax effect of non-taxable income	(368,639)	(211,444)
Adjustment for prior years	15,526	(819)
Others	(2,305)	2,634
Actual income tax expense	2,150,117	1,862,852

**16 Basic and diluted earnings per share****(1) Basic earnings per share**

Basic earnings per share is calculated as dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding:

	Note	Six months ended 30 June	
		2021	2020
Net profit attributable to equity shareholders of the Company (Adjusted) (in RMB thousands)	16(1)(a)	7,752,113	6,404,994
Weighted average number of ordinary shares (in thousands)	16(1)(b)	8,986,002	9,063,475
Basic earnings per share attributable to equity shareholders (in RMB per share)		0.86	0.71

**(a) Consolidated net profit attributable to ordinary shareholders of the Company (Adjusted) (in RMB thousands)**

	Six months ended 30 June	
	2021	2020
Consolidated net profit attributable to equity shareholders of the Company	7,770,308	6,404,994
Dividends declared under Restricted Share Incentive Scheme of A Shares	(18,195)	-
Consolidated net profit attributable to equity shareholders of the Company (Adjusted)	7,752,113	6,404,994

**(b) Weighted average number of ordinary shares (in thousands)**

	Six months ended 30 June	
	2021	2020
Number of ordinary shares as at 1 January	9,076,650	9,076,650
Weighted average number of shares held by the treasury share	(90,648)	(13,175)
Weighted average number of ordinary shares	<u>8,986,002</u>	<u>9,063,475</u>

**(2) Diluted earnings per share**

Diluted earnings per share is calculated as dividing consolidated net profit attributable to ordinary shareholders of the Company (diluted) by the weighted average number of ordinary shares outstanding (diluted):

	Note	Six months ended 30 June	
		2021	2020
Consolidated net profit attributable to ordinary shareholders of the Company (diluted)	16(2)(a)	<u>7,694,514</u>	<u>6,347,623</u>
Weighted average number of ordinary shares outstanding (in thousands)	16(2)(b)	<u>8,987,069</u>	<u>9,063,475</u>
Diluted earnings per share attributable to equity shareholders (in Renminbi per share)		<u>0.86</u>	<u>0.70</u>

**(a) Consolidated net profit attributable to ordinary shareholders of the Company (diluted) is calculated as follows:**

	Six months ended 30 June	
	2021	2020
Consolidated net profit attributable to ordinary shareholders of the Company	7,770,308	6,404,994
Diluted adjustments:		
Effect of conversion of convertible bonds from the associate of the Company <sup>(i)</sup>	(75,721)	(57,371)
Assumed vesting of shares granted to employees of a subsidiary <sup>(ii)</sup>	(73)	-
Consolidated net profit attributable to ordinary shareholders of the Company (diluted)	<u>7,694,514</u>	<u>6,347,623</u>

(i) Bank of Jiangsu Co., Ltd. ("Bank of Jiangsu"), the associate of the Company issued convertible bonds in 2019. Diluted earnings per share takes into account the potential dilutive impact on the Group's share of profits of this associate due to the potential full conversion of bonds to shares.

(ii) The dilutive effect is due to the stock options and restricted stock units issued by AssetMark Financial Holdings, Inc.

**(b) Weighted average number of ordinary shares outstanding (diluted) is calculated as follows:**

	Six months ended 30 June	
	2021	2020
Weighted average number of ordinary shares at 30 June	8,986,002	9,063,475
Diluted adjustments:		
Awarded shares under the share award scheme	1,067	-
Weighted average number of ordinary shares	<u>8,987,069</u>	<u>9,063,475</u>

**17 Property and equipment**

	Buildings	Motor vehicles	Electric equipment	Furniture and fixtures	Construction in progress	Right-of-use assets	Total
<b>Cost</b>							
As at 1 January 2021	3,778,317	153,956	1,393,319	288,254	36,551	1,797,496	7,447,893
Additions	-	1,468	77,187	13,242	52,038	253,702	397,637
Transfer during the period	-	-	222	1,195	(16,987)	-	(15,570)
Transfer in from investment properties	93,818	-	-	-	-	-	93,818
Disposals	-	(3,168)	(63,018)	(4,585)	-	(112,388)	(183,159)
As at 30 June 2021	<u>3,872,135</u>	<u>152,256</u>	<u>1,407,710</u>	<u>298,106</u>	<u>71,602</u>	<u>1,938,810</u>	<u>7,740,619</u>
<b>Accumulated depreciation</b>							
As at 1 January 2021	(871,680)	(106,561)	(663,130)	(193,919)	-	(598,519)	(2,433,809)
Charge for the period	(54,708)	(4,087)	(106,806)	(18,300)	-	(215,543)	(399,444)
Transfer in from investment properties	(14,912)	-	-	-	-	-	(14,912)
Disposals	-	3,073	60,458	3,619	-	86,945	154,095
As at 30 June 2021	<u>(941,300)</u>	<u>(107,575)</u>	<u>(709,478)</u>	<u>(208,600)</u>	<u>-</u>	<u>(727,117)</u>	<u>(2,694,070)</u>
<b>Carrying amount</b>							
As at 30 June 2021	<u>2,930,835</u>	<u>44,681</u>	<u>698,232</u>	<u>89,506</u>	<u>71,602</u>	<u>1,211,693</u>	<u>5,046,549</u>



	<b>Buildings</b>	<b>Motor vehicles</b>	<b>Electric equipment</b>	<b>Furniture and fixtures</b>	<b>Construction in progress</b>	<b>Right-of-use assets</b>	<b>Total</b>
<b>Cost</b>							
As at 1 January 2020	3,655,708	155,821	1,148,900	271,929	29,969	1,252,706	6,515,033
Additions	-	6,449	318,220	25,517	87,013	636,051	1,073,250
Transfer during the year	357	-	2,680	3,569	(80,431)	-	(73,825)
Transfer in from investment properties	124,454	-	-	-	-	-	124,454
Disposals	(2,202)	(8,314)	(76,481)	(12,761)	-	(91,261)	(191,019)
As at 31 December 2020	<u>3,778,317</u>	<u>153,956</u>	<u>1,393,319</u>	<u>288,254</u>	<u>36,551</u>	<u>1,797,496</u>	<u>7,447,893</u>
<b>Accumulated depreciation</b>							
As at 1 January 2020	(742,695)	(106,512)	(541,368)	(172,641)	-	(283,701)	(1,846,917)
Charge for the year	(103,792)	(8,115)	(193,600)	(29,889)	-	(374,309)	(709,705)
Transfer in from investment properties	(25,618)	-	-	-	-	-	(25,618)
Disposals	425	8,066	71,838	8,611	-	59,491	148,431
As at 31 December 2020	<u>(871,680)</u>	<u>(106,561)</u>	<u>(663,130)</u>	<u>(193,919)</u>	<u>-</u>	<u>(598,519)</u>	<u>(2,433,809)</u>
<b>Carrying amount</b>							
As at 31 December 2020	<u>2,906,637</u>	<u>47,395</u>	<u>730,189</u>	<u>94,335</u>	<u>36,551</u>	<u>1,198,977</u>	<u>5,014,084</u>

As at 30 June 2021 and 31 December 2020, the Group is still in the process of applying for the title certificates for its land and buildings with a carrying value of RMB6.34 million and RMB6.56 million, respectively.

## 18 Goodwill

<b>Cost</b>		
As at 1 January 2021		<b>2,260,945</b>
Acquisition through business combination		-
Effect of movements in exchange rates		<b>(20,133)</b>
As at 30 June 2021		<u><b>2,240,812</b></u>
<b>Impairment losses</b>		
As at 1 January 2021		-
Impairment losses		-
As at 30 June 2021		<u><b>-</b></u>
<b>Carrying amounts</b>		
As at 1 January 2021		<u><b>2,260,945</b></u>
As at 30 June 2021		<u><u><b>2,240,812</b></u></u>

## 19 Other intangible assets

	<i>Land use rights</i>	<i>Existing relationships with broker-dealers</i>	<i>Trade names</i>	<i>Software and others</i>	<i>Total</i>
<b>Cost</b>					
As at 1 January 2021	362,281	3,738,930	300,370	2,846,622	7,248,203
Additions	298,776	-	-	121,910	420,686
Disposals	-	-	-	-	-
Exchange differences	-	(42,410)	(3,407)	(16,116)	(61,933)
As at 30 June 2021	661,057	3,696,520	296,963	2,952,416	7,606,956
<b>Accumulated amortisation</b>					
As at 1 January 2021	(92,622)	-	(87,012)	(1,792,500)	(1,972,134)
Charge for the period	(5,907)	-	(18,963)	(223,203)	(248,073)
Disposals	-	-	-	-	-
Exchange differences	-	-	977	7,158	8,135
As at 30 June 2021	(98,529)	-	(104,998)	(2,008,545)	(2,212,072)
<b>Carrying amount</b>					
As at 30 June 2021	562,528	3,696,520	191,965	943,871	5,394,884
<b>Cost</b>					
As at 1 January 2020	362,281	3,979,783	319,719	2,530,698	7,192,481
Acquisition of subsidiaries	-	-	-	66,563	66,563
Additions	-	-	-	326,147	326,147
Disposals	-	-	-	(94)	(94)
Exchange differences	-	(240,853)	(19,349)	(76,692)	(336,894)
As at 31 December 2020	362,281	3,738,930	300,370	2,846,622	7,248,203
<b>Accumulated amortisation</b>					
As at 1 January 2020	(85,362)	-	(53,653)	(1,342,009)	(1,481,024)
Charge for the year	(7,260)	-	(36,645)	(479,803)	(523,708)
Disposals	-	-	-	94	94
Exchange differences	-	-	3,286	29,218	32,504
As at 31 December 2020	(92,622)	-	(87,012)	(1,792,500)	(1,972,134)
<b>Carrying amount</b>					
As at 31 December 2020	269,659	3,738,930	213,358	1,054,122	5,276,069

Existing relationships with broker-dealers are regarded as having an indefinite useful life because there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group.

## 20 Interest in associates

	As at 30 June 2021	As at 31 December 2020
Share of net assets	17,993,448	17,691,161

The following list contains only the particulars of material associates, all of which (except for Bank of Jiangsu which has been listed on the Shanghai Stock Exchange) are unlisted corporate entities whose quoted market price is not available:

Name of associates	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 <sup>(i)</sup>	Nanjing	14,769,624	5.63%	5.63%	-	Commercial banking
China Southern Asset Management Co., Ltd.	Shenzhen	361,720	41.16%	41.16%	-	Fund management
Nanjing Huatai Ruilian NO.1 Funds Mergers (Limited Partnership)	Nanjing	5,442,000	48.27%	-	48.27%	Equity investment

All of the above associates are accounted for using the equity method in the consolidated financial statements.

(i) During the six months ended 30 June 2021, the share of Bank of Jiangsu held by the Company is 5.63%. The Company has appointed one director in the board of directors of Bank of Jiangsu. The Company formulated certain specific implementation measures on the finance and operation policy-making of Bank of Jiangsu that had a significant influence over it, and recognised interest in associates using the equity method. As at 30 June 2021, Bank of Jiangsu converted 90,570 shares convertible bonds, accounting for 0.0008% of the total number of ordinary shares issued by Bank of Jiangsu before the conversion. The equity ratio of Bank of Jiangsu held by the Company was changed from 5.63319% to 5.63318%.

## 21 Interest in joint ventures

	As at 30 June 2021	As at 31 December 2020
Unlisted investment in a joint venture at fair value through profit or loss <sup>(i)</sup>	901,729	888,195
Unlisted investment in a joint venture	913,629	753,651
Total	1,815,358	1,641,846

(i) The Group elected to measure its investment Huatai International Greater Bay Area Investment Fund, L.P. of RMB901.73 million held through Huatai Financial Holdings (Hong Kong) Limited, a directly wholly-owned subsidiary, at fair value through profit or loss as management measured the performance of this joint venture on a fair value basis as at 30 June 2021.

The following list contains only the particulars of joint venture, which is accounted for using the equity method in the consolidated financial statements, is as follow:

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 Merchant (Jiangsu) Capital Market Investment Fund of Funds (Limited Partnership)	Nanjing	10,001,000	10.00%	-	10.00%	Equity investment

As at 30 June 2021, the Group holds 10.00% 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.

## 22 Debt investment at amortised cost

### (a) Analysed by nature:

#### Non-current

	<i>As at 30 June 2021</i>	<i>As at 31 December 2020</i>
Debt securities	25,575,830	19,244,156
Less: impairment losses	<u>(22,718)</u>	<u>(13,496)</u>
Total	<u><u>25,553,112</u></u>	<u><u>19,230,660</u></u>
Analysed as:		
Listed outside Hong Kong	10,504,613	6,342,628
Listed inside Hong Kong	172,798	189,025
Unlisted	<u>14,875,701</u>	<u>12,699,007</u>
Total	<u><u>25,553,112</u></u>	<u><u>19,230,660</u></u>

#### Current

	<i>As at 30 June 2021</i>	<i>As at 31 December 2020</i>
Debt securities	7,961,004	11,195,920
Less: impairment losses	<u>(14,878)</u>	<u>(15,072)</u>
Total	<u><u>7,946,126</u></u>	<u><u>11,180,848</u></u>
Analysed as:		
Listed outside Hong Kong	4,188,275	3,699,647
Listed inside Hong Kong	19,137	19,356
Unlisted	<u>3,738,714</u>	<u>7,461,845</u>
Total	<u><u>7,946,126</u></u>	<u><u>11,180,848</u></u>

As at 30 June 2021, the Group has pledged debt investment at amortised cost with a total fair value of RMB29,205 million and carrying amount of RMB29,133 million for the purpose of repurchase agreement business. The fair value of these securities have taken into account the relevant features including the restrictions.

**(b) Analysis of the movement of provision for impairment losses:**

	As at 30 June 2021	As at 31 December 2020
At the beginning of the period / year	28,568	7,213
Charge for the period / year	11,505	31,922
Reversal of impairment	(1,977)	(10,567)
Written-off	(500)	-
	<u>37,596</u>	<u>28,568</u>
At the end of the period / year	<u>37,596</u>	<u>28,568</u>

**23 Financial assets at fair value through other comprehensive income****(a) Analysed by nature:**

Non-current

	As at 30 June 2021	As at 31 December 2020
<b>Equity investment</b>		
Equity securities designated at financial assets at fair value through other comprehensive income		
- Unlisted equity securities	173,281	190,143
- Other unlisted equity investment	-	10,488,274
	<u>173,281</u>	<u>10,678,417</u>
Total	173,281	10,678,417
<b>Debt investment</b>		
Debt securities	4,156,154	3,253,698
Loan and advances	290,569	468,991
	<u>4,620,004</u>	<u>4,441,106</u>
Total	4,620,004	14,401,106
Analysed as:		
Listed outside Hong Kong	2,194,209	901,239
Listed inside Hong Kong	1,961,945	2,319,766
Unlisted	463,850	1,180,101
	<u>4,620,004</u>	<u>4,401,106</u>
Total	4,620,004	14,401,106

## Current

Debt investment	As at 30 June 2021	As at 31 December 2020
Debt securities	2,908,148	1,137,014
Loan and advances	164,407	408,252
Total	<u>3,072,555</u>	<u>1,545,266</u>
Analysed as:		
Listed outside Hong Kong	2,444,309	466,185
Listed inside Hong Kong	410,982	604,646
Unlisted	217,264	474,435
Total	<u>3,072,555</u>	<u>1,545,266</u>

**24 Financial assets at fair value through profit or loss**

## Non-current

**(a) Analysed by type:**

	As at 30 June 2021	As at 31 December 2020
Equity securities	7,578,899	6,019,789
Debt securities	310,054	355,484
Wealth management products	93,975	60,123
Funds	70,752	39,988
Loan and advances	3,368,694	2,754,139
Total	<u>11,422,374</u>	<u>9,229,523</u>

**(b) Analysed as:**

	As at 30 June 2021	As at 31 December 2020
Listed outside Hong Kong	3,561,311	1,358,266
Unlisted	7,861,063	7,871,257
Total	<u>11,422,374</u>	<u>9,229,523</u>

Current

**(a) Analysed by type:**

	<i>As at 30 June 2021</i>	<i>As at 31 December 2020</i>
Debt securities	172,692,127	187,981,318
Equity securities	76,225,385	57,688,801
Funds	35,861,989	24,369,887
Wealth management products	12,423,242	11,241,881
Loan and advances	1,466,507	1,295,702
Total	<u>298,669,250</u>	<u>282,577,589</u>

**(b) Analysed as:**

	<i>As at 30 June 2021</i>	<i>As at 31 December 2020</i>
Listed outside Hong Kong	127,289,992	138,088,905
Listed inside Hong Kong	21,185,481	18,995,576
Unlisted	150,193,777	125,493,108
Total	<u>298,669,250</u>	<u>282,577,589</u>

As at 30 June 2021 and 31 December 2020, the fund investments with lock-up periods in its investment portfolio held by the Group are RMB163 million and RMB55 million, respectively. The fair value of these funds have taken into account the relevant features including the restrictions.

As at 30 June 2021 and 31 December 2020, the listed equity securities held by the Group included approximately RMB5,555 million and RMB2,447 million of restricted shares, 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 value 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. The value of the securities is measured by comparing with comparable companies that are listed and in the same sector or measured by using other valuation techniques.

Non-current financial assets at fair value through profit or loss 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 30 June 2021 and 31 December 2020, the Group has entered into securities lending arrangement with clients that resulted in the transfer of financial assets at fair value through profit or loss investments with total fair value of RMB4,979 million and RMB5,426 million to external clients, respectively, which did not result in derecognition of the financial assets. The fair value of collaterals for the securities lending business is analysed in Note 30(c) together with the fair value of collaterals of margin financing business.

