*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, 2020

The Board hereby announces the audited results of the Company and its subsidiaries for the year ended December 31, 2020. This announcement contains the full text of the annual results announcement of the Company for 2020, 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.

## PUBLISHMENT 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 2020 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, 2021.

## 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
**Zhang Hui**
*Joint Company Secretary*

Jiangsu, the PRC, March 23, 2021

*As at the date of this announcement, the Board comprises Mr. Zhang Wei, Mr. Zhou Yi and Mr. Zhu Xuebo as executive Directors; Mr. Ding Feng, Mr. Chen Yongbing, Mr. Ke Xiang, Ms. Hu Xiao and Mr. Wang Tao as non-executive Directors; and Mr. Chen Chuanming, Mr. Lee Chi Ming, Ms. Liu Yan, Mr. Chen Zhibin and Mr. Wang Jianwen as independent non-executive Directors.*

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Financial Report

## IMPORTANT NOTICE

The Board of Directors, the Supervisory Committee, 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 fourteenth meeting of the fifth session of the Board of the Company.**

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

| Position of absent Director | Name of absent Director | Reasons for absence | Name of proxy |
|---|---|---|---|
| Director | Ke Xiang | Business engagement | Chen Yongbing |
| Director | Wang Tao | Business engagement | Zhang Wei |

**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.**

**Zhang Wei, the person in charge of the Company, Jiao Xiaoning, the person in charge of accounting, and Fei Lei, the officer in charge of the accounting office 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 2020 annual financial statements of the Company, the net profit of the Parent Company for 2020 reached RMB5,923,763,424.27. 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 RMB1,777,129,027.29 in total, after which the profit available for distribution for the year was RMB4,146,634,396.98.

Plus the balance of undistributed profit in previous years, the accumulated profit available for distribution to investors as at the end of 2020 was RMB17,604,448,446.99.

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 2020, the accumulated fair value changes in distributable profit of the Parent Company were RMB2,807,531,731.31, after deduction of which as required, the profit of the Parent Company available for distribution to investors in cash amounted to RMB14,796,916,715.68.

After comprehensive consideration of factors such as the interests of shareholders and the development of the Company, the 2020 profit distribution proposal of the Company is as follows:

1. The Company will distribute cash dividend of RMB4.00 (tax inclusive) per 10 shares based on the Company's existing total share capital of 9,076,650,000 shares after deducting the A Shares deposited in the special account for securities repurchase and temporarily not used in the equity incentive scheme (the number of shares under the equity incentive scheme is calculated at the maximum number of restricted shares under the equity incentive scheme as considered and approved at the 2021 first extraordinary general meeting of the Company), with the total cash dividend of RMB3,612,609,402.00 (tax inclusive). The actual total amount of payment will be calculated based on the total number of shares that will be entitled to the dividend distribution on the record date for the implementation of the distribution plan by the Company. 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 (including the depositary of GDRs) and the investors of Southbound Trading in RMB and to holders of H Shares (excluding the investors of Southbound Trading) 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 2020 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 stipulated decision-making procedures during the Reporting Period.**

**During the Reporting Period, there exits no such circumstance that more than half of the Directors could not guarantee the authenticity, accuracy and integrity of the annual report disclosed by the Company.**

**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 politics, economy and market conditions.

Main risks in business operation faced by the Company include: policy risks from national macro-control measures, changes in laws, regulations, relevant regulatory policies and transaction rules in securities industry, which will adversely influence the business of securities companies; compliance risks from business management or professional activities violating laws, regulations or codes, which cause the Company being punished by laws, being 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 in assets; credit risks from default of products or debt issuers 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, processing capacity, data encryption and so on; operational risks from incomplete or problematic internal procedures, personnel or systems or external incidents, which cause loss; reputation risks from business operation, management and other behaviors or external incidents which lead to negative judgement on the Company from relevant media; money laundering risk from the utilization of the Company's products or services by criminals to engage in money laundering activities which lead to negative effects on the Company's legal, reputation, compliance, operation and other aspects. Besides, with the advancement of the Company's internationalization strategy, the Company's business will enter the United States, the United Kingdom, Hong Kong and other countries and regions, and the Company will face more complex market environment and regulatory requirements.

## DEFINITIONS

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

DEFINITIONS OF CAPITALIZED TERMS AND EXPRESSIONS

| | |
|---|---|
| A Share(s) | domestic share(s) in the share capital of the Company with nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in RMB |
| AoP | Assets on Platform |
| APP | application |
| Articles of Association | the articles of association of the Company, as amended, supplemented or otherwise modified from time to time |
| AssetMark | AssetMark Financial Holdings, Inc. |
| Bank of Jiangsu | Bank of Jiangsu Co., Ltd.(江蘇銀行股份有限公司) |
| Board or Board of Directors | the board of Directors of the Company |
| CAGR | compound annual growth rate |
| CASBE | the China Accounting Standards for Business Enterprises(中國企業會計準則) |
| China or the PRC | the People's Republic of China, excluding, for the purpose of this 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 Co., Ltd.(江蘇交通控股有限公司) |
| Company Law | Company Law of the People's Republic of China (《中華人民共和國公司法》), as amended from time to time |
| CSI 300 Index | an index consisting of 300 index sample stocks which are most representative selected by the Shanghai Stock Exchange and 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 futures companies and provide other related services |
| GDR | global depository receipt |
| Govtor Capital | Govtor Capital Group Co., Ltd.(江蘇高科技投資集團有限公司) |
| Group, Our Group, we or us | the Company and its subsidiaries, and their respective predecessors |
| Guoxin Group | Jiangsu Guoxin Investment Group Limited(江蘇省國信集團有限公司，formerly known as Jiangsu Guoxin Asset Management Group Limited(江蘇省國信資產管理集團有限公司)) |
| H Share(s) | foreign share(s) in the share capital of the Company with nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in HK dollars |
| HKEX | Hong Kong Exchanges and Clearing Limited(香港交易及結算所有限公司) |
| HK$, HKD or HK dollars | the lawful currency of Hong Kong |
| Hong Kong | the Hong Kong Special Administrative Region of the PRC |
| Hong Kong Stock Exchange | The Stock Exchange of Hong Kong Limited(香港聯合交易所有限公司) |
| HTSC, Huatai Securities, our Company, Company or Parent Company | a joint stock company incorporated in the PRC with limited liability under the corporate name 华泰证券股份有限公司 (Huatai Securities Co., Ltd.), converted from our predecessor 华泰证券有限责任公司 (Huatai Securities Limited Liability Company) on December 7, 2007, carrying on business in Hong Kong as "HTSC", and was registered as a registered non-Hong Kong company under Part 16 of the Companies Ordinance under the Chinese approved name of "華泰六八八六股份有限公司" and English name of "Huatai Securities Co., Ltd."; the H Shares of which have been listed on the main board of Hong Kong Stock Exchange since June 1, 2015 (Stock Code: 6886); the A Shares of which have been listed on SSE since February 26, 2010 (Stock Code: 601688); and the global depository receipts of which have been listed on the London Stock Exchange plc since June 2019 (Symbol: HTSC), unless the context otherwise requires, including its predecessor |
| Huatai Asset Management | Huatai Securities (Shanghai) Asset Management Co., Ltd.(華泰證券(上海)資產管理有限公司), a wholly-owned subsidiary of the Company |

| | |
|---|---|
| Huatai Financial Holdings (Hong Kong) | Huatai Financial Holdings (Hong Kong) Limited(華泰金融控股(香港)有限公司), a wholly-owned subsidiary of Huatai International |
| Huatai Futures | Huatai Futures Co., Ltd.(華泰期貨有限公司), a holding subsidiary of the Company |
| Huatai Innovative Investment | Huatai Innovative Investment Co., Ltd.(華泰創新投資有限公司), a wholly-owned subsidiary of the Company |
| Huatai International | Huatai International Financial Holdings Company Limited(華泰國際金融控股有限公司), a wholly-owned subsidiary of the Company |
| Huatai-PineBridge | Huatai-PineBridge Fund Management Co., Ltd.(華泰柏瑞基金管理有限公司) |
| Huatai Purple Gold Investment | Huatai Purple Gold Investment Co., Ltd.(華泰紫金投資有限責任公司), a wholly-owned subsidiary of the Company |
| Huatai Securities (USA) | Huatai Securities (USA), Inc.(華泰證券(美國)有限公司), a wholly-owned subsidiary of Huatai International |
| Huatai United Securities | Huatai United Securities Co., Ltd.(華泰聯合證券有限責任公司), a holding subsidiary of the Company |
| IFRS | the International Financial Reporting Standards |
| IPO | the initial public offering |
| IT | information technology |
| Jiangsu Equity Exchange | Jiangsu Equity Exchange Co., Ltd.(江蘇股權交易中心有限責任公司), a holding subsidiary of the Company |
| Jiangsu SASAC | State-owned Assets Supervision and Administration Commission of Jiangsu Provincial Government(江蘇省政府國有資產監督管理委員會) |
| Jiangsu Securities Regulatory Bureau | Jiangsu Securities Regulatory Bureau of the CSRC(中國證監會江蘇監管局) |

| | |
|---|---|
| Listing Rules or Hong Kong Listing Rules | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time) |
| London Stock Exchange or LSE | the London Stock Exchange plc (倫敦證券交易所) |
| Model Code | the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules |
| MSCI | Morgan Stanley Capital International Index |
| NEEQ | the National Equities Exchange and Quotations for medium and small-sized enterprises |
| NMAU | the number of monthly active users |
| OTC | over-the-counter |
| PBOC | the People's Bank of China |
| QDII | qualified domestic institutional investor |
| QFII | qualified foreign institutional investor |
| Reporting Period | the year ended December 31, 2020 |
| Securities and Futures Ordinance or SFO | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| SFC | the Securities and Futures Commission of Hong Kong (香港證券及期貨事務監察委員會) |
| Shanghai Brilliance | Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. (上海新世紀資信評估投資服務有限公司) |
| Shanghai Clearing House | the Interbank Market Clearing House Co., Ltd. (銀行間市場清算所股份有限公司) |
| Shanghai Stock Exchange or SSE | the Shanghai Stock Exchange (上海證券交易所) |
| Shenzhen Stock Exchange | the Shenzhen Stock Exchange (深圳證券交易所) |

| | |
|---|---|
| SSE 50 Index | an index consisting of 50 index sample stocks with large scale and good liquidity, which are most representative in the securities market of Shanghai selected by the Shanghai Stock Exchange |
| SSF | the National Council for Social Security Fund of the PRC(全國社會保障基金理事會) |
| STAR Market | science and technology innovation board of SSE |
| Supervisor(s) | supervisor(s) of the Company |
| Supervisory Committee | the supervisory committee of the Company |
| TAMP | Turn-key Asset Management Platform, a technological platform providing services such as investment products and strategies, assets portfolio management, customer relationship management and asset custody, as well as corporate operation |
| USD or US dollar | the lawful currency of the United States of America |
| VAR | value at risk |
| % | per cent. |

In the 2020 Annual Report, any discrepancies between the total shown and the sum of the amounts listed are due to rounding; and any discrepancies in the change percentages of an item are due to the difference of currency unit of the item.

## CEO'S LETTER

Dear Shareholders:

The past year was difficult and extraordinary. The COVID-19 epidemic brought far-reaching effects on the economic operation and social communications, but new opportunities were under breeding in the accelerated transformation. In particular, China's economy recovered first and the capital market has become a core hub for smoothing "dual circulation" in its 30th anniversary of establishment, leading a new round of reform and opening-up.

We have been fortunate to grow and develop with China's capital market. This year also marks the 30th anniversary of our establishment. We have been advancing with the trends of times, braving in strategic pilots and reshaping ourselves fundamentally and seized strategic opportunities such as the wave of mobile internet and digitalization and the reform and opening-up of the capital market, achieving the leapfrog development from a local securities firm to an international securities group listed in Shanghai, Hong Kong and London and becoming a leading securities firm with distinctive technological features.

The technology-empowered "two-pronged" development strategy of wealth management and institutional services, which was officially determined two years ago, has become a core driving force for reshaping our business systems and operation models and the business model, innovation led by digital transformation started to release value. As of the end of 2020, total assets of the Group amounted to RMB716,751 million, representing a year-on-year increase of 27.49%, and the net assets reached RMB132,312 million, representing a year-on-year increase of 5.30%; in 2020, the Group recorded revenue and other income of RMB40,534 million, representing a year-on-year increase of 24.96% and a profit for the year attributable to shareholders of the Company of RMB10,822 million, representing a year-on-year increase of 20.22%.

Standing at the new starting point of the 30th anniversary, we are firmly convinced that technology is a key variant in breaking traditions and triggering the reform of business models. We will continue to deepen the technology-empowered "two-pronged" strategy, refine the full-service chain system with the platform-based and ecological development philosophy and build unique brand and competitiveness.

### I. Customers are the origin of all thoughts and acts

Looking back, we have prospectively initiated the internet-based strategy and consistently implemented it in the digital transformation. In essence, we always consider customers as the origin of thoughts and acts.

For retail customers, those born in the 1980s and 1990s and other new generations are growing into core forces in investment and wealth management. They have strong self-awareness and distinctive individualities and are willing to act with "confidants" and pay for what they really love. Accordingly, leveraging on the integration of "ZhangLe Fortune Path" (漲樂財富通), "ZhangLe Global" (漲樂全球通) APPs and the cloud platform for investment advisory services, we linked domestic and overseas businesses. While acquiring customers massively, we paid more attention to customer operation and focused on the provision of personalized services to make customers feel that they are always "understood" to win their loyalty and become their "confidants" on investment and wealth management. We launched the fund investment advisory business to speed up in conversion towards the perspective of buyers and provide personalized asset allocation services for the benefits of customers. We have more than 17 million customers with customer assets of nearly RMB4.8 trillion. We can only continuously advance towards the target of a national wealth management brand through the virtuous cycle of "flows" and "retention".

