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

(A joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name 华泰证券股份有限公司 and carrying on business in Hong Kong as HTSC)
(Stock Code: 6886)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2018

The Board hereby announces the audited results of the Company and its subsidiaries for the year ended December 31, 2018. This announcement contains the full text of the annual results announcement of the Company for 2018, which is in compliance with the requirements of the Hong Kong Listing Rules for the information set out in the preliminary announcement of annual results.

PUBLISHEMENT OF THE ANNUAL RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT

This results announcement of the Company will be published on the websites of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and of the Company at www.htsc.com.cn respectively.

The annual report of the Company for 2018 will be (i) dispatched to the shareholders of H Shares; and (ii) published on the websites of the Company and The Stock Exchange of Hong Kong Limited on or before April 30, 2019.

DEFINITIONS

Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meanings as those defined in the section headed "Definitions" in this announcement.

By order of the Board
Zhou Yi
Chairman

Jiangsu, PRC, March 29, 2019

As at the date of this announcement, the Board comprises Mr. Zhou Yi and Mr. Zhu Xuebo as executive Directors; Mr. Ding Feng, Mr. Chen Yongbing, Mr. Xu Qing, Ms. Hu Xiao and Ms. Fan Chunyan as non-executive Directors; and Mr. Chen Chuanming, Mr. Liu Hongzhong, Mr. Lee Chi Ming, Ms. Liu Yan and Mr. Chen Zhibin as independent non-executive Directors.

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IMPORTANT NOTICE

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

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

Director(s) absent from the meeting

Position of absent Directors	Name of absent Directors	Reasons for absence	Name of proxies
Director	Xu Qing	Business engagement	Zhou Yi
Independent Director	Liu Yan	Business engagement	Chen Chuanming

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

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

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

The profit distribution proposal or the reserve capitalization proposal for the Reporting Period considered by the Board:

According to the 2018 annual financial statements of the Company, the net profit of the Parent Company for 2018 reached RMB5,359,763,895.61. According to relevant provisions of the Company Law, Securities Law, Financial Rules for Financial Enterprises (《金融企業財務規則》) and the Articles of Association of the Company, the Company had appropriated 10% statutory surplus reserve, 10% general risk reserve and 10% trading risk reserve of RMB1,607,929,168.68 in total, after which, the profit available for distribution for the year was RMB3,751,834,726.93.

Plus the balance of undistributed profit in previous years and less the amount of dividend distributed by the Company in 2018, the accumulated profit available for distribution to investors as at the end of 2018 was RMB14,480,534,816.47.

According to relevant requirements of the CSRC, gains arising from the fair value changes in distributable profit of securities companies shall not be used for cash distribution to shareholders. As at the end of December 2018, the accumulated fair value changes in distributable profit of the Parent Company was RMB1,961,214,170.30, after deduction of which as required, the profit of the Parent Company available for distribution to investors in cash amounted to RMB12,519,320,646.17.

After comprehensive consideration of factors such as the interests of shareholders and the development of the Company, the 2018 profit distribution proposal of the Company is recommended as follows:

1. The Company will distribute cash dividend of RMB3.00 (tax inclusive) per 10 shares based on the Company's total share capital of 8,251,500,000 shares, with the total cash dividend of RMB2,475,450,000.00. The undistributed profit available for distribution to investors will be carried forward to the next year.

2. Cash dividend is denominated and declared in RMB and paid to holders of A Shares in RMB and to holders of H Shares in HKD. The actual distribution amount in HKD shall be calculated at the rate of average basic exchange rate of RMB against HKD issued by the PBOC five business days prior to the date of the 2018 Annual General Meeting of the Company.

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

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

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

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

Warning on Major Risks

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

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

DEFINITIONS

In this report, unless the context 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 to be subscribed for and traded in RMB
APP	Application
Articles of Association	the articles of association of the Company, as amended from time to time
AssetMark	AssetMark Financial Holdings, Inc.
AUM	asset under management
Board of Supervisors	the board of Supervisors of the Company
Board or Board of Directors	the board of Directors of the Company
CAGR	compound annual growth rate
CASBE	the China Accounting Standards for Business Enterprises (中國企業會計準則)
China or PRC	the People's Republic of China, excluding, for the purpose of this annual report, Hong Kong, Macau Special Administrative Region and Taiwan
China Southern Asset Management	China Southern Asset Management Co., Ltd. (南方基金管理股份有限公司)
Communications Holding	Jiangsu Communications Holding Company Limited (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 Shenzhen Stock Exchange jointly with the scale and liquidity as the basic standards
CSRC	the China Securities Regulatory Commission (中國證券監督管理委員會)
Director(s)	director(s) of the Company
FICC	fixed income, currency and commodity
Fintech	financial technology
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

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))
Hang Seng China Enterprises Index	Hang Seng China Enterprises Index (HSCEI or H-share Index) reflects the performance of the larger H-shares listed on the Hong Kong Stock Exchange. Unlike the Hang Seng Index, the number of constituents of the HSCEI is not limited, but must be the H shares of the maximum market value and within the constituent stocks of the Hang Seng Composite Index
HKEX	Hong Kong Exchanges and Clearing Limited (香港交易及結算所有限公司)
HK$, HKD or HK dollars	the lawful currency of Hong Kong
Hong Kong	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 People's Republic of China with limited liability under the corporate name 华泰证券股份有限公司 (Huatai Securities Co., Ltd.), converted from our predecessor 华泰证券有限责任公司 (Huatai Securities Limited Liability Company) on December 7, 2007, carrying on business in Hong Kong as "HTSC", and was registered as a registered non-Hong Kong company under Part 16 of the Companies Ordinance and 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 The Stock Exchange of Hong Kong Limited 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), unless the context otherwise requires, including its predecessor
Huatai Asset Management	Huatai Securities (Shanghai) Asset Management Co., Ltd. (華泰證券(上海)資產管理有限公司), a wholly-owned subsidiary of the Company
Huatai Financial Holdings (Hong Kong)	Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司), a wholly-owned subsidiary of Huatai International
Huatai Futures	Huatai Futures Co., Ltd. (華泰期貨有限公司), a holding subsidiary of the Company
Huatai Innovative Investment	Huatai Innovative Investment Co., Ltd. (華泰創新投資有限公司), a wholly-owned subsidiary of the Company
Huatai International	Huatai International Financial Holdings Company Limited (華泰國際金融控股有限公司), a wholly-owned subsidiary of the Company
Huatai-PineBridge	Huatai-PineBridge Fund Management Co., Ltd. (華泰柏瑞基金管理有限公司)

Huatai Purple Gold Investment	Huatai Purple Gold Investment Co., Ltd. (華泰紫金投資有限責任公司), a wholly-owned subsidiary of the Company
Huatai 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
H Share(s)	Foreign share(s) in the share capital of the Company with nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and to be subscribed for and traded in HK dollars
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 (江蘇省人民政府國有資產監督管理委員會)
Jiangsu Securities Regulatory Bureau	Jiangsu Securities Regulatory Bureau of the CSRC (中國證監會江蘇監管局)
Listing Rules or Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules
MSCI	Morgan Stanley Capital International Index
NMAU	the number of monthly active users
OTC	over-the-counter
PBOC	the People's Bank of China
QDII	qualified domestic institutional investor
QFII	qualified foreign institutional investor
Reporting Period	the year ended December 31, 2018
Securities and Futures Ordinance or SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
SFC	The Securities and Futures Commission of Hong Kong (香港證券及期貨事務監察委員會)
Shanghai Clearing House	The Interbank Market Clearing House Co., Ltd. (銀行間市場清算所股份有限公司)
Shanghai Stock Exchange or SSE	the Shanghai Stock Exchange (上海證券交易所)
Shenzhen Stock Exchange	the Shenzhen Stock Exchange (深圳證券交易所)

SSE 50 Index	an index consisting of 50 index sample stocks with large scale and good liquidity, which are most representative in the securities market of Shanghai selected by the Shanghai Stock Exchange
SSF	the National Council for Social Security Fund of the PRC (全國社會保障基金理事會)
Supervisor(s)	supervisor(s) 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 or US dollar	the lawful currency of the United States of America
VAR	value at risk
%	per cent

In the 2018 Annual Report, any discrepancies between the total shown and the sum of the amounts listed are due to rounding.

Dear Shareholders:

2018 has been a challenging year, yet we have remained true to our aspiration unwaveringly.

The Reform and Opening-up has entered the fourth decade, where the capital market began to bear the mission in which "a slight move in one part may affect the whole", and the operating logic and rules of the market are undergoing unprecedented and profound changes. The old business model and competition mode are no longer sustainable, while digitization, institutionalization, internationalization and other trends together are accelerating the birth of a new development pattern in the securities industry.

Standing at the watershed of a new round of transformation and upgrading of the securities industry, we resolutely broke the structural and institutional obstacles, officially launched the mixed-ownership reform, and moved forward to an all-round market-oriented organizational mechanism, accumulating energy for adapting to international competition. Adhering to the values of focusing on customer needs, we won the trust of more customers with differentiated products and services as well as advanced digital platforms, and expanded the depth and breadth of the full business chain services through online and offline, domestic and overseas synergies. We sought new growth curves against adversity and restructured wealth management and institutional service systems so as to further enhance our core competitiveness of platform-based, systematic and digital operations.

As of the end of 2018, the Group's total assets reached RMB368,666 million, and the total equity attributable to the shareholders of the Company reached RMB103,394 million. In 2018, the total revenue and other gains of the Group amounted to RMB24,507 million, and the profit for the year attributable to the shareholders of the Company was RMB5,033 million.

Reshaping wealth management

Facing fiercer competition in the wealth management market, we have long abandoned the routine dependence on license dividend. While continuing to expand our client base, we assiduously pursued the goal of establishing an excellent wealth management service platform which is widely recognized by our clients. Relying on the base of nearly 13 million customers and over RMB2.4 trillion of customer account assets, we optimized our organizational and business structure, striving to establish an online and offline integrated wealth management service system and refined customer operation model, so as to make each touch of customers the link to convenient services. Based on the "ZhangLe Fortune Path" APP, we provided customers with intelligent integrated services online. The number of monthly active users of the APP has exceeded 7 million, which continues to rank the first in the industry. Relying on over 2,000 investment consultants across 241 business outlets, we provided customers with more targeted asset allocation services offline, and the advanced internal wealth management service platform has become an efficient tool for all investment consultants to accurately understand and efficiently serve customers. Aiming to meet the diversified wealth management needs of our customers, we have been constantly enriching our financial product system, accelerating the independent development of featured financial products and the introduction of quality financial products. We continued to learn from the mature experience and model of AssetMark service and investment consultants, and continuously strengthened the intellectual support and ability transmission of the middle office to the front office. We believe that the seamless integration among people and between people and platforms will make the wealth management services more tailored and warmer.

Consolidating institutional services

The development of institutional business is driven by complex multi-factors, and there is no fixed success model to observe. As the number of our institutional customers continued to grow, we adapted to local conditions and acted in accordance with changes, optimizing our capacities and resources for differentiated, leap-forward development. The institutionalization of market entities has been improved remarkably, and the more specialized, diversified, and large-scale demands from institutional clients led to higher requirements for our ability to provide comprehensive financial services solutions. Our investment banking business, with its deep insight into and efficient response to the financial needs of high-quality corporate customers, especially the pioneer corporations in emerging industries, has realized growth against trend when the market financing scale shrank. In 2018, the amount of M&A transactions of the Group approved by the CSRC exceeded

RMB100 billion, ranking the first place, and the equity lead-underwriting amount ranked top three in the industry. We established and improved a comprehensive service system for institutional customers such as banking, public offerings, private placements, insurance, etc., and actively integrated service resources such as research, equity derivatives, FICC, PB, asset management and brokerage etc. With the help of professional platforms, we dedicated to building core capabilities in research, pricing, trading, sales and risk management to continuously explore customer needs and accompany our customers' development. We are looking forward to embracing more differentiated institutional clients and their needs on our platform, attracting them with our leading trading capabilities and product innovation and design capability, and jointly creating a win-win institutional financial ecosystem.

Growing international business

International business is a natural extension of the internationalization of our customers and their needs. "Going out" is also the only way to improve our capabilities of serving the capital markets by connecting with the international market and participating in market competition. In the past year, with the inclusion of A-share into MSCI, FTSE Russell and Dow Jones indices, the top international financial institutions have entered the market fast, and the two-way openness of the capital market and financial industry has been unprecedentedly accelerated. We laid out our international expansion in a prudent and forward-looking manner and achieved a steady increase in the profit contribution of international business. The domestic and overseas linkage and rapid response capabilities of the investment banking business were significantly improved; the overseas market influence of research business made a substantial breakthrough; the scale of assets managed by AssetMark set a new high record, and the US office in New York has been established. We have embarked on a new international journey featuring with connectivity, resource-sharing and strategic synergy among Mainland China, Hong Kong and the United States. The dream of being recognized and embraced by the global capital market is becoming a reality, and the vision of becoming a first-class investment bank with both local advantages and global influence is more crystal than ever.

Leading technology empowerment

Ten years ago, we proposed the Internet strategy and took the initiative in the development of mobile finance. Ten years later, we were more determined to delve into the nature of finance, and empower and inspire business and management potential with technology when it has been the most critical variable in reshaping the industry development model. Focusing on customer needs, we continued to increase investment in emerging technologies, launched and upgraded a series of digital products and platforms, and created brand- new intelligent application scenarios, constantly refreshing customer service experience and expectation. Focusing on business development, we continuously built and upgraded digital platforms such as assets allocation, asset pricing, investment transaction, risk management and information security, fully accumulated, precipitated and inherited business experience, and explored the multi-dimensional value of big data assets. In order to realize all-round digital transformation, we will further reconstruct business process, operation mechanism and management models that adapt to future challenges with digitalization and promote system integration and data penetration.

Stimulating organizational vitality

There is no denying that advanced corporate governance and talent system are the solid foundation for us to deal with constant changes, and we thus need first-class talents who can withstand future challenges of the market. In 2018, our overall pilot plan for the reform of the mixed-ownership was approved, and we introduced strategic investors such as Alibaba and Suning while completing the non-public offering of A Shares, which optimized governance structure, enhanced the leading capital reserve and provided concept support for future growth. The key to realizing strategic transformation lies in people. By drawing on advanced international experience, we will accelerate the implementation of professional manager system and optimize the performance incentive system. We hope that more managerial talents with international vision and seasoned practical experience would join us, and we will provide a broader stage and more room of development for outstanding young talents. We will continue to move steadily and firmly on the road of market-oriented reform, further stimulate organizational vitality and improve organizational resilience through competition.

This is a new era in which the status of capital market has been raised as never before. As a key participant in the market, serving national strategic deployment, boosting the development of real economy, and continuously creating value for our customers are the foundation of our prosperity. Inheriting from the past and forging ahead into the future, we will comprehensively promote the "two-pronged" strategy of advanced wealth management and institutional services with digital empowerment, and make it the driving force for our future development.

We are always committed to pursuing innovation and updating with the trend. No matter what difficulties we encounter, we always stick to the goal and stay firm to the mission. We deeply revere economic cycle, highly respect market discipline, and wholeheartedly perceive client demand changes. The market keeps changing, but we will identify the trends ahead, take the lead to change and reshape ourselves as usual. In the coming year, we are willing to walk with changes, advance with customers, and work with unremitting diligence and resilience, so as to present the next brilliant performance.

Chairman and President: Zhou Yi

March 29, 2019

COMPANY PROFILE

I. COMPANY INFORMATION

Chinese name of the Company	华泰证券股份有限公司
Abbreviation of Chinese name of the Company	華泰證券
English name of the Company	HUATAI SECURITIES CO., LTD.
Abbreviation of English name of the Company	HTSC
Legal representative of the Company	Zhou Yi
General manager of the Company	Zhou Yi
Authorized representatives of the Company	Zhou Yi, Zhang Hui

Registered capital and net capital of the Company

Unit: Yuan Currency: RMB

	As at the end of the Reporting Period	As at the end of the previous year
Registered capital	8,251,500,000.00	7,162,768,800.00
Net capital	59,559,867,685.52	46,742,933,091.84

Qualifications of each of the business lines of the Company

According to the business license issued by Jiangsu Provincial Administration for Industry and Commerce, the business scope of the Company includes: securities brokerage, proprietary trading of securities, securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy 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, other business activities approved by the CSRC. (Projects that need to be approved by law shall be carried out upon approval by relevant authorities)

Please refer to "Appendix I: Main Business Qualifications" in this report for the main business qualifications of the Company.

II. CONTACT

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

	Joint company secretary	Joint company secretary
Name	Zhang Hui	Kwong Yin Ping Yvonne
Address	10/F, Building 1, No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province	40th Floor, Sunlight Tower, 248 Queen's Road East, Wanchai, Hong Kong

III. BASIC INFORMATION

Registered address of the Company	No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province
Postal codes of registered address of the Company	210019
Office address of the Company	No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province
Postal codes of office address of the Company	210019
Principal place of business in Hong Kong	Room 5808-5812, The Center, 99 Queen's Road Central, Hong Kong
Company website	http://www.htsc.com.cn
Email	boardoffice@htsc.com
Main exchange	025-83389999
Customer service hotline	95597 or 4008895597
Company fax	025-83387784
Business License Unified Social Credit Code	91320000704041011J
Brief of Index inclusion	SSE 50, CSI 300, HSCEI, MSCI China Share Index

IV. INFORMATION DISCLOSURE AND LOCATION FOR INSPECTION OF DOCUMENTS

Name of newspapers selected by the Company for information disclosure	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily
Website designated by the CSRC for publication of annual report	http://www.sse.com.cn
Website designated by the Hong Kong Stock Exchange for publication of annual report	http://www.hkexnews.hk
Location for inspection of annual report of the Company (A Share)	No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province; Shanghai Stock Exchange
Location for inspection of annual report of the Company (H Share)	No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province; Room 5808-5812, The Center, 99 Queen's Road Central, Hong Kong

V. SHARES OF THE COMPANY

Type of Shares	Stock exchange for listing	Stock name	Stock code
A Share	Shanghai Stock Exchange	華泰證券	601688
H Share	Hong Kong Stock Exchange	HTSC	6886

* Stock name before change: Nil

VI. OTHER INFORMATION OF THE COMPANY

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

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

Major capital increase events of the Company:

When it was established on April 9, 1991, the registered capital of the Company was RMB10,000,000.

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

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

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

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

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

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

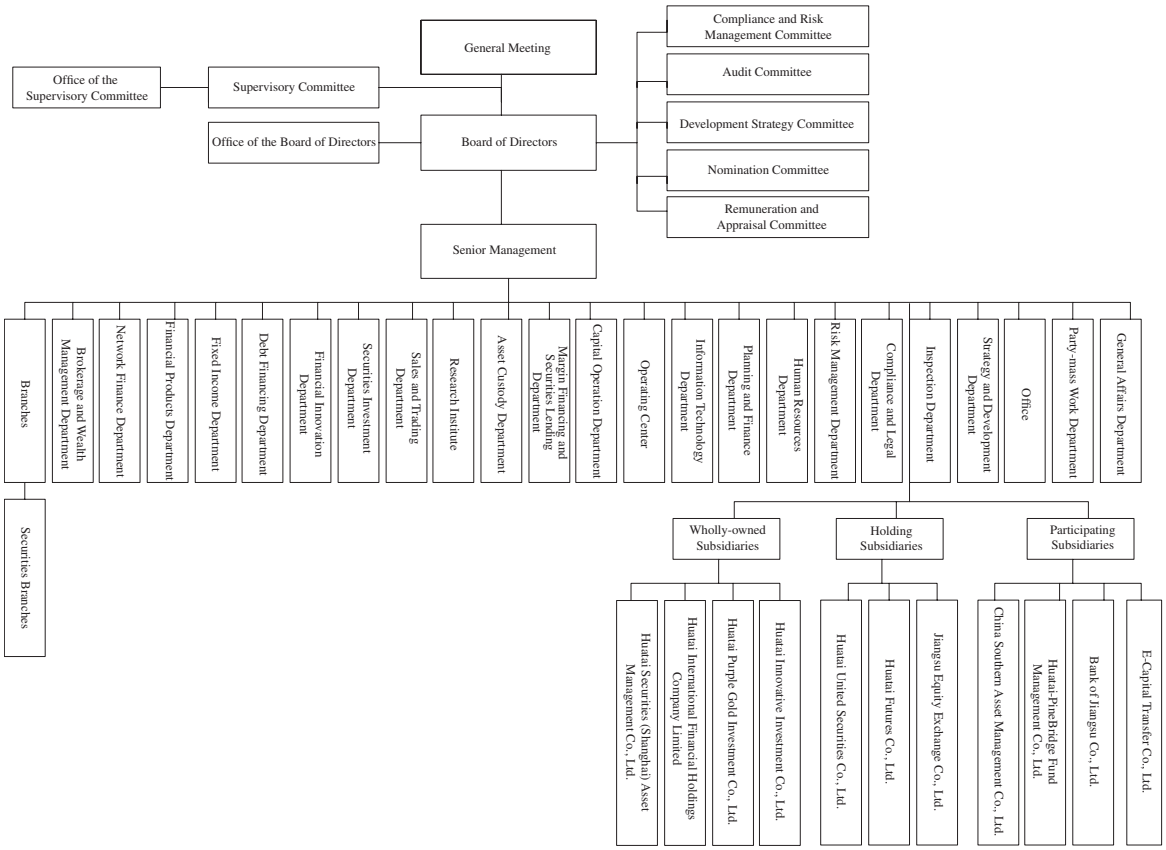
The registered capital of the Company increased to RMB4,815,438,725 on July 30, 2009.

In February 2010, the Company completed its initial public offering of 784,561,275 RMB-denominated ordinary shares (A Shares) on the Shanghai Stock Exchange, after which the Company's registered capital was RMB5,600,000,000.

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

In August 2018, the Company completed the Non-Public Issuance of 1,088,731,200 RMB-denominated ordinary shares (A shares) by way of "Non-Public Issuance to Specific Investors", after which the Company's registered capital was RMB8,251,500,000. The changes in share capital structure of the Company were as follows: 6,532,454,320 A shares, which accounted for 79% of the total number of shares; and 1,719,045,680 H Shares, which accounted for 21% of the total number of shares.

(II) Organization Structure of the Company



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

At of the end of the Reporting Period, the Company has 29 branch offices and 241 securities branches, which are located in 29 provinces, municipalities and autonomous regions including Shanghai, Beijing, Guangdong, Jiangsu and Hubei, etc. For details of the number and distribution of branch offices and securities branches of the Company, please refer to "Appendix II: List of Branch Offices and Securities Branches" in this report.

Provinces, Municipalities and Regions	Number of Securities Branches	Provinces, Municipalities and Regions	Number of Securities Branches	Provinces, Municipalities and Regions	Number of Securities Branches
Anhui Province	5	Hebei Province	1	Ningxia Hui Autonomous Region	1
Beijing	6	Henan Province	3	Shandong Province	7
Chongqing	1	Hubei Province	29	Shanxi Province	1
Fujian Province	4	Hunan Province	3	Shaanxi Province	2
Gansu Province	1	Jilin Province	3	Shanghai	15
Guangdong Province	23	Jiangsu Province	93	Sichuan Province	7
Guangxi Zhuang Autonomous Region	2	Jiangxi Province	2	Tianjin	4
Guizhou Province	1	Liaoning Province	7	Xinjiang Uygur Autonomous Region	1
Hainan Province	2	Inner Mongolia Autonomous Region	3	Zhejiang Province	8
Heilongjiang Province	5	Qinghai Province	1		

VII. OTHER INFORMATION

(I) Accountants

Accounting firm engaged by the Company (domestic)	Name	KPMG Huazhen LLP
	Office address	8/F, KPMG Tower, Oriental Plaza, 1 East Chang'an Avenue, Dongcheng District, Beijing
	Name of the signatory accountant	Wang Guobei, Qian Ruwen
Accounting firm engaged by the Company (overseas)	Name	KPMG
	Office address	8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong
	Name of the signatory accountant	Pang Shing Chor

(II) Legal Advisors

Legal advisor engaged by the Company (domestic)	Name	Shanghai Allbright Law Offices
	Office address	9th, 11th and 12th Floors, Shanghai Tower, No. 501, Yincheng Middle Road, Pudong New Area, Shanghai
Legal advisor engaged by the Company (overseas)	Name	Clifford Chance
	Office address	27/F, Jardine House 1 Connaught Place, Central, Hong Kong

(III) Share registrars

Share registrar for A Share	Name	China Securities Depository and Clearing Corporation Limited, Shanghai Branch
	Office address	3/F, China Insurance Building, No. 166 Lujiazui East Road, Pudong New Area, Shanghai
Share registrar for H Share	Name	Computershare Hong Kong Investor Services Limited
	Office address	17M Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong

(IV) Sponsors

Sponsor engaged by the Company to continuously perform its supervisory function during the Reporting Period	Name	Guotai Junan Securities Co., Ltd.
	Office address	5/F, China Financial Information Center, 18 Dongyuan Road, Pudong New Area, Shanghai
	Name of sponsor representatives as signatories	Cai Rui, Ding Yinghua
	Period of continuously performing supervision function	August 2, 2018 - December 31, 2019
Sponsor engaged by the Company to continuously perform its supervisory function during the Reporting Period	Name	Huatai United Securities Co., Ltd.
	Office address	6th Floor, Block A, Fengming International Building, 22 Fengsheng Hutong, Xicheng District, Beijing
	Name of sponsor representatives as signatories	Zhou Jiwei, Long Dingkun
	Period of continuously performing supervision function	August 2, 2018 - December 31, 2019

VIII. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

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

Unit: Thousand Yuan Currency: RMB

Item	2018	2017	Increase/ decrease (%)	2016
Total revenue and other gains	24,506,734	31,323,372	(21.76)	24,631,628
Profit before income tax	6,448,671	11,584,644	(44.33)	8,593,428
Profit of this year-attributable to shareholders of the Company	5,032,738	9,276,520	(45.75)	6,270,612
Net cash (used in)/generated from operating activities	28,457,782	(6,726,875)	—	22,019,862
Total amount of other comprehensive income after tax this year	(549,839)	(2,717,380)	(79.77)	1,065,484

Unit: Thousand Yuan Currency: RMB

Item	At the end of 2018	At the end of 2017	Increase/ decrease (%)	At the end of 2016
Total assets	368,665,874	381,482,540	(3.36)	401,450,397
Total liabilities	263,916,270	292,892,628	(9.89)	315,790,200
Total equity attributable to shareholders of the Company	103,393,577	87,335,938	18.39	84,357,457
Total equities	104,749,604	88,589,912	18.24	85,660,197
Total share capital (shares)	8,251,500,000	7,162,768,800	15.20	7,162,768,800

Key financial indicators

Key financial indicators	2018	2017	Increase/ decrease (%)	2016
Basic earnings per share (RMB/share)	0.66	1.30	(49.23)	0.88
Diluted earnings per share (RMB/share)	0.66	1.30	(49.23)	0.88
ROE (%)	5.32	10.56	decreasing by 5.24 percentage points	7.73
Debt-to-assets ratio (%)	66.12	71.80	decreasing by 5.68 percentage points	72.25
Net assets attributable to the Company's shareholders per share (RMB/share)	12.53	12.19	2.79	11.78

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

Net Capital of the Parent Company and Risk Control Indexes

Unit: Yuan Currency: RMB

Item	As of the end of the Reporting Period	As of the end of the previous year
Net capital	59,559,867,685.52	46,742,933,091.84
Net assets	94,797,087,323.61	78,682,800,778.57
Risk coverage ratio (%)	281.90	193.75
Net capital/net assets (%)	62.83	59.41
Net capital/liabilities (%)	44.32	29.75
Net assets/liabilities (%)	70.54	50.08
Value of proprietary equity securities and derivatives/net capital (%)	30.10	60.50
Value of proprietary non-equity securities and derivatives/net capital (%)	139.03	108.16
Core net capital	54,599,867,685.52	40,742,933,091.84
Supplementary net capital	4,960,000,000.00	6,000,000,000.00
Total risk capital provision	21,127,935,985.72	24,125,200,293.77
Total on-balance and off-balance assets	249,903,236,200.25	249,717,303,395.43
Capital leverage ratio (%)	24.57	19.05
Liquidity coverage ratio (%)	648.34	619.25
Net stable funding ratio (%)	140.95	130.39

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

The financial conditions for the past five years are as follows:

1. Profitability

Unit: Million Yuan Currency: RMB

Item	2018	2017	2016	2015	2014
Total revenue and other gains	24,507	31,323	24,632	39,416	15,978
Total expenses	19,017	20,279	16,492	25,572	10,349
Share of profits of associates and joint ventures	959	540	454	420	285
Profit before income tax	6,449	11,585	8,594	14,263	5,915
Profit of this year - attributable to shareholders of the Company	5,033	9,277	6,271	10,697	4,486

2. Assets

Unit: Million Yuan Currency: RMB

Item	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Total assets	368,666	381,483	401,450	452,615	272,226
Total liabilities	263,916	292,893	315,790	371,086	230,282
Accounts payable to brokerage clients	59,492	67,336	92,729	128,367	70,228
Total equity attributable to shareholders of the Company	103,394	87,336	84,357	80,785	41,299
Total equity	104,750	88,590	85,660	81,529	41,944
Total share capital (shares)	8,251,500,000	7,162,768,800	7,162,768,800	7,162,768,800	5,600,000,000

3. Key Financial Indicators

Item	2018	2017	2016	2015	2014
Dividend per share (RMB)	Note 1	—	0.50	0.50	0.50
Basic earnings per share (RMB/share)	0.66	1.30	0.88	1.65	0.80
Dilutive earnings per share (RMB/share)	0.66	1.30	0.88	1.65	0.80
ROE (%)	5.32	10.56	7.73	17.09	11.74
Debt-to-assets ratio (%)Note 2	66.12	71.80	72.25	74.85	79.23
Net assets attributable to shareholders of the Company per share (RMB/share)	12.53	12.19	11.78	11.28	7.37

Note 1: According to the resolution passed at the 2018 first extraordinary general meeting of the Company, the Company will implement the 2018 interim profit distribution plan by distributing a cash dividend of RMB3.00 (tax inclusive) per 10 shares based on the total share capital of 8,251,500,000 shares, with a total cash dividend of RMB2,475,450,000.00. Meanwhile, according to the 2018 profit distribution proposal, the Company intends to distribute a cash dividend of RMB3.00 (tax inclusive) per 10 shares based on the total share capital of 8,251,500,000 shares, with a total cash dividend of RMB2,475,450,000.00.

Note 2: Debt-to-assets ratio = (total liabilities-accounts payable to brokerage clients)/(total assets-accounts payable to brokerage clients)

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

There is no difference between the net profit for 2018 and 2017 and the net assets as of December 31, 2018 and 2017 set out in the combined financial statements prepared in accordance with the PRC GAAP and in the combined financial statements prepared in accordance with the IFRSs.

X. ITEMS MEASURED UNDER FAIR VALUE

Unit: Yuan Currency: RMB

Name of items	Balance at the end of last year	Balance at the end of the year	Change in the current period	Effect on the profit of the current period in amount
Financial assets at fair value through profit or loss	84,550,421,345.70	122,244,331,499.24	37,693,910,153.54	(596,379,112.96)
Financial liabilities at fair value through profit or loss	14,381,328,363.06	5,199,989,703.32	(9,181,338,659.74)	185,173,813.39
Financial assets at fair value through other comprehensive income	—	10,456,742,229.48	—	853,843,932.06
Available-for-sale financial assets	44,583,168,305.62	—	—	—
Derivative financial instruments	(1,250,569,036.53)	1,157,856,445.53	2,408,425,482.06	2,931,563,535.89
Total	142,264,348,977.85	139,058,919,877.57	30,920,996,975.86	3,374,202,168.38

SUMMARY OF THE COMPANY'S BUSINESS

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

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

1. Wealth management business

We provide customers with diversified wealth management services, including securities, futures and options brokerage, financial products sales, and capital-based intermediary business through the mobile APP "ZhangLe Fortune Path", professional PC platform, subsidiaries and securities futures branch offices, Huatai International and its affiliated overseas subsidiaries, in the mode of online and offline, domestic and overseas linkage. For securities, futures and options brokerage, we mainly execute trades on behalf of our clients in stocks, funds, bonds, futures and options, etc. to provide trading services. For financial products sales business, we mainly provide customers with a variety of financial products sales services and asset allocation services, and the related financial products are managed by the Group and other financial institutions. In respect of capital-based intermediary business, we provide diversified financing services including margin financing and securities lending as well as stock pledged lending. Key performance drivers to wealth management business include fee and commission income, interest income, etc.

2. Institutional services business

We integrate investment banking, institutional investor services and investment trading resources to provide various types of corporate and institutional clients with all-round comprehensive financial services via effective institutional sales, which mainly include investment banking business, prime brokerage business, research and institutional sales business and investment and trading business.

(1) Investment banking business primarily consists of equity underwriting, debt underwriting, financial advisory, OTC business, etc. For equity underwriting business, we provide IPO and equity refinancing services for our clients. For debt underwriting business, we provide various types of bond financing services for our clients. For financial advisory business, we provide clients with mergers-oriented financial advisory services based on industrial layout with a strategic point of view. For OTC business, we provide clients with National Equities Exchange and Quotations listing and follow-on financing services, and relevant OTC businesses engaged in by Jiangsu Equity Exchange. Key performance drivers to investment banking include advisory fees, underwriting and sponsorship fees, etc.

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

(3) Research and institutional sales business mainly consists of research business and institutional sales business. For research business, we provide various professional research services for clients. For institutional sales business, we promote and sell securities products and services to clients. Key performance drivers to research and institutional sales business include incomes from services concerning various research and financial products.

(4) Investment and trading business mainly includes equity trading, FICC trading and OTC derivative transaction. The Group conducts equity, FICC and other financial instruments transactions with its own funds, and reduces investment risks and improves 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 with our own funds, 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 inter-bank and exchange bond markets with our own funds, and engage in market making services in the inter-bank bond market. In terms of OTC derivative transaction, we provide 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.

3. Investment management business

We accept the fund entrustment from clients, develop and provide various financial products for our clients and manage their assets through our professional investment and research platform as well as our substantial client base, effectively satisfying their investment and financing needs. Our investment management business mainly consists of asset management for securities firms, private equity fund management and asset management for fund companies. For asset management business for securities firms, we participate in the operation of asset management business for securities companies, which includes collective asset management business, single asset management business, specialized asset management business and public offering fund management, through our wholly-owned subsidiary Huatai Asset Management (which are operated on a differentiated basis from our mutual 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 mutual fund management companies, namely China Southern Asset Management and Huatai-PineBridge, through which we participate in the operation of asset management business for fund companies. Key performance drivers to asset management business include management fee, performance fee, investment income, etc.

4. International business

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

The Hong Kong business of the Group is mainly operated by Huatai Financial Holdings (Hong Kong), a wholly-owned subsidiary of Huatai International, which mainly includes investment banking, private wealth management and retail brokerage, research and stock sales, FICC, equity derivatives and asset management. For investment banking business, we provide both Chinese and international customers with equity and debt underwriting and merger and acquisition advisory services. For private wealth management and retail brokerage business, we provide clients with brokerage and wealth management services covering different asset classes around the world. For research and stock sales business, we provide integrated research and sales services (both in and out of China) covering all industries for global institutional customers. For FICC business, we provide FICC solutions such as sales, trading and market making services for all kinds of institutional customers. For cross-border and structured financing business, we provide customized solutions to meet customers' needs for leveraged buyout, strategic M&A, pre-listing financing, business expansion and others. For equity derivatives business, we carry out cross-border stock derivatives trading, design and sales business, and provide various equity capital intermediary services for customers. For asset management business, we provide investment portfolio and fund management services for international investors.

The Group completed its acquisition of AssetMark in the United States in 2016. AssetMark is a leading turn-key asset management platform in the United States, a third-party financial service institution that provides a series of services such as investment strategies and asset portfolios management, customer relations management and asset custody, and advanced and convenient technology platform for investment advisors. In September 2018, Huatai Securities (USA), Inc., a foreign wholly-owned subsidiary of Huatai international, was registered in Delaware, USA, aiming to continue promoting international business development. As of the end of the Reporting Period, the company had not started business.

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

II. AWARDS AND HONORS

(I) Key awards and honors of the Group

The Selection of "China Financial Value Ranking 2018" hosted by China Business Network: The Company was awarded the "Securities Company of the Year"

The Selection of "2018 Top Finance" and "2017 Top Finance" hosted by The Paper:

The Company was awarded "Broker Institution of the Year", "Innovative Broker of the Year" and "Inclusive Finance of the Year"

2018 China Social Responsibility Charity Gala and the 11th China Corporate Social Responsibility Summit: The Company was awarded the "Award for Outstanding Enterprises"

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

Wealth management business	The New Era Capital Forum and Golden Horse Awarding Ceremony jointly organized by Securities Daily and Chongyang Institute for Financial Studies at Renmin University of China: The Company was awarded "Golden Horse Award - Best Intelligent Broker" The Awarding Ceremony of "11th Golden Cicada Award" hosted by China Times: The Company was awarded "Excellent Wealth Management Securities Company of the Year of 2017" "The Selection of 2017 Leading China" hosted by JRJ.com: The Company won "Outstanding Investment Advisor Service Award" and "Outstanding Securities Service Award" The Selection of "21st Century Finance and Economics Golden Sail Award" hosted by 21st Century Business Herald: The Company was awarded "Financial Technology Golden Sail Award"	The data from Analysys: "ZhangLe Fortune Path" ranked top in the industry in terms of monthly active users by the end of 2018 The Selection of "2017 Golden Phoenix in Finance" hosted by IFENG.COM and FINANCE.IFENG.COM: "ZhangLe Fortune Path" was awarded "Best Innovative Marketing APP of the Year of 2017" The Selection of "China Securities Traders – Excellent APP of Security Firm" hosted by Securities Times – China Securities Traders: "ZhangLe Fortune Path" was awarded "2018 Top Ten APP Brands of Securities Companies" and "Young Users' Favorite Broker APP of the Year of 2018" The Selection of "Best APP of Securities Companies of the Year of 2018" hosted by Sina Finance: "ZhangLe Fortune Path" was on the list of "Best User Service APP of the Year of 2018", "Users' Favorite APP of the Year of 2018" and "Top Ten APPs of the Year of 2018"

Institutional services business	Shanghai Stock Exchange: Huatai United Securities was awarded "Excellent Corporate Bond Underwriter of the Year of 2017", "Excellent Trustee of the Year of 2017" and "Excellent Green Corporate Bond Participant of the Year of 2017" The selection of "2018 Chinese Excellent Company and Investment Bank Awards" hosted by Asiamoney: Huatai United Securities was awarded "Best Private Corporate Financing and Investment Banking Business Award in China" The Selection of "2018 Junding Award for Wealth Management Institutions of China" hosted by Securities Times: Huatai United Securities was awarded "Junding Award for Full-Service Investment Bank in China", "Junding Award for TOP10 Financial Advisors of China", and "Junding Award for TOP10 Refinancing Investment Banks of China" The Selection of "21st Century Golden Sail Award for Finance and Economy" hosted by 21st Century Business Herald: Huatai United Securities won "IPO Gold Sail Award" The Selection of the 11th New Fortune's Best Investment Bank: Huatai United Securities won 20 awards, including "Best Local Investment Bank", "Best Investment Bank in Equity Underwriting", "Best Investment Bank in Debt Underwriting", "Best Investment Bank in Merger and Acquisition", "Best IPO Investment Bank", "Best Refinancing Investment Banks" and "Best Investment Bank in Serving Overseas Markets"	Shenzhen Stock Exchange: The Company was awarded "Excellent Regional Debt Underwriter of the Year of 2017"; and Huatai United Securities was awarded "Excellent Trustee of the Year of 2017" and "Excellent Fixed Income Business Innovation Institution of the Year of 2018" China Central Depository & Clearing Co., Ltd.: Huatai United Securities was awarded "Award for Innovative Businesses" The Selection of "The 12th (2018) Crystal Ball Best Analysts" hosted by Securities Market Weekly: Our Company won No. 4 of "The Fastest-growing Research Institutions", and there were four teams on the list 2018 II China List: Our Company won "No. 4 of the Best Analyst Teams (Mainland China)", "No. 3 of the Best Sales Teams (Mainland China)", "No. 2 of the Best Chinese Analysts (Mainland China and Overseas)" The Selection of "The 5th Most Popular Sell-side Analysts in the Insurance Asset Management Industry of China" hosted by Insurance Asset Management Association of China: Our Company was awarded No. 3 of "The Best Progressive Research Institutions", and there were four teams on the list

Investment management business	Shanghai Stock Exchange: Huatai Asset Management was awarded "Excellent Manager of Asset-backed Special Schemes in the Bond Market of the Year of 2017" Shenzhen Stock Exchange: Huatai Asset Management was awarded "Excellent Manager of Asset-backed Special Schemes in the Bond Market of the Year of 2017" The Selection of "2018 Junding Award for Wealth Management Institutions in China" hosted by Securities Times: Huatai Asset Management was awarded "Junding Award for Excellent Wealth Management Institutions in China", "Junding Award for Asset Management Brokers in China" and "Junding Award for Wealth Management Leader in China" "2018 China Broker Industry Forum and Jinding Award for Broker" hosted by National Business Daily: Huatai Asset Management was awarded "The Most Powerful Asset Management Broker", "The Best Team for Fixed-income Asset Management", "The Best ABS Team", "The Best ABS Product - Financial Leasing" The Selection of "2018 Junding Award for Wealth Management Institutions in China" hosted by Securities Times: Huatai Futures was awarded "Junding Award for Excellent Futures Companies in China" and "Junding Award for Financial Institutions as Classic Examples for Targeted Poverty Alleviation"	Summit and Awards Ceremony "Golden Bull Award for China Equity Investment" hosted by China Securities Journal: Huatai Purple Gold Investment was awarded "Golden Bull Broker Equity Investment Institutions" and "Golden Bull Broker Equity Investment Elite" China Securities Journal: China Southern Asset Management was awarded "The Most Contributing Company in China's Fund Industry within Two Decades" and "The Most Trusted Golden Bull Fund Company of the Year of 2017" Huatai-PineBridge Fund Management was awarded "Golden Bull Fund Company in Quantitative Investment" Shanghai Securities News: China Southern Asset Management was awarded "Golden Fund - Top Fund Company" on the 20th Anniversary of Mutual Fund CHINAFUND: Huatai-PineBridge Fund Management was awarded "The Best Manager of Index and Quantitative Fund in the Fund Industry within Two Decades" eastmoney.com: China Southern Asset Management was awarded "The Best Fund Company on the List of Eastmoney of the Year of 2018" Huatai-PineBridge Fund Management was awarded "The Best Fund Company in terms of Brand Image on the List of Eastmoney of the Year of 2018"

International business	The Selection of "2017 Award for the Best Listed Companies by China Financial Market" hosted by China Financial Market: Huatai Financial Holdings (Hong Kong) was awarded "Star Investment Banking Award in the Capital Market of the Year" The Selection of "AAA National Awards" hosted by The Asset: Huatai Financial Holdings (Hong Kong) was awarded "The Best Corporate and Institutional Advisors (Broker) in Hong Kong", "The Best Syndicated Loan and Financing Programs in Hong Kong", "The Best High-Yield Bond Programs in Hong Kong"	The "2018 Summit of Brokerage Industry in China" hosted by National Business Daily: Huatai International was awarded "The Most Promising Layout of Overseas Business" The paid-in capital of Huatai Financial Holdings (Hong Kong) amounted to HK$8.8 billion, and its capital scale ranked top in Hong Kong Cerulli Associates and other public information: As of the end of the third quarter of 2018, AssetMark ranked No. 3 in terms of the TAMP market share in the United States, with a market share of 10.20%

III. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

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

The Group is one of the technology pioneer institutions in China's securities industry. Over the years, it has maintained a high level of investment in information technology and is committed to building leading capacity for independent research and development of information technology. The Group's R&D investment ratio and R&D personnel ratio are both in the leading position in the industry. The Group adheres to centering on customers' needs and pursues to use advanced financial technology to promote business development. At the same time, it strengthens support from middle and back office to front office and improves operational efficiency. In particular, the mobile finance strategy continuously enhanced customer experience, effectively increased customer size and promoted customer activity, optimizing the process of wealth management services. In addition, centering on the diversified and complex needs of institutional investors, the Company has independently developed and created industry-leading digital products such as intelligent trading, quantitative investment and research, investment management and market data analysis through artificial intelligence, top-speed communication and other core technologies, which further enhanced its professional service capacity. The independent research and development capacities and technical competency developed over the years have laid a solid foundation for the Group to build a platform-based and systematic competitive advantage.

(II) The open digital wealth management platform provides efficient professional services to more customers

The Group has built one of the most active wealth management platforms in China's securities industry with a client base of over 12.7 million. Drawing on advanced wealth management service system and experiences at home and abroad, the Group accelerated the implementation of wealth management transformation from service, procedure, technology platform and other aspects. Online and offline resources have been blended to promote the efficiency of customer development and services. Since the launch of mobile service platform in 2010, it has gradually become a large platform for gathering and serving clients through continuous upgrading and innovation of the mobile finance service model. As of the end of the Reporting Period, the cumulative download volume of "ZhangLe Fortune Path" reached nearly 45.7 million. According to the statistics of Analysys, the NMAU of "ZhangLe Fortune Path" exceeded 7 million as at the end of 2018, ranking first among APPs of securities companies. The Group has developed and applied a wealth management work platform to identify customer needs, recommend investment solutions and realize automated and efficient precision marketing, providing investment advisors with comprehensive and intelligent customer service support. The Group actively proceeded the construction of investment advisors team and capacity of wealth management services. According to statistics from the Securities Association of China, as of the end of the Reporting Period, investment advisors of the Parent Company accounted for 28.98% of its total staff, maintaining the first place in the industry.

(III) First-class investment banking business that has taken full advantage of the opportunities from the rise of new economy

The new economic field with technological innovation as the core is becoming a leading force in economic development and transformation. The first-class investment banking is playing a more critical role in facilitating the transformation and upgrading of the real economy and in transactions that change and reshape the industrial pattern. The Group has established a large customer base in key areas of technological innovation, such as Internet and software, health care, environmental protection on energy sources and other industries, and has developed a good relationship with leading enterprises in the industry. The Group continues to develop and build relationships with clients in emerging industries, and with the significant growth of scale and influence of such clients, the investment banking business has also achieved rapid growth. The Group has formed first-class competitive advantages in the industry in terms of financial advisory for M&A and reorganization, as well as equity underwriting business. The Group has successfully executed a number of complex transactions and provided professional advice to help clients respond to cross-market challenges. Since 2012, the total number of M&A and reorganization transactions approved by the CSRC reached 118, ranking the first in the market. With the rapid development of strategic emerging industries and the continuous transformation of traditional industries, the increasingly active M&A and financing activities will bring valuable opportunities to the Group.

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

Relying on our substantial customer base, the Group has established one of the largest asset management platforms in the industry with its product innovation and comprehensive service capabilities. The total amount of assets under management business was at the forefront of the industry. Our management products cover major asset categories, including currency, fixed income, equity, index, private equity and other alternative asset classes, and have formed a product system with considerable scale and broad business coverage, which has created significant operational advantages and market influence. With its strength in financial technologies, the Group strengthened its asset management ability, took the lead in the industry to launch an investment and research integrated management platform of FoF/MoM, and built a credit evaluation system based on artificial intelligence technology. The Group is a leader of the industry in ABS transaction design, and has set a benchmark for the industry through constant innovation in basic assets, transaction structure and other aspects. It has achieved a number of domestic first orders in the fields such as REITs of continuous issuance, ABS of e-commerce receivables, ABS denominated in foreign currency and ABS of aircraft leasing.

(V) Global layout to create new opportunities for development

The Group has made strategic layout for international business to support overseas expansion of Chinese clients and domestic investment of international investors. The Group has established a comprehensive international platform in Hong Kong through Huatai Financial Holdings (Hong Kong), covering investment banking, wealth management, research, institutional sales and trading, as well as asset management business, etc. By virtue of our customer base in mainland China and our diversified onshore and offshore service capabilities, we have made great achievements in our cross-border business. Through the acquisition of AssetMark in 2016, the Group has successfully established its core competitive advantage outside Greater China. The acquisition is the first time that a Chinese securities company carried out similar transaction, which has enabled the Group to enter the US market in a unique way. The Group made sure of operational independence of AssetMark and fully studied and learned its international leading business model and advanced technology platform to further its wealth management business. Upon the completion of the acquisition, the asset management scale of AssetMark continued to grow, which increased by more than one-third as at the end of the Reporting Period compared to the scale at the time of the acquisition.

(VI) Comprehensive risk management with professional and technical advantages

"Stability" is always an important part of the core values of the Group. The Group has established a collectivized, professional and platform-based overall risk management system by taking "high engagement, full coverage and deep penetration" as the core idea, which realized the coverage, penetration and concentrated and unified management of various professional risk lines for subsidiaries, as well as the full coverage, monitoring, measurement, analysis and response for various risks in business processes, effectively adapting to the pace of business transformation and development and market changes. At the same time, the Group attached great importance to the application of advanced technology in risk management, and independently developed a comprehensive risk management platform of the Group covering all businesses, subsidiaries and branches, which realized concentrated monitoring and analysis on and whole-process control of cross-business and cross-subsidiary risk information, so as to continuously strengthen the effectiveness and promptness of risk management and response.

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

The market-oriented reform on human resource management is the source of vitality for promoting the continuous improvement of the Group. In recent years, the Group has established and improved a mechanism for the selection and appointment of talents based on ability and performance as well as a market-oriented employment mechanism and compensation incentive mechanism. The successive introduction of top-level talents, innovative talents, cross-industry talents and international talents has significantly improved the core competitiveness of talents in every professional field. Members of the Group's senior management have diversified backgrounds in financial and technology industries. The vision, concept and executive power of the management team have been leading the vigorous development of a customer-oriented and technology-enabling business model. Since 2018, the Group has started the reformation of mixed ownership and brought in important strategic investors in order to establish a more diversified shareholding structure. The diversified and balanced structure of shareholders and the Board aims at strengthening the transparency of the Company's corporate governance and bringing new concepts and support to the Group's future strategic development.

I. MANAGEMENT DISCUSSION AND ANALYSIS

Unit: Thousand Yuan Currency: RMB

Segment	Segment revenue and other income	Segment expenses	Segment results	Segment profit margin (%)	Year-on-year change of segment revenue and other income (%)	Year-on-year change of segment expenses (%)	Year-on-year change of segment profit margin (%)
Wealth management business	12,991,093	(9,138,114)	3,852,979	29.66	(7.86)	(0.27)	Decrease of 5.35 percentage points
Institutional services business	3,109,716	(3,723,151)	(606,284)	(19.50)	(42.68)	3.80	Decrease of 53.43 percentage points
Investment management business	3,398,809	(1,207,630)	2,015,963	59.31	(1.06)	2.05	Decrease of 7.38 percentage points
International business	3,115,539	(2,840,017)	275,522	8.84	(17.30)	(21.18)	Increase of 4.49 percentage points
Others (including offset)	1,891,577	(2,108,460)	910,491	48.13	(58.85)	(23.10)	Decrease of 3.04 percentage points
Segment total	24,506,734	(19,017,372)	6,448,671	26.31	(21.76)	(6.22)	Decrease of 10.67 percentage points

(I) Wealth management business

1. Market environment and industrial trend for wealth management business

(1) The market size of the wealth management business market continuously expanded

With the transformation of China's economy towards high-quality development, the continuous increase of national wealth and the growing demand of residents for wealth management, the room for development of wealth management business will expand in depth, and capital market will become a significant market for high net worth individuals to obtain, remain and increase their wealth. According to the statistics of China Merchants Bank's private wealth report, as of the end of 2017, the total size of investable assets held by individuals in China was RMB188 trillion, an increase of 13.94% compared with the end of 2016; the number of high net worth individuals with personal investable assets exceeding RMB10 million was 1.87 million, an increase of 18.35% compared with the end of 2016. Under the background of continuous growth of per capita investable assets, increased demand for financial assets allocation and increased penetration of wealth management industry, there will be more room for the development of wealth management business of securities companies, and in comparison with other financial institutions, greater potential in creating products and platforms with differentiated features.

(2) Changes in market competition trends and clients' demand continuously promoted the wealth management transition of securities companies

With the increasing intensification of market competition and the accelerated penetration of financial technology, the average brokerage rate for equity trading in the securities industry continued to decline. The traditional profitability and operation models of securities companies were facing with subversive challenges. Therefore, a transition from traditional channel services to comprehensive wealth management business and comprehensive financial services demonstrated a major trend for the strategic transformation of securities companies. During the Reporting Period, due to the mixed impact of multiple internal and external factors, the stock market declined after fluctuations. The Shanghai Composite Index fell 24.59%, the Shenzhen Component Index fell 34.42%, and the Shanghai and Shenzhen 300 Index fell 25.31%. In an increasingly uncertain market environment, clients paid more attention to the large-scale assets allocation and related service proposals provided by professional financial institutions. Under the general trend that the wealth management needs from clients were more diverse and complex, wealth management institutions with advanced financial service platforms, competitive financial product systems and specialized talent teams will take the lead and build competitive barriers in comprehensive service capabilities.

(3) The increasingly extensive application of Fintech continuously boosted the efficiency of wealth management and improve user experience

With the deepening of the application of Fintech in the wealth management business, Fintech will effectively empower securities companies to transform wealth management business, with more digital and intelligent wealth management services. In recent years, securities companies have increased their investment in technological innovation, focusing more on the use of digital channels to build a new platform-based and systematic mode for wealth management services, while using big data analysis to explore client needs and match business opportunities. The rich digital practice is beneficial to the wealth management business. Therefore, securities companies can reduce cost and improve efficiency, expand client groups, enhance client experience and control risks and etc, in order to satisfy the diversified financial management needs of clients in a more efficient, more convenient and safer manner. The development of leading international financial institutions also shows that the full use of Fintech to promote business transformation is one of the most important strategic choices for the development of securities companies.

2. Operational measures and achievements of wealth management business

(1) Securities, futures and options brokerage business

During the Reporting Period, the Group centered on clients' demand, focusing on the construction of financial product system, service platform and investment consulting team to accelerate the transformation of wealth management, further expanded client groups and client asset scale, continuously optimized client structure, and actively built a future-oriented new service system and differentiated core capabilities, so as to steadily establish a wealth management development model centered on comprehensive financial services. It explored the intelligent transformation of outlets, applied Fintech to upgrade the intelligent marketing service platform, actively promoted the integration of online and offline resources with the whole business chain resources, continuously improved the internal and external financial product lines, and strived to enhance the comprehensive financial services capabilities. It drew on the experience of the AssetMark operation management and service system, vigorously promoted the construction of the investment consulting team and selected the function upgrade of the wealth management service platform to provide more effective support for clients of investment consulting service.

During the Reporting Period, the Group continually optimized and upgraded the business functions and service contents of mobile platform "ZhangLe Fortune Path", utilized data analysis to promote the optimization of experience process, continuously improved the operational efficiency of the platform and the quality of customer service, and built a comprehensive mobile financial service system. During the Reporting Period, "ZhangLe Fortune Path" was downloaded for 8,272,400 times. Since the "ZhangLe Fortune Path" was available to be downloaded online, the accumulative downloads reached 45,697,100. According to the statistics of Analysys, the average NMAU of "ZhangLe Fortune Path" during the Reporting Period was 6,636,900, and the NMAU as of the end of the Reporting Period was 7,128,800, ranking first among APPs of securities companies. During the Reporting Period, the number of new accounts opened on the mobile terminal of "ZhangLe Fortune Path" was 632,900, accounting for 96.78% of total new accounts. 87.34% of the trading customers traded through "ZhangLe Fortune Path", which has become the core carrier of the Group to acquire customers and collect customer assets. During the Reporting Period, "ZhangLe Fortune Path" was upgraded to a new version of 6.0, and a number of industry-leading smart services and innovative products were launched such as "Tainiu Smart Investment" and "Smart Family", which increased customer stickiness and customer activity.

The Group further strengthened its advantages in trading services based on advanced platforms. During the Reporting Period, according to the statistics of members of the Shanghai and Shenzhen Stock Exchanges, the Group's equity fund trading volume totaled RMB14.27 trillion, ranking the first place in the industry. As of the end of the Reporting Period, according to internal statistics, the of client accounts total assets reached RMB2.46 trillion.

Data of agency sales amount

Currency: RMB

2018		2017	
Type of securities	**Agency sales amount (in RMB100 million)**	**Type of securities**	**Agency sales amount (in RMB100 million)**
Stocks	133,024.16	Stocks	168,116.95
Funds	9,695.15	Funds	22,022.39
Debentures	224,508.88	Debentures	171,912.65
Total	367,228.19	Total	362,051.99

Note: The data of agency sales amount in 2017 is cited from Wind Information; In view of the fact that Wind Information no longer collects and publishes the member sales volume data, the data of agency sales amount in 2018 is cited from the Shanghai and Shenzhen Stock Exchange members' statistics in which the fund data does not include floor trading volume of money funds on the Shanghai Stock Exchange.

During the Reporting Period, the Southbound Trading business was operated steadily and the number of clients increased steadily. For the Southbound Trading business under Shanghai-Hong Kong Stock Connect, there were 15,200 authorized users in total. For the Southbound Trading business under Shenzhen-Hong Kong Stock Connect, there were 17,600 authorized users in total. During the Reporting Period, the stock option brokerage business focused on promoting the construction of the trading system and continuously improved tiered and graded client services, as a result, the business maintained a positive development trend.

As of the end of the Reporting Period, for the futures brokerage business, we had 5 branches and 42 futures branches in total covering 4 municipalities directly under the Central Government and 16 provinces in China, as the agent of 60 types of futures. During the Reporting Period, Huatai Futures (excluding clearing members) realized the agency trading volume of 234,626,900 lots with the transaction amount of RMB17,475,537 million. During the Reporting Period, the Group's futures IB business developed smoothly, with 206 securities branches getting allowed to be engaged in futures IB business and the total number of futures IB business customers reaching 34,582 as of the end of the Reporting Period.

(2) Financial product sales business

During the Reporting Period, the Group continued to enhance requirements for eligibility management of clients, improve product review and product sales service system to make full use of the advantages of outlet layout and the Internet platform. Through increasing efforts in market trend research and active guidance of clients' demand, the Group has seen increasingly improved business coverage and basic product penetration. The overall sales revenue and daily average holdings of financial products have been steadily improved throughout the year, among which, the sales growth of public funds was particularly significant.

The Group was committed to building a full-process management model for financial products with the help of the whole business chain and Fintech advantages, continuously improved the level of business intelligence, and built a data collection and distribution center around the financial products business. Meanwhile, it accelerated the layout of product lines around client needs, strengthened investment research capacity building, and set up innovative products matching the characteristics and preferences for clients of different levels and types, such as customized revenue vouchers for professional and institutional investors, market neutral strategy products, cross-border structured products, gradually built a financial product business ecosystem. In addition, in response to changes in regulatory requirements, the Group continued to strengthen product compliance and risk management, and comprehensively sorted out and improved business processes. During the Reporting Period, the total amount of the sales and the total income from agency sales of financial products were set out as below:

Unit: Yuan Currency: RMB

Agency Sales of Financial Products	2018		2017	
	Total Sales Volume	Total Sales Income	Total Sales Volume	Total Sales Income
Funds	70,042,996,359.54	148,882,210.16	23,653,690,358.05	125,643,365.32
Trusts	7,838,920,000.00	16,439,089.51	2,094,773,500.00	12,570,415.14
Others	2,816,629,730,123.28	8,398,530.53	3,176,006,645,969.75	2,950,342.08
Total	2,894,511,646,482.82	173,719,830.20	3,201,755,109,827.80	141,164,122.54

Note: The above data are from the internal statistics of the Company.

(3) Capital-based intermediary business

During the Reporting Period, the Group focused its business philosophy on the client needs, comprehensively deepened the whole business chain cooperation, integrated internal and external resources, continuously optimized the customer service system, enriched the customer service dimensions, continuously improved the customer experience, and strengthened the core competitiveness of quality customer development. In addition, it responded quickly to market changes and regulatory requirements, implemented risk control of the whole process, continuously optimized management processes, focused on risk pricing research, and comprehensively enhanced risk prevention and control capabilities of the capital-based intermediary business. During the Reporting Period, the market share of margin financing and securities lending business remained stable, the risk control of stock pledged repurchase business was effective, and the market share of new credit securities accounts continued to grow. As of the end of the Reporting Period, balance of margin financing and securities lending business of the Parent Company was RMB43.515 billion, and the integral maintenance guarantee ratio was 272.82%. The pending repurchase balance of stock pledged repurchase business of was RMB53.904 billion in total, with an average fulfillment guarantee ratio of 231.67%.

3. Prospect of wealth management business for 2019

Wealth management business takes up heavy responsibilities in gathering customer resources and client assets on a large scale, and is an important basis for customer value exploration and creation. In 2019, the Group will strengthen its intelligent technology operation and management, further improve the customer-oriented service platform and the workflow platform for investment advisors, and optimize the business system integrating online and offline resources. Supported by the whole business chain and relying on the professional investment advisor service, the Group will build research and investment-driven financial product service capabilities, and effectively guide the wealth management business from product sales to asset management and allocation for customers.

For brokerage and wealth management business, we will continue to adapt to market development, promote business development with the intelligent, digital, targeted and professional online and offline collaboration model, adhere to the bottom line of compliance, continuously enrich the asset allocation strategy, so as to create a diversified system of financial products and strategic products, and improve customer asset stickiness. We will accelerate the creation of intelligent online services and upgrade functions, improve the customer experience of online platform functions, promote the intelligent transformation of offline outlets, and reshape the positioning and value of business outlets. We will enhance big data application to explore digital value in customer deal and behavior, match customers accurately with products and services through their profiles; actively build an integrated service system for investment advisors, and continue to upgrade the working platform for investment advisors. For options and futures brokerage business, customers' demand for risk management will be explored in depth, driving the implementation and extension of innovation business.

For financial product sales business, we will continue to promote the creation and output of the core capabilities of asset allocation, and improve the service for customers' financial needs. Based on the tiered and graded customer requirements, we will coordinate the creation, design, and introduction management of financial products, and combine external and proprietary products to create differentiation advantages of product lines in order to continuously expand the scale of financial products business and the client coverage.

For capital-based intermediary business, we will focus on clients' demand to deepen the content of products and services, promote customer services and profit model innovation, comprehensively improve risk management level and system operation efficiency, and build customer credit risk assessment and pricing capabilities leading in the industry, to ensure safe and healthy business development and constantly consolidate our superiority in the market.

(II) Institutional services business

1. Market environment and industry trend of institutional services business

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

With the economic transformation, the upgrading of industrial structure, especially the rise of the new economy, and the continuous deepening of the reform of the direct financing system in the capital market, China's capital market is accelerating into the era dominated by institutions, and providing a full range of high-quality integrated financial services for institutional clients will become an important embodiment of the core competitiveness of securities companies. With the normalization of IPO approval, the loosening of refinancing business, the optimization of mergers and acquisitions approval, the establishment of the science and technology innovation board, the pilot of the registration system and the acceleration of other relevant policies, the investment banking business of securities companies will have more room for development, and business efficiency improvement and border widening will increase the income of the investment banking business of securities companies.

In the future, the institutional service business will be provided with a strategic historical opportunity, and the scale of business will be further expanded to bring more business opportunities to securities companies that are able to accurately grasp macroeconomic trends and create long-term value for customers. The types of institutional services of securities companies will be more diversified, and service innovation and product innovation around the real economy will also increase.

(2) The development trend of the institutionalization of market participants and the oligarchy of institutional business has set higher standards for securities companies' institutional services business

In recent years, professional institutional investors such as domestic public funds, private equity funds and insurance companies have made considerable progress. The market value of shares held by professional institutional investors has also continuously increased and institutional investors are turning into the main force in the market. At the same time, with the continuous entry of domestic social security funds, pension funds and corporate annuities, as well as the accelerating entry of QFIIs, QDIIs, Stock Connect and overseas funds upon the inclusion of A-shares into MSCI and FTSE Russell, the proportion of long-term institutional funds in the market is constantly increasing. The development of institutional investors will reshape the structure of capital market and the institutionalization of capital market will be the direction for future development. In the recent years, the policy orientation in capital market, namely expanding openness and support for excellence and limit to inferiority, has led to a significant increase in market concentration of institutional business, and the oligarchy tendency of business resources has become more prominent. Systematic institutional service and differentiated institutional service capabilities will become the key competitiveness of securities companies.

(3) Preventing financial risks is the lifeline for the continuous development of institutional services business of securities companies

With the economic slowdown, financial deleveraging and rigid payment breaking, certain financial risks are gradually exposed and released, leading to increasingly complicated manifestation and transmission of financial risks. Securities companies must constantly improve their risk management capacity to shoulder their important missions of maintaining the stability, health and sustainable development of market, industry and themselves more effectively.

Preventing and managing financial risks requires securities companies to continue to improve the professional and platform-based comprehensive risk management system to achieve centralized monitoring and analysis of risk information and whole process control. Addressing financial risks requires securities companies to effectively use the financial derivatives market while having strong capital strength. With the continuous innovation of financial derivatives and the increasing market expansion, the demand for derivatives is continuously unleashed. Based on the continuous improvement in professional capabilities such as valuation, pricing and trading, securities companies seize new opportunities in the high-end development of institutional business coupled with their unique risk management service value and their differentiated financial product innovation and design capability.

2. Operational measures and achievements of institutional services business

(1) Investment banking business

During the Reporting Period, with the "client-centric" business philosophy, the basis of the integrated investment banking platform and the whole business chain system, the direction of industry focus, regional layout and customer deepening development, the Group strengthened domestic and overseas, in-exchange and OTC cross-market synergy, increased support for science and technology innovation enterprises, and comprehensively enhanced product service capability and quick response ability of comprehensive services.

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	9	168	1,877,423.87	11,836,862.18	60,354.09	496,176.40
Additional issue of shares	13	163	3,045,704.52	26,222,935.94	8,762.09	201,353.26
Allotment of shares	—	30	—	1,002,136.78	—	19,236.96
Issue of bonds	178	724	13,974,953.93	69,222,380.96	38,698.82	278,570.38
Total	200	1,085	18,898,082.32	108,284,315.86	107,815.00	995,337.00

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

① Equity underwriting business

During the Reporting Period, the equity underwriting business deeply focused on key areas and industries, actively explored and cultivated scientific and technological innovation enterprises, adhered to both quality and efficiency, continuously improved the level of systemic marketing and professional services to provide innovative solutions to customers. According to the statistics from Wind information, the Group's equity lead-underwriting amount (including the initial offering, additional offering, allotment of shares, preferred shares, convertible bonds, exchangeable bonds) was RMB138.466 billon, ranking third in the industry.

② Bonds underwriting business

During the Reporting Period, the bonds underwriting business actively created a stable market development system, continuously developed channels and core customers, promoted innovation-driven strategies, gave full play to the all-round business advantages of stock-debt linkage to improve the overall service capability of bonds underwriting business. According to the statistics from Wind information, the lead-underwriting amount of full variety bonds was RMB204.34 billion, ranking eighth in the industry.

③ Financial advisory business

During the Reporting Period, the merger and acquisition and reorganization business adhered to quality based on quantity, sought changes based on superiority, continued to lead the market with innovation and develop boutique projects, gave full play to professional and technological advantages to further improve our business reputation. Meanwhile, it actively explored the financial advisory business in the non-public market and achieved breakthroughs in the field of private equity financing. During the Reporting Period, we had 15 merger and acquisition projects and reorganization transactions approved by the CSRC, ranking third in the industry; the transaction amount was RMB110.427 billion, ranking first in the industry.

④ OTC business

During the Reporting Period, the NEEQ business actively adapted to market conditions and strategic deployment adjustments, and proactively promoted the reform of investment banking service system based on the whole industry chain. As of the end of the Reporting Period, the Group provided supervision services for 44 listed companies, 8 targeted placements with a total amount raised of RMB681 million, and 3 acquisitions of financial advisor business with a total transaction amount of RMB213 million. Jiangsu Equity Exchange, a holding subsidiary of the Group, continued to improve its basic functions, actively integrated business resources, steadily promoted business innovation, acquired the qualification to conduct private equity convertible bonds business, continued to construct featured segment, and implemented differentiated and targeted services. As of the end of the Reporting Period, the Group has had 4,444 enterprises listed, 236 membership units, and 92,083 investors of all types. During the Reporting Period, it raised RMB111 million for the listed companies through equity financing.

(2) Prime brokerage (PB) business

During the Reporting Period, the Group continued to advance the construction of PB business system and the improvement of system functions, continuously enhanced its business operation support capability and client service capabilities, optimized its organizational structure, actively developed strategic customers, and further tapped client needs and cooperation potential, and continuously expanded business development space and boundary, so as to meet various demands of customers with standard basic services and personalized value-added services. As of the end of the Reporting Period, the Group had 2,642 fund custody products and the business scale of fund custody reached RMB73.305 billion, and there were 3,465 private fund service business products (including 874 products of asset management subsidiary), of which the service business scale reached RMB849.065 billion (including the business scale of asset management subsidiary of RMB778.018 billion).

(3) Research and institutional sales business

During the Reporting Period, the research business improved the construction of research infrastructure, actively expanded the breadth and depth of research coverage, and continued to increase the market influence and pricing power with more diversified and efficient service. It continued to intensify efforts on client expansion and research services, further propelled the integration of the research businesses in Mainland China and Hong Kong, accelerated the establishment of a cross-border research service system to meet the two-way, multi-level investment needs of clients at home and abroad. The institutional sales business continued to expand business scope and client coverage and improve business stickiness relying on the advantage of whole business chain and giving full play to synergies. During the Reporting Period, the Group actively carry out various forms of research service activities. During the year, it issued 3,944 research reports, and organized 19,585 institution roadshows and 316 teleconferences, 314 institution reverse roadshows, research on 693 listed companies and 51 salons and special conferences. During the Reporting Period, the volume of sub-position transactions for the public fund research was approximately RMB319.789 billion.

(4) Investment and trading business

① Equity trading business

During the Reporting Period, the Group further improved the cross-market and multi-dimensional big data monitoring system, deepened the research and tracking of the industry chain, and created a multi-level stock pool system. Meanwhile, it vigorously promoted the transformation of business model to transaction, comprehensively advanced the construction of big data system platform, and actively explored diversified strategic means. The Group attached great importance to building a professional big data investment research team, actively carried out big data trading business, improved the strategy development system, and strengthened the research and application of big data and artificial intelligence technologies.

② FICC trading business

During the Reporting Period, the fixed-income proprietary investment business adjusted its position structure in a timely manner according to market trends, actively grasped market opportunities and effectively controlled the business risk exposure, and continued to enrich and innovate trading strategies, so as to constantly optimize the income structure. It took active efforts to expand and maintain various institutional clients and deepen clients' needs, actively adjusted client development and service models, continued to enrich the contents of product lines, and continuously improved customer service capabilities. As for bulk commodity business and foreign exchange business, it actively promoted business model research and trading system construction, continuously improved product creation and product investment capabilities, further expanded trading product categories, and continued to promote cross-border business layout.

③ OTC derivatives trading business

During the Reporting Period, the Group actively expanded its business development opportunities, proactively strengthened market trend research, and continued to explore business innovation development models, to further expand its business breadth and depth. As of the end of the Reporting Period, the Group had 131 income swap transaction businesses with a notional principal of RMB3.46 billion. As of the end of the Reporting Period, the Group had 338 OTC option trading businesses with a notional principal of RMB13.15 billion. During the Reporting Period, the Group issued 3,244 private placement products through the quotation system and OTC market, with the total amount of RMB41.803 billion. Moreover, the Group continued to carry out NEEQ market making business. As of the end of the Reporting Period, the Group held shares of a total of 13 companies listed on the NEEQ, with a total market capitalization of RMB190.3243 million.

3. Prospect of institutional services business for 2019

The institutional services business is a high-level business area for creating differentiated core strengths and first-class investment banking, as well as a key to consolidate and enhance the Group's industry leading position. In 2019, the Group will reshape its institutional client service system, optimize client tiering and grading, accelerate the construction of various platforms, and actively build an institutional service ecosystem centered on transactions and products to develop a future-oriented core competitiveness in institutional services business.

For investment banking business, we will actively grasp the market and policy opportunities, further implement the "client-centric" principle, establish a three-dimensional marketing development system, increase the reserve of quality clients and target enterprises, and increase the depth and breadth of services for incremental clients to fully meet clients' demand for comprehensive financial services by taking the opportunity of the science and technology innovation board. For equity underwriting business, we will continue to base on the industry, further develop the region, focus on key regions and key industries, so as to further consolidate and enhance our market position. For bonds underwriting business, we will strictly adhere to the bottom line, consolidate the channels of business conducting, optimize client structure, and exert versatile business advantages linking stock and bond, with an aim to enhance market position and influence. For financial advisory business, we will grasp the M&A opportunities based on industrial logic, strengthen industry research, value discovery and deal-making capability, provide consulting services covering the public market and private equity market, effectively leverage the advantages of domestic and overseas business linkages, and enhance cross-market and integrated client service capabilities. For NEEQ business, we will continue to be based on continuous supervision business, and strive to explore the value of follow-up services and actively transform into a market-oriented business. Jiangsu Equity Exchange will continue to promote building featured segment, strengthen innovative business research, improve the construction of compliance risk control system, build a professional service platform with high quality, and constantly improve the service function.

For prime brokerage business, we will continue to promote intelligent business operation and management, optimize service paths and processes, build an integrated and intelligent service system, and improve unified client resource management, coordinated service resource allocation and connected service mechanisms, so as to continuously improve comprehensive client service capabilities and service experience and build new advantages in professional services.

For research and institutional sales business, we will continue to improve the integrated domestic and overseas business system, aiming to increase the platform management and lean management of full process, and to build synergic patterns and docking mechanism of institutional investor service, fully tapping the needs of various institutional clients, and striving to improve the capability of comprehensive financial services for institutional clients.

For investment trading business, we will firmly build a transaction-centric business model, comprehensively construct a customer-oriented service system, promote the platform construction and strategy innovation for investment transactions, and strive to build new differentiated competitiveness, so as to further propel the diversification of profit model. The equity trading business will accelerate the construction of big data platform, continuously improve the investment transaction capability based on platform support and technology empowerment, establish a new business model with transaction as the core, and enhance the core ability to obtain absolute returns. The Group will take the customer-oriented approach, continue to build a transaction-centric FICC business system and to improve the product trading strategy database, continuously improve the investment capacity and the creation and design of products, enriching the profit model and enhance market influence. The OTC derivatives trading business will continue to enhance product design, product pricing and risk hedging capabilities, and further match institutional services system with client needs, to create an OTC market platform integrating investment, financing and trading.

(III) Investment management business

1. Market environment and industry trend of investment management business

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

With the implementation of new regulations on asset management and follow-up regulatory rules, and under the trend of strengthening unified and coordinated supervision, the asset management business will continue to promote the process of dechannelizing, realizing the net worth of products and eliminating arbitrage; the asset management business will enter a new stage of development under the new regulatory framework, and consequently, the active management ability will become the core competitiveness of asset management institutions in the future. According to the statistics from Asset Management Association of China, as of the end of the Reporting Period, the total amount of asset management business of fund management companies and their subsidiaries, securities companies, futures companies, private fund management institutions was approximately RMB50.36 trillion, among which, the amount of private asset management business of securities companies and their subsidiaries was RMB13.36 trillion. The asset management business of large comprehensive securities companies will integrate business resources, improve product layout, and continuously improve active management capabilities based on the in-depth understanding of client needs as well as the collaboration of whole business chain and integrated professional advantages of investment and research, so as to build competitive advantages that are differentiated from financial institutions such as banks, insurers, and trusts.

(2) The total fundraising scale of private equity investment declined with funds concentrated towards oligarchy

With the advancement of domestic economic restructuring, the implementation of new regulations on asset management and further intensification of private equity supervision, the private equity market is facing more severe challenges. The amount of new fundraising has declined dramatically, and the fundraising market has become more and more concentrated towards oligarchy. Under the market environment of preventing risks and strict supervision, the private equity market continues to develop towards a more standardized and more professional direction. According to the statistics from Zero2IPO Research Center private placement department, China's private equity institutions raised 2,793 new funds in 2018, 10.26% more than in 2017; the fundraising scale totaled RMB1,011.055 billion, 28.86% less than in 2017. Facing increasingly fierce market competition, the private equity investment business under securities companies, with their full business chain advantages, will actively create new business features and differentiate competition advantages, thus effectively improving the efficiency of serving the real economy.

2. Operational measures and achievements of investment management business

(1) Asset management business of securities companies

During the Reporting Period, by relying on the advantage of full business chain resources, Huatai Asset Management, a wholly-owned subsidiary of the Group, shifted itself towards active management, actively cultivated sustainable and high-quality business models, and continued to improve client-centric product libraries, constantly strengthened the construction of the investment research system to meet the diversified needs of clients for comprehensive financial services. According to the statistics from Asset Management Association of China (中國證券投資基金業協會) of the fourth quarter 2018, Huatai Asset Management's private asset management scale averaged RMB812.421 billion on a monthly basis, ranking third in the industry, while its private active asset management averaged RMB226.469 billion on a monthly basis, ranking fourth in the industry. According to the statistics from Wind information, the issuance scale of enterprises' ABS (asset securitization) of Huatai Asset Management during the Reporting Period was RMB63.858 billion, ranking fourth in the industry.

During the Reporting Period, the collective asset management business developed steadily, further enriching the product line and continuously strengthening the comprehensive financial service capability. A total of 99 collective asset management plans were under management and the total management scale was RMB112.801 billion. In respect of the single asset management business, we actively promoted business transformation, proactively shrank tunnel business scale and continuously optimized the business structure. A total of 702 single asset management plans were under management and the total management scale was RMB582.670 billion. The specialized asset management business continued to maintain its development advantages, with the number and scale of issuance of enterprise asset securitization projects ranking in the forefront of the industry. A total of 73 specialized asset management plans were under management and the total management scale was RMB81.279 billion. In respect of the public fund management business, we actively built product lines covering different risk levels to meet clients' differentiated needs in asset allocation. A total of 5 public fund products were under management and the total management scale was RMB5,864 million.

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

Currency: RMB

Item	2018		2017	
	Entrusted Scale (in RMB100 million)	Net income (in RMB10 thousand)	Entrusted Scale (in RMB100 million)	Net income (in RMB10 thousand)
Collective asset management business	1,128.01	141,785.03	1,090.25	152,393.14
Single asset management business	5,826.70	28,710.14	7,409.01	36,965.94
Specialized asset management business	812.79	5,747.02	626.05	5,692.38
Public fund management business	58.64	815.64	52.19	364.71

Note: The above data are from the regulatory reports.

(2) Private equity fund management business

During the Reporting Period, the Group regulated its private equity fund management business in accordance with a series of regulatory policies and regulations, through which it actively adjusted to the regulatory changes. We improved the comprehensive investment service system of "fund raising, investment, management and disposal" (募投管退), and constantly enhanced our strengths for the professional development of business. As of the end of the Reporting Period, Huatai Purple Gold Investment and its second-tier subsidiaries, as the administrators, had a total of 14 private equity investment funds filed with the Asset Management Association of China. The amount of the funds subscribed totaled RMB21.667 billion and the amount of paid-in contribution totaled RMB16.687 billion. During the Reporting Period, the above private equity investment funds had a total of 59 investment projects, among which 53 were equity investment projects and 6 were debt investment projects; total investment amount was RMB2,645,828,700, among which RMB2,526,272,000 was for equity investment projects and RMB119,556,700 was for debt investment projects.

(3) Asset management business for fund companies

During the Reporting Period, fund companies under the Group actively responded to regulatory trends and market changes, constantly improved the compliance risk control system, further promoted the construction and optimization of intelligent systems, actively explored client resources, and constantly improved investment management capabilities. 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 RMB829.334 billion. Specifically, China Southern Asset Management managed a total of 178 funds in its mutual funds business, the total asset size of which amounted to RMB563.390 billion, and the total size of private funds business amounted to RMB265.944 billion. As for asset management by Huatai-PineBridge, as of the end of the Reporting Period, the total assets managed by Huatai-PineBridge amounted to RMB107.559 billion. Specifically, Huatai-PineBridge managed a total of 57 funds in its mutual funds business, the total asset size of which amounted to RMB98.005 billion, and the total asset size of private funds business amounted to RMB9.553 billion. (The profit or loss from equity investments of China Southern Asset Management and Huatai-PineBridge were included under other segments in the segment report)

(4) Asset management business for futures companies

During the Reporting Period, Huatai Futures, a holding subsidiary of the Group, complying with the industry supervision trend, vigorously promoted the transformation to active management, optimized the compliance risk control system, built the core competitiveness of investment research, enhanced the Fintech empowerment, and continuously improved investment research capabilities, business development capabilities, and internal compliance practices. As of the end of the Reporting Period, Huatai Futures managed a total of 33 asset management plans which were in the duration period. The total asset management scale was RMB2,636,547,000, and the futures equity scale was RMB453,686,600.

(5) Alternative investment business

During the Reporting Period, the Group carried out alternative investment business through its wholly owned subsidiary Huatai Innovative Investment. As of the end of the Reporting Period, there were 4 subsisting investment projects with an investment scale of RMB331.5 million. The investment varieties include qualified domestic limited partner, asset management plan and others.

3. Prospect of investment management business for 2019

The investment management business provides a professional platform for the Group's financial product innovation and client asset management. It plays the dual strategic roles of asset manager and product supplier, and shoulders the mission of building a competitive financial product line and assisting in the transformation of wealth management. In 2019, the Group will fully rely on the resource advantages of the full business chain to create a diversified product system to meet the differentiated needs of clients, expand the scale of quality and influential products and businesses, actively build new advantages in investment management business and continuously strengthen its leading position in the industry.

In respect of the asset management business for securities companies, we will continue to take root in the full business chain, base ourselves upon customer needs, vigorously create a client-centric system in an all-round way, reshape the product line with product innovation, and vigorously enhance the core competitiveness of product innovation and large-scale development, and consolidate and enhance its market position and brand value. We will strictly implement the new requirements of the asset management rules, advance the transformation of large collective products in an orderly way, strengthen our expansion and deepening of the full ABS industrial chain, actively create innovative products in the public fund management business, and constantly improve active investment management capabilities and investment performance.

In respect of private equity fund management business, we will grasp the opportunities of industrial and capital market reform, strengthen our focus on and development in key industries, research and lay out emerging industries and high-end industries in a forward-looking manner, actively promote the implementation of new fund projects, continue to improve business layout, and constantly strengthen core advantages. We will accelerate the construction of the unified business operation and back-office support system, and realize the unified operation and management of funds through systemization, platformization and digitization.

In respect of the asset management business for fund companies, we will practice the "client-centric" philosophy, continue to further the construction of compliance culture, increase marketing and publicity, analyze client needs in depth, effectively expand the scope of market and client services, promote the deep integration of Fintech and business, and focus on improving investment management capabilities.

In respect of the asset management business for futures companies, we will, on the basis of strengthened internal management and compliance control, actively integrate advantageous resources, strengthen the application of Fintech, actively explore a diversified and active management and development model, steadily expand the scale of active management, and focus on improving investment management capabilities.

In respect of alternative investment business, we will strengthen the research and development of new strategies, capture investment opportunities and steadily improve capital usage efficiency and return on assets.

(IV) International business

1. Market environment and industry trend of international business

(1) The two-way opening up of capital market accelerates the internationalization of securities industries, and clients' demand for cross-border services promotes the international service capabilities of securities companies

With the introduction of a series of policies, such as the relaxation of the foreign investment access policy in the securities industry, the further expansion of QDIIs, RQDIIs, Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the revision and improvement of the rules and regulations of QFIIs and RQFIIs, the inclusion and increase of weight of A-shares into MSCI Index and the other important Market Index and weights, the advancement of research on Shanghai-London Stock Connect, and the release of cross-border business for securities companies, the two-way opening up of capital market has expanded steadily, the interconnection extent of domestic and overseas markets has continued to deepen, and the internationalization of securities companies has accelerated. At the same time, as clients' demand for cross-border integrated financial services are growing, and the global asset allocation continues to increase, Chinese-funded securities companies with large client bases are granted strategic opportunities for international development. The comprehensive and multi-regional international business platform can help securities companies seize the growing cross-border business opportunities, constantly promote cross-border business service for clients, meet the cross-border business needs of clients, and continuously enhance their influence in international services.

(2) Growth momentum remains in the US TAMP market with a promising prospect

From the perspective of population economy, the baby boomers in the United States account for one of the largest groups in the wealth management market in the United States. As they gradually enter the stage of retirement and intergenerational inheritance, they create a sustained and considerable space of growth for the future wealth management and investment consultants' market. From the perspective of business profit model, the market consensus and the intensification of supervision by regulators will promote independent investment consultants to charge fees in place of commissions. According to Cerulli Associates and other public information, charge model of fees currently accounts for approximately two-thirds of the overall independent investment consultants' market. From the perspective of business development trend, the funds from investors are continuously transferred to investment products with lower cost and fees. The TAMP industry can continuously enhance the wealth management business through the leading Fintech level, which can bring the cost advantage of scale to customers, and help them embrace current development opportunities.

2. Operational measures and achievements of international business

During the Reporting Period, Huatai International became the Group's holding platform for international business wholly holding Huatai Financial Holdings (Hong Kong) and was fully integrated into the full business chain system of the Group. We effectively promoted cross-border linkage of resources to provide a full range of cross-border integrated financial services for domestic and foreign customers.

(1) Business in Hong Kong

In respect of the investment banking business of Huatai Financial Holdings (Hong Kong), the Company seized the opportunity of domestic and foreign linkage to continue to expand financing channels for customers, and actively provide overseas equity services and overseas bond services. In respect of the individual wealth management and the retail brokerage business, the Company focused on the layout in financial technology field and gave full play of the advantages of the Group's customer system, deepened the domestic and foreign linkage, actively carried out product sales, and realized the steady growth of the number of customers and business revenue. In respect of the research and stock sales business, the Company actively expanded business coverage, deepened A+H research integration and domestic and foreign sales team cooperation, to further enhance market influence. In respect of the FICC business, the Company focused on risk hedging management, continued to enhance its investment management capabilities, continuously improve business systems and actively provide overseas financial products for domestic and foreign customers. In respect of the cross-border and structural financing business, the Company strictly controlled credit risks to provide financial support for clients' cross-border and overseas investments. In respect of the equity derivatives business, the Company actively built a cross-border derivative business platform and focused on deepening cross-border and derivatives capital-based intermediary business. In respect of the asset management business, the Company vigorously developed all kinds of cross-border business, actively developed various asset management products, and continuously optimized clients' assets allocation.

During the Reporting Period, Huatai Financial Holdings (Hong Kong) maintained healthy and balanced business development. As of the end of the Reporting Period, Huatai Financial Holdings (Hong Kong) had a paid-in capital of HK$8.8 billion, and such capital scale was among the forefront of the industry in Hong Kong. As for securities trading, Huatai Financial Holdings (Hong Kong) achieved the total assets under custody of HK$16.458 billion and the total stocks trading volume of HK$42.263 billion; as for futures contract trading, it achieved funds under custody of HK$26 million and the total futures trading volume of 16,400 board lots; as for advising on securities, it provided research reports and advisory services for about 7,500 customers; as for advising on corporate finance, it participated in 8 IPO projects, 1 allotment project and 11 bond issue projects, with a total underwriting quantity of 20 and the total amount of trading and issuance of about HK$43.095 billion; as for financing for securities deposits, the number of credit fund account reached 5,481; as for providing assets management, it achieved a total amount of funds under custody of HK$354.003 billion (including the scale of funds under custody of AssetMark). Besides, during the Reporting Period, Huatai Financial Holdings (Hong Kong) also completed 2 financial advisory projects and 14 structured investments and financing projects.

(2) AssetMark

During the Reporting Period, AssetMark continued centering on customers, upheld high professional ethics, provided the best service and mutual-respect values, and always adhered to four core strategies, including: asset management excellence, compelling technology platform, commercial thought leadership and tight relationship with customers. Such clear strategies helped AssetMark define its long-term goals and promote the effective implementation of day-to-day operation. AssetMark adhered to creating a full-service TAMP model through the combination of competitive asset management products, compelling technology platforms and quality customer services. According to Cerulli Associates and other public information, as of the end of the third quarter of 2018, AssetMark's market share in the TAMP industry was 10.20%, ranking third in the industry.

During the Reporting Period, the indicators of AssetMark performed well in spite of the big volatility in the US capital market. As of the end of the Reporting Period, the total assets under management of the AssetMark platform reached US$44.855 billion, representing an increase of approximately 5.83% from the end of 2017; the AssetMark platform served an aggregate of more than 7,500 independent investment consultants, representing an increase of approximately 5.86% from the end of 2017; AssetMark platform totally served 218,400 terminal accounts, which grew by approximately 11.04% from the end of 2017. During the Reporting Period, more than 900 independent investment consultants signed new contracts with AssetMark.

3. Prospect of international business for 2019

International business shoulders the strategic mission of deepening cross-border development of the full business chain as well as the key to expanding room for development and creating new profit growth. The Group firmly promotes the deepening of international strategic layout. In 2019, the Company will give full play to domestic resource advantages, and strengthen the absorption and transformation of advanced experience of overseas institutions, deepen cross-border linkage to effectively accumulate client resources and assets, provide integrated and characteristic package services in the global resource layout and asset allocation, and build an international business platform with business connectivity, resource sharing and strategic synergy.

Huatai International will enhance the resource integration function of the international business holding platform, focus on strengthening the overseas platform construction layout, improve the integrated operation and management capability, closely focus on customers' needs for financial services, strengthen the cross-border linkage of the full business chain resources in different categories and levels, and deeply expand room and potential for the development of international business.

For Huatai Financial Holdings (Hong Kong), in respect of investing banking business, it will strengthen the domestic and foreign linkage, strengthen its industry research capabilities and deal discovery capabilities, improve the success rate of matched deals and actively explore non-market refinancing projects; in respect of theresearch and stock sales business, it continuously deepen A+H research integration and actively expand its customer coverage and business coverage. Meanwhile, it will focus on developing the capital-based intermediary business for cross-border derivatives with north-south business as the starting point; build a creation, design and trading platform for FICC cross-border products, to provide domestic and foreign customers with integrated solutions for cross-border investing and financing, trading and risk management; give full play to its advantage of cross-border business license, increase its capital and improve its profitability; as for private banking and retail business, it will deepen the domestic and foreign synergy, attract customers with featured products and services, and at the same time accelerate the launch of "ZhangLe Global" (漲樂全球通), an offshore mobile terminal for wealth management, so as to actively expand its customer base.

AssetMark will continuously focus on the core strategy and apply its values to all aspects of the business, actively grasp industry trends, continue to strengthen investment in core technologies, product matrices and client services, continuously consolidate and enhance the technology platforms for serving investing consultants, thus enhancing client loyalty and further expanding the economies of scale of business operation through providing an advanced platform, quality service and competitive asset management products. AssetMark will continuously enhance its industry position, actively explore feasible modes of enhancing strategic synergy with wealth management between Hong Kong and the mainland, and actively expand business growth drive.

(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 facilitated 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 innovation business operation, the Company adhered to the principle of "satisfying market needs, pursuing legally viable approach, enhancing risk control and ensuring efficiency", in the light of the risk characteristics of innovation business, further improved the risk control measures for organizational mechanisms, revised the Measures for Assessment and Management of New Business Risk of the Company, improved the evaluation content and evaluation information, optimized the evaluation process, prevented the risks of insufficient awareness of the risks of innovation business, unreasonable business design and imperfect control mechanism, improved the evaluation efficiency of innovation business risk on the basis of ensuring the integrity of the overall assessment and the completeness of the evaluation process, and ensured that all innovation businesses could be carried out constantly and steadily on the premise that the risks are measurable, controllable and bearable.

In respect of OTC options business, the Company obtained the qualification of a primary dealers of OTC options during the Reporting Period. According to new rules on OTC options, the Company will further improve the business management and risk control measures and fully analyze business plans from the investor access management, hedging transactions and object management and various aspects, to ensure that business is steadily carried out with strictly meeting the qualifications of the first class dealers and the condition of new regulations.

As for income certificates business, the Company has gradually diversified the subjects linked to its products. In addition to index products, it has increased individual stocks, exchange repurchase rate, foreign exchange index, treasury curve yield and domestic commodity prices. The Company hedged the risks of the issued income certificates and controlled the overall market risk of the business within an affordable range. The Company has established business management methods, formulated risk control solutions, conducted dynamic tracking and monitoring and verified valuation models and their parameters to ensure that the business risks are controllable.

As for cross-border OTC derivatives business, the Company officially carried out cross-border OTC derivatives business during the Reporting Period, mainly including the southbound cross-border business in the form of OTC options, income certificates and income swaps. The development of cross-border OTC businesses of the Company will follow the provisions of the national laws and regulations, administrative regulations and related regulatory systems, formulate a corresponding risk management system for cross-border businesses, strictly control the scale of the businesses, and controlled the overall market risk of the business within the preset limit through hedging transactions. The risk management of the Company realizes the linkage management at home and abroad to escort the development of cross-border business.

As for the collateralized quotation repurchase business of the Shenzhen Stock Exchange, based on satisfying the financial management needs of retail customers and taking advantage of the multi-business resources of securities companies, the Company prepared to carry out the collateralized quotation repurchase business of the Shenzhen Stock Exchange. The Company has established business management methods for collateralized quotation repurchase business, formulated risk control solutions and set risk limit, conducted dynamic tracking and monitoring to ensure that the business risks are controllable.

As for the transformation of trading model of public offering of fund business, as the first batch of security companies to participate in the transformation of trading model of public offering of fund pilot, the Company will implement the risk management requirement of new model from system perfection, process optimization, system reform, personnel training, etc. through formulating business management measures, implementing risk control measures and carrying out dynamic monitoring to prevent the business risks.

During the Reporting Period, the Company received the Regulatory Opinions on the Application for Credit Derivatives Business by HTSC (《關於華泰證券申請信用衍生品業務的監管意見書》) from Securities Fund Supervision Department of the CSRC, and was approved to carry out credit derivatives business. The Company would carry out the business of credit risk mitigation instruments in the exchange market in accordance with the provisions of national laws and regulations, administrative rules and related regulatory systems, so as to meet the risk management needs of customers by emphasizing its stance of serving the real economy. At the same time, the Company had targeted to formulate the corresponding risk management system and will strictly control the scale of businesses and calculate the risk capital reserve in accordance with regulatory requirements, further strengthen the credit risk assessment methods to effectively prevent risks.

II. MAJOR OPERATIONS DURING THE REPORTING PERIOD

As of December 31, 2018, on a consolidated basis, total assets of the Group amounted to RMB368,665,874 thousand, representing a year-on-year decrease of 3.36%; total equity attributable to shareholders of the Company amounted to RMB103,393,577 thousand, representing a year-on-year increase of 18.39%; total revenue and other income amounted to RMB24,506,734 thousand, representing a year-on-year decrease of 21.76%; and profit for the year attributable to shareholders of the Company amounted to RMB5,032,738 thousand, representing a year-on-year decrease of 45.75%.

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

Unit: Thousand Yuan Currency: RMB

Item	Amount for the current period	Amount for the same period of last year	Change percentage (%)
Total revenue and other income	24,506,734	31,323,372	(21.76)
Total expenses	(19,017,372)	(20,278,706)	(6.22)
Profit before income tax	6,448,671	11,584,644	(44.33)
Profit for the year attributable to the shareholders of the Company	5,032,738	9,276,520	(45.75)
Net cash generated from operating activities	28,457,782	(6,726,875)	(523.05)
Net cash generated from investing activities	(10,488,210)	(12,267,946)	(14.51)
Net cash generated (used in)/from financing activities	(8,708,572)	19,089,767	(145.62)
Net (decrease)/increase in cash and cash equivalents	9,261,000	94,946	9,653.97

1. Income and other gains

For the year ended December 31, 2018, the Group recorded income and other gains of RMB24,507 million, representing a year-on-year decrease of 21.76%, which was mainly attributable to the decrease in fee and commission income and net investment gains, in which:

(1) Fee and commission income recorded a year-on-year decrease of 16.3% to RMB10,820 million, accounting for 44.15%, mainly due to the decrease in commission income from brokerage business, and the decrease in fee income, which was attributable to the AssetMark's partial fee income from asset management changing to be expressed on a net basis as a result of the change in applicable accounting standards.

(2) Interest income recorded a year-on-year increase of 1.43% to RMB9,482 million, accounting for 38.69%.

(3) Net investment gains recorded a year-on-year decrease of 53.79% to RMB3,375 million, accounting for 13.77%, mainly due to the decrease in investment income from the Group's self-operated businesses as a result of the downturn in the stock market in 2018.

(4) Other income and gains recorded a year-on-year decrease of 52.47% to RMB830 million, accounting for 3.39%.

Unit: Thousand Yuan Currency: RMB

Item	2018		2017		Increase/Decrease	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Fee and commission income	10,819,910	44.15%	12,926,354	41.27%	(2,106,444)	(16.30)%
Interest income	9,482,368	38.69%	9,348,923	29.85%	133,445	1.43%
Net investment gains	3,374,651	13.77%	7,302,250	23.31%	(3,927,599)	(53.79)%
Other income and gains	829,805	3.39%	1,745,845	5.57%	(916,040)	(52.47)%
Total revenue and other income	24,506,734	100.00%	31,323,372	100.00%	(6,816,638)	(21.76)%

2. Total expenses

As of December 31, 2018, the Group's total expenses were RMB19,017 million, representing a year-on-year decrease of 6.22%, mainly due to the decrease in staff costs and fee expenses, in which:

(1) Fee and commission expenses amounted to RMB2,758 million, representing a year-on-year decrease of 35.02%, mainly due to the decrease in fee expenses on asset management of AssetMark.

(2) Interest expenses amounted to RMB6,467 million, representing a year-on-year increase of 12.49%, mainly due to the growth of financing scale.

(3) Staff costs amounted to RMB5,372 million, representing a year-on-year decrease of 23.58%, mainly due to the decrease in the corresponding staff performance bonus of the Group.

(4) Other expenses mainly include depreciation and amortisation expenses, business tax and surcharge as well as (reversal of)/provision for asset impairment loss and other operating expenses. Among which, other operating expenses were RMB2,792 million, representing a year-on-year increase of 22.59% during the Reporting Period, which was mainly attributable to the increase in business cost of futures physical transactions.

Unit: Thousand Yuan Currency: RMB

Item	2018		2017		Increase/Decrease	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Fee and commission expenses	(2,757,773)	14.50%	(4,244,196)	20.93%	1,486,423	(35.02)%
Interest expenses	(6,466,970)	34.01%	(5,749,099)	28.35%	(717,871)	12.49%
Staff cost	(5,372,341)	28.25%	(7,030,196)	34.67%	1,657,855	(23.58)%
Depreciation and amortisation expenses	(625,897)	3.29%	(566,306)	2.79%	(59,591)	10.52%
Business tax and surcharges	(139,711)	0.73%	(152,408)	0.75%	12,697	(8.33)%
Other operating expenses	(2,791,986)	14.68%	(2,277,471)	11.23%	(514,515)	22.59%
(Provision for)/reversal of impairment losses	(862,694)	4.54%	(259,030)	1.28%	(603,664)	233.05%
Total expenses	(19,017,372)	100.00%	(20,278,706)	100.00%	1,261,334	(6.22)%

3. Analysis of income and other gains and expenses

(1) Analysis of segment income and other gains

Unit: Thousand Yuan Currency: RMB

Business segment	Segment income and other gains for the current period	Percentage of total segment income and other gains for the current period (%)	Segment income and other gains for the same period of last year	Percentage of total segment income and other gains for the same period of last year (%)	Increase or decrease in percentage of total segment income and other gains as compared to the same period of last year
Wealth management business	12,991,093	53.01	14,098,968	45.01	Increase of 8.00 percentage points
Institutional services business	3,109,716	12.69	5,425,015	17.32	Decrease of 4.63 percentage points
Investment management business	3,398,809	13.87	3,435,393	10.97	Increase of 2.90 percentage points
International business	3,115,539	12.71	3,767,094	12.03	Increase of 0.69 percentage points
Others (including offset)	1,891,577	7.72	4,596,902	14.68	Decrease of 6.96 percentage points

During the Reporting Period, on a combined basis, the Group recorded income and other gains of RMB24,506,734 thousand in total, representing a year-on-year decrease of 21.76%. Among the principal business segments, income and other gains from wealth management, institutional services, investment management and international business increased by RMB-1,107,875 thousand, RMB-2,315,299 thousand, RMB-36,584 thousand and RMB-651,555 thousand, respectively.

In terms of income structure, due to a considerable retracement of equity proprietary business under the influence of the market as well as the current fluctuation of self-operated revenue performance increased by the implementation of new financial instrument standards, the proportion of income from the segments of institutional service business decreased by 4.63 percentage points; while the proportion of income from the segments of wealth management business, investment management business and international business recorded a year-on-year increase.

