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# 1

## 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 for the information contained herein.

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

Position of absent Directors	Name of absent Directors	Reason(s) for absence	Name of proxy
Director	Chen Zhongyang	Business engagement	Ke Xiang
Director	Hu Xiao	Business engagement	Zhang Wei
Director	Yin Lihong	Business engagement	Zhang Wei
Independent Director	AU King Chi	Business engagement	Chen Zhibin

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 propose any profit distribution proposal or capital reserve capitalization proposal when reviewing the interim report.

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

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

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

VIII. The Company has not provided any external guarantees in violation of the prescribed 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 discrepancy, 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, fundraising costs and interest rate levels and its fluctuations may all 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 arising 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 arising 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 or reputation loss; legal risks arising from failure to abide by provisions and requirements of laws and regulations, which expose the Company to litigations, compensation and fines and suffer from loss; market risks arising 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 arising from default of product issuers, bond issuers or counterparties (customers), which make the Company suffer from loss; liquidity risks arising from inability to obtain sufficient funds at a reasonable cost to pay matured debts, fulfill 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 resulting from internal and external reasons, which consequently cause loss by incapacitating the information system from guaranteeing 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 arising from loss-causing incomplete or problematic internal procedures, personnel, systems or external incidents; reputation risks arising from business operation, management and other behaviors or external incidents which lead to negative judgement on the Company by relevant media; money laundering risks arising 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 legitimacy, reputation, compliance, operation and other aspects. Besides, with the advancement of the Company's internationalization strategy, the Company's business expands into the United States, the United Kingdom, Hong Kong and other countries and regions, and the Company is exposed to 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
Beijing Stock Exchange	the Beijing Stock Exchange (北京證券交易所)
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
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
Futures IB Business	a business activity in which securities firms, as commissioned by futures companies, introduce clients to participate in futures transactions of the futures companies and provide other related services
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 华泰證券股份有限公司 (Huatai Securities Co., Ltd.), converted from our predecessor 华泰證券有限公司 (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 Foundation	Jiangsu Huatai Foundation (江蘇省華泰公益基金會)

Huatai Futures	Huatai Futures Co., Ltd. (華泰期貨有限公司), a holding subsidiary of the Company, which changed to a wholly-owned subsidiary of the Company after the Reporting Period
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, 2022 to June 30, 2022
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
Wind Information	Wind Information Co., Ltd. (萬得信息技術股份有限公司), a service provider of financial data, information and software in Mainland China
%	per cent.

In the 2022 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 account.



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# COMPANY PROFILE

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## 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

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	86,190,064,482.77	82,314,070,326.70

### Qualifications of each business line of the Company

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 national 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)
	Ms. Yin Lihong
Non-executive Directors	Mr. Ding Feng
	Mr. Chen Zhongyang
	Mr. Ke Xiang Ms. Hu Xiao
Independent Non-executive Directors	Ms. Liu Yan
	Mr. Chen Zhibin
	Mr. Wang Jianwen
	Ms. AU King Chi Mr. Wang Quansheng

### Members of Special Committees

Development Strategy Committee	Mr. Zhang Wei (Chairman)
	Mr. Zhou Yi
	Mr. Chen Zhongyang
	Ms. Hu Xiao
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	Ms. Liu Yan (Chairman)
	Ms. Yin Lihong
	Mr. Wang Quansheng
Remuneration and Appraisal Committee	Mr. Chen Zhibin (Chairman)
	Ms. Liu Yan
	Mr. Wang Quansheng

## 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.	025-83387272, 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, the PRC

## 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, the PRC
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
Index of changes during the Reporting Period	No change during the Reporting Period

## ➤ V. INFORMATION DISCLOSURE AND CHANGES IN 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, the PRC
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, the PRC
- 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	<b>601688</b>
H Share	Hong Kong Stock Exchange	HTSC	<b>6886</b>
GDR	London Stock Exchange	Huatai Securities Co., Ltd.	<b>HTSC</b>

The Company did not change the stock name.

## » VIII. OTHER INFORMATION

### (I) Accounting firms

Accounting firm engaged by the Company (domestic)	Name	Deloitte Touche Tohmatsu Certified Public Accountants LLP
	Office address	30/F, 222 Yan An Road East, Huangpu District, Shanghai, the PRC
Accounting firm engaged by the Company (Hong Kong)	Name	Deloitte Touche Tohmatsu Registered PIE Auditor under the Hong Kong Financial Reporting Council Ordinance
	Office address	35/F, One Pacific Place, 88 Queensway, Hong Kong, the PRC
Accounting firm engaged by the Company (United Kingdom)	Name	Deloitte Touche Tohmatsu Certified Public Accountants LLP
	Office address	30/F, 222 Yan An Road East, Huangpu District, Shanghai, the PRC

### (II) Legal Advisors

Legal advisor engaged by the Company (domestic)	Name	King & Wood Mallesons
	Office address	18/F, 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, the PRC

### (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	Shops 1712-1716, 17/F, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong, the PRC

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# SUMMARY OF THE RESULTS

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## » 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, other income and gains	23,479,022	24,615,529	(4.62)
Profit before income tax	6,773,996	10,036,901	(32.51)
Profit of this period – attributable to shareholders of the Company	5,375,208	7,770,308	(30.82)
Net cash generated from/(used in) operating activities	26,018,313	(30,531,020)	N/A
Total amount of other comprehensive income after tax this period	515,614	(463,027)	N/A

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	849,322,705	806,650,833	5.29
Total liabilities	692,930,157	654,615,049	5.85
Total equity attributable to shareholders of the Company	152,469,597	148,422,810	2.73
Total shareholders' equity	156,392,548	152,035,784	2.87
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)	0.58	0.86	(32.56)
Diluted earnings per share (RMB/share)	0.56	0.86	(34.88)
ROE (%)	3.69	5.73	Decrease of 2.04 percentage points
Debt-to-assets ratio (%)	77.35	78.75	Decrease of 1.40 percentage points
Net assets attributable to the Company's shareholders per share (RMB/share)	15.40	14.63	5.26

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



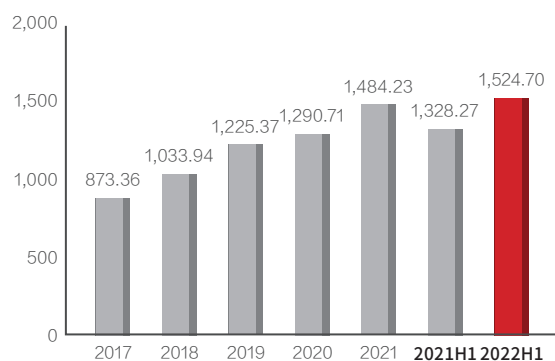
**(III) Net Capital of the Parent Company and Risk Control Indicators**

Unit: Yuan Currency: RMB

Item	As of the end of the Reporting Period	As of the end of the previous year
Net capital	86,190,064,482.77	82,314,070,326.70
Net assets	128,816,353,549.35	126,702,081,824.87
Risk coverage ratio (%)	248.30	246.45
Net capital/net assets (%)	66.91	64.97
Net capital/liabilities (%)	20.98	21.42
Net assets/liabilities (%)	31.36	32.97
Value of proprietary equity securities and derivatives/net capital (%)	49.91	49.80
Value of proprietary non-equity securities and derivatives/net capital (%)	366.60	291.29
Core net capital	59,490,064,482.77	58,314,070,326.70
Supplementary net capital	26,700,000,000.00	24,000,000,000.00
Total risk capital provision	34,712,190,294.21	33,399,876,683.34
Total on-balance and off-balance assets	451,972,317,208.81	422,846,924,915.98
Capital leverage ratio (%)	15.21	15.99
Liquidity coverage ratio (%)	142.18	169.68
Net stable funding ratio (%)	131.44	126.98

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

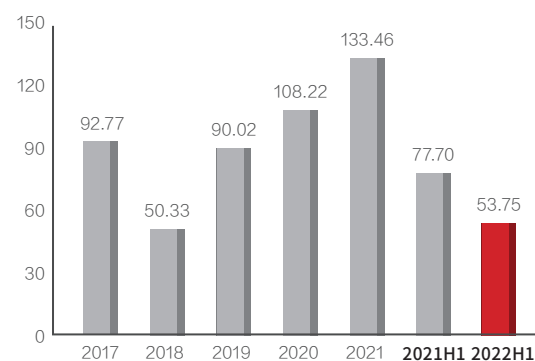
Unit: 100 Million Yuan Currency: RMB



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	Equity underwriting amount RMB	Total asset management scale RMB	AssetMark AoP USD
<b>19.72</b> trillion	<b>43.752</b> billion	<b>501.613</b> billion	<b>82.127</b> billion
<b>1</b> Market ranking	<b>4</b> Market ranking		
The number of monthly active users of Zhangle Fortune Path	Bond underwriting amount RMB	Average monthly scale of private equity funds of private equity subsidiaries RMB	The market share of AssetMark
<b>9.5239</b> million	<b>501.503</b> billion	<b>42.822</b> billion	<b>11.0%</b>
<b>1</b> Market ranking	<b>3</b> Market ranking	<b>2</b> Market ranking	<b>3</b> Market ranking
Balance of margin financing and securities lending business RMB	Number of merger, acquisition and reorganization (approved and registered by the CSRC)	The number of enterprise asset securitization issuance	<p>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 2022; 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 funds are quoted from the statistics from Asset Management Association of China as of the second quarter of 2022; the amount and ranking of equity underwriting and bond underwriting are quoted from Wind; the number and amount of merger, acquisition and reorganization and its ranking are quoted from the statistics of merger, acquisition and reorganization</p>
<b>115.870</b> billion	<b>4</b>	<b>48</b>	
<b>2</b> Market ranking	<b>1</b> Market ranking	<b>3</b> Market ranking	
The scale of shares and hybrid public funds RMB	Amount of merger, acquisition and reorganization (approved and registered by the CSRC) RMB	Scale of enterprise asset securitization issuance RMB	
<b>126.6</b> billion	<b>23.419</b> billion	<b>45.544</b> billion	
<b>1</b> Market ranking	<b>1</b> Market ranking	<b>3</b> Market ranking	

transactions approved and registered by the CSRC based on the information available to the public; 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 2022; the issuing number and total amount of enterprise asset securitization and its ranking are quoted from Wind; AssetMark AoP are quoted from the internal statistics of the Company as of the end of the second quarter of 2022; 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 2021; for the terms without special illustration, the information is from the statistics by the end of the Reporting Period

## 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 2022 and 2021, and the net assets attributable to shareholders of the listed company as of June 30, 2022 and December 31, 2021 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" (太極實業) 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**



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.


**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.



The fund investment advisory service of the Company was officially introduced.



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

**2022**



The number of registered users and downloads of "ZhangLe Fortune Path" (涨乐财富通) reached nearly 68 million.



"ZhangLe Fortune Path" (涨乐财富通) upgraded to latest 8.0 version.



"ZhangLe Global" (涨乐全球通) upgraded to version 4.0.




Jiangsu Huatai Foundation was officially established.

**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 United State.




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


**2021**



New release of the "Securities Lending Path 3.0" (融券通3.0) platform of the Company.



New upgrade of the fund investment advisory business brand "ZhangLe Shengxintou" (涨乐省心投) of the Company.



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

**A** 601688.SH

**H** 6886.HK

**G** HTSC.LI

**N** AMK

# 2

## OPERATING ANALYSIS AND STRATEGIES

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# SUMMARY OF THE COMPANY'S BUSINESS

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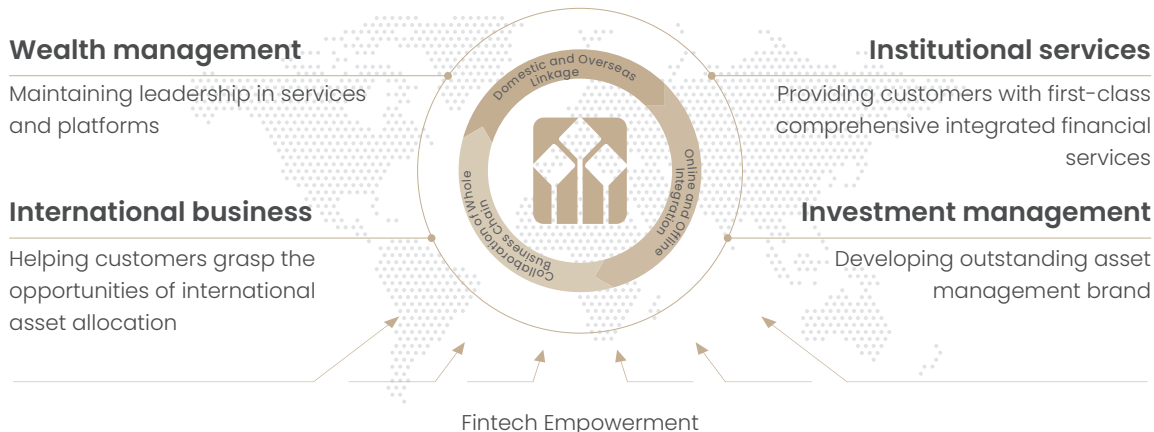
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## Strategic Vision | Striving to Become a First-Class Investment Bank With Both Domestic Advantages and Global Influence

### » 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 cyclical and volatility. Our Group's securities related businesses are also dependent on and benefit from the economic growth of the PRC 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 the PRC, with a highly collaborative business model, an advanced digital platform and an extensive and engaging customer base. The Group's principal businesses comprise wealth management business, institutional services business, investment management business and international business. The Group constructs a customer-oriented organizational structure and mechanism, to provide a full range of securities and financial services to both individual and institutional clients through an organic online-offline synergy, and aims to become a leading investment bank with both 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, fund investment advisory business, and capital-based intermediary business with the support of professional mobile APP and PC platforms, branches, and securities and futures branch offices, Huatai International and its affiliated overseas subsidiaries, through online and offline modes and inbound and outbound linkage. For securities, futures and options brokerage business, 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. Our fund investment advisory business entails 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 of fund products on behalf of our clients. In respect of capital-based intermediary business, we provide diversified financing services including margin financing and securities lending as well as stock pledged repurchase. Key performance drivers of the wealth management business include fee and commission income, interest income, etc.

## Institutional services business

With institutional sales as the 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, bond underwriting, financial advisory, OTC business, etc. For equity underwriting business, we provide IPO and equity refinancing services for our clients. For bond underwriting business, we provide various types of bond financing services for our clients. For financial advisory business, we provide clients with M&A-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, clearing, reporting and valuation. In addition, it also provides margin financing and securities lending, sales of financial products and other value-added services for clients of prime brokerage. Key performance drivers to prime brokerage business include fund custody fees and service fees.

(3) Research and institutional sales business mainly consists of research business and institutional sales business. For research business, we provide various professional research and advisory 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 interbank 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 based on 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. For securities firm asset management business, we participate in the business operation 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

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 equity business platform, fixed-income business platform, personal finance platform, fund platform and flagship investment banking business. Through the equity business platform, we conduct trading, design and sales of cross-border equity derivatives, providing capital-based intermediary services in respect of various equity capital for our clients, and provide integrated financial services covering both domestic and overseas markets and various industries for institutional clients around the globe. Through the fixed-income business platform, we carry out investment and trading of a variety of FICC and derivative instruments and provide FICC solutions for all product categories, such as sales, trading and market making services to various institutional clients. Through the personal finance platform, we provide brokerage, margin financing and wealth management services in respect of different categories of assets around the globe for our clients, satisfying their multi-level and comprehensive financial needs. In respect of the fund platform, we provide customized solutions in fields such as leveraged buyout, strategic M&A, prelisting financing and business expansion for our clients through the Greater Bay Area Fund under our management; 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. For flagship investment banking business, aiming to establish a full-service and cross-border investment banking platform system, we provide both Chinese and international customers with equity and bond 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 is capable of providing clients with the whole-process services of the issuance and trade of GDRs. In December 2020, Huatai Financial Holdings (Hong Kong) became the first financial institution in Asia that obtained the qualification as market maker of the London Stock Exchange. In December 2021, Huatai Financial Holdings (Hong Kong) was formally admitted as the member of Turquoise trading platform under the London Stock Exchange Group.

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 July 2021, AssetMark completed the acquisition of Voyant to further optimize its technology platform and operating environment and thus maintain its leading position among the turn-key asset management platforms.

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. In 2020, it obtained the US proprietary trading license. In 2021, it obtained the business qualification for securities trading with institutional investors in Canada. In 2022, it obtained market access to major stock exchanges in Europe.

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

## II. AWARDS AND RECOGNITION

### Wealth management business

Shanghai Stock Exchange:

🏆 The Company was awarded “2021 Top 10 Options Brokers” (2021 年度十佳期權經紀商) and “2021 Outstanding Options Market Maker” (2021 年度優秀期權做市商)

Shenzhen Stock Exchange:

🏆 The Company was awarded “2021 Outstanding Stock Options Brokers” (2021 年度優秀股票期權經紀商), “Top 10 Stock Options Market Expansion Brokers for 2021” (2021 年度股票期權市場拓展十佳經紀商) and “2021 Excellent Stock Options Market Maker” (2021 年度優秀股票期權做市商)

HKEX:

🏆 The Company was awarded “2021 Outstanding Broker Award of Southbound Trading” (2021 年港股通卓越券商獎) and “2021 Investor Education Active Broker Award of Southbound Trading” (2021 年港股通投資者教育積極券商獎)

The selection of the “First Session of Golden Advisory Award for Fund Investment Advisors” (第一屆金諮獎基金投顧) organized by Xinhua Finance:

🏆 The Company was awarded “Golden Advisory Award for Fund Investment Advisors” (基金投顧金諮獎), “First Prize in the Golden Advisory List for Advisory Services” (顧問服務金諮榜第一名), “First Prize in the Golden Advisory List for System Operation” (系統營運金諮榜第一名), “Third Prize in the Golden Advisory List for Investment Research (First Prize among Brokers)” (投資研究金諮榜第三名 (券商第一)), etc.

### Institutional services business

Shanghai Stock Exchange:

🏆 Huatai United Securities was awarded “2021 Outstanding Underwriter of Corporate Bonds” (2021 年度公司債券優秀承銷商), “2021 Credit Bond High Quality Development Promotion Award” (2021 年度信用債高質量發展推進獎) and “2021 Excellent Trust Manager” (2021 年度優秀受託管理人)

Shenzhen Stock Exchange:

🏆 Huatai United Securities was awarded “2021 Outstanding Bond Duration Management Institution” (2021 年度優秀債券存續期管理機構), “2021 Outstanding Corporate Bond Underwriter” (2021 年度優秀公司債券承銷商), “2021 Outstanding Intermediary Agencies of Infrastructure Public Offering REITs” (2021 年度優秀基礎設施公募 REITs 中介機構), etc.

The data from Analysys:

🏆 “ZhangLe Fortune Path” (漲樂財富通) ranked top in the industry in terms of NMAU by the end of the first half of 2022

The selection of the “Seventh Session of Broker APP List” (第七屆券商 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 Functional Innovation APP” (最佳功能創新 APP) and “Users’ Favorite APP” (最受用戶喜愛 APP)

The selection of “2021-2022 Fintech Award” (2021-2022 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)” (香港地區最佳手機券商 APP)

The selection of “2021 Fintech Awards” (2021 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 Wealth Management Platform” (交易系統 – 傑出全方位財富管理平台)

The selection of the “Fifteenth Session of Best Investment Bank” (第十五屆最佳投行) organized by New Fortune (《新財富》):

🏆 Huatai United Securities was awarded “Best Domestic Investment Bank” (本土最佳投行), “Most Innovative Investment Bank” (最具創新能力投行), “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 Refinancing Investment Bank” (最佳再融資投行), “Best IPO Investment Bank” (最佳 IPO 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), etc.

### Investment management business

Shanghai Stock Exchange:

🏆 Huatai Asset Management was awarded “Outstanding Manager for Asset Securitization Business for 2021” (2021 年度資產證券化業務優秀管理人) and “Excellent Manager for Asset Securitization Innovative Business for 2021” (2021 年度資產證券化創新業務優秀管理人)

Shenzhen Stock Exchange:

🏆 Huatai Asset Management was awarded “Outstanding Manager for Special Asset-backed Plans for 2021” (2021 年度優秀資產支持專項計劃管理人)

Shanghai Stock Exchange:

🏆 China Southern Asset Management was awarded “2021 Outstanding Bond Investment Institution” (2021 年度優秀債券投資機構) and “2021 Outstanding Bond Dealer” (2021 年度債券優秀交易商)

The selection of “ChinaVenture Awards for 2021” (投中 2021 年度榜) held by ChinaVenture Investment:

🏆 Huatai Purple Gold Investment was awarded “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 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 Limited Partners TOP 30” (中國最佳有限合夥人 TOP 30), “Best Institutions for Investment in Biomedical Fields TOP 30 in China’s Medical and Health Service Industry” (中國醫療及健康服務產業最佳生物醫藥領域投資機構 TOP 30), etc.

Shenzhen Stock Exchange:

🏆 China Southern Asset Management was awarded “Outstanding ETF Fund Manager for 2021” (2021 年度優秀 ETF 基金管理人) and “2021 Fund Market Investor Service Award” (2021 年度基金市場投資者服務獎)

### International business

The selection of “2021 Annual Awards” (2021 年度獎項) organized by PDI (Private Debt Investor), an internationally renowned private debt industry magazine:

🏆 Huatai International was awarded “Best Private Debt Investor (Asia-Pacific Region)” (最佳私募債投資機構(亞太區)), “Best Real Estate Private Debt Investment Fund Manager (Asia-Pacific Region)” (最佳地產私募債投資基金經理(亞太區)), “Best Project (Asia-Pacific Region)” (最佳項目(亞太區)) and “Best PE Corporate Finance Project (Global)” (最佳 PE 機構融資項目(全球))

The selection of “2021 AAA National Awards (China)” (2021 年度 AAA 國家獎(中國區)) organized by The Asset:

🏆 Huatai International was awarded “Best Local Corporate and Institutional Advisor Award (Broker)” (最佳本地企業及機構顧問獎(券商類)) and “Best Private Bond Advisor Award” (最佳私募債券顧問獎)

The selection of “Hong Kong FinTech Impetus Awards for 2022” (香港金融科技發展大獎 2022) organized by Metro Finance, a mainstream financial broadcasting media in Hong Kong:

🏆 Huatai International was awarded “Investment and Wealth Management – Securities and Foreign Exchange Investment Finance Awards” (投資理財—證券及外匯投資金融大獎)

Cerulli Associates and other public information:

🏆 As of the end of 2021, AssetMark ranked third in the U.S. TAMP industry with a market share of 11.1%

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

#### 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 has been comprehensively promoting the Group's digital transformation focusing on the overall target of "client's success, business innovation, operation optimization and employee empowerment", striving to overhaul its business and management model with digital thinking and platforms and endeavoring to build a leading self-controlled system for information technology research and development to achieve co-creation of technology and business 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, using equity investment as a link, the Group focused on gathering 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 its mobile finance strategy. Based on the development advantage with the linkage of dual platforms, namely the latest 8.0 version of "ZhangLe Fortune Path" (漲樂財富通) platform and the "AORTA" (聊TA) platform, the Group built the content operation system with the focus on customer's full life cycle and effectively enhanced the efficiency of customer acquisition and services. In the field of institutional services, taking "Xing Zhi" (行知), our self-developed digital platform serving institutional customers, as the guide, the Group linked up all aspects of institutional services. During the Reporting Period, leveraging on the intelligent investment research platform, the Group upgraded research services and provided customers with research view, industry database, valuation model and other functions to innovate customer experience. On the basis of various advanced digital middle-office systems developed in-house, the Company continuously advanced the development of platforms such as Securities Lending Path platform and FICC trading platform to expedite the establishment of core trading and pricing capabilities. During the Reporting Period, the Securities Lending Path platform further expanded technical connection with external platforms, which promoted the innovative development of securities lending business. The FICC trading platform made breakthroughs in key capabilities such as cloud-native architecture evolution and extremely fast risk control. Innovations in technology and business integration have been continuously deepened. During the Reporting Period, the Group has established special laboratories in intelligent finance, blockchain, cloud computing and other sectors to carry out studies on key subjects. The technical competency and talent team developed by the Group through independent research and development over the years have laid a solid foundation for the building of platform-based and systematic core competitiveness.

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

The Group has established one of the most dynamic wealth management platforms in China's securities industry with more than 20.00 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 is committed to creating a platform-based and integrated development model driven by the headquarters and linked by the headquarters and branches, building a new structural system focusing on the full life cycle of customer operations, and actively exploring a new content-driven customer operation model. The Group launched "ZhangLe Fortune Path" (漲樂財富通), a mobile service platform, for our clients, and "AORTA" (聊TA), a cloud-based working platform, for investment advisors. The two platforms strengthened their functions, deepened their coordination, efficiently and accurately empowered front-line investment advisors through iterative upgrades and initially formed a data-driven mechanism to match clients' needs with investment advisory services. As of the end of the Reporting Period, the cumulative download volume of "ZhangLe Fortune Path" (漲樂財富通) was 67.7085 million. According to the statistics of Analysys, the NMAU of "ZhangLe Fortune Path" (漲樂財富通) amounted to 9.5239 million as at the end of June 2022, 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, the asset size of our fund investment advisory business remained at the top of the industry, and our asset allocation, product research, strategic operation and companion service systems have been continuously improving. 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 2022, the Company ranked the first and the second in the industry in terms of the size of equity and hybrid public fund holdings and the size of non-money market public fund holdings.

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

The Group fully grasped the opportunities of the deepening reform of the capital market in the context of China's economic restructuring and upgrading and the full implementation of registration-based IPO system, and continued to accelerate its deployment in the industry, actively implemented the strategy of platformization and ecologicalization with investment banking customer-centric, and gave full play of securitized assets as a traffic inflow gateway by taking advantage of the big platform covering the whole business chain. At the same time, the Group continuously enhanced the linkage and coordination between the investment banking business and other businesses to build an ecosystem for institutional customer services with the three-in-one 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 to successfully explore and acquire a number of high-quality customers in key industries. With professionalism and product innovation as the base for survival, the Group firmly seized the trending opportunities in the capital market and vigorously established and expanded its GDR business, and is the only company that has both GDR issuer and underwriter experience as well as execution experience in the whole business chain. Currently, it is also the broker with the biggest market share in the GDR underwriting market. For the M&A and restructuring business, the Group focused on advancing benchmark large-scale and innovative projects and actively explored continuous services for customers, maintaining its leading position in the industry. During the Reporting Period, the Group had four M&A transactions approved and registered by the CSRC, with a transaction amount of RMB23.419 billion, ranking first in the industry. Since 2012, the number of M&A transactions approved and registered by the CSRC reached 154, ranking first in the industry. During the Reporting Period, the Group's lead-underwriting amount of full variety bonds was RMB501.503 billion, ranking the third in the industry. The full implementation of the registration-based IPO system and the increase in the proportion of direct financing are the main theme of the capital market in 2022. Relying on increasingly active equity and debt financing and industrial consolidation activities in the capital market, the Group will embrace sound development opportunities.

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

Relying on the large customer base and resources advantage in the whole business chain, the Group has established one of the leading asset management platforms in the industry by fully leveraging its investment banking asset discovery, risk pricing and product design capabilities. The total amount of assets under asset management business ranked among the top in 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 RMB501.613 billion, and the scale of active management further increased. 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. The Group focused 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 and the retail customers and high-net-worth customers in the market in terms of product forms and risk-return. Meanwhile, through customized services featuring multiple assets and multiple strategies, the Group 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 a number of ABS products in areas such as pandemic control and prevention, and green finance to support real economy projects, with the business scale continuously ranking the top in the industry.

## Acceleration in global layout and creation of cross-border ecology to march toward a new stage of high-quality development

The Group always adheres to the strategy of constantly expanding its international business layout along with the international development of customers. The Group continues to deepen its cross-border integration and optimize its cross-border integrated financial services platform system to connect global resources for its customers and better serve Chinese customers' overseas expansion as well as international investors' domestic investment. During the Reporting Period, leveraging on the Group's domestic resources, Huatai International continued to focus on its capital market intermediary business by adhering to its origin as a brokerage firm with cross-border resources and cultivating an integrated and platform-based client-centered ecological system through cross-border linkage, business synergy and platform operation. Meanwhile, it strengthened risk management and control capabilities and used diversified hedging instruments to effectively reduce risks arising from market fluctuations, so as to ensure the healthy development of various businesses. During the Reporting Period, Huatai Financial Holdings (Hong Kong) continued to deepen its "4+" business platform system consisting of the equity business platform, fixed-income business platform, personal finance platform, fund platform and flagship investment banking business, which facilitated its differentiated competitive advantages. As of the end of the Reporting Period, the asset scale of Huatai International approached nearly HK\$200 billion with continual improvement of comprehensive strength, placing it in the top tier of Chinese securities companies in Hong Kong. During the Reporting Period, Huatai International focused on its primary customer base and improved customer experience through enhancing its multi-asset sales and trading capabilities and continuously improving the supporting capability of its systems and platforms. It stabilized its business size and consolidated its cross-border sales and trading business system with prime brokerage as the core amid market volatility. The personal finance platform fully exploited the advantages of Fintech in empowering wealth management business and expanded To B and To C products and services through the combination of online and offline means. "ZhangLe Global" (漲樂全球通), our self-developed one-stop online wealth management platform, launched "Cash Pro" (樂盈寶) to better meet the cash management demand of investors amid market fluctuations. During the Reporting Period, Huatai Financial Holdings (Hong Kong) officially obtained the qualification as a participant of the Special Purpose Acquisition Companies (SPAC) Exchange of the Hong Kong Stock Exchange, making it one of the first Chinese securities companies in Hong Kong obtaining such qualification. It also participated in the second listing project on the SPAC in the Hong Kong market as a joint bookrunner, opening up a new chapter in the SPAC sector. The international rating agency Standard & Poor's maintained the long-term issuer rating of "BBB+" and the short-term issuer rating of "A-2" for the Company and its subsidiary Huatai International. In addition, AssetMark has maintained operational independence, sustained steady growth in assets under management through its leading-edge business model and advanced technology platform, consolidated its industry-leading position and constantly increased the Group's international business revenue.

## Comprehensive risk management featuring professional and platform advantages

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 continued to forge an onshore and offshore integrated risk management system with adhering to the core risk management philosophy of high engagement, full coverage and deep penetration and taking collectivization, specialization and platformization as the main ideas. 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 build an adaptive collaboration and risk management and control system that is customer-centric and guided by professional risk responsibility objectives. It promoted the penetration of key business and areas at home and abroad to dynamically monitor and alert risks and quickly respond to them. The Group attached great importance to the application of advanced IT technology in risk management. During the Reporting Period, it advanced the framework upgrade of the onshore and offshore integrated risk management platform, and continued to build one body and two wings of the mainline base for risk management digitalization, so as to promote the transformation of the risk management model and improve efficiency through technology empowerment.

## To build a development platform that continuously empowers the growth of the top-ranking talents

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 a contractual, market-oriented and professional operation and management team has been built. The new operation and management team has broad vision, rich experience and strong business capabilities, and is leading the Company to open up new horizons in development. 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 momentum and vitality for the in-depth promotion of the "two-pronged" (雙輪驅動) strategy. The Group continued to build a platform-based talent development model towards the professional, high-caliber, young and international talents and match outstanding young talents with platform-based and more personalized solutions. It has developed a growth path of "new employees – business backbones – compound elites – management generalists" to meet their development demands at different stages of their career, promote the common growth of outstanding talents and organizations and convert talent advantages into core competitive advantages. 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 remuneration incentive mechanism. The Group implemented the restricted share incentive scheme for senior and middle management and core staff, which fully demonstrated the concept of shared interests, shared risks, and joint sustainable development between the Group and its employees, so as to further stimulate the vitality of market-oriented organizations.







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, other income and gains	Segment expenses	Segment results	Segment profit margin (%)	Year-on-year change of segment revenue, other income and gains (%)	Year-on-year change of segment expenses (%)	Year-on-year change of segment profit margin
Wealth management business	12,395,626	(8,007,493)	4,388,133	35.40	8.73	8.36	Increase of 0.22 percentage point
Institutional services business	3,786,093	(2,977,089)	809,004	21.37	(41.81)	(13.37)	Decrease of 25.81 percentage points
Investment management business	893,317	(549,527)	(343,373)	(38.44)	(64.32)	(7.60)	Decrease of 138.70 percentage points
International business	4,184,585	(2,926,501)	1,258,084	30.06	18.18	17.83	Increase of 0.19 percentage point
Others (including offset)	2,219,401	(2,707,889)	662,148	29.83	234.07	19.93	Increase of 121.87 percentage points
Segment total	23,479,022	(17,168,499)	6,773,996	28.85	(4.62)	6.22	Decrease of 11.92 percentage points

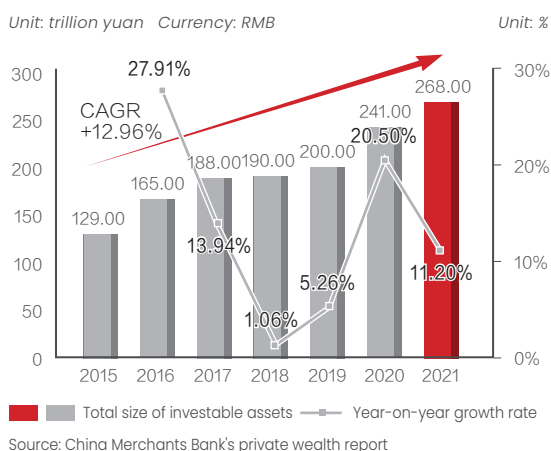
## (I) Wealth management business

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

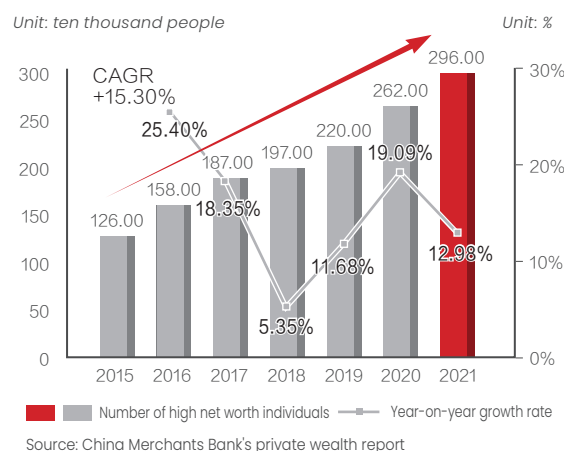
(1) The in-depth development of the wealth management market in China drove business transformation and upgrading and the space for development in the wealth management industry was broad

With the continuous release of the potential of China's real economy, the development and improvement of a multi-level capital market, the increasing supply of financial investment products, the continuous growth of total social wealth and the continuous regulation on the property market, the wealth management market in China is under the stage with long-term reform and rapid development and the demand of residents for high-quality equity assets and professional investment advisory has been increasing. Establishing the comprehensive customer hierarchical and grading service system based on complete business chains, customer-oriented organizational structures, comprehensive service platforms and business synergy mechanisms will become the key to the development of the wealth management business of securities companies. According to the statistics of China Merchants Bank's private wealth report, as of the end of 2021, the overall scale of investable assets held by individuals in China reached approximately RMB268 trillion, representing an increase of 11.20% from the end of 2020; the number of high-net-worth individuals with personal investable assets of over RMB10 million reached approximately 2.96 million, representing an increase of 12.98% from the end of 2020. Under the background of the construction of a new "dual circulation" development pattern, the steady progress in comprehensive registration-based IPO system reform, the increase in the penetration rate of the wealth management industry, and the increase in demand for specialized business, etc., wealth management institutions that focus on building an innovation-driven wealth management business ecosystem, forge wealth management service capabilities on the whole business chain, enhance the customer-centric service concept, deeply understand diversified customer needs, and pay attention to providing full life cycle, all-round and full category comprehensive financial services for customers will gain extensive development space.

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 of wealth management, and professional wealth management institutions will usher in development opportunities**

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, wealth management institutions are facing diversified wealth management demands of customers and stricter requirements on whole-process experience. Building a wealth management service model under the new ecosystem, continuously improving the wealth management business system and increasingly enhancing the wealth management service capability have become important directions for the strategic transformation of securities companies. During the Reporting Period, the domestic stock market tumbled down with the Wind All China Index dropped by 9.53%, the Shanghai Composite Index dropped by 6.63% and the Shenzhen Component Index dropped by 13.20%; in terms of major international indexes, the S&P 500 dropped by 20.58%, the Nasdaq dropped by 29.51% and the Dow Jones Industrial Average dropped by 15.31%. In the context of continuously strengthened linkages between domestic and foreign capital markets, gradually improved regulatory policies and market mechanisms, and constantly expanded wealth management instruments and product supply, the complexity of asset allocation services is increasing, and clients are in more urgent demand for professional, personalized and diversified wealth management services. Wealth management institutions with advanced financial service platforms, competitive financial product systems and professional talent teams will embrace important opportunities in the development of the wealth management business. Financial institutions which constantly improve multi-level, personalized and all-asset synergistic product supply, continuously establish standardized, ecological and refined all-process customer operation systems, comprehensively develop mobile, digitalized, intelligent and integrated Fintech platforms, and transform towards the overall high-quality development of the wealth management business will gain advantages in future competition.

**(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, a new round of technological revolution and industrial evolution is accelerating, and the frontier technology is deeply integrated with traditional financial business, which continues to enrich the application scenario and has a comprehensive impact on the business model and operational efficiency of securities companies. Securities companies should actively embrace and practice the digital transformation strategy, develop innovative Fintech ecosystems, constantly enhance the capabilities of empowering all links of the wealth management business value chain through Fintech application innovation and build a new digital, platform-based and ecological wealth management service model, so as to promote and lead business and management innovation and facilitate the high-quality development of the wealth management industry. Fintech and digital transformation have become fundamental forces driving the evolution of the financial ecosystem and strategic high grounds for the competitiveness of securities companies, which will profoundly change the business model, business structure and operation systems of securities companies and will be the core driving force to the development of the securities industry in the next strategic cycle. In particular, the prevention and control of the COVID-19 pandemic has further deepened the demand for online financial services and the integration of Fintech with business scenarios will be closer. The inevitable choice of a large domestic securities company to build differentiated competitive advantages and achieve continuous innovation in business models is to use Fintech empowerment, fully advance digital transformation, reshape business development with technology, strive to build harmonious, open, efficient, collaborative and win-win financial innovation ecosystems and provide customers with all-round wealth management services.

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

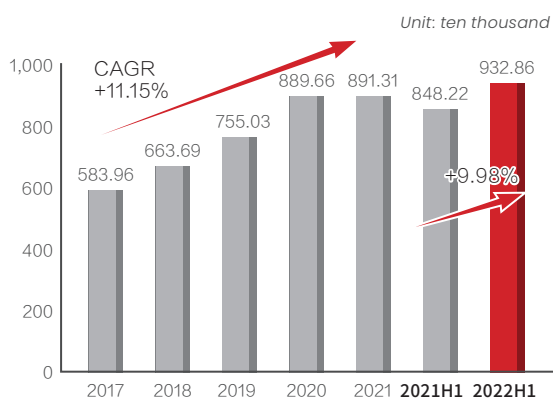
**(1) Securities, futures and options brokerage business**

During the Reporting Period, the Group deeply concentrated on the wealth management demand of

customers, leveraged on digital empowerment and the advantages of its complete business chain, actively established customer trading systems and growth systems covering the full life cycle, improved the financial service and marketing platform with online and offline integration and the combination of centralized operation and ecosystem operation, vigorously promoted the integrated operation of investment advisory and continuously deepened and implemented the transformation of the wealth management business. It continued to build the development advantage with the linkage of dual platforms, namely the “ZhangLe Fortune Path” (漲樂財富通) platform and the “AORTA” (聊TA) platform, and promoted the iteration and optimization of platforms to continuously strengthen the capability of platforms in empowering customers and investment advisors and enhanced the customer stickiness of and the activeness on platforms. With the integrated operation of platforms as the core, the Group constantly optimized the content operation model, continuously built intelligent, systematic and scenario-based operation strategies and effectively enhanced the capability on traffic undertaking and transformation and the full-cycle service operation of customers. It also continued to build a professional investment consultant team, actively established an all-dimensional empowerment system on investment advisory and leveraged on the empowerment of platform-based operation, content operation and customer operation to continuously improve the efficiency of investment advisory services, constantly expand the coverage of customer services and improve customers’ service experience.

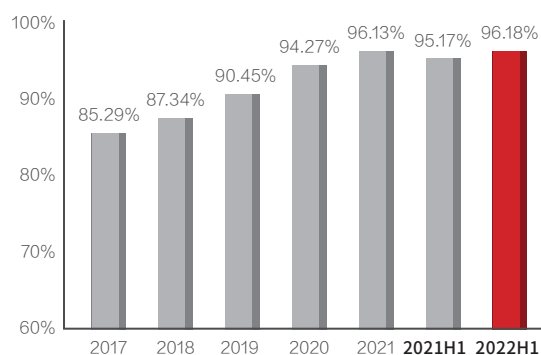
The Group continuously promoted innovation in products and services of the “ZhangLe Fortune Path” (漲樂財富通) platform and constantly improved the functions of the platform. It vigorously developed featured market transactions and wealth management services, focused on the launch of a new content output and operation method with video content as the mainstay and devoted to effectively enhancing the customer stickiness and activeness with better customer experience, more product instruments and more extensive in-depth services. During the Reporting Period, “ZhangLe Fortune Path” (漲樂財富通) had a download volume of 2.3892 million, with a cumulative download volume of 67.7085 million since its launch; 96.18% 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 NMAU of “ZhangLe Fortune Path” (漲樂財富通) was 9.3286 million. As of the end of the Reporting Period, the NMAU was 9.5239 million, ranking the first among securities company APPs. At the same time, the Group continuously consolidated the basic trading service capability of “ZhangLe Global” (漲樂全球通) platform, continued to enhance user stickiness with professional platform services, 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 1.4547 million since its launch. During the Reporting Period, the average NMAU was 160,900.

Average NMAU of “ZhangLe Fortune Path”



Source: Statistics from Analysys

Proportion of numbers of trading customers on “ZhangLe Fortune Path”



Source: Regular reports of 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 Exchange, the Group’s equity and fund trading volume totaled RMB19.72 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 RMB5.21 trillion.



## Data of agency transaction amount

Currency: RMB

January - June 2022		January - June 2021	
Type of securities	Agency transaction amount (in RMB100 million)	Type of securities	Agency transaction amount (in RMB100 million)
Stocks	166,698.49	Stocks	166,938.59
Funds	30,478.02	Funds	13,501.68
Debentures	204,382.31	Debentures	177,084.33
Total	401,558.82	Total	357,524.60

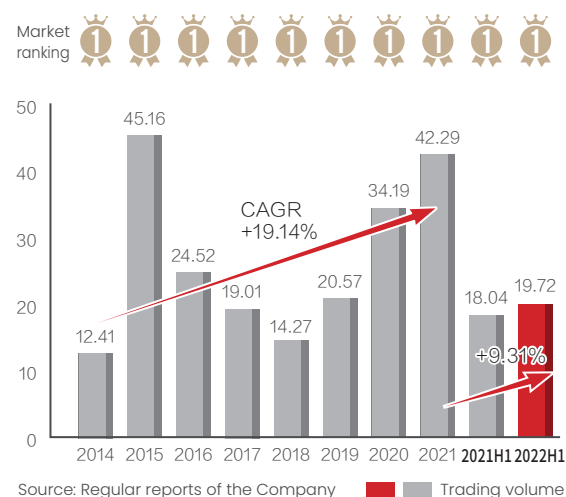
Note: The data of agency transaction amount in January-June 2021 and January - June 2022 are cited from the Shanghai and Shenzhen Stock Exchange members' statistics, in which the fund data in January - June 2021 do not include trading volume of money market funds on the Shanghai Stock Exchange; in view of the adjustment to the calibers of the Shanghai Stock Exchange members' statistics, the fund data in January - June 2022 include trading volume of ETFs, monetary ETFs, LOFs and publicly offered REITs on the Shanghai Stock Exchange.