For institutional customers, as an economy with a super large scale, China provides a broad platform for the rising of new economies. Capitals facilitate outstanding enterprises in in-depth development and breed industrial leaders in the future. With the acceleration in market differentiation, the capability of leading institutes to pool resources will be significantly enhanced, which will place higher expectations on financial services. We deeply feel that only by leveraging on our comprehensive capability in industrial accumulation, plan innovation, integrated services, platform-based supports and global execution can we help customers grasp industrial trends and seize market opportunities with cutting-edge choices in line with their growth cycle. We have taken root in big health, TMT, big consumption and other new economic industries for years and established leading industrial ecosystems through the high-efficient integration of industrial researches, investment banking, equity investment, corporate finance, wealth management and other domestic and overseas resources. Based on our unique advantages in M&As and reorganizations, GDRs and other industries, we have established long-term partnership with various outstanding enterprises. We have developed various benchmark projects in the market and fostered various growth enterprises with high quality.

## II. Platform-based development accelerates innovation in business models

We have been exploring how to establish a brand new business model with digital thoughts and create differentiated value for more customers in perceiving and understanding customers. We gradually have a clear direction through practice: integrating full-business chain resources based on the integration of advanced technology platforms and efficiently empowering customers driven by data; achieving ecological development through open platforms and achieving mutual accomplishment with partners in diversified financial scenarios.

Firstly, the productivity of platforms can only be released through accumulating and sharing digital grassroots capabilities. In recent years, we have continuously achieved breakthroughs in AI empowerment, data middle office, speed trading and the construction of credit research platforms. In particular, we have deeply applied natural language processing, knowledge graph, machine learning and other AI technologies in research, investment banking and investment trading and other business sectors and consistently improved the operation efficiency under core financial scenarios. The data middle office with the integration of data asset management, data development, financial computing and analysis and modeling facilitated the business transformation and innovation driven by data and algorithms. Under the support of the fundamental capabilities of such platforms, the "Xing Zhi" (行知) APP developed with our focus for institutional customer services achieved rapid iteration. Through various online businesses, we accumulated customer data from multi-dimensions and spatially explored customer demands based on the data to promote the transformation of service models.

Secondly, the business logic in the digital times has evolved from competition to co-existence. We believe that only joint building and sharing based on open platforms can break restrictions on the closed-loop business development and only the participation of various parties can maximize the value of platforms and network and improve the efficiency in resources allocation. We officially released the first open-ended securities lending and trading platform in the entire market in the middle of last year, which efficiently links suppliers of securities and demanders, provides all-round and one-stop services for platform participants and established outstanding competitive advantages in the strategic business of securities lending. Meanwhile, the integrated service platform for the PB business and the big trading platform for the FICC business are exploring new business models with all-win results through opening and development.

Certainly, an open platform requires the integration of forces of more outstanding fintech partners to extend the resources and growth boundaries of each other. We are building an technological ecosystem with a new industrial investment pattern of "capital participation + business cooperation + strategic synergy" and carrying out deployments on full categories and scenarios covering from the new-generation IT infrastructure to digital platform instruments and front-end applications with diversified partners. We wish to integrate technical innovation, scenario-based applications and ecological cooperation and build robust digital products and solutions.

**III. Empowerment organizations support the sustainable development**

The final implementation of the reform of business models depends on the support of organizational reform. Based on the standard of whether it is convenient for customers, we are speeding up the transformation from a functional organization to an empowerment organization with linkage and sharing, coordinated and joint creation and prompt and efficient services.

We fully utilize technology to help employees expand career boundaries, release them from low-value and repeated work and focus on high-value and individualized services and links to consistently enhance their professional capabilities. We are also leveraging on platforms to break organizational barriers and continuously stimulate the vitality of market-based organizations through the implementation of the professional manager system and equity incentive plans for core employees. Nowadays, more and more young people with individuality, initiatives and innovation have joined us and more and more employees born in 1980s and 1990s have grown as business cadres. Under the support of platforms and systems, it has become a common sense to keep open, inclusive, respectful and diversified thoughts within the Company. We hope that employees can not only devote to their work but also achieve the sustainable development of themselves under such an organization and atmosphere.

We also encourage employees to contribute to social and community development. We have been consistently supporting the sustainable development of society and nature for years. In particular, we focus on the ecological protection along the Yangtze River, rural education and other public welfare projects and inject responsibility and undertaking in the core spirit of organizations. We have established and improved the ESG (environmental, social and governance) governance structure and the implementation systems at the corporate level and have included the ESG into the scope of due diligence. We actively practice responsible investment, explore ecological and environmental access and other cutting-edge issues in ESG investment to promote financial input in charity with professional capabilities.

Over the past 30 years, the strong sense of mission towards customers, shareholders and the society has been stimulating us to rush out of the comfort zone and explore cutting-edge areas. As China embarks on a new journey in modernization construction and the capital market opens up to reform with more firmly steps, more and more new things and areas are emerging in the unprecedented vast field. The future is still full of unknowns, but on the other side of that unknowns are infinite possibilities. Focusing on serving customers as the origin and continuously releasing the power of technology, we expect to write more inspiring tales in the following decade.

CEO: Zhou Yi

March 23, 2021

## COMPANY PROFILE

## I. COMPANY INFORMATION

| | |
|---|---|
| Chinese name of the Company | 华泰证券股份有限公司 |
| Abbreviation of Chinese name of the Company | 華泰證券 |
| English name of the Company | HUATAI SECURITIES CO., LTD. |
| Abbreviation of English name of the Company | HTSC |
| Legal representative of the Company | Zhang Wei |
| Chief Executive Officer and chairman of the Executive Committee of the Company | Zhou Yi |
| Authorized representatives of the Company | Zhou Yi, Zhang Hui |

**Registered capital and net capital of the Company**

Unit: Yuan Currency: RMB

| | As at the end of the Reporting Period | As at the end of the previous year |
|---|---|---|
| Registered capital | 9,076,650,000.00 | 9,076,650,000.00 |
| Net capital | 67,909,921,047.21 | 64,580,658,850.91 |

*Note:* The net capital as at the end of the previous year has been restated according to the Calculation Standard for Risk Control Indicators of Securities Companies (Announcement [2020] No. 10 of the CSRC) (《證券公司風險控制指標計算標準規定》(證監會公告[2020]10號)).

**Qualifications of each of the business lines of the Company**

According to the business license issued by Jiangsu Provincial Market Regulation Administration, the business scope of the Company includes: securities brokerage, proprietary trading of securities, securities underwriting (limited to underwriting of 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 |
|---|---|
| Name | Zhang Hui |
| Address | 11/F, Building 1, No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province, the PRC |
| Tel. No. | 025-83387793, 83387780, 83389157 |
| Fax | 025-83387784 |
| Email | zhanghui@htsc.com |

During the Reporting Period, Ms. Qiao Fei resigned from the Company's securities affairs representative due to personal reasons. The Board of Directors of the Company will appoint relevant persons who meet the qualifications to serve as the Company's securities affairs representative in accordance with relevant regulations.

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

## III. BASIC INFORMATION

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

## 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 |
| Website designated by the London Stock Exchange for publication of annual report | https://www.londonstockexchange.com |
| Location for inspection of annual report of the Company (A Share) | No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province, the PRC; Shanghai Stock Exchange |
| Location for inspection of annual report of the Company (H Share) | No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province, the PRC; Room 4201, 42/F, The Center, 99 Queen's Road Central, Hong Kong |
| Index of changes during the Reporting Period | No changes during the Reporting Period |

## V. SHARES/DEPOSITORY RECEIPTS OF THE COMPANY

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

* Stock name before change: Nil

## VI. OTHER INFORMATION OF THE COMPANY

### *(I) Historical development of the Company, mainly including the reorganization and capital increases in the previous years*

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 the 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. In June 2019, the GDR issued by the Company was listed and traded on the Main Market of the London Stock Exchange.

Major capital increases 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.

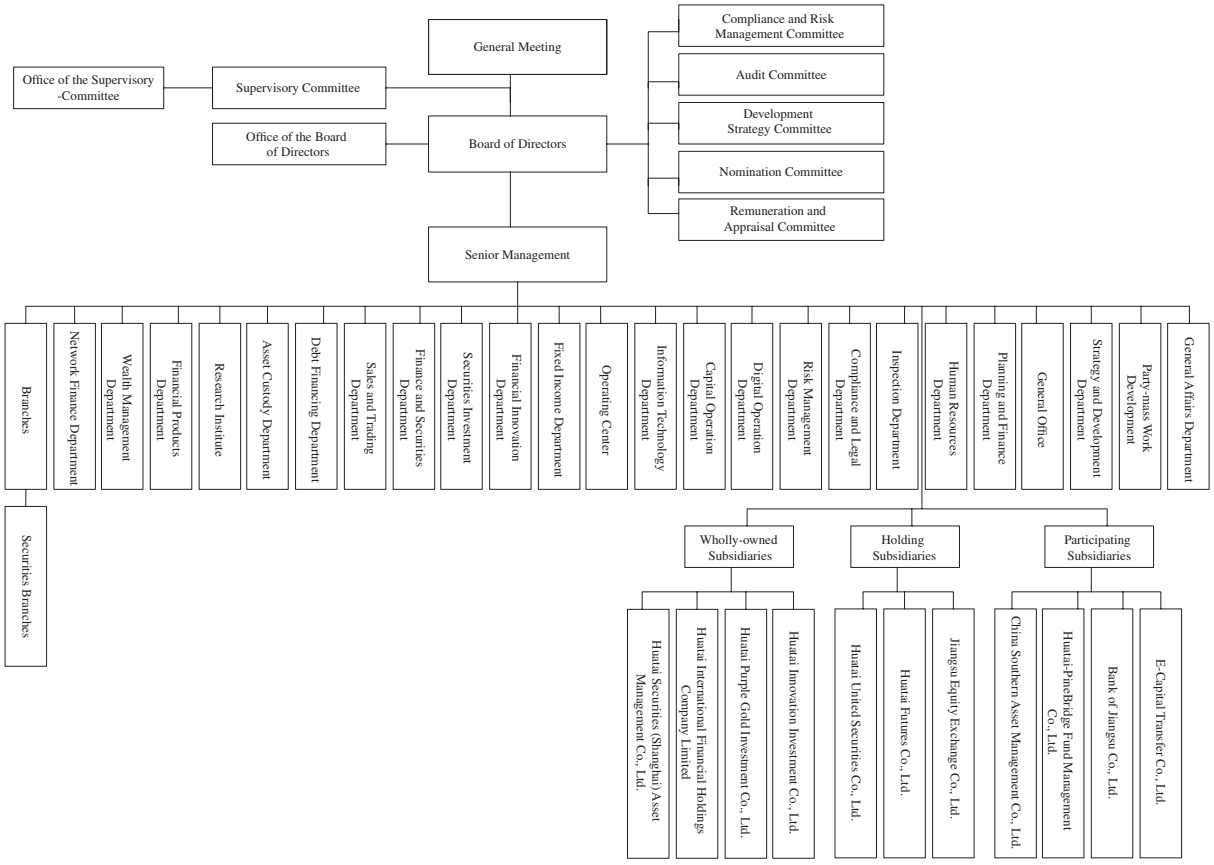
In June 2015, the Company completed its listing on the Main Board of the Hong Kong Stock Exchange and commenced trading. After the exercise of the over-allotment option, the Company issued 1,562,768,800 H Shares in total, and the total share capital of the Company changed to RMB7,162,768,800. Due to 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, on the basis of 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.

In June 2019, the GDR issued by the Company was listed and traded on the Main Market of the London Stock Exchange. After the exercise of the over-allotment option, the Company issued 82,515,000 GDR in total, representing the underlying securities of 825,150,000 A Shares, after which the Company's registered capital was RMB9,076,650,000. The changes in share capital structure of the Company were as follows: 7,357,604,320 A Shares, which accounted for 81% of the total number of shares; and 1,719,045,680 H Shares, which accounted for 19% of the total number of shares.

## *(II) Organization Structure of the Company*

**Organization Structure of HTSC**




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

As of the end of the Reporting Period, the Company has 28 branch offices and 243 securities branches. 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 | Beijing | 6 | Inner Mongolia Autonomous Region | 3 |
| Hebei Province | 1 | Fujian Province | 4 | Guangdong Province | 23 |
| Guangxi Zhuang Autonomous Region | 2 | Hainan Province | 2 | Shanxi Province | 1 |
| Henan Province | 3 | Heilongjiang Province | 5 | Jilin Province | 3 |
| Hubei Province | 29 | Hunan Province | 3 | Jiangxi Province | 2 |

| Provinces, Municipalities and Regions | Number of Securities Branches | Provinces, Municipalities and Regions | Number of Securities Branches | Provinces, Municipalities and Regions | Number of Securities Branches |
|---|---|---|---|---|---|
| Jiangsu Province | 95 | Liaoning Province | 7 | Shandong Province | 7 |
| Shanghai | 15 | Sichuan Province | 7 | Guizhou Province | 1 |
| Chongqing | 1 | Tianjin | 4 | Gansu Province | 1 |
| Shaanxi Province | 2 | Qinghai Province | 1 | Xinjiang Uygur Autonomous Region | 1 |
| Ningxia Hui Autonomous Region | 1 | Zhejiang Province | 8 | | |

## VII. OTHER INFORMATION

### *(I) Accounting Firms*

| | | |
|---|---|---|
| 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, the PRC |
| | Name of the signatory accountant | Cheng Hailiang, Qian Ruwen |
| Accounting firm engaged by the Company (Hong Kong) | Name | KPMG<br>Registered PIE Auditor under the Hong Kong Financial Reporting Council Ordinance |
| | Office address | 8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong |
| | Name of the signatory accountant | Lee Lok Man |
| Accounting firm engaged by the Company (United Kingdom) | Name | KPMG Huazhen LLP |
| | Office address | 8/F, KPMG Tower, Oriental Plaza, 1 East Chang'an Avenue, Dongcheng District, Beijing, the PRC |
| | Name of the signatory accountant | Cheng Hailiang |

## *(II) Legal Advisors*

| | | |
|---|---|---|
| Legal advisor engaged by the Company (domestic) | Name | King & Wood Mallesons |
| | Office address | 18th Floor, East Tower, World Financial Center, No. 1, Middle East 3rd Ring Road, Chaoyang District, Beijing, the PRC |
| Legal advisor engaged by the Company (overseas) | Name | Clifford Chance |
| | Office address | 27/F, Jardine House 1 Connaught Place, Central, Hong Kong |