(2) Statement of analysis on segment expenses

Unit: Thousand Yuan Currency: RMB

Business Segment	Segment expenses for the current period	Percentage of total segment expenses for the current period (%)	Segment expenses for the same period of last year	Percentage of total segment expenses for the same period of last year (%)	Increase or decrease in percentage of total segment expenses as compared to the same period of last year
Wealth management business	(9,138,114)	48.05	(9,163,180)	45.19	Increase of 2.87 percentage points
Institutional services business	(3,723,151)	19.58	(3,586,952)	17.69	Increase of 1.89 percentage points
Investment management business	(1,207,630)	6.35	(1,183,337)	5.84	Increase of 0.51 percentage points
International business	(2,840,017)	14.93	(3,603,246)	17.77	Decrease of 2.84 percentage points
Others (including offset)	(2,108,460)	11.09	(2,741,991)	13.52	Decrease of 2.43 percentage points

In terms of expenses of each business segment as a percentage of total expenses of the Group, expenses of wealth management business segment increased by 2.87 percentage points, mainly due to the increase in the cost of futures physical transaction business; the expenses of institutional services business segment increased by 1.89 percentage points, mainly due to the increase in interest expenses of this segment; expenses of international business decreased by 2.84 percentage points, mainly due to the decrease in expenses of asset management fee of AssetMark.

4. Cash flow

Unit: Thousand Yuan Currency: RMB

Item	Amount for the current period	Amount for the same period of last year	Amount of increase or decrease	Percentage of increase or decrease (%)
Net cash (used in)/generated from operating activities	28,457,782	(6,726,875)	35,184,657	(523.05)
Net cash (used in)/generated from investing activities	(10,488,210)	(12,267,946)	1,779,736	(14.51)
Net cash (used in)/generated from financing activities	(8,708,572)	19,089,767	(27,798,339)	(145.62)
Net (decrease)/increase in cash and cash equivalents	9,261,000	94,946	9,166,054	9,653.97

During the Reporting Period, the net increase of cash and cash equivalent of the Group was RMB9,261,000 thousand, in which:

(1) Net cash generated from operating activities was RMB28,457,782 thousand, mainly due to the funds reflow resulted from the decreased scale of financing business.

(2) Net cash used in investing activities was RMB10,488,210 thousand, mainly due to the increased investment scale in financial products.

(3) Net cash used in financing activities was RMB8,708,572 thousand, mainly due to the repayment of issued debt instruments by the Company.

5. Detailed description of significant changes in components or sources of the Group's profit

Unit: Thousand Yuan Currency: RMB

Item	Amount for the current period	Amount for the same period of last year	Year-on-year change (%)	Principal reason
Total revenue and other gains	24,506,734	31,323,372	(21.76)	Decrease in fee and commission income and investment gains
Total expenses	(19,017,372)	(20,278,706)	(6.22)	Decrease in total revenue and other gains
Operating profit	5,489,362	11,044,666	(50.30)	Decrease in total revenue and other gains
Profit before income tax	6,448,671	11,584,644	(44.33)	Decrease in total revenue and other gains
Profit for the year	5,160,887	9,407,856	(45.14)	Decrease in profit before income tax
Among which: profit for the year attributable to shareholders of the Company	5,032,738	9,276,520	(45.75)	Decrease in profit before income tax
Total assets	368,665,874	381,482,540	(3.36)	Decrease in balances of client funds
Total liabilities	263,916,270	292,892,628	(9.89)	Decrease in balances of client funds
Total shareholders' equity	104,749,604	88,589,912	18.24	Private placement and profit realized for the year

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

1. General Description of Consolidated Statement of Financial Position

Unit: Thousand Yuan Currency: RMB

Item	As at December 31, 2018		As at December 31, 2017		Increase/Decrease	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Non-current assets						
Property and equipment	3,548,153	0.96%	3,737,471	0.98%	(189,318)	(5.07)%
Investment properties	586,334	0.16%	844,705	0.22%	(258,371)	(30.59)%
Goodwill	2,099,412	0.57%	1,971,722	0.52%	127,690	6.48%
Other intangible assets	5,462,012	1.48%	5,137,749	1.35%	324,263	6.31%
Interest in associates	12,527,828	3.40%	8,895,908	2.33%	3,631,920	40.83%
Interest in joint ventures	649,833	0.18%	–	–	649,833	–
Financial assets measured at amortised cost	13,854,878	3.76%	–	–	13,854,878	–
Financial assets at fair value through other comprehensive income	10,098,382	2.74%	–	–	10,098,382	–
Available-for-sale financial assets	–	–	29,766,929	7.80%	(29,766,929)	–
Financial assets held under resale agreements	2,812,194	0.76%	8,424,304	2.21%	(5,612,110)	(66.62)%
Financial assets at fair value through profit or loss	5,155,176	1.40%	1,796,667	0.47%	3,358,509	186.93%
Refundable deposits	7,836,506	2.13%	7,302,285	1.91%	534,221	7.32%
Deferred tax assets	225,135	0.06%	472,556	0.12%	(247,421)	(52.36)%
Other non-current assets	259,751	0.07%	81,047	0.02%	178,704	220.49%
Total non-current assets	65,115,594	17.66%	68,431,343	17.94%	(3,315,749)	(4.85)%
Current assets						
Accounts receivable	3,090,165	0.84%	1,980,337	0.52%	1,109,828	56.04%
Other receivables and prepayments	1,555,090	0.42%	6,259,561	1.64%	(4,704,471)	(75.16)%
Margin accounts receivable	46,188,885	12.53%	59,991,454	15.73%	(13,802,569)	(23.01)%
Debt investment measured at amortised cost	2,419,286	0.66%	–	–	2,419,286	–
Available-for-sale financial assets	–	–	14,816,239	3.88%	(14,816,239)	–
Financial assets held under resale agreements	40,744,371	11.05%	53,381,011	13.99%	(12,636,640)	(23.67)%
Financial assets at fair value through profit or loss	117,089,156	31.76%	82,753,755	21.69%	34,335,401	41.49%
Financial assets at fair value through other comprehensive income	358,361	0.10%	–	–	358,361	–
Derivative financial assets	1,933,958	0.52%	391,714	0.10%	1,542,244	393.72%
Clearing settlement funds	3,023,370	0.82%	1,147,448	0.30%	1,875,922	163.49%
Cash held on behalf of brokerage clients	58,947,013	15.99%	65,303,548	17.12%	(6,356,535)	(9.73)%
Cash and bank balances	28,200,625	7.65%	27,026,130	7.08%	1,174,495	4.35%
Total current assets	303,550,280	82.34%	313,051,197	82.06%	(9,500,917)	(3.03)%
Total assets	368,665,874	100.00%	381,482,540	100.00%	(12,816,666)	(3.36)%

Item	As at December 31, 2018		As at December 31, 2017		Increase/Decrease	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Current liabilities						
Short-term bank borrowings	3,015,791	1.14%	—	—	3,015,791	—
Short-term debt instruments issued	21,124,000	8.00%	26,656,010	9.10%	(5,532,010)	(20.75)%
Placements from other financial institutions	5,813,487	2.20%	7,029,998	2.40%	(1,216,511)	(17.30)%
Accounts payable to brokerage clients	59,492,176	22.54%	67,335,545	22.99%	(7,843,369)	(11.65)%
Employee benefits payable	2,869,042	1.09%	2,668,777	0.91%	200,265	7.50%
Other payables and accruals	53,793,086	20.38%	62,615,235	21.38%	(8,822,149)	(14.09)%
Contract liabilities	7,442	—	—	—	7,442	—
Current tax liabilities	284,436	0.11%	433,551	0.15%	(149,115)	(34.39)%
Financial assets sold under repurchase agreements	40,095,054	15.19%	23,921,537	8.17%	16,173,517	67.61%
Financial liabilities at fair value through profit or loss	2,874,584	1.09%	12,035,660	4.11%	(9,161,076)	(76.12)%
Derivative financial liabilities	776,102	0.29%	1,642,283	0.56%	(866,181)	(52.74)%
Long-term bonds due within one year	24,844,616	9.41%	21,597,480	7.37%	3,247,136	15.03%
Long-term bank loans due within one year	15,820	0.01%	—	—	15,820	—
Total current liabilities	215,005,636	81.47%	225,936,076	77.14%	(10,930,440)	(4.84)%
Net current assets	88,544,644	–	87,115,121	–	1,429,523	1.64%
Total assets less current liabilities	153,660,238	–	155,546,464	–	(1,886,226)	(1.21)%
Non-current liabilities						
Long-term bonds	38,046,114	14.42%	55,600,796	18.98%	(17,554,682)	(31.57)%
Long-term bank borrowings	1,682,949	0.64%	—	—	1,682,949	—
Long-term employee benefits payable	5,045,990	1.91%	6,078,642	2.08%	(1,032,652)	(16.99)%
Deferred tax liabilities	1,810,176	0.69%	1,931,446	0.66%	(121,270)	(6.28)%
Financing assets sold under repurchase agreements	–	–	1,000,000	0.34%	(1,000,000)	–
Financial liabilities at fair value through profit or loss	2,325,405	0.88%	2,345,668	0.80%	(20,263)	(0.86)%
Total non-current liabilities	48,910,634	18.53%	66,956,552	22.86%	(18,045,918)	(26.95)%
Net assets	104,749,604	100.00%	88,589,912	100.00%	16,159,692	18.24%
Shareholders' equity						
Share capital	8,251,500	7.88%	7,162,769	8.09%	1,088,731	15.20%
Reserves	75,725,973	72.29%	61,195,954	69.08%	14,530,019	23.74%
Undistributed profits	19,416,104	18.54%	18,977,215	21.42%	438,889	2.31%
Total equity attributable to shareholders of the Company	103,393,577	98.71%	87,335,938	98.58%	16,057,639	18.39%
Non-controlling interests	1,356,027	1.29%	1,253,974	1.42%	102,053	8.14%
Total shareholders' equity	104,749,604	100.00%	88,589,912	100.00%	16,159,692	18.24%

As of December 31, 2018, total non-current assets of the Group amounted to RMB65,116 million, representing a decrease of RMB3,315 million as compared to the beginning of the year, which was mainly due to the decrease in financial assets held under resale agreements of RMB5,612 million and an increase in interest in associates of RMB3,632 million. As of December 31, 2018, total non-current liabilities of the Group amounted to RMB48,911 million, representing a decrease of RMB18,046 million as compared to the beginning of the year, which was mainly due to the decrease in long-term bonds of RMB17,555 million.

As of December 31, 2018, total current assets of the Group amounted to RMB303,550 million, representing a decrease of RMB9,501 million as compared to the beginning of the year, which was mainly due to a decrease in margin accounts receivable of RMB13,803 million, a decrease in financial assets held under resale agreements of RMB12,637 million, and an increase in financial assets measured at amortised cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss of RMB22,297 million as a result of the item of available-for-sale financial assets ceasing to be used, which was caused by the execution of new financial instrument standards commencing from the Reporting Period. As of December 31, 2018, total current liabilities of the Group amounted to RMB215,006 million, representing a decrease of RMB10,930 million as compared to the beginning of the year, which was mainly due to the decrease in accounts payable to brokerage clients of RMB7,843 million, a decrease in other payables and accruals of RMB8,822 million, a decrease in financial liabilities at fair value through profit or loss of RMB9,161 million, and an increase in financial assets sold under repurchase agreements of RMB16,174 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 RMB51,382,380 thousand, including financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, debt investment at amortised cost, margin accounts receivable and cash and bank balances. Except for the above assets, no prime 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 prime assets were occupied, used or benefited or the disposal of them was limited.

3. Description of changes in the measurement of assets measured at fair value and prime assets

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

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

The impact of gains and losses of changes in fair value on the Group's profit during the Reporting Period is as follows:

Unit: Yuan Currency: RMB

Item	Impact on profit for 2018	Impact on profit for 2017
Financial assets at fair value through profit or loss	(630,875,710.86)	314,612,900.40
Financial liabilities at fair value through profit or loss	(124,406,320.24)	(177,316,524.70)
Derivative financial instruments	2,553,224,020.86	(478,898,910.59)
Total	1,797,941,989.76	(341,602,534.89)

4. Structure and quality of assets

As of December 31, 2018, total shareholders' equity of the Group amounted to RMB104,750 million, representing an increase of RMB16,160 million as compared to the beginning of the year, which was mainly due to the increase in the Group's private placement fund and profit.

The asset structure of the Group continued to be optimized and the assets maintained good quality and liquidity. As of December 31, 2018, total assets of the Group amounted to RMB368,666 million, representing a decrease of RMB12,817 million or 3.36% as compared to the beginning of the year. Specifically, cash and bank balances and clearing settlement funds accounted for 8.47% of the total assets; margin accounts receivable accounted for 12.53% of the total assets; cash held on behalf of brokerage clients accounted for 15.99% of the total assets; financial assets held under resale agreements accounted for 11.81% of the total assets; property and equipment accounted for 0.96% of the total assets; and financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets at amortised cost, accounts receivable, other receivables and prepayment accounted for 41.67% of the total assets. Most of the assets have strong cashability. The Group's assets have strong liquidity and the asset structure is reasonable. As of December 31, 2018, the ratio of current assets to current liabilities was 1.57 (excluding the impact of customer funds).

As of December 31, 2018, the Group obtained funds through placement from China Securities Finance Corporation Limited, borrowings and debt financing instruments. As of the end of the Reporting Period, total principal of the placements from other financial institutions of the Group amounted to RMB87,653 million. Details are shown as follows:

Unit: Thousand Yuan Currency: RMB

Borrowings and debt financing plans	**As of December 31, 2018**
Placement from China Securities Finance Corporation Limited	2,000,000
Short-term borrowings	2,999,950
Short-term financing funds payable	20,948,550
Bonds payable	61,704,610
Total principal	87,653,110

Borrowings and debt-financing with a financing maturity of more than one year were RMB37,286 million, accounting for 42.54%. Among them, programs with a financing maturity of one to two years were RMB13,999 million, and two to five years were RMB23,287 million. Borrowings and debt-financing with a financing maturity of less than one year were RMB50,367 million, accounting for 57.46%.

As of December 31, 2018, the Group's borrowings and debt financing with fixed interest rate were RMB80,677 million. In particular, the balance of short-term borrowings was RMB3,000 million; the balance of placement from China Securities Finance Corporation Limited was RMB2,000 million; the balance of income receipts with fixed interest rate was RMB13,418 million; the balance of corporate bonds was RMB45,718 million; the balance of subordinated debts was RMB13,796 million; and the balance of foreign debts was RMB2,745 million.

As of December 31, 2018, cash and cash equivalents of the Group amounted to RMB40,792 million, of which RMB cash and cash equivalents accounted for 88.05%.

As of December 31, 2018, all of the Group's short-term bank borrowings were credit borrowings.

5. Analysis of profitability

During the Reporting Period, the total revenue and other income of the Group amounted to RMB24,506,734 thousand. The profit for the period attributable to the Shareholders of the Company amounted to RMB5,032,738 thousand. In the face of unfavorable market environment, the Group continued to promote the wealth management transformation, maintained steady development of various businesses and constantly explored new business growth points. As a result, the operating performance of the Group significantly outperformed the industry average level.

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

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

On December 31, 2018, the newly established subsidiaries during the year were included in the consolidation scope of the Group. The management of the Company believed that the Company actually controls the newly established subsidiaries, and thus cost method for long-term equity investment was used for accounting for such subsidiaries. Two new subsidiaries of the Group were included in the consolidated statements.

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

For details of the changes in the scope of consolidation as a results of disposal of subsidiary during the Reporting Period, please refer to Note 23 to the financial statements of this report headed "Investment in Subsidiaries".

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

The Group consolidated the structured entities where the Group concurrently serves as the manager or investment advisor and investor, and where the Group will be, upon comprehensive assessment, significantly affected by variable returns due to the returns attributable to it for its investment and remuneration as the manager of the structured entities (mainly refers to asset management plan). The structured entities of the Group, which were included in the consolidated statement during the year, increased by 3 as compared with the last year. For details, please refer to Note 57 to the financial statements of this report headed "Interest in structured entities".

7. 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税法》) and the Enforcement Regulations of Corporate Income Tax Law of the PRC (《中華人民共和國企業所得税實施條例》). 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 (GJSWZJGG [2012] No. 57) (《國家税務總局關於印發<跨地區經營匯總納税企業所得税徵收管理辦法>的公告(國家税務總局公告[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.

8. Analysis of the financing channels and financing capacity

Financing channels	In terms of the financing methods, the Company has two financing channels, including equity financing and debt financing. In terms of financing maturity, the Company's short-term financing channels mainly included credit lending via interbank market, bond repurchasing via interbank market and stock exchange market, issuing short-term corporate bonds, short-term subordinated debt and income credential, carrying out income rights financing in relation to margin financing and securities lending from banks and other financial institutions, and asset securitization, etc., the Company's medium and long-term financing channels included issuing corporate bonds (including non-public corporate bonds), long-term subordinated debt and equity refinancing, etc. After years of effective efforts, the Company explored and established a short, medium and long-term financing platform with new-type financing tools and multiple financing channels, which played a key role in the rapid development process of the Company's business.
Liquidity management policies and measures	The Company always attaches 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, prudency, 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, strengthening the management of capital position and cash flow monitoring, 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) continuously improving the liquidity management platform, and realizing the implementation of 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) organizing the formulation, exercise and evaluation of liquidity risk contingency plan, in order to improve the Company's emergency capacity for liquidity risks; and 6) 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 operated normatively with sound reputation as well as strong capital strength, profitability and debt repayment ability, maintained good cooperation relationships with commercial banks, had sufficient bank credit with the credit line increasing steadily, and possessed strong short-term and medium-to-long term financing abilities. As a listed securities dealer, the Company can also meet the fund demand for long-term development by means such as equity refinancing. Taking into consideration both liquidity and profitability, the Company held a certain amount of fixed-income products. Interest rate changes will bring direct impact to the interest income of the cash and the market price and investment income of the bond investment held by the Company. Margin financing and securities lending and other capital intermediary business, corporate debt financing and other businesses which directly relate to interest rates may directly impact corresponding interest income and financing interest expenses. At the same time, the Company's stock investment was also indirectly affected by interest rate changes. In addition, as the Company has registered overseas subsidiaries whose capital is contributed in foreign currency, the Company holds foreign currency funds and assets, and the changes of exchange rate will have certain impact on the Company's financial situation. 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	As at the end of the Reporting Period, the Company's contingencies mainly included the provision of counter guarantee to the Bank of China Limited for the US$400 million of foreign debt issued by the Company for Hong Kong subsidiary, and contingent liabilities resulting from pending litigation and arbitration. The above matters had minor effect on the Company's financial situation.

(III) Analysis of industry operation

For details, please refer to "Management Discussion and Analysis and Report of the Board" in this report.

(IV) Analysis of investments

1. Overall analysis of external equity investments

As of the end of the Reporting Period, long-term equity investments of the Group amounted to RMB13.178 billion, representing an increase of RMB4.282 billion or 48.13% as compared to RMB8.896 billion as at the beginning of the period. For details of the overall situation of the Group's external equity investment, please refer to Note 23 headed "Investment in Subsidiaries", Note 24 headed "Interest in associates" and Note 25 headed "Interest in joint ventures" to the financial statements in this report.

(1) Significant equity investment

Unit: Ten Thousand Yuan Currency: RMB

Name of invested unit	Main business	Shareholding ratio	Investment amount at the beginning of the period	Amount of contribution/ increased contribution	Book value at the beginning of the period	Increase and decrease in the current period	Book value at the end of the period	Profit or loss during the Reporting Period	Change of owner's equity during the Reporting Period
Beijing Huatai Ruilian Merger and Acquisition Fund (Limited Partnership)	Equity Investment	30.00%	—	16,314.43	—	10,205.10	26,519.53	(9,044.62)	—
Nanjing Huatai Ruilian Merger and Acquisition Fund No. 1 (Limited Partnership)	Equity Investment	47.78%	—	303.26	—	284,278.23	284,581.49	(25,334.23)	—
Huatai Merchants (Jiangsu) Capital Market Investment Fund of Funds (Limited Partnership)	Equity Investment	10.00%	—	—	—	64,837.75	64,837.75	3,934.70	—

(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 year	Balance at the end of this year	Investment income during the Reporting Period	The changed amount of fair value during the Reporting Period
Financial assets at fair value through profit or loss	84,550,421	122,244,331	34,497	(630,876)
Financial assets at fair value through other comprehensive income	—	10,456,742	854,293	(1,290,094)
Available-for-sale financial assets	44,583,168	—	—	—
Derivative financial instruments	(1,250,569)	1,157,856	378,340	2,553,224

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 RMB denominated ordinary shares to the public on February 9, 2010, each stock of which was RMB1.00 at an offering price of RMB20.00, and the total amount of funds raised was RMB15,691,225,500.00. The raised funds after deducting the underwriting fee and sponsoring fee of RMB130 million were RMB15,561,225,500.00, which were 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 were used up and the accumulative amount of RMB15.681 billion of the raised funds (including interest of raised funds of RMB119,808,200) 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) (《關於核准华泰证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 stock of which was RMB1.00 at an offering price of RMB13.05 and the total amount of funds raised was RMB14,207,942,160.00. After deducting the issuing fees of RMB74,736,488.79 related to the non-public offering (including underwriting sponsorship fee, attorney fee, accountant fee, information disclosure fee, issuance registration fee, stamp duty and other fees), the net funds raised were RMB14,133,205,671.21, which were all in place on July 31, 2018 and were verified by KPMG Huazhen LLP with the KPMG capital verification report (Yan Zi No. 1800286). As of the end of the Reporting Period, interest income of the Company on the basis of the net funds raised from the non-public issuance of A Shares were RMB46,140,100.04.

As of the end of the Reporting Period, the Company, with respect to its non-public issuance of A Shares, has used raised funds of: RMB4,800,000,000.00 for further expanding credit trading business such as margin financing and securities lending and stock pledge; RMB7,867,959,300.00 for expanding the investment of fixed income products and increasing the reserves of high-quality liquid assets of the Company; RMB500,000,000.00 for capital increase in Huatai Purple Gold investment; RMB265,515,106.73 for greater investment in information system and continuous improvement of informatization work; RMB425,003,002.50 for other working capital arrangements. Apart from the above usages, surplus of the Company's proceeds of RMB325,368,644.82 (including interest of raised funds and outstanding issuing fees) was not used and was put into the special bank account of the Company. As of December 31, 2018, planned usage of the Company's funds raised from non-public issuance of A Shares was consistent with that disclosed in the prospectus with no change. The Company will continue to put the raised funds into operation according to the development strategy, market conditions and usage plan of funds raised from non-public issuance of A Shares.

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

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

According to the Capital Verification Report issued by KPMG Huazhen LLP, the net funds raised from the initial public issuance of H Shares in 2015 were RMB30,587,689,604.94 (excluding related listing fees), and raised funds after deducting the underwriting and issuing fees were RMB30,015,054,696.76. As of the end of the Reporting Period, interest income and exchange gains/losses of the Company on the basis of total raised funds from the issuance of H Shares were RMB64,999,611.89. As of the end of the Reporting Period, RMB30,046,408,013.41 (including interest of raised funds and exchange gains/losses) of funds raised from the of H Share issuance was used in total.

As of the date of this report, the Company, with respect to its IPO on the Hong Kong Stock Exchange and the issuance of new shares by partially exercising the overallotment option, has used raised funds of: RMB18,352,613,762.96 for capital intermediary business such as developing margin financing and securities lending; RMB3,058,768,960.49 for expanding investment and transaction businesses; RMB3,058,768,960.49 for capital increase in Huatai Purple Gold Investment and Huatai Asset Management; RMB3,058,768,960.49 for expanding overseas business; and RMB2,517,487,368.98 for daily operation and other general enterprise purposes. Apart from the above usages, surplus of the Company's proceeds of RMB606,281,203.42 (including interest of raised funds and exchange gains/losses) was not used and was put into the bank account of the Company. As of December 31, 2018, planned usage of the Company's funds raised from H Share issuance was consistent with that disclosed in the prospectus with no change. The Company will continue to put funds raised from H Share issuance into operation according to the development strategy, market conditions and usage plan of funds raised from H Share issuance.

Overview of the use of raised funds

Unit: Ten Thousand Yuan Currency: RMB

Raising year	Raising method	Total amount of raised funds	Total amount of raised funds used in the Reporting Period	Total amount of raised funds used accumulatively	Total amount of raised funds yet to be used	Usage and whereabouts of raised funds unused
2018	Non-Public offering (A Shares)	1,420,794.22	1,385,847.74	1,385,847.74	32,536.86	Investment in Hong Kong subsidiaries, investment in information system and for other working capital arrangements
2015	Initial public offering (H Shares)	3,058,768.96	5,681.20	3,004,640.80	60,628.12	Used as working capital and for other purposes
2010	Initial public offering (A Shares)	1,556,122.55	—	1,568,103.37	—	—
Total	—	6,035,685.73	1,391,528.94	5,958,591.91	93,164.98	—
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 changes in raised funds of the Company during the Reporting Period

3. Projects not funded by raised funds

During the Reporting Period, the Company did not have 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.

(V) There was no Sales of Significant Assets or Equities by the Company during the Reporting Period

(VI) There was no Bankruptcy or Restructuring, Merger or Division, Major Disposal, Acquisition, Replacement or Stripping of Assets or Reorganization of Other Companies by the Company during the Reporting Period

(VII) Analysis of Key Subsidiaries

Unit: Ten Thousand Yuan Currency: RMB

Company name	Shareholding percentage of the Company	Address	Date of establishment	Responsible person	Telephone No.	Registered capital	Total assets	Net assets	Operating revenue	Total profit	Net profit
Huatai United Securities Co., Ltd.	99.92%	(01A, 02, 03, 04), 17A, 18A, 24A, 25A, 26A on the 5/F, CTS Building, Central Square, Central Area, Futian District, Shenzhen	September 5, 1997	Liu Xiaodan	010-56839300	99,748.00	550,492.85	389,798.53	189,508.98	75,659.16	56,619.14
Main businesses: securities underwriting and sponsorship (excluding treasury bonds, non-financial corporate debt financing instruments and financial bond underwriting); financial advisory for securities trading and investment related activities; other businesses approved by the CSRC.											
Huatai Securities (Shanghai) Asset Management Co., Ltd.	100%	21/F, 18 Dongfang Road, China (Shanghai) Pilot Free Trade Zone	October 16, 2014	Cui Chun	021-28972188	260,000.00	695,093.50	573,141.91	235,483.87	173,959.54	131,252.12
Main businesses: securities asset management; publicly offered securities investment funds management (businesses that need to be approved by law shall be carried out upon the approval of relevant authorities).											
Huatai Purple Gold Investment Co., Ltd.	100%	180 Hanzhong Road, Nanjing	August 12, 2008	Jiang Jian	025-83389999	600,000.00	941,741.97	677,880.30	8,113.10	(1,242.76)	(4,635.51)
Main businesses: equity investment, debt investment, other fund investments associated with equity investment and debt investment; investment consulting and investment management for equity investment and debt investment, and financial consulting (businesses that need to be approved by law shall be carried out upon the approval of relevant authorities).											
Huatai International Financial Holdings Company Limited	100%	Room 5808-12, 58/F, The Center, 99 Queen's Road Central, Hong Kong	April 5, 2017	Wang Lei	852-36586000	HK$8,800,000,002.00	2,322,984.72	805,678.96	203,340.71	28,897.10	5,254.10
Main businesses: holding company.											
Huatai Innovative Investment Co., Ltd.	100%	Room 1501, 15/F, Block 28, Fengsheng Hutong, Xicheng District, Beijing	November 21, 2013	Wang Lei	021-28972228	50,000.00	57,041.00	54,245.69	12,048.92	259.04	163.91
Main businesses: project investment, investment management, sale of precious metal, hotel management; the followings are permitted to be operated only by branches: accommodation, catering services, sale of foods, fitness services, swimming pool, laundry collection, typing and copying, motor vehicle public parking services, conference services, undertaking exhibitions, tourism information consultation, ticket agent service. (1. Public fund-raising shall not be conducted without approval by relevant authorities; 2. trading activities of securities products and financial derivatives shall not be publicly carried out; 3. no loans shall be granted; 4. no guarantee shall be provided to any other enterprises except for its invested enterprises; promises shall not be made to investors that the principal of their investments will not be subject to any loss or that they will get a minimum return; enterprises shall independently select business 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 Futures Co., Ltd.	60%	20/F and Unit 04 of 29/F, Li Feng Building, 761 Dongfeng Eastern Road, Yuexiu District, Guangzhou	July 10, 1995	Wu Zufang	020-83901155	160,900.00	1,916,107.49	266,582.18	122,450.42	28,252.78	20,559.39
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).											

Company name	Shareholding percentage of the Company	Address	Date of establishment	Responsible person	Telephone No.	Registered capital	Total assets	Net assets	Operating revenue	Total profit	Net profit
Jiangsu Equity Exchange Co., Ltd.	52%	11/F, 188 Lushan Road, Nanjing	July 4, 2013	Hu Zhi	025-89620288	20,000.00	32,132.98	28,583.19	7,700.24	3,260.95	2,470.44
	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.	45%	32-42/F, Fund Mansion, 5999 Yitian Road, Lianhua Street, Futian District, Shenzhen	March 6, 1998	Zhang Haibo	0755-82763888	30,000.00	782,684.77	489,798.76	355,710.10	109,589.61	83,938.43
	Main businesses: fund raising, fund sales, asset management and other businesses approved by the securities regulatory authority under the State Council.										
Huatai-PineBridge Fund Management Co., Ltd.	49%	17/F, Building 1, Shanghai Zendai Wudaokou Square, Lane 1199, Minsheng Road, China (Shanghai) Pilot Free Trade Zone	November 18, 2004	Jia Bo	021-38601777	20,000.00	122,785.91	93,137.72	72,168.52	23,744.26	17,595.87
	Main businesses: fund raising, fund sales, asset management and other businesses approved by the CSRC.										
Bank of Jiangsu Co., Ltd.	5.54%	26 Zhonghua Road, Nanjing	January 22, 2007	Xia Ping	025-52890919	1,154,445.00	1,925,823 million	124,479 million	35,224 million	14,267 million	13,239 million
	Main businesses: deposits taking from the general public; granting short-term, medium-term and long-term loans; handling domestic settlements; handing acceptance and discounting of negotiable instruments; issuing financial bonds; acting as an agent for the issue, honoring and underwriting of government bonds and underwriting of short-term commercial papers; buying and selling government bonds, financial bonds, corporate bonds; engaging in interbank lending; providing letter of credit services and guaranty; acting as an agent for receipts/payments and insurance business, wealth management, fund sales, precious metal sales, receipts/payments and custody of collective fund trust scheme; provision of safe deposit boxes; handing entrusted deposits and loans; bank card services; foreign currency deposits; foreign currency loans; foreign exchange remittances; currency exchange; settlement and sales of foreign exchange, acting as an agent for forward settlement and sales of foreign exchange; international settlement; proprietary trading and agency for trading of foreign exchange; interbank foreign exchange lending; trading or acting as an agent for trading in foreign currency securities other than stocks; credit investigation, consultation and witness services; online banking, and other services approved by the banking regulatory bodies and relevant authorities (businesses that need to be approved by law shall be carried out upon the approval of relevant authorities).										

Note: The financial data of Bank of Jiangsu Co., Ltd. was extracted from the express report of annual results of Bank of Jiangsu for the year of 2018.

(VIII) Structured entities controlled by the Company

The structured entities consolidated by the Group mainly refer to the asset management plans with the Group as the manager or investment advisor and the investor. The Group carries out a comprehensive assessment of whether the Group will be significantly affected by variable returns due to the return which the Group is entitled to for the shares held by it and its remuneration as the manager or investment advisor of the asset management plan, and according to which, determines whether the Group is the main responsible person for the asset management plan. As at December 31, 2018, the Group has consolidated 32 structured entities whose assets reached RMB56,643,506,472.68 in total. The amount of the trading financial assets, which embodies the equity of the Group in the above consolidated structured entities, was RMB8,077,162,900.14.

(IX) Other information

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

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

For details of the subsidiaries established during the Reporting Period, please refer to "Explanations on the changes in the scope of consolidation of the statements" under "Analysis of Key Items of Consolidated Statement of Financial Position" under "Major Operations during the Reporting Period" under "Management Discussion and Analysis and Report of the Board" in this report.

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

For details of subsidiaries disposed of by the Company during the Reporting Period, please refer to "Explanations on the changes in the scope of consolidation of the statements" under "Analysis of Key Items of Consolidated Statement of Financial Position" under "Major Operations during the Reporting Period" under "Management Discussion and Analysis and Report of the Board" in this report.

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

During the Reporting Period, 2 branches and 24 securities branches were relocated, 1 securities branch was cancelled. No establishment of branch offices or securities branches occurred. As of the end of the Reporting Period, the Company has 29 branches and 241 securities branches in total. See "Appendix II: List of Branch Offices and Securities Branches" in this report for details.

(1) Relocation of branches during the Reporting Period

No.	Branch	Address after Relocation	Issue Date of License
1	Guangdong Branch, Huatai Securities	Unit 02 and 03, 36/F, No. 10 Huaxia Road, Tianhe District, Guangzhou	January 3, 2018
2	Xuzhou Branch, Huatai Securities	Room 104 and 3/F, Block B, Bao Long Square, North of Heping Avenue and West of the seat of Yunlong District Government, Yunlong District, Xuzhou	September 14, 2018

(2) Relocation of securities branches during the Reporting Period

No.	Name of Securities Branch before Relocation	Name of Securities Branch after Relocation	Address after Relocation	Issue Date of License
1	Securities Branch of Huatai Securities in Changjiang Road, Yantai	Securities Branch of Huatai Securities in Jinhua Street, Yantai	No. 85, Jinhua Street, Zhifu District, Yantai, Shandong Province	February 8, 2018
2	Securities Branch of Huatai Securities in Macau Road, Shanghai	Securities Branch of Huatai Securities in Jiangning Road, Putuo District, Shanghai	Room 901, No. 1158, Jiangning Road, Putuo District, Shanghai	March 7, 2018
3	Securities Branch of Huatai Securities in Tianfu Avenue, Xipu Town, Pi County, Chengdu	Securities Branch of Huatai Securities in Tianfu Avenue, Xipu Town, Chengdu	2/F, Annex 6 of No. 26, Tianfu Avenue, Xipu Town, Pidu District, Chengdu	March 12, 2018
4	Securities Branch of Huatai Securities in Suxi Road, Wuxi	Securities Branch of Huatai Securities in 1st Financial Street, Wuxi	Room 01B, 1/F, No. 11 of 1st Financial Street, Taihu New Town, Binhu District, Wuxi	March 27, 2018
5	Securities Branch of Huatai Securities in Zhongguancun South Street, Beijing	Securities Branch of Huatai Securities in Xueyuan South Road, Beijing	Room 107, 1/F, and 309, 3/F, No. 62, Xueyuan South Road, Haidian District, Beijing	April 24, 2018
6	Securities Branch of Huatai Securities in Zhongshan South Road, Suining, Xuzhou	Securities Branch of Huatai Securities in Renmin East Road, Suining, Xuzhou	Room 104, 205, 206, 214 and 215, Unit 1, Building 1, Hongrui Jiadi, Renmin East Road, Suicheng Town, Suining County	April 28, 2018
7	Securities Branch of Huatai Securities in Jinfeng South Street, Dafeng, Yancheng	Securities Branch of Huatai Securities in Renmin South Road, Dafeng, Yancheng	Room 102, 103 and 104, Building B, Yangguang Mall, Dafeng District, Yancheng	May 22, 2018
8	Securities Branch of Huatai Securities in Qiaoxiang Road, Shenzhen	Securities Branch of Huatai Securities in Baidu International Building, Keyuan Road, Shenzhen	33/F, East Tower, Baidu International Building, Xuefu Road East, Yuehai Street, Nanshan district, Shenzhen	July 27, 2018
9	Securities Branch of Huatai Securities in Xiling First Road, Yichang	Securities Branch of Huatai Securities in Xiling First Road, Yichang	No. 10, Xiling First Road, Yichang	August 6, 2018
10	Securities Branch of Huatai Securities in Hongze Lake Road, Suqian	Securities Branch of Huatai Securities in Hongze Lake Road, Suqian	No. 581, Hongze Lake Road, Sucheng District, Suqian, Jiangsu	August 23, 2018

No.	Name of Securities Branch before Relocation	Name of Securities Branch after Relocation	Address after Relocation	Issue Date of License
11	Securities Branch of Huatai Securities in Rongchao Business Center, Yitian Road, Shenzhen	Securities Branch of Huatai Securities in Rongchao Business Center, Yitian Road, Shenzhen	2201-2212, Block A, Rongchao Business Center, No. 6003, Yitian Road, Fuxin Community, Lianhua Street, Futian District, Shenzhen	August 28, 2018
12	Securities Branch of Huatai Securities in Weihai Road, Jing'an District, Shanghai	Securities Branch of Huatai Securities in Weihai Road, Jing'an District, Shanghai	Room 1305, No. 511, Weihai Road, Jing'an District, Shanghai	August 31, 2018
13	Securities Branch of Huatai Securities in Datong Road, Haikou	Securities Branch of Huatai Securities in Guoxing Avenue, Haikou	Room 3807, 38/F, New Hainan Building, No. 5, Guoxing Avenue, Meilan District, Haikou, Hainan Province	September 7, 2018
14	Securities Branch of Huatai Securities in Yuya Road, Sanya	Securities Branch of Huatai Securities in Yingbin Road, Sanya	Room 1201, Sunshine Financial Plaza, No. 360-1, Yingbin Road, Jiyang District, Sanya, Hainan Province	September 7, 2018
15	Securities Branch of Huatai Securities in Huayuan Road, Jinan	Securities Branch of Huatai Securities in Jingshi Road, Jinan	C106 and C108 Huate Plaza, No. 17703, Jingshi Road, Lixia District, Jinan	September 14, 2018
16	Securities Branch of Huatai Securities in Huaining Road, Hefei	Securities Branch of Huatai Securities in Huaining Road, Hefei	Room 1104, 1211-1213, Block C, Landmark Plaza, No. 288, Huaining Road, Zhengwu District, Hefei	September 25, 2018
17	Securities Branch of Huatai Securities in Yufeng Road, Zhengzhou	Securities Branch of Huatai Securities in Zijingshan Road, Zhengzhou	18/F, Building 2, Zhengshang Lanhai Plaza, Erligang, Zijingshan Road, Guancheng District, Zhengzhou	October 11, 2018
18	Securities Branch of Huatai Securities in Zhuzilin 4th Road, Shenzhen	Securities Branch of Huatai Securities in Zhuzilin 4th Road, Shenzhen	Units 10H, 10I, 10J, 22D and 22E, China Economy and Trading Building, No. 18 Zizhu 7th Road, Zhulin Community, Xiangmihu Street, Futian District, Shenzhen	October 12, 2018

No.	Name of Securities Branch before Relocation	Name of Securities Branch after Relocation	Address after Relocation	Issue Date of License
19	Securities Branch of Huatai Securities in Huangpu Avenue West, Guangzhou	Securities Branch of Huatai Securities in Zhujiang West Road, Guangzhou	17/F (Location: Self-numbered Room 05, 06, 07), No. 15, Zhujiang West Road, Tianhe District, Guangzhou	November 6, 2018
20	Second Securities Branch of Huatai Securities in Rongchao Business Center, Yitian Road, Shenzhen	Securities Branch of Huatai Securities in Qianhai, Shenzhen	Building B7, Qianhai SZ-HK Fund Town, No. 128, Qianhai Guiwan 5th Road, Nanshan Street, Nanshan District, Shenzhen	December 6, 2018
21	Securities Branch of Huatai Securities in Zhenli Road, Tianjin	Securities Branch of Huatai Securities in Huachang Road, Tianjin	Units 07, 08, 09 and 10, 2F, Building 1, No. 40, Huachang Road, Hedong District, Tianjin	December 5, 2018
22	Securities Branch of Huatai Securities in Fucheng Avenue, Funing, Yancheng	Securities Branch of Huatai Securities in Chenghe Road, Funing, Yancheng	No. 63 (C), Chenghe Road, Funing County	December 12, 2018
23	Securities Branch of Huatai Securities in Fengxiang Avenue, Laifeng County	Securities Branch of Huatai Securities in Fengxiang Avenue, Laifeng County	No. 87, Fengxiang Avenue, Laifeng County	December 11, 2018
24	Securities Branch of Huatai Securities in Zhangba East Road, Xi'an	Securities Branch of Huatai Securities in Zhangba East Road, Xi'an	1/F, Jintai Holiday Flower City, Zhangba East Road, Yanta District, Xi'an, Shaanxi Province	December 25, 2018

(3) Cancellation of securities branches during the Reporting Period

During the Reporting Period, the Company cancelled one securities branch, which is the Securities Branch of Huatai Securities in Agriculture Exhibition Centre South Road, Beijing.

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

As of December 31, 2018, our Company has 4,263 unqualified securities accounts, 1,372 judicially frozen accounts, 87,353 risk disposal accounts, and 725,913 pure capital accounts.

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

Long-term account regulation and management measures include: strengthening daily management of accounts, strictly implementing the real-name requirements for account opening; introducing face identification technologies, strengthening verification of identities of investors through a combination of ID card reader and online inspections via public security network, making innovations on account management measures and continuing to improve the long-term account regulation and management mechanism; further improving customer files management system, building a unified agreement management platform, strengthening management of files of customers opening accounts on the Internet and making continuous efforts in the management of paper files and electronic files.

III. DISCUSSION AND ANALYSIS OF THE COMPANY'S FUTURE DEVELOPMENT

(I) Competition landscape and trend of the industry

The year of 2018 is the opening year of a new era and new policies, which have given the capital market new missions. The report of the 19th National Congress of the Communist Party of China points out that efforts will be made to deepen the reform of financial system, strengthen the capability of the financial industry to serve the real economy, raise the percentage of direct financing and promote the healthy development of the multi-level capital market. It is emphasized in the central conference on economic work that capital market plays a high-impact part in financial operation. Thus, we need to develop a standardized, transparent, open, energetic and persistent capital market by deepening the reform. Overall, the reform and expansive opening-up process of the capital market of China are at a critical node, and the development of the securities industry is faced with strategic opportunities. During this period, only the securities companies with core competence of modern investment banking are able to win the initiative for future development and transformation. At the same time, it has become a clear policy orientation to support the quality security companies to further expand and strengthen, implement classified supervision and support the quality ones while limit the inferior ones, which will promote the differentiation and adjustment and the further enhancement of centralization of the securities industry.

Financial technology is one of the core competitive strengths of the securities industry. Vigorous development of financial technology has become an inevitable choice for large securities companies to realize digital transformation, develop differentiated competitive advantages and create a brand new business model for the future. The rapid development of financial technologies including big data, artificial intelligence and cloud computing has extended the points and ways of contact between security companies and customers. A forward-looking layout of advanced technology platform will effectively lower operational cost, improve operational efficiency, control risks and ensure information safety, which will in turn help security companies provide more intelligent, digitized, accurate and specialized services. In the future, it would be an important trend for the securities industry to keep innovating new models for financial products and financial services by deeply exploring and activating the value of big data assets.

(II) The Company's development strategy

1. Strategic guiding principles: Adapting to the new market and regulatory environment by capitalizing on the financial system reform, expansion of direct finance as well as the development and opening-up of multi-level capital market in the PRC; undertaking the responsibility of serving the real economy, optimizing resource allocation, promoting the sound development of multi-later capital market in the new era, to return to the origin of investment banking and essence of financial services; developing differentiated core competitiveness and creating a new business model by centering on satisfying customers' needs for integrated financial services, so as to unswervingly promote the development of transformation, coordination, regulation and internationalization.

2. Strategic vision: Striving to become a first-class integrated financial group with both domestic advantages and global influence, and a financial institution with international competitiveness, brand influence and system importance.

3. Values and operation philosophy: By adhering to the core values of "high efficiency, integrity, stability and innovation" and committing to the operation philosophy of "centered on customer services, oriented by customers' needs and purposed on customer satisfaction", to be accountable to all clients, shareholders, staff and society to achieve harmony and unity.

4. Strategic measures: Deeply developing an all-rounded business chain; implementing high-quality innovation and development; enhancing Fintech-enable capabilities; comprehensively strengthening group governance and improving its pace in international business development.

(III) Business operation plan

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

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

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

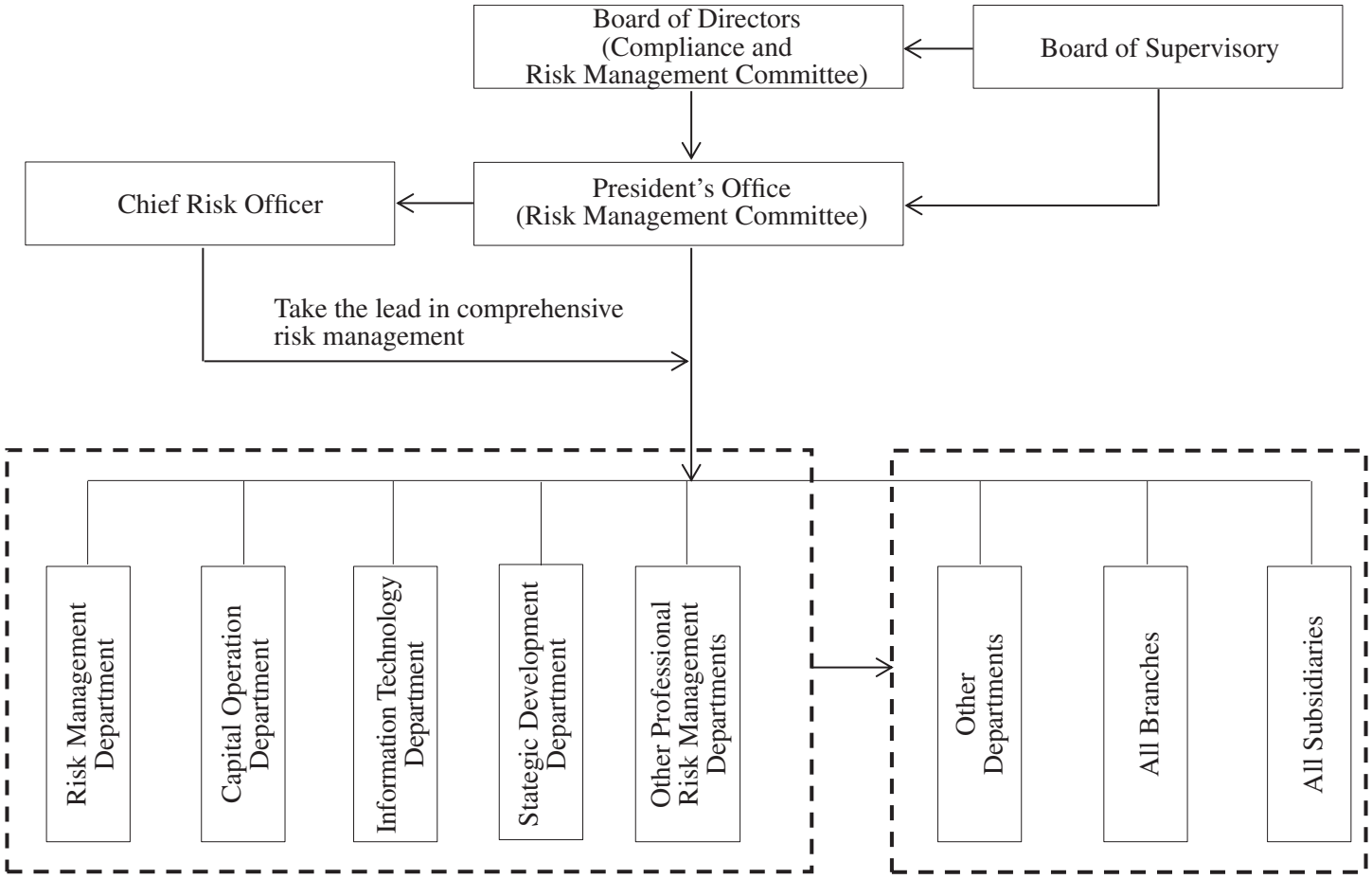
(V) Potential risks (including the implementation of overall risk management and the investment in compliance risk control and information technology)

1. Introduction to risk management

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

During the Reporting Period, taking collectivized risk management and professional business support as the main line, the Company comprehensively promoted various risk management tasks. Taking consolidated management as the starting point, the Company deepened the Group's consolidated management mechanism, continuously strengthened the Group's risk coverage and penetration management, and continued to deepen and improve the risk management assessment system, risk reporting system and risk indicator system. The Company spared no effort to promote the construction of collectivized risk-management technology system, integrated the Group's risk management information, optimized risk management and control processes, improved management and control efficiency, and completed the second phase of the Group's enterprise risk management platform (ERMP system) and the external procurement of investment trading and risk management integration platform (Calypso system). The Company continuously optimized and improved the Group's professional risk management and control system, strengthened the penetration of professional risk management and control into business and promoted professional risk management with the idea of collective risk management of the Group; effectively prevented and controlled risks and improved the efficiency and capacity of professional risk management and control at the group level by strengthening front-end risk identification, risk management and control as well as response and handling processes.

2. Risk management structure



The risk management framework of the Company covers five major parts: the Board and Compliance and Risk Management Committee; Board of Supervisors; President's Office and Risk Control Committee; Risk Management Department and various professional risk management departments; other departments, all 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 significant risk boundaries of the Company, and reviewing periodic risk assessment report of the Company. The Compliance and Risk Management Committee is set up by the Board to undertake risk management responsibilities including reviewing and making recommendations on overall risk management targets and fundamental policies; evaluating and making recommendations on the risks of major decisions which require the Board's review, as well as the solutions to these risks; reviewing and making recommendations on risk assessment reports which require the Board's review.

The Board of Supervisors of the Company is responsible for supervising overall risk management, supervising and examining the Board and President's Office on the performance of their duties of risk management, and urging them to make rectifications. Based on the authorization and approval of the Board and the operation targets of the Company, the President's Office is specifically responsible for the implementation of risk management and assumes the primary responsibility for overall risk management. Upon authorization of the President's Office, the Risk Control Committee under the President's Office is mainly responsible for 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 decomposing the management and implementing responsibilities of various risks. The Audit Department includes 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 at regular intervals.

3. Market risk

Market risk refers to the risk of fluctuation in assets price of the Company due to changes in market parameters such as interest rates, exchange rates, stocks or commodity prices at the business operation level. The Company takes affordable market risks actively and applies derivatives to hedge market risks when the market uncertainty increases, to obtain maximum benefits under controllable risks.

The Company has built a relatively complete quota management system for market risk, and conducted regular and occasional pressure tests through front-end control of the system and establishing monitoring mechanism, so as to ensure that the overall risks of the Company are under control. In respect of equity investment, the Company continued to improve the investment and research integrated system, promoted the transactional transformation of investment business, took advantage of big data, actively seized the opportunity of market fluctuation, and at the same time implemented the strict stop-loss mechanism into stock investment; in respect of derivatives business, the OTC option business, structured notes and other businesses have been further developed under new regulatory environment, The Company ensured market risk to be controllable and affordable through hedging transactions, and managed to control derivatives risks by ways of actively seeking for market hedging means and enriching transaction structure, established complete risk indicator controlling system to adapt to the demand for business development; in respect of fixed-income securities investment, besides increasing investment size, the Company also used various interest derivatives to control the interest rate sensitivity of portfolios, maintained the duration of bond portfolios at a relatively low level and reduced the market value fluctuation of portfolios.

Value at Risk (VAR) of Market of the Company

Currency: RMB

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

	The Company		The Group	
	As at the end of 2018	As at the end of 2017	As at the end of 2018	As at the end of 2017
Equity-sensitive Financial Instruments	4,804	8,982	7,377	10,065
Interest-sensitive Financial Instruments	2,081	2,657	2,148	2,977
Commodity-sensitive Financial Instruments	7	—	367	93
Overall Portfolio Risk Value	5,713	8,315	7,970	10,203

Source: Internal statistics of the Company

4. Credit risk

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

During the Reporting Period, affected by factors such as economic downturn and continuous decline of market conditions, the risk of financing business and the amount of claims to be pursued have increased. The Company actively and strictly controlled business risks by strengthening the control measures for customers and underlying securities. As a result, the overall fulfilment guarantee ratio of financing customers stayed within a safe range as at the end of the period. In terms of investment business, the Company has, in the context of bond defaults being frequent and normalized, steadily promoted the construction of credit analysis management system (CAMS system) and unified management system for issuers, to enhance risk identification and control capabilities; in terms of trading business, the Company implemented unified management for the line of credit to counterparties at the group level and strictly controlled the business risk exposure; in terms of guarantee settlement business, the Company strengthened customer access and target management, and further improved the long-term management and control mechanism for credit risk of such businesses. At the same time, the Company continued to strengthen the construction of the unified credit risk management system, revised and improved the unified and quantitative index system for credit risks, optimized the asset dissolving and disposal management system for credit business risks, and promoted the construction of the unified management system for customer risk information and the management system for the impairment of financial instrument, which further improved the Company's ability to respond to external complex credit environment.

5. Liquidity risk

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

During the Reporting Period, the Company constantly improved the capital planning system, strengthened capital position management and ensured daytime liquidity safety; based on the principle of due prudence, the Company set up an analysis framework for liquidity indicators including cash flow and set appropriate risk limits, and monitored the framework every day through the information technology system to improve the frequency and controlling level of liquidity risk monitoring; the Company regularly and occasionally analyzed the cash flow and liquidity indicators under stressful scenarios, evaluated the Company's ability to bear liquidity risk, analyzed the stress test results, and continuously raised the Company's pressure resistance ability for liquidity risk; the Company, according to the risk appetite, established right-sized liquidity asset reserves and maintained sufficient liquidity assets with high quality to ensure the meeting of liquidity needs under stressful scenarios in a timely manner; the Company improved the liquidity risk meeting system to ensure that the management is able to keep abreast of the liquidity risk level and the management status thereof. During the Reporting Period, the Company's liquidity coverage ratio (LCR) and net stable funding rate (NSFR) continued to meet regulatory requirements and maintained enough safe space.

6. Operational risk

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

During the Reporting Period, the Company deepened the effectiveness of tool application based on continuous optimization of operational risk management mechanism, established a standard library of risk points, improved the accuracy and pertinence of operational risk identification; created risk-discovery indicators, and strengthened the problem discovery mechanism through analysis and prompts of internal and external risk events and triggered evaluations on the effectiveness of control measures, optimized the pre-, middle- and post-management measures for operational risks of various businesses, and prevented or mitigated operational risks through various measures; promoted the practical use of management tools at branches, enhanced feedback tracking for the discovered problems; released business continuity management methods by combining research and pilot achievements, which has improved the Company's business continuity management system; improved the new business evaluation mechanism, revised and released the Measures for Assessment and Management of New Business Risk, organized relevant new business assessments, improved the efficiency of risk assessment on innovative businesses based on full assessment of risks; implemented the optimization of operational risk management system (phases III), added operational risk culture publicity, economic capital measurement and other functions, revised system usage management guidelines, and specified system management practices.

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 optimize and improve compliance management system in respect of system construction, compliance staffing, collectivized compliance management and control, performance guarantee and specific working mechanisms, effectively promoted the full coverage of compliance management; improved the compliance management mechanism of the Group, conscientiously implemented the parent-subsidiary compliance persons meeting mechanism and compliance management information reporting mechanism, strengthened compliance communication and control among group members; continuously improved business compliance management mechanism, and enhanced the control and support for main businesses through compliance assessment, process analysis, provision of tips and supervision and meeting attendance, etc.; further improved the compliance training system and enriched training forms, striving to infuse business personnel with regulatory requirements and compliance consciousness and urging the business department to complete the self-regulation as early as possible; prudently carried out compliance audit, timely pointed out compliance issues or defects and proposed regulation suggestions to promote the compliance operation of relevant business or products; increased efforts on compliance inspection especially on special inspection, carried out compliance inspections on key business areas such as agency sales of financial products, OTC derivatives business oriented by problems and risks and with the focus on key businesses and risk hazards, timely proposed improvement requirements for identified problems, and continuously tracked the implementation of rectifications; fully implemented the PBOC's work requirements, propelled the identification of beneficial owners, optimized the analysis procedures for suspicious transaction screening, promoted the evaluation on money-laundering risks of the Company's business, conducted comprehensive training and promoting activities, and strictly performed anti-money laundering obligations including customer identity recognition, preservation of customer identification information and transaction records, classification for risks of money-laundering by customers and suspicious transaction reporting, so as to continuously improve our anti-money laundering capabilities.

8. Information technology risk

Information technology risk mainly refers to exposure to losses caused by the failure of the system to continuously ensure the stable, efficient and safe operation of transaction and business management in terms of business realization, response speed, handling capacity and data encryption, resulting from abnormal operation or data damage or leakage of the Company's information system caused by various internal and external reasons.

Both the businesses and the middle and back office management of the Company are highly depended on the information technology system and the information system has become the key assurance to support the operation of businesses of the Company. During the Reporting Period, the Company continued to increase investment in information technology and improved information technology research and development as well as the operation and maintenance system, which further improved the information system construction and safety management. The Company strengthened quality control on information technology and enhanced response measures for information technology risk events, and continuously improved the internal control mechanism for information technology, which has further enhanced the risk management for information technology, ensured the security, reliability and stability operation of the Company's information system and effectively prevented the risks of information technology.

9. Reputational risk

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

During the Reporting Period, the Company carried out appropriate and effective reputational risk management and continued to maintain smooth communication with media, which have created a good public sentiment environment for the Company's business development. The Company continued to improve its disposal system and processes for reputational risk events and strengthened the collectivized management for reputational risks. At the same time, in response to the problems raised in actual works, the Company strengthened its normalized management and internal and external promotion to raise its level of response to reputational risks.

10. Implementation of overall risk management of the Company during the Reporting Period

During the Reporting Period, according to the actual situation of the Company and industrial regulatory requirements, the Company continued to improve the overall risk management system and continuously deepened the implementation of various requirements on the overall risk management, which effectively improved the capacity of risk management and control of the Company.

For the full coverage of risks, the Company established a sound overall risk management system for the Group by taking "high engagement, full coverage and deep penetration" as the core idea. The current risk management of the Company has already covered all subsidiaries (domestically and globally), branches and business lines for major risk types. The Company established a risk management system for subsidiaries by combining centralized management and control and hierarchical authorization, raised clear requirements to subsidiaries on issues including the construction of risk management system, risk management policies and indicator system, risk management personnel allocation and assessment and risk reports, and set up differentiated and detailed rules for risk management. The risk management department of the Company arranged specialized risk management personnel for various business lines and conducted risk identification, monitor, assessment, decisions, response and reporting before, during and after each operation. For market risk, credit risk, liquidity risk, operational risk, reputational risk and information technology risk, the Company has assigned leading management departments for each of them for their management. The coverage of various professional risk management has reached the level of subsidiaries.

For the surveillance of risks, the Company continued to improve the promptness and effectiveness of risk surveillance and monitoring. The Company established a multi-level indicator and limitation system for risk appetite, risk tolerance, professional risk and business risk. The Company accurately calculated, dynamically monitored and timely alerted risk indicators with systematic methods, established an enterprise risk management platform (ERMP), and realized the centralized and multi-level monitoring on various risk indicators with unified and integrated risk indicator monitoring module. The Company also developed and launched a centralized management system function for the information of same business risks within the Group, which realized the unification and collection, monitoring, exhibition, analysis and management on the information of same business risks within the Group.

For the measurement of risks, the Company realized the measurement on the market, credit and liquidity risks, and established a mechanism for periodic testing and evaluation and feedback test on evaluation and risk measurement model; continuously perfected the measurement model to improve the accuracy of measurement results. The Company formulated the financial instrument evaluation methods and model management methods, which have further improved the various management requirements and operational procedures for financial instrument evaluation and model management of the Company from the perspective of policy protection.

For the analysis of risks, the Company established a multi-level risk analysis reporting system to strengthen the depth and comprehensiveness of risk analysis. The Company established a multi-level risk reporting system, formulated and issued the Risk Reporting System, which clarified the reporting mechanism and procedure requirements, so as to ensure the timely and effective transfer of risk information among various levels and departments. The Company set up a relatively comprehensive pressure testing system to improve the analysis of and response to the pressure test results. The Company's pressure test covers capital regulatory indicators, financial indicators and all risk quotation indicators and has been applied throughout the procedures of day-to-day risk management.

For risk response, the Company has, based on risk assessment and alert results, formulated certain response strategies including risk avoidance, reduction, transfer and tolerance matched with different risk appetites, and adopted response measures such as asset impairment, risk hedging, capital supplement, scale adjustment, asset and liability management. At the same time, the Company developed practical response mechanisms and schemes for various risks, which could ensure the Company's capability of self-reacting and self-settlement when encountering various risks.

The Company provided support and guarantee for comprehensive risk management in aspects of forming culture, developing policies, increasing investment, improving system and recruiting talents. The Company attached great importance to the construction of risk management culture, strengthened the promotion of risk management concept, and promoted the operation of normalized and comprehensive risk management training system. During the Reporting Period, the Company further improved the risk management assessment system covering the Parent Company, its subsidiaries and all employees. The Company established a three-dimensional risk management system at the Board of Directors level, senior management level and business level, developed a regular evaluation and revision mechanism for the system, and included the implementation of the system into the risk assessment. The Company attached great importance to risk management and information technology system construction, and provided sufficient resources to support and guarantee the risk management and system construction. The Company emphasized the effective combination of risk management and information technology system, established a risk management information technology system matched with the complexity of existing businesses and risk index system, and established an enterprise risk management platform (ERMP), net capital and other risk control indicators monitoring system and various professional risk management systems, so as to continue to improve the Group's risk management systematization and gradually realize the whole process of risk control by systematic means. During the Reporting Period, the Company continued to strengthen the training and introduction of risk management personnel. As of the end of 2018, the number of risk management personnel increased by 23.26% compared with that at the end of 2017, and the number of risk management personnel continued to meet regulatory requirements.

11. The investment of the Company in compliance risk control during the Reporting Period

The Company attached great importance to compliant operation and risk management by continuously enhancing the construction of compliance risk control system, optimizing the composition of compliance risk control personnel, increasing investment in the construction of compliance risk control system and improving our professional abilities in compliance risk control with technology as the driving force. The Company's investments in compliance risk control mainly include: investment in compliance risk control personnel, investment in the construction of compliance risk control related systems and operating costs of compliance risk control related departments. In 2018, on Parent Company basis, the total investment in compliance risk control of the Company amounted to RMB221,764,900.

12. The investment of the Company in information technology during the Reporting Period

The Company always values the innovation in information technology, and constantly increases the investment in information technology by establishing a professional management system for information technology services for our clients, and continuing to enhance the management for system operation and maintenance, in order to create the technology competitiveness in the forefront of the industry. The Company's investments in information technology mainly include: IT capital expenditure (including purchase cost for software and hardware as well as application and development cost), daily expenses for operation and maintenance of IT, leasing and depreciation cost of computer room, circuit leasing cost and remuneration of IT personnel. In 2018, on Parent Company basis, the total investment in information technology of the Company amounted to RMB1,084,997,100.

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

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

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

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

2. Conditions of risk control indicators triggering the pre-warning criteria or not conforming to the required standards, and corrective measures adopted and rectification effects during the Reporting Period

During the Reporting Period, the Company conducted risk control indicators prospective estimates or pressure tests for profit distribution, capital increase in and guarantee provision to subsidiaries, engagement in new businesses and other major events. The above-mentioned matters were implemented on condition that the analysis and test results meet the regulatory requirements. During the Reporting Period, main risk control indicators of the Company were all in line with the regulatory requirements; there were no such circumstances that the risk control indicators violated the pre-warning standards and that the indicators were not in compliance with the provided standards. As at December 31, 2018, the net capital of the Parent Company was RMB59.560 billion, increased by 27.42% compared to RMB46.743 billion as at December 31, 2017; the net asset of the Parent Company was RMB94.797 billion, with the "net capital/net assets" index of 62.83%, "risk coverage" index of 281.90%, "capital leverage" index of 24.57%, "liquidity coverage ratio" index of 648.34%, and "net stable funding ratio" index of 140.95%.

IV. THERE WERE NO CIRCUMSTANCES IN THE COMPANY'S FAILURE TO MAKE DISCLOSURE IN ACCORDANCE WITH THE STANDARDS DUE TO INAPPLICABILITY OF THE STANDARDS REQUIREMENTS OR SPECIAL REASONS INCLUDING NATIONAL SECRETS AND TRADE SECRETS AND THE EXPLANATIONS OF REASONS THEREOF

V. OTHER DISCLOSURES

(I) Share capital

For the Company's share capital for the year ended December 31, 2018 and the details of changes therein, please refer to "Changes in Ordinary Shares and Shareholders" in this report.

(II) The arrangement of pre-emptive rights

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

(III) Sufficient public float

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

(IV) Directors' interests in competing business

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

(V) Service contracts of Directors and Supervisors

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

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

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

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

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

(VIII) Profile of Directors, Supervisors and senior management

For the profile of Directors, Supervisors and senior management of the Company, please refer to "Primary work experience" under "Changes in shareholding structure and remuneration of current and retired Directors, Supervisors and senior management during the Reporting Period" under "Changes in Shareholding Structure and Remuneration" under "Directors, Supervisors, Senior Management and Staff" in this report.

(IX) Remuneration policy

For the remuneration and share incentive scheme of Directors, Supervisors and senior management of the Company, please refer to "Changes in shareholding structure and remuneration of current and retired Directors, Supervisors and senior management during the Reporting Period" and "Remuneration of the Directors, Supervisors and Senior Management" under "Changes in Shareholding Structure and Remuneration" under "Directors, Supervisors, Senior Management and Staff" in this report.

(X) Share option scheme

The Company did not establish any share option scheme.

(XI) Major customers and suppliers

The Group provides services to a wide range of institutional and individual clients across a spectrum of sectors. The Group's clients range from retail customers, wealth clients, high-net-worth individuals, institutional clients to corporate clients, who are primarily located in China. The successful listing in Hong Kong and smooth implementation of its deployment strategies in the international market will facilitate the Group in carrying out its overseas operations, exploring customer resources and boosting for further development of the Group's businesses. In 2018, the revenue attributable to the five largest clients of the Group accounted for less than 30% of the total operating revenue of the Group.

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

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

For the details of the employee's remuneration and training plans of the Company, please refer to "Remuneration policy" and "Training programs" under "Information about the Staff of the Parent Company and Major Subsidiaries" under "Directors, Supervisors, Senior Management and Staff" in this report. For the relationship between the Company and securities brokers, please refer to "Customer Solicitation and Customer Services by the Brokers Commissioned by the Company" under "Directors, Supervisors, Senior Management and Staff" in this report. For the relationship between the Company and its major customers and suppliers, please refer to "Major customers and suppliers" under "Other Disclosures" under "Management Discussion and Analysis and Report of the Board" in this report.

(XIII) Business review

Analysis of business using key financial performance indicators, please refer to "Company Profile" of this report.

(XIV) Corporate governance

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

(XV) Environmental policies and performance of the Company

For the environmental policies and performance of the Company, please refer to "Fulfilling of Corporate Social Responsibilities" under "Major Events" in this report.

(XVI) Compliance with relevant laws and regulations

As a public company listed both in mainland China and Hong Kong, the Company abides, in strict manner, by the requirements of the laws, regulations and normative documents of domestic and foreign place where the Company is listed including the Company Law, Securities Law, Regulation on the Supervision and Administration of Securities Companies, Rules for Governance of Securities Companies, Code of Corporate Governance for Listed Companies in China, Corporate Governance Code and Corporate Governance Report

in Appendix 14 of Hong Kong Listing Rules and the Articles of Association. The Company established and perfected its rules and regulations to standardize the operation of the Company, and devoted itself to maintaining and improving its sound market image. Please refer to "Punishment and Denouncement of the Company during the Year" under "Material litigation and arbitration" under "Major Events" in this report for the punishment and denouncement received by the Company during the Reporting Period.

(XVII) Reserve and reserve available for distribution

Please refer to the statement of changes in equity of consolidated shareholders and Note 55 to the financial statement of this report for changes in reserves and distributable reserves.

(XVIII) Property and equipment and investment properties

Changes in properties and equipment and investment properties of the Group during the year are set out separately in Notes 19 and 20 of the consolidated financial statement. As at December 31, 2018, the Group did not own one or more investment properties with a ratio (as defined in the Rule 14.04(9) of the Hong Kong Listing Rules) over 5%, or did not hold any properties for development and/or for sale.

(XIX) Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended December 31, 2018.

(XX) Donations

The Company actively performed its social responsibilities in 2018 by investing a total of RMB10,167,300 (2017: RMB14,305,100) in public activities including public service advertising, disaster relief donations, education support and charitable contribution.

(XXI) Five-year financial highlight

For the highlight of operating performance, assets and liabilities of the Group in the past five financial years, please refer to "Key Accounting Data and Financial Indicators for the Past Five Years" under "Key Accounting Data and Financial Indicators" under "Company Profile" in this report. This summary does not constitute a part of the audited consolidated financial statement.

(XXII) Auditors

1. Upon the approval of the Company's 2015 Annual General Meeting held on June 7, 2016, the Company employed KPMG Huazhen LLP as the audit service institute of the Company and its holding subsidiaries' 2016 annual accounting statement and internal control to issue an A Share audit report and internal control audit report; and employed KPMG as the audit service institute of the Company's H Share to issue a H Share audit report. The audit service fee was capped at RMB5.00 million. In 2016, KPMG Huazhen LLP issued a standard unqualified opinion audit report on the annual financial report formed by the Company in accordance with the China Accounting Standards for Business Enterprises. Certified public accountants Wang Guobei and Zhang Nan signed the report; KPMG issued a standard unqualified opinion audit report on the annual financial report formed by the Company in accordance with the International Financial Reporting Standards. Certified public accountant Peng Chengchu signed the report.

2. Upon the approval of the Company's 2016 Annual General Meeting held on June 21, 2017, the Company employed KPMG Huazhen LLP as the audit service institute of the Company and its holding subsidiaries' 2017 annual accounting statement and internal control to issue an A Share audit report and internal control audit report; and employed KPMG as the audit service institute of the Company's H Share to issue a H Share audit report. The audit service fee was capped at RMB5.00 million. In 2017, KPMG Huazhen LLP issued a standard unqualified opinion audit report on the annual financial report formed by the Company in accordance with the China Accounting Standards for Business Enterprises. Certified public accountants Wang Guobei and Zhang Nan signed the report; KPMG issued a standard unqualified opinion audit report on the annual financial report formed by the Company in accordance with the International Financial Reporting Standards. Certified public accountant Peng Chengchu signed the report.

3. Upon the approval of the Company's 2017 Annual General Meeting held on June 13, 2018, the Company employed KPMG Huazhen LLP as the audit service institute of the Company and its holding subsidiaries' 2018 annual accounting statement and internal control to issue an A Share audit report and internal control audit report; and employed KPMG as the audit service institute of the Company's H Share to issue a H Share audit report. The audit service fee was capped at RMB5.00 million. In 2018, KPMG Huazhen LLP issued a standard unqualified opinion audit report on the annual financial report formed by the Company in accordance with the China Accounting Standards for Business Enterprises. Certified public accountants Wang Guobei and Qian Ruwen signed the report; KPMG issued a standard unqualified opinion audit report on the annual financial report formed by the Company in accordance with the International Financial Reporting Standards. Certified public accountant Peng Chengchu signed the report.

4. Upon the approval of the Company's twentieth Meeting of the fourth session Board of Directors held on March 29, 2019, the Company intends to employ KPMG Huazhen LLP as the audit service institute of the Company and its holding subsidiaries' 2019 annual accounting statement and internal control to issue A Share audit reports and internal control audit report; and employ KPMG as the audit service institute for the Company's H Shares to issue H Share audit reports. The audit service fee was capped at RMB5.50 million. This issue is yet to be approved by the 2018 Annual General Meeting of the Company.

(XXIII) Auditor's remuneration

For auditor's audit service fee during the Reporting Period, please refer to "Auditors" under "Other Disclosures" under "Management Discussion and Analysis and Report of the Board" in this report.

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

(XXIV) Review of Annual Report

This annual financial report has been audited. The Audit Committee of the Company's Board of Directors has reviewed the Company's annual financial statement and annual report which have been audited as of December 31, 2018, and did not raise any objections to the accounting policy and convention adopted by the Company.

(XXV) Publication of the Annual Report

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

The 2018 annual report of the Company which contains all the materials required by the Hong Kong Listing Rules will be sent to shareholders and published on the Company's website (www.htsc.com.cn) and the HKEXnews website (www.hkexnews.hk).

By order of the Board
Zhou Yi
Chairman and President

March 29, 2019

MAJOR EVENTS

I. PROPOSAL OF PROFIT DISTRIBUTION FOR ORDINARY SHARES OR CAPITALIZATION FROM CAPITAL RESERVE

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

Article 256 of the Articles of Association of the Company has clarified the Company's profit distribution policy and the decision-making process for the profit distribution scheme and the adjustments of the profit distribubion police The policy of the Company's profit distribution is: "The Company shall focus on generating a reasonable investment return to the investors and implements continual and steady policy of profit distribution; the Company's profit distribution shall not exceed the scope of accumulated distributable profits nor impair the Company's continual operational capability; the Company may distribute dividends in form of cash, shares or a combination of cash and shares. Except for the special condition under which the Company plans to conduct material investments or make major cash expenses within the next twelve months, or other conditions that may result in the fact that the Company fails to comply with the regulatory requirements regarding net capital, the Company shall distribute its dividends in form of cash if the Company profits for the current year and its accumulated non-distributed profits are positive; for the last three years, the Company's accumulated profits distributed in form of cash shall not be less than 30% of the annual average distributable profit realized for the last three years; upon the proposal by the Board of Directors and approval by the general meeting, an interim dividend distribution may be made in the form of cash; the Company may distribute dividends in the form of shares based on the annual profits and cash flow status and subject to the satisfaction of the lowest ratio for cash dividend and the reasonableness of the Company's equity scale."

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

In 2016, the Company recorded a net profit of RMB6,270,611,459.43 attributable to the shareholders of ordinary shares of the Company. On the basis of the total share capital of 7,162,768,800 shares as of December 31, 2016, the Company proposed the distribution of cash dividend of RMB5.00 (tax inclusive) for every ten shares to all shareholders. The total amount of cash dividend was RMB3,581,384,400.00.

In 2017, the Company was promoting the Non-Public Issuance of A Shares. According to the Measures for the Administration of Securities Issuance and Underwriting of the CSRC, after comprehensive consideration of factors induding the interests of shareholders and the development of the Company, the Company did not make profit distribution, nor did it transfer its capital reserve to increase its share capital.

In the interim of 2018, the Company recorded a net profit of RMB3,158,898,403.05 attributable to the shareholders of ordinary Shares the Company. On the basis of the total share capital of 8,251,500,000 shares, the Company proposed the distribution of cash dividend of RMB3.00 (tax inclusive) for every ten shares to all shareholders. The total amount of cash dividend was RMB2,475,450,000.00.

According to the 2018 annual financial statements of the Company, the net profit of the Parent Company for 2018 reached RMB5,359,763,895.61. According to relevant provisions of the Company Law, Securities Law, Financial Rules for Financial Enterprises (《金融企業財務規則》) and the Articles of Association of the Company, the Company had appropriated a total of RMB1,607,929,168.68 including 10% of statutory surplus reserve, 10% of general risk reserve and 10% of trading risk reserve, after which, the profit available for distribution for the year was RMB3,751,834,726.93.

Plus the balance of undistributed profit in previous years and less the amount of dividend already distributed by the Company in 2018, the accumulated profit available for distribution to investors as at the end of 2018 was RMB14,480,534,816.47.

According to relevant requirements of the CSRC, gains arising from the fair value changes in distributable profit of securities companies shall not be used for cash distribution to shareholders. As at the end of December 2018, the accumulated fair value changes in distributable profit of the Parent Company was RMB1,961,214,170.30, after deduction of which as required, the profit of the Parent Company available for distribution to investors in cash amounted to RMB12,519,320,646.17.

After comprehensive consideration of factors such as the interests of shareholders and the development of the Company, the 2018 profit distribution proposal of the Company is recommended as follows:

1. The Company will distribute cash dividend of RMB3.00 (tax inclusive) per 10 shares based on the Company's total share capital of 8,251,500,000 shares, with the total cash dividend of RMB2,475,450,000.00. The remaining profit available for distribution to investors will be carried forward to the next year.

2. Cash dividend is denominated and declared in RMB and paid to holders of A Shares and Southbound Trading investors in RMB and to holders of H Shares (excluding the Southbound Trading investors) in HKD. The actual distribution amount in HKD would be calculated at the rate of average base exchange rate of RMB against HKD issued by PBOC for five business days prior to the date of the 2018 Shareholders' annual general meeting.

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

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

Unit: Yuan Currency: RMB

Dividend year	Number of dividend shares per 10 shares (share)	Dividends per 10 shares (RMB yuan) (tax inclusive)	Number of increased shares per 10 shares (share)	Amount of cash dividends (tax inclusive)	Net profit attributable to the shareholders of ordinary shares of the Company in the consolidated statement	Percentage of net profit attributable to the shareholders of ordinary shares of the Company in the consolidated financial statements (%)
2018	—	3.00	—	2,475,450,000.00	5,032,737,702.70	49.19
2018 interim period	—	3.00	—	2,475,450,000.00	3,158,898,403.05	78.36
2017	—	—	—	—	9,276,520,447.68	—
2016	—	5.00	—	3,581,384,400.00	6,270,611,459.43	57.11

Note: With a combination of the 2018 profit distribution proposal with the 2018 interim profit distribution plan of the Company, the total cash dividend distributed by the Company amounted to RMB4,950,900,000.00, accounting for 98.37% of the net profit attributable to shareholders of the parent company under the 2018 consolidated statements.

(III)Tax relief

1. Shareholders of A Shares

According to the provisions in the Notice on Issues Regarding Differentiated Individual Income Tax Policy for Dividends and Bonuses of Listed Company (Cai Shui [2015] No.101) (《關於上市公司股息紅利差別化個人所得税政策有關問題的通知》(財税[2015]101號)) and the Notice on Issues Regarding the Implementation of Differentiated Individual Income Tax Policy for Dividends and Bonuses of Listed Company (Cai Shui [2012] No. 85) (《關於實施上市公司股息紅利差別化個人所得税政策有關問題的通知》(財税[2012]85號)) jointly issued by the Ministry of Finance, State Administration of Taxation and the CSRC, for individual shareholders of the Company, if the term of shareholding (a period from the date when the individual acquire the listed shares on public offering and transferring markets by the individual to the date one day before the shares are transferred and settled) is within one month (inclusive), all the dividend and bonus incomes thereof are counted as taxable income at the effective tax rate of 20%; if the term of shareholding is between one month and one year (inclusive), temporarily, 50% of the dividend and bonus incomes are counted as taxable income at the effective tax rate of 10%; if the term of shareholding exceeds one year, temporarily, the dividend and bonus incomes are exempted of individual income taxes. When dividends and bonus incomes are distributed by a listed company, such company, temporarily, shall not withhold or pay any individual income taxes on behalf of the individuals whose term of shareholding is within one year (inclusive); instead, the taxable incomes shall be calculated by a securities registration and settlement company based on the term of shareholding when the individual transfers those shares and the Company shall withhold and pay the taxes through the securities registration and settlement company. For dividend and bonus incomes obtained by securities investment funds from listed companies, the individual income taxes thereof are calculated and levied pursuant to the provisions in the document of Cai Shui [2012] No. 85.

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

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

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

2. Shareholders of H Shares

According to the provisions in the Notice by the State Administration of Taxation on Issues Regarding the Administration of Individual Income Tax Collection after the Annulment of Document Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《國家税務總局關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知》(國税函[2011]348號)), for the dividend and bonus incomes acquired by individual shareholders as overseas residents from the issuance of shares in Hong Kong by domestic non-foreign investment enterprises, the withholding agent shall legally withhold and pay the individual income taxes according to item "interest, dividend and bonus income". For the issuance of shares in Hong Kong by domestic non-foreign investment enterprises, the individual shareholders as overseas residents can enjoy relevant tax preferences according to the provisions in the tax treaty signed by the country to which the resident identity belongs and the PRC and in the tax arrangements between Mainland China and Hong Kong (Macao). According to relevant tax treaties and tax arrangements, the tax rates for dividends are normally 10%. To simplify administration of tax collection, when the domestic non-foreign investment enterprises issuing shares in Hong Kong distribute dividends and bonuses, the individual income taxes are generally withheld at the tax rate of 10% without application. If the dividend tax rate is not 10%, individual income taxes shall be withheld as per the following provisions: (1) for residents subject to tax rates below 10% pursuant to relevant treaties, the withholding agent can apply related treatment under such treaties on behalf of the residents and the governing tax authority will refund the additional tax payments after approving the application; (2) for residents subject to tax rate over 10% but lower than 20% pursuant to relevant treaties, when the withholding agent distributes dividend and bonus, the individual income tax shall be withheld and paid at the actual tax rate specified in the treaties and application for approval is not necessary; (3) for residents from the country which did not enter into any tax treaty with the PRC and other situations, when the withholding agent distributes dividend and bonus, the individual income tax shall be withheld and paid at the tax rate of 20%.

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

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

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

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

II. PERFORMANCE OF UNDERTAKINGS

(I) 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 at any time in the future (including but not limited to selfowned, joint venture or cooperation) (except 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 shall refer to Huatai Securities (except Jintai Futures Co., Ltd.).	Issuing date: June 27, 2014; expiry date: in a long term	No	Yes

III. THERE WAS NO MISAPPROPRIATION OF FUNDS OF THE COMPANY DURING THE REPORTING PERIOD

IV. STANDARD UNQUALIFIED OPINION AUDIT REPORT WAS BEEN PREPARED BY THE ACCOUNTING FIRM OF THE COMPANY

V. ANALYSIS AND EXPLANATION FROM THE COMPANY ON THE REASONS AND IMPACT OF THE CHANGE OF ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OR CORRECTION OF MAJOR ACCOUNTING ERRORS

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

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

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

VI. APPOINTMENT AND REMOVAL OF ACCOUNTING FIRM

Unit: Ten Thousand Yuan Currency: RMB

	Currently employed unit
Name of the domestic accounting firm	KPMG Huazhen LLP
Remuneration of the domestic accounting firm	300
Audit years of the domestic accounting firm	5
Name of the overseas accounting firm	KPMG
Remuneration of the overseas accounting firm	200
Audit years of the overseas accounting firm	4

	Name	Remuneration
Accounting firm for the auditing of internal controls	KPMG Huazhen LLP	Please refer to the description of the situation under this table
Sponsors	Guotai Junan Securities Co., Ltd., Huatai United Securities Co., Ltd.	5,009.62

Due to the Non-public Issuance of A shares during the Reporting Period, the Company appointed Guotai Junan Securities Co., Ltd. and Huatai United Securities Co., Ltd. as joint sponsors and joint lead underwriters of the Non-public Issuance. Upon the completion of the Non-public Issuance, the sponsoring and underwriting fees paid to the above institutions by the Company in September 2018 totaled RMB50.0962 million.

Description of appointment and removal of accounting firm

During the Reporting Period, as approved at the 2017 Shareholders' annual general meeting of the Company, the Company reappointed KPMG Huazhen LLP to audit the accounting statements and conduct internal control of the Company and its holding subsidiaries for 2018 and to issue audit reports on A Shares and internal control; approved the appointment of KPMG as the auditor for the H Shares of the Company to issue audit reports on H Shares.

VII. THE COMPANY HAD NO RISKS OF SUSPENSION OF LISTING, TERMINATION OF LISTING, BANKRUPTCY AND RESTRUCTURING

VIII. MATERIAL LITIGATION AND ARBITRATION

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

(I) Litigation and Arbitration Disclosed in Ad hoc Announcements without Subsequent Development

Summary and type of event	Query indexes
Debt disputes between Huatai United Securities, Stone Group (四通集團) and Stone Group Financial Company (四通集團財務公司)	Could be retrieved in the annual reports for the Year 2011 to 2017
Debt disputes between Huatai United Securities and Beijing Huazi Syndicated Group (北京華資銀團集團)	Could be retrieved in the annual reports for the Year 2011 to 2017
A considerable overloss in futures account of Zhang Xiaodong, a client of Huatai Futures	Could be retrieved in the annual reports for the Year 2013 to 2017
Objection to enforcement for the deposit receipts under pledge raised by Huatai Securities as the manager of "Jinling No. 6 Targeted Assets Management Plan of Huatai Securities"	Could be retrieved in the annual reports for the Year 2016 to 2017

(II) Litigation and Arbitration not Disclosed in Ad hoc Announcements or with Subsequent Development

Unit: Yuan Currency: RMB

During the Reporting Period, there were no new material litigation and arbitration. The following is the follow-up of the previous year's events:

Plaintiff (claimant)	Defendant (respondent)	Joint liability party	Type of litigation or arbitration	Basic status of litigation (arbitration)	Amount involved in litigation (arbitration)	Whether litigation (arbitration) forms estimated liabilities and amount or not	Progress of litigation (arbitration)	Result and effect of litigation (arbitration)	Enforcement of judgment of litigation (arbitration)
Huatai United Securities	China Nuclear Energy Industry Corporation (中國原子能工業有限公司)		Contract dispute	Refer to notes	13,140,200	No	Closed	Refer to notes	Refer to notes
(Entrust) Chengdu Branch of Bank of Tianjin Co., Ltd. (天津銀行股份有限公司成都分行)	Sichuan Shengda Group Limited (四川聖達集團有限公司)		Debt dispute	Refer to notes	70,324,829	No	Refer to notes	Refer to notes	Refer to notes
Xiamen Bank Company Limited (廈門銀行股份有限公司)	Shenzhen Branch of Bank of Ningbo Co., Limited (寧波銀行股份有限公司深圳分行)		Bill dispute	Refer to notes	–	No	Refer to notes	Refer to notes	Refer to notes

1. China Nuclear Energy Industry Corporation (中國原子能工業有限公司) (hereinafter referred to as "Nuclear Energy Corp") brought legal proceedings regarding a deposit receipts dispute against China Huacheng Group Financial Co., Ltd. (中國華誠集團財務有限責任公司) (hereinafter referred to as "Huacheng Group") and Huacheng Investment Management Co., Ltd. (華誠投資管理有限公司) (hereinafter referred to as "Huacheng Investment"). No. 2 Intermediate Court of Beijing (hereinafter referred to as "No. 2 Intermediate Court") issued a civil verdict (1998) Er Zhong Jing Chu Zi No. 1218 on February 10, 1999. After the verdict came into effect, Nuclear Energy Corp applied to the No. 2 Intermediate Court for verdict enforcement on July 12, 1999. The No. 2 Intermediate Court, according to law, impounded the shares of United Securities Co., Ltd. (hereinafter referred to as "United Securities") held by Huacheng Investment. After that, Nuclear Energy Corp acquired 36.60 million shares of United Securities held by Huacheng Investment through auction. United Securities considered the contribution of RMB14.98 million at the beginning of the investment in United Securities by Huacheng Investment as overstated (deduction enforced by the court), and therefore filed a writ and raised an objection to enforcement to the Higher People's Court in Beijing and the Supreme People's Court. The No. 2 Intermediate Court and Nuclear Energy Corp finally deducted the 13.48 million shares of United Securities (equivalent to RMB14.98 million) from the 36.60 million shares of United Securities acquired through auction by Nuclear Energy Corp, and the remaining equity of 23.12 million shares were transferred to Nuclear Energy Corp. However, the aforesaid 13.48 million shares were requested to continue to be frozen under the name of Nuclear Energy Corp by the No. 2 Intermediate Court.

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

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

On December 23, 2014, the People's Court in Xicheng District of Beijing accepted the case regarding contract dispute between Huatai United Securities and Nuclear Energy Corp. On June 28, 2016, People's court in Xicheng District of Beijing issued a civil verdict (2015) Xi Min (Shang) Chu Zi No. 1048, and Huatai United Securities obtained the judgment in its favor. The court judged that the defendant should continue to perform the Entrusted Equity Agreement and the Entrusted Equity Listing Transfer Agreement, and complete the equity transfer of the 2 million equity shares within 30 days commencing on the effective date of the judgment, as well as pay the proceeds from the equity transfer to Huatai United Securities. On January 18, 2018, the equity was sold in a judicial sale on the Beijing Property Exchange and Huatai Securities acquired such equity with an amount of RMB13,140,200.00. As of March 2018, related matters such as equity evaluation, equity auction and the change of industrial and commercial registration were completed, and the case was closed.

2. Debt dispute between Huatai Securities and Sichuan Shengda Group Co., Ltd. (四川聖達集團有限公司): The interest of corporate bond of Sichuan Shengda Group Co., Ltd. of 2012 ("12 Shengda bond" (12聖達債), bond code: 1280443) was not able to be paid to Huatai Securities in full and the principal amount of the bond was not able to be paid for redemption in full upon maturity. Huatai Securities and other creditors jointly entrusted the Chengdu branch of the Bank of Tianjin Co., Ltd. to raise litigation at Sichuan Higher People's Court on June 7, 2016 according to the decision made in the meeting of bondholders, requesting Sichuan Shengda Group Co., Ltd. to repay the principal amounts and interests. The total principal amount was RMB300 million based on the coupon rate of 7.25% calculated from December 6, 2014 till the date of repayment, and the penalty interest was calculated based on the annual interest rate of 3.625% from December 6, 2015 till the date of repayment (of which RMB50 million was attributable to Huatai Securities). As of December 31, 2018, the principal, interest and interest penalty receiveb by Huatai Securities from Sichuan Shengda Group Co., Ltd. were RMB50 million, RMB14,758,200 and RMB5,566,600 respectively. The case is closed through mediation. Sichuan Shengda Group Co., Ltd (四川聖達集團有限公司) agreed to pay the money above, confirming that Bank of Tianjin Co., Ltd. Chengdu Branch is entitled to the priority of claim for the money from disposal of the pledge and that relevant personnel are jointly responsible for liquidation. At present, the Intermediate People's Court in Leshan City, Sichuan Province, is disposing the pledge. The bond pledge of 10 million shares of Great Wall International ACG was sold in a judicial sale on November 22, 2018 for RMB42,680,000 which was apportioned among all bondholders. Other pledges are being disposed of.

3. Bill dispute under No. 1 Targeted Assets Management Plan of Bank of Huafu Xiamen (華福廈門銀行) of Huatai Securities: Xiamen Bank Co., Ltd, the consignor of No. 1 Targeted Assets Management Plan of Bank of Huafu Xiamen of Huatai Securities ("No. 1 of Bank of Huafu Xiamen"), in view of disputes of the relevant bill disputes over No. 1 Targeted Assets Management Plan filed a lawsuit on contract disputes to the High People's Court of Fujian Province in October 2016 and March 2017 against the Shenzhen Branch of Bank of Ningbo Co., Limited (寧波銀行股份有限公司), with the litigation amount accounting to RMB950 million. During the Reporting Period, the relevant cases were tried in combination by the High People's Court in Fujian Province on March 13, 2018, and Huatai Asset Management participated in the litigation as the third person. On June 26, 2018, the High People's Court of Fujian Province issued the relevant judgment that the Shenzhen Branch of Bank of Ningbo Co., Limited., the defendant to pay a total of RMB950 million and liquidated damages to Bank of Huafu Xiamen within 10 days from the effective date of the judgment. On August 17, 2018, the Shenzhen Branch of Bank of Ningbo Co., Limited., filed an appeal to the Supreme People's Court, requesting the revoking of the first-instance judgment and the rejection of all the claims of the Bank of Huafu Xiamen. As of the end of 2018, the Supreme People's Court has not yet filed the case for the procedure of second instance.

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

(III) Punishment and Denouncement of the Company during the Year

1. During the Reporting Period, the Zhejiang Branch of the Company received the Determination on Administrative Penalty (Hang Yin Chu Fa Zi [2018] No. 7) (《行政處罰決定書》(杭銀處罰字[2018]7號)) of the People's Bank of China Hangzhou Center Sub-branch on January 16, 2018. Zhejiang Branch of the Company was fined RMB450,000 for failing to perform the obligation of client identification pursuant to regulations and submit unusual transaction report pursuant to regulations.

   In response to the law enforcement inspection opinions of the People's Bank of China Hangzhou Center Sub-branch, the Company has urged the Branch to fully implement the rectification and strengthen the customer identification and the monitoring of suspected transactions.

2. During the Reporting Period, Shanghai Securities Regulatory Bureau issued the Decision on Issuing a Warning Letter to Huatai Securities (Shanghai) Asset Management Co., Ltd. (Hu Zheng Jian Jue [2018] No. 15) (《關於對華泰證券(上海)資產管理有限公司採取出具警示函措施的決定》(滬證監決[2018]15號)) on February 13, 2018, with the primary contents being: "I. Failure to properly exercise management on the suitability of investors, and there were issues such as the incompleteness in filling risk assessment questionnaires and inconsistencies in information of some customers. II. There were defectives in the investment and trading system, as well as issues such as weak management of counterparties, lack of full coverage of bond credit rating management, irregularities of inquiry management, and inadequate management of unusual transactions. The abovementioned behaviors violated Paragraph 2, Article 3 of Measures for the Administration of the Customer Asset Management Business of Securities Companies (Order No. 93 of the CSRC) (《證券公司客戶資產管理業務管理辦法》(證監會第93號令)), Paragraph 1, Article 16 and Paragraph 1, Article 52 of Detailed Rules for the Implementation of the Collective Asset Management Business of Securities Companies (Announcement [2013] No. 28 of the CSRC) (《證券公司集合資產管理業務實施細則》(證監會公告[2013]28號)), and Paragraph 1, Article 36 of Detailed Rules for the Implementation of the Targeted Asset Management Business of Securities Companies (Announcement [2012] No. 30 of the CSRC) (《證券公司定向資產管理業務實施細則》(證監會公告[2012]30號)). According to Article 57 of Measures for the Administration of the Customer Asset Management Business of Securities Companies (Order No. 93 of the CSRC), we decided to issue a warning to your company. You should make rectifications as per requirements of relevant laws, administrative regulations and relevant of CSRC, further sort out relevant procedures and strengthen relevant persons' awareness of compliance with laws and regulations. You shall submit a written report on the implementation of the rectifications to the Bureau before March 20, 2018. We will keep paying attention to and inspecting the rectification of your company during daily supervision."

Regarding the issues stated in (Hu Zheng Jian Jue [2018] No. 15), Huatai Asset Management has rectified all these preblems and submitted a written report on the rectifications to Shanghai Securities Regulatory Bureau on March 19, 2018. Details of the rectification measures are as follows:

(1) The Company conducted a comprehensive investigation on the products and strictly implemented the requirements of Measures for the Eligibility Management of Securities and Futures Investors (《證券期貨投資者適當性管理辦法》): 1) organized sales personnel to contact customers and make corrections on the issues found in investigation. 2) established the review mechanism of customer service post, and set up the full-time customer service post for direct customers, which is responsible for the final review of customer materials as well as their registration, sorting and filing, so as to further strengthen the management of customer data.

(2) The Company conducted dassified management, trading volume management on the counterparty library, so as to strengthen the penetration management of counterparty; clarified the requirements for reverse repurchase of pledged bonds and discount to control risks, which achieved full coverage of bond investment research; strengthened the separation of investment transaction, and followed the principle of optimal price in transaction; and developed more complete and stricter limit indicators for unusual transactions.

3. During the Reporting Period, Heilongjiang Securities Regulatory Bureau issued the Decision on Issuing a Warning Letter to Huatai United Securities Co., Ltd. ([2018] No. 6) (《關於對華泰聯合證券有限責任公司採取出具警示函措施的決定》([2018]6號)) on April 23, 2018, with the primary contents being: "I. The due diligence on Bright Oceans Corporation (億陽集團), its actual controller and other relevant entities was not combrehensive and there were incompleteness and omissions on the verification of part-time status and foreign investment of relevant personnel. The due diligence on the corporate governance and credit status of Bright Oceans Corporation was insufficient, and there was incompleteness in issues such as litigation, equity transfer, related-party transactions and debt information. II. There was incompleteness in the due diligence draft. The draft was short of statement on independency of Huatai Securities and industrial and commercial archives of subsidiaries such as Bright Oceans Enterprises Limited (香港億陽實業有限公司). The abovementioned behaviors violated Article 7 of Measures for the Administration of Issuance and Trading of Corporate Bonds (《公司債券發行與交易管理辦法》). According to Article 58 of Measures for the Administration of Issuance and Trading of Corporate Bonds, you are reminded to strictly comply with the regulatory laws and regulations, practice codes and other regulatory rules on corporate bonds, continuously improve your various business systems of corporate bonds, and make efforts to improve the quality of due diligence on corporate bonds, so as to effectively protect the legitimate rights and interests of bondholders. You shall submit a written report to the Bureau before May 4, 2018. We will arrange an inspection and acceptance."

   Regarding the issues raised in ([2018] No. 6), Huatai United Securities has taken the following rectification measures: (1) Established a special leading group and special working group led by the leadership of the Company to conduct special research and communication on the corporate debt case of Bright Oceans Corporation, and organized rectification and made the Rectification Report of Huatai United Securities Co., Ltd. Regarding the Regulatory Warning Letter (《華泰聯合證券有限責任公司關於監管警示函的整改報告》). (2) Continuously carried out thorough analysis at least twice every year on existing bonds listed or registered on the exchange and underwritten by the Company; conduct credit risk investigation and analysis for projects mainly underwritten by the Company that designate the Company or non-securities institutions as the trustee or designate no trustee; classify the risks of corporate bonds; and timely deal with projects that have or may have risks. (3) Continuously improved the Company's business systems for corporate bonds. (4) Continued to enhance the learning and training of investment-banking staff on the regulatory laws and regulations, practice codes and other regulatory rules on corporate bonds, strengthened risk warning and education and held training sessions for bond business lines. (5) Further strengthened the Company's control on and management for compliance risks from its governance structure. (6) Seriously dealt with the risks of corporate bonds of Bright Oceans Corporation, and actively protected the rights and interests of bondholders.

4. During the Reporting Period, Guangdong Securities Regulatory Bureau issued the Decision on Ordering Huatai Futures Co., Ltd. to Make Corrections ([2018] No. 78) (《關於對華泰期貨有限公司採取責令改正措施的決定([2018]78號)》) to Huatai Futures Co., Ltd. on October 18, 2018, with the primary contents being: "After inspection, your asset management business was found to have the following issues: I. to cope with the inspection, you adjusted the risk control settings of the asset management system which failed to comply with the contract risk control requirements the day before the inspection took place; II. the management on the suitability of investors was not standardized. The relevant issues have violated the regulations of Article 46 and 47 of the Measures for the Supervision and Administration of Futures Companies (《期貨公司監督管理辦法》) and Article 16 of the Interim Measures for the Supervision and Administration of Private Investment Funds (《私募投資基金監督管理暫行辦法》). According to Article 87 of the Measures for the Supervision and Administration of Futures Companies, we decided to adopt supervision and management measures to order you to make corrections. You should pay great attention to practically adopt rectification measures, reinforce asset management and business management, and conduct business in compliance with laws and regulations. You shall submit a written rectification report to the Bureau within 30 days upon receiving this Decision. We will arrange an inspection and acceptance on your rectification."

   Huatai Futures has submitted a rectification report to Guangdong Securities Regulation Bureau as per its requirements and passed acceptance check on our rectifications through Guangdong Securities Regulation Bureau.

5. During the Reporting Period, the Company's securities branch on Huafei Road, Ma'anshan received the Decisions on Administrative Penalty (Ma Yin Fa Jue Zi [2018] No. 3) (《行政處罰決定書》(馬銀罰決字[2018]第3號)) from People's Bank of China Ma'anshan Center Sub-branch on December 5, 2018, which stated that such branch shall be fined RMB120,000 due to untimely classification of customer risk levels when performing the client identification system.

   The Company has organized the branch to formulate a rectification plan regarding the problems detected in inspection and submit the plan to People's Bank of China Ma'anshan Center Sub-branch, and has required the branch to earnestly and fully implement the rectifications pursuant to the rectification plan and perform assessment on the risk levels of customers' money laundering in a timely and effective manner.

6. During the Reporting Period, the Company's securities branch on Shiyou Street, Panjin received the Decisions on Administrative Penalty (Pan Yin Fa Zi [2018] No. 6) (《行政處罰決定書》(盤銀罰字[2018]第6號)) from People's Bank of China Panjin Center Sub-branch on December 28, 2018, which stated that such branch shall be fined by RMB160,000 due to violations in performing duties for client identification on anti-money laundering in 2017.

   The Company has organized the branch to formulate a rectification plan regarding the problems detected in inspection and submit the plan to People's Bank of China Panjin Center Sub-branch, and has required the branch to earnestly and fully implement the rectifications pursuant to the rectification plan and strictly perform the obligations of client identification.

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

During the Reporting Period, none of the Directors, Supervisors, senior management, Shareholders holding over 5% of the shares or de facto controllers of the Company was 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 market, identified as an unsuitable person, punished by other administrative departments or publicly condemned by a stock exchange.

For details of punishment on and rectification of the Company during the Reporting Period, please refer to "(III) Punishment and Denouncement of the Company during the Year" under "Material litigation and arbitration" under this section in this report.

X. INTEGRITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS IN THE REPORTING PERIOD

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

XI. SHARE INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVES MEASURES AND THEIR IMPLICATION

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

Please see Note 46 to this report for the employee incentive measures adopted by AssetMark Holdings, LLC, a holding company of the Group.

XII. MATERIAL RELATED-PARTY TRANSACTIONS

For details of the related-party transactions under relevant accounting standards, please refer to note [59] to this report. The Company confirmed that the related-party transactions were not categorised in the "connected transactions" or the "continuing connected transactions" as defined in Chapter 14A of the Hong Kong Listing Rules (as the case may be), and were in compliance with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules.