As at 30 June 2021 and 31 December 2020, the Group has pledged financial assets at fair value through profit or loss investments with a total fair value of RMB569 million and RMB1,890 million to CSF for the purpose of replacement, respectively. The fair value of these securities have taken into account the relevant features including the restrictions.

As at 30 June 2021 and 31 December 2020, the Group has pledged financial assets at fair value through profit or loss investments with a total fair value of RMB14,340 million and RMB13,003 million for the purpose of repurchase agreement business, bond lending business and derivative business, respectively. The fair values of these securities have taken into account the relevant features including the restrictions.

## 25 Refundable deposits

	<i>As at 30 June 2021</i>	<i>As at 31 December 2020</i>
Deposits with stock exchanges		
- China Securities Depository and Clearing Corporation Limited	1,262,229	1,197,346
- Hong Kong Securities Clearing Company Limited	45,622	44,638
- Hong Kong Stock Exchange	957	926
	<u>1,308,808</u>	<u>1,242,910</u>
Deposits with futures and commodity exchanges		
- China Financial Futures Exchange	11,053,999	10,042,875
- Shanghai Futures Exchange	3,566,173	2,352,019
- Dalian Commodity Exchange	3,218,751	2,737,945
- Zhengzhou Commodity Exchange	2,209,571	1,685,852
- Shanghai International Energy Exchange	664,440	386,069
- Overseas Commodity Exchange	42,721	50,918
	<u>20,755,655</u>	<u>17,255,678</u>
Deposits with other institutions		
- Shanghai Clearing House	291,551	360,142
- China Securities Finance Corporation Limited	1,791,166	4,784,580
- Shanghai Gold Exchange	400	400
- Other financial institutions	2,188,997	1,120,080
	<u>4,272,114</u>	<u>6,265,202</u>
Total	<u><u>26,336,577</u></u>	<u><u>24,763,790</u></u>



## 26 Deferred taxation

### (a) The components of deferred tax assets / (liabilities) recognised in the consolidated statements of financial position and the movements 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 financial assets at fair value through other comprehensive income	Intangible assets recognised in the acquisition	Others	Total
			Changes in fair value of financial instruments at fair value through profit or loss	Changes in fair value of derivative financial instruments				
As at 1 January 2021	857,752	1,782,677	(1,283,850)	181,924	(153,312)	(1,174,738)	(2,416,598)	(2,206,145)
Recognised in profit or loss	(50,838)	(140,838)	(267,417)	(259,119)	-	(45,991)	(11,695)	(875,898)
Recognised in reserves	-	-	-	-	120,956	-	-	120,956
As at 30 June 2021	806,914	1,641,839	(1,551,267)	(77,195)	(32,356)	(1,220,729)	(2,528,293)	(2,961,087)
As at 1 January 2020	548,666	1,648,863	(1,232,786)	(78,052)	(94,541)	(1,250,141)	(1,905,984)	(2,363,975)
Recognised in profit or loss	309,086	133,814	(5,064)	259,976	-	75,403	(51,931)	215,284
Acquisition of subsidiaries	-	-	-	-	-	-	1,317	1,317
Recognised in reserves	-	-	-	-	(58,771)	-	-	(58,771)
As at 31 December 2020	857,752	1,782,677	(1,283,850)	181,924	(153,312)	(1,174,738)	(2,416,598)	(2,206,145)

**(b) Reconciliation to the consolidated statements of financial position**

	As at 30 June 2021	As at 31 December 2020
Net deferred tax assets recognised in the consolidated statement of financial position	418,605	339,502
Net deferred tax liabilities recognised in the consolidated statement of financial position	<u>(3,379,692)</u>	<u>(2,545,647)</u>
Total	<u><u>(2,961,087)</u></u>	<u><u>(2,206,145)</u></u>

**(c) Deferred tax assets not recognised**

As at 30 June 2021 and 31 December 2020, the Group has not recognised unused tax losses of RMB755 million and RMB878 million, 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.

**27 Other non-current assets****(a) Analysed by nature:**

	As at 30 June 2021	As at 31 December 2020
Leasehold improvements and long-term deferred expenses	<u>254,248</u>	<u>283,320</u>

**(b) The movements of leasehold improvements and long-term deferred expenses are as below:**

	As at 30 June 2021	As at 31 December 2020
At the beginning of the period / year	283,320	260,669
Additions	5,922	36,999
Transfer in from property and equipment	15,570	73,825
Amortisation	<u>(50,564)</u>	<u>(88,173)</u>
At the end of the period / year	<u><u>254,248</u></u>	<u><u>283,320</u></u>

## 28 Accounts receivable

### (a) Analysed by nature:

	As at 30 June 2021	As at 31 December 2020
Accounts receivable of:		
- Return swap and OTC options	4,972,874	4,385,953
- Redemption of open-ended fund	2,205,991	940,017
- Fee and commission	1,233,216	910,563
- Brokers, dealers and clearing house	1,068,234	2,564,670
- Settlement	896,499	168,810
- Subscription receivable	3,655	112,018
- Others	17,884	76,830
Less: impairment losses	(46,826)	(63,300)
Total	<u>10,351,527</u>	<u>9,095,561</u>

### (b) Analysed by ageing:

As at the end of the reporting period, the ageing analysis of accounts receivable, based on the trade date, is as follows:

	As at 30 June 2021	As at 31 December 2020
Within 1 month	8,103,381	6,109,005
1 to 3 months	366,392	1,774,958
Over 3 months	1,881,754	1,211,598
Total	<u>10,351,527</u>	<u>9,095,561</u>

### (c) Analysis of the movement of provision for impairment losses:

	As at 30 June 2021	As at 31 December 2020
At the beginning of the period / year	63,300	19,855
Charge for the period / year	4,776	46,245
Reversal	(21,250)	(2,800)
At the end of the period / year	<u>46,826</u>	<u>63,300</u>

### (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.

The receivables from securities-backed lendings business are not included in accounts receivable.

## 29 Other receivables and prepayments

### (a) Analysed by nature:

	<i>As at 30 June 2021</i>	<i>As at 31 December 2020</i>
Other receivables <sup>(1)</sup>	419,581	310,993
Interest receivable <sup>(2)</sup>	200,549	161,663
Prepayments	123,325	206,754
Deductible VAT	71,076	56,165
Deferred expenses	21,464	19,425
Dividend receivable	17,097	15,469
Tax refund	31	63,074
Others	276,135	297,865
	<u>1,129,258</u>	<u>1,131,408</u>

The balance of others mainly represents the amount due from non-controlling shareholders of Huatai United Securities Co., Ltd. and sundry receivables arising from normal course of business.

### (1) Other receivables:

	<i>As at 30 June 2021</i>	<i>As at 31 December 2020</i>
Other receivables	1,286,888	1,109,046
Less: impairment losses	<u>(867,307)</u>	<u>(798,053)</u>
Total	<u>419,581</u>	<u>310,993</u>

Analysis of the movement of provision for other receivables impairment losses:

	<i>As at 30 June 2021</i>	<i>As at 31 December 2020</i>
At the beginning of the period / year	798,053	906,380
Charge for the period / year	88,515	313,481
Reversal of impairment	<u>(19,261)</u>	<u>(421,808)</u>
At the end of the period / year	<u>867,307</u>	<u>798,053</u>

**(2) Interest receivable:**

	<i>As at 30 June 2021</i>	<i>As at 31 December 2020</i>
Interest receivable	234,990	195,946
Less: impairment losses	<u>(34,441)</u>	<u>(34,283)</u>
Total	<u><u>200,549</u></u>	<u><u>161,663</u></u>

Analysis of the movement of provision for impairment losses of interest receivable:

	<i>As at 30 June 2021</i>	<i>As at 31 December 2020</i>
At the beginning of the period / year	34,283	75,461
Charge for the period / year	1,579	25,683
Reversal of impairment	<u>(1,421)</u>	<u>(66,861)</u>
At the end of the period / year	<u><u>34,441</u></u>	<u><u>34,283</u></u>

**30 Margin accounts receivable****(a) Analysed by nature:**

	<i>As at 30 June 2021</i>	<i>As at 31 December 2020</i>
Individuals	115,766,399	92,398,831
Institutions	13,771,750	11,643,427
Less: impairment losses	<u>(1,360,635)</u>	<u>(1,468,251)</u>
Total	<u><u>128,177,514</u></u>	<u><u>102,574,007</u></u>

**(b) Analysis of the movement of provision for impairment losses:**

	<i>As at 30 June 2021</i>	<i>As at 31 December 2020</i>
At the beginning of the period / year	1,468,251	112,671
Charge for the period / year	261,657	1,377,835
Reversal of impairment	<u>(345,984)</u>	<u>(22,255)</u>
Written-off	<u>(23,289)</u>	<u>-</u>
At the end of the period / year	<u><u>1,360,635</u></u>	<u><u>1,468,251</u></u>

**(c) The fair value of collaterals for margin financing and securities lending business is analysed as the followings:**

	As at 30 June 2021	As at 31 December 2020
Fair value of collaterals:		
Equity securities	393,482,838	345,971,252
Funds	24,772,182	30,090,346
Cash	15,755,512	15,637,131
Debt securities	1,194,268	1,578,121
	<u>435,204,800</u>	<u>393,276,850</u>
Total	<u>435,204,800</u>	<u>393,276,850</u>

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.

### 31 Financial assets held under resale agreements

**(a) Analysed by collateral type:**

	As at 30 June 2021	As at 31 December 2020
Debt securities	12,137,384	13,883,007
Equity securities	6,798,708	6,692,818
Less: impairment losses	(864,724)	(1,039,412)
	<u>18,071,368</u>	<u>19,536,413</u>
Total	<u>18,071,368</u>	<u>19,536,413</u>

**(b) Analysed by market:**

	As at 30 June 2021	As at 31 December 2020
Shanghai stock exchange	7,856,288	10,616,150
Shenzhen stock exchange	6,802,726	8,716,535
Inter-bank market	2,826,585	840,974
Others	1,450,493	402,166
Less: impairment losses	(864,724)	(1,039,412)
	<u>18,071,368</u>	<u>19,536,413</u>
Total	<u>18,071,368</u>	<u>19,536,413</u>

**(c) Analysis of the movement of provision for impairment losses:**

	As at 30 June 2021	As at 31 December 2020
At the beginning of the period / year	1,039,412	1,057,550
Charge for the period / year	36,494	268,519
Reversal of impairment	(211,182)	(286,657)
At the end of the period / year	<u>864,724</u>	<u>1,039,412</u>

**(d) Analysed by remaining contractual maturities of securities-backed lendings:**

	As at 30 June 2021	As at 31 December 2020
Within 1 month	2,128,137	1,631,622
1 to 3 months	2,077,912	688,997
3 months to 1 year	2,592,659	4,372,199
Less: impairment losses	(864,724)	(1,039,412)
Total	<u>5,933,984</u>	<u>5,653,406</u>

**(e) Analysed by the stage of ECL of securities-backed lendings:**

	As at 30 June 2021			Total
	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL- credit impaired	
Amortised cost	5,348,623	146,502	1,303,583	6,798,708
Impairment losses	(12,458)	(1,465)	(850,801)	(864,724)
Carrying amount	<u>5,336,165</u>	<u>145,037</u>	<u>452,782</u>	<u>5,933,984</u>
Collateral	<u>16,081,244</u>	<u>259,672</u>	<u>1,134,255</u>	<u>17,475,171</u>

	As at 31 December 2020			Total
	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL- credit impaired	
Amortised cost	5,047,694	13,510	1,631,614	6,692,818
Impairment losses	(11,996)	(135)	(1,027,281)	(1,039,412)
Carrying amount	<u>5,035,698</u>	<u>13,375</u>	<u>604,333</u>	<u>5,653,406</u>
Collateral	<u>16,323,423</u>	<u>17,414</u>	<u>2,039,804</u>	<u>18,380,641</u>

### 32 Derivative financial instruments

	As at 30 June 2021		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives	514,584,086	130,498	(997,233)
Currency derivatives	45,051,502	740,226	(730,831)
Equity derivatives	325,970,511	10,826,259	(13,146,656)
Credit derivatives	1,780,301	58,735	(6,753)
Others	91,225,754	727,455	(770,956)
Total	<u>978,612,154</u>	<u>12,483,173</u>	<u>(15,652,429)</u>
Less: settlement		<u>(106,546)</u>	<u>2,448,376</u>
Net position		<u>12,376,627</u>	<u>(13,204,053)</u>

	As at 31 December 2020		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives	483,283,684	41,333	(1,165,435)
Currency derivatives	69,388,949	173,507	(227,347)
Equity derivatives	238,259,561	6,724,106	(13,243,909)
Credit derivatives	436,626	202	(10,745)
Others	110,314,868	395,648	(576,535)
Total	<u>901,683,688</u>	<u>7,334,796</u>	<u>(15,223,971)</u>
Less: settlement		<u>(39,439)</u>	<u>1,825,141</u>
Net position		<u>7,295,357</u>	<u>(13,398,830)</u>

Under the daily market-to-market and settlement arrangement, any gains or losses of the Group's position in interest rate swap contracts settled in Shanghai Clearing House, stock index futures and treasury futures settled in China Financial Futures Exchange and certain commodity futures traded through Huatai Futures Co., Ltd. ("Huatai Futures"), were settled daily and the corresponding receipts and payments were included in "clearing settlement funds". Accordingly, the net position of the above contracts was nil as at 30 June 2021 and 31 December 2020.

#### Cash flow hedges

The Group's cash flow hedges consist of interest swap contracts that are used to protect against exposures to variability of future cash flows.



Among the above derivative financial instruments, those designated hedging instruments in cash flow hedges are set out below:

As at 30 June 2021							
	Notional amount					Fair value	
	Within 3 months	Over 3 months but within 1 year	Over 1 year but within 5 years	Over 5 years	Total	Assets	Liabilities
Interest rate derivatives	-	-	1,304,980	-	1,304,980	-	(25,575)

As at 30 June 2021							
	Notional amount					Fair value	
	Within 3 months	Over 3 months but within 1 year	Over 1 year but within 5 years	Over 5 years	Total	Assets	Liabilities
Interest rate derivatives	-	-	1,304,980	-	1,304,980	-	(34,348)

Details of the Group's hedged risk exposures in cash flow hedges and the corresponding effect on equities are as follows:

As at 30 June 2021					
	Carrying amount of hedged items		Effect of hedging instruments on other comprehensive income during the period	Accumulated effect of hedging instruments on other comprehensive income	Line items in the statement of financial position
	Assets	Liabilities			
Bonds	-	(2,585,665)	8,773	(25,575)	Long-term bonds

As at 31 December 2020					
	Carrying amount of hedged items		Effect of hedging instruments on other comprehensive income during the period	Accumulated effect of hedging instruments on other comprehensive income	Line items in the statement of financial position
	Assets	Liabilities			
Bonds	-	(2,611,554)	(34,348)	(34,348)	Long-term bonds

### 33 Clearing settlement funds

	As at 30 June 2021	As at 31 December 2020
Deposits with stock exchanges		
- China Securities Depository and Clearing Corporation Limited	5,853,428	6,253,766
- Hong Kong Securities Clearing Company Limited	67,625	600,201
Deposits with other institutions	126,287	134,429
Total	6,047,340	6,988,396

### 34 Cash held on behalf of brokerage clients

The Group maintains segregated deposit accounts with banks and authorised 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 Mainland China, the use of cash held on behalf of brokerage clients is restricted and governed by the relevant third-party deposit regulations issued by the CSRC. In Hong Kong, the use of 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.

### 35 Cash and bank balances

#### (a) Analysed by nature:

	<i>As at 30 June 2021</i>	<i>As at 31 December 2020</i>
Cash on hand	206	201
Bank balances	65,191,997	49,652,268
Less: impairment losses	<u>(6,047)</u>	<u>(1,430)</u>
Total	<u><u>65,186,156</u></u>	<u><u>49,651,039</u></u>

Bank balances comprise time and demand deposits which bear interest at the prevailing market rates.

#### (b) Analysis of the movement of provision for impairment losses:

	<i>As at 30 June 2021</i>	<i>As at 31 December 2020</i>
At the beginning of the period/year	1,430	11,179
Charge for the period/year	5,977	1,268
Reversal of impairment	<u>(1,360)</u>	<u>(11,017)</u>
At the end of the period/year	<u><u>6,047</u></u>	<u><u>1,430</u></u>

### 36 Cash and cash equivalents

	<i>As at 30 June 2021</i>	<i>As at 31 December 2020</i>
Cash on hand	206	201
Bank balances	65,013,349	49,570,987
Clearing settlement funds	6,047,189	6,988,285
Financial assets held under resale agreements within 3 months original maturity	11,060,972	13,474,774
Bond investment within 3 months original maturity	4,316,559	7,061,738
Less: restricted bank deposits	(14,041,755)	(9,449,572)
Total	<u>72,396,520</u>	<u>67,646,413</u>

The restricted bank deposits include bank deposits with original maturity of more than three months held by the Group, deposits reserved for VAT payable of asset management plans, minimum liquid capital restriction deposits, risk reserve deposits, securities underwriting brokerage deposits and subscription payment in transit.

### 37 Short-term bank loans

	<i>As at 30 June 2021</i>	<i>As at 31 December 2020</i>
Credit loans	7,474,240	11,194,654
Pledged loans	6,807,885	105,205
Total	<u>14,282,125</u>	<u>11,299,859</u>

As at 30 June 2021 and 31 December 2020, the interest rates for short-term loans were in the range of 0.75% - 1.56% and 1.28% - 1.92% per annum, respectively.