## *(III) Share registrars*

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

## 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 | 2020 | 2019 | Increase/ decrease (%) | 2018 |
|---|---|---|---|---|
| Total revenue and other gains | 40,534,436 | 32,436,781 | 24.96 | 24,506,734 |
| Profit before income tax | 13,504,376 | 11,585,965 | 16.56 | 6,448,671 |
| Profit of this year-attributable to shareholders of the Company | 10,822,497 | 9,001,644 | 20.23 | 5,032,738 |
| Net cash (used in)/generated from operating activities | (13,868,924) | (3,594,637) | 285.82 | 28,457,782 |
| Total amount of other comprehensive income after tax this year | (539,317) | 634,281 | (185.03) | (549,839) |

Unit: Thousand Yuan Currency: RMB

| Item | At the end of 2020 | At the end of 2019 | Increase/ decrease (%) | At the end of 2018 |
|---|---|---|---|---|
| Total assets | 716,751,235 | 562,180,638 | 27.49 | 368,665,874 |
| Total liabilities | 584,439,200 | 436,525,930 | 33.88 | 263,916,270 |
| Total equity attributable to shareholders of the Company | 129,071,500 | 122,537,479 | 5.33 | 103,393,577 |
| Total equities | 132,312,035 | 125,654,708 | 5.30 | 104,749,604 |
| Total share capital (shares) | 9,076,650,000 | 9,076,650,000 | – | 8,251,500,000 |

*Key financial indicators*

| Key financial indicators | 2020 | 2019 | Increase/ decrease (%) | 2018 |
|---|---|---|---|---|
| Basic earnings per share (RMB/share) | 1.20 | 1.04 | 15.38 | 0.66 |
| Diluted earnings per share (RMB/share) | 1.19 | 1.03 | 15.53 | 0.66 |
| ROE (%) | 8.61 | 7.94 | Increase of 0.67 percentage point | 5.32 |
| Debt-to-assets ratio (%) | 77.20 | 73.40 | Increase of 3.80 percentage points | 66.12 |
| Net assets attributable to the Company's shareholders per share (RMB/share) | 14.22 | 13.50 | 5.33 | 12.53 |

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 | 67,909,921,047.21 | 64,580,658,850.91 |
| Net assets | 111,971,511,426.66 | 110,256,065,952.24 |
| Risk coverage ratio (%) | 236.68 | 350.95 |
| Net capital/net assets (%) | 60.65 | 58.57 |
| Net capital/liabilities (%) | 21.86 | 26.73 |
| Net assets/liabilities (%) | 36.04 | 45.64 |
| Value of proprietary equity securities and derivatives/net capital (%) | 49.91 | 56.82 |
| Value of proprietary non-equity securities and derivatives/net capital (%) | 296.70 | 275.33 |
| Core net capital | 62,909,921,047.21 | 63,180,658,850.91 |
| Supplementary net capital | 5,000,000,000.00 | 1,400,000,000.00 |
| Total risk capital provision | 28,693,100,276.16 | 18,401,667,343.37 |
| Total on-balance and off-balance assets | 333,759,265,959.88 | 269,063,029,278.95 |
| Capital leverage ratio (%) | 21.08 | 26.81 |
| Liquidity coverage ratio (%) | 230.31 | 357.58 |
| Net stable funding ratio (%) | 130.22 | 142.38 |

Note: The net capital and relevant percentage as at the end of the previous year have been restated according to the Calculation Standard for Risk Control Indicators of Securities Companies (Announcement [2020] No. 10 of the CSRC) (《證券公司風險控制指標計算標準規定》(證監會公告[2020]10號)).

## *(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: Thousand Yuan Currency: RMB

| Item | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Total revenue and other gains | 40,534,436 | 32,436,781 | 24,506,734 | 31,323,372 | 24,631,628 |
| Total expenses | 31,233,707 | 23,577,265 | 19,017,372 | 20,278,706 | 16,492,187 |
| Share of profits of associates and joint ventures | 4,203,647 | 2,726,449 | 959,309 | 539,978 | 453,987 |
| Profit before income tax | 13,504,376 | 11,585,965 | 6,448,671 | 11,584,644 | 8,593,428 |
| Profit of this year-attributable to shareholders of the Company | 10,822,497 | 9,001,644 | 5,032,738 | 9,276,520 | 6,270,612 |

## 2. *Assets*

Unit: Thousand Yuan Currency: RMB

| Item | December 31,2020 | December 31,2019 | December 31,2018 | December 31, 2017 | December 31, 2016 |
|---|---|---|---|---|---|
| Total assets | 716,751,235 | 562,180,638 | 368,665,874 | 381,482,540 | 401,450,397 |
| Total liabilities | 584,439,200 | 436,525,930 | 263,916,270 | 292,892,628 | 315,790,200 |
| Accounts payable to brokerage clients | 136,387,634 | 89,817,920 | 59,492,176 | 67,335,545 | 92,728,837 |
| Total equity attributable to shareholders of the Company | 129,071,500 | 122,537,479 | 103,393,577 | 87,335,938 | 84,357,457 |
| Total equity | 132,312,035 | 125,654,708 | 104,749,604 | 88,589,912 | 85,660,197 |
| Total share capital (shares) | 9,076,650,000 | 9,076,650,000 | 8,251,500,000 | 7,162,768,800 | 7,162,768,800 |

## 3. *Key Financial Indicators*

| Item | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Dividend per share (RMB) | 0.40 | 0.30 | 0.60 [note 1] | – | 0.50 |
| Basic earnings per share (RMB/share) | 1.20 | 1.04 | 0.66 | 1.30 | 0.88 |
| Dilutive earnings per share (RMB/share) | 1.19 | 1.03 | 0.66 | 1.30 | 0.88 |
| ROE (%) | 8.61 | 7.94 | 5.32 | 10.56 | 7.73 |
| Debt-to-assets ratio (%) [note 2] | 77.20 | 73.40 | 66.12 | 71.80 | 72.25 |
| Net assets attributable to shareholders of the Company per share (RMB/share) | 14.22 | 13.50 | 12.53 | 12.19 | 11.78 |

Note 1: According to the resolution passed at the 2018 first extraordinary general meeting of the Company, the Company has implemented the 2018 interim profit distribution plan by distributing a cash dividend of RMB3.00 (tax included) 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 resolution passed at the 2018 Annual General Meeting of the Company, the Company has implemented the 2018 annual profit distribution plan by distributing a cash dividend of RMB3.00 (tax included) per 10 shares based on the total share capital of 9,076,650,000 shares, with a total cash dividend of RMB2,722,995,000.00.

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 2020 and 2019 and the net assets as of December 31, 2020 and 2019 set out in the consolidated financial statements prepared in accordance with the CASBE and in the consolidated financial statements prepared in accordance with the IFRSs.

## X. ITEMS MEASURED UNDER FAIR VALUE

Unit: Thousand 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 | 252,795,672 | 291,807,112 | 39,011,440 | 29,410,896 |
| Financial assets at fair value through other comprehensive income | 12,357,975 | 15,946,372 | 3,588,397 | 199,683 |
| Financial liabilities at fair value through profit or loss | 7,380,183 | 15,381,530 | 8,001,347 | (1,377,131) |
| Derivative financial instruments | 579,642 | (6,103,473) | (6,683,115) | (17,868,464) |
| Total | 273,113,472 | 317,031,541 | 43,918,069 | 10,364,984 |

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

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

### 2. Institutional services business

With institutional sales serving as a link, 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, which mainly include investment banking business, prime brokerage business, research and institutional sales business and investment and trading business.

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

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

**3. Investment management business**

We accept 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 through our wholly-owned subsidiary Huatai Asset Management; such business includes collective asset management business, single asset management business, specialized asset management business and public offering fund management, which is operated on a differentiated basis from our public offering fund management business for fund companies under the Group. For private equity fund management business, we operate private equity funds business, which includes investment and management of private equity funds, through our wholly-owned subsidiary Huatai Purple Gold Investment. For asset management business for fund companies, the Group holds non-controlling interests in two public offering fund management companies, namely China Southern Asset Management and Huatai-PineBridge, through which we participate in the operation of asset management business for fund companies. Key performance drivers to asset management business include management fee, performance fee, investment income, etc.

## 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 various countries and regions including Hong Kong and the United States through its wholly-owned subsidiary Huatai International, and the wholly-owned subsidiaries of Huatai International including Huatai Financial Holdings (Hong Kong), AssetMark and Huatai Securities (USA).

The 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 services, FICC, equity derivatives, cross-border and structured financing, research and stock sales and asset management. For investment banking business, we provide both Chinese and international customers with equity and debt underwriting and sponsoring services, as well as financial advisory services. In September 2019, Huatai Financial Holdings (Hong Kong) obtained the membership of the London Stock Exchange, and completed the registration as a UK Cross-border Conversion Agency for Shanghai-London Stock Connect GDRs on the Shanghai Stock Exchange, thus capable of providing clients with the whole-process services of the issuance and trade of GDRs. In December 2020, Huatai Financial Holdings (Hong Kong) has obtained the qualification as market maker of London Stock Exchange. For private wealth management and retail services, we provide clients with brokerage, margin and wealth management services covering different asset classes around the world. For FICC business, we carry out various investments and transactions of FICC and derivatives with our own funds in an appropriate amount, and provide FICC solutions covering sales, trading and market making services for all kinds of institutional clients. For equity derivatives business, we carry out cross-border stock derivatives trading, design and sales business, and provide various equity capital intermediary services for clients. For cross-border and structured financing business, we provide customized solutions to meet clients' needs for leveraged buyout, strategic M&A, pre-listing financing, business expansion and others. 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 asset management business, we provide investment portfolio and fund management services for international investors.

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

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

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

## II. AWARDS AND HONORS

### (I) Key awards and honors of the Group

The election of "2020 Golden Bull Award in Chinese Securities Industry" ("2020中國證券業金牛獎") by China Securities Journal:
The Company was awarded "Golden Bull Award for Top Ten Securities Companies" ("十大金牛證券公司"), "Golden Bull Award for Social Responsibility of Securities Companies" ("證券公司社會責任金牛獎"), "Golden Bull Award for Cultural Construction of Securities Companies" ("證券公司文化建設金牛獎"), "Golden Bull Award for Financial Technology of Securities Companies" ("證券公司金融科技金牛獎") and "Golden Bull Award for Wealth Management Team" ("金牛財富管理團隊")

The selection of "2020 China Golden Tripod Award" ("2020中國金鼎獎") organized by National Business Daily:
The Company was awarded "Prize for Innovation in Financial Technology in 2020" ("2020年度金融科技創新獎") and the "Special Prize for Contribution to Epidemic Prevention in 2020" ("2020年度抗疫貢獻特別獎") and other prizes

The "Forum on Selection of ESG Cases of Chinese Enterprises in 2020" ("2020年度中國企業 ESG 案例評選論壇") organized by Cailian Press (財聯社):
The Company was awarded "Prize for ESG Corporate Governance Case of Chinese Enterprises in 2020" ("2020年中國企業 ESG 公司治理案例獎")

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

| | | |
|---|---|---|
| Wealth management business | Shanghai Stock Exchange:<br><br>The Company was awarded the "2019 Ten Best Options Brokers" ("2019年度十佳期權經紀商")<br><br>The selection of "2020 Junding Award for Investment Banks & Brokerage in China" ("2020中國區投資銀行&經紀業務商君鼎獎") organized by Quanshang China (券商中國) of Securities Times:<br><br>The Company was awarded the "2020 Junding Award for All-round Securities Brokers in China" ("2020中國區全能證券經紀商君鼎獎"), "2020 Junding Award for Retail Securities Brokers in China" ("2020中國區零售證券經紀商君鼎獎"), and "2020 Junding Award for Investor Education Team in China" ("2020中國區投資者教育團隊君鼎獎")<br><br>"Asian Private Banker China Wealth Awards" ("亞洲私人銀行家中國財富獎") organized by Asian Private Banker:<br><br>The Company was awarded "Best Securities Broker in China" ("中國最佳證券經紀商")<br><br>"2020 Chinese Financial Institutions Gold Medal List • the Golden Dragon Prize" ("2020中國金融機構金牌榜•金龍獎") organized by Financial News:<br><br>The Company was awarded the "Best Securities Company in Margin Financing and Securities Lending Innovation of the Year" ("年度最佳融資融券創新證券公司") | The data from Analysys:<br><br>"ZhangLe Fortune Path" ("漲樂財富通") ranked top in the industry in terms of NMAU by the end of 2020<br><br>The selection of the "Fifth Session of Securities Firm APP List for Sina Finance in 2019" ("2019年•第五屆新浪財經券商 APP 風雲榜") hosted by Sina Finance:<br><br>"ZhangLe Fortune Path" ("漲樂財富通") was awarded the "APP Award For Five-year Outstanding Development" ("五年傑出發展 APP"), "Top 10 APP Award of the Year" ("年度十佳 APP") and "Best User Service APP Award" ("最佳用戶服務 APP")<br><br>The selection of "2020 Junding Award for Securities APP in China" ("2020中國證券業 APP 君鼎獎") organized by Quanshang China (券商中國) of Securities Times:<br><br>"ZhangLe Global" ("漲樂全球通") was awarded the "2020 Junding Award for Hong Kong-and U.S.-listed Securities Companies APP in the Chinese Securities Industry" ("2020中國證券業港美股券商 APP 君鼎獎") |