XIII. MATERIAL CONTRACTS AND PERFORMANCE THEREOF

(I) The Company was not engaged in any material custody, contracting or lease

(II) Guarantees

Unit: 100 Million Yuan Currency: RMB

External guarantee of the Company (excluding guarantee to subsidiaries)

Guarantors	Relationship between guarantor and the Company	Guaranteed party	Amount guaranteed	Date of guarantee (Date of agreement signed)	The starting date of guarantee	Expiry date of guarantee	Types of guarantee	Whether the guarantee has been duly performed or not	Whether the guarantee is past due or not	Amount guaranteed past due	Whether counter-guarantee existed or not	Whether to be guaranteed for related parties	Related relationship
Huatai Securities (counter guarantee)	Headquarter of the Company	Bank of China (providing guarantee for the wholly- owned subsidiaries of the Company, and is the guaranteed party of the counter guarantee)	30	September 24, 2014	September 24, 2014	May 7, 2020	Guarantee for joint and several liabilities	No	No	–	Yes	No	

Total amount of guarantees during the Reporting Period (excluding the guarantees for subsidiaries)	–
Total balance of guarantees at the end of the Reporting Period (A) (excluding the guarantees for subsidiaries)	30
Guarantees of the Company and its subsidiaries for its subsidiaries	
Total amount of guarantees for subsidiaries during the Reporting Period	47.20
Total balance of guarantees for subsidiaries at the end of the Reporting Period (B)	109.20
Total guarantee amount of the Company (including the guarantees for subsidiaries)	
Total guarantee amount (A+B)	139.20
Percentage of the total guarantee amount to net assets of the Company (%)	13.46%
Among which:	
Amount of the guarantees provided for shareholders, actual controllers and their associated parties (C)	–
Amount of the debt guarantees provided directly or indirectly for the guaranteed objects with an asset-liability ratio of more than 70% (D)	34.56
Amount of the guarantees with the guarantee amount of over 50% of net assets (E)	–
Total amount of the three guarantees mentioned above (C+D+E)	34.56
Undue guarantees with joint and several liabilities	Bearing the principal, interest and other expenses of the bonds

Conditions of guarantees

1. Guarantees Provided by the Company

   (1) Huatai International Finance I Limited under Huatai Financial Holdings (Hong Kong) completed the first foreign bond issuance on October 8, 2014. In order to enhance the debt service guarantee for the first foreign bond and reduce the issuing rate, the authorized person of the Company authorized at the Company's Annual General Meeting for 2013, determined to have the Bank of China Macao Branch provide a guarantee for the first foreign bonds with a standby L/C. At the same time, according to the resolution of the ninth meeting of the third session of the Board, the Company issued a Letter of Counter Guarantee to the Bank of China with regard to the standby L/C opened for the first foreign bonds issued by the Company. The amount of the counter guarantee did not exceed the principal, interest and other relevant expenses of the bonds, totaling US Dollars equivalent RMB3 billion. It was a guarantee with joint and several liabilities and the guarantee period would last until six months after the expiration of the standby L/C.

   (2) In January 2015, Huatai Asset Management was officially founded. In order to ensure that all risk control indicators of Huatai Asset Management remain in conformity with the regulatory requirements, as considered and approved at the sixteenth meeting of the third session of the Board of the Company and the Annual General Meeting for 2014, the Company provided a net capital guarantee with the maximum amount of RMB1.2 billion for Huatai Asset Management and promised that it would provide cash within the said limit unconditionally should such business need arises in Huatai Asset Management. As considered and approved at the thirty-fifth meeting of the third session of the Board of the Company and the 2nd Extraordinary General Meeting for 2016, the Company provided a net capital guarantee with the maximum amount of RMB5.0 billion for Huatai Asset Management and promised that it would provide cash within the said limit unconditionally should such business need arises in Huatai Asset Management.

   (3) In 2017, as approved and passed at the fifth meeting of the fourth session of the Board and the 2016 Annual General Meeting of the Company, the Company provided a maximum of RMB1.9 billion net capital guarantee to Huatai Asset Management. The RMB1.9 billion net capital guarantee has not been utilized during the Reporting Period.

   (4) In 2018, as approved and passed at the sixteenth meeting of the fourth session of the Board, the Company provided a maximum of RMB2.0 billion net capital guarantee to its holding subsidiary Huatai United Securities Co., Ltd. The RMB2.0 billion net capital guarantee has not been utilized promise during the Reporting Period.

2. Guarantees Provided by the Subsidiaries

   The aforesaid amount of the debt guarantees provided directly or indirectly for the guaranteed objects with an asset-liability ratio of more than 70% was RMB3.456 billion, all of which are guarantees provided by Huatai International and Huatai Financial Holdings (Hong Kong) to its subsidiaries to meet the needs of business development.

   During the Reporting Period, Huatai International and Huatai Financial Holdings (Hong Kong) had provided guarantees for the benefits of their subsidiaries in connection with their business operations in securities brokerage and capital market activities, which mainly supported medium-term notes, structured notes program and other external financing. The aggregate guaranteed balance was RMB4.720 billion as of the end of the Reporting Period.

   In addition, Huatai International and Huatai Financial Holdings (Hong Kong) provided unlimited guarantees for various International Swaps and Derivatives Association (ISDA) Agreements, Global Master Repurchase Agreements (GMRA), Global Master Securities Lending Agreements (GMSLA) and Broker-Dealer Agreements. The above-mentioned unlimited guarantees were issued in accordance with normal international banking and capital market practices, which allowed the banks and other financial institutions with which Huatai International and Huatai Financial Holdings (Hong Kong) and their subsidiaries deal with to support large market events and fluctuating requirements, therefore ensuring Huatai International and Huatai Financial Holdings (Hong Kong) and their subsidiaries not constrained in the normal course of business. Quantifying the maximum exposure underlying such unlimited guarantees is impracticable. However, since both Huatai International and Huatai Financial Holdings (Hong Kong) are limited companies, the absolute maximum exposure of these guarantees in aggregate would be limited to the respective net assets of Huatai International and Huatai Financial Holdings (Hong Kong).

(III) Other Material Contracts

Currency: RMB

Name of contract	Contracting parties	Date of signing	Price for transaction	Performance
General construction contract for Huatai Securities Square	HTSC and China Jiangsu International Economic and Technological Cooperation Group Ltd. (中國江蘇國際經濟技術合作集團有限公司)	July 30, 2010	RMB986,019,300	In July 2010, the Company and China Jiangsu International Economic and Technological Cooperation Group Ltd. entered into the General Construction Contract for Huatai Securities Square. In December 2018, as settled and audited by Jiangsu Suya Jincheng Construction Management Consultation Co., Ltd., the price for transaction was the settlement audit price. During the Reporting Period, the contract was duly performed and the Company paid RMB115,419,200 under the general construction contract and sub-contracts thereof. By the end of the Reporting Period, the Company has paid RMB889,724,700 in total under the general construction contract.
Construction contract for smart facilities at Huatai Securities Square	HTSC and Shanghai Haode Tech Co., Ltd. (上海浩德科技股份有限公司)	March 6, 2012	RMB213,821,100	In March 2012, the Company and Shanghai Haode Tech Co., Ltd. entered into the Construction Contract for Smart Facilities at Huatai Securities Square and the total price was RMB198,899,700. A supplementary agreement was signed on February 15, 2016 and the total contract price was changed to RMB213,000,000. In December 2018, as settled and audited by Jiangsu Suya Jincheng Construction Management Consultation Co., Ltd., the price for transaction was the settlement audit price. During the Reporting Period, the contract was duly performed and the Company paid RMB13,659,800 under the construction contract for smart facilities. By the end of the Reporting Period, the Company has paid RMB194,442,500 in total under the construction contract for smart facilities.
Construction contract for interior decoration of the second bid section of Huatai Securities Square	HTSC and Zhejiang Yasha Decoration Co., Ltd. (浙江亞廈裝飾股份有限公司)	May 21, 2013	RMB141,060,400	On May 21, 2013, the Company and Zhejiang Yasha Decoration Co., Ltd. entered into the Construction Contract for Interior Decoration of the Second Bid Section of Huatai Securities Square at the price of RMB117,584,500. A supplementary agreement was signed on July 14, 2016 and the contract price was changed to RMB122,000,000. In December 2017, as settled and audited by Jiangsu Suya Jincheng Construction Management Consultation Co., Ltd., the price for transaction was the settlement audit price. During the Reporting Period, the contract was duly performed and the Company paid RMB32,490,200 under the construction contract for interior decoration of the second bid section. By the end of the Reporting Period, the Company has paid RMB136,123,300 in total under the construction contract for interior decoration of the second bid section.

Name of contract	Contracting parties	Date of signing	Price for transaction	Performance
Construction contract for interior decoration of the first bid section of Huatai Securities Square	HTSC and China State Construction Engineering Corporation (中國建築集團有限公司)	May 21, 2013	RMB140,028,600	On May 21, 2013, the Company and China State Construction Engineering Corporation entered into the Construction Contract for Interior Decoration of the First Bid Section of Huatai Securities Square at a total contract price of RMB78,771,800. Supplementary Agreement (2) was signed on July 9, 2015 to change the total contract price to RMB98,000,000 and Supplementary Agreement (3) was signed on July 14, 2016 to change the total contract price to RMB120,071,300. In December 2017, as settled and audited by Jiangsu Suya Jincheng Construction Management Consultation Co., Ltd., the price for transaction was the settlement audit price. During the Reporting Period, the contract was duly performed and the Company paid RMB 28,340,100 under the construction contract for interior decoration of the first bid section. By the end of the Reporting Period, the Company has paid RMB135,125,100 in total under the construction contract for interior decoration of the first bid section.
Construction contract for interior decoration of the third bid section of Huatai Securities Square	HTSC and Shenzhen Shen Zhuang Zong Decoration Co., Ltd. (深圳市深裝總裝飾工程工業有限公司)	October 17, 2013	RMB132,444,300	In October 2013, the Company and Shenzhen Shen Zhuang Zong Decoration Co., Ltd. entered into the Construction Contract for Interior Decoration of the Third Bid Section of Huatai Securities Square at a total contract price of RMB131,586,300. A supplementary agreement was signed on February 3, 2016 and the total contract price added RMB3,466,300 to RMB135,052,600. In December 2018, as settled and audited by Jiangsu Suya Jincheng Construction Management Consultation Co., Ltd., the price for transaction was the settlement audit price. During the Reporting Period, the contract was duly performed and the Company paid RMB5,817,700 under the construction contract for interior decoration of the third bid section. By the end of the Reporting Period, the Company has paid RMB115,513,300 in total under the construction contract for interior decoration of the third bid section.

XIV. DESCRIPTION OF OTHER MAJOR EVENTS

(I) Capital increase in subsidiaries of the Company

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

(II) Huatai Purple Gold Investment and its subsidiaries

1. During the Reporting Period, Huatai Purple Gold Investment appointed Cao Qun as its general manager.

2. Major changes of industrial and commercial registration

(1) During the Reporting Period, Huatai Purple Gold Investment was changed from a limited partner of Nanjing Huatai Onehealth No. 1 Equity Investment (Limited Partnership) (南京華泰大健康一號股權投資合夥企業(有限合夥)) and Nanjing Huatai Onehealth No. 2 Equity Investment (Limited Partnership) (南京華泰大健康二號股權投資合夥企業(有限合夥)) to the general partner, and acted as the executive partner and manager.

(2) During the Reporting Period, Huatai Purple Gold Investment was changed from a limited partner of Beijing Huatai Ruihe Medical Industry Investment (Limited Partnership) to a general partner, and acted as the executive partner and manager.

(3) During the Reporting Period, the general partner, executive partner and manager of Huatai Merchants (Jiangsu) Capital Market Investment Fund of Funds (Limited Partnership) was changed from Huatai Ruilian Fund Management Co., Ltd. to Huatai Purple Gold Investment Co., Ltd.; Huatai Ruilian Fund Management Co., Ltd., one of the partners, withdrew from the partnership, and the amount of subscribed capital contribution of Huatai Merchants (Jiangsu) Capital Market Investment Fund of Funds (Limited Partnership) was changed from RMB10.02 billion to RMB10.001 billion; the representative designated by the executive partner was changed from Chen Zhijie to Chen Andi.

(4) During the Reporting Period, Huatai Purple Gold Investment publicly transferred its 51% equity interest in Jiangsu Emerging Industry Investment Co., Ltd. (corresponding to a subscribed capital contribution amount of RMB15.30 million, of which the paid-in capital contribution amounted to RMB3.825 million) externally through Jiangsu Assets and Equity Exchange at a transaction price of RMB3.825 million. As of the end of the Reporting Period, the change of industrial and commercial registration was completed for the aforesaid equity transfer.

(5) During the Reporting Period, Huatai Purple Gold Investment exited from the shareholding of Huatai Ruilian through a targeted buyback of its 42.33% stake in Huatai Ruilian Fund Management Co., Ltd. and a reduction in Huatai Ruilian's capital. As of the end of the Reporting Period, the change of industrial and commercial registration for the reduction of Huatai Ruilian's capital has been completed.

(6) During the Reporting Period, Huatai Ruixin Equity Investment Management Co., Ltd., a subsidiary organ of Huatai Purple Gold Investment, was renamed Shengdao (Nanjing) Equity Investment Management Co., Ltd. As of the end of the Reporting Period, the change of industrial and commercial registration has been completed.

(7) During the Reporting Period, Nanjing Huatai Ruitai Equity Investment Management Center (Limited Partnership), a subsidiary organ of Huatai Purple Gold Investment, was renamed Nanjing Zhiyuan Equity investment Partnership (Limited Partnership). As of the end of the Reporting Period, the change of industrial and commercial registration has been completed.

3. External capital contribution

(1) During the Reporting Period, Huatai Purple Gold Investment completed its paid-in contribution of RMB132 million to Beijing Huatai Ruihe Medical Industry Investment (Limited Partnership). The paid-in contribution of Huatai Purple Gold Investment increased from RMB308 million to RMB440 million. As of the end of the Reporting Period, Huatai Purple Gold Investment (as a general partner) completed its obligation of contribution for Beijing Huatai Ruihe Medical Industry Investment (Limited Partnership).

(2) During the Reporting Period, Huatai Purple Gold Investment completed its paid-in contribution of RMB139.55 million to Nanjing Huatai Onehealth No. 1 Equity Investment (Limited Partnership). The paid-in contribution of Huatai Purple Gold Investment increased from RMB139.55 million to RMB279.1 million. As of the end of the Reporting Period, Huatai Purple Gold Investment (as a general partner) completed its obligation of contribution for Nanjing Huatai Onehealth No. 1 Equity Investment (Limited Partnership).

(3) During the Reporting Period, Huatai Purple Gold Investment completed its paid-in contribution of RMB9.95 million to Nanjing Huatai Onehealth No. 2 Equity Investment (Limited Partnership). The paid-in contribution of Huatai Purple Gold Investment increased from RMB9.95 million to RMB19.90million. As of the end of the Reporting Period, Huatai Purple Gold Investment (as a general partner) completed its obligation of contribution for Nanjing Huatai Onehealth No. 2 Equity Investment (Limited Partnership).

(4) Jiangsu Huatai Ares Fund Management Co., Ltd. (江蘇華泰銳盛基金管理有限公司) was founded by Huatai Purple Gold Investment on December 7, 2016 with registered capital of RMB10.00 million, of which Huatai Purple Gold Investment subscribed capital contribution of RMB3.50 million, amounting for 35% of the registered capital. On February 28, 2017, Huatai Purple Gold Investment increased its subscribed capital contributions to Jiangsu Huatai Ares Fund Management Co., Ltd. to RMB3.51 million, and the percentage accounted for the registered capital adjusted to. 35.1% During the Reporting Period, Huatai Purple Gold Investment acquired 14.9% equity of Jiangsu Huatai Ares Fund Management Co., Ltd. held by Xiamen Jiatai Huarui Investment Partnership (Limited Partnership) (廈門嘉泰華睿投資合夥企業(有限合夥)), and contributed the paid-in capital of RMB3.50 million to Jiangsu Huatai Ares Fund Management Co., Ltd.

(5) Shanghai Ruisi Investment (Limited Partnership) (上海瑞肆投資中心(有限合夥)), was established on November 9, 2015. During the Reporting Period, Huatai Purple Gold Investment (as a general partner) subscribed for a contribution of RMB1.00 million, representing 0.22% of the total subscribed contribution of Shanghai Ruisi Investment (Limited Partnership), and acted as the executive partner and manager of Shanghai Ruisi Investment (Limited Partnership). As of the end of the Reporting Period, Huatai Purple Gold Investment has not paid its contribution.

(6) During the Reporting Period, Huatai Purple Gold Investment completed its paid-in contribution of RMB140.70 million to Yili Suxin Investment Fund (Limited Partnership) (伊犁蘇新投資基金合夥企業(有限合夥)). The paid-in contribution of Huatai Purple Gold Investment increased from RMB328.30 million to RMB469.00 million. As of the end of the Reporting Period, Huatai Purple Gold Investment (as a limited partner) completed its obligation of contribution for Yili Suxin Investment Fund (Limited Partnership) (伊犁蘇新投資基金合夥企業(有限合夥)).

(III) Huatai Futures

1. During the Reporting Period, Huatai Futures acquired 30% equity interest of its overseas subsidiary Huatai Capital Management (Hong Kong) Limited (華泰資本管理(香港)有限公司) with an acquisition cost of RMB4.98 million. Upon the acquisition, Huatai Futures holds 100% equity interest in Huatai Capital Management (Hong Kong) Limited (華泰資本管理(香港)有限公司).

2. During the Reporting Period, Huatai Futures increased its capital of HK$120.0million to Huatai Capital Management (Hong Kong) Limited (華泰資本管理(香港)有限公司), and Huatai Capital Management (Hong Kong) Limited increased its capital of HK$4.00 million to Huatai (Hong Kong) Futures Co., Ltd., its wholly-owned subsidiary, and increased its capital of US$0.50 million to Huatai Financial USA, Inc.

(IV) Huatai International

1. During the Reporting Period, Zhou Yi, Jiang Jian and Lu Ting ceased to act as the directors of Huatai International. The current directors of Huatai International comprises Wang Lei, Wang Chong, Chen Li and Hu Xisha.

2. During the Reporting Period, Huatai International completed the integration with Huatai Financial Holdings (Hong Kong) and became its sole shareholder. As the holding platform of the Company's international business, Huatai International directly owns Huatai Financial Holdings (Hong Kong) through which holds the equity of AssetMark in the United States.

3. During the Reporting Period, through Huatai Financial Holdings (Hong Kong), Huatai International incorporated two overseas wholly-owned subsidiaries registered and estaolished in Delaware, USA, i.e., Huatai Securities USA Holdings, Inc. and Huatai Securities (USA), Inc. intending to carry out investment bank business in USA.

(V) Huatai Innovative Investment

1. During the Reporting Period, the Company signed the Equity Transfer Agreement with Huatai Innovative Investment, which transferred all the 11% equity of GP Capital Co., Ltd. (金浦產業投資基金管理有限公司) held by the Company to Huatai Innovative Investment. Huatai Innovative Investment paid the equity transfer price of RMB29.50 million. GP Capital Co., Ltd. (金浦產業投資基金管理有限公司) completed the change of industrial and commercial registration.

2. During the Reporting Period, the business scope of Huatai Innovative Investment changed from project investment, investment management, asset management, investment consulting, enterprise management consulting, financial consulting, hotel management, goods import and export, technology import and export, sales of non-ferrous metals, precious metals and their products, metal materials, metal ores, non-metallic ores, building materials, fuel oil, chemical products, rubber products, coal, glass, asphalt, agricultural and livestock products, feed, edible oil, jewelry, handicrafts, purchase of gold products and silver products, to project investment, investment management, sales of precious metals and hotel management, and a new business license was issued.

3. During the Reporting Period, Huatai Rising (Shanghai) Investment Co., Ltd., a wholly-owned subsidiary of Huatai Innovative Investment entered deregistration procedures for corporate subject subsequent to the maturity of subsisting projects in accordance with regulatory requirements. As of March 11, 2019, the deregistration of the announcement has been completed, while the industrial and commercial deregistration is still undergoing. It is expected that all deregistration procedures will be completed by the end of March 2019.

(VI) Huatai United Securities

During the Reporting Period, the 0.2% equity (2 million shares) of Huatai United Securities held by China Nuclear Energy Industry Corporation was sold in a judicial sale on the China Beijing Equity Exchange and Huatai Securities acquired such equity with an amount of RMB13,140,200.00. The equity transfer was completed, and the equity percentage of Huatai United Securities held by the Company changed from 99.72% to 99.92%.

(VII) Jiangsu Equity Exchange

1. During the Reporting Period, Jiangsu Equity Exchange appointed Ge Hao as its general manager.

2. During the Reporting Period, according to the Notice on Regulating and Developing Regional Equity Markets (Guo Ban Fa [2017] No. 11) (《關於規範發展區域性股權市場的通知》(國辦發[2017]11號)) issued by the General Office of the State Council, relevant requirements of the Provisional Measures for Supervision and Administration of Regional Equity Markets issued by the CSRC and relevant instructions from Jiangsu Provincial Government, Jiangsu Equity Exchange and Suzhou Equity Exchange Center Co., Ltd. (蘇州股權交易中心有限公司) conducted business integration and established "Suzhou Board" (蘇州板) in Jiangsu Equity Exchange. Jiangsu Equity Exchange and Suzhou Equity Exchange Center Co., Ltd. integrated all listed companies in Suzhou into the "Suzhou Board" (蘇州板). All current businesses of Suzhou Equity Exchange Center Co., Ltd. were transferred to Jiangsu Equity Exchange. As of the end of the Reporting Period, the equity consolidation of both sides is being advanced.

(VIII) **Please see Appendix III Information Disclosures Index for other major events which had been disclosed by the Company in China Securities Journal, the Shanghai Securities News, Securities Times and Securities Daily and on the website of the SSE (www.sse.com.cn) during the Reporting Period.**

XV. FULFILLING CORPORATE SOCIAL RESPONSIBILITIES

(I) Poverty alleviation efforts of the Company

1. Targeted poverty alleviation planning

(1) Basic strategies: alleviating and getting rid of poverty in targeted areas.

(2) General objectives: to help poor counties get rid of poverty at an early date, and to make due contribution in respect of building a moderately prosperous society in all aspects by 2020 and overcoming poverty by fully capitalizing on the Company's advantages on talents, intelligence, resources and capital.

(3) Main missions: to help targets of poverty alleviation and areas in poverty pro-actively develop industries with characteristics and advantages by integrating local resources, to enhance the development capability of such targets and areas with the help of the capital market and to continue to strengthen the internal momentum of economic development.

(4) Protective measures

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

2) Setting up branches: Setting up branches in poor areas when the condition is mature, providing information on securities laws and financial knowledge, disseminating rational investment concepts so as to facilitate the healthy development of local capital markets.

3) Providing multi-layered capital market poverty alleviation services

① Meeting the cultivation and incubation demand of listing guidance in poor counties precisely, recommending eligible quality enterprises to carry out listing and financing proactively, providing assistance to enterprises in the county areas on regulatory governance, as well as providing advice and suggestions for enterprises entering the capital market.

② Participating pro-actively in supply-side structural reform in poor counties and providing differentiated financial services to enterprises with different sizes, types and growth stages.

③ Carrying out training to improve financial knowledge.

4) Providing industry poverty alleviation services

① Providing support and services for the establishment of industry funds in poor counties, participating and providing guidance actively in the management and operation of funds, providing investment, financing and management consulting services for small and medium-sized enterprises in poor counties, facilitating the economic development and industry upgrading of poor counties by broadening financing channels.

② Assisting poor counties to carry out promotional activities to attract enterprises and investments based on the industry development condition of the poor counties.

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

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

7) Providing employment ralated poverty alleviation services: Under the same condition, employing fresh graduates from poor families in administrative record for poverty registration in poor counties which are given assistance by twining poverty alleviation programs in priority to help solve the employment problem of poor families.

8) Providing community services for poverty alleviation

① Operating aiding impoverished group activities, organizing compassionate people to offer donations of money and materials to poor villages and poor families with established archives and cards.

② Operating multi-type community activities such as caring for the construction of Children's Home to promote the development of poor counties' public undertakings.

9) Actively introducing local characteristic resources: Integrating the practice of the Company itself with that of poor areas, actively introducing local characteristic resources such as ecology, tourism and education, such as founding red education bases at old revolutionary districts.

10) Selecting staff to take temporary posts: According to poor areas' demands, select politically qualified staff who are willing to take responsibili ties with high professional level and strong organizational and coordinative skills to take temporary posts in poor areas to carry out targeted poverty alleviation.

2. Outline of targeted poverty alleviation of the year

In 2018, while focusing on its transformation and upgrade as well as innovation and development, the Company actively assumed social responsibilities, served the national strategy on poverty alleviation and strengthened ongoing efforts for poverty alleviation. The effects of poverty alleviation have been outstanding.

The efforts on the "One Company One County" (一司一縣) action to help poor counties in pairs witnessed new progresses. The Company adhered to the strategy of giving full play to advantages and teaching useful methods, so as to enhance the internal driving force for economic development in poor areas. The Company helped with the sales of "Lu'an Guapian" (六安瓜片) tea, amounting to RMB504,000, and increased the income of local people through consumption poverty alleviation; actively promoted the red education resources in Jinzhai County, and organized a special training course for the publicity work of Party committee and a training course for the learning and implementation of the spirit of the 19th National Congress of the CPC in Jinzhai Executive Leadership Academy, with 108 Party members participating in these trainings. The Company continued to focus on the capital market cultivation and service for Jinzhai County, has always maintained a smooth communication channel with Jinzhai County and conducted regular visits and investigations to help regulate county-level corporate governance. The Company initiated "the Commonweal Heart of Huatai • For Children, For Tomorrow" (益心華泰 • 為了明天關愛兒童) charity project in Shuanghe Junior Middle School in Jinzhai County, in order to provide spiritual care, family connection and quality education to local left-behind children. The Company invited employees and compassionate people of all fields to participate in "the Commonweal Heart of Huatai • Funding Program for Children in Need" (益心華泰 • 困境兒童資助計劃) through the campaign "Donate Together" (一起捐) on Tencent and make targeted donation to children in need at schools of the "Homes of Our Children" (關愛兒童之家) project.

The targeted assistance work of "Five Parties Linking Together" (五方掛鉤) was successfully accomplished. In the new round of "Five Parties Linking Together" (五方掛鉤) assistance work in Jiangsu Province in 2018, the Company provided the counterpart-assistance to Xiaolizhai Village, Liangzhai Town, Feng County, a village with weak economy designated in Jiangsu Province. At the beginning of the year, the Company selected one member of poverty alleviation team to stay on site in order to conduct an in-depth investigation on the economic development of Xiaolizhai Village and poor families with established archives and cards, and the assistance projects in 2018-2019 were decided. Meanwhile, in order to fully meet the capital market demand in Feng County, the Company held an on-site seminar on poverty alleviation work in Feng County in August, conducted in-depth communication with the government leaders of Feng County and the heads of county-level enterprises, and made a field survey on the enterprise's operation and development. Aiming at the poverty alleviation needs of Xiaolizhai Village, the Company completed a two-year capital contribution task in a lump sum of RMB2 million. Subsequently, according to the financing gap of Xiaolizhai Village, the Company donated another RMB900,000 to help implement the project construction such as fruit and vegetable fresh-keeping cold storage, road hardening, streetlights installation, school playground, Party building cultural square, and Party membership activity room. After one year of hard work and dedicated efforts, Xiaolizhai Village was out of poverty as scheduled, the collective economic income reached RMB225,000 and the annual income of 39 households with 64 persons in poverty-stricken households areds amounted to more than RMB6,000. The initial goal of withdrawing from the provincial economically weak village was initially completed.

Poverty alleviation and public welfare undertakings continued to flourish. in diferent aspects. The Company insisted on carrying out various charitable activities in poor areas to provide targeted help to poverty families. During the year, the Company's external donation expenditure amounted to more than RMB10.16 million with multiple aspects involved, including counterpart-assistance and public donation. The Company donated RMB0.9 million into "Poverty Alleviation and Education Funding Project with the Help from Provincial Enterprises" (省屬企業滴水·築夢扶貧助學工程), which provided financial assistance to targeted high school students who came from poverty families in economically weak counties in Northern Jiangsu; the Company also contributed RMB0.65 million to implementing "the Commonweal Heart of Huatai · For Children, For Tomorrow" charity project for the exclusive purpose of helping left-behind children. In addition, Huatai Securities and Huatai United Securities jointly donated RMB3.00 million for the construction of a village-level photovoltaic plant in Xi County, Shanxi Province which produced an annual benefit of RMB0.48 million for poverty alleviation; Huatai Futures donated nearly RMB0.5 million to twining poverty alleviation areas such as Jiange County, Sichuan Province for supporting the poverty alleviation. Huatai Securities has always committed to its principle of "Public Welfare" (全民公益) through which the Company encouraged all its staff within the scope of the Group to participate in charity projects as volunteers by themselves to transmit the principle of public welfare. In 2018, the Company consecutively organized staff to participate a large-scale public hiking activity, "2018 Excellent Walkers in Xi County (2018善行者走進隰縣)", and "Targeted Poverty Alleviation · One-day Charity (精準扶貧·慈善一日捐)" activity, raising more than RMB0.80 million for poverty areas.

3. Achievements of targeted poverty alleviation

Unit: Ten Thousand Yuan Currency: RMB

Index	Number and implementation information
I. General information	
including: 1. Funds	1,016.73
2. Goods converted to money	—
3. Number of poor people who are recorded to be renored from peverty with the help of the Company (Persons)	64
II. Itemized input	
1. Poverty alleviation through education	
Including: 1.1 Amount invested in subsidizing poor students	156
1.2 Number of students receiving allowance	—
1.3 Amount invested in improvement of education resources in poverty areas	—
2. Social poverty alleviation	
Including: 2.1 Amount invested in poverty alleviation in East and West China	—
2.2 Amount invested in targeted poverty alleviation	441.81
2.3 Public funds for poverty alleviation	118.93
3. Other projects	
Including: 3.1 Number of projects (Project)	1
3.2 Amount invested	300
3.3 Details of other projects	Support for the development of culture and sports industry
III. Awards (content and level)	

In March 2018, Huatai Securities was awarded the Jiangsu Provincial Advanced Unit for "Five Parties Linking Together" Assistance Work for 2016-2017 (2016-2017年度全省"五方掛鉤"幫扶工作先進單位) by Jiangsu Leading Group for Poverty Alleviation;

In April 2018, Huatai Securities Jiangxi Branch was awarded the "Advanced Unit for Poverty Alleviation" in 2017 (2017年度"扶貧工作先進單位") by Jiangxi Securities Regulatory Bureau of the CSRC and Jiangxi Securities and Futures Association;

In October 2018, Huatai Securities was awarded the Excellent Securities and Futures Company for Poverty Alleviation through Education in 2018 (2018年證券期貨公司優秀教育扶貧獎) by Securities Association of China, China Futures Association and Securities Times.

4. Follow-up targeted poverty alleviation plan

During the critical period of poverty alleviation, the Company will as always continue to increase efforts in poverty alleviation and actively contribute the strength of Huatai to poverty alleviation.

The Company will continue to promote the "One Company One County" (一司一縣) assistance in pairs based on local conditions with characteristics. The Company will guide and cultivate enterprises in Jinzhai to enter the capital market based on the actual situations of the economic development of Jinzhai County area, and will provide intelligence services to Jinzhai for its attracting investment and capital management by fully capitalizing on the Company's advantages on talents and intelligence. With the help of red educational resources of Jinzhai, the Company will organize its Party members to go to Jinzhai Executive Leadership Academy to carry out Party member training courses and keep promoting the red education brand of Jinzhai. Relying on "the Commonweal Heart of Huatai · For Children, For Tomorrow" (益心華泰 • 為了明天關愛兒童) public welfare program, the Company will focus on the local left-behind children in need and carry out a variety of commonweal activities.

The Company will keep motivated to strengthen and continue to promote the "Five Parties Linking Together" (五方掛鉤) counterpart-assistance In 2019. The Company will dedicate its efforts to people's livelihood improvement projects and Party building improvement projects. The Company will enhance its communications with families out of poverty and keep abreast of the conditions of poor families on a timely basis to prevent them from being poor again. The Company will assist the whole village to continue to increase the collective income to enhance assistance effectiveness. In addition to poverty alleviation, the Company will also contribute to education improvement by increasing the assistance in improving the environment and quality of teaching of primary schools in the villages receiving poverty alleviation. The Company will enhance its efforts in preaching to such villages the awareness of financial risks and taking precautions against illegal fund-raisings based on its industry features. The Company will increase its investment in the villages' intemal environmental improvement and improve the villagers' living conditions.

(II) Social Responsibilities

The Company is listed as a financial company on SSE and also listed inside and outside China. While disclosing the 2018 Annual Report, the Company has also disclosed 2018 Annual Corporate Social Responsibility Report of Huatai Securities Co., Ltd. For details of the report, please check the website of SSE (www.sse.com.cn), the HKEXnews website of HKEX (www.hkexnews.hk) and the website of our Company (www.htsc.com.cn) on March 30, 2019.

(III)Environment information

1. Companies and their subsidiaries in severely polluting industries specified by environmental protection authorities

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

2. Companies that are not in severely polluting industries

The Company is a financial company, which is not categorized as companies in severely polluting industries and their key subsidiaries published by environmental protection authoritie The Company advocated a low-carbon and environmentally-friendly operation and working mode, actively promoted its energy conservation and environmental protection system, called on each and every staff to incorporate the concept of energy conservation and environmental protection into work and daily life to save social resources, protect the environment and reduce pollution to the maximum extent, so as to create a healthy and comfortable working environment for staff. The Company has no illegal events in relation to the environment during the Reporting Period. Key methods of the Company to reduce negative environmental influences are as follows:

Electricity conservation	The Company advocates water conservation and electricity conservation. The air-conditioning temperature is not lower than 26ºC in summer and not higher than 20ºC in winter. Office equipment is turned off in a timely manner when it is not in use. Fully utilizing optical conductor lighting in the basement and office areas, accumulatively saving more than 300,000 kWh of electricity throughout the year; equipped with solar photovoltaic power generation system to achieve an actual annual power generation of 88,842 kWh.
Water conservation	Using municipal water as the main source, encouraging employees to save water and use water-saving sanitary ware. Making full use of the rainwater recycling system for water collection in the rainy season and irrigation greening in the dry season, which can save 500 tonnes of water for the whole year.

Promoting paperless working environment	Continuously promoting paperless offices. In 2018, some subsidiaries' offline approvals were transferred to an online platform, which achieved nearly 0.40 million of the annual online operation process, equivalent to saving 0.50 million pieces of paper. The internal mobile communication tool Link has been built to conveniently realize internal instant messaging. As of the end of 2018, the internal mobile APP has provided nearly 40 application services such as business travel booking and official document viewing, which reduces the demand and use of paper documents.
Generalizing video conferencing	Upgrading the video conferencing system to realize a comprehensive intelligent conference system with multiple terminals connected to conference rooms, computer desktops, PAD, mobile phones, reducing on-site meetings and decreasing carbon emissions caused by business travels.
Treatment of solid wastes and waste water	Office wastes are collected and transported by property management companies; hazardous wastes such as electronic wastes, light pipes, toner cartridges and ink cartridges are recovered by qualified entities for further disposal or recycling; In 2018, about 130 toner cartridges and 525 ink cartridges were recycled.

XVI. THE COMPANY HAD NO CONVERTIBLE CORPORATE BONDS

XVII. MAIN OFF-BALANCE SHEET ITEMS THAT MAY AFFECT THE COMPANY'S FINANCIAL SITUATION AND OPERATING RESULTS

1. Huatai International Finance I Limited under Huatai Financial Holdings (Hong Kong) completed the first foreign bond issuance on October 8, 2014. In order to enhance the debt service guarantee for the first foreign bond and reduce the issuing rate, the authorized person of the Company authorized at the Company's annual general meeting for 2013, determined to have the Bank of China Macao Branch provide a guarantee for the first foreign bonds with a standby L/C. At the same time, according to the resolution of the ninth meeting of the third session of the Board, the Company issued a letter of counter guarantee to the Bank of China with regard to the standby L/C opened for the first foreign bonds issued by the Company. The amount of the counter guarantee did not exceed the principal, interest and other relevant expenses of the bonds, totaling US Dollars equivalent RMB3 billion. It was a guarantee with joint and several liabilities and the guarantee period would last until six months after the expiration of the standby L/C.

2. In January 2015, Huatai Asset Management was officially founded. In order to ensure that all risk control indicators of Huatai Asset Management remain in conformity with the regulatory requirements, as considered and approved at the sixteenth meeting of the third session of the Board of the Company and the annual general meeting for 2014, the Company provided a net capital guarantee with the maximum amount of RMB1.2 billion for Huatai Asset Management and promised that it would provide cash within the said limit unconditionally should such business need arises in Huatai Asset Management. In addition, as considered and approved at the thirty-fifth meeting of the third session of the Board for 2016 and the 2nd Extraordinary General Meeting for 2016, the Company provided a net capital guarantee with the maximum amount of RMB5.0 billion for Huatai Asset Management and promised that it would provide cash within the said limit unconditionally should such business need arises in Huatai Asset Management.

3. During the Reporting Period, Huatai International and Huatai Financial Holdings (Hong Kong) had provided guarantees for the benefits of their subsidiaries in connection with their business operations in securities brokerage and capital market activities, which mainly supported medium-term notes, structured notes program and other external financing. The aggregate guaranteed balance was RMB4.720 billion as of the end of the Reporting Period.

In addition, Huatai International and Huatai Financial Holdings (Hong Kong) provided unlimited guarantees for various International Swaps and Derivatives Association (ISDA) Agreements, Global Master Repurchase Agreements (GMRA), Global Master Securities Lending Agreements (GMSLA) and Broker-Dealer Agreements. The above-mentioned unlimited guarantees were issued in accordance with

normal international banking and capital market practices, which allowed the banks and other financial institutions with which Huatai International and Huatai Financial Holdings (Hong Kong) and their subsidiaries deal with to support large market events and fluctuating requirements, therefore ensuring Huatai International and Huatai Financial Holdings (Hong Kong) and their subsidiaries not constrained in the normal course of business. Quantifying the maximum exposure underlying such unlimited guarantees is impracticable. However, since both Huatai International and Huatai Financial Holdings (Hong Kong) are limited companies, the absolute maximum exposure of these guarantees in aggregate would be limited to the respective net assets of Huatai International and Huatai Financial Holdings (Hong Kong).

XVIII. IMPORTANT MATTERS AFTER THE BALANCE SHEET DATE

(I) Changes in shareholders, Directors, Supervisors and senior management

After the Reporting Period, there was no change in the substantial shareholders, Directors, Supervisors or senior management of the Company.

(II) Proposal or resolution on annual distribution

Please refer to "Important Notice" in this report.

(III) Material Investment and financing activities

On January 11, 2019, Huatai Capital Management (Hong Kong) Limited, an overseas subsidiary of Huatai Futures, made an additional capital contribution of HK$24 million and increase in capital fund of US$3.2 million to Huatai (Hong Kong) Futures Limited, its wholly-owned subsidiary, and Huatai Financial USA, Inc., respectively.

On January 23, 2019, Huatai Capital Management (Hong Kong) Limited, an overseas subsidiary of Huatai Futures, made an increase in capital fund of HK$38 million to Huatai (Hong Kong) Futures Limited, its wholly-owned subsidiary.

(IV) Material litigation and arbitration

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

(V) Business combination or disposal of subsidiary

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

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

1. Establishment of branches

No.	Name	Location	Business scope
1	Northwest Branch (Note)	Xi'an, Shaanxi Province	Securities brokerage; securities investment consulting; agency sale of securities investment funds; margin financing and securities lending; agency sale of financial products; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy financial bonds) only).

Note: After the Reporting Period, the Company received the Approval for the Establishment of Northwest Branch in Xi'an, Shaanxi Province by Huatai Securities Co., Ltd. (Su Zheng Jian Xu Ke Zi [2019] No. 6) (《關於核准华泰证券股份有限公司在陝西省西安市設立西北分公司的批覆》(蘇證監許可字[2019]6號)) from Jiangsu Securities Regulatory Bureau. The Company is currently undergoing the establishment of such branch and relevant business and industrial registration, for which the Securities and Futures Business License has not yet been obtained.

2. Relocation of branches

No.	Name before Relocation	Name after Relocation	Address after Relocation	Issue Date of License
1	Shenzhen Branch	Shenzhen Branch	8A, Fund Mansion, No. 5999, Yitian Road, Lianhua Street, Futian District, Shenzhen	2019-01-11
2	Tianjin Branch	Tianjin Branch	Block HI on 1/F, and Block E-I on 5/F, North Finance Building, No. 5, Youyi Avenue, Hexi District, Tianjin	2019-01-22
3	Hunan Branch	Hunan Branch	Rooms 1301-1305 and 1313-1316, Building 4 and 5, Huayuanhua Center, No. 36, 2nd Section, Xiangjiang Middle Road, Tianxin District, Changsha, Hunan Province	2019-03-01
4	Fujian Branch	Fujian Branch	Unit 10D, Block A, Tefang Portman Wealth Center, No. 81, Zhanhong Road, Siming District, Xiamen	2019-03-07

3. Relocation of securities branches

No.	Name before Relocation	Name after Relocation	Address after Relocation	Issue Date of License
1	Securities Branch in Jinyang Road, Chengdu	Securities Branch in Jinhui West 2nd Street, Chengdu	Room 2103, 21/F, Unit 1, Building 10, Tianfu Xingu, No. 399, West Section, Fucheng Avenue, Hi-tech Zone, Chengdu, China (Sichuan) Pilot Free Trade Zone	2019-01-07
2	Securities Branch in Erwei Road, Dongli Development Zone, Tianjin	Securities Branch in Erwei Road, Dongli Development Zone, Tianjin	Rooms 209-211, 2/F, Caizhi Building, No. 9, Erwei Road, Dongli Development Zone, Tianjin	2019-01-08
3	Securities Branch in Zhihui Square, Qiaoxiang Road, Shenzhen	Securities Branch in Fund Mansion, Shennan Avenue, Shenzhen	8B, Fund Mansion, No. 5999, Yitian Road, Lianhua Street, Futian District, Shenzhen	2019-01-11
4	Securities Branch in Wuluo Road, Wuhan	Securities Branch in Wuluo Road, Wuhan	Room 1F-21 on 1/F and Room 5-13 on 15/F, Building 3, Disiman International Center, No. 421, Wuluo Road, Wuchang District, Wuhan	2019-02-22
5	Securities Branch in Liuyi Middle Road, Fuzhou	Securities Branch in Wuyi North Road, Fuzhou	19/F, Building 3#, Zonshine Center, No. 153, Wuyi North Road, Shuibu Street, Gulou District, Fuzhou	2019-02-27

(VII) Other situations that might materially affect the financial position, results of operation and cash flow of the Company after the Reporting Period

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

CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

I. CHANGES IN ORDINARY SHARE CAPITAL

(I) Statement of changes in ordinary shares

1. Statement of changes in ordinary shares

Unit: Shares

	Before the change		Increase/decrease (+,-) of the change					After the change	
	Number	Percentage (%)	New shares issued	Bonus shares	Shares converted from reserves	Others	Subtotal	Number	Percentage (%)
I. Shares subject to selling restrictions	–	–	1,088,731,200	–	–	–	1,088,731,200	1,088,731,200	13.19
1. Shares held by the state	–	–	–	–	–	–	–	–	–
2. Shares held by state-owned legal persons	–	–	153,256,704	–	–	–	153,256,704	153,256,704	1.86
3. Shares held by other domestic investors	–	–	935,474,496	–	–	–	935,474,496	935,474,496	11.34
Including: shares held by domestic non state-owned legal persons	–	–	935,474,496	–	–	–	935,474,496	935,474,496	11.34
Shares held by domestic natural persons	–	–	–	–	–	–	–	–	–
4. Shares held by foreign investors	–	–	–	–	–	–	–	–	–
Including: shares held by overseas legal persons	–	–	–	–	–	–	–	–	–
Shares held by overseas natural persons	–	–	–	–	–	–	–	–	–
II. Outstanding shares not subject to selling restrictions	7,162,768,800	100.00	–	–	–	–	–	7,162,768,800	86.81
1. Ordinary shares in RMB	5,443,723,120	76.00	–	–	–	–	–	5,443,723,120	65.97
2. Domestic listed foreign shares	–	–	–	–	–	–	–	–	–
3. Overseas listed foreign shares	1,719,045,680	24.00	–	–	–	–	–	1,719,045,680	20.84
4. Others	–	–	–	–	–	–	–	–	–
III. Total number of ordinary shares	7,162,768,800	100.00	1,088,731,200	–	–	–	1,088,731,200	8,251,500,000	100.00

2. Information on changes in ordinary shares

During the Reporting Period, the Company non-publicly issued 1,088,731,200 A Shares according to the Approval for the Non-Public Issuance of Shares by Huatai Securities Co., Ltd. (《關於核准华泰证券股份有限公司非公開發行股票的批覆》) issued by the CSRC. The shares subscribed by investors in this non-public issuance shall not be transferred within 12 months from the date of completion of the issuance. After the lock-up period, they will be executed in accordance with relevant requirements of the CSRC and the Shanghai Stock Exchange. Given the said lock-up period, the shares subscribed by investors in this issuance are expected to be listed for trading on August 2, 2019 (in the event of statutory holiday or public holiday, it will be extended to the next trading day).

Due to the non-public issuance of A Shares, the Company's total number of shares changed from 7,162,768,800 shares to 8,251,500,000 shares, including 6,532,454,320 A Shares accounting for 79.16% of the total share capital and 1,719,045,680 H Shares accounting for 20.84% of the total share capital.

3. *Effect of changes in ordinary shares on financial indicators such as earnings per share and net assets per Share for the most recent year and the most recent period (if any)*

The Company completed the share registration formalities for its non-public issuance of 1,088,731,200 A Shares with Shanghai Branch of China Securities Depository and Clearing Corporation Limited on August 2, 2018. After the issuance, the Company's total number of shares increased from 7,162,768,800 shares to 8,251,500,000 shares. The share capital increased from RMB7,162,768,800 to RMB8,251,500,000 after the issuance. The capital reserve increased by RMB13,044,474,471.21. The Company's total assets and net assets increased accordingly. Based on the number of 7,162,768,800 shares before the non-public issuance of A Shares, the earnings per share and net assets per share for 2018 were RMB0.7026 and RMB14.43 respectively; while based on the number of 8,251,500,000 shares after the non-public issuance of A Shares, the earnings per share and net assets per share for 2018 were RMB0.66 and RMB12.53 respectively.

4. *Other contents that the Company deemed necessary or securities regulatory authorities required to disclose*

On July 3, 2018, Guoxin Group informed the Company of its increase in part of shareholding in the Company through the trading system of the Shanghai Stock Exchange and its planning to continue to increase its shareholding in the Company through the trading system of the Shanghai Stock Exchange in its own name within the next six months, with the increased shareholding percentage in aggregate not less than 0.0698% (5 million shares) of the Company's total number of shares and not higher than 0.4% of the Company's total number of shares (inclusive of this increase in shareholding). (See Shanghai Stock Exchange announcement 2018-037 for details)

On August 6, 2018, Guoxin Group notified the Company that, in view of the Announcement Regarding the Results of the Non-Public Issuance of A Shares and Changes in Share Capital of Huatai Securities Co., Ltd. (《华泰证券股份有限公司非公開發行A股股票發行結果暨股份變動公告》) disclosed by the Company on August 4, 2018, the Company has completed the registration of new shares for the non-public issuance of A Shares by the Company on August 2, 2018, and the total number of shares increased from 7,162,768,800 shares to 8,251,500,000 shares, Guoxin Group intended to continue to increase its shareholding in the Company, with the number of shares to be increased adjusted as follows: the increased shareholding percentage in aggregate will be not less than 0.061% (5 million shares) of the Company's total number of shares after the share issuance and not higher than 0.347% of the Company's total number of shares after the share issuance (inclusive of the increase in shareholding since July 3, 2018). (See Shanghai Stock Exchange announcement 2018-043 for details)

The term for implementing the shareholding increase plan expired on January 2, 2019. On January 3, 2019, Guoxin Group notified the Company that, Guoxin Group increased its holding of A Shares in the Company by 20,144,411 shares in aggregate through the trading system of the Shanghai Stock Exchange during the period from July 3, 2018 to January 2, 2019, accounting for approximately 0.2441% of the Company's total number of shares, which reached the lower limit and did not exceed the upper limit of the shareholding increase plan; the cumulative amount of shareholding increase was RMB298,741,932.96 (inclusive of service fees). After the increase in shareholding, Guoxin Group held 1,271,072,836 shares of the Company, accounting for approximately 15.4041% of the Company's total number of shares. Guoxin Group intended to continue to increase its holdings of A Shares and H Shares of the Company within the 6 months from January 4, 2019, with the increased shareholding percentage in aggregate not less than 0.1212% (10 million shares) of the Company's total number of shares and not higher than 0.5% of the Company's total number of shares. (See Shanghai Stock Exchange announcement 2019-001 for details)

As of March 31, 2019, the shareholding increase plan has not been implemented yet. Guoxin Group held 1,271,072,836 A shares and 15,200,000 H Shares, representing 15.5884% of the Company's total share capital.

(II) Changes in shares subject to selling restrictions

Unit: share

Name of shareholder	Number of shares subject to selling restrictions as at the beginning of the year	Number of shares on which selling restrictions are lifted during the year	Number of increased shares subject to selling restrictions during the year	Number of shares subject to selling restrictions as at the end of the year	Reason for selling restriction	Date on which selling restrictions are lifted
Alibaba (China) Technology Co., Ltd.	–	–	268,199,233	268,199,233	Restricted sale of non-publicly issued shares	2019-08-02
Suning. Com Co., Ltd.	–	–	260,536,398	260,536,398	Restricted sale of non-publicly issued shares	2019-08-02
Essence Securities – China Merchants Bank – Essence Securities Dingzengbao No. 1 Collective Asset Management Program	–	–	247,545,593	247,545,593	Restricted sale of non-publicly issued shares	2019-08-02
China Structural Reform Fund Corporation Limited	–	–	153,256,704	153,256,704	Restricted sale of non-publicly issued shares	2019-08-02
Beixin Ruifeng Asset – Minsheng Bank – Beixin Ruifeng Asset Minsheng Phoenix No. 2 Special Asset Management Program	–	–	115,019,157	115,019,157	Restricted sale of non-publicly issued shares	2019-08-02
Sunshine Property & Casuthy Insurance Co., Ltd. – traditional – general insurance products	–	–	44,174,115	44,174,115	Restricted sale of non-publicly issued shares	2019-08-02
Total			1,088,731,200	1,088,731,200	/	/

II. THE ISSUANCE AND LISTING OF SECURITIES

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

Unit: Shares Currency: RMB

Types of shares and their derivative securities	Date of issue	Issue price (or interest rate)	Number of shares issued	Date of listing	Number of shares permitted to be listed for trading	Ending date of the trading
Ordinary shares						
A shares	2018-07-19	RMB13.05	1,088,731,200	2018-08-02	1,088,731,200	—
Convertible corporate bonds, detachable convertible bonds, corporate bonds						
Corporate bonds	2013-06-05	4.68%	RMB4.0 billion	2013-07-17	RMB4.0 billion	2018-06-05
Corporate bonds	2013-06-05	5.10%	RMB6.0 billion	2013-07-17	RMB6.0 billion	2023-06-05
Corporate bonds	2015-06-29	4.20%	RMB6.6 billion	2015-07-30	RMB6.6 billion	2018-06-29
Corporate bonds	2016-12-06	3.57%	RMB3.5 billion	2016-12-13	RMB3.5 billion	2019-12-05
Corporate bonds	2016-12-06	3.78%	RMB2.5 billion	2016-12-13	RMB2.5 billion	2021-12-05
Corporate bonds	2016-12-14	3.79%	RMB5.0 billion	2016-12-22	RMB5.0 billion	2019-12-13
Corporate bonds	2016-12-14	3.97%	RMB3.0 billion	2016-12-22	RMB3.0 billion	2021-12-13
Corporate bonds	2018-11-26	3.88%	RMB3.0 billion	2018-12-11	RMB3.0 billion	2021-11-25
Corporate bonds	2018-11-26	4.17%	RMB1.0 billion	2018-12-11	RMB1.0 billion	2023-11-25
Subordinated bonds	2015-04-20	5.80%	RMB5.0 billion	2015-06-23	RMB5.0 billion	2018-04-23
Subordinated bonds	2016-10-14	3.30%	RMB5.0 billion	2016-11-02	RMB5.0 billion	2021-10-13
Subordinated bonds	2016-10-21	3.12%	RMB3.0 billion	2016-11-02	RMB3.0 billion	2018-10-22
Subordinated bonds	2017-07-27	4.95%	RMB5.0 billion	2017-08-16	RMB5.0 billion	2020-07-26
Subordinated bonds	2017-09-14	5.00%	RMB2.0 billion	2017-09-26	RMB2.0 billion	2018-09-13
Subordinated bonds	2018-03-15	5.65%	RMB1.0 billion	2018-03-30	RMB1.0 billion	2020-03-14
Subordinated bonds	2018-05-10	5.20%	RMB2.8 billion	2018-05-25	RMB2.8 billion	2021-05-09
Non-public corporate bonds	2017-02-24	4.50%	RMB6.0 billion	2017-03-09	RMB6.0 billion	2018-08-23
Non-public corporate bonds	2017-02-24	4.65%	RMB2.0 billion	2017-03-09	RMB2.0 billion	2020-02-23
Non-public corporate bonds	2017-05-15	5.00%	RMB4.0 billion	2017-09-20	RMB4.0 billion	2019-05-14
Non-public corporate bonds	2017-05-15	5.25%	RMB6.0 billion	2017-09-20	RMB6.0 billion	2020-05-14
Non-public corporate bonds	2017-08-11	4.65%	RMB4.0 billion	2017-08-24	RMB4.0 billion	2018-08-10
Non-public corporate bonds	2017-10-19	4.98%	RMB5.0 billion	2017-11-02	RMB5.0 billion	2019-04-18
Non-public corporate bonds	2017-11-20	5.20%	RMB4.0 billion	2017-11-30	RMB4.0 billion	2018-11-19
Short-term corporate bonds	2018-06-11	5.00%	RMB4.6 billion	2018-06-20	RMB4.6 billion	2019-06-10

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

1. *Ordinary shares:*

Upon the review and approval at the sixth meeting of the Fourth Session of the Board, the fourteenth meeting of the Fourth Session of the Board, 2016 Annual General Meeting and 2017 Annual General Meeting of the Company during the Reporting Peried, according to the Approval for the Non-Public Issuance of Shares by Huatai Securities Co., Ltd. (Zheng Jian Xu Ke [2018] No. 315) (《關於核准华泰证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 non-publicly issued 1,088,731,200 A Shares non-publicly at an issue price of RMB13.05 per share, amounting to gross proceeds of RMB14,207,942,160.00. After the deduction of issuance expenses related to this non-public issuance of RMB74,736,488.79, the net proceeds raised amounted to RMB14,133,205,671.21. The Company completed the procedures for registration and restrictions on sale relating to the said increased shares with Shanghai Branch of China Securities Depository and Clearing Corporation Limited on August 2, 2018.

2. *Corporate bonds:*

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

On June 5, 2013, the Company publicly issued the 2013 Corporate Bonds of Huatai Securities to public investors with an amount of RMB10 billion at an issue price of RMB100 per bond, carrying 5-year and 10-year fixed rates. The amount of 5-year bonds came to RMB4 billion with a coupon rate of 4.68%, while the amount of 10-year bonds came to RMB6 billion with a coupon rate of 5.10%. Such bonds were listed for trading on the Shanghai Stock Exchange on July 17, 2013. The abbreviation and code of the 5-year bonds were "13 Huatai 01" and "122261" respectively, the amount of the bonds permitted to be listed for trading came to RMB4 billion with the trading ended on June 5, 2018, and the principal together with the interests was repaid during the Reporting Period; the abbreviation and code of the 10-year bonds were "13 Huatai 02" and "122262" respectively, and the amount of the bonds permitted to be listed for trading came to RMB6 billion with the trading ended on June 5, 2023.

On June 29, 2015, the Company publicly issued the 2015 Corporate Bonds of Huatai Securities (First Tranche) to the qualified investors. The amount of the said bonds came to RMB6.6 billion with a coupon rate of 4.20% and a term of 3 years. Such bonds were listed for trading on the Shanghai Stock Exchange on July 30, 2015. The abbreviation and code of such bonds were "15 Huatai G1" and "122388" respectively, the amount of the bonds permitted to be listed for trading came to RMB6.6 billion with the trading ended on June 29, 2018, and the principal together with the interests was repaid during the Reporting Period.

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

On December 14, 2016, the Company publicly issued the 2016 Corporate Bonds of Huatai Securities (Second Tranche) to qualified investors. The amount of the said bonds came to RMB8 billion at an issue price of RMB100 per bond, carrying 3-year and 5-year fixed rates. The amount of the 3-year bonds came to RMB5 billion with a coupon rate of 3.79%, while the amount of the 5-year bonds came to RMB3 billion with a coupon rate of 3.97%. Such bonds were listed for trading on the Shanghai Stock Exchange on December 22, 2016. The abbreviation and code of the 3-year bonds were "16 Huatai G3" and "136873" respectively, and the amount of the bonds permitted to be listed for trading came to RMB5 billion with the trading ended on December 13, 2019; the abbreviation and code of the 5-year bonds were "16 Huatai G4" and "136874" respectively, and the amount of the bonds permitted to be listed for trading came to RMB3 billion with the trading ended on December 13, 2021.

(2) Corporate bonds issued during the Reporting Period

On November 26, 2018, the Company publicly issued the 2018 Corporate Bonds of Huatai Securities (First Tranche) to qualified investors. The amount of the said bonds came to RMB4 billion at an issue price of RMB100 per bond, carrying 3-year and 5-year fixed rates. The amount of the 3-year bonds came to RMB3 billion with a coupon rate of 3.88%, while the amount of the 5-year bonds came to RMB1 billion with a coupon rate of 4.17%. Such bonds were listed for trading on the Shanghai Stock Exchange on December 11, 2018. The abbreviation and code of the 3-year bonds were "18 Huatai G1" and "155047" respectively, and the amount of the bonds permitted to be listed for trading came to RMB3 billion with the trading ended on November 25, 2021; the abbreviation and code of the 5-year bonds were "18 Huatai G2" and "155048" respectively, and the amount of the bonds permitted to be listed for trading came to RMB1 billion with the trading ended on November 25, 2023.

3. Subordinated bonds

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

On April 20, 2015, the Company non-publicly issued the 2015 second tranche of subordinated bonds. The amount of the 5-year bonds (with redemption option for the issuer at the end of the third year; abbreviation: 15 Huatai 03; bond code: 123100) came to RMB5 billion with a coupon rate of 5.80%, and the principal together with the interests was repaid during the Reporting Period.

On October 14, 2016, the Company non-publicly issued the 2016 first tranche of subordinated bonds (abbreviation: 16 Huatai C1; bond code: 145029) with an amount of RMB5 billion, a term of 5 years (with redemption option for the issuer at the end of the third year) and a coupon rate of 3.30%.

On October 21, 2016, the Company non-publicly issued the 2016 second tranche of subordinated bonds (abbreviation: 16 Huatai C2; bond code: 145039) with an amount of RMB3 billion, a term of 3 years (with redemption option for the issuer at the end of the second year) and a coupon rate of 3.12%, and the principal together with the interests was repaid during the Reporting Period.

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

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

(2) Subordinated bonds issued during the Reporting Period

On March 15, 2018, the Company non-publicly issued the 2018 subordinated bonds (first tranche) (abbreviation: 18 Huatai C1; bond code: 150175) with an amount of RMB1 billion, a term of 2 years and a coupon rate of 5.65%.

On May 10, 2018, the Company non-publicly issued the 2018 subordinated bonds (second tranche) (type I) (abbreviation: 18 Huatai C2; bond code: 150386) with an amount of RMB2.8 billion, a term of 3 years and a coupon rate of 5.20%.

4. Non-public corporate bonds

(1) Non-public corporate bonds issued in previous years but still in duration period

On February 24, 2017, the Company non-publicly issued the 2017 first tranche of corporate bonds with an amount of RMB8 billion. The amount of 1.5-year bonds (abbreviation: 17 Huatai 01; bond code: 145351) came to RMB6 billion with a coupon rate of 4.50%, and the principal together with the interests was repaid during the Reporting Period; the amount of 3-year bonds (abbreviation: 17 Huatai 02; bond code: 145352) came to RMB2 billion with a coupon rate of 4.65%.

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

On August 11, 2017, the Company non-publicly issued the 2017 third tranche of corporate bonds (abbreviation: 17 Huatai 05; bond code: 145132) with an amount of RMB4 billion, a term of 1 year and a coupon rate of 4.65%, and the principal together with the interests was repaid during the Reporting Period.

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

On November 20, 2017, the Company non-publicly issued the 2017 fifth tranche of corporate bonds (abbreviation: 17 Huatai 07; bond code: 145701) with an amount of RMB4 billion, a term of 1 year and a coupon rate of 5.20%, and the principal together with the interests was repaid during the Reporting Period.

(2) Non-public corporate bonds issued during the Reporting Period

On June 11, 2018, the Company non-publicly issued the 2018 short-term corporate bonds of securities companies (first tranche) (abbreviation: 18 Huatai D1; bond code: 150443) with an amount of RMB4.6 billion, a term of 1 year and a coupon rate of 5.00%.

5. Offshore bonds

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

6. Structured notes

During the Reporting Period, the Company cumulatively issued 3,242 structured notes, with a total amount of RMB43.269 billion. As of December 31, 2018, the Company had 1,715 structured notes in duration period, with an amount of RMB20.327 billion.

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

During the Reporting Period, due to the non-public issuance and listing of A Shares, the total number of shares of the Company changed from 7,162,768,800 to 8,251,500,000, including 6,532,454,320 A Shares accounting for 79.16% of the total number of shares and 1,719,045,680 H Shares accounting for 20.84% of the total number of shares. For changes in the Company's assets and liabilities structure, please refer to "II. Major Operations during the Reporting Period" under "Management Discussion and Analysis and Report of the Board" in this report.

(III) The Company had no employee shares

III. INFORMATION OF SHAREHOLDERS AND DE FACTO CONTROLLERS

(I) Total number of shareholders

Total number of shareholders of ordinary shares as of the end of the Reporting Period	177,459
Total number of shareholders of ordinary shares as of the end of last month prior to the date on which the annual report shall be disclosed	162,668
Total number of shareholders of preferred shares whose voting rights have been restored as of the end of the Reporting Period	—
Total number of shareholders of preferred shares whose voting rights have been restored as of the end of last month prior to the date on which the annual report shall be disclosed	—

Among the total number of shareholders of ordinary shares as of the end of the Reporting Period, shareholders of A Shares came to 169,009 and registered shareholders of H Shares came to 8,450. Among the total number of shareholders of ordinary shares as of the end of last month (February 28, 2019) prior to the date on which the annual report shall be disclosed, shareholders of A Shares came to 154,260 and registered shareholders of H Shares came to 8,408.

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

Unit: Shares

Shareholding of top ten shareholders

Name of shareholder (in full name)	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 or frozen shares: Status of shares	Pledged or frozen shares: Number of shares	Class of shareholder
HKSCC Nominees Limited	(24,926,520)	1,690,161,627	20.4831	—	Nil	—	Foreign legal person
Jiangsu Guoxin Investment Group Limited	20,144,411	1,271,072,836	15.4041	—	Nil	—	State-owned legal person
Jiangsu Communications Holding Co., Ltd.	16,517,700	467,146,618	5.6614	—	Nil	—	State-owned legal person
Govtor Capital Group Co., Ltd.	9,650,000	351,678,006	4.2620	—	Nil	—	State-owned legal person
Alibaba (China) Technology Co., Ltd.	268,199,233	268,199,233	3.2503	268,199,233	Nil	—	Domestic non state-owned legal person
Suning.com Co., Ltd.	260,536,398	260,536,398	3.1574	260,536,398	Unknown	258,000,000	Domestic non state-owned legal person
Essence Securities - China Merchants Bank - Essence Securities Dingzengbao No. 1 Collective Asset Management Program	247,545,593	247,545,593	3.0000	247,545,593	Nil	—	Unknown
China Securities Finance Corporation Limited	(41,518,509)	246,720,811	2.9900	—	Nil	—	Unknown
China Structural Reform Fund Corporation Limited	153,256,704	153,256,704	1.8573	153,256,704	Nil	—	State-owned legal person
Jiangsu SOHO Holdings Group Co., Ltd.	(40,819,996)	133,707,554	1.6204	—	Nil	—	State-owned legal person

Shareholding of top ten holders of shares not subject to selling restrictions

Name of shareholder	Number of tradable shares not subject to selling restrictions	Class and number of shares: Class	Class and number of shares: Number
HKSCC Nominees Limited	1,690,161,627	Overseas listed foreign shares	1,690,161,627
Jiangsu Guoxin Investment Group Limited	1,271,072,836	Ordinary shares in RMB	1,271,072,836
Jiangsu Communications Holding Co., Ltd.	467,146,618	Ordinary shares in RMB	451,765,418
		Overseas listed foreign shares	15,381,200
Govtor Capital Group Co., Ltd.	351,678,006	Ordinary shares in RMB	342,028,006
		Overseas listed foreign shares	9,650,000
China Securities Finance Corporation Limited	246,720,811	Ordinary shares in RMB	246,720,811
Jiangsu SOHO Holdings Group Co., Ltd.	133,707,554	Ordinary shares in RMB	133,707,554
Jiangsu Hiteker High-tech Co., Ltd.	123,169,146	Ordinary shares in RMB	123,169,146
Central Huijin Asset Management Ltd.	98,222,400	Ordinary shares in RMB	98,222,400
Jincheng Group Co., Ltd.	85,353,007	Ordinary shares in RMB	85,353,007
Jiangsu SOHO International Group Corp.	79,955,000	Ordinary shares in RMB	79,955,000

Description of the connected relationships or action 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. Jiangsu SOHO Holdings Group Co., Ltd. is the controlling shareholder of Jiangsu SOHO International Group Corp. and holds 475,755,329 state-owned legal person shares of the company, accounting for 53.20% of the total share capital of the company and thus constituting a parent-subsidiary relationship. Apart from the above, the Company is not aware of any connection among other shareholders or whether such shareholders are parties acting in concert as specified in the Regulations on the Takeover of Listed Companies.
Explanation of shareholders of preferred shares with restored voting rights and number of shares held	There are no shareholders of preferred shares in the Company

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

Unit: Shares

		Listing and trading of shares subject to selling restrictions			
No.	Name of holder of shares subject to selling restrictions	Number of shares held subject to selling restrictions	Permitted time for listing and trading	Number of additional shares permitted to be listed and traded	Selling restrictions
1	Alibaba (China) Technology Co., Ltd.	268,199,233	2019-08-02	—	Restricted period of 12 months
2	Suning.com Co., Ltd.	260,536,398	2019-08-02	—	Restricted period of 12 months
3	Essence Securities - China Merchants Bank - Essence Securities Dingzengbao No. 1 Collective Asset Management Program	247,545,593	2019-08-02	—	Restricted period of 12 months
4	China Structural Reform Fund Corporation Limited	153,256,704	2019-08-02	—	Restricted period of 12 months
5	Beixin Ruifeng Asset - Minsheng Bank - Beixin Ruifeng Asset Minsheng Phoenix No. 2 Special Asset Management Program	115,019,157	2019-08-02	—	Restricted period of 12 months
6	Sunshine Property & Casualty Insurance Co., Ltd. - traditional-general insurance products	44,174,115	2019-08-02	—	Restricted period of 12 months
	Description of the connected relationships or action in concert among the above shareholders	Taobao (China) Software Co., Ltd. (淘寶(中國)軟件有限公司), which holds more than 5% shares of Suning.com Co., Ltd., and Alibaba (China) Technology Co., Ltd. are wholly-owned subsidiaries of Alibaba Group Holding Limited. Apart from the above, the Company is not aware of any connection among other shareholders or whether such shareholders are parties acting in concert as specified in the Regulations on the Takeover of Listed Companies.			

Notes:

1. The class of shareholders of ordinary shares in RMB (A shares) represents the class of account held by shareholders registered with Shanghai Branch of China Securities Depository and Clearing Corporation Limited.
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. During the Reporting Period, Communications Holding and Govtor Capital severally purchased 15,381,200 and 9,650,000 H Shares of the Company through Southbound Trading. Such shares are also held by HKSCC Nominees Limited on their behalves and are listed separately in this report. If such shares are included, the actual number of shares held by HKSCC Nominees Limited shall be 1,715,192,827, accounting for 20.7864% of the total share capital of the Company.
3. As of the end of the Reporting Period, 300,000 A shares held by Communications Holding which were lent out remained unreturned due to engagement in the refinancing business. If they are fully returned, Communications Holding hold 452,065,418 A shares and 15,381,200 H Shares of the Company, accounting for 5.6650% of the total share capital of the Company.

(III) Strategic investors or common legal persons who became one of the top ten shareholders as a result of subscription of new shares allotted to them

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

IV. CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS

(I) Controlling Shareholders

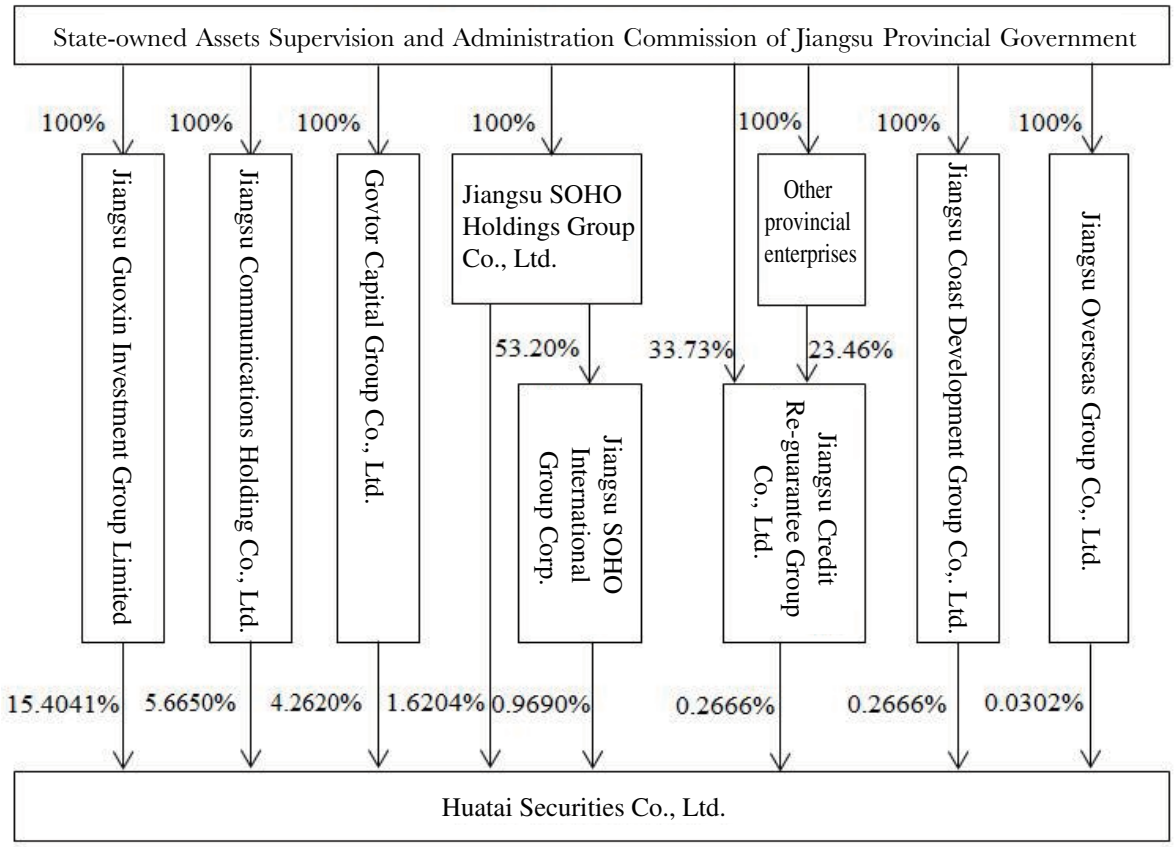
There are no controlling shareholders with more than 50% shareholding of the Company.

(II) De facto controllers

1 Legal Person

Name	State-owned Assets Supervision and Administration Commission of Jiangsu Provincial Government
Person in charge or legal representative	Xu Guoping

2 Framework of the ownership and controlling relationship between the Company and the de facto Controllers



3 De facto controllers did not control the Company through trust or other asset management programs

V. OTHER LEGAL-PERSON SHAREHOLDERS WITH MORE THAN 10% SHAREHOLDING

Unit: 100 million Yuan Currency: RMB

Name of legal-person shareholder	Person in charge or legal representative of the unit	Date of establishment	Organization code	Registered capital	Main businesses or management activities
Jiangsu Guoxin Investment Group Limited	Wang Hui	2002-02-22	91320000735724800G	300	Investment, management, operation, transfer of state-owned capital; enterprise trusteeship, assets restructuring, management consultation, house leasing and other businesses upon approval.

Remarks

1. During the Reporting Period, according to the spirit of the Notice on Issuing the Overall Plan of Rebuilding Jiangsu Guoxin Group as a Pilot Company for Investment and Operation of State-owned Capital (Su Guo Zi [2018] No.56) (《關於印發<省國信集團改建為國有資本投資運營公司試點總體方案>的通知》(蘇國資[2018]56號)) issued by Jiangsu SASAC, Jiangsu Provincial Government decided to start the rebuilding of pilot companies for investment and operation of state-owned capital from Guoxin Group. The enterprise name of Guoxin Group changed from "江蘇省國信資產管理集團有限公司" to "江蘇省國信集團有限公司", with its registered capital changing from RMB20 billion to RMB30 billion, and the business scope changing from "state-owned assets operation, management, transfer, investment, enterprise trusteeship, assets restructuring authorized by the provincial government and other businesses upon approval, house leasing" to "investment, management, operation, transfer of state-owned capital; enterprise trusteeship, assets restructuring, management consultation, house leasing and other businesses upon approval", while other business information remained the same.

2. Shares held by HKSCC Nominees Limited are owned by the non-registered holders of H Shares.

VI. THE COMPANY HAD NO RESTRICTIONS ON SHAREHOLDING REDUCTION

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

As of December 31, 2018, as far as the Directors are 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:

No.	Number of substantial shareholders	Class of shares	Nature of interests	Number of shares held (share)	Percentage of the total issued shares of the Company (%)	Percentage of the total issued A Shares/H Shares of the Company (%)	Long position (Note 2)/short position (Note 3)/shares available for lending
1	Jiangsu Guoxin Investment Group Limited	A Shares	Beneficial owner (Note 1)	1,271,072,836	15.40	19.46	Long position
2	Jiangsu Communications Holding Co., Ltd.	A Shares	Beneficial owner (Note 1)	451,765,418	5.47	6.92	Long position
		H Shares (Southbound Trading)	Beneficial owner (Note 1)	15,381,200	0.19	0.89	Long position
3	Govtor Capital Group Co., Ltd.	A Shares	Beneficial owner (Note 1)	342,028,006	4.15	5.24	Long position
		H Shares (Southbound Trading)	Beneficial owner (Note 1)	9,650,000	0.12	0.56	Long position
4	SSF	H Shares	Beneficial owner (Note 1)	142,346,200	1.73	8.28	Long position
5	Citigroup Inc.	H Shares	Interests of controlled corporations (Note 1)	102,303,286	1.24	5.95	Long position
		H Shares	Interests of controlled corporations (Note 1)	15,419,781	0.19	0.90	Short position
		H Shares	Interests of controlled corporations (Note 1)	81,987,651	0.99	4.77	Shares available for lending
6	BlackRock, Inc.	H Shares	Interests of controlled corporations (Note 1)	104,245,525	1.26	6.06	Long position
		H Shares	Interests of controlled corporations (Note 1)	5,255,400	0.06	0.31	Short position
7	The Goldman Sachs Group, Inc.	H Shares	Interests of controlled corporations (Note 1)	84,084,299	1.02	4.89	Long position
		H Shares	Interests of controlled corporations (Note 1)	76,940,132	0.93	4.48	Short position

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

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

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

Save as disclosed above, the Company is not aware of any other person (other than the Directors, Supervisors and chief executives of the Company) having any interests or short positions in the shares or underlying shares of the Company as of December 31, 2018 which shall be recorded in the register pursuant to Section 336 of the SFO.

VIII. 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 December 31, 2018, according to the information obtained by the Company and so far as the Directors are aware, interests and short positions held by the Directors, Supervisors and chief executives of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which shall be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which had been taken or deemed to have under such provisions of SFO) or which would be required, pursuant to Section 352 of the SFO, to be notified to the Company and the Hong Kong Stock Exchange:

No.	Name	Class of shares	Nature of interest	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	H Shares	Beneficiary of the trust (Note 1)	353,261	0.004	0.02	Long position
2	Zhu Xuebo	H Shares	Beneficiary of the trust (Note 1)	211,957	0.003	0.01	Long position

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

Save as disclosed above, as of December 31, 2018, the Company was not aware of any other Directors, Supervisors and 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 had been 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 would be required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

IX. REPURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

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

X. INFORMATION ON PREFERENTIAL SHARES

During the Reporting Period, the Company did not have any preferential shares.

XI. ARRANGEMENT FOR DIRECTORS AND SUPERVISORS TO PURCHASE SHARES OR DEBENTURES

At no time during the Reporting Period has the Company, its holding companies or any of its subsidiaries or fellow subsidiaries, 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.

I. CHANGES IN SHAREHOLDING STRUCTURE AND REMUNERATION

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

Unit: Shares

Name	Position (note)	Gender	Age	Start of the term of office	Expiration of the term of office	Number of Shares held at the beginning of the year	Number of Shares held at the end of the year	Changes in shareholding during the year	Reason for change	Total pre-tax remuneration received from the Company during the Reporting Period (RMB Ten Thousand Yuan)	Whether received remuneration from any connected party of the Company or not
Zhou Yi	Chairman	Male	49	2016-06-20	2019-12-20	—	—	—	—	116.10	No
	Executive Director & President			2007-12-06	2019-12-20		—		—		
Pu Baoying	Non-executive Director	Female	55	2013-11-29	2018-10-22	—	—	—	—	—	Yes
Chen Ning	Non-executive Director	Male	44	2016-06-07	2018-10-22	—	—	—	—	—	Yes
Gao Xu	Non-executive Director	Male	54	2016-06-07	2018-10-22	—	—	—	—	—	Yes
Ding Feng	Non-executive Director	Male	50	2018-10-22	2019-12-20	—	—	—	—	—	Yes
Xu Feng	Non-executive Director	Male	45	2017-06-21	2018-10-22	—	—	—	—	—	Yes
Chen Yongbing	Non-executive Director	Male	44	2018-10-22	2019-12-20	—	—	—	—	—	Yes
Xu Qing	Non-executive Director	Male	46	2016-06-07	2019-12-20	—	—	—	—	—	Yes
Zhou Yong	Non-executive Director	Male	52	2015-01-21	2018-10-22	—	—	—	—	—	Yes
Hu Xiao	Non-executive Director	Female	39	2018-10-22	2019-12-20	—	—	—	—	—	No
Fan Chunyan	Non-executive Director	Female	42	2018-10-22	2019-12-20	—	—	—	—	—	No
Zhu Xuebo	Executive Director	Male	56	2018-10-22	2019-12-20	—	—	—	—	104.48	No
Chen Chuanming	Independent non-executive Director	Male	61	2016-03-18	2019-12-20	—	—	—	—	25	No
Liu Hongzhong	Independent non-executive Director	Male	53	2013-11-29	2019-12-20	—	—	—	—	25	No
Lee Chi Ming	Independent non-executive Director	Male	65	2015-04-30	2019-12-20	—	—	—	—	25	No
Yang Xiongsheng	Independent non-executive Director	Male	58	2016-04-05	2018-03-11	—	—	—	—	7	No
Liu Yan	Independent non-executive Director	Female	45	2016-12-21	2019-12-20	—	—	—	—	25	No
Chen Zhibin	Independent non-executive Director	Male	53	2018-06-13	2019-12-20	—	—	—	—	14	No
Yu Yimin	Chairman of Supervisory Committee	Male	50	2008-02-22	2019-12-20	—	—	—	—	—	Yes
Wang Huiqing	Supervisor	Male	48	2016-06-07	2018-10-22	—	—	—	—	—	Yes
Chen Ning	Supervisor	Male	44	2018-10-22	2019-12-20	—	—	—	—	—	Yes
Du Wenyi	Supervisor	Male	55	2010-12-17	2018-10-22	—	—	—	—	—	Yes
Yu Lanying	Supervisor	Female	47	2018-10-22	2019-12-20	—	—	—	—	—	Yes
Liu Zhihong	Supervisor	Female	45	2015-10-09	2018-10-22	—	—	—	—	—	Yes
Yang Yaling	Supervisor	Female	37	2018-10-22	2019-12-20	—	—	—	—	—	Yes
Peng Min	Employee Supervisor	Female	54	2013-11-29	2019-12-20	—	—	—	—	428.98	No
Zhou Xiang	Employee Supervisor	Male	55	2013-03-19	2019-12-20	—	—	—	—	240.33	No
Meng Qinglin	Employee Supervisor	Male	50	2016-12-21	2019-12-20	—	—	—	—	568.26	No
Ma Zhaoming	Vice President	Male	55	2013-06-21	2019-12-20	—	—	—	—	104.48	No
Sun Hanlin	Vice President	Male	53	2007-12-06	2019-12-20	—	—	—	—	104.48	No

Name	Position (note)	Gender	Age	Start of the term of office	Expiration of the term of office	Number of Shares held at the beginning of the year	Number of sShares held at the end of the year	Changes in shareholding during the year	Reason for change	Total pre-tax remuneration received from the Company during the Reporting Period (RMB Ten Thousand Yuan)	Whether received remuneration from any connected party of the Company or not
Wu Zufang	Vice President	Male	55	2007-12-06	2019-12-20	—	—	—	—	104.48	No
Jiang Jian	Vice President	Male	52	2007-12-06	2019-12-20	—	—	—	—	104.48	No
Shu Ben'e	Chief financial officer	Female	54	2007-12-06	2019-12-20	—	—	—	—	492.21	No
Li Yun	Chief compliance officer	Female	46	2012-06-14	2019-12-20	—	—	—	—	403.40	No
Zhang Hui	Secretary to the Board of Directors	Male	43	2017-04-26	2019-12-20	—	—	—	—	316.49	No
Wang Chong	Chief risk officer	Male	46	2017-03-16	2019-12-20	—	—	—	—	345.49	No
Total			/	/	—	—	—	/		3,554.66	

Notes:

1. Total remuneration received by Directors, Supervisors and senior management from the Company during the Reporting Period was implemented in accordance with relevant policies of governing authorities, Measures for the Management of Appraisal and Remuneration of Senior Management of Huatai Securities Co., Ltd. and the Company's relevant remuneration assessment and deferred compensation system.

2. Total pre-tax remuneration received from the Company during the Reporting Period excluded pension insurance and enterprise annuity.

3. The remuneration of the Directors and senior management that are the persons in charge of provincial financial enterprises during the Reporting Period shall be implemented in accordance with the Interim Measures for the Administration of Remuneration of Persons in Charge of Provincial Financial Enterprises in Jiangsu Province (《江蘇省省管金融企業負責人薪酬管理暫行辦法》). Additional deferred pre-tax bonuses for 2014 payable during the Reporting Period were: RMB430,400 for Zhou Yi, RMB324,600 for Zhu Xuebo, RMB318,400 for Ma Zhaoming, RMB330,800 for Sun Hanlin, RMB345,700 for Wu Zufang and RMB328,300 for Jiang Jian (deferred bonuses for 2014 were not within the scope of liquidation of remuneration of persons in charge of provincial financial enterprises).

4. The independent director's allowance included the standard adjustment difference of the compensated independent director allowance for December 2017.

Name	Primary work experience
Zhou Yi	Bachelor of computer communications. Mr. Zhou once taught at Jiangsu Posts & Telecommunications School（江蘇省郵電學校); engaged in technology management at the Telecommunications Center of Jiangsu Posts & Telecommunications Bureau（江蘇省郵電管理局電信中心）and administrative management at Jiangsu Mobile Communication Co., Ltd.（江蘇移動通信有限公司); served as the chairman of the board of directors of Jiangsu Beier Co., Ltd.（江蘇貝爾有限公司）and Nanjing Xinwang Tech Co., Ltd., deputy general manager of Shanghai Beier Fortune Communications Company（上海貝爾富欣通信公司), president of Huatai Securities Limited Liability Company（华泰证券有限责任公司）from February 2007 to December 2007 and director of the same company from September 2007 to December 2007. Mr. Zhou served as the Director, president and deputy party secretary of the Company from December 2007 to October 2011, Director, president and party secretary of the Company from September 2011 to June 2016, and has been chairman of the Board of Directors, president, and party secretary of the Company since June 2016, with a term of office in this session of Board as the chairman and president of the Company from December 2016 to December 2019.
Pu Baoying	Master of quality management, a senior accountant. Ms. Pu once served as an accountant and deputy chief of Jiangsu Building Material Industry Research Institute（江蘇省建材工業研究所), the deputy chief and chief of the financial section of Jiangsu Provincial Building Materials Research & Design Institute Co., Ltd., assistant to the section chief and deputy section chief of the accounting and audit department of Jiangsu Building Material Industry Co., Ltd.（江蘇省建材工業總公司), deputy department chief of the planning and finance department of Nanjing Lukou International Airport (南京祿口國際機場), manager of the finance department of Nanjing Airport Development Co., Ltd. (南京空港發展股份有限公司), manager of the audit and legal department of Jiangsu State-owned Assets Operation (Holding) Co., Ltd.（江蘇省國有資產經營(控股)有限公司), and general manager of the audit and legal department of Guoxin Group. She was general manager of the finance department of Guoxin Group from December 2013 to March 2015, chief accountant and a member of Party Committee of Guoxin Group from March 2015 to August 2017. She has served as Director, general manager and deputy party secretary of Guoxin Group since August 2017, and was served as a Supervisor of the Company from December 2007 to November 2013 and a Director of the Company from November 2013 to October 2018.

Chen Ning	Bachelor of accounting, a senior accountant. Mr. Chen worked at the steam workshop of Yangzi Petrochemical Refinery（揚子石化煉油廠）from July 1994 to February 1996; successively served as the accountant of the finance section of Yangzi Petrochemical Refinery from February 1996 to February 2003, accountant of cost section, deputy section chief, deputy chief accountant of the finance department, deputy department chief of the technology development and information management department and the deputy director of ERP Support Center of Yangzi Petrochemical Co., Ltd.（揚子石油化工股份公司）from February 2003 to October 2012, deputy department chief of the finance department of Yangzi Petrochemical Ltd. and department chief of the finance department of Nanjing Yangzi Petrochemical Co. Ltd.（南京揚子石化有限責任公司）from October 2012 to June 2015. He was the deputy general manager of the IT department of Guoxin Group from June 2015 to December 2015, has been general manager of the IT department of Guoxin Group since December 2015 and has concurrently been general manager of the finance department since December 2016. He served as the Director of the Company from June 2016 to October 2018 and has been a Supervisor of the Company since October 2018, with a term of office in this session of Supervisory Committee from December 2016 to December 2019.
Gao Xu	Undergraduate education, major in economic management, a senior accountant. Mr. Gao was a staff member and section chief of Nanjing Qixia Commission of Planning and Economics（南京市棲霞區計經委）, and a staff member, senior staff member, deputy section chief and section chief of the general section, deputy division chief of the general division of State-owned Assets Administration Bureau of Jiangsu Provincial Government（江蘇省國資局）. He also used to serve as deputy division chief of the statistics and evaluation division of the Department of Finance of Jiangsu Province and manager of the asset management department of Jiangsu State-owned Assets Operation (Holding) Co., Ltd. He has been general manager of the asset management department of Guoxin Group from February 2007 to May 2017, and concurrently served as general manager of the audit and legal affairs department from December 2016 to May 2017. He has been party secretary and chairman of Jiangsu Pharmaceutical Co., Ltd. since May 2017. He served as a supervisor of the Company from November 2013 to June 2016 and a Director of the Company from June 2016 to October 2018.

Ding Feng	Master of business administration, a senior accountant. He served as assistant accountant of the finance department of China Songhai Industrial Corporation（中國嵩海實業總公司）in Xiamen Special Economic Zone from August 1990 to November 1992; chief accountant of the finance department of China North Industries Xiamen Corporation（中國北方工業廈門公司）from December 1992 to September 1995; deputy section chief of the finance department of Jiangsu International Trust Investment Company from October 1995 to August 2002; deputy project manager of the finance department of Guoxin Group from August 2002 to September 2004; head of the finance department (manager assistant) and deputy general manager of Jiangsu International Trust Corporation Limited from September 2004 to December 2009; deputy general manager of the finance department of Guoxin Group from December 2009 to December 2010; vice president of Jiangsu Guoxin Group Finance Co., Ltd.（國信集團財務有限公司）from December 2010 to December 2011; president and deputy secretary of the Party Committee of Jiangsu Guoxin Group Finance Co., Ltd. from January 2012 to March 2018; and has served as the general manager of finance department of Guoxin Group since March 2018. He has been a Director of the Company since October 2018 with a term of office in this session of Board from December 2016 to December 2019.
Xu Feng	Master of business administration. Mr. Xu successively served as a staff member at the office and a senior staff member of industrial department of Planning and Economic Committee of Jiangsu Province from July 1995 to December 2001; principal staff member at the general office of national economy of Planning and Economic Committee of Jiangsu Province from December 2001 to January 2003. He worked at the office of Jiangsu Communications Holding Co., Ltd. from January 2003 to March 2004, and served as office director of Jiangsu Expressway Company Limited from March 2004 to November 2006; successively served as deputy director of the office (presiding), deputy director of investment and development department, and director of Development Strategy and Policy and Regulation Research Office and deputy director of investment and development department of Jiangsu Communications Holding Co., Ltd. from November 2006 to April 2014. He served as director of investment and development department and director of Development Strategy and Policy and Regulation Research Office of Jiangsu Communications Holding Co., Ltd. from April 2014 to January 2015; director of investment and development department of Jiangsu Communications Holding Co., Ltd., deputy general manager (presiding) of Jiangsu Railway Venture Development Co., Ltd.（江蘇鐵路投資發展有限公司）from January 2015 to August 2016; director of investment and development department of Jiangsu Communications Holding Co., Ltd. from August 2016 to August 2017; general manager assistant and director of investment and development department of Jiangsu Communications Holding Co., Ltd. from August 2017 to December 2017; and has served as deputy general manager and a member of the Party Committee of Guoxin Group since December 2017. He has been a Director of the Company from June 2017 to October 2018.

Chen Yongbing	Bachelor of economic management. He served as clerk and staff member of the enterprise division of State-owned Assets Administration Bureau of Jiangsu Provincial Government（江蘇省國有資產管理局）from August 1996 to November 2000; a staff member of the Administrative Office of State-owned Assets of the Department of Finance of Jiangsu Province（江蘇省財政廳國有資產管理辦公室）from November 2000 to January 2002; senior staff member of the Administrative Office of State-owned Assets of the Department of Finance of Jiangsu Province from January 2002 to March 2004; cadre at sub-section level of Jiangsu SASAC from March 2004 to June 2004; senior staff member of the Division of Enterprise Reform and Development（企業改革發展處）of Jiangsu SASAC from June 2004 to January 2005; principal staff member of the Division of Enterprise Reform and Development of Jiangsu SASAC from January 2005 to December 2009; principal staff member of the Division of Enterprise Development and Reform（企業發展改革處）of Jiangsu SASAC from December 2009 to May 2014; deputy director of the Division of Enterprise Development and Reform of Jiangsu SASAC from May 2014 to October 2016; deputy head of the investment and development department of Jiangsu Communications Holding Co., Ltd. from October 2016 to January 2018; and has served as head of the investment and development department of Jiangsu Communications Holding Co., Ltd. since January 2018. He has been a Director of the Company since October 2018 with a term of office in this session of Board from December 2016 to December 2019.
Xu Qing	Master of business administration, an economist. Mr. Xu served as a technician and assistant engineer of Jiangsu Communications Cable Plant（江蘇省通信電纜廠）from August 1993 to November 1998; successively worked as the deputy department chief of securities investment department, deputy director of the president office, assistant to the general manager of business department and executive director of Jiangsu Hiteker High-tech Co., Ltd. from November 1998 to February 2006; and has successively served as secretary to the board, the director of the group office, director of the Party Committee office, assistant to the president, general manager of legal affairs department, general counsel, general manager of investment and management department and vice president of Govtor Capital Group Co., Ltd. since February 2006. He has served as a Director of the Company since June 2016 with a term of office in this session of Board from December 2016 to December 2019.

Zhou Yong	Doctor of Marxist philosophy, a principal senior economist, researcher and senior international business engineer. Mr. Zhou served as an assistant engineer of East China Optical Instrument Plant（華東光學儀器廠）from July 1987 to July 1992, a member of preparation team and deputy general manager of Nanjing Petroleum Exchange Co., Ltd.（南京石油交易所有限公司）from July 1992 to September 1995, assistant to the general manager of Jiangsu Suwu Futures Brokerage Co., Ltd.（江蘇蘇物期貨經紀有限公司）from September 1995 to April 1998, a staff of Jiangsu Arts & Crafts Import and Export Corporation（省工藝品進出口集團股份有限公司）from April 1998 to May 1998 and then deputy manager of the securities department thereof from May 1998 to February 1999, general manager of Jiangsu Holly International Investment Management Co., Ltd.（江蘇弘業國際集團投資管理有限公司）and manager of the securities department of Jiangsu Arts & Crafts Import and Export Corporation from February 1999 to February 2000, general manager of Jiangsu Holly International Investment Management Co., Ltd. and general manager of Jiangsu Holly Futures Brokerage Co., Ltd. from February 2000 to January 2001, general manager of Jiangsu Holly International Investment Management Co., Ltd. and chairman and general manager of Jiangsu Holly Futures Brokerage Co., Ltd. from January 2001 to June 2006; vice president and a member of the Party Committee of Jiangsu Holly International Group Co., Ltd. from June 2006 to July 2010; vice president and a member of the Party Committee of Jiangsu Silk Group Co., Ltd. (renamed as Jiangsu SOHO Holdings Group Co., Ltd. in August 2011) from July 2010 to May 2013; and president, deputy secretary of the Party Committee and a director of Jiangsu SOHO Holdings Group Co., Ltd. since May 2013. He has been a Director of the Company from January 2015 to October 2018.
Hu Xiao	Master of business administration. Ms. Hu served as an accountant of KPMG Huazhen LLP from September 2002 to July 2003; an assistant analyst of the stock research department of China International Capital Corporation Limited from July 2003 to July 2006; manager and then vice president of Citigroup Global Markets Asia Limited from July 2008 to July 2012; vice president and then a director of Merrill Lynch (Asia Pacific) Limited from July 2012 to March 2017; and has served as director of strategic investment department of Alibaba Group since March 2017. She has been a Director of the Company since October 2018 with a term of office in this session of Board from December 2016 to December 2019.

Fan Chunyan	College degree in financial accounting. Ms. Fan served as the director assistant of the settlement center of the headquarter of Suning.com Group Co., Ltd. from February 2002 to February 2004; deputy general manager and financial director for the Guangzhou region of Suning.com Group Co., Ltd. from February 2004 to August 2011; executive deputy general manager for the Guangzhou Region and assistant to the executive president of the regional headquarter of South China of Suning.com Group Co., Ltd. from August 2011 to January 2013; executive vice president of the e-commerce operation headquarter and executive vice president of the operation headquarter of Suning.com Group Co., Ltd. from January 2013 to September 2014; vice president of Suning Retail Group（蘇寧零售集團）and president of Internet Platform Company（互聯網平台公司）from August 2016 to January 2018; and has served as vice president of Suning Retail Group and president of Internet Platform Company as well as general manager of the customer service management center and deputy general manager of Jiwu Company（極物公司）since January 2018. She has been a Director of the Company since October 2018 with a term of office in this session of Board from December 2016 to December 2019.
Zhu Xuebo	Bachelor of monetary banking. Mr. Zhu worked at Nanjing Artillery Academy and Nanjing Branch of the People's Bank of China. He joined Huatai Securities in March 2001 and successively served as the general manager of human resources department, head of organization department of the Party Committee and assistant to the president, etc.; and has served as deputy secretary of the Party Committee of the Company since March 2013. He has been a Director of the Company since October 2018 with a term of office in this session of Board from December 2016 to December 2019.
Chen Chuanming	Doctor of business management, a professor. In 1978, Mr. Chen was selected by the Ministry of Education of China to study social and economic management at the University of Brittany in France（法國西布列塔尼大學）. He was assigned to work at the Institute of World Economics and Politics of Chinese Academy of Social Sciences after returning to China in 1981. He has been teaching at Nanjing University since December 1982, during which he studied for the Doctoral degree in economics at the School of Economics of Nankai University from September 1990 to June 1993. Currently, he serves as a professor of Nanjing University Business School, and concurrently as vice chairman of Chinese Institute of Business Administration and Jiangsu Association of Science and Technology Innovation. He has served as an independent non-executive Director of the Company since March 2016 with a term of office in this session of Board from December 2016 to December 2019.
Liu Hongzhong	Doctor of Finance. Mr. Liu once worked as a lecturer, an associate professor and the dean of the Department of World Economics and the Department of International Finance at Fudan University, and has been the professor of the Department of International Finance at Fudan University since May 1999. He has been an independent non-executive Director of the Company since November 2013 with a term of office in this session of Board from December 2016 to December 2019.

Lee Chi Ming	Master of business administration. Mr. Lee served as an assistant assessor and then the assessor of Inland Revenue Department of the Government of Hong Kong from October 1976 to November 1989; the senior manager/director of Licensing Department, director of Corporate Planning, and director of Finance and Administration of the Securities and Futures Commission of Hong Kong from July 1989 to July 2014. He has been the chief partner of Boningdun Capital Management Limited（柏寧頓資本管理有限公司）since October 2014, and an independent non-executive Director of the Company since April 2015 with a term of office in this session of Board from December 2016 to December 2019.
Yang Xiongsheng	Doctor of accounting, a professor. Mr. Yang served as a teacher and director of the Business Administration Teaching and Research Office of Jiangsu Lianyungang Finance School（連雲港財經學校）from January 1981 to December 1986; a staff and deputy chief of Jiangsu Lianyungang Municipal Audit Bureau（江蘇省連雲港市審計局）from February 1987 to November 1994. He taught at the Accounting Department of Nanjing University from November 1994 to March 1999, then served as a professor of the Accounting Department of Nanjing University from March 1999 to December 1999 and a professor and dean of the Accounting Department of International Business School of Nanjing University from December 1999 to March 2009. He has served as dean of the Accounting and Finance School of Nanjing University since March 2009. He has been an independent non-executive Director of the Company from April 2016 to March 2018.
Liu Yan	Master of comparative law, with qualification as a lawyer both in China and the United States (New York State). Ms. Liu joined Beijing Tian Yuan Law Firm in 1995 and has been a partner of Tian Yuan Law Firm since 2002. She has been an independent non-executive Director of the Company since December 2016 with a term of office in this session of Board from December 2016 to December 2019.
Chen Zhibin	Doctor of business management, a professor and doctoral student supervisor of the Faculty of Finance and Accounting at Southeast University. Mr. Chen also serves as a managerial accounting consultant to the Ministry of Finance and vice director of the governmental accounting committee of the Accounting Society of China. He has been an independent non-executive Director of the Company since June 2018 with a term of office in this session of Board from December 2016 to December 2019.
Yu Yimin	Master of economics and public administration, a senior international business engineer. Mr. Yu served as a staff at the planning department of Nanjing Pharmaceutical Company（南京市醫藥總公司）from August 1990 to November 1994; successively as staff of the research and development department, business executive of the economic and securities analysis and research center, and deputy general manager of the debt management department at the headquarter of investment bank at Jiangsu Securities Co., Ltd. from November 1994 to August 1999; and successively as general manager of the entrusted asset management department and the fixed income department of Huatai Securities Limited Liability Company from August 1999 to September 2004. Mr. Yu has been the vice president of Jiangsu SOHO Holdings Group Co., Ltd. (named Jiangsu Silk Group Co., Ltd. before August 2011) from September 2004 to December 21, 2017; full-time external director of Jiangsu Provincial state-owned enterprises since December 21, 2017; supervisor of Huatai Securities Limited Liability Company from September 2007 to December 2007; supervisor of the Company from December 2007 to February 2008; and chairman of the Supervisory Committee of the Company since February 2008, with a term of office in this session of Supervisory Committee from December 2016 to December 2019.