### 38 Short-term debt instruments issued

As at 30 June 2021

Name	Par value	Issuance date	Due date	Issue amount	Nominal interest rate
	Original currency			Original currency	
20 HUATAI G5	RMB2,300,000	18/06/2020	18/06/2021	RMB2,300,000	2.58%
20 HUATAI CP010	RMB5,000,000	15/12/2020	15/03/2021	RMB5,000,000	2.94%
20 HUATAI S1	RMB5,500,000	31/08/2020	31/08/2021	RMB5,500,000	3.10%
20 HUATAI S2	RMB1,500,000	31/08/2020	28/05/2021	RMB1,500,000	3.05%
20 HUATAI S3	RMB5,000,000	11/09/2020	11/08/2021	RMB5,000,000	3.20%
20 HUATAI S4	RMB4,000,000	17/09/2020	17/04/2021	RMB4,000,000	3.15%
21 HUATAI CP001	RMB3,000,000	25/01/2021	25/04/2021	RMB3,000,000	2.48%
21 HUATAI CP002	RMB3,000,000	27/01/2021	27/04/2021	RMB3,000,000	2.42%
21 HUATAI CP003	RMB3,000,000	09/03/2021	07/06/2021	RMB3,000,000	2.68%
21 HUATAI CP004	RMB4,000,000	25/06/2021	23/09/2021	RMB4,000,000	2.40%
21 HUATAI S2	RMB4,000,000	28/06/2021	28/06/2022	RMB4,000,000	2.95%
HUATAI B2111	USD50,000	27/11/2020	26/11/2021	USD50,000	0.50%
HUATAI B2112	USD60,000	03/02/2021	28/12/2021	USD60,000	1.35%
HUATAI B2108a	USD20,000	10/02/2021	10/08/2021	USD20,000	1.23%
HUATAI B2203	USD100,000	23/03/2021	21/03/2022	USD100,000	0.35%
HUATAI B2108b	USD35,000	12/05/2021	12/08/2021	USD35,000	0.50%
HUATAI B2112	USD100,000	02/06/2021	02/12/2021	USD100,000	0.60%
HUATAI B2206	USD100,000	11/06/2021	09/06/2022	USD100,000	0.70%
Structured notes <sup>(1)</sup>	RMB13,072,068	Note (1)	Note (1)	RMB13,072,068	Note (1)

Name	Book value as at 1 January 2021	Increase	Decrease	Book value as at 31 December 2021
	RMB equivalent	RMB equivalent	RMB equivalent	RMB equivalent
20 HUATAI G5	2,331,813	27,527	(2,359,340)	-
20 HUATAI CP010	5,006,847	29,400	(5,036,247)	-
20 HUATAI S1	5,557,300	85,250	-	5,642,550
20 HUATAI S2	1,515,375	18,937	(1,534,312)	-
20 HUATAI S3	5,053,333	80,000	-	5,133,333
20 HUATAI S4	4,042,000	37,100	(4,079,100)	-
21 HUATAI CP001	-	3,018,345	(3,018,345)	-
21 HUATAI CP002	-	3,017,901	(3,017,901)	-
21 HUATAI CP003	-	3,019,825	(3,019,825)	-
21 HUATAI CP004	-	4,001,578	-	4,001,578
21 HUATAI S2	-	4,000,983	-	4,000,983
HUATAI B2111	323,745	2,038	(1,969)	323,814
HUATAI B2112	-	389,823	-	389,823
HUATAI B2108a	-	129,847	-	129,847
HUATAI B2203	-	642,258	-	642,258
HUATAI B2108b	-	226,309	-	226,309
HUATAI B2112	-	646,014	-	646,014
HUATAI B2206	-	645,101	-	645,101
Structured notes <sup>(1)</sup>	20,120,975	36,570,768	(43,605,454)	13,086,289
Total	43,951,388	56,589,004	(65,672,493)	34,867,899

As at 31 December 2020

Name	Par value	Issuance date	Due date	Issue amount	Nominal interest rate
	Original currency			Original currency	
19 HUATAI CP005	RMB5,000,000	11/10/2019	09/01/2020	RMB5,000,000	2.83%
19 HUATAI CP006	RMB5,000,000	14/11/2019	12/02/2020	RMB5,000,000	3.05%
19 HUATAI CP007	RMB5,000,000	06/12/2019	05/03/2020	RMB5,000,000	3.02%
20 HUATAI CP001	RMB6,000,000	06/01/2020	05/04/2020	RMB6,000,000	2.80%
20 HUATAI CP002	RMB5,000,000	10/02/2020	10/05/2020	RMB5,000,000	2.65%
20 HUATAI CP003	RMB3,000,000	27/02/2020	27/05/2020	RMB3,000,000	2.39%
20 HUATAI CP004	RMB4,000,000	06/03/2020	04/06/2020	RMB4,000,000	2.31%
20 HUATAI CP005	RMB4,000,000	09/06/2020	28/08/2020	RMB4,000,000	1.90%
20 HUATAI CP006	RMB4,000,000	16/06/2020	14/09/2020	RMB4,000,000	2.20%
20 HUATAI CP007	RMB4,000,000	15/07/2020	13/10/2020	RMB4,000,000	2.55%
20 HUATAI CP008	RMB3,000,000	14/08/2020	12/11/2020	RMB3,000,000	2.62%
20 HUATAI CP009	RMB4,000,000	15/09/2020	14/12/2020	RMB4,000,000	2.70%
20 HUATAI CP010	RMB5,000,000	15/12/2020	15/03/2021	RMB5,000,000	2.94%
20 HUATAI G5	RMB2,300,000	18/06/2020	18/06/2021	RMB2,300,000	2.58%
20 HUATAI S1	RMB5,500,000	31/08/2020	31/08/2021	RMB5,500,000	3.10%
20 HUATAI S2	RMB1,500,000	31/08/2020	28/05/2021	RMB1,500,000	3.05%
20 HUATAI S3	RMB5,000,000	11/09/2020	11/08/2021	RMB5,000,000	3.20%
20 HUATAI S4	RMB4,000,000	17/09/2020	17/04/2021	RMB4,000,000	3.15%
HUATAI B2III	USD50,000	27/11/2020	26/11/2021	USD50,000	0.50%
Structured notes	RMB20,070,414			RMB20,070,414	

Name	Book value as at 1 January 2020	Increase	Decrease	Book value as at 31 December 2020
	RMB equivalent			RMB equivalent
19 HUATAI CP005	5,031,401	3,394	(5,034,795)	-
19 HUATAI CP006	5,019,637	17,863	(5,037,500)	-
19 HUATAI CP007	5,011,043	26,088	(5,037,131)	-
20 HUATAI CP001	-	6,039,475	(6,039,475)	-
20 HUATAI CP002	-	5,032,582	(5,032,582)	-
20 HUATAI CP003	-	3,012,538	(3,012,538)	-
20 HUATAI CP004	-	4,022,784	(4,022,784)	-
20 HUATAI CP005	-	4,011,036	(4,011,036)	-
20 HUATAI CP006	-	4,021,699	(4,021,699)	-
20 HUATAI CP007	-	4,021,797	(4,021,797)	-
20 HUATAI CP008	-	3,017,012	(3,017,012)	-
20 HUATAI CP009	-	4,022,784	(4,022,784)	-
20 HUATAI CP010	-	5,006,847	-	5,006,847
20 HUATAI G5	-	2,331,813	-	2,331,813
20 HUATAI S1	-	5,557,300	-	5,557,300
20 HUATAI S2	-	1,515,375	-	1,515,375
20 HUATAI S3	-	5,053,333	-	5,053,333
20 HUATAI S4	-	4,042,000	-	4,042,000
HUATAI B2III	-	323,745	-	323,745
Structured notes	31,363,115	86,941,216	(98,183,356)	20,120,975
Total	46,425,196	148,020,681	(150,494,489)	43,951,388

(1) During the six months ended 30 June 2021, the Company has issued 1,823 tranches of structured notes, bearing interest ranging from 2.20% to 6.58% per annum, repayable within 1 year. Structured notes repayable more than 1 year are classified as “Long-term bonds” (Note 45).

### 39 Placements from other financial institutions

	<i>As at 30 June 2021</i>	<i>As at 31 December 2020</i>
Placements from banks	<u>6,117,116</u>	<u>4,815,236</u>

As at 30 June 2021, the placements from banks are unsecured, bearing interest of 0.25%-2.88% per annum, with maturities within 93 days.

### 40 Accounts payable to brokerage clients

	<i>As at 30 June 2021</i>	<i>As at 31 December 2020</i>
Clients' deposits for brokerage trading	131,059,359	118,432,619
Clients' deposits for margin financing and securities lending	<u>18,211,968</u>	<u>17,955,015</u>
Total	<u>149,271,327</u>	<u>136,387,634</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 ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of these businesses.

### 41 Other payables and accruals

Non-current

	<i>As at 30 June 2021</i>	<i>As at 31 December 2020</i>
Lease liabilities	<u>896,527</u>	<u>850,730</u>

(1) During the six months ended 30 June 2021, the expenses related to short-term leases and low-value leases of RMB29 million (six months ended 30 June 2020: RMB37 million) were recognised in profit or loss.

(2) As at 30 June 2021, the cash flows of lease contracts signed by the Group but lease not yet commenced are insignificant.

## Current

	<i>As at 30 June 2021</i>	<i>As at 31 December 2020</i>
Payable to interest holders of consolidated structured entities <sup>(1)</sup>	54,002,147	59,032,383
Trade payable	53,818,032	36,314,244
Payable to brokers, dealers and clearing house	5,072,131	5,131,183
Dividend payable	3,625,645	28,192
Dividend payable of pledged exchangeable bond	1,380,777	1,178,430
Payable to open-ended funds	1,254,232	1,810,719
Other tax payable	432,655	674,394
Lease liabilities	406,007	398,069
Restrictive repurchase obligation	395,746	-
Fee and commission payable	310,154	260,483
Futures risk reserve	160,412	144,622
Payable to the securities investor protection fund	64,110	57,173
Payable for office building construction	54,971	56,571
Redemption payables	-	27,215
Others <sup>(2)</sup>	1,120,814	766,633
	<u>122,097,833</u>	<u>105,880,311</u>
Total	<u>122,097,833</u>	<u>105,880,311</u>

(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 brokerage agents and sundry payables arising from normal course of business.

## 42 Financial assets sold under repurchase agreements

### (1) Analysed by collateral type:

	<i>As at 30 June 2021</i>	<i>As at 31 December 2020</i>
Debt securities	112,459,390	111,403,580
Precious metal	16,452,312	18,564,573
Equity securities	7,698,682	9,631,494
Margin loans receivable backed repurchase	-	300,321
	<u>136,610,384</u>	<u>139,899,968</u>
Total	<u>136,610,384</u>	<u>139,899,968</u>

As at 30 June 2021, the Group's pledged collateral in connection with financial assets sold under repurchase agreements amounted to RMB145,560 million (as at 31 December 2020: RMB158,284 million).

**(2) Analysed by market :**

	<i>As at 30 June 2021</i>	<i>As at 31 December 2020</i>
Shanghai stock exchange	34,873,678	47,838,283
Inter-bank market	61,242,965	45,930,433
Over-the-counter	33,495,740	37,114,141
Shenzhen stock exchange	6,998,001	9,017,111
Total	<u>136,610,384</u>	<u>139,899,968</u>

**43 Financial liabilities at fair value through profit or loss**

## Non-current

	<i>As at 30 June 2021</i>	<i>As at 31 December 2020</i>
Financial liabilities designated at fair value through profit or loss	<u>3,589,849</u>	<u>3,185,296</u>

## Current

	<i>As at 30 June 2021</i>	<i>As at 31 December 2020</i>
Financial liabilities held for trading	19,075,208	11,469,173
Financial liabilities designated at fair value through profit or loss	<u>385,473</u>	<u>727,061</u>
Total	<u>19,460,681</u>	<u>12,196,234</u>

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 equity investments 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.

As at 30 June 2021, there were no significant fair value changes related to the changes in the credit risk of the Group.



## 44 Long-term bonds due within one year

As at 30 June 2021

Name	Par value	Issuance date	Due date	Issue amount	Nominal interest rate
	Original currency			Original currency	
16 HUATAI G2	RMB2,500,000	06/12/2016	06/12/2021	RMB2,500,000	3.78%
16 HUATAI G4	RMB3,000,000	14/12/2016	14/12/2021	RMB3,000,000	3.97%
18 HUATAI G1	RMB3,000,000	26/11/2018	26/11/2021	RMB3,000,000	3.88%
18 HUATAI C2	RMB2,800,000	10/05/2018	10/05/2021	RMB2,800,000	5.20%
19 HUATAI G1	RMB7,000,000	19/03/2019	19/03/2022	RMB7,000,000	3.68%
19 HUATAI G3	RMB5,000,000	22/04/2019	22/04/2022	RMB5,000,000	3.80%
19 HUATAI 02	RMB5,000,000	27/05/2019	27/05/2022	RMB5,000,000	3.94%
HUATAI B2205	USD500,000	16/05/2019	16/05/2022	USD500,000	3.38%
Structured notes <sup>(1)</sup>	RMB18,000	Note (1)	Note (1)	RMB18,000	Note (1)

Name	Book value as at 1 January 2020	Increase	Decrease	Book value as at 30 June 2020
	RMB equivalent	RMB equivalent	RMB equivalent	RMB equivalent
16 HUATAI G2	2,508,601	47,250	-	2,555,851
16 HUATAI G4	3,006,354	59,550	-	3,065,904
18 HUATAI G1	3,010,179	58,637	-	3,068,816
18 HUATAI C2	2,893,742	48,335	(2,942,077)	-
19 HUATAI G1	-	7,329,634	(257,600)	7,072,034
19 HUATAI G3	-	5,225,325	(190,000)	5,035,325
19 HUATAI 02	-	5,214,822	(197,000)	5,017,822
HUATAI B2205	-	3,289,858	(43,466)	3,246,392
Structured notes <sup>(1)</sup>	10,017	8,170	-	18,187
Total	11,428,893	21,281,581	(3,630,143)	29,080,331

As at 31 December 2020

Name	Par value	Issuance date	Due date	Issue amount	Nominal interest rate
	Original currency			Original currency	
16 HUATAI G2	RMB2,500,000	06/12/2016	06/12/2021	RMB2,500,000	3.78%
16 HUATAI G4	RMB3,000,000	14/12/2016	14/12/2021	RMB3,000,000	3.97%
17 HUATAI 02	RMB2,000,000	24/02/2017	24/02/2020	RMB2,000,000	4.65%
17 HUATAI 04	RMB6,000,000	15/05/2017	15/05/2020	RMB6,000,000	5.25%
17 HUATAI C2	RMB5,000,000	27/07/2017	27/07/2020	RMB5,000,000	4.95%
18 HUATAI C1	RMB1,000,000	15/03/2018	15/03/2020	RMB1,000,000	5.65%
18 HUATAI C2	RMB2,800,000	10/05/2018	10/05/2021	RMB2,800,000	5.20%
18 HUATAI G1	RMB3,000,000	26/11/2018	26/11/2021	RMB3,000,000	3.88%
HUATAI B2006	USD14,757	30/05/2019	02/06/2020	USD14,757	4.00%
Structured notes	RMB190,360			RMB190,360	

Name	Book value as at	Increase	Decrease	Book value as at
	1 January 2020			31 December 2020
	RMB equivalent	RMB equivalent	RMB equivalent	RMB equivalent
16 HUATAI G2	-	2,603,101	(94,500)	2,508,601
16 HUATAI G4	-	3,125,454	(119,100)	3,006,354
17 HUATAI O2	2,078,732	7,750	(2,086,482)	-
17 HUATAI O4	6,198,493	105,000	(6,303,493)	-
17 HUATAI C2	5,107,815	123,750	(5,231,565)	-
18 HUATAI C1	1,044,090	9,497	(1,053,587)	-
18 HUATAI C2	-	3,039,342	(145,600)	2,893,742
18 HUATAI G1	-	3,126,579	(116,400)	3,010,179
HUATAI B2006	105,345	3,305	(108,650)	-
Structured notes	182,058	11,448	(183,489)	10,017
Total	14,716,533	12,155,226	(15,442,866)	11,428,893

(1) As at 30 June 2021, RMB18.19 million of structured notes would mature within one year.