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| Institutional services business | Shanghai Stock Exchange:<br><br>Huatai United Securities was awarded the "2019 Excellent Trust Manager" ("2019年度優秀受託管理人") and "2019 Outstanding Underwriter of Corporate Bonds" ("2019年度公司債券優秀承銷商")<br><br>The selection of "2020 Junding Award for Investment Banks & Brokerage in China" ("2020中國區投資銀行&經紀業務商君鼎獎") organized by Quanshang China (券商中國) of Securities Times:<br><br>Huatai United Securities was awarded the "2020 Junding Award for All-round Investment Bank in China" ("2020中國區全能投行君鼎獎"), "2020 Junding Award for STAR Market Investment Bank in China" ("2020中國區科創板投行君鼎獎"), "2020 Junding Award for SME Board Investment Bank in China" ("2020中國區中小板投行君鼎獎") and "2020 Junding Award for Main Board Investment Bank in China" ("2020中國區主板投行君鼎獎"), etc.<br><br>The selection of "2020 China Golden Tripod Award" ("2020 中國金鼎獎") organized by National Business Daily:<br><br>Huatai United Securities was awarded the "Best Sponsor Serving New Economies in 2020" ("2020年度服務新經濟最佳保薦機構")<br><br>The selection of "Best Corporate Finance and Investment Banking Awards of China in 2020" ("2020 中國最佳公司金融及投資銀行大獎") organized by Asiamoney:<br><br>Huatai United Securities was awarded the "Securities Company with Best Domestic M&A Advisory" ("最佳境內併購顧問券商") | Shenzhen Stock Exchange:<br><br>Huatai United Securities was awarded the "Outstanding Innovative Agency for Fixed-Income Business" ("優秀固定收益業務創新機構")<br><br>The selection of "The 13th New Fortune Best Investment Bank" ("第十三屆新財富最佳投行") held by New Fortune:<br><br>Huatai United Securities was awarded the "Best Domestic Investment Bank" ("本土最佳投行"), "Best Investment Bank in Equity Underwriting" ("最佳股權承銷投行"), "Best Investment Bank in Bond Underwriting" ("最佳債權承銷投行"), "Best Investment Bank in Mergers and Acquisitions" ("最佳併購投行"), "Best Refinancing Investment Bank" ("最佳再融資投行"), "Best IPO Investment Bank" ("最佳 IPO 投行"), "Best Investment Bank in Serving Overseas Markets" ("海外市場能力最佳投行"), "Most Innovative Investment Bank" ("最具創新能力投行"), "Best STAR Market Investment Bank" ("最佳科創板投行"), etc.<br><br>The selection of "Institutional Investor • Caixin All-China Research Team Awards" in 2020:<br><br>The Company won "Best Analyst Team (Mainland) No. 1" ("最佳分析師團隊(大陸)第一名"), "Best Analyst Team (Overseas) No. 7" ("最佳分析師團隊(海外)第七名"), "Best Sales Teams (Mainland) No. 2" ("最佳銷售團隊(大陸)第二名"), "Best Sales Teams (Overseas) No. 7" ("最佳銷售團隊(海外)第七名") and other prizes<br><br>"The China Awards" ("中國大獎") selection organized by Structured Retail Products (《結構化零售產品》):<br><br>The Company was awarded the "Best Product of the Year" ("年度最佳產品") |

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| Investment management business | Securities Times:<br><br>Huatai Asset Management was awarded "2020 Junding Award for Securities Companies on Asset Management in China" ("2020中國資產管理券商君鼎獎"), "2020 Junding Award for Fixed-Income Investment Team in China" ("2020中國固收類投資團隊君鼎獎") and "2020 Junding Award for Top 10 Innovative Asset Management/Fund/OTC Products" ("2020十大創新資管／基金／OTC產品君鼎獎")<br><br>The selection of "2020 China Golden Tripod Award" ("2020 中國金鼎獎") organized by National Business Daily:<br><br>Huatai Asset Management was awarded "2020 Most Trustworthy Securities Companies on Asset Management by Investors" ("2020年度最受投資者信賴券商資管") and "Best Fixed-Income Asset Management Team in 2020" ("2020年度最佳固收資管團隊")<br><br>The selection of "2020 Yinghua Prize for Securities Companies on Asset Management" ("2020中國券商資管英華獎") organized by China Fund News:<br><br>Huatai Asset Management was awarded the "Prize for Best ABS Securities Companies on Asset Management" ("最佳 ABS 類券商資管獎"), the "Prize for Best Innovative Product of Securities Companies on Asset Management" ("最佳券商資管創新產品獎") and the "Prize for Best Fixed-Income Securities Companies on Asset Management" ("最佳固收類券商資管獎") | China Securities Journal:<br><br>China Southern Asset Management was awarded "Golden Bull Fund Company for Passive Investment of 2019" ("2019年被動投資金牛基金公司")<br><br>Huatai-PineBridge Fund Management was awarded "Golden Bull Fund Company for Passive Investment" ("被動投資金牛基金公司") and "Golden Bull Fund Company for Quantitative Investment" ("量化投資金牛基金公司")<br><br>Shanghai Securities News:<br><br>China Southern Asset Management was awarded "2019 Golden Fund • Fund Management Company for Passive Investment Award" ("2019年度金基金 • 被動投資基金管理公司獎")<br><br>Huatai-PineBridge Fund Management was awarded "Golden Fund • Fund Management Company for Passive Investment" ("金基金•被動投資基金管理公司")<br><br>China Fund News:<br><br>Huatai-PineBridge Fund Management was awarded "Yinghua Prize for Best Active Quantitative Fund Company in 2019" ("英華獎之2019年度最佳主動量化基金公司")<br><br>Asia Asset Management:<br><br>China Southern Asset Management was awarded "China Asset Management Financial Technology Innovation Award" ("中國資產管理金融科技創新獎") and "Prize for Domestic RMB Bonds in China (3-Year)" ("中國境內人民幣債券獎(3 年期)") |

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| | The selection of "ChinaVenture Awards for 2019" ("投中2019年度榜") held by ChinaVenture Investment:<br><br>Huatai Purple Gold Investment was awarded "The Best Chinese Private Equity Investment Institutions Top 10" ("中國最佳中資私募股權投資機構 TOP10"), "The Best Chinese Subsidiaries of Brokers for Private Funds TOP 10" ("中國最佳券商私募基金子公司 TOP10"), "The Best Institutions for Investment in Medical Services TOP 10" ("最佳醫療服務領域投資機構TOP10") and "The Best Institutions for Investment in Medical Devices TOP 10" ("最佳醫療器械領域投資機構 TOP10"), etc. | www. simuwang.com:<br><br>Huatai Futures was awarded the "2019 Most Trustworthy Financial Institution Asset Management Award" ("2019年度最值得信賴金融機構資管獎") |
| International business | The selection of "Annual Awards" ("年度獎項") organized by PDI (Private Debt Investor), an internationally renowned private debt industry magazine:<br><br>Huatai International was awarded "The Best Private Debt Institutional Investor in Asia-Pacific Region of 2019" ("2019年度亞太地區最佳私募債投資機構")<br><br>The selection of "AAA National Award" organized by The Asset:<br><br>Huatai International was awarded the "Best Corporate and Institutional Advisor (securities firm) in Hong Kong" ("香港地區最佳企業及機構顧問(券商類)") and "Best Private Debt Adviser in Hong Kong" ("香港地區最佳私募債顧問"), etc.<br><br>The Selection of "2020 Financial Institution Awards" ("2020金融機構大獎") organized by Bloomberg Businessweek/Chinese Edition:<br><br>Huatai International was awarded the "Corporate Financing Excellence Award" ("企業融資卓越大獎") and "Risk Management Excellence Award" ("風險管理傑出大獎") | The paid-in capital of Huatai Financial Holdings (Hong Kong) amounted to HK$8.8 billion, and its capital scale ranked among the top in Hong Kong<br><br>"The Selection of Third Session of FinTech Awards" held by ETnet, the professional financial information platform:<br><br>Huatai Financial Holdings (Hong Kong) was awarded the "Outstanding Wealth Management Network Cloud-based Application Solution" ("傑出財富管理網絡雲端應用方案") and "Outstanding Wealth Management Network Security Solution" ("傑出財富管理網絡安全方案")<br><br>Cerulli Associates and other public information:<br><br>As of the end of the third quarter of 2020, AssetMark occupied a market share of 11.0% in the TAMP industry in the United States, ranking the third |

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

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

The Group has been maintaining a high level of resources investment in information technology for many years and is committed to thoroughly transforming its business and management model with digital thinking and platforms. It strove to build a leading self-developed system for information technology research and development, equip the front, middle and back offices with technological devices through all-round technology empowerment, and create business model innovation driven by digitalization and advantages of the whole business chain with platform-based support. Meanwhile, with equity investment serving as a link, the Group focused on outstanding technological innovation companies to accelerate the construction of the fintech ecosystem and actively establish presence in cutting-edge sectors, such as big data, artificial intelligence, blockchain, cloud computing, Robotic Process Automation security and 5G. In the field of wealth management, the Group constantly developed and strengthened the mobile finance strategy, built personalized wealth management platforms with the aim of mobilization, digitalization and intellectualization to meet the wealth management demands of Chinese people all over the world; and built a strong middle platform system to empower first-line employees to effectively increase customer size and activity. In the field of institutional services, research, investment banking and other services on "Xing Zhi"(行知), our self-developed digital platform serving institutional customers, have received awareness and attention from an increasing number of institutional customers, facilitating the efficient interaction between institutional customers and business resources. Securities Lending Path(融券通), credit analysis management system (CAMS system) and INCOS cloud platform combined all links of institutional services, continuously improving service efficiency and extending customer ecology. Meanwhile, leveraging on various advanced trading platforms developed by the Company, it continued to advance the platform-based and integrated operation of the trading business and build core trading capabilities. During the Reporting Period, "ZhangLe Global" (漲樂全球通) platform was upgraded to promote innovation in business models and customer services, providing investors with a better global investment experience; Securities Lending Path(融券通), the first open-ended online securities lending trading platform on the market, was released to create convenient and efficient online securities leading platform for market participants. The technical competency and talent team the Group developed through independent research and development over the years have laid a solid foundation for the building of platform-based and systematic competitive advantages.

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

The Group has built one of the most active wealth management platforms among China's securities industry with more than 17 million customers. Drawing on advanced wealth management service system and experiences at home and abroad, the Group accelerated the development of wealth management business from product, service, procedure, technology platform and other aspects. The Group's wealth management business has formed a platform-based development model driven by its headquarters. The Group launched "ZhangLe Fortune Path"(漲樂財富通), a mobile service platform, for our clients, and "AORTA", a cloud platform, for investment advisor. The two platforms strengthened their functions, deepened their coordination, and efficiently and accurately empowered first-line investment advisors through iterations and upgrades. As of the end of the Reporting Period, the cumulative download volume of "ZhangLe Fortune Path"(漲樂財富通) exceeded 58 million. According to the statistics of Analysys, the NMAU of "ZhangLe Fortune Path"(漲樂財富通) exceeded 9.11 million as at the end of December 2020, ranking the first among all APPs of securities companies. During the Reporting Period, the Group became one of the first batch of securities companies which obtained the pilot qualification for fund investment advisory business and officially introduced "ZhangLe Star Investment"(漲樂星投), the fund investment advisory service based on the "people + platform" investment advisory service system. The Group actively proceeded the development of investment advisor team and capacity for wealth management services. According to statistics from the Securities Association of China, investment advisors of the Parent Company accounted for over 32% of its total staff as of the end of the Reporting Period.

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

Facing new patterns of the economic and social development, the Group fully seized the opportunities in economic transformation and upgrading and the capital market reform led by the registration-based IPO system and continued to speed up in industrial layout and optimize the team structure. It deeply implemented the "customer-oriented" business concept and actively developed the "ecosystem" with investment banking customers as the center. Leveraging on the big platform covering the whole business chain, the Group continuously enhanced the linkage and cooperation between the investment banking business and various business lines of the Group to build an ecosystem for institutional customer services with the integration of "buyers + sellers + research institutes". The Group constantly provided new and old customers with domestic and overseas integrated professional investment banking services and successfully developed and introduced quality customers in key industries while going deep into the industry. For the M&A and restructuring business, the Group focused on advancing benchmark large-scale and innovative

projects and actively explored continuous services for customers, maintaining its leading position in the industry. The Group maintained its leading advantage in the STAR Market. As of the end of the Reporting Period, it has accepted a total of 44 enterprises in the STAR Market, ranking the second in the market. Since 2012, the Group's total number of mergers and acquisitions and reorganization transactions approved by and registered with the CSRC reached 141, ranking the first in the market. During the Reporting Period, the Group's lead-underwriting amount of full variety bonds was RMB566.963 billion, ranking the fifth in the industry and representing an increase of 68.92% compared with that of the previous year. The full implementation of the registration-based IPO system and the increase in the proportion of direct financing will be the theme of the capital market in 2021. The increasingly active mergers and acquisitions and financing activities will bring valuable opportunities to the Group.

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

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

### (V) Acceleration in global layout and cross-border linkage to create new opportunities for development

The Group always adheres to the strategy of constantly expanding its international business layout along with the international development of customers, and offers global resources to its customers through continuous deepening of integrated cross-border linkage, serving the overseas expansion of Chinese customers and the domestic investment of international investors in better ways. During the Reporting Period, the international rating agency Standard & Poor's maintained a positive rating outlook for the Company and its subsidiary Huatai International, and assigned a "BBB" long-term issuer credit rating and an "A-2" short-term issuer credit rating. During the Reporting Period, leveraging on the Group's domestic resources, Huatai International took full advantage of the cross-border business platform established and rapidly expanded its cross-border business through effective domestic and overseas linkage. Meanwhile, it promoted the healthy development of various businesses and established a cross-border service ecosystem held by Chinese securities companies. At the same time, the completed the consolidation of the current Hong Kong business lines and developed a "4+1" business platform system with the equity business platform, the fixed-income business platform, the individual financial business platform, the fund business platform and the flagship investment banking business. As of the end of the Reporting Period, the asset size of Huatai International exceeded HK$100 billion. The comprehensive strength continues being promoted and ranked at the forefront of Chinese securities companies in Hong Kong. The Group relied on the advantages of domestic and overseas linkage of investment banks and its own successful GDR issuance experience, served as a joint global coordinator and joint bookrunner to help CPIC and Yangtze Power successfully implement GDR issuance and successfully listed on the London Stock Exchange, maintaining its absolute advantages in the GDR industry. Meanwhile, Huatai International obtained the qualification as a market maker on GDR during the year, the only financial institute obtained the qualification in Asia, which laid solid foundation for business development in U.K. and further consolidated and enhanced the ability of the Company to conduct international development and participate in mainstream international capital markets. During the Reporting Period, Huatai International participated in and completed 23 IPO projects and ranked the fourth among Chinese securities companies in Hong Kong in terms of the amount sponsored. In addition, AssetMark has always maintained operational independence, kept a steady growth in the size of its managed assets with its leading business model and advanced technology platform, and consolidated industry leadership, constantly increasing the Group's international business revenue.