Wang Huiqing	Master of law, a certified public accountant with the qualification as a lawyer. Mr. Wang served as a staff member of the Department of Finance of Jiangsu Province from August 1992 to May 2001; senior staff member of Jiangsu Administration for Industry and Commerce from May 2001 to August 2004; section chief of Jiangsu SASAC from September 2004 to September 2009; deputy general manager of the audit department of Jiangsu International Trust Corporation Limited from September 2009 to January 2010; deputy general manager of the finance department of Jiangsu International Trust Corporation Limited from January 2010 to February 2013; general manager of the finance department of Jiangsu International Trust Corporation Limited from February 2013 to December 2013; deputy general manager of the audit and legal affairs department of Guoxin Group (presiding) from December 2013 to December 2014; general manager of the audit and legal affairs department of Guoxin Group from December 2014 to December 2016; deputy general manager, secretary to the board of directors and general manager of securities audit and legal affairs department of Jiangsu Guoxin Corporation Limited (formerly known as Sainty Marine Corporation Ltd.（江蘇舜天船舶股份有限公司）from December 2016 to May 2017; and has been general manager, deputy secretary of the Party Committee and a Director of Jiangsu International Trust Corporation Limited since June 2017. Mr. Wang served as a supervisor of the Company from June 2016 to October 2018.
Du Wenyi	Bachelor of transportation management, a senior economist. Mr. Du worked at the teaching and research office of finance and accounting of Nanjing Communications School（南京交通學校）in Jiangsu Province from July 1983 to February 1987. He served as the deputy head and then head of the planning and finance office of Jiangsu Transportation Planning and Designing Institute（江蘇交通規劃設計院）from February 1987 to September 2000; deputy director chief of the finance and audit division of Jiangsu Communications Holding Co., Ltd. from September 2000 to November 2001; deputy director and then director of the finance and audit division of Jiangsu Communications Industrial Group Co., Ltd.（江蘇交通產業集團有限公司）from November 2001 to October 2004; deputy general manager of Jiangsu Expressway Company Limited（江蘇京滬高速公路有限公司）from October 2004 to October 2007; and has successively served as head of the finance and audit department, deputy chief accountant and head of the finance and audit department, deputy chief accountant and head of the finance department, deputy chief accountant and head of the financial management department and an employee director of Jiangsu Communications Holding Co., Ltd. since November 2007. Mr. Du served as a supervisor of the Company from December 2010 to October 2018.
Yu Lanying	Master of industrial economics, a principal senior accountant. Ms. Yu worked at the finance department of Nanjing Runtai Industrial Trading Company from August 1993 to August 1996; pursued graduate studies in industrial economics at Nanjing University of Science and Technology from September 1996 to April 1999; worked at the finance and audit department of Jiangsu United Trust and Investment Company from May 1999 to December 2002; worked at the finance and audit division of Jiangsu Communications Industrial Group Co., Ltd. from January 2003 to October 2004; worked at the finance and audit department of Jiangsu Communications Holding Co., Ltd. from October 2004 to May 2008; successively served as deputy manager (presiding) of the finance and accounting department, manager of the finance and accounting department, deputy financial director (department level), financial director, and member of the Party Committee of Jiangsu Expressway Company Limited from June 2008 to November 2016; served as deputy general manager, financial director and member of the Party Committee of Jiangsu Expressway Company Limited from November 2016 to April 2018; and has served as the chief of the audit and risk control department of Jiangsu Communications Holding Co., Ltd. since April 2018. Ms. Yu has been a supervisor of the Company since October 2018 with a term of office in this session of Supervisory Committee from December 2016 to December 2019.

Liu Zhihong	Bachelor of finance, a certified public accountant and certified international internal auditor. Ms. Liu served as an accountant at the finance department of Dongfeng Motor Nanjing Sales and Technology Service Cooperation（東風汽車南京銷售技術服務聯合公司）from August 1996 to July 1999, accountant at the finance department of Jiangsu Informatization Construction and Investment Co., Ltd.（江蘇省信息化建設投資有限公司）from August 1999 to May 2005; staff of the audit department, deputy general manager of the finance department and general manager of the finance department of Govtor Capital Group Co., Ltd. since June 2005. She served as a supervisor of the Company from October 2015 to October 2018.
Yang Yaling	Master of accounting, a certified public accountant, senior accountant and certified international internal auditor. Ms. Yang served as financial accountant and accountant at Taizhou Branch of China Unicom from December 2003 to July 2007; full-time supervisor of the Jiangsu SASAC from August 2007 to August 2015; deputy general manager and then general manager of the audit department of Govtor Capital Group from August 2015 to March 2018. She has served as general manager of the investment and management department of Govtor Capital Group Co., Ltd. since March 2017, and general manager of the legal department of Govtor Capital Group Co., Ltd. since March 2018. Ms.Yang has been a supervisor of the Company since October 2018 with a term of office in this session of Supervisory Committee from December 2016 to December 2019.
Peng Min	Bachelor of Chinese language and literature, an economist. Ms. Peng once served as secretary and deputy manager of the business department of Jiangsu Metallurgical Materials Supply and Marketing Cooperation（江蘇省冶金物資供銷公司）; a staff of the entrusted asset department and the fixed income department, secretary of the president's office and deputy director of general office at Huatai Securities Limited Liability Company; and has successively served as deputy-director and director of the Company's general office and the chairman of our labor union since December 2007. She has been the employee representative supervisor of the Company since November 2013 with a term of office in this session from December 2016 to December 2019.
Zhou Xiang	Master of business administration, an accountant. Mr. Zhou was once an employee of Nanjing Supply and Marketing Cooperative（南京市供銷社）. He worked for Huatai Securities Limited Liability Company as general manager of the planning and finance department, general manager of the business office at Nanjing Changjiang Road, deputy general manager of the asset management head office, general manager of the No.2 business office at Nanjing Zhongshan North Road and office chief of the development and planning implementation leading team. He served as general manager of the planning and finance department and chief financial officer of Huatai United Securities from August 2006 to June 2012; general manager of the inspection department of the Company from June 2012 to April 2016; general manager of the legal compliance department of the Company from April 2016 to January 2019; and auditor of the Audit Department of the Company since January 2019. He has been the employee representative supervisor of the Company since March 2013, with a term of office in this session of Supervisory Committee from December 2016 to December 2019.

Meng Qinglin	Bachelor of industrial economics, an economist. Mr. Meng was once an employee of Xuzhou Construction Machinery Group (徐州工程機械集團). He successively served as assistant to the general manager, deputy general manager and general manager of sales department of Huatai Securities. He was the general manager of our institutional service department from April 2011 to April 2012; the general manager of our Shanghai Branch from April 2012 to April 2016; the general manager of our brokerage business head office from April 2016 to August 2017; and has been the general manager of our brokerage and wealth management department since August 2017. He has been a supervisor of the Company since December 2016 with a term of office in this session of Supervisory Committee from December 2016 to December 2019.
Ma Zhaoming	Bachelor of industrial finance and accounting, a senior accountant. Mr. Ma once served as an accountant, the deputy chief of finance section of the ceramics branch and chief of finance section of No. 898 Factory of the Ministry of Electronics Industry (電子工業部第898廠). He worked at Jiangsu Securities Company (江蘇省證券公司) as deputy manager of the planning and finance department, director of the planning and finance division, director of the planning and finance division and head of the inspection office, deputy chief accountant and director of the planning and finance division and vice president in succession. He served as vice president and a member of the Party Committee of Huatai Securities Limited Liability Company, and chairman of Huatai United Securities Co., Ltd. He has been vice president and a member of the Party Committee of Huatai Securities since June 2013 with a term of office in this session of senior management from December 2016 to December 2019.
Sun Hanlin	Master of business administration. Mr. Sun once worked as clerk, officer and deputy chief of the cadre section of human resources division of Jiangsu Branch of PBOC; deputy chief (presiding) and chief of human resources division of Jiangsu Securities Company; chief of human resources division, chief of the organization department, general manager of the human resources department, secretary of the discipline inspection commission, chief inspection officer, a member of the Party Committee and vice president of Huatai Securities Limited Liability Company. He was vice president, secretary of the discipline inspection commission and a member of the Party Committee of Huatai Securities from December 2007 to December 2015. He has been vice president and a member of the Party Committee of Huatai Securities since December 2015 with a term of office in this session of senior management from December 2016 to December 2019.
Wu Zufang	Master of quantitative economics and business administration. Mr. Wu used to work as a teacher of the mathematics department at Nanjing University and a staff member of the Policy Research Office of Jiangsu Commission of Planning and Economics. He worked for Jiangsu Securities Company as the business supervisor, head of issuance and transaction department, deputy general manager and general manager of stock affair department; deputy general manager, general manager and then chairman and general manager of its subsidiary; assistant to the president, chief inspection officer of asset management business and general manager of asset management head office, chief economist, vice president and a member of the Party Committee. He has been vice president and a member of the Party Committee of Huatai Securities since December 2007 with a term of office in this session of senior management from December 2016 to December 2019.

Jiang Jian	Master of agricultural economics and management. Mr. Jiang once taught at Nanjing Agricultural University. He worked at Jiangsu Securities Company as an employee of the human resources division, chief of the training and education section of the human resources division, deputy general manager of the stock affairs department under the investment banking head office, deputy general manager of No. 1 investment banking department, senior manager of No. 1 investment banking department, deputy general manager of the investment banking head office and manager of the issuance department, general manager of the asset management head office, general manager of the investment banking business Nanjing head office, director of investment banking business and general manager of Nanjing head office, assistant to the president and general manager of Shanghai head office, assistant to the president, secretary to the board of directors, assistant to the president and general manager of institutional customer service department, vice president and secretary to the board of directors, and a member of the Party Committee. He was vice president, secretary to the Board of Directors, and a member of the Party Committee of Huatai Securities from December 2007 to April 2017. He has been vice president and a member of the Party Committee of Huatai Securities since April 2017 with a term of office in this session of senior management from December 2016 to December 2019.
Shu Ben'e	Bachelor of financial accounting, a certified public accountant. Ms. Shu was once chief of finance division of Panda Electronics Group Corporation (熊貓電子集團公司), deputy general manager of the planning and finance department of Jiangsu Securities Company. She worked at Huatai Securities Limited Liability Company as deputy general manager of the planning and finance department, deputy general manager of the inspection and supervision department, deputy general manager (presiding), general manager, and general manager of the planning and finance department. She was general manager of the planning and finance department of Huatai Securities from December 2007 to April 2016. She has been chief financial officer of Huatai Securities since March 2012 with a term of office in this session of senior management from December 2016 to December 2019.
Li Yun	Master of business administration, an economist. Ms. Li was once a principal staff member at the office of Nanjing Securities and Futures Commission (南京市證券期貨委員會); and a staff principal member of Nanjing Commissioner Office, principal staff member of the verification division of institution supervision department, deputy chief of the institution division of Jiangsu Bureau, and deputy chief and investigator of No. 2 Division of Shanghai Commissioner Office of the CSRC. She has been chief compliance officer of Huatai Securities since June 2012, and concurrently served as general manager of the compliance and risk management department of the Company from July 2012 to December 2014; concurrently served as our chief risk officer from August 2014 to December 2016. She served as general manager of the compliance and legal department of the Company from December 2014 to April 2016. Ms. Li currently serves as chief compliance officer and general legal counsel of Huatai Securities with a term of office in this session of senior management from December 2016 to December 2019.

Zhang Hui	Doctor of technology economics and management. Mr. Zhang once worked at Dongcheng District Personnel Exchange Service Center of Beijing (北京東城區人才交流服務中心), Brilliance Group Shanghai Office, Tongshang Co., Ltd. (通商有限責任公司) and Beijing Lianchuang Investment and Management Co., Ltd. (北京聯創投資管理有限公司). He served as senior manager of asset management head office of Huatai Securities Limited Liability Company and deputy general manager of the business office at Nantong Yaogang Road. Mr. Zhang served as general manager of the business office at Shanghai Ruijin First Road of the Company from January 2008 to February 2010; deputy general manager of securities investment department of the Company from February 2010 to July 2012; general manager of the Company's general office from July 2012 to January 2016; and has been general manager of the human resources department of the Company since January 2016 and secretary to the board of directors of Huatai Securities since April 2017 with a term of office in this session of senior management from December 2016 to December 2019.
Wang Chong	Master of computer and finance. Mr. Wang served as the principal staff member of the treasury department/global financial marketing department of Bank of China Limited from July 1995 to March 2003; middle office chief of internal risk control for European treasury operations at London Branch of Bank of China Limited from March 2003 to May 2007; leader of interest rate derivative product and fixed income risks team of J.P. Morgan Securities from June 2007 to January 2010; risk compliance officer of China International Capital Corporation (UK) Limited (中國國際金融有限公司 (英國)) from January 2010 to November 2014. He has been general manager of risk management department of Huatai Securities since December 2014 and chief risk officer of Huatai Securities since March 2017 with a term of office in this session of senior management from December 2016 to December 2019.

Explanation of Other information

1. During the Reporting Period, none of the Directors, Supervisors or senior management of the Company has held any share or option of the Company.

2. During the Reporting Period, the Company did not carry out any option incentive scheme for its Directors, Supervisors and senior management. None of the Directors, Supervisors or senior management of the Company has held any option of the Company.

3. During the Reporting Period, none of the current or retired Directors, Supervisors or senior management has been punished by any securities regulatory authorities during the past three years.

(II) Option Incentives granted to the Directors, Supervisors and Senior Management during the Reporting Period

During the Reporting Period, the Company did not grant any option incentive to its Directors, Supervisors or senior management.

II. EMPLOYMENT OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT AT PRESENT AND THOSE RETIRED DURING THE REPORTING PERIOD

(I) Employment at the Shareholders' companies

Name of employee	Name of the Shareholder's companies	Position	Commencement of the term of office	Expiration of the term of office
Pu Baoying	Jiangsu Guoxin Investment Group Limited	Director, general manager and deputy secretary of the Party Committee	2017-08-28	
Chen Ning	Jiangsu Guoxin Investment Group Limited	General manager of information technology department	2015-12-22	
		General manager of finance department	2016-12-05	
Xu Feng	Jiangsu Guoxin Investment Group Limited	Deputy general manager and a member of the Party Committee	2017-12-21	
Ding Feng	Jiangsu Guoxin Investment Group Limited	General manager of finance department	2018-03-01	
Chen Yongbing	Jiangsu Communications Holding Co., Ltd.	Head of investment and development department	2018-01-27	
Zhou Yong	Jiangsu SOHO Holdings Group Co., Ltd.	President, deputy secretary of the Party Committee and director	2013-05-28	
Xu Qing	Govtor Capital Group Co., Ltd.	Deputy president	2016-05-16	
Fan Chunyan	Suning.com Group Co., Ltd. (formerly known as Suning Commerce Group Co., Ltd. (蘇寧雲商集團股份有限公司))	Vice president of Suning Retail Group and president of Internet Platform Company	2016-08-16	
		General manager of the customer service management center and deputy general manager of Jiwu Company	2018-01-29	
Yu Yimin	Jiangsu Guoxin Investment Group Limited	Full-time external director	2018-01-24	
	Govtor Capital Group Co., Ltd.	Full-time external director	2018-01-24	
Wang Huiqing	Jiangsu Guoxin Investment Group Limited	Supervisor	2015-12-21	
Du Wenyi	Jiangsu Communications Holding Co., Ltd.	Deputy general accountant and head of financial management department	2011-02-01	
		Member of the Party Committee	2018-07-06	
Yu Lanying	Jiangsu Communications Holding Co., Ltd.	Head of audit and risk control department	2018-04-03	
Liu Zhihong	Govtor Capital Group Co., Ltd.	General manager of finance department	2017-03-13	
		Employee director	2018-09-29	
Yang Yaling	Govtor Capital Group Co., Ltd.	General manager of investment management department	2017-03-13	
Explanation of the employment at the Shareholders' Companies	Nil			

(II) Employment at other companies

Name of employee	Name of other companies	Position	Commencement of the term of office	Expiration of the term of office
Zhou Yi	Huatai Financial Holdings (Hong Kong) Limited	Director	2006-11-28	
	Huatai International Financial Holdings Company Limited	Director	2017-04-05	2018-03-30
	Huatai Securities (Shanghai) Asset Management Co., Ltd.	Director	2014-10-16	2018-03-01
	AssetMark Holdings, LLC	Director	2016-10-31	2018-03-06
	AssetMark Financial Holdings, Inc.	Director	2016-10-31	
	CSOP Asset Management Limited (南方東英資產管理有限公司)	Chairman	2017-11-07	
	Beijing Huatai Tongxin Investment Fund Management Co., Ltd. (北京華泰同信投資基金管理有限公司)	Chairman	2014-12-29	2018-02-28
	Jiangsu Emerging Industry Investment Co., Ltd. (江蘇省新興產業投資管理有限公司)	Chairman	2013-06-09	2018-08-21
Pu Baoying	Jiangsu Guoxin Group Finance Co., Ltd. (江蘇省國信集團財務有限公司)	Chairman	2015-12-16	
	Jiangsu International Trust Corporation Limited (江蘇省國際信託有限責任公司)	Chairman of the Supervisory Committee	2015-05-22	2018-03-08
	Suzhou Industrial Park Co., Ltd. (蘇州工業園區股份有限公司)	Vice chairman	2015-06-24	
	Jiangsu Guoxin Corporation Limited (江蘇國信股份有限公司)	Chairman	2017-11-24	
Chen Ning	Jiangsu Investment Management Corporation Limited (江蘇省投資管理有限責任公司)	Director	2016-04-27	2018-06-05
	Jiangsu International Trust Corporation Limited (江蘇省國際信託有限責任公司)	Director	2016-05-11	
	Jiangsu Guoxin Group Finance Co., Ltd. (江蘇省國信集團財務有限公司)	Director	2016-04-13	2018-06-05
	Jiangsu Guoxin Fuel Materials Co., Ltd. (江蘇國信燃料物資有限公司)	Supervisor	2016-01-06	2018-06-05
	Jiangsu Real Estate Investment Co., Ltd. (江蘇省房地產投資有限責任公司)	Chairman of the Supervisory Committee	2017-09-15	2018-06-05
	Jiangsu Guoxin Corporation Limited (江蘇國信股份有限公司)	Supervisor	2017-12-29	
	Nanjing Yuejin Auto Co., Ltd. (南京躍進汽車有限公司)	Director	2017-11-01	2018-06-05
	Shanghai-Nanjing Intercity Railway Co. Ltd. (滬寧城際鐵路股份有限公司)	Director	2017-11-01	2018-06-05

Name of employee	Name of other companies	Position	Commencement of the term of office	Expiration of the term of office
Gao Xu	Jintai Futures Co., Ltd. (錦泰期貨有限公司)	Chairman of the Supervisory Committee	2011-04-27	
	Jiangsu Jinsuzheng Investment and Development Co., Ltd. (江蘇金蘇證投資發展有限公司)	Director	2007-06-22	
	Nanjing Technology Import & Export Corporation Limited (南京技術進出口有限責任公司)	Vice chairman	2008-05-12	2018-06-05
	Jiangsu Sainty International Group Limited (江蘇舜天國際集團有限公司)	Director	2010-08-23	2018-06-05
	Jiangsu Guoxin Yongtai Asset Disposal Co., Ltd. (江蘇省國信永泰資產處置有限公司)	Director	2007-06-05	
	Jiangsu Pharmaceutical Co., Ltd. (江蘇省醫藥有限公司)	Chairman	2017-05-31	
	Jiangsu Railway Development Co., Ltd. (江蘇省鐵路發展股份有限公司)	Director	2014-12-20	
Ding Feng	Jiangsu Guoxin Group Finance Co., Ltd. (江蘇省國信集團財務有限公司)	President, deputy secretary of the Party Committee	2012-01-19	2018-03-14
Xu Feng	Nantong Tianshenggang Power Generation Co., Ltd. (南通天生港發電有限公司)	Director	2010-05-01	2018-05-29
	Jiangsu Yunshan Asset Management Co., Ltd. (江蘇雲杉資本管理有限公司)	Director	2015-06-24	2018-02-05
	Nanjing Sharelink Venture Capital Co., Ltd. (南京協立創業投資有限公司)	Director	2015-08-03	2018-05-21
	Zhenjiang Junding Sharelink Venture Capital Co., Ltd. (鎮江君鼎協立創業投資有限公司)	Director	2015-08-11	2018-05-21
	Nanjing Sharelink Capital Management Co., Ltd. (南京協立投資管理有限公司)	Director	2015-10-21	2018-09-13
	Jiangsu Port Group Co., Ltd. (江蘇省港口集團有限公司)	Director	2017-05-04	2018-07-09
	Jiangsu Railway Investment and Development Co., Ltd. (江蘇省鐵路投資發展有限公司)	Supervisor	2016-12-02	2018-05-21
	Jiangsu Financial Leasing Co., Ltd. (江蘇金融租賃股份有限公司)	Supervisor	2017-04-01	2018-03-09
	Jiangsu International Talents Advisory Services Co., Ltd. (江蘇省國際人才諮詢服務有限公司)	Supervisor	2016-04-20	2018-02-05
	Jiangsu Railway Development Co., Ltd. (江蘇省鐵路發展股份有限公司)	Director	2017-06-01	2018-04-08
	Jiangsu Railway Group Co., Ltd. (江蘇省鐵路集團有限公司)	Director	2018-06-28	

Name of employee	Name of other companies	Position	Commencement of the term of office	Expiration of the term of office
Chen Yongbing	Jiangsu Yunshan Asset Management Co., Ltd. (江蘇雲杉資本管理有限公司)	Director	2018-02-05	2018-09-13
	Jiangsu Yunshan Clean Energy Investment Holding Co., Ltd. (江蘇雲杉清潔能源投資控股有限公司)	Director	2016-12-26	2018-09-13
	Nanjing Sharelink Venture Capital Co., Ltd. (南京協立創業投資有限公司)	Director	2018-05-21	2018-09-13
	Zhenjiang Junding Sharelink Venture Capital Co., Ltd. (鎮江君鼎協立創業投資有限公司)	Director	2018-05-21	2018-09-13
	Jiangsu Expressway Information Engineering Co., Ltd. (江蘇高速公路信息工程有限公司)	Director	2018-01-23	2018-12-03
	Jiangsu Tongchang Properties Investment Co., Ltd. (江蘇通昌置業投資有限公司)	Director	2017-04-02	2018-09-13
	Jiangsu Kuailu Motor Transport Co., Ltd. (江蘇快鹿汽車運輸股份有限公司)	Director	2017-04-02	2018-12-03
	Nantong Tianshenggang Power Generation Co., Ltd. (南通天生港發有限公司)	Director	2017-05-29	2018-12-03
	Jiangsu Aviation Enterprises Group Inc. (江蘇航空產業集團有限責任公司)	Director	2017-04-02	2018-12-03
	Jiangsu Expressway Petroleum Development Co., Ltd. (江蘇高速公路石油發展有限公司)	Director	2017-04-02	2018-12-03
	Jiangsu International Talents Advisory Services Co., Ltd. (江蘇省國際人才諮詢服務有限公司)	Supervisor	2018-02-06	2018-09-13
	Jiangsu Salt Industry Group Co., Ltd. (江蘇省鹽業集團有限責任公司)	Supervisor	2017-02-16	2018-12-03
	Jiangsu Expressway Co., Ltd. (江蘇寧滬高速公路股份有限公司)	Director	2018-04-08	
	Jiangsu Port Group Co., Ltd. (江蘇省港口集團有限公司)	Director	2018-07-09	
	Jiangsu Railway Group Co., Ltd. (江蘇省鐵路集團有限公司)	Director	2018-05-17	
	Jiangsu Financial Leasing Co., Ltd. (江蘇金融租賃股份有限公司)	Supervisor	2018-03-17	
Xu Qing	Suzhou Govtor Venture Capital Management Co., Ltd. (蘇州高投創業投資管理有限公司)	Chairman	2017-07-12	2018-06-01
	Jiangsu International Trust Corporation Limited (江蘇省國際信託有限責任公司)	Director	2016-08-03	2018-06-30
	Nanjing Reinsurance Microfinance Technology Co., Ltd. (南京市再保科技小額貸款有限公司)	Director	2016-03-23	2018-06-30
	Changzhou Gaorui Venture Capital Management Co., Ltd. (常州高睿創業投資管理有限公司)	Chairman	2017-07-17	2018-05-22
	Nanjing Asia Pacific Institute of Finance Co., Ltd. (南京亞太金融研究有限公司)	Director	2016-10-26	2018-06-30
	Jiangsu Cultural Investment & Management Group Co., Ltd. (江蘇省文化投資管理集團有限公司)	Director	2016-08-03	2018-06-30
	Jiangsu Govtor Electronic Information Co., Ltd. (江蘇高投電子信息有限公司)	Director	2016-01-04	2018-05-17
	Jiangsu Govtor Venture Capital Management Co., Ltd. (江蘇高投創業投資管理有限公司)	Director	2016-01-08	2018-06-30
	Jiangsu Gaoxin Venture Capital Co., Ltd. (江蘇高新創業投資有限公司)	Director	2016-03-23	2018-06-30

Name of employee	Name of other companies	Position	Commencement of the term of office	Expiration of the term of office
	Jiangsu Gaoxin Venture Capital Management Co., Ltd. (江蘇高新創業投資管理有限公司)	Chairman	2016-03-23	2018-07-17
	Jiangsu Hongrui Technology Venture Capital Co., Ltd. (江蘇弘瑞科技創業投資有限公司)	Director	2016-01-04	2018-06-30
	Jiangsu Suzhou New & Hi-tech Venture Capital Co., Ltd. (江蘇省蘇高新風險投資股份有限公司)	Director	2016-03-23	2018-06-30
	Wuxi High-Tech Risk Investment Co., Ltd. (無錫高新技術風險投資股份有限公司)	Director	2016-03-23	2018-06-30
	Changzhou High-Tech Risk Investment Co., Ltd. (常州高新技術風險投資有限公司)	Chairman	2016-08-03	2018-07-05
	Suzhou Gaoyuan Venture Capital Co., Ltd. (蘇州高遠創業投資有限公司)	Chairman	2016-08-03	2018-06-08
	Jiangsu Gaoding Technology Venture Capital Investment Ltd. (江蘇高鼎科技創業投資有限公司)	Director	2016-03-23	2018-06-30
	Jiangsu Gaojin Venture Capital Co., Ltd. (江蘇高晉創業投資有限公司)	Chairman	2016-08-03	2018-05-25
	Changzhou Govtor Venture Capital Co., Ltd. (常州高投創業投資有限公司)	Chairman	2016-08-03	2018-05-25
	Suzhou New & Hi-tech Venture Capital Management Co., Ltd. (蘇州高新風投創業投資管理有限公司)	Director	2016-04-18	2018-06-30
	Suzhou Gaojin Venture Capital Co., Ltd. (蘇州高錦創業投資有限公司)	Vice chairman	2016-03-23	2018-06-30
	Nantong Gaosheng Growth Venture Capital Co., Ltd. (南通高勝成長創業投資有限公司)	Director	2016-01-04	2018-06-30
	Yancheng Govtor Venture Capital Co., Ltd. (鹽城高投創業投資有限公司)	Director	2016-01-04	2018-06-30
	Yangzhou Govtor Venture Capital Management Co., Ltd. (揚州高投創業投資管理有限公司)	Chairman	2016-10-26	2018-07-05
	Jiangsu Addor Equity Investment Fund Management Co., Ltd. (江蘇毅達股權投資基金管理有限公司)	Supervisor	2017-02-09	
	Jiangsu Gaohong Investment Management Co., Ltd. (江蘇高弘投資管理有限公司)	Chairman	2017-03-07	2018-04-28
	Jiangsu Fenghai New Energy Seawater Desalination Co., Ltd. (江蘇豐海新能源淡化海水發展有限公司)	Director	2017-02-09	2018-06-30
	Jiangsu Sports Industry Group Co., Ltd. (江蘇省體育產業集團有限公司)	Supervisor	2017-02-09	2018-06-30
	Jiangsu SeuComm Corporation Ltd. (江蘇東大通信技術有限責任公司)	Vice chairman	2017-02-09	2018-06-30
	Changzhou Govtor Venture Capital (Hong Kong) Co., Ltd. (常州高投創業投資 (香港) 有限公司)	Executive director	2017-01-13	2018-06-30
	Jiangsu Gaohui Asset Operation and Management Co., Ltd. (江蘇高匯資產經營管理有限公司)	Legal representative, executive director and general manager	2016-12-28	
Zhou Yong	Holly Futures Co., Ltd. (弘業期貨股份有限公司)	Chairman	2001-01-01	
	ZKING PROPERTY & CASUALTY INSURANCE CO., LTD. (紫金財產保險股份有限公司)	Director	2014-04-10	
Hu Xiao	Alibaba Group Holding Limited	Investment Director of strategic investment department	2017-03-06	

Name of employee	Name of other companies	Position	Commencement of the term of office	Expiration of the term of office
Chen Chuanming	Business School of Nanjing University (南京大學商學院)	Professor	2006-11-01	
	Kunshan King Lai Hygienic Materials Co., Ltd. (昆山新萊潔淨應用材料股份有限公司)	Independent director	2014-11-06	2018-05-21
	Nanjing Iron & Steel Co., Ltd. (南京鋼鐵股份有限公司)	Independent director	2016-05-07	
	GCL System Integration Technology Co., Ltd. (協鑫集成科技股份有限公司)	Independent director	2016-03-31	
	Nanjing Securities Co., Ltd. (南京證券股份有限公司)	Independent director	2012-09-21	2018-11-15
Liu Hongzhong	International Finance Department, School of Economics, Fudan University (復旦大學經濟學院國際金融系)	Professor	1999-05-01	
	Shenyin & Wanguo Futures Company Limited (申銀萬國期貨有限責任公司)	Independent director	2008-02-01	
	Donghai Futures Co., Ltd. (東海期貨有限責任公司)	Independent director	2009-06-29	
	China International Fund Management Co., Ltd. (上投摩根基金管理有限公司)	Independent director	2013-05-28	
	Shanghai Construction Group Co., Ltd. (上海建工集團股份有限公司)	External director	2013-06-29	
	Industrial Securities Co., Ltd. (興業證券股份有限公司)	Independent director	2018-01-12	
Lee Chi Ming	Boningdun Capital Management Co., Ltd. (柏寧頓資本管理有限公司)	Chief partner & Director	2014-10-27	
	China Minsheng DIT Group Limited (中民築友智造科技集團有限公司) (formerly known as China Minsheng Drawin Technology Group Limited (中民築友科技集團有限公司))	Independent non-executive director	2014-12-30	
	Chung Ying Theatre Company Limited (中英劇團有限公司)	Director	2015-12-10	
	Cango Inc.	Independent non-executive director	2018-07-31	
Yang Xiongsheng	Institute for Accounting and Finance, Nanjing University (南京大學會計與財務研究院)	Dean and Professor	2009-03-10	
	Jiangsu Phoenix Publishing & Media Corporation Limited (江蘇鳳凰出版傳媒股份有限公司)	Independent director	2016-03-24	2018-05-22
	IDT International Limited (香港萬威國際公司)	Independent director	2015-08-26	2018-10-18

Name of employee	Name of other companies	Position	Commencement of the term of office	Expiration of the term of office
Liu Yan	Beijing Tian Yuan Law Firm (北京市天元律師事務所)	Partner	2002-01-01	
	Huaxin Cement Co., Ltd. (華新水泥股份有限公司)	Independent director	2014-09-26	
	Yantai Changyu Pioneer Wine Co. Ltd. (煙台張裕葡萄釀酒股份有限公司)	Independent director	2016-09-24	
	WuXi AppTec Co., Ltd. (無錫藥明康德新藥開發股份有限公司)	Independent director	2017-03-17	
Chen Zhibin	School of Economics and Management, Southeast University (東南大學經管學院)	Professor	2012-07-01	
	Jiangsu Phoenix Publishing & Media Corporation Limited (江蘇鳳凰出版傳媒股份有限公司)	Independent director	2018-05-10	
Yu Yimin	Jiangsu SOHO Investment Group Co., Ltd. (江蘇蘇豪投資集團有限公司)	Chairman	2013-04-01	
	Jiangsu Financial Holding Co., Ltd. (江蘇金融控股有限公司)	Director	2015-05-11	2018-02-01
	Jiangsu SOHO Venture Capital Investment Co., Ltd. (江蘇蘇豪創業投資有限公司)	Chairman	2011-06-20	2018-04-28
	Jiangsu Emerging Industry Investment Management Co. (江蘇省新興產業基金投資管理公司)	Director	2015-03-01	2018-08-21
	Jiangsu International Trust Corporation Limited (江蘇省國際信託有限責任公司)	Director	2014-11-01	2018-11-23
	Jiangsu Coastal Innovative Capital Management Co., Ltd. (江蘇沿海創新資本管理有限公司)	Director	2015-01-30	2018-06-25
	Jiangsu SOHO Belt and Road Initiative Capital Management Co., Ltd. (江蘇蘇豪一帶一路資本管理有限公司)	Director	2015-12-15	
	Jiangsu Yunshan Capital Management Co., Ltd. (江蘇雲杉資本管理有限公司)	Director	2016-12-30	
Wang Huiqing	Jiangsu International Trust Corporation Limited (江蘇省國際信託有限責任公司)	Deputy Party Secretary, General Manager, Director	2017-10-09	
	Jiangsu Guoxin Group Finance Co., Ltd. (江蘇省國信集團財務有限公司)	Chairman of the Supervisory Committee	2015-08-24	
	Jiangsu Investment Management Corporation Limited (江蘇省投資管理有限責任公司)	Supervisor	2016-04-27	2018-06-05
	Jiangsu Real Estate Investment Co., Ltd. (江蘇省房地產投資有限責任公司)	Chairman of the Supervisory Committee	2014-08-13	2018-06-05
	Jiangsu New Energy Development Co., Ltd (江蘇省新能源開發股份有限公司)	Chairman of the Supervisory Committee	2015-04-07	2018-07-07
	Jiangsu Sheyanggang Power Generation Co., Ltd. (江蘇射陽港發電有限公司)	Supervisor	2014-03-13	2018-06-05
	Yancheng Electric Power Generation Co., Ltd. (鹽城發電有限公司)	Convener of the Supervisory Committee	2016-04-27	2018-06-05
	Hong Kong BROADSINO INVESTMENT CO., LTD. (香港博騰國際投資貿易有限公司)	Chairman of the Supervisory Committee	2015-08-24	2018-05-08
	Jiangsu Huaiyin Power Generation Co., Ltd. (江蘇淮陰發電有限責任公司)	Director	2016-04-28	2018-06-05

Name of employee	Name of other companies	Position	Commencement of the term of office	Expiration of the term of office
	Jiangsu Software Industry Co., Ltd. (江蘇省軟件產業股份有限公司)	Supervisor	2014-04-23	2018-06-05
	Jiangsu Sainty International Group Limited (江蘇舜天國際集團有限公司)	Supervisor	2015-04-22	2018-06-05
	Guoxin (Hainan) Longmu Bay Investment Holding Co., Ltd. (國信 (海南) 龍沐灣投資控股有限公司)	Chairman of the Supervisory Committee	2015-03-26	2018-03-13
	Huaneng Nantong Power Generation Limited Liability Company (華能南通發電有限責任公司)	Supervisor	2016-04-20	2018-06-05
	Guodian Changzhou Power Generation Co., Ltd. (國電常州發電有限公司)	Supervisor	2014-02-20	2018-06-05
	Parkview Dingshan Hotel Nanjing Co., ltd. (南京丁山花園酒店有限公司)	Director	2014-03-19	
	Jiangsu Software Park Real Estate Co., Ltd. (江蘇軟件園置業有限公司)	Supervisor	2014-04-23	2018-06-05
	Jiangsu Broadcasting Cable Information Network Investment Co., Ltd. (江蘇省廣播電視信息網絡投資有限公司)	Supervisor	2014-04-23	2018-06-05
	Grand Trustel Mandarin Garden Nanjing Co., Ltd. (南京國信狀元樓大酒店有限責任公司)	Director	2014-04-23	
	Jiangsu Xinhai Power Generation Co., Ltd. (江蘇新海發電有限公司)	Director	2016-04-27	2018-06-05
	Jiangsu Guoxin Union Energy Co., Ltd. (江蘇國信協聯能源有限公司)	Director	2014-07-30	2018-06-05
	Jiangsu Guoxin Liyang Pumped Storage Power Generation Co., Ltd. (江蘇國信溧陽抽水蓄能發電有限公司)	Director	2016-04-27	2018-06-05
	Jiangsu Guoxin Yongtai Asset Disposal Co., Ltd. (江蘇省國信永泰資產處置有限公司)	Chairman of the Supervisory Committee	2015-03-10	
	Jiangsu Pharmaceutical Co., Ltd. (江蘇省醫藥有限公司)	Convener of the Supervisory Committee	2016-04-27	2018-06-05
	Jiangsu International Talents Advisory Services Co., Ltd. (江蘇省國際人才諮詢服務有限公司)	Supervisor	2016-02-20	
	Jiangsu xinxin assets management Co.,Ltd (江蘇信新資產管理股份公司)	Chairman	2018-08-06	
	Nanjing Zijin Culture Development Co., Ltd. (南京紫金文化發展有限公司)	Chairman of the Supervisory Committee	2016-05-24	
Du Wenyi	Jiangsu Expressway Company Limited (江蘇寧滬高速公路股份有限公司)	Director	2008-06-06	2018-04-09
	Jiangsu Communications Holding Group Finance Co., Ltd. (江蘇交通控股集團財務有限公司)	Director	2017-03-01	2018-09-13
	Fuanda Fund Management Co., Ltd. (富安達基金管理有限公司)	Supervisor Director	2007-12-01 2018-09-13	2018-09-13
	Jiangsu Financial Leasing Co., Ltd. (江蘇金融租賃股份有限公司)	Director	2007-12-01	2018-09-13
	Nanjing Yue Jin Auto Co., Ltd. (南京躍進汽車有限公司)	Director	2007-12-01	
	Hengtai Insurance Brokerage Co., Ltd. (恒泰保險經紀有限公司)	Director	2012-04-01	2018-09-13
	Guodian Taizhou Power Generation Co., Ltd. (國電泰州發電有限公司)	Supervisor	2012-04-01	2018-05-21

Name of employee	Name of other companies	Position	Commencement of the term of office	Expiration of the term of office
	Nanjing Sharelink Venture Capital Co., Ltd. (南京協立創業投資有限公司)	Director	2009-05-11	2018-05-21
	Zhenjiang Junding Sharelink Venture Capital Co., Ltd. (鎮江君鼎協立創業投資有限公司)	Director	2013-01-17	2018-05-21
	Jiangsu Railway Group Co., Ltd. (江蘇省鐵路集團有限公司)	Director	2014-12-01	2018-05-16
	Bank of Jiangsu Co., Ltd. (江蘇銀行股份有限公司)	Director	2012-02-01	
	Jiangsu Southern part of Suzhou-Wuxi-Changzhou Expressway Company Limited (江蘇蘇錫常南部高速公路有限公司)	Chairman of the Supervisory Committee	2017-01-18	2018-09-13
	Jiangsu International Talents Advisory Services Co., Ltd. (江蘇省國際人才諮詢服務有限公司)	Director	2016-04-20	2018-09-13
Yu Lanying	Jiangsu Ningchang Zhenli Expressway Company Limited (江蘇寧常鎮溧高速公路有限公司)	Director	2015-04-24	2018-06-06
	Jiangsu Kuailu Motor Transport Co., Ltd. (江蘇快鹿汽車運輸股份有限公司)	Chairman of Supervisory Committee	2011-10-18	2018-09-13
	Jiangsu Yangtze Bridge Co., Ltd. (江蘇揚子大橋股份有限公司)	Supervisor	2011-03-10	2018-03-22
	Jiangsu Wufeng Mountain Bridge Co., Ltd. (江蘇五峰山大橋有限公司)	Chairman of Supervisory Committee	2017-03-06	2018-03-22
	Jiangsu Nanjing Real Estate Co., Ltd. (江蘇寧滬置業有限責任公司)	Supervisor	2008-07-16	2018-05-30
	Jiangsu Nanjing Investment Development Co., Ltd. (江蘇寧滬投資發展有限責任公司)	Supervisor	2013-12-16	2018-04-04
	Jiangsu GCL Nanjing Patroleum Limited (江蘇協鑫寧滬天然氣有限公司)	Director	2013-11-04	2018-04-28
	Nanjing Hanwei Real Estate Development Co., Ltd. (南京瀚威房地產開發有限公司)	Director	2015-03-06	2018-04-07
	Jiangsu Zhengdan Expressway Limited Company (江蘇鎮丹高速公路有限公司)	Director	2014-12-12	2018-03-30
	Jiangsu Lord Equity Investment Fund Management Co., Ltd. (江蘇洛德股權投資資金管理有限公司)	Director	2013-05-14	2018-05-29
	Jiangsu Expressway Company Limited (江蘇寧滬高速公路股份有限公司)	Financial director	2013-04-23	2018-03-06
		Deputy general manager	2016-11-07	2018-03-06
		Chairman of Supervisory Committee	2018-04-08	
	Jiangsu Re-guarantee Group Co., Ltd. (江蘇省信用再擔保集團有限公司)	Supervisor	2018-05-27	
	Jiangsu Salt Industry Group Co., Ltd. (江蘇省鹽業集團有限責任公司)	Supervisor	2018-05-27	
	Jiangsu Jinsu Securities Investment Development Co., Ltd. (江蘇金蘇證投資發展有限公司)	Director	2018-12-03	

Name of employee	Name of other companies	Position	Commencement of the term of office	Expiration of the term of office
Liu Zhihong	Jiangsu Xinsu (Hong Kong) Co., Ltd. (江蘇鑫蘇(香港)有限公司)	Executive director	2018-03-21	
	Hong Kong Xinsu Limited (香港鑫蘇有限公司)	Executive director	2018-03-21	
	Jiangsu Zhenshi Investment Co., Ltd. (江蘇臻實投資有限責任公司)	Executive director & General manager	2018-03-21	
	Jiangsu Wanhao Real Estate Development Co., Ltd. (江蘇萬豪房地產開發有限公司)	Director	2017-02-09	
	Jiangsu Govtor Venture Capital Management Co., Ltd. (江蘇高投創業投資管理有限公司)	Supervisor	2015-12-29	
	Jiangsu Hongrui Technology Venture Capital Co., Ltd. (江蘇弘瑞科技創業投資有限公司)	Chairman	2018-03-21	
	Suzhou Gaoyuan Venture Capital Co., Ltd. (蘇州高遠創業投資有限公司)	Chairman	2018-03-21	
	Changzhou High-Tech Risk Investment Co., Ltd. (常州高新技術風險投資有限公司)	Chairman	2018-03-21	
	Jiangsu Yingneng Venture Capital Co., Ltd. (江蘇鷹能創業投資有限公司)	Chairman	2018-03-21	
	Jiangsu Gaoding Technology Venture Capital Co., Ltd. (江蘇高鼎科技創業投資有限公司)	Chairman	2018-03-21	
	Jiangsu Gaojin Venture Capital Co., Ltd. (江蘇高晉創業投資有限公司)	Chairman	2018-03-21	
	Changzhou Govtor Venture Capital Co., Ltd. (常州高投創業投資有限公司)	Chairman	2018-03-21	
	Yancheng Govtor Venture Capital Co., Ltd. (鹽城高投創業投資有限公司)	Chairman	2018-03-21	
	Jiangsu Xinhui Venture Capital Co., Ltd. (江蘇鑫惠創業投資有限公司)	Executive director & General manager	2018-03-21	
	WISE-WIN TECHNOLOGY LIMITED	Executive director	2018-03-21	
	Jiangsu International Trust Corporation Limited (江蘇省國際信託有限責任公司)	Director	2018-03-21	
	Jiangsu Hi-tech Venture Capital Co., Ltd. (江蘇高新創業投資有限公司)	Supervisor	2015-03-01	2018-03-21
	Changzhou High-Tech Venture Capital Co., Ltd. (常州高新技術風險投資有限公司)	Supervisor	2015-03-01	2018-03-21
	Changzhou Gaorui Venture Capital Management Co., Ltd. (常州高睿創業投資管理有限公司)	Supervisor	2015-03-01	2018-03-21
Yang Yaling	Jiangsu Wanhao Real Estate Development Co., Ltd. (江蘇萬豪房地產開發有限公司)	Supervisor	2016-03-23	2018-03-26
	Jiangsu Govtor Venture Capital Management Co., Ltd. (江蘇高投創業投資管理有限公司)	Director	2016-01-08	2018-03-26
	Jiangsu Hi-tech Venture Capital Management Co., Ltd. (江蘇高新創業投資管理有限公司)	Supervisor	2016-01-08	2018-03-26
	Wuxi Gaode Venture Capital Management Co., Ltd. (無錫高德創業投資管理有限公司)	Supervisor	2015-12-01	2018-03-26
	Jiangsu Govtor Venture Development Capital Management Co., Ltd. (江蘇高投發展創業投資有限公司)	Supervisor	2016-01-08	2018-03-26
	Jiangsu Xinhui Venture Capital Co., Ltd. (江蘇鑫惠創業投資有限公司)	Supervisor	2016-03-23	2018-03-26

Name of employee	Name of other companies	Position		Expiration of the term of office
	Jiangsu Xinchuang Capital Management Co., Ltd. (江蘇鑫創投資管理有限公司)	Supervisor	2016-03-23	2018-03-26
	Yancheng Govtor Venture Capital Co., Ltd. (鹽城高投創業投資有限公司)	Supervisor	2016-03-23	2018-03-26
	Jiangsu Gaoding Technology Venture Capital Co., Ltd. (江蘇高鼎科技創業投資有限公司)	Supervisor	2016-01-08	2018-03-26
	Nantong Gaosheng Growth Venture Capital Co., Ltd. (南通高勝成長創業投資有限公司)	Director	2016-03-23	2018-03-26
	Jiangsu Suzhou New & Hi-Tech Venture Capital Co., Ltd. (江蘇省蘇高新風險投資股份有限公司)	Supervisor	2016-03-23	2018-03-26
	Jiangsu SeuComm Corporation Ltd. (江蘇東大通信技術有限責任公司)	Supervisor	2017-03-07	2018-03-26
	Jiangsu Govtor Zijin Culture Capital Management Co., Ltd. (江蘇高投紫金文化投資管理有限公司)	Chairman	2018-03-26	
	Yangzhou Gautou Venture Investment Management Co., Ltd. (揚州高投創業投資管理有限公司)	Chairman	2018-03-26	
	Hangzhou Donghan Govtor Yangtze River Delta Equity Capital Co., Ltd. (杭州東翰高投長三角股權投資管理有限公司)	Chairman	2018-03-26	
	Jiangsu Coastal Innovative Capital Management Co., Ltd. (江蘇沿海創新資本管理有限公司)	Director	2018-04-09	
	Jiangsu Gaohong Investment Management Co., Ltd.. (江蘇高弘投資管理有限公司)	Chairman	2018-03-26	
	Changzhou Gaorui Venture Capital Management Co., Ltd. (常州高睿創業投資管理有限公司)	Chairman	2018-03-26	
	Suzhou Govtor Venture Capital Management Co., Ltd. (蘇州高投創業投資管理有限公司)	Chairman (& General Manager)	2018-03-26	
	Jiangsu Hi-tech Venture Capital Management Co., Ltd. (江蘇高新創業投資管理有限公司)	Chairman (& General Manager)	2018-03-26	
	Jiangsu Govtor Xinhai Venture Capital Co., Ltd. (江蘇高投鑫海創業投資有限公司)	Chairman	2018-03-26	
	Zhejiang Donghan Gaotou Yangtze Delta Investment Partnership (浙江東翰高投長三角投資合夥企業)	Assigned Representative of Executive Partner	2018-03-26	
	Jiangsu Govtor Development Venture Capital Co., Ltd. (江蘇高投發展創業投資有限公司)	Chairman	2018-03-26	
	Xuzhou Hi-tech Venture Capital Co., Ltd. (徐州高新創業投資有限公司)	Chairman	2018-03-26	
	Jiangsu Govtor SME Venture Capital Co., Ltd. (江蘇高投中小企業創業投資有限公司)	Chairman	2018-03-26	
	Jiangsu Yingneng Venture Capital Co., Ltd. (江蘇鷹能創業投資有限公司)	Chairman	2018-03-26	
	Govtor Mingly Growth Venture Capital Co., Ltd. (高投名力成長創業投資有限公司)	Chairman	2018-03-26	
	Yancheng Govtor Venture Capital Co., Ltd. (鹽城高投創業投資有限公司)	Chairman	2018-03-26	

Name of employee	Name of other companies	Position	Commencement of the term of office	Expiration of the term of office
Zhou Xiang	Huatai Purple Gold Investment Co., Ltd. (華泰紫金投資有限責任公司)	Supervisor	2013-08-19	2019-01-18
	Jiangsu Equity Exchange Co., Ltd. (江蘇股權交易中心有限責任公司)	Supervisor	2016-06-01	
	Nanjing Huatai Ruixing Investment Management Co., Ltd. (南京華泰瑞興投資管理有限公司)	Supervisor	2016-11-21	2019-01-25
	Huatai Ruilian Fund Management Co., Ltd. (華泰瑞聯基金管理有限公司)	Supervisor	2013-11-20	2018-08-09
Meng Qinglin	Huatai Securities (Shanghai) Asset Management Co., Ltd. (華泰證券(上海)資產管理有限公司)	Director	2014-10-16	
	Jiangsu Equity Exchange Co., Ltd. (江蘇省股權交易中心有限責任公司)	Director	2016-06-01	
Wu Zufang	Huatai Futures Co., Ltd. (華泰期貨有限公司)	Chairman & Legal Representative	2017-04-12	
Jiang Jian	Huatai International Financial Holdings Company Limited (華泰國際金融控股有限公司)	Director	2017-04-05	2018-02-28
	E-Capital Transfer Co., Ltd (證通股份有限公司)	Director	2015-01-08	2018-06-26
	Nanjing Huatai Ruitong Investment Management Co., Ltd. (南京華泰瑞通投資管理有限公司)	Director	2013-12-09	2018-01-30
	Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司)	Director	2015-08-10	
	Huatai Purple Gold Investment Co., Ltd. (華泰紫金投資有限責任公司)	Director	2013-08-19	
	Huatai Purple Gold Investment Co., Ltd. (華泰紫金投資有限責任公司)	Chairman	2017-09-07	
	Bank of Jiangsu Co., Ltd. (江蘇銀行股份有限公司)	Director	2012-05-16	
Shu Ben'e	Nanjing Huatai Ruitong Investment Management Co., Ltd. (南京華泰瑞通投資管理有限公司)	Director	2012-12-25	2018-01-30
	Nanjing Huatai Ruixing Investment Management Co., Ltd. (南京華泰瑞興投資管理有限公司)	Director	2016-11-21	2018-02-06
	Huatai United Securities Co., Ltd. (華泰聯合證券有限責任公司)	Chairman of the Supervisory Committee	2013-06-07	
	China Southern Asset Management Co., Ltd. (南方基金管理股份有限公司)	Supervisor	2003-11-29	
	Huatai Futures Co., Ltd. (華泰期貨有限公司)	Vice Chairman	2006-10-17	
Zhang Hui	China Southern Asset Management Co., Ltd. (南方基金管理股份有限公司)	Director	2016-10-18	
Wang Chong	Huatai International Financial Holdings Company Limited (華泰國際金融控股有限公司)	Director	2018-02-28	
	Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司)	Chief Risk Officer	2018-07-30	
	Huatai Securities USA Holdings, Inc.	Director	2018-09-28	
	Huatai Securities (USA), Inc.	Director	2018-09-28	
Explanation of other jobs		Nil		

III. REMUNERATION OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Decision-making procedures of remuneration of the Directors, Supervisors and senior management	The Remuneration and Appraisal Committee of the Board is responsible for advising the Board on the remuneration structure and policies of the Directors and senior management of the Company. The Board makes decisions on matters relating to the remuneration of and reward and punishment of senior management in accordance with relevant national policies, and matters relating to the remuneration of Directors and Supervisors shall be determined at the general meeting.
The basis for determining the remuneration of the Directors, Supervisors and senior management	The external Directors and external Supervisors of the Company do not receive remuneration from the Company; standard of remuneration of the independent Directors is determined with reference to that of the listed peers and based on actual situation of the Company; remuneration of internal Directors, employee Supervisors and the senior management applies relevant policies of governing authorities and the remuneration assessment system of the Company, and determined in accordance with job responsibilities and the result of annual performance, as it is linked to position and performance.
Actual payments of remuneration of the Directors, Supervisors and senior management	Please refer to "Changes in Shareholding Structure and Remuneration of Directors, Supervisors, Senior Management and Staff"
Total remuneration actually obtained by the Directors, Supervisors and senior management at the end of the Reporting Period	Approximately RMB35.5466 million

IV. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Name	Position	Change	Reason for Change
Yang Xiongsheng	Independent Non-executive Director	Resigned	Ceased to be an independent non-executive Director of the fourth session of the Board and a member of Audit Committee of the Board due to personal health conditions
Pu Baoying	Non-executive Director	Resigned	Ceased to be a non-executive Director of the fourth session of the Board and chairman of the Compliance and Risk Management Committee of the Board due to work changes
Chen Ning	Non-executive Director	Resigned	Ceased to be a non-executive Director of the fourth session of the Board and a member of Audit Committee of the Board due to work changes
Gao Xu	Non-executive Director	Resigned	Ceased to be a non-executive Director of the fourth session of the Board and a member of Development Strategy Committee of the Board due to work changes
Xu Feng	Non-executive Director	Resigned	Ceased to be a non-executive Director of the fourth session of the Board and a member of the Nomination Committee and a member of Remuneration and Assessment Committee of the Board due to work changes
Zhou Yong	Non-executive Director	Resigned	Ceased to be a non-executive Director of the fourth session of the Board and a member of the Compliance and Risk Management Committee of the Board due to work changes
Wang Huiqing	Supervisor	Resigned	Ceased to be a Supervisor of the Company due to work changes
Du Wenyi	Supervisor	Resigned	Ceased to be a Supervisor of the Company due to work changes
Liu Zhihong	Supervisor	Resigned	Ceased to be a Supervisor of the Company due to work changes
Chen Zhibin	Independent Non-executive Director	Elected	Elected by the General Meeting
Ding Feng	Non-executive Director	Elected	Elected by the General Meeting
Chen Yongbing	Non-executive Director	Elected	Elected by the General Meeting
Hu Xiao	Non-executive Director	Elected	Elected by the General Meeting
Fan Chunyan	Non-executive Director	Elected	Elected by the General Meeting
Zhu Xuebo	Executive Director	Elected	Elected by the General Meeting
Chen Ning	Supervisor	Elected	Elected by the General Meeting
Yu Lanying	Supervisor	Elected	Elected by the General Meeting
Yang Yaling	Supervisor	Elected	Elected by the General Meeting

Notes:

On March 11, 2018, due to personal health conditions, Mr. Yang Xiongsheng ceased to perform his duties as an independent non-executive Director of the fourth session of the Board of the Company and a member of the Audit Committee under the Board with immediate effect.

On June 13, 2018, the Resolution Relating to the Election of Mr. Chen Zhibin as an Independent Non-executive Director of the Fourth Session of the Board of the Company was considered and approved at the 2017 Annual General Meeting, and Mr. Chen Zhibin was elected as an independent non-executive Director of the fourth Session of the Board of the Company. As Mr. Chen Zhibin has obtained the approval of his qualification as an independent Director of a securities company from the securities regulatory authority, Mr. Chen Zhibin will serve as an independent non-executive Director of the fourth session of the Board of the Company with immediate effect and he shall hold the office till the end of the conclusion of the current session of the Board.

On October 22, 2018, the 2018 first extraordinary general meeting of the Company considered and approved the Resolution on Election of Member of Directors of the Fourth Session of the Board, and elected Ding Feng, Chen Yongbing, Hu Xiao, Fan Chunyan as non-executive Directors of the fourth Session, and Zhu Xuebo as an executive Director of the fourth Session. As Mr. Ding Feng, Mr. Chen Yongbing, Ms. Hu Xiao and Ms. Fan Chunyan, and Mr. Zhu Xuebo have obtained the approval of their qualification as Director of a securities company from Jiangsu securities regulatory authority, according to the Articles of Association, Mr. Ding Feng, Mr. Chen Yongbing, Ms. Hu Xiao and Ms. Fan Chunyan will serve as non-executive Directors in the fourth session of the Board with immediate effect, Mr. Zhu Xuebo will serve as an executive Director in the fourth session of the Board with immediate effect and they shall hold the office till the end of conclusion of the current session of the Board. Meanwhile, the meeting of the Company considered and approved the Resolution on Election of Member of Supervisors of the Fourth Session of the Board, and elected Chen Ning, Yu Lanying, and Yang Yaling as Supervisors of the Supervisory Committee. As Mr. Chen Ning, Ms. Yu Lanying and Ms. Yang Yaling have obtained the approval of their qualification as Supervisor of a securities company from Jiangsu securities regulatory authority, Mr. Chen Ning, Ms. Yu Lanying, and Ms. Yang Yaling will succeed Mr. Wang Huiqing, Mr. Du Wenyi, and Ms. Liu Zhihong to serve as Supervisors in the fourth session of the Board with immediate effect and they shall hold the office till the end of conclusion of the current session of the Board.

V. SPECIAL COMMITTEES UNDER THE BOARD

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

The Development Strategy Committee (a total of three members) : Zhou Yi, Hu Xiao and Liu Hongzhong and Zhou Yi is the chairman (convener) of the Development Strategy Committee;

The Compliance and Risk Management Committee (a total of three members): Ding Feng, Xu Qing and Fan Chunyan and Ding Feng is the chairman (convener) of the Compliance and Risk Management Committee;

The Audit Committee (a total of three members with the independent non-executive Directors accounting for more than 1/2): Lee Chi Ming, Chen Yongbing and Chen Zhibin and Lee Chi Ming is the chairman (convener) of the Audit Committee;

The Nomination Committee (a total of three members with the independent non-executive Directors accounting for more than 1/2): Chen Chuanming, Zhu Xuebo and Liu Yan and Chen Chuanming is the chairman (convener) of the Nomination Committee;

The Remuneration and Appraisal Committee (a total of three members with the independent non-executive Directors accounting for more than 1/2): Chen Chuanming, Zhu Xuebo and Liu Yan and Chen Chuanming is the chairman (convener) of the Remuneration and Appraisal Committee.

VI. INFORMATION ABOUT THE STAFF OF THE PARENT COMPANY AND MAJOR SUBSIDIARIES

(I) Information about the staff

Number of staff employed by the parent company	6,714
Number of staff employed by major subsidiaries	2,718
The total number of staff employed	9,432
Number of retired staff of the parent company and its subsidiaries that need to be paid for the cost	141

Profession Composition

Profession	**Number of staff**
Researchers	285
Investment banking professionals	588
Investment professionals	272
Asset management professionals	261
Wealth management professionals	5,731
Financial professionals	258
Administrative professionals	416
Info-tech professionals	740
Compliance and risk control professionals	422
Others	459
Total	9,432

Education

Level of education	Number (persons)
Doctor	103
Master	3,337
Bachelor	4,769
Junior college graduate and below	617
Total	8,826

Note: Due to the internal policies of corporations in the United States, the above statistics do not include those of AssetMark.

Demographics of the parent company

Dimensions	Items	Total
Profession structure	Researchers	175
	Investment banking professionals	28
	Investment professionals	199
	Wealth management professionals	5,128
	Financial professionals	176
	Administrative professionals	106
	Info-tech professionals	575
	Compliance and risk control professionals	259
	Others	68
Levels of education	Doctor	64
	Master	2,160
	Bachelor	4,009
	Junior college graduate and below	481
Total		6,714

(II) Remuneration policy

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

Pursuant to relevant laws and regulations, the Company makes full payments to social insurances (pension insurance, medical insurance, unemployment insurance, job-related injury insurance and maternity insurance) and housing fund accounts for staff in accordance with laws. Meanwhile, the Company has established the supplementary medical insurance plan and enterprise annuity plan to improve supplementary medical care and retirement treatment of staff.

(III) Training programs

In line with the development trend of industry innovation and transformation, the Company continued to centralize its training on the aspects including business innovation, employee orientation, common skills, management capability and cultivation of internal trainers. The Company propelled training programs with a combination of centralized trainings and external trainings as well as on-site trainings and HTSC Cloud Academy trainings; its annual training plan was implemented smoothly. During the year of 2018, the Company undertook 43 centralized trainings, 32 Huatai Forums, 11 live broadcasts and 130 off-site trainings, with approximately 4,500 participants on site and over 20,000 participants via remote video or live broadcasts, and over 250,000 participants by self-studying through online trainings. In 2018, the Company's internal trainers provided 450 hours of lectures in total and developed over 160 courses.

VII. CUSTOMER SOLICITATION AND CUSTOMER SERVICES BY THE BROKERS COMMISSIONED BY THE COMPANY

As of the end of the Reporting Period, the Company had a total of 1,047 securities brokers.

In building its sales team, the Company upheld the commitment to expand the business in compliance with regulations and protect the rights and interests of investors, so as to achieve a concentrated and unified management through the improvement of effective management system covering qualification management, training management, behavioral code, information inquiry, customer survey, abnormal transaction monitoring, mal-practice punishment, performance evaluation, etc. The Company and its branches duly performed the responsibilities and watched over each other, as regular inspections and non-scheduled spot-checks were introduced to ensure the standardization and effectiveness of management.

All branches of the Company could implement corporate rules on the daily operation management of sales staff stringently, sales staff monitoring system could warn the abnormal trading behavior of customers under the name of sales staff in time, and risk control professionals could review and handle the alert information. All the branches could properly handle the complaints of customers in time, report illegal behaviors of sales staff to the regulatory authorities in time, hold accountable those responsible, and rectify problems found in the self-inspection in time.

CORPORATE GOVERNANCE

I. DESCRIPTION OF CORPORATE GOVERNANCE

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

(I) Corporate governance

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

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

Strategic Management System of the Company	Has been disclosed publicly on the website of the Shanghai Stock Exchange
Mid-term Shareholders' Return Plan of the Company (2017-2019)	Has been disclosed publicly on the website of the Shanghai Stock Exchange

During the Reporting Period, the Company revised and improved its Articles of Association in accordance with the Company's implementation of "integration of three certificates into one", the actual condition of non-public issuance of A shares, the relevant recommendations made by the Letter of Suggestions of Shareholders of China Securities Investor Services Center, and the relevant provisions and requirements of the party construction work of domestic and state-owned enterprises in Jiangsu Province, as well as relevant laws and regulations and their actual conditions; in order to further standardize the decision making for the Company's related-party transactions to improve and optimize its internal related-party transactions management, enhance the standard operating level of the Company, and protect the legitimate rights and interests of investors, the Company revised and improved the Management System for Related-party Transactions. Revisions of such systems were approved by the general meeting of Company. Meanwhile, the Company also revised the Basic System of Risk Management of the Company in accordance with relevant regulations, which was approved by the Board of Directors of the Company. In addition, during the Reporting Period, the Company adjusted the members of the fourth session of the Board of Directors and the special committees under the Board of Directors after reviewed and approved by the Board of Directors, the Supervisory Committee and the general meeting of the Company, so as to give full play to its professional advantages and improve the efficiency and quality of decision-making. Through the establishment and improvement as well as the full implementation of the above systems, the corporate governance structure has been continuously standardized and improved.

The convening, holding and voting procedures of the general meeting, the Board of Directors and the Supervisory Committee of the Company were standard, legal and valid, and the Company disclosed truthful and accurate information in a complete, timely and fair manner. The Company carried out investor relationship management in a standard and professional manner, and carried out inside information management and registration of insiders in strict compliance with the requirements of the System regarding Insider Registration and Management and Confidentiality of the Company and other relevant rules. The Company adhered to the principle of scientificity, standardization and transparency when practicing corporate governance. The Company was once again rated Class A Level AA in the assessment of securities firms conducted by the CSRC in 2018, and was rated as the highest level A in the 2017-2018 information disclosure evaluation of listed companies organized by the Shanghai Stock Exchange during the Reporting Period.

1. Shareholders and the General Meeting

The shareholders' general meeting is the organ of the highest authority of the Company, and the shareholders exercise their rights through the shareholders' general meeting. The Company convenes and holds shareholders' general meetings in strict accordance with the relevant provisions of the Articles of Association and the Rules of Procedures for General Meetings to ensure the equal status of all shareholders, in particular the minority shareholders, and enable them to exercise their rights completely. The largest shareholder and the de facto controller of the Company exercised their rights in accordance with the laws, regulations and the Articles of Association, and neither directly or indirectly intervened in the decisions and operations of the Company beyond the general meeting nor appropriated any fund of the Company or requested the Company to provide any external guarantee. The Company was completely independent from its largest shareholder and de facto controller in terms of staff, assets, finance, organization and business.

2. Directors and the Board

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

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

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

During the Reporting Period, on the basis of the completion of the Non-public Issuance of new A Shares to introduce strategic investors, the Company introduced new strategic Shareholder representatives to act as Directors of the Company, further constructing a Board with diversified composition and complementary advantages.

3. Supervisors and the Supervisory Committee

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

4. Senior Management of the Company

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

5. Information Disclosure and Transparency of the Company

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

6. Stakeholders

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

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

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

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

In December 2011, according to the Provisions on the Establishment of an Insider Registration and Management System by Listed Companies (CSRC Announcement [2011] No. 30) (《關於上市公司建立內幕信息知情人登記管理制度的規定》(證監會公告[2011]30號)) by the CSRC and the Circular on Filing Records of Insiders by Listed Companies (Shang Zheng Gong Han [2011] No. 1501) (《關於做好上市公司內幕信息知情人檔案報送工作的通知》(上證公函[2011]1501號)) by the Shanghai Stock Exchange, the Company made amendments to the System regarding Insider Registration, Management and Confidentiality, which were considered and approved at the 7th meeting of the second session of the Board.

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

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

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

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

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

(1) to formulate and review the corporate governance policies and practices of the Company;

(2) to review and monitor the training and continuous professional development of the Directors and the senior management;

(3) to review and monitor the Company's policies and practices on compliance with laws and regulatory requirements;

(4) to formulate, review and monitor the code of conduct and compliance manual (if any) applicable to monitor employees and Directors;

(5) to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

(IV) Securities Transactions by Directors, Supervisors and Employees

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

II. BRIEF INTRODUCTIONS TO THE GENERAL MEETINGS

Meeting	Convening date	Resolutions	Status	Enquiry index of the websites designated for publication of the resolutions	Date of disclosure of the publication of the resolution
2017 Annual General Meeting	2018-06-13	1. To consider and approve the 2017 Work Report of the Board of the Company; 2. To consider and approve the 2017 Work Report of the Supervisory Committee of the Company; 3. To consider and approve the 2017 Final Financial Report of the Company; 4. To consider and approve the 2017 Annual Report of the Company; 5. To consider and approve the resolution on the estimated ordinary transactions with related parties of the Company for 2018; 6. To consider and approve the resolution on the estimated investment amount for the proprietary business of the Company for 2018; 7. To consider and approve the resolution on the re-appointment of the accounting firm of the Company for 2018; 8. To consider and approve the resolution on amendments to the Regulations on the Management of Transactions with Related Parties of Huatai Securities Co., Ltd.; 9. To consider and approve the resolution on the election of Mr. Chen Zhibin as an independent non-executive Director of the fourth session of the Board of the Company; 10. To consider and approve the 2017 Profit Distribution Plan of the Company; 11. To consider and approve the resolution on amendments to the Articles of Association; 12. To consider and approve the resolution on the grant of general mandate to the Board to issue Shares; 13. To consider and approve the resolution on the proposed extension of the validity period of resolution of the general meeting on the Non-public Issuance; 14. To consider and approve the resolution on the proposed extension of the validity period of authorization granted by the general meeting to the Board and its authorized persons to deal with matters in respect of the Non-public Issuance; 15. Debriefing of the Work Report of Independent Directors of the Company for 2017; 16. Debriefing of the Report on Performance Assessment and Remuneration of the Directors of the Company in 2017; 17. Debriefing of the Report on Performance Assessment and Remuneration of the Supervisors of the Company in 2017; 18. Debriefing of the Report on Execution of Duty, Performance Assessment and Remuneration of Senior Management of the Company for 2017.	All resolutions were considered and approved	http://www.sse.com.cn http://www.hkexnews.hk http://www.htsc.com.cn	2018-06-14

Meeting	Convening date	Resolutions	Status	Enquiry index of the websites designated for publication of the resolutions	Date of disclosure of the publication of the resolution
The first extraordinary general meeting in 2018	2018-10-22	1. To consider and approve the 2018 interim profit distribution plan of the Company; 2. To consider and approve the resolution on the plan of the AssetMark Overseas Listing; 3. To consider and approve the resolution on the compliance of the AssetMark Overseas Listing with the Notice on Issues in Relation to Regulating Overseas Listing of Subsidiaries of Domestic Listed Companies; 4. To consider and approve the resolution on the undertaking of maintaining independent listing status of the Company; 5. To consider and approve the resolution on the description of the sustainable profitability and prospects of the Company; 6. To consider and approve the resolution on the authorization granted to the Board and its authorized party(ies) in dealing with matters regarding the AssetMark Overseas Listing; 7. To consider and approve the resolution on the provision of assured entitlement only to H Shareholders for the AssetMark Overseas Listing; 8. To consider and approve the resolution on the amendment to the Articles of Association; 9. To consider and approve the resolution on the Issuance and Admission of GDRs; 10. To consider and approve the resolution on the proposal on the Issuance and Admission of GDRs; 11. To consider and approve the resolution on the validity period of the resolutions in respect of the Issuance and Admission of GDRs; 12. To consider and approve the resolution on the granting of authorization to the Board and such persons authorized by the Board to consider in their sole discretion matters in connection with the Issuance and Admission of GDRs; 13. To consider and approve the resolution on the plan for distribution of accumulated profits prior to the Issuance and Admission of GDRs; 14. To consider and approve the resolution on the Report on the Use of the Proceeds Raised in the Previous Issuance of Shares by the Company; 15. To consider and approve the resolution on the plan for the use of proceeds from the Issuance and Admission of GDRs; 16. To consider and approve the resolution on the election of non-executive Directors and executive Directors; 17. To consider and approve the resolution on the election of Shareholder Supervisors.	All resolutions were considered and approved except for No. 7 resolution	http://www.sse.com.cn http://www.hkexnews.hk http://www.htsc.com.cn	2018-10-23

Meeting	Convening date	Resolutions	Status	Enquiry index of the websites designated for publication of the resolutions	Date of disclosure of the publication of the resolution
The first A Shareholders' Class Meeting for 2018	2018-10-22	1. To consider and approve the resolution on the provision of assured entitlement only to H Shareholders for the AssetMark Overseas Listing; 2. To consider and approve the resolution on the Issuance and Admission of GDRs; 3. To consider and approve the resolution on the proposal on the Issuance and Admission of GDRs; 4. To consider and approve the resolution on the validity period of the resolutions in respect of the Issuance and Admission of GDRs; 5. To consider and approve the resolution on the granting of authorization to the Board and such persons authorized by the Board to consider in their sole discretion matters in connection with the Issuance and Admission of GDRs; 6. To consider and approve the resolution on the distribution of accumulated profits prior to the Issuance and Admission of GDRs; 7. To consider and approve the resolution on the plan for the use of proceeds from the Issuance and Admission of GDRs.	All resolutions were considered and approved except for No. 1 resolution	http://www.sse.com.cn http://www.hkexnews.hk http://www.htsc.com.cn	2018-10-23
The first H Shareholders' Class Meeting for 2018	2018-10-22	1. To consider and approve the resolution on the provision of assured entitlement only to H Shareholders for the AssetMark Overseas Listing; 2. To consider and approve the resolution on the Issuance and Admission of GDRs; 3. To consider and approve the resolution on the proposal on the Issuance and Admission of GDRs; 4. To consider and approve the resolution on the validity period of the resolutions in respect of the Issuance and Admission of GDRs; 5. To consider and approve the resolution on the granting of authorization to the Board and such persons authorized by the Board to consider in their sole discretion matters in connection with the Issuance and Admission of GDRs; 6. To consider and approve the resolution on the distribution of accumulated profits prior to the Issuance and Admission of GDRs; 7. To consider and approve the resolution on the plan for the use of proceeds from the Issuance and Admission of GDRs.	All resolutions were considered and approved	http://www.sse.com.cn http://www.hkexnews.hk http://www.htsc.com.cn	2018-10-23

Explanations on general meetings

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

1. The 2017 annual general meeting of the Company, with on-site & network voting methods adopted, was held at the Conference Room of Renaissance Nanjing Olympic Centre Hotel (No. 139, Aoti Street, Jianye District, Nanjing, Jiangsu Province, the PRC). The general meeting was organized by the Board of Directors and hosted by the Chairman – Zhou Yi. Certain Directors, Supervisors and the secretary to the Board attended the meeting and certain senior management of the Company and witnessing lawyers employed by the Company and relevant personnel of Computershare Hong Kong Investor Services Limited sat in the meeting. The meeting was convened and held and its voting method was in conformity with relevant regulations such as Company Law and Articles of Association and so on. Details of relevant announcements on the resolutions of the general meeting can be found on the website of the Shanghai Stock Exchange (http://www.sse.com.cn), the HKEXnews website of the HKEX (http://www.hkexnews.hk) and our Company's website (http://www.htsc.com.cn) and China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times published on June 14, 2018.

2. The Company's first extraordinary general meeting in 2018, with on-site & network voting methods adopted, was held at the Conference Room of Renaissance Nanjing Olympic Centre Hotel (No. 139, Aoti Street, Jianye District, Nanjing, Jiangsu Province, the PRC). The general meeting was organized by the Board of Directors and hosted by the Chairman – Zhou Yi. Certain Directors, Supervisors and the secretary to the Board attended the meeting and certain senior management of the Company and witnessing lawyers employed by the Company and relevant personnel of Computershare Hong Kong Investor Services Limited sat in the meeting. The meeting was convened and held and its voting method was in conformity with relevant regulations such as Company Law and Articles of Association and so on. Details of relevant announcements on the resolutions of the general meeting can be found on the website of the Shanghai Stock Exchange (http://www.sse.com.cn), the HKEXnews website of the HKEX (http://www.hkexnews.hk) and our Company's website (http://www.htsc.com.cn) and China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times published on October 23, 2018.

3. The Company's first A Shareholders' Class Meeting for 2018, with on-site & network voting methods adopted, was held at the Conference Room of Renaissance Nanjing Olympic Centre Hotel (No. 139, Aoti Street, Jianye District, Nanjing, Jiangsu Province, the PRC). The general meeting was organized by the Board of Directors and hosted by the Chairman – Zhou Yi. Certain Directors, Supervisors and the secretary to the Board attended the meeting and certain senior management of the Company and witnessing lawyers employed by the Company and relevant personnel of Computershare Hong Kong Investor Services Limited sat in the meeting. The meeting was convened and held and its voting method was in conformity with relevant regulations such as Company Law and Articles of Association and so on. Details of relevant announcements on the resolutions of the general meeting can be found on the website of the Shanghai Stock Exchange (http://www.sse.com.cn), the HKEXnews website of the HKEX (http://www.hkexnews.hk) and our Company's website (http://www.htsc.com.cn) and China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times published on October 23, 2018.

4. The Company's first H Shareholders' Class Meeting for 2018, with on-site voting method adopted, was held at the Conference Room of Renaissance Nanjing Olympic Centre Hotel (No. 139, Aoti Street, Jianye District, Nanjing, Jiangsu Province, the PRC). The general meeting was organized by the Board of Directors and hosted by the Chairman – Zhou Yi. Certain Directors, Supervisors and the secretary to the Board attended the meeting and certain senior management of the Company and witnessing lawyers employed by the Company and relevant personnel of Computershare Hong Kong Investor Services Limited sat in the meeting. The meeting was convened and held and its voting method was in conformity with relevant regulations such as Company Law and Articles of Association and so on. Details of relevant announcements on the resolutions of the general meeting can be found on the website of the Shanghai Stock Exchange (http://www.sse.com.cn), the HKEXnews website of the HKEX (http://www.hkexnews.hk) and our Company's website (http://www.htsc.com.cn) and China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times published on October 23, 2018.

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

III. MEETINGS OF THE BOARD DURING THE REPORTING PERIOD

Meeting name	Time	Meeting form and place	Meeting motion	Status
The 11th Meeting of the Fourth Session of the Board	2018-03-12	By means of teleconference	1. To consider the proposal on the election of Mr. Chen Zhibin as an independent non-executive Director of the fourth session of the Board of the Company; 2. To consider the resolution on adjustment of members of the Audit Committee of the fourth session of the Board of the Company.	All resolutions were considered and approved
The 12th Meeting of the Fourth Session of the Board	2018-03-28	By means of on-site meeting. Address: Large Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing	1. To consider the 2017 Work Report of the President of the Company; 2. To consider the 2017 Financial Final Report of the Company; 3. To consider the 2018 Financial Budget Report of the Company; 4. To consider the proposal on the 2017 Profit Distribution of the Company; 5. To consider the 2017 Work Report of the Board of the Company; 6. To consider the resolution on the 2017 Annual Report of the Company; 7. To consider the resolution on the 2017 Annual Compliance Report of the Company; 8. To consider the resolution on the 2017 Annual Risk Management Report of the Company; 9. To consider the resolution on the 2017 Annual Internal Control Evaluation Report of the Company; 10. To consider the resolution on the 2017 Social Responsibility Report of the Company; 11. To consider the proposal on the estimated ordinary transactions with related parties of the Company for 2018; 12. To consider the proposal on the estimated investment amount for the proprietary business of the Compamy for 2018; 13. To consider the resolution on the re-appointment of the accounting firm by the Company; 14. To consider the resolution on change of accounting policies and Amendments to the Accounting System of the Company; 15. To consider the resolution on the formulation of Administrative Measures for Investment of Huatai Securities Co., Ltd.; 16. To consider the resolution on the formulation of Administrative Measures for External Donations of Huatai Securities Co., Ltd.; 17. To consider the resolution on amendments to the Administrative Measures for System Construction of Huatai Securities Co., Ltd.; 18. To consider the resolution on amendments to the Administrative Measures for Assessment and Remuneration of Senior Management of Huatai Securities Co., Ltd.; 19. To consider the resolution on amendments to the Regulations on the Management of Transactions with Related Parties of Huatai Securities Co., Ltd.; 20. To consider the resolution on the amendments to the Articles of Association of Huatai Securities Co., Ltd.; 21. To consider the Report on Performance Assessment and Remuneration of the Directors of the Company in 2017;	All resolutions were considered and approved

Meeting name	Time	Meeting form and place	Meeting motion	Status
			22. To consider the report on Execution of Duty, Performance Assessment and Remuneration of the Senior Management of the Company in 2017; 23. To consider the resolution on convening the 2017 General Meeting of the Company; 24. Debriefing of the Work Report of Independent Directors of the Company for 2017; 25. Debriefing of the Report on Performance of Duties by the Audit Committee of the Board of the Company in 2017; 26. Debriefing of the Work Report of the Chief Compliance Officer of the Company for 2017; 27. Examination on Report on Execution of the Net Capital and Other Risk Control Indicators of the Company for 2017.	
The 13th Meeting of the Fourth Session of the Board	2018-04-26	By means of on-site & video meetings. Address: Large Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing; Conference Room I (HD Video Conference Room), Huatai United Securities, Floor 6, Building A, Fengming International Building, No. 22, Fengsheng Alley, Xicheng District, Beijing; HD Video Conference Room, Shanghai Branch Office of Huatai Securities, Floor 25, Poly Plaza, No. 18, Dongfang Road, Pudong New Area, Shanghai; Medium-size Conference Room, Floor 24, China Railway Construction 1818 Center, No. 109, Zhongbei Road, Wuchang District, Wuhan.	Resolution on the First Quarterly Report of the Company for 2018.	The resolution was considered and approved
The 14th Meeting of the Fourth Session of the Board	2018-05-21	By means of teleconference	1. To consider the resolution on proposed grant of general mandate by the General Meeting to the Board to issue Shares; 2. To consider the resolution on extension of the validity period of the resolution of the General Meeting on the Non-public Issuance of A Shares; 3. To consider the resolution on extension of the validity period of the authorization granted by the General Meeting to the Board and its authorized person to handle relevant matters of the non-public issuance of A Shares;	All resolutions were considered and approved

Meeting name	Time	Meeting form and place	Meeting motion	Status
			4. To consider the resolution on the "13th Five-year" Plan for Strategic Development of Huatai Securities (Revised Edition) and the Work Plan of Huatai Securities on Taking the Lead in High-quality Development cum Three-year Action Plan for Building A Top-ranking Enterprise; 5. To consider the resolution on general mandate for external donations of the Company in 2018.	
The 15th Meeting of the Fourth Session of the Board	2018-06-27	By means of teleconference	To consider the resolution on adjustment of internal organizations of the Company.	The resolution was considered and approved
The 16th Meeting of the Fourth Session of the Board	2018-08-30	By means of on-site & video meetings. Address: Large Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing; Conference Room I (HD Video Conference Room), Huatai United Securities, Floor 6, Building A, Fengming International Building, No. 22, Fengsheng Alley, Xicheng District, Beijing; HD Video Conference Room, Shanghai Branch Office of Huatai Securities, Floor 25, Poly Plaza, No. 18, Dongfang Road, Pudong New Area, Shanghai.	1. To consider the resolution on the 2018 Interim Report of the Company; 2. To consider the proposal on Interim Profit Distribution of the Company for 2018; 3. To consider the resolution on revising the Company's Basic System of Risk Management; 4. To consider the resolution on increasing the registered capital of the Company's wholly-owned subsidiary – Huatai International Financial Holdings Limited; 5. To consider the resolution on the Company's provision of guarantee commitment on net capital for its holding subsidiary – Huatai United Securities Co., Ltd.; 6. To consider the resolution on relevant consolidation of Jiangsu Equity Exchange Center Co., Ltd. and Suzhou Equity Exchange Center Co., Ltd.; 7. To consider the resolution on employee stock ownership plan of China Southern Asset Management Co., Ltd.; 8. To consider the proposal on electing members of the fourth session of the Board of the Company; 9. To consider the resolution on amendments to the Articles of Association of Huatai Securities Co., Ltd.; 10. To consider the resolution on the overseas listing plan of AssetMark; 11. To consider the resolution on the overseas listing of AssetMark complying with the Circular on Several Issues Concerning the Standardization on Overseas Listing of Subordinated Enterprises of Domestically-listed Companies; 12. To consider the resolution on the Company's commitment to maintaining its independent listing status; 13. To consider the resolution on description and prospect of the Company's sustained profitability; 14. To consider the resolution on the provision of guaranteed quota only to H Shareholders of the Company regarding the overseas listing of AssetMark; 15. To consider the resolution on authorizing the Board and its authorized person to handle relevant matters of overseas listing of AssetMark; 16. To consider the resolution on convening the Company's 2018 First Extraordinary General Meeting 2018 First A Shareholders' Class Meeting and First H Shareholders' Class Meeting; 17. Examination on the Report on Capital and Other Risk Control Indicators of the Company for the First Half of 2018.	All resolutions were considered and approved

Meeting name	Time	Meeting form and place	Meeting motion	Status
The 17th Meeting of the Fourth Session of the Board	2018-09-25	By means of on-site meeting & teleconference. Address of on-site meeting: Large Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing.	1. To consider the resolution on the Company's issuance of GDRs and listing on the London Stock Exchange; 2. To consider the resolution on the proposal of the Company's issuance of GDRs and Listing on the London Stock Exchange; 3. To consider the resolution on the validity period of the resolution on the Company's issuance of GDRs and listing on the London Stock Exchange; 4. To consider the resolution on giving the Board and Its authorized Person Full power to handle relevant matters of the issuance of GDRs and Listing on the London Stock Exchange; 5. To consider the resolution on determining the person authorized by the Board; 6. To consider the resolution on distribution plan of accumulated profits before the Company's issuance of GDRs and listing on the London Stock Exchange; 7. To consider the resolution on the report of the use of proceeds from the previous issuance of Shares by the Company; 8. To consider the resolution on the plan on the use of proceeds from the Company's issuance of GDRs.	All resolutions were considered and approved
The 18th Meeting of the Fourth Session of the Board	2018-10-22	By means of teleconference	To consider the resolution on the composition adjustment of Special Committees of the fourth session of the Board.	The resolution was considered and approved
The 19th Meeting of the Fourth Session of the Board	2018-10-30	By means of on-site meeting & teleconference. Address of on-site meeting: Large Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing.	To consider the resolution on the Third Quarterly Report of the Company for 2018.	The resolution was considered and approved

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

IV. MEETINGS OF THE SUPERVISORY COMMITTEE DURING THE REPORTING PERIOD

Meeting name	Time	Meeting form and place	Meeting motion	Status
The 6th Meeting of the Fourth Session of the Supervisory Committee	2018-03-28	By means of on-site meeting. Address: Small Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing.	1. To consider the work Report of the Board of Supervisors; 2. Proposal on the 2017 Profit Distribution of the Company; 3. Resolution on the 2017 Annual Report of the Company; 4. To consider the resolution on the 2017 Annual Internal Control Evaluation Report of the Company; 5. To consider the resolution on change of accounting policies and amendments to the accounting System of the Company; 6. To consider the report on Performance Assessment and Remuneration of the Supervisors of the Company in 2017; 7. Debriefing of the Report on Internal Audit of the Company in 2017; 8. Debriefing of the internal audit work plan of the Company for 2018.	All resolutions were considered and approved
The 7th Meeting of the Fourth Session of the Supervisory Committee	2018-04-26	By means of on-site meeting. Address: Small Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing.	To consider the resolution on the First Quarterly Report of the Company for 2018.	The resolution was considered and approved
The 8th Meeting of the Fourth Session of the Supervisory Committee	2018-08-30	By means of on-site meeting. Address: Small Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing.	1. To consider the resolution on interim Report of the Company; 2. To consider the proposal on the 2018 interim profit distribution of the Company; 3. To consider the proposal on the election of members of the fourth session of the Board of Supervisors of the Company.	All resolutions were considered and approved
The 9th Meeting of the Fourth Session of the Supervisory Committee	2018-10-30	By means of on-site meeting. Address: Small Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing.	To consider the resolution on the Third Quarterly Report of the Company for 2018.	The resolution was considered and approved

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

V. PERFORMANCE OF DUTIES OF DIRECTORS

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

			Attendance at Board meetings					Attendance at general meetings
Name of Director	Whether or not he/she is an independent Director	Times of attendance at Board meetings during the year	Attendance in person	Attendance by means of teleconference	Attendance by proxy	Absence	Whether or not he/she failed to attend the meeting in person for two consecutive times	Times of attendance at general meetings
Zhou Yi	No	9	9	4	—	—	No	4
Pu Baoying	No	7	3	3	4	—	Yes	—
Chen Ning	No	7	6	3	1	—	No	—
Gao Xu	No	7	5	3	2	—	Yes	4
Ding Feng	No	2	2	1	—	—	No	—
Xu Feng	No	7	4	3	3	—	Yes	—
Chen Yongbing	No	2	2	1	—	—	No	—
Xu Qing	No	9	8	4	1	—	No	4
Zhou Yong	No	7	5	3	2	—	No	1
Hu Xiao	No	2	2	1	—	—	No	—
Fan Chunyan	No	2	2	1	—	—	No	—
Zhu Xuebo	No	2	2	1	—	—	No	—
Chen Chuanming	Yes	9	9	4	—	—	No	3
Liu Hongzhong	Yes	9	8	4	1	—	No	4
Lee Chi Ming	Yes	9	8	4	1	—	No	1
Liu Yan	Yes	9	7	4	2	—	No	—
Chen Zhibin	Yes	5	5	2	—	—	No	3

During the Reporting Period, Pu Baoying, Gao Xu and Xu Feng failed to attend Board meetings in person for two consecutive times for business reasons, and thus entrusted other Directors in writing to exercise voting rights on their behalf.

Number of Board meetings held within the year	9
Of which: number of on-site meetings	1
Number of meetings held by teleconference	4
Number of meetings held on-site and via teleconference	4

(II) Objections Raised by Independent Directors to Relevant Matters of the Company

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

(III) Others

1. Board of Directors and the Operation Management

(1) Composition of the Board

According to the relevant regulations of Articles of Association of the Company, the Board shall be composed of 13 Directors, with the number of independent Directors accounting for at least 1/3 of the total number; the Board shall have one staff representative Director who is elected by the Company's staff in a democratic way via congress of workers and staff, general membership meeting or other forms and is directly allowed to enter the Board. On December 21, 2016, the non-staff representative Director of the fourth session of the Board was elected in the Company's third extraordinary general meeting in 2016. During the Reporting Period, as considered and approved in the general meeting of 2017 and the first extraordinary general meeting of 2018, the Company adjusted the members of the fourth session of the Board. As of the end of the Reporting Period, there were 12 members in the Board, including 2 executive Directors (Zhou Yi, Zhu Xuebo), 5 non-executive Directors (Ding Feng, Chen Yongbing, Xu Qing, Hu Xiao, Fan Chunyan) and 5 independent non-executive Directors (Chen Chuanming, Liu Hongzhong, Lee Chi Ming, Liu Yan, Chen Zhibin), and congress of workers and staff will be held as soon as possible to elect one appropriate staff representative Director to perform the duty of Director in the Board.

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

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

(2) Duties and Responsibilities of the Board

The Board is the decision-making body of the Company and is accountable to the general meeting. According to the Articles of Association of the Company, the Board shall exercise the following major functions and powers: to convene general meetings and report work to general meetings; to carry out the resolutions of the general meetings; to resolve on the business & investment plans of the Company; to prepare annual financial budget plan and final accounting plan of the Company; to prepare profit distribution plan and loss remedy plan of the Company; to formulate proposals of the Company on increasing or decreasing the registered capital, issuing bonds or other securities and the listing plan; to formulate plans for material acquisition, purchase of shares of the Company, merger, division, dissolution or transformation of the Company; to determine, within the authority granted by the general meeting, such matters as external investment, acquisition and disposal of assets, asset mortgage, external guarantee, entrusted wealth management, related-party transactions, etc.; to decide on the establishment of the Company's internal management organizations; to appoint or dismiss the Company's president and secretary to the Board; to appoint or dismiss the vice president, financial controllers and other senior management of the Company according to the nominations by the

president, and to decide the matters on their remuneration and rewards as well as penalties; to set up the basic management system of the Company; to formulate the proposals for any amendment to the Articles of Association; to manage the Company's information disclosure; to propose to the general meeting the appointment or replacement of the accounting firms which provide audit services for the Company; to listen to the work reports of the president and review his/her work; to decide the Company's compliance management objectives and assume the responsibility for the effectiveness of compliance management, including but not limited to: considering and approving the basic system for compliance management and the annual compliance report, evaluating the effectiveness of compliance management, urging to solve problems in compliance management, establishing the mechanism for direct communication with the chief compliance officer, guaranteeing the chief compliance officer's assessment on the senior management, various departments and branches, subsidiaries at all levels, Compliance Department and compliance management personnel; to formulate the risk control system of the Company; to determine Directors' remunerations and distribution plan thereof; and to exercise other functions and powers authorized by laws, administrative regulations, departmental rules or the Articles of Association.

(3) Duties and Responsibilities of the Operation Management

According to the Articles of Association of the Company, the principal person in charge of operational management of the Company shall report the conditions of the signing and execution of material contracts, usage of fund as well as profit and loss of the Company to the Board or Supervisory Committee as required by the Board of Directors or Supervisory Committee. The principal person in charge of operational management refers to the Company's president, or the person in charge of the management committee or executive committee exercising the power of the president of the Company. The Company's president shall be responsible for the Board and mainly exercise the following functions and powers: to manage the daily business operations of the Company, organize implementation of the resolutions of the Board, and report work to the Board; to formulate the development plan, annual operational & investment plans of the Company; to organize implementation of the annual operational & investment plans of the Company; to prepare the plan for the setting of internal management structure of the Company; to formulate the basic management system of the Company; to prepare the specific rules of the Company; to represent the Company to handle important external businesses and matters; to propose to the Board the appointment or removal of the Company's vice president, financial controller, chief compliance officer, chief risk officer and other senior management; to decide to appoint or dismiss executives other than those who shall be appointed or dismissed by the Board; to decide the rewards and punishments, promotion and demotion, salary increase and decrease, appointment, dismissal and recruitment of staff of the Company; to temporarily handle the emergencies in business activities which shall be decided by the Board and reported to the Board after that; and to exercise other functions and powers authorized by the Articles of Association or the Board.

(4) Implementation by the Board of Resolutions Passed at General Meetings

1) On June 21, 2017, Resolution on General Mandate for Domestic and Overseas Debt Financing Tools of the Company was reviewed and passed at the Company's general meeting of 2016. According to the resolution, after being approved by Letter on Unanimity for Listing Transfer of Privately Issued Subordinated Debts of Huatai Securities Co., Ltd. (Shang Zheng Han [2017] No. 1127) of the Shanghai Stock Exchange, the Company privately issued two tranches of subordinated bonds totalling RMB3.8 billion during the Reporting Period.

2) On June 21, 2017, Resolution on General Mandate for Domestic and Overseas Debt Financing Tools of the Company was reviewed and passed at the Company's general meeting of 2016. According to the resolution, after being approved by Approud for the Public Issuance of Corporate Bonds by Huatai Securities Co., Ltd. to Qualified Investors (Zheng Jian Xu Ke [2018] No. 1756) of the CSRC, the Company publicly issued one tranche of corporate bonds totalling RMB4 billion during the Reporting Period.

3) On June 21, 2017, Resolution on General Mandate for Domestic and Overseas Debt Financing Tools of the Company was reviewed and passed at the Company's general meeting of 2016. According to the resolution, after being approved by Letter on Unanimity for Listing Transfer of Privately Issued Short-term Corporate Bonds of the Securities Company by Huatai Securities Co., Ltd. (Shang Zheng Han [2017] No. 1173) of the Shanghai Stock Exchange, the Company privately issued one tranche of short-term corporate bonds totalling RMB4.6 billion during the Reporting Period.

4) On June 21, 2017, a series of resolutions, including the Resolution on the Company's Non-public Issuance of New A Shares were considered and approved at the Company's general meeting of 2016. According to the resolution, during the Reporting Period, upon receiving CSRC's Approval in Relation to the Non-Public Issuance of Shares by Huatai Securities Co., Ltd. (Zheng Jian Xu Ke (2018) No. 315), the Company completed the Non-Public Issuance of 1,088,731,200 RMB-denominated ordinary shares (A shares) by way of "Non-Public Issuance to Specific Investors", and listed the same on Shanghai Stock Exchange.

5) On June 13, 2018, Resolution on the Estimated Ordinary Transactions with Related Parties of the Company for 2018 was considered and approved at the Company's general meeting of 2017. For details of the actual performance of ordinary transactions with related parties of the Company during the Reporting Period according to the resolution, please refer to "Material Related-party Transactions" under "Major Events" in this report.

6) On June 13, 2018, Resolution on the Estimated Investment Amount of the Company's Proprietary Business for 2018 was considered and approved at the Company's general meeting of 2017. According to the resolution, during the Reporting Period, related business indicators of the Company were controlled within the authorized scope of the shareholders' general meeting.

7) On June 13, 2018, Resolution on the Re-appointment of the Accounting Firm of the Company was considered and approved at the Company's general meeting of 2017. According to the resolution, during the Reporting Period, the Company continued to appoint KPMG Huazhen LLP (Special General Partnership) to handle 2018 annual financial statements and internal control auditing services for the Company and its holding subsidiaries, and to issue the audit report of A shares and internal control auditing report; the Company also appointed KPMG for auditing services of H Shares for the Company, and to issue the audit report of H Shares.

8) On June 13, 2018, Resolution on Electing Mr Chen Zhibin as Independent Non-executive Director of the Fourth Session of the Board of Directors of the Company was considered and approved at the Company's general meeting of 2017. On October 22, 2018, Resolution on Electing Members of the Fourth Session of the Board of the Company was reviewed and passed at the first extraordinary general meeting of the Company in 2018. According to the resolution, during the Reporting Period, Mr. Chen Zhibin started to perform duties of an independent non-executive Director of the fourth session of the Board, Mr. Ding Feng, Mr. Chen Yongbing, Ms. Hu Xiao and Ms. Fan Chunyan started to perform duties of a non-executive Director of the fourth session of the Board, and Mr. Zhu Xuebo started to perform duties of an executive Director of the fourth session of the Board, after obtaining official reply from Jiangsu Securities Regulatory Bureau on approving the qualification for acting as independent Director and Director of the Company.

9) On October 22, 2018, Resolution on Interim Profit Distribution of the Company for 2018 was considered and approved at the first extraordinary general meeting of the Company in 2018. According to the resolution, during the Reporting Period, based on a total share of 8,251,500,000, the Company distributed a total of RMB2,475,450,000.00 to all shareholders with every 10 shares in cash dividend of RMB3.00 (tax inclusive); and all remaining undistributed profits will be distributed annually after carry-over. During the Reporting Period, the interim profit distribution plan was completed.

(5) Training of Directors

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

During the Reporting Period, the main trainings of the Directors of the Company were as follows:

Director Name	Date	Organizer	Content	Training Location
Zhou Yi	2018-01-12	Huatai Securities	Huatai Securities' First-phase Training on Empowerment of Customer Services by Big Data	Nanjing, Jiangsu (network video training)
	2018-07-10	Huatai Securities	Huatai Securities' First-phase Training on Analysis of the Research Framework of the Financial Industry	Nanjing, Jiangsu (network video training)
	2018-07-18	Huatai Securities	Huatai Securities' First-phase Training on Anti-money Laundering Practice	Nanjing, Jiangsu (network video training)
	2018-12-10	Securities Association of China	Securities Companies' Brand Building and Communication, and Customer Management by Tier and Category	Nanjing, Jiangsu (network video training)
	2018-12-13	The Stock Exchange of Hong Kong	Directorship and the Role and Function of Board Committee	Nanjing, Jiangsu (network video training)
	2018-12-18	Securities Association of China	Survey and Analysis of Customer Demand and Behaviour, Analysis of the Asset Securitization Case - Haier Factoring's First-phase Asset-backed Specific Plan, Introduction to Theories and Methods of Technical Analysis, and Allocation of Major Categories of Assets and Wealth Management	Nanjing, Jiangsu (network video training)
Pu Baoying	2018-07-07 to 2018-08-05	Organization Department of the CPC Jiangsu Provincial Committee	The Fourth Phase of "Economic Internationalization" Overseas Research Training for Leaders of Provincial Enterprises	Los Angeles, the USA
	2018-12-13	The Stock Exchange of Hong Kong	Directorship and the Role and Function of Board Committee	Nanjing, Jiangsu (network video training)

Director Name	Date	Organizer	Content	Training Location
Chen Ning	2018-07-13	China Association for Public Companies, Shanghai Stock Exchange, Shenzhen Stock Exchange and China Capital Market Institute	The First Phase of Training for the Audit Committee of Listed Companies 2018	Nanjing, Jiangsu (network video training)
	2018-10-24	Jiangsu Securities Regulatory Bureau and Jiangsu Association for Public Companies	Training for Senior Management of Listed Companies Under the Jurisdiction of Jiangsu Securities Regulatory Bureau 2018	Nanjing, Jiangsu
	2018-12-13	The Stock Exchange of Hong Kong	Directorship and the Role and Function of Board Committee	Nanjing, Jiangsu (network video training)
Gao Xu	2018-12-13	The Stock Exchange of Hong Kong	Directorship and the Role and Function of Board Committee	Nanjing, Jiangsu (network video training)
Ding Feng	2018-03-28 to 2018-03-29	Shenzhen Stock Exchange and Talent Certified Public Accountants	Training on Standard Operation of Listed Companies by Jiangsu Guoxin Corporation Limited	Nanjing, Jiangsu
	2018-12-05	Dacheng Law Offices	Training on Compliance Operation of Listed Companies by Jiangsu Guoxin Corporation Limited	Nanjing, Jiangsu
	2018-12-13	The Stock Exchange of Hong Kong	Directorship and the Role and Function of Board Committee	Nanjing, Jiangsu (network video training)
Xu Feng	2018-12-13	The Stock Exchange of Hong Kong	Directorship and the Role and Function of Board Committee	Nanjing, Jiangsu (network video training)
Chen Yongbing	2018-12-13	The Stock Exchange of Hong Kong	Directorship and the Role and Function of Board Committee	Nanjing, Jiangsu (network video training)
Xu Qing	2018-11-20 to 2018-11-23	Jiangsu SASAC, Jiangsu Securities Regulatory Bureau and Shenzhen Stock Exchange	Training for the Secretary to the Board of State-owned Enterprises in Jiangsu Province	Nanjing, Jiangsu
	2018-12-13	The Stock Exchange of Hong Kong	Directorship and the Role and Function of Board Committee	Nanjing, Jiangsu (network video training)
Zhou Yong	2018-12-13	The Stock Exchange of Hong Kong	Directorship and the Role and Function of Board Committee	Nanjing, Jiangsu (network video training)
Hu Xiao	2018-12-13	The Stock Exchange of Hong Kong	Directorship and the Role and Function of Board Committee	Shanghai (network video training)
Fan Chunyan	2018-12-13	The Stock Exchange of Hong Kong	Directorship and the Role and Function of Board Committee	Nanjing, Jiangsu (network video training)
Zhu Xuebo	2018-12-13	Securities Association of China	Customer Management by Tier and Category	Nanjing, Jiangsu (network video training)
	2018-12-13	The Stock Exchange of Hong Kong	Directorship and the Role and Function of Board Committee	Nanjing, Jiangsu (network video training)
	2018-12-14	Securities Association of China	Interpretation on Amendments to the Business Rules of Share Pledge Repurchase Transactions Survey and Analysis of Customer Demand and Behaviour Securities Companies' Brand Building and Communication Allocation of Major Categories of Assets and Wealth Management Analysis of the Asset Securitization Case - Haier Factoring's First-phase Asset-backed Specific Plan	Nanjing, Jiangsu (network video training)

Director Name	Date	Organizer	Content	Training Location
			Introduction to Theories and Methods of Technical Analysis	
	2018-12-16	Securities Association of China	Introduction to Emerging Capital Markets Procedures for Investment and Operation of PE	Nanjing, Jiangsu (network video training)
Chen Chuanming	2018-08-21 to 2018-08-22	Shanghai Stock Exchange	The Third Phase of Follow-up Training for Independent Directors of Listed Companies 2018	Shenyang and Dalian
	2018-12-13	The Stock Exchange of Hong Kong	Directorship and the Role and Function of Board Committee	Nanjing, Jiangsu (network video training)
Liu Hongzhong	2018-06-08	Fudan University	Dependence of Structural Breaks in Rating Transition Dynamics on Economic and Market Variations	Shanghai
	2018-07-13	China Association for Public Companies, Shanghai Stock Exchange, Shenzhen Stock Exchange and China Capital Market Institute	The First Phase of Training for the Audit Committee of Listed Companies 2018	Shanghai (network video training)
	2018-07-16	Fudan University	Inclusive Banking, Financial Regulation and Bank Performance: Cross-Country Evidence	Shanghai
	2018-10-30 to 2018-11-01	China Futures Association	The Fourth Phase of Training for Senior Management of Futures Companies 2018	Chongqing
	2018-12-13	The Stock Exchange of Hong Kong	Directorship and the Role and Function of Board Committee	Shanghai (network video training)
Lee Chi Ming	2018-03-12	KPMG Hong Kong	The KPMG INED Forum	Hong Kong
	2018-06-04	KPMG Hong Kong	The KPMG INED Forum	Hong Kong
	2018-06-16	ACCA Hong Kong	ACCA Hong Kong Annual Conference	Hong Kong
	2018-07-13	China Association for Public Companies, Shanghai Stock Exchange, Shenzhen Stock Exchange and China Capital Market Institute	The First Phase of Training for the Audit Committee of Listed Companies 2018	Hong Kong (network video training)
	2018-11-23	ACCA Hong Kong	ACCA CFO Summit 2018	Hong Kong
	2018-12-13	The Stock Exchange of Hong Kong	Directorship and the Role and Function of Board Committee	Hong Kong (network video training)
Yang Xiongsheng	2018-12-13	The Stock Exchange of Hong Kong	Directorship and the Role and Function of Board Committee	Nanjing, Jiangsu (network video training)
Liu Yan	2018-12-13	The Stock Exchange of Hong Kong	Directorship and the Role and Function of Board Committee	Beijing (network video training)
Chen Zhibin	2018-09-14	Jiangsu Securities Regulatory Bureau and Jiangsu Association for Public Companies	Training for Senior Management of Listed Companies Under the Jurisdiction of Jiangsu Securities Regulatory Bureau 2018	Nanjing, Jiangsu
	2018-12-13	The Stock Exchange of Hong Kong	Directorship and the Role and Function of Board Committee	Nanjing, Jiangsu (network video training)

2. Chairman and President

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

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

3. Non-executive Directors

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

4. Performance of Duties by Independent Non-executive Directors

(1) Regular reporting of relevant works

In the annual report compilation process, all independent non-executive Directors of the Company have performed full duties according to the requirements of the CSRC and the provisions of the Working System for Independent Directors of the Company.