## 45 Long-term bonds

As at 30 June 2021

Name	Par value		Issuance date	Due date	Issue amount		Nominal interest rate
	Original currency				Original currency		
13 HUATAI 02	RMB6,000,000		05/06/2013	05/06/2023	RMB6,000,000		5.10%
18 HUATAI G2	RMB1,000,000		26/11/2018	26/11/2023	RMB1,000,000		4.17%
19 HUATAI G1	RMB7,000,000		19/03/2019	19/03/2022	RMB7,000,000		3.68%
19 HUATAI G3	RMB5,000,000		22/04/2019	22/04/2022	RMB5,000,000		3.80%
19 HUATAI 02	RMB5,000,000		27/05/2019	27/05/2022	RMB5,000,000		3.94%
19 HUATAI 03	RMB4,000,000		24/10/2019	24/10/2022	RMB4,000,000		3.68%
19 Finance 01	RMB6,000,000		21/08/2019	21/08/2022	RMB6,000,000		3.40%
20 HUATAI G1	RMB8,000,000		26/03/2020	26/03/2023	RMB8,000,000		2.99%
20 HUATAI G3	RMB3,500,000		29/04/2020	29/04/2025	RMB3,500,000		2.90%
20 HUATAI G4	RMB3,000,000		21/05/2020	21/05/2025	RMB3,000,000		3.20%
20 HUATAI G6	RMB3,200,000		18/06/2020	18/06/2023	RMB3,200,000		3.10%
20 HUATAI G7	RMB3,500,000		24/11/2020	24/11/2023	RMB3,500,000		3.90%
20 HUATAI G8	RMB4,000,000		09/12/2020	09/12/2022	RMB4,000,000		3.67%
20 HUATAI G9	RMB4,000,000		09/12/2020	09/12/2023	RMB4,000,000		3.79%
20 HUATAI C1	RMB5,000,000		13/11/2020	13/11/2025	RMB5,000,000		4.48%
20 HUATAI 02	RMB10,000,000		24/07/2020	24/07/2022	RMB10,000,000		3.20%
21 HUATAI G1	RMB4,000,000		20/01/2021	20/01/2024	RMB4,000,000		3.58%
21 HUATAI G3	RMB5,000,000		26/04/2021	26/04/2024	RMB5,000,000		3.42%
21 HUATAI G4	RMB6,000,000		17/05/2021	17/05/2026	RMB6,000,000		3.71%
21 HUATAI G5	RMB4,000,000		24/05/2021	24/05/2024	RMB4,000,000		3.28%
21 HUATAI G6	RMB2,000,000		24/05/2021	24/05/2026	RMB2,000,000		3.63%
21 HUATAI G7	RMB2,000,000		15/06/2021	15/06/2024	RMB2,000,000		3.40%
21 HUATAI 09	RMB2,500,000		21/06/2021	21/06/2024	RMB2,500,000		3.45%
21 HUATAI C1	RMB9,000,000		29/01/2021	29/01/2026	RMB9,000,000		4.50%
HUATAI B2205	USD500,000		16/05/2019	16/05/2022	USD500,000		3.38%
HUATAI B2302	USD400,000		12/02/2020	12/02/2023	USD400,000	LIBOR + 0.95%	
HUATAI B2404	USD900,000		09/04/2021	09/04/2024	USD900,000		1.30%
HUATAI B2604	USD500,000		09/04/2021	09/04/2026	USD500,000		2.00%
Structured notes <sup>(1)</sup>	RMB304,000		Note (1)	Note (1)	RMB304,000		Note (1)

Name	Book value as at	Increase	Decrease	Book value as at
	1 January 2021			30 June 2021
	RMB equivalent	RMB equivalent	RMB equivalent	RMB equivalent
13 HUATAI 02	6,171,490	153,732	(306,000)	6,019,222
18 HUATAI G2	1,003,413	20,934	-	1,024,347
19 HUATAI G1	7,199,048	-	(7,199,048)	-
19 HUATAI G3	5,129,536	-	(5,129,536)	-
19 HUATAI 02	5,115,539	-	(5,115,539)	-
19 HUATAI 03	4,025,007	74,222	-	4,099,229
19 Finance 01	6,072,453	102,424	-	6,174,877
20 HUATAI G1	8,177,637	120,827	(239,200)	8,059,264
20 HUATAI G3	3,565,376	51,061	(101,500)	3,514,937
20 HUATAI G4	3,056,359	48,340	(96,076)	3,008,623
20 HUATAI G6	3,250,725	49,881	(99,200)	3,201,406
20 HUATAI G7	3,512,736	68,497	-	3,581,233
20 HUATAI G8	4,008,066	70,594	-	4,078,660
20 HUATAI G9	4,008,443	75,956	-	4,084,399
20 HUATAI C1	5,025,058	113,089	(396)	5,137,751
20 HUATAI 02	10,132,432	162,297	-	10,294,729
21 HUATAI G1	-	4,064,844	(3,860)	4,060,984
21 HUATAI G3	-	5,031,155	(4,825)	5,026,330
21 HUATAI G4	-	6,027,660	(5,791)	6,021,869
21 HUATAI G5	-	4,013,886	(3,860)	4,010,026
21 HUATAI G6	-	2,007,649	(1,930)	2,005,719
21 HUATAI G7	-	2,003,049	(1,930)	2,001,119
21 HUATAI 09	-	2,502,417	(2,413)	2,500,004
21 HUATAI C1	-	9,173,275	(9,382)	9,163,893
HUATAI B2205	3,274,424	-	(3,274,424)	-
HUATAI B2302	2,611,554	5,091	(30,980)	2,585,665
HUATAI B2404	-	5,823,142	-	5,823,142
HUATAI B2604	-	3,236,577	-	3,236,577
Structured notes <sup>(1)</sup>	284,999	-	(8,000)	276,999
Total	85,624,295	45,000,599	(21,633,890)	108,991,004

As at 31 December 2020

Name	Par value		Issuance date	Due date	Issue amount		Nominal interest rate
		Original currency				Original currency	
13 HUATAI 02	RMB6,000,000		05/06/2013	05/06/2023	RMB6,000,000		5.10%
16 HUATAI G2	RMB2,500,000		06/12/2016	06/12/2021	RMB2,500,000		3.78%
16 HUATAI G4	RMB3,000,000		14/12/2016	14/12/2021	RMB3,000,000		3.97%
18 HUATAI C2	RMB2,800,000		10/05/2018	10/05/2021	RMB2,800,000		5.20%
18 HUATAI G1	RMB3,000,000		26/11/2018	26/11/2021	RMB3,000,000		3.88%
18 HUATAI G2	RMB1,000,000		26/11/2018	26/11/2023	RMB1,000,000		4.17%
19 HUATAI G1	RMB7,000,000		19/03/2019	19/03/2022	RMB7,000,000		3.68%
19 HUATAI G3	RMB5,000,000		22/04/2019	22/04/2022	RMB5,000,000		3.80%
19 HUATAI 02	RMB5,000,000		27/05/2019	27/05/2022	RMB5,000,000		3.94%
19 HUATAI 03	RMB4,000,000		24/10/2019	24/10/2022	RMB4,000,000		3.68%
19 Finance 01	RMB6,000,000		21/08/2019	21/08/2022	RMB6,000,000		3.40%
20 HUATAI C1	RMB5,000,000		13/11/2020	13/11/2025	RMB5,000,000		4.48%
20 HUATAI G1	RMB8,000,000		26/03/2020	26/03/2023	RMB8,000,000		2.99%
20 HUATAI G3	RMB3,500,000		29/04/2020	29/04/2025	RMB3,500,000		2.90%
20 HUATAI G4	RMB3,000,000		21/05/2020	21/05/2025	RMB3,000,000		3.20%
20 HUATAI G6	RMB3,200,000		18/06/2020	18/06/2023	RMB3,200,000		3.10%
20 HUATAI G7	RMB3,500,000		24/11/2020	24/11/2023	RMB3,500,000		3.90%
20 HUATAI G8	RMB4,000,000		09/12/2020	09/12/2022	RMB4,000,000		3.67%
20 HUATAI G9	RMB4,000,000		09/12/2020	09/12/2023	RMB4,000,000		3.79%
20 HUATAI 02	RMB10,000,000		24/07/2020	24/07/2022	RMB10,000,000		3.20%
HUATAI B2205	USD500,000		16/05/2019	16/05/2022	USD500,000		3.38%
HUATAI B2302	USD400,000		12/02/2020	12/02/2023	USD400,000	LIBOR+0.95%	
Structured notes	RMB312,000				RMB312,000		

Name	Book value as at 1 January 2020		Book value as at 31 December 2020	
	RMB equivalent	Increase RMB equivalent	Decrease RMB equivalent	RMB equivalent
13 HUATAI 02	6,170,097	307,393	(306,000)	6,171,490
16 HUATAI G2	2,507,113	-	(2,507,113)	-
16 HUATAI G4	3,006,353	-	(3,006,353)	-
18 HUATAI C2	2,892,934	-	(2,892,934)	-
18 HUATAI G1	3,009,336	-	(3,009,336)	-
18 HUATAI G2	1,003,252	41,861	(41,700)	1,003,413
19 HUATAI G1	7,196,883	259,765	(257,600)	7,199,048
19 HUATAI G3	5,128,000	191,536	(190,000)	5,129,536
19 HUATAI 02	5,114,007	198,532	(197,000)	5,115,539
19 HUATAI 03	4,023,800	148,407	(147,200)	4,025,007
19 Finance 01	6,071,533	204,920	(204,000)	6,072,453
20 HUATAI C1	-	5,029,728	(4,670)	5,025,058
20 HUATAI G1	-	8,185,109	(7,472)	8,177,637
20 HUATAI G3	-	3,568,645	(3,269)	3,565,376
20 HUATAI G4	-	3,059,161	(2,802)	3,056,359
20 HUATAI G6	-	3,253,475	(2,750)	3,250,725
20 HUATAI G7	-	3,513,826	(1,090)	3,512,736
20 HUATAI G8	-	4,008,844	(778)	4,008,066
20 HUATAI G9	-	4,009,221	(778)	4,008,443
20 HUATAI 02	-	10,140,808	(8,376)	10,132,432
HUATAI B2205	3,497,217	12,183	(234,976)	3,274,424
HUATAI B2302	-	2,831,582	(220,028)	2,611,554
Structured notes	279,300	38,000	(32,301)	284,999
Total	49,899,825	49,002,996	(13,278,526)	85,624,295

(1) The Company has not issued any tranche of long-term structured notes during the six months ended 30 June 2021. As at 30 June 2021, 3 tranches of long-term structured notes due within one year is classified as "Long-term bonds due within one year" (Note 44).

## 46 Long-term bank loans

	As at 30 June 2021	As at 31 December 2020
Credit bank loans	956,938	475,414
Less: credit bank loans due within one year	-	-
Total	956,938	475,414

On 30 December 2020, the Group entered into a Credit Agreement with Bank of Montreal for a senior secured credit facility and the Group drew down the long-term bank loan under the Revolving Credit Facility on 30 December 2020 and 22 June 2021.

## 47 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 30 June 2021		As at 31 December 2020	
	Number of shares (Thousand)	Nominal value	Number of shares (Thousand)	Nominal value
Registered, issued and fully paid:				
A shares of RMB1 each	7,357,604	7,357,604	7,357,604	7,357,604
H shares of RMB1 each	1,719,046	1,719,046	1,719,046	1,719,046
Total	9,076,650	9,076,650	9,076,650	9,076,650

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 additional 162,768,800 H shares.

According to the relevant PRC requirements, existing shareholders 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.

In July 2018, the Company completed non-publicly issue 1,088,731,200 new A shares. The total paid-up share capital of the Company after the change is RMB8,252 million.

On 20 June 2019, the Company completed its issuance of 75,013,636 GDRs, representing 75,013,636 underlying A shares, and listed on the London Stock Exchange. On 27 June 2019, the Company exercised the over-allotment option and issued additional 7,501,364 GDRs, representing 7,501,364 underlying A shares. In total, the Company has issued 82,515,000 GDRs, representing 82,515,000 new A shares with nominal value of RMB1.00 each. The total paid-up share capital of the Company after the change is RMB9,076,650,000.

The H shares and GDRs representing A shares rank pari passu in all respects with the existing A shares including the right to receive all dividends and distributions declared or made.

## 48 Treasury shares

	As at 1 January 2021	Increase for the period	Decrease for the period	As at 30 June 2021
Share repurchase	1,626,546	48,964	(839,708)	835,802
Restricted Share Incentive Scheme of A Shares	-	413,941	(18,196)	395,745
Total	1,626,546	462,905	(857,904)	1,231,547

On 30 March 2020, the fifth meeting of the fifth session of the Board of the Company approved the Resolution on Repurchase of A Shares through Centralized Price Bidding, planned to repurchase no less than 45,383,250 A shares and no more than 90,766,500 A shares in the next 12 months, which will be used for Restricted Share Incentive Scheme of A Shares. On 8 January 2021, the Company completed the repurchase. During the repurchase period, the Company has accumulatively made an actual repurchase of 90,766,495 A Shares of the Company.

On 23 March 2021, the Company convened the fourteenth meeting of the fifth session of the Board and the eighth meeting of the fifth session of the Supervisory Committee, at which the Resolution on Adjustment to the Matters Pertaining to the Restricted Share Incentive Scheme of A Shares of the Company and the Resolution on Granting Restricted A Shares to Incentive Participants were considered and approved to set out the Grant Date on 29 March 2021, when 45,488,000 restricted A Shares were granted to 810 eligible Incentive Participants at the Grant Price of RMB9.10 per share. On 30 March 2021, the Company received RMB414 million subscription funds paid by 810 incentive participants. The funds have been verified by an accounting firm and a capital verification report has been issued.

## **49 Reserves**

### **(a) 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.

### **(b) 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 the Company 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.

### **(c) 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.

In accordance with the requirements of the CSRC No. 94 Provisional Measures on Supervision and Administration of Risk Provision of Public Offering of Securities Investment Funds, the Company appropriates 2.5% from its fund custody fee income to the general risk reserve.

The Company's subsidiaries appropriate their profits to the general reserve according to the applicable local regulations.

### **(d) Fair value reserve**

The fair value reserve comprises the cumulative net change in the fair value of equity investments designated at financial assets at fair value through other comprehensive income.

### **(e) Translation reserve**

The cash flow hedge reserve comprises the effective portion of the gain or loss on the hedging instrument.

### **(f) Translation reserve**

The translation reserve mainly comprises foreign currency differences arising from the translation of the financial statements of foreign currencies.



## 50 Retained profits

Pursuant to the resolution of the general meeting of the shareholders dated 22 June 2021, the Company was approved to distribute cash dividends of RMB4.00 (tax inclusive) per 10 shares to the shareholders based on 9,076,650,000 shares exclusive of A shares of the Company in the repurchased securities account, with total cash dividends amounting to RMB3,613 million.

## 51 Commitments

### (a) Capital commitments

Capital commitments outstanding as at 30 June 2021 and 31 December 2020 not provided for in the consolidated financial statements were as follows:

	As at 30 June 2021	As at 31 December 2020
Contracted, but not provided for	11,668,000	1,888,359

The above-mentioned capital commitments mainly represent securities underwriting commitments and building construction of the Group.

## 52 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 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 schemes to a level of such significance that it indicates that the Group is a principal.

As at 30 June 2021 and 31 December 2020, the Group consolidates 44 and 47 structured entities, respectively, which are mainly asset management schemes. As at 30 June 2021 and 31 December 2020, the total assets of the consolidated structured entities are RMB89,932 million and RMB96,479 million, respectively, and the carrying amount of interests held by the Group in the consolidated structured entities are RMB31,944 million and RMB34,831 million, 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 52(a), the Group's exposure to the variable returns in the remaining structured entities in which the Group has interest is not significant. The Group therefore did not consolidate these structured entities.

As at 30 June 2021 and 31 December 2020, the total assets of these unconsolidated structured entities managed by the Group amounted to RMB476,993 million and RMB542,764 million, respectively. As at 30 June 2021 and 31 December 2020, the carrying amount of interests held by the Group in these unconsolidated structured entities are RMB2,085 million and RMB1,809 million, respectively.

During the six months ended 30 June 2021 and 30 June 2020, income derived from these unconsolidated structured entities held by the Group amounted to RMB376 million and RMB545 million, respectively.

**(c) Interests in structured entities sponsored by third party institutions**

The types of structured entities sponsored by third party institutions 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 30 June 2021 and 31 December 2020, which are listed as below:

<i>As at 30 June 2021</i>			
	<i>Financial assets at fair value through profit or loss</i>	<i>Financial assets at fair value through other comprehensive income</i>	<i>Total</i>
Funds	35,591,332	-	35,591,332
Wealth management products	10,772,084	-	10,772,084
<b>Total</b>	<b>46,363,416</b>	<b>-</b>	<b>46,363,416</b>

<i>As at 31 December 2020</i>			
	<i>Financial assets at fair value through profit or loss</i>	<i>Financial assets at fair value through other comprehensive income</i>	<i>Total</i>
Funds	23,800,198	-	23,800,198
Wealth management products	10,102,553	10,586,865	20,689,418
<b>Total</b>	<b>33,902,751</b>	<b>10,586,865</b>	<b>44,489,616</b>

**53 Outstanding litigations**

From time to time in the ordinary course of business, the Group is subject to claims and are parties to legal and regulatory proceedings. As at 30 June 2021 and 31 December 2020, based on the court rulings, advices from legal representatives and management judgement, no provision had been made to the claim amounts. The Group is of the opinion the final court judgement will not have a significant impact on the Group's financial position or operations.

As at 30 June 2021, the major legal actions of the Group as the defendant are listed below:

(1) During the year of 2020, the Group's subsidiary Huatai United Securities Co., Ltd. ("Huatai United Securities") received the Notice of Legal Action and relevant litigation materials sent by court. The plaintiffs, China Foreign Economy and Trade Trust Co., Ltd., Shenzhen Rongtong Capital Management Co., Ltd. and CITIC Trust Co., Ltd., who failed to fully cash its investment in "2015 public issuance of corporate bonds of Bright Oceans Group Co., Ltd. to qualified investors with no more than RMB2.5 billion", sued to the Court to require the lead underwriter of the bond (the first defendant) and Huatai United Securities, the co-lead underwriter of the bond (the second defendant), to bear joint and several liability for compensation. The claim amount was RMB687 million. On 3 August, 2021, the Intermediate People's Court of Harbin dismissed the plaintiffs' claims, given the creditor's rights of the three plaintiffs had been effectively paid off through the bankruptcy reorganization procedure, and the creditor-debt relationship between the plaintiffs and the defendants had all been eliminated. The Group has not accrued any estimated liabilities for the claim amount.