During the Reporting Period, in terms of the Southbound Trading business, the Group continued to optimize operational measures and refined customer services, resulting in stable business operations. For the Southbound Trading business under Shanghai-Hong Kong Stock Connect, there were 15.9 thousand authorized users in total. For the Southbound Trading business under Shenzhen-Hong Kong Stock Connect, there were 16.6 thousand authorized users in total. In terms of stock options brokerage business, the Group continued to optimize and upgrade the functions of its trading system, promote intelligent operation and management with technology and deepen core customer services, thus maintaining its leading position of this business in the market. According to the statistics of the Shanghai Stock Exchange, the Company's stock options 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 the distribution of its network. As of the end of the Reporting Period, there were 9 branches and 41 futures branches, covering 4 municipalities and 16 provinces in China, offering 94 types of futures products as agent. During the Reporting Period, Huatai Futures realized an agency trading volume of 243.4266 million lots with a transaction amount of RMB27,986.874 billion. The Group continued to deepen the synergy of securities and futures businesses and accelerated the integration of platforms, with 233 securities branches permitted to be engaged in futures IB business and the total number of futures IB business customers reaching 56,226 as of the end of the Reporting Period.

## Equity fund trading volume

Unit: trillion yuan Currency: RMB



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

During the Reporting Period, the Group promoted the development of financial products sales and fund investment advisory business centered on customer needs from multiple perspectives. With platformization and specialization as the traction, the Group strived to build its buy-side investment and research capability centered on asset allocation and product-oriented output, to provide customers with strategic portfolios and financial products that meet their risk and return needs, and meet customers' multi-level wealth management needs. According to internal statistics, during the Reporting Period, the number of financial products held (except for the cash management product "Tian Tian Fa" (天天發)) was 7,969, and their sales scale (except for the cash management product "Tian Tian Fa" (天天發)) was RMB259.436 billion. As of the end of the Reporting Period, the fund investment advisory business authorized assets amounted to RMB15.136 billion and the number of customers was 563,300. 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 2022, the Company's shares and hybrid public funds maintained a scale of RMB126,600 million, ranking the first in the industry; and the public funds in the non-money market maintained a scale of RMB140,700 million, ranking the second in the industry.

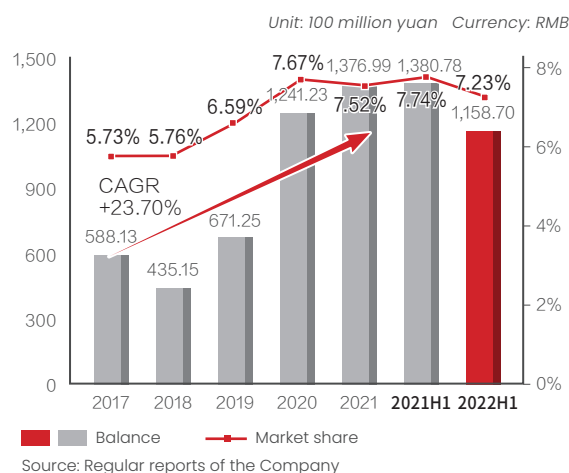
During the Reporting Period, the Group continuously improved strategic portfolios, innovatively proposed functional and track-based strategies, strengthened the building of investment and research allocation capabilities with asset allocation as the core and met customers' multi-level allocation needs. It optimized the investment research structure, improved the investment research system with the integration of large-scale asset research, product research and strategic investment, strengthened internal and external linkages and continuously iterated allocation models. The Group strengthened the establishment of the layered and hierarchical product and investment service systems, diversified types of products and strategies and upgraded and improved the product labeling system from the perspective of asset allocation to meet the investment demands of different customer groups. It strengthened the building of the market research capability, the asset research capability, the product research capability, the strategy and algorithm research capability and the asset allocation capability, actively developed business application scenarios and increased supports and empowerment to viewpoints of investment consultants and customers. It achieved the full coverage of customer and product services and effectively improved the overall business efficiency and capability through digitalized and platform-based operation.

## (3) Capital-based intermediary business

During the Reporting Period, the Group focused on its customer-oriented operation philosophy, quickly responded to market changes and regulatory requirements, deeply explored customer demands, continuously diversified the customer service system, actively innovated business operation models and constantly improved the construction of the risk management and control system, and strengthened its core competitiveness by relying on the advantages of the ecological construction of the entire business chain and the open securities financing platform system. It effectively consolidated internal and external resources, continuously improved the securities lending business operation and management system,

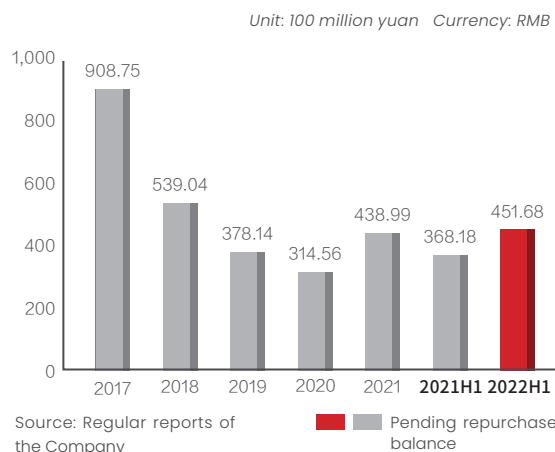
constantly enhanced the capability on the development of lending customers, consolidated the foundation of securities sources, expanded the scale of the securities pools, sped up in the building of a new ecosystem with the digital platform as the core and the coordination of the entire business chain as support to improve the capabilities on differentiated and professional services. Leveraging on the "Securities Lending Path 3.0" (融券通 3.0), the Group further advanced the construction of the open platform for securities lending. Through real-time market conditions, online engagement, intelligent matching and other core functions, it efficiently connected the supply and demand sides of securities sources, and continuously optimized new modes of

Scale of margin financing and securities lending business

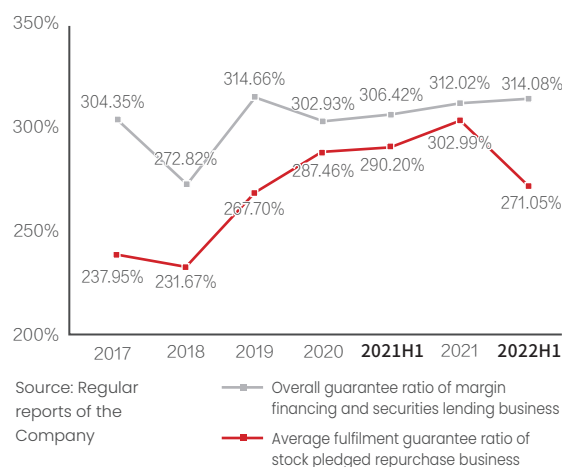


digital operation of the securities lending industry. According to the regulatory statement data, as of the end of the Reporting Period, the balance of margin financing and securities lending business of the Parent Company was RMB115.870 billion, with a market share of 7.23%, and the integral maintenance guarantee ratio was 314.08%. Among them, the balance of securities lending business was RMB16.976 billion, with a market share of 18.14%. The pending repurchase balance of stock pledged repurchase business was RMB45.168 billion in total, with an average fulfillment guarantee ratio of 271.05%. Among them, the pending repurchase balance of on-balance-sheet business was RMB5.995 billion, with an average fulfillment guarantee ratio of 278.69%; while the pending repurchase balance of off-balance-sheet business was RMB39.173 billion.

Scale of stock pledged repurchase business



Overall guarantee ratio and average fulfillment guarantee ratio



### 3. Prospect of wealth management business for the second half of 2022

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 2022, the Group will continue to seize the strategic opportunities for the in-depth development of the wealth management market, rely on the dual-end platform and ecosystem operation for customers and investment advisors, further expand the size of customers and customers' assets through the integrated operation driven by the headquarters with the coordination of the headquarters and branches, promote its transformation into a full life cycle service and asset allocation service model for customers and continue to build new competitive edges for the future.

For wealth management business, the Group will continue to deepen and implement platform-based operation and customer operation, develop new customer growth and service operation systems and actively build a new ecosystem for the wealth management business. It will maintain the business idea of "gathering traffic with contents, accumulating traffic with private traffic and magnifying traffic with operation", constantly diversify the content ecosystem, continuously enhance the operation and trading service capabilities with online and offline linkage and promote the conversion model of highly interactive and integrated potential customer services featuring companion to effectively improve the overall retention and conversion. It will optimize the classified and hierarchical service system on investment advisory, precipitate outstanding investment advisory service models and intensify the refined operation of investment advisory service to effectively break through key links of empowering investment advisory operation and comprehensively improve the efficiency of investment advisory service. It will deepen digital development strategies, fully upgrade the diversified and personalized service capability of "ZhangLe Fortune Path" ( 漲樂財富通 ) platform and consolidate and optimize the operation capability of the "AORTA" ( 聊TA ) platform to build a refined, digital and systematic operation system, and continuously enhance customer stickiness and satisfaction.

For the financial product sales and the fund investment advisory businesses, the Group will continue to promote digitalization construction of investment research and trading and constantly enhance the platform-based operation capability. It will strengthen content operation and the building of product systems, reinforce the supply of products for allocation, enrich the types of strategies and service scenarios and actively explore the conversion path of proposed fund investment advisory based on account diagnosis and management. It will intensify the C2M service allocation capability and strengthen the response to diversified demands of customers and the customer operation capability to constantly improve the influence of business brands.

For the capital-based intermediary business, the Group will continue to be customer-oriented, continuously strengthen the construction of the marketing service system to improve the efficiency of business operation. It will focus on differentiated competitive advantages on the ability to obtain sources of securities, the customer service capability and the application of Fintech to further improve the quality of business development. We will put more efforts in providing resources, improve the digital operation platform, deepen the cooperation across the business chain, strengthen resource-based customer development to achieve high-quality customer acquisition, 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 and continuously reinforce the brand advantage of the Securities Lending Path.

## (II) Institutional services business

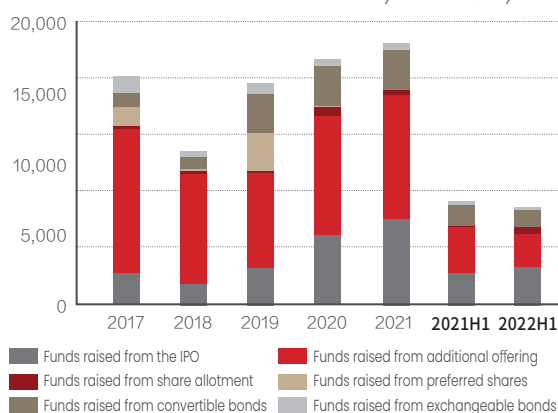
### 1. Market environment and industry trend of institutional services business

(1) The transformation and upgrading of real economies and the comprehensive deepening reform of the capital market have provided greater potentials for the display of integrated advantages of institutional services business

With the implementation of a series of reform measures led by the overall registration-based IPO system reform in recent years, the market width and depth have been constantly improved. With increasing inclusiveness in the market system, the investment and financing functions were significantly enhanced and the strategic position of the capital market in serving the high-quality development of the economy continued to rise. The institutional services business will have an opportunity to achieve leap-forward development and focus on the development of globalized diversified businesses covering all chains, all products and all markets, among which, providing institutional clients with high-quality comprehensive financial services covering the full life cycle will become an important manifestation of the core competitiveness of securities companies. Under the new development pattern of the continuous promotion of the transformation and upgrading of real economies and the overall deepening of the capital market reform in China, the securities industry 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 increasingly improved market-based resources allocation mechanisms, and the investment banking business of securities companies faces strategic opportunities in high-level transformation. Securities companies with optimized and complete business structures and products systems, rich project reserves and

Statistics of stock issuance

Unit: 100 million yuan Currency: RMB

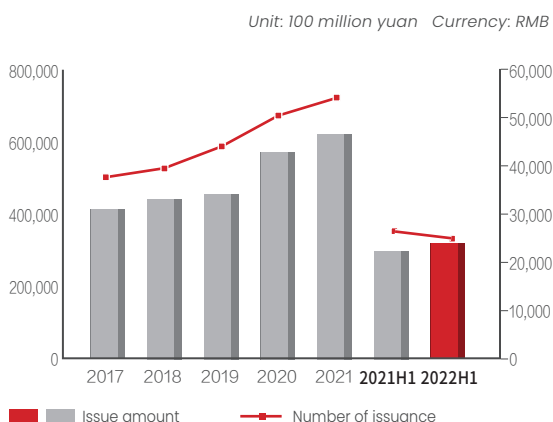


Notes:

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.

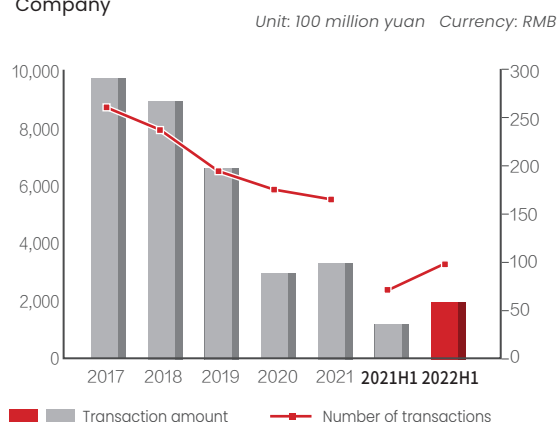
coordinated business development as well as the capability to provide differentiated products and services will achieve more business increment and revenue. In the future, with the building of the new pattern of the multi-tiered capital market with dislocation development and orderly competition, the institutional services business will set higher standards for business qualification, capital strength, scale advantage, product design, risk control system and business channels of securities companies. Securities companies with the ability to better capture macroeconomic trends and development opportunities in the reform of the capital market, improve the comprehensive service capabilities across the entire business chain in an all-around way, promote the comprehensive transformation and upgrading of the business system and create long-term value for their clients will face more business opportunities.

Statistics of bond issuance



Notes:  
 1. Source: Wind;  
 2. The statistical coverage includes government bonds, local government bonds, NCD, financial bonds, enterprise bonds, corporate bonds, mediumterm 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



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 transformation trend of professionalism, institutionalization and internationalization of the capital market have set higher standards for institutional services business of securities companies

In recent years, in the context of macroeconomic transformation and upgrading, continuously deepening of the capital market reform and the innovation and development of securities business in China, the participation of institutional investors has been increasing and the voice of institutional investors in the capital market has been increasingly enhanced. Institutional investors are becoming major players in the capital market. The in-depth changes of the market structure will reshape the new ecosystem of the capital market and facilitate the capital market in increasing trading activity, product richness and international participation, which will provide broader potential for the business development of securities companies and highlight the trend of business institutionalization. Driven by the policy orientation to promote the high-quality development of funds and benefited from the capital market reform, the trend of residents' wealth allocation towards financial assets continues to strengthen, the number and management scale of mutual funds have fluctuated and increased, and the market influence continued to increase, 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, with the accelerated formation of a new pattern of high-level two-way opening of the capital market, superior market resources are speeding up in flowing into superior institutes and the polarization in the securities industry is increasingly obvious. The provision of more professional, insightful, and convenient one-stop, full life-cycle services to customers based on platform empowerment and efficient integration of onshore and offshore business resources will be the key in the new round of competition on the institutional services business among securities companies. In the future, securities companies which actively develops platform-based, integrated and ecological institutional service business system, builds the ecosystem of

professional institutional investors services with a more open horizon and leading service capabilities and provides comprehensive financial services covering the full life cycle of investment and financing will obtain more development opportunities.

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

Under the complicated environment with macroeconomic transformation in China, frequent international political conflicts, routine COVID-19 prevention and control, global inflation and policy tightening, the fluctuations and uncertainties faced by the capital market increase significantly and securities companies face new challenges in risk management. It is key for securities companies to facilitate business development and build the new pattern of differentiated competition and development to improve the comprehensive risk management structure based on their own development strategies and business development and establish effective pre-risk control procedures, complete risk management systems and strong risk culture system. Securities companies should accurately identify, effectively manage and resolve risks in a timely manner with complete risk management systems, scientific risk management models and methods and advanced risk management means to guarantee steady development in the long term. The effective 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. Defusing financial risks in a timely manner requires securities companies to effectively utilize the financial derivatives market while possessing strong capital strength. Under the background of the official implementation of the Futures and Derivatives Law, the diversification of the basic financial product system improved instruments for market risk hedge and risk management and the securities industry will play a more important role in guaranteeing the stable operation and healthy development of the financial market and the capital market. Securities companies should vigorously establish a comprehensive risk management system, strengthen the establishment of risk prevention, response and disposal systems and enhance the professionalism, perspectiveness and proactiveness of risk management strategies and control measures to earnestly seize new opportunities in the high-end development of institutional services business.

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

### **(1) Investment banking business**

During the Reporting Period, the Group firmly grasped significant opportunities in deepening the reform of the capital market and continued to promote the full business chain strategy. Adhering to the customer-centric operation philosophy and towards the direction of industry focus, regional layout and customer demand exploration, the Group strengthened domestic and overseas, on-exchange and OTC cross-market synergy, comprehensively improved the full-range product service ability and the comprehensive service quick response ability and achieved outstanding results in all sectors of the investment banking business.

## Consolidated data

Currency: RMB

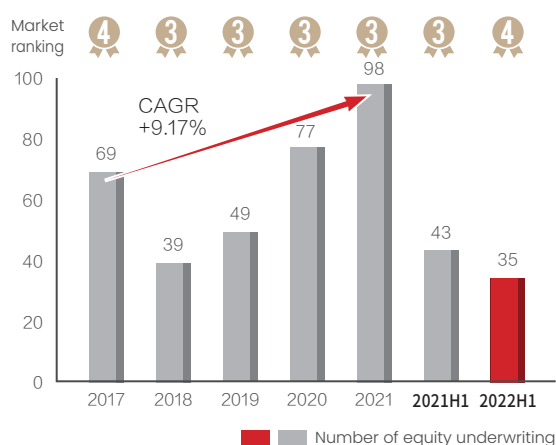
Categories of Issuance	Times of lead underwriting (time)		Lead underwriting amount (in RMB10 thousand)		Lead underwriting income (in RMB10 thousand)	
	Current Period	Accumulated over the years	Current Period	Accumulated over the years	Current Period	Accumulated over the years
Issue of new shares	14	241	1,477,297.71	19,947,367.62	80,483.49	964,048.64
Additional issue of new shares	13	264	1,763,995.68	42,631,384.90	15,794.07	326,132.37
Allotment of shares	2	36	48,387.10	2,210,547.65	141.51	22,778.88
Issue of bonds	1,217	4,888	21,503,572.90	219,638,009.37	45,254.05	586,652.12
Total	1,246	5,429	24,793,253.39	284,427,309.54	141,673.12	1,899,612.01

Note: The above data are from the regulatory statements, while the statistical caliber 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., but it excludes asset-backed securitization projects.

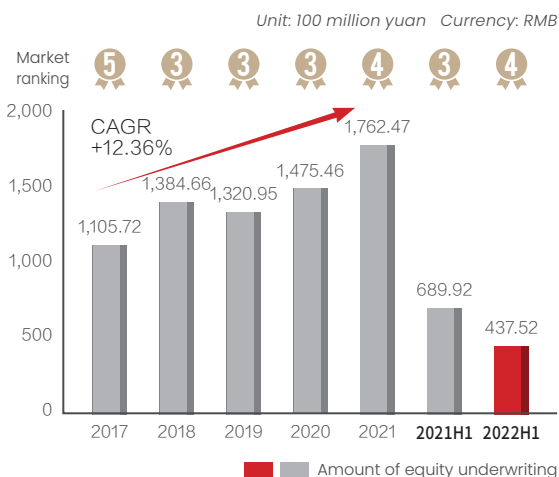
## ① Equity underwriting business

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 with high-quality customers as the center, deeply explored regional development, focused on industries, provided customers with multi-product, full-cycle and customized capital market services. According to the statistics from Wind Information, the Group's equity lead underwriting amount (including the IPOs, additional offerings, allotment of shares, preferred shares, convertible bonds, exchangeable bonds) was RMB43.752 billion, ranking the fourth in the industry.

## Number and ranking of equity underwriting



## Amount and ranking of equity underwriting



Notes:

1. Source: Wind;

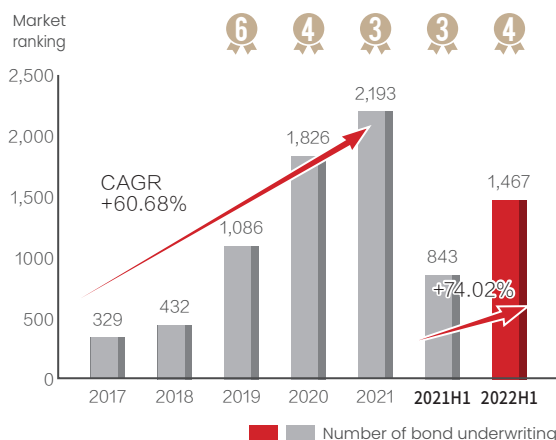
2. The statistical coverage includes IPO, additional offering (including ancillary financing and placement subscribed with assets), share allotment, preferred shares, convertible bonds and exchangeable bonds;

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.

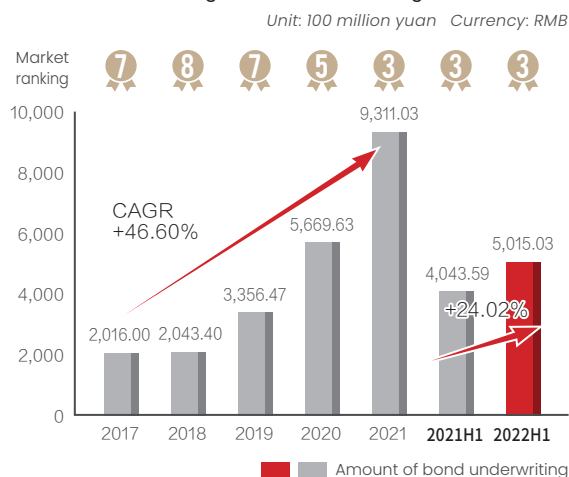
## ② Bonds underwriting business

During the Reporting Period, the bond underwriting business, on the basis of strict risk control, fully utilized its full-license advantage, leveraged its all-round business advantage of linking equity and debt, continued to create unique bond products, continuously improved customer tiered management, and actively cultivated core customer groups and maintained a stable position in the industry. According to the statistics from Wind Information, the Group's lead-underwriting amount of full variety bonds was RMB501.503 billion, ranking the third in the industry.

Number and ranking of bond underwriting



Amount and ranking 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.

## ③ Financial advisory business

During the Reporting Period, in terms of the M&A and restructuring, the financial advisory business displayed the advantage of business innovation. The Group prioritized in advancing benchmark large-scale and innovative projects, focused on capabilities on the identification of high-value transaction opportunity and deal-making, and vigorously developed customer continuous services, thus maintaining the leading position of the M&A and restructuring business. The number of M&A transactions approved and registered by the CSRC was 4, and the transaction amount was RMB23.419 billion, both ranking the first in the industry.

Amount, number and ranking of merger, acquisition and reorganization

Currency: RMB

	2017	2018	2019	2020	2021	2022H1
Number	11	15	14	9	9	4
Ranking by number	5	3	1	2	3	1
Transaction amount (in RMB100 million)	413.04	1,104.27	1,280.65	504.19	648.93	234.19
Ranking by transaction amount	4	1	1	2	3	1

Source: The number, scale and ranking of merger, acquisition and reorganization transactions collected based on public information and approved by the CSRC.



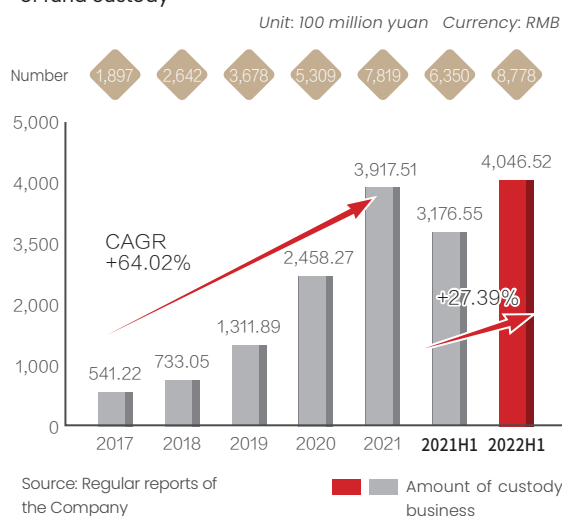
④ OTC business

During the Reporting Period, the Group actively explored NEEQ listing projects with the target of listing on the Beijing Stock Exchange, fully displayed the integrated advantage as a large investment bank and provided innovation-based SMEs with complete capital market services. During the Reporting Period, the Group provided continuous overseeing services for 21 listed companies in total. Jiangsu Equity Exchange, a holding subsidiary of the Group, actively expanded service products and financing channels, strengthened the building of featured sectors and advanced transfer of listing. It deepened digital transformation, completed the application for pilots on the innovation and application of national blockchains and was granted the pilot qualification, continuously improving the capability to provide comprehensive financial services for small, medium and micro enterprises. As of the end of the Reporting Period, the Group has had 12,608 enterprises listed and displayed, 140 enterprises purely under custody, 238 membership units, and 78,818 investors of all types, and it raised RMB3.048 billion for enterprises through financing during the Reporting Period.

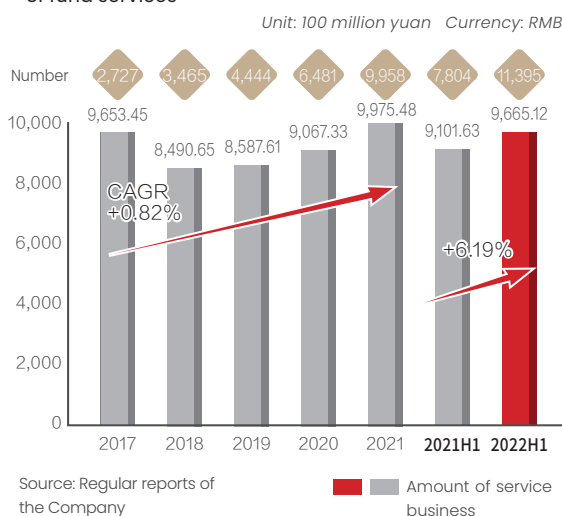
(2) Prime brokerage (PB) business

During the Reporting Period, the Group earnestly implemented the service philosophy with customer operation as the core. Relying on the platform-based and ecological development strategies, the Group facilitated the digital transformation and the improvement of the operation efficiency, continued to practice the full business chain service system, moved forward the development of the prime brokerage (PB) business in a systematic way that focused on the comprehensive financial service needs of the customer's full life cycle, built an institutional service ecosystem and promoted diversified business realization. As of the end of the Reporting Period, the Group had 8,778 fund products in custody and the total size of fund in custody reached RMB404.652 billion. We provided administration services to 11,395 fund products (including 819 products from our asset management subsidiary), of which the service scale reached RMB966.512 billion (including the business scale of asset management subsidiary of RMB400.502 billion). 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 2022, the Group ranked the fourth in the industry in terms of the number of products filed under the private fund custody business.

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 firmly promoted the transformation of business models and actively practiced the full business chain to consistently improve business synergy and efficiency. It focused on building a professional research team with comprehensive service capability

and constantly diversified and deepened research products and services to actively develop competitive advantages of the research business. Towards the digital and platform-based development orientation and with product as the driver, the "RIS" platform vigorously promoted the connection with the "Xing Zhi" (行知) platform and comprehensively expanded the dimension and depth of services of the systematic platforms. Focusing on leading domestic and overseas institutional customers, the Group constantly advanced the cross-border research business, improved the integrated domestic and overseas system on institutional customer services and was devoted to displaying the supporting and leading role of the research business to continuously improve the service capability of the research business. Centering on customers, in terms of the institutional sales business, the Group practiced the service model covering the full business chain and promoted the construction, optimization and iteration of the "Xing Zhi" (行知) service platform and the institutional investor work platform to implement the classified and hierarchical institutional customer pools with full coverage. It established a collaborative, linked, platform-based and integrated institutional customer service mechanism, reshaped the institutional investor service system and deeply connected the diversified demands of customers to build an ecosystem with coordinated development of customers. The Group has actively carried out various forms of research service activities, including releasing 5,327 securities research reports, organizing 9,547 analyst roadshows and 2,006 teleconferences on listing results communication and market hotspots, and holding 2 strategy meetings and 4 thematic meetings online or through the combination of online and offline means. During the Reporting Period, the volume of sub-position transactions for the public fund was approximately RMB588.708 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-oriented business model, implemented the de-directionalization strategy, deepened the innovation of the investment research model, enriched its business scenarios, continued to expand the breadth, depth and intensity of fundamental research on equity, and constantly improved cross-market, multi-tiered, three-dimensional and diversified business systems with interconnected development to comprehensively upgrade the investment and trading capabilities and actively build equity investment and trading systems with core competitiveness and sustainable development. It improved the research systems on the macro economy, the allocation of bulk assets and the comparison of industries, explored the law of market operation, optimized the selection and tracking mechanism and enhanced the strategic competitiveness to actively seize trading opportunities in the market and effectively improve the investment return and the utilization rate of capitals. The Group attached great importance to the research and application of technologies such as big data and artificial intelligence, continued to promote the platform-based construction, actively built an integrated investment research platform with high efficiency and intelligence, risks under control and the coverage of full lifecycle and focused on the improvement and expansion of the functions of platforms to advance the digital management of businesses.

##### ② FICC trading business

During the Reporting Period, in terms of the FICC trading business, the Group followed the orientation of building a big trading platform with the coverage of different markets, varieties, domestic and overseas markets as well as the full life cycle of FICC products and continuously promoted the strategic transformation and upgrading of business digitalization to systematically improve the investment trading capability and the risk management capability based on platforms and satisfy customers' demands for asset allocation and risk management in an all-round way. In terms of fixed-income proprietary investment business, it gave full display to the advantages of comprehensive and diversified operation, and constantly developed systematic, automatic and strategic trading models and a multi-dimensional trading system equally weighing swing, strategy and allocation, continuously optimizing the income structure. It achieved two-way empowerment between the digital market making business and the big trading platforms, achieving a steady growth in the trading volume of spot bonds and an improvement of the market share against the trend. As for bulk commodity business and foreign exchange business, the Group continuously promoted strategic trading research and constantly improved the functions of agency for foreign

exchange trading systems. The scenarios of the settlement and sales of foreign exchange were constantly diversified; the trading varieties were increasingly improved; the investment trading and pricing capabilities were steadily enhanced; and the foundations for the diversified business development were continuously consolidated.

### ③ OTC derivatives trading business

During the Reporting Period, the Group strived to build a customer-oriented over-the-counter derivatives business system. It continuously leveraged on the Fintech advantages, constantly improved the differentiated core capabilities with trading as the driving force and actively built accounts with the integration of major asset varieties and trading types. It achieved the accumulation, upgrading and transformation of core business capabilities with the platform-based construction, fully empowered business development and constantly improved the business innovation capability and the trading pricing capability. It created and promoted cross-market, diversified and differentiated financial derivatives products and provided customers with all-dimensional derivative trading services to improve the comprehensive value creation capability of customers. According to the data portals in the regulatory statement SAC agreement, as of the end of the Reporting Period, the Group had 8,087 income swap transaction business contracts with an ongoing size of RMB129.586 billion; the Group had 1,902 OTC option trading business contracts with an ongoing size of RMB136.377 billion. During the Reporting Period, the Company issued 1,615 beneficiary certificates through the China Securities Internet System and OTC market, with a total amount of RMB16.276 billion.

## 3. Prospect of institutional services business for the second half of 2022

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 2022, 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 continue to focus on key regions and industries, deeply serve industry leaders and enhance cross-market, multi-product and integrated service capabilities. At the same time, we will continue to advance the platform-based business and the digital transformation, establish the platform-based big system on investment banking with high-quality customers as the core and build a more efficient and competitive ecosystem on investment banks with the focus on the lifecycle demands of customers on all business chains. In terms of equity underwriting business, the Group will continue to focus on key regions and delve into the industry and deliver more high-quality companies to the capital market. In terms of bond underwriting business, while maintaining the momentum of rapid development, the Group will actively promote innovative products and services, deeply explore regional development, focus on industries and pay attention to products, to consistently improve the marketing development capabilities and professional service capabilities. For the M&A and restructuring financial advisory business, the Group will insist on leading the market with transaction innovation, continue to expand business types and actively build M&A transactions with market influence.

For prime brokerage business, we will rely on the service system covering the full business chain and Fintech advantages, continue to strengthen customer-oriented operation philosophy, further expand the size of customer groups, constantly promote digital transformation and build competitive advantages through platform empowerment to continuously provide customers with comprehensive services and achieve diversified realization of business value.

For research and institutional sales business, we will continue to strengthen the recruitment and training of talents in key industries, steadily promote digital construction and operation, give full play to the advantages of business synergy and linkage and build all-dimensional and one-stop financial service ecosystem with the focus on the demands of institutional investors. We will continue to strengthen our brand reputation and new competitive advantages by reshaping the institutional customer service system.

For investment and 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 strengthen its big data trading business and continue to evolve its fundamental investment and trading capabilities. It will deeply develop and innovate the investment business and focus on building an integrated equity investment and trading business system based on the resources platform and the platform of IT systems, to continuously improve professional investment capabilities. For FICC trading business, the Group will continue to build an intelligent and efficient trading system, continuously enrich quantitative trading models and strategic trading libraries, innovate the models for business growth and provide customers with personalized and professional financial services with more accurate pricing capabilities and more comprehensive trading capabilities, to continuously enhance its market influence. For OTC derivatives trading business, the Group will leverage on first-mover advantages in business, the advantages in the systems with market competitiveness and the strong capabilities on business innovation, trading hedge, product design and pricing, risk control and compliance operation, to continuously innovate business models and product structures to create hard-core competitiveness.

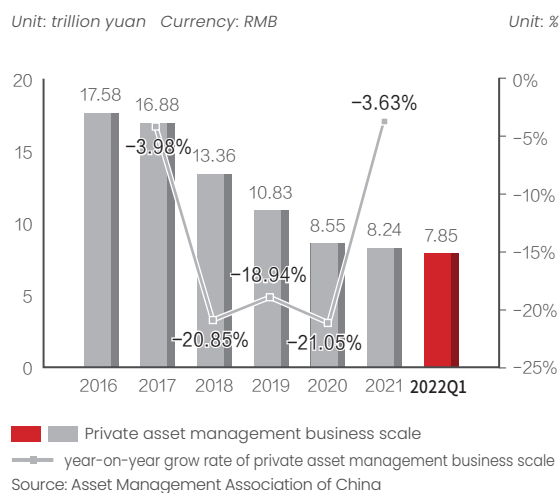
### (III) Investment management business

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

##### (1) Asset management business systems were increasingly improved and the industry entered into a new stage of accelerating high-quality development

Driven by various factors such as the macro environment, regulatory policies, customer demands, Fintech and digital transformation and with the increasingly improvement of systems with new regulations on asset management as the core, the structural reform of the asset management industry in China was continuously deepened. The public offering transformation of massive collective products was finished; the vitality in product innovation was continuously generated; and the asset management business entered into a new era of return to its roots, regulated development and deep competition. Under the development pattern of the asset management industry entering into a new stage of quality improvement and upgrading, the demand for asset management services is increasingly diversified and integrated, and the competition pattern in the asset management market in China is reshaping. Various asset management institutions should continuously enhance the active management capability, build differentiated core competitiveness, actively seek 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. 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 end of the first quarter of 2022, 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 RMB66.24 trillion, among which, the amount of private asset management business of securities companies and their subsidiaries was RMB7.85 trillion. Asset management institutions should actively adapt to regulatory changes, actively integrate internal and external high-quality business resources and step up efforts in business innovation in asset management products. They should constantly diversify product investment strategies,

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

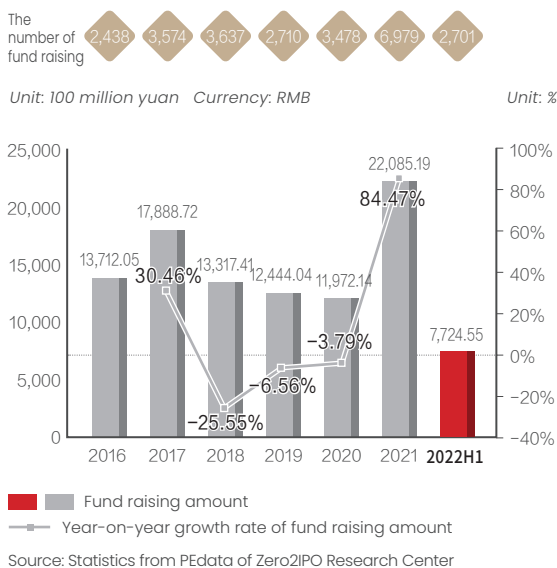


continuously optimize investment management models, promote differentiated products and services, practically enhance the capabilities on asset investment, solutions, risk management and seizing strategic opportunities and commit to providing customers with multi-level and comprehensive high-quality investment products, asset allocation and overall financial solutions.

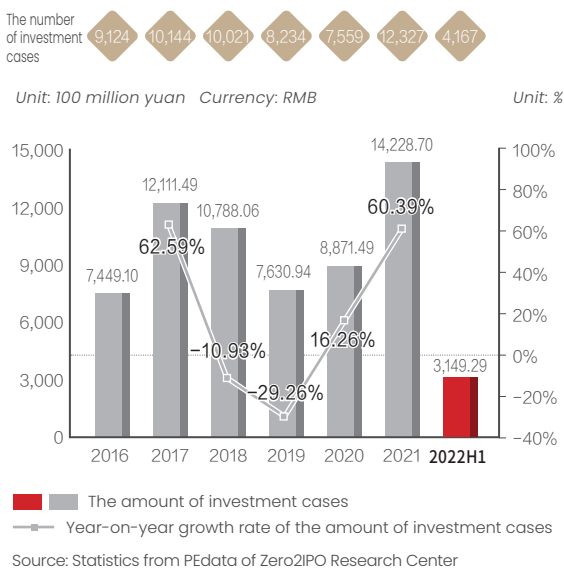
**(2) China's equity investment market saw the trading pace slowing down on the whole with intensified industrial competition and differentiated capital structures**

Under the background of the complicated and severe international situation, the frequent outbreak of the pandemic in China and the increasingly strict regulatory environment of the industry, China's equity investment market still faces ordeals. The activity of the fundraising market showed a downward trend, the investment market significantly slowed down its pace and the overall trading volume of the market declined. 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 half of 2022, 2,701 new funds were raised in China's equity investment market, with a total fundraising amount of RMB772.455 billion, representing a decrease of 10.3% over the same period in 2021; and there were 4,167 investment cases in China's equity investment market, with a total investment amount of RMB314.929 billion, representing a decrease of 54.9% over the same period in 2021. In the long run, with the improvement of infrastructure in the market, the optimization of regulatory systems on the industry, the strengthening of differentiated regulatory mechanism, the perfection of registration and filing procedures and the deepening of the digital transformation, China's equity investment market will embrace historical development opportunities and the equity investment business still enjoys huge growth potential. Under the background of continuous recovery and development of the real economy, the comprehensive deepening of the reform of the capital market, the gradual improvement of the multilevel market system, the full optimization of the fundamental market systems and the continuous perfection of the industrial ecosystem, and in particular, under the background of the imminent full implementation of the registration system, the equity investment market is playing a fundamental and strategic role in promoting innovative capital, in the formation of an innovative economy and supporting scientific and technological innovation of enterprises. The securities companies' private equity investment business should 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.

**The number and amount of fund raising in the equity investment market in the PRC and the year-on-year growth rate**



**The number and amount of investment cases in the equity investment market in the PRC and the year-on-year growth rate**



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

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

During the Reporting Period, with the advent of an era with new rules for post-asset management, Huatai Asset Management, a wholly-owned subsidiary of the Group, deeply grasped customer needs and structural changes, capitalized on the collaboration of full business chain and integrated professional advantages, focused on building a digital and ecological operation model, actively promoted the establishment of an investment research and trading system, and continuously enhanced differentiated investment management, refined asset pricing and comprehensive risk management capabilities, to provide customers with comprehensive financial service solutions throughout the life cycle and across 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 RMB501.613 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 RMB45.544 billion, ranking the third in the industry.

During the Reporting Period, for asset management business of securities companies, we focused on the overall size and quality of asset management and continued to develop towards active management. The active investment management capability was continuously enhanced and proportion of active management scale further increased. Meanwhile, leveraging the advantages of our asset identification capabilities, product design capabilities and risk pricing capabilities, we actively built scaled and differentiated product systems covering different risk-return characteristics. For the collective asset management business, we effectively implemented transformation under new regulations and completed the transformation of currency-enhanced public fund, a key product. A total of 189 collective asset management plans were under management and the total management scale was RMB70.196 billion. In respect of the single asset management business, we accelerated the development of net worth entrusted business and continuously promoted business transformation. A total of 450 single asset management plans were under management and the total management scale was RMB148.075 billion. In respect of specialized asset management business, we continued to promote product innovation to consolidate and enhance the leading advantages of our business. A total of 180 specialized asset management plans were under management and the total management scale was RMB186.106 billion. In respect of the public fund management business, we actively created net-value wealth management solutions for investors with different liquidity needs and managed 27 public fund products in total with a total management scale of RMB97.236 billion.

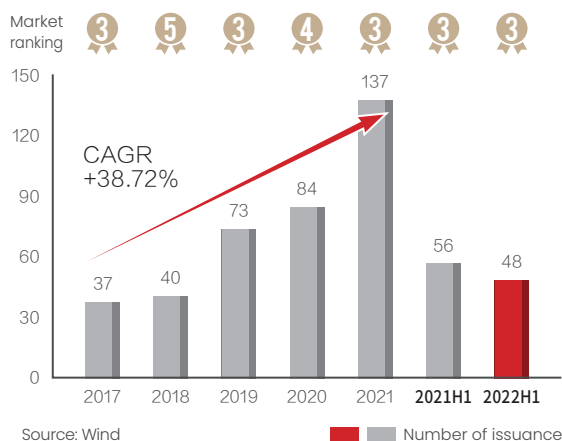
The table below sets forth the scale and income of the securities companies' asset management business:

Currency: RMB

Item	January–June 2022		January–June 2021	
	Entrusted scale (in RMB100 million)	Net income (in RMB10 thousand)	Entrusted scale (in RMB100 million)	Net income (in RMB10 thousand)
Collective asset management business	701.96	9,595.17	1,187.35	49,901.04
Single asset management business	1,480.75	11,161.15	2,485.92	12,267.53
Specialized asset management business	1,861.06	6,478.05	1,367.95	6,006.74
Public fund management business	972.36	37,900.88	202.65	3,425.65

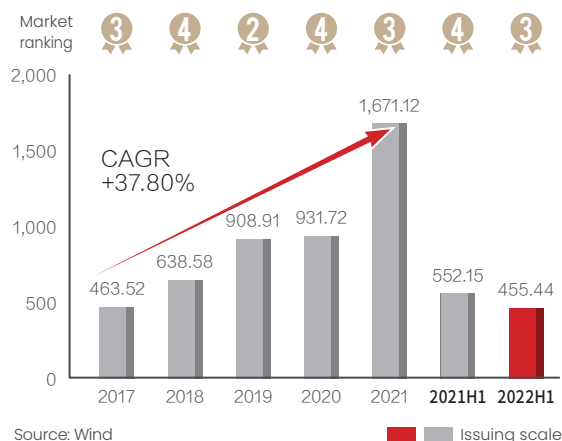
Note: The above data are from the regulatory statements.