On January 25, 2018, in the first meeting of the Audit Committee of the fourth session of the Board for 2018, the Audit Committee listened to the report on the arrangement of audit progress of the audit work in 2017, the focus of annual audit and the situation of pre-audit made by relevant personnel from KPMG Huazhen LLP (Special General Partnership), and made discussion and communication with relevant personnel from KPMG Huazhen LLP (Special General Partnership). Two out of the three members in the Audit Committee are independent non-executive Directors, who put forward opinions and suggestions to the supplement and perfection of the Auditing Plan of the Company for 2017 from different perspectives in their roles as members of the Audit Committee and as independent non-executive Directors.

On March 6, 2018, in the second meeting of the Audit Committee of the fourth session of the Board for 2018, the Audit Committee considered and approved the Resolution on the Auditing Plan of the Company for 2017. Two out of the three members in the Audit Committee are independent non-executive Directors, who examined the Auditing Plan of the Company for 2017 from different perspectives in their roles as members of the Audit Committee and as independent non-executive Directors.

On March 27, 2018, in the third meeting of the Audit Committee of the fourth session of the Board for 2018, the Audit Committee examined the Company's Annual Financial Statement in 2017, Annual Report in 2017, Annual Internal Control Evaluation Report in 2017, Report on Performance of Duties by the Audit Committee of the Board in 2017 and Internal Audit Work Plan in 2018, etc., reviewed the "Key Audit Issues" and other important issues involved in the Company's 2017 Annual Audit Report, and listened to the report on the internal audit work of the Company in 2017. Two out of the three members in the Audit Committee are independent non-executive Directors, who examined relevant resolutions and gave opinions from different perspectives in their roles as members of the Audit Committee and as independent non-executive Directors.

On August 8, 2018, in the fifth meeting of the Audit Committee of the fourth session of the Board for 2018, the Audit Committee listened to the report on the 2018 mid-term review of the Company's H Shares and the audit plan of the Company's 2018 A+H Share annual report made by relevant personnel from KPMG Huazhen LLP (Special General Partnership), and made discussion and communication with relevant personnel from KPMG Huazhen LLP (Special General Partnership). Two out of the three members in the Audit Committee are independent non-executive Directors, who made discussions, exchanged views and made comments and suggestions from different perspectives in their roles as members of the Audit Committee and as independent non-executive Directors.

(2) Consideration on related-party transactions

On March 28, 2018, all the independent non-executive Directors of the Company gave independent opinions on the Proposal on the Estimated Ordinary Transactions with Related Parties of the Company for 2018. They were of the opinion that the relevant related-party transactions were fair with reference to the market price for pricing the transactions without compromising the interests of the Company and other shareholders; the relevant related-party transactions were all derived in the ordinary operation of the Company and would help carry out the businesses of the Company and bring certain income to the Company; the procedures for approval for relevant related-party transactions complied with relevant laws, regulations and regulatory documents as well as the Articles of Association of the Company and the Management System for Related-party Transactions of the Company.

(3) Other performance of duties

On March 12, 2018, all the independent non-executive Directors of the Company gave independent opinions on the matter of nominating Mr. Chen Zhibin as a nominee of the independent non-executive Director of the fourth session of the Board. On March 28, 2018, all the independent non-executive Directors of the Company gave special clarification and independent opinions on external guarantees carried out by the Company in 2017, gave special clarification and independent opinions on fund intercourse between the Company and the controlling shareholders and other related parties, gave independent opinions on the Proposal on Profit Distribution of the Company in 2017, gave independent opinions on Annual Internal Control Evaluation Report of the Company in 2017, gave independent opinions on the re-appointment of the accounting firm and gave independent opinions on change of accounting policies by the Company. On August 30, 2018, all the independent non-executive Directors of the Company gave independent opinions on interim profit distribution of the Company for 2018, and gave independent opinions on the matter of nominating Mr. Ding Feng, Mr. Chen Yongbing, Ms. Hu Xiao, Ms. Fan Chunyan and Mr. Zhu Xuebo as nominees of the Directors of the fourth session of the Board.

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

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

(I) Development Strategy Committee of the Board

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

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

1. The Development Strategy Committee of the fourth session of the Board convened the first meeting of 2018 by way of teleconference on February 9, 2018, and considered and approved the Resolution on Work Summary for 2017 and Work Ideas for 2018 of the Company.

2. The Development Strategy Committee of the fourth session of the Board convened the second meeting of 2018 by way of teleconference on March 27, 2018, and considered and approved the Resolution on Formulation of Administrative Measures for Investment of Huatai Securities Co., Ltd.

3. The Development Strategy Committee of the fourth session of the Board convened the third meeting of 2018 by way of teleconference on May 21, 2018, and considered and approved the Resolution on "13th Five-year" Plan for Strategic Development of Huatai Securities (Revised Edition) and Work Plan of Huatai Securities on Taking the Lead in High-quality Development cum Three-year Action Plan for Building A Top-ranking Enterprise.

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

Name	Attendance in person/Number of meetings requiring attendance
Zhou Yi	3/3
Gao Xu	3/3
Liu Hongzhong	3/3
Hu Xiao	—

Note: The fourth session of the Board convened the eighteenth meeting on October 22, 2018, and considered and approved the Resolution on the Composition Adjustment of Special Committees of the Fourth Session of the Board. According to the resolution, Zhou Yi, Hu Xiao and Liu Hongzhong became members of the Development Strategy Committee, of which Zhou Yi is the chairman (convener) of the Develpoment Strategy Committee.

(II) Compliance and Risk Management Committee of the Board

The main duties of the Compliance and Risk Management Committee of the Board include: 1. Reviewing and making recommendations on the overall targets and fundamental policies of compliance management and risk management; 2. Reviewing and making recommendations on the setup of compliance management and risk management bodies and their duties; 3. Evaluating and making recommendations on the risks of major decisions which require the Board's review as well as the solutions to these risks; 4. Reviewing and making recommendations on the compliance reports and risk assessment reports that require the Board's review; 5. Other duties prescribed in the Articles of Association.

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

1. The Compliance and Risk Management Committee of the fourth session of the Board convened the first meeting of 2018 by way of teleconference on March 27, 2018, and considered and approved the Resolution on the Annual Compliance Report of the Company in 2017, the Resolution on the Annual Risk Management Report of the Company in 2017, the Resolution on Annual Internal Control Evaluation Report of the Company in 2017 and the Resolution on Amendments to Administrative Measures for System Construction of Huatai Securities Co., Ltd.

2. The Compliance and Risk Management Committee of the fourth session of the Board convened the second meeting of 2018 by way of teleconference on August 29, 2018, and considered and approved the Resolution on the Company's 2018 Interim Compliance Report and the Resolution on Revising the Company's Basic System of Risk Management.

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

Name	Attendance in person/Number of meetings requiring attendance
Pu Baoying	2/2
Xu Qing	2/2
Zhou Yong	2/2
Ding Feng	—
Fan Chunyan	—

Note: The fourth session of the Board convened the eighteenth meeting on October 22, 2018, and considered and approved the Resolution on the Composition Adjustment of Special Committees of the Fourth Session of the Board. According to the resolution, Ding Feng, Xu Qing and Fan Chunyan became members of the Compliance and Risk Management Committee, of which Ding Feng is the chairman (convener) of the Compliance and Risk Management Committee.

(III)Audit Committee of the Board

The main duties of the Audit Committee of the Board include: 1. Supervising and guiding the audit work. It shall manage and guide the internal audit work planning and audit team construction, regularly listen to and review the comprehensive report of audit work, annual audit plan and important audit reports, make judgements on the truthfulness, accuracy and completeness of the audited financial report, and submit them to the Board for reviewing. It shall supervise the Company's financial statement and the completeness of the Company's annual report and account, interim report and quarterly report and review statements as well as major opinions on financial declaration in reports. The Committee shall pay special attention to the following matters: ① Changes in accounting policies and practices; ② Matters concerning significant judgment; ③ Significant adjustments due to the audit; ④ Assumptions of on-going operations of the Company and its qualified opinions; ⑤ Compliance with the accounting standards; and ⑥ Compliance with the Listing Rules or relevant laws and regulations of the listing place where the financial reporting shall be made; 2. Proposing the engagement or changing of external audit institutions and supervising the professional conduct of external audit institutions, so as to ensure the coordination of internal and external auditors. Moreover, it shall also ensure that the internal audit institution is given enough resources for operation and appropriate status within the Company and check and supervise its validity; 3. Considering and putting forward suggestions for the appointment, reappointment, remuneration, appointment terms and any other issues about the resignation or dismissal of external auditors. It shall hold the position as the main representative between the Company and the external auditor and supervise their relationship; 4. Discussing with the external auditors about the nature, scope and relevant responsibility of audit and frequently check if the audit procedure is valid and whether the external auditor is objective and independent before carrying out the audit work; 5. Checking the Explanation Letter on Audit offered by external auditors to the management and any major doubts put forward by the auditors to the management about the accounting record, financial account or monitoring system as well as the response of the management and ensure that the Board can timely reply to issues put forward in the Explanation Letter on Audit offered by external auditors to the management; 6. Checking and monitoring the Company's financial supervision, risk management and internal monitoring system and check the financial and accounting policies and practices of the Company and its subsidiaries; 7. Discussing the risk management and internal supervision system with the management so as to ensure that the management has performed its duty and established a valid internal supervision system; Studying the important investigations results and responses of the management related to risk management and internal supervision system actively or as assigned by the Board of Directors; 8. Reporting the above issues to the Board; 9. Checking the Company's following arrangement: Employees of the Company may secretly raise concerns on irregular conducts about financial reporting, internal monitoring, or other aspects. The Audit Committee shall ensure that there is appropriate arrangement for the Company to make fair and independent investigation and take appropriate actions on such issues; 10. Studying other projects defined by the Board; 11. Other responsibilities according to the Company's Articles of Association or the Listing rules or laws and regulations of the place where the Company is listed.

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

1. The first meeting of the Audit Committee of the fourth session of the Board for 2018 was convened by way of on-site & video meetings on January 25, 2018. At the meeting, the Committee listened to the report on the progress of the audit work in 2017, the focus of annual audit and the situation of pre-audit made by relevant personnel from KPMG Huazhen LLP (Special General Partnership), and the members discussed and communicated with relevant personnel from KPMG Huazhen LLP (Special General Partnership). At the meeting, the chairman and independent non-executive Director Lee Chi Ming set higher requirements for the focus of annual audit in 2017, who said that under the current increasingly strict regulatory environment,

the audit work of the Company should focus more on the conversion of accounting standards and KPMG Huazhen should also help the Company carry out more targeted audit work. Committee member Yang Xiongsheng gave the following suggestions on corporate governance: Firstly, the Company should help its employees develop a respectful and obedient attitude towards the systems to form a rigorous and prudent corporate culture; secondly, in respect of internal control, the Company should focus on potential risks in the acquisition of AssetMark and its impacts on the Company's future financial position and overall business operations; thirdly, under the supervision of Hong Kong Stock Exchange, the Company should also adjust and improve the risk supervision system as appropriate after the structural change of its Hong Kong subsidiary; fourthly, the Company's internal audit and external CPA audit should complement each other to increase the effectiveness of the overall audit work. Committee member Chen Ning also said that in response to the adjustment to the overall structure of the Company, KPMG Huazhen should pay attention to the guidelines for authority of internal control inside the organization. During the meeting, Yang Xiongsheng and Chen Ning inquired about the impact of the new financial instrument standards on the Company's finance and audit, and KPMG Huazhen made detailed explanations.

2. The second meeting of the Audit Committee of the fourth session of the Board for 2018 was convened by the way of teleconference on March 6, 2018, and the Resolution on the Auditing Plan of the Company for 2017 was considered and approved at the meeting.

3. The third meeting of the Audit Committee of the fourth session of the Board for 2018 was convened in Nanjing on March 27, 2018. Committee member Chen Ning appointed committee member Lee Chi Ming in writing to exercise the right to vote on his behalf. At the meeting, the Committee considered and approved the Financial Final Report of the Company in 2017, the Financial Budget Report of the Company in 2018, the Proposal on Profit Distribution of the Company in 2017, the Proposal on Annual Financial Statement of the Company in 2017, the Proposal on Annual Report of the Company in 2017, the Resolution on Annual Internal Control Evaluation Report of the Company in 2017, the Proposal on the Estimated Ordinary Transactions with Related Parties of the Company for 2018, the Proposal on the Re-appointment of the Accounting Firm of the Company, the Resolution on Change of Accounting Policies and Amendments to the Accounting System of the Company, the Report on Performance of Duties by the Audit Committee of the Board of the Company in 2017, the Internal Audit Work Plan of the Company in 2018, and the "Key Audit Issues" and Other Important Issues Involved in the Company's 2017 Annual Audit Report, and listened to the report on the Company's internal audit work in 2017. At the meeting, chairman Lee Chi Ming suggested that the Company increase investment in system development and strengthen its internal control system, and inquired about the Company's audit work in Mainland China, Hong Kong and the United States. Relevant personnel of KPMG Huazhen LLP (Special General Partnership) made explanations to this. When considering the Financial Budget Report of the Company in 2018, committee member Liu Hongzhong inquired about the adjustments to the Company's financing cost budget in 2018, the progress of private placement, effects of new regulations on asset management on the Company's revenue, etc. and Shu Ben'e, officer in charge of finance of the Company, answered Liu's inquiries.

4. The fourth meeting of the Audit Committee of the fourth session of the Board for 2018 was convened by way of teleconference on April 25, 2018, and the Resolution on the First Quarterly Report of the Company in 2018 was considered and approved at the meeting.

5. The fifth meeting of the Audit Committee of the fourth session of the Board for 2018 was convened by way of on-site & video meetings on August 8, 2018. At the meeting, the Committee listened to the report on the 2018 mid-term review of the Company's H Share and the audit plan of the Company's 2018 A+H Share annual report made by relevant personnel from KPMG Huazhen LLP (Special General Partnership), and discussed and communicated with relevant personnel from KPMG Huazhen LLP (Special General Partnership). At the meeting, chairman Lee Chi Ming inquired about the influence of scientific and technological innovation on IT audit and key audit issues, and committee member Chen Ning inquired about the situation of futures risk reserve presentation; relevant personnel from KPMG answered their inquiries. Lee Chi Ming and Liu Hongzhong emphasized that internal control and risk control must be the focus in annual report review, and IT audit should also be given continuous concern to such matter.

6. The sixth meeting of the Audit Committee of the fourth session of the Board for 2018 was convened in Nanjing on August 29, 2018. Committee member Liu Hongzhong appointed committee member Lee Chi Ming in writing to exercise the right to vote on his behalf. At the meeting, the Committee considered and approved the Proposal on the Financial Statement in the First Half Year of the Company in 2018, the Resolution on Interim Report of the Company in 2018 and the Proposal on Interim Profit Distribution of the Company for 2018. At the meeting, chairman Lee Chi Ming inquired about the impact of tax rate changes in the first half of 2018 on the Company's profit and the position of 2018 interim profit distribution in the industry. Relevant personnel from the Company's Planning and Finance Department made detailed explanations on this.

7. The seventh meeting of the Audit Committee of the fourth session of the Board for 2018 was convened by way of teleconference on October 29, 2018, and the Proposal on the Financial Statement of the Company from January to September of 2018 was considered and approved at the meeting.

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

Name	**Attendance in person/Number of meetings requiring attendance**
Lee Chi Ming	7/7
Chen Ning	5/6
Yang Xiongsheng	2/2
Liu Hongzhong	3/4
Chen Yongbing	1/1
Chen Zhibin	1/1

Note: On March 11, 2018, Yang Xiongsheng resigned from his position of an independent non-executive Director of the fourth session of the Board and member of the Audit Committee of the Board due to health reasons; the resignation took effect as from the date of submission of resignation. The fourth session of the Board convened the eleventh meeting on March 12, 2018, and considered and approved the Resolution on Adjustment of Members of the Audit Committee of the Fourth Session of the Board of the Company. Independent non-executive Director Liu Hongzhong became a member of the Audit Committee of the fourth session of the Board. The fourth session of the Board convened the eighteenth meeting on October 22, 2018, and considered and approved the Resolution on the Adjustment of Members of Special Committees of the Fourth Session of the Board. According to the resolution, Lee Chi Ming, Chen Yongbing and Chen Zhibin became members of the Audit Committee, of which Lee Chi Ming is the chairman (convener) of the Audit Committee.

(IV) Nomination Committee of the Board

The main duties of the Nomination Committee of the Board include: 1. Reviewing the structure, headcount and composition (including skills, knowledge and experience) of the Board at least once each year and making recommendations regarding any proposed changes in the Board in line with the Company's strategies; 2. Considering and making suggestions on the criteria and procedures for the selection of Directors and senior management members; 3. Searching for qualified candidates for Director and senior management, and selecting from the list of candidates nominated by Directors or making recommendations to the Board; 4. Reviewing and making suggestions on the qualification requirements for Directors and senior management; 5. Assessing the independence of independent non-executive Directors; 6. Making recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors (in particular the chairman and the president); 7. Other responsibilities stipulated in the Articles of Association or as required by the Board.

According to the provisions of the Articles of Association, shareholder(s) severally or jointly holding more than 3% of the total outstanding issued voting shares of the Company may propose to the Board of the Company about the candidates for Directors (not being employee representatives). However, the number and criteria of candidates proposed shall comply with the laws and the provisions of the Articles of Association, and shall not exceed the number to be elected. The Board may, within the scope of the number of persons stipulated in the Articles of Association and pursuant to the diversification policy based on the proposed number of candidates to be elected, propose a list of recommended candidates for Directors (not being employee representatives); the professional qualifications and conditions for director candidates shall be initially reviewed by the Nomination Committee of the Board, and qualified candidates shall be selected and submitted to the Board for consideration. After reviewing and passing the resolution to determine the candidates for Directors (not being employee representatives), the Board shall submit the proposal to the general meeting in writing.

During the Reporting Period, the Company strictly implemented the relevant provisions of the Articles of Association to appoint Directors of the Company.

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

1. The first meeting of the Nomination Committee of the fourth session of the Board for 2018 was convened by way of teleconference on March 12, 2018. The Proposal on Electing Mr. Chen Zhibin as Independent Non-executive Director of the Fourth Session of the Board of Directors of the Company was considered and approved at the meeting.

2. The second meeting of the Nomination Committee of the fourth session of the Board for 2018 was convened by way of teleconference on August 29, 2018, and the Proposal on Electing Members of the Fourth Session of the Board of the Company was considered and approved at the meeting.

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

Name	**Attendance in person/Number of meetings requiring attendance**
Chen Chuanming	2/2
Xu Feng	2/2
Liu Yan	2/2
Zhu Xuebo	—

Note: The fourth session of the Board convened the eighteenth meeting on October 22, 2018, and considered and approved the Resolution on the Adjustment of Members of Special Committees of the Fourth Session of the Board. According to the resolution, Chen Chuanming, Zhu Xuebo and Liu Yan became members of the Nomination Committee, of which Chen Chuanming is the chairman (convener) of the Nomination Committee.

(V) Remuneration and Appraisal Committee of the Board

The main duties of the Remuneration and Appraisal Committee of the Board include: 1. Reviewing and providing opinions on the appraisal and remuneration management system for Directors and senior management, and making recommendations to the Board on the Company's overall policy and structure for the remuneration of the Directors and senior management, and on the establishment of a formal and transparent procedure to develop remuneration policy; 2. Reviewing and approving the management' remuneration proposals with reference to the Board's corporate goals and objectives; 3. Conducting assessment on and making recommendations to the Directors and senior management: making recommendations on the remuneration packages, including benefits in kind, pensions and compensation payments (including any compensation payable for loss or termination of office or appointment), for certain executive Directors and senior management, and making recommendations to the Board on the remuneration of non-executive Directors; 4. Considering salaries paid by comparable companies, time commitment and responsibilities and engagement condition elsewhere in the Group; 5. Reviewing and approving compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with the relevant contractual terms. In case of inconsistency with the relevant contractual terms, the compensation shall be fair and not be excessive; 6. Reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with the contractual terms. In case of inconsistency with the relevant contractual terms, the compensation shall be reasonable and appropriate; 7. Ensuring that no Director or any of his/her associates is involved in determining their own remuneration; 8. Other responsibilities stipulated in the Articles of Association.

During the Reporting Period, the Remuneration and Appraisal Committee of the Board convened two meetings, the details of which were as follows:

1. On March 27, 2018, the Remuneration and Appraisal Committee of the fourth session of the Board held its first meeting for 2018 by way of teleconference, and considered and approved the Resolution on Amendments to Administrative Measures for Assessment and Remuneration of Senior Management of Huatai Securities Co., Ltd., Report on Performance Assessment and Remuneration of the Directors of the Company in 2017 and Report on Execution of Duty, Performance Assessment and Remuneration of the Senior Management of the Company in 2017.

2. On August 29, 2018, the Remuneration and Appraisal Committee of the fourth session of the Board held its second meeting for 2018 by way of teleconference, and considered and approved the Proposal on Plan and Target of Performance of Senior Management Personnel of the Company in 2018.

Attendance of the members of the Remuneration and Appraisal Committee at the meetings held during the Reporting Period:

Name	**Attendance in person/Number of meetings requiring attendance**
Chen Chuanming	2/2
Xu Feng	2/2
Liu Yan	2/2
Zhu Xuebo	—

Note: The fourth session of the Board convened the eighteenth meeting on October 22, 2018, and considered and approved the Resolution on the Adjustment of Members of Special Committees of the Fourth Session of the Board. According to the resolution, Chen Chuanming, Zhu Xuebo and Liu Yan became members of the Remuneration and Appraisal Committee, of which Chen Chuanming is the chairman (convener) of the Remuneration and Appraisal Committee.

VII. PERFORMANCE OF DUTIES OF SUPERVISORS

The Supervisory Committee is a supervisory body of the Company and shall be accountable to the general meeting. As required by the Company Law and Articles of Association, the Supervisory Committee is responsible for monitoring the Company's financial activities and internal control, and overseeing the legality and compliance of the performance of duties by the Board, senior management and its members.

For the year 2018, in strict compliance with the relevant requirements of the Company Law, the Securities Law, the Articles of Association and the Rules of Procedures for the Supervisory Committee, the Supervisory Committee of the Company earnestly performed its duties as required by law and effectively monitored the Company's financial conditions, the legality and compliance of the Board's significant decisions and the performance of duties by the management, and safeguarded the legitimate rights and interests of the Company and its shareholders acting in the spirit of being accountable to all the shareholders.

(I) Performance of duties of Supervisors

During the Reporting Period, the Board of Supervisors of the Company convened four meetings. For details, please refer to "IV. Meetings of the Supervisory Committee during the Reporting Period" of this section.

The attendance of members of the Board of Supervisors at the meetings of the Board of Supervisors, Board meetings and general meetings during the Reporting Period were as follows:

Attendance at meetings of the Board of Supervisors

Name of Supervisor	Number of meetings of Supervisory Committee requiring attendance in the year	Attendance in person	Attendance in the way of teleconference	Attendance by proxy	Absence	Whether or not he/she failed to attend the meeting in person for two successive times	Attendance at Board meeting in the year	Attendance at the general meeting
Yu Yimin	4	3	—	1	—	No	8	4
Wang Huiqing	3	2	—	1	—	No	5	1
Chen Ning	1	1	—	—	—	No	2	—
Du Wenyi	3	1	—	2	—	No	4	—
Yu Lanying	1	—	—	1	—	No	1	—
Liu Zhihong	3	2	—	1	—	No	5	—
Yang Yaling	1	1	—	—	—	No	2	—
Peng Min	4	4	—	—	—	No	9	1
Zhou Xiang	4	4	—	—	—	No	9	4
Meng Qinglin	4	3	—	1	—	No	7	4
Number of meetings of Supervisory Committee convened during the year								4
Of which: number of meetings held on-site								4
Number of meetings in the way of teleconference								—
Number of meetings held on-site and in the way of teleconference								—

The Company convened the first extraordinary general meeting for 2018 on October 22, 2018, and considered and approved the Proposal on Electing Members of the Fourth Session of the Supervisory Committee of the Company, according to which, Chen Ning, Yu Lanying and Yang Yaling were elected to replace Wang Huiqing, Du Wenyi and Liu Zhihong as Supervisors of the fourth session of the Supervisory Committee and perform relevant duties until the end of the term of office of the fourth session of the Supervisory Committee.

(II) Independent opinions of the Supervisory Committee

During the Reporting Period, the Supervisory Committee convened 4 meetings in total in the whole year, at which 13 proposals and reports were considered. The Supervisors sat in the Board meetings and general meetings of the Company as nonvoting delegates, monitored the decision-making process of the Board on material matters on a real-time basis, made field trips to the Company's branches and business departments and kept abreast of the management's implementation of the decisions made by the Board through carefully reading the reports of the Company, including Work Newsletter (monthly) and Brief Report on Audit Work (quarterly). On this basis, the Supervisory Committee gave independent opinions on the Company's relevant matters as follows:

1. For the legal operation of the Company: during the Reporting Period, the Company was under legal operation in compliance with relevant laws and regulations such as the Company Law, the Securities Law and the Articles of Association as well as the requirements of the Company's systems. Major operational decisions of the Company were reasonable, and the decision-making procedures were lawful. The Company established a relatively sound internal management system and internal control system, under which various regulations were effectively implemented. During the Reporting Period, the Supervisory Committee found no conducts violating laws, regulations, Articles of Association or damaging the interests of the Company and its shareholders made by Directors and senior management of the Company when performing their duties. During the Reporting Period, there were no material risks in the Company.

2. For the financial aspect: during the Reporting Period, Supervisors of the Company regularly read the main financial information on the operation of the Company in every month, convened meetings of the Supervisory Committee to review quarterly reports, interim reports, annual financial reports, annual evaluation reports on internal control and other documents of the Company, and checked the business and financial conditions of the Company. The Supervisory Committee believed that the financial report of the Company for 2018 had been audited by KPMG Huazhen LLP (Special General Partnership) which had issued a standard audit report without qualified opinions. The Company's financial statements were prepared in compliance with the relevant requirements of the ASBE, which truly reflected the financial conditions and operational achievements of the Company. Regular reports were prepared and reviewed in compliance with relevant laws, regulations and various requirements of the CSRC, the contents of which were true, accurate and complete to reflect the actual conditions of the Company.

3. For the implementation of the System regarding Insider Registration and Management and Confidentiality of the Company: during the Reporting Period, the Company managed to carry out the registration, management, disclosure and filing of insider information and kept the confidentiality thereof in accordance with the requirements of the system, and continued to optimize the working procedures. There were no incidents found in the Company in violation of insider registration and management and confidentiality obligation.

4. During the Reporting Period, the Company revised the Management System for Related-party Transactions of Huatai Securities Co., Ltd. to further regulate the decision-making for related-party transactions of the Company. The related-party transactions of the Company were fair and reasonable, and no circumstances impairing interests of the Company and shareholders have been found. When the Board of Directors of the Company considered related matters, independent directors expressed independent opinions, affiliated directors abstained from voting, and the voting procedures were legal and valid.

5. Approved by the CSRC, the Company completed the issuance of H Shares in 2015. Funds raised from the issuance of H Shares were verified by KPMG Huazhen LLP (Special General Partnership), and KPMG capital verification report (Yan Zi No. 1501031) was issued. According to the Capital Verification Report issued by KPMG Huazhen LLP (Special General Partnership), the net funds raised from the issuance of H Shares in 2015 were RMB30,587,689,604.94 (excluding related listing fees), and raised funds after deducting the underwriting and issuing fees were RMB30,015,054,696.76. As of the end of the Reporting Period, interest income and exchange gains/losses of the Company on the basis of raised funds from the issuance of H Shares were RMB64,999,611.89, and RMB30,046,408,013.41 (including interest of raised funds and exchange gains/losses) of funds raised was used in total.

   As of the date of this report, the Company, with respect to its IPO on the Hong Kong Stock Exchange and the issuance of new shares by an overallotment option, used raised funds of: RMB18,352,613,762.96 for capital intermediary business, such as developing securities margin trading, RMB3,058,768,960.49 for expanding investment and transaction businesses, RMB3,058,768,960.49 for capital increase in Huatai Purple Gold Investment and Huatai Asset Management, RMB3,058,768,960.49 for expanding overseas business, and RMB2,517,487,368.98 for daily operation and other general corporate purposes. Besides the above usages, surplus of the Company's proceeds, about RMB606,281,203.42 (including interest of raised funds and exchange gains/losses), was not used, which was put into the bank account of the Company. As of December 31, 2018, planned usage of the Company's funds raised from H Share issuance was consistent with that disclosed in the prospectus with no change.

6. Upon receiving CSRC's Approval in Relation to the Non-Public Issuance of Shares by Huatai Securities Co., Ltd. (Zheng Jian Xu Ke [2018] No.315), in July 2018, the Company non-publicly issued 1,088,731,200 RMB-denominated ordinary shares (A shares), raising RMB14,207,942,160.00. After deducting the RMB74,736,488.79 issuing fees 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 the KPMG Huazhen LLP (Special General Partnership) in the KPMG capital verification report (Yan Zi No. 1800286). As of the end of the Reporting Period, the Company obtained interest income of RMB46,140,100.04 on the basis of the funds raised from the non-public issuance of A shares. As of the date of this report, the Company used the funds raised from non-public issuance of A shares as follows: RMB4,800,000,000.00 for further expanding credit trading business such as securities margin trading and stock pledge; RMB7,867,959,300.00 for expanding the investment of fixed income products and increasing the reserves of high-quality liquid assets of the Company; RMB500,000,000.00 for capital increase in Huatai Purple Gold Investment; RMB265,515,106.73 for greater investment in information system and continuous improvement of informationzation work; RMB425,003,002.50 for other working capital arrangements. Apart from the above usages, surplus of the Company's proceeds, about RMB325,368,644.82 (including interest of raised funds and outstanding issuing fees), was not used, which was put into the special bank account of the Company. As of December 31, 2018, planned usage of the Company's funds raised from non-public issuance of A shares was consistent with that disclosed in the prospectus with no change.

7. During the Reporting Period, the Company successfully issued two tranches of subordinated bonds of RMB3.8 billion, publicly issued one tranche of corporate bonds of RMB4 billion and privately issued one tranche of corporation bonds of RMB4.6 billion. In 2018, the Company issued 3,242 income certificates with an accumulative scale of RMB43.269 billion. As of December 31, 2018, 1,715 income certificates continued to exist with a scale of RMB20.327 billion. All funds raised were used to supplement the Company's working capital, which was consistent with the contents disclosed in the prospectus.

8. Written reviews and opinions on the annual report of the Company for 2018 prepared by the Board of Directors were as follows:

   The annual report of the Company for 2018 was prepared and reviewed in compliance with the relevant laws, regulations and requirements of regulatory authorities, the contents of which were true, accurate and complete and could reflect the actual conditions of the Company.

9. The Supervisory Committee of the Company reviewed the Assessment Report on Internal Control of the Company for 2018, and had no objections to the contents therein.

VIII. RISKS FOUND BY THE SUPERVISORY COMMITTEE IN THE COMPANY

During the Reporting Period, the Supervisory Committee of the Company had no objections towards the matters under supervision during the Reporting Period.

IX. EXPLANATIONS ON THE COMPANY'S INABILITY TO ENSURE INDEPENDENCE OR TO OPERATE INDEPENDENTLY FROM ITS CONTROLLING SHAREHOLDER IN RESPECT OF BUSINESS, STAFF, ASSETS, ORGANIZATION AND FINANCE

The shareholding structure of the Company is relatively decentralized without controlling shareholders. Since its inception, the Company has been operating in strict compliance with relevant laws and regulations including the Company Law and the Securities Law as well as the requirements of the Articles of Association. The Company is completely separated from its shareholders in respect of business, staff, assets, organization and finance, owns a complete business system and is capable of operating independently in the market.

1. Information about the independence of business

In accordance with the requirements of the Company Law and the Articles of Association, the Company conducts business on its own pursuant to the law within the operating scope approved by the CSRC, and has obtained various business materials required for securities business operation with an independent and complete business system and the ability of self-operation. Its business operation is not controlled or affected by its shareholders or related parties. The Company can compete in the market independently. Shareholders and related parties of the Company did not breach the Company's working procedures or intervene in the Company's internal management or the making of its operational decisions.

2. Information about the independence of the staff

The Company set up a dedicated human resources department, and established independent and complete systems for labor employment, personnel management, salary management and social security. The Directors, Supervisors, and senior management of the Company were selected and employed in compliance with relevant requirements of the Company Law, the Securities Law, and the Measures for the Supervision and Administration of the Professional Qualifications of Directors, Supervisors and Senior Management of Securities Firms and the Articles of Association. The current Directors, Supervisors and senior management of the Company have obtained the qualifications required for working in securities firms. The senior management of the Company held no positions in its largest shareholder and de facto controller and other enterprises under its control. The Company adopts an appointment system for the senior management, a labor contract system for all staff, and enters into Labor Contract with all the staff in accordance with the law. The Company owns independent rights for labor employment and its staff is independent from the shareholders and enterprises under their control without any interference from the shareholders.

3. Information about the integrity of the assets

The Company owns main business qualifications, land, real estate, vehicles and other operating equipment required for business operation. The above assets are subject to no mortgage, pledge or other guarantees, and the Company is the legal owner of these assets. The assets of the Company are independent from its largest shareholder and other shareholders. As of the end of the Reporting Period, the Company provided no guarantees for the debts of any of its shareholders and their subsidiaries by using its assets or reputation as the collateral. The Company had full control and use right over its assets, and there had been no circumstance under which the interests of the Company were damaged due to the largest shareholder's occupation of any of its assets and funds.

4. Information about organizational independence

In strict compliance with the requirements of the Company Law and the Articles of Association, the Company has set up a sound corporate governance structure, under which the general meeting, the Board of Directors, the Supervisory Committee, the management and relevant operating management departments have been formed. The general meeting, the Board of Directors, the Supervisory Committee and the management are in good operation and exercise their respective functions and powers pursuant to the law. The Company owns an independent and complete system for securities business operation and management, and conducts business on its own. The organizations are set up and run in compliance with the relevant requirements of the CSRC. The existing offices and premises of the Company are totally separate from its shareholders without the circumstances of sharing organizations with them or their direct intervention in the Company's business activities.

5. Information about financial independence

As required by the Accounting Standards for Business Enterprises and the Financial Systems of Securities Firms, the Company has established an independent financial accounting and management system, set up an independent accounting department, and employed independent financial accountants. The chief financial officer and financial personnel of the Company held no positions in its shareholders. The Company has opened an independent bank account, applied for an independent tax registration and paid taxes in accordance with laws and regulations. The Company shared no accounts and taxes with its shareholders and related parties.

As of the end of the Reporting Period, the Company provided no guarantees for its shareholders and other related parties. During the Reporting Period, the Company experienced no peer competition and related-party transactions resulted from shareholding reform, features of the industry and national policies or mergers and acquisitions.

X. APPRAISAL MECHANISM FOR THE SENIOR MANAGEMENT AND THE ESTABLISHMENT AND IMPLEMENTATION OF INCENTIVE MECHANISM DURING THE REPORTING PERIOD

During the Reporting Period, the Company conducted appraisal of its senior management under the principle of goal-sharing, consistency between management and appraisal, and performance linkage. The Remuneration and Appraisal Committee under the Board shall be responsible for the appraisal of senior management of the Company on a yearly basis based on the benefits and the development of the Company. Based on the balanced scorecard (BSC), the performance indicators of senior management are universal and typically significant in the industry, with challenging target values set according to the industry. The performance indicators are related not only to the annual operating goals set by the Board, but also to the emphasis and difficulties of relevant work in charge, including company-level indicators, work-related indicators and specific compliance indicators.

At the end of the year, based on the fulfilment of the annual operating goals of the Company and the achievement of indicators of its senior management, as well as the policy for remuneration distribution provided by the Company and supervising departments, the Remuneration and Appraisal Committee would put forward the amount of remuneration and the reward rule for senior management, which would be reported to the Board of Directors for consideration upon approval by voting.

XI. RESPONSIBILITY STATEMENT OF INTERNAL CONTROL AND THE ESTABLISHMENT OF INTERNAL CONTROL SYSTEM

(I) Statement of the Board

As required by the internal control standard system of the Company, the 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, all management members perform their functions and duties within respective responsibilities and authorization, ensuring the prudent and standardized operation of the Company. Five special committees, namely, Compliance and Risk Management Committee, Audit Committee, Development Strategy Committee, Nomination Committee and Remuneration and Appraisal Committee were established under the Board, among which the chairmen of Audit Committee, Nomination Committee and Remuneration and Appraisal Committee are independent directors, facilitating independent directors better performing their functions. The Company is operated and managed in a standard and orderly manner. Various rules and regulations have been formulated and refined in strict compliance with relevant governing and regulatory requirements for listed companies and securities firms, including the Articles of Associations, Rules of Procedures of the General Meeting, Rules of Procedures of the Board of Directors, Terms of Reference of the Special Committees under the Board of Directors, Working System for Independent Directors, Rules of Procedures of the Supervisory Committee, Working Rules of the President and Working Rules of the Secretary to the Board. The relevant systems of the Company clarify the separation and balance of power and decision-making procedures of the general meeting, the Board of Directors, the Supervisory Committee and the operation management in respect of major decision-making in operation, including standard operation of corporate governance, use of major assets, contracts signing, related-party transactions and financing, which prevent and control decision-making risks effectively. To further standardize its decision-making on related-party transactions, improve and optimize the management of its internal related-party transactions, promote a more standardized operation and protect the legitimate rights and interests of the investing public, the Company revised and improved the Management System for Related-party Transactions. With the establishment and improvement as well as the full implementation of the above systems, the corporate governance structure has been continuously standardized and improved, thereby ensuring the prudent and standardized operation of the Company.

The objective of internal control of the Company is to reasonably ensure the legality and compliance of the operation and management, the security of the assets, and the truthfulness and completeness of the financial report and its relevant information, to improve operating efficiency and effectiveness, and to promote the accomplishment of the development strategy. Due to the inherent limitations of internal control, only reasonable assurance can be provided for the achievement of the above objectives. In addition, internal control may become inappropriate or the level of compliance with control policies and procedures may become lower due to the changes of situation, so it subjects to certain risks to speculate the effectiveness of internal control in the future based on the results of internal control evaluation.

(II) Structure of the internal control system

The Board of Directors has set up special committees such as the Compliance and Risk Management Committee, the Audit Committee and the Development Strategy Committee to comprehensively monitor the effective implementation of internal control and self-evaluation of internal control. The Company established internal control construction and a continuous optimization leading group to comprehensively lead internal control standardized project construction and continuously promote the improvement of the internal control system. The Company designates Risk Management Department, Planning and Finance Department, Inspection Department, Legal Compliance Department, etc. as internal control management departments and all departments as internal control implementation departments to fully cooperate with the improvement and self-assessment of the internal control system, actively rectify defects in internal control and give feedback on rectification results as required. The Inspection Department shall be responsible for conducting internal control evaluation independently and implementing internal audit and assessment independently on the Company's internal control measures annually.

(III) Construction and improvement of the internal control system

The Company strictly follows the Company Law of the PRC, Securities Law of the PRC, Guidelines for Internal Control of Securities Firms, Regulation on Supervision and Administration of Securities Firms, Basic Internal Control Norms for Enterprises, Implementation Guidelines for Enterprise Internal Control and other laws and regulations, and improves the corporate governance structure, compliance risk control system and internal control management system. The Company practices internal control management methods, constantly enhances its ability to restrict itself and effectively prevents and resolves various risks so as to ensure the continuous, stable and rapid development of various businesses thereof. The Company makes clear the internal control organizational structure and division of responsibilities and sets up internal control construction and a continuous optimization leading group to supervise and promote the internal control construction of the Company. The Company promotes internal control system construction by developing or revising the Management System for Related-party Transactions, Basic System of Risk Management, Administrative Measures for System Construction, Accounting System, and Interim Measures for the Administration of Due Diligence Investigation of Tax-Related Information on Financial Accounts of Non-Residents, improving internal control system. The Company carries out a comprehensive review and update of the system based on business development, so as to ensure that the system and procedures comply with the principles of comprehensiveness, prudence, effectiveness, timeliness and the like, so as to avoid blank or loopholes in the system and procedures. Starting from prudent operation and identification, prevention and resolution of risks, the Company establishes risk matrixes for all businesses and develops clear control measures to check the effectiveness of control measures with regular assessment.

(IV) Basis for the establishment of internal control over financial reporting

Based on documents such as the Basic Internal Control Norms for Enterprises (《企業內部控制基本規範》) and the Implementation Guidelines for Enterprise Internal Control (《企業內部控制配套指引》) jointly issued by the Ministry of Finance, the CSRC, the National Audit Office, the CBRC and

the CIRC, the Guidelines for Internal Control of Securities Firms (《證券公司內部控制指引》) issued by the CSRC, and the Guidelines of the Shanghai Stock Exchange for the Internal Control of Listed Companies (《上海證券交易所上市公司內部控制指引》) issued by the Shanghai Stock Exchange, the Company has established a sound internal control system for financial reporting.

(V) Operation of the internal control system

The Company continuously promoted the operation of the internal control system. In 2018, the Company conducted a comprehensive review of the system and process, and continuously improved the internal control system; implemented the Guidelines for the Internal Controls of the Investment Banking Business of Securities Companies and relevant requirements, improved and implemented the internal control system for investment banking business of the Company; developed internal control self-assessment work scheme, carried out the construction of operation risk and internal control management system (Phase III), organized regular self-assessment of internal control, improved the trigger frequency of irregular self-assessment so as to realize objective and timely assessment of inherent risk, effectiveness of control and residual risk and disclose the defects in internal control design and implementation effectiveness; deepened the analysis of high-residual risk processes and control defects, increased the rectification tracking of defects, strengthened the evaluation of the effectiveness of internal control measures in combination with external risk events, and improved the design and effectiveness of implementation of control measures; carried out training and inspection of internal control on branch organizations and subsidiaries, conducted internal control culture, pointed out weak links in management, supervised the rectification of problems, and improved the management quality. The Inspection Department of the Company issued an internal control evaluation report on the internal control regulation of the Company from an independent perspective, and carried out the rectification of problems found in the internal control in a timely manner with reference to the suggestions of external consulting agencies.

(VI) Internal supervision of the establishment and implementation of internal control

Every year, the Company's Inspection Department will spot check and recheck the control assessment results of various procedures and implement internal control assessment.

(VII) Internal control defect and its identification

According to the identification requirements for major defects, important defects and general defects as stipulated by the internal control system of enterprises, the Board of the Company, in consideration of such factors as the scale of the Company, industrial characteristics, risk appetite and risk tolerance, distinguished financial report internal control from non-financial report internal control and determined the internal control defects applicable to the Company and its specific identification standards, which were consistent with those of the previous years.

1. Identification of defects in financial report internal control

   According to the above identification standards for defects in financial report internal control, there were no major defects and important defects in financial report internal control of the Company during the Reporting Period.

2. Identification of defects in non-financial report internal control

   According to the above identification standards for defects in non-financial report internal control, there were no major defects and important defects in non-financial report internal control of the Company during the Reporting Period.

(VIII) Internal control effectiveness assessment

According to the Basic Norms of Internal Control and its provisions in its supporting guidelines and other regulatory requirements on internal control as well as the Company's internal control system and assessment methods, the Company assesses the internal control effectiveness on December 31, 2018 (base date of internal control assessment report) based on the daily supervision and specialized supervision of internal control.

According to the identification results of major defects in financial report internal control, on the base date of internal control assessment report, the Company does not have major defects in financial report internal control. The Board of Directors thinks that the Company has maintained effective financial report internal control in all major aspects according to the enterprise internal control standardized system and requirements in relevant regulations.

According to the identification results of major defects in non-financial report internal control, on the base date of internal control assessment report, the Company does not have major defects in non-financial report internal control.

From the base date of internal control assessment report to the date on which the internal control assessment report is sent out, no factor that will affect internal control effectiveness assessment conclusion was occurred.

(IX) Work plan for internal control in 2019

In 2019, the Company will continuously promote internal control self-assessment and optimize work scheme and supervise the implementation. The key contents include: revising and improving the internal control management system; optimizing the management system based on changes in organizational structure, putting emphasis on the internal control management of important businesses and key fields and improving management measures; deepening process monitoring to continuously improve risk monitoring level; strengthening the building of the standard database for risk points to enhance the ability to identify risk points; optimizing defect detection channels and intensifying the rectification of problems and defects; strengthening the publicity of internal control management culture and the guidance on the training of its subsidiaries and branches.

XII. DISCLOSURE OF SELF-EVALUATION REPORT OF INTERNAL CONTROL

When disclosing the annual report for 2018, the Company will also disclose the Annual Internal Control Evaluation Report of Huatai Securities Co., Ltd. in 2018 at the same time, which will be published on the website of the Shanghai Stock Exchange (www.sse.com.cn), the HKEXnews website of the HKEX (www.hkexnews.hk) and the Company's official website (www.htsc.com.cn) on March 30, 2019.

XIII. INFORMATION ABOUT THE INTERNAL CONTROL AUDITING REPORT

The KPMG Huazhen LLP (Special General Partnership) engaged by the Company conducted an audit on the internal control of the Company, and issued an internal control auditing report without qualified opinions. When disclosing the annual report for 2018, the Company will also disclose the Internal Control Auditing Report of Huatai Securities Co., Ltd. at the same time, which will be published on the website of the Shanghai Stock Exchange (www.sse.com.cn), the HKEXnews website of the HKEX (www.hkexnews.hk) and the Company's official website (www.htsc.com.cn) on March 30, 2019.

Whether to disclose the internal control auditing report: Yes

XIV. BUILDING OF THE COMPLIANCE MANAGEMENT SYSTEM OF THE COMPANY AND THE INSPECTION AND AUDIT FINISHED BY THE COMPLIANCE AND INSPECTING DEPARTMENT DURING THE REPORTING PERIOD

The Company always places emphasis on the corporate culture of operation in compliance with laws and regulations, and carries out strict management and prudent and standard operation. During the Reporting Period, in accordance with the relevant laws and regulations and the regulatory requirements, the Company further established a sound compliance management system, improved the organizational structure for compliance management, and continued to strengthen the compliance management of the Company to keep continuous and standardized development of the Company's various businesses.

1. Organizational Structure for Compliance Management

Since its establishment, the Company has been adjusting and improving the organizational structure for compliance management and the relevant systems based on the changes of the market environment and regulatory requirements and the development needs of business. According to the Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies (hereinafter referred to as the "Measures") issued by the CSRC in 2017, the Company further clarified the compliance duties of the Board of Directors, Supervisory Committee, senior management, chief compliance officer, and responsible persons of all departments, all branches and subsidiaries at all levels (hereinafter referred to collectively as "all subordinate units") in the Articles of Association and the basic compliance management system. The current compliance organizational system comprehensively reflects the basic requirements of the Measures for "full compliance" and "starting compliance management from the senior management", and a resultant force situation of sound compliance management organizational structure, clear positioning of responsibilities at all levels and full compliance is basically created.

The Board of Directors is the supreme decision-making body for compliance management of the Company, bears ultimate responsibility for the effectiveness of compliance management, decides on the compliance management objectives and is responsible for the effectiveness of compliance management of the Company; the Compliance and Risk Management Committee under the Board of Directors is responsible for overseeing the overall risk management of the Company and controlling the risks within a reasonable range to ensure the internal management system, business rules, significant decisions and main business activities of the Company are in compliance with laws and regulations and the risks are controllable and bearable; the Supervisory Committee is responsible for supervising the compliance management and the performance of compliance management duties by Directors and senior management; the senior management assumes the major responsibilities for compliance management, implements the compliance management objectives of the Company and is responsible for the whole company's compliance management; responsible persons of all subordinate units are responsible for their units' operations in accordance with laws and regulations; all the staff of the Company are responsible for the compliance of the operational matters and professional conducts within the range of their operational activities.

The chief compliance officer is in charge of the compliance of the Company, conducts audit, inspection and supervision on the compliance of the management and professional conducts of the Company and its staff, and helps the operation management effectively identify and manage compliance risks. The chief compliance officer is a member of the Company's senior management, and is appointed by the Board of Directors. The chief compliance officer does not hold any concurrent posts or take charge of any departments that conflict with his/her compliance management duties.

The Company has established a Legal Compliance Department to assist the chief compliance officer in performing specific compliance management duties, mainly including: establishment of the compliance management system of the Company; compliance training, inspection and guidance; assessment and unified disposal of compliance risks; compliance review and compliance reports; cooperation with external compliance supervision and management institutions; anti-money laundering and Chinese Wall; establishment of the legal system of the Company; review of legal documents; handling of legal affairs; assessment of and consultation on legal risks.

All departments and branches of the Company have their own compliance officers. A compliance officer is mainly responsible for the compliance management work of the unit he/she belongs to, performs such duties as carrying out timely and effective supervision, inspection, assessment and reporting on the implementation of compliance policies and procedures by such unit and its staff, and is responsible for the unit's communication and exchange of information with the Legal Compliance Department and other compliance management work in his/her own department. During the Reporting Period, the Company further optimized the compliance management mode of its branches, promoted the vertical management of the branches' compliance management teams, strengthened the compliance risk management work of the branches, enhanced the independence of the branches' compliance risk management teams, improved the effect of communication between the headquarters and branches, and strived to prevent compliance risks of front-line businesses from the source.

The Company issued the Measures for the Compliance Management of Subsidiaries of Huatai Securities Co., Ltd., made detailed arrangements for the basic principles, organizational structure and working mechanism of compliance management of its subsidiaries, and established a sound compliance management system appropriate to the group strategy. Meanwhile, the Company established a special compliance management information reporting mechanism, and all subsidiaries shall report on the operation of compliance management quarterly and report on any major risk or abnormal situation timely after the event so that the Company can grasp the compliance risk management and control of its subsidiaries timely; the Company established a mechanism for regular meetings between compliance chiefs of the parent company and subsidiaries to call together compliance chiefs of the subsidiaries to hold regular meetings quarterly and unblock the communication mechanism between the group's compliance chiefs and the Compliance Department, and built an important platform of notifying the group's compliance risk events, sharing supervision information, exchanging key and difficult points of the compliance management work and forming a resultant force for compliance management; the Company also established a compliance review mechanism for the basic compliance management systems of its subsidiaries, according to which its subsidiaries shall submit the basic compliance management systems formulated or revised by them to the parent company for compliance review. In addition, the Company conducted an investigation on the first-tier subsidiaries in respect of the compliance management of its subordinate institutions, provided guidance and coordination to its subsidiaries according to their application and provided coordination and cooperation for the assessment of compliance in respect of major events concerning business coordination between the parent company and its subsidiaries.

2. Compliance System Building of the Company

The Company has established a complete compliance management system and formed various compliance management systems, including the Compliance Management System of Huatai Securities Co., Ltd. (2017 Revision), Measures for the Compliance Management of Subsidiaries, Daily Working Measures for Compliance Management (2017 Revision), Measures for Management of Compliance Management Personnel and Measures for the Implementation of Compliance Accountability. Besides, during the Reporting Period, the Company formulated three systems for internal control of anti-money laundering, including the Anti-money Laundering System for Distinguishing Clients' Identities and Preserving the Data about Clients' Identities and Transaction Records, Management Measures for Anti-money Laundering and Counter-terrorist Financing Training and Financing and System for the Internal Audit of Anti-money Laundering, and revised seven systems for internal control of anti-money laundering, including Anti-money Laundering Confidentiality System, Administrative Measures for the Freezing of Assets Relating to Terrorist Activities, Anti-money Laundering Work Organizational Structure and Duties, Measures for the Administration of Reporting on High Value Transactions and Suspicious Transactions (2nd Revision 2018), Administrative Measures for Risk Assessment Relating to Money Laundering of Clients, Implementation Measures for Self-assessment of Money Laundering Risks and Anti-money Laundering System for Distinguishing Clients' Identities and Preserving the Data about Clients' Identities and Transaction Records, which further improved the building of the systems for internal control of anti-money laundering.

As of the end of the Reporting Period, the Company has established the following basic compliance management systems: Compliance Management System (Revision), Measures for the Compliance Management of Subsidiaries, Daily Working Measures for Compliance Management (Revision), Measures for Management of Compliance Management Personnel, Measures for the Implementation of Compliance Accountability, Measures for Assessment of the Effectiveness of Compliance Management, Staff Compliance Manual, Regulations on the Management of Securities Investment by Working Staff, Regulations on the Management of Chinese Wall (Revision), System for Internal Control of Anti-money Laundering (Revision), Anti-money Laundering Confidentiality System and System for Internal Audit of Anti-money Laundering.

3. Implementation of the Compliance Management Mechanism

Since the full implementation of the compliance management system, the Company saw continuous improvement of its compliance management work, and continued to benefit from observance with the philosophy of "Creating Value through Compliance Management" and saw significant improvement in the standardization of operations. During the Reporting Period, the Company focused on "improving the efficiency of compliance management and enhancing the actual effect of compliance management", continued to promote the transformation from passive response to active control in compliance risk management, practically performed all functions of compliance management, and promoted optimization and upgrading of the working mechanism. The Compliance Department provided all departments and branches with comprehensive compliance consultation, put forward recommendations on common issues in time and monitored and gave guidance over the rectification and improvement of relevant systems and procedures by relevant departments; carried out compliance review comprehensively, clarified the front-line compliance review responsibilities, focused on the implementation of the requirements of compliance management in the process of review, and strengthened cross-examination in order to improve the accuracy and effectiveness of compliance review; further reinforced routine compliance examination, conducted regular and irregular special compliance examination in line with business innovations and regulatory focus, in order to screen potential risks effectively, identify compliance issues in time and supervise the standard rectification; submitted compliance reports to the regulatory institution in time and submitted temporary reports as needed; carried out the special compliance assessment and accountability on all subordinate units according to the compliance assessment and accountability system, which significantly improved the authority and effectiveness of the compliance management work and provided important guarantee for the effective implementation of the compliance management system; further increased the frequency and efforts of compliance training and broadened the coverage of compliance training through the compliance-themed series publicity activity "Promoting Development by Compliance Advocation", so as to make the regulatory requirements and compliance awareness penetrate into the minds of business personnel; optimized the compliance management system, promoted the upgrading of the systems for assessing its clients' money laundering risks and strengthened the building of the group's Chinese Wall system.

4. Information about Inspection Carried out by the Compliance Department during the Reporting Period

During the Reporting Period, the Company's Compliance Department took the lead in carrying out the special self-inspection on the implementation of the guidelines for internal control of investment banks, special self-inspection on related-party transactions, special self-inspection on business scope of its subsidiaries and other special business self-inspections.

The Compliance Department carried out the following on-site inspections: on-site inspection on the internal audit on the compliance risk management of the business department on Xiahe Road, Xiamen, special inspection on the management over the professional conducts of the staff of Fujian Branch and the business department on Xiahe Road, Xiamen, special inspection on the overall management of Guangdong Branch and the business department in Huangpu West Avenue, Guangzhou etc.; at the headquarters level, the Compliance Department carried out compliance inspections on relevant

departments, involving share pledge repurchase business, OTC derivatives business, release of securities research reports and bond investment and trading business etc.. The Company took the pulse of key links of its business and screened potential compliance risks and issues, which promoted relevant units to strengthen their fundamental work and standardize their business management.

5. Progress of Audit Work of the Audit Department during the Reporting Period

During the Reporting Period, the Company's Audit Department, according to the work requirements, deeply explored new ideas and new methods for internal audit work, insisted on the work concept of "auditing by law, serving the overall situation, highlighting the key points and being realistic and pragmatic", actively changed work ideas around the job requirements of the Company for deepening the system construction of the whole business chain, innovated and improved the audit work method, enhanced auditing for key projects and procedures, conducted risk control-oriented examination and evaluation on the audited entities in such aspects as the establishment and implementation of internal control mechanism, compliance and legality of business operation, financial revenue and expenditure and accuracy of financial accounting, paid attention to operation and investment of offshore assets and offshore economic activities, assessed the business operation risks and revealed the weak links and work defects of operation management; and effectively carried out the legality, compliance and validity auditing on internal control, compliance management, anti-money laundering, financial management and financial accounting, operating guarantee, business management, innovative business, client data and services of each branch and securities business department, and each department and subsidiary of the Company.

During the Reporting Period, the Audit Department completed 158 audit items, including regular auditing of 14 business and management departments, such as the Company's asset custody department, risk management department, human resources department, sales and trading department, network finance department, securities margin trading department, brokerage and wealth management department, financial innovation department, operating center, capital management department, research institution, securities investment department, fixed income department and financial product department, and 2 auditing works for outgoing responsible persons of the research institution and infrastructure construction office; regular auditing of 6 subsidiaries, such as Huatai United Securities, Huatai Innovation Investment, Huatai Purple Gold Investment, Huatai Asset Management, Huatai Financial Holdings and Jiangsu Equity Exchange; auditing for the departure and mandatory leave of general managers of 8 subsidiaries in Anhui, Heilongjiang, Huaian, Jiangyin, Wuxi, Shenzhen, Hunan and Hubei; auditing for the departure and mandatory leave of general managers of 116 securities business departments locating at Qingnian Street, Shenyang, Fushan Street, Shaoxing, Zhongxin Avenue, Taizhou, Jiefang East Road, Hangzhou, Yitian Road, Shenzhen, Wusi Street, Xining, Jinrong First Street, Wuxi, Shujin Road, Chengdu, South Wangyuan Road, Shanghai, Changjiang Road, Haimen, Wulipai Street, Yueyang and Datong Road, Haikou; 8 special auditing works such as corporate internal control evaluation, compliance management validity evaluation, fund sales business, asset custody and service business, evaluation of the dynamic monitoring system for risk control, anti-money laundering and seal inspection of the securities business departments locating at Heping Road, Xuzhou and Qingjiang Street, Yidu; rectification and tracking of problems discovered in 1 audit item; 3 items reported were under inspection, and audit reports have been issued for 157 audit items; 561 audit opinions and suggestions were put forward and 492 problems were rectified, with a rectification completion rate of 87.70%; 410 problems discovered in the previous auditing were tracked and 386 problems were rectified, with a rectification completion rate of 94.63%; according to the Implementing Rules for Penalties of Illegal Behaviours of Subsidiaries and Business Offices of the Company, suggestions were made on penalties for 118 person-times in 92 units.

When implementing audit, the Company's Audit Department strengthens the process audit, implements the audit project team leader responsibility system, reasonably determines the key points and scope of audit, adjusts and revises the audit working paper and report template according to business development requirements and pursues more comprehensive and more detailed specific operations which are more favourable to audit. While engaging in improvement of the auditing

work system, organizing subsequent auditing work, setting up the auditing result implementation and feedback system according to the principle of "study, rectification and use after auditing" and strengthening tracking of implementation of auditing opinions and ensuring the independence, objectivity and impartiality of its auditing works, the Company's Audit Department reasonably determines the key points and scope of audit, with emphasis on the compliance, soundness and effectiveness of the internal control links in carrying out various businesses. Through the standard audit procedure, the Audit Department improved the audit quality, reduced audit risks, put risk management work on a firm footing and gave full play to the role of audit work in improving the level of corporate internal control.

XV. OTHER INFORMATION

(I) Company Secretary

Pursuant to Rule 3.28 and Rule 8.17 of the Hong Kong Listing Rules, the Company must appoint an individual as its company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the duties of a company secretary.

Currently, Mr. Zhang Hui and Ms. Kwong Yin Ping Yvonne serve as the joint company secretaries of the Company. Mr. Zhang Hui has abundant experience in corporate management, but does not possess any of the qualifications under Rule 3.28 and Rule 8.17 of the Hong Kong Listing Rules, and may not be able to fully comply with the requirements of the Hong Kong Listing Rules. Accordingly, the Company has appointed Ms. Kwong Yin Ping Yvonne, who is a member of the Hong Kong Institute of Chartered Secretaries and fully complies with the requirements stipulated under Rule 3.28 and Rule 8.17 of the Hong Kong Listing Rules, to act as the other joint company secretary to enable Mr. Zhang Hui to acquire the relevant experience under Note (2) to Rule 3.28 of the Hong Kong Listing Rules, so as to fully comply with the requirements set forth under Rule 3.28 and Rule 8.17 of the Hong Kong Listing Rules. During the Reporting Period, the joint company secretaries of the Company discharged their duties in earnest, and ensured the smooth convening of various meetings of the Board; and promoted effective communications among members of the Board, and among the Directors, shareholders and management of the Company.

During the Reporting Period, pursuant to Rule 3.29 of the Hong Kong Listing Rules, both Mr. Zhang Hui and Ms. Kwong Yin Ping Yvonne had taken no less than 15 hours of professional training to update their skills and knowledge. The primary contact person for Ms. Kwong Yin Ping Yvonne at the Company is Mr. Zhang Hui.

(II) Responsibilities of the Directors and Auditors in respect of the Accounts

The following statement of responsibilities of Directors regarding the financial statements shall be read in conjunction with the responsibility statement of the certified public accountants included in the audit report of this report. Each responsibility statement shall be understood separately.

The Board of Directors confirmed that it took responsibility for the preparation of the annual report for the year ended December 31, 2018.

The Board of Directors is responsible for presenting a clear and well-defined assessment of the annual and interim reports, stock price sensitive information, and other matters that need to be disclosed according to the Hong Kong Listing Rules and other regulatory provisions. The management has provided relevant and necessary explanation and information for the Board of Directors so that the Board of Directors could make informed assessment on the financial data and position of the Group for examination and approval at the Board meetings.

To the knowledge of all Directors, the Company does not face any events or situations of significant uncertainty likely to give rise to the significant doubt of the Company's capability of sustainable operations. In addition, the Company has arranged appropriate insurance cover for the legal actions and liabilities which the Directors, Supervisors and senior management may be exposed to.

(III) Performance Assessment Results for Directors and Supervisors

During the Reporting Period, the Directors and Supervisors of the Company had abided by the relevant provisions of laws, administrative laws and regulations as well as Articles of Association, and performed their duties and obligations honestly and diligently.

All the Directors of the Company have performed their statutory duties honestly, faithfully and diligently in compliance with laws. They have attended Board meetings and various meetings of special committees in accordance with relevant provisions, considered each proposal seriously, offered advice and suggestions on significant strategic decisions and plans, important investment and financing projects, business innovations, related-party transactions, compliance management and internal control, system construction, appointment of senior management, performance assessment, enterprise cultural construction and social responsibilities of the Company, and acted as professional gatekeepers on such issues, which ensured those material decisions to be scientific and standardized as well as the sustainable and innovative development of the Company, and preserved the interests of the shareholders practically.

All the Supervisors of the Company have performed their statutory duties honestly, faithfully and diligently in compliance with laws. They have attended the meetings of the Supervisory Committee in accordance with relevant provisions, attended the on-site Board meetings and shareholders' general meetings, and supervised and inspected the legality of operation, material decisions and important business activities as well as the financial position of the Company.

For the details on the performance of duties of the Company's Directors and Supervisors, please refer to the "Performance of Duties of Directors" and "Performance of Duties of Supervisors" under this section in this report.

(IV) Communication with Shareholders

The shareholders' general meeting is the organ of the highest authority of the Company, and the shareholders exercise their rights through the shareholders' general meeting. The Company convenes and holds shareholders' general meetings in strict accordance with the relevant provisions of the Articles of Association and the Rules of Procedures for General Meetings to ensure the equal status of all shareholders, in particular the minority shareholders, and enable them to exercise their rights completely.

The Company pays great attention to the shareholders' opinions and advice, actively and regularly carries out various investor relations activities to keep communication with shareholders and meet their reasonable needs timely. The Company has formulated a series of relatively perfect rules and regulations such as the Administrative System Regarding Investor Relationship, to manage investor relationship in accordance with the standards, systems and procedures. Meanwhile, the Company has formed good interaction and communication with the investors by actively using various channels such as existing investor service hotlines, a special column for investor relations at the Company's website and reception of on-site researchers.

The Board of Directors of the Company is willing to listen to shareholders' advice and encourages shareholders to attend the general meetings to ask the Board of Directors or the management directly about any doubts they may hold. Shareholders may convene extraordinary general meetings or submit interim proposals to general meetings according to the procedures set out in Article 77 and Article 82 of the Articles of Association, which were published on the website of the Shanghai Stock Exchange, the HKEXnews website of the HKEX and the Company's official website. The Company will arrange for the Board of Directors to answer the shareholders' questions at its annual general meeting for 2018.

(V) Investor Relations

1. Amendment to the Articles of Association of the Company

During the Reporting Period, the amendment to the Articles of Association of the Company is as follows:

(1) According to the resolution at the General Meeting of the Company in 2016 and the authorization granted in the resolution in regard to the amendment to the Company's Articles of Association, with the approval of the CSRC, the Company has completed non-public issuance of A Shares and the procedures for registration and archival filing with the industrial and commercial authorities and archival filing with the Jiangsu Securities Regulatory Bureau regarding amendment to its Articles of Association within the Reporting Period.

The amendment to the Articles of Association mainly includes: Amending Article 2 according to the implementation of the registration system of "integrating the business license, organization code certificate and taxation registration certificate into one document"; amending Article 6 and Article 21 according to the practical situation of the Company's non-public placement of A shares as the registered capital, number of ordinary shares and number of domestic shares of the Company will change.

(2) According to the resolution at the first Extraordinary General Meeting of the Company in 2017 and the authorization granted in the resolution in regard to the amendment to the Company's Articles of Association, with the approval of the Jiangsu Securities Regulatory Bureau, the Company has completed the procedures for archival filing of amendment to its Articles of Association within the Reporting Period.

The amendment to the Articles of Association mainly includes: Amending Article 151, Article 189, Article 198, Article 199, Article 200, Article 201, Article 202, Article 219 and Article 305 by combining with the current compliance management of the Company according to relevant provisions of the Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies issued by the CSRC in June 2017 and the Guidelines for Implementation of the Compliance Management of Securities Companies issued by the Securities Association of China in September 2017 as well as the listing rules, latest accounting standards and relevant regulatory provisions.

(3) According to the resolution at the General Meeting of the Company in 2017 and the authorization granted in the resolution in regard to the amendment to the Company's Articles of Association, with the approval of the Jiangsu Securities Regulatory Bureau, the Company has completed the procedures for archival filing of amendment to its Articles of Association within the Reporting Period.

The amendment to the Articles of Association mainly includes: Amending Article 72 and Article 140 according to the relevant suggestions proposed in the Letter of Suggestions of Shareholders of China Securities Investor Services Center and relevant laws, regulations and regulatory documents and based on the actual situation of the Company.

(4) According to the resolution at the first Extraordinary General Meeting of the Company in 2018 and the authorization granted in the resolution in regard to the amendment to the Company's Articles of Association, with the approval of the Jiangsu Securities Regulatory Bureau, the Company has completed the procedures for archival filing of amendment to its Articles of Association within the Reporting Period.

The amendment to the Articles of Association mainly includes: Adding one article to the Articles of Association according to the provisions and requirements for the Party construction of state-owned enterprises in the whole country and Jiangsu Province and relevant laws, regulations and regulatory documents. After amendment, the number of articles of the Articles of Association

increased from 310 to 311 and the sequence numbers of relevant sections, articles and articles involved in cross reference were also adjusted accordingly.

2. Investor relations management

The investor relations management is one of the most important tasks on 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 to manage 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 and so on.

During the Reporting Period, the Company timely updated 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 15 times of onsite investigations and surveys or telephone interviews from approximately 51 researchers and investment professionals such as securities companies and funds companies at home and abroad in the whole year. The Company also carried out daily consultation work seriously for investors and answered their questions in details. Meanwhile, to assist the issuance of the periodic reports, the Company held 2 presentations for operating performance and 1 telephone conference with analysts, proactively attended strategy seminars and investment forums held by domestic or foreign securities institutions, and maintained full communications with investors on issues such as the development trend of the industry, operational results of the Company as well as its business development strategy, which effectively promoted investors' understanding of the business condition and result performance of the Company, completely marketed the development advantages of the Company, and effectively guided market expectations. The Company persisted in inducing and analyzing various questions proposed by institutional investors and researchers to improve the professionalism, normalization and the quality of investor relations management of the Company.

The Company's reception of investigations and surveys, communications, and interviews in the full year of 2018:

No.	Date of reception	Place of reception	Way of reception	Guests	Major topics discussed and information provided
1	2018-01-04	Huatai United Securities	On-site interview	CITIC Securities, CITICPE, CICC, Sunshine Asset, etc. (7 persons/times)	
2	2018-01-23	The headquarters of the Company	On-site interview	Guosen Securities (2 persons/times)	
3	2018-04-16	The Hong Kong subsidiary	Telephone interview	Platinum Investment (1 person/time)	
4	2018-04-18	The headquarters of the Company	On-site interview	Guotai Junan Securities, Sunshine Insurance, Huarong Securities, etc. (5 persons/times)	
5	2018-04-18	The headquarters of the Company	On-site interview	GF Securities, China Reinsurance, CITIC AMC, Taiping Asset Management, etc. (9 persons/times)	
6	2018-04-19	The headquarters of the Company	On-site interview	Founder Securities (1 person/time)	
7	2018-06-12	The headquarters of the Company	On-site interview	Minsheng Securities (1 person/time)	Business development, innovative business and long-term development strategy of the Company
8	2018-06-12	The headquarters of the Company	On-site interview	Hua Chuang Securities, Pacific Securities (2 persons/times)	
9	2018-07-06	The headquarters of the Company	On-site interview	Northeast Securities (1 person/time)	
10	2018-07-06	The headquarters of the Company	On-site interview	CITIC Securities, GF Fund Management and its customers (5 persons/times)	
11	2018-07-09	The Hong Kong subsidiary	On-site interview	China Alpha Fund Management (HK) (1 person/time)	
12	2018-07-13	The Hong Kong subsidiary	Telephone interview	Fidelity (1 person/time)	
13	2018-07-13	Beijing branch office	On-site interview	Haitong Securities, China Life AMP, Guangzhou Securities, etc. (9 persons/times)	
14	2018-07-19	The headquarters of the Company	Telephone interview	China Universal Asset Management (2 persons/times)	
15	2018-11-16	The headquarters of the Company	Telephone interview	Ivy Assets (4 persons/times)	

(VI) Independency of the Auditor

According to the relevant provisions in Rule 19A.31 of the Hong Kong Listing Rules, annual accounts should be audited by a prestigious certified public accountant (whether it is an individual, a firm or a company), who (whether it is an individual, a firm or a company) also should be independent of the Chinese issuer to the extent that its independent procedures should be substantially the same as those specified in the statements on independence issued in the Companies Ordinance or by the International Federation of Accountants. According to the relevant provisions in Rule C.3.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Hong Kong Listing Rules, the Audit Committee should review and monitor the independence and objectiveness of external auditors as well as the validity of the auditing process in accordance with applicable standards. During the Reporting Period, the Company continued to engage KPMG Huazhen LLP as the auditors of A Shares and KPMG as the auditors of H Shares. The Audit Committee had carried out necessary review and supervision to ensure the independence between the firms and the Company.

(VII) Auditor's Remuneration

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

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

CORPORATE BONDS

I. BASIC INFORMATION ON CORPORATE BONDS

Unit: 100 million Yuan Currency: RMB

Name of Bond	Abbreviation	Code	Issue date	Expiration date	Balance	Interest rate (%)	Principal and interest payment method	Place for trading
2013 Corporate Bonds of Huatai Securities (Five-year bonds)	13 Huatai 01	122261.SH	2013-06-05	2018-06-05	—	4.68	Principal to be paid upon expiration and interest to be paid annually	Shanghai Stock Exchange
2013 Corporate Bonds of Huatai Securities (Ten-year bonds)	13 Huatai 02	122262.SH	2013-06-05	2023-06-05	60.00	5.10	Principal to be paid upon expiration and interest to be paid annually	Shanghai Stock Exchange
2015 Corporate Bonds of Huatai Securities (First tranche) (Type I)	15 Huatai G1	122388.SH	2015-06-29	2018-06-29	—	4.20	Principal to be paid upon expiration and interest to be paid annually	Shanghai Stock Exchange
2016 Corporate Bonds of Huatai Securities (First tranche) (Type I)	16 Huatai G1	136851.SH	2016-12-06	2019-12-06	35.00	3.57	Principal to be paid upon expiration and interest to be paid annually	Shanghai Stock Exchange
2016 Corporate Bonds of Huatai Securities (First tranche) (Type II)	16 Huatai G2	136852.SH	2016-12-06	2021-12-06	25.00	3.78	Principal to be paid upon expiration and interest to be paid annually	Shanghai Stock Exchange
2016 Corporate Bonds of Huatai Securities (Second tranche) (Type I)	16 Huatai G3	136873.SH	2016-12-14	2019-12-14	50.00	3.79	Principal to be paid upon expiration and interest to be paid annually	Shanghai Stock Exchange
2016 Corporate Bonds of Huatai Securities (Second tranche) (Type II)	16 Huatai G4	136874.SH	2016-12-14	2021-12-14	30.00	3.97	Principal to be paid upon expiration and interest to be paid annually	Shanghai Stock Exchange
2018 Corporate Bonds of Huatai Securities Publicly Issued to Qualified Investors (First tranche) (Type I)	18 Huatai G1	155047.SH	2018-11-26	2021-11-26	30.00	3.88	Principal to be paid upon expiration and interest to be paid annually	Shanghai Stock Exchange
2018 Corporate Bonds of Huatai Securities Publicly Issued to Qualified Investors (First tranche) (Type II)	18 Huatai G2	155048.SH	2018-11-26	2023-11-26	10.00	4.17	Principal to be paid upon expiration and interest to be paid annually	Shanghai Stock Exchange

Interest Payment for Corporate Bonds

On June 5, 2018, the Company paid the interest for "13 Huatai 01" and "13 Huatai 02" bonds for the period from June 5, 2017 to June 4, 2018 with a total amount of RMB493.2 million (tax inclusive) and the repayment of the principal for "13 Huatai 01" amounting to RMB4 billion. On June 29, 2018, the Company paid the interest for "15 Huatai G1" bonds for the period from June 29, 2017 to June 28, 2018 with a total amount of RMB277.2 million (tax inclusive) and the repayment of the principal for "15 Huatai G1" amounting to RMB6.6 billion; On December 6, 2018, the Company paid the interest for "16 Huatai G1" and "16 Huatai G2" bonds for the period from December 6, 2017 to December 5, 2018 with a total amount of RMB219.45 million (tax inclusive); On December 14, 2018, the Company paid the interest for "16 Huatai G3" and "16 Huatai G4" bonds for the period from December 14, 2017 to December 13, 2018 with a total amount of RMB308.6 million (tax inclusive).

Other Information on Corporate Bonds

Arrangements for investors' appropriateness of corporate bonds: target investors are qualified ones who hold A share securities accounts of China Securities Depository and Clearing Corporation Limited, Shanghai Branch and are in compliance with the requirements of the Administrative Measures for Issuance and Trading of Corporate Bonds and relevant laws and regulations (excluding purchasers prohibited by 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.

II. ENTRUSTED MANAGERS OF CORPORATE BONDS AND THEIR CONTACTS AND CONTACTS OF THE CREDIT RATING AGENCY

Entrusted manager of bonds	Name	GF Securities Co., Ltd.
	Office address	Room 4301-4316, 43rd Floor, Metro Plaza, 183-187 Tianhe North Road, Tianhe District, Guangzhou, Guangdong Province
	Contact person	Li Peng
	Tel. no.	021-60750691
Entrusted manager of bonds	Name	Industrial Securities Co., Ltd.
	Office address	Room 1103, Block B, Xinsheng Mansion, 5 Finance Avenue, Xicheng District, Beijing
	Contact person	Meng Xiang
	Tel. no.	010-66553783
Entrusted manager of bonds	Name	Shenwan Hongyuan Securities Co., Ltd.
	Office address	45th Floor, 989 Changle Road, Xuhui District, Shanghai
	Contact persons	Yu Shan, Liu Yuan, Xu Mengting
	Tel. no.	010-88013931/021-33389888
Credit rating agency	Name	Shanghai Brilliance Credit Rating & Investors Service Co., Ltd.
	Office address	14th Floor, Huasheng Mansion, 398 Hankou Road, Shanghai

Other notes:

The entrusted manager of 13 Huatai 01 and 13 Huatai 02 bonds is GF Securities Co., Ltd., the entrusted manager of 15 Huatai G1 bonds is Industrial Securities Co., Ltd., the entrusted manager of 16 Huatai G1, 16 Huatai G2, 16 Huatai G3, 16 Huatai G4, 18 Huatai G1 and 18 Huatai G2 bonds is Shenwan Hongyuan Securities Co., Ltd., and the credit rating agency for each tranche of bonds is Shanghai Brilliance Credit Rating & Investors Service Co., Ltd.

III. USAGE OF PROCEEDS FROM CORPORATE BONDS

All the proceeds from 2013 corporate bonds have been used to supplement the Company's working capital and mainly for the purposes of expanding the scale of its margin financing and securities lending, stock repurchase and stock pledged repurchase business, which is in compliance with the requirements of the prospectus. All the proceeds from 2015 corporate bonds have been used to supplement the Company's working capital and mainly for the purposes of expanding the scale of its margin financing and securities lending, stock repurchase and stock pledged repurchase businesses and other innovative businesses that meet the regulatory requirements and for purposes in relation to the primary businesses of the Company, which is in line with the covenants undertaken in the prospectus. All the proceeds from the two tranches of corporate bonds issued in 2016 have been used to supplement the Company's working capital and mainly for the purposes of capital-based intermediary businesses such as stock pledged and investment businesses such as FICC, which is in line with the covenants undertaken in the prospectus. All the proceeds from the corporate bonds issued in 2018 have been used to supplement working capital and repay matured debts, which is in line with the covenants undertaken in the prospectus.

IV. BOND RATING OF THE COMPANY

On April 28, 2018, Shanghai Brilliance conducted follow-up credit ratings for the corporate bonds "13 Huatai 01", "13 Huatai 02", "15 Huatai G1", "16 Huatai G1", "16 Huatai G2", "16 Huatai G3" and "16 Huatai G4" issued by the Company, and issued the Report on the Follow-up Credit Rating of the 2013, 2015 and 2016 Corporate Bonds of Huatai Securities Co., Ltd. (《华泰证券股份有限公司2013年、2015年、2016年公司債券跟蹤評級報告》) (No.: Brilliance Follow-up Rating [2018] 100043), pursuant to which the credit ratings of the Company's bonds "13 Huatai 01", "13 Huatai 02", "15 Huatai G1", "16 Huatai G1", "16 Huatai G2", "16 Huatai G3" and "16 Huatai G4" were AAA, the credit rating of the Company remained as AAA and the credit rating outlook is stable.

On November 14, 2018, Shanghai Brilliance conducted credit ratings for the corporate bonds "18 Huatai G1" and "18 Huatai G2" issued by the Company, and issued the Report on the Credit Rating of the 2018 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Qualified Investors (First Tranche) (《华泰证券股份有限公司2018年面向合格投資者公開發行公司債券(第一期)信用評級報告》) (No.: [Brilliance Bond Rating (2018) 010865]), pursuant to which the credit ratings of "18 Huatai G1" and "18 Huatai G2" were AAA, the credit rating of the Company was AAA and the credit rating outlook is stable.

It is expected that the report on the follow-up credit rating of 2018 Corporate Bonds will be disclosed within 2 months after the release of the Company's 2018 Annual Report. For detailed contents of the rating results, please refer to the announcements on China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times and the website of the Shanghai Stock Exchange (www.sse.com.cn).

V. CREDIT ENHANCEMENT MECHANISM, SETTLEMENT PLAN AND OTHER RELEVANT INFORMATION ON CORPORATE BONDS DURING THE REPORTING PERIOD

The credit enhancement mechanism for the five tranches of corporate bonds issued by the Company is issued unsecured, and the settlement plan is to pay the interest once annually in the duration of the bonds and to pay the principal together with the last installment of interest. During the Reporting Period, there was no change to the credit enhancement mechanism, settlement plan or other settlement safeguards for the corporate bonds, and the Company strictly performed the covenants as set out in the prospectus in relation to the settlement plan, paid the interest for the corporate bonds on time, and disclosed relevant information on the Company in a timely manner, so as to protect the legal interest of investors.

VI. MEETINGS OF THE HOLDERS OF CORPORATE BONDS

During the Reporting Period, the Company did not hold any meeting for the holders of corporate bonds.

VII. PERFORMANCE OF DUTIES BY THE ENTRUSTED MANAGERS OF CORPORATE BONDS

During the Reporting Period, GF Securities Co., Ltd., as the entrusted manager, issued the Report on the Entrusted Affairs in Relation to the 2013 Corporate Bonds of Huatai Securities Co., Ltd. (Year 2017) (《华泰证券股份有限公司2013年公司债券受託管理事務報告(2017年度)》). For details, please refer to the relevant announcements published on China Securities Journal, Securities Times, Shanghai Securities News and Securities Daily, which were also disclosed on the website of the Shanghai Stock Exchange (www.sse.com.cn).

During the Reporting Period, Industrial Securities Co., Ltd., as the entrusted manager, issued the Report on the Entrusted Affairs in Relation to the 2015 Corporate Bonds (First Tranche) of Huatai Securities Co., Ltd. (Year 2017) (《华泰证券股份有限公司2015年公司债券(第一期)受託管理事務報告(2017年度)》). For details, please refer to the relevant announcements published on China Securities Journal, Securities Times, Shanghai Securities News and Securities Daily, which were also disclosed on the website of the Shanghai Stock Exchange (www.sse.com.cn).

During the Reporting Period, Shenwan Hongyuan Securities Co., Ltd., as the entrusted manager, issued the Report on the Entrusted Affairs in Relation to the 2016 Corporate Bonds (First Tranche) of Huatai Securities Co., Ltd. (Year 2017) (《华泰证券股份有限公司2016年公司债券(第一期)受託管理事務報告(2017年度)》) and the Report on the Entrusted Affairs in Relation to the 2016 Corporate Bonds (Second Tranche) of Huatai Securities Co., Ltd. (Year 2017) (《华泰证券股份有限公司2016年公司债券(第二期)受託管理事務報告(2017年度)》). For details, please refer to the relevant announcements published on China Securities Journal, Securities Times, Shanghai Securities News and Securities Daily, which were also disclosed on the website of the Shanghai Stock Exchange (www.sse.com.cn).

VIII. ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY FOR THE PAST TWO YEARS UP TO THE END OF THE REPORTING PERIOD

Unit: Thousand Yuan Currency: RMB

Primary indicators	2018	2017	Year-on-year change (%)	Reason for change
Earnings before interest, tax, depreciation and amortisation (EBITDA)	13,265,511	17,598,740	-24.62	Decrease in the Company's revenue
Net cash (used in)/generated from investing activities	(10,488,210)	(12,267,946)	N/A	Decrease in the amount of the Company's investment in financial assets at fair value through other comprehensive income as compared with that of the last year
Net cash (used in)/generated from financing activities	(8,695,841)	19,089,767	-145.55	Repayment of more debts by the Company during this year
Cash and cash equivalents at the end of the year	40,792,310	31,378,585	30.00	Significant increase in the amount of operating cash flow of the Company
Current ratio	1.57	1.55	1.29	
Quick ratio	1.57	1.55	1.29	
Gearing ratio	66.12%	71.80%	Decrease of 5.68 percentage points	Increase in private placement fund and repayment of large debts by the Company during this year
EBITDA to total debt ratio	9.49%	11.72%	Decrease of 2.23 percentage points	Decrease in the Company's revenue
Times interest earned	2.04	3.13	-34.82	Decrease in the EBITDA of the Company
Times cash-interest earned	4.87	0.15	3,146.67	Significant increase in the amount of operating cash flow of the Company during this year
Times interest earned of EBITDA	2.14	3.23	-33.75	Decrease in the EBITDA of the Company
Loan repayment ratio	100%	100%		
Interest payment ratio	100%	100%		

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

IX. INTEREST PAYMENT FOR AND REDEMPTION OF OTHER BONDS AND DEBT FINANCING INSTRUMENTS OF THE COMPANY

Unit: 100 million Yuan Currency: RMB

Abbreviation of the bond	Issuing scale	Closing balance	Coupon Rate (%)	Value date	Maturity date	Redemption and interest payment
15 Huatai 03	50.00	—	5.80	2015-04-21	2018-04-21	Redemption and interest payment
16 Huatai C1	50.00	50.00	3.30	2016-10-14	2021-10-14	Interest payment
16 Huatai C2	30.00	—	3.12	2016-10-21	2018-10-21	Redemption and interest payment
17 Huatai 01	60.00	—	4.50	2017-02-24	2018-08-24	Redemption and interest payment
17 Huatai 02	20.00	20.00	4.65	2017-02-24	2020-02-24	Interest payment
17 Huatai 03	40.00	40.00	5.00	2017-05-15	2019-05-15	Interest payment
17 Huatai 04	60.00	60.00	5.25	2017-05-15	2020-05-15	Interest payment
17 Huatai 05	40.00	—	4.65	2017-08-11	2018-08-11	Redemption and interest payment
17 Huatai 06	50.00	50.00	4.98	2017-10-19	2019-04-19	Interest payment
17 Huatai 07	40.00	—	5.20	2017-11-20	2018-11-20	Redemption and interest payment
17 Huatai C2	50.00	50.00	4.95	2017-07-27	2020-07-27	Interest payment
17 Huatai C3	20.00	—	5.00	2017-09-14	2018-09-14	Redemption and interest payment
18 Huatai C1	10.00	10.00	5.65	2018-03-15	2020-03-15	—
18 Huatai C2	28.00	28.00	5.20	2018-05-10	2021-05-10	—
18 Huatai D1	46.00	46.00	5.00	2018-06-11	2019-06-11	—
Offshore Bonds	US$400 million	US$400 million	3.625	2014-10-08	2019-10-08	Interest payment

Notes: 1. "15 Huatai 03" bonds rendered the issuer an option for redemption at the end of the third year.

2. "16 Huatai C1" bonds rendered the issuer an option for redemption at the end of the third year.

3. "16 Huatai C2" bonds rendered the issuer an option for redemption at the end of the second year.

During the Reporting Period, the Company settled the principal and interest of 15 Huatai 03 (123100), the second tranche of subordinated bonds non-publicly issued by the Company in 2015, with the payment amounting to RMB5,290 million (tax inclusive); paid the interest of 16 Huatai C1 (145029), the first tranche of subordinated bonds non-publicly issued by the Company in 2016, for the period from October 14, 2017 to October 13, 2018, with the interest payment amounting to RMB165 million (tax inclusive); settled the principal and interest of 16 Huatai C2 (145039), the second tranche of subordinated bonds non-publicly issued by the Company in 2016, with the payment amounting to RMB3,093.6 million (tax inclusive); paid the interest of 17 Huatai C2 (145664), the first tranche of subordinated bonds non-publicly issued by the Company in 2017, for the period from July 27, 2017 to July 26, 2018, with the interest payment amounting to RMB247.5 million (tax inclusive); and settled the principal and interest of 17 Huatai C3 (145781), the second tranche of subordinated bonds non-publicly issued by the Company in 2017, with the payment amounting to RMB2,100 million (tax inclusive).

During the Reporting Period, the Company settled the principal and interest of 2017 Non-publicly Issued Corporate Bonds (First Tranche) (Type I) ("17 Huatai 01"), with the payment amounting to RMB6,405 million (tax inclusive); paid the interest of 2017 Non-publicly Issued Corporate Bonds (First Tranche) (Type II) ("17 Huatai 02") for the period from February 24, 2017 to February 23, 2018, with the interest payment amounting to RMB93 million (tax inclusive); paid the interest of 2017 Non-publicly Issued Corporate Bonds (Second Tranche) ("17 Huatai 03" and "17 Huatai 04") for the period from May 15, 2017 to May 14, 2018, with the interest payment amounting to RMB515 million (tax inclusive); settled the principal and interest of 2017 Non-publicly Issued Corporate Bonds (Third Tranche) ("17 Huatai 05"), with the payment amounting to RMB4,186 million (tax inclusive); paid the interest of 2017 Non-publicly Issued Corporate Bonds (Fourth Tranche) ("17 Huatai 06") for the period from October 19, 2017 to October 18, 2018, with the interest payment amounting to RMB249 million (tax inclusive); settled the principal and interest of 2017 Non-publicly Issued Corporate Bonds (Fifth Tranche) ("17 Huatai 07"), with the payment amounting to RMB4,208 million (tax inclusive).

Huatai International Finance I Limited, a special purpose company subordinated to Huatai Financial Holdings (Hong Kong), paid the interest of offshore bonds of US$7.25 million on April 9, 2018 and on October 9, 2018, respectively, totaling US$14.5 million for the year.

For details of relevant announcements, please refer to the disclosure of the Company on China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily and the website of the Shanghai Stock Exchange (www.sse.com.cn).

X. BANK CREDIT OF THE COMPANY DURING THE REPORT PERIOD

During the Reporting Period, the Company enhanced credit management. As of the end of 2018, the total credit line obtained by the Company from commercial banks exceeded RMB430 billion, representing an increase as compared with that of last year, which effectively supported the development of various businesses of the Company.

The Company enjoyed a good reputation, and repaid bank loans on time during the Reporting Period without extension or reduction of any loan.

XI. PERFORMANCE OF RELEVANT COVENANTS OR UNDERTAKINGS IN THE PROSPECTUS FOR CORPORATE BONDS OF THE COMPANY DURING THE REPORTING PERIOD

During the Reporting Period, the Company strictly performed the relevant covenants or undertakings in the prospectus for corporate bonds, and the usage of the proceeds was in line with the covenants in the prospectus. The Company strictly performed its obligations of information disclosure and paid the interest for the bonds on time to protect the legal interests of investors. During the Reporting Period, the Company did not default on the redemption and interest payment of issued bonds, and operated stably with satisfactory earnings and there is no risk of the Company failing to make payments on time in the future.

XII. MAJOR EVENTS OF THE COMPANY AND THEIR IMPACTS ON THE OPERATION AND SOLVENCY OF THE COMPANY

During the Reporting Period, the Company did not experience any major event as mentioned in Article 45 of the Administrative Measures for Issue and Trading of Corporate Bonds which would have a marerial impact on the Company's operation and solvency.

FINANCIAL REPORT

I. The financial report (H Shares) of the Company for 2018 had been audited by KPMG, which issued a standard unqualified audit report.

II. Financial statements (H Shares) (attached below).

III. Notes to the financial Information (H Shares) (attached below).

INDEX OF DOCUMENTS FOR INSPECTION

Index of Documents for Inspection	Financial statements carrying the signature and seal of the Company's legal representative, person in charge of accounting work and head of accounting organ
Index of Documents for Inspection	Audit report carrying the seal of the accounting firm and the signature and seal of the certified public accountant
Index of Documents for Inspection	All company documents and announcements made public on the newspapers designated by the CSRC within the Reporting Period
Index of Documents for Inspection	Articles of Association

Chairman of the Board: Zhou Yi
Date of Submission as Approved by the Board of Directors: March 29, 2019

INFORMATION DISCLOSURE OF SECURITIES COMPANIES

I. MAJOR ADMINISTRATIVE APPROVALS OF THE COMPANY

1. Approval for the Non-Public Issuance of Shares by Huatai Securities Co., Ltd. (Zheng Jian Xu Ke [2018] No. 315) dated February 9, 2018;

2. Approval for the Modification of Important Clauses of the Articles of Association by Huatai Securities Co., Ltd. (Su Zheng Jian Xu Ke Zi [2018] No. 5) dated March 1, 2018;

3. Approval for the Qualification of Chen Zhibin as Independent Director of Securities Company (Su Zheng Jian Xu Ke Zi [2018] No. 9) dated April 9, 2018;

4. Approval for the Modification of Important Clauses of the Articles of Association by Huatai Securities Co., Ltd. (Su Zheng Jian Xu Ke Zi [2018] No. 13) dated July 9, 2018;

5. Regulatory Opinions on the Application for Operating Foreign Exchange Settlement and Sales Business by Huatai Securities Co., Ltd. (Ji Gou Bu Han [2018] No. 1738) dated July 25, 2018;

6. Non-objection Letter on the Application for Qualification of Tier-1 Dealer on OTC Options by HTSC (Ji Gou Bu Han [2018] No. 1788) dated July 31, 2018;

7. Approval for the Qualification of Hu Xiao as Director of Securities Company (Su Zheng Jian Xu Ke Zi [2018] No. 25) dated October 12, 2018;

8. Approval for the Qualification of Yang Yaling as Supervisor of Securities Company (Su Zheng Jian Xu Ke Zi [2018] No. 26) dated October 12, 2018;

9. Approval for the Qualification of Yu Lanying as Supervisor of Securities Company (Su Zheng Jian Xu Ke Zi [2018] No. 27) dated October 12, 2018;

10. Approval for the Qualification of Chen Yongbing as Director of Securities Company (Su Zheng Jian Xu Ke Zi [2018] No. 28) dated October 12, 2018;

11. Approval for the Qualification of Zhu Xuebo as Director of Securities Company (Su Zheng Jian Xu Ke Zi [2018] No. 29) dated October 12, 2018;

12. Approval for the Qualification of Ding Feng as Director of Securities Company (Su Zheng Jian Xu Ke Zi [2018] No. 30) dated October 12, 2018;

13. Approval for the Qualification of Fan Chunyan as Director of Securities Company (Su Zheng Jian Xu Ke Zi [2018] No. 31) dated October 19, 2018;

14. Approval for the Public Issuance of Corporate Bonds by Huatai Securities Co., Ltd. to Qualified Investors (Zheng Jian Xu Ke [2018] No. 1756) dated October 31, 2018;

15. Approval for the Modification of Important Clauses of the Articles of Association by Huatai Securities Co., Ltd. (Su Zheng Jian Xu Ke Zi [2018] No. 38) dated November 28, 2018;

16. Approval for Issuance and Admission of Global Depository Receipts on the London Stock Exchange plc by Huatai Securities Co., Ltd. (Zheng Jian Xu Ke [2018] No. 1993) dated November 30, 2018;

17. Regulatory Opinions on the Application for Credit Derivatives Business by HTSC (Ji Gou Bu Han [2018] No. 2930) dated December 13, 2018;

II. RESULTS OF CLASSIFICATION BY REGULATORY AUTHORITIES

1. In 2016, the Company was rated Class BBB under Category B according to the classification of securities companies.

2. In 2017, the Company was rated Class AA under Category A according to the classification of securities companies.

3. In 2018, the Company was rated Class AA under Category A according to the classification of securities companies.

I. MAIN BUSINESS QUALIFICATIONS

The Company was entitled to become the members of the Shanghai Stock Exchange, the Shenzhen Stock Exchange and Securities Association of China, to engage in the clearing of warrants of China Securities Depository and Clearing Corporation Limited and to participate in the clearing of China Securities Depository and Clearing Corporation Limited. Besides, the Company also has the following main business qualifications:

No.	Type of License	Approval Department	Years
1	National interbank market access qualification	PBOC	January 2000
2	Qualification for online entrusted securities brokerage business	CSRC	May 2001
3	Qualification for distributing open-end securities investment funds	CSRC	February 2003
4	Qualification for entrusted investment management business	CSRC	March 2003
5	Value-added telecommunications business license	Jiangsu Communications Administration	July 2004
6	Pilot securities firm for relevant innovative activities	Securities Association of China	March 2005
7	Qualification for underwriting short-term financing bills	PBOC	August 2005
8	Qualification for foreign exchange operation in the securities business	State Administration of Foreign Exchange	November 2006
9	Foreign exchange registration certificate for overseas investment	Jiangsu Provincial Bureau of SAFE	December 2006
10	Qualification for agency business of stock transfer	Securities Association of China	June 2007
11	Qualification of tier-1 dealer on the integrated e-platform for fixed income securities	Shanghai Stock Exchange	August 2007
12	Qualified domestic institutional investor (QDII) qualification for overseas securities investment management business	CSRC	December 2007
13	Qualification to provide intermediary introduction business for Great Wall Weiye Futures Co., Ltd.	CSRC	April 2008
14	Qualified investor qualification in block trade system	Shanghai Stock Exchange	June 2008
15	Qualification to incorporate wholly-owned specialized subsidiaries to engage in direct investment business	CSRC	July 2008
16	Obtain a stock index futures trading code and a hedging limit	China Financial Futures Exchange	June 2010
17	Pilot program of securities margin trading	CSRC	June 2010
18	Qualification of the dealer for credit risk mitigation tools and creator for credit risk mitigation certificates	National Association of Financial Market Institutional Investors	December 2010

No.	Type of License	Approval Department	Years
19	Change the securities brokerage business (the business in Jiangsu, Shanghai, Zhejiang, Anhui, Shandong, Heilongjiang, Jilin, Liaoning, Beijing, Tianjin, Hebei, Henan, Shaanxi, Shanxi, Ningxia, Inner Mongolia, Gansu, Xinjiang, Qinghai only) within the original business scope to securities brokerage business, change the securities underwriting and sponsorship business (the relevant business on the Shanghai Stock Exchange only) to securities underwriting business (the underwriting of government bonds, debt financing instruments of non-financial enterprises only), and reduce the financial advisory business relating to securities trading and securities investment activities	CSRC	August 2011
20	Provide trading seats to insurance institutional investors	China Insurance Regulatory Commission	January 2012
21	Pilot program of bonds collateralized quotation repurchase business	CSRC	January 2012
22	Bonds collateralized quotation repurchase business	Shanghai Stock Exchange	February 2012
23	CSI 300ETF liquidity service provider	Shanghai Stock Exchange	May 2012
24	Innovative brokerage deposit business	CSRC	June 2012
25	Participate in interest rate swap trading by using the Company's proprietary funds	Jiangsu Securities Regulatory Bureau	August 2012
26	Pilot program of margin refinancing	China Securities Finance Co., Ltd.	August 2012
27	Pilot program of stock repurchase	CSRC	September 2012
28	Lead underwriting business for non-financial enterprises debt financing instruments in the interbank market	National Association of Financial Market Institutional Investors	November 2012
29	Qualification and transaction code for conducting arbitrage and speculative trading of CSI 300 index - futures	China Financial Futures Exchange	December 2012
30	Agency sale of financial products	Jiangsu Securities Regulatory Bureau	January 2013
31	Qualification for the Agreement on Repurchase securities trading business	Shenzhen Stock Exchange	January 2013
32	Pilot comprehensive custody business for private funds, which can provide comprehensive custody services, such as asset custody, settlement, computation of net value, investment control, custody report and etc., for private securities investment funds (limited partnership)	Institutional supervision department of the CSRC	February 2013
33	Qualification of margin refinancing business	China Securities Finance Co., Ltd.	February 2013
34	Insurance fund investment manager	China Insurance Regulatory Commission	March 2013
35	Operate recommendation and brokerage business on the National Equities Exchange and Quotations as the lead securities firm	National Equities Exchange and Quotations Company Limited	March 2013

No.	Type of License	Approval Department	Years
36	Qualification to submit filing materials for witnessing the opening of customers' securities accounts	China Securities Depository and Clearing Corporation Limited	April 2013
37	Qualification of financial bonds (including policy finance bonds) underwriting business	Jiangsu Securities Regulatory Bureau	June 2013
38	Conduct stock pledge-style repo transaction business for securities listed on the Shanghai Stock Exchange or Shenzhen Stock Exchange	Shanghai Stock Exchange and Shenzhen Stock Exchange	June 2013
39	Treasury bonds futures business	Jiangsu Securities Regulatory Bureau	September 2013
40	Qualification to conduct treasury bonds futures arbitrage and hedging businesses	CSRC and China Financial Futures Exchange	September 2013
41	Qualification to conduct asset management share transfer business	Shenzhen Stock Exchange	September 2013
42	Qualification to carry out equity return swaps business	Securities Association of China	September 2013
43	Qualification to conduct pre-issuance of treasury bonds	Shanghai Stock Exchange	October 2013
44	Pass the on-site inspection on stock options	Shanghai Stock Exchange	June 2014
45	Operate market-making business on the National Equities Exchange and Quotations as a market maker, namely market-making qualification on the OTC market	National Equities Exchange and Quotations Company Limited	July 2014
46	Trial market maker on the interbank market	National Inter-Bank Funding Center	July 2014
47	Trial business of financing by exercising the share incentive scheme	Shenzhen Stock Exchange	August 2014
48	Qualification of capital payment services for clients that could provide various payment services for investors such as deposits collection, mobile recharging, online store consumption, sales return, water fee and credit card payment	Securities Fund Supervision Department of the CSRC	August 2014
49	Qualification of custodian for securities investment funds	CSRC	September 2014
50	Qualification for pilot operations of Internet-based securities business	Securities Association of China	September 2014
51	OTC qualification	Securities Association of China	September 2014
52	Qualification to conduct Southbound trading under A Shares trading seats	Shanghai Stock Exchange	October 2014
53	Pilot program on the OTC market	Securities Association of China	October 2014
54	Pilot program of restricted securities lending under share incentive schemes of listed companies	Shenzhen Stock Exchange	December 2014
55	Qualification of practicing on an authentic basis and brokerage business for stock option businesses	Shenzhen Stock Exchange	December 2014

No.	Type of License	Approval Department	Years
56	Qualification for stock option trading participant, stock option brokerage and proprietary business trading	Shanghai Stock Exchange	January 2015
57	Qualification for stock options market making business	CSRC	January 2015
58	Main market maker of SSE 50ETF option contracts	Shanghai Stock Exchange	January 2015
59	Qualification of standard interest rate swap and forward centralized settlement of standard bonds	Shanghai Clearing House	April 2015
60	Qualification of participating in the net settlement of bond trade	Shanghai Clearing House	April 2015
61	Provide private equity with valuation and calculation service, share registration service, sales backstage service support and other outsourcing services, as well as other value-added services derived from the above services	Asset Management Association of China	April 2015
62	Qualification of pilot innovative business for one-way video verification of investors' identities	China Securities Depository and Clearing Corporation Limited	June 2015
63	Permission to conduct Southbound trading under Shenzhen-Hong Kong stock connect	Shenzhen Stock Exchange	November 2016
64	Agency qualification for subscription, purchasing and redeeming of gold ETF in spot	Shanghai Gold Exchange	June 2017
65	Pilot program of cross-border business	CSRC	December 2017

Single business qualifications obtained by the Company in 2018 include

1	Qualification of tier-1 dealer on OTC options	CSRC	July 2018
2	Carry out credit derivatives business	CSRC	December 2018

II. LIST OF BRANCH OFFICES AND SECURITIES BRANCHES

1. Establishment of Branch Offices of the Company

As of the end of the Reporting Period, the basic information of the establishment of Branch Offices of the Company is as follows:

Unit: Ten Thousand Yuan Currency: RMB

No.	Name	Address	Date of establishment	Registered capital (or working capital)	Zip code	Person in charge	Contact number	Business scope
1	Anhui Branch	The East Building, No. 46 Mingguang Road, Yaohai District, Hefei	August 25, 2014	10,000	230011	Chen Zhijun	0551-64297088	Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products.