Besides, Huatai United Securities received the Notice of Legal Action and relevant litigation materials sent by court. The plaintiff, China Fund Management Limited, sued to court to require the bond issuer Bright Oceans Group Co., Ltd., the lead

underwriter of the bond, co-lead underwriters Huatai United Securities, the responsible person of Bright Oceans Group Co., Ltd., the accounting firm and the law firm shall bear joint and several liability for compensation. The claim amount was RMB86 million. At the date of this report, the case has been handed over to the Intermediate People's Court of Harbin for processing and not yet been heard. According to the opinion of the legal representative and the judgment of the management, the Group has not accrued any estimated liabilities for the claim amount.

(2) During the year of 2020, the Group's subsidiary Huatai United Securities received the Notice of Legal Action and relevant litigation materials sent by Shanghai Financial Court. The plaintiff, Postal Savings Bank of China Co., Ltd., failed to fully cash its investment in "Huatai Magnate Light Asset-backed Securities", sued to the Court to require the manager (the first defendant), the legal adviser (the second defendant), the rating agency (the third defendant), the issuer (the fourth defendant) and Huatai United Securities, the financial adviser (the fifth defendant), to bear joint and several liability for compensation. The claim amount was RMB598 million. At the date of approval of this report, the case is in the process of trial. According to the opinion of the legal representative and the judgment of the management, the Group has not accrued any estimated liabilities for the claim amount.

## 54 Equity Settled Share Based Transactions

	Note	As at 1 January 2021	Increase for the period	Decrease for the period	As at 30 June 2021
Share-based payments of the Company	(a)	-	33,706	-	33,706
Share-based payments of a subsidiary	(b)	1,004,839	65,382	-	1,070,221
Total		1,004,839	99,088	-	1,103,927

### (a) Share-based payments of the Company

The Company carried out a Restricted Share Incentive Scheme of A Shares whereby the Company grant restricted A shares to the Incentive Participants in return for their services. Details of the scheme as at 30 June 2021 are set out below:

	Six months ended 30 June 2021
Granted during the period	45,488,000
Exercised / unlocked during the period	-
Forfeited during the period	-

As at 30 June 2021, cumulative amount of RMB333.71 million was recognised in the capital reserve of the Company. The total expenses recognised for the six months ended 30 June 2021 was RMB333.71 million.

The fair value of services received in return for restricted share Incentive scheme is measured by reference to the fair value of shares. The estimate of the fair value of restricted shares granted is measured based on the closing price of shares at grant date, which is RMB17.24 per share.

**(b) Share-based payments of a subsidiary**

On 3 July 2019, AssetMark Financial Holdings, Inc. granted the equity incentive plan (“the 2019 Equity Incentive Plan”). The 2019 Equity Incentive Plan was effective on 17 July 2019, i.e. the effective date of the S-1 registration form of the Initial Public Offering (“IPO”).

**(i) Restricted Stock Awards (RSAs)**

On 17 July 2019, AssetMark Financial Holdings, Inc. granted the original holders of Class C Common Unites Restricted Stock Awards equal to 6,309,049 shares of AssetMark Financial Holdings, Inc. common stock. The Restricted Stock Awards are subject to the same vesting schedule as the Class C Common Units of AssetMark Holdings, LLC.

**(ii) Stock Options**

In connection with the IPO, AssetMark Financial Holdings, Inc. issued options to certain officers to acquire an aggregate of 918,981 shares of the common stock, with an exercise price of USD22 per share. Each of these options is scheduled to vest and become exercisable in substantially equal installments on each of the first three anniversaries of 18 July 2019. AssetMark Financial Holdings, Inc. uses the Black-Scholes options pricing model to estimate the fair value of Stock Options.

**(iii) Restricted Stock Units (RSUs)**

In connection with the IPO, AssetMark Financial Holdings, Inc. issued Restricted Stock Units to certain officers covering an aggregate of 85,737 shares of the common stock. Each of these Restricted Stock Units is scheduled to vest in substantially equal installments on each of the first three anniversaries of 18 July 2019.

**(iv) Stock Appreciation Rights (SARs)**

On 9 June 2020, AssetMark Financial Holdings, Inc. issued stock appreciation to certain officers with respect to 831,902 shares of its common stock under the 2019 Equity Incentive Plan. Each SAR has a strike price equal to the fair market value of the common stock of AssetMark Financial Holdings, Inc. on the date of grant and is scheduled to vest and become exercisable in substantially equal installments on each of the first four anniversaries of 9 June 2020. Upon exercise, each of these SARs will be settled in shares of AssetMark Financial Holdings, Inc. common stock with a value equal to the excess, if any, of the fair market value of its common stock measured on the exercise date over the strike price.

**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) Associates of the Group**

The detailed information of the Group’s associates is set out in Note 20.

**(iii) Joint ventures of the Group**

The detailed information of the Group’s joint ventures is set out in Note 21.

**(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 and their subsidiaries:**

	<i>As at 30 June 2021</i>	<i>As at 31 December 2020</i>
Balances at the end of the period / year:		
Financial assets at fair value through profit or loss	440,614	341,337
Accounts payable to brokerage clients	35,941	43,407
Other payables and accruals	3,211	3,211
Debt investment at amortised cost	-	62,039

	<i>Six months ended 30 June</i>	
	<i>2021</i>	<i>2020</i>
Transactions during the period:		
Net investment gains	14,284	9,058
Fee and commission income	9,920	1,185
Interest income	780	3,644
Interest expenses	-	(1,181)

For the six months ended 30 June 2021 and 30 June 2020, the Group has redeemed the bonds issued by major shareholders amounting to RMB160 million and RMB231 million, respectively.

For the six months ended 30 June 2021 and 30 June 2020, the Group has subscribed the bonds issued by major shareholders amounting to RMB200 million and nil, respectively.

For the six months ended 30 June 2021 and 30 June 2020, major shareholders and their subsidiaries have subscribed the corporate bonds issued by the Group for nil and RMB20 million, respectively.

For the six months ended 30 June 2021 and 30 June 2020, the Group has taken placements from other financial institutions with major shareholders and their subsidiaries for the total amounts of nil and RMB2,500 million.

(ii) Transactions between the Group and associates:

	<i>As at 30 June 2021</i>	<i>As at 31 December 2020</i>
Balances at the end of the period / year:		
Cash and bank balances	603,840	277,361
Accounts receivable	158,180	138,386
Lease liabilities	117,175	137,850
Right-of-use assets	114,554	130,112
Accounts payable to brokerage clients	43,763	12,553
Financial assets at fair value through profit or loss	9,714	8,681
Other receivables and prepayments	1,711	368
Short-term debt instruments issued	-	1,154,502
Placements from other financial institutions	-	500,211
Contract liabilities	-	643

	<i>Six months ended 30 June</i>	
	2021	2020
Transactions during the period:		
Fee and commission income	151,965	95,958
Other income and gains	1,619	5,458
Interest income	3,562	2,775
Interest expenses	(7,995)	(9,027)
Net investment losses	(12,427)	(16,132)

For the six months ended 30 June 2021 and 30 June 2020, the Group has redeemed the corporate bond issued by associates for nil and RMB53 million, respectively.

For the six months ended 30 June 2021 and 30 June 2020, the associates have subscribed the corporate bond issued by the Group for RMB519 million and RMB20 million, respectively.

For the six months ended 30 June 2021 and 30 June 2020, the associates have subscribed the short-term debt instruments issued by the Group for nil and RMB378 million, respectively. The associates have redeemed the short-term debt instruments issued by the Group for RMB1,151 million and nil, respectively.

For the six months ended 30 June 2021 and 30 June 2020, the capital injection made by the Group into the associates are RMB147 million and nil, respectively. For the six months ended 30 June 2021 and 30 June 2020, the divestment made by the Group from the associates are RMB522 million and RMB1,148 million, respectively.

For the six months ended 30 June 2021 and 30 June 2020, the Group has made repurchase agreements with associates for the total amount of RMB31,078 million and RMB74,325 million, respectively.

For the six months ended 30 June 2021 and 30 June 2020, the Group has taken placements from other financial institutions with associates for the total amount of RMB56,000 million and RMB77,800 million, respectively.

For the six months ended 30 June 2021 and 30 June 2020, the dividend received from associates are RMB757 million and RMB333 million, respectively.

For the six months ended 30 June 2021 and 30 June 2020, the Group has paid rental fee to associates for the total amounts of RMB18 million and RMB19 million, respectively.

(iii) Transactions between the Group and joint ventures:

	<i>As at 30 June 2021</i>	<i>As at 31 December 2020</i>
Balances at the end of the period / year:		
Accounts receivable	10,414	-
Other receivables and prepayments	1,514	1,514

	<i>Six months ended 30 June</i>	
	2021	2020
Transactions during the period:		
Fee and commission income	9,824	9,852

For the six months ended 30 June 2021 and 30 June 2020, the disinvestment made by the Group from the joint venture is nil and RMB7 million.

(iv) Transactions between the Group and other related parties:

	<i>As at 30 June 2021</i>	<i>As at 31 December 2020</i>
Balances at the end of the period / year:		
Accounts payable to brokerage clients	20,389	2,817
<hr/>		
<i>Six months ended 30 June</i>		
	<i>2021</i>	<i>2020</i>
Transactions during the period:		
Fee and commission income	36	30

### **(C) Key management personnel remuneration**

Remuneration for key management personnel of the Group is as follows:

	<i>Six months ended 30 June</i>	
	<i>2021</i>	<i>2020</i>
Employee benefits		
- Fees, salaries, allowances and bonuses	38,830	26,743
Post-employment benefits		
- Contribution to pension scheme	253	117
Restricted Share Incentive Scheme of A Shares	3,868	-
Total	<u>42,951</u>	<u>26,860</u>

Total remuneration is included in "staff costs" (Note 11).

## **56 Segment reporting**

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 lendings 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 ventures, interest expenses of working capitals, and costs and expenses of middle offices and back offices.

**(a) Business segments**

For the six months ended 30 June 2021

	<i>Wealth management</i>	<i>Institutional services</i>	<i>Investment management</i>	<i>International business</i>	<i>Others</i>	<i>Total</i>
Revenue						
- External	10,858,247	6,477,642	2,446,412	3,583,671	808,455	24,174,427
- Inter-segment	65,505	1,656	-	-	21,647	88,808
Other income and gains	476,908	26,622	57,320	(42,812)	(46,814)	471,224
Segment revenue and other income	11,400,660	6,505,920	2,503,732	3,540,859	783,288	24,734,459
Segment expenses	(7,389,581)	(3,436,685)	(594,697)	(2,483,668)	(2,385,489)	(16,290,120)
Segment operating profit/(loss)	4,011,079	3,069,235	1,909,035	1,057,191	(1,602,201)	8,444,339
Share of profit of associates and joint ventures	-	-	601,147	674	982,035	1,583,856
Profit/(loss) before income tax	4,011,079	3,069,235	2,510,182	1,057,865	(620,166)	10,028,195
Interest income	5,612,803	270,418	239,390	296,650	744,502	7,163,763
Interest expenses	(2,559,768)	(1,458,797)	(143,816)	(269,791)	(831,496)	(5,263,668)
Depreciation and amortisation expenses	(205,765)	(58,767)	(35,424)	(185,043)	(225,737)	(710,736)
Net reversal impairment loss on other assets	-	-	-	-	-	-
Net reversal of / (provision for) impairment loss on financial assets	194,934	(491)	(2,532)	(16,127)	17,243	193,027
Additions to non-current segment assets during the period	82,774	20,583	2,192	122,535	358,030	586,114
As at 30 June 2021						
<b>Segment assets</b>	281,534,866	238,105,686	74,818,602	121,281,435	150,153,155	865,893,744
<b>Segment liabilities</b>	(272,929,312)	(233,873,428)	(68,490,873)	(109,402,001)	(45,006,580)	(729,702,194)



For the six months ended 30 June 2020

	<i>Wealth management</i>	<i>Institutional services</i>	<i>Investment management</i>	<i>International business</i>	<i>Others</i>	<i>Total</i>
Revenue						
- External	7,692,547	4,466,712	2,673,467	2,461,938	788,077	18,082,741
- Inter-segment	122,369	9,287	-	-	24,454	156,110
Other income and gains	450,384	43,533	43,382	203,937	163,488	904,724
Segment revenue and other income	8,265,300	4,519,532	2,716,849	2,665,875	976,019	19,143,575
Segment expenses	(5,169,770)	(2,410,686)	(894,281)	(2,336,172)	(2,490,070)	(13,300,979)
Segment operating profit/(loss)	3,095,530	2,108,846	1,822,568	329,703	(1,514,051)	5,842,596
Share of profit of associates and joint ventures	-	-	1,679,189	-	768,993	2,448,182
Profit/(loss) before income tax	3,095,530	2,108,846	3,501,757	329,703	(745,058)	8,290,778
Interest income	3,512,954	210,068	180,185	252,293	575,485	4,730,985
Interest expenses	(1,227,435)	(1,271,725)	(194,716)	(305,757)	(717,358)	(3,716,991)
Depreciation and amortisation expenses	(84,075)	(53,721)	(31,472)	(180,375)	(330,915)	(680,558)
Net provision for impairment loss on other assets	(6,381)	-	-	-	-	(6,381)
Net (provision for) / reversal of impairment loss on financial assets	(165,245)	3,431	18,012	(20,348)	(42,832)	(206,982)
Additions to non-current segment assets during the period	98,491	21,298	7,649	135,561	29,935	292,934
As at 31 December 2020						
<b>Segment assets</b>	256,640,781	216,306,068	103,238,486	94,398,197	113,821,676	784,405,208
<b>Segment liabilities</b>	(254,171,513)	(214,585,003)	(67,898,374)	(83,388,407)	(32,049,876)	(652,093,173)

Reconciliations of segment revenues, profit or loss, assets and liabilities:

	<i>For the six months ended 30 June</i>	
	2021	2020
<b>Revenue</b>		
Total revenue and other income for segments	24,734,459	19,143,575
Elimination of inter-segment revenue	<u>(118,930)</u>	<u>(171,409)</u>
Consolidated revenue and other income	<u>24,615,529</u>	<u>18,972,166</u>
<b>Profit</b>		
Total profit before income tax for segments	10,028,195	8,290,778
Elimination of inter-segment profit	<u>8,706</u>	<u>15,283</u>
Consolidated profit before income tax	<u>10,036,901</u>	<u>8,306,061</u>
	<b>As at 30 June 2021</b>	<b>As at 31 December 2020</b>
<b>Assets</b>		
Total assets for segments	865,893,744	784,405,208
Elimination of inter-segment assets	<u>(75,783,015)</u>	<u>(67,653,973)</u>
Consolidated total assets	<u>790,110,729</u>	<u>716,751,235</u>
<b>Liabilities</b>		
Total liabilities for segments	(729,702,194)	(652,093,173)
Elimination of inter-segment liabilities	<u>75,783,015</u>	<u>67,653,973</u>
Consolidated total liabilities	<u>(653,919,179)</u>	<u>(584,439,200)</u>

For the six months ended 30 June 2021 and 30 June 2020, 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 and joint ventures, 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 joint ventures.

	For the six months ended 30 June 2021			For the six months ended 30 June 2020		
	Mainland China	Overseas	Total	Mainland China	Overseas	Total
<b>Segment revenue</b>						
Revenue from external customers	20,590,756	3,583,671	24,174,427	15,620,803	2,461,938	18,082,741
Other income and gains	483,914	(42,812)	441,102	685,488	203,937	889,425
Total	21,074,670	3,540,859	24,615,529	16,306,291	2,665,875	18,972,166

	For the six months ended 30 June 2021			For the six months ended 30 June 2020		
	Mainland China	Overseas	Total	Mainland China	Overseas	Total
Specified non-current assets	23,965,990	8,199,268	32,165,258	24,545,028	8,237,489	32,782,517

## 57 Financial instruments and risk management

### (a) Risk management policies and structure

#### (i) Risk management policies

In order to enhance the Group's scientific, standardised and effective management and operation, strengthen the capability of defending against risks and ensure the continuous, stable and rapid development of the Group's businesses, the Group had formulated the Basic System for Risk Management which had been deliberated and approved by the Board of Directors in accordance with the Securities Law of the People's Republic of China, the Rules on Supervision over Securities Companies, the Guidelines on the Internal Control of Securities Companies, the Regulation on Comprehensive Risk Management of Securities Companies and other relevant regulations in combination with the business operation and business management. This has clarified the risk management objectives and principles, the risk appetite and risk tolerance level of the Company as a whole and for different risk types, the risk management procedures, and the relevant resource assurance and appraisal mechanisms. In terms of operation management, the Group had formulated and issued various professional risk management guidelines to clearly establish the management processes and measures, risk indicators and limits for various types of risks; in addition, the Group had also formulated policies such as the Administration Measures for Risk Control Indicators, the Rules on the Risk Management of Subsidiaries (Trial Implementation) and the Implementation Plan and Detailed Implementation Rules for Stress Test at the operation level. In the specific business level, the Group had established business risk management system or risk management manual based on the risk points of different business areas and business management lines.

The principal types of risk faced by the Group in daily operation mainly include credit risk, liquidity risk, market risk, operational risk, reputational risk, information technology risk and compliance risk. The Group had formulated corresponding policies and procedures to identify and analyse these risks, and set up risk indicators, risk limits and internal risk control processes in combination with the actual circumstances with a view to continuously manage the above risks through the support of information systems and effective mechanisms.