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

The Group has established a comprehensive risk management system with "high engagement, full coverage and deep penetration" as the core idea, and with "collectivization, specialization and platformization" as the main approach. The Group has a sound risk management culture and clear risk management objectives, and "stability" is always an important part of the core values of the Group. The Group has accumulatively established an effective risk management framework, procedures and measures that adapt to the international development of the Company's businesses, and continued to promote the systematic coverage and penetration as well as specialized, concentrated and unified management of the risks of each subsidiary. The Group focused on developing the abilities of professional forward-looking risk evaluation and dynamic monitoring and early warning, went deep into the business to identify risks in advance, monitored and alerted risks in a timely manner, and responded to and dealt with risks promptly. The Group attached great importance to technology-driven risk management capabilities and efficiency improvements, and adopted digital thinking to create a centralized, time-efficient, quantitative and penetrating risk management technology platform. Through the platform, risk management is empowered to achieve group-wide risk management that is visible, measurable and controllable. During the Reporting Period, the Group became one of the first six securities companies included in the scope of the consolidated supervision pilot.

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

The consistent development of marketized systems and mechanisms is a key driving force for the continuous transformation and transcendence of the Group. The Group's professional manager system has been under implementation for one year, and it has realized the contractualization, marketization and professionalization of the management team. The new operation and management team has broad vision, rich experience and strong business capabilities, and is leading the Company to open up a new development situation. The Group is deeply rooted in the corporate culture gene of "technology empowerment, innovation and initiative", and continuously enriches and deepens the cultural connotation of "openness, inclusiveness, innovation, struggle and responsibility", accumulating lasting power and vitality for the in-depth promotion of the "two-pronged" (雙輪驅動) strategy. The Group has established and improved a mechanism for the selection and appointment of talents based on ability and contribution, established a market-oriented employment mechanism and compensation incentive mechanism and actively advanced the share incentive plan towards core and cadre employees. Focusing on the operation and development needs, the Company introduced outstanding domestic and overseas young talents, fintech talents in particular, through market-based channels to enhance talent reserves and build an international talent team towards the future. High-end talents, innovative talents, cross-boundary talents and international talents successively joined the Group, and a career-long, three-dimensional and practical dynamic training system was applied to keep meeting the demands of employees. Since 2018, the Group has started the reformation of mixed ownership and brought in important strategic investors, established a more diversified shareholding structure. The diversified and balanced structure of shareholders and the Board has effectively enhanced the transparency of the corporate governance and bringing new concepts and new strategic resources for the Group's future 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 | 19,477,433 | (14,213,154) | 5,264,279 | 27.03 | 37.71 | 41.32 | Decrease of 1.86 percentage points |
| Institutional services business | 10,524,711 | (6,426,891) | 4,109,806 | 39.05 | 25.78 | 20.93 | Increase of 2.46 percentage points |
| Investment management business | 4,070,097 | (1,756,231) | 4,989,036 | 122.58 | (6.82) | 22.89 | Increase of 16.70 percentage points |
| International business | 5,550,607 | (5,290,461) | 260,083 | 4.69 | 37.10 | 34.10 | Increase of 2.14 percentage points |
| Others (including offset) | 911,588 | (3,546,970) | (1,118,828) | (122.73) | (39.58) | 25.29 | Decrease of 103.53 percentage points |
| Segment total | 40,534,436 | (31,233,707) | 13,504,376 | 33.32 | 24.96 | 32.47 | Decrease of 2.40 percentage points |

### (I) Wealth management business

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

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

The wealth management industry has ushered in an important period full of opportunities for development, due to the continuous release of the potential of China's real economy, the steady advancement of financial supply-side structural reforms, the continuous accumulation of national wealth, the increasing supply of financial investment products, the demand increase in residents' investment and the continuous optimization of asset allocation structures. According to the statistics of China Merchants Bank's Private Wealth Report, as of the end of 2019, the overall scale of investable assets held by individuals in China may have exceeded RMB200 trillion, an increase of 5.26% from the end of 2018; the number of high-net-worth individuals with personal investable assets of over RMB10 million was approximately 2.2 million, an increase of 11.68% from the end of 2018. The sudden outbreak of COVID-19 pandemic brought many uncertainties to the wealth management industry, and also accelerated the progress of the industry's transformation and upgrading, prompting wealth management institutions to continuously improve their comprehensive financial services and expertise in wealth management. Under the background of market-wide registration reform, capital market expansion, increased industry penetration rate in wealth management and people's optimized financial asset allocation, etc., wealth management institutions that focus on building a sound wealth management business system, adhere to a customer-centric service concept, and pay attention to customer's full life cycle, full category product, services and asset allocation are expected to continue to expand their competitive advantages and serve customers' multiple financial business needs.

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

With the continuous introduction of a series of market-oriented reforms in the capital market, the continuous expansion of the new pattern of two-way opening of the financial market, the accelerated penetration of Fintech into the securities industry, and the increasingly fierce market competition, the traditional profit model and operating mode of securities companies are facing disruptive challenge, which has facilitated them to transform themselves from providing traditional channel services to comprehensive wealth management business and integrated financial services. Building a wealth management service model under the new ecosystem has become an important direction for the strategic transformation of securities companies. During the Reporting Period, the domestic stock market index showed a trend of wide fluctuations. With the gradual weakening of the impact of the epidemic and the recovery of social and economic activities, the Shanghai Composite Index rose by 13.87%, the Shenzhen Component Index rose by 38.73%, and the ChiNext Index rose by 64.96%; in terms of major international indexes, the S&P 500 rose by 16.26%, the Nasdaq rose by 43.64%, while the FTSE 100 fell by 14.34%. In the context of increased external uncertainties faced by the capital market, gradually matured regulatory policies and market mechanisms, enriching variety of investment products, and rising demand for wealth management of high-net-worth individuals, clients have paid more attention to the asset allocation capabilities and the value of professional services of wealth management institutions. The expansion of the pilot fund investment advisory business will also accelerate the transformation of the wealth management industry to investment advisory business model from buyers' perspective. Financial institutions would gain an advantage in future competition by firmly making breakthroughs in the transformation towards wealth management, continuously improving professional capabilities, fully tapping and leveraging its own advantages in asset allocation of main categories in the cross-market, cross-product, and cross-industry, and providing customers with a full range of services.

**(3) The increasingly widespread application of Fintech led the iterative upgrade of the wealth management industry**

In recent years, securities companies have proactively grasped the new trend of technological development, by empowering all links of the wealth management business value chain through Fintech application innovation, building a platform-based and systematic new wealth management service model, so as to realize the synergy, integration and sharing of internal and external resources of the Group. Moreover, securities companies continued to optimize customer experience, reduce operating costs, improve operating efficiency, and effectively enhance the effectiveness of securities companies in providing customers with professional, intelligent, and integrated financial services. With the continuous deepening of the application of Fintech in wealth management business, Fintech has become a basic driving force to evolution of the financial ecosystem and a strategic commanding height for competition in the securities industry. In particular, the epidemic prevention and control since the beginning of 2020 has given rise to the demand for online financial services, providing an opportunity for the digital and intelligent transformation and development of the securities industry. The inevitable choice of a large domestic securities company to achieve digital transformation and build differentiated competitive advantages and a new business model is to continue to increase investment in technological innovation, promote the iterative update of Fintech, promote the in-depth integration of Fintech and business, make full use of Fintech to explore the potential value of data, and provide customers with comprehensive wealth management services. The application of Fintech will help securities companies transform into a diversified wealth management model.

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

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

During the Reporting Period, in adherence to the values centering on customers' demand, following the concept of technology empowerment, the Group continuously improved platform-based service quality, strengthened digital operation and management capabilities, and created functions like multi-dimensional and intelligent potential customer mining, customer acquisition conversion and asset allocation, and developed professional abilities that create value for customers in an all-round way, thus further consolidating and enhancing core competitiveness, and effectively contributing to the systematic development of wealth management business. It also continued to build a professional customer-acquisition investment consultant team, comprehensively enhanced the professional capabilities with asset allocation services as the core, upgraded the iterative one-stop investment consultant work cloud platform, efficiently and accurately empowered first-line investment consultants to improve the efficiency of investment consulting services and work efficiency, so as to promote large-scale and specialized customer development, and achieve steady growth in customer scale and customer assets.

The Group continuously enriched and improved various functions and services of "Zhangle Fortune Path" (漲樂財富通), including technological innovations of the construction of wealth management financial scenes, the development of intelligent tools, and differentiated market transactions. It also established a technology platform around the new trend of customer wealth management to comprehensively improve the quality of customer service. During the Reporting Period, "Zhangle Fortune Path" (漲樂財富通) had a download volume of 7.8559 million, with a cumulative download volume of 58.0625 million since its launch; the number of accounts opened by mobile terminal customers was 3.2290 million, accounting for 99.72% of all accounts; 94.27% of trading customers used "Zhangle Fortune Path" (漲樂財富通) to conduct transactions. According to the statistics of Analysys think tank, during the Reporting Period, the average monthly activity of "Zhangle Fortune Path" (漲樂財富通) was 8,896,600. As of the end of the Reporting Period, the monthly activity was 9,115,300, ranking first among securities company apps, which means "Zhangle Fortune Path" (漲樂財富通) has continued to play its important role as the core platform carrier of the Company's wealth management business. At the same time, the Group officially launched the "Zhangle Global" (漲樂全球通) to explore the innovation of global transaction service models, and be committed to providing customers with one-stop investment management services for global assets. During the Reporting Period, the "Zhangle Global" (漲樂全球通) had a download volume of 520,100. As of the end of the Reporting Period, the monthly activity was 88,700.

The Group further strengthened its advantages in trading services based on advanced platforms. According to the statistics of members of the Shanghai and Shenzhen Stock Exchanges, the Group's equity and fund trading volume totaled RMB34.19 trillion, ranking the first place in the industry. As of the end of the Reporting Period, according to internal statistics, the total assets of client accounts reached RMB4.74 trillion.

**Data of agency sales amount**

Currency: RMB

| 2020 | | 2019 | |
|---|---|---|---|
| **Type of securities** | **Agency sales amount (in RMB100 million)** | **Type of securities** | **Agency sales amount (in RMB100 million)** |
| Stocks | 316,393.11 | Stocks | 194,042.61 |
| Funds | 25,494.38 | Funds | 11,659.88 |
| Debentures | 345,299.16 | Debentures | 311,035.42 |
| Total | 687,186.65 | Total | 516,737.91 |

Note: In view of the fact that Wind Information no longer collects and publishes its member trading volume data, the data of trading volume in 2019 and 2020 are cited from the Shanghai and Shenzhen Stock Exchange members' statistics in which the fund data do not include trading volume of money market funds on the Shanghai Stock Exchange.

During the Reporting Period, the Southbound Trading business went steadily, with the number of clients increasing steadily and the services continuing to be deepened. For the Southbound Trading business under Shanghai-Hong Kong Stock Connect, there were 56,400 authorized users in total. For the Southbound Trading business under Shenzhen-Hong Kong Stock Connect, there were 60,200 authorized users in total. In terms of stock options brokerage business, the Group has continued to improve the hierarchical trading platform system, actively built the core trading system, and focused on improving the ability to serve professional customers, and therefore the business has continued to maintain its market leading edge. According to the statistics of the Shanghai Stock Exchange, the Group's stock option brokerage business at the Shanghai Stock Exchange ranked the first place in the industry in terms of trading volume and market share in 2020.

For the futures brokerage business, Huatai Futures continued to optimize its outlet layout. As of the end of the Reporting Period, there were 9 branches and 41 futures branches in total covering 4 municipalities directly under the Central Government and 16 provinces in China, being the agent of 87 types of futures. During the Reporting Period, Huatai Futures (excluding clearing members) realized an agency trading volume of 659,438,600 lots with a transaction amount of RMB45,662,311 million. The Group's futures IB business increased consistently, with 224 securities branches permitted to be engaged in futures IB business and the total number of futures IB business customers reaching 43,929 as of the end of the Reporting Period.

**(2) Financial product sales business**

During the Reporting Period, the Group comprehensively promoted the business development of financial products centered on customer needs. With the help of enhanced professional capabilities and digital empowerment, it also continuously strengthened its business brand value, enhanced customer profit experience, met customers' multi-level wealth management needs, integrated internal and external product resources, implemented multi-dimensional product introduction management models, created a diversified financial product and strategic product system, and improved the supply of high-quality products and differentiated product service models. In addition, it continuously optimized research services such as research on large-scale assets, asset allocation and portfolio construction, continued to improve the full-process management model for the entire life cycle of financial products, and enhanced the customer service capabilities of investment consultants. According to internal statistics, the number of financial products held (except for the cash management product "Tian Tian Fa" (天天發)) was 6,160, and their sales scale (except for the cash management product "Tian Tian Fa" (天天發)) was RMB705.331 billion, which has increased significantly.

During the Reporting Period, the Group obtained the qualification for pilot fund investment advisory business, and then actively promoted business development by launching the "Zhangle Investment" (漲樂星投) fund investment advisory service brand, to accelerate the transformation of investment advisory services oriented to buyers instead of seller itself, thus effectively improving customer asset allocation service capabilities. The Group has focused on strengthening digital empowerment by building a product business digitised platform based on product integrated management and operation platform, product investment research system and intelligent investment advisory system, etc., with an aim to promote platform-based product evaluation and integrated operation service, and enhance its overall business efficiency and capability. In addition, it also continued to optimize the after-sales service process and content, strengthen the management selection mechanism, and strictly keep an eye on product compliance and risk control management.