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

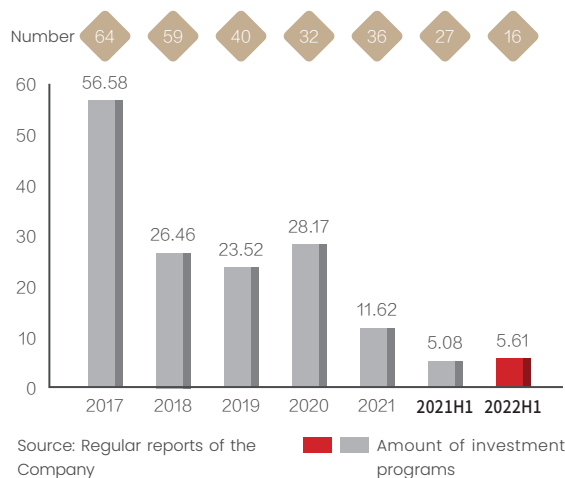


## (2) Private equity fund management business

During the Reporting Period, for the private equity fund management business, the Group continued to focus on big health, TMT, advanced manufacturing and other industries based on its own business advantages, constantly strengthened industry research, actively explored and invested in high-quality projects in the industry, empowered investee enterprises with post-investment management services and provided all-round supports to the reporting and listing of enterprises. Meanwhile, it actively promoted the raising of new funds, maintained the partnership with investment institutions on funds and continuously accumulated project reserves for the investment business. As of the end of the Reporting Period, Huatai Purple Gold Investment and its secondary subsidiaries as managers have filed a total of 23 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 RMB52.626 billion and a total paid-up capital of RMB42.568 billion. During the Reporting Period, the above-mentioned private equity investment funds implemented a total of 16 investment projects with a total investment amount of RMB560,553,100, all of which were equity investment projects. 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 2022, Huatai Purple Gold Investment ranked the second in the industry in terms of average monthly scale of private funds.

Number and amount of investment programs with private equity investment funds

Unit: 100 million yuan Currency: RMB



## (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 continuously stepped up efforts on new business exploration and new product development, optimized and adjusted the layout of product lines, strengthened product marketing efforts and focused on improving the construction of intelligent systems, thereby continuously enhancing market recognition, reputation and business competitiveness, and the total

scale of asset management continued to grow. 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 RMB1,698.481 billion. Among which, China Southern Asset Management managed a total of 296 funds in its mutual funds business, the total asset size of which amounted to RMB1,050.211 billion, and the total asset size of private funds business amounted to RMB648.270 billion. As for asset management business of Huatai-PineBridge, as of the end of the Reporting Period, the total assets managed by Huatai-PineBridge amounted to RMB293.625 billion. Specifically, Huatai-PineBridge managed a total of 117 funds in its mutual funds business, the total asset size of which amounted to RMB275.048 billion, and the total asset size of private funds business amounted to RMB18.576 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, Huatai Futures, a holding subsidiary of the Group, constantly intensified the integration of internal resources and business collaboration, steadily promoted the digital transformation and built a platform-based customer service system, so as to continuously improve its professional services, intelligent management and business innovation capability. It actively built a diversified business system to meet the differentiated risk appetites and asset allocation demands of customers. As of the end of the Reporting Period, Huatai Futures managed a total of 23 asset management plans which were in the duration period. The total asset management scale was RMB1,928,221,000, and the futures equity scale was RMB302,891,800.

#### (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 follow-on investment business of the STAR Market, and steadily explored the follow-on investment business of the ChiNex according to regulatory requirements and business layout. As of the end of the Reporting Period, there were 52 subsisting investment projects with an investment scale of RMB2,415.9 million. The investment attributes mainly include follow-on investment on the STAR Market and equity investment.

### 3. Prospect of investment management business for the second half of 2022

The investment management business plays the dual strategic roles of asset manager and asset service supplier. It is an important area for the Group's financial product innovation and client asset management. In the second half of 2022, 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 its full business chain, focus on technology empowerment, and allow digital transformation to drive the reshaping of the business system and the management processes. The Group will improve the risk control system covering full business chains, continuously optimize the product and business layout based on strategic orientations and build a platform-based investment and research mechanism with the integration of fundamentals and scientific investment and research led by investment research. It will vigorously expand internal and external channels, improve the customer hierarchical and grading service system, consistently optimize the product management mechanism and enrich the diversified product system to continuously consolidate its market influence and brand recognition.

In respect of the private equity fund management business, the Group will rely on its good management capability and historical results, actively maintain the partnership with listed companies, large SOEs, local government platforms, and other institutions on funds and increasingly expand the size of fund



management. It will continue to focus on advantageous business sectors, deepen industrial research, actively explore high-quality projects in the industry, build the ecosystem of key industries, continuously improve its professional investment management capabilities and further consolidate the industry influence on key sectors.

In respect of the asset management business of fund companies, we will continue to improve the compliance management and control system and talent team building, proactively build multi-layered, distinctive and differentiated product lines and continuously optimize the business structure, constantly advance the digital and intelligent transformation to lead business development and management reform, and strive to enhance professional investment research capabilities, to practically enhance our overall asset management scale and investment performance.

In respect of the asset management business of futures companies, we will implement the full business chain development strategies by relying on Fintech innovation and platform empowerment, and focus on the establishment of a business development model with FOF business as the main business, active management business as an alternative and investment consultancy business as a supplement, with an aim to proactively cultivate a unique product system and management capability with differentiated competitiveness.

In respect of the alternative investment business, we will constantly improve system and mechanism and operational process, speed up in the construction of the Fintech ecosystem, and prudently promote the development of equity investment, the follow-on investment on the STAR Market, and other new businesses, effectively control existing business risks and duly handle post-investment management, and steadily improve capital usage efficiency and return on assets.

## **(IV) International business**

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

**(1) The in-depth development of the systemic opening up of the 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 continuously advancing the high-level two-way systemic opening up of the capital market in China in recent years, the two-way investment mechanism on cross-border securities in the capital market is increasingly optimized. The interconnection of onshore and offshore markets is effectively expanded and the two-way opening product systems in the capital market are continuously improved. 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, which will achieve a two-way opening at a higher level, in a broader range and in more ways. The securities industry ushered in historic and major development opportunities, and leading securities companies, leveraging on worldwide resource allocation, customer service and risk management, will be of greater potential to become large-scale investment banks with international competitiveness. Currently, in light of the gradual implementation of laws, regulations, policies and guidance in respect of two-way opening in the capital market, the growing demands from clients for cross-border integrated financial services, the strengthening trend of global asset allocation, and the internationalization development of securities industry entering a critical period, international business has become a front field for securities companies to expand development space, increase new profit growth points and promote business structure upgrading. Large-scale securities companies should actively seize the strategic opportunities in deepening the two-way opening up of the capital market, further explore and build a leading comprehensive service platform with integrated domestic and international operations, continuously optimize the positive circulation mechanism of domestic and overseas resources, accelerate the progress of internationalization and actively build a cross-border ecosystem. They should also continue to enhance the international operation capabilities, cross-market service capabilities, global resource allocation capabilities and cross-border risk management capabilities, to better provide domestic and

global customers with multi-market, all-dimensional and one-stop investment and financing transaction experience and integrated financial solutions.

## (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 Cerulli, the market size of independent channels is expected to increase from USD10.8 trillion to USD14.4 trillion from 2020 to 2025 and the market share will expand from 42% to 47%. According to the statistics of PriceMetrix, 75% of the investment advisors' revenue came from management fees in 2020, reaching an all-time high relative to commissions, and the transformation of the charging model from commissions to management fees was continuously promoted. 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 2016 to 2021, the compound annual growth rate of the TAMP market was 19.6%, which was significantly higher than that of the overall investment advisory market, which was 8.5% 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 deeply promoted the construction of cross-border comprehensive financial service platform, so as to enhance its value as the leading platform for international business and improve the intermediary business capability in the capital market through cross-border linkage, business collaboration, intensified risk control and platform-based operation, maintaining a steady performance and continuously enhancing the influence in overseas markets. As of the end of the Reporting Period, the asset scale of Huatai International approached nearly HK\$200 billion with continual improvement of comprehensive strength, placing it in the top tier of Chinese securities companies in Hong Kong.

### (1) Business in Hong Kong

The Group's business in Hong Kong adhered to its origins as a brokerage firm, with cross-border business as the starting point, built an all-dimensional and comprehensive cross-border financial service platform and stabilized its business scale and revenue in the volatile market environment with its strong platform strength and excellent risk control capabilities. During the Reporting Period, the business platform systems including the equity business platform, fixed-income business platform, personal finance platform, fund platform and flagship investment banking business continued to deepen with outstanding differentiated competitive advantages. For the equity derivatives business, the Group has utilized the advantages of the Group's platforms to continuously enhance the allocation of large asset classes, commodities trading and the interconnection among securities pools at home and abroad, on and off the market; for the stock sales and transactions business, the Group continued to deepen its cross-border prime brokerage business and provided domestic and overseas institutional investors with one-stop and comprehensive cross-border financial services on "Spot equities + cross-border prime brokerage + QFII"; for FICC business, the Group enhanced the construction of digital platforms, actively undertook diversified customer demands and achieved the coverage of all FICC categories. At the same time, leveraging on accurate judgement on market trends and reasonable hedging instruments, it effectively reduced its risk exposure; for retail and online financial businesses, the Group has continuously optimized the functions and operating capability of the "ZhangLe Global" ( 漲樂全球通 ) platform, opened up platform cooperation and empowered itself with platform technology strength, diversifying traffic attraction and enhancing customer conversion; for the

private wealth management business, the Group has upgraded product functions, trading systems, account management and other modules on all fronts and continuously improved the platform-based private banking system to provide comprehensive financial services throughout customer life cycle; for the fund business, the Group has continued to enhance the active management capability, strictly prevented and controlled risks, consistently optimized asset portfolios, promoted full-process management on “fundraising, investment, management and sales”, continued to improve the management capability of fund platforms and vigorously seized high-quality assets and expanded the management size; for the investment banking business, the Group paid attention to the changes in customer demands, actively explored new business scopes and built a customer-centric and comprehensive cross-border investment banking platform. It also participated in the second listing project on the SPAC in the Hong Kong market as a joint bookrunner, opening up a new business chapter.

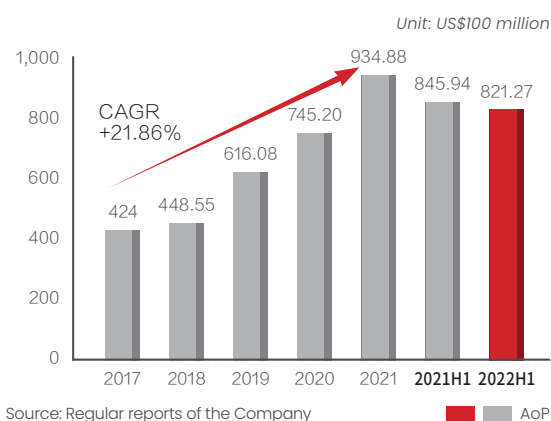
During the Reporting Period, the Group’s business in Hong Kong maintained healthy and balanced development. As for securities trading, Huatai Financial Holdings (Hong Kong) achieved the total assets under custody of HK\$94.094 billion and the total stocks trading volume of HK\$150.521 billion; as for advising on securities, it provided research reports and advisory services for customers; as for advising on corporate finance, it participated in 5 listing and placing projects and 63 bond issue projects with the total amount of trading and issuance of about HK\$20.277 billion; as for financing for securities deposits, the accumulated credit amount was HK\$2.016 billion. Besides, during the Reporting Period, Huatai Financial Holdings (Hong Kong) also completed 5 financial advisory projects. During the Reporting Period, Huatai Financial Holdings (Hong Kong) officially obtained the qualification as a participant of the Special Purpose Acquisition Companies (SPAC) Exchange of the Hong Kong Stock Exchange, making it one of the first Chinese securities companies in Hong Kong obtaining such qualification, further consolidating its capabilities on international development and participation in mainstream international capital markets.

## (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 2021, AssetMark ranked third in the U.S. TAMP industry with a market share of 11.1%.

During the Reporting Period, AssetMark maintained its leading position in the industry through leading business models and advanced technology platforms, and its business revenue continued to increase. As of the end of the Reporting Period, the total platform assets of AssetMark reached approximately USD82.127 billion; the AssetMark platform served an aggregate of 8,688 independent investment advisors, of whom, 2,663 active investment advisors manage assets of more than USD5 million; the total investor households served by the AssetMark platform exceeded 220,000, representing an increase of approximately 4.89% from the end of 2021. During the Reporting Period, 388 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 US 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, financial advisory for M&A, etc. It obtained qualification for proprietary trading in 2020 and obtained the business qualification for securities trading with institutional investors in Canada in 2021. During the Reporting Period, Huatai Securities (USA) continued to improve its system and platform construction, constantly expanded the variety of trading products and market channels, continuously deepened the partnership with major US institutional investors, effectively balanced key demands for compliance and risk management and consistently optimized the cross-border linkage and coordination mechanism of businesses. During the Reporting Period, Huatai Securities (USA) obtained market access to major stock exchanges in Europe and introduced the low-touch algorithm trading platform in the existing high-touch products in the US market.

### 3. Prospect of international business for the second half of 2022

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 2022, 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 rely on the advantages on scale effect and the original business model of securities firms, actively build an integrated, ecological, platform-based and comprehensive cross-border financial service platform, strengthen business collaboration, diversify product chains and full-process customer services, strengthen the pre-risk management and control capability and actively build the high-quality and comprehensive cross-border platform system.

For the business in Hong Kong, the Group will continue to focus on customer needs, consolidate the intermediary positioning of the cross-border capital market and provide customers with one-stop financial services through implementing business strategies such as cross-border connectivity, equity and debt integration, complementation of institutional business and retail business, and linkage of primary and secondary markets. For equity derivatives business, the Group will continue to solidify its business strengths,

explore new businesses and new markets and strengthen the levels of customer services in all aspects; for stock sales and trading business, the Group will continue to improve its service system for leading customers, constantly tap into the depth of products and optimize its system construction, so as to form a virtuous cycle system on securities pools, traffic attraction and customer acquisition; for FICC business, the Group will rely on platforms to promote scaled, systematic and digital operation, enhance product innovation and cross-border linkage, primary and secondary markets linkage and provide customers with one-stop cross-border FICC business services; for retail and online financial business, the Group will optimize and improve the functions and services of “ZhangLe Global” ( 漲樂全球通 ), empower the platform with technological strength and achieve the overall development of ToB and ToC businesses; for private wealth management business, it will focus on buy-side investment advisory services, strengthen platform-based service and self-developed product systems, highlight customer profiling and expand the coverage of customer groups; for fund business, it will continuously deepen linkage of primary and secondary markets and the “investment linkage” ( 投投聯動 ), leverage on the resources advantage across the full industrial chain and focus on advantageous customers to expand investable industries, strengthen cooperation with external funds and improve the reputation and market influence in the industry; for investment banking business, the Group will deepen the strategy of advancing IPO, re-financing and M&As in parallel, actively seize business opportunities, strive for star projects and promote the implementation of existing projects.

AssetMark will continue to hold onto the core business highlights, build an integrated technology platform, improve customizable and scaled services, strengthen advanced investment management capabilities and cultivate a flexible and professional wealth management ecosystem. AssetMark will continue to deepen cooperation with the existing investment advisors, focus on customers’ needs, provide differentiated services and assist customer growth to further expand the investment consulting customer base. AssetMark will continue to upgrade its digital tools and platforms to empower investment advisors, and improve interaction experience and office collaboration, and help investment advisors navigate their clients’ financial health plans. 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 promote cross-regional cooperation and consolidate platform resources in the PRC mainland, Hong Kong and the US to facilitate investors to fully leverage on the resource advantages of the Group with cross-regional coverage. It will actively expand the categories of products and businesses, constantly broaden market channels through increasing FICC business and the qualifications of qualified overseas institutional investors and provide all-dimensional services to meet customers’ demands for asset allocation.

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

During the Reporting Period, the Company constantly carried out 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.

During the Reporting Period, the Company strengthened the Group’s risk assessment and management on new business, improved risk management mechanism for new business, enhanced assessment and review on new business, tightened the quality control on the implementation of new business process and boosted the effectiveness of the implementation of the new business assessment mechanism.

During the Reporting Period, the Company launched the market making business on funds and connected in-exchange and OTC shares of publicly offered REITs products to provide the corresponding liquidity to the market with the market making capability of the Company. For risk management and control on

such business, the Company included it into the risk limitation system of the market making business on publicly offered REITs and set out the corresponding quotation indicators on exposure, position limit and concentration. The Company launched block trade business on convertible bonds and market making business on bonds on the SSE. To ensure risk on such business under control, the Company set out the corresponding risk limitation with strict requirements on the size and concentration of the business. The Company obtained the market making qualification on certain commodity futures/options on Zhengzhou Commodity Exchange and Shanghai Futures Exchange and actively participated in market making on commodity futures/options and provided liquidity services for commodity futures/options. The Company further improved the ancillary system construction and control mechanism including risk exposure and business scale for the market-making business and included new categories into the management system to ensure that all businesses could be carried out constantly and steadily on the premise that related risks are measurable, controllable and bearable.

**(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, other income and gains	23,479,022	24,615,529	(4.62)
Total expenses	(17,168,499)	(16,162,484)	6.22
Profit before income tax	6,773,996	10,036,901	(32.51)
Profit for the current period attributable to the shareholders of the Company	5,375,208	7,770,308	(30.82)
Net cash generated from/(used in) operating activities	26,018,313	(30,531,020)	N/A
Net cash (used in)/generated from investing activities	(3,913,007)	2,509,846	N/A
Net cash (used in)/generated from financing activities	(16,368,358)	32,932,692	N/A
Net increase in cash and cash equivalents	5,736,948	4,911,518	16.81

## 2. Revenue, other income and gains

As of June 30, 2022, the Group recorded total revenue, other income and gains of RMB23,479 million, representing a year-on-year decrease of 4.62%, in which:

- (1) Fee and commission income recorded a year-on-year increase of 0.99% to RMB9,931 million, accounting for 42.30%, mainly due to the increase in income from asset management business.
- (2) Interest income recorded a year-on-year decrease of 5.46% to RMB6,758 million, accounting for 28.79%, mainly due to the decrease in the Group's income from margin financing and securities lending business.
- (3) Net investment gains recorded a year-on-year decrease of 47.79% to RMB3,754 million, accounting for 15.99%, mainly due to the decrease in revenue from the Group's investment business.
- (4) wOther income and gains recorded a year-on-year increase of 588.05% to RMB3,035 million, accounting for 12.92%, mainly due to the increase in income from sales of bulk commodities.

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

Unit: Thousand Yuan Currency: RMB

Item	From January 1 to June 30, 2022		From January 1 to June 30, 2021		Increase/decrease	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Fee and commission income	9,931,122	42.30%	9,834,181	39.95%	96,941	0.99%
Interest income	6,758,476	28.79%	7,148,805	29.04%	(390,329)	(5.46)%
Net investment gains	3,754,431	15.99%	7,191,441	29.22%	(3,437,010)	(47.79)%
Other income and gains	3,034,993	12.92%	441,102	1.79%	2,593,891	588.05%
Total revenue, other income and gains	23,479,022	100.00%	24,615,529	100.00%	(1,136,507)	(4.62)%

### 3. Total expenses

As of June 30, 2022, the Group's total expenses were RMB17,168 million, representing a year-on-year increase of 6.22%, mainly due to the increase in interest expenses and other operating expenses, in which:

(1) Fee and commission expenses amounted to RMB2,402 million, representing a year-on-year decrease of 11.93%, mainly due to the decrease in expenses from brokerage business and underwriting and sponsorship business.

(2) Interest expenses amounted to RMB5,373 million, representing a year-on-year increase of 2.58%, mainly due to the increase in interest expenses on debt financing.

(3) Staff costs amounted to RMB4,628 million, representing a year-on-year decrease of 18.59%, mainly due to the decrease in accrued staff costs of the Group as a result of the decrease in income.

(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, 2022		From January 1 to June 30, 2021		Increase/decrease	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Fee and commission expenses	(2,402,224)	13.99%	(2,727,742)	16.88%	325,518	(11.93)%
Interest expenses	(5,373,126)	31.30%	(5,237,852)	32.41%	(135,274)	2.58%
Staff cost	(4,628,022)	26.96%	(5,684,559)	35.17%	1,056,537	(18.59)%
Depreciation and amortisation expenses	(727,809)	4.24%	(705,826)	4.37%	(21,983)	3.11%
Tax and surcharges	(105,128)	0.61%	(109,880)	0.68%	4,752	(4.32)%
Other operating expenses	(4,269,814)	24.87%	(1,889,652)	11.68%	(2,380,162)	125.96%
Impairment loss on financial assets	337,624	(1.97)%	193,027	(1.19)%	144,597	74.91%
Total expenses	(17,168,499)	100.00%	(16,162,484)	100.00%	(1,006,015)	6.22%



## 4. Analysis of segment revenue, other income and gains and segment expenses

## (1) Analysis of segment revenue, other income and gains

Unit: Thousand Yuan Currency: RMB

Business segment	Segment revenue, other income and gains for the current period	Percentage of total segment revenue, other income and gains for the current period (%)	Segment revenue, other income and gains for the same period of last year	Percentage of total segment revenue, other income and gains for the same period of last year (%)	Increase or decrease in percentage of total segment revenue, other income and gains as compared to the same period of last year
Wealth management business	12,395,626	52.79	11,400,660	46.31	Increase of 6.48 percentage points
Institutional services business	3,786,093	16.13	6,505,920	26.43	Decrease of 10.30 percentage points
Investment management business	893,317	3.80	2,503,732	10.17	Decrease of 6.37 percentage points
International business	4,184,585	17.82	3,540,859	14.38	Increase of 3.44 percentage points
Others (including offset)	2,219,401	9.46	664,358	2.71	Increase of 6.75 percentage points

During the Reporting Period, on a consolidated basis, the Group recorded total revenue, other income and gains of RMB23,479 million, representing a year-on-year decrease of 4.62%. Among the principal business segments, income from investment and trading business and valuation of private equity funds and alternative investment projects of the Group recorded a year-on-year decrease due to market volatility, and income from institutional services business and investment management business segments decreased by RMB2,720 million and RMB1,610 million as compared to the same period of last year, respectively, which were the main factors for the year-on-year decrease in income for the current period.

## (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	(8,007,493)	46.64	(7,389,581)	45.72	Increase of 0.92 percentage point
Institutional services business	(2,977,089)	17.34	(3,436,685)	21.26	Decrease of 3.92 percentage points
Investment management business	(549,527)	3.20	(594,697)	3.68	Decrease of 0.48 percentage point
International business	(2,926,501)	17.05	(2,483,668)	15.37	Increase of 1.68 percentage points
Others (including offset)	(2,707,889)	15.77	(2,257,853)	13.97	Increase of 1.80 percentage points

In terms of expenses of each business segment as a percentage of total expenses of the Group, expenses of wealth management business and international business segments increased by 0.92 percentage point and 1.68 percentage points, respectively; and expenses of institutional services business and investment management business segments decreased by 3.92 percentage points and 0.48 percentage point, 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 generated from/(used in) operating activities	26,018,313	(30,531,020)	56,549,333	N/A
Net cash (used in)/generated from investing activities	(3,913,007)	2,509,846	(6,422,853)	N/A
Net cash (used in)/generated from financing activities	(16,368,358)	32,932,692	(49,301,050)	N/A
Net increase in cash and cash equivalents	5,736,948	4,911,518	825,430	16.81

During the Reporting Period, the net increase in cash and cash equivalents of the Group was RMB5,737 million, in which:

- (1) Net cash generated from operating activities was RMB26,018 million, representing an increase of RMB56,549 million over the same period of last year, mainly due to the increase in cash inflows from placements from other financial institutions and margin loans for the current period.
- (2) Net cash used in investing activities was RMB3,913 million, representing a decrease of RMB6,423 million over the same period of last year, mainly due to the decrease in cash received from disposal of investments.
- (3) Net cash used in financing activities was RMB16,368 million, representing a decrease of RMB49,301 million over the same period of last year, mainly due to less proceeds from issuance of bonds for the current period.

## 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, other income and gains	23,479,022	24,615,529	(4.62)	Decrease in net investment gains
Total expenses	(17,168,499)	(16,162,484)	6.22	Increase in other operating expenses
Operating profit	6,310,523	8,453,045	(25.35)	Decrease in total revenue, other income and gains
Profit before income tax	6,773,996	10,036,901	(32.51)	Decrease in total revenue, other income and gains
Profit for the period	5,552,139	7,886,784	(29.60)	Decrease in total revenue, other income and gains
Among which: profit for the current period attributable to shareholders of the Company	5,375,208	7,770,308	(30.82)	Decrease in total revenue, other income and 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	849,322,705	806,650,833	5.29	Increase in financial assets
Total liabilities	692,930,157	654,615,049	5.85	Increase in accounts payable to brokerage clients and debt financing
Total shareholders' equity	156,392,548	152,035,784	2.87	Profit realization and issuance of perpetual bonds during 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, 2022		As at December 31, 2021		Increase/decrease	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
<b>Non-current assets</b>						
Property and equipment	6,030,947	0.71%	5,178,222	0.64%	852,725	16.47%
Investment properties	233,936	0.03%	294,008	0.04%	(60,072)	(20.43)%
Goodwill	2,984,528	0.35%	2,836,429	0.35%	148,099	5.22%
Land use rights and other intangible assets	7,047,773	0.83%	6,790,673	0.84%	257,100	3.79%
Interest in associates	17,667,964	2.08%	18,269,459	2.26%	(601,495)	(3.29)%
Interest in joint ventures	1,833,112	0.22%	1,749,065	0.22%	84,047	4.81%
Debt investment at amortised cost	29,127,033	3.43%	25,299,666	3.14%	3,827,367	15.13%
Debt instruments at fair value through other comprehensive income	4,285,003	0.50%	4,857,284	0.60%	(572,281)	(11.78)%
Equity instruments at fair value through other comprehensive income	123,778	0.01%	163,138	0.02%	(39,360)	(24.13)%
Financial assets at fair value through profit or loss	9,028,185	1.06%	9,896,339	1.23%	(868,154)	(8.77)%
Refundable deposits	32,390,559	3.81%	27,627,129	3.42%	4,763,430	17.24%
Deferred tax assets	704,761	0.08%	654,651	0.08%	50,110	7.65%
Other non-current assets	242,827	0.03%	282,227	0.03%	(39,400)	(13.96)%
<b>Total non-current assets</b>	<b>111,700,406</b>	<b>13.15%</b>	<b>103,898,290</b>	<b>12.88%</b>	<b>7,802,116</b>	<b>7.51%</b>
<b>Current assets</b>						
Accounts receivable	10,141,361	1.19%	10,287,174	1.28%	(145,813)	(1.42)%
Other receivables, prepayments and other current assets	1,752,325	0.21%	2,122,246	0.26%	(369,921)	(17.43)%
Margin accounts	103,346,385	12.17%	116,942,245	14.50%	(13,595,860)	(11.63)%
Debt investment at amortised cost	10,500,637	1.24%	7,121,850	0.88%	3,378,787	47.44%

Item	As at June 30, 2022		As at December 31, 2021		Increase/decrease	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Financial assets held under resale agreements	13,837,737	1.63%	11,751,970	1.46%	2,085,767	17.75%
Debt instruments at fair value through other comprehensive income	2,695,716	0.32%	4,457,415	0.55%	(1,761,699)	(39.52)%
Financial assets at fair value through profit or loss	377,388,270	44.43%	345,362,833	42.81%	32,025,437	9.27%
Derivative financial assets	22,880,610	2.69%	15,247,805	1.89%	7,632,805	50.06%
Clearing settlement funds	7,884,492	0.93%	8,580,941	1.06%	(696,449)	(8.12)%
Cash held on behalf of brokerage clients	147,177,814	17.33%	143,640,263	17.81%	3,537,551	2.46%
Cash and bank balances	40,016,952	4.71%	37,237,801	4.62%	2,779,151	7.46%
<b>Total current assets</b>	<b>737,622,299</b>	<b>86.85%</b>	<b>702,752,543</b>	<b>87.12%</b>	<b>34,869,756</b>	<b>4.96%</b>
<b>Total assets</b>	<b>849,322,705</b>	<b>100.00%</b>	<b>806,650,833</b>	<b>100.00%</b>	<b>42,671,872</b>	<b>5.29%</b>
<b>Current liabilities</b>						
Short-term bank loans	5,668,727	0.82%	8,492,290	1.30%	(2,823,563)	(33.25)%
Short-term debt instruments issued	48,840,031	7.05%	53,598,658	8.19%	(4,758,627)	(8.88)%
Placements from other financial institutions	43,339,686	6.25%	14,018,721	2.14%	29,320,965	209.16%
Accounts payable to brokerage clients	158,777,534	22.91%	147,501,833	22.53%	11,275,701	7.64%
Employee benefits payable	4,799,480	0.69%	5,757,598	0.88%	(958,118)	(16.64)%
Other payables and accruals	109,403,082	15.79%	106,620,755	16.29%	2,782,327	2.61%
Contract liabilities	350,611	0.05%	265,637	0.04%	84,974	31.99%
Current tax liabilities	926,039	0.13%	1,245,374	0.19%	(319,335)	(25.64)%
Financial assets sold under repurchase agreements	133,289,382	19.24%	130,710,001	19.97%	2,579,381	1.97%
Financial liabilities at fair value through profit or loss	38,142,967	5.50%	28,289,462	4.32%	9,853,505	34.83%

Item	As at June 30, 2022		As at December 31, 2021		Increase/decrease	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Derivative financial liabilities	11,547,959	1.67%	10,643,222	1.63%	904,737	8.50%
Long-term bonds due within one year	35,106,479	5.07%	35,372,308	5.40%	(265,829)	(0.75)%
<b>Total current liabilities</b>	<b>590,191,977</b>	<b>85.17%</b>	<b>542,515,859</b>	<b>82.88%</b>	<b>47,676,118</b>	<b>8.79%</b>
<b>Net current assets</b>	<b>147,430,322</b>	<b>–</b>	<b>160,236,684</b>	<b>–</b>	<b>(12,806,362)</b>	<b>(7.99)%</b>
<b>Total assets less current liabilities</b>	<b>259,130,728</b>	<b>–</b>	<b>264,134,974</b>	<b>–</b>	<b>(5,004,246)</b>	<b>(1.89)%</b>
<b>Non-current liabilities</b>						
Long-term bonds	89,805,662	12.96%	97,966,119	14.97%	(8,160,457)	(8.33)%
Long-term bank loans	793,650	0.11%	722,816	0.11%	70,834	9.80%
Long-term employee benefits payable	5,988,858	0.86%	7,057,339	1.08%	(1,068,481)	(15.14)%
Deferred tax liabilities	2,377,925	0.34%	2,619,161	0.40%	(241,236)	(9.21)%
Financial liabilities at fair value through profit or loss	2,731,642	0.39%	2,833,456	0.43%	(101,814)	(3.59)%
Other payables and accruals	1,040,443	0.15%	900,299	0.14%	140,144	15.57%
<b>Total non-current liabilities</b>	<b>102,738,180</b>	<b>14.83%</b>	<b>112,099,190</b>	<b>17.12%</b>	<b>(9,361,010)</b>	<b>(8.35)%</b>
<b>Net assets</b>	<b>156,392,548</b>	<b>–</b>	<b>152,035,784</b>	<b>–</b>	<b>4,356,764</b>	<b>2.87%</b>
<b>Shareholders' equity</b>						
Share capital	9,076,650	5.80%	9,076,650	5.97%	–	–
Other equity instruments	12,694,871	8.12%	9,996,425	6.58%	2,698,446	26.99%
Treasury share	(1,211,555)	(0.77)%	(1,231,547)	(0.81)%	19,992	(1.62)%
Reserves	95,566,965	61.11%	95,021,503	62.50%	545,462	0.57%
Retained profits	36,342,666	23.24%	35,559,779	23.39%	782,887	2.20%
<b>Total equity attributable to shareholders of the Company</b>	<b>152,469,597</b>	<b>97.49%</b>	<b>148,422,810</b>	<b>97.62%</b>	<b>4,046,787</b>	<b>2.73%</b>
Non-controlling interests	3,922,951	2.51%	3,612,974	2.38%	309,977	8.58%
<b>Total shareholders' equity</b>	<b>156,392,548</b>	<b>100.00%</b>	<b>152,035,784</b>	<b>100.00%</b>	<b>4,356,764</b>	<b>2.87%</b>

As of June 30, 2022, total non-current assets of the Group amounted to RMB111,700 million, representing an increase of RMB7,802 million as compared to the beginning of the year, which was mainly due to the increase in refundable deposits of RMB4,763 million.

As of June 30, 2022, total non-current liabilities of the Group amounted to RMB102,738 million, representing a decrease of RMB9,361 million as compared to the beginning of the year, which was mainly due to the decrease in long-term bonds of RMB8,160 million.

As of June 30, 2022, total current assets of the Group amounted to RMB737,622 million, representing an increase of RMB34,870 million as compared to the beginning of the year, which was mainly due to the increase in total amount of debt investment at amortised cost, debt instruments at fair value through other comprehensive income, and financial assets at fair value through profit or loss of RMB33,643 million as compared to the beginning of the year.

As of June 30, 2022, total current liabilities of the Group amounted to RMB590,192 million, representing an increase of RMB47,676 million as compared to the beginning of the year, which was mainly due to the increase in accounts payable to brokerage clients of RMB11,276 million, and the increase in placement from other financial institutions of RMB29,321 million.

## 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 RMB151,372,172 thousand, including cash and bank balances, financial assets at fair value through profit or loss, debt instruments at fair value through other comprehensive income, debt investment at amortised cost and interest in associates. 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, 2022, total shareholders' equity of the Group amounted to RMB156,393 million, representing an increase of RMB4,357 million or 2.87% as compared to that of the end of 2021, which was mainly due to the effects of issuance of perpetual subordinated debts by 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, 2022, total assets of the Group amounted to RMB849,323 million, representing an increase of RMB42,672 million or 5.29% 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 RMB195,079 million, accounting for 22.97% of the total assets; margin accounts amounted to RMB103,346 million, accounting for 12.17% of the total assets; financial assets at fair value through profit or loss, debt investment at amortised cost, debt instruments at fair value through other comprehensive income, and equity instruments at fair value through other comprehensive income amounted to RMB433,149 million, accounting for 51.00% of the total assets; property and equipment, investment properties, land use rights and other intangible assets accounted for 1.57% 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 decreased. As of June 30, 2022, the liabilities of the Group amounted to RMB692,930 million, representing an increase of RMB38,315 million or 5.85% as compared to the beginning of the year. The debt-to-assets ratio was 77.35% (excluding the impact of customer funds), representing an increase of 0.42 percentage point as compared to the beginning of the year.

As of June 30, 2022, 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 RMB223,554 million. Details are shown as follows:



Unit: Thousand Yuan Currency: RMB

<b>Borrowings and debt financing plans</b>	<b>As of June 30, 2022</b>
Placement from China Securities Finance Corporation Limited	–
Placement from other financial institutions	43,339,686
Short-term borrowings	5,668,727
Short-term financing funds payable	48,840,031
Long-term borrowings	793,650
Bonds payable	124,912,141
<b>Total</b>	<b>223,554,235</b>

Borrowings and debt financing with a financing maturity of more than one year were RMB141,005 million, accounting for 63.07%. Among them, programs with a financing maturity of one to two years were RMB11,748 million, those with a financing maturity of two to five years were RMB81,758 million, and those with a financing maturity of over five years were RMB47,499 million. Borrowings and debt financing with a financing maturity of less than one year were RMB82,549 million, accounting for 36.93%.

As of June 30, 2022, the Group's borrowings and debt financing with fixed interest rate were RMB220,867 million. In particular, the balance of short-term borrowings was RMB5,669 million; the balance of long-term borrowings was RMB794 million; the balance of placement from other financial institutions was RMB43,340 million; the balance of income receipts with fixed interest rate was RMB16,895 million; the balance of financial bonds was RMB6,176 million; the balance of corporate bonds was RMB107,816 million; the balance of subordinated debts was RMB14,305 million; and the balance of foreign debts was RMB25,872 million.

As of June 30, 2022, cash and cash equivalents of the Group amounted to RMB52,861 million, of which RMB cash and cash equivalents accounted for 74.60%.

As of June 30, 2022, the Group's short-term bank borrowings included balance of credit borrowings of RMB5,541 million, and that of pledge borrowings of RMB128 million.

As of June 30, 2022, all of the Group's long-term bank borrowings were credit borrowings.

#### 4. Analysis of profitability

In the first half of 2022, the Group firmly implemented the "two-pronged" (雙輪驅動) development strategy of wealth management and institutional services, and constantly enhanced its digital operation capability with technology empowerment. Its comprehensive strength soundly ranked in the forefront of the industry.5. Explanations on the changes in the scope of consolidation of the statements.

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

### (1) Changes in the scope of consolidation as a result of an acquisition

During the Reporting Period, the Group acquired Shanghai Shengju Asset Operation and Management Co., Ltd. (上海盛鉅資產經營管理有限公司), which has been included in the Group's consolidation scope.

### (2) Changes in the scope of consolidation as a result of an increase of structured entities included into the consolidation scope

The Group consolidated the structured entities where the Group serves as the manager or investment adviser and/or as the 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 4 with another 16 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

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, etc., and the Company's medium and long-term financing channels included issuing corporate bonds, non-public corporate bonds, financial 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 as well as syndicated loan to support the business development of the Company. After years of effective efforts, the Company explored and established the short, medium and long-term diversified financing channels, which played a key role in the rapid development process of the Company's business.

### Liquidity management policies and measures

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.

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.

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 while also to propose a package of management and control measures for core risk points 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.

### Analysis of financing capability and financing strategy

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, and had sufficient bank credit. As of the end of the Reporting Period, the total credit line obtained by the Company from commercial banks exceeded RMB480 billion, demonstrating a strong short-term and medium-to-long term financing abilities. As of the end of the Reporting Period, after assessment by China Lianhe Credit Rating Co., Ltd., the credit rating of the Company was AAA and the credit rating outlook is stable. After comprehensive assessment by Shanghai Brilliance Credit Rating & Investors Service Co., Ltd., the credit rating of the Company was AAA and the credit rating outlook is stable. After comprehensive assessment by Standard & Poor's, the credit rating of the Company was BBB+ and the credit rating outlook is stable. After comprehensive assessment by Moody's, the credit rating of the Company was Ba1 and the credit rating outlook is stable. As a listed securities dealer, the Company can also meet the fund demand for long-term development by means of equity refinancing.

Taking into consideration both liquidity and profitability, the Company held a certain number 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-based 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.

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.

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 RMB17,668 million, representing a decrease of RMB601 million or 3.29% as compared to RMB18,269 million at the beginning of the period; and the investment in joint ventures amounted to RMB1,833 million, representing an increase of RMB84 million or 4.80% as compared to RMB1,749 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
Debt instruments at fair value through other comprehensive income	9,314,699	6,980,719	(139,444)	(129,991)
Equity instruments at fair value through other comprehensive income	163,138	123,778	–	(35,494)
Financial assets at fair value through profit or loss	355,259,172	386,416,455	(5,911,489)	(5,271,065)
Derivative financial instruments	4,604,583	11,332,651	7,139,552	7,270,666

#### 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) (《關於核准华泰证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 Certified Public Accountants LLP with the capital verification report of "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 interest on 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 Certified Public Accountants LLP, and the capital verification report was issued (KPMG Huazhen Yan Zi No. 1501031). According to the Capital Verification Report issued by KPMG Huazhen Certified Public Accountants 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 US 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 Certified Public Accountants LLP and the capital verification report was issued (KPMG Huazhen Yan Zi No. 1900393). As of December 31, 2021, all the funds raised from the GDR issuance of the Company were used up and the accumulative amount of RMB11.587 billion of the raised funds (including interest arising from the funds raised) was used and relevant accounts have been cancelled.

## 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	–	1,158,666.14	–	–
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	–	7,211,795.40	–	–
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	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	SHAREHOLDING RATIO	100%
		 华泰紫金投资有限责任公司 HUATAI PURPLE GOLD INVESTMENT CO., LTD.		
		 华泰创新投资有限公司 HUATAI INNOVATION INVESTMENT CO., LTD.		
	HOLDING SUBSIDIARIES	 华泰联合证券 HUATAI UNITED SECURITIES		99.92%
		 华泰期货 HUATAI FUTURES	SHAREHOLDING RATIO	60%
		 江苏股权交易中心 JIANGSU EQUITY EXCHANGE		52%
	JOINT STOCK SUBSIDIARIES	 南方基金 NANFANG FUND MANAGEMENT CO., LTD.	FUND	41.16%
		 华泰柏瑞基金 Huatai-PineBridge 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	Shareholding percentage of the Company	Date of establishment	Address	Registered capital	Total assets	Net assets	Operating revenue	Total profit	Net profit
Huatai Securities (Shanghai) Asset Management Co., Ltd.	100%	October 16, 2014	Room 1222, 6 Jilong Road, China (Shanghai) Pilot Free Trade Zone	250,000.00	1,122,651.12	1,010,537.27	92,792.42	73,142.08	55,606.62
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 International Financial Holdings Company Limited	100%	April 5, 2017	62/F, The Center, 99 Queen's Road Central, Hong Kong, the PRC	HK\$ 10,200,000,002.00	178,155,539.9million	17,510,055.8million	5,021,418.8 million	HK\$ 1,310,097.5million	
Main business: holding company.									
Huatai Purple Gold Investment Co., Ltd.	100%	August 12, 2008	180 Hanzhong Road, Nanjing, Jiangsu Province, the PRC	600,000.00	15,423,777.70	1,110,299.89	-46,711.52	-54,141.15	-39,337.53
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 Innovative Investment Co., Ltd.	100%	November 21, 2013	Rooms 701-8 to 701-11, 7/F, Block 28, Fengsheng Hutong, Xicheng District, Beijing, the PRC	350,000.00	436,296.79	366,935.89	-15,273.10	-22,547.52	-16,586.02
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 fundraising 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 items 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 United Securities Co., Ltd.	99.92%	September 5, 1997	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	99,748.00	790,995.02	521,882.82	161,788.47	43,613.56	32,568.77
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 Futures Co., Ltd.	60%	July 10, 1995	Rooms 1001-1004 and 1011-1016, 10/F, No.1 Mingzhu Third Street, Hengshi Town, Nansha District, Guangzhou, the PRC	293,900.00	5,691,063.29	351,967.01	262,300.03	23,848.65	17,648.12
Main businesses: commodities 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.	52%	July 4, 2013	3/F, Building 10, Financial City, No. 377 Middle Jiangdong Road, Jianye District Nanjing, Jiangsu Province, the PRC	20,000.00	49,482.55	41,429.75	3,544.55	1,272.32	951.05
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.	41.16%	March 6, 1998	32-42/F, Fund Mansion, 5999 Yitian Road, Lianhua Street, Futian District, Shenzhen, the PRC	36,172.00	1,350,112.39	863,845.83	327,344.85	114,252.34	88,641.22
Main businesses: fundraising, fund sales, asset management and other businesses approved by the securities regulatory authority under the State Council.									
Huatai-PineBridge Fund Management Co., Ltd.	49%	November 18, 2004	17/F, Building 1, Shanghai Zhen'da Wudaokou Square, Lane 1199, Minsheng Road, China (Shanghai) Pilot Free Trade Zone	20,000.00	250,730.86	145,516.04	68,094.86	25,803.35	19,599.22
Main businesses: fundraising, fund sales, asset management and other businesses approved by the CSRC.									
Bank of Jiangsu Co., Ltd.	5.63%	January 22, 2007	26 Zhonghua Road, Nanjing, Jiangsu Province, the PRC	1154,445.00	287,058,713.10	20,581,998.10	3,510,735.20	1,721,445.70	1,384,923.30
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 custody of collective fund trust scheme; provision of safe deposit boxes; handling entrusted deposits and loans; bank card services; foreign currency deposits, 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 foreign 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: In July 2022, Huatai Futures completed the industrial and commercial registration modification procedures for equity change, and the Company acquired 40% equity interest in Huatai Futures held by Deluxe Family Co., Ltd., another shareholder of Huatai Futures. Currently, the Company's equity interest in Huatai Futures has been changed to 100%.