Risk management is a shared responsibility of all the Group's employees. The Group continuously enhances the risk management awareness and risk sensitivity of all its employees through training and assessment to cultivate the risk management culture.

#### (ii) Risk governance structure

The risk management structure of the Company covers five major parts: The Board and its Compliance and Risk Management Committee, Board of Supervisors, Business Operation Management and Risk Control Committee, Risk Management Department and various professional risk management departments as well as other departments, branches and subsidiaries.

The board of directors is the highest decision-making body for risk management and assumes ultimate responsibility for the effectiveness of the Company's comprehensive risk management system. The Compliance and Risk Management Committee is set up by the Board to review and make recommendations on the overall risk management targets, fundamental policies and risk assessment reports; and evaluate and make recommendations on the risks of major decisions which require the Board's review as well as the solutions to these major risks. The Board of Supervisors is responsible for the supervision of overall risk management, supervising and examining the Board and the President's Office on the performance of their risk management duties and urging them to make rectifications. Based on the authorisation and approval of the Board and in combination with the operational targets of the Company, the management is specifically responsible for the implementation of risk management activities, with the Risk Control Committee established under it. The Chief Risk Officer of the Company is responsible for leading the overall risk management initiatives. The Risk Management Department is charged with comprehensive risk management duties. It reports to the management and is responsible for managing the overall risks of the Company, taking the lead in managing market risk, credit risk and operational risk. Relevant functional departments of the Company are responsible for taking the lead in managing other types of risks according to their responsibilities and positioning. Other departments, branches and subsidiaries of the Company are responsible for the management of risks in respective lines, implementing policies, procedures and measures formulated by the Company and risk management departments, accepting the guidance from risk management departments and the decomposition of risk management and implementation responsibilities by the risk management departments. The Audit Department is responsible for the review and evaluation of the effectiveness and implementation of the risk management procedures of the Company and taking the lead in evaluating the overall risk management system of the Company.

#### (b) Credit risk management

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). The Company has established a credit risk management system covering self-owned capital and entrusted funding business. The system is applied to all subsidiaries domestic or overseas, and also to the sub-subsidiaries managed with reference to the subsidiary's management approach, thereby achieving full credit risk management coverage.

The Group mainly faced four types of credit risks, namely (i) the risks of suffering from loss in respect of the financing bills and interests lent out due to customer's default in financing business; (ii) the risks caused by default of the bond issuer in bond investment business; (iii) the risks of assets suffering from loss due to the default by the counterparty; (iv) the risks of loss suffered by the Group arising from payment made on customer's behalf due to insufficient fund of the customer in guarantee settlement business.

With respect to financing business, the Group adopted full-process control measures such as stringent customer and underlying assets management, dynamic monitoring and timely risk mitigation to control the credit risk. During the reporting period, the market was buoyant and the Company's margin financing and securities lending business continued to grow. The Company implemented stringent risk control processes, conducted special risk inspections on margin financing and securities lending business, strengthened the counter-cyclical management mechanism, and improved the standard of differentiated customers management. The amount to be recovered remains at a relatively low level.

With respect to bond investment business, the Company established a unified management system for issuers. During the reporting period, the Company revised and reconstructed the bottom-line control over credit bond investment in key industries, continued to promote the systematic construction of issuers' credit risk management modules, and enhanced the efficiency and pertinence of risk management. At the same time, it also continuously promoted the construction of implementation of the access mechanism and restriction rules which are linked to rating results of the credit analysis management system (CAMS system) to improve the consistency of the internal assessment system and enhance the Group's overall risk identification and control capabilities.

With respect to counterparty management, the Company promoted the construction of the unified management system for counterparty, further expanded the coverage of the unified management of counterparty credit line at group level and built a full counterparty list system in order to strictly control its business risk exposures. At the same time, the Company continued to promote the systematic construction of counterparty credit risk management, and gradually realised the platformisation of counterparty management and related processes.

With respect to guarantee settlement business, the Group incorporated it into the counterparty system for unified

management, and at the same time explored ways to enhance the management system and access threshold for customer qualifications, continued to improve the front-end control of risk indicator design and promoted the establishment of systematic measures, as well as strengthened its risk event handling and risk transmission control capabilities.

At the same time, the Company promoted the establishment of a unified customer background penetration management system within the Group. The Company comprehensively collated and released Key Guidelines for Control of Credit Risk in Business Operation, and collated the bottom-line measures for strengthening the control of credit risk points. The Company also continuously refined and improved customer ESG risk management mechanism in accordance with changes in the external environment, consolidated the unified management system for credit risk, improved the capability to address the complex external credit business environment, and provided robust risk management control support for the development of various credit businesses.

The Group provided credit loss allowances for securities-backed lending of financial assets sold under repurchase agreements. The Group assessed the continuous repayment, solvency and the collateral to loan ratios of the borrowers to analyse the risk factors and identified the three stages of credit loss allowances of the securities-backed lending assets. The details are as below.

Description	Stage of credit loss allowances	
Collateral to loan ratios above the force liquidation thresholds, with no past due days	12-month ECL	Stage I
Collateral to loan ratios above the force liquidation thresholds, with less than 90 days past due on its contractual payments	Lifetime ECL-not credit impaired	Stage II
Collateral to loan ratios below the force liquidation thresholds but above 100%, with no past due days		
Collateral to loan ratios below the force liquidation thresholds but above 100%, with less than 90 days past due on its contractual payments		
Collateral to loan ratios below 100%	Lifetime ECL-credit impaired	Stage III
Collateral to loan ratios above 100%, with more than 90 days past due on its contractual payments		
Borrowers in default or lawsuit		
Borrowers in significant financial difficulties or about to bankruptcy or undertaking a financial restructuring		

The Group set different force liquidation thresholds, normally no less than 130%, for different borrowers and assets.

For assets classified under Stage I and II, the Group assessed credit loss allowances using the risk parameters modeling approach that incorporated key parameters inclusive of collateral to loan ratios and past due days. The credit loss rate is 0.25% and 1% - 4% for assets classified under Stage I and II, respectively.

For credit impaired assets classified under Stage III, the Group assessed credit loss allowances taking into account the collateral securities under each contract and the financial situation of the borrower. The factors which the Group considered when assessing the credit loss allowances included but not limited to: the industry sector of the borrower, the stock price of the collateral securities, the average daily trading volume of the stock, the percentage of goodwill of the stock issuer, significant risk parameters of the securities, whether the borrowers are the holding shareholders, the liquidity and restriction on sales, the history of blacklist or defaults of the borrower, the total market pledged ratios of the stock, the collateral situation, and the credit enhancement measures implemented by the borrower. The Group assessed the above factors as well as collateral to loan ratios and past due days to evaluate and provide credit loss allowances, ranging from 10% to 100%.

The Group's credit risk exposure of financial instruments for which an ECL allowance is recognised as follows according to the stage of ECL:

As at 30 June 2021

<i>Impairment and loss allowance</i>	<i>12-month ECL</i>	<i>Lifetime ECL- not credit impaired</i>	<i>Lifetime ECL- credit impaired</i>	<i>Total</i>
Bank balances	6,047	-	-	6,047
Margin accounts receivable	385,060	878,307	97,268	1,360,635
Financial assets held under resale agreements	12,458	1,465	850,801	864,724
Accounts receivable	-	46,826	-	46,826
Debt investment measured at amortised cost	11,939	25,657	-	37,596
Financial assets at fair value through other comprehensive income	66,924	-	-	66,924
Other receivables and prepayments	-	71,827	829,921	901,748
<b>Total</b>	<b>482,428</b>	<b>1,024,082</b>	<b>1,777,990</b>	<b>3,284,500</b>

As at 31 December 2020

<i>Impairment and loss allowance</i>	<i>12-month ECL</i>	<i>Lifetime ECL- not credit impaired</i>	<i>Lifetime ECL- credit impaired</i>	<i>Total</i>
Bank balances	1,430	-	-	1,430
Margin accounts receivable	355,422	996,449	116,380	1,468,251
Financial assets held under resale agreements	11,996	135	1,027,281	1,039,412
Accounts receivable	-	63,300	-	63,300
Debt investment measured at amortised cost	2,911	25,657	-	28,568
Financial assets at fair value through other comprehensive income	68,019	-	-	68,019
Other receivables and prepayments	-	25,972	806,364	832,336
<b>Total</b>	<b>439,778</b>	<b>1,111,513</b>	<b>1,950,025</b>	<b>3,501,316</b>

## (i) Credit rating analysis of financial assets

With respect to bond investment business, the Company established a unified management system for issuers for the aggregated monitoring of the total investment amount of the same issuer for different business units within the Group through the system and implemented bottom-line control over credit bond investment in key industries. At the same time, it also continuously promoted the construction of implementation of the access mechanism and restriction rules which are linked to rating results of the CAMS system to improve the consistency of the internal assessment system and enhance the Group's overall risk identification and control capabilities.

## (c) Liquidity risk management

Liquidity risk refers to the risk of the Company not being able to obtain sufficient funds at a reasonable cost in time to meet due debts, perform payment obligations and meet the capital requirements of normal businesses. The Company established a fully functional liquidity risk management system to identify, measure, monitor, control and report on its overall liquidity risk to improve the informatisation of liquidity risk management, enhance the capabilities in the identification, measurement and monitoring of liquidity risk, and strengthen the Company's ability in addressing liquidity risk. In addition, the Company also established a right-sized liquidity assets reserves based on the risk appetite and maintained sufficient liquidity assets with high quality to ensure the satisfaction of liquidity needs under stressful scenarios in a timely manner.

#### (d) Market risk management

Market risk refers to the risk resulting from the movements in market prices such as exchange rates, interest rates and stock prices, which could have an impact on the income of the Group or the value of financial instruments held by the Group. The objective of market risk management is to manage 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 risk that movements in market interest rate will cause fluctuation in the Company's financial position and cash flow. The Company's interest-bearing assets mainly include bank balances, clearing settlement funds, margin accounts receivable, financial assets purchased under resale agreements, refundable deposits and bond investments; interest-bearing liabilities mainly include short-term bank loans, short-term debt instruments issued, placements from other financial institutions, financial assets sold under repurchase agreements, accounts payable to brokerage clients, long-term bonds and long-term bank loans, amongst others.

For financial instruments held on the balance sheet date that expose the Group to fair value interest rate risk, the Group adopts sensitivity analysis as the primary instrument for monitoring interest rate risk. Sensitivity analysis measures the effect of any reasonable and potential changes to the interest rate on the net profits and shareholders' equity under the assumption that all the other variables remain constant.

##### (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. Apart from the assets and liabilities held by the Group's overseas subsidiaries which use Hong Kong dollars or U.S. dollars as their functional currency, other assets and liabilities denominated in foreign currencies mainly represent foreign currency cash and bank balances held by domestic enterprises, foreign currency financial assets and liabilities arising from cross-border business, as well as foreign currency financial assets acquired by subsidiaries. In respect of assets and liabilities denominated in foreign currencies such as cash and bank balances, clearing settlement funds, refundable deposits, accounts receivable, cash held on behalf of brokerage clients, accounts payable and long-term bonds that are not accounted for with their functional currency, the Group has ensured that their net risk exposure are maintained at an acceptable level by buying or selling foreign currencies at market exchange rates where necessary to address the short-term imbalances.

##### (iii) Price risks

The Group is exposed to equity price changes arising from equity investments concluded in financial instruments at fair value through profit or loss and financial assets at fair value through other comprehensive income. Price risk the Group facing is mainly the proportionate fluctuation in the Group's net profits due to the price fluctuation of the financial instruments at fair value through profit or loss and the proportionate fluctuation in the Group's equity due to the price fluctuation of the financial instruments measured at fair value.

#### (e) Operational risk management

Operational risk refers to the risk on the Company's losses caused by inadequate or problematic internal procedures, staff, system or external events, which lead to inefficient internal procedures, mistakes of staff in operation or failure to strictly enforce the established procedures. The Risk Management Department takes the lead in managing the operational risk of the Company. Each risk management departments, business departments and support departments perform operational risk management in their respective business and management areas according to their segregation of functions. The Company adopts technological measures to prevent the emergence of operational risks in different business and management procedures as well as key segments, whilst at the same time strengthens process controls, to ensure effective implementation of operational risk management policies and systems. The Company carries out self-assessment of risk and control, monitoring of key risk indicators and gathering of loss data as additional approaches to strengthen the management of operational risks.

Based on the Basic Standard for Enterprise Internal Control jointly issued by the Ministry of Finance, the CSRC, the National Audit Office, the China Banking Regulatory Commission and the China Insurance Regulatory Commission as well as its supporting guidelines and the relevant requirements of the regulatory authorities and the Company, the Company has developed the risk-based internal control standards and carried out relevant continuous improvement initiatives. It has

combined the self-assessment of operational risk with the self-assessment of internal controls; comprehensively sorted out and evaluated the inherent risks and control activities in various business processes; tested the effectiveness of control design and implementation; rectified the internal control weaknesses; comprehensively sorted out and optimised various business segments, systems and processes of the Company; whilst at the same time supplemented and improved the risk control matrix and internal control manual; recorded the risk points, key control activities and major business flow charts in order to ensure that the Company's internal control measures are properly in place and the effectiveness of risk management. In addition, the Company has also integrated the management of operational risk and internal controls into daily operation; participated in the design of system, procedures and plan for new business throughout the entire process; fully identified and comprehensively evaluated the operational risks; and performed various pre-, middle- and post management measures such as setting up front-end controls, standardising business processes, creating risk-discovery indicators and conducting training and inspection in order to implement internal controls at key risk points.

(f) 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.

On 23 January 2020 and 16 June 2020, the revised Rules on Standards for the Calculation of Risk Control Indicators of Securities Companies and the revised Administrative Measures for Risk Control Indicators of Securities Companies were issued by the CSRC ("Revised Administrative Measures"). The Company is required to meet the following standards for risk control indicators on a continual basis from 1 June 2020:

- (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.

During the period, the Company monitored the above ratios closely to maintain these ratios in compliance with the relevant capital requirements.

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 six-month period ended 30 June 2021 and the year ended 31 December 2020.

(g) Transfer of financial assets

The Group transferred financial assets to certain counterparties through repurchase agreements and securities lending.



These securities and margin accounts receivable are not derecognised from the consolidated statement of financial position because the Group retains substantially all the risks and rewards of these securities and margin accounts receivable.

The Group entered into repurchase agreements with certain counterparties to sell debt securities classified as financial assets at fair value through profit or loss, debt investment at amortised cost and margin accounts receivable. Sales and repurchase agreements are transactions in which the Group sell a security, rights and interests in a margin accounts receivable 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 and margin accounts receivable 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 financial assets at fair value through profit or loss. 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 interests of these securities and therefore has not derecognised these securities in the consolidated statement of financial position.

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 30 June 2021

	<i>Financial assets at fair value through profit or loss</i>		<i>Debt investment at amortised cost</i>	<i>Total</i>
	<i>Sales and repurchase agreements</i>	<i>Securities lending</i>	<i>Sales and repurchase agreements</i>	
Carrying amount of transferred assets	3,345,402	4,978,933	2,487,452	10,811,787
Carrying amount of associated liabilities	(3,104,033)	-	(2,404,915)	(5,508,948)
Net position	<u>241,369</u>	<u>4,978,933</u>	<u>82,537</u>	<u>5,302,839</u>

As at 31 December 2020

	<i>Financial assets at fair value through profit or loss</i>		<i>Margin accounts receivable</i>	<i>Debt investment at amortised cost</i>	<i>Total</i>
	<i>Sales and repurchase agreements</i>	<i>Securities lending</i>	<i>Margin loans receivable backed repurchase</i>	<i>Sales and repurchase agreements</i>	
Carrying amount of transferred assets	2,649,170	5,426,439	311,411	317,882	8,704,902
Carrying amount of associated liabilities	(2,484,314)	-	(300,321)	(294,586)	(3,079,221)
Net position	<u>164,856</u>	<u>5,426,439</u>	<u>11,090</u>	<u>23,296</u>	<u>5,625,681</u>

## 58 Fair value information

### (a) Fair value of financial instruments

The Group adopts the following methods and assumptions when evaluating fair value:

(i) Financial assets including cash and bank balances, cash held on behalf of brokerage clients, clearing settlement funds, financial assets held under resale agreements, current debt investment at amortised cost and financial liabilities including placements from other financial institutions, short-term debt instruments issued, 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 value.

(ii) Financial instruments at fair value through profit or loss, derivatives and financial assets at fair value through other comprehensive income are stated at fair value unless the fair value cannot be reliably measured. For the financial instruments traded in active open markets, the Group uses market prices or market rates as the best estimate for their fair value. For the financial instruments without any market price or market rate, the Group determines the fair value of these financial assets and financial liabilities by discounted cash flow or other valuation methods.

(iii) The fair value of non-current debt investment at amortised cost investments 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 value using pricing models or discounted cash flow.

(iv) Accounts receivable, margin accounts receivable and accounts payable to brokerage clients are within one year. Accordingly, the carrying amounts approximate the fair value.