No.	Name	Address	Date of establishment	Registered capital (or working capital)	Zip code	Person in charge	Contact number	Business scope
2	Beijing Branch	Room 1501, 15/F, Block 28, Fengsheng Hutong, Xicheng District, Beijing	May 28, 2010	500	100032	Zhou Erli	010-63211377	Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products.
3	Changzhou Branch	No. 9, North Heping Road, Changzhou, Jiangsu Province	April 16, 2014	2,000	213003	Wang Yansheng	0519-88139733	Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products.
4	Fujian Branch	No. 201, Block B, Haiyi Edifice, No. 668, Xiahe Road, Siming District, Xiamen, Fujian Province	September 18, 2014	2,000	361004	Chu Rentang	0592-2997899	Securities brokerage; securities investment consulting; agency sale of securities investment funds; margin financing and securities lending business; agency sale of financial products; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only).
5	Guangdong Branch	Unit 02, 03, 36/F, R & F Center, No. 10 Huaxia Road, Tianhe District, Guangzhou	May 19, 2012	500	510620	Zhao Changtao	020-88830128	Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products.

No.	Name	Address	Date of establishment	Registered capital (or working capital)	Zip code	Person in charge	Contact number	Business scope
6	Henan Branch	No. 16, Nongye Road East, Jinshui District, Zhengzhou, Henan Province	April 16, 2014	2,000	450008	Tao Mingqing	0371-89998299	Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products.
7	Heilongjiang Branch	3/F, Block B, Aocheng International, No. 239 Xuanhua Street, Nangang District, Harbin, Heilongjiang Province	May 28, 2010	500	150001	Wang Haibin	0451-51994000	Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products; management of local business departments.
8	Hubei Branch	24/F, Unit 6, Building 6-7, Wuhan 1818 Center (Phase 2), No. 109 Zhongbei Road, Shuiguohu Street, Wuchang District, Wuhan	March 19, 2012	500	430070	Ding Lanhe	027-87314798	Securities brokerage; securities investment consulting; securities underwriting (limited to ancillary works such as project contracting, project information transmission and recommendation and customer relationship maintenance of underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products; management of securities branches at Hubei of Huatai Securities Co., Ltd.
9	Hunan Branch	No. 346, Laodong Road West, Tianxin District, Changsha	May 27, 2014	500	410015	Deng Jing	0731-85120568	Securities brokerage; securities investment consulting; agency sale of securities investment funds; margin financing and securities lending business; agency sale of financial products; securities underwriting and sponsoring (limited to ancillary works such as project contracting, project information transmission and recommendation and customer relationship maintenance).

No.	Name	Address	Date of establishment	Registered capital (or working capital)	Zip code	Person in charge	Contact number	Business scope
10	Huai'an Branch	9/F, Building 1, No. 18, Huaihai Road East, Huai'an, Jiangsu Province	March 24, 2014	2,000	223001	Fan Hao	0517-83907001	Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products.
11	Jiangxi Branch	No. 1416, Jinggangshan Avenue, Xihu District, Nanchang, Jiangxi Province	November 3, 2014	500	330002	Wan Bin	0791-86600577	Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; intermediary introduction business for the futures companies; agency sale of financial products; management of securities branches at Jiangxi.
12	Jiangyin Branch	(5/F New Baiye Square) No. 8, Futai Road, Jiangyin, Jiangsu Province	August 4, 2014	2,000	214431	Ren Qiaojian	0510-86837528	Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products.
13	Liaoning Branch	(Building 201) No. 320 Qingnian Street, Heping District, Shenyang	June 3, 2011	500	110004	Chen Min	024-31881777	Securities brokerage; securities investment consulting; margin financing and securities lending business; agency sale of securities investment funds; intermediary introduction business for the futures companies; agency sale of financial products; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only).

No.	Name	Address	Date of establishment	Registered capital (or working capital)	Zip code	Person in charge	Contact number	Business scope
14	Nanjing Branch	No. 90 Zhongshan Road East, Qinhuai District, Nanjing, Jiangsu Province	April 9, 2010	2,000	210002	Gu Chengzhong	025-84798508	Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products.
15	Nantong Branch	Fangtian Building, No. 6 Yaogang Road, Nantong, Jiangsu Province	May 28, 2010	500	226000	Wang Jie	0513-85529888	Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products.
16	Shandong Branch	No. 17703, Jingshi Road, Lixia District, Jinan, Shandong Province	April 16, 2014	2,000	250061	Ma Jian	0531-55686555	Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products.
17	Shanghai Branch	Room 2201, No. 18 Dongfang Road, China (Shanghai) Pilot Free Trade Zone	May 28, 2010	500	200120	Zhai Jun	021-28972289	Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products.
18	Shenzhen Branch	18A, CTS Building, Central Square, Central Area, Futian District, Shenzhen	March 19, 2012	500	518048	Wang Lianfen	0755-82492098	Securities brokerage; securities underwriting (limited to contracting); securities investment consulting; margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products.

No.	Name	Address	Date of establishment	Registered capital (or working capital)	Zip code	Person in charge	Contact number	Business scope
19	Sichuan Branch	No. 2, 16/F, Block 1, Zhongda Junyue Jinsha Office Building, 51 Qingjiang Road West, Qingyang District, Chengdu	May 19, 2012	500	610091	Hu Zheng	028-61502398	Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products.
20	Suzhou Branch	4/F and 5/F, No. 102 Xinshi Road, Canglang District, Suzhou, Jiangsu Province	May 28, 2010	500	215000	Liu Xiaobing	0512-67579666	Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products.
21	Taizhou Branch	No. 22, Yingchun Road West, Hailing District, Taizhou, Jiangsu Province	August 4, 2014	2,000	225300	Tian Zhiwu	0523-86234237	Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products.
22	Tianjin Branch	5/F, North Finance Building, No. 5 Youyi Avenue, Hexi District, Tianjin	May 28, 2010	500	300211	Li Yijun	022-59657718	Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products.
23	Wuxi Branch	No. 325, Jiefang Road West, Wuxi, Jiangsu Province	June 11, 2014	2,000	214000	Wei Zhimin	0510-82723020	Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products.

No.	Name	Address	Date of establishment	Registered capital (or working capital)	Zip code	Person in charge	Contact number	Business scope
24	Xuzhou Branch	No. 104, Block B, 3/F, Block B, Baolong Square, West side of the Government seat of Yunlong District, North side of Heping Ave, Yunlong District, Xuzhou	April 16, 2014	2,000	221001	Wang Minsheng	0516-85602988	Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products.
25	Yancheng Branch	No. 1015, Business Street, Dongjin Road, Bao Long City Square, Yancheng, Jiangsu Province	March 24, 2014	2,000	224002	Gu Wenhuan	0515-88216888	Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products.
26	Yangzhou Branch	No. 406, Wenchang Middle Road, Guangling District, Yangzhou, Jiangsu Province	August 4, 2014	2,000	225001	Cao Xingtai	0514-82196688	Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products.
27	Yunnan Branch	6/F, Block C, Dushi Mingyuan Community, Middle Renmin Road, Kunming, Yunnan Province	February 25, 2014	500	650021	Yin Tianshui	0871-65951973	Securities brokerage; securities investment consulting; agency sale of securities investment funds; margin financing and securities lending business; agency sale of financial products; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only).

No.	Name	Address	Date of establishment	Registered capital (or working capital)	Zip code	Person in charge	Contact number	Business scope
28	Zhejiang Branch	Rooms 2302, 2304, 2305, 2306 and 2404, Block 1, Sunyard International Creative Center Building, No. 1750, Jianghong Road, Binjiang District, Hangzhou, Zhejiang Province	March 25, 2013	500	310052	Wu Baoguo	0571-86698700	Securities brokerage; securities investment consulting; agency sale of securities investment funds; margin financing and securities lending business; agency sale of financial products; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only).
29	Zhenjiang Branch	No. 11, Changjiang Road, Zhenjiang, Jiangsu Province	March 24, 2014	2,000	212000	Yuan Hongbin	0511-85037099	Securities brokerage; securities investment consulting; securities underwriting (limited to underwriting of government bonds, debt financing instruments of non-financial enterprises and financial bonds (including policy-bank bonds) only); margin financing and securities lending business; agency sale of securities investment funds; agency sale of financial products.

2. Number and distribution of Securities Branches

As of the end of the Reporting Period, the number and distribution of Securities Branches of the Company are as follows:

No.	Province	City	Name	Address	Zip code	Person in charge of securities branches	Contact number of person in charge
1		Hefei	Securities Branch in Huaining Road, Hefei	Room 1211-1213, 1104, Block C, Landmark Plaza, No. 288, Huaining Road, Zhengwu District, Hefei City	230022	Fan Huijuan	0551-65175008
2			Securities Branch in Chuangxin Road, Hefei	4F, Block C, Chuangxin Department, No. 2760, Chuangxin Road, High-tech District, Hefei City, Anhui Province	230088	Zhang Jiazhu	0551-62686969
3	Anhui 5	Ma'anshan	Securities Branch in Huafei Road, Ma'anshan	No. 5-6, Block 10 Zhenzhuyuan II village, Huashan District, Ma'anshan City, Anhui Province	243000	Gao Guosheng	0555-7185517
4		Chuzhou	Securities Branch in Langya Road East, Chuzhou	5F, No. 201, Langya East Road, Chuzhou City, Anhui Province	239001	Wang Yanchun	0550-3019976
5		Tongling	Securities Branch in Huaihe Avenue, Tongling	No. 1602 & 1603, 16/F, Huijin Building, Tongling Trade Building, Huaihe Avenue, Tongling City, Anhui Province	244000	Wang Jianzhang	0562-2801988

No.	Province	City	Name	Address	Zip code	Person in charge of securities branches	Contact number of person in charge
6	Beijing 6	Beijing	Securities Branch in Guangqumen Inner Street, Beijing	Room 43-(04)01, 4/F, No. 43 Guangqumen Inner Street, Dongcheng District, Beijing	100062	Yang Junpeng	010-67172636
7			Securities Branch in Suzhou Street, Beijing	Room 901-903, 9/F Weiya Building, Block 18, No. 29 Suzhou Street, Haidian District, Beijing	100080	Li Shuai	010-62523799
8			Securities Branch in Xisanhuan North Road, Beijing	3/F, Block A, Yard 72 Xisanhuan North Road, Haidian District, Beijing	100048	Chen Xi	010-68733708
9			Securities Branch in Yonghe Temple, Beijing	Room 501, 5/F, Block F, No. 28 Andingmen East Street, Dongcheng District, Beijing	100007	Zhao Youqiang	010-84273989
10			Securities Branch in Yuetan South Street, Beijing	3/F Wanfengyihe Business Club, No. 12A Yuetan South Street, Xicheng District, Beijing	100045	Liang Qiuming	010-68058688
11			Securities Branch in Xueyuan South Road, Beijing	Room 107, 1/F, Room 309, 3/F, No. 62 Xueyuan South Road, Haidian District, Beijing	100081	Hao Zhanxin	010-68733967
12	Inner Mongolia 3	Baotou	Securities Branch in Donghe District, Baotou	No. 41, Bayantala Street, Donghe District, Baotou City, Inner Mongolia Autonomous Region	014040	Ma Xiaoju	0472-4136027
13			Securities Branch in Gangtie Main Street, Baotou	Basement Shop 4, Baobin Wall East, No. 19 Gangtie Main Street, Kun District, Baotou City, Inner Mongolia Autonomous Region	014010	Niu Anfang	0472-6867886
14		Hohhot	Securities Branch in Xinhua Street East, Saihan District, Hohhot	Room 1707, 17/F, Block A, Wanda Plaza Complex, No. 26, Xinhua East Street, Saihan District, Hohhot City, Inner Mongolia Autonomous Region	010010	Qi Hong	0471-3251997
15	Hebei 1	Shijiazhuang	Securities Branch in Zhonghua North Street, Shijiazhuang	No. 50, Zhonghua North Street, Shijiazhuang City, Hebei Province	050051	Zhang Feng	0311-87038116
16	Fujian 4	Fuzhou	Securities Branch in Middle Liuyi Road, Fuzhou	5/F, Guangmingqiao Complex, No. 382 Middle Liuyi Road, Taijiang District, Fuzhou City	350009	Wei Xiang	0591-88037887
17		Quanzhou	Securities Branch in Jiuyi Street, Quanzhou	4/F, Baiyuan Building, Jiuyi Street, Quanzhou City, Fujian Province	362000	Chen Mingfeng	0595-22187188
18		Xiamen	Securities Branch in Xiahe Road, Xiamen	Room 202, Block B, Haiyi Building, No. 668 Xiahe Road, Siming District, Xiamen City	361004	Dong Kaisong	0592-2997888
19		Zhangzhou	Securities Branch in Shuixian Avenue, Zhangzhou	Flat 03-04, 4/F, Block B, Doubletree Hotel by Hilton, Rongxin, No. 88, Shuixian Avenue, Longwen District, Zhangzhou City, Fujian Province	363000	Liu Huafeng	0592-2977386

No.	Province	City	Name	Address	Zip code	Person in charge of securities branches	Contact number of person in charge
20		Foshan	Securities Branch in Denghu East Road, Foshan	Flat A, actually 26/F (nominally 29/F), Block 2, Youbang Financial Centre, No. 1, Denghu East Road, Guicheng Street, Nanhai District, Foshan City	528200	Zheng Chengbin	0757-29808989
21		Guangzhou	Securities Branch in Zhujiang West Avenue, Guangzhou	17/F (self-edited rooms 05, 06 and 07), No. 15 Zhujiang West Avenue, Tianhe District, Guangzhou City	510000	Min Yunan	020-37279969
22			Securities Branch in Wanda Plaza, Panyu District, Guangzhou	Rooms 103, 105, 107, 109, Huizhi 3rd Road, Nancun County, Panyu District, Guangzhou City	510440	Zhu Daoming	020-39213388
23			Securities Branch in Xingang East Road, Guangzhou	Rooms 1808-1810, 1801 No. 620, Xingang East Road, Haizhu District, Guangzhou City	510220	Chen Xiaomin	020-84133637
24			Securities Branch in Huanshi East Road, Guangzhou	Rooms S1201, 1218-23, 12/F, South Tower, No. 371-375 Huanshi East Road, Yuexiu District, Guangzhou City, Guangdong Province	510060	Cheng Feng	020-83853823
25			Securities Branch in Tianhe East Road, Guangzhou City	5/F, No. 65 Tianhe East Road, Tianhe District, Guangzhou City, Guangdong Province	510620	Lin Hao	020-89286707
26			Securities Branch in Tiyu East Road, Guangzhou	20/F, Pingan Building, No. 160 Tiyu East Road, Tianhe District, Guangzhou City	510620	Tang Jia	020-22031389
27			Securities Branch in Yuncheng West Road, Guangzhou	Rooms 4002, 4003, 4004, No. 888 Yuncheng West Road, Baiyun District, Guangzhou City	510420	Liu Eryue	020-86273767
28		Zhongshan	Securities Branch in Xingzheng Road, Zhongshan	Shop No. 1003, Block 1, Zhongshan Central Plaza, No. 1, Xingzheng Road, East District, Zhongshan City	528403	Wang Ruifeng	0760-89823338
29	Guangdong 23	Shantou	Securities Branch in Zhujiang Road, Shantou	Rooms 09, 11, 13, No. 1001, Block A, Xingyuan Building, South Side of Zhujiang Road, Longhu District, Shantou City, Guangdong Province	515041	Liang Genghai	0754-89898199
30		Shenzhen	Securities Branch in Qianhai, Shenzhen	Building B7, Qianhaishengang Fund Town, No. 128, Qianhaiguiwan Road 5, Nanshan Street, Nanshan District, Shenzhen City	518031	Cheng Tao	0755-82873125
31			Securities Branch in Caitian Road, Shenzhen	1/F, 2/F, Block 3, Fuyuan Building, No. 2014-9 Caitian Road, Futain District, Shenzhen City	518026	Ma Jianmin	0755-82993655

No.	Province	City	Name	Address	Zip code	Person in charge of securities branches	Contact number of person in charge
32			Securities Branch in Haide 3rd Road, Shenzhen	Rooms 1903, 1904, 1905, East Tower of Hai'an Building, Haide 3rd Road, Nanshan District, Shenzhen City	518059	Zhang Yijiang	0755-86271277
33			Securities Branch in Huangge North Road, Longgang, Shenzhen	Flat A102-2, Plant 1, Longgang Tian'an Cyber Innovation Park, Longgang Tian'an Cyber, No. 441, Huangge Road, Longcheng Street, Longgang District, Shenzhen City	518172	Xiang Hong	0755-82872960
34			Securities Branch in Baidu International Building, Keyuan Road, Shenzhen	East Tower 33/F, Baidu International Building, Xuefu Road East, Yuehai Street, Nanshan District, Shenzhen City	518040	Wang Shaolian	0755-82531008
35			Securities Branch in Shennan Avenue, Shenzhen	No. 01B, 25/F, Block A, Donghai International Center, No. 7888 Shennan Road, Xiangmihu Street, Futian District, Shenzhen City	518040	Li Chendong	0755-82719339
36			Securities Branch in Road 1 of High-tech Park South, Shenzhen	Southeast Side of 8/F, Fucheng Technology Building, No. 003, Road 1 of High-tech Park South, Nanshan District, Shenzhen City	518057	Song Tao	0755-25870808
37			Securities Branch in Hongli Road, Shenzhen	No. BC, 9/F, Block A, CIS Commerical Center, No. 1061 Xiangmei Road, Xiangmihu Street, Futian District, Shenzhen City	518000	Li Xiaoshan	0755-82080300
38			Securities Branch in Zhihui Square, Qiaoxiang Road, Shenzhen	Zone A1101-03, 04, Zhihui Square, Qiaoxiang Road, Shahe Street, Nanshan District, Shenzhen City	518053	Cao Mengming	0755-26626388
39			Securities Branch in Rongchao Business Center, Yitian Road, Shenzhen	2201-2212, Building A, Rongchao Business Center, No. 6003 Yitian Road, Fuxin Community, Lianhua Street, Futian District, Shenzhen City	518026	Wu Sheng	0755-83767319
40			Securities Branch in Yitian Road, Shenzhen	Flats 02, 03, 04, 17/F, China Travel Service HK Building, No. 4011 Shennan Avenue, Futian District, Shenzhen City	518048	Yang Dongyang	0755-82766226
41			Securities Branch in Zhuzilin 4th Road, Shenzhen	Flats 10H, 10I, 10J, 22D, 22E, No. 18 China Economy and Trading Building, Zizhu 7th Road, Zhuzilin, Futian District, Shenzhen City	518041	Gu Guoxu	0755-82027636
42			Securities Branch in Ali cloud Building, Houhai, Shenzhen	Shop 32 & 33, 1/F, Block T4, Ali Center, No. 3329 Keyuan South Road, Nanshan District, Shenzhen City	518048	Chen Shun	0755-27247971

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43	Guangxi 2	Nanning	Securities Branch in Zhongtai Road, Nanning	7/F, South Tower of Beibuwan Building, No. 11 Zhongtai Road, Nanning City	530029	Zhang Han	0771-5570608
44		Wuzhou	Securities Branch in Xidi 3rd Road, Wuzhou	No. 1 of 1/F, No. 19 Xidi 3rd Road, Wuzhou City	543002	Li Yong	0774-3862288
45		Haikou	Securities Branch in Guoxing Road, Haikou	Room 3807, 38/F, New Hainan Building, No. 5 Guoxing Road, Meilan District, Haikou City, Hainan Province	570102	Chen Jie	0898-66202789
46	Hainan 2	Sanya	Securities Branch in Yingbin Road, Sanya	Unit 1201, Yangguang Financial Square, No. 360-1 Yingbin Road, Jiyang District, Sanya City, Hainan Province	572021	He Ruijin	0898-88211669
47	Shanxi 1	Taiyuan	Securities Branch in Tiyu Road, Taiyuan	No. 58, Tiyu Road, Xiaodian District, Taiyuan City	030001	Wang Guoqi	0351-7775553
48		Zhengzhou	Securities Branch in Jingsan Road, Zhengzhou	Guanghui Building, No. 15, Jingsan Road, Jinshui District, Zhengzhou City, Henan Province	450003	Xia Mengfei	0371-65585069
49	Henan 3		Securities Branch in Nongye Road, Zhengzhou	No. 101, Floors 1–2, Building 1, No. 16, East Nongye Road, Jinshui District, Zhengzhou City, Henan Province	450000	Shi Qianjin	0371-63855159
50			Securities Branch in Zijingshan Road, Zhengzhou	18/F, entire floor of Zhengzhou Zhengshanglanhai Plaza Building, No. 2, Erligang, Zijingshan Road, Guancheng District, Zhengzhou City	450008	Zhou Rui	0371-58670567
51	Heilongjiang 5	Harbin	Securities Branch in West 16th Street, Harbin	No. 15, West 16th Street, Daoli District, Harbin City, Heilongjiang Province	150010	Zhang Lei	0451-51998718
52			Securities Branch in Xuanhua Street, Harbin	Floors 1-2, Block B, Aochengguoji, No. 239, Xuanhua Street, Nangang District, Harbin City,	150001	Zhai Lei	0451-51998768
53		Mudanjiang	Securities Branch in Xiyitiao Road, Mudanjiang	No. 236, Xiyitiao Road, Xi'an District, Mudanjiang, Heilongjiang Province	157001	Ma Xiuhui	0453-8111898
54		Suihua	Securities Branch in Zhengyang Street, Zhaodong, Suihua	2/F Office, ICBC Zhaodong Branch, Zhengyang South 10th Street, Zhaodong, Suihua city, Heilongjiang Province	151100	Sun Peng	0455-8182228
55		Daqing	Securities Branch in Xinchao Street, Daqing	S10, Commercial Service Building, Xinchao Jiayuan Community, Ranghulu District, Daqing City, Heilongjiang Province	163400	Zheng Ye	0459-8971477

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56		Changchun	Securities Branch in Minkang Road, Changchun	No. 855 Minkang Road, Nanguan District, Changchun City	130041	Guo Jiayin	0431-81910599
57			Securities Branch in Ziyou Avenue, Changchun	No. 1000, Ziyou Avenue, Chaoyang District, Changchun City	130021	Wang Jixiang	0431-81919187
	Jilin 3						
58		Jilin	Securities Branch in Jiefang East Road, Jilin City	No. 7 Branch, No. 2 Dongchang Complex Building, No. 62 Jiefang East Road, Changyi District, Jilin City, Jilin Province	132001	Liu Yan	0432-65128799
59		Xiaogan	Securities Branch in Zijin Road, Anlu	No. 1, Zijin Road, Anlu City, Hubei Province	432600	Ding Xiang	0712-5231718
60			Securities Branch in Dawu Xiyue Road	Xiyue Avenue, Dawu County, Hubei Province	432800	Chen Junhong	0712-7226466
61			Securities Branch in Xiannv Avenue, Hanchuan	No. 215, Xiannv Avenue, Hanchuan City, Hubei Province	431600	Wang Lin	0712-8296358
62			Securities Branch in Changzheng Road, Xiaogan	No. 29, Changzheng Road, Xiaogan City, Hubei Province	432000	Wang Kai	0712-2326727
63			Securities Branch in West Main Street, Yingcheng	No. 22, Building 1 of Guchengxindu, West Main Street, Yingcheng City, Hubei Province	432400	Meng Zhiyang	0712-3226017
64			Securities Branch in Chaoyang Road, Yunmeng	No. 1, Chaoyang Road, Yunmeng County, Hubei Province	432500	Long Nina	0712-4338338
65		Enshi	Securities Branch in Shizhou Avenue, Enshi	No. 63, Shizhou Avenue, Enshi City, Hubei Province	445000	Zhang Hongkai	0718-8237528
66			Securities Branch in Jianshi Yezhou Avenue	No. 109, Yezhou Avenue, Yezhou Town, Jianshi County	445300	Chen Yan	0718-3230098
67			Securities Branch in Badong Chutian Road	No. 5 Chutian Road, Badong County, Enshi Tujia and Miao Autonomous Prefecture, Hubei Province	444300	Yin Chunyan	0718-8247291
68			Securities Branch in Laifeng Fengxiang Road	No. 87, Fengxiang Avenue, Laifeng County	445700	Zhang Xingxin	0718-6288118
69			Securities Branch in Lichuan Park Road	No. 1, Park Road, Lichuan City, Enshi Tujia and Miao Autonomous Prefecture, Hubei Province	445400	Qin Xiqiong	0718-7283339
70		Jingzhou	Securities Branch in Middle Beijing Road, Jingzhou	No. 249, Middle Beijing Road, Shashi District, Jingzhou City, Hubei Province	434000	Xu Jian	0716-8249551
71			Securities Branch in Bijiashan Road, Shishou	No. 88, Bijiashan Road, Xiulin Agency, Shishou City	434400	Zuo Feng	0716-7282593
72		Shiyan	Securities Branch in Chaoyang North Road, Shiyan	No. 8, Chaoyang North Road, Zhangwan District, Shiyan City	442000	Li Zhihua	0719-8240158

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73	Hubei 29	Shennongjia Forestry District	Securities Branch in Shennong Avenue, Shennongjia	No. 225, Shennong Avenue, Songbai Town, Shennongjia Forestry District	442400	Liu Chao	0719-3336276
74		Wuhan	Securities Branch in Minzu Avenue, Wuhan	Southeast Side of Green Square, Lu Lane, Donghu Development Zone, Wuhan City	430074	Xu Hui	027-87575660
75			Securities Branch in Zhujiang Road, CBD, Wuhan	Room 4, 26/F, Building 5, Fanhai International SOHO, Wangjiadun CBD, Jianghan District, Wuhan City	430032	Yu Yanhua	027-83632286
76			Securities Branch in Youyi Avenue, Wuhan	No. 999, Youyi Avenue, Wuhan City	430080	Peng Chao	027-86880966
77			Securities Branch in Shouyi Road, Wuhan	No. 115, Shouyi Road, Wuchang District, Wuhan City	430060	Li Dehong	027-88133377
78			Securities Branch in Wuluo Road, Wuhan	No. 558 attaching No. 4, Wuluo Road, Wuchang District, Wuhan City, Hubei Province	430070	Wang Bo	027-87816068
79			Securities Branch in Xinhua Road, Wuhan	No. 296, Xinhua Street, Jianghan District, Wuhan City	430015	Liu Hongyan	027-85558889
80		Xiangyang	Securities Branch in Changhong, North Road, Xiangyang	No. 19, Changhong North Road, High-tech Zone, Xiangyang City	441000	Hu Dewen	0710-3278298
81		Huanggang	Securities Branch in Chibi Avenue, Huanggang	No. 25, Chibi Avenue, Huangzhou District, Huanggang City	438000	Ning Yi	0713-8613915
82			Securities Branch in Yongning Avenue, Wuxue	No. 55, Yongning Avenue East, Wuxue City, Hubei Province	435400	Li Zhongrun	0713-6758589
83			Securities Branch in Ronghui Road, Macheng	No. 33, Ronghui Road, Macheng City, Hubei Province	438300	Liu Wei	0713-2772385
84		Yichang	Securities Branch in Changban Road, Dangyang	No. 112, Changban Road, Dangyang City, Hubei Province	444100	You Jianghua	0717-3252238
85			Securities Branch in Xiling Yi Road, Yichang	No. 10, Xiling Yi Road, Yichang City	443000	Zhang Feng	0717-6229898
86			Securities Branch in Qingjiang Road, Yidu	No. 23, Lucheng Qingjiang Road, Yidu City, Hubei province	443300	Wang Bo	0717-4836899
87			Securities Branch in Madian Road, Zhijiang	No. 5, Madian Road, Majiadian, Zhijiang City, Hubei Province	443200	Feng Bo	0718-4200539
88		Changsha	Securities Branch in Shaoshan North Road, Changsha	3/F, Yixinhuayuan Club, No. 285, Shaoshan Road North, Yuhua District, Changsha City	410007	Chen Siyuan	0731-85561098
89	Hunan 3	Yueyang	Securities Branch in Tianyue Avenue, Pingjiang, Yueyang	Beside to the Local Tax Bureau, Tianyue Avenue, Pingjiang County, Yueyang City	414500	Chen Tao	0730-6297008
90			Securities Branch in Wulipai, Yueyang	3/F, Jiamei Building, Wulipai, Yueyang City	414000	Chen Muyuan	0730-8240599

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91		Nanchang	Securities Branch in Supu Road, Nanchang	No. 111, Supu Road, Donghu District, Nanchang City, Jiangxi Province	330006	Han Tao	0791-86270340
92	Jiangxi 2		Securities Branch in Wenhua Avenue, Xinjian, Nanchang	Room A1, Block 1 of Honggufengshang, No. 1290, Wenhua Avenue, Changleng Town, Xinjian District, Nanchang City, Jiangxi Province	330100	Zhang Xiaobo	0791-83751699
93		Changzhou	Securities Branch in Dongheng Street, Changzhou	No. 2, Dongheng Street, Changzhou City, Jiangsu Province	213003	Yu Bo	13915093366
94			Securities Branch in Heping North Road, Changzhou	No. 9, Heping North Road, Tianning District, Changzhou City, Jiangsu Province	213000	Shen Jianwei	0519-86618298
95			Securities Branch in high-tech park, Xinbei District, Changzhou	No. 105, Block E, Building 3, high-tech park, Xinbei District, Changzhou City, Jiangsu Province	213000	Yao Haitang	0519-86921660
96			Securities Branch in Middle Yanzheng Avenue, Changzhou	No. 16, Middle Yanzheng Avenue, Wujin District, Changzhou City, Jiangsu Province	213159	Zou Wenjuan	0519-81000818
97			Securities Branch in Dongmen Street, Jintan	No. 500, Dongmen Street, Jintan District, Changzhou City, Jiangsu Province	213200	Ye Pei	18006148883
98			Securities Branch in South Street, Liyang	No. 91, South Street, Liyang City, Jiangsu Province	213300	Shi Yuefeng	18961106969
99		Huaian	Securities Branch in Beijing East Road, Huaiyin, Huaian	No. 17, Beijing East Road, Huaiyin District, Huaian City, Jiangsu Province	223300	Chen Qinqin	0517-84908988
100			Securities Branch in Hongri Avenue, Lianshui, Huaian	Room 104, the Second Shop on the north side of Fuqian Yujingyuan Community, Lianshui County, Huaian City, Jiangsu Province	223400	Zeng Zhushan	0517-82660908
101			Securities Branch in South Hanxin Road, Huaian District, Huaian	No. 2-4 Hanxin South Road, Huaian District, Huaian City, Jiangsu Province	223200	Xu Aijun	0517-85198077
102			Securities Branch in Huaihe East Road, Xuyi, Huaian	No. 45 Huaihe East Road, Xucheng Town, Xuyi County, Huaian City, Jiangsu Province	211700	Kang Le	0517-88219875
103	Jiangsu 93	Nanjing	Securities Branch in Zhenzhu South Road, Lishui	Room 6, Building 109, Guangcheng Oriental City, No. 99 Zhenzhu South Road, Yongyang Town, Lishui District, Nanjing City, Jiangsu Province	211200	Li Guangxiang	025-56235323
104			Securities Branch in Caochangmen Street, Nanjing	18/F, No. 101 Caochangmen Street, Nanjing City	210036	Peng Jinbo	025-86586118

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105			Securities Branch in Changjiang Road, Nanjing	1/F and 2/F, No. 99 Changjiang Road, Nanjing City	210005	Zhang Cuilian	025-84798478
106			Securities Branch in Baota Road, Gaochun, Nanjing	No. 158-8 Baota Road, Chunxi Town, Gaochun District, Nanjing City, Jiangsu Province	211300	Sha Zhen	025-56816718
107			Securities Branch in Guangzhou Road, Nanjing	11/F, No. 189 Guangzhou Road, Nanjing City, Jiangsu Province	210024	Liu Lei	025-58010023
108			Securities Branch in Hanzhongmen Street, Nanjing	No. 81 Hanzhongmen Street, Jianye District, Nanjing City	210029	Liu Bin	025-83539789
109			Securities Branch in Hubu Street, Nanjing	No. 15 Hubu Street, Nanjing City, Jiangsu Province	210002	Geng Kun	025-86895618
110			Securities Branch in Jinbo Road, Jiangning, Nanjing	1-2/F, No. 700 Jinbo Road, Dongshan Street, Jiangning District, Nanjing City	211100	Wu Chunpeng	025-87189599
111			Securities Branch in Jiefang Road, Nanjing	No. 20 Jiefang Road Nanjing City	210016	Zhang Anzhong	025-84620977
112			Securities Branch in Tonghua Road, Liuhe, Nanjing	No. 18-4, Block 18, No. 9 Tonghua Road, Xiongzhou Street, Liuhe District, Nanjing City	211500	Wang Dehe	025-83539269
113			Securities Branch in Dongyuan Road, Nanjing	No. 1 Yincheng Dongyuan, Xuanwu District, Nanjing City, Jiangsu Province	210007	Xing Qin	025-84623388
114			Securities Branch in Yushi Street, Nanjing	No. 96 Yushi Street, Nanjing City, Jiangsu Province	210008	Tian Yu	025-84701234
115			Securities Branch in Zhimaying, Nanjing	No. 26 Zhimaying, Nanjing City	210004	Chu Dongbing	025-52210618
116			Securities Branch in Zhonghua Road, Nanjing	No. 255 Zhonghua Road, Nanjing City, Jiangsu Province	210001	Xu Minfeng	025-52230208
117			The Second Securities Branch in Zhongshan North Road, Nanjing	8/F, No. 219 Zhongshan North Road, Nanjing City, Jiangsu Province	210009	Wang Juan	025-83346819
118			Securities Branch in Zhongshan North Road, Nanjing	1/F and 5/F, Zhongshan Junjing Building, No. 333 Zhongshan North Road, Gulou District, Nanjing City, Jiangsu Province	210003	Zhang Hongxing	025-83539281
119			The Third Securities Branch in Zhongyang Road, Nanjing	Block 6, No. 399, Zhongyang Road, Nanjing City, Jiangsu Province	210037	Shang Qiu	025-83581188
120			Securities Branch in Pusi Road, Nanjing	No. 8-2 Pusi Road, High-tech Industrial Development Zone, Nanjing City, Jiangsu Province	210032	Li Boyang	025-83581189
121		Nan Tong	Securities Branch in Changjiang Road, Haimen	No. 231, Changjiang Road, Haimen Town, Haimen City, Jiangsu Province	226100	Mao Weiping	0513-82227766
122			Securities Branch in Middle Changjiang Road, Haian, Nantong	No. 93 Middle Changjiang Road, Haian Town, Haian County, Nantong City, Jiangsu Province	226600	Zhai Jiping	0513-88856678

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123			Securities Branch in Huancheng West Road, Nantong	No. 18 Huancheng West Road, Nantong City, Jiangsu Province	226000	Sha Fei	0513-85126758
124			Securities Branch in Middle Renmin Road, Nantong	No. 10 Middle Renmin Road, Nantong City, Jiangsu Province	226001	Bian Xiaohong	0513-85123188
125			Securities Branch in Renmin Road, Rudong, Nantong	Renmin Road West, Juegang Town, Rudong County, Nantong City, Jiangsu Province	226400	Chen Xiaojun	0513-84883333
126			Securities Branch in Shanghai East Road, Nantong	Room 112, Business Block 1, Xinghu Linli, Nantong City, Jiangsu Province	226009	Zhu Bing	0513-83593191
127			Securities Branch in Renmin Road, Tongzhou, Nantong	Intersection of Renmin Road, Jinsha Town, Tongzhou District, Nantong City, Jiangsu Province	226300	Qian Hang	0513-81692959
128			Securities Branch in Yaogang Road, Nantong	No. 6 Yaogang Road, Nantong City, Jiangsu Province	226006	Ji Chunbo	0513-85580999
129			Securities Branch in Middle Renmin Road, Qidong	No. 505, Middle Renmin Road, Huilong Town, Qidong City, Jiangsu Province	226200	Xu Ke	0513-83652208
130			Securities Branch in Fushou Road, Rugao	No. 2-1 & 2-2 Building Phase III, Chengjianjiayuan, Rucheng Town, Rugao City, Jiangsu Province	226500	Ji Xi	0513-81692950
131		Suzhou	Securities Branch in Jinshajiang Road, Changshu	No. 18, Jinshajiang Road, Changshu City, Jiangsu Province	215500	Zhang Zheng	0512-68270515
132			Securities Branch in Heilongjiang North Road, Kunshan	3/F, Building 3, No. 8 Heilongjiang North Road, Kunshan Development Zone, Jiangsu Province	215300	Liu Xinglin	0512-55219166
133			Securities Branch in Ganjiang West Road, Suzhou	No. 1359, Ganjiang West Road, Suzhou City, Jiangsu Province	215004	Dong Xiaoyan	0512-68270515
134			Securities Branch in Heshan Road, Suzhou	2/F, Building 2, Jinri Jiayuan (No. 56, Heshan Road), High-tech Zone, Suzhou City	215000	Han Zongxu	0512-68785488
135			Securities Branch in Renmin Road, Suzhou	No. 1925, Renmin Road, Suzhou City, Jiangsu Province	215001	Lu Rong	0512-67579766
136			Securities Branch in Xiandai Avenue, Suzhou	Room 307 Lejia Building, No. 8 Jiarui Lane, Suzhou Industrial Park, Jiangsu Province	215028	Pan Yi	0512-68363826
137			Securities Branch in Xinshi Road, Suzhou	No. 102, Xinshi Road, Canglang District, Suzhou City, Jiangsu Province	215007	Yu Lin	0512-65729996

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138			Securities Branch in Taiping South Road, Taicang	No. 36-1 Taiping South Road, Chengxiang Town, Taicang City, Jiangsu Province	215400	Li Shengyu	0512-53589559
139			Securities Branch in Shichang Road, Shengze Town, Wujiang	4/F, ICBC Shengze Branch Building, Yaojiaba, Shichang Road, Shengze Town, Wujiang, Suzhou City, Jiangsu Province	215228	Zhou Chunhong	0512-63910061
140			Securities Branch in Middle Changjiang Road, Jingang Town, Zhangjiagang	No. 251, Middle Changjiang Road, Jingang Town, Zhangjiagang City, Jiangsu Province	215633	Zhang Lin	0512-56767800
141			Securities Branch in Yangshe East Road, Zhangjiagang	No. 2 Yangshe Road East, Zhangjiagang City, Jiangsu Province	215600	Wang Zhigang	0512-58178288
142			Securities Branch in Wuzhong Avenue, Suzhou	2/F, Wuzhong Commercial Center, Building 1, No. 198 Su Street, Yuexi Subdistrict, Wuzhong Economic Development Zone, Suzhou	215104	Sun Liang	0512-66021881
143			Securities Branch in Gaoxin Road, Wujiang District, Suzhou	No. 946/No.948, Gaoxin Road, Songling Town, Wujiang District, Suzhou City	215200	Fan Xiaofeng	0512-63956208
144		Taizhou	Securities Branch in Jiangyan Road East	No. 23, East Avenue, Luotang Street, Jiangyan District, Taizhou City, Jiangsu Province	225500	Miao Genping	0523-88209518
145			Securities Branch in Middle Renmin Road, Jingjiang	No. 150-3 Middle Renmin Road, Jingjiang City, Jiangsu Province	214500	Tao Jin	0523-89101088
146			Securities Branch in Guoqing West Road, Taixing	D106/D206, Hotel Building 4, Qingyun Garden, Taixing City, Jiangsu Province	225400	Dong Jun	0523-87095597
147			Securities Branch in Jingang South Road, Gaogang, Taizhou	Room 02, Building 6, Dushijiayuan Phase I, Jingang South Road, Gaogang District, Taizhou City, Jiangsu Province	225300	Zhang Zhan	0523-86985597
148			Securities Branch in Middle Yingwu Road, Xinghua, Taizhou	No. 198 Middle Yingwu Road, Xinghua City, Jiangsu province	225700	Su Bin	0523-83256333
149		Wuxi	Securities Branch in Huandong Road, Huashi Town, Jiangyin	No. 680, Huandong Road, Huashi Town, Jiangyin City, Jiangsu province	214421	Zhong Hua	0510-86837400
150			Securities Branch in West Avenue, Zhouzhuang Town, Jiangyin	No. 318, West Street, Zhouzhuang Town, Jiangyin City, Jiangsu province	214423	Zheng Jia	0510-86812928
151			Securities Branch in Hongqiao North Road, Changjing Town, Jiangyin	No. 10, Hongqiao North Road, Changjing Town, Jiangyin City, Jiangsu province	214411	Gu Chun	0510-86837472
152			Securities Branch in YingxiuRoad, Qingyang Town, Jiangyin	No. 111, Yingxiu Road, Qingyang Town, Jiangyin City, Jiangsu province	214401	Liu Chaohui	0510-86817241

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153			Securities Branch in Shenpu Road, Lingang, Jiangyin	No. 108, Shenpu Road, Lingang Subdistrict, Jiangyin City, Jiangsu Province	214443	Xu Dalei	0510-86837409
154			Securities Branch in Liangqing Road, Wuxi	1/F Jiangong Building, No. 56 Liangqing Road, Wuxi City, Jiangsu Province	214000	Wan Lei	0510-82768155
155			Securities Branch in Jiefang West Road, Wuxi	No. 327, Jiefang West Road, Wuxi City, Jiangsu Province	214000	Zhang Lei	0510-82705608
156			Securities Branch in Financial First Street, Wuxi	Unit 01B, First Floor, No. 11, Financial First Street, Taihu New City, Binhu District, Wuxi City	214123	Zhang Ye	0510-85065672
157			Securities Branch in Yongle Road, Wuxi	No. 12 (1/F, Shuili Building), Nanhebang, Yongle Road, Nanchang District, Wuxi City, Jiangsu Province	214021	You Lingyan	0510-85045101
158			Securities Branch in Jiefang East Road, Yixing	No. 177 Jiefang East Road, Yicheng Subdistrict, Yixing City, Jiangsu Province	214299	Luo Dong	0510-80793526
159		Lianyungang	Securities Branch in Tongguan South Road, Lianyungang	No. 69 Tongguan South Road, Haizhou District, Lianyungang, Jiangsu Province	222001	Zhang Tingwen	0518-85519068
160		Suqian	Securities Branch in Beijing North Road, Shuyang	No. 17 (on the first floor of CCB), Beijing North Road, Shucheng Town, Shuyang County, Jiangsu Province	223600	Zhang Yang	0527-87880259
161			Securities Branch in Hongze Lake Road, Suqian	No. 581, Hongze Lake Road, Suqian City, Jiangsu Province	223800	Zhang Zhengxing	0527-84390068
162			Securities Branch in Tiyu North Road, Sihong, Suqian	Room 103, Building 23, Fuyuantianjun, Tiyu North Road, Qingyang Town, Sihong County, Jiangsu Province (Sihong County Economic Development Zone, Jiangsu Province)	223900	Zheng Hai	0527-89889601
163			Securities Branch in Middle Beijing Road, Siyang, Suqian	No. 1, Middle Beijing Road, Zhongxing Town, Siyang County, Suqian City, Jiangsu Province	223700	Lu Jing	0527-85181112
164		Xuzhou	Securities Branch in Huaihai West Road, Xuzhou	Floor 5, Huamei Commercial Building, No. 252, Huaihai West Road, Xuzhou City, Jiangsu Province	221006	Chen Kaisheng	0516-85850911
165			Securities Branch in Tangmu Road, Pei County, Xuzhou	No. 2, Tangmu Road, Pei County, Xuzhou City, Jiangsu Province	221600	Luo Wei	0516-81202066
166			Securities Branch in Qingnian Road, Xuzhou	No. 117, Qingnian Road, Yunlong District, Xuzhou City, Jiangsu Province	221000	Lin Yan	0516-83718027

No.	Province	City	Name	Address	Zip code	Person in charge of securities branches	Contact number of person in charge
167			Securities Branch in Renmin East Road, Suining, Xuzhou	Rooms 104, 205, 206, 214 and 215, Unit 1, Building 1, Hongrui Jiadi, Renmin East Road, Suicheng Town, Suining County	221200	Liu Lei	0516-66778896
168			Securities Branch in Heping Road, Xuzhou	101-2, Wenyuan Building, No. 59 Heping Road, Yunlong District, Xuzhou City	221116	Jiao Shuai	0516-83538896
169			Securities Branch in Jianguo West Road, Xuzhou	Room 109, F/1 & Room 205, F/2, Caifu Square 1A Building, No. 75, Jianguo West Road, Xuzhou City, Jiangsu Province	221000	Li Gang	0516-85803998
170			Securities Branch in Daqiao West Road, Xinyi	No. 8 Daqiao West Road, Xinyi, Xuzhou City, Jiangsu Province	221400	Wang Lei	0516-88989808
171			Securities Branch in Zhongyang Avenue, Feng County, Xuzhou	(Shops 2-10, Mingshi Garden), No. 5101, Zhongyang Avenue, Feng County, Xuzhou City, Jiangsu Province	221700	Chen Yanzhi	0516-66650130
172		Yancheng	Securities Branch in Renmin South Road, Dafeng, Yancheng	Rooms 102, 103 and 104, Building B, Yangguang Mall, Dafeng District, Yancheng	224100	Yang Fei	0515-83928806
173			Securities Branch in Jinhai Middle Road, Dongtai	Rooms 07-1, 07-2 and 06-2, Building 4, Xinning Xinguang Apartment, No. 3, Jinhai Middle Road, Dongtai City, Jiangsu Province	224200	Zhou Dehong	0515-85105761
174			Securities Branch in Chenghe Road, Funing, Yancheng	No. 63(C), Chenghe Road, Funing County	224400	Fu Yacheng	0515-87875111
175			Securities Branch in Xiangyang Avenue, Binhai, Yancheng	Floor 1, Building East, No. NC-14, Xiangyang Avenue, Binhai County, Yancheng City, Jiangsu Province	224500	Xi Jing	0515-87021988
176		Yangzhou	Securities Branch in Tonghu Road, Gaoyou	No. 90 Tonghu Road, Gaoyou City, Jiangsu Province	225600	Zhou Ruihua	0514-84666552
177			Securities Branch in Yeting East Road, Baoying, Yangzhou	No. 10, Yeting East Road, Baoying County, Yangzhou City, Jiangsu Province	225800	Zhang Jingbao	0514-88230488
178			Securities Branch in Longcheng Road, Jiangdu, Yangzhou	Room 22, Block 6, Longcheng Buildings, Yin Jiang Community, Fairy Town, Jiangdu District, Yangzhou City, Jiangsu Province	225200	Wang Hongmei	0514-86534998
179			Securities Branch in Wenchang West Road, Yangzhou	(Park International Building) No. 56 Wenchang West Road, Yangzhou City, Jiangsu Province	225000	Yu Bing	0514-85863888
180			Securities Branch in Wenchang Middle Road, Yangzhou	No. 406, Wenchang Middle Road, Yangzhou City, Jiangsu Province	225001	Xu Yiping	0514-87055888

No.	Province	City	Name	Address	Zip code	Person in charge of securities branches	Contact number of person in charge
181			Securities Branch in Zhenzhou East Road, Yizheng, Yangzhou	No. 101 Zhenzhou East Road, Zhenzhou Town, Yizheng City, Jiangsu Province	211400	Wang Kaimin	0514-83962098
182		Zhenjiang	Securities Branch in Middle Yangzi Road, Yangzhong	Room 25-6, No. 127, Middle Yangzi Road, Sanmao Substrict, Yangzhong City, Jiangsu Province	212200	Ling Qi	0511-88399933
183			Securities Branch in Guyang Avenue, Dantu, Zhenjiang	Rooms 101-102, Building 56, Shengdiyage, Dantu District, Zhenjiang City	212000	Hou Yeping	0511-85115898
184			Securities Branch in Dongfang Road, Danyang, Zhenjiang	No. 25, Dongfang Road, Development Zone of Danyang City, Jiangsu Province	212300	Yang Jiang	18900662321
185			Securities Branch in Huayang North Road, Jurong, Zhenjiang	No. 8-2 Huayang North Road, Huayang Town, Jurong City, Jiangsu Province	212400	Xu Kai	051185979998
186		Dalian	Securities Branch in Jiefang Road, Dalian	Public building No. 8, Building 11-12, No. 336, Jiefang Road, Zhongshan District, Dalian City	116013	Tang Wei	0411-82815866
187			Securities Branch in Lianhe Road, Dalian	No. 4, Meiduyuan, Shahekou District, Dalian City, Liaoning Province	116021	Liu Jun	0411-84342688
188		Panjin	Securities Branch in Shiyou Street, Panjin	Jiguanwei, Shiyou Street, Xinglongtai District, Panjin City	124010	Wang Ran	0427-3257500
189	Liaoning 7	Shenyang	Securities Branch in Daxi Road, Shenyang	No. 187, Daxi Road, Shenhe District, Shenyang City, Liaoning Province	110014	Wang Hui	024-31976665
190			Securities Branch in Guangrong Street, Shenyang	Floors 2-5, No. 23, Guangrong Street, Heping District, Shenyang City, Liaoning Province	110003	Liu Zhiwei	024-31883577
191			Securities Branch in Qingnian Street, Shenyang	No. 320 (Building group 201), Qingnian Street, Heping District, Shenyang City, Liaoning Province	110004	Li Hongyu	024-31883388
192		Yingkou	Securities Branch in Bohai Street, Yingkou	No. 16-A-1, Bohai Street East, Zhanqian District	115000	Jia Jing	0417-3350961
193		Jinan	Securities Branch in Jingshi Road, Jinan	C106 and C108, Huate Plaza, No. 17703, Jingshi Road, Lixia District, Jinan City	250000	Zhang Qinlei	18660186343
194			Securities Branch in Qianfoshan Road, Jinan	2/F, Building 2, No. 7, Qianfoshan Road, Jinan City	250061	Li Guoping	0531-82318318
195			Securities Branch in Jiefang Road, Jinan	102 Zhengda Times Square, No. 112, Jiefang Road, Lixia District, Jinan City, Shandong Province	250013	Cheng Gaofeng	0531-85829568
196	Shandong 7	Yantai	Securities Branch in Changshan Road, Laiyang	No. 32, Changshan Road, Laiyang City, Shandong Province	265200	Zhang Baigang	0535-7999111
197			Securities Branch in Jinhua Street, Yantai	No. 85, Jinhua Street, Zhifu District, Yantai City, Shandong Province	264000	Wang Xiaodong	0535-2150055

No.	Province	City	Name	Address	Zip code	Person in charge of securities branches	Contact number of person in charge
198		Qingdao	Securities Branch in Ningxia Road, Qingdao	No. 122, Ningxia Road, Qingdao City	266071	Cui Junfeng	0532-85713938
199		Linyi	Securities Branch in Jinqueshan Road, Linyi	Room 1012, Block B, Kaiyuanshangcheng International, No. 10, Jinqueshan Road, Lanshan District, Linyi City, Shandong Province	276000	Yi Aimin	0539-8259526
200		Shanghai	Securities Branch in Jiangning Road, Putuo District, Shanghai	Room 901, No. 1158, Jiangning Road, Putuo District, Shanghai	200060	Cheng Shi	021-33532200
201			Securities Branch in Gonghe New Road, Shanghai	Zones A, B, C, 15/F, No. 5199, Gonghe New Road, Baoshan District, Shanghai	200435	Che Yun	021-56761987
202			Securities Branch in Guobin Road, Yangpu District, Shanghai	Rooms 1801-1804, No. 36, Guobin Road, Yangpu District, Shanghai	200433	Liu Qun	021-33621855
203			Securities Branch in Huanghe Road, Shanghai	4/F, No. 333, Huanghe Road, Huangpu District, Shanghai	200003	Duan Baodong	021-63181398
204			Securities Branch in Raffles Square, Huangpu District, Shanghai	Room 3002, No. 268, Central Tibet Road, Huangpu District, Shanghai	200042	Ruan Jing	021-63550001
205	Shanghai 15		Securities Branch in Weihai Road, Jing'an District, Shanghai	Room 1305, No. 511, Weihai Road, Jing'an District, Shanghai	200041	Rui Xiaoxiao	021-62678287
206			Securities Branch in Mudanjiang Road, Shanghai	5/F, No. 1508, Mudanjiang Road, Baoshan District, Shanghai	201999	Xu Fuqiang	021-56106616
207			Securities Branch in Wangyuan South Road, Fengxian District, Shanghai	Room 102, No. 2, Block 2, Alley 1529 Wangyuan South Road, Fengxian District, Shanghai	201400	Yang Junjie	021-67136006
208			Securities Branch in Fushan Road, Pudong New District, Shanghai	Rooms 03B-05A, 26/F (actual floor number: 23/F), No. 388, Fushan Road, Shanghai Pilot Free Trade Zone, China	200120	Wang Yuehao	021-20773068
209			Securities Branch in Tianyaoqiao Road, Xuhui District, Shanghai	Rooms 1103, 1105, 1107 and 1109, No. 329, Tianyaoqiao Road, Xuhui District, Shanghai	200030	Zhang Renrong	021-54254885
210			Securities Branch in Xianxia Road, Changning District, Shanghai	No. 1398-1, Xianxia Road, Changning District, Shanghai (Temporary)	200336	Li Zhongyi	021-52983009
211			Securities Branch in Wuding Road, Shanghai	6/F, 7/F, No. 1088, Wuding Road, Jing'an District, Shanghai	200040	Wang Houyin	021-62566063
212			Securities Branch in Tibet South Road, Shanghai	Rooms 506-509, 5/F, No. 1313 Tibet South Road, Huangpu District, Shanghai	200011	Qi Lili	021-53078867
213			Securities Branch in Miaojing Road, Pudong New District, Shanghai	1-3/F, No. 642, Miaojing Road, Pudong New District, Shanghai	201299	Miao Cong	021-33825017

No.	Province	City	Name	Address	Zip code	Person in charge of securities branches	Contact number of person in charge
214			Securities Branch in Rushan Road, Pudong New District, Shanghai	No. 229-1, Rushan Road, Shanghai Pilot Free Trade Zone, China (Temporary)	200120	Xu Shan	021-38476005
215		Chengdu	Securities Branch in Jinyang Road, Chengdu	3/F, Jinyan Building, No. 184, Jinyang Road, Wuhou District, Chengdu City	610000	He Xiaoping	028-87448096
216			The Second Securities Branch in Nanyihuan Road, Chengdu	5/F, BOC Building, No. 45, Yihuan Road South Section III, Wuhou District Chengdu City	610041	Gao Xiongwei	028-85512252
217			Securities Branch in Renmin South Road, Chengdu	Rooms 702 & 703, 7/F, Xinxiwang Building, No. 45, Renmin Road South Section IV, Wuhou District, Chengdu City	610031	Li Huiying	028-85590880
218	Sichuan 7		Securities Branch in Shujin Road, Chengdu	Rooms 301, 302, 410, 411 and 412, Block C, Jinshawanrui Center, No. 1, Shujin Road, Qingyang District, Chengdu City	610091	Li Hui	028-61505176
219			Securities Branch in Zhengdong Central Street, Tianfu New District, Chengdu	Rooms 240, 242, 244 and 246, Zhengdong Central Street, Huayang Subdistrict, Tianfu New District, Chengdu City, Sichuan Province	610213	Yang Rui	028-85640443
220			Securities Branch in Tianfu Avenue, Xipu, Chengdu	2/F, Annex 6 of No. 26, Tianfu Avenue, Xipu Town, Pidu District, Chengdu City	611731	Liu Feng	028-87843269
221		Deyang	Securities Branch in Kaifeng North Road, Zhongjiang County, Deyang	No. 22, Block 3, No. 13, Kaifeng North Road, Kaijiang Town, Zhongjiang County, Deyang City, Sichuan Province	618100	Wang Hongtao	0838-7201167
222	Guizhou 1	Guiyang	Securities Branch in Zhonghua Road North, Guiyang	No. 3, Postal Communications Production Building, No. 2, Zhonghua Road North, Yunyan District, Guiyang City, Guuizhou Province	550001	Xiong Lihan	0851-84109471
223	Chongqing 1	Chongqing	Securities Branch in Chunhui Road, Chongqing	Annex 6 of No. 89, Chunhui Road, Chunhui Subdistrict, Dadukou District, Chongqing City	400084	Liu Yong	023-68901837
224		Tianjin	Securities Branch in Baidi Road, Tianjin	No. 240, Baidi Road, Nankai District, Tianjin City	300192	Xu Jianguo	022-87893469
225			Securities Branch in Erwei Road, Dongli Development Zone, Tianjin	Rooms 713-714, Caizhi Building, No. 9, Erwei Road, Dongli Development Zone, Tianjin City	300399	Zhang Haiyan	022-84373801
226	Tianjin 4		Securities Branch in Qinjian Road, Tianjin	No. 185, Qinjian Road, Hongqiao District, Tianjin City	300130	Yan Eryan	022-26532286
227			Securities Branch in Huachang Road, Tianjin	Unit 07, 08, 09, 10, 2/F, Building 1, No. 40, Huachang Road, Hedong District, Tianjin City	300151	Liu Yongjun	022-58811908

No.	Province	City	Name	Address	Zip code	Person in charge of securities branches	Contact number of person in charge
228	Gansu 1	Lanzhou	Securities Branch in Gannan Road, Lanzhou	No. 753, Gannan Road, Gulou Lane Subdistrict, Chengguan District, Lanzhou City, Gansu Province	730000	Fu Jie	0931-8106511
229	Shaanxi 2	Xi'an	Securities Branch in Wenyi North Road, Xi'an	1/F and 6/F, Western Culture Plaza, No. 11, Wenyi North Road, Beilin District Xi'an City, Shaanxi Province	710054	Jia Gang	029-87889991
230			Securities Branch in Zhangba East Road, Xi'an	1/F, Jintai Holiday Flower City, Zhangba East Road, Yanta District, Xi'an City	710065	Hu Kai	029-85587020
231	Qinghai 1	Xining	Securities Branch in Wusi Road, Xining	Unit 1, 14/F, No. 33, Wusi Road, Chengxi District, Xining City	810000	Li Shuxue	0971-6368338
232	Xinjiang 1	Yining	Securities Branch in Jiefang West Road, Yining City	8/F, Jinrong Building, No. 243, Jiefang West Road, Yining City	835000	Wang Hui	0999-8986569
233	Ningxia 1	Yinchuan	Securities Branch in Xinhua West Street, Yinchuan	No. 51, Xinhua West Street, Yinchuan City, the Ningxia Hui Autonomous Region	750004	Liu Ming	0951-6019666
234	Zhejiang 8	Hangzhou	Securities Branch in Jiefang East Road, Hangzhou	Room 901, Di Kai Yin Zuo, No. 29, Jiefang East Road, Jianggan District, Hangzhou City	310004	Wang Yujie	0571-28809281
235			Securities Branch in Qiushi Road, Hangzhou	Room 101-1 and 501B, North Block of Gongyuan Building, No. 8, Qiushi Road, Xihu District, Hangzhou City, Zhejiang Province	310007	Zhu Weizhou	0571-87756088
236		Ningbo	Securities Branch in Liuting Street, Ningbo	3/F, Office Building, No. 230, Liuting Street, Haishu District, Ningbo City	315010	Ren Xin	0574-87023678
237		Shaoxing	Securities Branch in Fushan, Shaoxing	No. 213 (101 & 102), No. 215 (101 & 102) and No. 217 (233, 234 & 236-241) Huancheng West Road, Shaoxing City	312000	Zhao Luoqiang	0575-85222917
238		Wenzhou	Securities Branch in Yangguang Avenue, Yongjia	No. 8-13, 1/F, Yangguang Building, Xinqiao Village, Jiangbei Subdistrict, Yongjia County, Zhejiang Province	325102	Liu Jiexing	0577-66992188
239		Zhoushan	Securities Branch in Jiefang East Road, Zhoushan	Rooms 802 & 803, No. 118, No. 116-1, Jiefang East Road, Dinghai District, Zhoushan City, Zhejiang Province	316100	Zhang Mingfeng	0580-3066008
240		Taizhou	Securities Branch in Zhongxin Avenue, Taizhou	Northeast Section, Room 104, Donggang Office Building, No. 183, Zhongxin Avenue, Taizhou City, Zhejiang Province	318000	Chen Huang	0576-89811389
241		Jiaxing	Securities Branch in Fanggong Road, Jiaxing	No. 1115, No. 1119, Fanggong Road, Jiaxing City, Zhejiang Province	314000	Jing Wei	0573-82862312

III. INFORMATION DISCLOSURES 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	2018-01-06	Explanations of KPMG Huazhen LLP on Changes to Accounting Treatment of HTSC's Equity Investment in Bank of Jiangsu, Supplementary Announcement by HTSC on Changes to Accounting Treatment of Equity Investment in Bank of Jiangsu
2	2018-01-08	Announcement by HTSC on Non-Objection Reply from the China Securities Regulatory Commission in Relation to the Company Conducting Pilot Cross-Border Businesses
3	2018-01-10	Announcement on HTSC Business Operation and the Main Financial Information for December 2017
4	2018-01-11	Announcement by HTSC on Changes in Business Scope of Huatai Purple Gold Investment Co., Ltd.
5	2018-01-26	Announcement by HTSC on the Appointment of General Manager of Huatai Purple Gold Investment Co., Ltd.
6	2018-02-07	Announcement on HTSC Business Operation and the Main Financial Information for January 2018
7	2018-02-10	Announcement by HTSC on 2018 Interest Payment for the Corporate Bonds (the First Tranche) under Private Placement in 2017
8	2018-02-14	Announcement by HTSC on Preliminary Financial Data for the Year of 2017
9	2018-02-27	Announcement by HTSC on Mr. Yang Xiongsheng's Submission of Resignation as the Company's Independent Non-executive Director
10	2018-03-07	Announcement on HTSC Business Operation and the Main Financial Information for February 2018
11	2018-03-08	Announcement by HTSC on Exercise of Redemption Option as the Issuer of "15 Huatai 03" Subordinated Bonds
12	2018-03-09	First Reminder Announcement by HTSC on Exercise of Redemption Option as the Issuer of "15 Huatai 03" Subordinated Bonds
13	2018-03-13	Announcement by HTSC on the Resolutions of the Eleventh Meeting of the Fourth Session of the Board, Independent Opinion of HTSC Independent Directors on Nomination of Candidate for the Company's Independent Non-Executive Director, Statements from Candidate for Independent Director of HTSC, Statements from Nominee for Independent Director of HTSC, Second Reminder Announcement by HTSC on Exercise of Redemption Option as the Issuer of "15 Huatai 03" Subordinated Bonds
14	2018-03-15	Third Reminder Announcement by HTSC on Exercise of Redemption Option as the Issuer of "15 Huatai 03" Subordinated Bonds
15	2018-03-16	Announcement by HTSC on Issuance Results for the Subordinated Bonds (the First Tranche) under Private Placement of 2018, Announcement by HTSC on Signing of a Comprehensive Strategic Cooperation Agreement
16	2018-03-20	Announcement by HTSC Regarding the Receipt of Approval by the CSRC in Relation to the Non-Public Issuance of A Shares
17	2018-03-21	Announcement by HTSC on Profit Distribution from Holding Subsidiary
18	2018-03-24	Announcement by HTSC on Completion of Acquisition of Equity Interests of Huatai United Securities Co., Ltd.

No.	Date	Announcement
19	2018-03-29	Internal Control Assessment Report of HTSC for 2017, 2017 Annual Report of HTSC, 2017 Annual Report Summary of HTSC, Corporate Social Responsibility Report of HTSC for 2017, Special Explanation on Occupation of non-operating Funds and Transaction of Other Associated Funds for 2017, 2017 Auditing Report of Internal Control, 2017 Annual Auditing Report, Special Explanation on the Matters Explanation Concerning Changes in 2017 Accounting Policies of Huatai Securities Co., Ltd., Announcement by HTSC on the Resolutions of the Twelfth Meeting of the Fourth Session of the Board, Announcement by HTSC on the Resolutions of the Sixth Meeting of the Fourth Session of the Board of Supervisors, Report on Performance of Duties of Audit Committee under the Board of HTSC in 2017, Report on Performance of Duties of Independent Directors of HTSC in 2017, Independent Opinion of HTSC Independent Directors on the Matters Concerning 2017 Annual Report of the Company, Independent Opinion of HTSC Independent Directors on the Matters Concerning Changes in Accounting Policies of the Company, Announcement by HTSC on the Listing of the Subordinated Bonds (the First Tranche) of 2018 Privately Placed by HTSC on the Shanghai Stock Exchange, Announcement by HTSC on Changes in Accounting Policies, Announcement by HTSC on Anticipation of Ordinary Transactions with Related Parties in 2018
20	2018-04-04	Announcement by HTSC on Exercise of Redemption of "15 Huatai 03" Subordinated Bonds
21	2018-04-11	HTSC Business Operation and the Main Financial Information for March 2018, Announcement by HTSC on the Early Repayment and Delisting in Relation to "15 Huatai 03" Subordinated Bonds
22	2018-04-21	Articles of Association of HTSC, Announcement by HTSC on Changes of Articles of Association
23	2018-04-26	Document of HTSC 2017 Annual General Meeting, Notice by HTSC on Convening 2017 Annual General Meeting
24	2018-04-27	First Quarterly Report of HTSC of 2018
25	2018-04-28	Announcement by HTSC on the Meeting for Explaining the Cash Dividend Distribution
26	2018-05-03	Report on Tracking Rating of Corporate Bonds of HTSC Issued in 2013, 2015 and 2016, Report on Tracking Rating of Subordinated Bonds of HTSC Issued in 2015, Announcement by HTSC on Results of Tracking Rating of Corporate Bonds Issued in 2013, 2015 and 2016 and Subordinated Bonds Issued in 2015
27	2018-05-08	HTSC Business Operation and the Main Financial Information for April 2018, Announcement by HTSC on 2018 Interest Payment for the Corporate Bonds (the Second Tranche) under Private Placement in 2017
28	2018-05-10	Report on the Entrusted Management Affairs in Relation to the Corporate Bonds of HTSC of 2013 (Year 2017)
29	2018-05-11	Announcement by HTSC on Issuance Results for the Subordinated Bonds (the Second Tranche) under Private Placement of 2018
30	2018-05-22	Announcement by HTSC on the Resolutions of the Fourteenth Meeting of the Fourth Session of the Board
31	2018-05-24	Announcement on Principal and Interest Payment and Delisting of "13 Huatai 01" Corporate Bonds of 2013, Interest Payment of "13 Huatai 02", Document of HTSC 2017 Annual General Meeting, Announcement by HTSC on the Listing of the Subordinated Bonds (the Second Tranche) of 2018 Privately Placed by HTSC on the Shanghai Stock Exchange, Announcement by HTSC on Inclusion of an Interim Proposal for Approval at the 2017 Annual General Meeting

No.	Date	Announcement
32	2018-05-29	Second Notice of HTSC 2017 Annual General Meeting
33	2018-06-07	Announcement on HTSC Business Operation and the Main Financial Information for May 2018
34	2018-06-14	Legal Opinion of HTSC 2017 Annual General Meeting, Announcement by HTSC on Resolutions of 2017 Annual General Meeting, Regulations on the Management of Related-party Transactions of HTSC (Revised in 2018)
35	2018-06-19	Announcement by HTSC on the Listing of Securities Company Short-term Corporate Bonds (the First Tranche) of 2018 Privately Placed by HTSC on Shanghai Stock Exchange
36	2018-06-20	Announcement on the Interest Payment in 2018 and Delisting in Relation to the Corporate Bonds (the First Tranche) (Category I) of 2015, Report on the Entrusted Management Affairs in Relation to the Corporate Bonds (the First Tranche) of HTSC of 2015 (Year 2017), Report on the Entrusted Management Affairs in Relation to the Corporate Bonds (the Second Tranche) of HTSC of 2016 (Year 2017), Report on the Entrusted Management Affairs in Relation to the Corporate Bonds (the First Tranche) of HTSC of 2016 (Year 2017)
37	2018-06-28	Announcement by HTSC on the Resolutions of the Fifteenth Meeting of the Fourth Session of the Board
38	2018-07-04	Announcement by HTSC on the Increase of Shareholding of Jiangsu Guoxin Investment Group Limited
39	2018-07-10	Announcement on HTSC Business Operation and the Main Financial Information for June 2018
40	2018-07-19	Announcement by HTSC on Payment for Interest in 2018 for Subordinated Bonds (the First Tranche) (Category II) under Private Placement of 2017
41	2018-08-02	Announcement by HTSC on the Non-objection Letter from the CSRC on the Application for Qualification of Tier-1 Dealer on OTC Options
42	2018-08-03	Announcement by HTSC on the Payment of Principal and Interests for the Third Tranche of Corporate Bonds under Private Placement in 2017 and the Delisting Thereof
43	2018-08-04	Announcement Regarding the Results of the Non-Public Issuance of A Shares and Changes in Share Capital of HTSC, States Report by HTSC on Non-Public Issuance of A Shares, Legal Opinion by Grandall Law Firm (Shanghai) on compliance of Non-Public Issuance procedure and subscribers of A shares of HTSC, Non-Public Issuance of RMB ordinary shares (A shares) capital verification report, Report by Sponsor Institution on compliance of Non-Public Issuance procedure and subscribers of A shares of HTSC
44	2018-08-07	Announcement by HTSC on the Approval of the Company's overall pilot plan to deepen the mixed ownership reform, Announcement by HTSC on Progress of Increase of Shareholding of Jiangsu Guoxin Investment Group Limited, Announcement by HTSC on Three-Party Supervision Agreement of Proceeds Deposit Special Account, Announcement by HTSC on Amendments to the Articles of Association of the Company, the Articles of Association of HTSC, Announcement on HTSC Business Operation and the Main Financial Information for July 2018
45	2018-08-16	Announcement by HTSC On Repayment of the Principal Together with the Interests in 2017 (the First Tranche) (Category I) of Corporate Bonds and Delisting Thereof

No.	Date	Announcement
46	2018-08-31	Report by HTSC on HTSC 2018 Interim Report, HTSC 2018 Interim Report Summary, Announcement by HTSC on Resignation and By-Election of Directors, Announcement by HTSC on Resolutions of the Sixteenth Meeting of the fourth Session of the Board, Announcement by HTSC on the Resolutions of the Eighth Meeting of the Fourth Session of the Board of Supervisors, Independent Opinion of Independent Director of Huatai Securities Co., Ltd. on the Company's 2018 Interim Profit Distribution, Independent Opinion of HTSC Independent Directors on Nomination of Candidate for the Company's Director, Basic System for Risk Management of HTSC (Revised in 2018)
47	2018-09-04	Announcement by HTSC on Exercise of Redemption Option as the Issuer of "16 Huatai C2" Subordinated Bonds
48	2018-09-06	First Reminder Announcement by HTSC on Exercise of Redemption Option as the Issuer of "16 Huatai C2" Subordinated Bonds, Announcement by HTSC On Payment of the Principal Together with the Interests in 2017 (the Second Tranche) of Subordinated Bonds under Private Placement and Delisting Thereof
49	2018-09-07	Notice by HTSC on Convening the First Extraordinary General Meeting in 2018 and the First A Share Class Shareholder Meeting in 2018, Announcement on HTSC Business Operation and the Main Financial Information for August 2018
50	2018-09-11	Second Reminder Announcement by HTSC on Exercise of Redemption Option as the Issuer of "16 Huatai C2" Subordinated Bonds, Announcement by HTSC on the Progress of Increase of Shareholding Plan of Jiangsu Guoxin Investment Group Limited
51	2018-09-13	Third Reminder Announcement by HTSC on Exercise of Redemption Option as the Issuer of "16 Huatai C2" Subordinated Bonds
52	2018-09-14	Announcement by HTSC on Changes of Articles of Association and Completing Registration of Business Change on Registered Capital, Articles of Association of HTSC, Documents of the First Extraordinary General Meeting, the First A Share Class Shareholder Meeting, the First H Share Class Shareholder Meeting of HTSC in 2018
53	2018-09-26	Announcement by HTSC on Inclusion of an Interim Proposal for Approval at the First Extraordinary General and the First A Share Class Shareholder Meeting in 2018, Announcement by HTSC on Resolutions of the Seventeenth Meeting of the Fourth Session of the Board, Assurance Report on the Use of Previously Raised Funds of HTSC, Documents of the First Extraordinary General Meeting, the First A Share Class Shareholder Meeting, the First H Share Class Shareholder Meeting of HTSC in 2018.
54	2018-09-29	Announcement by HTSC on Redemption of "16 Huatai C2" Subordinated Bonds, Announcement by HTSC on Payment for Interest in 2018 for the Subordinated Bonds (the First Tranche) under Private Placement of 2016
55	2018-10-08	The Second Notice of the First Extraordinary General Meeting and the First A Share Class Shareholder Meeting in 2018
56	2018-10-10	Announcement by HTSC on the Early Repayment and Delisting in Relation to "16 Huatai C2" Subordinated Bonds
57	2018-10-11	Announcement by HTSC On Payment for Interest in 2018 for the Corporate Bonds (the Fourth Tranche) under Private Placement of 2017
58	2018-10-16	HTSC Business Operation and the Main Financial Information of September 2018

No.	Date	Announcement
59	2018-10-23	Announcement by HTSC on Resolutions of the Eighteenth Meeting of the Fourth Session of the Board, Announcement by HTSC on the Appointment of Five Directors Including Ding Feng, Announcement by HTSC on the Appointment of Three Supervisors Including Chen Ning, Announcement by HTSC on Resolutions of the First Extraordinary General Meeting, the First A Share Class Shareholder Meeting and the First H Share Class Shareholder Meeting in 2018, Legal Opinion on the First Extraordinary General Meeting, the First A Share Class Shareholder Meeting and the First H Share Class Shareholder Meeting of HTSC in 2018
60	2018-10-26	The Report on the Interim Entrusted Affairs in Relation to the Corporate Bonds of Huatai Securities Co., Ltd. Made by Shenwan Hongyuan Securities Co., Ltd., Interim Report on the Significant Matters Entrusted Affairs in Relation to the 2013 Corporate Bonds of Huatai Securities Co., Ltd. Made by GF Securities Co., Ltd.
61	2018-10-31	Third Quarterly Report of HTSC of 2018
62	2018-11-02	Announcement by HTSC on Profit Distribution from Wholly-owned Subsidiary, Announcement by HTSC on Changes in Name, Registered Capital and Business Scope of Jiangsu Guoxin Investment Group Limited
63	2018-11-06	Announcement by HTSC on Obtaining Approval from the CSRC for Public Offering of Corporate Bonds
64	2018-11-07	Announcement on HTSC Business Operation and the Main Financial Information for October 2018
65	2018-11-08	Announcement on HTSC Semi-annual Distribution of Interest for Year 2018
66	2018-11-09	Announcement by HTSC on Payment of Principal and Interest in Corporate Bonds (Fifth Tranche) under Private Placement of 2017 and Delisting thereof
67	2018-11-21	Publicly Issued Credit Rating Report on Corporate Bonds (First Tranche) to Qualified Investors of 2018, Prospectus summary by HTSC on Publicly Issued Corporate Bonds (First Ttranche) to Qualified Investors in 2018, Prospectus by HTSC on Publicly Issued Corporate Bonds (First Tranche) to Qualified Investors in 2018, Announcement by HTSC on the Issuance of Corporate Bonds (First Tranche) to Qualified Investors in 2018
68	2018-11-22	Announcement on bookkeeping time's extension of Publicly Issued Corporate Bonds (First Tranche) to Qualified Investors in 2018
69	2018-11-23	Announcement by HTSC on issuing GDR and disclosure of the intention to float on the London Stock Exchange, Announcement by HTSC on coupon rate of publicly issued Corporate Bonds (First Tranche) to Qualified Investors in 2018
70	2018-11-27	Announcement by HTSC on Issuance Results for the Publicly Issued Corporate Bonds (First Tranche) to Qualified Investors in 2018
71	2018-11-28	Announcement by HTSC on 2018 Interest Payment for the Corporate Bonds (First Tranche) in 2016
72	2018-12-01	Announcement by HTSC on Issuing GDR and Listing on the London Stock Exchange under Approval of the CSRC
73	2018-12-07	Announcement by HTSC on 2018 Interest Payment for the Corporate Bonds (Second Tranche) in 2016, and Business Operation and the Main Financial Information for November 2018
74	2018-12-10	Announcement by HTSC on the Listing of Publicly issued Corporate Bonds (First Tranche) to Qualified Investors on Shanghai Stock Exchange in 2018
75	2018-12-14	Announcement by HTSC on Changes of Articles of association, Articles of association of HTSC
76	2018-12-15	Announcement by HTSC on Applying for Credit Derivatives Business under Non-objection Regulatory Submission of the CSRC

2. During the Reporting Period, the Company disclosed the following matters on the HKEXnews website of HKEX (www.hkexnews.hk):

No.	Date	Announcement
1	2018-01-04	Monthly Report of Equity Issuer on Changes in Securities for the month ended December 31, 2017
2	2018-01-07	Supplementary Announcement on Changes to Accounting Treatment of Equity Investment in Bank of Jiangsu, Overseas Regulatory Announcements - Explanations by HTSC on Changes to Accounting Treatment of Equity Investment in Bank of Jiangsu, Announcement by HTSC on Non-Objection Reply from the CSRC in Relation to the Company Conducting Pilot Cross-Border Business
3	2018-01-09	Announcement on Key Financial Information for December 2017
4	2018-01-10	Overseas Regulatory Announcement - Announcement by HTSC on Changes in Business Scope of Huatai Purple Gold Investment Co., Ltd.
5	2018-01-25	Overseas Regulatory Announcement - Announcement by HTSC on the Appointment of General Manager of Huatai Purple Gold Investment Co., Ltd.
6	2018-02-02	Monthly Report of Equity Issuer on Changes in Securities for the month ended January 31, 2018
7	2018-02-06	Announcement on Key Financial Information for January 2018
8	2018-02-09	Overseas Regulatory Announcement - Announcement by HTSC on 2018 Interest Payment for the Corporate Bonds (the First Tranche) under Private Placement in 2017
9	2018-02-13	Announcement on Preliminary Financial Data for the Year of 2017
10	2018-02-26	Change of Director's Information and Resignation of Independent Non-executive Director
11	2018-03-02	Monthly Report of Equity Issuer on Changes in Securities for the month ended February 28, 2018
12	2018-03-06	Announcement on Key Financial Information for February 2018
13	2018-03-07	Overseas Regulatory Announcement - Announcement by HTSC on Exercise of Redemption Option as the Issuer of "15 Huatai 03" Subordinated Bonds
14	2018-03-08	Overseas Regulatory Announcement - First Reminder Announcement by HTSC on Exercise of Redemption Option as the Issuer of "15 Huatai 03" Subordinated Bonds
15	2018-03-12	Overseas Regulatory Announcement - Second Reminder Announcement by HTSC on Exercise of Redemption Option as the Issuer of "15 Huatai 03" Subordinated Bonds, Resignation of Independent Non-Executive Director and Resolutions of the Board Meeting, List of Directors and Their Role and Function
16	2018-03-14	Overseas Regulatory Announcement - Third Reminder Announcement by HTSC on Exercise of Redemption Option as the Issuer of "15 Huatai 03" Subordinated Bonds
17	2018-03-15	Overseas Regulatory Announcement - Announcement by HTSC on Signing of a Comprehensive Strategic Cooperation Agreement, Announcement by HTSC on Issuance Results for the Subordinated Bonds (the First Tranche) under Private Placement of 2018
18	2018-03-16	Date of Board Meeting
19	2018-03-19	Announcement Regarding the Receipt of Approval by the CSRC in Relation to the Non-Public Issuance of A Shares
20	2018-03-20	Announcement on Profit Distribution from Holding Subsidiary
21	2018-03-23	Overseas Regulatory Announcement - Announcement by HTSC on Completion of Acquisition of Equity Interests of Huatai United Securities Co., Ltd.

No.	Date	Announcement
22	2018-03-28	2017 Corporate Social Responsibility Report, Changes in Accounting Policies and Proposed Amendments to the Articles of Association, Overseas Regulatory Announcements - Announcement by HTSC on the Resolutions of the Twelfth Meeting of the Fourth Session of the Board, Announcement by HTSC on the Resolutions of the Sixth Meeting of the Fourth Session of the Board of Supervisors, Announcement by HTSC on Anticipation of Ordinary Transactions with Related Parties in 2018, Report on Performance of Duties of Audit Committee under the Board of HTSC in 2017, Report on Performance of Duties of Independent Directors of HTSC in 2017, Independent Opinion of HTSC Independent Directors on the Matters Concerning Changes in Accounting Policies, Independent Opinion of HTSC Independent Directors on the Matters Concerning 2017 Annual Report of the Company, Internal Control Assessment Report of HTSC for 2017
23	2018-03-29	Results Announcement for the Year ended December 31, 2017
24	2018-04-03	Monthly Report of Equity Issuer on Changes in Securities for the month ended March 31, 2018, Overseas Regulatory Announcement - Announcement by HTSC on Exercise of Redemption of "15 Huatai 03" Subordinated Bonds
25	2018-04-10	Announcement on Key Financial Information for March 2018, Overseas Regulatory Announcement - Announcement by HTSC on the Early Repayment and Delisting in Relation to "15 Huatai 03" Subordinated Bonds
26	2018-04-16	Date of Board Meeting
27	2018-04-20	Articles of Association, Overseas Regulatory Announcement - Announcement by HTSC on Changes of Articles of Association
28	2018-04-25	2017 Annual Report, Circular of 2017 Annual General Meeting, Form of Proxy of Holders of H Shares for use at the Annual General Meeting to be Held on June 13, 2018, Reply Slip for Holders of H Share for Attending the Annual General Meeting to be Held on June 13, 2018, Notice of Annual General Meeting, Notification Letter and Request Form to Registered Shareholders, Notification Letter and Request Form to Non-Registered Shareholders
29	2018-04-26	First Quarterly Report of 2018
30	2018-04-27	Overseas Regulatory Announcement - Announcement by HTSC on the Meeting for Explaining the Cash Dividend Distribution
31	2018-05-02	Monthly Report of Equity Issuer on Changes in Securities for the month ended April 30, 2018, Overseas Regulatory Announcements - Report on Tracking Rating of Subordinated Bonds of HTSC Issued in 2015, Report on Tracking Rating of Corporate Bonds of HTSC Issued in 2013, 2015 and 2016, Announcement by HTSC on Results of Tracking Rating of Corporate Bonds Issued in 2013, 2015 and 2016 and Subordinated Bonds Issued in 2015
32	2018-05-07	Announcement on Key Financial Information for April 2018, Overseas Regulatory Announcements - Announcement by HTSC on 2018 Interest Payment for the Corporate Bonds (the Second Tranche) under Private Placement in 2017
33	2018-05-10	Overseas Regulatory Announcement - Announcement by HTSC on Issuance Results for the Subordinated Bonds (the Second Tranche) under Private Placement in 2018
34	2018-05-21	Proposed Extension of the Validity Period of Resolution of the General Meeting on the Non-Public Issuance, Proposed Extension of the Validity Period of Authorization Granted by the General Meeting to the Board and Its Authorized Persons to Deal with Matters in Respect of the Non-Public Issuance, Overseas Regulatory Announcement - Announcement by HTSC on the Resolutions of the Fourteenth Meeting of the Fourth Session of the Board

No.	Date	Announcement
35	2018-05-23	Grant of General Mandate to Issue Shares, Proposed Extension of the Validity Period of Resolution of the General Meeting on the Non-Public Issuance, Proposed Extension of the Validity Period of Authorization Granted by the General Meeting to the Board and Its Authorized Persons to Deal with Matters in Respect of the Non-Public Issuance and Revised Notice of Annual General Meeting, Revised Form of Proxy, Notification Letter and Request Form to Non-Registered Shareholders, Notification Letter and Request Form to Registered Shareholders, Revised Notice of Annual General Meeting, Overseas Regulatory Announcement - Announcement by HTSC on Principal and Interest Payment and Delisting in Relation to "13 Huatai 01" Corporate Bonds of 2013, the Interest Payment for "13 Huatai 02"
36	2018-05-28	Second Notice of the 2017 Annual General Meeting
37	2018-06-05	Monthly Report of Equity Issuer on Changes in Securities for the Month Ended May 31, 2018
38	2018-06-06	Announcement on Key Financial Information of Business Operation for May 2018
39	2018-06-13	Poll Results of the 2017 Annual General Meeting; Election of Independent Non-Executive Director; and Approval and Effectiveness of the Articles of Association, List of Directors and their Role and Function
40	2018-06-19	Overseas Regulatory Announcement - Announcement by HTSC on the Interest Payment in 2018 and Delisting in Relation to the Corporate Bonds (the First Tranche) (Category I) of 2015
41	2018-06-27	Overseas Regulatory Announcement - Announcement by HTSC on the Resolutions of the Fifteenth Meeting of the Fourth Session of the Board
42	2018-07-03	Overseas Regulatory Announcement - Announcement by HTSC on Jiangsu Guoxin Investment Group Limited to increase its shareholding in the Company
43	2018-07-04	Monthly Report of Equity Issuer on Changes in Securities for the month ended June 30, 2018
44	2018-07-09	Announcement on Key Financial Information of Business Operation for June 2018
45	2018-07-18	Overseas Regulatory Announcement - Announcement by HTSC on 2018 Interest Payment for the Subordinated Bonds (the First Tranche) (Category II) under Private Placement of 2017
46	2018-08-01	Monthly Report of Equity Issuer on Changes in Securities for the month ended July 31, 2018, Overseas Regulatory Announcement - Announcement by HTSC on the Non-objection Letter from the CSRC on the Application for Qualification of Tier-1 Dealer on OTC Options
47	2018-08-02	Overseas Regulatory Announcement - Announcement by HTSC on Principal and Interest Payment and Delisting for the Corporate Bonds (the Third Tranche) under Private Placement in 2017
48	2018-08-03	Announcement on the Results of the Non-Public Issuance of A Shares and Shares Movements, Next Day Disclosure Return, Overseas Regulatory Announcement - States Report by HTSC on Non-Public Issuance of A Shares, Legal Opinion by Grandall Law Firm(Shanghai) on Compliance of Non-Public Issuance Procedure and Subscribers of A shares of HTSC, Non-Public Issuance of RMB Ordinary Shares (A Shares) Capital Verification Report, Report by Sponsor Institution on Compliance of Non-Public Issuance Procedure and Subscribers of A Shares of HTSC

No.	Date	Announcement
49	2018-08-06	Announcement on Key Financial Information of Business Operation for July 2018, Overseas Regulatory Announcement - Announcement by HTSC on the Approval of the Company's Overall Pilot Plan to Deepen the Mixed Ownership Reform, Announcement by HTSC on Progress of Increase of Shareholding of Jiangsu Guoxin Investment Group Limited, Announcement by HTSC on Three-Party Supervision Agreement of Proceeds Deposit Special Account, Announcement by HTSC on Amendments to the Articles of Association of the Company
50	2018-08-07	Articles of Association
51	2018-08-15	Overseas Regulatory Announcement - Announcement by HTSC Interest Payment and Delisting in Relation to the Corporate Bonds (the First Tranche) (Category I) under Private Placement of 2017
52	2018-08-20	Date of Board Meeting
53	2018-08-30	Interim Results Announcement for the Six Months Ended June 30, 2018, Announcement of the Resolutions of the Board of Directors in Relation to the Proposed Overseas Listing of AssetMark, Proposed Amendments to the Articles of Association, Proposed Change of Directors and Shareholder Supervisors, Overseas Regulatory Announcements - Announcement by HTSC on the Resolutions of the Sixteenth Meeting of the Fourth Session of the Board, Announcement by HTSC on the Resolutions of the Eighth Meeting of the Fourth Session of the Board of Supervisors, Independent Opinions of Independent Directors of HTSC on Interim Profit Distribution of the Company in 2018, Independent Opinion of HTSC Independent Directors on Nomination of Candidate for the Company's Director, and Risk Management Basic System of HTSC (Revised in 2018)
54	2018-09-03	Overseas Regulatory Announcement - Announcement by HTSC on the Exercise of Redemption Option as the Issuer of "16 Huatai C2" Subordinated Bonds
55	2018-09-05	Monthly Statement of Equity Issuer on Changes in Securities as of August 31, 2018 and Overseas Regulatory Announcements - First Reminder Announcement by HTSC on Exercise of Redemption Option as the Issuer of "16 Huatai C2" Subordinated Bonds and Announcement by HTSC Interest Payment and Delisting in Relation to the Subordinated Bonds (the Second Tranche) under Private Placement of 2017
56	2018-09-06	Announcement on Key Financial Information of Business Operation for August 2018, Notice of the 2018 First Extraordinary General Meeting, Notice of the 2018 First H Shareholders Class Meeting, Form of Proxy of Holders of H Shares for Use at the 2018 First Extraordinary General Meeting to be Held on October 22, 2018, Reply Slip for Holders of H Shares for Attending the Extraordinary General Meeting to be Held on October 22, 2018, Reply Slip for Holders of H Shares for Attending the H Shareholders Class Meeting to be Held on October 22, 2018, Form of Proxy of Holders of H Shares for Use at the 2018 First H Shareholders Class Meeting to be Held on October 22, 2018, Notification Letter and Request Form to Registered Shareholders, Notification Letter and Request Form to Non-registered Shareholders
57	2018-09-10	Overseas Regulatory Announcement – Second Reminder Announcement by HTSC on Exercise of Redemption Option as the Issuer of "16 Huatai C2" Subordinated Bonds, Update Announcement by HTSC on the Plan on increase in Shareholding of the Company by Jiangsu Guoxin Investment Group Limited

No.	Date	Announcement
58	2018-09-12	Overseas Regulatory Announcement – Third Reminder Announcement by HTSC on Exercise of Redemption Option as the Issuer of "16 Huatai C2" Subordinated Bonds
59	2018-09-13	Articles of Association, 2018 Interim Profits Distribution Plan, Election of Non-Executive Directors and Executive Directors, Election of Shareholder Supervisors, Proposed Overseas Listing of Assetmark, Amendments to the Articles of Association, Notice of the 2018 First Extraordinary General Meeting and Notice of the 2018 First H Shareholders Class Meeting, Notification Letter and Request Form to Registered Shareholders, Notification Letter and Request Form to Non-Registered Shareholders, Overseas Regulatory Announcement – Announcement by HTSC on Amendments to the Articles of Association and the Completed Commercial Registration of Registered Capital
60	2018-09-20	2018 Interim Report, Notification Letter and Request Form to Registered Shareholders, Notification Letter and Request Form to Non-Registered Shareholders
61	2018-09-25	Proposed issuance and admission of GDR and relevant affairs, Notification Letter and Request Form to Non-Registered Shareholders, Notification Letter and Request Form to Registered Shareholders, Revised Form of Proxy of Holders of H Shares for use at the 2018 First H Shareholders Class Meeting to be Held on October 22, 2018, Revised Form of Proxy of Holders of H Shares for use at the 2018 First Extraordinary General Meeting to be Held on October 22, 2018, Revised Notice of the 2018 First H Shareholders Class Meeting, Revised Notice of the 2018 First Extraordinary General Meeting, Proposed issuance and admission of GDR and relevant affairs, Revised Notice of the 2018 First Extraordinary General Meeting and Revised Notice of the 2018 First H Shareholders, Class Meeting, Overseas Regulatory Announcement – Documents of HTSC on the 2018 First Extraordinary General Meeting, the 2018 First A Shareholders Class Meeting and the 2018 First H Shareholders Class Meeting, Announcement by HTSC on Inclusion of an Interim Proposal for Approval at the 2018 First Extraordinary General Meeting and the 2018 First A Shareholders Class Meeting, Announcement by HTSC on the Resolutions of the 17th Meeting of the Fourth Session of the Board
62	2018-09-28	Overseas Regulatory Announcement – Announcement by HTSC on Exercise of Redemption of "16 Huatai C2" Subordinated Bonds, Announcement by HTSC on Payment for Interest in 2018 for Subordinated Bonds (the First Tranche) under Private Placement of 2016
63	2018-10-03	Monthly Report of Equity Issuer on Changes in Securities for the month ended September 30, 2018
64	2018-10-07	The Second Notice of the 2018 First Extraordinary General Meeting and the 2018 First H Shareholders Class Meeting
65	2018-10-09	Recommend the payment of the interim dividend in 2018 and closure of register of members, Overseas Regulatory Announcement – Announcement by HTSC on the Early Repayment and Delisting in Relation to "16 Huatai C2" Subordinated Bonds
66	2018-10-10	Overseas Regulatory Announcement – Announcement by HTSC on Payment for Interest in 2018 for the Corporate Bonds (the Fourth Tranche) under Private Placement of 2017
67	2018-10-15	Announcement on Issuance of Relevant Regulations on Shanghai-London Stock Exchange Connect by the CSRC, Announcement on Key Financial Information on Business Operation for September 2018
68	2018-10-16	Date of Board Meeting

No.	Date	Announcement
69	2018-10-22	Overseas Regulatory Announcement – Announcement by HTSC on the Resolutions of the Eighteenth Meeting of the Fourth Session of the Board, Announcement by HTSC on the Appointment of five Directors (such as Ding Feng) and other matters, Announcement by HTSC on the Appointment of three supervisors (such as Chen Ning) and other matters
70	2018-10-23	Poll Results of the 2018 first Extraordinary General Meeting, the 2018 first A Shareholders Class Meeting and the 2018 first H Shareholders Class Meeting; Payment of Interim Dividends; Change of Non-Executive Directors and Executive Directors; Change in Shareholder Supervisors; Approval for AssetMark Overseas Listing; Approval for Issuance and Admission of GDRs and relevant matters; and Approval and Effectiveness of the Articles of Association, List of Directors and their Roles and Functions
71	2018-10-30	Third Quarterly Report of 2018
72	2018-11-01	Announcement on Profit Distribution from wholly-owned subsidiary, Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Changes of Name of Associate, Registered Capital and business scope of Jiangsu Guoxin Investment Group Limited
73	2018-11-02	Monthly Report of Equity Issuer on Changes in Securities for the month ended October 31, 2018
74	2018-11-05	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on receipt the Approval from the CSRC for Public Issuance of Corporate Bonds
75	2018-11-06	Announcement on Key Financial Information of Business Operation for October 2018
76	2018-11-07	Overseas Regulatory Announcement – Announcement by HTSC on Implementation of Equities Distribution for semi-annual of 2018
77	2018-11-08	Overseas Regulatory Announcement – Announcement by HTSC on the Payment of Principal and Interests for Corporate Bonds (the Fifth Tranche) under Private Placement in 2017 and the Desisting Thereof
78	2018-11-22	Announcement on issuing GDRs and disclosure of the intention to float on the London Stock Exchange
79	2018-11-27	Overseas Regulatory Announcement – Announcement by HTSC on 2018 Interest Payment for the Corporate Bonds (the First Tranche) in 2016
80	2018-11-30	Announcement relating to obtaining the approval from the CSRC regarding the issuance and admission of GDRs on the London Stock Exchange
81	2018-12-03	Monthly Report of Equity Issuer on Changes in Securities for the month ended November 30, 2018
82	2018-12-06	Announcement on Key Financial Information of Business Operation for November 2018, Overseas Regulatory Announcement - Announcement by HTSC on 2018 Interest Payment for the Corporate Bonds (the Second Tranche) in 2016
83	2018-12-13	Articles of Association, Overseas Regulatory Announcement - Announcement by HTSC on Changes of Articles of Association
84	2018-12-14	Overseas Regulatory Announcement- Announcement by HTSC on the receipt of the no-objection Regulatory Submission from the CSRC in relation to applying for the credit derivatives business

HUATAI SECURITIES CO., LTD.

(STOCK CODE: 6886)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2018

Independent auditor's report to the shareholders of Huatai Securities Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of Huatai Securities Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 14 to 186, which comprise the consolidated statements of financial position as at 31 December 2018, the consolidated income statements, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statements for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the People's Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters (continued)

Assessing the fair value of financial instruments	
Refer to Note 62 to the consolidated financial statements and the accounting policies in note 2(8).	
The Key Audit Matter	**How the matter was addressed in our audit**
The valuation of the Group's financial instruments is based on a combination of market data and valuation models which often require a considerable number of inputs. Many of these inputs are obtained from readily available data for liquid markets. Where such observable data is not readily available, as in the case of certain level 2 and level 3 financial instruments, estimates need to be developed which can involve significant management judgement. We identified assessing the fair value of financial instruments as a key audit matter because of the degree of complexity involved in valuing certain financial instruments and because of the significant degree of judgement exercised by management in determining the inputs used in the valuation models.	Our audit procedures to assess the fair value of financial instruments included the following: • assessing the design, implementation and operating effectiveness of key internal controls over the valuation, independent price verification and valuation model approval for financial instruments; • assessing the fair values of all financial instruments traded in active markets by comparing the fair values applied by the Group with publicly available market data; • reading investment agreements entered into during the current year, for a sample of level 2 and level 3 financial instruments to understand the relevant investment terms and identify any conditions that were relevant to the valuation of financial instruments; • engaging our internal valuation specialists to assist us in evaluating the valuation models used by the Group to value certain level 2 and level 3 financial instruments and to perform, on a sample basis, independent valuations of level 2 and level 3 financial instruments and compare these valuations with the Group's valuations. This included comparing the Group's valuation models with our knowledge of current market practice, testing inputs to the fair value calculations and establishing our own valuation models to perform revaluations;

Key audit matters (continued)

Assessing the fair value of financial instruments (continued)	
Refer to Note 62 to the consolidated financial statements and the accounting policies in Note 2(8).	
The Key Audit Matter	**How the matter was addressed in our audit**
	• assessing whether the disclosures in the consolidated financial statements reflected the Group's exposure to financial instrument valuation risk with reference to the requirements of the prevailing accounting standards.