## 7. Acquisition and disposal of subsidiaries during the Reporting Period

For details of the acquisition and disposal of subsidiaries during the Reporting Period, please refer to “Description of Major Events of the Subsidiaries” under “Description of Other Major Events” in “Major Events” of this report.

## 8. Structured entities controlled by the Company

The structured entities consolidated by the Group mainly refer to the asset management plans with the Group concurrently 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, 2022, the Group has consolidated 46 structured entities with assets reaching RMB47,273,913,142.02 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 RMB41,454,615,578.20.

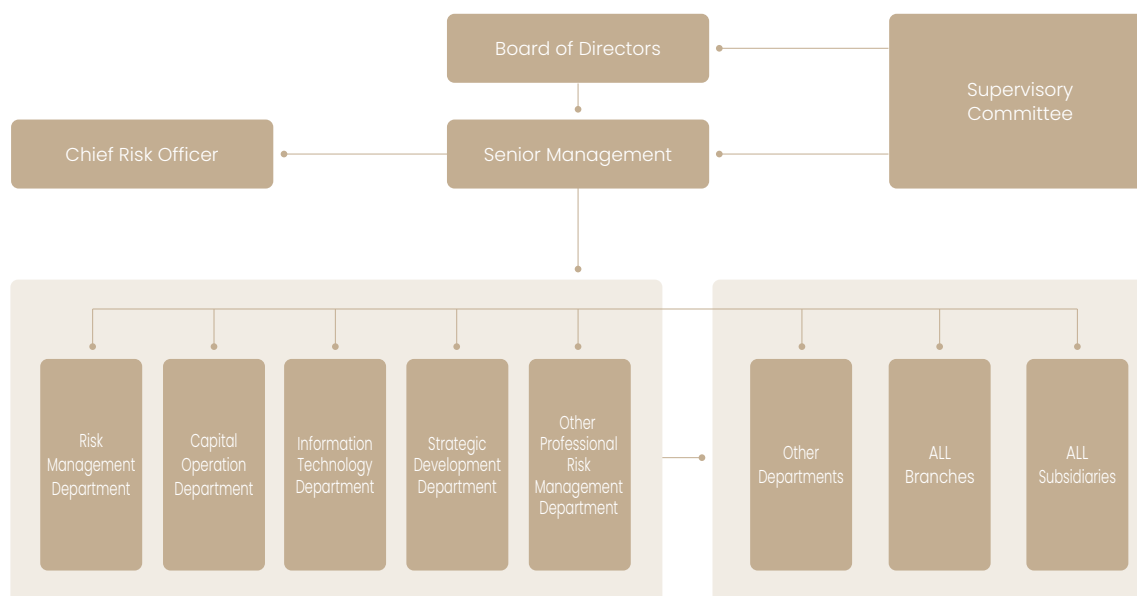
# » III. Potential risks and risk prevention measures

## 1. Overview of risk management

The Company attached great importance to risk management. According to regulatory requirements and the actual situation of business development, the Company established a relatively comprehensive overall risk management system based on the core concepts of full staff engagement, full coverage and full penetration. The Company has a solid and effective risk management framework with clearly defined responsibilities and staff at all levels performing their duties effectively; the Company worked out a risk appetite and tolerance system, which is organically integrated with the development strategy, and established a multi-level comprehensive risk management system covering all aspects of business operation and management; in addition, the Company vigorously promoted the construction of a group-wide risk management technology system, constructed a centralized, timely, quantitative and penetrating risk management technology pillar, enhanced the effectiveness of the Group's risk management and further strengthened the Group's overall risk identification, quantitative assessment and control capabilities. The Company incorporated its subsidiaries into the overall risk management system of the Group, explored the construction of effective risk management models for subsidiaries, and vigorously deepened the centralized and unified penetration management of professional risk lines. 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 pushed forward various risk management tasks with the focus on the in-depth and full penetration of business risks management and control, the consolidation of the cross-border integrated risk management system and the building of digitalized risk management. The Company further strengthened risk assessment and control in key businesses and areas and built the risk management capability penetrating into business substance and covering the full life cycle. The Company further penetrated into the risk control of its overseas subsidiaries to strengthen the construction of a cross-border integrated risk management system to provide solid safeguard for the internationalization of the Group. The Company adhered to technology empowerment, deepened the all-dimensional risk perception of the Group, achieved the linkage of management and control procedures and continuously improved capabilities and efficiency on risk management and control.

## 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, the on-going COVID-19 pandemic together with the Russia-Ukraine conflicts caused serious impacts on global commodities and supply chains as well as turbulence in the global capital market. The Company adhered to the concept of value creation through trading and risk control through hedging, actively controlled its risk exposure 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, sensitivity, etc. The Company continued to improve its stress testing system and regularly calculated and appraised the impacts of various extreme risks. In respect of investments in equity securities, the Company actively managed risk exposures through various hedge manners to avoid significant market fluctuations. While ensuring the downside risks of assets controllable, the Company actively explored trading opportunities and paid attention to the market liquidity of investment targets and high diversification of asset positions. In respect of fixed-income securities investment, the Company effectively hedged market risk with interest rate derivatives and adjusted the position structure to respond to the impacts of interest rate fluctuations on the term and structure of investment portfolios, and actively sought opportunities for pricing deviations to enhance overall income while controlling overall duration, basis point value and VaR value. In respect of derivatives business, the Company adopted market neutral strategy for the OTC derivatives business and controlled the Greeks values (such as Delta, Gamma, Vega, etc.) exposure risks within acceptable limits. It created profit opportunities with risks under control.

#### 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-2022	As at the end of mid-2021	As at the end of mid-2022	As at the end of mid-2021
Equity-sensitive Financial Instruments	8,637	7,325	15,251	15,949
Interest-sensitive Financial Instruments	3,998	3,518	4,300	4,749
Commodity-sensitive Financial Instruments	282	42	396	179
Overall Portfolio Risk Value	9,308	7,743	15,994	16,465

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	26,175	15,994	29,504	12,852
The Company	15,803	9,308	25,146	7,361

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 and continuous monitoring of clients and assets at risk, timely risk resolution management and dynamic counter-cyclical regulation mechanisms to control business risks and adjust business structures. Under the market volatility during the Reporting Period, the risks on the Company's margin financing and securities lending and stock pledge businesses were not affected significantly. In terms of bond investment business, the Company intensified risk control on credit bond investment in urban construction and real estate development, strengthened the monitoring and pre-warning of bond positions and continuously promoted the disposal of risky bonds, consolidating the credit risk prevention and control mechanism on credit bond investment business line. In terms of counterparty management, during the Reporting Period, the Company further promoted the establishment of a unified management system and the optimization of the management systems for counterparties and further enhanced the credit management of counterparties based on internal and external public opinions to strictly control tail risks. In terms of guarantee settlement business, the Company 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 continued to promote and consolidate 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 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 controlling 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 and proposed targeted control measures. 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, in particular to conduct vertical management on its Hong Kong subsidiaries with emphasizes on their liquidity management, 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 requirements and far beyond the safety requirements.

## **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 promote the effective operation covering the full process of the identification, assessment, monitoring, response and reporting of operational risks. During the Reporting Period, with the flight test on sectors with high reputational risk as the starting point, the Company focused on key areas with operational risks and continuously conducted in-depth review to improve the completeness, effectiveness and reliability of control and promote the continuous optimization of control measures; improved the risk management mechanism for new businesses, further strengthened the in-depth assessment on operational risks of new businesses and enhanced the quality control on the implementation of procedures of new businesses and follow-up appraisal mechanisms on new businesses; conducted retrospective review on emergency proposals on the COVID-19 pandemic, organized and improved emergency proposals and the optimal allocation of key resources.

## **7. Compliance risk**

Compliance risk refers to exposure to property loss or business reputation loss as a result of bearing legal responsibility, supervisory measures or disciplinary sanctions imposed on securities companies due to violation of laws, 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 its compliance management system and optimize compliance management mechanisms in terms of system, concept, method and other dimensions. It constantly advanced the construction of digital compliance and intensified the capability building and compliance coordination of compliance staff; continuously improved business compliance management mechanisms and stepped up control and support efforts on key businesses through review and assessment, monitoring and inspection, training and publicity as well as other manners; continued to develop the concept of full compliance for all employees, included compliance management in service publicity, enhanced the common knowledge on compliance concept and recognition of compliance value between business departments and compliance departments and strengthened the endogenous power of compliance through the establishment of the compliance culture.

## **8. Information technology risk**

Information technology risk 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 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, strengthened the investigation and governance for information technology risks and continuously improved risk control measures, further improving the effectiveness of risk management. The Company formulates information system emergency technical plans and emergency response procedures for cyber security incidents, and conducts emergency plan assessment and emergency drills on a regular or irregular basis. During the Reporting Period, the Company's information system was operated safely and stably. No major information technology risk events occurred.

## 9. Reputational risk

Reputational risk mainly refers to exposure to risks that are detrimental to the normal operation of the Company exposed by the negative judgments 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 continued to strengthen its prevention, monitoring and handling of reputational risks, which created a stable media environment for the Company's development. At the same time, the Company continuously strengthened group-wide management, prior management and internal publicity, further enhancing its awareness of reputation risk prevention and response capability.

## 10. 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 concurrent 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.

# 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

### 1. Shareholders' General Meetings Convened during the Reporting Period

Meeting	Convening date	Resolutions	Inspection indexes of the websites designated for publishing the resolutions	Date of disclosure for publishing the resolutions	Status
2021 Annual General Meeting	June 22, 2022	1. To consider the Resolution on Amendments to the Articles of Association of Huatai Securities Co., Ltd.; 2. To consider the Resolution on Repurchase and Cancellation of Part of the Restricted A Shares by the Company; 3. To consider the 2021 Work Report of the Board of the Company; 4. To consider the 2021 Work Report of the Supervisory Committee of the Company; 5. To consider the 2021 Final Financial Report of the Company; 6. To consider the Resolution on the 2021 Annual Report of the Company; 7. To consider the Resolution on the 2021 Profit Distribution of the Company; 8. To consider the Resolution on the Estimated Ordinary Transactions with Related Parties of the Company for 2022; 9. To consider the Resolution on the Estimated Investment Amount for the Proprietary Business of the Company for 2022; 10. To consider the Resolution on the Change of the Accounting Firm; 11. To consider the Resolution on the Election of an Independent Director of the Fifth Session of the Board of the Company; 12. To consider the Report on Performance of Duties of the Independent Directors of the Company for 2021; 13. To consider the Resolution on the Election of Non-independent Directors of the Fifth Session of the Board of the Company; 14. Debriefing of the Report on Performance Assessment and Remuneration of the Directors of the Company for 2021; 15. Debriefing of the Report on Performance Assessment and Remuneration of the Supervisors of the Company for 2021; 16. Debriefing of the Report on Performance of Duties, Performance Assessment and Remuneration of the Senior Management of the Company for 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 23, 2022	All resolutions were considered and approved

Meeting	Convening date	Resolutions	Inspection indexes of the websites designated for publishing the resolutions	Date of disclosure for publishing the resolutions	Status
2022 First A Share Class Meeting	June 22, 2022	To consider the Resolution on Repurchase and Cancellation of Part of the Restricted A Shares by the Company.	<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 23, 2022	The resolution was considered and approved
2022 First H Share Class Meeting	June 22, 2022	To consider the Resolution on Repurchase and Cancellation of Part of the Restricted A Shares by the Company.	<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 23, 2022	The resolution was considered and approved

## 2. Meetings of the Board Convened during the Reporting Period

Meeting	Convening date	Meeting form and place	Resolutions	Status
The Twenty-first Meeting of the Fifth Session of the Board	March 30, 2022	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 6, 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>To consider the 2021 Work Report of the Senior Management of the Company;</li> <li>To consider the 2021 Final Financial Report of the Company;</li> <li>To consider the 2022 Financial Budget Report of the Company;</li> <li>To consider the Resolution on Repurchase and Cancellation of Part of the Restricted A Shares by the Company;</li> <li>To consider the Proposal on the 2021 Profit Distribution of the Company;</li> <li>To consider the 2021 Work Report of the Board of the Company;</li> <li>To consider the Resolution on the 2021 Annual Report of the Company;</li> <li>To consider the Resolution on the 2021 Annual Compliance Report of the Company;</li> <li>To consider the Resolution on the 2021 Annual Risk Management Report of the Company;</li> <li>To consider the Resolution on the 2021 Annual Internal Control Evaluation Report of the Company;</li> <li>To consider the Resolution on the Special Report on Information Technology Management of the Company for 2021;</li> <li>To consider the Resolution on the 2021 Corporate Social Responsibility Report of the Company;</li> <li>To consider the Proposal on the Estimated Ordinary Transactions with Related Parties of the Company for 2022;</li> <li>To consider the Proposal on the Estimated Investment Amount for the Proprietary Business of the Company for 2022;</li> <li>To consider the Internal Audit Work Plan of the Company for 2022;</li> <li>To consider the Resolution on the Change of the Accounting Firm;</li> <li>To consider the Resolution on the Election of Non-independent Directors of the Fifth Session of the Board of the Company;</li> <li>To consider the Resolution on the Election of an Independent Director of the Fifth Session of the Board of the Company;</li> <li>To consider the Resolution on Amendments to the Articles of Association of Huatai Securities Co., Ltd.;</li> <li>To consider the Resolution on the Adjustment of the Organizational Structure of the Headquarters and the Duties of Relevant Departments;</li> <li>To consider the Report on Performance Assessment and Remuneration of the Directors of the Company for 2021;</li> <li>To consider the Report on Performance of Duties, Performance Assessment and Remuneration of Senior Management of the Company for 2021;</li> <li>To consider the Report on Performance of Duties of the Independent Directors of the Company for 2021;</li> <li>To consider the Resolution on Convening the 2021 Annual General Meeting, 2022 First A Share Class Meeting and 2022 First H Share Class Meeting of the Company;</li> <li>Debriefing of the Report on Performance of Duties by the Audit Committee of the Board of the Company for 2021;</li> <li>Debriefing of the Work Report of the Chief Compliance Officer of the Company for 2021;</li> <li>Debriefing of the Work Report on Anti-money Laundering of the Company for 2021;</li> <li>Debriefing of the Report on Internal Audit of the Company for 2021;</li> <li>To review the Self-assessment Report on Money Laundering Risk of the Company;</li> <li>To review the Report on Net Capital and Other Risk Control Indicators of the Company for 2021.</li> </ol>	All resolutions were considered and approved

Meeting	Convening date	Meeting form and place	Resolutions	Status
The Twenty-second Meeting of the Fifth Session of the Board	April 8, 2022	By means of teleconference	To consider the Resolution on the Appointment of Mr. Han Zhencong as a Member of the Executive Committee and chief information officer of the Company.	The resolution was considered and approved
The Twenty-third Meeting of the Fifth Session of the Board	April 29, 2022	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 6, 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.	To consider the Resolution on the First Quarterly Report of the Company for 2022.	The resolution was considered and approved
The Twenty-fourth Meeting of the Fifth Session of the Board	May 31, 2022	By means of teleconference	To consider the Resolution on Increasing the Investment Amount for the R&D and Training Center Project of Huatai Securities.	The resolution was considered and approved
The Twenty-fifth Meeting of the Fifth Session of the Board	June 22, 2022	By means of teleconference	1. To consider the Resolution on the Application for Conducting Stocks Market-making Business on the STAR Market by the Company; 2. To consider the Resolution on Amendments to the Basic System for Anti-money Laundering and Anti-terrorism Financing of Huatai Securities Co., Ltd.; 3. To consider the Resolution on Termination of the Commitment on the Provision of Net Capital Guarantee to its Wholly-owned Subsidiary Huatai Securities (Shanghai) Asset Management Co., Ltd. by the Company; 4. To consider the Resolution on the Adjustment to the Composition of Certain Special Committees of the Fifth Session of the Board of the Company.	All resolutions were considered and approved

### 3. Meetings of the Supervisory Committee Convened during the Reporting Period

Meeting	Convening date	Meeting form and place	Resolutions	Status
The Twelfth Meeting of the Fifth Session of the Supervisory Committee	March 30, 2022	By means of on-site meeting. Small Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228 Middle Jiangdong Road, Nanjing.	1. To consider the 2021 Work Report of the Supervisory Committee of the Company; 2. To consider the Resolution on Repurchase and Cancellation of Part of the Restricted A Shares by the Company; 3. To consider the Proposal on the 2021 Profit Distribution of the Company; 4. To consider the resolution on the 2021 Annual Report of the Company; 5. To consider the resolution on the 2021 Annual Internal Control Evaluation Report of the Company; 6 To consider the Report on Performance Assessment and Remuneration of the Supervisors of the Company for 2021; 7. Debriefing of the Report on Internal Audit of the Company for 2021; 8. Debriefing of the Internal Audit Work Plan of the Company for 2022.	All resolutions were considered and approved
The Thirteenth Meeting of the Fifth Session of the Supervisory Committee	April 29, 2022	By means of on-site meeting. 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 2022.	The resolution was considered and approved

## II. AUDIT COMMITTEE OF THE BOARD AND AUDITING

The Audit Committee was established under the Board in accordance with the requirements of the CSRC and the Shanghai Stock Exchange, and the Rules Governing the Listing of Securities on 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 the 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 primarily responsible for the communication, supervision and verification of internal and external audits of the Company and the provision of 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 of the Company for 2022 was convened by way of on-site and video meetings on January 18, 2022, at which staff from KPMG Huazhen Certified Public Accountants LLP introduced their schedule of audit work, focus of annual audit and pre-audit work for 2021.
2. The second meeting of the Audit Committee of the fifth session of the Board of the Company for 2022 was convened by means of teleconference on February 25, 2022, which considered and approved the Resolution on the Auditing Plan of the Company for 2021.
3. The third meeting of the Audit Committee of the fifth session of the Board of the Company for 2022 was convened by way of on-site and video meetings on March 29, 2022, at which the 2021 Final Financial Report of the Company, the 2022 Financial Budget Report of the Company, the Proposal on the 2021 Profit Distribution of the Company, the Resolution on the Annual Financial Statements of the Company for 2021, the Proposal on the 2021 Annual Report of the Company, the Resolution on the 2021 Annual Internal Control Evaluation Report of the Company, the Proposal on the Estimated Ordinary Transactions with Related Parties of the Company for 2022, the Proposal on the Change of the Accounting Firms, the Report on Performance of Duties by the Audit Committee of the Board of the Company for 2021, the Special Audit Report on Related Party Transactions of the Company for 2021, and the Internal Audit Work Plan of the Company for 2022 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 2021, and debriefed the Report on

Internal Audit of the Company for 2021.

4. The fourth meeting of the Audit Committee of the fifth session of the Board of the Company for 2022 was convened by means of teleconference on April 28, 2022, at which the Resolution on the Financial Statements for January to March 2022 of the Company was considered and approved.

The interim financial report of the Company for 2022 prepared according to the International Financial Reporting Standards has been reviewed by Deloitte Touche Tohmatsu in accordance with the International Standard on Review Engagements. On August 29, 2022, the Audit Committee reviewed and confirmed the Interim Results Announcement of the Group for the six months ended June 30, 2022, the Interim Report for 2022 and unaudited interim financial statements for the six months ended June 30, 2022 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
Han Zhencong	Member of the Executive Committee, Chief Information Officer	Appointed
Chen Zhongyang	Non-executive Director	Elected
Yin Lihong	Executive Director	Elected
Wang Quansheng	Independent Non-executive Director	Elected
Chen Yongbing	Non-executive Director	Resigned
Wang Tao	Non-executive Director	Resigned
Zhu Xuebo	Executive Director	Resigned
Chen Chuanming	Independent Non-executive Director	Resigned

#### Information on changes in Directors, Supervisors and Senior Management

On April 8, 2022, as considered and approved at the twenty-second meeting of the fifth session of the Board of the Company, Mr. Han Zhencong was appointed as a member of the Executive Committee and chief information officer of the Company.

On April 14, 2022, the Board of the Company received a written resignation report from Mr. Wang Tao, a non-executive Director. Mr. Wang Tao has proposed to resign from his positions as a non-executive Director of the fifth session of the Board of the Company and as a member of the Development Strategy Committee of the Board due to work reasons, upon which he no longer holds any position in the Company. There is no disagreement between Mr. Wang Tao and the Board of the Company, and there is no matter in relation to his resignation that needs to be brought to the attention of the shareholders of the Company. Mr. Wang Tao has also confirmed that he is not a party involved in any on-going or pending litigation or dispute against the Company. On June 22, 2022, the Resolution on the Election of an Independent Director of the Fifth Session of the Board of the Company and the Resolution on the Election of Non-independent Directors of the Fifth Session of the Board of the Company were considered and approved at the 2021 Annual General Meeting of the Company, pursuant to which Mr. Wang Quansheng, Mr. Chen Zhongyang and Ms. Yin Lihong were elected as an independent non-executive Director of the fifth session of the Board of the Company, a non-executive Director of the fifth session of the Board and an executive Director of the fifth session of the Board, respectively. Mr. Wang Quansheng has replaced Mr. Chen Chuanming to perform his duties as an independent non-executive Director of the fifth session of the Board of the Company; Mr. Chen Zhongyang has replaced Mr. Chen Yongbing to perform his duties as a non-executive Director of the fifth session of the Board of the Company; and Ms. Yin Lihong has replaced Mr. Zhu Xuebo to perform her duties as an executive

Director of the fifth session of the Board of the Company from June 22, 2022; all for a term of office until the end of the current session of the Board. Pursuant to the Articles of Association, Mr. Wang Quansheng, Mr. Chen Zhongyang and Ms. Yin Lihong will be eligible for re-election after their terms of office expire.

Save as disclosed above, the Company did not appoint or dismiss any Director, Supervisor or Senior Management during the Reporting Period. Meanwhile, there is no change in information about the Directors, Supervisors and Chief Executive that 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 MEASURES AND THEIR IMPLICATION

### (I) Equity incentives disclosed in ad hoc announcements and without subsequent development or changes

Summary of event	Inspection indexes
On March 30, 2022, the Resolution on Repurchase and Cancellation of Part of the Restricted A Shares by the Company was considered and approved at the twenty-first meeting of the fifth session of the Board and the twelfth meeting of the fifth session of the Supervisory Committee of the Company, respectively, pursuant to which the Company shall repurchase and cancel a total of 1,060,973 restricted A Shares granted but not yet unlocked from 22 incentive participants of the grant who are no longer qualified as incentive participants at the repurchase price of RMB8.70 per Share with the total amount of funds for the repurchase of RMB9,230,465.10.	Announcement No. Lin 2022-013
On June 22, 2022, the Resolution on Repurchase and Cancellation of Part of the Restricted A Shares by the Company was considered and approved at the 2021 Annual General Meeting, the 2022 First A Share Class Meeting, and the 2022 First H Share Class Meeting of the Company, which agreed that the Company shall repurchase and cancel the above 1,060,973 restricted A Shares.	Announcement No. Lin 2022-034
On September 23, 2022, the Company has completed the repurchase and cancellation of the aforesaid 1,060,973 restricted A shares.	Announcement No. Lin 2022-047

### (II) Incentives not disclosed in ad hoc announcements or with subsequent development

#### Other incentives

For the employee incentives adopted by AssetMark, a controlled company of the Group, please refer to "Share-based payments of an overseas subsidiary" under "Note 56(b) to the financial statements" in this report.

## » VI. EMPLOYEES AND REMUNERATION POLICY

### (I) Remuneration policy

The Company implements the concept of stable operation, closely integrates compensation management with risk management, pays attention to the bottom-line requirements of compliance and fully considers the impact of market cycle fluctuations, industry characteristics and the Company's business development trends. The Company integrated the cultural concept of "compliance, integrity, professionalism and stability" into its compensation management and established a compensation incentive mechanism for long-term development to promote high-quality and sustainable development of the Company and the industry.

The Company attaches importance to the external competitiveness and internal fairness of remuneration incentive, and implements a salary incentive distribution system based on market standards, oriented by performance assessment results, and matching with compliance and risk management. Staff remuneration of the Company consists of fixed salary, performance bonus, equity incentives and welfare system. In accordance with national laws and regulations, the Company has established and implemented the Restricted Share Incentive Scheme of A Shares, 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 its employees. Meanwhile, the Company has established the supplementary medical insurance plan and enterprise annuity plan to enhance the level of supplemental medical protection and retirement benefits for employees.

## (II) Training

In line with the development trend of industry innovation and transformation, the Company continued to centralize its training on the aspects including professional ability, management capability, business innovation, technology empowerment and international vision and its annual training plan was implemented smoothly. The Company actively responded to the pandemic by combining online and offline methods, organizing and implementing professional development trainings such as the BAL Star Battle Camp (BAL 星戰營) for managers, the HIPO project for potential employees and the Star Tour project for new employees, and organizing business trainings on investment advisory, fintech, compliance and etc. in collaboration with business departments. In addition, the Company effectively utilized the cloud learning platform and continuously optimized its functions to improve employees' user experience. During the Reporting Period, the Company organized 180 live broadcast training sessions on the platform. 580,000 participants studied through the platform and completed 163,000 hours of learning with an average of 13.3 hours for each participant.

During the Reporting Period, the Company actively carried out learning and publicity activities, thoroughly studied and mastered the connotation of various systems and arrangements, and conscientiously understood the legislative spirit of the Futures and Derivatives Law. The Company organized the "Compliance with You" special publicity activities on the Futures and Derivatives Law, and guided employees to learn the new laws and regulations and effectively enhance their understanding of the terms of the new laws and the legislative spirit through special lectures, article interpretations and video interactions, so as to promote the sustainable and healthy development of the business. At the same time, in order to usher in the National Security Education Day and the World Intellectual Property Day, promote the awareness of national security and financial security among all employees, and emphasize the concept of intellectual property and trade secret protection, the Company organized a series of special publicity activities with the theme of "Advocating Integrity and Self-discipline • Respecting Originality and Keeping Trade Secrets". The Company has created a legal atmosphere of "being law-abiding, honest and self-disciplined" through producing short videos on intellectual property protection with the theme of "Respecting Originality and Keeping Trade Secrets", inviting experts and scholars to give lectures on trade secret protection, and popularizing copyright protection knowledge through public accounts.

## (III) Number of Employees

As of the end of June 2022, there were 15,156 employees (including dispatched workers and brokers) in the Group, of which 11,159 (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 standardized 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》) set out in Appendix 14 to the Hong Kong Listing Rules, and other relevant laws and regulations as well as the Articles of Association. 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 the Hong Kong Listing Rules and adopted all the principles in the Corporate Governance Code (《企業管治守則》) 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 3 shareholders' general meetings (the 2021 Annual General Meeting, the 2022 First A Share Class Meeting and the 2022 First H Share Class Meeting), 5 meetings of the Board of Directors, 2 meetings of the Supervisory Committee, 4 meetings of the Audit Committee, 2 meetings of the Compliance and Risk Management Committee, 1 meeting of the Development Strategy Committee, 1 meeting of the Remuneration and Appraisal Committee and 2 meetings of the Nomination Committee. The total number of meetings convened was 20. 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, the Company continuously strengthened its investor relations management and information disclosure practices. The Company applied standardised and professional investor relationship management, disclosed truthful and accurate information in a complete, timely and fair manner and its transparency continued to improve.

According to provision of C.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 enhanced the level of its corporate governance with gradual standardization 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 above, the Company was in full compliance with all code provisions of the Corporate Governance Code (《企業管治守則》), and has met the requirements of most of the recommended best practice provisions 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 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 specific 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 that 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

The Company has appointed a sufficient number of independent non-executive Directors with appropriate professional qualifications, or with appropriate 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 Ms. Liu Yan, Mr. Chen Zhibin, Mr. Wang Jianwen, Ms. AU King Chi and Mr. Wang Quansheng.