(b) Fair value of other financial instruments (carried at other than fair value)

The carrying amount and fair value of debt investment at amortised cost investments, short-term debt instruments issued and long-term bonds which are not presented at fair value are listed as below:

#### Carrying amount

	<i>As at 30 June 2021</i>	<i>As at 31 December 2020</i>
<i>Financial assets</i>		
- Debt investment at amortised cost	<u>33,499,238</u>	<u>30,411,508</u>
<i>Financial liabilities</i>		
- Short-term debt instruments issued	<u>(34,867,899)</u>	<u>(43,951,388)</u>
- Long-term bonds	<u>(138,071,335)</u>	<u>(97,053,188)</u>
Total	<u>(172,939,234)</u>	<u>(141,004,576)</u>

**Fair value**

<i>As at 30 June 2021</i>				
	<i>Level I</i>	<i>Level II</i>	<i>Level III</i>	<i>Total</i>
<i>Financial assets</i>				
- Debt investment at amortised cost	<u>14,511,780</u>	<u>18,960,162</u>	<u>-</u>	<u>33,471,942</u>
<i>Financial liabilities</i>				
- Short-term debt instruments issued	<u>14,774,684</u>	<u>3,999,452</u>	<u>16,089,454</u>	<u>34,863,590</u>
- Long-term bonds	<u>117,353,732</u>	<u>6,199,692</u>	<u>15,186,962</u>	<u>138,740,386</u>
<b>Total</b>	<b><u>132,128,416</u></b>	<b><u>10,199,144</u></b>	<b><u>31,276,416</u></b>	<b><u>173,603,976</u></b>

<i>As at 31 December 2020</i>				
	<i>Level I</i>	<i>Level II</i>	<i>Level III</i>	<i>Total</i>
<i>Financial assets</i>				
- Debt investment at amortised cost	<u>9,917,696</u>	<u>20,490,979</u>	<u>-</u>	<u>30,408,675</u>
<i>Financial liabilities</i>				
- Short-term debt instruments issued	<u>18,490,590</u>	<u>5,009,910</u>	<u>20,444,719</u>	<u>43,945,219</u>
- Long-term bonds	<u>84,601,075</u>	<u>6,085,902</u>	<u>6,180,994</u>	<u>96,867,971</u>
<b>Total</b>	<b><u>103,091,665</u></b>	<b><u>11,095,812</u></b>	<b><u>26,625,713</u></b>	<b><u>140,813,190</u></b>

The fair value 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 in the Group's consolidated statements of financial position approximate their fair value.

**(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.

As at 30 June 2021

	Level I	Level II	Level III	Total
<b>Assets</b>				
Financial assets at fair value through profit or loss				
- Debt securities	54,800,246	117,576,003	625,932	173,002,181
- Equity securities	75,756,063	5,565,104	2,483,117	83,804,284
- Funds	33,787,699	2,145,042	-	35,932,741
- Wealth management products	-	10,363,560	2,153,657	12,517,217
- Loan and advances	-	-	4,835,201	4,835,201
Financial assets at fair value through other comprehensive income				
- Equity investments	-	77,279	96,002	173,281
- Debt securities	3,515,304	3,548,998	-	7,064,302
- Loan and advances	-	-	454,976	454,976
Other investment				
- Unlisted investment in a joint venture	-	-	901,729	901,729
Derivative financial assets	118,584	10,967,838	1,290,205	12,376,627
Total	167,977,896	150,243,824	12,840,819	331,062,539
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss				
- Financial liabilities held for trading	(863,938)	(18,211,270)	-	(19,075,208)
- Financial liabilities designated at fair value through profit or loss	-	(386,736)	(3,588,586)	(3,975,322)
Derivative financial liabilities	(188,627)	(10,667,354)	(2,348,072)	(13,204,053)
Total	(1,052,565)	(29,265,360)	(5,936,658)	(36,254,583)

## As at 31 December 2020

	Level I	Level II	Level III	Total
<b>Assets</b>				
Financial assets at fair value through profit or loss				
- Debt securities	27,242,316	160,410,227	684,259	188,336,802
- Equity securities	56,248,721	3,653,328	3,806,541	63,708,590
- Funds	23,690,715	719,160	-	24,409,875
- Wealth management products	-	7,499,053	3,802,951	11,302,004
- Loan and advances	-	-	4,049,841	4,049,841
Financial assets at fair value through other comprehensive income				
- Debt securities	-	4,390,712	-	4,390,712
- Equity securities	-	10,586,865	91,552	10,678,417
- Loan and advances	-	-	877,243	877,243
Other investment				
- Unlisted investment in a joint venture	-	-	888,195	888,195
Derivative financial assets	117,320	6,775,882	402,155	7,295,357
<b>Total</b>	<b>107,299,072</b>	<b>194,035,227</b>	<b>14,602,737</b>	<b>315,937,036</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss				
- Financial liabilities held for trading	(240,151)	(11,229,022)	-	(11,469,173)
- Financial liabilities designated at fair value through profit or loss	(571,186)	(157,153)	(3,184,018)	(3,912,357)
Derivative financial liabilities	(253,515)	(11,636,722)	(1,508,593)	(13,398,830)
<b>Total</b>	<b>(1,064,852)</b>	<b>(23,022,897)</b>	<b>(4,692,611)</b>	<b>(28,780,360)</b>

For the six months ended 30 June 2021, there was a transfer of amount RMB247 million from Level II to Level I due to its lifting of restricted stocks. For the six months ended 30 June 2021, the transfers into or out of Level III fair value measurements resulted from the changes of inputs in fair value measurements.

For the year ended 31 December 2020, there was a transfer of amount RMB761 million from Level II to Level I due to its lifting of restricted stocks. For the year ended 31 December 2020, the transfers into or out of Level III fair value measurements resulted from the changes of inputs in fair value measurements.

## (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 financial assets at fair value through profit or loss and the corresponding liabilities of the securities.

## (ii) Financial instruments in Level II and Level III

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 30 June 2021 and 31 December 2020, 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 value is 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 value is 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	Other investment	Financial assets at fair value through other comprehensive income	Derivative financial assets	Total	Financial liabilities at fair value through profit or loss	Derivative financial liabilities	Total
As at 1 January 2021	12,343,592	888,195	968,795	402,155	14,602,737	(3,184,018)	(1,508,593)	(4,692,611)
Gains or losses for the period	(93,396)	13,534	80,331	877,543	878,012	(404,568)	(3,464,114)	(3,868,662)
Changes in fair value recognised in other comprehensive income	-	-	(815)	-	(815)	-	8,773	8,773
Purchases	3,207,627	-	-	127,955	3,335,582	-	288,717	288,717
Sales and settlements	(5,359,916)	-	(497,333)	(117,448)	(5,974,697)	-	2,327,145	2,327,145
As at 30 June 2021	<b>10,097,907</b>	<b>901,729</b>	<b>550,978</b>	<b>1,290,205</b>	<b>12,840,819</b>	<b>(3,588,566)</b>	<b>(2,348,072)</b>	<b>(5,836,658)</b>
Total gains or losses for the period included in profit or loss for assets / liabilities held at the end of the reporting period	<b>(276,568)</b>	<b>13,534</b>	<b>-</b>	<b>877,542</b>	<b>614,508</b>	<b>(405,850)</b>	<b>(1,766,129)</b>	<b>(2,171,979)</b>

	Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income		Derivative financial assets		Financial liabilities at fair value through profit or loss		Derivative financial liabilities		Total
	Financial assets at fair value through profit or loss	Other investment	Financial assets at fair value through other comprehensive income	Derivative financial assets	Total	Financial liabilities at fair value through profit or loss	Derivative financial liabilities	Total			
As at 1 January 2020	7,799,347	-	1,088,061	775,442	9,662,850	(2,690,563)	(542,972)	(3,233,535)			
Gains or losses for the year	503,144	46,555	158,545	237,494	945,738	(695,601)	(2,511,145)	(3,206,746)			
Changes in fair value recognised in other comprehensive income	-	-	(2,871)	-	(2,871)	-	(34,348)	(34,348)			
Purchases	8,083,217	841,640	856,485	157,209	9,938,551	-	398,369	398,369			
Sales and settlements	(4,042,116)	-	(1,131,425)	(767,990)	(5,941,531)	202,146	1,181,503	1,383,649			
As at 31 December 2020	<b>12,343,592</b>	<b>888,195</b>	<b>968,795</b>	<b>402,155</b>	<b>14,602,737</b>	<b>(3,184,018)</b>	<b>(1,508,593)</b>	<b>(4,692,611)</b>			
Total gains or losses for the period included in profit or loss for assets / liabilities held at the end of the reporting period	<b>211,830</b>	<b>46,555</b>	<b>-</b>	<b>539,665</b>	<b>798,050</b>	<b>(592,401)</b>	<b>(1,377,622)</b>	<b>(1,970,023)</b>			

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.



<i>Financial assets and liabilities</i>	<i>Fair value hierarchy</i>	<i>Valuation technique(s) and key input(s)</i>	<i>Significant unobservable input(s)</i>	<i>Relationship of unobservable input(s) to fair value</i>
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

The fair value of the financial instruments in level III is not significantly sensitive to a reasonable change in these unobservable inputs.

## 59 Possible impact of amendments, new standards and interpretations issued but not yet effective for the period ended 30 June 2021

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted them in preparing these consolidated interim financial statements. These include the following which may be relevant to the Group.

	<i>Effective for accounting periods beginning on or after</i>
Onerous Contracts: Cost of Fulfilling a Contract – Amendments to IAS 37	1 January 2022
Annual Improvements to IFRS Standards 2018–2020 – Amendments to IFRS 1, IFRS 9, illustrative examples accompanying IFRS 16 and IAS 41	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	1 January 2022
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022
IFRS 17 Insurance Contracts	1 January 2023
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023
Definition of Accounting Estimate – Amendments to IAS 8	1 January 2023
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional adoption

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

## 60 Events after the reporting date

### **(a) Issuance of bonds**

On 9 July 2021, the Company has publicly issued 228 days corporate bond with a nominal amount of RMB2 billion, bearing interest at 2.75% per annum to qualified investors and 365 days corporate bond with a nominal amount of RMB4 billion, bearing interest at 2.87% per annum to qualified investors.

On 15 July 2021, the Company has publicly issued 90 days corporate bond with a nominal amount of RMB4 billion, bearing interest at 2.15% per annum to qualified investors.

On 19 July 2021, the Company has publicly issued 365 days corporate bond with a nominal amount of RMB3 billion, bearing interest at 2.75% per annum to qualified investors.

On 22 July 2021, the Company has publicly issued 90 days corporate bond with a nominal amount of RMB3 billion, bearing interest at 2.15% per annum to qualified investors.

On 9 August 2021, the Company has publicly issued 186 days corporate bond with a nominal amount of RMB4 billion, bearing interest at 2.55% per annum to qualified investors.

On 16 August 2021, the Company has publicly issued 157 days corporate bond with a nominal amount of RMB4 billion, bearing interest at 2.51% per annum to qualified investors.

On 26 August 2021, the Company has publicly issued 75 days corporate bond with a nominal amount of RMB3 billion, bearing interest at 2.40% per annum to qualified investors.

### **(b) Acquisition of subsidiary**

On 1 July 2021, followed the receipt of all necessary regulatory approvals and third-party consents, the subsidiary of the Company, AssetMark Financial Holdings, Inc. completed the acquisition of Voyant, Inc. for approximately USD145.5 million.

### **(c) Acquisition of land use rights**

On 24 August 2021, the subsidiary of the Company, Huatai United Securities entered into an land use rights acquisition contract of purchasing land use rights of Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, and made the payment amounted at RMB1,075 million on 25 August 2021.

# 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 and head of accounting department
	Original copies of all documents and announcements of the Company publicly disclosed during the Reporting Period
	Articles of Association

# INFORMATION DISCLOSURE OF SECURITIES COMPANIES

## I. MAJOR ADMINISTRATIVE APPROVALS OF THE COMPANY

Reply on Opinions Regarding Conducting Commodity Futures Market Making Business by Huatai Securities (Ji Gou Bu Han [2021] No. 177) 《關於華泰證券開展商品期貨做市業務有關意見的覆函》(機構部函[2021]177號)) dated January 18, 2021.

## II. RESULTS OF CLASSIFICATION BY REGULATORY AUTHORITIES

1. In 2019, the Company was rated Class AA under Category A according to the classification of securities companies.
2. In 2020, the Company was rated Class AA under Category A according to the classification of securities companies.
3. In 2021, the Company was rated Class AA under Category A according to the classification of securities companies.

# APPENDIX: INFORMATION DISCLOSURE INDEX

1. During the Reporting Period, the Company disclosed the following matters on China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily and on the website of the Shanghai Stock Exchange (www.sse.com.cn):

No.	Date	Announcement
1	2021-01-04	Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Eleventh Meeting of the Fifth Session of the Board, Independent Opinions of Independent Directors of Huatai Securities Co., Ltd. on Nomination of Candidates for Non-executive Directors of the Company, Announcement by Huatai Securities Co., Ltd. on the Summary of the Restricted Share Incentive Scheme of A Shares (Draft), Independent Opinions of Independent Directors of Huatai Securities Co., Ltd. on the Restricted Share Incentive Scheme of A Shares (Draft) of Huatai Securities Co., Ltd. and Relevant Matters, Verification Opinions of the Board of Supervisors of Huatai Securities Co., Ltd. on the Restricted Share Incentive Scheme of A Shares (Draft) of Huatai Securities Co., Ltd. and Relevant Matters, Administration Measures for the Evaluation on the Implementation of the Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd., Administration Measures for the Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd., Restricted Share Incentive Scheme of A Shares (Draft) of Huatai Securities Co., Ltd., Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Sixth Meeting of the Fifth Session of the Supervisory Committee
2	2021-01-06	Announcement by Huatai Securities Co., Ltd. on the Progress of Repurchase of A Shares of the Company through Centralized Price Bidding
3	2021-01-07	H Share Announcement of HTSC – Monthly Return of Equity Issuer on Movements in Securities for the Month Ended December 31, 2020
4	2021-01-08	Announcement by Huatai Securities Co., Ltd. on Public Solicitation of Voting Rights by Independent Directors, Notice of 2021 First Extraordinary General Meeting of Huatai Securities Co., Ltd., Legal Opinions from King & Wood Mallesons (Nanjing) on the Restricted Share Incentive Scheme of A Shares (Draft) of Huatai Securities Co., Ltd., Document of 2021 First Extraordinary General Meeting of Huatai Securities Co., Ltd.
5	2021-01-09	H Share Announcement of HTSC – Next Day Disclosure Return
6	2021-01-12	Announcement by Huatai Securities Co., Ltd. on Results of the Implementation of the Repurchase of A Shares and Changes in Shares
7	2021-01-21	Announcement by Huatai Securities Co., Ltd. on Receiving Reply from the CSRC on Conducting Market Making Business on Commodities Futures
8	2021-01-27	Announcement by Huatai Securities Co., Ltd. on Issuance Results for 2021 Short-term Debentures (First Tranche)
9	2021-01-29	Announcement by Huatai Securities Co., Ltd. on Issuance Results for 2021 Short-term Debentures (Second Tranche)
10	2021-01-30	Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Twelfth Meeting of the Fifth Session of the Board, Indicative Announcement by Huatai Securities Co., Ltd. on Notes on Attending the 2021 First Extraordinary General Meeting during the Prevention of the COVID-19 Pandemic, H Share Announcement of HTSC – Connected Transaction – Establishment of A Partnership
11	2021-02-03	H Share Announcement of HTSC – Monthly Return of Equity Issuer on Movements in Securities for the Month Ended January 31, 2021, Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Seventh Meeting of the Fifth Session of the Supervisory Committee, Explanations to the Publicity of and Verification Opinions of the Board of Supervisors of Huatai Securities Co., Ltd. on the List of Incentive Participants under the Restricted Share Incentive Scheme of A Shares, List of Incentive Participants under the Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd., Announcement on the Approval of the Restricted Share Incentive Scheme of A Shares
12	2021-02-09	Self-inspection Report of Huatai Securities Co., Ltd. on Dealing the Stocks of the Company by Insiders under the Restricted Share Incentive Scheme of A Shares, Announcement by Huatai Securities Co., Ltd. on the Resolutions of the 2021 First Extraordinary General Meeting, Legal Opinions from King & Wood Mallesons on the 2021 First Extraordinary General Meeting of Huatai Securities Co., Ltd., Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd., Administration Measures for the Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd., Administration Measures for the Evaluation on the Implementation of the Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd., Rules of Procedures for General Meetings of Huatai Securities Co., Ltd. (Revised in 2021), Announcement by Huatai Securities Co., Ltd. on Approval of Qualification as Director, Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Thirteenth Meeting of the Fifth Session of the Board
13	2021-02-10	Announcement by Huatai Securities Co., Ltd. on Accumulative Increase of New Borrowings in Current Year Exceeding Net Assets at the End of Previous Year by 20%
14	2021-03-04	H Share Announcement of HTSC – Monthly Return of Equity Issuer on Movements in Securities for the Month Ended February 28, 2021
15	2021-03-12	Announcement by Huatai Securities Co., Ltd. on the Results of the Issuance of the 2021 Short-term Debentures (Third Tranche), H Share Announcement of HTSC – Date of Board Meeting
16	2021-03-18	Announcement by Huatai Securities Co., Ltd. on the Briefing on the Annual Results of 2020