Loss allowances of financial assets measured at amortised cost	
Refer to Note 13 to the consolidated financial statements and the accounting policies in Note 2(8).	
The Key Audit Matter	**How the matter was addressed in our audit**
The Group has applied the IFRS 9 *Financial Instruments* since 1 January 2018 and developed a new impairment model for financial assets measured at amortised cost. The determination of loss allowances using the expected credit loss model is subject to a number of key parameters and assumptions, including the identification of loss stages, estimates of probability of default, loss given default, exposures at default and discount rate, adjustments for forward-looking information and other adjustment factors. Management judgment is involved in the selection of those parameters and the application of the assumptions.	Our audit procedures to assess loss allowances of financial assets measured at amortised cost included the following: • understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the approval, recording and monitoring of financial assets measured at amortised cost, the credit grading process and the measurement of loss allowances;

Key audit matters (continued)

Loss allowances of financial assets measured at amortised cost (continued)	
Refer to Note 13 to the consolidated financial statements and the accounting policies in Note 2(8).	
The Key Audit Matter	**How the matter was addressed in our audit**
In particular, the determination of the loss allowances is heavily dependent on the external macro environment and the Group's internal credit risk management strategy. The expected credit losses for financial assets measured at amortised cost are derived from estimates whereby management takes into consideration historical overdue data, the historical loss experience and other adjustment factors. Management also exercises judgement in determining the quantum of loss given default based on a range of factors. These include available remedies for recovery, the financial situation of the borrower, the recoverable amount of collateral, the seniority of the claim and the existence and cooperativeness of other creditors. When listed stocks are involved as collateral, the loan balances to collateral ratio and the stock holding concentration of the borrower, the industry sector and the operation of the issuer, and the liquidity, restriction on sales and price volatility of the stock will also be taken into account in the judgement.	• with the assistance of our internal specialists, assessing the reliability of the expected credit loss model used by management in determining loss allowances, including assessing the appropriateness of the key parameters and assumptions in the expected credit loss model, including the identification of loss stages, probability of default, loss given default, exposure at default, discount rate, adjustments for forward-looking information and other management adjustments; • assessing the completeness and accuracy of data used for the key parameters in the expected credit loss model. For key parameters derived from internal data relating to original agreements, we compared the total balance of the financial asset list used by management to assess the allowances for impairment with the general ledger, selecting samples and comparing investment information with the underlying agreements and other related documentation to assess the accuracy of compilation of the asset list. For key parameters derived from external data, we selected samples to inspect the accuracy of such data by comparing them with public resources;

Key audit matters (continued)

Loss allowances of financial assets measured at amortised cost (continued)	
Refer to Note 13 to the consolidated financial statements and the accounting policies in Note 2(8).	
The Key Audit Matter	**How the matter was addressed in our audit**
We identified loss allowances of financial assets measured at amortised cost as a key audit matter because of the inherent uncertainty and management judgment involved and because of its significance to the financial results and capital of the Group.	• for key parameters involving judgement, critically assessing input parameters by seeking evidence from external sources and comparing to the Group's internal records. We compared the economic factors used in the models with market information to assess whether they were aligned with market and economic development; • evaluating the validity of management's assessment on whether the credit risk of the financial assets has, or has not, increased significantly since initial recognition and whether the financial assets is credit-impaired by selecting risk-based samples. On a sample basis, we checked the financial assets overdue information, understanding the credit situation and the loan balances to collateral ratio of the borrowers, the industry sector and the operation of the stock issuer, and the liquidity, restriction on sales and price volatility of the stock;

Key audit matters (continued)

Loss allowances of financial assets measured at amortised cost (continued)	
Refer to Note 13 to the consolidated financial statements and the accounting policies in Note 2(8).	
The Key Audit Matter	**How the matter was addressed in our audit**
	• for selected samples of the financial assets measured at amortised cost that are credit-impaired, evaluating management's assessment of the value of the collateral held. We also evaluated the forecast cash flows, challenged the viability of the Group's recovery plans and evaluated other credit enhancements that are integral to the contract terms; • recalculating the amount of credit loss allowance for 12 month and life time credit losses using the expected credit loss model based on the above parameters and assumptions for a sample of financial assets measured at amortised cost where the credit risk has not, or has, increased significantly since initial recognition, respectively; • evaluating whether the disclosures on impairment of financial assets measured at amortised cost meet the disclosure requirements of prevailing accounting standards.

Key audit matters (continued)

Consolidation of structured entities	
Refer to Note 57 to the consolidated financial statements and the accounting policies on page 69.	
The Key Audit Matter	**How the matter was addressed in our audit**
Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities. The Group may acquire or retain an ownership interest in, or act as a sponsor of, a structured entity through issuing or acquiring a wealth management product, an investment fund, an asset management scheme, a trust scheme or an asset-backed security. In determining whether a structured entity is required to be consolidated by the Group, management is required to consider the power the Group is able to exercise over the activities of the entity and its exposure to and ability to influence its own returns from the entity. In certain circumstances the Group may be required to consolidate a structured entity even though it has no equity interest therein. The factors which management needs to consider when determining whether a structured entity should be consolidated or not are not purely quantitative and need to be considered collectively. We identified the consolidation of structured entities as a key audit matter because it involves significant management judgement in determining whether a structured entity is required to be consolidated by the Group or not and because the impact of consolidating a structured entity on the consolidated statement of financial position could be significant.	Our audit procedures to assess the consolidation of structured entities included the following: • making enquiries of management and inspecting relevant documents used by management relating to the judgement process over whether a structured entity is consolidated or not to assess whether the Group has a robust process in this regard; • selecting a sample of structured entities for each key product type and performing the following procedures for each item selected: - inspecting the related contracts and internal documents to understand the purpose of the establishment of the structured entity and the involvement the Group has with the structured entity and to assess management's judgement over whether the Group has the ability to exercise power over the structured entity;

Independent auditor's report (continued)

Key audit matters (continued)

Consolidation of structured entities (continued)	
Refer to Note 57 to the consolidated financial statements and the accounting policies on page 69.	
The Key Audit Matter	**How the matter was addressed in our audit**
	- evaluating the risk and reward structure of the structured entity including any capital or return guarantee, commission paid and distribution of the returns to assess management's judgement as to exposure, or rights, to variable returns from the Group's involvement in such an entity; - evaluating management's analysis of the structured entity including qualitative analysis and calculations of the magnitude and variability associated with its economic interests in the structured entity to assess management's judgement over the Group's ability to influence its own returns from the structured entity; - evaluating management's judgement over whether the structured entity should be consolidated or not; • assessing the disclosures in the consolidated financial statements in relation to structured entities with reference to the requirements of the prevailing accounting standards.

Independent auditor's report (continued)

Key audit matters (continued)

Assessing potential impairment of goodwill and indefinite-lived intangible assets	
Refer to Note 21 and Note 22 to the consolidated financial statements and the accounting policies on pages 38 and 54.	
The Key Audit Matter	**How the matter was addressed in our audit**
As at 31 December 2018, goodwill and indefinite-lived intangible assets mainly arose from the acquisition of AssetMark Financial Holdings, Inc. ("AssetMark") in 2016. There is a risk that the carrying value of goodwill and indefinite-lived intangible asset may not be recoverable in full through the future cash flows to be generated from the relevant cash-generating units (the "CGUs") to which the goodwill and indefinite-lived intangible assets have been allocated. In order to assess the recoverable amount of goodwill and indefinite-lived intangible assets, management engaged an external appraiser to calculate the value-in-use of the relevant CGUs using the discounted cash flow model with a cash flow forecast compiled by management.	Our audit procedures to assess potential impairment of goodwill and indefinite-lived intangible assets included the following: • assessing management's identification of CGUs and the allocation of goodwill and other assets to each CGU with reference to our understanding of the Group's business and the requirements of the prevailing accounting standards; • evaluating the competence, capabilities and objectivity of the external appraiser appointed by management; • engaging our internal valuation specialists to evaluate the methodology and assumptions adopted in the discounted cash flow forecasts of the prevailing accounting standards; • challenging the assumptions and critical judgements adopted in the discounted cash flow forecasts by comparing key inputs, including budgeted revenue, the long-term growth rate and profit margins with the historical performance of the relevant subsidiaries, details in the financial budgets approved by board of directors and industry statistics;

Independent auditor's report (continued)

Key audit matters (continued)

Assessing potential impairment of goodwill and indefinite-lived intangible assets (continued)	
Refer to Note 21 and Note 22 to the consolidated financial statements and the accounting policies on pages 38 and 54.	
The Key Audit Matter	**How the matter was addressed in our audit**
We identified assessing potential impairment of goodwill and indefinite-lived intangible assets as a key audit matter because of its significance to the consolidated financial statements and because determining whether any impairment is required involves a significant degree of management judgement and estimation, particularly in forecasting future cash flows, including budgeted revenue, the long-term growth rate and profit margins and in determining appropriate discount rates, all of which can be inherently uncertain and could be subject to management bias.	• evaluating the discount rates applied in the discounted cash flow forecasts by recalculating the discount rates based on market data for similar companies in the same industry and comparing our calculations with the discount rates adopted in the discounted cash flow forecasts; • performing sensitivity analyses for the key assumptions, including budgeted revenue and the discount rates applied, to assess the impact of changes in these key assumptions on the results of impairment assessments and considering whether there were any indicators of management bias in the selection of key assumptions; • assessing the results of the value-in-use calculations by comparison with valuations derived from EBITDA multiples of comparable companies in the market; and • assessing the disclosures in the consolidated financial statements in relation to the assessment of potential impairment of goodwill and indefinite-lived intangible assets with reference to the requirement of the prevailing accounting standards.

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Independent auditor's report (continued)

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Pang Shing Chor Eric.

KPMG
Certified Public Accountants

8th Floor, Prince's Building,
10 Chater Road
Central, Hong Kong
29 March 2019

Consolidated income statements
For the year ended 31 December 2018
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Year ended 31 December 2018	2017 (Note)
Revenue			
Fee and commission income	4	10,819,910	12,926,354
Interest income	5	9,482,368	9,348,923
Net investment gains	6	3,374,651	7,302,250
Total revenue		23,676,929	29,577,527
Other income and gains	7	829,805	1,745,845
Total revenue and other income		24,506,734	31,323,372
Fee and commission expenses	8	(2,757,773)	(4,244,196)
Interest expenses	9	(6,466,970)	(5,749,099)
Staff costs	10	(5,372,341)	(7,030,196)
Depreciation and amortisation expenses	11	(625,897)	(566,306)
Tax and surcharges		(139,711)	(152,408)
Other operating expenses	12	(2,791,986)	(2,277,471)
Net impairment loss on financial assets	13	(862,694)	(259,030)
Total expenses		(19,017,372)	(20,278,706)
Operating profit		5,489,362	11,044,666
Share of profit of associates and joint ventures		959,309	539,978
Profit before income tax		6,448,671	11,584,644
Income tax expense	14	(1,287,784)	(2,176,788)
Profit for the year		5,160,887	9,407,856
Attributable to:			
Shareholders of the Company		5,032,738	9,276,520
Non-controlling interests		128,149	131,336
		5,160,887	9,407,856
Basic and diluted earnings per share (in Renminbi per share)	18	0.66	1.30

Note: The Group has initially applied IFRS 9 and IFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 2(3).

The notes on pages 25 to 186 form part of these financial statements. Details of dividends payable to equity shareholders of attributable to the profit for the year are set out in Note 55(h).

Consolidated statements of profit or loss and other comprehensive income
For the year ended 31 December 2018

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Year ended 31 December 2018	2017 (Note)
Profit for the year		5,160,887	9,407,856
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss:			
Equity investment at fair value through other comprehensive income			
– Net change in fair value		(1,311,689)	-
Income tax impact		327,923	-
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
– Net change in fair value		-	1,756,408
– Reclassified to profit or loss		-	(4,861,492)
Net gain from debt investment at fair value through other comprehensive income		22,043	-
Share of other comprehensive income of associates and joint ventures		72,640	34,436
Exchange differences on translation of financial statements in foreign currencies		339,244	(449,668)
Income tax impact		-	802,936
Total other comprehensive income for the year, net of tax	17	(549,839)	(2,717,380)
Total comprehensive income for the year		4,611,048	6,690,476
Attributable to:			
Shareholders of the Company		4,479,437	6,577,001
Non-controlling interests		131,611	113,475
Total		4,611,048	6,690,476

Note: The Group has initially applied IFRS 9 and IFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 2(3).

The notes on pages 25 to 186 form part of these financial statements.

Consolidated statements of financial position
As at 31 December 2018

(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	As at 31 December 2018	2017 (Note)
Non-current assets			
Property and equipment	19	3,548,153	3,737,471
Investment properties	20	586,334	844,705
Goodwill	21	2,099,412	1,971,722
Other intangible assets	22	5,462,012	5,137,749
Interest in associates	24	12,527,828	8,895,908
Interest in joint ventures	25	649,833	-
Debt investment at amortised cost	26	13,854,878	-
Financial assets at fair value through other comprehensive income	27	10,098,382	-
Available-for-sale financial assets	28	-	29,766,929
Financial assets held under resale agreements	29	2,812,194	8,424,304
Financial assets at fair value through profit or loss	30	5,155,176	1,796,667
Refundable deposits	31	7,836,506	7,302,285
Deferred tax assets	32	225,135	472,556
Other non-current assets	33	259,751	81,047
Total non-current assets		65,115,594	68,431,343
Current assets			
Accounts receivable	34	3,090,165	1,980,337
Other receivables and prepayments	35	1,555,090	6,259,561
Margin accounts receivable	36	46,188,885	59,991,454
Debt investment at amortised cost	26	2,419,286	-
Available-for-sale financial assets	28	-	14,816,239
Financial assets held under resale agreements	29	40,744,371	53,381,011
Financial assets at fair value through profit or loss	30	117,089,156	82,753,755
Financial assets at fair value through other comprehensive income	27	358,361	-
Derivative financial assets	37	1,933,958	391,714
Clearing settlement funds	38	3,023,370	1,147,448
Cash held on behalf of brokerage clients	39	58,947,013	65,303,548
Cash and bank balances	40	28,200,625	27,026,130
Total current assets		303,550,280	313,051,197
Total assets		368,665,874	381,482,540

The notes on pages 25 to 186 form part of these financial statements.

Consolidated statements of financial position
As at 31 December 2018 (continued)
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	As at 31 December 2018	2017 (Note)
Current liabilities			
Short-term bank loans	42	3,015,791	-
Short-term debt instruments issued	43	21,124,000	26,656,010
Placements from other financial institutions	44	5,813,487	7,029,998
Accounts payable to brokerage clients	45	59,492,176	67,335,545
Employee benefits payable	46	2,869,042	2,668,777
Other payables and accruals	47	53,793,086	62,615,235
Contract liabilities	48	7,442	-
Current tax liabilities		284,436	433,551
Financial assets sold under repurchase agreements	49	40,095,054	23,921,537
Financial liabilities at fair value through profit or loss	50	2,874,584	12,035,660
Derivative financial liabilities	37	776,102	1,642,283
Long-term bonds due within one year	51	24,844,616	21,597,480
Long-term bank loans due within one year	53	15,820	-
Total current liabilities		215,005,636	225,936,076
Net current assets		88,544,644	87,115,121
Total assets less current liabilities		153,660,238	155,546,464
Non-current liabilities			
Long-term bonds	52	38,046,114	55,600,796
Long-term bank loans	54	1,682,949	-
Non-current employee benefits payable	46	5,045,990	6,078,642
Deferred tax liabilities	32	1,810,176	1,931,446
Financial assets sold under repurchase agreements	49	-	1,000,000
Financial liabilities at fair value through profit or loss	50	2,325,405	2,345,668
Total non-current liabilities		48,910,634	66,956,552
Net assets		104,749,604	88,589,912

The notes on pages 25 to 186 form part of these financial statements.

Consolidated statements of financial position
As at 31 December 2018 (continued)
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	As at 31 December 2018	2017 (Note)
Equity			
Share capital	55	8,251,500	7,162,769
Reserves	55	75,725,973	61,195,954
Retained profits	55	19,416,104	18,977,215
Total equity attributable to shareholders of the Company		103,393,577	87,335,938
Non-controlling interests		1,356,027	1,253,974
Total equity		104,749,604	88,589,912

Approved and authorised for issue by the board of directors on 29 March 2019.

Zhou Yi	Chen Chuanming
Chairman of the Board, Director and President	Director

Note: The Group has initially applied IFRS 9 and IFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 2(3).

The notes on pages 25 to 186 form part of these financial statements.

Consolidated statements of changes in equity
For the year ended 31 December 2018
(Expressed in thousands of Renminbi, unless otherwise stated)

	Attributable to shareholders of the Company									
		Reserves								
	Share capital (Note 55)	*Capital reserve* (Note 55)	*Surplus reserve* (Note 55)	*General reserve* (Note 55)	*Fair value reserve* (Note 55)	*Translation reserve* (Note 55)	*Retained profits* (Note 55)	*Total*	*Non-controlling interests*	*Total equity*
As at 31 December 2017	7,162,769	45,820,627	3,919,488	10,008,183	1,525,650	(77,994)	18,977,215	87,335,938	1,253,974	88,589,912
Impact on initial application of IFRS 9	-	-	34,366	60,799	(715,018)	-	549,914	(69,939)	(151)	(70,090)
As at 1 January 2018	7,162,769	45,820,627	3,953,854	10,068,982	810,632	(77,994)	19,527,129	87,265,999	1,253,823	88,519,822
Changes in equity for 2018										
Profit for the year	-	-	-	-	-	-	5,032,738	5,032,738	128,149	5,160,887
Other comprehensive income	-	-	-	-	(889,083)	335,782	-	(553,301)	3,462	(549,839)
Total comprehensive income	-	-	-	-	(889,083)	335,782	5,032,738	4,479,437	131,611	4,611,048
Issuance of A shares	1,088,731	13,044,475	-	-	-	-	-	14,133,206	-	14,133,206
Acquisition of non-controlling interests without a change in control	-	(5,242)	-	-	-	-	(4,373)	(9,615)	(8,696)	(18,311)
Recognition on disposal of subsidiaries	-	-	-	-	-	-	-	-	(7,996)	(7,996)
Appropriation to surplus reserve	-	-	535,977	-	-	-	(535,977)	-	-	-
Appropriation to general reserve	-	-	-	2,127,963	-	-	(2,127,963)	-	-	-
Dividends declared for the year	-	-	-	-	-	-	(2,475,450)	(2,475,450)	(12,715)	(2,488,165)
As at 31 December 2018	8,251,500	58,859,860	4,489,831	12,196,945	(78,451)	257,788	19,416,104	103,393,577	1,356,027	104,749,604

The notes on pages 25 to 186 form part of these financial statements.

Consolidated statements of changes in equity
For the year ended 31 December 2018 (continued)
(Expressed in thousands of Renminbi, unless otherwise stated)

	Attributable to shareholders of the Company									
		Reserves								
	Share capital (Note 55)	*Capital reserve* (Note 55)	*Surplus reserve* (Note 55)	*General reserve* (Note 55)	*Fair value reserve* (Note 55)	*Translation reserve* (Note 55)	*Retained profits* (Note 55)	*Total*	*Non-controlling interests*	*Total equity*
As at 1 January 2017	7,162,769	45,837,763	3,071,195	7,943,619	3,775,704	371,471	16,194,936	84,357,457	1,302,740	85,660,197
Changes in equity for 2017										
Profit for the year	-	-	-	-	-	-	9,276,520	9,276,520	131,336	9,407,856
Other comprehensive income	-	-	-	-	(2,250,054)	(449,465)	-	(2,699,519)	(17,861)	(2,717,380)
Total comprehensive income	-	-	-	-	(2,250,054)	(449,465)	9,276,520	6,577,001	113,475	6,690,476
Capital injection by non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	265,233	265,233
Recognition on disposal of subsidiaries	-	(17,136)	-	-	-	-	-	(17,136)	(425,854)	(442,990)
Appropriation to surplus reserve	-	-	848,293	-	-	-	(848,293)	-	-	-
Appropriation to general reserve	-	-	-	2,064,564	-	-	(2,064,564)	-	-	-
Dividends declared for the year	-	-	-	-	-	-	(3,581,384)	(3,581,384)	(1,620)	(3,583,004)
As at 31 December 2017 (Note)	7,162,769	45,820,627	3,919,488	10,008,183	1,525,650	(77,994)	18,977,215	87,335,938	1,253,974	88,589,912

Note: The Group has initially applied IFRS 9 and IFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 2(3).

The notes on pages 25 to 186 form part of these financial statements.

Consolidated statements of cash flow
For the year ended 31 December 2018
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Year ended 31 December 2018	2017 (Note)
Cash flows from operating activities:			
Profit before income tax		6,448,671	11,584,644
Adjustments for:			
Interest expenses		6,466,970	5,749,099
Share of profit of associates and joint ventures		(959,309)	(539,978)
Depreciation and amortisation expenses		625,897	566,306
Provision for impairment losses		867,989	259,030
Net gains on disposal of property and equipment and intangible assets		(36)	(6,949)
Foreign exchange (gains) / losses		(30,505)	38,040
Net realised gains from available-for-sale financial assets and other investments		-	(4,219,420)
Dividend income and interest income from available-for-sale financial assets and held-to-maturity investments		-	(645,207)
Dividend income and interest income from financial assets through other comprehensive income and debt investment at amortised cost		(1,302,327)	-
Unrealised fair value changes in financial instruments through profit or loss		755,282	(137,296)
Unrealised fair value changes in derivatives		(2,518,204)	467,963
Operating cash flows before movements in working capital		10,354,428	13,116,232

The notes on pages 25 to 186 form part of these financial statements.

Consolidated statements of cash flow
For the year ended 31 December 2018 (continued)
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Year ended 31 December 2018	2017 (Note)
Cash flows from operating activities (continued):			
(Increase) / decrease in refundable deposits		(533,396)	856,343
Decrease /(increase) in margin accounts receivable		16,784,013	(3,467,433)
Increase in accounts receivables, other receivables and prepayments		(5,636,305)	(2,264,006)
Decrease /(increase) in financial assets held under resale agreements		20,704,167	(9,983,253)
Increase in financial instruments at fair value through profit or loss		(18,351,440)	(7,410,200)
Decrease in restricted bank deposits		4,479,681	12,486,730
Decrease in cash held on behalf of brokerage clients		6,466,996	29,265,386
Decrease in accounts payable to brokerage clients		(7,853,338)	(25,393,292)
Decrease in other payables and accruals		(6,999,766)	(17,366,962)
(Decrease) / increase in employee benefits payable and other non-current liabilities		(832,294)	1,241,977
Increase in financial assets sold under repurchase agreements		15,108,826	5,458,162
(Decrease) / increase in placements from other financial institutions		(1,311,591)	379,998
Cash generated from /(used in) operations		32,379,981	(3,080,318)
Income taxes paid		(1,347,018)	(1,802,203)
Interest paid		(2,575,181)	(1,844,354)
Net cash generated from /(used in) operating activities		28,457,782	(6,726,875)

The notes on pages 25 to 186 form part of these financial statements.

Consolidated statements of cash flow
For the year ended 31 December 2018 (continued)
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Year ended 31 December 2018	2017 (Note)
Cash flows from investing activities:			
Proceeds on disposal of property and equipment		4,308	41,401
Dividends received from associates		417,472	229,819
Dividends and interest received from available-for-sale financial assets and other investments		-	645,207
Dividend income and interest income from financial assets through other comprehensive income and debt investment at amortised cost		1,302,327	-
Proceeds from / (payment of) other limited partners' interest in private funds		165,624	(285,866)
Proceeds on disposal of available-for-sale financial assets		-	531,134
Cash paid for disposal of subsidiaries, net of cash and bank balances decreased		(2,687)	(840,724)
Purchases of property and equipment, investment properties, other intangible assets and other non-current assets		(954,649)	(377,634)
Purchases of associates, joint ventures and other investments		(166,580)	(11,425)
Disinvestments of associates and joint ventures		161,924	-
Purchases of available-for-sale financial assets		-	(12,199,858)
Purchase of debt investment at amortised cost		(10,831,183)	-
Purchase of financial assets through other comprehensive income		(584,766)	-
Net cash used in investing activities		(10,488,210)	(12,267,946)

The notes on pages 25 to 186 form part of these financial statements.

Consolidated statements of cash flow
For the year ended 31 December 2018 (continued)
(Expressed in thousands of Renminbi, unless otherwise stated)

	Note	Year ended 31 December 2018	2017 (Note)
Cash flows from financing activities:			
Capital injection from non-controlling shareholders		-	265,233
Proceeds from issuance of short-term debt instruments		46,200,314	42,258,270
Proceeds from issuance of long-term bonds		8,974,000	31,000,000
Proceeds from bank loans		4,698,718	-
Repayment of bank loans		-	(471,065)
Repayment of debt securities issued		(75,557,800)	(46,723,260)
Short-term bank loans interest paid		(32,626)	-
Long-term bank loans interest paid		(12,705)	-
Short-term debt instruments interest paid		(902,944)	(220,186)
Long-term bonds interest paid		(3,720,570)	(3,431,905)
Dividends paid		(2,488,165)	(3,583,004)
Net proceeds from issuance of A shares		14,207,942	-
Payment for other financing activities		(74,736)	(4,316)
Net cash (used in) / generated from financing activities	41(b)	(8,708,572)	19,089,767
Net increase in cash and cash equivalents		9,261,000	94,946
Cash and cash equivalents at the beginning of the year		31,378,585	31,651,614
Effect of foreign exchange rate changes		152,725	(367,975)
Cash and cash equivalents at the end of the year	41(a)	40,792,310	31,378,585

Note: The Group has initially applied IFRS 9 and IFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 2(3).

The notes on pages 25 to 186 form part of these financial statements.

Notes to the Financial Statements

(Expressed in thousands of Renminbi, unless otherwise stated)

1 General information

Huatai Securities Co., Ltd. (the "Company"), formerly known as Jiangsu Securities Company, was approved by the People's Bank of China ("PBOC"), and registered with the Administration for Industry and Commerce of Jiangsu Province on 9 April 1991, with a registered capital of RMB10 million. The Company was renamed as Huatai Securities Limited Liability Company on 21 December 1999 and then renamed as Huatai Securities Co., Ltd. on 7 December 2007 as a result of the conversion into a joint stock limited liability company.

The Company publicly issued RMB784,561 thousand ordinary shares (A shares) in February 2010, and was listed on the Shanghai Stock Exchange on 26 February 2010.

In June 2015, the Company issued RMB1,562,769 thousand H shares, which were listed on the main board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

In July 2018, the Company issued RMB1,088,731 thousand A share through private placement.

As at 31 December 2018, the Company's registered capital was RMB8,251,500 thousand and the Company has a total of 8,251,500 thousand issued shares of RMB1 each.

The Company and its subsidiaries (the "Group") principally engaged in securities brokerage, securities proprietary trading, securities underwriting and sponsorship, securities investment advisory, asset management, margin financing and securities lending, agency sale of financial products, intermediary introduction business for the futures companies, agency sale and custody of securities investment fund, mutual fund management, brokerage of spot contracts for precious metal such as gold, proprietary trading of spot contract for gold, direct investment business, alternative investment business, stock option market making, futures brokerage business and other business activities as approved by the China Securities Regulatory Commission("CSRC").

2 Significant accounting policies

(1) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes International Accounting Standards and related interpretations promulgated by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). A summary of the significant accounting policies adopted by the Group are set out below.

The IASB has issued a number of new and revised IFRSs that are first effective for the current accounting period of the Group. Note 2(3) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period ended 31 December 2018 are set out in Note 64.

(2) Basis of preparation of the financial statements

The financial statements has been prepared on the historical cost basis except that the following assets and liabilities are measured at their fair value: financial derivatives, non-derivative financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income. The methods used to measure fair value are discussed further in Note 2(8).

The financial statements is presented in Renminbi ("RMB"), which is the functional currency of the Group. All financial information presented in RMB has been rounded to the nearest thousand, except when otherwise indicated. The Group translates the financial statements of subsidiaries from their respective functional currencies into the Group's functional currency if the subsidiaries' functional currencies are not the same as that of the Group.

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgments made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 2(29).

2 Significant accounting policies (continued)

(3) Changes in accounting policies

(a) Overview

The IASB has issued a number of new IFRSs and amendments to IFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- IFRS 9, *Financial Instruments*

- IFRS 15, *Revenue from contracts with customers*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period, except for the amendments to IFRS 9, *Prepayment features with negative compensation* which have been adopted at the same time as IFRS 9.

Details of the changes in accounting policies are discussed in Note 2(3)(b) for IFRS 9 and Note 2(3)(c) for IFRS 15.

Under the transition methods chosen, the Group recognises cumulative effect of the initial application of IFRS 9 and IFRS 15 as an adjustment to the opening balance of equity at 1 January 2018. Comparative information is not restated. The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been impacted by IFRS 9 and / or IFRS 15.

2 Significant accounting policies (continued)

(3) Changes in accounting policies (continued)

(a) Overview (continued)

	At 31 December 2017	*Impact on initial application of IFRS 9 (Note 2(3)(b))*	*Impact on initial application of IFRS 15 (Note 2(3)(c))*	*At 1 January 2018*
Financial assets at fair value through profit or loss	1,796,667	6,593,664	-	8,390,331
Financial assets held under resale agreements	8,424,304	(471)	-	8,423,833
Available-for-sale financial assets	29,766,929	(29,766,929)	-	-
Financial assets at fair value through other comprehensive income	-	11,161,621	-	11,161,621
Debt investment at amortised cost	-	3,491,708	-	3,491,708
Deferred tax assets	472,556	357	-	472,913
Total non-current assets	68,431,343	(8,520,050)	-	59,911,293
Cash and bank balances	27,026,130	(3,496)	-	27,022,634
Financial assets at fair value through profit or loss	82,753,755	21,628,823	-	104,382,578
Financial assets held under resale agreements	53,381,011	(6,354)	-	53,374,657
Available-for-sale financial assets	14,816,239	(14,816,239)	-	-
Debt investment at amortised cost	-	1,649,895	-	1,649,895
Total current assets	313,051,197	8,452,629	-	321,503,826
Total assets	381,482,540	(67,421)	-	381,415,119
Net current assets	87,115,121	8,452,629	-	95,567,750
Total assets less current liabilities	155,546,464	(67,421)	-	155,479,043
Deferred tax liabilities	(1,931,446)	(2,669)	-	(1,934,115)
Total non-current liabilities	(66,956,552)	(2,669)	-	(66,959,221)
Net assets	88,589,912	(70,090)	-	88,519,822

2 Significant accounting policies (continued)

(3) Changes in accounting policies (continued)

(a) Overview (continued)

	At 31 December 2017	*Impact on initial application of IFRS 9 (Note2 (3)(b))*	*Impact on initial application of IFRS 15 (Note2 (3)(c))*	*At 1 January 2018*
Reserves	61,195,954	(619,853)	-	60,576,101
Retained profits	18,977,215	549,914	-	19,527,129
Total equity attributable to shareholders of the Company	87,335,938	(69,939)	-	87,265,999
Non-controlling interests	1,253,974	(151)	-	1,253,823
Total equity	88,589,912	(70,090)	-	88,519,822

(b) IFRS 9, Financial Instruments, including the amendments to IFRS 9, Prepayment features with negative compensation

IFRS 9 replaces IAS 39, Financial instruments: recognition and measurement. It sets out the requirements for recognising and measuring financial assets, financial liabilities and hedge accounting.

The Group has applied IFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under IAS 39.

The following table summarises the impact of transition to IFRS 9 on retained profits and reserves, and the related tax impact at 1 January 2018.

2 Significant accounting policies (continued)

(3) Changes in accounting policies (continued)

(b) IFRS 9, Financial Instruments, including the amendments to IFRS 9, Prepayment features with negative compensation (continued)

	Increase / (decrease)
Retained profits	
Transferred in from fair value reserve (recycling) relating to financial assets now measured at fair value through profit or loss	960,795
Recognition of additional expected credit losses on financial assets at amortised cost	(10,269)
Remeasurement of financial assets at fair value through profit or loss	(67,982)
Transferred out from impairment on available-for-sale financial assets to fair value reserve of financial assets at fair value through other comprehensive income (non-recycling)	3,683
Related tax effect	(241,148)
Appropriation to surplus reserve	(34,366)
Appropriation to general reserve	(60,799)
Impact at 1 January 2018	549,914
Fair value reserve	
Transferred out to retained profits relating to financial assets now measured at fair value through profit or loss	(960,795)
Reversal of fair value reserve due to the classification from available-for-sale assets to financial assets at amortised cost	10,676
Transferred in from impairment on available-for-sale financial assets to fair value reserve of financial assets at fair value through other comprehensive income (non-recycling)	(3,683)
Related tax effect	238,784
Impact at 1 January 2018	(715,018)

2 Significant accounting policies (continued)

(3) Changes in accounting policies (continued)

(b) IFRS 9, Financial Instruments, including the amendments to IFRS 9, Prepayment features with negative compensation(continued)

	Increase / (decrease)
Non-controlling interests	
Recognition of expected credit losses on financial assets at amortised cost	(203)
Related tax effect	52
Impact at 1 January 2018	(151)

Further details of the nature and effect of the changes to previous accounting policies are set out below:

(i) Classification and measurement

IFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL). These supersede IAS 39's categories of held-to-maturity investments, loans and receivables and available-for-sale financial assets. The classification of financial assets under IFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments.

2 Significant accounting policies (continued)

(3) Changes in accounting policies (continued)

(b) IFRS 9, Financial Instruments, including the amendments to IFRS 9, Prepayment features with negative compensation(continued)

(i) Classification and measurement (continued)

The following table and the accompanying notes below explain the original measurement categories for the class (impacted by IFRS 9) of the Group's financial assets under IAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with IAS 39 to those determined in accordance with IFRS 9.

	At 31 December 2017	*Reclassification*	*Remeasurement*	*At 1 January 2018*
Financial assets carried at amortised cost				
Cash and bank balances	27,026,130	-	(3,496)	27,022,634
Financial assets held under resale agreements	61,805,315	-	(6,825)	61,798,490
Debt investment at amortised cost	-	5,141,754	(151)	5,141,603
	88,831,445	5,141,754	(10,472)	93,962,727
Financial assets at fair value through other comprehensive income	-	11,161,621	-	11,161,621
Financial assets at fair value through profit or loss	84,550,422	28,290,469	(67,982)	112,772,909
Financial assets classified as available-for-sale under IAS 39	44,583,168	(44,583,168)	-	-

2 Significant accounting policies (continued)

(3) Changes in accounting policies (continued)

(b) IFRS 9, Financial Instruments, including the amendments to IFRS 9, Prepayment features with negative compensation(continued)

(i) Classification and measurement (continued)

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1 January 2018 have not been impacted by the initial application of IFRS 9.

(ii) Credit losses

IFRS 9 replaces the "incurred loss" model in IAS 39 with the "expected credit loss" (ECL) model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in IAS 39.

The Group applies the new ECL model to the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, accounts receivable, other receivables and prepayments, financial assets held under resale agreements, and margin account receivable);

- debt securities measured at FVOCI (recycling).

For further details on the Group's accounting policy for accounting for credit losses, see Note 2(8).

The following table reconciles the closing loss allowance determined in accordance with IAS 39 as at 31 December 2017 with the opening loss allowance determined in accordance with IFRS 9 as at 1 January 2018.

	Increase / (decrease)
Loss allowance at 31 December 2017 under IAS 39	666,116
Additional expected credit loss recognised at 1 January 2018	10,472
Reverse of loss allowance due to the reclassification from available-for-sale financial assets to financial assets at fair value through profit or loss	(59,361)
Reverse of loss allowance due to the reclassification from available-for-sale financial assets to financial assets at fair value through other comprehensive income (non-recycling)	(3,683)
Loss allowance at 1 January 2018 under IFRS 9	613,544

2 Significant accounting policies (continued)

(3) Changes in accounting policies (continued)

(b) IFRS 9, Financial Instruments, including the amendments to IFRS 9, Prepayment features with negative compensation (continued)

(iii) Hedge accounting

IFRS 9 does not fundamentally change the requirements relating to measuring and recognising ineffectiveness under IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting. As the Group does not apply hedge accounting, the Group concluded that the hedge accounting requirements of IFRS 9 has no material impact on the Group's financial statements.

(iv) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

- Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in retained profits and reserves as at 1 January 2018. Accordingly, the information presented for 2017 continues to be reported under IAS 39 and thus may not be comparable with the current period.

- The following assessments have been made on the basis of the facts and circumstances that existed at 1 January 2018 (the date of initial application of IFRS 9 by the Group):

  - the determination of the business model within which a financial asset is held; and

  - the designation of certain investments in equity instruments not held for trading to be classified as at FVOCI (non-recycling).

- If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

2 Significant accounting policies (continued)

(3) Changes in accounting policies (continued)

(c) IFRS 15, Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. It also includes guidance on when to capitalise costs of obtaining or fulfilling a contract not otherwise addressed in other standards, and includes expanded disclosure requirements.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2018. Therefore, comparative information has not been restated and continues to be reported under IAS 11 and IAS 18. As allowed by IFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5 steps approach to revenue recognition.

The Group has been impacted by IFRS 15 in relation to the gross up or net presentation of revenue. Except for the impact said above, the application of IFRS 15 does not result in a significant impact on the Group's financial statements as at 1 January 2018.

2 Significant accounting policies (continued)

(4) Basis of consolidation

(i) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised gains arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meet the definition of a financial liability.

Non-controlling interests are presented in the consolidated statements of financial position within equity, separately from equity attributable to the shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statements and the consolidated statements of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the reporting period between non-controlling interests and the shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(8)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see Note 2(4) (ii)).

2 Significant accounting policies (continued)

(4) Basis of consolidation (continued)

(i) Subsidiaries and non-controlling interests (continued)

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(15)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(ii) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 2(5) and 2(15)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

2 Significant accounting policies (continued)

(4) Basis of consolidation (continued)

(ii) Associates and joint ventures (continued)

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(8)).

In the Company's statement of financial position, investments in associates and joint venture of the Company are accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale).

(5) Goodwill

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit ("CGU"), or groups of CGUs, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 2(15)).

On disposal of a CGU during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

2 Significant accounting policies (continued)

(6) Foreign currency

When the Group receives capital in foreign currencies from investors, the capital is translated to RMB at the spot exchange rate on the date of receipt. Other foreign currency transactions are, on initial recognition, translated to RMB at the spot exchange rates or the rates that approximate the spot exchange rates on the dates of the transactions.

A spot exchange rate is an exchange rate quoted by the PBOC, the State Administrative of Foreign Exchange or a cross rate determined based on quoted exchange rates. A rate that approximates the spot exchange rate is a rate determined under a systematic and rational method, normally the average exchange rate of the current period.

Monetary items denominated in foreign currencies are translated to RMB at the spot exchange rate at the end of the reporting period. The resulting exchange differences are recognised in profit or loss. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated to RMB using the foreign exchange rate at the transaction date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rate at the date the fair value is determined; the resulting exchange differences are recognised in profit or loss, except for the differences arising from the translation of equity securities investment designated as at FVOCI (2017: available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss)), which are recognised as other comprehensive income in capital reserve.

The assets and liabilities of foreign operation are translated to RMB at the spot exchange rate at the end of reporting period. The equity items, excluding “retained profits”, are translated to RMB at the spot exchange rates at the transaction dates. The income and expenses of foreign operation are translated to RMB at the spot exchange rates or the rates that approximate the spot exchange rates at the transaction dates. The resulting translation differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. Upon disposal of a foreign operation, the cumulative amount of the translation differences recognised in shareholders’ equity which relates to that foreign operation is transferred to profit or loss in the period in which the disposal occurs.

2 Significant accounting policies (continued)

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments, which are readily convertible into known amounts of cash and are subject to insignificant risk of change in value.

(8) Financial instruments

The following accounting policy related to financial instruments is applicable from 1 January 2018. As to financial instruments related policy applicable before 1 January 2018, please refer to the Group's financial statements for the year ended 31 December 2017.

(i) Recognition and initial measurement

Financial instruments are recognised / derecognised on the date the Group commits to purchase/sell the investment. Financial instruments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVTPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 2(8)(iv). Financial instruments are subsequently accounted for as follows, depending on their classification.

2 Significant accounting policies (continued)

(8) Financial instruments (continued)

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

2 Significant accounting policies (continued)

(8) Financial instruments (continued)

(ii) Classification and subsequent measurement(continued)

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets—Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

– contingent events that would change the amount or timing of cash flows;

– terms that may adjust the contractual coupon rate, including variable-rate features;

– prepayment and extension features; and

– terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

2 Significant accounting policies (continued)

(8) Financial instruments (continued)

(ii) Classification and subsequent measurement(continued)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets — Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

2 Significant accounting policies (continued)

(8) Financial instruments (continued)

(ii) Classification and subsequent measurement(continued)

Financial liabilities — Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. The fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) impairment

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;

- debt investments measured at FVOCI; and

- contract assets.

Debt investment at fair value, FVTPL and equity securities designated at FVOCI (non-recycling), are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

2 Significant accounting policies (continued)

(8) Financial instruments (continued)

(iii) impairment (continued)

Measurement of ECLs (continued)

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for accounts receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and

- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Significant increases in credit risk

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

2 Significant accounting policies (continued)

(8) Financial instruments (continued)

(iii) impairment (continued)

Significant increases in credit risk (continued)

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and;
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

2 Significant accounting policies (continued)

(8) Financial instruments (continued)

(iii) impairment (continued)

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(iv) Fair value measurement

If there is an active market for a financial asset or financial liability, the quoted market price without adjusting for transaction costs that may be incurred upon future disposal or settlement is used to establish the fair value of the financial asset or financial liability. For a financial asset held or a financial liability to be assumed, the quoted price is the current bid price. For a financial asset to be acquired or a financial liability assumed, the quoted price is the current asking price. Quoted prices from an active market are prices that are readily and regularly available from an exchange, dealer, broker, industry group or pricing service agency, and represent actual and regularly occurring market transactions on an arm's length basis.

2 Significant accounting policies (continued)

(8) Financial instruments (continued)

(iv) Fair value measurement (continued)

If no active market exists for a financial instrument, a valuation technique is used to establish the fair value. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. Where discounted cash flow technique is used, future cash flows are estimated based on management's best estimates and the discount rate used is the prevailing market rate applicable for instrument with similar terms and conditions at the end of the reporting period. Where other pricing models are used, inputs are based on market data at the end of the reporting period.

In estimating the fair value of a financial asset and financial liability, the Group considers all factors including, but not limited to, risk-free interest rate, credit risk, foreign exchange rate and market volatility, that are likely to affect the fair value of the financial asset and financial liability.

The Group obtains market data from the same market where the financial instrument was originated or purchased.

(v) Derecognition of financial assets and financial liabilities

Financial assets (or a part of a financial asset or group of financial assets) are derecognised when the financial assets meet one of the following conditions:

- the contractual rights to the cash flows from the financial asset expire; or
- the Group transfers substantially all the risks and rewards of ownership of the financial assets or where substantially all the risks and rewards of ownership of a financial asset are neither retained nor transferred, the control over that asset is relinquished.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but retains control, the Group continues to recognise the financial asset and relevant liability to the extent of its continuing involvement in the financial asset.

The financial liability (or part of it) is derecognised only when the underlying present obligation (or part of it) specified in the contracts is discharged, cancelled or expired. An agreement between the Group and an existing lender to replace the original financial liability with a new financial liability with substantially different terms, or a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and recognition of a new financial liability. The difference between the carrying amount of the derecognised financial liability and the consideration paid is recognised in profit or loss.

2 Significant accounting policies (continued)

(8) Financial instruments (continued)

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position when the Group has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis, or by realising the asset and settling the liability simultaneously.

(vii) Equity instruments

An equity instrument is a contract that proves the ownership interest of the residual assets after deducting all liabilities of the Group. Considerations received from issuance of equity instruments net of transaction costs are recognised in equity. Considerations and transaction costs paid by the Group for repurchasing its own equity instruments are deducted from equity.

(viii) Derivative financial instruments

Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

(ix) Asset-backed securities

The Group securitises the financial assets, which generally results in the sale of these financial assets to structured entities. The structured entities in turn issue asset-backed securities to investors. Interests in the securitised financial assets may be retained in the form of senior or subordinated tranches, or other residual interests. For asset securitisation business, the Group has applied the accounting policies set out in Note 2(4) when assessing consolidation of the structured entities and applied the accounting policies described in Note 2(8)(v) when assessing whether or not to derecognise the transferred financial assets.

2 Significant accounting policies (continued)

(9) Margin financing and securities lending

Margin financing and securities lending refer to the lending of funds by the Group to customers for purchase of securities, or lending of securities by the Group to customers for securities selling, for which the customers provide the Group with collateral.

The classification, subsequent measurement and impairment of margin financing receivables is based on policies in Note 2(8). Securities lent are not derecognised when the risk and rewards are not transferred, and interest income from margin financing receivables and securities lent is recognised using the effective interest rate method.

The collateral is not recognised on the statement of financial position, the transfer of the collateral from counterparties is only reflected on the statement of financial position if the risks and rewards of ownership are also transferred.

Securities trading on behalf of margin financing or securities lending customers are accounted for as securities brokerage business.

(10) Financial assets held under resale and sold under repurchase agreements

Financial assets held under resale agreements are transactions where the Group acquires financial assets which will be resold at a predetermined price at a future date under resale agreements. Financial assets sold under repurchase agreements are transactions where the Group sells financial assets which will be repurchased at a predetermined price at a future date under repurchase agreements.

The cash advanced or received is recognised as amounts held under resale or sold under repurchase agreements in the statement of financial position. Assets held under resale agreements are recorded in memorandum accounts as off-balance sheet items. Assets sold under repurchase agreements continue to be recognised in the statement of financial position.

The difference between the purchase and resale consideration, and that between the sale and repurchase consideration, is amortised over the period of the respective transaction using the effective interest method and is included in interest income and interest expenses respectively.

2 Significant accounting policies (continued)

(11) Investments in subsidiaries

In the Group's consolidated financial statements, investments in subsidiaries are accounted for in accordance with the principles described in Note 2(4).

In the Company's statements of financial position, investments in subsidiaries are accounted for using the cost method. The investment is stated at cost less impairment loss (Note 2(15)) in the statements of financial position. Except for declared but not yet distributed cash dividends or profits distribution that have been included in the price or consideration paid in obtaining the investments, the Group recognises its share of the cash dividends or profit distribution declared by the investees as investment income.

(12) Property and equipment and construction in progress

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Costs of construction in progress are determined based on the actual expenditures incurred which include all necessary expenditures incurred during the construction period, borrowing costs eligible for capitalisation and other costs incurred to bring the asset to its intended use.

Items classified as construction in progress are transferred to property and equipment when such assets are ready for their intended use.

2 Significant accounting policies (continued)

(12) Property and equipment and construction in progress (continued)

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Items of property and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line basis over their estimated useful lives.

Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative years of significant items of property and equipment are as follows:

Types of assets	*Estimated useful lives*	*Estimated residual values*	*Depreciation rates*
Buildings	30 - 50 years	3%	1.94% - 3.23%
Motor vehicles	3 - 8 years	3%	12.13% - 32.33%
Electronic equipment	5 years	3%	19.40%
Furniture and fixtures	2 - 5 years	3%	19.40% - 48.50%

No depreciation is provided in respect of construction in progress. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

2 Significant accounting policies (continued)

(13) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is accounted for using the cost model and stated in the financial statements at cost less accumulated depreciation, and impairment losses (see Note 2(15)). The cost of investment property, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the investment property is classified as held for sale.

	Estimated useful lives	*Estimated residual values*	*Depreciation rates*
Investment property	30 - 35 years	3%	2.77% - 3.23%

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

(14) Other intangible assets

Intangible assets are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment loss (see Note 2(15)). For an intangible asset with finite useful life, its cost less impairment loss is amortised on the straight-line method over its estimated useful life.

The respective amortisation periods for intangible assets are as follows:

Types of assets	*Estimated useful lives*
Existing relationships with broker-dealers	Indefinite
Land-use right	50 years
Trade names	20 years
Software and others	2 - 20 years

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group.

2 Significant accounting policies (continued)

(15) Impairment of non-financial assets

The carrying amounts of the following assets are reviewed at each reporting date to determine whether there is any indication of impairment:

- property and equipment
- investment property
- other intangible assets
- equity investment in subsidiaries, associates and joint ventures
- goodwill
- leasehold improvements and long-term deferred expenses

If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2 Significant accounting policies (continued)

(16) Contract assets and contract liabilities

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in Note 2(8)(iii) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

2 Significant accounting policies (continued)

(17) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(iii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on corporate bonds, which have a credit rating of at least AA from rating agency, that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

(iv) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

2 Significant accounting policies (continued)

(18) Share-based payments

(i) Classification of share-based payments

Share-based payment transactions in the Group are cash-settled share-based payments.

(ii) Accounting treatment of cash-settled share-based payments

Where the Group receives services from employees by incurring a liability to deliver cash or other assets for amounts that are determined based on the price of shares or other equity instruments, the service received from employees is measured at the fair value of the liability incurred. If a cash-settled share-based payment do not vest until the completion of services for a period, or until the achievement of a specified performance condition, the Group recognises costs or expenses as services are received, with a corresponding increase in liability, at an amount equal to the fair value of the liability based on the best estimate of the outcome of vesting. Until the liability is settled, the Group will remeasure the fair value of the liability at each balance sheet date and at the date of settlement, with changes recongised in profit or loss for the current period.

When the Group receives services and has the obligation to settle the transaction, but the relevant equity instruments are issued by the Company's ultimate parent or its subsidiaries outside the Group, the Group classifies the transaction as cash-settled.

2 Significant accounting policies (continued)

(19) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

2 Significant accounting policies (continued)

(19) Income tax (continued)

(ii) Deferred tax (continued)

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(iii) Tax exposures

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(20) Operating leases

(i) Operating lease charges

Rental payments under operating leases are recognised as costs or expenses on a straight-line basis over the lease term. Contingent rental payments are recognised as expenses in the accounting period in which they are incurred.

(ii) Assets leased out under operating leases

Property and equipment leased out under operating leases are depreciated in accordance with the Group's depreciation policies described in Note 2(12)(iii). Impairment losses are recognised in accordance with the accounting policies described in Note 2(15). Income derived from operating leases is recognised in the profit or loss using the straight-line method over the lease term. If initial direct costs incurred in respect of the assets leased out are material, the costs are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Otherwise, the costs are charged to profit or loss immediately. Contingent rentals are recognised as income in the accounting period in which they are earned.

2 Significant accounting policies (continued)

(21) Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(22) Fiduciary activities

The Group acts in a fiduciary activity as a manager, a custodian, or an agent for customers. Assets held by the Group and the related undertakings to return such assets to customers are recorded as off-balance sheet items as the risks and rewards of the assets reside with customers.

2 Significant accounting policies (continued)

(23) Revenue recognition

The following accounting policy related to revenue recognition is applicable from 1 January 2018. As to revenue recognition related policy applicable before 1 January 2018, please refer to the Group's financial statements for the year ended 31 December 2017.

Income is classified by the Group as revenue when it arises from the provision of services in the ordinary course of the Group's business.

Revenue is recognised when control over a service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a variable consideration, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the promised services to a customer and includes in the transaction price some or all of the variable consideration estimated, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Commission income from brokerage business

Brokerage commission income is recognised on a trade date basis when the relevant transactions are executed. Handling and settlement fee income arising from brokerage business is recognised when the related services are rendered.

2 Significant accounting policies (continued)

(23) Revenue recognition (continued)

(ii) Underwriting and sponsor fees

Underwriting fee is recognised when the Group has fulfilled its obligations under the underwriting contract.

Depending on contract terms, sponsor fees are recognised progressively over time using a method that depicts the Group's performance, or at a point in time when the service is completed.

(iii) Advisory fees

Depending on the nature of the advisory services and the contract terms, advisory fees are recognised progressively over time using a method that depicts the Group's performance, or at a point in time when the advisory service is completed.

(iv) Asset management fees

Asset management fees include periodic management fees calculated based on assets under management and performance-based fees. The fees are recognised progressively over time using a method that depicts the Group's performance, to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method. For debt investment at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

(vi) Dividend income

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(vii) Other income

Other income is recognised on an accrual basis.

2 Significant accounting policies (continued)

(24) Expenses recognition

(i) Commission expenses

Commission expenses relate mainly to transactions, which are recognised as expenses when the services are received.

(ii) Interest expenses

Interest expenses are recognised based on the principal outstanding and at the effective interest rate applicable.

(iii) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the terms of the respective leases. Lease incentives received are recognised as an integral part of the total lease expenses, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(iv) Other expenses

Other expenses are recognised on an accrual basis.

2 Significant accounting policies (continued)

(25) Dividend distribution

Dividends or profit distributions proposed in the profit appropriation plan, which will be authorised and declared after the end of the reporting period, are not recognised as a liability at the end of the reporting period but disclosed in the notes to the financial statements separately.

(26) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant, and are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised.

2 Significant accounting policies (continued)

(27) Related parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

(1) has control or joint control over the Group;

(2) has significant influence over the Group; or

(3) is a member of the key management personnel of the Group or the Group's parent.

(ii) An entity is related to the Group if any of the following conditions applies:

(1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(3) Both entities are joint ventures of the same third party.

(4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(6) The entity is controlled or jointly controlled by a person identified in (i).

(7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(8) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 Significant accounting policies (continued)

(28) Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose financial performance are regularly reviewed by the Group's management to make decisions about resource to be allocated to the segment and assess its performance, and for which financial information regarding financial position, financial performance and cash flows is available.

Two or more operating segments may be aggregated into a single operating segment if the segments have same or similar economic characteristics and are similar in respect of the nature of each products and service, the nature of production processes, the type or class of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

Inter-segment revenues are measured on the basis of actual transaction price for such transactions for segment reporting, and segment accounting policies are consistent with those for the consolidated financial statements.

(29) Significant accounting estimates and judgements

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(i) Fair value of financial instruments

As indicated in Note 2(8)(i), financial instruments at fair value through profit or loss, available-for-sale investments and financial assets at fair value through other comprehensive income are measured at fair value at the end of the year and it is usually possible to determine their fair values within a reasonable range of estimates.

For part of the above financial instruments, quoted market prices are readily available. However, the determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in Note 2(8)(iv). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

2 Significant accounting policies (continued)

(29) Significant accounting estimates and judgements (continued)

(ii) Measurement of ECL

The following significant judgements are required in applying the accounting requirements for measuring the ECL.

Significant increase of credit risk

As explained in Note 2(8)(iii), ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

Establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Assets move from 12-month to lifetime ECLs when there is a significant increase in credit risk, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

Models and assumptions used

The Group uses various models and assumptions in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

2 Significant accounting policies (continued)

(29) Significant accounting estimates and judgements (continued)

Forward-looking information

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Probability of default (PD)

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Loss given default (LGD)

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Loss ratio (LR)

LR represents the Group's expectation of the likelihood and extent of loss on exposure based on the relevant loan to collateral ratio. The Group uses historical loss rates based on publicly available information and assesses their appropriateness.

(iii) Impairment of non-financial assets

Non-financial assets are reviewed regularly to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is provided.

Since the market price of an asset (the asset group) cannot be obtained reliably, the fair value of the asset cannot be estimated reliably. In assessing the present value of future cash flows, significant judgements are exercised over the asset's selling price, related operating expenses and discounting rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the selling price and related operating expenses based on reasonable and supportable assumption.

2 Significant accounting policies (continued)

(29) Significant accounting estimates and judgements (continued)

(iv) Depreciation and amortisation

Property and equipment, investment property, intangible assets, leasehold improvements and long-term deferred expenses are depreciated and amortised using the straight-line method over their estimated useful lives after taking into account residual values. The estimated useful lives are regularly reviewed to determine the depreciation and amortisation costs charged in the reporting period. The estimated useful lives are determined based on historical experiences of similar assets and the estimated technical changes. If there is an indication that there has been a change in the factors used to determine the depreciation or amortisation, the amount of depreciation or amortisation will be revised.

(v) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax assets to be recovered.

(vi) Determination of consolidation scope

All facts and circumstances must be taken into consideration in the assessment of whether the Group, as an investor, controls the investee. The principle of control includes three elements: (i) power over the investee; (ii) exposure, or rights, to variable returns from involvement with the investee; and (iii) the ability to use power over the investee to affect the amount of investors' returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

For asset management schemes where the Group involves as the manager or investment consultant, the Group assesses whether the combination of investments it holds, if any, together with its remuneration creates exposure to variability of returns from the activities of the asset management schemes that is of such significance indicating that the Group is a principal. The asset management scheme shall be consolidated if the Group acts in the role of principal.

3 Taxation

The Group's main applicable taxes and tax rates are as follows:

Tax type	Tax basis	Tax rate
Value-added tax (VAT)	Output VAT is calculated on product sales and taxable services revenue. The basis for VAT payable is to deduct input VAT from the output VAT for the period.	3% - 17%[(i)]
City maintenance and construction tax	Based on value added tax paid	1% - 7%
Education surcharge	Based on value added tax paid	2% - 3%
Income tax	Based on taxable profits	25%[(ii)]

(i) According to Notice on Adjusting VAT rate (Cai Shui [2018] No.32), since 1 May 2018, the VAT rates applicable to 17% and 11% have been adjusted to 16% and 10% respectively. According to Notice on Clarifying VAT Policies for Financial Services, Real Estate Development, and Educational Ancillary Services (Cai Shui [2016] No.140), Supplementary Notice on Issues concerning VAT Policies for Asset Management Products (Cai Shui [2017] No.2) and Notice on Issues Relating to VAT on Asset Management Products (Cai Shui [2017] No.56) issued by the Ministry of Finance and State Administration of Taxation, effective from 1 January 2018, the simplified VAT method will temporarily be applied to the operation of asset management products with a VAT rate of 3%. The manager of asset management products will be the taxpayer.

(ii) The income tax rate applicable to the Company and its domestic subsidiaries is 25% (2017:25%). The income tax rate applicable to subsidiaries in Hong Kong is 16.5% (2017:16.5%). Pursuant to the Tax Cuts and Jobs Act of 2017 signed into law on 22 December 2017, the corporate income tax rate applicable to subsidiaries in the United States is reduced from a maximum marginal rate of 35% to a flat 21% rate, effective from 1 January 2018. Taxes of other overseas subsidiaries are charged at the relevant local rates.

4 Fee and commission income

	Year ended 31 December	
	2018	*2017*
Income from securities brokerage and advisory business	4,573,577	5,834,535
Income from asset management business	3,418,081	4,210,180
Income from underwriting and sponsorship business	1,340,398	1,175,244
Income from financial advisory business	649,248	905,021
Income from futures brokerage business	770,433	727,529
Other commission income	68,173	73,845
Total	10,819,910	12,926,354

5 Interest income

	Year ended 31 December	
	2018	*2017*
Interest income from margin financing and securities lending	3,906,882	4,179,059
Interest income from financial institutions	2,397,023	2,820,669
Interest income from securities-backed lending	2,399,075	2,085,663
Interest income from other financial assets held under resale agreements	325,162	212,135
Interest income from debt instruments at amortised cost	448,034	-
Others	6,192	51,397
Total	9,482,368	9,348,923

6 Net investment gains

	Year ended 31 December	
	2018	*2017*
Dividend income and interest income from financial instruments at fair value through profit or loss	4,193,913	2,401,833
Dividend income and interest income from financial assets at fair value through other comprehensive income	854,293	-
Net realised gains from disposal of derivative financial instruments	378,340	497,798
Net realised losses from disposal of financial instruments at fair value through profit or loss	(3,849,837)	(120,405)
Net realised gains from disposal of available-for-sale financial assets	-	4,219,420
Dividend income and interest income from available-for-sale financial assets	-	644,888
Interest income from held-to-maturity investments	-	319
Unrealised fair value changes of derivative financial instruments	2,553,224	(478,899)
Unrealised fair value changes of financial instruments at fair value through profit or loss	(755,282)	137,296
Total	3,374,651	7,302,250

7 Other income and gains

	Year ended 31 December	
	2018	*2017*
Income from commodity sales	369,244	2,706
Government grants[(i)]	181,962	67,671
Rental income	94,658	80,891
Foreign exchange gains / (losses)	30,505	(38,040)
Gain on previously held interest in subsidiaries and joint ventures upon loss of control or disposal[(ii)]	4,870	725,306
Gains on disposal of property and equipment	36	8,379
Excess of interest in the fair value of investee's identifiable net assets over investment costs of associates ventures acquired[(iii)]	-	752,555
Others	148,530	146,377
Total	829,805	1,745,845

(i) The government grants were received unconditionally by the Company and its subsidiaries from the local government where they reside.

(ii) During 2018, gain on previously held interest in subsidiaries and joint ventures upon loss of control or disposal mainly attributable to the Group's disposal of Jiangsu Emerging Industry Investment Co., Ltd ("Jiangsu Emerging") (see Note 23(c)). In this connection, the Group recognised other income and gains, which was resulted from the Group's previously recognised equity in relation to Jiangsu Emerging.

During 2017, gain on previously held interest in subsidiaries and associates upon loss of control mainly attributable to the Group's loss of interest in Huatai Ruilian Fund Management Co., Ltd ("Huatai Ruilian"). In this connection, the Group recognised other income and gains, which was resulted from the Group's previously recognised equity in relation to Huatai Ruilian.

(iii) The Group has changed the accounting treatment of equity investment in Bank of Jiangsu Co., Ltd ("Bank of Jiangsu") from available-for-sale financial assets to interest in associates using the equity method in 2017. Other income and gains amounting to RMB752,555 thousand arose due to the excess of the Group's share of the net fair value of identifiable assets and liabilities of the associates over the investment cost at the date of accounting treatment change.

8 Fee and commission expenses

	Year ended 31 December	
	2018	*2017*
Expenses for securities brokerage and advisory business	1,399,505	1,838,785
Expenses for asset management business	793,904	1,904,344
Expenses for futures brokerage business	514,598	455,573
Expenses for underwriting and sponsorship business	40,896	41,754
Expenses for financial advisory business	91	-
Other commission expenses	8,779	3,740
Total	2,757,773	4,244,196

9 Interest expenses

	Year ended 31 December	
	2018	*2017*
Interest expenses on long-term bonds	3,251,607	3,407,715
Interest expenses on financial assets sold under repurchase agreements	1,277,343	861,801
Interest expenses on short-term debt instruments issued	807,490	521,294
Interest expenses on placements	549,506	302,847
Interest expenses of accounts payable to brokerage clients	276,027	301,309
Interest expenses on short-term bank loans	48,467	10,810
Interest expenses on long-term bank loans	12,705	-
Others	243,825	343,323
Total	6,466,970	5,749,099

10 Staff costs

	Note	Year ended 31 December 2018	2017
Salaries, bonuses and allowances		4,243,506	6,126,921
Contribution to pension schemes		540,800	455,225
Cash-settled share-based payment expenses	46(a)(i)	71,335	24,812
Other social welfare		516,700	423,238
Total		5,372,341	7,030,196

The domestic employees of the Group in the PRC participate in social plans, including pension, medical, housing, and other welfare benefits, organised and administered by the governmental authorities. The Group also operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance. According to the relevant regulations, the premiums and welfare benefits contributions that should be borne by the Group are calculated on regular basis and paid to the labor and social welfare authorities. The contributions to the social security plans are expensed as incurred.

11 Depreciation and amortisation expenses

	Year ended 31 December 2018	2017
Amortisation of other intangible assets	335,959	283,373
Depreciation of property and equipment	223,630	211,232
Amortisation of leasehold improvements and long-term deferred expenses	37,481	38,514
Depreciation of investment properties	28,827	33,187
Total	625,897	566,306

12 Other operating expenses

	Year ended 31 December	
	2018	*2017*
Cost of commodity sales	367,881	-
Rental expenses	356,904	301,391
Marketing, advertising and promotion expenses	155,822	166,972
Business travel expenses	153,195	152,645
Stock exchange fees	150,989	167,906
Consulting fees	146,028	112,929
Products distribution expenses	138,963	175,498
Postal and communication expenses	138,892	141,475
Business entertainment expenses	133,184	113,833
Loss on previously held interest in associate upon disposal[(i)]	129,785	-
Securities investor protection funds	75,954	135,343
IT expenses	71,916	133,649
Utilities	50,597	49,898
Auditors' remuneration	9,893	14,598
Others	711,983	611,334
Total	2,791,986	2,277,471

(i) Loss on previously held interest in associate upon disposal mainly attributable to the Group's loss of interest in Huatai Ruilian. In this connection, the Group recognised other operating expense, which was resulted from the Group's previously recognised equity in relation to Huatai Ruilian.

13 Net impairment loss on financial assets

	Year ended 31 December	
	2018	*2017*
Reversal of impairment losses against cash and bank balances	(2,149)	-
(Reversal of)/ provision for impairment losses against margin accounts receivable	(21,864)	81,083
Provision for impairment losses against other receivables and prepayments	397,876	75,443
Provision for impairment losses against debt investment at amortised cost	5,915	-
Provision for impairment losses against available -for-sale financial assets	-	57,327
Provision for impairment losses against financial assets at fair value through other comprehensive income	449	-
Provision for impairment losses against financial assets held under resale agreements	473,922	34,616
Provision for impairment losses against accounts receivable	8,545	10,561
Total	862,694	259,030

14 Income tax expense

(a) Taxation in the consolidated income statements represents:

	Year ended 31 December	
	2018	*2017*
Current income tax		
– Mainland China	758,174	1,815,410
– Hong Kong	455	5,637
– Overseas	95,129	58,576
	853,758	1,879,623
Adjustment in respect of prior years		
– Mainland China	8,065	(5,619)
– Hong Kong	-	-
– Overseas	-	-
	8,065	(5,619)
Deferred tax		
Origination and reversal of temporary differences	425,961	302,784
Total	1,287,784	2,176,788

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

	Year ended 31 December	
	2018	*2017*
Profit before income tax	6,448,671	11,584,644
National tax calculated using the PRC statutory tax rate	1,612,167	2,896,161
Tax effect of non-deductible expenses	66,883	30,584
Tax effect of non-taxable income	(512,209)	(252,721)
Tax effect of unused tax losses not recognised	36,536	112,845
Recognition of previously unrecognised tax losses	(81,377)	-
Effect of different tax rates of the subsidiaries	23,087	9,479
Deferred tax re-pricing due to U.S. tax reform[(i)]	-	(619,398)
Adjustment for prior years	8,065	(5,619)
Others	134,632	5,457
Actual income tax expense	1,287,784	2,176,788

14 Income tax expense (continued)

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

(i) The Tax Cuts and Jobs Act (TCJA) of 2017 was signed into law on 22 December 2017 in the United States. The federal corporate income tax rate is reduced from a maximum marginal rate of 35% to a flat 21% rate. As a result, deferred tax assets and liabilities were revalued using the enacted tax rate of 21% for the Group's subsidiaries in the United States, and the total tax effect on deferred tax balances was a tax benefit.

15 Directors' and supervisors' remuneration

The remuneration of directors and supervisors who held office during the reporting period is as follows:

	Year ended 31 December 2018					
Name	*Directors' fees*	*Salaries, allowances and benefits in kind*	*Contribution to pension schemes*	*Discretionary bonuses*	*Annuity plan*	*Total*
Executive directors						
Zhou Yi	-	342	43	1,249	86	1,720
Zhu Xuebo [(2)]	-	309	43	1,061	85	1,498
Non-executive directors						
Ding Feng[(1) (3)]	-	-	-	-	-	-
Chen Yongbing[(1)(4)]	-	-	-	-	-	-
Xu Qing[(1)]	-	-	-	-	-	-
Hu Xiao[(1)(5)]	-	-	-	-	-	-
Fan Chunyan[(1)(6)]	-	-	-	-	-	-
Independent non-executive directors						
Liu Hongzhong	250	-	-	-	-	250
Lee Chi Ming	250	-	-	-	-	250
Chen Zhibin	140	-	-	-	-	140
Chen Chuanming	250	-	-	-	-	250
Yang Xiongsheng[(7)]	70	-	-	-	-	70
Liu Yan	250	-	-	-	-	250
Supervisors						
Yu Yimin[(1)]	-	-	-	-	-	-
Chen Ning[(1) (8)]	-	-	-	-	-	-
Yu Lanying[(1) (9)]	-	-	-	-	-	-
Yang Yaling[(1) (10)]	-	-	-	-	-	-
Peng Ming	-	876	43	3,414	60	4,393
Zhou Xiang	-	732	43	1,671	64	2,510
Meng Qinglin	-	984	50	4,699	94	5,827
Total	1,210	3,243	222	12,094	389	17,158

15 Directors' and supervisors' remuneration (continued)

	Year ended 31 December 2017					
Name	*Directors' fees*	*Salaries, allowances and benefits in kind*	*Contribution to pension schemes*	*Discretionary bonuses*	*Annuity plan*	*Total*
Executive directors						
Zhou Yi	-	351	40	558	92	1,041
Non-executive directors						
Pu Baoying[(1) (11)]	-	-	-	-	-	-
Sun Hongning[(1)(12)]	-	-	-	-	-	-
Zhou Yong[(1) (13)]	-	-	-	-	-	-
Gao Xu[(1)(14)]	-	-	-	-	-	-
Chen Ning[(1)(8)]	-	-	-	-	-	-
Xu Qing[(1)]	-	-	-	-	-	-
Xu Feng[(1)(15)]	-	-	-	-	-	-
Independent non-executive directors						
Liu Hongzhong	120	-	-	-	-	120
Lee Chi Ming	120	-	-	-	-	120
Chen Zhibin	30	-	-	-	-	30
Chen Chuanming	120	-	-	-	-	120
Yang Xiongsheng[(7)]	120	-	-	-	-	120
Liu Yan	120	-	-	-	-	120
Supervisors						
Yu Yimin[(1)]	-	-	-	-	-	-
Du Wenyi[(1) (16)]	-	-	-	-	-	-
Liu Zhihong[(1)]	-	-	-	-	-	-
Peng Min	-	835	40	4,591	64	5,530
Zhou Xiang	-	713	40	2,269	68	3,090
Wang Huiqing[(1)(17)]	-	-	-	-	-	-
Meng Qinglin	-	877	46	6,750	101	7,774
Total	630	2,776	166	14,168	325	18,065

15 Directors' and supervisors' remuneration (continued)

(1) The remunerations of these non-executive directors and supervisors of the Company were borne by its shareholders and other related parties including Jiangsu Guoxin Investment Group Limited, Jiangsu Communications Holding Company Limited, Jiangsu High Hope International Group Co., Ltd., Alibaba Group Holding Limited and Suning Holdings Group Co., Ltd.. No allocation of the remunerations between these shareholders and the Group has been made during the reporting period.

(2) Appointed as executive director on 22 October 2018.

(3) Appointed as non-executive director on 22 October 2018.

(4) Appointed as non-executive director on 22 October 2018.

(5) Appointed as non-executive director on 22 October 2018.

(6) Appointed as non-executive director on 22 October 2018.

(7) Resigned as independent non-executive director on 13 March 2018.

(8) Resigned as non-executive director and appointed as supervisor on 22 October 2018.

(9) Appointed as supervisor on 22 October 2018.

(10) Appointed as supervisor on 22 October 2018.

(11) Resigned as non-executive director on 22 October 2018.

(12) Resigned as non-executive director on 21 June 2017.

(13) Resigned as non-executive director on 22 October 2018.

(14) Resigned as non-executive director on 22 October 2018.

(15) Resigned as non-executive director on 22 October 2018.

(16) Resigned as supervisor on 22 October 2018.

(17) Resigned as supervisor on 22 October 2018.

15 Directors' and supervisors' remuneration (continued)

There were no amounts paid during the reporting period to the directors and supervisors in connection with their retirement from employment or compensation for loss of office with the Company, or inducement to join. During the year, there was no arrangement under which a director or a supervisor who had resigned waived or agreed to waive any remuneration, except for one independent non-executive director who resigned from his position waived the remuneration in 2018.

16 Individuals with highest emoluments

Of the five individuals with the highest emoluments, none are directors or supervisors whose emoluments are disclosed in Note 15. The aggregate of the emoluments are as follows:

	Year ended 31 December	
	2018	*2017*
Salaries and allowances	10,669	7,714
Discretionary bonuses	35,575	48,872
Employer's contribution to pension schemes	304	139
Entry bonus	-	993
Share-based payments	2,133	-
Total	48,681	57,718

The emoluments with the highest emoluments are within the following bands:

	Year ended 31 December	
	2018 Number of individuals	*2017 Number of individuals*
HKD 8,500,001 to HKD 9,000,000	-	-
HKD 9,000,001 to HKD 9,500,000	-	-
HKD 9,500,001 to HKD 10,000,000	-	-
HKD 10,000,001 to HKD 15,000,000	5	4
HKD 15,000,001 to HKD 20,000,000	-	1
Total	5	5

No emoluments are paid or payable to these individuals as retirement from employment or as an inducement to join or upon joining the Company or as compensation for loss of office during the reporting period.

17 Other comprehensive income

	Year ended 31 December 2018		
	Before tax	*Tax (expense) /benefit*	*Net of tax*
Net gain from debt investments at FVOCI	22,043	-	22,043
Equity investments at FVOCI:			
– Net movement in fair value reserve (non-recycling)	(1,311,689)	327,923	(983,766)
Share of other comprehensive income of associates and joint ventures	72,640	-	72,640
Exchange differences on translation of financial statements in foreign currencies	339,244	-	339,244
Total	(877,762)	327,923	(549,839)

	Year ended 31 December 2017		
	Before tax	*Tax (expense) /benefit*	*Net of tax*
Available-for-sale financial assets			
– Net changes in fair value	1,756,408	(417,546)	1,338,862
– Reclassified to profit or loss	(4,861,492)	1,213,285	(3,648,207)
Share of other comprehensive income of associates and joint ventures	34,436	7,197	41,633
Exchange differences on translation of financial statements in foreign currencies	(449,668)	-	(449,668)
Total	(3,520,316)	802,936	(2,717,380)

18 Basic and diluted earnings per share

	Note	Year ended 31 December 2018	2017
Profit attributable to shareholders of the Company		5,032,738	9,276,520
Weighted average number of ordinary shares (in thousands)	18(a)	7,619,141	7,162,769
Basic and diluted earnings per share attributable to equity shareholders (in Renminbi per share)		0.66	1.30

There is no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding during the period.

(a) Weighted average number of ordinary shares (in thousands)

	Year ended 31 December 2018	2017
Number of ordinary shares as at 1 January	7,162,769	7,162,769
Increase in weighted average number of ordinary shares	456,372	-
Weighted average number of ordinary shares	7,619,141	7,162,769

19 Property and equipment

	Buildings	*Motor vehicles*	*Electric equipment*	*Furniture and fixtures*	*Construction in progress*	*Total*
Cost						
As at 1 January 2018	3,823,500	153,137	676,102	131,720	59,487	4,843,946
Additions	32,043	1,397	194,711	18,776	41,957	288,884
Transfer during the year (Note 33(b))	-	-	1,793	2,429	(14,721)	(10,499)
Transfer in from investment properties (Note 20)	53,901	-	-	-	-	53,901
Disposals	-	(6,663)	(81,487)	(11,593)	-	(99,743)
Others	(334,867)	-	-	80,105	(37,697)	(292,459)
As at 31 December 2018	3,574,577	147,871	791,119	221,437	49,026	4,784,030
Accumulated depreciation						
As at 1 January 2018	(493,500)	(123,752)	(417,259)	(71,964)	-	(1,106,475)
Charge for the year	(101,894)	(7,860)	(96,638)	(17,238)	-	(223,630)
Transfer in from investment properties (Note 20)	(2,772)	-	-	-	-	(2,772)
Disposals	-	6,471	80,612	9,917	-	97,000
As at 31 December 2018	(598,166)	(125,141)	(433,285)	(79,285)	-	(1,235,877)
Carrying amount						
As at 31 December 2018	2,976,411	22,730	357,834	142,152	49,026	3,548,153

	Buildings	*Motor vehicles*	*Electric equipment*	*Furniture and fixtures*	*Construction in progress*	*Total*
Cost						
As at 1 January 2017	3,500,382	152,749	651,065	130,826	63,041	4,498,063
Additions	2,819	3,023	78,045	13,665	41,758	139,310
Transfer during the year (Note 33(b))	41,027	-	-	-	(45,312)	(4,285)
Transfer in from investment properties (Note 20)	284,147	-	-	-	-	284,147
Disposals	(4,875)	(2,635)	(53,008)	(12,771)	-	(73,289)
As at 31 December 2017	3,823,500	153,137	676,102	131,720	59,487	4,843,946
Accumulated depreciation						
As at 1 January 2017	(360,682)	(114,628)	(388,647)	(66,655)	-	(930,612)
Charge for the year	(102,872)	(11,181)	(80,627)	(16,552)	-	(211,232)
Transfer in from investment properties (Note 20)	(31,194)	-	-	-	-	(31,194)
Disposals	1,248	2,057	52,015	11,243	-	66,563
As at 31 December 2017	(493,500)	(123,752)	(417,259)	(71,964)	-	(1,106,475)
Carrying amount						
As at 31 December 2017	3,330,000	29,385	258,843	59,756	59,487	3,737,471

As at 31 December 2018 and 31 December 2017, included in buildings, there is a carrying amount of RMB68,517 thousand and RMB38,308 thousand respectively, for which the Group has yet to obtain the relevant land or building certificates.

20 Investment properties

	2018	*2017*
Cost		
As at 1 January	1,084,322	1,367,892
Additions	-	577
Transfer to property and equipment (Note 19)	(53,901)	(284,147)
Disposals	(3,065)	-
Others	(176,766)	-
As at 31 December	850,590	1,084,322
Accumulated depreciation		
As at 1 January	(235,070)	(233,077)
Charge for the year	(28,827)	(33,187)
Transfer to property and equipment (Note 19)	2,772	31,194
Disposals	1,416	-
As at 31 December	(259,709)	(235,070)
Impairment		
As at 1 January	(4,547)	(4,547)
Impairment losses of the year	-	-
As at 31 December	(4,547)	(4,547)
Carrying amount	586,334	844,705

As at 31 December 2018 and 31 December 2017, included in investment properties, there is a carrying amount of RMB103,481 thousand and RMB136,525 thousand respectively, for which the Group has yet to obtain the relevant land or building certificates.

21 Goodwill

	As at 31 December	
	2018	*2017*
Cost	2,040,399	2,040,399
Effect of exchange rate changes for cost	59,013	(68,677)
Less: Provision for impairment losses	-	-
Carrying amount	2,099,412	1,971,722

Impairment testing on goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to operating segment as follows:

	As at 31 December	
	2018	*2017*
Investment banking	51,090	51,090
Futures brokerage	252	252
Overseas asset management	2,048,070	1,920,380
Total	2,099,412	1,971,722

The Group acquired the investment banking business together with the relevant assets and liabilities, and the interest in Huatai United Securities Co., Ltd. in 2006. The Group recognised the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the goodwill of the investment banking CGU.

The Group acquired the futures brokerage business together with the relevant assets and liabilities, and the interest in Huatai Futures Co., Ltd. (previously known as Huatai Great Wall Futures Co., Ltd.) in 2006. The Group recognised the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the goodwill of the futures brokerage CGU.

The Group acquired the overseas asset management business together with the relevant assets and liabilities, and the interest in AssetMark Financial Holdings, Inc. in 2016. The Group recognised the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the goodwill of the overseas asset management CGU.

21 Goodwill (continued)

The cash flows generated from each subsidiary acquired are independent from those of the other subsidiaries of the Group. Therefore, each of these acquired subsidiaries is a separate CGU. Management considered that the synergies arising from each acquisition mainly benefited the corresponding acquired subsidiary. Therefore, in performing the impairment test, the goodwill generated from each acquisition is allocated to the corresponding subsidiary acquired.

(i) Investment banking and futures brokerage CGU

The recoverable amounts of each CGU are determined based on value-in-use calculations respectively. These calculations use cash flow projections with reference to financial budgets approved by management covering certain period. Cash-flows beyond the certain period are extrapolated using an estimated weighted average growth rate, which does not exceed the long-term average growth rate for the business in which the CGU operates and reflected specific risks related to the CGU. Other major assumptions for the recoverable amount estimation relate to the estimation of cash inflows/outflows which include budgeted income and profit margins, such estimation is based on the CGU's past performance and management's expectations for the market development.

(ii) Overseas asset management CGU

The recoverable amount of each cash-generating unit has been determined based on a value-in-use calculation using cash flow projection based on a financial budget covering a 5-year period approved by management. The discount rate applied to the cash flow projections is 13.5%. The growth rate used to extrapolate the cash flows of the above cash-generating units beyond the 5-year period is 3.5%. Other major assumptions for the recoverable amount estimation relate to the estimation of cash inflows/outflows which include budgeted revenue and profit margins, such estimation is based on the CGU's past performance and management's expectations for the market development.

As at 31 December 2018, the Group performed its annual goodwill impairment test. No impairments were recognised for the goodwill related to investment banking CGU, futures brokerage CGU and overseas asset management CGU. The Group believes that appropriate assumptions have been made based on available information. The key assumptions based on the cash flow projections of the asset groups may change, which may cause the recoverable amounts to be over or below its book value.

22 Other intangible assets

	Land use rights	*Existing relationships with broker-dealers*	*Trade names*	*Software and others*	*Total*
Cost					
As at 1 January 2018	359,161	3,727,631	299,463	1,445,500	5,831,755
Additions	-	-	-	438,444	438,444
Disposals	-	-	-	(141)	(141)
Exchange differences	-	189,848	15,251	28,891	233,990
As at 31 December 2018	359,161	3,917,479	314,714	1,912,694	6,504,048
Accumulated amortisation					
As at 1 January 2018	(70,927)	-	(20,868)	(602,211)	(694,006)
Charge for the period	(7,196)	-	(14,973)	(313,790)	(335,959)
Disposals	-	-	-	92	92
Exchange differences	-	-	(1,482)	(10,681)	(12,163)
As at 31 December 2018	(78,123)	-	(37,323)	(926,590)	(1,042,036)
Carrying amount					
As at 31 December 2018	281,038	3,917,479	277,391	986,104	5,462,012
Cost					
As at 1 January 2017	359,161	3,957,420	317,923	1,427,847	6,062,351
Additions	-	-	-	201,540	201,540
Disposals	-	-	-	(169,849)	(169,849)
Exchange differences	-	(229,789)	(18,460)	(14,038)	(262,287)
As at 31 December 2017	359,161	3,727,631	299,463	1,445,500	5,831,755
Accumulated amortisation					
As at 1 January 2017	(63,731)	-	(2,650)	(486,946)	(553,327)
Charge for the period	(7,196)	-	(18,542)	(257,635)	(283,373)
Disposals	-	-	-	142,123	142,123
Exchange differences	-	-	324	247	571
As at 31 December 2017	(70,927)	-	(20,868)	(602,211)	(694,006)
Carrying amount					
As at 31 December 2017	288,234	3,727,631	278,595	843,289	5,137,749

22 Other intangible assets (continued)

Existing relationships with brokers and dealers are regarded as having an indefinite useful life and is not amortised because there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group.

As at 31 December 2018, the Group performed its impairment test on the above individual intangible assets based on the judgment of whether the recoverable amounts of the above individual intangible assets can be reliably estimated. The recoverable amounts are determined based on value-in-use calculation. The Group uses cash flow projections with reference to financial budget approved by management covering a 5-year period and the discount rate of 13.5%. The current rate has reflected the specific risks of the underlying assets. The cash flows for the years beyond the financial budget are estimated at the long-term average growth rate of 3.5%.

Based on management's impairment assessment, no impairment loss was recognised for the year ended 31 December 2018 (2017: Nil).

23 Investments in subsidiaries

(a) Details of principal subsidiaries

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. Unless otherwise stated, the class of shares hold is ordinary, and the issued and fully paid-up capital is expressed in Renminbi Yuan:

Name of company	*Place and date of incorporation/ establishment*	*Issued and fully paid-up capital*	*Equity interest held by the Company as at 31 December*		*Principal activity*	*Auditor[1] GAAP*	
			2018	*2017*		*2018*	*2017*
Huatai United Securities Co., Ltd. [2]	PRC 5 September 1997	RMB 997,480,000	99.92%	99.72%	Investment banking	KPMG PRC PRC GAAP	KPMG PRC PRC GAAP
Huatai Futures Co., Ltd.	PRC 10 July 1995	RMB 1,609,000,000	60.00%	60.00%	Futures brokerage	KPMG PRC PRC GAAP	KPMG PRC PRC GAAP
Huatai Purple Gold Investment Co., Ltd. [3]	PRC 12 August 2008	RMB 5,200,000,000	100.00%	100.00%	Equity investment	KPMG PRC PRC GAAP	KPMG PRC PRC GAAP
Huatai Financial Holdings (Hong Kong) Limited[4] [5]	Hong Kong 23 November 2006	HKD 8,800,000,000	100.00%	100.00%	Securities and futures brokerage	KPMG HKFRSs	KPMG HKFRSs
Huatai International Financial Holdings Co., Ltd. [4]	Hong Kong 5 April 2017	HKD 8,800,000,002	100.00%	100.00%	Securities and futures brokerage	KPMG HKFRSs	KPMG HKFRSs
Huatai Innovative Investment Co., Ltd.	PRC 21 November 2013	RMB 500,000,000	100.00%	100.00%	Alternative investment	KPMG PRC PRC GAAP	KPMG PRC PRC GAAP
Huatai Securities (Shanghai) Assets Management Co., Ltd.	PRC 16 October 2014	RMB 2,600,000,000	100.00%	100.00%	Asset management	KPMG PRC PRC GAAP	KPMG PRC PRC GAAP

23 Investments in subsidiaries (continued)

(a) Details of principal subsidiaries (continued)

Name of company	*Place and date of incorporation/ establishment*	*Issued and fully paid-up capital*	*Equity interest held by the Company as at 31 December*		*Principal activity*	*Auditor[1] GAAP*	
			2018	*2017*		*2018*	*2017*
Shenzhen Huatai Ruilin Equity Management (Limited Partnership) [5][6]	PRC 28 September 2014	RMB 88,729,942	31.00%	31.00%	Equity investment	KPMG PRC PRC GAAP	KPMG PRC PRC GAAP
Beijing Huatai Ruihe Medical Industry Investment (Limited Partnership) [5][6]	PRC 1 June 2015	RMB 907,000,000	45.00%	45.00%	Equity investment	KPMG PRC PRC GAAP	KPMG PRC PRC GAAP
Yili Suxin Investment Fund (Limited Partnership) [5][6]	PRC 19 February 2016	RMB 1,810,000,000	24.73%	24.73%	Equity investment	KPMG PRC PRC GAAP	KPMG PRC PRC GAAP
AssetMark Financial Holdings, Inc.[5]	US 1 January 1996	USD 1,000	100.00%	100.00%	Asset management	KPMG LLP US GAAP	KPMG LLP US GAAP
Huatai Great Wall Capital Management Co.,Ltd[5]	PRC December 6, 2013	RMB 350,000,000	100.00%	100.00%	Spread trading and commodity warrant trading	KPMG PRC PRC GAAP	KPMG PRC PRC GAAP
Huatai Great Wall Investment Management Co.,Ltd[5]	PRC August 3, 2017	RMB 350,000,000	100.00%	100.00%	Investment management	KPMG PRC PRC GAAP	KPMG PRC PRC GAAP

23 Investments in subsidiaries (continued)

(a) Details of principal subsidiaries (continued)

(1) Auditors of the respective subsidiaries of the Group are as follows:

- KPMG PRC represents KPMG Huazhen LLP, a firm of certified public accountants registered in PRC;
- KPMG represents KPMG in Hong Kong, a firm of certified public accountants registered in Hong Kong; and
- KPMG LLP represents KPMG in the United States, a firm of certified public accountants registered in the United States.

(2) On 23 March 2018, China Nuclear Energy Industry Corporation transferred its 0.2% shares in Huatai United Securities Co., Ltd to the Company. As at 31 December 2018, the Company's proportion of ownership interest in Huatai United Securities Co., Ltd. changed from 99.72% to 99.92%.

(3) Huatai Purple Gold Investment Co., Ltd. was previously known as Huatai Zijin Investment Co., Ltd.

(4) The Company invests in Huatai International Financial Holdings Co., Ltd. by exchange of all its interest in Huatai Financial Holdings (Hong Kong) Limited. Thus, the Company's ownership of Huatai Financial Holdings (Hong Kong) Limited has changed from direct ownership to indirect ownership.

(5) These subsidiaries are indirectly controlled by the Company.

(6) As at 31 December 2018, the Company indirectly holds less than 50.00% equity interest of Huatai Ruilin Equity Management (Limited Partnership), Beijing Huatai Ruihe Medical Industry Investment (Limited Partnership) and Yili Suxin Investment Fund (Limited Partnership). Pursuant to the partnership agreement, the Company has the power over these funds and it is able to use the power to influence the amount of variable returns of the Company. The directors of the Company consider the Company has the power to control these funds and they are therefore accounted for as subsidiaries of the Group.

23 Investments in subsidiaries (continued)

(b) Partially-owned subsidiary with material non-controlling interests

The following table lists out the information relating to Huatai Futures Co., Ltd., the only subsidiary of the Group which has material non-controlling interest ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination:

	2018	*2017*
NCI percentage	40%	40%
Assets	19,161,075	22,028,595
Liabilities	(16,495,253)	(19,562,577)
Net assets	2,665,822	2,466,018
Carrying amount of NCI	1,066,329	987,136
Revenue	1,210,484	1,058,604
Profit for the year	205,594	221,029
Other comprehensive income	(432)	(1,175)
Total comprehensive income	205,162	219,854
Profit allocated to NCI	80,649	85,685
Dividend paid to NCI	-	-
Cash flows from operating activities	(2,821,899)	(1,023,610)
Cash flows from investing activities	(290,971)	(376,404)
Cash flows from financing activities	4,055	(26,895)

23 Investments in subsidiaries (continued)

(c) Disposal of equity

Entity name	*Consideration*	*Share of interest disposed*	*Date of losing control*	*Reasons of losing control*	*Difference between consideration received and the related share of net assets in consolidated financial statements*	*Proportion of remaining shareholding on the date of losing control*	*Carrying amount of remaining equity interests on the date of losing control*	*Fair value of remaining equity interests on the date of losing control*	*Gain or loss from remeasurement of remaining equity interests to fair value*	*Net cash outflow on disposal of subsidiaries*	*Other income and gains transferred from equity related to previous equity investment in subsidiaries*
Jiangsu Emerging Industry Investment Co., Ltd. (i)	3,825	51%	August 2018	Share disposal	4,870	-	-	-	-	-	-

(i) In August 2018, the Group disposed 51% of equity investment in Jiangsu Emerging Industry Investment Co., Ltd . As a result, the Group lost control of Jiangsu Emerging Industry Investment Co., Ltd.

24 Interest in associates

	As at 31 December	
	2018	*2017*
Share of net assets	12,527,828	8,895,908

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

			Proportion of ownership interest			
Name of associate	*Registered place*	*Registered capital*	*Group's effective interest*	*Held by the Company*	*Held by a subsidiary*	*Principal activity*
Bank of Jiangsu[(i)]	Nanjing	11,544,450	5.54%	5.54%	-	Commercial banking
China Southern Asset Management Co., Ltd.	Shenzhen	300,000	45%	45%	-	Fund management
Nanjing Huatai Rulian NO.1 Funds Mergers (Limited Partnership)[(ii)]	Nanjing	5,442,000	47.78%	-	47.78%	Equity investment

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

(i) The Group has appointed one director in the board of directors of Bank of Jiangsu during 2018. The Group formulated certain specific implementation measures on the finance and operation policy-making of Bank of Jiangsu that had a significant influence over it and recognised interest in associates using the equity method.

24 Interest in associates (continued)

(ii) The Group changed from the limited partner to the co-manager of Nanjing Huatai Ruilian NO.1 Funds Mergers (Limited Partnership) ("NO. 1 Funds Mergers") in October 2018. As a result, the Group has a significant influence on NO. 1 Funds Mergers, and changed the accounting treatment of equity investment in the fund from financial assets at fair value through profit or loss to investment in associate using the equity method.

Summarised financial information of Bank of Jiangsu, China Southern Asset Management Co., Ltd. and Mergers NO.1 which are individually significant associates to the Group, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

Bank of Jiangsu

	2018	*2017*
Gross amounts of the associate		
Assets	1,925,823,000	1,770,551,000
Liabilities	(1,801,343,709)	(1,657,725,460)
Net assets	124,479,291	112,825,540
Revenue	35,224,000	33,839,000
Profit for the year	13,238,751	12,093,900
Other comprehensive income	1,533,001	(1,398,413)
Total comprehensive income	14,771,752	10,695,487
Dividend received from the associate	115,200	113,920
Reconciled to the Group's interest in the associate:		
Net assets of the associate attributable to the parent company	102,647,000	91,167,000
The Group's effective interest	5.54%	5.54%
The Group's share of net assets of the associate	5,690,534	5,054,101
Carrying amount in the consolidated financial statements	5,690,534	5,054,101

24 Interest in associates (continued)

China Southern Asset Management Co., Ltd.

	2018	*2017*
Gross amounts of the associate		
Assets	7,826,848	8,072,936
Liabilities	(2,928,860)	(3,439,371)
Net assets	4,897,988	4,633,565
Revenue	3,557,101	3,424,320
Profit for the year	839,384	942,049
Other comprehensive income	(13,548)	1,058
Total comprehensive income	825,836	943,107
Dividend received from the associate	252,636	162,000
Reconciled to the Group's interest in the associate:		
Net assets of the associate attributable to the parent company	4,765,340	4,516,252
The Group's effective interest	45%	45%
The Group's share of net assets of the associate	2,144,403	2,032,314
Carrying amount in the consolidated financial statements	2,144,403	2,032,314

24 Interest in associates (continued)

NO. 1 Funds Mergers

	2018
Gross amounts of the associate	
Assets	5,896,114
Liabilities	-
Net assets	5,896,114
Revenue	(218,938)
Loss for the year	(322,369)
Other comprehensive income	-
Total comprehensive income	(322,369)
Dividend received from the associate	-
Reconciled to the Group's interest in the associate:	
Net assets of the associate attributable to the parent company	5,896,114
The Group's effective interest	47.78%
The Group's share of net assets of the associate	2,816,960
Other adjustment	28,855
Carrying amount in the consolidated financial statements	2,845,815

Aggregate information of associates that are not individually material:

	2018	*2017*
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	1,847,076	1,809,493
Aggregate amounts of the Group's share of those associates' gains	135,207	126,882
Other comprehensive income	(3,576)	35,799
Total comprehensive income	131,631	162,681

25 Interest in joint ventures

	As at 31 December	
	2018	*2017*
Share of net assets	649,833	-

The following list contains only the particulars of material joint venture, which is unlisted corporate entity whose quoted market price is not available:

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

As at 31 December 2018, the Group holds 10% equity interest of Huatai Merchant (Jiangsu) Capital Market Investment Fund of Funds (Limited Partnership). Pursuant to the partnership agreement signed in April 2018, the Group and the third party contractually agree to share control of the fund, and have rights to the net assets of the fund. The directors of the Group consider the fund is jointly controlled by the Group and the third party, and it is therefore accounted for as joint ventures of the Group. Thus the Group changed the accounting treatment of equity investment in the fund from financial assets at fair value through profit or loss to investment in joint ventures using the equity method.

25 Interest in joint ventures (continued)

Summarised financial information of Huatai Merchant (Jiangsu) Capital Market Investment Fund of Funds (Limited Partnership), which are individually significant joint venture to the Group, and reconciled to the carrying amount in the consolidated financial statements, are disclosed below:

Huatai Merchant (Jiangsu) Capital Market Investment Fund of Funds (Limited Partnership)

	2018
Gross amounts of the associate	
Assets	6,484,127
Liabilities	(352)
Net assets	6,483,775
Revenue	411,306
Profit for the year	390,943
Other comprehensive income	-
Total comprehensive income	390,943
Dividend received from the associate	-
Reconciled to the Group's interest in the associate:	
Net assets of the associate attributable to the parent company	6,483,775
The Group's effective interest	10%
The Group's share of net assets of the associate	648,378
Carrying amount in the consolidated financial statements	648,378

Information of joint venture that is not individually material:

	2018
Carrying amount of individually immaterial joint venture in the consolidated financial statements	1,455
Amounts of the Group's share of immaterial joint venture's loss	(2,045)
Other comprehensive income	-
Total comprehensive income	(2,045)

26 Debt investment at amortised cost

(a) Analysed by nature:

Non-current

	As at 31 December 2018
Debt securities	13,208,179
Loan and advances	651,983
Less: impairment losses	(5,284)
Total	13,854,878
Analysed as:	
Listed outside Hong Kong	7,486,705
Listed inside Hong Kong	564,030
Unlisted	5,804,143
Total	13,854,878

Current

	As at 31 December 2018
Debt securities	2,276,968
Loan and advances	143,100
Less: impairment losses	(782)
Total	2,419,286
Analysed as:	
Listed outside Hong Kong	1,591,806
Listed inside Hong Kong	25,934
Unlisted	801,546
Total	2,419,286

As at 31 December 2018, the Group has pledged debt investment at amortised cost investment with a total fair value of RMB10,387,774 thousand and carrying amount of RMB10,275,034 thousand for the purpose of repurchase agreement business. The fair values of these securities have taken into account the relevant features including the restrictions.

26 Debt investment at amortised cost (continued)

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

	As at 31 December 2018
Balance at 31 December under IAS 39	-
Impact on initial application of IFRS 9	151
At the beginning of the year	151
Charge for the year	6,978
Reversal of impairment	(1,063)
At the end of the year	6,066

27 Financial assets at fair value through other comprehensive income

Non-current

	As at 31 December 2018
Equity investment	
Equity securities designated at FVOCI	
– Unlisted equity securities	82,294
– Other unlisted equity investment (1)	9,767,639
	9,849,933
Debt investment	
Loan and advances	248,449
Total	10,098,382
Analysed as:	
Unlisted	10,098,382

(1) As at 31 December 2018, the financial assets at fair value through other comprehensive income above contained the special account investment. The Company has entered into the agreement with China Securities Finance Corporation Limited (CSF), contributed to the special account established and managed by CSF for unified operation. Risk and income arising from the investment shall be shared by all securities firms according to the proportion of their respective contribution. The Group designated the special amount investment at financial assets at fair value through other comprehensive income (non-recycling) as the investment is not held for trading (previously recognised as available-for-sale financial assets under IAS 39 and disclosed in Note 28).

Current

Debt investment	*As at 31 December 2018*
Loan and advances	358,361
Analysed as:	
Unlisted	358,361

28 Available-for-sale financial assets

Non-current

	As at 31 December 2017
At fair value:	
– Equity securities	6,548,624
– Debt securities	11,883,339
– Funds	10,057
– Wealth management products	11,324,909
At cost:	
– Equity securities	5,716
Less: Provision for impairment losses	(5,716)
Total	29,766,929
Analysed as:	
Listed outside Hong Kong	9,359,410
Unlisted	20,407,519
Total	29,766,929

Current

	As at 31 December 2017
At fair value:	
– Equity securities	10,510,861
– Debt securities	3,223,006
– Funds	156,423
– Wealth management products	983,276
Less: Provision for impairment losses	(57,327)
Total	14,816,239
Analysed as:	
Listed outside Hong Kong	12,153,725
Listed inside Hong Kong	8,621
Unlisted	2,653,893
Total	14,816,239

28 Available-for-sale financial assets (continued)

Available-for-sale financial assets were reclassified to debt investment at amortised cost, equity securities designated at financial assets at fair value through other comprehensive income (non-recycling) and financial assets at fair value through profit or loss upon the initial application of IFRS 9 at 1 January 2018 (see Note 2(3)).

29 Financial assets held under resale agreements

(a) Analysed by collateral type:

Non-current	*As at 31 December*	
	2018	*2017*
Equity securities	2,819,242	8,433,090
Less: impairment losses	(7,048)	(8,786)
Total	2,812,194	8,424,304

Current	*As at 31 December*	
	2018	*2017*
Equity securities	25,515,232	39,979,757
Debt securities	15,769,084	13,458,628
Others	-	86
Less: impairment losses	(539,945)	(57,460)
Total	40,744,371	53,381,011

29 Financial assets held under resale agreements (continued)

(b) Analysed by market:

Non-current	As at 31 December	
	2018	*2017*
Shenzhen stock exchange	1,712,819	7,369,590
Shanghai stock exchange	1,106,423	1,063,500
Less: impairment losses	(7,048)	(8,786)
Total	2,812,194	8,424,304

Current	As at 31 December	
	2018	*2017*
Shenzhen stock exchange	22,840,766	36,403,031
Shanghai stock exchange	7,433,429	5,086,265
Inter-bank market	10,578,868	11,845,688
Others	431,253	103,487
Less: impairment losses	(539,945)	(57,460)
Total	40,744,371	53,381,011

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

	As at 31 December	
	2018	*2017*
Balance at 31 December under IAS 39	66,246	31,630
Impact on initial application of IFRS 9	6,825	-
Adjusted balance at 1 January	73,071	31,630
Charge for the year	473,922	42,909
Reversal of impairment	-	(8,293)
At the end of the year	546,993	66,246

30 Financial assets at fair value through profit or loss

Non-current

(a) Analysed by type:

	As at 31 December 2018
Equity securities	3,072,923
Debt securities	750,853
Funds	417,119
Wealth management products	914,281
Total	5,155,176

	As at 31 December 2017
Financial assets designated at fair value through profit or loss:	
– Wealth management products	1,796,667

(b) Analysed as:

	As at 31 December 2018	*As at 31 December 2017*
Listed outside Hong Kong	406,000	-
Unlisted	4,749,176	1,796,667
Total	5,155,176	1,796,667

30 Financial assets at fair value through profit or loss (continued)

Current

(a) Analysed by type:

	As at 31 December 2018
Equity securities	7,299,492
Debt securities	81,535,117
Funds	22,360,796
Wealth management products	5,893,751
Total	117,089,156

	As at 31 December 2017
Held for trading:	
– Debt securities	55,045,651
– Funds	17,460,228
– Equity securities	7,644,385
– Wealth management products	2,603,491
Total	82,753,755

(b) Analysed as:

	As at 31 December 2018	*As at 31 December 2017*
Listed outside Hong Kong	57,972,062	38,740,252
Listed in Hong Kong	3,305,649	2,709,081
Unlisted	55,811,445	41,304,422
Total	117,089,156	82,753,755

As at 31 December 2018, the fund investments with lock-up periods in its investment portfolio held by the Group are RMB15,641 thousand. The fair values of these funds have taken into account the relevant features including the restrictions.