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

Pursuant to Rules 19A.54 and 19A.55 of the Hong Kong Listing Rules, the Company has 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/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

```
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```

## » I. Environmental Information

**(I) The Company is not in the list of key pollutant discharging units published by the environmental protection authority**

**(II) Description of the environmental protection of enterprises excluding key pollutant discharging units**

The Company is a financial company, which is not in the list of key pollutant discharging units and their major subsidiaries published by the environmental protection authority. The Company entrusts qualified third-party organizations to conduct inspections on 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 waste sorting points on each floor of the buildings in the office park of the headquarters. It publicizes the concepts and practice of waste sorting among staff through putting up 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 disposing of 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. The Company clearly stipulates in the vehicle management system that new energy vehicles shall be given priority when purchasing vehicles for corporate affairs and operation of the Company to practice

low-carbon and environmentally friendly operation. The underground garage of the office park of the headquarters 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 building. 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 daily office lightning power to the maximum extent. It significantly reduces the use of paint and other decoration materials and adopts environmentally friendly 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.

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

##### **1. Green park**

The headquarters park of the Company is equipped with a solar photovoltaic power generation system, which saved 48,770 kWh of electricity in the first half of 2022. Its power factors reached the incentive standards of the power supply department each month. In the operation of the office park, various measures such as the sunlight induced lighting device system, the ice storage air-conditioning system, the underfloor air distribution system and the intelligent lighting control in office areas were used to reduce carbon emission, which brought positive social benefits to the low-carbon economy.

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 through creating a multi-level landscape to reduce carbon emission and contribute to carbon neutrality in addition to developing central greening area.

##### **2. Green data center**

The usable area of the data center of Huatai Securities Square is approximately 3,600 square meters. With the target of building a green data center from the early construction to the later operation and maintenance, the Company has continually adopted various measures to improve energy efficiency. As for the implementation of the machine room node design, new and efficient energy-saving cold aisle containment technologies are adopted in the area of machine room to increase the cooling efficiency of the equipment, enhance the effectiveness of the cold-flow utilization and improve the isolation effect of hot and cold aisles. Meanwhile, the Company renovated and updated the return louvers of air-conditioning rooms to reduce resistance in air returning and energy loss; and synchronically deployed temperature-controlled powered air supply units to provide reasonable and necessary cooling airflow for hot spot areas. On this basis, the Company achieved precise temperature control and improved the efficiency of cold energy utilization, thereby reducing the run time of air-conditioning compressors in corresponding areas. It is expected to reduce approximately 7.7 tons of CO<sub>2</sub> equivalent of greenhouse gas emissions throughout the year.

##### **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. On March 26, 2022, the Company continued to respond to the "Earth Hour" in the capacity of a "promotion partner", and has participated in the environmental

protection relay for 6 consecutive years. The public welfare project of “One Commonweal Heart of Huatai One Yangtze River” on environmental protection, together with HUATECH BAND, held an online concert with the theme of “Songs to Nature and You” to guide the public to re-examine the relationship between man and nature. In addition, the Company turned off the lights of its headquarters for one hour to advocate the public to turn off unnecessary lights and electronic equipment and pay attention to climate and environmental changes.

In March 2022, the Company initiated the establishment of “Jiangsu Huatai Foundation”, which is committed to gathering professional advantages in the field of asset management and fintech, empowering the public welfare and charity industry and making contributions to the promotion of social fairness.

In June 2022, with the support of Huatai Securities, Huatai Foundation and Shan Shui Conservation Center launched the “Step-by-step Scholarship – One Yangtze River Youth Activist Support Program”, which aims to reward and support outstanding young people with potential who are interested in long-term development in the field of ecological and environmental protection public welfare and have made certain practical contributions on the front line, so as to facilitate the sustainable development of ecological and environmental protection activists and public welfare undertakings.

#### **4. Developing green finance and promoting capital for good**

In April 2022, the issuance of the first tranche of the “Tranche 1-5 Special Asset-backed Plans of Huatai – Cao Cao Mobility of Geely (Specially for Carbon Neutrality)” was completed, with Huatai United Securities as the sole financial advisor and Huatai Asset Management as the program manager. This project is the first ABS for carbon neutrality in the online ride-hailing industry, and the proceeds are mainly used to purchase and launch pure electric new energy vehicles to facilitate green travel, which is of great positive significance to responding to the national carbon neutrality target and practicing the concept of green development.

In May 2022, Huatai United Securities, as the sole financial advisor, facilitated the successful issuance of the “Weineng – Huatai – Yongxing – Green New Energy Battery Special Asset-backed Plans (Carbon Neutrality)”, the first green new energy battery asset ABS project in the PRC. All the underlying assets of this product match with green new energy power batteries, and all the proceeds are used for the business launch of battery assets. According to the rating certification by Lianhe Equator, the project involved in the underlying assets of this product falls into the green industry field, and the green rating is G1, which complies with the Guiding Opinions of the China Securities Regulatory Commission on Supporting the Development of Green Bonds, the Green Bond Endorsed Projects Catalogue of the People’s Bank of China, the International Capital Market Association Green Bond Principles and other certification standards, and has obtained the “carbon neutrality” labeling certification from the exchange. In the future, Huatai United Securities will continue to support green and low-carbon development and promote sustainable development and the construction of a green China with the power of capital.

## II. DETAILS ON CONSOLIDATION AND EXPANSION OF THE RESULTS OF POVERTY ALLEVIATION, RURAL REVITALIZATION AND OTHER WORK

During the Reporting Period, Huatai Securities, together with its subsidiaries, set up the Rural Revitalization Special Fund and One Yangtze River Environmental Protection Special Fund through Huatai Foundation, which are specially used for public welfare projects related to rural revitalization and environmental protection to give back to society with a stronger sense of responsibility and higher professionalism. The Company will rely on Huatai Foundation to gather more partners to support public welfare and charity, contribute to sustainable development and promote social fairness and justice. The Rural Revitalization Special Fund will focus on promoting the revitalization of rural industries, supporting the development of rural education and medical services, and providing targeted subsidies to special groups such as left-behind children and children with serious illnesses in rural areas; helping to build the capacity of social work service organizations in less developed areas; and subsidizing non-governmental rescue organizations to enhance the response capability to major natural disasters. During the Reporting Period, the Company continued to deepen the “One Company Helps One County” pairing assistance program, set up research groups for county-level economic development, and gave full play to the intellectual strengths of financial professionals to promote the economic and social development of Jinzhai; and solidly pushed forward the “Village-enterprise Co-construction” targeted support, and completed 14 industrial revitalization projects in 10 villages under the program in central and northern Jiangsu Province, and dispatched personnel to join the new Assistance Team of Jiangsu Provincial Party Committee in Feng County to carry out village support; fully supported the “East-west Collaboration and Support”, and the labor union of the Company implemented a two-year action plan for supportive consumption and support for targeted assistance areas from 2022 to 2023. In the first half of 2022, the Company accumulatively purchased RMB1,364,800 of supportive consumption products.

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# MAJOR EVENTS

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## ➤ I. PERFORMANCE OF UNDERTAKINGS

**Undertakings of de facto controllers, shareholders, related parties, purchasers of the Company, the Company and other undertaking-related parties made or remained effective during the Reporting Period**

Background of undertaking	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 shall not engage in or conduct any business 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 business 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 OTHER 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 Rules Governing the Listing of Stocks on the Shanghai Stock Exchange.

### (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 2021 annual report
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	Retrieval in the 2021 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 2011-2021 annual reports
Debt disputes between Huatai United Securities and Beijing Huazi Syndicated Group (北京華資銀團集團)	Retrieval in the 2011-2021 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 2011-2021 annual reports
Dispute over Magnate project between Huatai United Securities and Postal Savings Bank	Retrieval in the 2021 annual report
Bond default contract dispute under collective asset management program of Huatai Asset Management	Retrieval in the 2021 annual report
A considerable overloss in futures account of Zhang Xiaodong, a client of Huatai Futures	Retrieval in the 2013-2021 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:

### 1. Contract dispute under Hubei Daohuaxiang Liquor Co., Ltd. (湖北稻花香酒業股份有限公司) suing Wusheng Asset Management (Guangzhou) Co., Ltd. (吳聲資產管理(廣州)有限公司) and Huatai Securities Co., Ltd.

In March 2022, the Company received the Notice of Respondence to Action and other relevant litigation materials served by Hubei Yichang Intermediate People's Court. Since investment in the "Fund Contract on Wusheng • Chunyu Debt Private Securities Investment Fund No. 2" was not fully redeemed, Hubei Daohuaxiang Liquor Co., Ltd., the plaintiff, sued to the court, requesting Wusheng Asset Management (Guangzhou) Co., Ltd., the fund manager (the first defendant), and Huatai Securities, the custodian (the second defendant) to bear joint and several liability for compensation, requesting the two defendants to jointly pay the redemption amount of RMB102,893,661.22, requesting the first defendant to pay liquidated damages of RMB5,779,002.15 on deferred payment and compensate the losses on the principal and revenue of the investment with an amount of RMB18,182,720.56 and requesting the two defendants to assume the lawsuit fees of the case. The case has not yet been heard as of the end of the Reporting Period.

### 2. 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.	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 Henan Senyuan Group Co., Ltd. (hereinafter referred to as "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 appealed to the High People's Court of Jiangsu Province. On December 23, 2021, the Company received the second-instance judgment from the High People's Court of Jiangsu Province, which rejected the appeal and upheld the original judgment. The Company has lodged an application to the Intermediate People's Court of Nanjing for enforcement.

Matters	Descriptions
Dispute over pledged securities repurchase between the Company, Henan Senyuan Group Co., Ltd. and Chu Jinfu	<p>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 appealed to the High People's Court of Jiangsu Province. On December 23, 2021, the Company received the second-instance judgment from the High People's Court of Jiangsu Province, which rejected the appeal and upheld the original judgment. The Company has lodged an application to the Intermediate People's Court of Nanjing for enforcement.</p>
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. The Company has lodged an application to the Intermediate People's Court of Nanjing for enforcement, which ruled that the judgment shall be enforced by the People's Court in Jianye District, Nanjing. As of the end of the Reporting Period, RMB24,007,579.91 has been paid.</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 within the scope of relevant payment obligations. 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. The Company has lodged an application to the Intermediate People's Court of Nanjing for enforcement, which ruled that the judgment shall be enforced by the People's Court in Jianye District, Nanjing. As of the end of the Reporting Period, RMB4,153,182.67 has been paid.</p>

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

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

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

In November 2020, CITIC Trust Co., Ltd. ( 中信信託有限責任公司 ), the plaintiff, filed a lawsuit against the issuer, namely Bright Oceans Group Co., Ltd., the lead underwriter and the joint lead underwriter for the reason of false statements on securities, requesting the issuer to repay the principal and the interest of the bond with a total amount of approximately RMB23,536,400, and requesting the lead underwriter and the joint lead underwriter to undertake joint responsibilities. The Intermediate People's Court of Harbin rejected the claims of the plaintiff in the first-instance judgment in July 2021 and the Company won the case. The plaintiff appealed and the court rejected the appeal in the second-instance judgment and upheld the judgment in favor of the Company in the first instance in February 2022.

#### (2) New case

In March 2022, Shanghai Qianfulai Asset Management Co., Ltd. ( 上海仟富來資產管理有限公司 ), the plaintiff, filed a lawsuit against the issuer, namely Bright Oceans Group Co., Ltd., for the reason of false statements on securities, requesting the issuer to repay the principal and the interest of the bond with a total amount of approximately RMB5,098,100 and requesting the lead underwriter and the joint lead underwriter, the accounting firm, the credit rating agency and the law firm to undertake joint compensation responsibilities. Beijing Financial Court ruled to transfer the case to the Intermediate People's Court of Harbin. The plaintiff disagreed with the verdict and appealed. The case is under the second instance of the High People's Court of Beijing and no result of the judgment was received as of the end of the Reporting Period.

### 4. Stock pledged repurchase contract dispute under No. 3 Targeted Assets Management Plan on Capital Innovation of China Merchants of Huatai Asset Management

As the manager of the No. 3 Targeted Assets Management Plan on Capital Innovation of China Merchants of Huatai Asset Management, Huatai Asset Management entered into relevant financing agreements on stock pledged repurchase business with Liu Hujun and Xiong Jinyu, the financiers, on behalf of the asset management product in May 2017, and conducted transactions on the business. The principal of financing was RMB365 million (of which, the principal of RMB235 million and RMB130 million were financed by Liu Hujun and Xiong Jinyu, respectively) in total and the target of the pledged stock was Liantronics (stock code: 300269.SZ). Liu Hujun and Xiong Jinyu, the financiers, breached the contract as they failed to repurchase on time. Huatai Asset Management filed a lawsuit with the Intermediate People's Court of Nanjing in November 2020 on the contract dispute on stock pledged repurchase, requesting Liu Hujun and Xiong Jinyu, the defendants, to repay the principal of RMB365 million and undertake other responsibilities on the breach of contract and dispose of the pledged stocks according to laws. The Intermediate People's Court of Nanjing issued the first-instance judgment in January 2022, supporting the claims of Huatai Asset Management. It has applied for entering the process of execution for the case.

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

1. In April 2022, Jiangsu Securities Regulatory Bureau issued the Decision on Issuance of Warning Letter to Huatai Securities Co., Ltd. ([2022] No. 31) to the Company, stating that the appointment of personnel for certain positions failed to meet requirements during the application for the qualification of custodian by the Company, and decided to take an administrative supervision measure against the Company by issuing a warning letter. The Company has taken corresponding rectification and improvement measures.

2. In May 2022, the CSRC issued the Decision on Ordering of Huatai Securities Co., Ltd. to Take Rectification Measures ([2022] No. 22) to the Company and took an administrative supervision measure against the

Company by ordering to take rectification measures on issues related to incomplete internal control on OTC options. For relevant issues, the Company arranged relevant departments to deeply look into the reasons, carefully review deficiencies and improve control measures from regime, procedure, system, personnel and other aspects. It also leveraged on technology empowerment to strengthen the management and control on key links and promote the implementation of rectifications.

3. In May 2022, Jiangsu Securities Regulatory Bureau issued the Decision of Jiangsu Securities Regulatory Bureau on Issuance of Warning Letter to Huatai Purple Gold Investment Co., Ltd. ([2022] No. 51) to Huatai Purple Gold Investment. According to the contents of the decision, Huatai Purple Gold Investment invested certain products in other asset management products other than public funds and failed to complete rectification within the prescribed period as of the end of 2021. Jiangsu Securities Regulatory Bureau took supervision and management measures against Huatai Purple Gold Investment by issuing a warning letter in accordance with relevant regulatory regulations. The Company has arranged Huatai Purple Gold Investment to complete the rectification plan, formulate the new version of rectification accounts and submit the rectification report to Jiangsu Securities Regulatory Bureau in accordance with regulatory requirements. In the future, the Company will continuously urge Huatai Purple Gold Investment to advance the rectification of non-compliant asset management products as soon as possible.

## » 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 Directors, Supervisors, senior management, shareholders holding over 5% of shares or de facto controllers of the Company were investigated by competent authorities, imposed with coercive measures by a judicial 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.

For details of the punishment imposed on the Company and its rectification during the Reporting Period, please refer to “(III) Punishment and Public Denouncement Suffered by the Company during the Reporting Period” under “Material Litigations and Arbitrations” in this section of this report.

## » IX. DURING THE REPORTING PERIOD, THE COMPANY AND ITS DE FACTO CONTROLLERS MAINTAINED GOOD FAITH WITH NO CASES SUCH 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 57 to the financial statements of this report headed “Related party relationships and transactions”. The Company confirmed that the related-party transactions were not qualified as the “connected transactions” or the “continuing connected transactions” as defined in Chapter 14A of the Hong Kong Listing Rules (as the case may be), and were in compliance with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules.

## 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	138.99
Total balance of guarantees for subsidiaries at the end of the Reporting Period (B)	376.82
Total guarantee amount of the Company (including the guarantees for subsidiaries)	
Total guarantee amount (A+B)	376.82
Percentage of the total guarantee amount to net assets of the Company (%)	24.71
Among which:	
Amount of guarantees provided for shareholders, de facto 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)	285.82
Excess amount of the total guarantee over 50% of the net assets (E)	-
Total amount of the three guarantees mentioned above (C+D+E)	285.82
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 net capital guarantee with a total amount of RMB4.2 billion to Huatai Asset Management.

(2) In 2017, as considered and approved 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 considered and approved 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 was available from July 1, 2019. On June 13, 2022, the Company reported to Shenzhen Securities Regulatory Bureau and applied to adjust the net capital guarantee to Huatai United Securities. Shenzhen Securities Regulatory Bureau approved the Company to adjust the amount of the net capital guarantee to Huatai United Securities in 2019 from RMB2.0 billion to RMB1.0 billion with the adjustment date being June 21, 2022. As at the end of the Reporting Period, the Company provided a net capital guarantee with a total amount of RMB1.0 billion to Huatai United Securities.

Conditions of guarantees

(4) 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 for USD400 million 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) 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) entered into a guarantee agreement with Citicorp International Limited (as the trustee) in 2021, 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. During the Reporting Period, 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 for USD1.0 billion 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 RMB9.716 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 RMB28.582 billion, including: 1) guarantee provided by the Company to a subsidiary of Huatai International, for the issuance of USD2.8 billion bonds; 2) the guarantee provided by Huatai International and its subsidiaries to meet the needs of the business operation of their subsidiaries.

### 3. Other material contracts

1. According to the Rules Governing the Listing of Stocks on Shanghai Stock Exchange 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 Company 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) There were no establishment or cancellation of securities branches and branches of the Company during the Reporting Period.

(2) Relocation of branches during the Reporting Period:

No.	Name before relocation	Name after relocation	Address after relocation	Issue date of license
1	Xuzhou Branch	Xuzhou Branch	1-301# to 1-308#, Building B, Baolong Square, No. 99 Heping Road, Yunlong District, Xuzhou City	March 29, 2022
2	Tianjin Branch	Tianjin Branch	Block C-1, 5/F, North Finance Building, No. 5 Youyi Avenue, Hexi District, Tianjin City	April 13, 2022

(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 Xidi 3rd Road, Wuzhou	Securities Branch in Xidi 3rd Road, Wuzhou	Business office No. 3-2 and business apartment No. 2801-2809, 1/F, No. 19 Xidi 3rd Road, Wuzhou City	January 14, 2022
2	Securities Branch in Huayang North Road, Jurong, Zhenjiang	Securities Branch in Huayang North Road, Jurong, Zhenjiang	No. 1 Huayang North Road, Huayang Town, Jurong City	January 14, 2022
3	Securities Branch in Xinhua Road, Wuhan	Securities Branch in Xinhua Road, Wuhan	No. 314 Xinhua Road, Jiangnan District, Wuhan City	March 4, 2022
4	Securities Branch in Heping Road, Xuzhou	Securities Branch in Heping Road, Xuzhou	Room 1-104, Building B, Baolong Square, No. 99 Heping Road, Yunlong District, Xuzhou City	March 15, 2022

No.	Name before relocation	Name after relocation	Address after relocation	Issue date of license
5	Securities Branch in Zhengdong Central Street, Tianfu New District, Chengdu	Securities Branch in Tianfu Avenue, Chengdu	Rooms 1401 and 04, 14/F, Block 1, No. 588 Middle Section of Tianfu Avenue, Hitech Zone, Chengdu City, China (Sichuan) Pilot Free Trade Zone	March 21, 2022
6	Securities Branch in Guyang Avenue, Dantu, Zhenjiang	Securities Branch in Guyang Middle Avenue, Dantu, Zhenjiang	Rooms 131-133, Hengyu Building, Guyang Middle Avenue, Dantu District, Zhenjiang City	March 29, 2022
7	Securities Branch in West Main Street, Yingcheng	Securities Branch in West Main Street, Yingcheng	Shop 20, Gucheng Xindu, Gucheng Avenue, Chengzhong Sub-district, Yingcheng City, Xiaogan City, Hubei Province	April 18, 2022
8	The Second Securities Branch in South First Ring Road, Chengdu	Securities Branch in Tianfu Square, Chengdu	No. 02 and 03, 21/F, Unit 1, Block 1, No. 5 Xiyu Street, Qingyang District, Chengdu City, Sichuan Province	April 19, 2022
9	Securities Branch in Shujin Road, Chengdu	Securities Branch in Shujin Road, Chengdu	Rooms 1901 and 1905, Block B, Jinsha Wanrui Center, No. 1 Shujin Road, Qingyang District, Chengdu City, Sichuan Province	April 19, 2022
10	Securities Branch in Renmin South Road, Chengdu	Securities Branch in Renmin South Road, Chengdu	Rooms 1506 and 1507, 15/F, Unit 1, Building 1, Xinxiwang Building, No. 45, Renmin Road South Section IV, Wuhou District, Chengdu City, Sichuan Province	June 14, 2022
11	Securities Branch in Wanda Plaza, Panyu District, Guangzhou	Securities Branch in Pazhou Avenue, Guangzhou	Rooms 2304, 2305, 2306 and 2307, No. 109 Pazhou Avenue, Haizhu District, Guangzhou City	June 21, 2022
12	Securities Branch in Zhonghua North Road, Guiyang	Securities Branch in Zhonghua North Road, Guiyang	No. 16-3, Guizhou Post Building, No. 2 Zhonghua North Road, Yuxiu Sub-district, Yunyan District, Guiyang City, Guizhou Province	June 24, 2022

## 2. Description of major events of the subsidiaries

### (1) Huatai Purple Gold Investment

During the Reporting Period, Huatai Purple Gold Investment initiated the establishment of Nanjing Huatai Zijin Emerging Industry Fund Partnership (Limited Partnership) (南京華泰紫金新興產業基金合夥企業(有限合夥)), with a total fund subscription amount increasing from RMB768.625 million to RMB1,781.125 million. The contribution of Huatai Purple Gold Investment, as a fund manager, an executive partner and a general partner, increased from RMB153.725 million to RMB356.225 million. During the Reporting Period, Huatai Purple Gold Investment has contributed additional RMB40.50 million. As of the end of the Reporting Period, Huatai Purple Gold Investment has paid-in capital of RMB71.245 million in total.

During the Reporting Period, Huatai Purple Gold Investment has contributed additional RMB58 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 RMB290 million.

### (2) Huatai International

During the Reporting Period, AssetMark Financial Holdings, Inc., a subsidiary of Huatai International, completed the acquisition and cancellation of its subsidiary AssetMark Financial, Inc.

### (3) Huatai Innovative Investment

During the Reporting Period, the Company contributed RMB300 million to the paid-in capital of Huatai Innovative Investment. The contribution to the paid-in capital of Huatai Innovative Investment increased from RMB2.3 billion to RMB2.6 billion.

### (4) Huatai Futures

During the Reporting Period, the registered address of Huatai Futures was changed from "20/F, Li Feng Building, 761 Dongfeng Eastern Road, Yuexiu District, Guangzhou" to "Rooms 1001-1004 and 1011-1016, 10/F, No. 1 Mingzhu Third Street, Hengli Town, Nansha District, Guangzhou".

During the Reporting Period, Huatai Futures held a shareholders' general meeting, at which it approved to convert RMB1,330 million in the audited undistributed profit on December 31, 2021 into the registered capital at the shareholding proportion of shareholders. The registered capital of Huatai Futures increased to RMB2,939 million after the capital increase. It has completed the industrial and commercial registration modification and other procedures on the capital increase.

### (5) Shanghai Shengju Asset Operation and Management Co., Ltd. ("Shanghai Shengju")

The fifth session of the Board convened the twentieth meeting in December 2021, and considered and approved the Resolution on the Acquisition of 100% Equity Interest in Shanghai Shengju Asset Operation and Management Co., Ltd. In the same month, the Company acquired 100% equity interest in Shanghai Shengju by way of public bidding, auction and listing through Shandong Property Right Exchange Center, and actually purchased the properties in Building C of Shanghai Poly Plaza for daily office use. During the Reporting Period, Shanghai Shengju has completed relevant procedures on the industrial and commercial registration modification and the transfer of related assets.

### (6) China Southern Asset Management

During the Reporting Period, the chairman of China Southern Asset Management was changed into Mr. Zhou Yi.

**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) 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 3 batches of onsite investigations and surveys or telephone interviews conducted by around 53 researchers and investment professionals from a number of domestic and overseas brokers, fund companies and other organizations during the first half year, 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, and proactively attended strategy seminars and investment forums held by domestic or overseas securities institutions for two times in total during the first half year. The Company 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 2022 is as follows:

No.	Date of reception	Place of reception	Way of reception	Guests	Major topics discussed and information provided
1	April 12, 2022	Online	Telephone interview	Balyasny (3 person-times)	Business development, innovative business and long-term development strategy of the Company, etc.
2	April 14, 2022	Online	Video interview	Wellington Fund (9 person-times)	
3	April 14, 2022	Online	Video interview	Guotai Junan Securities, GF Fund, Tianhong Fund, etc. (41 person-times)	

The Company's participation in strategy seminars and investment forums held by domestic or overseas securities institutions in the first half of 2022 is as follows:

No.	Date of reception	Meeting name	Way of reception	Guests	Major topics discussed and information provided
1	January 22, 2022	UBS 2022 China Investment Summit	Telephone interview	UBS Wealth Management, Millennium Asset Management, Daiwa Asset Management, etc. (13 person-times)	Business highlights, operations and financial performance, and long-term strategic planning of the Company
2	May 26, 2022	Morgan Stanley 2022 China Summit	Telephone 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

During the Reporting Period, the total number of shares and the share capital structure of the Company remained unchanged.

**2. During the Reporting Period, there are no other contents that the Company deemed necessary or that the securities regulatory authorities required to disclose.**

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

During the Reporting Period, the shares subject to selling restrictions of the Company remained unchanged.

## » II. INFORMATION ON SHAREHOLDERS

### (I) Statement of changes in shares

Total number of shareholders of ordinary shares as of the end of the Reporting Period	292,238
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 284,990 and the number of registered shareholders of H Shares amounted to 7,248.

## (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	
Jiangsu Guoxin Investment Group Limited	-	1,373,481,636	15.13	-	Nil	-	State-owned legal person
HKSCC Nominees Limited	-48,971,400	1,369,289,327	15.09	-	Nil	-	Foreign legal person
Jiangsu Communications Holding Co., Ltd.	-	489,065,418	5.39	-	Nil	-	State-owned legal person
Govtor Capital Group Co., Ltd.	-143,200	356,090,006	3.92	-	Nil	-	State-owned legal person
Alibaba (China) Technology Co., Ltd.	-	268,199,233	2.95	-	Nil	-	Domestic non-state- owned legal person
Jiangsu SOHO Holdings Group Co., Ltd.	47,440,600	233,985,299	2.58	-	Nil	-	State-owned legal person
Hong Kong Securities Clearing Company Limited	-6,965,625	224,526,149	2.47	-	Nil	-	Foreign legal person
China Securities Finance Corporation Limited	-	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
Industrial and Commercial Bank of China Limited - GF Multi-factor Flexible Allocation of Hybrid Securities Investment Fund	30,118,852	121,273,601	1.34	-	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
Jiangsu Guoxin Investment Group Limited	1,373,481,636	Ordinary shares in RMB	1,271,072,836
		Overseas listed foreign shares	102,408,800
HKSCC Nominees Limited	1,369,289,327	Overseas listed foreign shares	1,369,289,327
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.	356,090,006	Ordinary shares in RMB	341,884,806
		Overseas listed foreign shares	14,205,200
Alibaba (China) Technology Co., Ltd.	268,199,233	Ordinary shares in RMB	268,199,233
Jiangsu SOHO Holdings Group Co., Ltd.	233,985,299	Ordinary shares in RMB	41,245,099
		Overseas listed foreign shares	192,740,200
Hong Kong Securities Clearing Company Limited	224,526,149	Ordinary shares in RMB	224,526,149
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
Industrial and Commercial Bank of China Limited-GF Multi-factor Flexible Allocation of Hybrid Securities Investment Fund	121,273,601	Ordinary shares in RMB	121,273,601
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.		
Description 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, 102,408,800 shares, 37,000,000 shares, 14,205,200 shares and 192,740,200 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 under nomination would have been 1,715,643,527 shares, representing 18.90% of the total share capital of the Company.

3. As of the end of the Reporting Period, 143,200 A Shares held by Govtor Capital remained outstanding due to refinancing. When fully repaid, its actual shareholding in the Company will be 342,028,006 A Shares and 14,205,200 H Shares, representing 3.92% of the total share capital of the Company.

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

5. According to the statistics provided by the Citibank, National Association, the depository of the Company's GDRs, the Company had a total of 160,348 GDRs in the duration period as of the end of the Reporting Period, accounting for 0.19% of the approved number of issuance by the CSRC.

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

Unit: Shares

No.	Name of shareholders 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 rights issue

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 rights issue.

## » III. 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.

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

As of June 30, 2022, as far as the Company and the Directors were aware after having made 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.	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	A Shares	Beneficial owner	1,271,072,836	14.00	17.28	Long position
	H Shares (Southbound Trading)	Beneficial owner	102,408,800	1.13	5.96	Long position
2	A Shares	Beneficial owner	452,065,418	4.98	6.14	Long position
	H Shares (Southbound Trading)	Beneficial owner	37,000,000	0.41	2.15	Long position
3		Beneficial owner	41,245,099	0.45	0.56	Long position
	A Shares	Interests of controlled corporations	27,562,833	0.30	0.37	Long position
	H Shares (Southbound Trading)	Beneficial owner	192,740,200	2.12	11.21	Long position
		Interests of controlled corporations	87,554,000	0.96	5.09	Long position

Note 1: 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 41,245,099 A Shares and 192,740,200 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 27,562,833 A Shares and 87,554,000 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 was 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 at June 30, 2022, which shall be recorded in the register pursuant to Section 336 of the SFO.

## ➤ V. 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 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, 2022, 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.

## ➤ VI. REPURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

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

## ➤ VII. ARRANGEMENTS FOR DIRECTORS AND SUPERVISORS TO PURCHASE SHARES OR DEBENTURES

During the Reporting Period, none of the Company, its holding companies or any of its subsidiaries or fellow subsidiaries has entered into any arrangements to enable the Directors and Supervisors to acquire benefits by means of the purchase of shares in, or debentures of, the Company or any other corporate bodies.

## ➤ VIII. INFORMATION ON PREFERRED SHARES

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



# RELEVANT INFORMATION OF BONDS

```
<meta name=viewport m=scale=1*><meta name=renderer content=webkit>
- icon href=static/favicon.ico><link rel="shortcut icon"
f=/favicon.ico><link href=/static/css/app.e449df63fdeb0487d36f96f3b
7f75aa5.css rel=stylesheet>
</script></body></html>
```

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favicon.ico><link rel="shortcut icon" href=/favicon.ico>
<link href=/static/css/app.e
449df63fdeb0487d36f96f3b7f75aa5
css rel=stylesheet></head><body><div id=app>
```

## 》 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

Information on corporate bonds of the Company in duration as at the date on which the semi-annual report was approved to publish is as follows.

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	2013-06-05	2013-06-05	2023-06-05	60	5.10	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 II)	18 Huatai G2	155048.SH	2018-11-22	2018-11-26	2023-11-26	10	4.17	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) (Type I)	20 Huatai G1	163353.SH	2020-03-24	2020-03-26	2023-03-26	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	2020-04-27	2020-04-29	2025-04-29	35	2.90	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
2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Qualified Investors (Third tranche)	20 Huatai G4	163558.SH	2020-05-19	2020-05-21	2025-05-21	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	2020-06-16	2020-06-18	2023-06-18	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	2020-11-11	2020-11-13	2025-11-13	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	2020-11-20	2020-11-24	2023-11-24	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	2020-12-07	2020-12-09	2022-12-09	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	2020-12-07	2020-12-09	2023-12-09	40	3.79	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 (First tranche) (Type I)	21 Huatai G1	175648.SH	2021-01-18	2021-01-20	2024-01-20	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	2021-01-27	2021-01-29	2026-01-29	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	2021-04-22	2021-04-26	2024-04-26	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	2021-05-13	2021-05-17	2026-05-17	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	2021-05-20	2021-05-24	2024-05-24	40	3.28	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 (Fourth tranche)(Type II)	21 Huatai G6	188140.SH	2021-05-20	2021-05-24	2026-05-24	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	2021-06-10	2021-06-15	2024-06-15	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 09	188282.SH	2021-06-17	2021-06-21	2024-06-21	25	3.45	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 I)	21 Huatai 11	188324.SH	2021-09-03	2021-09-07	2024-09-07	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 12	188325.SH	2021-09-03	2021-09-07	2031-09-07	27	3.78	Principal to be paid upon expiration and interest to be paid annually
2021 Perpetual Subordinated Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First tranche)	21 Huatai Y1	188785.SH	2021-09-15	2021-09-17	2026-09-17	30	3.85	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 (Eighth tranche) (Type I)	21 Huatai 13	188874.SH	2021-10-14	2021-10-18	2024-10-18	21	3.25	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 (Eighth tranche) (Type II)	21 Huatai 14	188875.SH	2021-10-14	2021-10-18	2031-10-18	34	3.99	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 (Ninth tranche) (Type I)	21 Huatai 15	188926.SH	2021-10-21	2021-10-25	2024-10-25	22	3.22	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 (Ninth tranche) (Type II)	21 Huatai 16	188927.SH	2021-10-21	2021-10-25	2031-10-25	11	3.94	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 Perpetual Subordinated Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second tranche)	21 Huatai Y2	188942.SH	2021-10-26	2021-10-28	2026-10-28	50	4.00	Principal to be paid upon expiration and interest to be paid annually
2021 Perpetual Subordinated Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Third tranche)	21 Huatai Y3	185019.SH	2021-11-16	2021-11-18	2026-11-18	20	3.80	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 (Seventh tranche) (Type II)	21 Hua S10	185101.SH	2021-12-02	2021-12-06	2022-11-25	27	2.70	One-off payment of principal and interest upon expiration
2021 Short-term Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Ninth tranche) (Type I)	21 Hua S12	185162.SH	2021-12-17	2021-12-21	2022-09-21	10	2.70	One-off payment of principal and interest upon expiration
2021 Short-term Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Ninth tranche) (Type II)	21 Hua S13	185158.SH	2021-12-17	2021-12-21	2022-12-21	40	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 (Tenth tranche)	21 Hua S14	185188.SH	2021-12-27	2021-12-29	2022-11-29	40	2.75	One-off payment of principal and interest upon expiration
2022 Perpetual Subordinated Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First tranche)	22 Huatai Y1	185337.SH	2022-01-24	2022-01-26	2027-01-26	27	3.49	Principal to be paid upon expiration and interest to be paid annually
2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First tranche)	22 Huatai G1	185364.SH	2022-02-10	2022-02-14	2025-02-14	50	2.79	Principal to be paid upon expiration and interest to be paid annually
2022 Perpetual Subordinated Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second tranche)	22 Huatai Y2	185388.SH	2022-07-07	2022-07-11	2027-07-11	30	3.59	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
2022 Short-term Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First tranche)	22 Huatai S1	137631.SH	2022-08-05	2022-08-09	2022-11-09	50	1.65	One-off payment of principal and interest upon expiration
2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second tranche)	22 Huatai G2	137666.SH	2022-08-11	2022-08-15	2024-08-15	20	2.43	Principal to be paid upon expiration and interest to be paid annually
2022 Short-term Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second tranche)	22 Huatai S2	137682.SH	2022-08-17	2022-08-19	2023-02-17	50	1.78	One-off payment of principal and interest upon expiration
2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Third tranche)	22 Huatai G3	137732.SH	2022-08-23	2022-08-26	2024-08-26	30	2.33	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.

Note 2: The above bonds are listed on the Shanghai Stock Exchange, which can be traded by way of matching, one-click-order, price-enquiry, bidding and negotiating pursuant to the Rules Governing the Trading of Bonds on the Shanghai Stock Exchange. For details of the lead underwriter and the trustee of each bond, please refer to the announcements of the Company in relation to bond issuance published on the website of the Shanghai Stock Exchange.

Note 3: 21 Huatai Y1, 21 Huatai Y2, 21 Huatai Y3, 22 Huatai Y1 and 22 Huatai Y2 are subject to issuer's renewal option, issuer's redemption right, issuer's redemption option when certain conditions are met and issuer's right of deferring interest payment. The coupon rate for the first five interest-bearing years is determined through book-building, which remains unchanged during the first five interest-bearing years. The coupon rate shall be repriced every five years from the sixth interest-bearing year. If no redemption right were exercised by the issuer, the coupon rate would be adjusted to be the sum of the current benchmark interest rate and the initial spread plus 300bp from the sixth interest-bearing year, which will remain unchanged from the sixth interest-incurring year to the tenth interest-bearing year. Afterwards, the coupon rate repriced every five years is the sum of the current benchmark interest rate and the initial spread plus 300bp. The initial spread is the difference between the coupon rate and the initial benchmark interest rate for the first five interest-bearing years.

## 2. Triggers and execution of issuer's or investor's option clauses or investor protection clauses

21 Huatai Y1, 21 Huatai Y2, 21 Huatai Y3, 22 Huatai Y1 and 22 Huatai Y2 issued by the Company are subject to the issuer's renewal option and issuer's redemption right, and the issuer's renewal option has not been exercised as of the disclosure date of this report; the issuer's redemption option when certain conditions are met, which has not been triggered as of the disclosure date of this report; and the issuer's right of deferring interest payment. Since the Company considered and approved the Resolution on the 2021 Profit Distribution of the Company at the 2021 Annual General Meeting held on June 22, 2022, which is a mandatory interest payment event as stipulated in the above bond prospectus, the Company will pay the bond interest on time and in full on the interest payment date.

As of the disclosure date of this report, the Company has strictly implemented the relevant terms and agreements on investor protection clauses and settlement safeguards in accordance with the covenants in the prospectus for corporate bonds, and paid the principal and/or interest of each bond on time and in full.

### 3. Utilisation of funds raised as at the end of the Reporting Period

As at the end of the Reporting Period, the utilisation of funds raised from bonds in duration of the Company is as follows:

Unit: 100 million Yuan Currency: RMB

Name of bond	Total amount of funds raised	Utilised amount	Unutilised amount
13 Huatai 02	60.00	60.00	-
18 Huatai G2	10.00	10.00	-
20 Huatai G1	80.00	80.00	-
20 Huatai G3	35.00	35.00	-
20 Huatai G4	30.00	30.00	-
20 Huatai G6	32.00	32.00	-
20 Huatai C1	50.00	50.00	-
20 Huatai G7	35.00	35.00	-
20 Huatai G8	40.00	40.00	-
20 Huatai G9	40.00	40.00	-
21 Huatai G1	40.00	40.00	-
21 Huatai C1	90.00	90.00	-
21 Huatai G3	50.00	50.00	-
21 Huatai G4	60.00	60.00	-
21 Huatai G5	40.00	40.00	-
21 Huatai G6	20.00	20.00	-
21 Huatai G7	20.00	20.00	-
21 Huatai 09	25.00	25.00	-
21 Huatai S4	40.00	40.00	-
21 Huatai S5	30.00	30.00	-
21 Huatai 11	15.00	15.00	-
21 Huatai 12	27.00	27.00	-
21 Huatai Y1	30.00	30.00	-
21 Huatai 13	21.00	21.00	-
21 Huatai 14	34.00	34.00	-
21 Huatai 15	22.00	22.00	-
21 Huatai 16	11.00	11.00	-

Name of bond	Total amount of funds raised	Utilised amount	Unutilised amount
21 Huatai Y2	50.00	50.00	–
21 Huatai Y3	20.00	20.00	–
21 Hua S10	27.00	27.00	–
21 Hua S12	10.00	10.00	–
21 Hua S13	40.00	40.00	–
21 Hua S14	40.00	40.00	–
22 Huatai Y1	27.00	27.00	–
22 Huatai G1	50.00	50.00	–

Note: According to the requirements of the Administrative Measures for Issuance and Trading of Corporate Bonds, in order to ensure that the utilisation of funds raised is consistent with the prospectus and to guarantee the legal rights of bondholders, the Company has set up a special account for the utilisation of funds raised at the supervisory banks, which is subject to the supervision of the supervisory banks. The funds raised from the corporate bonds have been fully utilised, which is consistent with the purpose, utilisation plan and other agreements as undertaken in the prospectus.

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

Current status	Implementation	Any change
The existing corporate bonds of the Company are issued in an unsecured manner and are subject to the settlement plan in accordance with the covenants in the prospectus for corporate bonds. According to the covenants in the prospectus for corporate bonds, the Company has settlement safeguards in place, including but not limited to formulating the Rules for Meeting of Bondholders, entrusting bond manager, establishing a special working group for the settlement, strictly performing the obligations of information disclosure and setting up a special debt repayment account.	The Company strictly performed the covenants 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 to protect the legal interest of investors.	No

#### (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 of the end of the Reporting Period over the end of the previous year (%)	Reason for the change
Current ratio	1.34	1.41	(4.96)	-
Quick ratio	1.34	1.41	(4.96)	-
Gearing ratio (%)	77.35	76.93	Increase of 0.42 percentage point	-

Primary indicators	The Reporting Period (from January to June)	Corresponding period of the previous year	Year-on-year change (%)	Reason for the change
Net profit after non-recurring profit or loss	5,306,756	7,719,866	(31.26)	Decrease in operating income and increase in operating expenses
EBITDA to total debt ratio (%)	3.18	4.44	Decrease of 1.26 percentage points	-
Times interest earned	2.32	3.02	(23.18)	Decrease in profit before income tax
Times cash-interest earned	3.94	(5.37)	N/A	-
Times interest earned of EBITDA	2.46	3.17	(22.40)	Decrease in net profit
Loan repayment ratio (%)	100.00	100.00	-	-
Interest payment ratio (%)	100.00	100.00	-	-

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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## FINANCIAL REPORT AND DOCUMENTS FOR INSPECTION

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# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 condensed consolidated financial statements of Huatai Securities Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 3 to 100, which comprise the condensed consolidated statement of financial position as of 30 June 2022 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information 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 of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, 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 these condensed consolidated financial statements consists of making inquiries, 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu  
Certified Public Accountants  
Hong Kong

30 August 2022

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Notes	Six months ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
<b>Revenue</b>			
Fee and commission income	5	9,931,122	9,834,181
Interest income	6	6,758,476	7,148,805
Net investment gains	7	3,754,431	7,191,441
		<u>20,444,029</u>	<u>24,174,427</u>
Other income and gains	8	3,034,993	441,102
<b>Total revenue, gains and other income</b>		<u>23,479,022</u>	<u>24,615,529</u>
Fee and commission expenses	9	(2,402,224)	(2,727,742)
Interest expenses	10	(5,373,126)	(5,237,852)
Staff costs	11	(4,628,022)	(5,684,559)
Depreciation and amortisation expenses	12	(727,809)	(705,826)
Tax and surcharges		(105,128)	(109,880)
Other operating expenses	13	(4,269,814)	(1,889,652)
Net reversal of impairment loss on financial assets	14	337,624	193,027
<b>Total expenses</b>		<u>(17,168,499)</u>	<u>(16,162,484)</u>
<b>Operating profit</b>		<u>6,310,523</u>	<u>8,453,045</u>
Share of profit of associates and joint ventures		463,473	1,583,856
<b>Profit before income tax</b>		<u>6,773,996</u>	<u>10,036,901</u>
Income tax expense	15	(1,221,857)	(2,150,117)
<b>Profit for the period</b>		<u>5,552,139</u>	<u>7,886,784</u>
Attributable to:			
Shareholders of the Company		5,375,208	7,770,308
Non-controlling interests		176,931	116,476
		<u>5,552,139</u>	<u>7,886,784</u>
Earnings per share (Expressed in Renminbi per share)	16		
- Basic		<u>0.58</u>	<u>0.86</u>
- Diluted		<u>0.56</u>	<u>0.86</u>

The notes on pages 13 to 100 form part of these condensed consolidated financial statements.

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Notes	Six months ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
<b>Profit for the period</b>		<b>5,552,139</b>	<b>7,886,784</b>
<b>Other comprehensive income / (expense) for the period:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Equity investment at fair value through other comprehensive income/(expense)			
- Net change in fair value		(35,494)	(483,824)
- Income tax impact		5,925	120,956
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Net loss from debt instruments at fair value through other comprehensive income		(187,376)	(25,160)
Fair value gain on hedging instruments designated in cash flow hedges		24,820	8,773
Share of other comprehensive (expense)/income of associates and joint ventures		(2,439)	10,331
Exchange differences on translation of financial statements in foreign currencies		682,828	(94,103)
Income tax impact		27,350	-
<b>Other comprehensive income / (expense) for the period, net of income tax</b>		<b>515,614</b>	<b>(463,027)</b>
<b>Total comprehensive income for the period</b>		<b>6,067,753</b>	<b>7,423,757</b>
Attributable to:			
Shareholders of the Company		5,788,596	7,322,343
Non-controlling interests		279,157	101,414
<b>Total</b>		<b>6,067,753</b>	<b>7,423,757</b>

The notes on pages 13 to 100 form part of these condensed consolidated financial statements.

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Notes	As at 30 June 2022 (Unaudited)	As at 31 December 2021 (Audited)
<b>Non-current assets</b>			
Property and equipment	17	6,030,947	5,178,222
Investment properties		233,936	294,008
Goodwill	18	2,984,528	2,836,429
Land-use rights and other intangible assets	19	7,047,773	6,790,673
Interests in associates	20	17,667,964	18,269,459
Interests in joint ventures	21	1,833,112	1,749,065
Debt instruments at amortised cost	22	29,127,033	25,299,666
Debt instruments at fair value through other comprehensive income	23	4,285,003	4,857,284
Equity instruments at fair value through other comprehensive income	24	123,778	163,138
Financial assets at fair value through profit or loss	25	9,028,185	9,896,339
Refundable deposits	26	32,390,559	27,627,129
Deferred tax assets	27	704,761	654,651
Other non-current assets	28	242,827	282,227
<b>Total non-current assets</b>		<b>111,700,406</b>	<b>103,898,290</b>
<b>Current assets</b>			
Accounts receivable	29	10,141,361	10,287,174
Other receivables, prepayments and other current assets	30	1,752,325	2,122,246
Margin accounts receivable	31	103,346,385	116,942,245
Debt instruments at amortised cost	22	10,500,637	7,121,850
Financial assets held under resale agreements	32	13,837,737	11,751,970
Debt instruments at fair value through other comprehensive income	23	2,695,716	4,457,415
Financial assets at fair value through profit or loss	25	377,388,270	345,362,833
Derivative financial assets	33	22,880,610	15,247,805
Clearing settlement funds	34	7,884,492	8,580,941
Cash held on behalf of brokerage clients	35	147,177,814	143,640,263
Cash and bank balances	36	40,016,952	37,237,801
<b>Total current assets</b>		<b>737,622,299</b>	<b>702,752,543</b>
<b>Total assets</b>		<b>849,322,705</b>	<b>806,650,833</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

AS AT 30 JUNE 2022

*(Expressed in thousands of Renminbi, unless otherwise stated)*

	Notes	As at 30 June 2022	As at 31 December 2021
		<i>(Unaudited)</i>	<i>(Audited)</i>
<b>Current liabilities</b>			
Short-term bank loans	38	5,668,727	8,492,290
Short-term debt instruments issued	39	48,840,031	53,598,658
Placements from other financial institutions	40	43,339,686	14,018,721
Accounts payable to brokerage clients	41	158,777,534	147,501,833
Employee benefits payable		4,799,480	5,757,598
Other payables and accruals	42	109,403,082	106,620,755
Contract liabilities		350,611	265,637
Current tax liabilities		926,039	1,245,374
Financial assets sold under repurchase agreements	43	133,289,382	130,710,001
Financial liabilities at fair value through profit or loss	44	38,142,967	28,289,462
Derivative financial liabilities	33	11,547,959	10,643,222
Long-term bonds due within one year	45	35,106,479	35,372,308
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>590,191,977</b>	<b>542,515,859</b>
		<hr/>	<hr/>
<b>Net current assets</b>		<b>147,430,322</b>	<b>160,236,684</b>
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>259,130,728</b>	<b>264,134,974</b>
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Long-term bonds	46	89,805,662	97,966,119
Long-term bank loans	47	793,650	722,816
Non-current employee benefits payable		5,988,858	7,057,339
Deferred tax liabilities	27	2,377,925	2,619,161
Financial liabilities at fair value through profit or loss	44	2,731,642	2,833,456
Other payables and accruals	42	1,040,443	900,299
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>102,738,180</b>	<b>112,099,190</b>
		<hr/>	<hr/>
<b>Net assets</b>		<b>156,392,548</b>	<b>152,035,784</b>
		<hr/> <hr/>	<hr/> <hr/>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

AS AT 30 JUNE 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Notes	As at 30 June 2022	As at 31 December 2021
		(Unaudited)	(Audited)
<b>Equity</b>			
Share capital	48	9,076,650	9,076,650
Other equity instruments	49	12,694,871	9,996,425
Treasury shares	50	(1,211,555)	(1,231,547)
Reserves	51	95,566,965	95,021,503
Retained profits	52	36,342,666	35,559,779
Total equity attributable to shareholders of the Company		152,469,597	148,422,810
Non-controlling interests		3,922,951	3,612,974
<b>Total equity</b>		<b>156,392,548</b>	<b>152,035,784</b>

The notes on pages 13 to 100 form part of these condensed consolidated financial statements.

Approved and authorised for issue by the board of directors on 30 August 2022.

Zhang Wei  
Chairman of the Board, Director

Chen Zhibin  
Director



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Attributable to shareholders of the Company										Non-controlling interests	Total equity	
	Share capital (Note 48)	Other equity instruments (Note 49)	Treasury shares (Note 50)	Capital reserve (Note 51)	Surplus reserve (Note 51)	General reserve (Note 51)	Fair value reserve (Note 51)	Cash flow hedges reserve (Note 51)	Translation reserve (Note 51)	Retained profits (Note 52)			Total
As at 1 January 2022	9,076,650	9,996,425	(1,231,547)	70,562,359	6,569,922	18,106,044	223,143	(14,184)	(425,781)	35,559,779	148,422,810	3,612,974	152,035,784
<b>Changes in equity for the period</b>													
Profit for the period	-	-	-	-	-	-	-	-	-	5,375,208	5,375,208	176,931	5,552,139
Other comprehensive income / (expense) for the period	-	-	-	-	-	-	(173,053)	24,820	561,621	-	413,388	102,226	515,614
Total comprehensive income / (expense) for the period	-	-	-	-	-	-	(173,053)	24,820	561,621	5,375,208	5,788,596	279,157	6,067,753
Issue of perpetual bonds	-	2,698,446	-	-	-	-	-	-	-	-	2,698,446	-	2,698,446
Equity-settled share-based payments	-	-	19,992	89,123	-	-	-	-	-	-	109,115	30,820	139,935
Appropriation to general reserve	-	-	-	-	-	42,951	-	-	-	(42,951)	-	-	-
Dividends declared for the period	-	-	-	-	-	-	-	-	-	(4,063,640)	(4,063,640)	-	(4,063,640)
Dividends payable to perpetual subordinated bonds	-	-	-	-	-	-	-	-	-	(485,730)	(485,730)	-	(485,730)
<b>As at 30 June 2022 (Unaudited)</b>	<b>9,076,650</b>	<b>12,694,871</b>	<b>(1,211,555)</b>	<b>70,651,482</b>	<b>6,569,922</b>	<b>18,148,995</b>	<b>50,090</b>	<b>10,636</b>	<b>135,840</b>	<b>36,342,666</b>	<b>152,469,597</b>	<b>3,922,951</b>	<b>156,392,548</b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Attributable to shareholders of the Company										Total equity		
	Share capital (Note 4B)	Other equity instruments (Note 49)	Treasury shares (Note 50)	Capital reserve (Note 51)	Surplus reserve (Note 51)	General reserve (Note 51)	Fair value reserve (Note 51)	Cash flow hedges reserve (Note 51)	Translation reserve (Note 51)	Retained profits (Note 52)		Total	Non- controlling interests
<b>As at 1 January 2021</b>	9,076,650	-	(1,626,546)	70,750,052	5,710,667	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 / (expense) for the period	-	-	-	-	-	-	(377,697)	8,773	(79,041)	-	(447,965)	(15,062)	(463,027)
Total comprehensive income / (expense) for the period	-	-	-	-	-	-	(377,697)	8,773	(79,041)	7,770,308	7,322,343	101,414	7,423,757
Equity-settled share-based payments	-	-	443,963	(349,108)	-	-	-	-	-	-	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	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at 30 June 2021 (Unaudited)</b>	9,076,650	-	(1,231,547)	70,400,945	5,710,667	15,846,134	228,220	(25,575)	(281,897)	33,103,190	132,827,187	3,364,363	136,191,550

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Attributable to shareholders of the Company										Total equity		
	Share capital (Note 48)	Other equity instruments (Note 49)	Treasury shares (Note 50)	Capital reserve (Note 51)	Surplus reserve (Note 51)	General reserve (Note 51)	Fair value reserve (Note 51)	Cash flow hedges reserve (Note 51)	Translation reserve (Note 51)	Retained profits (Note 52)		Total	Non-controlling interests
<b>As at 1 January 2021 (audited)</b>	9,076,650	-	(162,654)	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 year</b>													
Profit for the year	-	-	-	-	-	-	-	-	-	13,346,106	13,346,106	254,787	13,600,893
Other comprehensive income / (expense) for the year	-	-	-	-	-	-	(383,217)	20,164	(222,925)	-	(585,978)	(40,106)	(626,084)
Total comprehensive income / (expense) for the year	-	-	-	-	-	-	(383,217)	20,164	(222,925)	13,346,106	12,760,128	214,681	12,974,809
Issue of perpetual bonds	-	9,996,425	-	-	-	-	-	-	-	-	9,996,425	-	9,996,425
Equity-settled share-based payments	-	-	443,963	(235,027)	-	-	-	-	-	-	208,936	43,893	252,829
Capital injection by non-controlling shareholders	-	-	-	47,327	-	-	-	-	-	-	47,327	113,865	161,192
Acquisition of treasury shares	-	-	(48,964)	-	-	-	-	-	-	-	(48,964)	-	(48,964)
Appropriation to surplus reserve	-	-	-	-	858,855	-	-	-	-	(858,855)	-	-	-
Appropriation to general reserve	-	-	-	-	-	2,313,098	-	-	-	(2,313,098)	-	-	-
Dividends declared for the year	-	-	-	-	-	-	-	-	-	(3,612,549)	(3,612,549)	-	(3,612,549)
Other comprehensive income that has been reclassified to retained profits	-	-	-	-	-	-	443	-	-	(443)	-	-	-
Others	-	-	-	7	-	-	-	-	-	-	7	-	7
<b>As at 31 December 2021 (audited)</b>	9,076,650	9,996,425	(123,1547)	70,562,959	6,569,922	18,106,044	223,143	(14,184)	(425,781)	35,559,779	148,422,810	3,612,974	152,035,784

The notes on pages 13 to 100 form part of these condensed consolidated financial statements.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Six months ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
<b>Cash flow from operating activities:</b>			
Profit before income tax		6,773,996	10,036,901
Adjustments for:			
Interest expenses		5,373,126	5,237,852
Share of profit of associates and joint ventures		(463,473)	(1,583,856)
Depreciation and amortisation expenses		727,809	705,826
Reversal of provision for impairment loss		(337,624)	(193,027)
Expenses recognised from equity-settled share-based payment		121,471	99,088
Gains on disposal of property and equipment		(189)	(319)
Foreign exchange (gains) / losses		(881,435)	141,239
Dividend income and interest income from financial assets through other comprehensive income and debt investment at amortised cost		(635,732)	(1,226,870)
Net losses / (gains) arising from derecognition of financial assets at fair value through other comprehensive income		139,444	(1,779)
Net gains arising from derecognition of debt instruments at amortised cost		-	(50,256)
Unrealised fair value changes in financial instruments at fair value through profit or loss		3,768,736	2,086,518
Unrealised fair value changes in derivatives		(6,052,899)	(3,872,745)
		<hr/>	<hr/>
Operating cash flow before movements in working capital		8,533,230	11,378,572

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

**FOR THE SIX MONTHS ENDED 30 JUNE 2022**

*(Expressed in thousands of Renminbi, unless otherwise stated)*

	Note	Six months ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
Increase in refundable deposits		(4,763,430)	(1,572,787)
Decrease / (increase) in margin accounts receivable		13,937,116	(25,495,891)
Increase in accounts receivable, other receivables and prepayments		(23,815)	(1,306,755)
Decrease / (increase) in financial assets held under resale agreements		2,349,832	(774,069)
Increase in financial instruments at fair value through profit or loss		(26,204,796)	(12,718,799)
Decrease / (increase) in restricted bank deposits		685,513	(4,592,183)
Increase in cash held on behalf of brokerage clients		(3,663,831)	(13,001,347)
Increase in accounts payable to brokerage clients		11,275,701	12,883,693
(Decrease) / increase in other payables and accruals		(1,388,351)	11,597,497
Decrease in employee benefits payable		(2,026,599)	(537,841)
Increase / (decrease) in financial assets sold under repurchase agreements		2,579,381	(3,289,584)
Increase in placements from other financial institutions		29,310,555	1,301,130
Cash used in operations		30,600,506	(26,128,364)
Income taxes paid		(1,800,493)	(2,136,302)
Interest paid		(2,781,700)	(2,266,354)
Net cash generated from / (used in) operating activities		26,018,313	(30,531,020)

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Six months ended 30 June	
		2022 (Unaudited)	2021 (Unaudited)
<b>Cash flow from investing activities:</b>			
Proceeds on disposal of property and equipment		17,573	3,939
Dividends received from associates		1,004,552	757,224
Dividend income and interest income from financial assets through other comprehensive income and debt instruments at amortised cost		635,732	1,226,870
Net purchase or proceeds from disposals of financial instruments at fair value through other comprehensive income		2,052,111	3,611,231
Net purchase or proceeds from disposals of debt instruments at amortised cost		(7,206,721)	(3,047,003)
Divestments of associates and joint ventures		96,051	521,699
Net cash inflow on acquisition of a subsidiary		16,309	-
Purchase of property and equipment, investment properties, other intangible assets and other non-current assets		(447,514)	(417,114)
Acquisition of interests in associates		(81,100)	(147,000)
Net cash (used in) / generated from investing activities		(3,913,007)	2,509,846

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

**FOR THE SIX MONTHS ENDED 30 JUNE 2022**

*(Expressed in thousands of Renminbi, unless otherwise stated)*

		<i>Six months ended 30 June</i>	
	Note	2022 (Unaudited)	2021 (Unaudited)
<b>Cash flow from financing activities:</b>			
Proceeds from issuance of short-term debt instruments		31,616,903	56,174,688
Proceeds from issuance of long-term bonds		12,679,939	43,516,419
Proceeds from issuance of perpetual bonds		2,698,446	-
(Repayment of) / proceeds from bank loans		(2,752,980)	3,478,127
Repayment of debt securities issued		(56,916,128)	(68,097,918)
Short-term debt instruments interest paid		(397,679)	(374,575)
Short-term bank loans interest paid		(37,233)	(101,946)
Long-term bank loans interest paid		(9,236)	(9,995)
Long-term bonds interest paid		(2,967,286)	(1,703,100)
Cash received from Restricted Share Incentive Scheme of A Shares		-	413,941
Payment of lease liabilities		(283,104)	(313,985)
Payment of acquisition of treasury shares		-	(48,964)
		<hr/>	<hr/>
Net cash (used in) / generated from from financing activities		<b>(16,368,358)</b>	32,932,692
		<hr/>	<hr/>
Net increase in cash and cash equivalents		5,736,948	4,911,518
Cash and cash equivalents at the beginning of the period		45,901,362	67,646,413
Effect of foreign exchange rate changes		1,223,020	(161,411)
		<hr/>	<hr/>
Cash and cash equivalents at the end of the period	37	<b>52,861,330</b>	72,396,520

The notes on pages 13 to 100 form part of these condensed consolidated financial statements.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022  
(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 2022, 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") are 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 condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. It was authorised for issue on 30 August 2022.