No.	Date	Announcement
17	2021-03-24	2020 Annual Report Summary of Huatai Securities Co., Ltd., Annual Internal Control Evaluation Report of Huatai Securities Co., Ltd. in 2020, Announcement on the Re-appointment of the Accounting Firm by Huatai Securities Co., Ltd., Announcement by Huatai Securities Co., Ltd. on Anticipation of Ordinary Transactions with Related Parties in 2021, Announcement by Huatai Securities Co., Ltd. on Adjustment to Relevant Matters of the Restricted Share Incentive Scheme of A Shares, Independent Opinions of Independent Directors of Huatai Securities Co., Ltd. on Adjustment to Relevant Matters of the Restricted Share Incentive Scheme of A Shares and the Grant, Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Fourteenth Meeting of the Fifth Session of the Board, Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Eighth Meeting of the Fifth Session of the Supervisory Committee, Announcement on Annual Profit Distribution Plan of Huatai Securities Co., Ltd. in 2020, Announcement by Huatai Securities Co., Ltd. in Relation to Provision for Impairment of Assets, Independent Opinions of Independent Directors of Huatai Securities Co., Ltd. on Provision for Impairment of Assets, 2020 Annual Report of Huatai Securities Co., Ltd., Announcement by Huatai Securities Co., Ltd. in Relation to the Grant of the Restricted A Shares to Incentive Participants under the Restricted Share Incentive Scheme of A Shares, Legal Opinions from King & Wood Mallesons (Nanjing) on Adjustment to Relevant Matters on the Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd. and the Grant, List of Incentive Participants under the Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd., Verification Opinions of the Board of Supervisors of Huatai Securities Co., Ltd. on Adjustment to Relevant Matters on the Restricted Share Incentive Scheme of A Shares and the Grant, Independent Opinion of Independent Directors of Huatai Securities Co., Ltd. on Matters Concerning 2020 Annual Report of the Company, 2020 Annual Auditing Report of Huatai Securities Co., Ltd., Special Explanation of Huatai Securities Co., Ltd. on Occupation of Non-operating Funds and Transaction of Other Associated Funds for 2020, Report on Performance of Duties of Independent Directors of Huatai Securities Co., Ltd. in 2020, Corporate Social Responsibility Report of Huatai Securities Co., Ltd. for 2020, Annual Internal Control Audit Report of Huatai Securities Co., Ltd. in 2020, Report on Performance of Duties of Audit Committee under the Board of Huatai Securities Co., Ltd. in 2020
18	2021-04-01	Summary Report by Huaan Securities and Huatai United Securities on the Continuous Listing of Overseas Listing of AssetMark under HTSC
19	2021-04-06	Announcement by Huatai Securities Co., Ltd. on the Completion of Changes to the Nature of Shares and the Progress of the Granting of the Restricted Share Incentive Scheme of A Shares
20	2021-04-08	H Share Announcement of HTSC – Monthly Return of Equity Issuer on Movements in Securities for the Month Ended March 31, 2021, Announcement by Huatai Securities Co., Ltd. in Relation to Results of the Grant under the Restricted Share Incentive Scheme of A Shares
21	2021-04-13	Announcement by Huatai Securities Co., Ltd. on the Listing of Offshore Bonds on The Stock Exchange of Hong Kong Limited, Announcement by Huatai Securities Co., Ltd. on Providing Guarantee for the Issuance of Dollar Bonds of Wholly-owned Offshore Subsidiaries
22	2021-04-20	H Share Announcement of HTSC – Date of Board Meeting
23	2021-04-22	Announcement by Huatai Securities Co., Ltd. on Providing Guarantee for the Issuance of Dollar Bonds of Wholly-owned Offshore Subsidiaries, Announcement by Huatai Securities Co., Ltd. on the Listing of Offshore Bonds on The Stock Exchange of Hong Kong Limited
24	2021-04-30	Text of First Quarterly Report of 2021 of Huatai Securities Co., Ltd., First Quarterly Report of 2021 of Huatai Securities Co., Ltd., Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Fifteenth Meeting of the Fifth Session of the Board
25	2021-05-07	H Share Announcement of HTSC – Monthly Return of Equity Issuer on Movements in Securities for the Month Ended April 30, 2021
26	2021-05-21	Notice of 2020 Annual General Meeting of Huatai Securities Co., Ltd., Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Sixteenth Meeting of the Fifth Session of the Board, Independent Opinion of Independent Directors of Huatai Securities Co., Ltd. on Nomination of Candidates for Independent Non-executive Directors of the Company, Statements of Nominators of Independent Directors of Huatai Securities Co., Ltd., Statements of Candidates for Independent Directors of Huatai Securities Co., Ltd., Document of 2020 Annual General Meeting of Huatai Securities Co., Ltd.
27	2021-06-04	H Share Announcement of HTSC – Monthly Return of Equity Issuer on Movements in Securities for the Month Ended May 31, 2021
28	2021-06-11	Indicative Announcement by Huatai Securities Co., Ltd. on Notes on Attending the 2020 Annual General Meeting during the Prevention of the COVID-19 Pandemic
29	2021-06-23	Announcement by Huatai Securities Co., Ltd. on Approval of Qualification as Independent Non-executive Director, Announcement by Huatai Securities Co., Ltd. on Resolutions of 2020 Annual General Meeting, Legal Opinions from King & Wood Mallesons on the 2020 Annual General Meeting of Huatai Securities Co., Ltd.
30	2021-06-29	Announcement on Issuance Results for 2021 Short-term Debentures of Huatai Securities Co., Ltd. (Fourth Tranche)
31	2021-06-30	Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Seventeenth Meeting of the Fifth Session of the Board

2. During the Reporting Period, the Company disclosed the following matters on the HKEXnews website of HKEX ([www.hkexnews.hk](http://www.hkexnews.hk)):


No.	Date	Announcement
1	2021-01-06	Monthly Return of Equity Issuer on Movements in Securities for the Month ended December 31, 2020, Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on the Progress of Repurchase of A Shares of the Company through Centralized Price Bidding
2	2021-01-07	Election of Non-executive Director, General Mandate to Issue Onshore and Offshore Debt Financing Instruments of the Company, Amendments to the Rules of Procedures for General Meetings, Proposed Adoption of the Restricted Share Incentive Scheme of A Shares and Notice of the 2021 First Extraordinary General Meeting, Notice of the EGM, Form of Proxy of Holders of H Shares for Use at the 2021 First Extraordinary General Meeting to Be Held on February 8, 2021, Form of Proxy for the Solicitation of Voting Rights by Independent Non-executive Director for Use at the 2021 First Extraordinary General Meeting to Be Held on February 8, 2021, Notification Letter and Request Form to Registered Shareholders, Notification Letter and Request Form to Non-registered Holders, Overseas Regulatory Announcement – Notice of 2021 First Extraordinary General Meeting of Huatai Securities Co., Ltd., Announcement by Huatai Securities Co., Ltd. on Public Solicitation of Voting Rights by Independent Directors, Legal Opinions from King & Wood Mallesons (Nanjing) on the Restricted Share Incentive Scheme of A Shares (Draft) of Huatai Securities Co., Ltd., Document of 2021 First Extraordinary General Meeting of Huatai Securities Co., Ltd.
3	2021-01-08	Next Day Disclosure Return
4	2021-01-11	Results of the Repurchase of A Shares, Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Results of the Implementation of the Repurchase of A Shares and Changes in Shares
5	2021-01-19	Overseas Regulatory Announcement – Announcement on Coupon Rate of 2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First Tranche)
6	2021-01-20	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Receiving Reply from the CSRC on Conducting Market Making Business on Commodities Futures
7	2021-01-21	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Issuance Results for Public Issuance of 2021 Corporate Bonds to Professional Investors (First Tranche)
8	2021-01-26	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Issuance Results for 2021 Short-term Debentures (First Tranche)
9	2021-01-28	Overseas Regulatory Announcement – Announcement on Coupon Rate of 2021 Subordinated Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First Tranche), Announcement by Huatai Securities Co., Ltd. on Issuance Results for 2021 Short-term Debentures (Second Tranche)
10	2021-01-29	Connected Transaction – Establishment of A Partnership, Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on the Resolutions of the 12th Meeting of the Fifth Session of the Board, Indicative Announcement by Huatai Securities Co., Ltd. on Notes on Attending the 2021 First Extraordinary General Meeting during the Prevention of the COVID-19 Pandemic
11	2021-02-01	Overseas Regulatory Announcement – Announcement on Issuance Results for 2021 Subordinated Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First Tranche)
12	2021-02-02	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended January 31, 2021, Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Seventh Meeting of the Fifth Session of the Board of Supervisors, Explanations to the Publicity of and Verification Opinions of the Board of Supervisors of Huatai Securities Co., Ltd. on the List of Incentive Participants under the Restricted Share Incentive Scheme of A Shares, List of Incentive Participants under the Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd., Announcement on the Approval of the Restricted Share Incentive Scheme of A Shares
13	2021-02-08	Poll Results of the 2021 First Extraordinary General Meeting Change of Non-Executive Director and Proposal on Adjustment to the Composition of Special Committees under the Board, List of Directors and their Roles and Functions, Overseas Regulatory Announcement – Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd., Administration Measures for the Evaluation on the Implementation of the Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd., Legal Opinions from King & Wood Mallesons on the 2021 First Extraordinary General Meeting of Huatai Securities Co., Ltd., Announcement by Huatai Securities Co., Ltd. on the Resolutions of the 13th Meeting of the Fifth Session of the Board, Rules of Procedures for General Meetings of Huatai Securities Co., Ltd. (Revised in 2021), Administration Measures for the Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd., Self-inspection Report of Huatai Securities Co., Ltd. on Dealing the Stocks of the Company by Insiders under the Restricted Share Incentive Scheme of A Shares
14	2021-02-09	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Accumulative Increase of New Borrowings in Current Year Exceeding Net Assets at the End of Previous Year by 20%
15	2021-03-03	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended February 28, 2021
16	2021-03-11	Date of Board Meeting, Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on the Results of the Issuance of the 2021 Short-term Debentures (Third Tranche)
17	2021-03-17	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on the Briefing on the Annual Results of 2020
18	2021-03-19	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on 2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Qualified Investors (First Tranche) (Type I)


No.	Date	Announcement
19	2021-03-23	Announcement in Relation to the Grant of the Restricted A Shares to Incentive Participants under the Restricted Share Incentive Scheme of A Shares, Announcement in Relation to Adjustment to Relevant Matters on the Restricted Share Incentive Scheme of A Shares of the Company, Announcement in Relation to Provision for Impairment of Assets, Results Announcement for the Year Ended December 31, 2020, 2020 Corporate Social Responsibility Report, Overseas Regulatory Announcement – 2020 Annual Report of Huatai Securities Co., Ltd., 2020 Annual Report Summary of Huatai Securities Co., Ltd., Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Fourteenth Meeting of the Fifth Session of the Board, Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Eighth Meeting of the Fifth Session of the Board of Supervisors, Announcement on Annual Profit Distribution Plan of Huatai Securities Co., Ltd. in 2020, Announcement on the Re-appointment of the Accounting Firm by Huatai Securities Co., Ltd., Announcement by Huatai Securities Co., Ltd. on Anticipation of Ordinary Transactions with Related Parties in 2021, Verification Opinions of the Board of Supervisors of Huatai Securities Co., Ltd. on Adjustment to Relevant Matters on the Restricted Share Incentive Scheme of A Shares and the Grant, List of Incentive Participants under the Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd., Independent Opinions of Independent Directors of Huatai Securities Co., Ltd. on Adjustment to Relevant Matters on the Restricted Share Incentive Scheme of A Shares and the Grant, Independent Opinions of Independent Directors of Huatai Securities Co., Ltd. on Provision for Impairment of Assets, Independent Opinion of Independent Directors of Huatai Securities Co., Ltd. on Matters Concerning 2020 Annual Report of the Company, Annual Internal Control Evaluation Report of Huatai Securities Co., Ltd. in 2020, Report on Performance of Duties of Independent Directors of Huatai Securities Co., Ltd. in 2020, Report on Performance of Duties of Audit Committee under the Board of Huatai Securities Co., Ltd. in 2020, Special Explanation of Huatai Securities Co., Ltd. on Occupation of Non-operating Funds and Transaction of Other Associated Funds for 2020, 2020 Internal Control Auditing Report of Huatai Securities Co., Ltd., Legal Opinions from King & Wood Mallesons (Nanjing) on Adjustment to Relevant Matters on the Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd. and the Grant
20	2021-03-31	Overseas Regulatory Announcement – Summary Report by Huan Securities and Huatai United Securities on the Continuous Listing of Overseas Listing of AssetMark under HTSC
21	2021-04-07	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended March 31, 2021, Announcement in Relation to Results of the Grant under the Restricted Share Incentive Scheme of A Shares, Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on the Completion of Changes to the Nature of Shares and the Progress of the Granting of the Restricted Share Incentive Scheme of A Shares
22	2021-04-12	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on the Listing of Offshore Bonds on The Stock Exchange of Hong Kong Limited, Announcement by Huatai Securities Co., Ltd. on Providing Guarantee for the Issuance of Dollar Bonds of Wholly-owned Offshore Subsidiaries
23	2021-04-19	Date of Board Meeting
24	2021-04-21	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Providing Guarantee for the Issuance of Dollar Bonds of Wholly-owned Offshore Subsidiaries, Announcement by Huatai Securities Co., Ltd. on the Listing of Offshore Bonds on The Stock Exchange of Hong Kong Limited
25	2021-04-22	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on 2021 Interest Payment for 2020 Corporate Bonds Publicly Issued to Qualified Investors (Second Tranche)
26	2021-04-23	Overseas Regulatory Announcement – Announcement on Coupon Rate of 2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second Tranche)
27	2021-04-27	Overseas Regulatory Announcement – Announcement on Issuance Results for 2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second Tranche), Announcement by Huatai Securities Co., Ltd. on Settlement of the Principal and Interest of 2021 and Delisting for 2018 Non-publicly Issued Subordinated Bonds (Second Tranche) (Category I)
28	2021-04-29	First Quarterly Report of 2021, Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Fifteenth Meeting of the Fifth Session of the Board
29	2021-05-06	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended April 30, 2021
30	2021-05-14	Overseas Regulatory Announcement – Announcement on Coupon Rate of 2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Third Tranche)
31	2021-05-18	Overseas Regulatory Announcement – Announcement on Issuance Results for 2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Third Tranche)
32	2021-05-20	Proposed Change of Independent Non-executive Director, Notice of AGM, Circular of 2020 Annual General Meeting, Form of Proxy of Holders of H Shares for use at the Annual General Meeting to be Held on June 22, 2021, Notification Letter and Request Form to Registered Shareholders, Notification Letter and Request Form to Non-Registered Holders, Overseas Regulatory Announcement – Independent Opinions of Independent Directors of Huatai Securities Co., Ltd. on Nomination of Candidates for Independent Non-executive Directors of the Company, Notice of 2020 Annual General Meeting of Huatai Securities Co., Ltd., Document of 2020 Annual General Meeting of Huatai Securities Co., Ltd., Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Sixteenth Meeting of the Fifth Session of the Board, Announcement by Huatai Securities Co., Ltd. on 2021 Interest Payment for 2019 Non-publicly Issued Corporate Bonds (First Tranche) (Type II)
33	2021-05-21	Overseas Regulatory Announcement – Announcement on Coupon Rate of 2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fourth Tranche)
34	2021-05-25	Overseas Regulatory Announcement – Announcement on Issuance Results for 2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fourth Tranche)
35	2021-05-28	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on 2021 Interest Payment for 2013 Corporate Bonds (Ten-year Bonds)


No.	Date	Announcement
36	2021-06-03	Monthly Return of Equity Issuer on Movements in Securities for the Month Ended May 31, 2021
37	2021-06-10	Overseas Regulatory Announcement – Indicative Announcement by Huatai Securities Co, Ltd. on Notes on Attending the 2020 Annual General Meeting during the Prevention of the COVID-19 Pandemic, Announcement by Huatai Securities Co, Ltd. on Settlement and Delisting in 2021 for 2020 Corporate Bonds Publicly Issued to Qualified Investors (Fourth Tranche) (Category I), Announcement by Huatai Securities Co, Ltd. on 2021 Interest Payment for 2020 Corporate Bonds Publicly Issued to Qualified Investors (Fourth Tranche) (Category II)
38	2021-06-15	Overseas Regulatory Announcement – Announcement on Coupon Rate of 2021 Corporate Bonds of Huatai Securities Co, Ltd. Publicly Issued to Professional Investors (Fifth Tranche)
39	2021-06-16	Overseas Regulatory Announcement – Announcement on Issuance Results for 2021 Corporate Bonds of Huatai Securities Co, Ltd. Publicly Issued to Professional Investors (Fifth Tranche)
40	2021-06-18	Overseas Regulatory Announcement – Announcement on Coupon Rate of 2021 Corporate Bonds of Huatai Securities Co, Ltd. Publicly Issued to Professional Investors (Sixth Tranche)
41	2021-06-22	Poll Results of the 2020 Annual General Meeting; Payment of Final Dividend; and Change of Independent Non-executive Director, List of Directors and their Roles and Functions, Overseas Regulatory Announcement – Legal Opinions from King & Wood Mallesons on the 2020 Annual General Meeting of Huatai Securities Co, Ltd.
42	2021-06-23	Overseas Regulatory Announcement – Announcement on Issuance Results for 2021 Corporate Bonds of Huatai Securities Co, Ltd. Publicly Issued to Professional Investors (Sixth Tranche)
43	2021-06-25	Overseas Regulatory Announcement – Announcement on Coupon Rate of 2021 Short-term Corporate Bonds of Huatai Securities Co, Ltd. Publicly Issued to Professional Investors (First Tranche)
44	2021-06-28	Overseas Regulatory Announcement – Announcement on Issuance Results for 2021 Short-term Debentures of Huatai Securities Co, Ltd. (Fourth Tranche)
45	2021-06-29	List of Directors and their Roles and Functions, Adjustment to the Composition of Audit Committee, Overseas Regulatory Announcement – Announcement on Issuance Results for 2021 Short-term Corporate Bonds of Huatai Securities Co, Ltd. Publicly Issued to Professional Investors (First Tranche), Announcement by Huatai Securities Co, Ltd. on the Resolutions of the Seventeenth Meeting of the Fifth Session of the Board





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