30 Financial assets at fair value through profit or loss (continued)

As at 31 December 2018, the listed equity securities held by the Group included approximately RMB524,038 thousand of restricted shares. The restricted shares are listed in the PRC with a legally enforceable restriction on these securities that prevents the Group to dispose of within the specified period. The fair values of these securities have taken into account the relevant features including the restrictions.

The equity interest in unlisted securities held by the Group are issued by private companies. 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 31 December 2018, 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 1,168,461 thousand to external clients, which did not result in derecognition of the financial assets. The fair value of collaterals for the securities lending business is analysed in Note 36(c) together with the fair value of collaterals of margin financing business.

As at 31 December 2018, the Group has pledged financial assets at fair value through profit or loss investment with a total fair value of RMB10,110 thousand to CSF for the purpose of replacement. The fair values of these securities have taken into account the relevant features including the restrictions.

As at 31 December 2018, the Group has pledged financial assets at fair value through profit or loss investment with a total fair value of RMB26,202,856 thousand for the purpose of repurchase agreement business and bond lending business. The fair values of these securities have taken into account the relevant features including the restrictions.

31 Refundable deposits

	As at 31 December	
	2018	*2017*
Deposits with stock exchanges		
– China Securities Depository and Clearing Corporation Limited	366,632	501,501
– Hong Kong Securities Clearing Company Limited	8,275	12,897
– Hong Kong Stock Exchange	526	-
	375,433	514,398
Deposits with futures and commodity exchanges		
– China Financial Futures Exchange	1,991,536	1,780,405
– Shanghai Futures Exchange	1,295,101	1,719,349
– Dalian Commodity Exchange	1,307,482	1,383,878
– Zhengzhou Commodity Exchange	725,813	1,001,240
– Shanghai International Energy Exchange	127,174	-
– Overseas commodity exchange	102,835	30,052
	5,549,941	5,914,924
Deposits with other institutions		
– China Securities Finance Corporation Limited	1,682,150	771,339
– Shanghai Clearing House	107,094	101,324
– Shanghai Gold Exchange	300	300
– Others financial institutions	121,588	-
	1,911,132	872,963
Total	7,836,506	7,302,285

32 Deferred taxation

(a) The components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and the movements during the year are as follows:

Deferred tax arising from:	*Provision for impairment losses*	*Employee benefits payable*	*Changes in fair value of FVTPL*	*Changes in fair value of derivative financial instruments*	*Changes in fair value of available-for-sale financial assets*	*Changes in fair value of FVOCI*	*Intangible assets recognised in the acquisition*	*Others*	*Total*
As at 31 December 2017	174,630	1,547,359	(257,295)	303,757	(392,060)	-	(1,189,098)	(1,646,183)	(1,458,890)
Impact on initial application of IFRS9	(15,404)	-	(131,799)	-	392,060	(272,986)	-	25,817	(2,312)
As at 1 January 2018	159,226	1,547,359	(389,094)	303,757	-	(272,986)	(1,189,098)	(1,620,366)	(1,461,202)
Recognised in profit or loss	211,627	(161,318)	104,373	(617,358)	-	-	(35,682)	72,397	(425,961)
Recognised in reserves	-	-	-	-	-	302,122	-	-	302,122
As at 31 December 2018	370,853	1,386,041	(284,721)	(313,601)	-	29,136	(1,224,780)	(1,547,969)	(1,585,041)
As at 1 January 2017	111,222	1,302,235	(309,823)	179,051	(1,242,901)	-	(1,735,046)	(310,788)	(2,006,050)
Recognised in profit or loss	63,408	245,124	52,528	124,706	-	-	545,948	(1,334,498)	(302,784)
Recognised in reserves	-	-	-	-	850,841	-	-	(897)	849,944
As at 31 December 2017	174,630	1,547,359	(257,295)	303,757	(392,060)	-	(1,189,098)	(1,646,183)	(1,458,890)

32 Deferred taxation (continued)

(b) Reconciliation to the statements of financial position

	As at 31 December	
	2018	*2017*
Net deferred tax assets recognised in the statement of financial position	225,135	472,556
Net deferred tax liabilities recognised in the statement of financial position	(1,810,176)	(1,931,446)
Total	(1,585,041)	(1,458,890)

(c) Deferred tax assets not recognised

As at 31 December 2018 and 31 December 2017, in accordance with the accounting policy set out in Note 2(19)(ii), the Group has not recognised unused tax losses of RMB1,144,583 thousand and RMB1,323,946 thousand respectively as deferred tax assets, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. Most of the tax losses will not expire under current tax legislation.

33 Other non-current assets

(a) Analysed by nature:

	As at 31 December	
	2018	*2017*
Leasehold improvements and long-term deferred expenses	259,751	81,047

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

	As at 31 December	
	2018	*2017*
Balance at beginning of the year	81,047	79,070
Additions	205,686	36,206
Transfer in from property and equipment (Note 19)	10,499	4,285
Amortisation	(37,481)	(38,514)
Balance at end of the year	259,751	81,047

34 Accounts receivable

(a) Analysed by nature:

	As at 31 December	
	2018	*2017*
Accounts receivable of:		
– Return swap and OTC options	1,465,653	191,329
– Fee and commission	763,403	524,805
– Brokers, dealers and clearing house	323,014	85,081
– Interest of interest rate swap	223,324	-
– Subscription receivable	120,027	142,612
– Settlement	23,851	428,818
– Redemption of open-ended fund	7,948	409,186
– Others	180,835	208,424
Less: impairment losses	(17,890)	(9,918)
Total	3,090,165	1,980,337

(b) Analysed by aging:

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

	As at 31 December	
	2018	*2017*
Within 1 month	2,676,272	1,498,523
1 to 3 months	335,761	372,601
Over 3 months	78,132	109,213
Total	3,090,165	1,980,337

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

	As at 31 December	
	2018	*2017*
Balance at 31 December under IAS 39	9,918	4,624
Impact on initial application of IFRS 9	-	-
At the beginning of the year	9,918	4,624
Charge for the year	8,545	10,561
Reversal of impairment	-	-
Amounts written-off	(573)	(5,267)
At the end of the year	17,890	9,918

34 Accounts receivable (continued)

(d) Accounts receivable that is not impaired

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

35 Other receivables and prepayments

(a) Analysed by nature:

	As at 31 December	
	2018	*2017*
Tax refund	472,541	110,662
Other receivables[(1)]	387,832	243,685
Dividends receivable	210,032	749
Interest receivable[(2)]	184,677	5,630,981
Deferred expenses	25,187	71,718
Others	274,821	201,766
Total	1,555,090	6,259,561

(1) Other receivables:

	As at 31 December	
	2018	*2017*
Other receivables	1,102,147	630,376
Less: impairment losses	(714,315)	(386,691)
Total	387,832	243,685

The balance of others mainly represents receivables from over-the-counter options clients, the amount due from non-controlling shareholders of Huatai United Securities Co., Ltd., receivables from securities investor protection fund, and sundry receivables arising from normal course of business.

35 Other receivables and prepayments (continued)

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

	As at 31 December	
	2018	*2017*
Impairment losses balance at 31 December under IAS 39	386,691	311,746
Impact on initial application of IFRS 9	-	-
At the beginning of the year	386,691	311,746
Charge for the year	343,960	76,452
Reversal of impairment	(16,230)	(1,507)
Amounts written-off	(106)	-
At the end of the year	714,315	386,691

(2) Interest receivable:

	As at 31 December	
	2018	*2017*
Interest receivable	254,823	5,630,981
Less: impairment losses	(70,146)	-
Total	184,677	5,630,981

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

	As at 31 December	
	2018	*2017*
Impairment losses balance at 31 December under IAS 39	-	-
Impact on initial application of IFRS 9	-	-
At the beginning of the year	-	-
Charge for the year	70,146	-
Reversal of impairment	-	-
Amounts written-off	-	-
At the end of the year	70,146	-

36 Margin accounts receivable

(a) Analysed by nature:

	As at 31 December	
	2018	*2017*
Individuals	43,445,557	57,810,197
Institutions	2,861,681	2,321,474
Less: impairment losses	(118,353)	(140,217)
Total	46,188,885	59,991,454

As at 31 December 2018 and 31 December 2017, the amount of margin accounts receivable which the Group transfers to the securitisation vehicle is RMB1,077,838 thousand and nil, respectively, which did not result in derecognition of the financial assets. The securitisation vehicle issued asset-backed securities to investors with the purchased assets as the underlying assets.

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

	As at 31 December	
	2018	*2017*
Balance at 31 December under IAS 39	140,217	59,134
Impact on initial application of IFRS 9	-	-
Adjusted balance at 1 January	140,217	59,134
Charge for the year	29,561	89,909
Reversal of impairment	(51,425)	(8,826)
Balance at 31 December	118,353	140,217

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

	As at 31 December	
	2018	*2017*
Fair value of collaterals:		
– Equity securities	119,268,801	159,051,344
– Cash	6,966,255	7,461,800
– Funds	3,078,365	683,609
– Debt securities	185,062	65,559
Total	129,498,483	167,262,312

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.

37 Derivative financial instruments

	As at 31 December 2018		
	Notional amount	*Fair value*	
		Assets	*Liabilities*
Interest rate derivatives	62,537,399	2,934	(29,667)
Currency derivatives	849,807	26,935	(849)
Equity derivatives	45,549,553	1,902,365	(768,911)
Credit derivatives	35,000	554	(56)
Others	3,050,979	64,594	(5,023)
Total	112,022,738	1,997,382	(804,506)
Less: settlement		(63,424)	28,404
Net position		1,933,958	(776,102)

37 Derivative financial instruments (continued)

	As at 31 December 2017		
	Notional amount	*Fair value*	
		Assets	*Liabilities*
Interest rate derivatives	48,494,434	12,003	(6,373)
Currency derivatives	457,394	-	(17,341)
Equity derivatives	49,428,114	392,326	(1,085,559)
Credit derivatives	130,684	-	(1,854)
Others	11,947,244	-	(531,163)
Total	110,457,870	404,329	(1,642,290)
Less: settlement		(12,615)	7
Net position		391,714	(1,642,283)

Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in interest rate swap contracts settling with Shanghai Clearing House, stock index futures, treasury futures and certain commodity futures trading through Huatai Futures Co., Ltd., were settled daily and the corresponding receipts and payments were included in "clearing settlement funds". Accordingly, the Group has maintained no open position for these contracts at 31 December 2018 and 31 December 2017.

38 Clearing settlement funds

	As at 31 December	
	2018	*2017*
Deposits with stock exchanges		
– China Securities Depository and Clearing Corporation Limited	3,021,783	1,143,758
– Hong Kong Securities Clearing Company Limited	-	3,349
Deposits with other institutions	1,587	341
Total	3,023,370	1,147,448

39 Cash held on behalf of brokerage clients

The Group maintains segregated deposit accounts with banks and authorised institutions to hold clients' monies arising from its normal course of business. The Group has classified the brokerage clients' monies as cash held on behalf of brokerage clients under the current assets section of the consolidated statements of financial position, and recognised the corresponding accounts payable to the respective brokerage clients on the grounds that they are liable for any loss or misappropriation of their brokerage clients' monies. In the PRC, cash held on behalf of brokerage clients for their transaction and settlement funds is restricted and governed by relevant third-party deposit regulations issued by the CSRC. In Hong Kong, cash held on behalf of brokerage clients is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

40 Cash and bank balances

(a) Analysed by nature:

	As at 31 December	
	2018	*2017*
Cash on hand	225	194
Bank balances	28,201,747	27,025,936
Less: impairment losses	(1,347)	-
Total	28,200,625	27,026,130

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

40 Cash and bank balances (continued)

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

	As at 31 December	
	2018	*2017*
Balance at 31 December under IAS 39	-	-
Impact on initial application of IFRS 9	3,496	-
At the beginning of the year	3,496	-
Charge for the year	1	-
Reversal of impairment	(2,150)	-
At the end of the year	1,347	-

41 Cash and cash equivalents

(a) Cash and cash equivalents comprise:

	As at 31 December	
	2018	*2017*
Cash on hand	225	194
Bank balances	27,996,453	27,025,936
Clearing settlement funds	3,023,296	1,147,448
Financial assets held under resale agreements within 3 months	15,545,947	13,458,300
Less: restricted bank deposits	(5,773,611)	(10,253,293)
Total	40,792,310	31,378,585

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

41 Cash and cash equivalents (continued)

(b) Reconciliation of liabilities arising from financing activities:

The following table details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the cash flow statement as cash flows from financing activities.

	Short-term debt instruments	*Long-term bonds*	*Other debt instruments*	*Share capital*	*Capital reserve*	*Retained profits*	*Non-controlling interests*	*Total*
At 31 December 2017	26,957,118	77,319,310	(9)	7,162,769	45,820,627	18,977,215	1,253,974	177,491,004
Impact on initial application of IFRS 9	-	-	-	-	-	549,914	(151)	549,763
At 1 January 2018	26,957,118	77,319,310	(9)	7,162,769	45,820,627	19,527,129	1,253,823	178,040,767
Changes from financing cash flows								
Proceeds from issuance	46,200,314	8,974,000	4,698,718	1,088,731	13,119,211	-	-	74,080,974
Repayment of borrowings	(50,957,800)	(24,600,000)	-	-	-	-	-	(75,557,800)
Interest paid	(902,944)	(3,720,570)	(45,331)	-	-	-	-	(4,668,845)
Dividend paid	-	-	-	-	-	(2,475,450)	(12,715)	(2,488,165)
Other borrowing costs paid	-	-	-	-	(74,736)	-	-	(74,736)
Total changes from financing cash flows	(5,660,430)	(19,346,570)	4,653,387	1,088,731	13,044,475	(2,475,450)	(12,715)	(8,708,572)
Other changes								
Interest expenses	807,490	3,251,607	61,173	-	-	-	-	4,120,270
Others	(30,178)	1,756,383	9	-	-	-	-	1,726,214
Total liability-related other changes	777,312	5,007,990	61,182	-	-	-	-	5,846,484
Total equity-related other changes	-	-	-	-	(5,242)	2,364,425	114,919	2,474,102
At 31 December 2018	22,074,000	62,980,730	4,714,560	8,251,500	58,859,860	19,416,104	1,356,027	177,652,781

41 Cash and cash equivalents (continued)

(b) Reconciliation of liabilities arising from financing activities (continued):

	Short-term debt instruments	*Long-term bonds*	*Other debt instruments*	*Share capital*	*Capital reserve*	*Retained profits*	*Non-controlling interests*	*Total*
At 1 January 2017	1,621,000	75,847,816	460,255	7,162,769	45,837,763	16,194,936	1,302,740	148,427,279
Changes from financing cash flows								
Proceeds from issuance	42,258,270	31,000,000	-	-	-	-	-	73,258,270
Repayment of borrowings	(17,223,260)	(29,500,000)	(460,255)	-	-	-	-	(47,183,515)
Capital injection from non-controlling interests	-	-	-	-	-	-	265,233	265,233
Recognition on disposal of subsidiaries	-	-	-	-	-	-	-	-
Interest paid	(220,186)	(3,436,221)	(10,810)	-	-	-	-	(3,667,217)
Dividend paid	-	-	-	-	-	(3,581,384)	(1,620)	(3,583,004)
Total changes from financing cash flows	24,814,824	(1,936,221)	(471,065)	-	-	(3,581,384)	263,613	19,089,767
Other changes								
Interest expenses	521,294	3,407,715	10,801	-	-	-	-	3,939,810
Total liability-related other changes	521,294	3,407,715	10,801	-	-	-	-	3,939,810
Total equity-related other changes	-	-	-	-	(17,136)	6,363,663	(312,379)	6,034,148
At 31 December 2017	26,957,118	77,319,310	(9)	7,162,769	45,820,627	18,977,215	1,253,974	177,491,004

42 Short-term bank loans

	As at 31 December	
	2018	2017
Credit loans	3,015,791	-

As of 31 December 2018, the interest rates for short-term loans were 3.66%-6.60%.

43 Short-term debt instruments issued

As at 31 December 2018

Name	Par value Original currency	Issuance date	Due date	Issue amount Original currency	Nominal interest rate
17 HUATAI 05	RMB4,000,000	11/08/2017	11/08/2018	RMB4,000,000	4.65%
17 HUATAI C3	RMB2,000,000	14/09/2017	14/09/2018	RMB2,000,000	5.00%
17 HUATAI 07	RMB4,000,000	20/11/2017	20/11/2018	RMB4,000,000	5.20%
18 HUATAI D1	RMB4,600,000	11/06/2018	11/06/2019	RMB4,600,000	5.00%
FRGN	USD50,000	28/11/2018	28/11/2019	USD50,000	4.61%
Structured notes [1]	RMB16,005,364	*Note(1)*	*Note(1)*	RMB16,005,364	*Note(1)*

Name	Book value as at 1 January 2018 RMB equivalent	Increase RMB equivalent	Decrease RMB equivalent	Book value as at 31 December2018 RMB equivalent
17 HUATAI 05	4,000,000	-	(4,000,000)	-
17 HUATAI C3	2,000,000	-	(2,000,000)	-
17 HUATAI 07	4,000,000	-	(4,000,000)	-
18 HUATAI D1	-	4,727,918	-	4,727,918
FRGN	-	344,636	-	344,636
Structured notes [1]	16,656,010	40,353,236	(40,957,800)	16,051,446
Total	26,656,010	45,425,790	(50,957,800)	21,124,000

43 Short-term debt instruments issued (continued)

As at 31 December 2017

Name	*Par value* Original currency	*Issuance date*	*Due date*	*Issue amount* Original currency	*Nominal interest rate*
17 HUATAI 05	RMB4,000,000	11/08/2017	11/08/2018	RMB4,000,000	4.65%
17 HUATAI C3	RMB2,000,000	14/09/2017	14/09/2018	RMB2,000,000	5.00%
17 HUATAI 07	RMB4,000,000	20/11/2017	20/11/2018	RMB4,000,000	5.20%
Structured notes (1)	RMB16,656,010	*Note(1)*	*Note(1)*	RMB16,656,010	*Note(1)*

Name	*Book value as at 1 January 2017* RMB equivalent	*Increase* RMB equivalent	*Decrease* RMB equivalent	*Book value as at 31 December 2017* RMB equivalent
17 HUATAI 05	-	4,000,000	-	4,000,000
17 HUATAI C3	-	2,000,000	-	2,000,000
17 HUATAI 07	-	4,000,000	-	4,000,000
Structured notes (1)	1,621,000	32,258,270	(17,223,260)	16,656,010
Total	1,621,000	42,258,270	(17,223,260)	26,656,010

(1) In 2018, the Company has issued 3,237 tranches of structured notes, bearing interest ranging from 4.34% to 6.58% per annum, repayable within 1 year. Structured notes repayable more than 1 year are classified as “Long-term bonds” (Note 52).

44 Placements from other financial institutions

Non-current	*As at 31 December*	
	2018	*2017*
Placements from banks	-	-

Current	*As at 31 December*	
	2018	*2017*
Placements from China Securities Finance Co., Ltd.	2,028,261	6,500,000
Placements from banks	3,785,226	529,998
Total	5,813,487	7,029,998

As at 31 December 2018, the placements from banks are unsecured, bearing interest of 4.50%-5.70% per annum, with maturities within 291 days, and the placements from China Securities Finance Co., Ltd. are secured by the securities investment held by the Group, bearing interest of 4.70%-5.10% per annum, with maturities within 53 days.

45 Accounts payable to brokerage clients

	As at 31 December	
	2018	*2017*
Clients' deposits for brokerage trading	52,259,810	59,717,526
Clients' deposits for margin financing and securities lending	7,232,366	7,618,019
Total	59,492,176	67,335,545

Accounts payable to brokerage clients represent the monies received from and repayable to brokerage clients, which are mainly held at banks and at clearing houses by the Group. Accounts payable to brokerage clients are interest-bearing at the prevailing interest rate.

The majority of the accounts payable balances are repayable on demand except where certain accounts payable to brokerage clients represent monies received from clients for their margin financing activities under normal course of business, such as margin financing and securities lending. Only the excess amounts over the required margin deposits and cash collateral stipulated are repayable on demand.

No aging analysis is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of these businesses.

46 Employee benefits payable

Non-current

	As at 31 December 2018			
	As at 1 January	*Accrued for the year*	*Payments made*	*As at 31 December*
Salaries, bonuses and allowance	6,050,184	756,752	(1,860,739)	4,946,197
Cash-settled share-based payments	28,458	71,335	-	99,793
Total	6,078,642	828,087	(1,860,739)	5,045,990

	As at 31 December 2017			
	As at 1 January	*Accrued for the year*	*Payments made*	*As at 31 December*
Salaries, bonuses and allowance	4,984,706	1,961,415	(895,937)	6,050,184
Cash-settled share-based payments	3,646	24,812	-	28,458
Total	4,988,352	1,986,227	(895,937)	6,078,642

Current

	As at 31 December 2018			
	As at 1 January	*Accrued for the year*	*Payments made*	*As at 31 December*
Salaries, bonuses and allowance	2,641,118	3,486,755	(3,281,687)	2,846,186
Contribution to pension scheme	1,200	275,271	(275,264)	1,207
Other social welfare	26,459	782,228	(787,038)	21,649
Total	2,668,777	4,544,254	(4,343,989)	2,869,042

	As at 31 December 2017			
	As at 1 January	*Accrued for the year*	*Payments made*	*As at 31 December*
Salaries, bonuses and allowance	2,477,157	4,165,506	(4,001,545)	2,641,118
Contribution to pension scheme	190	314,071	(313,061)	1,200
Other social welfare	39,743	564,392	(577,676)	26,459
Total	2,517,090	5,043,969	(4,892,282)	2,668,777

46 Employee benefits payable (continued)

(a) Share-based payment of a subsidiary

(i) Summary information about share-based payments of a subsidiary

	Year ended 31 December			
	As at 1 January	Accrued for the year	Payments made	As at 31 December
Cash-settled share-based payments – USD equivalent to RMB	28,458	71,335	-	99,793

(ii) Cash-settled share-based payments

AssetMark Holdings, LLC, a subsidiary of the Group, granted a share-based compensation to all officers of its subsidiary, AssetMark Financial Holdings, Inc, at 1 November 2016. The share-based compensation is calculated based on the fair value of Class C common units of AssetMark Holdings, LLC. The vesting conditions consist of service time and performance conditions. The options will vest in 3 years after the grant date and are exercisable with a period of 4 to 8 years.

Incentive unit activity during the year ended 31 December 2018 is as follows:

	Share quantities	Weighted average remaining contractual years
Balance at 1 January 2018	8,550.13	6.87
– Granted	283.37	7.47
– Forfeited	(16.67)	7.58
Balance at 31 December 2018	8,816.83	5.93

As at 31 December 2018, the accumulated amount of liabilities arising from cash-settled share-based payments was USD14,540 thousand, equivalent to RMB99,793 thousand, and total expenses recognised for the year arising from cash-settled share-based payments amounted to RMB71,335 thousand.

Share-based payments for services are calculated at fair value. The method for determining the fair value of liabilities based on the shares or other equity instruments assumed by the Group is Monte Carlo simulation.

47 Other payables and accruals

	As at 31 December	
	2018	*2017*
Payables to interest holders of consolidated structured entities[(1)]	43,497,437	51,519,774
Trade payable	3,358,493	3,002,452
Payable to open-ended funds	2,876,029	1,332,196
Payable to asset-based securities wealth management scheme	950,000	-
Settlement payables	669,789	750,436
Other tax payable	562,300	544,039
Interest payable	229,002	2,382,951
Payable for office building construction	172,822	663,683
Fee and commission payable	119,211	206,920
Futures risk reserve	111,877	98,750
Redemption payables	65,497	1,022,606
Payable to the securities investor protection fund	49,895	92,159
Payable to brokerage agents	20,450	38,961
Others[(2)]	1,110,284	960,308
Total	53,793,086	62,615,235

(1) The financial liabilities arising from the consolidated structured entities with underlying investments in money market and fixed income instruments are classified as other payables and accruals in these consolidated financial statements. It is because, the Group has an obligation to pay other investors upon maturity dates of the structured entities based on the net book value and related terms of those consolidated asset management schemes.

(2) The balance of others mainly represents exchangeable bond guarantee mortgage dividends and sundry payables arising from normal course of business.

48 Contract liabilities

	As at 31 December	
	2018	*2017*
Advance consideration received from customers	7,442	-

49 Financial assets sold under repurchase agreements

(a) Analysed by collateral type:

Non-current

	As at 31 December	
	2018	*2017*
Margin loans receivable backed repurchase	-	1,000,000

Current

	As at 31 December	
	2018	*2017*
Debt securities	33,097,321	22,421,537
Precious metal	5,819,308	-
Margin loans receivable backed repurchase	1,001,833	1,500,000
Equity securities	176,592	-
Total	40,095,054	23,921,537

(b) Analysed by market:

Non-current

	As at 31 December	
	2018	*2017*
Over-the-counter	-	1,000,000

Current

	As at 31 December	
	2018	*2017*
Inter-bank market	6,576,171	6,101,557
Shanghai stock exchange	24,721,365	14,526,100
Shenzhen stock exchange	431,629	735,076
Over-the-counter	8,365,889	2,558,804
Total	40,095,054	23,921,537

50 Financial liabilities at fair value through profit or loss

Non-current

	As at 31 December	
	2018	*2017*
Financial liabilities designated at fair value through profit or loss	2,325,405	2,345,668

Current

	As at 31 December	
	2018	*2017*
Financial liabilities held for trading	2,812,857	11,907,337
Financial liabilities designated at fair value through profit or loss	61,727	128,323
Total	2,874,584	12,035,660

In the consolidated financial statements, the financial liabilities arising from consolidation of structured entities and private funds with the underlying investments related to listed equity investments in active markets and unlisted equities are designated at fair value through profit or loss by the Group, as the Group has the obligation to pay other investors or limited partners upon maturity dates of the structured entities based on net book value and related terms of those consolidated asset management schemes or private equity funds.

The amount of change in the fair value of the financial liabilities designated at fair value through profit or loss that is attributable to changes in the credit risk is nil as at 31 December 2018.

51 Long-term bonds due within one year

As at 31 December 2018

Name	*Par value* Original currency	*Issuance date*	*Due date*	*Issue amount* Original currency	*Nominal interest rate*
13 HUATAI 01	RMB4,000,000	05/06/2013	05/06/2018	RMB4,000,000	4.68%
B1910 HUATAI	USD400,000	08/10/2014	08/10/2019	USD399,665	3.625%
15 HUATAI 03	RMB5,000,000	21/04/2015	21/04/2020	RMB5,000,000	5.80%
15 HUATAI G1	RMB6,600,000	29/06/2015	29/06/2018	RMB6,600,000	4.20%
16 HUATAI C2	RMB3,000,000	21/10/2016	21/10/2019	RMB3,000,000	3.12%
16 HUATAI G1	RMB3,500,000	06/12/2016	06/12/2019	RMB3,500,000	3.57%
16 HUATAI G3	RMB5,000,000	14/12/2016	14/12/2019	RMB5,000,000	3.79%
17 HUATAI 01	RMB6,000,000	24/02/2017	24/08/2018	RMB6,000,000	4.50%
17 HUATAI 03	RMB4,000,000	15/05/2017	15/05/2019	RMB4,000,000	5.00%
17 HUATAI 06	RMB5,000,000	19/10/2017	19/04/2019	RMB5,000,000	4.98%
Structured notes[(1)]	RMB4,174,000	*Note (1)*	*Note (1)*	RMB4,174,000	5.10% - 5.50%

Name	*Book value as at 1 January 2018* RMB equivalent	*Increase* RMB equivalent	*Decrease* RMB equivalent	*Book value as at 31 December 2018* RMB equivalent
13 HUATAI 01	3,999,226	774	(4,000,000)	-
B1910 HUATAI	-	2,767,406	-	2,767,406
15 HUATAI 03	5,000,000	-	(5,000,000)	-
15 HUATAI G1	6,598,254	1,746	(6,600,000)	-
16 HUATAI C2	-	3,000,000	(3,000,000)	-
16 HUATAI G1	-	3,508,901	-	3,508,901
16 HUATAI G3	-	5,009,345	-	5,009,345
17 HUATAI 01	6,000,000	-	(6,000,000)	-
17 HUATAI 03	-	4,126,575	-	4,126,575
17 HUATAI 06	-	5,049,800	-	5,049,800
Structured notes[(1)]	-	4,382,589	-	4,382,589
Total	21,597,480	27,847,136	(24,600,000)	24,844,616

As at 31 December 2017

Name	*Par value* Original currency	*Issuance date*	*Due date*	*Issue amount* Original currency	*Nominal interest rate*
13 HUATAI 01	RMB4,000,000	05/06/2013	05/06/2018	RMB4,000,000	4.68%
15 HUATAI 01	RMB6,000,000	22/01/2015	23/01/2017	RMB6,000,000	5.90%
15 HUATAI 03	RMB5,000,000	21/04/2015	21/04/2020	RMB5,000,000	5.80%
15 HUATAI 04	RMB18,000,000	25/06/2015	26/06/2017	RMB18,000,000	5.50%
15 HUATAI G1	RMB6,600,000	29/06/2015	29/06/2018	RMB6,600,000	4.20%
17 HUATAI 01	RMB6,000,000	24/02/2017	24/08/2018	RMB6,000,000	4.50%
Structured notes[(1)]	RMB1,900,000	*Note (1)*	*Note (1)*	RMB1,900,000	2.40% - 5.00%

Name	*Book value as at 1 January 2017* RMB equivalent	*Increase* RMB equivalent	*Decrease* RMB equivalent	*Book value as at 31 December 2017* RMB equivalent
13 HUATAI 01	-	3,999,226	-	3,999,226
15 HUATAI 01	6,000,000	-	(6,000,000)	-
15 HUATAI 03	-	5,000,000	-	5,000,000
15 HUATAI 04	18,000,000	-	(18,000,000)	-
15 HUATAI G1	-	6,598,254	-	6,598,254
17 HUATAI 01	-	6,000,000	-	6,000,000
Structured notes[(1)]	1,900,000	-	(1,900,000)	-
Total	25,900,000	21,597,480	(25,900,000)	21,597,480

(1) As at 31 December 2018, RMB4.38 billion of structured notes would mature within one year.

52 Long-term bonds

As at 31 December 2018

Name	*Par value* Original currency	*Issuance date*	*Due date*	*Issue amount* Original currency	*Nominal interest rate*
13 HUATAI 02	RMB6,000,000	05/06/2013	05/06/2023	RMB6,000,000	5.10%
HUATAI B1910	USD400,000	08/10/2014	08/10/2019	USD399,665	3.625%
16 HUATAI C1	RMB5,000,000	14/10/2016	14/10/2021	RMB5,000,000	3.30%
16 HUATAI C2	RMB3,000,000	21/10/2016	21/10/2019	RMB3,000,000	3.12%
16 HUATAI G1	RMB3,500,000	06/12/2016	06/12/2019	RMB3,500,000	3.57%
16 HUATAI G2	RMB2,500,000	06/12/2016	06/12/2021	RMB2,500,000	3.78%
16 HUATAI G3	RMB5,000,000	14/12/2016	14/12/2019	RMB5,000,000	3.79%
16 HUATAI G4	RMB3,000,000	14/12/2016	14/12/2021	RMB3,000,000	3.97%
17 HUATAI 02	RMB2,000,000	24/02/2017	24/02/2020	RMB2,000,000	4.65%
17 HUATAI 03	RMB4,000,000	15/05/2017	15/05/2019	RMB4,000,000	5.00%
17 HUATAI 04	RMB6,000,000	15/05/2017	15/05/2020	RMB6,000,000	5.25%
17 HUATAI C2	RMB5,000,000	27/07/2017	27/07/2020	RMB5,000,000	4.95%
17 HUATAI 06	RMB5,000,000	19/10/2017	19/04/2019	RMB5,000,000	4.98%
18 HUATAI C1	RMB1,000,000	15/03/2018	15/03/2020	RMB1,000,000	5.65%
18 HUATAI C2	RMB2,800,000	10/05/2018	10/05/2021	RMB2,800,000	5.20%
18 HUATAI G1	RMB3,000,000	26/11/2018	26/11/2023	RMB3,000,000	3.88%
18 HUATAI G2	RMB1,000,000	26/11/2018	26/11/2021	RMB1,000,000	4.17%
Structured notes[1]	RMB4,174,000	*Note(1)*	*Note(1)*	RMB4,174,000	5.1%-5.5%

Name	*Book value as at 1 January 2018* RMB equivalent	*Increase* RMB equivalent	*Decrease* RMB equivalent	*Book value as at 31 December 2018* RMB equivalent
13 HUATAI 02	5,992,319	176,314	-	6,168,633
HUATAI B1910	2,608,477	136,259	(2,744,736)	-
16 HUATAI C1	5,000,000	35,712	-	5,035,712
16 HUATAI C2	3,000,000	-	(3,000,000)	-
16 HUATAI G1	3,500,000	-	(3,500,000)	-
16 HUATAI G2	2,500,000	6,732	-	2,506,732
16 HUATAI G3	5,000,000	-	(5,000,000)	-
16 HUATAI G4	3,000,000	5,873	-	3,005,873
17 HUATAI 02	2,000,000	78,732	-	2,078,732
17 HUATAI 03	4,000,000	-	(4,000,000)	-
17 HUATAI 04	6,000,000	198,493	-	6,198,493
17 HUATAI C2	5,000,000	107,815	-	5,107,815
17 HUATAI 06	5,000,000	-	(5,000,000)	-
18 HUATAI C1	-	1,042,544	(990)	1,041,554
18 HUATAI C2	-	2,894,141	(2,772)	2,891,369
18 HUATAI G1	-	3,011,162	(2,970)	3,008,192
18 HUATAI G2	-	1,003,999	(990)	1,003,009
Structured notes[1]	3,000,000	1,174,000	(4,174,000)	-
Total	55,600,796	9,871,776	(27,426,458)	38,046,114

52 Long-term bonds (continued)

As at 31 December 2017

Name	*Par value* Original currency	*Issuance date*	*Due date*	*Issue amount* Original currency	*Nominal interest rate*
13 HUATAI 01	RMB4,000,000	05/06/2013	05/06/2018	RMB4,000,000	4.68%
13 HUATAI 02	RMB6,000,000	05/06/2013	05/06/2023	RMB6,000,000	5.10%
HUATAI B1910	USD400,000	08/10/2014	08/10/2019	USD399,665	3.625%
15 HUATAI 03	RMB5,000,000	21/04/2015	21/04/2020	RMB5,000,000	5.80%
15 HUATAI G1	RMB6,600,000	29/06/2015	29/06/2018	RMB6,600,000	4.20%
16 HUATAIQI	RMB600,000	18/07/2016	18/07/2020	RMB600,000	3.94%
16 HUATAI C1	RMB5,000,000	14/10/2016	14/10/2021	RMB5,000,000	3.30%
16 HUATAI C2	RMB3,000,000	21/10/2016	21/10/2019	RMB3,000,000	3.12%
16 HUATAI G1	RMB3,500,000	06/12/2016	06/12/2019	RMB3,500,000	3.57%
16 HUATAI G2	RMB2,500,000	06/12/2016	06/12/2021	RMB2,500,000	3.78%
16 HUATAI G3	RMB5,000,000	14/12/2016	14/12/2019	RMB5,000,000	3.79%
16 HUATAI G4	RMB3,000,000	14/12/2016	14/12/2021	RMB3,000,000	3.97%
17 HUATAI 01	RMB6,000,000	24/02/2017	24/08/2018	RMB6,000,000	4.50%
17 HUATAI 02	RMB2,000,000	24/02/2017	24/02/2020	RMB2,000,000	4.65%
17 HUATAI 03	RMB4,000,000	15/05/2017	15/05/2019	RMB4,000,000	5.00%
17 HUATAI 04	RMB6,000,000	15/05/2017	15/05/2020	RMB6,000,000	5.25%
17 HUATAI C2	RMB5,000,000	27/07/2017	27/07/2020	RMB5,000,000	4.95%
17 HUATAI 06	RMB5,000,000	19/10/2017	19/04/2019	RMB5,000,000	4.98%
Structured notes[(1)]	RMB3,000,000	26/12/2017	26/02/2019	RMB3,000,000	5.15%

Name	*Book value as at 1 January 2017* RMB equivalent	*Increase* RMB equivalent	*Decrease* RMB equivalent	*Book value as at 31 December 2017* RMB equivalent
13 HUATAI 01	3,997,332	-	(3,997,332)	-
13 HUATAI 02	5,991,065	1,254	-	5,992,319
HUATAI B1910	2,764,621	3,785	(159,929)	2,608,477
15 HUATAI 03	5,000,000	-	(5,000,000)	-
15 HUATAI G1	6,594,798	-	(6,594,798)	-
16 HUATAIQI	600,000	-	(600,000)	-
16 HUATAI C1	5,000,000	-	-	5,000,000
16 HUATAI C2	3,000,000	-	-	3,000,000
16 HUATAI G1	3,500,000	-	-	3,500,000
16 HUATAI G2	2,500,000	-	-	2,500,000
16 HUATAI G3	5,000,000	-	-	5,000,000
16 HUATAI G4	3,000,000	-	-	3,000,000
17 HUATAI 01	-	6,000,000	(6,000,000)	-
17 HUATAI 02	-	2,000,000	-	2,000,000
17 HUATAI 03	-	4,000,000	-	4,000,000
17 HUATAI 04	-	6,000,000	-	6,000,000
17 HUATAI C2	-	5,000,000	-	5,000,000
17 HUATAI 06	-	5,000,000	-	5,000,000
Structured notes[(1)]	3,000,000	3,000,000	(3,000,000)	3,000,000
Total	49,947,816	31,005,039	(25,352,059)	55,600,796

(1) The Company has issued 5 tranches of long-term structured notes the year ended 31 December 2018. As at 31 December 2018, the structured notes due within one year is classified as “Long-term bonds due within one year” (Note 51).

53 Long-term bank loans due within one year

	As at 31 December	
	2018	2017
Credit bank loans	15,820	-

54 Long-term bank loans

	As at 31 December	
	2018	2017
Credit bank loans	1,698,769	-
Less: credit bank loan due within one year (Note 53)	(15,820)	-
Total	1,682,949	-

On 14 November 2018, the Group executed a Loan and Security Agreement with Credit Suisse for USD250 million term loan and secured a revolving line of credit that permit the Group to borrow up to USD20 million, interest on amounts borrowed under the term loan and line of credit equal to LIBOR plus 3.50%.

55 Share capital, reserves and retained profits

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

			Reserves						
	Note	*Share capital*	*Capital reserve*	*Surplus reserve*	*General reserve*	*Fair value reserve*	*Translation reserve*	*Retained profits*	*Total*
As at 31 December 2017		7,162,769	45,577,448	3,919,488	8,050,883	1,001,871	18,981	12,951,361	78,682,801
Impact on initial application of IFRS 9		-	-	34,366	68,733	(335,770)	-	240,564	7,893
As at 1 January 2018		7,162,769	45,577,448	3,953,854	8,119,616	666,101	18,981	13,191,925	78,690,694
Changes in equity for 2018									
Profit for the year		-	-	-	-	-	-	5,359,764	5,359,764
Other comprehensive income		-	-	-	-	(911,126)	-	-	(911,126)
Total comprehensive income		-	-	-	-	(911,126)	-	5,359,764	4,448,638
Issuance of A share		1,088,731	13,044,475	-	-	-	-	-	14,133,206
Appropriation to surplus reserve		-	-	535,976	-	-	-	(535,976)	-
Appropriation to general reserve		-	-	-	1,071,953	-	-	(1,071,953)	-
Dividends declared for the year		-	-	-	-	-	-	(2,475,450)	(2,475,450)
Other		-	-	-	-	(12,225)	-	12,225	-
As at 31 December 2018	63	8,251,500	58,621,923	4,489,830	9,191,569	(257,250)	18,981	14,480,535	94,797,088

55 Share capital, reserves and retained profits (continued)

(a) Movements in components of equity (continued)

	Note	Share capital	Reserves					Retained profits	Total
			Capital reserve	Surplus reserve	General reserve	Fair value reserve	Translation reserve		
As at 1 January 2017		7,162,769	45,577,448	3,071,195	6,354,298	3,162,823	18,981	10,594,696	75,942,210
Changes in equity for 2017									
Profit for the year		-	-	-	-	-	-	8,482,927	8,482,927
Other comprehensive income		-	-	-	-	(2,160,952)	-	-	(2,160,952)
Total comprehensive income		-	-	-	-	(2,160,952)	-	8,482,927	6,321,975
Appropriation to surplus reserve		-	-	848,293	-	-	-	(848,293)	-
Appropriation to general reserve		-	-	-	1,696,585	-	-	(1,696,585)	-
Dividends declared for the year		-	-	-	-	-	-	(3,581,384)	(3,581,384)
As at 31 December 2017	63	7,162,769	45,577,448	3,919,488	8,050,883	1,001,871	18,981	12,951,361	78,682,801

55 Share capital, reserves and retained profits (continued)

(b) Share capital

All shares issued by the Company are fully paid common shares. The par value per share is RMB1. The Company's number of shares issued and their nominal value are as follows:

	As at 31 December 2018		*As at 31 December 2017*	
	Number of shares (Thousand)	*Nominal value*	*Number of shares* (Thousand)	*Nominal value*
Registered, issued and fully paid:				
A shares of RMB1 each	6,532,454	6,532,454	5,443,723	5,443,723
H shares of RMB1 each	1,719,046	1,719,046	1,719,046	1,719,046
Total	8,251,500	8,251,500	7,162,769	7,162,769

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

According to the relevant requirements of PRC regulators, existing shareholder of the state-owned shares of the Company have transferred an aggregate number of 156,276,880 state-owned shares of the Company to the National Social Security Fund of the PRC, and such shares were then converted into H shares on a one-for-one basis.

In July 2018, the Company completed private placement of issuance of 1,088,731,200 new A shares. The total paid-up share capital of the Company after the change is RMB8,251,500 thousand.

The H shares rank pari passu in all respects with the existing A shares including the right to receive all dividends and distributions declared or made.

55 Share capital, reserves and retained profits (continued)

(c) Capital reserve

Capital reserve mainly includes share premium arising from the issuance of new shares at prices in excess of face value and the difference between the considerations of acquisition of equity interests from non-controlling shareholders and the carrying amount of the proportionate net assets.

The Company was listed on the Main Board of the Hong Kong Stock Exchange on 1 June 2015. The excess of the proceeds over the nominal value of the total number of ordinary shares issued which amounted to RMB28,590,928 thousand was credited to the capital reserve, net of offering expenses (of which the inter-group transactions were eliminated on consolidation) of RMB441,058 thousand.

The Company non-publicly issued new A shares on 31 July 2018. The excess of the proceeds over the nominal value of the total number of ordinary shares issued which amounted to RMB13,044,475 thousand was credited to the capital reserve, net of offering expenses (of which the inter-group transactions were eliminated on consolidation) of RMB74,736 thousand.

(d) Surplus reserve

Pursuant to the Company Law of the PRC, the Company is required to appropriate 10% of its net profit to the statutory surplus reserve until the balance reaches 50% of its registered capital.

Subject to the approval of the shareholders, the statutory reserve may be used to offset accumulated losses, or converted into capital of provided that the balance of the statutory surplus reserve after such capitalisation is not less than 25% of the registered capital immediately before the capitalisation.

55 Share capital, reserves and retained profits (continued)

(e) General reserve

General reserve includes general risk reserve and transaction risk reserve.

In accordance with the requirements of the CSRC Circular regarding the Annual Reporting of Securities Companies in 2007 (Zhengjian Jigou Zi [2007] No. 320) issued on 18 December 2007, the Company appropriates 10% of its annual net profit to the general risk reserve.

In accordance with the requirements of the CSRC Circular regarding the Annual Reporting of Securities Companies in 2007 (Zhengjian Jigou Zi [2007] No. 320) issued on 18 December 2007 and in compliance with the Securities Law, for the purpose of covering securities trading losses, the Company appropriates 10% from its annual net profit to the transaction risk reserve.

The Company's subsidiaries appropriate their profits to the general reserve according to the applicable local regulations.

(f) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity investments designated at FVOCI under IFRS 9 that are held at the end of the reporting period.

(g) Translation reserve

The translation reserve mainly comprises foreign currency differences arising from the translation of the financial statements of foreign currencies.

(h) Dividends

Pursuant to the resolution of the general meeting of the shareholders dated 22 October 2018, the Company was approved to distribute cash dividends of RMB3.00 (tax inclusive) per 10 shares to the existing the holders of A Shares and H shares, with total cash dividends amounting to RMB2,475,450 thousand.

56 Commitments

(a) Capital commitments

Capital commitments outstanding at 31 December 2018 and 31 December 2017 not provided for in the financial statements were as follows:

	As at 31 December	
	2018	*2017*
Contracted, but not provided for	1,770,619	791,124

The above-mentioned capital commitments mainly represent the construction of properties and securities underwriting commitments of the Group.

(b) Operating lease commitments

As at 31 December 2018 and 31 December 2017, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 31 December	
	2018	*2017*
Within 1 year (inclusive)	325,380	252,026
1-2 years (inclusive)	208,884	224,201
2-3 years (inclusive)	153,962	161,373
After 3 years	144,260	115,610
Total	832,486	753,210

57 Interests in structured entities

(a) Interests in structured entities consolidated by the Group

Structured entities consolidated by the Group mainly stand for the asset management schemes where the Group involves as manager or investment consultant and also as investor, the Group assesses whether the combination of investments it holds together with its remuneration creates exposure to variability of returns from the activities of the asset management product to a level of such significance that it indicates that the Group is a principal.

As at 31 December 2018, the Group consolidates 32 structured entities (as at 31 December 2017 the Group consolidates 29 structured entities), which are mainly asset management schemes. As at 31 December 2018 and 31 December 2017, the total assets of the consolidated structured entities are RMB56,643,506 thousand and RMB60,600,933 thousand respectively, and the carrying amount of interests held by the Group in the consolidated structured entities are RMB8,077,163 thousand and RMB5,610,164 thousand respectively.

(b) Interests in structured entities sponsored by the Group but not consolidated

Structured entities for which the Group served as general partner or manager, therefore has power over them during the reporting periods are asset management schemes. Except for the structured entities that the Group has consolidated as set out in Note 57(a), the Group's exposure to the variable returns in the structured entities in which the Group has interest are not significant. The Group therefore did not consolidate these structured entities.

As at 31 December 2018 and 31 December 2017, the total assets of these unconsolidated structured entities managed by the Group amounted to RMB764,743,576 thousand and RMB897,646,449 thousand respectively. As at 31 December 2018 and 31 December 2017, the carrying amount of interests held by the Group in these unconsolidated structured entities are RMB1,139,237 thousand and RMB1,203,494 thousand respectively.

During the years ended 31 December 2018 and 31 December 2017, income derived from these unconsolidated structured entities held by the Group amounted to RMB844,314 thousand and RMB817,077 thousand respectively.

57 Interests in structured entities (continued)

(c) Interests in structured entities sponsored by third party institutions

The types of structured entities that the Group does not consolidate but in which it holds interests include funds, asset management schemes, trust schemes, and wealth management products issued by banks or other financial institutions. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These vehicles are financed through the issue of units to investors.

The carrying amount of the related accounts in the consolidated statements of financial position is equal to the maximum exposure to loss of interests held by the Group in the unconsolidated structured entities sponsored by third party institutions as at 31 December 2018 and 31 December 2017, which are listed as below:

	As at 31 December 2018		
	Financial assets at fair value through profit or loss	*Financial assets at fair value through other comprehensive income*	*Total*
Funds	13,210,731	-	13,210,731
Wealth management products	4,506,828	9,767,639	14,274,467
Total	17,717,559	9,767,639	27,485,198

	As at 31 December 2017		
	Financial assets at fair value through profit or loss	*Available-for-sale financial assets*	*Total*
Funds	17,439,657	42,143	17,481,800
Wealth management products	4,400,157	13,837,294	18,237,451
Total	21,839,814	13,879,437	35,719,251

58 Outstanding litigations

As at 31 December 2018 and 31 December 2017, the Group involved as defendant in certain lawsuit with claim amounts of approximately RMB14,326 thousand and RMB2,252 thousand, respectively. Based on the court rulings, advices from legal representatives and management judgement, no provision had been made to the claim amounts. The directors of the Company are of the opinion the final court judgement will not have a significant impact on the Group's financial position or operations.

59 Related party relationships and transactions

(a) Relationship of related parties

(i) Major shareholders

The detailed information of the transactions and balances with Group's major shareholders and their subsidiaries is set out in Note 59(b)(i).

(ii) Subsidiaries of the Group

The detailed information of the Group's subsidiaries is set out in Note 23.

(iii) Associates of the Group

The detailed information of the Group's associates is set out in Note 24.

(iv) Joint ventures of the Group

The detailed information of the Group's joint ventures is set out in Note 25.

(v) Other related parties

Other related parties can be individuals or enterprises, which include: members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals.

59 Related party relationships and transactions (continued)

(b) Related parties transactions and balances

(i) Transactions between the Group and major shareholders and their subsidiaries:

	As at 31 December	
	2018	*2017*
Balances at the end of the year:		
Financial assets at fair value through profit or loss	329,514	157,638
Debt investment at amortised cost	302,614	-
Other receivables and prepayments	-	1,401
Accounts payable to brokerage clients	18,919	50
Other payables and accruals	3,211	3,211

	Year ended 31 December	
	2018	*2017*
Transactions during the year:		
Fee and commission income	21,583	7,150
Net investment gains	17,096	6,313
Interest expenses	1,429	-

During the year of 2018, the Group has purchased the corporate bonds issued by major shareholders amounting to RMB451,204 thousand. During the year of 2017, the Group has disposed the corporate bonds issued by major shareholders amounting to RMB3,716 thousand.

During the year of 2018 and 2017, the Group has made repurchase agreements with major shareholders and their subsidiaries for the total amount of RMB3,715,850 thousand and nil, respectively.

During the year of 2018 and 2017, investments made by major shareholders into private equity investment funds managed and controlled by the Group are RMB90,000 thousand and nil, respectively.

59 Related party relationships and transactions (continued)

(b) Related parties transactions and balances (continued)

(ii) Transactions between the Group and associates:

	As at 31 December	
	2018	*2017*
Balances at the end of the year:		
Cash and bank balances	450,311	508,923
Accounts receivable	105,845	74,988
Other receivables and prepayments	131,324	6,214
Available-for-sale financial assets	-	193,353
Financial assets at fair value through profit or loss	-	446,573
Accounts payable to brokerage clients	17,462	1,051
Other payables and accruals	555	513

	Year ended 31 December	
	2018	*2017*
Transactions during the year:		
Fee and commission income	209,331	193,104
Interest income	15,604	84,582
Net investment gains	18,465	10,740
Other income and gains	9,752	8,306
Interest expenses	72	-

During the year of 2018, the Group has redeemed the corporate bond issued by associates for RMB642,241 thousand. During the year of 2017, the Group has subscribed the corporate bond issued by associates for RMB445,417 thousand.

During the year of 2018 and 2017, the capital injection made by the Group into the associates are RMB417,760 thousand and RMB11,425 thousand, respectively. During the year of 2018 and 2017, the disinvestment made by the Group from the associates are RMB534,530 thousand and RMB128,142 thousand, respectively.

During the year of 2018 and 2017, the Group has made repurchase agreements with associates for the total amount of RMB1,378,000 thousand and nil, respectively.

During the year of 2018 and 2017, the dividend received from associates are RMB417,472 thousand and RMB229,819 thousand, respectively.

59 Related party relationships and transactions (continued)

(b) Related parties transactions and balances (continued)

(iii) Transactions between the Group and joint ventures:

	As at 31 December	
	2018	*2017*
Balances at the end of the year:		
Accounts payable to brokerage clients	69	-

	Year ended 31 December	
	2018	*2017*
Transactions during the year:		
Fee and commission income	13,298	-

During the year of 2018 and 2017, the capital injection made by the Group into the joint ventures are RMB3,500 thousand and nil, respectively.

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

	As at 31 December	
	2018	*2017*
Balances at the end of the year:		
Accounts payable to brokerage clients	1,282	-

	Year ended 31 December	
	2018	*2017*
Transactions during the year:		
Fee and commission income	37	-

(c) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in Note 15, is as follows:

	As at 31 December	
	2018	*2017*
Short-term employee benefits		
- Fees, salaries, allowances and bonuses	37,027	37,739
Post-employment benefits		
- Contribution to pension scheme	1,422	1,547
Total	38,449	39,286

Total remuneration is included in "staff costs" (see Note 10).

59 Related party relationships and transactions (continued)

(d) Applicability of the Listing Rules relating to connected transactions

The related party transactions set out in Note 59(b) which constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules are exempt from the disclosure requirements in Chapter 14A of the Listing Rules as they are below the de minimis threshold under Rule 14A.76(1) and 14A.93.

60 Segment reporting

Management manages the business operations by the following segments in accordance with the nature of the operations and the services provided:

- The wealth management segment engages in the trading of stocks, funds, bonds and futures on behalf of clients, to provide customers with a variety of financial products sales services and asset allocation services. Moreover, the activities of providing margin financing, securities lending, securities-backed 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, interest expenses of working capitals, and costs and expenses of middle offices and back offices.

60 Segment reporting (continued)

(a) Business segments

For the year ended 31 December 2018

	Wealth management	*Institutional services*	*Investment management*	*Overseas business*	*Others*	*Total*
Revenue						
- External	12,547,315	3,047,435	3,174,470	3,108,753	1,798,956	23,676,929
- Inter-segment	-	6,312	-	1,842	2,492,005	2,500,159
Other income and gains	443,778	55,969	224,339	4,944	152,699	881,729
Segment revenue and other income	12,991,093	3,109,716	3,398,809	3,115,539	4,443,660	27,058,817
Segment expenses	(9,138,114)	(3,723,151)	(1,207,630)	(2,840,017)	(2,186,257)	(19,095,169)
Segment operating profit / (loss)	3,852,979	(613,435)	2,191,179	275,522	2,257,403	7,963,648
Share of profit / (loss) of associates and joint ventures	-	7,151	(175,216)	-	1,127,374	959,309
Profit / (loss) before income tax	3,852,979	(606,284)	2,015,963	275,522	3,384,777	8,922,957
Interest income	7,676,793	312,419	423,708	137,229	932,219	9,482,368
Interest expenses	(3,117,152)	(1,856,658)	(124,134)	(279,460)	(1,089,566)	(6,466,970)
Depreciation and amortisation expenses	(94,285)	(33,020)	(10,860)	(181,341)	(306,391)	(625,897)
Impairment loss on other assets	(5,295)	-	-	-	-	(5,295)
(Provision) / reverse for impairment loss on financial assets	(541,220)	(301,713)	(19,129)	(9,520)	8,888	(862,694)
Segment assets	138,579,673	83,486,332	70,659,010	23,639,713	117,330,040	433,694,768
Additions to non-current segment assets during the year	232,227	43,994	24,051	143,688	284,385	728,345
Segment liabilities	(135,301,554)	(81,533,946)	(51,412,688)	(15,390,296)	(45,306,680)	(328,945,164)

60 Segment reporting (continued)

(a) Business segments (continued)

For the year ended 31 December 2017

	Wealth management	*Institutional services*	*Investment management*	*Overseas business*	*Others*	*Total*
Revenue						
- External	14,008,278	5,327,644	2,589,743	3,669,575	3,982,287	29,577,527
- Inter-segment	18,067	62,243	1,437	-	1,988,854	2,070,601
Other income and gains	72,623	35,128	844,213	97,519	823,380	1,872,863
Segment revenue and other income	14,098,968	5,425,015	3,435,393	3,767,094	6,794,521	33,520,991
Segment expenses	(9,163,180)	(3,586,952)	(1,183,337)	(3,603,246)	(2,946,057)	(20,482,772)
Segment operating profit	4,935,788	1,838,063	2,252,056	163,848	3,848,464	13,038,219
Share of profit of associates and joint ventures	-	2,984	39,283	-	497,711	539,978
Profit before income tax	4,935,788	1,841,047	2,291,339	163,848	4,346,175	13,578,197
Interest income	7,760,129	150,957	725,310	74,455	638,072	9,348,923
Interest expenses	(3,335,182)	(1,309,714)	(146,208)	(159,518)	(798,477)	(5,749,099)
Depreciation and amortisation expenses	(120,529)	(24,553)	(8,914)	(162,541)	(249,769)	(566,306)
Provision for impairment losses	(109,418)	(127,516)	(5,180)	(16,916)	-	(259,030)
Segment assets	178,175,834	73,362,625	74,160,523	15,835,319	160,953,261	502,487,562
Additions to non-current segment assets during the year	140,488	19,279	11,563	100,702	109,887	381,919
Segment liabilities	(174,949,018)	(69,430,859)	(58,290,110)	(8,049,167)	(103,178,496)	(413,897,650)

60 Segment reporting (continued)

(a) Business segments (continued)

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

	Year ended 31 December	
	2018	*2017*
Revenue		
Total revenue and other income for segments	27,058,817	33,520,991
Elimination of inter-segment revenue	(2,552,083)	(2,197,619)
Consolidated revenue and other income	24,506,734	31,323,372
Profit		
Total profit before income tax for segments	8,922,957	13,578,197
Elimination of inter-segment profit	(2,474,286)	(1,993,553)
Consolidated profit before income tax	6,448,671	11,584,644

	As at 31 December	
	2018	*2017*
Assets		
Total assets for segments	433,694,768	502,487,562
Elimination of inter-segment assets	(65,028,894)	(121,005,022)
Consolidated total assets	368,665,874	381,482,540
Liabilities		
Total liabilities for segments	(328,945,164)	(413,897,650)
Elimination of inter-segment liabilities	65,028,894	121,005,022
Consolidated total liabilities	(263,916,270)	(292,892,628)

For the year ended 31 December 2018 and 31 December 2017, the Group's customer base is diversified and no customer had transactions which exceeded 10% of the Group's revenue.

60 Segment reporting (continued)

(b) Geographical segments

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property and equipment, investment properties, goodwill, other intangible assets, interest in associates, interest in joint 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 interest in joint ventures.

	Year ended 31 December 2018			*Year ended 31 December 2017*		
	Mainland China	*Overseas*	*Total*	*Mainland China*	*Overseas*	*Total*
Segment Revenue						
Revenue from external customers	20,566,334	3,110,595	23,676,929	25,907,952	3,669,575	29,577,527
Other income and gains	824,861	4,944	829,805	1,722,630	23,215	1,745,845
Total	21,391,195	3,115,539	24,506,734	27,630,582	3,692,790	31,323,372

	As at 31 December 2018			*As at 31 December 2017*		
	Mainland China	*Overseas*	*Total*	*Mainland China*	*Overseas*	*Total*
Specified non-current assets	18,163,311	6,970,012	25,133,323	13,959,653	6,708,950	20,668,603

61 Financial instruments and risk management

The Group monitors and controls key exposures to the credit risk, market risk, liquidity risk and operational risk from its use of financial instruments.

(a) Credit risk

Credit risk represents the potential loss that may arise from the failure of a debtor or counterparty to meet its obligation or commitment to the Group.

During the reporting period, the Group was exposed to three types of credit risk: (i) default risk of the issuer or counterparty in debt securities trading; (ii) risk of losses arising from default of customers in credit business such as margin financing and securities lending, and securities-backed lending; (iii) counterparty credit risk from a counterparty's default on the derivative transaction, such as swap or forward. The risk exposure is determined by the change in the market prices of the derivatives.

The Group uses its risk management systems to monitor its credit risk on a real time basis, keeps track of the credit risk of the Group's business products and its transaction counterparties, provides analyses and pre-warning reports, and adjusts its credit limits in a timely manner. The Group will also measure the credit risks of its major operations through stress test and sensitivity analysis.

For credit risk in debt securities trading, the Group monitors the issuer and bonds during the reporting period. The Group established the credit rating framework and conducted research on the debt securities held by the Group. The Group also assessed the creditability of counterparties to mitigate related default risk on regular basis. In respect of margin financing and securities lending, securities-backed lending and OTC derivative transaction, the Group evaluates the customers, aiming to have a thorough picture of the customers' credit level and risk tolerance and determine the customers' credit rating. Penalties for defaults were specified in contracts and risk disclosure statements. The Group monitors the collateral of the margin financing and securities lending, securities-backed lending and OTC derivative transaction and promptly communicates with customers on any abnormalities identified to avoid defaults. In respect of innovative credit business, preliminary due diligence is performed with a comprehensive project feasibility report and a due diligence report submitted for approval by the Group before a project can be launched.

61 Financial instruments and risk management (continued)

(a) Credit risk (continued)

(i) Maximum exposure to credit risk

Maximum exposure to credit risk of the Group without taking account of any collateral and other credit enhancements:

	As at 31 December	
	2018	*2017*
Debt investment at amortised cost	16,274,164	-
Refundable deposits	7,836,506	7,302,285
Accounts receivable	3,090,165	1,980,337
Other receivables and prepayments	572,509	5,874,665
Margin accounts receivable	46,188,885	59,991,454
Financial assets at fair value through other comprehensive income	606,809	-
Available-for-sale financial assets	-	15,111,937
Financial assets held under resale agreements	43,556,565	61,805,315
Financial assets at fair value through profit or loss	83,454,431	56,212,040
Derivative financial assets	1,933,958	391,714
Clearing settlement funds	3,023,370	1,147,448
Cash held on behalf of brokerage clients	58,947,013	65,303,548
Bank balances	28,200,401	27,025,936
Total maximum credit risk exposure	293,684,776	302,146,679

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 31 December 2018			
Impairment and loss allowance	12-month ECL	Lifetime ECL- not credit impaired	Lifetime ECL- credit impaired	Total
Bank balances	1,347	-	-	1,347
Margin accounts receivable	83,166	15,513	19,674	118,353
Financial assets held under resale agreements	61,656	33,593	451,744	546,993
Accounts receivable	-	17,890	-	17,890
Debt investment measured at amortised cost	6,066	-	-	6,066
Financial assets at fair value through other comprehensive income	449	-	-	449
Other receivables and prepayments	-	28,061	756,401	784,462
Total	152,684	95,057	1,227,819	1,475,560

61 Financial instruments and risk management (continued)

(a) Credit risk (continued)

(ii) Risk concentrations

The Group's maximum credit risk exposure without taking account of any collateral and other credit enhancements, as categorised by geographical area:

	By geographical area		
	Mainland China	*Outside Mainland China*	*Total*
31 December 2018			
Debt investment at amortised cost	14,677,952	1,596,212	16,274,164
Refundable deposits	7,704,803	131,703	7,836,506
Accounts receivable	2,319,902	770,263	3,090,165
Other receivables and prepayments	454,639	117,870	572,509
Margin accounts receivable	45,387,683	801,202	46,188,885
Financial assets at fair value through other comprehensive income	-	606,809	606,809
Financial assets held under resale agreements	43,125,313	431,252	43,556,565
Financial assets at fair value through profit or loss	79,796,456	3,657,975	83,454,431
Derivative financial assets	1,689,781	244,177	1,933,958
Clearing settlement funds	3,023,370	-	3,023,370
Cash held on behalf of brokerage clients	57,760,803	1,186,210	58,947,013
Bank balances	24,244,112	3,956,289	28,200,401
Total maximum credit risk exposure	280,184,814	13,499,962	293,684,776

61 Financial instruments and risk management (continued)

(a) Credit risk (continued)

(ii) Risk concentrations (continued)

	By geographical area		
	Mainland China	*Outside Mainland China*	*Total*
31 December 2017			
Held-to-maturity investments	-	-	-
Refundable deposits	7,282,060	20,225	7,302,285
Accounts receivable	1,310,968	669,369	1,980,337
Other receivables and prepayments	5,639,939	234,726	5,874,665
Margin accounts receivable	59,446,149	545,305	59,991,454
Available-for-sale financial assets	14,588,030	523,907	15,111,937
Financial assets held under resale agreements	61,701,827	103,488	61,805,315
Financial assets at fair value through profit or loss	52,649,484	3,562,556	56,212,040
Derivative financial assets	362,787	28,927	391,714
Clearing settlement funds	1,144,099	3,349	1,147,448
Cash held on behalf of brokerage clients	64,580,719	722,829	65,303,548
Bank balances	26,033,443	992,493	27,025,936
Total maximum credit risk exposure	294,739,505	7,407,174	302,146,679

61 Financial instruments and risk management (continued)

(a) Credit risk (continued)

(iii) Credit rating analysis of financial assets

The Group adopts credit rating method to monitor the credit risk of the debt securities portfolio. Rating of debt securities is referred from major rating institutions in which debt issuers located. The carrying amounts of debt securities at the end of the reporting period are categorised by rating distribution as follows:

	As at 31 December	
	2018	*2017*
Rating		
- AAA	39,834,929	22,224,921
- From A to AA+	16,303,374	16,930,027
- A-1	4,198,680	1,839,755
- C	110,195	3,822
Sub-total	60,447,178	40,998,525
Non-rated (1)	37,322,568	29,153,471
Total	97,769,746	70,151,996

(1) Non-rated financial assets mainly represent debts instruments issued by the Ministry of Finance of the People's Republic of China, the PBOC, and policy banks, which are creditworthy issuers in the market, private bonds and trading securities, which are not rated by independent rating agencies.

(b) Liquidity risk

Liquidity risk arises in the investment activities, financing activities and capital management of the Group. Liquidity risk includes: (1) market liquidity risk of being unable to make a large size transaction at a reasonable price while trading volume in market is comparatively small; (2) funding liquidity of being unable to meet financial obligations when they come due.

61 Financial instruments and risk management (continued)

(b) Liquidity risk (continued)

The following tables show the details of the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivate financial liabilities. Analysis of non-derivative financial liabilities are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	As at 31 December 2018								
Financial Liabilities	*Carrying amount*	*Overdue/ repayable on demand*	*Less than 1 month*	*More than 1 month but less than 3 months*	*More than 3 months but less than 1 year*	*More than 1 year but less than 5 years*	*More than 5 years*	*Undated*	*Total*
Short-term bank loans	3,015,791	-	165,261	2,867,724	-	-	-	-	3,032,985
Short-term debt instruments issued	21,124,000	-	6,515,309	3,482,311	11,303,298	-	-	-	21,300,918
Placements from other financial institutions	5,813,487	-	2,253,743	1,538,145	2,092,280	-	-	-	5,884,168
Accounts payable to brokerage clients	59,492,176	59,492,176	-	-	-	-	-	-	59,492,176
Other payables and accruals	53,230,787	50,987,984	1,119,981	172,822	950,000	-	-	-	53,230,787
Financial assets sold under repurchase agreements	40,095,054	-	33,068,056	1,230,345	6,120,944	-	-	-	40,419,345
Derivative financial liabilities	776,102	-	50,956	56,894	619,985	48,267	-	-	776,102
Financial liabilities at fair value through profit or loss	5,199,989	1,438,580	1,436,991	-	-	888,070	1,437,335	-	5,200,976
Long-term bonds	62,890,730	-	-	3,154,579	23,754,207	40,974,348	-	-	67,883,134
Long-term bank loans	1,698,769	-	-	31,974	94,539	482,426	1,450,108	-	2,059,047
Total	253,336,885	111,918,740	44,610,297	12,534,794	44,935,253	42,393,111	2,887,443	-	259,279,638

61 Financial instruments and risk management (continued)

(b) Liquidity risk (continued)

	As at 31 December 2017								
Financial Liabilities	*Carrying amount*	*Overdue/ repayable on demand*	*Less than 1 month*	*More than 1 month but less than 3 months*	*More than 3 months but less than 1 year*	*More than 1 year but less than 5 years*	*More than 5 years*	*Undated*	*Total*
Short-term bank loans	-	-	-	-	-	-	-	-	-
Short-term debt instruments issued	26,656,010	-	1,695,614	7,068,370	18,910,148	-	-	-	27,674,132
Placements from other financial institutions	7,029,998	-	500,632	3,589,005	3,107,414	-	-	-	7,197,051
Accounts payable to brokerage clients	67,335,545	67,335,545	-	-	-	-	-	-	67,335,545
Other payables and accruals	59,662,972	57,996,544	1,002,745	663,683	-	-	-	-	59,662,972
Financial assets sold under repurchase agreements	24,921,537	-	22,441,170	-	1,545,305	1,001,959	-	-	24,988,434
Derivative financial liabilities	1,642,283	-	7,962	64,231	730,844	839,246	-	-	1,642,283
Financial liabilities at fair value through profit or loss	14,381,328	239,836	99,139	80,682	11,744,914	955,794	1,389,875	-	14,510,240
Long-term bonds	77,198,276	-	-	228,000	24,688,107	54,364,350	6,306,000	-	85,586,457
Total	278,827,949	125,571,925	25,747,262	11,693,971	60,726,732	57,161,349	7,695,875	-	288,597,114

61 Financial instruments and risk management (continued)

(c) Market risk

Market risk is the risk of loss, in respect of the Group's income and value of financial instruments held, arising from the adverse market movements such as changes in interest rates, stock prices, foreign exchange rates and so on. The objective of market risk management is to monitor and control the market risk within the acceptable range and to maximise the risk adjusted return.

(i) Interest rate risk

Interest rate risk refers to the likelihood of loss that may arise from adverse movements in the market interest rate. The Group's interest rate risk mainly arises from interest rate policy changes and the mismatch of interest-sensitive assets and liabilities.

The Group mainly manages interest rate risk through structuring and adjusting its asset portfolio. The Group's asset portfolio management aims at mitigating risks and improving profitability by diversification of assets.

The following tables indicate the assets and liabilities as at the end of the reporting period by the expected next repricing dates or by maturity dates, depending on which is earlier:

61 Financial instruments and risk management (continued)

(c) Market risk (continued)

(i) Interest rate risk (continued)

	As at 31 December 2018						
Financial assets	*Less than 1 month*	*More than 1 month but less than 3 months*	*More than 3 months but less than 1 year*	*More than 1 year but less than 5 years*	*More than 5 years*	*Non-interest bearing*	*Total*
Debt investment at amortised cost	299,288	159,205	1,777,739	13,530,981	199,210	307,741	16,274,164
Financial assets at fair value through other comprehensive income	-	-	358,361	248,449	-	9,849,933	10,456,743
Financial assets held under resale agreements	19,984,424	3,594,991	16,410,689	2,764,113	-	802,348	43,556,565
Refundable deposits	3,168,917	-	-	-	-	4,667,589	7,836,506
Accounts receivable	-	-	-	-	-	3,090,165	3,090,165
Other receivables and prepayments	-	-	-	-	-	572,509	572,509
Margin accounts receivable	3,360,103	8,505,794	31,384,584	-	-	2,938,404	46,188,885
Financial assets at fair value through profit or loss	3,629,269	7,412,947	29,766,437	37,086,608	3,692,291	40,656,780	122,244,332
Derivative financial assets	1,739	-	-	-	-	1,932,219	1,933,958
Clearing settlement funds	3,023,296	-	-	-	-	74	3,023,370
Cash held on behalf of brokerage clients	58,836,552	-	-	-	-	110,461	58,947,013
Cash and bank balances	22,387,334	4,021,331	1,586,441	-	-	205,519	28,200,625
Total	114,690,922	23,694,268	81,284,251	53,630,151	3,891,501	65,133,742	342,324,835

61 Financial instruments and risk management (continued)

(c) Market risk (continued)

(i) Interest rate risk (continued)

	As at 31 December 2018						
Financial liabilities	*Less than 1 month*	*More than 1 month but less than 3 months*	*More than 3 months but less than 1 year*	*More than 1 year but less than 5 years*	*More than 5 years*	*Non-interest bearing*	*Total*
Short-term bank loans	(163,877)	(2,836,073)	-	-	-	(15,841)	(3,015,791)
Short-term debt instruments issued	(6,494,544)	(3,431,230)	(11,022,776)	-	-	(175,450)	(21,124,000)
Placements from other financial institutions	(2,250,000)	(1,500,000)	(1,968,407)	-	-	(95,080)	(5,813,487)
Accounts payable to brokerage clients	(59,492,176)	-	-	-	-	-	(59,492,176)
Other payables and accruals	-	-	-	-	-	(53,230,787)	(53,230,787)
Financial assets sold under repurchase agreements	(32,878,970)	(1,161,319)	(5,990,074)	-	-	(64,691)	(40,095,054)
Derivative financial liabilities	(1,129)	-	-	-	-	(774,973)	(776,102)
Financial liabilities at fair value through profit or loss	(1,423,000)	-	-	-	-	(3,776,989)	(5,199,989)
Long-term bonds	-	(3,000,000)	(21,418,737)	(37,285,873)	-	(1,186,120)	(62,890,730)
Long-term bank loans	-	(15,820)	-	-	(1,682,949)	-	(1,698,769)
Total	(102,703,696)	(11,944,442)	(40,399,994)	(37,285,873)	(1,682,949)	(59,319,931)	(253,336,885)
Net interest rate risk exposure	11,987,226	11,749,826	40,884,257	16,344,278	2,208,552	5,813,811	88,987,950

61 Financial instruments and risk management (continued)

(c) Market risk (continued)

(i) Interest rate risk (continued)

	As at 31 December 2017						
Financial assets	*Less than 1 month*	*More than 1 month but less than 3 months*	*More than 3 months but less than 1 year*	*More than 1 year but less than 5 years*	*More than 5 years*	*Non-interest bearing*	*Total*
Held-to-maturity investments	-	-	-	-	-	-	-
Available-for-sale financial assets	402,803	1,157,260	2,291,058	10,990,383	264,841	29,476,823	44,583,168
Financial assets held under resale agreements	13,483,775	6,410,616	33,486,620	8,424,304	-	-	61,805,315
Refundable deposits	7,302,285	-	-	-	-	-	7,302,285
Accounts receivable	-	-	-	-	-	1,980,337	1,980,337
Other receivables and prepayments	-	-	-	-	-	243,684	243,684
Margin accounts receivable	2,840,227	11,280,123	45,871,104	-	-	-	59,991,454
Financial assets at fair value through profit or loss	4,529,394	3,530,753	15,076,705	28,753,635	4,321,554	28,338,381	84,550,422
Derivative financial assets	2,691	-	-	-	-	389,023	391,714
Clearing settlement funds	1,147,448	-	-	-	-	-	1,147,448
Cash held on behalf of brokerage clients	65,303,548	-	-	-	-	-	65,303,548
Cash and bank balances	9,792,912	7,150,000	10,083,024	-	-	194	27,026,130
Total	104,805,083	29,528,752	106,808,511	48,168,322	4,586,395	60,428,442	354,325,505

61 Financial instruments and risk management (continued)

(c) Market risk (continued)

(i) Interest rate risk (continued)

	As at 31 December 2017						
Financial liabilities	*Less than 1 month*	*More than 1 month but less than 3 months*	*More than 3 months but less than 1 year*	*More than 1 year but less than 5 years*	*More than 5 years*	*Non- interest bearing*	*Total*
Short-term bank loans	-	-	-	-	-	-	-
Short-term debt instruments issued	(1,684,690)	(6,983,030)	(17,988,290)	-	-	-	(26,656,010)
Placements from other financial institutions	(500,000)	(3,500,000)	(3,029,998)	-	-	-	(7,029,998)
Accounts payable to brokerage clients	(67,335,545)	-	-	-	-	-	(67,335,545)
Other payables and accruals	-	-	-	-	-	(59,662,972)	(59,662,972)
Financial assets sold under repurchase agreements	(22,421,537)	-	(1,500,000)	(1,000,000)	-	-	(24,921,537)
Derivative financial liabilities	(6,372)	-	-	-	-	(1,635,911)	(1,642,283)
Financial liabilities at fair value through profit or loss	(99,139)	(80,535)	(11,616,150)	-	-	(2,585,504)	(14,381,328)
Long-term bonds	-	-	(21,597,480)	(49,608,478)	(5,992,318)	-	(77,198,276)
Total	(92,047,283)	(10,563,565)	(55,731,918)	(50,608,478)	(5,992,318)	(63,884,387)	(278,827,949)
Net interest rate risk exposure	12,757,800	18,965,187	51,076,593	(2,440,156)	(1,405,923)	(3,455,945)	75,497,556

61 Financial instruments and risk management (continued)

(c) Market risk (continued)

(i) Interest rate risk (continued)

Sensitivity analysis

For those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period, the Group adopts sensitivity analysis to measure the potential effect of changes in interest rates on the Group's net profit and equity. Assuming all other variables remain constant, interest rate sensitivity analysis is as follows:

	Sensitivity of net profit	
	As at 31 December	
	2018	*2017*
Move in yield curve		
Up 100 basis points	(704,860)	(601,891)
Down 100 basis points	726,215	625,927

	Sensitivity of equity	
	As at 31 December	
	2018	*2017*
Move in yield curve		
Up 100 basis points	(704,860)	(822,556)
Down 100 basis points	726,215	856,034

The sensitivity analysis above indicates the instantaneous change in the Group's net profit and equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's net profit and equity is estimated as an annualised impact on interest expense or income of such a change in interest rates.

61 Financial instruments and risk management (continued)

(c) Market risk (continued)

(ii) Currency risk

Currency risk is the risk arising from foreign exchange business of the Group, which is attributable to the fluctuation of foreign exchange rates. The Group adopts sensitivity analysis to measure currency risk.

Assuming all other risk variables remained constant and without consideration of risk management measures undertaken by the Group, a 10% strengthening of the RMB against the US dollar ("USD") and HKD at the reporting date would have increased/(decreased) the Group's equity and net profit by the amount shown below, whose effect is in RMB and translated using the spot rate at the reporting date:

	Sensitivity of net profit	
	As at 31 December	
Currency	*2018*	*2017*
USD	(437,566)	(483,209)
HKD	(214,459)	(218,579)

	Sensitivity of equity	
	As at 31 December	
Currency	*2018*	*2017*
USD	(465,640)	(541,162)
HKD	(237,053)	(219,299)

A 10% weakening of the RMB against the USD and HKD at balance date would have had the equal but opposite effect on them to the amounts shown above, on the basis that all other variables remained constant.

Due to the above assumptions, the result of sensitivity analysis on exchange rate changes may be different, compared with the actual changes in the Group's net profit and equity of may arise with this.

61 Financial instruments and risk management (continued)

(c) Market risk (continued)

(iii) Price risk

The Group is exposed to equity price changes arising from equity investments concluded in financial instruments at fair value through profit or loss and 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.

Sensitivity analysis

The analysis below is performed to show the impact on Group's net profit and equity due to change in the prices of equity securities by 10% with all other variables held constant.

	Sensitivity of net profit	
	As at 31 December	
	2018	*2017*
Increase by 10%	2,347,521	897,230
Decrease by 10%	(2,347,521)	(897,230)

	Sensitivity of equity	
	As at 31 December	
	2018	*2017*
Increase by 10%	3,086,266	3,109,511
Decrease by 10%	(3,086,266)	(3,109,511)

The sensitivity analysis indicates the instantaneous change in the Group's net profit and equity that would arise assuming that the changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that the fair values of the Group's equity investments would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables, and that all other variables remain constant. The analysis is performed on the same basis for 2018 and 2017.

61 Financial instruments and risk management (continued)

(d) Capital management

The Group's objectives of capital management are:

(i) To safeguard the Group's ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders;

(ii) To support the Group's stability and growth;

(iii) To maintain a strong capital base to support the development of their business; and

(iv) To comply with the capital requirements under the PRC, Hong Kong and the United States regulations.

As at 16 June 2016, Administrative Measures for Risk Control Indicators of Securities Companies (Revision 2016) (the "Revised Administrative Measures") and Calculation Standard for Risk Control Indicators of Securities Companies were issued by the CSRC. The Company is required to meet the following standards for risk control indicators on a continual basis from 1 October 2016:

(i) The ratio of net capital divided by the sum of its various risk capital provisions shall be no less than 100% ("Ratio 1");

(ii) The ratio of net capital divided by net assets shall be no less than 20% ("Ratio 2");

(iii) The ratio of net capital divided by liabilities shall be no less than 8% ("Ratio 3");

(iv) The ratio of net assets divided by liabilities shall be no less than 10% ("Ratio 4");

(v) The ratio of the value of equity securities and derivatives held divided by net capital shall not exceed 100% ("Ratio 5");

(vi) The ratio of the value of non-equity securities and derivatives held divided by net capital shall not exceed 500% ("Ratio 6");

(vii) The ratio of core net capital divided by on balance sheet and off balance sheet assets shall be no less than 8% ("Ratio 7");

(viii) The ratio of high quality liquidity assets divided by net cash outflows for the next 30 days shall be no less than 100% ("Ratio 8");

(ix) The ratio of available stable funds divided by required stable funds shall be no less than 100% ("Ratio 9"); and

(x) The ratio of margin financing (including securities lending) divided by net capital shall not exceed 400% ("Ratio 10").

Net capital refers to net assets minus risk adjustments on certain types of assets as defined in the Revised Administrative Measures.

61 Financial instruments and risk management (continued)

(d) Capital management (continued)

As at 31 December 2018 and 31 December 2017, the Company maintained net capital and the above ratios as follows:

	Year ended 31 December	
	2018	*2017*
Net Capital	59,559,868	46,742,933
Ratio 1	281.90%	193.75%
Ratio 2	62.83%	59.41%
Ratio 3	44.32%	29.75%
Ratio 4	70.54%	50.08%
Ratio 5	30.10%	60.50%
Ratio 6	139.03%	108.16%
Ratio 7	24.57%	19.05%
Ratio 8	648.34%	619.25%
Ratio 9	140.95%	130.39%
Ratio 10	123.60%	220.53%

Similar to the Company, certain subsidiaries of the Group are also subject to capital requirements under the Mainland China, Hong Kong and the United States regulatory requirements, respectively. These subsidiaries comply with the capital requirements during the years ended 31 December 2018 and 31 December 2017.

61 Financial instruments and risk management (continued)

(e) Transfer of financial assets

The Group transferred financial assets to certain counterparties through repurchase agreements, securities lending and asset-backed securities scheme. These securities, margin accounts receivable and securities-backed lending are not derecognised from the consolidated statement of financial position because the Group retains substantially all the risks and rewards of these securities, margin loans and securities-backed lending.

The Group entered into repurchase agreements with certain counterparties to sell debt securities classified as financial assets at fair value through profit or loss, debt investment at amortised cost, margin accounts receivable and financial assets held under resale agreements. Sales and repurchase agreements are transactions in which the Group sell a security, rights and interests in a margin accounts receivable or securities-backed lending and agree to repurchase it at the agreed date and price. The repurchase prices are fixed and the Group is still exposed to substantially all the credit risks, market risks and rewards of those securities and rights and interests sold. These securities, margin accounts receivable and financial assets held under resale agreements are not derecognised from the consolidated statement of financial position because the Group retains substantially all the risks and rewards of these financial assets.

The Group entered into securities lending agreements with clients to lend out its equity securities and exchange-traded funds classified as 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 rewards of these securities and therefore has not derecognised these securities in the consolidated statement of financial position.

The Group sells margin accounts receivable to the securitisation vehicle, which in turn issue asset-backed securities to investors with the purchased assets as the underlying assets. Such securitisation vehicle is consolidated by the Group, consequently the underlying assets are transferred from the Group to the investors. The Group has the obligation to pass cash flows from the underlying assets to the investors.

The cash flows that the securitisation vehicle collect from the transferred assets has not been passed through to investors without material delay, and the Group has the obligation to repurchase these margin accounts receivable on specified future dates and at agreed-upon prices. Thus the Group has not derecognised these financial assets in the consolidated statements of financial position. The consideration received from the investors is recognised as a financial liability.

The following tables provide a summary of carrying amounts and fair values of the transferred financial assets that are not derecognised in their entirety and the associated liabilities:

61 Financial instruments and risk management (continued)

(e) Transfer of financial assets (continued)

As at 31 December 2018

	Financial assets at fair value through profit or loss		*Margin accounts receivable*		*Total*
	Sales and repurchase agreements	*Securities lending*	*Margin loans receivable backed repurchase*	*Asset-backed securities*	
Carrying amount of transferred assets	1,864,902	1,168,461	1,650,302	1,077,838	5,761,503
Carrying amount of associated liabilities	(1,714,862)	-	(1,000,000)	(950,000)	(3,664,862)
Net position	150,040	1,168,461	650,302	127,838	2,096,641

As at 31 December 2017

	Financial assets at fair value through profit or loss		*Available-for-sale financial assets*	*Margin accounts receivable*	*Financial assets held under resale agreements*	*Total*
	Sales and repurchase agreements	*Securities lending*	*Securities lending*	*Margin loans receivable backed repurchase*	Securities -backed *lending*	
Carrying amount of transferred assets	-	-	5,592	2,716,389	-	2,721,981
Carrying amount of associated liabilities	-	-	-	(2,500,000)	-	(2,500,000)
Net position	-	-	5,592	216,389	-	221,981

62 Fair value information

(a) Fair value of financial instruments

The Group adopts the following methods and assumptions when evaluating fair values:

(i) Financial assets including cash and bank balances, cash held on behalf of brokerage clients, clearing settlement funds, financial assets held under resale agreements, current debt investment at amortised cost and financial liabilities including placements from other financial institutions, short-term debt instruments issued, short-term bank loans and financial assets sold under repurchase agreements are mainly short-term financing or floating interest rate instruments. Accordingly, the carrying amounts approximate the fair values.

(ii) Financial instruments at fair value through profit or loss, derivatives and financial assets at fair value through other comprehensive income are stated at fair value. For the financial instruments traded in active open markets, the Group uses market prices or market rates as the best estimate for their fair values. For the financial instruments without any market price or market rate, the Group determines the fair values of these financial assets and financial liabilities by discounted cash flow or other valuation methods.

(iii) The fair values of non-current debt investment at amortised cost investments and long-term bonds are determined with reference to the available market prices or quotes from brokers or agents. If there is no quoted market price in an active market, the Group refers to the yield of financial instruments with similar characteristics such as credit risk and maturity, to estimate the fair values using pricing models or discounted cash flow.

(iv) Accounts receivable, margin accounts receivable, and accounts payable to brokerage clients are within one year. Accordingly, the carrying amounts approximate the fair values.

62 Fair value information (continued)

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

The carrying amount and fair value of debt investment at amortised cost, short-term debt instruments issued and long-term bonds which are not presented at fair value are listed as below:

Carrying amount

	As at 31 December	
	2018	*2017*
Financial assets		
– Debt investment at amortised cost	16,274,164	-
Total	16,274,164	-
Financial liabilities		
– Short-term debt instruments issued	(21,124,000)	(26,656,010)
– Long-term bonds	(62,890,730)	(77,198,276)
Total	(84,014,730)	(103,854,286)

Fair value

	2018			
	Level I	*Level II*	*Level III*	*Total*
Financial assets				
– Debt investment at amortised cost	8,838,870	6,814,493	790,388	16,443,751
Total	8,838,870	6,814,493	790,388	16,443,751
Financial liabilities				
– Short-term debt instruments issued	4,726,656	-	16,396,082	21,122,738
– Long-term bonds	58,359,085	-	4,382,589	62,741,674
Total	63,085,741	-	20,778,671	83,864,412

62 Fair value information (continued)

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

	2017			
	Level I	*Level II*	*Level III*	*Total*
Financial assets				
– Held-to-maturity investments	-	-	-	-
Total	-	-	-	-
Financial liabilities				
– Short-term debt instruments issued	-	-	26,656,010	26,656,010
– Long-term bonds	73,824,987	-	3,000,000	76,824,987
Total	73,824,987	-	29,656,010	103,480,997

The fair values of the financial assets and financial liabilities included in the level II and III categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Except for the above, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost less impairment in the Group's consolidated statements of financial position approximate their fair values.

62 Fair value information (continued)

(c) Fair value hierarchy

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	As at 31 December 2018			
	Level I	*Level II*	*Level III*	*Total*
Assets				
Financial assets at fair value through profit or loss				
– Debt securities	49,282,012	32,465,985	537,973	82,285,970
– Equity securities	6,614,477	685,014	3,072,924	10,372,415
– Funds	22,345,570	432,345	-	22,777,915
– Wealth management products	-	5,385,666	1,422,366	6,808,032
Financial assets at fair value through other comprehensive income				
– Equity securities	-	9,767,639	82,294	9,849,933
– Other investments	-	-	606,810	606,810
Derivative financial assets	16,646	338,702	1,578,610	1,933,958
Total	78,258,705	49,075,351	7,300,977	134,635,033
Liabilities				
Financial liabilities at fair value through profit or loss				
– Financial liabilities held for trading	(1,436,332)	(1,376,525)	-	(2,812,857)
– Financial liabilities designated at fair value through profit or loss	-	(61,727)	(2,325,405)	(2,387,132)
Derivative financial liabilities	(13,515)	(441,034)	(321,553)	(776,102)
Total	(1,449,847)	(1,879,286)	(2,646,958)	(5,976,091)

62 Fair value information (continued)

(c) Fair value hierarchy (continued)

	2017			
	Level I	*Level II*	*Level III*	*Total*
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading				
– Debt securities	25,688,578	29,357,072	-	55,045,650
– Equity securities	6,561,929	1,082,457	-	7,644,386
– Funds	17,069,017	391,211	-	17,460,228
– Wealth management products	468,364	1,018,696	1,116,430	2,603,490
Financial assets designated at fair value through profit or loss				
– Equity securities	-	1,796,667	-	1,796,667
Available-for-sale financial assets				
– Debt securities	11,068,223	3,992,891	45,231	15,106,345
– Equity securities	9,312,807	1,140,727	6,548,624	17,002,158
– Funds	124,338	42,142	-	166,480
– Wealth management products	-	12,308,185	-	12,308,185
Derivative financial assets	37,490	99,623	254,601	391,714
Total	70,330,746	51,229,671	7,964,886	129,525,303
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading	(11,818,892)	(88,445)	-	(11,907,337)
Financial liabilities designated at fair value through profit or loss	-	(128,324)	(2,345,668)	(2,473,992)
Derivative financial liabilities	(29,537)	(1,386,261)	(226,485)	(1,642,283)
Total	(11,848,429)	(1,603,030)	(2,572,153)	(16,023,612)

62 Fair value information (continued)

(c) Fair value hierarchy (continued)

For the year ended 31 December 2018, there was a transfer of amount RMB126,000 thousand from Level II to Level I due to its lifting of restricted stocks. There was a transfer of amount RMB106,947 thousand from Level II to Level III due to the delisting of equity securities. There was a transfer of amount RMB529,291 thousand from Level III to Level II due to the listing of equity securities with lock-up period.

For the year ended 31 December 2017, there was a transfer of amount RMB623,245 thousand from Level I to Level II due to its active trading as at 31 December 2016 while suspended from trading as at 31 December 2017. For the year ended, there were no significant transfer between Level II and Level III of the fair value hierarchy.

62 Fair value information (continued)

(c) Fair value hierarchy (continued)

(i) Financial instruments in Level I

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price within bid-ask spread. These instruments are included in Level I. Instruments included in Level I comprise primarily securities traded on the stock exchanges and funds with quoted bid prices in an active market, which classified as financial instruments at fair value through profit or loss.

(ii) Financial instruments in Level II

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

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

(iii) Valuation methods for specific investments

As at 31 December 2018 and 31 December 2017, the Group's valuation methods for specific investments are as follows:

(1) For exchange-listed equity securities, fair value is determined based on the closing price of the equity securities as at the reporting date within bid-ask spread. For those which has no quoted market price or those with lock-up periods as at the reporting date, valuation techniques are used to determine the fair value.

(2) For exchange-listed investment funds, fair value is determined based on the closing price within bid-ask spread as at the reporting date or the most recent trading date. For open-end funds and wealth management products, fair value is determined by trading price which is based on the net asset value as at the reporting date.

(3) For debt securities listed through exchanges, fair values are determined based on the closing price within bid-ask spread of the debt securities at the date of statements of financial position.

(4) For debt securities traded through the inter-bank bond market and OTC market, fair values are determined using valuation techniques.

(5) For unlisted equity securities, wealth management products without quoted bid price in an active market, gold leasing and derivative financial instruments, fair value is determined using valuation techniques.

62 Fair value information (continued)

(c) Fair value hierarchy (continued)

(iv) Financial instruments in Level III

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level III of the fair value hierarchy:

	Financial assets at fair value through profit or loss	*Available-for-sale financial assets*	*Financial assets at fair value through other comprehensive income*	*Derivative financial assets*	*Financial liabilities at fair value through profit or loss*	*Derivative financial liabilities*	*Total*
As at 31 December 2017	1,116,430	6,593,855	-	254,601	(2,345,668)	(226,485)	5,392,733
Impact on initial application of IFRS 9	6,527,861	(6,593,855)	65,994	-	-	-	-
As at 1 January 2018	7,644,291	-	65,994	254,601	(2,345,668)	(226,485)	5,392,733
Gains or losses for the year	993,427	-	(449)	2,647,285	185,887	364,538	4,190,688
Changes in fair value recognised in other comprehensive income	-	-	38,344	-	-	-	38,344
Purchases	2,347,484	-	585,215	176,691	-	(213,465)	2,895,925
Sales and settlements	(5,951,939)	-	-	(1,499,967)	(165,624)	(246,141)	(7,863,671)
As at 31 December 2018	5,033,263	-	689,104	1,578,610	(2,325,405)	(321,553)	4,654,019
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	846,789	-	-	1,264,360	185,887	82,845	2,379,881

62 Fair value information (continued)

(c) Fair value hierarchy (continued)

(iv) Financial instruments in Level III (continued)

	Financial assets at fair value through profit or loss	*Available-for-sale financial assets*	*Derivative financial assets*	*Financial liabilities at fair value through profit or loss*	*Derivative financial liabilities*	*Total*
As at 1 January 2017	731,430	10,654,925	20,242	(11,440,911)	(10,409)	(44,723)
Gains or losses for the year	39,646	2,599	273,157	419,540	(159,084)	575,858
Changes in fair value recognised in other comprehensive income	-	(856,525)	-	-	-	(856,525)
Purchases	385,000	4,400,136	10,238	-	(45,394)	4,749,980
Sales and settlements	(39,646)	(7,607,280)	(49,036)	8,675,703	(11,598)	968,143
As at 31 December 2017	1,116,430	6,593,855	254,601	(2,345,668)	(226,485)	5,392,733
Total gains or losses for the year included in profit or loss for assets held at the end of the reporting period	-	-	239,690	419,540	(176,003)	483,227

62 Fair value information (continued)

(c) Fair value hierarchy (continued)

(iv) Financial instruments in Level III (continued)

For financial instruments in Level III, prices are determined using valuation methodologies such as discounted cash flow models and other similar techniques. Determinations to classify fair value measures within Level III of the valuation hierarchy are generally based on the significance of the unobservable inputs to the overall fair value measurement. The following table presents the related valuation techniques and inputs of the major financial instruments in Level III.

Financial assets and liabilities	*Fair value hierarchy*	*Valuation technique(s) and key input(s)*	*Significant unobservable input(s)*	*Relationship of unobservable input(s) to fair value*
Wealth management products and private placement bonds	Level III	Discounted cash flow model	Risk adjusted discount rate	The higher the risk adjusted discount rate, the lower the fair value
Unlisted equity investment	Level III	Market comparable companies	Discount for lack of marketability	The higher the discount, the lower the fair value
Financial liabilities arising from consolidation of private equity funds	Level III	Market comparable companies of the underlying portfolios	Discount for lack of marketability	The higher the discount, the lower the fair value
Over-the-counter options	Level III	Black-Scholes option pricing model	Price volatility of underlying assets	The higher the price volatility, the greater the impact on the fair value
		Monte-Carlo option pricing model	Price volatility of underlying assets	The higher the price volatility, the greater the impact on the fair value

63 Company-level statement of financial position

	Note	As at 31 December 2018	2017
Non-current assets			
Property and equipment		2,493,036	2,594,595
Investment properties		1,426,028	1,742,738
Other intangible assets		526,963	429,142
Investments in subsidiaries		18,174,962	17,661,632
Interest in associates		8,262,252	7,511,414
Debt investment at amortised cost		12,452,909	-
Financial assets at fair value through other comprehensive income		9,820,333	-
Available-for-sale financial assets		-	23,739,044
Financial assets held under resale agreements		2,452,201	8,059,703
Financial assets at fair value through profit or loss		1,024,322	1,796,667
Refundable deposits		2,669,163	1,435,529
Other non-current assets		233,830	63,118
Total non-current assets		59,535,999	65,033,582
Current assets			
Accounts receivable		1,609,777	678,545
Other receivables and prepayments		970,047	4,612,915
Margin accounts receivable		45,387,683	59,446,149
Debt investment at amortised cost		2,225,043	-
Available-for-sale financial assets		-	12,314,388
Financial assets held under resale agreements		32,276,961	43,660,746
Financial assets at fair value through profit or loss		70,389,642	37,487,496
Derivative financial assets		1,663,164	349,248
Clearing settlement funds		4,220,923	2,343,723
Cash held on behalf of brokerage clients		47,799,466	50,091,944
Cash and bank balances		10,652,460	9,585,562
Total current assets		217,195,166	220,570,716
Total assets		276,731,165	285,604,298

63 Company-level statement of financial position (continued)

	Note	As at 31 December 2018	2017
Current liabilities			
Short-term debt instruments issued		20,927,044	26,656,010
Placements from other financial institutions		5,813,487	7,029,998
Accounts payable to brokerage clients		44,673,270	48,862,822
Employee benefits payable		1,178,952	1,403,619
Other payables and accruals		7,230,663	8,213,316
Financial assets sold under repurchase agreements		34,794,769	20,114,159
Financial liabilities at fair value through profit or loss		1,436,005	11,795,824
Derivative financial liabilities		603,695	1,601,480
Long-term banks loans due within one year		-	-
Long-term bonds due within one year		22,077,210	21,597,480
Total current liabilities		138,735,095	147,274,708
Net current assets		78,460,071	73,296,008
Total assets less current liabilities		137,996,070	138,329,590
Non-current liabilities			
Long-term bonds		38,046,114	52,992,318
Non-current employee benefits payable		4,572,503	5,151,000
Deferred tax liabilities		580,365	503,471
Financial assets sold under repurchase agreements		-	1,000,000
Total non-current liabilities		43,198,982	59,646,789
Net assets		94,797,088	78,682,801

63 Company-level statement of financial position (continued)

	Note	As at 31 December 2018	2017
Equity			
Share capital	55(a)	8,251,500	7,162,769
Reserves		72,065,053	58,568,671
Retained profits		14,480,535	12,951,361
Total equity		94,797,088	78,682,801

Approved and authorised for issue by the board of directors on 29 March 2019.

Zhou Yi	Chen Chuanming
Chairman of the Board, Director and President	Director

64 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2018

Up to the date of issue of the financial statements, the IASB has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2018 and which have not been adopted in the financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
IFRS 16, Leases	1 January 2019
Annual Improvements to IFRS Standards 2015-2017 Cycle	1 January 2019
Amendments to IAS 28, Long-term Interests in Associates and Joint Ventures	1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IAS 19, Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to References to Conceptual Framework in IFRS Standards	1 January 2020
IFRS 17 Insurance Contracts	1 January 2021

Except as described below, the application of the new and revised IFRS will have no material impact on the Group's financial statements.

64 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2018 (continued)

IFRS 16, Leases

IFRS 16 provides comprehensive guidance for the identification of lease arrangements and their treatment by lessees and lessors. In particular, IFRS 16 introduces a single lessee accounting model, whereby assets and liabilities are recognised for all leases, subject to limited exceptions. It replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items.

When IFRS 16 is adopted in the future, it is expected that certain portion of lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

IFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease.

As allowed by IFRS 16, the Group plans to use the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The Group will therefore apply the new definition of a lease in IFRS 16 only to contracts that are entered into on or after the date of initial application. In addition, the Group plans to elect the practical expedient for not applying the new accounting model to short-term leases and leases of low-value assets.

64 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2018 (continued)

IFRS 16, Leases (continued)

The Group plans to elect to use the modified retrospective approach for the adoption of IFRS 16 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019 and will not restate the comparative information. As disclosed in Note 56, at 31 December 2018 the Group's future minimum lease payments under non-cancellable operating leases amount to about RMB832 million for assets, the majority of which is payable either between 1 and 5 years after the reporting date.

Other than the recognition of lease liabilities and right-of-use assets, the Group does not expect the adoption of IFRS 16 would result in a significant impact on the Group's equity.

65 Events after the reporting date

(a) Issuance of long-term bonds

On 19 March 2019, the Company has publicly issued 3-year corporate bond with a nominal amount of RMB7 billion, bearing interest at 3.68% to qualified investors.

(b) Profit distribution plan after accounting periods

On 29 March 2018, based on the total ordinary shares of 8,251,500,000 of the Company, the Board proposed the cash dividends of RMB3.00 (tax inclusive) per 10 ordinary shares distributed to all the shareholders, with total cash dividend amounting to RMB2,475,450 thousand.

The proposal is pending for the approval of the general meeting of the shareholders. The cash dividend are not recognized as a liability as at 31 December 2018.