## 3 Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("IFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2021.

### **Application of amendments to IFRSs**

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on or after 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:



Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

The condensed consolidated financial statements does not include all the information required for a full set of financial statements prepared in accordance with 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 2021.

The condensed consolidated financial statements are unaudited, but has been reviewed by Deloitte Touche Tohmatsu 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. Deloitte Touche Tohmatsu's independent review report to the Board of Directors is issued on 30 August 2022.

#### 4 Use of judgements and estimates

The preparation of the condensed consolidated financial statements requires management to make judgements and estimates that affect the application of policies and disclosed amounts of assets and liabilities, incomes and expenses. Actual results in the future may differ from those disclosed as a result of the use of estimates and assumptions about future conditions.

In the preparation of the condensed consolidated financial statements, the key sources of uncertainty derived from significant judgements and estimation made by the management while applying the Group's accounting policies are the same as these applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2021.

#### 5 Fee and commission income

	Six months ended 30 June	
	2022	2021
Income from securities brokerage and advisory business	4,699,482	4,802,969
Income from asset management business	2,660,549	2,069,298
Income from underwriting and sponsorship business	1,580,415	1,766,705
Income from futures brokerage business	751,103	939,960
Income from financial advisory business	142,979	174,302
Other commission income	96,594	80,947
Total	9,931,122	9,834,181

## 6 Interest income

	Six months ended 30 June	
	2022	2021
Interest income from margin financing and securities lending	3,930,960	4,355,751
Interest income from financial institutions	1,914,084	1,926,523
Interest income from debt instruments at amortised cost	486,456	482,891
Interest income from debt instruments at fair value through other comprehensive income	149,276	125,109
Interest income from securities-backed lending	134,769	188,777
Interest income from other financial assets held under resale agreements	134,593	68,689
Others	8,338	1,065
Total	<u>6,758,476</u>	<u>7,148,805</u>

## 7 Net investment gains

	Six months ended 30 June	
	2022	2021
Dividend income and interest income from financial instruments at fair value through profit or loss	4,330,578	4,330,530
Net realised losses from disposal of associates	(504)	-
Dividend income from equity instruments at fair value through other comprehensive income	-	618,870
Net realised (losses)/gains from disposal of financial instruments at fair value through profit or loss	(11,052,860)	11,097,226
Net realised (losses)/gains from disposal of debt instruments at fair value through other comprehensive income	(139,444)	1,779
Net realised gains arising from derecognition of debt instruments at amortised cost <sup>(1)</sup>	-	50,256
Net realised gains/(losses) from disposal of derivative financial instruments	7,139,552	(11,249,575)
Unrealised fair value changes of derivative financial instruments	7,245,845	4,428,873
Unrealised fair value changes of financial instruments at fair value through profit or loss	(3,768,736)	(2,086,518)
Total	<u>3,754,431</u>	<u>7,191,441</u>

(1) 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 (During the period ended 30 June 2022, nil).

## 8 Other income and gains

	Six months ended 30 June	
	2022	2021
Income from commodity sales	1,942,967	416,260
Government grants <sup>(1)</sup>	113,650	74,336
Rental income	38,370	25,607
Gains on disposal of property and equipment	189	319
Foreign exchange gains/(losses)	881,435	(141,239)
Others	58,382	65,819
Total	<u>3,034,993</u>	<u>441,102</u>

(1) 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	
	2022	2021
Expenses for securities brokerage and advisory business	1,379,549	1,506,340
Expenses for asset management business	538,763	467,980
Expenses for futures brokerage business	450,155	629,325
Expenses for underwriting and sponsorship business	31,400	122,750
Expenses for financial advisory business	1,416	360
Other commission expenses	941	987
Total	<u>2,402,224</u>	<u>2,727,742</u>

## 10 Interest expenses

	Six months ended 30 June	
	2022	2021
Interest expenses on long-term bonds	2,322,531	2,048,071
Interest expenses on financial assets sold under repurchase agreements	1,265,259	1,454,027
Interest expenses on placements from banks	944,405	832,610
Interest expenses on short-term debt instruments issued	476,806	450,383
Interest expenses of accounts payable to brokerage clients	222,246	276,181
Interest expenses on lease liabilities	39,455	28,285
Interest expenses on short-term bank loans	37,484	87,610
Interest expenses on long-term bank loans	9,236	9,995
Others	55,704	50,690
Total	<u>5,373,126</u>	<u>5,237,852</u>

## 11 Staff costs

Six months ended 30 June		
	2022	2021
Salaries, bonuses and allowances	3,542,926	4,854,612
Contribution to pension schemes	442,099	352,833
Equity-settled share-based payment expense	121,471	99,088
Other social welfare	521,526	378,026
Total	<u>4,628,022</u>	<u>5,684,559</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. According to the relevant regulations, the premiums and welfare benefits contributions that should be borne by the Group are calculated on a regular basis and paid to the labour and social welfare authorities. The contributions to the social security plans are expensed as incurred. The Group also operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance.

## 12 Depreciation and amortisation expenses

Six months ended 30 June		
	2022	2021
Amortisation of land-use rights and other intangible assets	199,475	248,073
Depreciation of property and equipment		
- Right-of-use assets	245,316	215,543
- Other property and equipment	221,455	183,901
Amortisation of leasehold improvements and long-term deferred expenses	55,003	50,564
Depreciation of investment properties	6,560	7,745
Total	<u>727,809</u>	<u>705,826</u>

## 13 Other operating expenses

Six months ended 30 June		
	2022	2021
Cost of commodity sales	1,957,805	413,314
IT expenses	949,388	296,068
Stock exchange fee	231,527	136,364
Marketing, advertising and promotion expenses	184,146	142,369
Consulting fees	169,860	132,639
Postal and communication expenses	117,484	79,036
Securities investor protection funds	52,538	62,689
Products distribution expenses	33,901	66,284
Utilities	25,893	22,946
Rental expenses	21,469	28,834
Auditors' remuneration	10,813	8,036
Others	514,990	501,073
Total	<u>4,269,814</u>	<u>1,889,652</u>

## 14 Net reversal of impairment loss on financial assets

	Six months ended 30 June	
	2022	2021
Provision for / (reversal of) impairment losses against financial assets held under resale agreements	56,015	(174,688)
Provision for impairment losses against other receivables and prepayments	6,755	69,412
Reversal of impairment losses against financial assets at fair value through other comprehensive income	(57,345)	(1,095)
Reversal of impairment losses against accounts receivable	(1,768)	(16,474)
Reversal of impairment losses against margin accounts receivable	(341,256)	(84,327)
(Reversal of) / provision for impairment losses against cash and bank balances	(592)	4,617
Provision for impairment losses against debt instruments at amortised cost	567	9,528
Total	<u>(337,624)</u>	<u>(193,027)</u>

## 15 Income tax expense

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

	Six months ended 30 June	
	2022	2021
Current income tax	1,303,574	1,104,876
- Mainland China	54,899	96,159
- Hong Kong	96,608	57,658
- Overseas	<u>1,455,081</u>	<u>1,258,693</u>
Adjustment in respect of prior years	26,077	15,526
- Mainland China	-	-
- Hong Kong	<u>26,077</u>	<u>15,526</u>
Deferred tax		
Origination and reversal of temporary differences	(259,301)	875,898
Total	<u>1,221,857</u>	<u>2,150,117</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 profits 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	
	2022	2021
Profit before income tax	6,773,996	10,036,901
Notional tax calculated using the PRC statutory tax rate	1,693,499	2,509,225
Effect of different tax rates of the subsidiaries	(210,725)	(29,832)
Tax effect of non-deductible expenses	132,916	56,747
Effect of using the deductible tax losses for which no deferred tax asset was recognised in previous period	(30,905)	(30,605)
Tax effect of non-taxable income	(388,480)	(368,639)
Adjustment for prior years	26,077	15,526
Others	(525)	(2,305)
Income tax expense for the period	1,221,857	2,150,117

**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:

	Notes	Six months ended 30 June	
		2022	2021
Net profit attributable to equity shareholders of the Company (Adjusted) (in RMB thousands)	(a)	5,179,599	7,752,113
Weighted average number of ordinary shares (in thousands)	(b)	8,985,884	8,986,002
Basic earnings per share attributable to equity shareholders (in RMB per share)		0.58	0.86

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

	Six months ended 30 June	
	2022	2021
Consolidated net profit attributable to equity shareholders of the Company	5,375,208	7,770,308
Dividends declared under Restricted Share Incentive Scheme of A Shares	(19,992)	(18,195)
Profit attributable to perpetual subordinated bonds holders of the Company <sup>(i)</sup>	(175,617)	-
Consolidated net profit attributable to equity shareholders of the Company (Adjusted)	5,179,599	7,752,113

(i) For the purpose of calculating basic earnings per ordinary share in respect of the period ended 30 June 2022, RMB176 million attributable to perpetual subordinated bonds were deducted from profits attributable to equity holders of the Company (30 June 2021: Not applicable).

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

	Six months ended 30 June	
	2022	2021
Number of ordinary shares as at 1 January	9,076,650	9,076,650
Decrease in weighted average number of ordinary shares	(90,766)	(90,648)
Weighted average number of ordinary shares	<u>8,985,884</u>	<u>8,986,002</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):

	Notes	Six months ended 30 June	
		2022	2021
Consolidated net profit attributable to ordinary shareholders of the Company (diluted)	(a)	<u>5,068,403</u>	<u>7,694,514</u>
Weighted average number of ordinary shares outstanding (in thousands)	(b)	<u>8,985,884</u>	<u>8,987,069</u>
Diluted earnings per share attributable to equity shareholders (in Renminbi per share)		<u>0.56</u>	<u>0.86</u>

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

	Six months ended 30 June	
	2022	2021
Consolidated net profit attributable to ordinary shareholders of the Company (Adjusted)	5,179,599	7,752,113
Diluted adjustments:		
Effect of dividends declared under Restricted Share Incentive Scheme of A Shares <sup>(i)</sup>	-	18,195
Effect of conversion of convertible bonds from the associate of the Company <sup>(ii)</sup>	(111,054)	(75,721)
Assumed vesting of shares granted to employees of a subsidiary <sup>(iii)</sup>	(142)	(73)
Consolidated net profit attributable to ordinary shareholders of the Company (diluted)	<u>5,068,403</u>	<u>7,694,514</u>

(i) The Company granted Restricted Stock Incentive Scheme of A shares to certain employees in 2021. Diluted earnings per share should take into account both the impact of the cash dividend of the current period distributed to the holders of restricted shares who are expected to reach the unlocking conditions and estimate number of restricted shares will be unlocked. After considering the abovementioned impacts, the Restricted Stock Incentive Scheme has an anti-dilutive effect and excluded from the calculation of diluted earnings per share for the period ended 30 June 2022.

(ii) 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.

(iii) The dilutive effect is due to the share-based payments of AssetMark Financial Holdings, Inc. ("AssetMark").

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

	Six months ended 30 June	
	2022	2021
Weighted average number of ordinary shares at 30 June	8,985,884	8,986,002
Diluted adjustments:		
Awarded shares under the share award scheme	-	1,067
Weighted average number of ordinary shares(diluted)	<u>8,985,884</u>	<u>8,987,069</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 2022	3,910,449	151,202	1,711,037	348,516	96,059	2,054,590	8,271,853
Additions	1,093	21,254	38,791	42,076	52,708	487,477	643,399
Transfer during the period	-	723	22	345	(10,737)	-	(9,647)
Transfer in from investment properties	55,447	-	-	-	-	-	55,447
Acquisition of a subsidiary	656,612	-	-	4	-	-	656,616
Disposals	(185)	(10,610)	(117,065)	(8,033)	-	(202,470)	(338,363)
Transfer to investment properties	(565)	-	-	-	-	-	(565)
As at 30 June 2022	<u>4,622,851</u>	<u>162,569</u>	<u>1,632,785</u>	<u>382,908</u>	<u>138,030</u>	<u>2,339,597</u>	<u>9,278,740</u>
<b>Accumulated depreciation</b>							
As at 1 January 2022	(1,014,410)	(110,198)	(803,768)	(243,106)	-	(922,149)	(3,093,631)
Charge for the period	(62,461)	(4,225)	(136,063)	(18,706)	-	(245,316)	(466,771)
Transfer in from investment properties	(1,739)	-	-	-	-	-	(1,739)
Disposals	-	9,839	102,128	6,542	-	195,470	313,979
Transfer to investment properties	369	-	-	-	-	-	369
As at 30 June 2022	<u>(1,078,241)</u>	<u>(104,584)</u>	<u>(837,703)</u>	<u>(255,270)</u>	<u>-</u>	<u>(971,995)</u>	<u>(3,247,793)</u>
<b>Carrying amount</b>							
As at 30 June 2022	<u>3,544,610</u>	<u>57,985</u>	<u>795,082</u>	<u>127,638</u>	<u>138,030</u>	<u>1,367,602</u>	<u>6,030,947</u>



	<i>Buildings</i>	<i>Motor vehicles</i>	<i>Electric equipment</i>	<i>Furniture and fixtures</i>	<i>Construction in progress</i>	<i>Right-of-use assets</i>	<i>Total</i>
<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	-	1,640	394,584	66,158	141,329	425,077	1,028,788
Transfer during the year	-	-	959	3,529	(81,821)	-	(77,333)
Transfer in from investment properties	142,890	-	-	-	-	-	142,890
Disposals	-	(4,394)	(77,825)	(9,425)	-	(167,983)	(259,627)
Transfer to investment properties	(10,758)	-	-	-	-	-	(10,758)
As at 31 December 2021	3,910,449	151,202	1,711,037	348,516	96,059	2,054,590	8,271,853
<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 year	(109,919)	(7,901)	(214,463)	(56,828)	-	(462,505)	(851,616)
Transfer in from investment properties	(38,154)	-	-	-	-	-	(38,154)
Disposals	-	4,264	73,825	7,641	-	138,875	224,605
Transfer to investment properties	5,343	-	-	-	-	-	5,343
As at 31 December 2021	(1,014,410)	(110,198)	(803,768)	(243,106)	-	(922,149)	(3,093,631)
<b>Carrying amount</b>							
As at 31 December 2021	2,896,039	41,004	907,269	105,410	96,059	1,132,441	5,178,222

As at 30 June 2022 and 31 December 2021, included in buildings, there is a carrying amount of RMB 43.03 million and RMB 44.40 million, respectively, for which the Group has yet to obtain the relevant land or building certificates.

## 18 Goodwill

### Cost

As at 1 January 2022	2,836,429
Acquisition through business combination	-
Effect of movements in exchange rates	148,099
As at 30 June 2022	<u>2,984,528</u>

### Impairment losses

As at 1 January 2022	-
Impairment losses	-
As at 30 June 2022	<u>-</u>

### Carrying amounts

As at 1 January 2022	2,836,429
As at 30 June 2022	<u>2,984,528</u>

### Cost

As at 1 January 2021	2,260,945
Acquisition through business combination	633,975
Effect of movements in exchange rates	(58,491)
As at 31 December 2021	<u>2,836,429</u>

### Impairment losses

As at 1 January 2021	-
Impairment losses	-
As at 31 December 2021	<u>-</u>

### Carrying amounts

As at 1 January 2021	2,260,945
As at 31 December 2021	<u>2,836,429</u>

## 19 Land-use rights and other intangible assets

	<i>Land-use rights</i>	<i>Existing relationships with broker-dealers</i>	<i>Enterprise distribution channel customer relationships</i>	<i>Trade names</i>	<i>Software and others</i>	<i>Total</i>
<b>Cost</b>						
As at 1 January 2022	1,768,330	3,636,197	202,009	312,824	3,298,487	9,217,847
Additions	-	-	-	-	246,320	246,320
Disposals	-	-	-	-	(57)	(57)
Exchange differences	-	135,144	7,508	11,022	90,116	243,790
As at 30 June 2022	1,768,330	3,771,341	209,517	323,846	3,634,866	9,707,900
<b>Accumulated amortisation</b>						
As at 1 January 2022	(117,114)	-	-	(131,462)	(2,178,598)	(2,427,174)
Charge for the period	(20,886)	-	-	(20,507)	(158,082)	(199,475)
Disposals	-	-	-	-	57	57
Exchange differences	-	-	-	(4,711)	(28,824)	(33,535)
As at 30 June 2022	(138,000)	-	-	(156,680)	(2,365,447)	(2,660,127)
<b>Carrying amount</b>						
As at 30 June 2022	1,630,330	3,771,341	209,517	167,166	1,269,419	7,047,773
<b>Cost</b>						
As at 1 January 2021	362,281	3,738,930	-	300,370	2,846,622	7,248,203
Acquisition of subsidiaries	-	-	207,716	20,707	167,596	396,019
Additions	1,406,049	-	-	-	324,973	1,731,022
Disposals	-	-	-	-	(1,667)	(1,667)
Exchange differences	-	(102,733)	(5,707)	(8,253)	(39,037)	(155,730)
As at 31 December 2021	1,768,330	3,636,197	202,009	312,824	3,298,487	9,217,847
<b>Accumulated amortisation</b>						
As at 1 January 2021	(92,622)	-	-	(87,012)	(1,792,500)	(1,972,134)
Charge for the year	(24,492)	-	-	(46,907)	(405,762)	(477,161)
Disposals	-	-	-	-	1,666	1,666
Exchange differences	-	-	-	2,457	17,998	20,455
As at 31 December 2021	(117,114)	-	-	(131,462)	(2,178,598)	(2,427,174)
<b>Carrying amount</b>						
As at 31 December 2021	1,651,216	3,636,197	202,009	181,362	1,119,889	6,790,673

Existing relationships with brokers-dealers and enterprise distribution channel customer relationships are not amortised while their useful lives are assessed to be indefinite because there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group.

## 20 Interest in associates

	As at 30 June 2022	As at 31 December 2021
Share of net assets	<u>17,667,964</u>	<u>18,269,459</u>

As at 30 June 2022 and 31 December 2021, the Group has pledged the shares of interest in associates with a total book value of RMB4,313 million and RMB4,133 million to China Securities Finance Corporation Limited ("CSF") for the purpose of replacement, respectively.

The following list contains only the particulars of material associates. Except for Bank of Jiangsu which has been listed on the Shanghai Stock Exchange, all other material associates 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	
				2022/6/30 & 2021/12/31	2022/6/30 & 2021/12/31	2022/6/30 & 2021/12/31	
Bank of Jiangsu <sup>(i)</sup>	Nanjing	14,769,647	14,769,628	5.63%	5.63%	-	Commercial banking
China Southern Asset Management Co., Ltd.	Shenzhen	361,720	361,720	41.16%	41.16%	-	Fund management
Nanjing Huatai Ruilian No.1 Funds Mergers (Limited Partnership) <sup>(ii)</sup>	Nanjing	5,442,000	5,442,000	48.27%	-	48.27%	Equity investment

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

(i) For the six months ended 30 June 2022, 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 the interest in associates using the equity method. As at 30 June 2022, Bank of Jiangsu converted from RMB803 thousand convertible bonds into 113,154 shares, accounting for 0.0010% 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 5.63318% to 5.63317%.

(ii) As at 30 June 2022, the Group holds 48.27% equity interest of Nanjing Huatai Ruilian No.1 Funds Mergers (Limited Partnership) ("No.1 Funds Mergers"). Pursuant to the limited partnership agreement, the Group is the co-manager of the fund, which has a significant influence over the fund. Therefore, it is accounted as an associate of the Group.

## 21 Interests in joint ventures

	As at 30 June 2022	As at 31 December 2021
Unlisted investment in a joint venture at fair value through profit or loss <sup>(i)</sup>	865,809	823,289
Unlisted investment in a joint venture	967,303	925,776
Total	<u>1,833,112</u>	<u>1,749,065</u>

(i) The Group elected to measure its investment Huatai International Greater Bay Area Investment Fund, L.P. of RMB865.81million 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 2022.

The following list contains only the particulars of joint venture, which is accounted for using the equity method in the condensed consolidated financial statements, and details of the joint venture as at 30 June 2022 and 31 December 2021 are as follows:

Name of joint venture	Registered place	Registered capital	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the Company	Held by a subsidiary	
Huatai Merchant (Jiangsu) Capital Market Investment Fund of Funds (Limited Partnership)	Nanjing	10,001,000	10.00%	-	10.00%	Equity investment

As at 30 June 2022, 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 a 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 a joint venture of the Group.

## 22 Debt instruments at amortised cost

### (a) Analysed by nature:

Non-current

	As at 30 June 2022	As at 31 December 2021
Debt securities	29,130,089	25,302,591
Less: impairment losses	(3,056)	(2,925)
Total	<u>29,127,033</u>	<u>25,299,666</u>
Analysed as:		
Listed outside Hong Kong	10,396,801	10,987,272
Listed inside Hong Kong	129,933	123,799
Unlisted	18,600,299	14,188,595
Total	<u>29,127,033</u>	<u>25,299,666</u>

## Current

	As at 30 June 2022	As at 31 December 2021
Debt securities	10,513,263	7,134,040
Less: impairment losses	(12,626)	(12,190)
Total	<u>10,500,637</u>	<u>7,121,850</u>
Analysed as:		
Listed outside Hong Kong	3,807,679	3,904,501
Unlisted	6,692,958	3,217,349
Total	<u>10,500,637</u>	<u>7,121,850</u>

As at 30 June 2022, the Group has pledged debt instruments at amortised cost with a total fair value of RMB25,907 million and carrying amount of RMB25,659 million for the purpose of repurchase agreement business (as at 31 December 2021: a total fair value of RMB25,841 million and carrying amount of RMB25,565 million).

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

	As at 30 June 2022	As at 31 December 2021
At the beginning of the period / year	15,115	28,568
Charge/ (reversal) for the period / year, net	567	(12,906)
Written-off	-	(547)
At the end of the period / year	<u>15,682</u>	<u>15,115</u>

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

## Non-current

	As at 30 June 2022	As at 31 December 2021
Debt securities	4,015,069	4,576,580
Loan and advances	269,934	280,704
Total	<u>4,285,003</u>	<u>4,857,284</u>
Analysed as:		
Listed outside Hong Kong	172,302	957,186
Listed inside Hong Kong	1,228,300	1,346,510
Unlisted	2,884,401	2,553,588
Total	<u>4,285,003</u>	<u>4,857,284</u>

## Current

	As at 30 June 2022	As at 31 December 2021
Debt securities	2,238,930	3,828,594
Loan and advances	456,786	628,821
Total	<u>2,695,716</u>	<u>4,457,415</u>
Analysed as:		
Listed outside Hong Kong	1,651,908	2,937,220
Listed inside Hong Kong	587,022	858,805
Unlisted	456,786	661,390
Total	<u>2,695,716</u>	<u>4,457,415</u>

As at 30 June 2022, the Group has pledged debt instruments at fair value through other comprehensive income with a total fair value of RMB1,628 million to CSF for the purpose of replacement (as at 31 December 2021: RMB3,396 million).

As at 30 June 2022, the Group has pledged debt instruments at fair value through other comprehensive income with a total fair value of RMB3,877 million for the purpose of repurchase agreement business (as at 31 December 2021: RMB2,408 million).

## 24 Equity instruments at fair value through other comprehensive income

### (a) Analysed by nature:

## Non-current

	As at 30 June 2022	As at 31 December 2021
Equity securities designated at financial assets at fair value through other comprehensive income - Unlisted equity securities	123,778	163,138
Total	<u>123,778</u>	<u>163,138</u>
Analysed as:		
Unlisted	<u>123,778</u>	<u>163,138</u>

## 25 Financial assets at fair value through profit or loss

## Non-current

### (a) Analysed by type:

	As at 30 June 2022	As at 31 December 2021
Equity securities	6,632,489	6,487,136
Debt securities	-	219,793
Wealth management products	32,753	96,888
Funds	348,222	177,098
Loan and advances	2,014,721	2,915,424
Total	<u>9,028,185</u>	<u>9,896,339</u>

**(b) Analysed as:**

	<i>As at 30 June 2022</i>	<i>As at 31 December 2021</i>
Listed outside Hong Kong	473,090	822,231
Unlisted	8,555,095	9,074,108
Total	<u>9,028,185</u>	<u>9,896,339</u>

Current

**(a) Analysed by type:**

	<i>As at 30 June 2022</i>	<i>As at 31 December 2021</i>
Debt securities	174,562,832	160,377,098
Equity securities	91,496,415	115,635,048
Funds	94,529,490	49,457,647
Wealth management products	15,794,718	19,197,235
Loan and advances	1,004,815	695,805
Total	<u>377,388,270</u>	<u>345,362,833</u>

**(b) Analysed as:**

	<i>As at 30 June 2022</i>	<i>As at 31 December 2021</i>
Listed outside Hong Kong	140,155,814	162,578,038
Listed inside Hong Kong	39,610,318	35,365,407
Unlisted	197,622,138	147,419,388
Total	<u>377,388,270</u>	<u>345,362,833</u>

As at 30 June 2022 and 31 December 2021, the fund investments with lock-up periods in its investment portfolio held by the Group are RMB260 million and RMB177 million, respectively.

As at 30 June 2022 and 31 December 2021, the listed equity securities held by the Group included approximately RMB 4,802 million and RMB 3,967 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 2022 and 31 December 2021, 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 RMB 4,144 million and RMB 5,156 million to external clients, respectively, which did not result in derecognition of the financial assets. The



fair value of collateral for the securities lending business is analysed in Note 31(c) together with the fair value of collateral of margin financing business.

As at 31 December 2021, the fair value through profit or loss investments which have been pledged to CSF for the purpose of replacement amounted to RMB856 million (30 June 2022: nil).

As at 30 June 2022 and 31 December 2021, the Group has pledged financial assets at fair value through profit or loss investments with a total fair value of RMB105,404 million and RMB110,282 million for the purpose of repurchase agreement business, bond lending business and derivative business, respectively.

As at 30 June 2022 and 31 December 2021, the wealth management products held by the Group included approximately RMB193 million and RMB105 million of restricted products, respectively. The restricted products are subscribed by the Group as the fund manager with a legally enforceable restriction on these products that prevents the Group to dispose of within the specified period.

## 26 Refundable deposits

	<i>As at 30 June 2022</i>	<i>As at 31 December 2021</i>
Deposits with stock exchanges		
- Hong Kong Securities Clearing Company Limited	5,153,268	3,117,411
- China Securities Depository and Clearing Corporation Limited	951,107	954,971
- Hong Kong Stock Exchange	3,473	1,495
- Hong Kong Exchanges and Clearing Limited	-	1,226
	<u>6,107,848</u>	<u>4,075,103</u>
Deposits with futures and commodity exchanges		
- China Financial Futures Exchange	9,321,518	12,116,762
- Shanghai Futures Exchange	5,736,064	3,523,566
- Dalian Commodity Exchange	4,337,464	2,955,805
- Zhengzhou Commodity Exchange	3,049,722	2,210,118
- Shanghai International Energy Exchange	1,459,691	503,373
- Overseas Commodity Exchange	43,531	34,945
	<u>23,947,990</u>	<u>21,344,569</u>
Deposits with other institutions		
- China Securities Finance Corporation Limited	1,339,233	1,626,444
- Shanghai Clearing House	886,179	456,280
- Shanghai Gold Exchange	400	400
- Other financial institutions	108,909	124,333
	<u>2,334,721</u>	<u>2,207,457</u>
Total	<u><u>32,390,559</u></u>	<u><u>27,627,129</u></u>

## 27 Deferred taxation

(a) The components of deferred tax assets / (liabilities) recognised in the condensed 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 derivative financial instruments	Changes in fair value of financial assets at fair value through other comprehensive income		Intangible assets recognised in the acquisition	Others	Total
			of financial instruments at fair value through profit or loss	of financial instruments		value through other comprehensive income	value through other comprehensive income			
As at 1 January 2022	881,491	1,811,033	(1,181,623)	240,379	(34,248)	(1,181,118)	(2,600,424)			(1,964,510)
Recognised in profit or loss	(71,344)	147,378	441,058	(592,505)	-	(59,771)	394,485			259,301
Acquisition of a subsidiary	298	-	-	-	-	-	-			298
Recognised in reserves	-	-	-	-	33,275	-	(1,528)			31,747
As at 30 June 2022	910,445	1,958,411	(740,565)	(352,126)	(973)	(1,240,889)	(2,207,467)			(1,673,164)
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	123,894	28,356	102,227	58,455	-	64,722	(186,354)			192,300
Acquisition of subsidiaries	-	-	-	-	-	(71,102)	-			(71,102)
Recognised in reserves	(155)	-	-	-	119,064	-	1,528			120,437
As at 31 December 2021	881,491	1,811,033	(1,181,623)	240,379	(34,248)	(1,181,118)	(2,600,424)			(1,964,510)

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

	As at 30 June 2022	As at 31 December 2021
Net deferred tax assets recognised in the condensed consolidated statement of financial position	704,761	654,651
Net deferred tax liabilities recognised in the condensed consolidated statement of financial position	<u>(2,377,925)</u>	<u>(2,619,161)</u>
Total	<u><u>(1,673,164)</u></u>	<u><u>(1,964,510)</u></u>

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

As at 30 June 2022 and 31 December 2021, the Group has not recognised unused tax losses of RMB811 million and RMB935 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. Most of the tax losses will not expire under current tax legislation.

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

	As at 30 June 2022	As at 31 December 2021
Leasehold improvements and long-term deferred expenses	<u><u>242,827</u></u>	<u><u>282,227</u></u>

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

	As at 30 June 2022	As at 31 December 2021
At the beginning of the period / year	282,227	283,320
Additions	5,956	41,363
Transfer in from property and equipment	9,647	77,333
Amortisation	(55,003)	(88,859)
Other decrease	-	(30,930)
At the end of the period / year	<u><u>242,827</u></u>	<u><u>282,227</u></u>

## 29 Accounts receivable

### (a) Analysed by nature:

	As at 30 June 2022	As at 31 December 2021
Accounts receivable of:		
- Return swap and OTC options	4,554,306	5,988,041
- Brokers, dealers and clearing house	1,899,578	991,861
- Fee and commission	1,322,166	1,859,488
- Settlement	1,256,985	444,084
- Redemption of open-ended fund	1,082,952	1,007,777
- Subscription receivable	61,954	1,646
- Others	59,363	92,016
Less: impairment losses	(95,943)	(97,739)
Total	<u>10,141,361</u>	<u>10,287,174</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 2022	As at 31 December 2021
Within 1 month	5,303,775	4,894,477
1 to 3 months	482,163	711,876
Over 3 months	4,355,423	4,680,821
Total	<u>10,141,361</u>	<u>10,287,174</u>

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

	As at 30 June 2022	As at 31 December 2021
At the beginning of the period / year	97,739	63,300
(Reversal)/ charge for the period / year, net	(1,768)	34,439
Written-off	(28)	-
At the end of the period / year	<u>95,943</u>	<u>97,739</u>

### (d) Accounts receivable that is not impaired

Receivables that were neither past due nor impaired were relate to a wide range of customers for whom there was no recent history of default.

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

### 30 Other receivables, prepayments and other current assets

#### (a) Analysed by nature:

	As at 30 June 2022	As at 31 December 2021
Other receivables <sup>(1)</sup>	744,657	488,998
Prepayments	259,812	822,411
Interest receivable <sup>(2)</sup>	72,863	180,664
Dividend receivable	71,126	23,217
Deductible VAT	39,790	76,308
Deferred expenses	30,655	25,211
Others	533,422	505,437
Total	<u>1,752,325</u>	<u>2,122,246</u>

The balance of others mainly represents commodity and other prepayments arising from normal course of business.

#### (1) Other receivables:

	As at 30 June 2022	As at 31 December 2021
Other receivables	1,514,766	1,254,107
Less: impairment losses	<u>(770,109)</u>	<u>(765,109)</u>
Total	<u>744,657</u>	<u>488,998</u>

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

	As at 30 June 2022	As at 31 December 2021
At the beginning of the period / year	765,109	798,053
Charge/ (reversal) for the period / year, net	5,028	(31,413)
Written-off	<u>(28)</u>	<u>(1,531)</u>
At the end of the period / year	<u>770,109</u>	<u>765,109</u>

**(2) Interest receivable:**

	As at 30 June 2022	As at 31 December 2021
Interest receivable	111,188	217,610
Less: impairment losses	<u>(38,325)</u>	<u>(36,946)</u>
Total	<u><u>72,863</u></u>	<u><u>180,664</u></u>

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

	As at 30 June 2022	As at 31 December 2021
At the beginning of the period / year	36,946	34,283
Charge for the period / year, net	1,727	2,663
Written-off	<u>(348)</u>	<u>-</u>
At the end of the period / year	<u><u>38,325</u></u>	<u><u>36,946</u></u>

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

	As at 30 June 2022	As at 31 December 2021
Individuals	92,649,173	107,203,947
Institutions	12,270,267	11,652,609
Less: impairment losses	<u>(1,573,055)</u>	<u>(1,914,311)</u>
Total	<u><u>103,346,385</u></u>	<u><u>116,942,245</u></u>

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

	As at 30 June 2022	As at 31 December 2021
At the beginning of the period / year	1,914,311	1,468,251
(Reversal) /charge for the period / year, net	<u>(341,256)</u>	<u>446,060</u>
At the end of the period / year	<u><u>1,573,055</u></u>	<u><u>1,914,311</u></u>

**(c) The fair value of collateral for margin financing and securities lending business is analysed as follows:**

	As at 30 June 2022	As at 31 December 2021
Fair value of collateral:		
Equity securities	360,321,880	409,894,030
Funds	29,767,745	38,617,145
Cash	18,563,430	17,893,342
Debt securities	1,337,706	1,103,497
Total	<u>409,990,761</u>	<u>467,508,014</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.

### 32 Financial assets held under resale agreements

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

	As at 30 June 2022	As at 31 December 2021
Debt securities	8,684,688	6,489,324
Equity securities	6,327,989	6,381,423
Less: impairment losses	(1,174,940)	(1,118,777)
Total	<u>13,837,737</u>	<u>11,751,970</u>

**(b) Analysed by market:**

	As at 30 June 2022	As at 31 December 2021
Shanghai stock exchange	2,844,483	2,311,925
Shenzhen stock exchange	4,650,586	5,079,673
Inter-bank market	5,495,779	2,807,218
Others	2,021,829	2,671,931
Less: impairment losses	(1,174,940)	(1,118,777)
Total	<u>13,837,737</u>	<u>11,751,970</u>

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

	As at 30 June 2022	As at 31 December 2021
At the beginning of the period / year	1,118,777	1,039,412
Charge for the period / year, net	56,015	80,513
Written-off	-	(1,148)
Other	148	-
At the end of the period / year	<u>1,174,940</u>	<u>1,118,777</u>

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

	As at 30 June 2022	As at 31 December 2021
Within 1 month	2,084,526	1,357,437
1 to 3 months	1,846,707	836,464
3 months to 1 year	2,396,756	4,187,522
Less: impairment losses	<u>(1,122,744)</u>	<u>(1,069,179)</u>
Total	<u><u>5,205,245</u></u>	<u><u>5,312,244</u></u>

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

As at 30 June 2022				
	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL- credit impaired	Total
Amortised cost	4,975,584	53,926	1,298,479	6,327,989
Impairment losses	<u>(11,791)</u>	<u>(545)</u>	<u>(1,110,408)</u>	<u>(1,122,744)</u>
Carrying amount	<u>4,963,793</u>	<u>53,381</u>	<u>188,071</u>	<u>5,205,245</u>
Collateral	<u>16,424,948</u>	<u>333,030</u>	<u>1,302,090</u>	<u>18,060,068</u>

As at 31 December 2021				
	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL- credit impaired	Total
Amortised cost	5,250,484	-	1,130,939	6,381,423
Impairment losses	<u>(12,440)</u>	<u>-</u>	<u>(1,056,739)</u>	<u>(1,069,179)</u>
Carrying amount	<u>5,238,044</u>	<u>-</u>	<u>74,200</u>	<u>5,312,244</u>
Collateral	<u>20,081,029</u>	<u>-</u>	<u>786,652</u>	<u>20,867,681</u>



### 33 Derivative financial instruments

	As at 30 June 2022		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives	877,872,421	767,526	(1,057,450)
Currency derivatives	93,215,092	745,576	(1,222,041)
Equity derivatives	506,782,421	19,842,957	(9,350,592)
Credit derivatives	2,533,521	127,726	(34,123)
Others	116,521,620	2,142,280	(2,365,978)
Total	<u>1,596,925,075</u>	<u>23,626,065</u>	<u>(14,030,184)</u>
Less: settlement		(745,455)	2,482,225
Net position		<u>22,880,610</u>	<u>(11,547,959)</u>

	As at 31 December 2021		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives	672,114,240	90,322	(1,337,816)
Currency derivatives	53,868,333	479,737	(868,927)
Equity derivatives	593,376,992	13,054,672	(10,585,895)
Credit derivatives	3,648,567	410,318	(68)
Others	88,218,718	1,242,478	(809,954)
Total	<u>1,411,226,850</u>	<u>15,277,527</u>	<u>(13,602,660)</u>
Less: settlement		(29,722)	2,959,438
Net position		<u>15,247,805</u>	<u>(10,643,222)</u>

Under the daily mark-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 futures companies, 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 2022 and 31 December 2021.

#### 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 2022							
	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	-	1,342,280	-	-	1,342,280	10,636	-

As at 31 December 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	-	-	1,275,160	-	1,275,160	-	(14,184)

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

As at 30 June 2022					
	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	-	(2,687,314)	24,820	10,636	Long-term bonds

As at 31 December 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	-	(2,552,586)	20,164	(14,184)	Long-term bonds

### 34 Clearing settlement funds

	As at 30 June 2022	As at 31 December 2021
Deposits with stock exchanges		
- China Securities Depository and Clearing Corporation Limited	5,433,142	8,118,615
- Hong Kong Securities Clearing Company Limited	43,744	200,287
Deposits with other institutions	2,407,606	262,039
Total	7,884,492	8,580,941

### 35 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 condensed consolidated statement 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.

### 36 Cash and bank balances

#### (a) Analysed by nature:

	As at 30 June 2022	As at 31 December 2021
Cash on hand	386	208
Bank balances	40,017,131	37,238,750
Less: impairment losses	(565)	(1,157)
Total	<u>40,016,952</u>	<u>37,237,801</u>

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

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

	As at 30 June 2022	As at 31 December 2021
At the beginning of the period / year	1,157	1,430
Reversal of impairment for the period / year, net	(592)	(273)
At the end of the period / year	<u>565</u>	<u>1,157</u>

### 37 Cash and cash equivalents

	<i>As at 30 June 2022</i>	<i>As at 31 December 2021</i>
Cash on hand	386	208
Bank balances	39,990,914	37,203,291
Clearing settlement funds	7,884,479	8,580,920
Financial assets held under resale agreements within 3 months original maturity	8,683,590	4,191,977
Bond investment within 3 months original maturity	79,669	388,187
Less: restricted bank deposits and bank deposits with original maturity of more than three months	<b>(3,777,708)</b>	<b>(4,463,221)</b>
Total	<b>52,861,330</b>	<b>45,901,362</b>

The restricted bank deposits mainly include deposits reserved for VAT payable of asset management plans, minimum liquid capital restriction deposits, risk reserve deposits, securities underwriting brokerage deposits.

### 38 Short-term bank loans

	<i>As at 30 June 2022</i>	<i>As at 31 December 2021</i>
Credit loans	5,540,443	8,492,290
Pledged loans	128,284	-
Total	<b>5,668,727</b>	<b>8,492,290</b>

As of 30 June 2022, the interest rates for short-term loans were in the range of 1.65%-2.83% per annum (31 December 2021: 0.8% - 1.35% per annum).