**(3) Capital-based intermediary business**

During the Reporting Period, the Group comprehensively deepened cooperation across the entire business chain, continued to tap customer needs, built a matrix customer service system, led digital transformation through platform construction, innovated business operation models, enhanced differentiated and professional service capabilities, to consolidate business competition advantage. To quickly respond to market changes and regulatory requirements, it improved the marketing service system, implemented risk management and control throughout the process, improved risk management efficiency, promoted the high-quality development of capital intermediary business, thereby continuing to expand brand influence. The Group released "Securities Lending Path" (融券通) as the first open-ended online securities lending and trading platform in the entire market, opening up a new mode of digital operation in the securities lending industry, efficiently connecting the supplier and demander of securities, and is committed to providing platform participants with all-dimensional one-stop services. During the Reporting Period, benefiting from the revived enthusiasm for credit transactions in the A-share market, the capital-based intermediary business of the Group showed good development momentum, the scale of margin financing and securities lending business increased greatly. The market share continued to increase, the securities lending business developed rapidly, and the stock pledged repurchase business structure was optimized to make business risks controllable. According to the regulatory statement data, as of the end of the Reporting Period, the balance of margin financing and securities lending business of the Company was RMB124.123 billion, with a year-on-year increase of 84.91% and a market share of 7.67%, and the integral maintenance guarantee ratio was 302.93%. Among them, the balance of

securities lending business was RMB25.410 billion, with a year-on-year increase of 984.97% and a market share of 18.55%. The pending repurchase balance of stock pledged repurchase business was RMB31.456 billion in total, with an average fulfillment guarantee ratio of 287.46%. Among them, the pending repurchase balance of on-balance-sheet business was RMB6.476 billion, with an average fulfillment guarantee ratio of 269.33%; while the pending repurchase balance of off-balance-sheet business was RMB24.980 billion.

### 3. Prospect of wealth management business for 2021

Wealth management business undertakes significant responsibilities in gathering client resources and assets on a large scale, providing a solid base for customer value exploration and creation. In 2021, the Group will strengthen its digital operation and management, further improve the customer-oriented technology platform and the one-stop cloud platform for investment advisors, and optimize the business system integrating online and offline resources. With integrated platform empowerment as the core, with a professional investment advisory team and a competitive financial product system as wings, the Group will acquire new customers and motivate existing customers, and strive to enhance its professional capability to attract customer assets and make value for customers.

For wealth management business, the Group will continue to adapt to market changes, take advantage of its market leading customer size and the sound full-service business chain, adhere to the bottom line of compliance, promote high-quality business development with the intelligent, digital, targeted and professional online and offline synergy. In terms of the fund investment advisory business, the Group will emphasize the strategic positioning of the business, upgrade business processes and investment portfolio strategies starting from customer benefits, strengthen service perception, explore diversified cooperation models to provide customers with professional services; based on the combination of customer needs and asset allocation strategies, create a diversified financial product and strategic product system, improve differentiated service models, and improve product sales capabilities through systematic operation, process management, and high-quality output; create an intelligent and open one-stop investment advisory work cloud platform, improve the integrated operating investment advisory service system, strengthen the technological empowerment of the investment advisory team, continue to optimize outstanding investment advisory service models, so as to comprehensively improve the efficiency of investment advisory services; continue to promote technology empowerment and platform-driven concept, and move forward the construction of the intelligent interactive digital platform system of full-range products, full-cycle processes, oriented to all customers of the Group and focusing on the life cycle of customer asset allocation, by which the Group could concentrate professional resources and digital capabilities on the platform, create differentiated competitive advantages and benchmark service experience, and effectively contribute to the systematic development of wealth management business.

In terms of the financial product sales business, the Group will continue to improve professional capabilities including asset research, portfolio allocation and product evaluation, introduce external high-quality products, explore new product models, build a multi-level product supply matrix system, improve marketing support and continuing service content, and strengthen our response to customer needs and resource integration capabilities, and ultimately continue to expand business scale and customer base. At the same time, the Group will strengthen digital empowerment, build a core financial product platform that integrates asset research, strategic research and development, product evaluation, and combined production to provide effective support for the development of financial product businesses.

In terms of capital-based intermediary business, the Group will continue to be customer-oriented, comprehensively strengthen risk management and control capabilities, enrich customer service from other dimensions, innovate product design and operation models, develop credit business customer groups, and further consolidate industry leading advantages. It will also integrated resources from various parties to promote the construction of the "Securities Lending Path" (融券通) platform system, increase customer strategy research, improve professional investor service capabilities, create an integrated securities pool at home and abroad, on and off the market, continue to expand the brand influence of the Securities Lending Path, and build a new ecology of stock pledge business that meets the needs of customers for comprehensive financing services.

**(II) Institutional services business**

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

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

As China's economy shifts to high-quality development, the supply-side structural reform and the innovation-driven development strategy are further advanced, the capital market has embarked on a new stage of comprehensive deepening reform, in which the market vitality and driving force will be further released, the institutional service business will have an opportunity to achieve leap-forward development, providing institutional clients with a full range of high-quality comprehensive financial services will become an important manifestation of the core competitiveness of securities companies. In recent years, in the context of the officially implementation of the new Securities Law, the steadily promotion of the market-oriented allocation of capital factors, the continuously improvement of the STAR Market, the accelerated adoption of the registration system reform of the ChiNext, the adjustment and optimization of refinancing rules, and the deepening reform of NEEQ Select and the market-wide registration reform about to implement, which presents the investment banking business of securities companies high-level transformation strategic opportunities, securities companies with outstanding business capabilities and rich project reserves will achieve more progresses in business and income. In the future, with the continuous improvement of our country's multi-level capital market system, the ability of the capital market to serve technological innovation and the real economy will be greatly enhanced. The securities industry is expected to expand the financing channels of new economy and technological innovation enterprises, support the integration and upgrading of traditional industrial resources, attract high-quality companies to return to domestic market, and enrich the varieties of capital market products and broaden business boundaries. Securities companies with the ability to better capture macroeconomic trends and create long-term value for their clients will face more business opportunities.

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

Institutional investors are becoming the main force in the market, with the continuous development of domestic and foreign professional institutional investors, the marketization operation of domestic social security funds, insurance funds, and bank wealth management funds, the lowering market entry barriers for foreign capital, the increased participation of individual investors in securities market investment through asset management products, the development and application of new technologies, the accelerated process of institutionalization of the capital market, and continuously increased market value of the stock held by institutional investors and their contribution. In particular, driven by the policy orientation to promote the development of equity funds and benefited from a series of reform, the issuance of equity funds has increased significantly and the allocation of investors' equity assets has increased gradually. All these have shown a general trend for capital markets to usher in an era of institutional investors. In addition, in the context of the accelerated formation of a new pattern of high-level two-way opening of the capital market, the classified supervision of securities companies and the establishment of aircraft carrier-level securities companies, the institutional service business will put forward higher requirements on securities companies' capabilities in comprehensive service, capital strength, pricing, research, and institutional sales. And the trend of leading companies acquiring more business resources will become increasingly prominent. In the future, systematic institutional service advantages and differentiated and international institutional service capabilities will become the key competitiveness for the development of securities companies, and large securities companies with a solid institutional client base will certainly have more development opportunities.

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

In the context of the continuous spread of the global epidemic, the slowdown of macroeconomic growth, the deepening of financial supply-side structural reforms, the continuous advancement of the construction of a multi-level capital market system, the increasing diversification of financial market tools, and the continuous strengthening of domestic and foreign market connection, the manifestations and transmission channels of financial risks are becoming more and more complex. To deal with this, securities companies must improve risk supervision mechanisms, improve risk management systems, standardize risk management procedures, establish risk identification and evaluation systems, etc., to comprehensively improve risk management capabilities, effectively prevent, manage and defuse financial risks and enhance core competitive advantages.

The prevention and management of financial risks requires securities companies to continue to improve the professional and platform-based comprehensive risk management mechanism to achieve centralized monitoring and analysis of risk information and full-process management and control. While defusing financial risks requires securities companies to effectively utilize the financial derivatives market while possessing strong capital strength. With the continuous improvement of the basic system of the capital market and the enrichment of financial products and risk management tools, the risk management function of the capital market has been further brought into play, and the compliance and risk management to the sustainable development of various securities companies' businesses has become increasingly important. Based on the continuous improvement in professional capabilities such as valuation, pricing and trading, securities companies should provide a full range of on-exchange and OTC derivatives trading services and seize new opportunities in the high-end development of institutional services business coupled with their unique risk management service value and differentiated financial product innovation and design capability.

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

### (1) Investment banking business

During the Reporting Period, the Group fully seized the opportunities presented in the capital market reform led by the economic transformation and upgrading and the registration system. By continuing to promote the entire business chain strategy, improving the customer-centric integrated operation system as a large investment bank, accelerating the industry layout, optimizing the team structure, it effectively strengthened cross-market execution and service capabilities, and explored business opportunities based on the actual needs of key customers and capital strategies, and further enhanced the market position and brand advantages of its investment banking business.

**Consolidated data**

Currency: RMB

| Categories of Issuance | Times of lead underwriting (time) | | Lead underwriting amount (in RMB10 thousand) | | Lead underwriting income (in RMB10 thousand) | |
|---|---|---|---|---|---|---|
| | Current Period | Accumulated over the years | Current Period | Accumulated over the years | Current Period | Accumulated over the years |
| Issue of new shares | 21 | 195 | 2,362,713.87 | 14,870,580.20 | 153,933.98 | 691,477.39 |
| Additional issue of shares | 35 | 216 | 5,972,602.47 | 34,850,434.22 | 49,561.01 | 268,878.68 |
| Allotment of shares | 1 | 32 | 518,109.69 | 1,666,857.72 | 1,092.93 | 21,132.88 |
| Issue of bonds | 861 | 1,905 | 42,735,137.69 | 138,127,110.41 | 82,194.38 | 421,865.66 |
| Total | 918 | 2,348 | 51,588,563.72 | 189,514,982.55 | 286,782.30 | 1,403,354.61 |

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

① **Equity underwriting business**

During the Reporting Period, in terms of equity underwriting business, the Group focused on key areas, conducted forward-looking layout of growth industries, and strived to improve domestic and overseas integrated comprehensive service capabilities. At the same time, it actively reserved projects under the STAR market and ChiNext registration system, and therefore achieving comprehensive results in its business layout. According to the statistics from Wind information, the Group's equity lead underwriting amount (including the initial public offering, follow-on offering, allotment of shares, preferred shares, convertible bonds, exchangeable bonds) was RMB147.546 billion, ranking the third in the industry. According to the statistics of the Shanghai Stock Exchange, as of the end of the Reporting Period, the accumulated number of companies in the STAR Market sponsored by the Group was 44, ranking the second in the industry.

② **Bonds underwriting business**

During the Reporting Period, besides strict risk control, the bonds underwriting business gave full play to its all-license edge and all-round business advantages of equity-debt linkage, continuously consolidated business channels, promoted innovation-driven strategy, improved customer hierarchical management, and created a stable customer development system, expanded the quality customer base, and launched high-quality projects, seeking an improvement on top of its solid position in the industry. According to the statistics from Wind information, the Group's lead-underwriting amount of full variety bonds was RMB566.963 billion, ranking the fifth in the industry.

③ **Financial advisory business**

During the Reporting Period, in terms of the M&A and restructuring, the financial advisory business maintained the leading position in the industry by focusing on the promotion of benchmark large-scale projects and innovative projects, continuously improved capabilities on its industry research, the identification of high-value transaction opportunity and deal-making, and developed customer continuous services, thus further consolidating and enhancing business reputation. Among 9 institutions that are registered with and approved by the CSRC to conduct M&A transactions, the Company ranked second in the industry with a transaction amount of RMB50.419 billion, which also ranked the second in the industry.

### ④ OTC business

During the Reporting Period, the NEEQ business actively adapted to market conditions and strategic deployment adjustments, and 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 39 listed companies, 3 targeted placements for 3 listed companies with a total amount raised of RMB769 million, and financial advisory services for 1 listed company. Jiangsu Equity Exchange, a holding subsidiary of the Group, continued to strengthen the construction of compliance and risk control systems, regulated the development of convertible bond business, actively explored new business models, continued to expand financing service methods, adhered to the empowerment of Fintech through strengthening the application of new technologies, so as to provide comprehensive financial services for small, medium and micro enterprises. As of the end of the Reporting Period, the Group has had 8,602 enterprises listed and displayed, 136 enterprises under custody, 246 membership units, and 75,770 investors of all types, and it raised RMB12.404 billion million for enterprises through financing during the Reporting Period.

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

During the Reporting Period, in terms of PB business, the Group moved forward the systematic development, reshaped the customer-oriented full-chain service system centered on the comprehensive financial service needs of the customer's full life cycle, carried out market development and operation guarantee in an orderly manner, expanded basic financial functions, enriched the content of services it provided, optimized the customer structure and business structure, and at the same time continued to promote the construction of an integrated service platform for internal and external customers, continuously improved system functions, and promoted digital transformation and operational efficiency. As of the end of the Reporting Period, the Group had 5,309 fund products in custody and the total size of fund in custody reached RMB245.827 billion. There were 6,481 fund products we provide fund administration services to (including 747 products from our asset management subsidiary), of which the service scale reached RMB906.733 billion (including the business scale of asset management subsidiary of RMB567.483 billion).

### (3) Research and institutional sales business

During the Reporting Period, in terms of research business, the Group continued to improve the professional talent team and personnel training system, promote the transformation of business models, strengthen the refined management of customer services, rationally allocate research business resources, improve the effectiveness of research service docking, and enhance the right to determine the price of business. It also continued to promote the construction of an intelligent research platform supported by RIS and the "Xing Zhi" (行知) platform, to innovate service models, strengthen research quality management, vigorously promote the online operation of research products and services, and effectively improve the participation experience of institutional customers. The Group aimed to build an integrated domestic and overseas business operation structure and product production platform, create a product management system that adapts to international strategies, in order to meet the two-way, multi-level professional research service needs of customers at home and abroad. Relying on the advantages of the full-service chain, in terms of the institutional sales business, the Group has actively integrated business resources, given full play to the synergies, implemented classification and hierarchical management of institutional investors, digged in-depth various business needs, fully promoted the upgrade of business models and capabilities, and continued to optimize the "Xing Zhi" (行知) APP service platform for institutional customers, institutional customer CRM system and other digital platform functions, creating a one-stop integrated financial service model. The Group has actively carried out various forms of research service activities, including releasing 6,572 research reports, organizing 15,019 roadshow services, holding online investment meetings and other service activities, organizing 923 thematic tele-conferences, and holding 4 thematic offline meetings. During the Reporting Period, the volume of sub-position transactions for the public fund was approximately RMB1,125.354 billion.