### 39 Short-term debt instruments issued

As at 30 June 2022

Name	Par value		Value date	Due date	Issue amount		Nominal interest rate
	Original	Currency			Original	Currency	
21 HUATAI S2	RMB4,000,000		28/06/2021	28/06/2022	RMB4,000,000		2.95%
21 HUATAI S3	RMB 2,000,000		09/07/2021	22/02/2022	RMB 2,000,000		2.75%
21 HUATAI S4	RMB 4,000,000		09/07/2021	09/07/2022	RMB 4,000,000		2.87%
21 HUATAI S5	RMB 3,000,000		19/07/2021	19/07/2022	RMB 3,000,000		2.75%
21 HUATAI S6	RMB 4,000,000		09/08/2021	11/02/2022	RMB 4,000,000		2.55%
21 HUATAI S7	RMB 4,000,000		16/08/2021	20/01/2022	RMB 4,000,000		2.51%
21 HUATAI S9	RMB 2,300,000		06/12/2021	08/06/2022	RMB 2,300,000		2.64%
21 HUA S10	RMB 2,700,000		06/12/2021	25/11/2022	RMB 2,700,000		2.70%
21 HUA S11	RMB 2,000,000		13/12/2021	13/05/2022	RMB 2,000,000		2.62%
21 HUA S12	RMB 1,000,000		21/12/2021	21/09/2022	RMB 1,000,000		2.70%
21 HUA S13	RMB 4,000,000		21/12/2021	21/12/2022	RMB 4,000,000		2.75%
21 HUA S14	RMB 4,000,000		29/12/2021	29/11/2022	RMB 4,000,000		2.75%
22 HUATAI F1	RMB 4,000,000		17/01/2022	17/01/2024	RMB 4,000,000		2.75%
HUATAI B2203a	USD100,000		23/03/2021	21/03/2022	USD100,000		0.35%
HUATAI B2206	USD100,000		11/06/2021	09/06/2022	USD100,000		0.70%
HUATAI B2203b	HKD300,000		07/12/2021	10/03/2022	HKD300,000		0.55%
HUATAI B2203c	USD30,000		29/12/2021	29/03/2022	USD30,000		0.65%
HUATAI B2204a	USD100,000		18/01/2022	18/04/2022	USD100,000		0.65%
HUATAI B2204b	USD60,000		24/01/2022	25/04/2022	USD60,000		0.65%
HUATAI B2207	USD100,000		28/01/2022	28/07/2022	USD100,000		0.80%
HUATAI B2205a	USD20,000		10/02/2022	10/05/2022	USD20,000		1.05%
HUATAI B2204c	USD50,000		25/02/2022	25/04/2022	USD50,000		0.70%
HUATAI B2212a	USD100,000		24/03/2022	23/12/2022	USD100,000		1.00%
HUATAI B2212b	USD100,000		24/03/2022	23/12/2022	USD100,000		1.00%
HUATAI B2212c	USD50,000		24/03/2022	23/12/2022	USD50,000		1.00%
HUATAI B2209a	USD50,000		24/03/2022	23/09/2022	USD50,000		1.65%
HUATAI B2209b	USD50,000		25/03/2022	26/09/2022	USD50,000		0.95%
HUATAI B2304a	USD100,000		07/04/2022	06/04/2023	USD100,000		1.50%
HUATAI B2304b	USD100,000		07/04/2022	06/04/2023	USD100,000		1.50%
HUATAI B2304c	USD100,000		07/04/2022	06/04/2023	USD100,000		1.50%
HUATAI B2209c	USD30,000		06/04/2022	30/09/2022	USD30,000		1.75%
HUATAI B2211a	USD50,000		05/05/2022	04/11/2022	USD50,000		2.04%
HUATAI B2211b	USD18,000		10/05/2022	10/11/2022	USD18,000		2.15%
HUATAI B2211c	USD50,000		05/05/2022	04/11/2022	USD50,000		1.75%
HUATAI B2208a	USD60,000		04/05/2022	04/08/2022	USD60,000		1.25%
HUATAI B2305a	USD50,000		27/05/2022	25/05/2023	USD50,000		2.85%
HUATAI B2302a	USD50,000		27/05/2022	28/02/2023	USD50,000		2.81%
HUATAI B2208b	USD30,000		02/06/2022	31/08/2022	USD30,000		2.00%
HUATAI B2208c	USD20,000		02/06/2022	12/08/2022	USD20,000		1.90%
HUATAI B2306	USD100,000		10/06/2022	08/06/2023	USD100,000		2.86%
HUATAI B2205b	HKD280,000		10/02/2022	10/05/2022	HKD280,000		1.00%
HUATAI B2209d	HKD800,000		01/04/2022	30/09/2022	HKD800,000		0.65%
HUATAI B2211d	HKD300,000		10/05/2022	10/11/2022	HKD300,000		1.50%
HUATAI B2211e	HKD490,000		13/05/2022	14/11/2022	HKD490,000		1.73%
HUATAI B2302b	HKD300,000		13/05/2022	13/02/2023	HKD300,000		2.15%
Structured notes <sup>(1)</sup>	RMB15,998,560		Note (1)	Note (1)	RMB15,998,560		Note (1)

Name	Book value as at 1 January 2022		Increase		Decrease		Book value as at 30 June 2022	
	RMB equivalent		RMB equivalent		RMB equivalent		RMB equivalent	
21 HUATAI S2	4,059,983		58,017		(4,118,000)		-	
21 HUATAI S3	2,026,317		8,039		(2,034,356)		-	
21 HUATAI S4	4,054,931		57,400		-		4,112,331	
21 HUATAI S5	3,037,258		41,250		-		3,078,508	
21 HUATAI S6	4,040,306		11,672		(4,051,978)		-	
21 HUATAI S7	4,037,785		5,401		(4,043,186)		-	
21 HUATAI S9	2,304,244		26,366		(2,330,610)		-	
21 HUA S10	2,705,095		36,450		-		2,741,545	
21 HUA S11	2,002,676		19,002		(2,021,678)		-	
21 HUA S12	1,000,798		13,500		-		1,014,298	
21 HUA S13	4,003,253		55,000		-		4,058,253	
21 HUA S14	4,000,887		55,000		-		4,055,887	
22 HUATAI F1	-		4,050,269		-		4,050,269	
HUATAI B2203a	636,859		36,617		(673,476)		-	
HUATAI B2206	639,724		36,088		(675,812)		-	
HUATAI B2203b	245,294		11,626		(256,920)		-	
HUATAI B2203c	191,212		10,453		(201,665)		-	
HUATAI B2204a	-		672,067		(672,067)		-	
HUATAI B2204b	-		403,244		(403,244)		-	
HUATAI B2207	-		673,132		-		673,132	
HUATAI B2205a	-		134,547		(134,547)		-	
HUATAI B2204c	-		335,879		(335,879)		-	
HUATAI B2212a	-		670,432		-		670,432	
HUATAI B2212b	-		670,388		-		670,388	
HUATAI B2212c	-		335,216		-		335,216	
HUATAI B2209a	-		336,994		-		336,994	
HUATAI B2209b	-		335,749		-		335,749	
HUATAI B2304a	-		669,043		-		669,043	
HUATAI B2304b	-		669,043		-		669,043	
HUATAI B2304c	-		669,043		-		669,043	
HUATAI B2209c	-		202,050		-		202,050	
HUATAI B2211a	-		336,551		-		336,551	
HUATAI B2211b	-		121,143		-		121,143	
HUATAI B2211c	-		335,878		-		335,878	
HUATAI B2208a	-		403,211		-		403,211	
HUATAI B2305a	-		335,796		-		335,796	
HUATAI B2302a	-		336,377		-		336,377	
HUATAI B2208b	-		200,924		-		200,924	
HUATAI B2208c	-		134,393		-		134,393	
HUATAI B2306	-		670,924		-		670,924	
HUATAI B2205b	-		240,037		(240,037)		-	
HUATAI B2209d	-		684,027		-		684,027	
HUATAI B2211d	-		257,423		-		257,423	
HUATAI B2211e	-		419,679		-		419,679	
HUATAI B2302b	-		256,961		-		256,961	
Structured notes <sup>(1)</sup>	14,612,036		16,157,178		(14,764,651)		16,004,563	
Total	53,598,658		32,199,479		(36,958,106)		48,840,031	

As at 31 December 2021

Name	Par value	Value 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 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%
20 HUATAI CP010	RMB5,000,000	15/12/2020	15/03/2021	RMB5,000,000	2.94%
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 CP005	RMB4,000,000	15/07/2021	13/10/2021	RMB4,000,000	2.15%
21 HUATAI CP006	RMB3,000,000	22/07/2021	20/10/2021	RMB3,000,000	2.15%
21 HUATAI S2	RMB4,000,000	28/06/2021	26/09/2021	RMB4,000,000	2.95%
21 HUATAI S3	RMB2,000,000	09/07/2021	22/02/2022	RMB2,000,000	2.75%
21 HUATAI S4	RMB4,000,000	09/07/2021	09/07/2022	RMB4,000,000	2.87%
21 HUATAI S5	RMB3,000,000	19/07/2021	19/07/2022	RMB3,000,000	2.75%
21 HUATAI S6	RMB4,000,000	09/08/2021	11/02/2022	RMB4,000,000	2.55%
21 HUATAI S7	RMB4,000,000	16/08/2021	20/01/2022	RMB4,000,000	2.51%
21 HUATAI S8	RMB3,000,000	26/08/2021	09/11/2021	RMB3,000,000	2.40%
21 HUATAI S9	RMB2,300,000	06/12/2021	08/06/2022	RMB2,300,000	2.64%
21 HUA S10	RMB2,700,000	06/12/2021	25/11/2022	RMB2,700,000	2.70%
21 HUA S11	RMB2,000,000	13/12/2021	13/05/2022	RMB2,000,000	2.62%
21 HUA S12	RMB1,000,000	21/12/2021	21/09/2022	RMB1,000,000	2.70%
21 HUA S13	RMB4,000,000	21/12/2021	21/12/2022	RMB4,000,000	2.75%
21 HUA S14	RMB4,000,000	29/12/2021	29/11/2022	RMB4,000,000	2.75%
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 B2203a	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 B2112b	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%
HUATAI B211b	HKD300,000	27/08/2021	26/11/2021	HKD300,000	0.50%
HUATAI B2203b	HKD300,000	07/12/2021	10/03/2022	HKD300,000	0.55%
HUATAI B2203c	USD30,000	29/12/2021	29/03/2022	USD30,000	0.65%
Structured notes <sup>(1)</sup>	RMB14,605,615	Note (1)	Note (1)	RMB14,605,615	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 S1	5,557,300		113,208		(5,670,508)		-	
20 HUATAI S2	1,515,375		18,937		(1,534,312)		-	
20 HUATAI S3	5,053,333		97,634		(5,150,967)		-	
20 HUATAI S4	4,042,000		37,100		(4,079,100)		-	
20 HUATAI CP010	5,006,847		29,400		(5,036,247)		-	
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	-		4,023,671		(4,023,671)		-	
21 HUATAI CP005	-		4,021,205		(4,021,205)		-	
21 HUATAI CP006	-		3,015,904		(3,015,904)		-	
21 HUATAI S2	-		4,059,983		-		4,059,983	
21 HUATAI S3	-		2,026,317		-		2,026,317	
21 HUATAI S4	-		4,054,931		-		4,054,931	
21 HUATAI S5	-		3,037,258		-		3,037,258	
21 HUATAI S6	-		4,040,306		-		4,040,306	
21 HUATAI S7	-		4,037,785		-		4,037,785	
21 HUATAI S8	-		3,014,761		(3,014,761)		-	
21 HUATAI S9	-		2,304,244		-		2,304,244	
21 HUA S10	-		2,705,095		-		2,705,095	
21 HUA S11	-		2,002,676		-		2,002,676	
21 HUA S12	-		1,000,798		-		1,000,798	
21 HUA S13	-		4,003,253		-		4,003,253	
21 HUA S14	-		4,000,887		-		4,000,887	
HUATAI B2111	323,745		1,434		(325,179)		-	
HUATAI B2112	-		386,378		(386,378)		-	
HUATAI B2108a	-		128,025		(128,025)		-	
HUATAI B2203a	-		636,859		-		636,859	
HUATAI B2108b	-		223,308		(223,308)		-	
HUATAI B2112b	-		638,159		(638,159)		-	
HUATAI B2206	-		639,724		-		639,724	
HUATAI B2111b	-		245,586		(245,586)		-	
HUATAI B2203b	-		245,294		-		245,294	
HUATAI B2203c	-		191,212		-		191,212	
Structured notes <sup>(1)</sup>	20,120,975		65,875,960		(71,384,899)		14,612,036	
Total	43,951,388		129,940,890		(120,293,620)		53,598,658	

(1) During the six months ended 30 June 2022, the Company has issued 1,509 tranches of structured notes, bearing interest ranging from 1.60% to 6.58% per annum, repayable within 1 year. Structured notes repayable more than 1 year are classified as "Long-term bonds" (Note 46). (During the year ended 31 December 2021, the Company has issued 3,849 tranches of structured notes, bearing interest ranging from 2.00% to 6.58% per annum).



#### 40 Placements from other financial institutions

	<i>As at 30 June 2022</i>	<i>As at 31 December 2021</i>
Placements from banks	<u>43,339,686</u>	<u>14,018,721</u>

As at 30 June 2022, the placements from banks are unsecured, bearing interest of 1.10% - 2.53% per annum, with maturities within 91 days. (As at 31 December 2021, the placements from banks are unsecured, bearing interest of 0.25% - 3.10% per annum, with maturities within 132 days).

#### 41 Accounts payable to brokerage clients

	<i>As at 30 June 2022</i>	<i>As at 31 December 2021</i>
Clients' deposits for brokerage trading	138,607,534	127,624,066
Clients' deposits for margin financing and securities lending	<u>20,170,000</u>	<u>19,877,767</u>
Total	<u>158,777,534</u>	<u>147,501,833</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.

#### 42 Other payables and accruals

Non-current

	<i>As at 30 June 2022</i>	<i>As at 31 December 2021</i>
Lease liabilities		
1 to 2 years (inclusive)	407,901	424,798
2 to 5 years (inclusive)	610,213	473,956
After 5 years	<u>22,329</u>	<u>1,545</u>
Total	<u>1,040,443</u>	<u>900,299</u>

The Group's leases are mainly land and buildings for operations. Most lease contracts are entered into terms from 1 year to 5 years.

(1) During the six months ended 30 June 2022, the expenses related to short-term leases and low-value leases of RMB21 million (six months ended 30 June 2021: RMB29 million) were recognised in profit or loss.

(2) As at 30 June 2022, the cash flows of lease contracts signed by the Group but lease not yet commenced are insignificant.

## Current

	<i>As at 30 June 2022</i>	<i>As at 31 December 2021</i>
Trade payable	89,211,820	84,166,271
Payable to brokers, dealers and clearing house	11,567,128	13,443,598
Dividend payable	4,562,467	13,097
Payable to open-ended funds	764,865	5,441,731
Funds payable to securities issuers	579,587	38,747
Lease liabilities	426,940	330,256
Restrictive repurchase obligation	375,753	395,746
Other tax payable	323,874	790,446
Futures risk reserve	193,363	178,120
Payable to outsourcing service	168,781	120,474
Fee and commission payable	61,708	253,680
Payable to the securities investor protection fund	54,345	68,238
Payable for office building construction	31,571	35,315
Dividend payable of pledged exchangeable bond	-	372,768
Payable to other interest holders of consolidated structured entities <sup>(1)</sup>	-	44,954
Redemption payables	-	26,761
Others <sup>(2)</sup>	1,080,880	900,553
Total	<u>109,403,082</u>	<u>106,620,755</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 condensed 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.

### 43 Financial assets sold under repurchase agreements

#### (1) Analysed by collateral type:

	<i>As at 30 June 2022</i>	<i>As at 31 December 2021</i>
Debt securities	118,030,188	104,067,070
Equity securities	14,125,799	17,565,523
Precious metal	1,133,395	9,077,408
Total	<u>133,289,382</u>	<u>130,710,001</u>

As at 30 June 2022, the Group's pledged collateral in connection with financial assets sold under repurchase agreements amounted to RMB 155,402 million (as at 31 December 2021: RMB144,064 million).

**(2) Analysed by market :**

	<i>As at 30 June 2022</i>	<i>As at 31 December 2021</i>
Shanghai stock exchange	27,816,977	26,817,766
Inter-bank market	75,519,584	60,896,105
Over-the-counter	22,318,528	36,936,138
Shenzhen stock exchange	7,634,293	6,059,992
Total	<u>133,289,382</u>	<u>130,710,001</u>

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

## Non-current

	<i>As at 30 June 2022</i>	<i>As at 31 December 2021</i>
Financial liabilities designated at fair value through profit or loss	<u>2,731,642</u>	<u>2,833,456</u>

## Current

	<i>As at 30 June 2022</i>	<i>As at 31 December 2021</i>
Financial liabilities held for trading	36,107,359	27,171,191
Financial liabilities designated at fair value through profit or loss <sup>(1)</sup>	<u>2,035,608</u>	<u>1,118,271</u>
Total	<u>38,142,967</u>	<u>28,289,462</u>

(1) In the condensed 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 2022, there were no significant fair value changes related to the changes in the credit risk of the Group.

## 45 Long-term bonds due within one year

As at 30 June 2022

Name	Par value	Value 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%
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%
20 HUATAI G1	RMB8,000,000	26/03/2020	26/03/2023	RMB8,000,000	2.99%
20 HUATAI G6	RMB3,200,000	18/06/2020	18/06/2023	RMB3,200,000	3.10%
20 HUATAI G8	RMB4,000,000	09/12/2020	09/12/2022	RMB4,000,000	3.67%
19 Finance 01	RMB6,000,000	21/08/2019	21/08/2022	RMB6,000,000	3.40%
HUATAI B2205c	USD500,000	23/05/2019	23/05/2022	USD500,000	3.38%
HUATAI B2302c	USD400,000	12/02/2020	12/02/2023	USD400,000	LIBOR+0.95%
Structured notes <sup>(1)</sup>	RMB767,947	Note (1)	Note (1)	RMB767,947	Note (1)

Name	Book value as at 1 January 2022	Increase	Decrease	Book value as at 30 June 2022
	RMB equivalent	RMB equivalent	RMB equivalent	RMB equivalent
13 HUATAI 02	-	6,330,013	(306,000)	6,024,013
19 HUATAI G1	7,201,826	55,774	(7,257,600)	-
19 HUATAI G3	5,130,878	59,122	(5,190,000)	-
19 HUATAI 02	5,116,891	80,109	(5,197,000)	-
19 HUATAI 03	4,026,648	74,246	-	4,100,894
20 HUATAI G1	-	8,300,996	(239,200)	8,061,796
20 HUATAI G6	-	3,300,955	(99,200)	3,201,755
20 HUATAI G8	4,008,705	73,618	-	4,082,323
19 Finance 01	6,073,407	102,487	-	6,175,894
HUATAI B2205c	3,198,594	213,733	(3,412,327)	-
HUATAI B2302c	-	2,730,804	(43,490)	2,687,314
Structured notes <sup>(1)</sup>	615,359	165,131	(8,000)	772,490
Total	35,372,308	21,486,988	(21,752,817)	35,106,479

As at 31 December 2021

Name	Par value	Value 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 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%
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 G8	RMB4,000,000	09/12/2020	09/12/2022	RMB4,000,000	3.67%
HUATAI B2205	USD500,000	16/05/2019	16/05/2022	USD500,000	3.38%
Structured notes <sup>(1)</sup>	RMB613,940	Note (1)	Note (1)	RMB613,940	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
16 HUATAI G2	2,508,601	84,497	(2,593,098)	-
16 HUATAI G4	3,006,354	108,368	(3,114,722)	-
18 HUATAI C2	2,893,742	48,335	(2,942,077)	-
18 HUATAI G1	3,010,179	98,057	(3,108,236)	-
19 HUATAI G1	-	7,459,426	(257,600)	7,201,826
19 HUATAI G3	-	5,320,878	(190,000)	5,130,878
19 HUATAI 02	-	5,313,891	(197,000)	5,116,891
19 HUATAI 03	-	4,173,848	(147,200)	4,026,648
19 Finance 01	-	6,277,407	(204,000)	6,073,407
20 HUATAI G8	-	4,155,505	(146,800)	4,008,705
HUATAI B2205	-	3,285,482	(86,888)	3,198,594
Structured notes <sup>(1)</sup>	10,017	615,686	(10,344)	615,359
Total	11,428,893	36,941,380	(12,997,965)	35,372,308

(1) As at 30 June 2022, RMB 772.49 million of structured notes would mature within one year (as at 31 December 2021: RMB 615.36 million).

## 46 Long-term bonds

As at 30 June 2022

Name	Par value	Value 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	RMB 1,000,000	26/11/2018	26/11/2023	RMB 1,000,000	4.17%
20 HUATAI G1	RMB 8,000,000	26/03/2020	26/03/2023	RMB 8,000,000	2.99%
20 HUATAI G3	RMB 3,500,000	29/04/2020	29/04/2025	RMB 3,500,000	2.90%
20 HUATAI G4	RMB 3,000,000	21/05/2020	21/05/2025	RMB 3,000,000	3.20%
20 HUATAI G6	RMB 3,200,000	18/06/2020	18/06/2023	RMB 3,200,000	3.10%
20 HUATAI G7	RMB 3,500,000	24/11/2020	24/11/2023	RMB 3,500,000	3.90%
20 HUATAI G9	RMB 4,000,000	09/12/2020	09/12/2023	RMB 4,000,000	3.79%
20 HUATAI C1	RMB 5,000,000	13/11/2020	13/11/2025	RMB 5,000,000	4.48%
21 HUATAI G1	RMB 4,000,000	20/01/2021	20/01/2024	RMB 4,000,000	3.58%
21 HUATAI G3	RMB 5,000,000	26/04/2021	26/04/2024	RMB 5,000,000	3.42%
21 HUATAI G4	RMB 6,000,000	17/05/2021	17/05/2026	RMB 6,000,000	3.71%
21 HUATAI G5	RMB 4,000,000	24/05/2021	24/05/2024	RMB 4,000,000	3.28%
21 HUATAI G6	RMB 2,000,000	24/05/2021	24/05/2026	RMB 2,000,000	3.63%
21 HUATAI G7	RMB 2,000,000	15/06/2021	15/06/2024	RMB 2,000,000	3.40%
21 HUATAI 09	RMB 2,500,000	21/06/2021	21/06/2024	RMB 2,500,000	3.45%
21 HUATAI C1	RMB 9,000,000	29/01/2021	29/01/2026	RMB 9,000,000	4.50%
21 HUATAI 11	RMB 1,500,000	07/09/2021	07/09/2024	RMB 1,500,000	3.03%
21 HUATAI 12	RMB 2,700,000	07/09/2021	07/09/2031	RMB 2,700,000	3.78%
21 HUATAI 13	RMB 2,100,000	18/10/2021	18/10/2024	RMB 2,100,000	3.25%
21 HUATAI 14	RMB 3,400,000	18/10/2021	18/10/2031	RMB 3,400,000	3.99%
21 HUATAI 15	RMB 2,200,000	25/10/2021	25/10/2024	RMB 2,200,000	3.22%
21 HUATAI 16	RMB 1,100,000	25/10/2021	25/10/2031	RMB 1,100,000	3.94%
22 HUATAI G1	RMB 5,000,000	14/02/2022	14/02/2025	RMB 5,000,000	2.79%
HUATAI B2302c	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%
HUATAI B2503	USD1,000,000	03/03/2022	03/03/2025	USD1,000,000	2.38%
Structured notes <sup>(1)</sup>	RMB117,600	Note (1)	Note (1)	RMB117,600	Note (1)

Name	Book value as at 1 January 2022		Book value as at 30 June 2022	
	RMB equivalent	Increase RMB equivalent	Decrease RMB equivalent	RMB equivalent
13 HUATAI 02	6,176,275	-	(6,176,275)	-
18 HUATAI G2	1,003,674	20,947	-	1,024,621
20 HUATAI G1	8,180,110	-	(8,180,110)	-
20 HUATAI G3	3,566,005	51,070	(101,500)	3,515,575
20 HUATAI G4	3,056,894	48,273	(96,000)	3,009,167
20 HUATAI G6	3,251,065	-	(3,251,065)	-
20 HUATAI G7	3,513,326	68,492	-	3,581,818
20 HUATAI G9	4,008,862	75,929	-	4,084,791
20 HUATAI C1	5,026,991	112,305	-	5,139,296
21 HUATAI G1	4,133,205	72,247	(143,200)	4,062,252
21 HUATAI G3	5,112,607	86,286	(171,000)	5,027,893
21 HUATAI G4	6,133,706	111,841	(222,600)	6,022,947
21 HUATAI G5	4,076,248	66,226	(131,200)	4,011,274
21 HUATAI G6	2,042,198	36,481	(72,600)	2,006,079
21 HUATAI G7	2,035,430	34,311	(68,000)	2,001,741
21 HUATAI 09	2,543,518	43,513	(86,250)	2,500,781
21 HUATAI C1	9,367,298	203,323	(405,000)	9,165,621
21 HUATAI 11	1,513,470	22,902	-	1,536,372
21 HUATAI 12	2,730,519	51,108	-	2,781,627
21 HUATAI 13	2,113,536	34,223	-	2,147,759
21 HUATAI 14	3,427,022	67,859	-	3,494,881
21 HUATAI 15	2,212,710	35,494	-	2,248,204
21 HUATAI 16	1,107,814	21,680	-	1,129,494
22 HUATAI G1	-	5,048,277	-	5,048,277
HUATAI B2302c	2,552,586	-	(2,552,586)	-
HUATAI B2404	5,743,247	342,666	(39,262)	6,046,651
HUATAI B2604	3,194,403	201,658	(33,557)	3,362,504
HUATAI B2503	-	6,738,437	-	6,738,437
Structured notes <sup>(1)</sup>	143,400	-	(25,800)	117,600
Total	97,966,119	13,595,548	(21,756,005)	89,805,662

As at 31 December 2021

Name	Par value		Value 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 02	RMB10,000,000		24/07/2020	24/07/2022	RMB10,000,000		3.20%
20 HUATAI C1	RMB5,000,000		13/11/2020	13/11/2025	RMB5,000,000		4.48%
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%
21 HUATAI 11	RMB1,500,000		07/09/2021	07/09/2024	RMB1,500,000		3.03%
21 HUATAI 12	RMB2,700,000		07/09/2021	07/09/2031	RMB2,700,000		3.78%
21 HUATAI 13	RMB2,100,000		18/10/2021	18/10/2024	RMB2,100,000		3.25%
21 HUATAI 14	RMB3,400,000		18/10/2021	18/10/2031	RMB3,400,000		3.99%
21 HUATAI 15	RMB2,200,000		25/10/2021	25/10/2024	RMB2,200,000		3.22%
21 HUATAI 16	RMB1,100,000		25/10/2021	25/10/2031	RMB1,100,000		3.94%
HUATAIB2205	USD500,000		16/05/2019	16/05/2022	USD500,000		3.38%
HUATAIB2302	USD400,000		12/02/2020	12/02/2023	USD400,000	LIBOR+0.95%	
HUATAIB2404	USD900,000		09/04/2021	09/04/2024	USD900,000		1.30%
HUATAIB2604	USD500,000		09/04/2021	09/04/2026	USD500,000		2.00%
Structured notes <sup>(1)</sup>	RMB143,400		Note (1)	Note (1)	RMB143,400		Note (1)



Name	Book value as at	Increase	Decrease	Book value as at
	1 January 2021			31 December 2021
	RMB equivalent	RMB equivalent	RMB equivalent	RMB equivalent
13 HUATAI 02	6,171,490	310,785	(306,000)	6,176,275
18 HUATAI G2	1,003,413	41,961	(41,700)	1,003,674
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	-	(4,025,007)	-
19 Finance 01	6,072,453	-	(6,072,453)	-
20 HUATAI G1	8,177,637	241,673	(239,200)	8,180,110
20 HUATAI G3	3,565,376	102,129	(101,500)	3,566,005
20 HUATAI G4	3,056,359	96,611	(96,076)	3,056,894
20 HUATAI G6	3,250,725	99,540	(99,200)	3,251,065
20 HUATAI G7	3,512,736	137,090	(136,500)	3,513,326
20 HUATAI G8	4,008,066	-	(4,008,066)	-
20 HUATAI G9	4,008,443	152,019	(151,600)	4,008,862
20 HUATAI 02	10,132,432	160,618	(10,293,050)	-
20 HUATAI C1	5,025,058	225,933	(224,000)	5,026,991
21 HUATAI G1	-	4,137,065	(3,860)	4,133,205
21 HUATAI G3	-	5,117,432	(4,825)	5,112,607
21 HUATAI G4	-	6,139,497	(5,791)	6,133,706
21 HUATAI G5	-	4,080,108	(3,860)	4,076,248
21 HUATAI G6	-	2,044,128	(1,930)	2,042,198
21 HUATAI G7	-	2,037,360	(1,930)	2,035,430
21 HUATAI 09	-	2,545,931	(2,413)	2,543,518
21 HUATAI C1	-	9,376,680	(9,382)	9,367,298
21 HUATAI 11	-	1,514,497	(1,027)	1,513,470
21 HUATAI 12	-	2,732,368	(1,849)	2,730,519
21 HUATAI 13	-	2,113,972	(436)	2,113,536
21 HUATAI 14	-	3,427,728	(706)	3,427,022
21 HUATAI 15	-	2,213,167	(457)	2,212,710
21 HUATAI 16	-	1,108,042	(228)	1,107,814
HUATAIB2205	3,274,424	-	(3,274,424)	-
HUATAIB2302	2,611,554	4,635	(63,603)	2,552,586
HUATAIB2404	-	5,780,545	(37,298)	5,743,247
HUATAIB2604	-	3,226,282	(31,879)	3,194,403
Structured notes <sup>(1)</sup>	284,999	140,401	(282,000)	143,400
Total	85,624,295	59,308,197	(46,966,373)	97,966,119

(1) The Company has issued 5 tranches of long-term structured notes for the period ended 30 June 2022 (for the year ended 31 December 2021: 30 tranches). As at 30 June 2022, 28 tranches of long-term structured notes due within one year is classified as "Long-term bonds due within one year" (as at 31 December 2021: 14 tranches) (Note 45).

## 47 Long-term bank loans

	As at 30 June 2022	As at 31 December 2021
Unsecured bank loans	793,650	722,816
Less: unsecured bank loans due within one year	-	-
Total	<u>793,650</u>	<u>722,816</u>

## 48 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 2022		As at 31 December 2021	
	Number of shares	Nominal value	Number of shares	Nominal value
	(Thousands)		(Thousands)	
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	<u>9,076,650</u>	<u>9,076,650</u>	<u>9,076,650</u>	<u>9,076,650</u>

On 1 June 2015, the Company completed its initial public offering of 1,400,000,000 H shares on the Main Board of the Hong Kong Stock Exchange. On 19 June 2015, the Company partially exercised the over-allotment option and issued 162,768,800 H shares.

According to the relevant 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 private placement of issuance of 1,088,731,200 new A shares.

On 20 June 2019, the Company completed its issuance of 75,013,636 GDRs, representing 750,136,360 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 75,013,640 underlying A shares. In total, the Company has issued 82,515,000 GDRs, representing 825,150,000 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.

## 49 Other equity instruments

	As at 30 June 2022	As at 31 December 2021
Perpetual subordinated bonds	<u>12,694,871</u>	<u>9,996,425</u>

As approved by the CSRC, the Company issued four batches of perpetual subordinated bonds ("21 Huatai Y1", "21 Huatai Y2", "21 Huatai Y3" and "22 Huatai Y1") with an initial interest rate of 3.85%, 4.00%, 3.80%, 3.49% on 15 September 2021, 26 October 2021, 16 November 2021 and 24 January 2022. The perpetual subordinated bonds have no fixed maturity dates and the Company has an option to redeem the bonds at principal amounts plus any accrued interest on the fifth interest payment date or any

interest payment date afterwards.

The interest rate for perpetual subordinated bonds is fixed in the first 5 years and will be repriced every 5 years. The repriced interest rate is determined as the sum of the current base rate and the initial spread plus 300bp. The current base rate is defined as the average yield of 5 years treasury from the interbank fixed rate bond yield curve published on China Bond webpage 5 working days before the adjustment.

The issuer has the option to defer interest payment, except in the event of mandatory interest payments, so that at each interest payment date, the issuer may choose to defer the interest payment to the next payment date for the current period as well as all interest and accreted interest already deferred, without being subject to any limitation with respect to the number of deferrals. Mandatory interest payment events are limited to dividend distributions to ordinary equity holders and reductions of registered capital. As the Company declared dividend distribution to ordinary equity holders during the 2021 annual general meeting held on 22 June 2022, the Company has recognised interest payable to the perpetual subordinated bonds amounted to RMB485,730 thousand in dividend payable.

The perpetual subordinated bonds issued by the Company are classified as equity instruments and presented under equity in the condensed consolidated statement of financial position.

## 50 Treasury shares

	<i>As at</i> <i>1 January 2022</i>	<i>Increase for</i> <i>the period</i>	<i>Decrease for</i> <i>the period</i>	<i>As at</i> <i>30 June 2022</i>
Share repurchase	835,802	-	-	835,802
Restricted Share Incentive Scheme of A Shares	395,745	-	(19,992)	375,753
Total	<u>1,231,547</u>	<u>-</u>	<u>(19,992)</u>	<u>1,211,555</u>

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, at which 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.

On 22 June 2021, pursuant to the resolution of the 2020 Annual General Meeting of Shareholders, cash dividend of RMB4.00 (tax included) per 10 shares was distributed based on 9,076,650,000 shares deducting the actual number of shares entitled to the dividend distribution (exclusive of A shares of the Company in the repurchased securities account). The total amount of RMB18 million cash dividends was distributed to 810 incentive participants. According to the Restricted Share Incentive Scheme of A Shares Plan, before the restricted shares are unlocked, the incentive participants are eligible to receive the cash dividend (after tax). If the conditions for unlocking are not satisfied, the Company has the obligation to repurchase the shares. Due to the dividend is revocable, once the unlocking conditions are not met, the incentive participants need to return the cash dividend which they have received in the waiting period. Therefore, the share repurchase's obligation is reduced accordingly by RMB18 million.

On 22 June 2022, pursuant to the resolution of the 2021 Annual General Meeting of Shareholders, cash dividend of RMB4.50 (tax included) per 10 shares was distributed based on 9,076,650,000 shares deducting the actual number of shares entitled to the dividend distribution (excluding 45,278,495 shares deposited in the special repurchase accounts of the Company and 1,060,973 A Shares to be repurchased and cancelled). According to the Restricted Share Incentive Scheme of A Shares Plan, the share repurchase's obligation is reduced accordingly by RMB20 million.

## 51 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 changes in fair value of equity instruments designated at FVOCI; and
- The cumulative net changes in fair value of debt instruments at FVOCI until the assets are derecognised or reclassified. This amount is adjusted by the amount of loss allowance.

### **(e) Cash flow hedge 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 operations.

## 52 Retained profits

Pursuant to the resolution of the general meeting of the shareholders dated 22 June 2022, the Company was approved to distribute cash dividends of RMB4.50 (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 and the A shares to be repurchased and cancelled, with total cash dividends amounting to RMB4,064 million. The cash dividends of the Company was paid on 5 August 2022.

## 53 Commitments

### (a) Capital commitments

Capital commitments outstanding as at 30 June 2022 and 31 December 2021 not provided for in the consolidated financial statements were as follows:

	As at 30 June 2022	As at 31 December 2021
Contracted, but not provided for	4,886,800	2,469,201

The aforementioned capital commitments mainly represent securities underwriting commitments of the Group.

## 54 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 / or 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 2022 and 31 December 2021, the Group consolidates 46 and 34 structured entities, respectively, which are mainly asset management schemes. As at 30 June 2022 and 31 December 2021, the total assets of the consolidated structured entities are RMB47,274 million and RMB29,375 million, respectively, and the carrying amount of interests held by the Group in the consolidated structured entities are RMB41,455 million and RMB28,329 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 54(a), the Group's exposure to the variable returns in the remaining structured entities in which the Group has interests is not significant. The Group therefore did not consolidate these structured entities.

As at 30 June 2022 and 31 December 2021, the total assets of these unconsolidated structured entities managed by the Group amounted to RMB 557,431 million and RMB 521,972 million, respectively. As at 30 June 2022 and 31 December 2021, the carrying amount of interests held by the Group in these unconsolidated structured entities are RMB 9,612 million and RMB 3,403 million, respectively.

During the six months ended 30 June 2022 and 30 June 2021, income derived from these unconsolidated structured entities held by the Group amounted to RMB 47 million and RMB376 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 condensed 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 2022 and 31 December 2021, which are listed as below:

<i>As at 30 June 2022</i>			
	<i>Financial assets at fair value through profit or loss</i>		<i>Total</i>
Funds	94,039,717		94,039,717
Wealth management products	14,068,007		14,068,007
Total	108,107,724		108,107,724

<i>As at 31 December 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	49,197,876	-	49,197,876
Wealth management products	16,478,377	74,532	16,552,909
Total	65,676,253	74,532	65,750,785

## 55 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 2022 and 31 December 2021, based on the court rulings and advices from 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 2022, the major legal actions of the Group as the defendant are listed below:

- (1) During the year of 2022, the Company received the Notice of Legal Action and relevant litigation materials sent by court in March. The plaintiff, Hubei Daohuaxiang Liquor Co., Ltd. failed to fully cash its investment in "Wusheng Chunyu pure bond No. 2 private equity investment fund contract", sued to the Court to require Wusheng Asset Management (Guangzhou) Co., Ltd. (the first defendant) and Huatai Securities (the second defendant), to bear joint and several liability for compensation. The claim amount was RMB127 million. At the date of approval of this report, the case is in the process of trial. According to the judgment of the management, the Group has not accrued any estimated liabilities for the claim amount.
- (2) During the year of 2021, the Company received the arbitration document from Shanghai International Economic and Trade Arbitration Commission. Everbright Securities Co., Ltd. carried out 4 bond-pledge agreement repurchase transactions with HNA Group Finance Co., Ltd. ("HNA Finance") in December 2018. After the repurchase transaction expired in June 2019, HNA Finance failed to fulfill its repurchase obligation and applied for arbitration, requiring the Company, the broker of the bond pledge agreement repurchase, to repay the relevant financing, interest and liquidated damages. The total claim amount is RMB217.96 million. The first instance was held to hear the case on 29 October 2021, and no verdict has been reached as of the date of this report. According to the judgment of the management, the Group has not accrued any estimated liabilities for the claim amount.
- (3) 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 judgment of the management, the Group has not accrued any estimated liabilities for the claim amount.

## 56 Equity-settled share-based transactions

	Notes	As at 1 January 2022	Accrued for the period	Decrease for the period	As at 30 June 2022
Restricted Share Incentive Scheme of A Shares	(a)	98,209	63,910	-	162,119
Share-based payments of an overseas subsidiary	(b)	1,150,320	57,561	-	1,207,881
Total		1,248,529	121,471	-	1,370,000

### (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 2022 and 30 June 2021 are set out below:

Number of shares	Six months ended 30 June	
	2022	2021
Outstanding at the beginning of the period	44,463,027	-
Granted during the period	-	45,488,000
Exercised during the period	-	-
Forfeited during the period	(36,000)	-
Expired during the period	-	-
Outstanding at the end of the period	44,427,027	45,488,000
Exercisable at the end of the period	44,427,027	45,488,000

As at 30 June 2022 and 31 December 2021, cumulative amount of RMB 162.12 million and RMB 98.21 million was recognised in the capital reserve of the Company, respectively. The total expenses recognised for the six months ended 30 June 2022 and 30 June 2021 was RMB 63.91 million and RMB 33.71 million, respectively.

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 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 granted the original holders of Class C Common Unites Restricted Stock Awards equal to 6,309,049 shares of AssetMark common stock.

#### (ii) Stock Options

In connection with the IPO, AssetMark 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 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 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. During 2020 and 2021, AssetMark issued RSUs to all officers, certain employees and independent directors of the board, respectively. Most of these RSUs are scheduled to vest in substantially equal installments on each of the first four anniversaries of the date of grant. During the first six months of 2022, AssetMark issued 438,835 RSUs in aggregate to its officers, certain employees and independent directors of the board. Most of these RSUs are scheduled to vest in substantially equal installments on each of the first four anniversaries of the date of grant.

(iv) Stock Appreciation Rights (SARs)

On 9 June 2020, AssetMark 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 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 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. In July 2021, AssetMark issued SARs to certain officers. Each SAR has a strike price equal to the excess, if any, of the fair market value of its common stock measured on the exercise date over the strike price and is scheduled to vest and become exercisable in substantially equal installments on each of the first four anniversaries of the date of grant. During the first six months of 2022, AssetMark issued 1,030,037 SARs to certain officers. Each SAR is scheduled to vest and become exercisable in substantially equal installments on each of the first four anniversaries of the date of grant.

## 57 Related party relationships and transactions

### (a) Relationship of related parties

(i) Major shareholders

<i>Name of the shareholder</i>	<i>Place of registration</i>	<i>Registered share capital</i>	<i>Percentage of equity interest (%)</i>	<i>Voting rights (%)</i>
Jiangsu Guoxin Investment Group Limited	Nanjing	RMB30 billion	15.13	15.13
Jiangsu Communications Holdings Co., Ltd	Nanjing	RMB16.8 billion	5.39	5.39

The detailed information of the transactions and balances with Group's major shareholders is set out in Note 57(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 are individuals 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 and balances between the Group and major shareholders and their subsidiaries:



	<i>As at 30 June 2022</i>	<i>As at 31 December 2021</i>
Balances at the end of the period / year:		
Financial assets at fair value through profit or loss	-	72,975
Accounts payable to brokerage clients	53,107	50,018
Other payables and accruals	3,211	3,211
Accounts receivable	-	598

	<i>Six months ended 30 June</i>	
	<i>2022</i>	<i>2021</i>
Transactions during the period:		
Net investment gains	2,377	14,284
Fee and commission income	6,804	9,920
Interest income	-	780

For the six months ended 30 June 2022 and 30 June 2021, the Group has redeemed the bonds issued by major shareholders amounting to RMB70 million and RMB160 million, respectively.

For the six months ended 30 June 2022 and 30 June 2021, the Group has subscribed the bonds issued by major shareholders amounting to nil and RMB200 million, respectively.

(ii) Transactions and balances between the Group and associates:

	<i>As at 30 June 2022</i>	<i>As at 31 December 2021</i>
Balances at the end of the period / year:		
Cash and bank balances	1,756,050	467,782
Accounts receivable	190,495	271,617
Lease liabilities	84,906	103,195
Right-of-use assets	74,698	92,992
Accounts payable to brokerage clients	5,601	49,609
Other payables and accruals	98	-
Financial assets at fair value through profit or loss	10,054	9,523
Other receivables and prepayments	1,276	1,053
Placements from other financial institutions	1,700,382	1,500,330

	<i>Six months ended 30 June</i>	
	<i>2022</i>	<i>2021</i>
Transactions during the period:		
Fee and commission income	187,517	151,965
Other income and gains	1,619	1,619
Interest income	3,820	3,562
Interest expenses	(9,997)	(7,995)
Net investment gains/(losses)	(8,938)	(12,427)

For the six months ended 30 June 2022 and 30 June 2021, the associates have subscribed the corporate bond issued by the Group amounting to RMB284 million and RMB519 million, respectively.

For the six months ended 30 June 2022 and 30 June 2021, the associates have redeemed the short-term debt instruments issued by the Group amounting to nil and RMB1,151 million, respectively.

For the six months ended 30 June 2022 and 30 June 2021, the associates have redeemed the structured notes issued by the Group amounting to RMB103 million and nil, respectively.

For the six months ended 30 June 2022 and 30 June 2021, the capital injection made by the Group into the associates are RMB81 million and RMB147 million, respectively. For the six months ended 30 June 2022 and 30 June 2021, the capital reduction made by the Group from the associates are RMB88 million and RMB522 million, respectively.

For the six months ended 30 June 2022 and 30 June 2021, the Group has made repurchase agreements with associates for the total amount of RMB67,979 million and RMB31,078 million, respectively.

For the six months ended 30 June 2022 and 30 June 2021, the Group has taken placements from other financial institutions with associates for the total amount of RMB49,350 million and RMB56,000 million, respectively.

For the six months ended 30 June 2022 and 30 June 2021, the dividend received from associates are RMB1,005 million and RMB757 million, respectively.

For the six months ended 30 June 2022 and 30 June 2021, the Group has paid rental fee to associates for the total amounts of RMB26 million and RMB18 million, respectively.

(iii) Transactions and balances between the Group and joint ventures:

	<i>As at 30 June 2022</i>	<i>As at 31 December 2021</i>
<i>Balances at the end of the period / year:</i>		
Accounts receivable	8,745	24,000
Other receivables and prepayments	-	1,514
<hr/>		
	<i>Six months ended 30 June</i>	
	<i>2022</i>	<i>2021</i>
<i>Transactions during the period:</i>		
Fee and commission income	8,250	9,824

For the six months ended 30 June 2022 and 30 June 2021, the capital reduction made by the Group from the joint venture is RMB10 million and nil, respectively.

(iv) Transactions and balances between the Group and other related parties:

	<i>As at 30 June 2022</i>	<i>As at 31 December 2021</i>
Balances at the end of the period / year:		
Accounts payable to brokerage clients	26,679	41,311
<b>Six months ended 30 June</b>		
	<b>2022</b>	<b>2021</b>
Transactions during the period:		
Fee and commission income	62	36

### **(C) Key management personnel remuneration**

Remuneration for key management personnel of the Group is as follows:

	<i>Six months ended 30 June</i>	
	<b>2022</b>	<b>2021</b>
Employee benefits		
- Fees, salaries, allowances and bonuses	38,497	38,830
Post-employment benefits		
- Contribution to pension scheme	322	253
Share-based payments	7,960	3,868
<b>Total</b>	<b>46,779</b>	<b>42,951</b>

Total remuneration is included in "staff costs" (Note 11).

## **58 Segment reporting**

Management manages the business operations by the following segments in accordance with the nature of the operations and the services provided, and the performance measure of business segments utilised by the Group is profit before income tax:

- The wealth management segment engages in the trading of stocks, funds, bonds and futures on behalf of clients, to provide customers with a variety of financial products sales services and asset allocation services. Moreover, the activities of providing margin financing, securities lending, securities-backed lending and sell financial products are included in this segment.
- The institutional services segment mainly provides investment banking business to clients, research and institutional sales, equity securities investments and transactions, fixed income investments and transactions, OTC financial products and transactions.
- The investment management segment mainly consists of asset management, private equity investment, alternative investments and commodities trading and arbitrage.
- The international business segment mainly includes the overseas business of overseas subsidiaries.
- Other segments include other operations of head office, mainly including interest income, share of profit of associates and joint 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 2022

	<i>Wealth management</i>	<i>Institutional services</i>	<i>Investment management</i>	<i>International business</i>	<i>Others</i>	<i>Total</i>
Revenue						
- External	10,362,922	3,666,417	849,727	3,861,204	1,703,759	20,444,029
- Inter-segment	28,800	2,514	-	-	46,016	77,330
Other income and gains	2,003,904	117,162	43,590	323,381	569,197	3,057,234
Segment revenue and other income	12,395,626	3,786,093	893,317	4,184,585	2,318,972	23,578,593
Segment expenses	(8,007,493)	(2,977,089)	(549,527)	(2,926,501)	(2,822,819)	(17,283,429)
Segment operating profit / (loss)	4,388,133	809,004	343,790	1,258,084	(503,847)	6,295,164
Share of profit of associates and joint ventures	-	-	(687,163)	-	1,150,636	463,473
Profit / (loss) before income tax	4,388,133	809,004	(343,373)	1,258,084	646,789	6,758,637
Interest income	5,292,864	305,476	80,340	214,688	909,185	6,802,553
Interest expenses	(2,172,894)	(1,236,734)	(141,990)	(477,525)	(1,398,442)	(5,427,585)
Depreciation and amortisation expenses	(270,151)	(85,066)	(36,809)	(172,389)	(181,474)	(745,889)
Net reversal impairment loss on other assets	-	-	-	-	-	-
Net reversal of / (provision for) impairment loss on financial assets	283,915	(488)	1,257	48,433	4,507	337,624
Additions to non-current segment assets during the period	66,800	10,989	1,468	176,425	190,068	445,750
As at 30 June 2022						
<b>Segment assets</b>	<b>284,014,987</b>	<b>306,108,752</b>	<b>41,505,787</b>	<b>152,689,265</b>	<b>152,252,561</b>	<b>936,571,352</b>
<b>Segment liabilities</b>	<b>(275,696,845)</b>	<b>(299,037,075)</b>	<b>(16,461,715)</b>	<b>(137,699,106)</b>	<b>(51,284,063)</b>	<b>(780,178,804)</b>

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 31 December 2021						
<b>Segment assets</b>	288,840,978	302,178,205	34,903,726	141,457,908	138,156,490	905,537,307
<b>Segment liabilities</b>	(285,063,892)	(301,729,678)	(14,441,230)	(128,171,610)	(24,095,113)	(753,501,523)

Reconciliations of segment revenues, profit or loss, assets and liabilities:

	<i>For the six months ended 30 June</i>	
	2022	2021
<b>Revenue</b>		
Total revenue, gains and other income for segments	23,578,593	24,734,459
Elimination of inter-segment revenue	(99,571)	(118,930)
Consolidated revenue, gains and other income	<u>23,479,022</u>	<u>24,615,529</u>
<b>Profit</b>		
Total profit before income tax for segments	6,758,637	10,028,195
Elimination of inter-segment profit	15,359	8,706
Consolidated profit before income tax	<u>6,773,996</u>	<u>10,036,901</u>
<hr/>		
	<i>As at 30 June 2022</i>	<i>As at 31 December 2021</i>
<b>Assets</b>		
Total assets for segments	936,571,352	905,537,307
Elimination of inter-segment assets	(87,248,647)	(98,886,474)
Consolidated total assets	<u>849,322,705</u>	<u>806,650,833</u>
<b>Liabilities</b>		
Total liabilities for segments	(780,178,804)	(753,501,523)
Elimination of inter-segment liabilities	87,248,647	98,886,474
Consolidated total liabilities	<u>(692,930,157)</u>	<u>(654,615,049)</u>

For the six months ended 30 June 2022 and 30 June 2021, the Group's customer base is diversified and no customer had transactions which exceeded 10% of the Group's revenue.

### **(b) Geographical information**

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 2022			For the six months ended 30 June 2021		
	Mainland China	Overseas	Total	Mainland China	Overseas	Total
Revenue from external customers	16,582,825	3,861,204	20,444,029	20,590,756	3,583,671	24,174,427
Other income and gains	2,711,612	323,381	3,034,993	483,914	(42,812)	441,102
Total	19,294,437	4,184,585	23,479,022	21,074,670	3,540,859	24,615,529

	As at 30 June 2022			As at 31 December 2021		
	Mainland China	Overseas	Total	Mainland China	Overseas	Total
Specified non-current assets	26,597,651	9,443,437	36,041,088	26,426,848	8,973,237	35,400,085

## 59 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, the Implementation Plan for Stress Test and the 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, compliance risk and modelling 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 management 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 in transaction business; (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. 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.

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 transaction business, 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.

<i>Description</i>	<i>Stage of credit loss allowances</i>	
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. As at 30 June 2022, the credit loss rate is 0.24% and 1.01% for assets classified under Stage I and II, respectively. (As at 31 December 2021, the credit loss rate is 0.24% for assets classified under Stage I, no assets classified under Stage II).

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 2022

<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	565	-	-	565
Margin accounts receivable	545,730	932,058	95,267	1,573,055
Financial assets held under resale agreements	12,180	546	1,162,214	1,174,940
Accounts receivable	17,650	41,602	36,691	95,943
Debt instruments measured at amortised cost	4,047	11,635	-	15,682
Debt instruments at fair value through other comprehensive income	39,725	-	-	39,725
Other receivables and prepayments	651	28,915	778,868	808,434
<b>Total</b>	<b>620,548</b>	<b>1,014,756</b>	<b>2,073,040</b>	<b>3,708,344</b>

## As at 31 December 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	1,157	-	-	1,157
Margin accounts receivable	780,028	1,042,276	92,007	1,914,311
Financial assets held under resale agreements	12,440	-	1,106,337	1,118,777
Accounts receivable	-	97,739	-	97,739
Debt instruments measured at amortised cost	3,480	11,635	-	15,115
Debt instruments at fair value through other comprehensive income	47,736	-	49,374	97,110
Other receivables and prepayments	-	24,565	777,490	802,055
<b>Total</b>	<b>844,841</b>	<b>1,176,215</b>	<b>2,025,208</b>	<b>4,046,264</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 and the China Banking and 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 20 March 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. 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%;
- (ii) The ratio of net capital divided by net assets shall be no less than 20%;
- (iii) The ratio of net capital divided by liabilities shall be no less than 8%;
- (iv) The ratio of net assets divided by liabilities shall be no less than 10%;
- (v) The ratio of the value of equity securities and derivatives held divided by net capital shall not exceed 100%;
- (vi) The ratio of the value of non-equity securities and derivatives held divided by net capital shall not exceed 500%;
- (vii) The ratio of core net capital divided by on balance sheet and off balance sheet assets shall be no less than 8%;
- (viii) The ratio of high quality liquidity assets divided by net cash outflows for the next 30 days shall be no less than 100%;
- (ix) The ratio of available stable funds divided by required stable funds shall be no less than 100%; and
- (x) The ratio of margin financing (including securities lending) divided by net capital shall not exceed 400%.

Net capital refers to net assets minus risk adjustments on certain types of assets as defined in the 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 2022 and the year ended 31 December 2021.

### **(g) Transfer of financial assets**

The Group transferred financial assets to certain counterparties through repurchase agreements and securities lending. These securities are not derecognised from the condensed consolidated statement of financial position because the Group retains substantially all the risks and rewards of these securities.

The Group entered into repurchase agreements with certain counterparties to sell debt securities classified as financial assets at fair value through profit or loss and debt instruments at amortised cost. Sales and repurchase agreements are transactions in which the Group sell a security, 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 sold. These securities are not derecognised from the condensed 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 condensed 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 2022

	<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	4,617,710	4,144,350	519,300	9,281,360
Carrying amount of associated liabilities	(3,961,139)	-	(475,265)	(4,436,404)
Net position	<u>656,571</u>	<u>4,144,350</u>	<u>44,035</u>	<u>4,844,956</u>

As at 31 December 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	5,014,218	5,156,319	1,097,169	11,267,706
Carrying amount of associated liabilities	(4,635,158)	-	(1,019,936)	(5,655,094)
Net position	<u>379,060</u>	<u>5,156,319</u>	<u>77,233</u>	<u>5,612,612</u>

## 60 Fair value information

### **(a) Fair value of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participations at the measurement date.

#### (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.

#### (ii) Financial instruments in Level II

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level II.

#### (iii) Financial instruments in Level III

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level III.

### **(b) Fair value of financial instruments (carried at other than fair value)**

The fair value of financial assets and financial liabilities not measured at fair value on a recurring basis is estimated by the active market quotation or determined in accordance with discounted cash flow method.

The main parameters used in discounted cash flow method for financial instruments held by the Group that are not measured at fair value on a recurring basis include bond interest rates, foreign exchange rates and counterparty credit spreads.

The carrying amount and fair value of debt instruments 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 2022</i>	<i>As at 31 December 2021</i>
<i>Financial assets</i>		
- Debt instruments at amortised cost	<u>39,627,670</u>	<u>32,421,516</u>
<i>Financial liabilities</i>		
- Short-term debt instruments issued	<u>(48,840,031)</u>	<u>(53,598,658)</u>
- Long-term bonds	<u>(124,912,141)</u>	<u>(133,338,427)</u>
Total	<u>(173,752,172)</u>	<u>(186,937,085)</u>

**Fair value**

	<i>As at 30 June 2022</i>			
	<i>Level I</i>	<i>Level II</i>	<i>Level III</i>	<i>Total</i>
<i>Financial assets</i>				
- Debt instruments at amortised cost	<u>-</u>	<u>40,030,699</u>	<u>-</u>	<u>40,030,699</u>
<i>Financial liabilities</i>				
- Short-term debt instruments issued	<u>23,120,336</u>	<u>-</u>	<u>25,728,939</u>	<u>48,849,275</u>
- Long-term bonds	<u>100,711,565</u>	<u>6,185,934</u>	<u>19,724,997</u>	<u>126,622,496</u>
Total	<u>123,831,901</u>	<u>6,185,934</u>	<u>45,453,936</u>	<u>175,471,771</u>

	<i>As at 31 December 2021</i>			
	<i>Level I</i>	<i>Level II</i>	<i>Level III</i>	<i>Total</i>
<i>Financial assets</i>				
- Debt instruments at amortised cost	<u>-</u>	<u>32,781,490</u>	<u>-</u>	<u>32,781,490</u>
<i>Financial liabilities</i>				
- Short-term debt instruments issued	<u>37,277,709</u>	<u>-</u>	<u>16,325,123</u>	<u>53,602,832</u>
- Long-term bonds	<u>112,667,024</u>	<u>6,100,632</u>	<u>15,447,590</u>	<u>134,215,246</u>
Total	<u>149,944,733</u>	<u>6,100,632</u>	<u>31,772,713</u>	<u>187,818,078</u>

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 condensed consolidated statement of financial position approximate their fair value.

**(c) Fair value of financial instruments carried at fair value**

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 2022			
	Level I	Level II	Level III	Total
<b>Assets</b>				
Financial assets at fair value through profit or loss				
- Debt securities	1,917,827	172,430,064	214,941	174,562,832
- Equity securities	86,932,382	9,263	11,187,259	98,128,904
- Funds	93,619,353	1,258,359	-	94,877,712
- Wealth management products	-	15,827,471	-	15,827,471
- Loan and advances	-	-	3,019,536	3,019,536
Debt instruments at fair value through other comprehensive income	-	6,253,999	726,720	6,980,719
Equity instruments at fair value through other comprehensive income	-	35,984	87,794	123,778
Other investment				
- Unlisted investment in a joint venture	-	-	865,809	865,809
Derivative financial assets	128,899	18,001,347	4,750,364	22,880,610
Total	<u>182,598,461</u>	<u>213,816,487</u>	<u>20,852,423</u>	<u>417,267,371</u>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss				
- Financial liabilities held for trading	(1,091,097)	(35,016,262)	-	(36,107,359)
- Financial liabilities designated at fair value through profit or loss	(1,065,473)	(80,875)	(3,620,902)	(4,767,250)
Derivative financial liabilities	(59,744)	(8,892,712)	(2,595,503)	(11,547,959)
Total	<u>(2,216,314)</u>	<u>(43,989,849)</u>	<u>(6,216,405)</u>	<u>(52,422,568)</u>



## As at 31 December 2021

	Level I	Level II	Level III	Total
<b>Assets</b>				
Financial assets at fair value through profit or loss				
- Debt securities	1,478,884	158,618,052	499,955	160,596,891
- Equity securities	111,833,214	6,166,907	4,122,063	122,122,184
- Funds	48,717,822	916,923	-	49,634,745
- Wealth management products	-	19,294,123	-	19,294,123
- Loan and advances	-	-	3,611,229	3,611,229
Debt instruments at fair value through other comprehensive income	-	8,405,174	909,525	9,314,699
Equity instruments at fair value through other comprehensive income	-	74,532	88,606	163,138
Other investment				
- Unlisted investment in a joint venture	-	-	823,289	823,289
Derivative financial assets	72,207	12,495,885	2,679,713	15,247,805
<b>Total</b>	<b>162,102,127</b>	<b>205,971,596</b>	<b>12,734,380</b>	<b>380,808,103</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss				
- Financial liabilities held for trading	(523,841)	(26,647,350)	-	(27,171,191)
- Financial liabilities designated at fair value through profit or loss	(249,712)	(95,161)	(3,606,854)	(3,951,727)
Derivative financial liabilities	(79,678)	(8,411,922)	(2,151,622)	(10,643,222)
<b>Total</b>	<b>(853,231)</b>	<b>(35,154,433)</b>	<b>(5,758,476)</b>	<b>(41,766,140)</b>

For the six months ended 30 June 2022, there was no transfer from Level II to Level I (For the year ended 31 December 2021: RMB 2,509 million).

## (i) Valuation methods for financial instruments in Level II

<i>Financial assets and liabilities</i>	<i>Fair value hierarchy</i>	<i>Valuation technique(s) and key input(s)</i>
Debt securities at fair value through profit or loss	Level II	Discounted future cash flows estimated based on contractual amounts and coupon rates that reflect the credit risk of the bonds.
Equity securities at fair value through profit or loss	Level II	Recent transaction prices.
Funds at fair value through profit or loss	Level II	Net asset value as published by the fund managers.
Wealth management products at fair value through profit or loss	Level II	Net asset value as published by the managers of products.
Debt instruments at fair value through other comprehensive income	Level II	Discounted future cash flows estimated based on contractual amounts and coupon rates that reflect the credit risk of the bonds.
Equity instruments at fair value through other comprehensive income	Level II	Recent transaction prices.
Derivative financial assets/ derivative financial liabilities	Level II	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Financial liabilities held for trading	Level II	Discounted future cash flows estimated based on contractual amounts and coupon rates that reflect the credit risk of the debt instruments.
Financial liabilities designated at fair value through profit or loss	Level II	Calculated based on the fair value of the underlying investments which are debt securities and publicly traded equity investments in each portfolio.

## (ii) Financial instruments in Level III

<i>Financial assets and liabilities</i>	<i>Fair value hierarchy</i>	<i>Valuation technique(s)</i>	<i>Significant unobservable input(s)</i>	<i>Relationship of unobservable input(s) to fair value</i>
Loan and advances and debt securities at fair value through profit or loss	Level III	Discounted cash flow model	Risk adjusted discount rate and expected cash flow.	The higher the risk adjusted discount rate, the lower the fair value; the higher the expected cash flow, the higher the fair value.
Unlisted equity securities at fair value through profit or loss	Level III	Market approach, with an adjustment or discount for lack of marketability	Indicators such as P/E and P/B multiples of comparable listed companies, and liquidity discount rate.	The higher the discount, the lower the fair value; the higher the valuation multiples, the higher the fair value.
Debt instruments at fair value through other comprehensive income	Level III	Discounted cash flow model	Risk adjusted discount rate and expected cash flow.	The higher the risk adjusted discount rate, the lower the fair value; the higher the expected cash flow, the higher the fair value.
Equity instruments at fair value through other comprehensive income	Level III	Market approach, with an adjustment or discount for lack of marketability	Indicators such as P/E and P/B multiples of comparable listed companies, and liquidity discount rate.	The higher the discount, the lower the fair value; the higher the valuation multiples, the higher the fair value.
Unlisted investment in a joint venture	Level III	Discounted cash flow model	Risk adjusted discount rate and expected cash flow.	The higher the risk adjusted discount rate, the lower the fair value; the higher the expected cash flow, the higher the fair value.
Derivative financial assets/ derivative financial liabilities	Level III	Black-Scholes option pricing model /Monte-Carlo option pricing model	Price volatility of underlying assets.	The higher the price volatility, the greater the impact on the fair value.
Financial liabilities designated at fair value through profit or loss	Level III	Market approach, with an adjustment or discount for lack of marketability of the underlying portfolios	Indicators such as P/E and P/B multiples of comparable listed companies, and liquidity discount rate.	The higher the discount, the lower the fair value; the higher the valuation multiples, the higher the fair value.

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	Debt instruments at fair value through other comprehensive income	Equity instruments assets at fair value through other comprehensive income	Derivative financial assets	Financial liabilities at fair value through profit or loss	Derivative financial liabilities	Total
As at 1 January 2022	8,233,247	823,289	909,525	88,606	2,679,713	(3,606,854)	(2,151,622)	(5,758,476)
Transfer in	141,164	-	-	-	-	-	-	141,164
Transfer out	-	-	-	-	-	-	-	-
Gains or losses for the period	(489,436)	42,520	65,874	-	2,171,546	(130,878)	(516,980)	(647,858)
Changes in fair value recognised in other comprehensive income	-	-	(18,757)	(812)	-	-	24,820	24,820
Additions	7,703,249	-	268,456	-	100	-	(40,364)	(40,364)
Sales	(278,106)	-	-	-	(12)	-	50,200	50,200
Settlements	(888,382)	-	(498,378)	-	(100,983)	116,830	38,443	155,273
As at 30 June 2022	14,421,736	865,809	726,720	87,794	4,750,364	(3,620,902)	(2,595,503)	(6,216,405)
Total gains or losses for the period included in profit or loss for assets / liabilities held at the end of the reporting period	(579,438)	42,520	-	-	1,699,640	(120,320)	(774,820)	(895,140)

	Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Equity instruments assets at fair value through other comprehensive income	Derivative financial assets	Financial liabilities at fair value through profit or loss	Derivative financial liabilities	Total
As at 1 January 2021	12,343,592	888,195	877,244	402,155	14,602,737	(1,508,593)	(4,692,611)
Transfer in	761,515	-	-	-	761,515	-	-
Transfer out	(1,192,728)	-	-	-	(1,192,728)	-	-
Gains or losses for the year	(1,537,609)	(64,906)	10,357	756,736	(835,422)	(2,026,714)	(2,590,096)
Changes in fair value recognised in other comprehensive income	-	-	(6,812)	-	(9,757)	20,164	20,164
Additions	5,867,410	-	566,508	294,056	6,727,974	(344,153)	(344,153)
Sales	(613,010)	-	-	(263,616)	(876,626)	402,951	404,233
Settlements	(7,395,923)	-	(537,772)	1,490,382	(6,443,313)	1,304,723	1,443,987
As at 31 December 2021	8,233,247	823,289	909,525	2,679,713	12,734,380	(2,151,622)	(5,758,476)
Total gains or losses for the period included in profit or loss for assets / liabilities held at the end of the reporting period	(1,809,940)	(64,906)	-	2,182,267	(165,692)	(882,112)	(1,047,804)

For the period ended 30 June 2022, the transfers into or out of Level III fair value measurements resulted from the changes of valuation techniques and inputs used in fair value measurements (For the year ended 31 December 2021, the same).

## 61 Acquisition of assets through the purchase of a subsidiary

In June 2022, the Company acquired 100% equity interests of Shanghai Shengju Asset Operation and Management Co., Ltd. ("Shengju") at a cash consideration of RMB 673,523 thousand, and actually purchased the properties in Building C of Shanghai Poly Plaza for daily office use. The Group is of the opinion that the acquisition did not constitute a business.

The total consideration of the purchase was paid in 2021. For the six months ended 30 June 2022, the net cash inflows arising on acquisition of Shengju amounted to RMB 16,309 thousand.

Assets and liabilities of Shengju recognised at the date of acquisition:

	<i>As at the date of acquisition</i>
Cash and bank balances	16,309
Property and equipment	656,616
Other receivables and prepayments	190
Other assets	408
	673,523

## 62 Events after the reporting date

### **(a) Issuance of bonds**

On 9 August 2022, the Company has publicly issued 92 days corporate bond with a nominal amount of RMB5 billion, bearing interest at 1.65% per annum to qualified investors.

On 10 August 2022, Huatai International Finance Limited, a subsidiary of Huatai International Financial Holdings Limited, has issued three Medium Term Notes, with nominal amount of HKD300 million, USD75 million and USD15 million, with maturities between 9-month to 1-year, bearing interest of 2.00% to 3.00% per annum.

On 15 August 2022, the Company has publicly issued 2-year corporate bond with a nominal amount of RMB2 billion, bearing interest at 2.43% per annum to qualified investors.

On 19 August 2022, the Company has publicly issued 182 days corporate bond with a nominal amount of RMB5 billion, bearing interest at 1.78% per annum to qualified investors.

On 26 August 2022, the Company has publicly issued 2-year corporate bond with a nominal amount of RMB3 billion, bearing interest at 2.33% per annum to qualified investors.

### **(b) Issuance of perpetual subordinated bond**

On 11 July 2022, the Company issued the perpetual subordinated bond ("22 Huatai Y2") amounting to RMB3 billion. The par value per bond is RMB100 and the coupon rate is 3.59%. The perpetual subordinated bonds have no fixed maturity dates and the Company has an option to redeem the bonds at principal amounts plus any accrued interest on the fifth interest payment date or any interest payment date afterwards.

The interest rate for perpetual subordinated bonds is fixed in the first 5 years and will be repriced every 5 years. The repriced interest rate is determined as the sum of the current base rate and the initial spread plus 300bp. The current base rate is defined as the average yield of 5 years treasury from the interbank fixed rate bond yield curve published on China Bond webpage 5 working days before the adjustment.

The issuer has the option to defer interest payment, except in the event of mandatory interest payments, so that at each interest payment date, the issuer may choose to defer the interest payment to the next payment date for the current period as well as all interest and accreted interest already deferred, without being subject to any limitation with respect to the number of deferrals. Of which, mandatory interest payment events are limited to dividend distributions to ordinary equity holders and reductions of registered capital. In the event of mandatory interest payments, the Company shall not defer the interest in current period as well as all interest and accreted interest already deferred.

### **(c) Acquisition of non-controlling interest in a subsidiary**

In July 2022, the Company completed the acquisition of 40% equity of Huatai Futures Co., Ltd. held by Deluxe Family Co., Ltd. On 7 July 2022, Huatai Futures Co., Ltd completed the business registration for the change of shareholders. The Company has changed its shareholding interests of Huatai Futures Co., Ltd. to 100%. Accordingly, Huatai Futures Co., Ltd. became a wholly owned subsidiary of the Group.

The consideration for the acquisition is RMB1,590 million, and the consideration was paid by the Company in cash.

# 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

Chairman: Zhang Wei

Date of Submission as Approved by the Board of Directors: August 30, 2022

# INFORMATION DISCLOSURE OF SECURITIES COMPANIES

## MAJOR ADMINISTRATIVE APPROVALS OF THE COMPANY

Approval for the Registration of Public Issuance of Corporate Bonds by Huatai Securities Co., Ltd. to Professional Investors (Zheng Jian Xu Ke [2022] No. 161) dated January 20, 2022.



# 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	2022-01-07	H Share Announcement of HTSC – Monthly Return of Equity Issuer on Movements in Securities for the month ended December 31, 2021
2	2022-02-07	Announcement by Huatai Securities Co., Ltd. on Obtaining Approval by the CSRC for the Registration of Public Issuance of Corporate Bonds to Professional Investors
3	2022-02-10	H Share Announcement of HTSC – Monthly Return of Equity Issuer on Movements in Securities for the month ended January 31, 2022
4	2022-03-04	Announcement by Huatai Securities Co., Ltd. on the Establishment of a Public Welfare Fundation, 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 USD Bonds of Wholly-owned Offshore Subsidiaries
5	2022-03-05	H Share Announcement of HTSC – Monthly Return of Equity Issuer on Movements in Securities for the month ended February 28, 2022
6	2022-03-19	H Share Announcement of HTSC (Date of Board Meeting)
7	2022-03-23	Announcement by Huatai Securities Co., Ltd. on the Briefing on the Annual Results of 2021
8	2022-03-26	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
9	2022-03-28	Announcement by Huatai Securities Co., Ltd. on Preliminary Financial Data for the Year of 2021, Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
10	2022-03-31	Legal Opinions from King & Wood Mallesons (Nanjing) on Repurchase and Cancellation of Part of the Restricted Shares under the Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd., Special Explanation of Huatai Securities Co., Ltd. on Occupation of Non-operating Funds and Other Associated Funds, and Transaction of Other Associated Funds for 2021, Annual Internal Control Audit Report of Huatai Securities Co., Ltd. for 2021, Corporate Social Responsibility Report of Huatai Securities Co., Ltd. for 2021, 2021 Annual Audit Report of Huatai Securities Co., Ltd., Annual Internal Control Evaluation Report of Huatai Securities Co., Ltd. for 2021, 2021 Annual Report of Huatai Securities Co., Ltd., 2021 Annual Report Summary of Huatai Securities Co., Ltd., Announcement on Annual Profit Distribution Plan of Huatai Securities Co., Ltd. for 2021, Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Twenty-first Meeting of the Fifth Session of the Board, Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Twelfth Meeting of the Fifth Session of the Supervisory Committee, Report on Performance of Duties of Audit Committee under the Board of Huatai Securities Co., Ltd. in 2021, Report on Performance of Duties of Independent Directors of Huatai Securities Co., Ltd. in 2021, Independent Opinion of Independent Directors of Huatai Securities Co., Ltd. on Matters Concerning 2021 Annual Report of the Company, Independent Opinion of Independent Directors of Huatai Securities Co., Ltd. on Repurchase and Cancellation of Part of the Restricted A Shares by the Company, Independent Opinion of Independent Directors of Huatai Securities Co., Ltd. on Nomination of Candidates for Directors of the Company, Statements of Candidates for Independent Directors of Huatai Securities Co., Ltd., Statements of Nominators of Independent Directors of Huatai Securities Co., Ltd., Announcement by Huatai Securities Co., Ltd. on Change of Accounting Firms, Announcement by Huatai Securities Co., Ltd. on Resignation of Independent Non-executive Director, Announcement by Huatai Securities Co., Ltd. on Repurchase and Cancellation of Part of the Restricted A Shares, Announcement by Huatai Securities Co., Ltd. on Amendments to the Articles of Association of the Company, Announcement by Huatai Securities Co., Ltd. on Anticipation of Ordinary Transactions with Related Parties in 2022
11	2022-04-02	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
12	2022-04-07	H Share Announcement of HTSC – Monthly Return of Equity Issuer on Movements in Securities for the month ended March 31, 2022, Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
13	2022-04-09	Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Twenty-second Meeting of the Fifth Session of the Board, Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee, Independent Opinion of Huatai Securities Co., Ltd. on the Appointment of Members of the Executive Committee and Chief Information Officer of the Company
14	2022-04-15	Announcement by Huatai Securities Co., Ltd. on Resignation of Non-executive Director
15	2022-04-20	H Share Announcement of HTSC (Date of Board Meeting)
16	2022-04-28	Announcement by Huatai Securities Co., Ltd. on Change of Registered Address of Holding Subsidiary Huatai Futures Co., Ltd.
17	2022-04-30	First Quarterly Report of 2022 of Huatai Securities Co., Ltd.

No.	Date	Announcement
18	2022-05-06	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
19	2022-05-07	H Share Announcement of HTSC – Monthly Return of Equity Issuer on Movements in Securities for the month ended April 30, 2022, Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee, Announcement by Huatai Securities Co., Ltd. on Holding Subsidiary Huatai Futures Co., Ltd. Increasing Registered Capital
20	2022-05-11	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
21	2022-05-14	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
22	2022-05-21	Documents of 2021 Annual General Meeting, 2022 First A Shareholders Class Meeting, 2022 First H Shareholders Class Meeting of Huatai Securities Co., Ltd., Notice of Convening Annual General Meeting of 2021 and 2022 First A Shareholders Class Meeting by Huatai Securities Co., Ltd.
23	2022-05-28	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
24	2022-06-01	Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Twenty-fourth Meeting of the Fifth Session of the Board
25	2022-06-03	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
26	2022-06-07	H Share Announcement of HTSC – Monthly Return of Equity Issuer on Movements in Securities for the month ended May 31, 2022
27	2022-06-11	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
28	2022-06-14	Indicative Announcement by Huatai Securities Co., Ltd. on Notes on Attending 2021 Annual General Meeting and 2022 First A Shareholders Class Meeting during the Prevention and Control Period of the COVID-19 Pandemic
29	2022-06-23	Legal Opinions from King & Wood Mallesons on 2021 Annual General Meeting, 2022 First A Shareholders Class Meeting and 2022 First H Shareholders Class Meeting of Huatai Securities Co., Ltd., Announcement by Huatai Securities Co., Ltd. on the Resolutions of 2021 Annual General Meeting, 2022 First A Shareholders Class Meeting and 2022 First H Shareholders Class Meeting, Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Twenty-fifth Meeting of the Fifth Session of the Board, Announcement by Huatai Securities Co., Ltd. on Approval of Qualification as Director, Announcement by Huatai Securities Co., Ltd. on Notice to Creditors Regarding the Repurchase and Cancellation of Part of the Restricted A Shares to Reduce Registered Capital, the Articles of Association of Huatai Securities Co., Ltd.

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	2022-01-06	Monthly Return of Equity Issuer on Movements in Securities for the month ended December 31, 2021
2	2022-01-12	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Settlement of the Principal and Interest of 2022 and Delisting for 2021 Short-term Corporate Bonds Publicly Issued to Professional Investors (Fifth Tranche)
3	2022-01-13	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on 2022 Interest Payment for 2021 Corporate Bonds Publicly Issued to Professional Investors (First Tranche) (Type I)
4	2022-01-14	Overseas Regulatory Announcement – Announcement on Coupon Rate of 2022 Corporate Bonds of Huatai Securities Co., Ltd. Non-publicly Issued to Professional Investors (First Tranche)
5	2022-01-18	Overseas Regulatory Announcement – Announcement on Issuance Results for 2022 Corporate Bonds of Huatai Securities Co., Ltd. Non-publicly Issued to Professional Investors (First Tranche)
6	2022-01-25	Overseas Regulatory Announcement – Announcement on Coupon Rate of 2022 Corporate Bonds of Huatai Securities Co., Ltd. Non-publicly Issued to Professional Investors (First Tranche)
7	2022-01-27	Overseas Regulatory Announcement – Announcement on Issuance Results for 2022 Perpetual Subordinated Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First Tranche)
8	2022-02-07	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Obtaining Approval by the CSRC for the Registration of Public Issuance of Corporate Bonds to Professional Investors
9	2022-02-08	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Settlement of the Principal and Interest of 2022 and Delisting for 2021 Short-term Corporate Bonds Publicly Issued to Professional Investors (Fourth Tranche)
10	2022-02-09	Monthly Return of Equity Issuer on Movements in Securities for the month ended January 31, 2022
11	2022-02-11	Overseas Regulatory Announcement – Announcement on Coupon Rate of 2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First Tranche), Announcement by Huatai Securities Co., Ltd. on Settlement of the Principal and Interest of 2022 and Delisting for 2021 Short-term Corporate Bonds Publicly Issued to Professional Investors (Second Tranche) (Type I)
12	2022-02-15	Overseas Regulatory Announcement – Announcement on Issuance Results for 2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First Tranche)
13	2022-03-03	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on the Establishment of a Public Welfare Foundation, 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 USD Bonds of Wholly-owned Offshore Subsidiary
14	2022-03-04	Monthly Return of Equity Issuer on Movements in Securities for the month ended February 28, 2022
15	2022-03-15	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Settlement of the Principal and Interest of 2022 and Delisting for 2019 Corporate Bonds Publicly Issued to Qualified Investors (First Tranche) (Type I)
16	2022-03-18	DATE OF BOARD MEETING
17	2022-03-22	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on 2022 Interest Payment for 2020 Corporate Bonds Publicly Issued to Qualified Investors (First Tranche) (Type I), Announcement by Huatai Securities Co., Ltd. on the Briefing on the Annual Results of 2021
18	2022-03-25	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
19	2022-03-27	ANNOUNCEMENT ON PRELIMINARY FINANCIAL DATA FOR THE YEAR OF 2021, Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
20	2022-03-30	RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2021, 2021 CORPORATE SOCIAL RESPONSIBILITY REPORT, Final Dividend for the Year Ended December 31, 2021, PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION, PROPOSED CHANGE OF ACCOUNTING FIRMS, PROPOSED CHANGE OF DIRECTORS, ANNOUNCEMENT IN RELATION TO REPURCHASE AND CANCELLATION OF PART OF THE RESTRICTED A SHARES, Overseas Regulatory Announcement – 2021 Annual Report, 2021 Annual Report Summary, Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Twenty-first Meeting of the Fifth Session of the Board, Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Twelfth Meeting of the Fifth Session of the Supervisory Committee, Announcement on Annual Profit Distribution Plan of Huatai Securities Co., Ltd. in 2021, Announcement by Huatai Securities Co., Ltd. on Anticipation of Ordinary Transactions with Related Parties in 2022, Independent Opinion of Independent Directors of Huatai Securities Co., Ltd. on Nomination of Candidates for Directors of the Company, Independent Opinion of Independent Directors of Huatai Securities Co., Ltd. on Matters Concerning 2021 Annual Report of the Company, Independent Opinion of Independent Directors of Huatai Securities Co., Ltd. on Repurchase and Cancellation of Part of the Restricted A Shares by the Company, Report on Performance of Duties of Independent Directors of Huatai Securities Co., Ltd. in 2021, Report on Performance of Duties of Audit Committee under the Board of Huatai Securities Co., Ltd. for 2021, Annual Internal Control Evaluation Report of Huatai Securities Co., Ltd. for 2021, Statements of Nominators of Independent Directors of Huatai Securities Co., Ltd., Statements of Candidates for Independent Directors of Huatai Securities Co., Ltd., Legal Opinions from King & Wood Mallesons (Nanjing) on Repurchase and Cancellation of Part of the Restricted Shares under the Restricted Share Incentive Scheme of A Shares 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 2021, Internal Control Audit Report of Huatai Securities Co., Ltd.

No.	Date	Announcement
21	2022-04-01	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
22	2022-04-06	Monthly Return of Equity Issuer on Movements in Securities for the month ended March 31, 2022, Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
23	2022-04-08	Overseas Regulatory Announcement – Independent Opinion of Independent Directors of Huatai Securities Co., Ltd. on the Appointment of Members of the Executive Committee and Chief Information Officer of the Company, Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee, Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Twenty-second Meeting of the Fifth Session of the Board
24	2022-04-14	RESIGNATION OF NON-EXECUTIVE DIRECTOR, LIST OF DIRECTORS AND THEIR ROLE AND FUNCTION
25	2022-04-19	DATE OF BOARD MEETING, Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Settlement of the Principal and Interest of 2022 and Delisting for 2019 Corporate Bonds Publicly Issued to Qualified Investors (Second Tranche) (Type I), Announcement by Huatai Securities Co., Ltd. on 2022 Interest Payment for 2021 Corporate Bonds Publicly Issued to Professional Investors (Second Tranche)
26	2022-04-26	2021 Annual Report, NOTIFICATION LETTER AND REQUEST FORM TO REGISTERED SHAREHOLDERS, NOTIFICATION LETTER AND REQUEST FORM TO NON-REGISTERED HOLDERS
27	2022-04-27	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Change of Registered Address of Holding Subsidiary Huatai Futures Co., Ltd.
28	2022-04-29	FIRST QUARTERLY REPORT OF 2022
29	2022-05-05	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
30	2022-05-06	Monthly Return of Equity Issuer on Movements in Securities for the month ended April 30, 2022, Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Settlement of the Principal and Interest of 2022 and Delisting for 2021 Short-term Corporate Bonds Publicly Issued to Professional Investors (Eighth Tranche), Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee, Announcement by Huatai Securities Co., Ltd. on Holding Subsidiary Huatai Futures Co., Ltd. Increasing Registered Capital
31	2022-05-10	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee, Announcement by Huatai Securities Co., Ltd. on 2022 Interest Payment for 2021 Corporate Bonds Publicly Issued to Professional Investors (Third Tranche)
32	2022-03-15	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
33	2022-05-20	Notice of 2021 AGM, Circular of 2021 Annual General Meeting, FORM OF PROXY OF HOLDERS OF H SHARES FOR USE AT THE AGM TO BE HELD ON JUNE 22, 2022, Notice of the 2022 First H Shareholders Class Meeting, FORM OF PROXY OF HOLDERS OF H SHARES FOR USE AT THE 2022 FIRST H SHAREHOLDERS CLASS MEETING TO BE HELD ON JUNE 22, 2022, Final Dividend for the Year Ended December 31, 2021 (Update)
34	2022-05-27	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on 2022 Interest Payment for 2013 Corporate Bonds (Ten-year Bonds), Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
35	2022-05-31	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Twenty-fourth Meeting of the Fifth Session of the Board
36	2022-06-02	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
37	2022-06-06	Monthly Return of Equity Issuer on Movements in Securities for the month ended May 31, 2022
38	2022-06-08	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on 2022 Interest Payment for 2021 Corporate Bonds Publicly Issued to Professional Investors (Fifth Tranche) (Type I)
39	2022-06-10	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
40	2022-06-13	Overseas Regulatory Announcement – Indicative Announcement by Huatai Securities Co., Ltd. on Notes on Attending 2021 Annual General Meeting and 2022 First A Shareholders Class Meeting during the Prevention and Control Period of the COVID-19 Pandemic
41	2022-06-22	POLL RESULTS OF 2021 ANNUAL GENERAL MEETING, 2022 FIRST A SHARE CLASS MEETING AND 2022 FIRST H SHARE CLASS MEETING; DISTRIBUTION OF FINAL DIVIDEND; CHANGE OF ACCOUNTING FIRM; CHANGE OF DIRECTORS; PROPOSAL ON ADJUSTMENT TO THE COMPOSITION OF SPECIAL COMMITTEES UNDER THE BOARD; AND APPROVAL AND EFFECTIVENESS OF ARTICLES OF ASSOCIATION, LIST OF DIRECTORS AND THEIR ROLE AND FUNCTION, ARTICLES OF ASSOCIATION, Final Dividend for the Year Ended December 31, 2021 (Update), Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Twenty-fifth Meeting of the Fifth Session of the Board, Legal Opinions from King & Wood Mallesons on 2021 Annual General Meeting, 2022 First A Shareholders Class Meeting and 2022 First H Shareholders Class Meeting of Huatai Securities Co., Ltd., Announcement by Huatai Securities Co., Ltd. on Notice to Creditors Regarding the Repurchase and Cancellation of Part of the Restricted A Shares to Reduce Registered Capital

3. During the Reporting Period, the Company disclosed the following matters on the website of the London Stock Exchange ([www.londonstockexchange.com](http://www.londonstockexchange.com)):

No.	Date	Announcement
1	2022-03-03	NOTICE OF BOND LISTING
2	2022-03-28	PRELIMINARY FINANCIAL DATA FOR THE YEAR OF 2021
3	2022-03-30	PROPOSED CHANGE OF DIRECTORS, PROPOSED CHANGE OF ACCOUNTING FIRMS, PROPOSED AMENDMENTS OF THE ARTICLES OF ASSOCIATION, REPURCHASE AND CANCELLATION OF PART OF SHARES, 2021 CORPORATE SOCIAL RESPONSIBILITY REPORT, 2021 ANNUAL FINANCIAL REPORT
4	2022-04-14	LIST OF DIRECTORS AND THEIR ROLE AND FUNCTION, RESIGNATION OF NON-EXECUTIVE DIRECTOR
5	2022-04-26	2021 ANNUAL REPORT
6	2022-04-29	FIRST QUARTERLY REPORT OF 2022
7	2022-05-20	NOTICE OF AGM AND THE A SHAREHOLDERS CLASS MEETING
8	2022-06-22	ARTICLES OF ASSOCIATION, LIST OF DIRECTORS AND THEIR ROLE AND FUNCTION, RESULTS OF AGM AND A SHARE & H SHARE CLASS MEETING

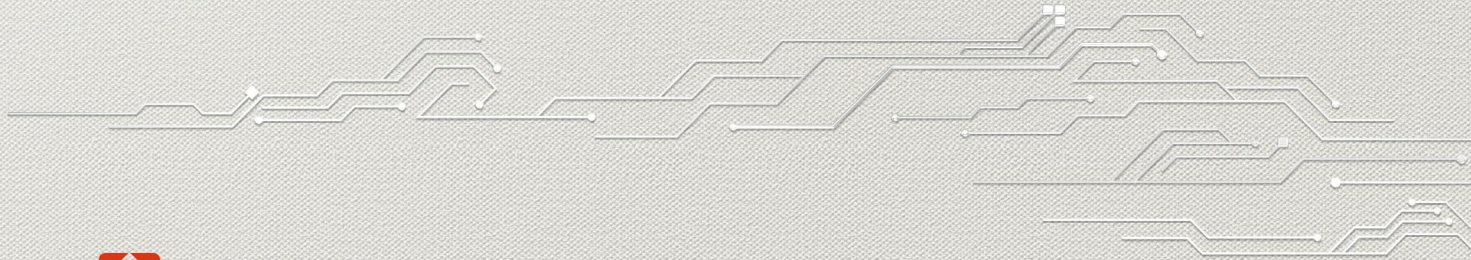


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Huatai Online: [www.htsc.com](http://www.htsc.com)

Customer Services Hotline: **95597**

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