### (4) Investment and trading business

#### ① Equity trading business

During the Reporting Period, the Group made ongoing efforts to resolutely promote business transformation to a trading business model, stuck to the de-directionalization, actively explored diversified trading strategic means, continuously accelerated the expansion of innovative business models, consistently enriched the business structure and built sustainable equity investment and trading systems with core competitiveness. The Group built a comprehensive market monitoring system, dynamically monitored market characteristics, actively explored the rules of market operation, monitored and followed active market themes, effectively identified market opportunities and risks and supported the development of trading business. The Group attached great importance to the research & application of advanced technologies such as big data and artificial intelligence, actively build integrated business platform and the big data transaction business system with great varieties, multi cycles and strategies, improved the fundamentals quantitative trading model of macro hedging transactions, and promoted the improvement of its transaction scale and profitability.

### ② FICC trading business

During the Reporting Period, the Group constantly built the customer-oriented FICC service system with transaction as the core, set up a cross-variety and cross-market product line, and promoted the upgrade and iteration of the business system through the two-way driver of institutional customer service and financial product supply. In terms of fixed-income proprietary investment business, it comprehensively used a variety of trading strategies such as derivative portfolios, leveraged spreads, and macro hedging of bulk assets, actively seized opportunities in pricing deviations and valuation repair to achieve steady growth in proprietary investment income; continued to promote the construction of the HEADS large trading platform and the development of the CAMS (credit analysis management system), and to enhance the platform-based investment and transaction capabilities and risk management capabilities systematically. As for bulk commodity business and foreign exchange business, the Group actively promoted strategic trading research, accelerated the development of cross-border commodity trading systems and product creation, in order to build core investment trading and pricing capabilities, and improve profitability.

### ③ OTC derivatives trading business

During the Reporting Period, the Group strived to build a customer-centric over-the-counter derivatives business system, comprehensively improved business operation efficiency with a digital transformation strategy, and continued to improve business innovation capabilities, product design and pricing capabilities, deal-making and risk hedging capabilities, deeply connecting institutional service systems and customer needs to create an institutional customer financial ecosystem with the advantages of systematic institutional services and differentiated institutional service capabilities. The new trading volume of OTC derivatives ranked among the top in the industry. As of the end of the Reporting Period, the Group had 2,642 income swap transaction businesses with a notional principal of RMB50.954 billion; the Group had 672 OTC option trading businesses with total notional principal of RMB36.245 billion. During the Reporting Period, the Group issued 3,716 private placement products through the China Securities Internet System and OTC market, with a total amount of RMB87.089 billion.

### 3. Prospect of institutional services business for 2021

The institutional services business is the base for an advanced business area for creating differentiated core strengths and first-class investment banking, as well as a key to consolidating and enhancing the Group's industry leading position. In 2021, the Group will continue to promote the systemic service model, accelerate the construction of digital services platforms for institutions, give full play to the advantages of "investment banking gene + full business chain", strengthen business synergy mechanisms, further enhance pricing capabilities and transaction capabilities, and build a more efficient and competitive institutional services ecosystem.

For investment banking business, we will actively grasp the market and policy opportunities, continue to follow the business philosophy of being "customer-centric", realize diversified and integrated full coverage of top customers, and adhere to the strategy of "platform empowerment + technology empowerment"; with the development direction of industry focus, regional layout and customer demand exploration, the Group will strengthen domestic and overseas, on-exchange and OTC cross-market synergy, enhance the quality control ability of the whole process to comprehensively improve the full-range product service ability and the comprehensive quick response ability, and build a big "ecosystem" with investment banks around top customers in the industry. In terms of equity underwriting business, the Group will continue to grasp the opportunities under registration system, focus on development in key regions and go deep into the industry, increase the number of high-quality customers, and strengthen cross-border linkages to truly empower customers in the introduction of domestic and foreign capital and the allocation of domestic and foreign resources; in terms of bond underwriting business, the Group has continued to achieve the overall coverage of different types of customers and the business improvement through the breakthroughs of some financial institutions, to strengthen professional layout, and exert more efforts in the marketing and development in key regions, key products, and key issuers; in terms of financial advisory business, the Group will continue to explore domestic and foreign M&A opportunities based on industrial logic, and to enhance industry research, high value trading discovery and deal-making capability.

For prime brokerage business, we will constantly optimize the function of an integrated professional institutional service platform, continue to promote the construction of intelligent business operation system, optimize service paths and processes, continuously increase the capacity and efficiency of operational service, effectively improve customer stickiness, while actively exploring new business models to broaden the boundaries of business development, and strengthen business collaboration and professional service capabilities at the same time.

For research and institutional sales business, we will continue to improve the integrated domestic and overseas business system, continuously enhance the pool of professional talents, fully explore and analyze the needs of various institutional clients, implement the customer-driven and product-driven customer service matrix, deeply implement the digital operation strategy of the full business chain, actively promote the two-way empowerment of the systematic work platform and the business, and strive to improve the capability of comprehensive financial services for institutional clients.

For investment trading business, we will continue to build platform-based and systematic investment and trading capabilities, practically upgrade to the goal of mastering asset pricing rights and productization of trading capabilities, actively build future-oriented core competitiveness, and further promote diversification of profit models. For the equity trading business, the Group will further expand and innovate business models, continue to improve the differentiated strategy system, enrich product varieties, optimize the market monitoring system, consolidate core trading capabilities, actively build an integrated platform system, comprehensively promoted the digitalization of business capacities, and improve business scale and profitability; for FICC trading business, the Group will further develop the CAMS credit analysis management system and the FICC large trading platform integrating investment transactions, risk management and performance evaluation, systematically build FICC product lines, enrich and optimize the product varieties and structure, actively guide customer needs, and continuously enhance investment and trading capacities; for OTC derivatives trading business, the Group will continue to optimize product structure, innovate business models, implement digital operation transformation, strengthen the development capacities of intelligent hedging strategy, and focus on improving the comprehensive capacities of providing financial service to institutional customer base.

**(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 continuous improvement of the legal system of the asset management industry, the process of de-channelization of asset management business, the transformation of selling financial products as per their net worth, and the elimination of regulatory arbitrage continues to advance. China's asset management industry has embarked on a new journey of returning to its original intention of founding, standardizing development, and in-depth integration. The reshaping of the industry's competitive landscape is accelerating. Various asset management institutions will actively seek new business development directions and strategic layouts, and continue to build a full-range, rich and complete product system, and investment strategies with a global perspective. In the context of unified supervision of the asset management industry, asset management institutions with a relatively high proportion of channel businesses are facing greater business pressure, and securities companies urgently need to transform to active management and create differentiated core competitiveness. According to the statistics from Asset Management Association of China, as of the end of the fourth quarter of 2020, the total amount of asset management business of fund management companies and their subsidiaries, securities companies, futures companies and private fund management institutions was approximately RMB58.99 trillion, among which, the amount of private asset management business of securities companies and their subsidiaries was RMB8.55 trillion. For the asset management business of large comprehensive securities companies, they will continue to improve investment management, asset allocation and product creation capacities, build a professional asset management platform to integrate high-quality business resources, fully transform to seek active management and other ways of organic growth, and commit to providing customers with multi-level and comprehensive high-quality investment products, asset allocation and overall financial solutions based on the in-depth understanding of client needs and structural changes as well as the collaboration of full business chain and integrated professional advantages.

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

Affected by factors such as the global spread of the COVID-19 pandemic, the decline in macroeconomic growth, the promulgation of new regulations on asset management, and the tightening of supervision over private equity, the private equity market is facing severe challenges, reflected by the trend that market funding difficulties continue to increase, and the number of investment cases continues to decline and the scale of the financing and investment market of private equity remains low. At the same time, competition for high-quality projects was fierce, and there was increasing advantages in top tier institutions. Market funds were gathering to top tier institutions, which have strong professional capabilities and resource integration capabilities, and the industry reshuffle has intensified. According to the statistics from Zero2IPO Research Center private placement department, in 2020, 2,600 new funds were raised in the private equity fundraising market, with a fundraising amount of RMB940.429 billion, representing a decrease of 7.41% over 2019; and there were 3,328 investment cases in the private equity investment market, with an investment amount of RMB679.574 billion, representing an increase of 14.41% over 2019. In the long run, with the comprehensive deepening of the reform of the capital market, the multi-level market system has gradually improved. Especially in the context of implementing the reform of the ChiNext registration-based IPO system, the continuous improvement of the STAR market system and the implementation of the future market-wide registration system, the capital market will play a more important role in promoting innovative capital, in the formation of an innovative economy and other respects. There's much room for the future growth of private equity investment business. But the securities company's private equity investment business will rely on professional investment management capabilities and the advantages of the entire business chain. We will actively create new business features and differentiated competitive advantages, thus effectively improving the efficiency of serving real economy.

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

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

During the Reporting Period, Huatai Asset Management, a wholly-owned subsidiary of the Group, strictly followed the new asset management rules. Capitalizing on the advantage of full-service business chain resources, it focused on building a digital and ecological operation model, comprehensively improved investment and research capability, pricing capabilities and risk control efficiency, actively cultivated sustainable, high-quality, and high-value-added business models, and continuously strengthened active investment management capabilities to provide customers with a full life cycle, comprehensive financial service solutions for the entire business chain. According to the statistics from the Asset Management Association of China as of the end of the fourth quarter of 2020, the private asset management scale of Huatai Asset Management averaged RMB484.858 billion on a monthly basis, ranking the fourth in the industry, while its private active asset management averaged RMB264.728 billion on a monthly basis, ranking the 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 RMB93.172 billion, ranking the fourth in the industry.

During the Reporting Period, for asset management business of securities companies, we focused on asset identification and risk control capabilities. Leveraging on the product design capabilities and the pricing advantages, we strictly controlled the quality of underlying assets, stepped up efforts in business innovation, actively transformed to active management, paid attention to the scale and quality of asset management, and continuously improved the brand effect. The collective asset management business developed steadily, further enriching the net worth product series. A total of 195 collective asset management plans were under management and the total management scale was RMB132.484 billion. In respect of the single asset management business, we continuously promoted business transformation and actively explored net worth entrusted business. Earnings were steady with regard to active investment management accounts. A total of 428 single asset management plans were under management and the total management scale was RMB308.713 billion. In respect of specialized asset management business, we continued to maintain its development advantage, with the issuance number and scale of enterprise asset securitization projects ranking in the forefront of the industry. A total of 127 specialized asset management plans were under management and the total management scale was RMB126.286 billion. In respect of the public fund management business, we actively built and enriched product lines, created net-value wealth management solutions for investors with different liquidity needs, issued and established 8 public funds and managed 17 public fund products in total with aggregated management scale of RMB24.071 billion.

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

Currency: RMB

| | 2020 | | 2019 | |
|---|---|---|---|---|
| **Item** | **Entrusted scale (in RMB100 million)** | **Net income (in RMB10 thousand)** | **Entrusted scale (in RMB100 million)** | **Net income (in RMB10 thousand)** |
| Collective asset management business | 1,324.84 | 153,409.49 | 1,474.18 | 133,529.53 |
| Single asset management business | 3,087.13 | 34,960.34 | 4,438.82 | 33,043.78 |
| Specialized asset management business | 1,262.86 | 9,839.69 | 1,116.24 | 9,516.18 |
| Public fund management business | 240.71 | 13,327.56 | 227.37 | 3,716.09 |

Note: The above data are from the regulatory statements.

### (2) Private equity fund management business

During the Reporting Period, the private equity fund management business actively adapted to regulatory changes. The Group continuously optimized the business structure system, continued to focus on industry positioning, strengthened the in-depth layout of key areas, seized the opportunities arisen in the capital market such as the reform of the STAR Market and the ChiNext registration system, gave full play to the advantages of the Group as a large platform, actively promoted the raising of equity investment funds and fund of funds, so as to strengthen the professional development of business. As of the end of the Reporting Period, Huatai Purple Gold Investment and its secondary subsidiaries as managers have filed a total of 22 private equity investment funds with the Asset Management Association of China (AMAC), with a total subscription amount of RMB47.765 billion and a total paid-up capital of RMB40.373 billion. During the Reporting Period, the above-mentioned private equity investment funds implemented a total of 32 investment projects with a total investment amount of RMB2,817,148,000, all of which were equity investment projects. According to the statistics of the AMAC, as of the fourth quarter of 2020, Huatai Purple Gold Investment ranked the second in the industry in terms of average monthly scale of private equity.

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

During the Reporting Period, with adherence to equal emphasis on compliance management and business development, fund companies under the Group actively adapted to regulatory trends and market changes, continued to consolidate the areas of strength, increased the proportion of equity funds, continued to promote business innovation, expanded business areas and optimized the layout of product lines, focused on improving the construction of intelligent systems, and further improving market competitiveness and reputation. As for asset management business of China Southern Asset Management, as of the end of the Reporting Period, the total assets managed by China Southern Asset Management amounted to RMB1,198.272 billion. Specifically, China Southern Asset Management managed a total of 233 funds in its mutual funds business, the total asset size of which amounted to RMB807.973 billion, and the total asset size of private funds business amounted to RMB390.299 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 RMB185.443 billion. Specifically, Huatai-PineBridge managed a total of 77 funds in its mutual funds business, the total asset size of which amounted to RMB162.289 billion, and the total asset size of private funds business amounted to RMB23.154 billion. (The profit or loss from equity investments of China Southern Asset Management and Huatai-PineBridge were included under other segments in the segment report)

### (4) Asset management business of futures companies

During the Reporting Period, complying with the industry supervision trend, Huatai Futures, a holding subsidiary of the Group, focused on improving compliance and risk control management, actively built a diversified business system, promoted the transformation to active management business, technology empowerment, the digital operation system, so as to continuously improve its professional services and intelligent management and secure rapid growth in business scale. As of the end of the Reporting Period, Huatai Futures managed a total of 26 asset management plans which were in the duration period. The total asset management scale was RMB1,846,227,500, and the futures equity scale was RMB440,313,500.

### (5) Alternative investment business

The Group carried out alternative investment business through its wholly-owned subsidiary Huatai Innovative Investment. During the Reporting Period, Huatai Innovative Investment continued to improve its internal management system and mechanism, focused on fintech equity investment and the co-investment business of the STAR Market, and steadily explored the co-investment business of the ChiNext and the strategic placement business of the NEEQ according to regulatory requirements and business layout. As of the end of the Reporting Period, there were 27 subsisting investment projects with an investment scale of RMB1,209.3546 million. The investment attributes include co-investment on the STAR Market, equity investment and asset management plan investment.

## 3. Prospect of investment management business for 2021

The investment management business provides a professional platform for the Group's financial product innovation and client asset management. It plays the dual strategic roles of asset manager and product supplier, and shoulders the mission of building a competitive financial product line and assisting in the transformation of wealth management. In 2021, the Group will fully rely on the resource advantage 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.

The asset management business of securities companies will comprehensively strengthen the professional capabilities of compliance and risk control, coordinate the resources of the entire business chain, focus on technological empowerment, and allow digital transformation to drive the reshaping of the business system and the management processes, and actively promote the development of business platforms; deeply explore the needs of internal customers, secure more external customers, systematically build and enrich the product system, optimize the business structure, enhance differentiated asset acquisition capabilities and asset pricing capabilities, in order to comprehensively improve active investment management capabilities and investment performance, and to consolidate market positions and brand value.

In respect of private equity fund management business, we will grasp the opportunities of capital market reform, give full play to the business advantages of the whole industry chain of the Group, rely on its good management capability and historical results, combine the resource allocation of various funds such as industrial funds, M&A funds, and parent funds, as well as the investment and research advantages of key industries, continuously increase its investment efforts, and actively create first-class industry influence; we will continue to improve the construction of digital systems, and accelerate the digital transformation of work processes and realize the unified operation and management of funds through systemization, platformization and digitization.

In respect of the asset management business of fund companies, we will continue to enhance risk prevention and control and talent team building, continuously optimize investment decision-making and linkage mechanisms, continue to promote new business exploration and new product development, actively expand market and customer service boundary, increase efforts in the reform of Fintech to lead business development and management, and strive to enhance investment research professional capabilities to effectively enhance our overall asset management scale, and vigorously improve our investment performance.

In respect of the asset management business of futures companies, we will, on the basis of strengthened internal management and compliance risk control, implement the full business chain development strategies, continuously promote all-dimensional collaboration, vigorously promote the construction of a systematic platform, enhance the quality of Fintech services, actively explore diversified active management development models, and continue to build core competitiveness in investment management.

In respect of alternative investment business, we will constantly improve a new investment management and business development model, continuously optimize business operation procedures, actively seize investment opportunities, and prudently promote the development of equity investment, the co-investment of the STAR Market, and other new businesses, 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 accelerated the internationalization of securities industry, and clients' demand for cross-border services promoted the international service capabilities of securities companies

With the removal of restrictions on the proportion of foreign ownership in the securities industry, the optimization of the Shanghai-Shenzhen-Hong Kong Stock Connect mechanism, the expansion of the Shanghai-London Stock Connect business, the improvement of QFII and RQFII system rules, the inclusion of A-shares in important overseas market indexes and its increased weight and the improvement of domestic securities investment management requirements on foreign institutional investors, the interconnection between domestic and foreign markets has been increased, forming a new pattern of high-level two-way opening of the capital market, and in return bringing historic and major opportunities for the development of the securities industry and the internationalization of securities companies will also further advance. Currently, as clients' demands for cross-border integrated financial services are growing, and the global asset allocation continues to increase, international business has become a front field for large securities companies to expand development space, increase new profit growth points and promote business structure upgrading. Securities companies should seize the new opportunities for capital market development brought about by the all-round opening up, give full play to their professional and customer resource advantages, build a platform for synergistic resources at home and abroad, establish long-term cross-border linkage mechanisms and internal collaborative incentive mechanisms, and continuously improve cross-border customer service. While meeting the needs of the real economy with multiple varieties, cross-regional global resource layout and asset allocation, we should enhance international operation and management capabilities.

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

From the perspective of the overall industry development, the current wealth management industry in the US mainly consists of the "independent" channel (registered investment advisors, hybrid and the independent broker-dealers, insurance broker-dealers etc.) and the "traditional" channel (national and regional broker-dealers, bank broker-dealers and wirehouse advisors, etc.). In the wealth management industry, the market share of the "independent" channel grows faster than that of the "traditional" channel and such trend sustains. According to the statistics of PriceMetrix, 69% of the investment advisors' revenue came from management fees in 2019, which was a record level relative to commissions. From the perspective of business development trend, the funds from investors are being transferred to investment products with lower cost and fees. The TAMP industry can keep empowering and fueling the wealth management business through leading Fintech development, which can bring the cost advantage of scale to customers and help them grasp booming development opportunities. According to the statistics of Cerulli Associates, from 2014 to 2019, the CAGR of the TAMP market was 11.4%, which was significantly higher than that of the overall investment advisory market, which was 4.8% for the same period.

## 2. Operational measures and achievements of international business

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

### (1) Business in Hong Kong

Huatai Financial Holdings (Hong Kong) adhered to the original business of the brokerage firm, with cross-border business as the starting point, built a comprehensive sales and transaction business platform to provide systematic financial services for institutions, individuals and corporate customers; and completed the integration of existing business lines during the Reporting Period to form a business platform system including fixed income business platform, equity business platform, personal financial platform, fund platform and flagship investment banking business. The number of newly opened institutional accounts and individual investors have both increased significantly. For the investment banking business, the Group has leveraged the advantages of domestic and foreign integration and cross-border linkage, to broaden financing channels for customers, and provide domestic and foreign equity and bond services; for FICC business, the Group has actively built a business collaborative development system and is committed to platform-based business development. At the same time, with the goal of de-directionalization, the Group has reduced the impact of market volatility, continued to improve the ability of investment management, and provided overseas financial products for domestic and foreign investors; for the equity derivatives business, the Group has utilized the advantages of the Group platform to provide customers with domestic and overseas multi-asset varieties, and comprehensive financial services of the entire business chain; for the stock sales and transactions business, the Group has provided one-stop cross-border comprehensive financial services for domestic and foreign institutional investors. During the Reporting Period, the business strategy of focusing on cash stock transactions, Synthetic transactions and QFII transactions has achieved fruitful results, making the Group the first batch of brokers to participate in all types and scenarios of QFII/RQFII lending and borrowing transactions; for retail and online financial businesses, the Group has actively promoted the online technology platform "Zhangle Global" (漲樂全球通) to achieve platform-based large-scale customer acquisition, and continuously improved customer loyalty and value realization, building a wealth management platform that serves global Chinese communities; for the private wealth management business, the Group has intensified its effort in product development, actively carried out product sales, deepened domestic and foreign cooperation, and made full use of the advantages of the Group's customer system to provide comprehensive financial services throughout the life cycle; for the fund business, the Group has continued to implement the "investment linkage" (投投聯動) policy, obtained high-quality project resources, promoted the setting up of the fund of invested projects, and established two major private equity funds of the Greater Bay Area Fund and the China Concept Stock Return Fund; in respect of asset management business, the Group continued to strengthen cross-border linkages at home and abroad, actively developed asset management products to provide clients with investment portfolio and fund management services and constantly optimized client asset allocation.

During the Reporting Period, Huatai Financial Holdings (Hong Kong) maintained healthy and balanced business development. As of the end of the Reporting Period, Huatai Financial Holdings (Hong Kong) had a paid-in capital of HK$8.8 billion, and such capital scale was among the forefront of the industry in Hong Kong. As for securities trading, Huatai Financial Holdings (Hong Kong) achieved the total assets under custody of HK$58.382 billion and the total stocks trading volume of HK$151.900 billion; as for advising on securities, it provided research reports and advisory services for customers; as for advising on corporate finance, it participated in 23 IPO projects and 43 bond issue projects with the total amount of trading and issuance of about HK$40.196 billion, and continued to maintain its dominant position in the GDR field and took the lead in completing the issuance of Yangtze Power and CPIC project at the same time; as for financing for securities deposits, the accumulated credit amount was HK$1.756 billion; as for providing assets management, it achieved a total amount of funds under custody of HK$581.814 billion (including the scale of funds under custody of AssetMark). Besides, during the Reporting Period, Huatai Financial Holdings (Hong Kong) also completed 8 financial advisory projects. In December 2020, Huatai Financial Holdings (Hong Kong) became the first Asian financial institution to obtain the qualification of LSE to be a market maker.

**(2) AssetMark**

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

As of the end of the Reporting Period, the total platform assets of AssetMark reached USD74.520 billion, representing an increase of approximately 20.96% from the end of 2019; the AssetMark platform served an aggregate of 8,454 independent investment advisors, representing an increase of approximately 6.23% from the end of 2019; the total investor households served by the AssetMark platform reached nearly 187,000, representing an increase of approximately 15.03% from the end of 2019. During the Reporting Period, 743 independent investment advisors signed new contracts with AssetMark.

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

With the US broker-dealer license approved by the Financial Industry Regulatory Authority, Huatai Securities (USA) was eligible to conduct broker-dealer business in the US in 2019, including securities underwriting, securities brokerage for institutional investors, M&A and financial advisory, etc., and in 2020, it obtained qualification for proprietary trading, further expanding its business qualifications. During the Reporting Period, Huatai Securities (U.S.) continued to improve its system and platform construction to introduce US institutional investors, focused on consulting, securities distribution and trading businesses. Upon these measures, online cross-border stock trading platforms have been put into operation, investment banking continued to be promoted, and the cross-border linkage and coordination mechanism of U.S. domestic businesses and domestic and Hong Kong businesses has been continuously optimized, and business development has achieved good results.

## 3. Prospect of international business for 2021

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 2021, the Group will seize the strategic opportunity of the accelerated two-way opening-up of the capital market, deepen the cross-border integrated management mechanism, strengthen the effective linkage of teams, platforms and resources, continuously expand the size of cross-border customers and business scale, optimize the structure of assets and liabilities and the revenue structure and comprehensively enhance the competitiveness and influence of international business.

Huatai International will enhance the resource integration function of the international business holding platform, continue to improve the risk internal control system, further promote fintech empowerment, focus on promoting the integrated construction of cross-border management and control, continuously improve the business platform system, closely focus on customers' needs for financial services, strengthen the cross-border linkage of the full business chain resources in different categories and levels, improve professional service system and service capabilities, and deeply expand room and potential for the development of international business.

Huatai Financial Holdings (Hong Kong) will continue to focus on customer needs and provide customers with one-stop financial services through implementing business strategies such as domestic and overseas integration, equity and debt integration, complementation of institutional business and retail business, and first-level and second-level linkage. For investment banking business, the Group will utilize the advantages of domestic and foreign integration and A+H+GDR listing experience to strengthen the linkage between domestic and foreign teams, and concentrate resources to promote project development; for FICC business, the Group will seize market opportunities to bring out its professional advantages, and achieve cross-border two-way business development to provide customers with one-stop services; for equity derivatives business, it will continue to enrich product varieties, build a financial product platform that spans domestic and foreign markets, and meet customers' needs for cross-border financial services; for stock sales and trading business, the Group will focus on the development of prime brokerage (PB) business to increase the coverage and penetration rate of institutional customers; for retail and online financial business, the Group will continue to improve the function of "Zhangle Global" (漲樂全球通), and carry out hierarchical marketing of customers to improve customer development efficiency; for private wealth management business, it will focus on customer needs, strengthen domestic and foreign cooperation, increase product development and release, and continue to improve product and service capabilities; for fund business, it will actively introduce third-party funds, give full play to its professional design and execution capabilities in investment and financing products, and increase return on capital by improving asset distribution capabilities; for the asset management business, it will strengthen coordination and cooperation, to fully tap the advantages of business resources, strengthen investment research capabilities, thus effectively meeting the needs of asset management business.

AssetMark will apply its corporate values to all aspects of business development in adherence to its core strategy, holding onto the core business highlights, continue to build an integrated technology platform, improve customizable and scaled services, and strengthen advanced investment management capabilities. AssetMark will continue to deepen cooperation with the existing investment advisors, increase platform assets, and further expand the investment consulting customer base by leveraging sales techniques. AssetMark will actively expand relevant customer channels, including small registered investment advisory (RIA) channels, bank trust channels, insurance business channels, etc., strive to promote scale-based business, focus on increasing the scale of business under custody, and actively optimize the overall operating environment while promoting the implementation of responsibilities of public companies. In addition, AssetMark will continue to focus on high-quality strategic M&A opportunities to promote extensive growth.

Huatai Securities (USA) will further improve the team building and infrastructure construction, continuously expand its customer base and service scope for international institutions, continuously maintain the business relationship with US institutional investors and provide all-dimensional services to meet their demands for asset allocation. Meanwhile, it will strengthen the linkage and collaboration with domestic and Hong Kong business teams, fully tap into new business opportunities, actively develop new products and consistently open up space for business development.

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

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

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

The Company actively responded to the reform of the ChiNext Market. For the relaxing of restrictions on growth and decline, being subjects of margin financing and securities lending on the first trading day after listing and other changes, the Company comprehensively analyzed the risks and impacts on margin financing and securities lending and the stock pledge business, studied and improved concentration restrictions on the ChiNext Market, margin call and mandatory liquidation mechanism, risk tracking and back-tracing mechanism and other risk prevention measures to ensure that all businesses could be carried out constantly and steadily on the premise that related risks are measurable, controllable and bearable.

The Company actively promoted the construction of integrated platform "Securities Lending Path" (融券通). Through comprehensive analysis of major risks in all links in the platform construction and business scenarios, the Company studied and designed the risk management and control mechanism ancillary to businesses covering all links such as access, trading and operation to guarantee the stable and orderly operation of the integrated business and platform.

The Company actively promoted the transformation of wealth management and obtained the first pilot qualification as a brokerage firm for fund investment advisory services. The Company established and perfected its business management system and specially formulated business compliance and risk management measures, and established an integrated front, middle and back risk control mechanism covering multi-level division of labor, centralized and unified decision-making, front-end control of key indicators, multi-person review of important links, real-time monitoring and disposal of business operations, and regular verification and evaluation to ensure the smooth launch of business.

## II. MAJOR OPERATIONS DURING THE REPORTING PERIOD

As of December 31, 2020, on a consolidated basis, total assets of the Group amounted to RMB716,751,235 thousand, representing a year-on-year increase of 27.49%; total equity attributable to shareholders of the Company amounted to RMB129,071,500 thousand, representing a year-on-year increase of 5.33%; total revenue and other income amounted to RMB40,534,436 thousand, representing a year-on-year increase of 24.96%; and profit for the year attributable to shareholders of the Company amounted to RMB10,822,497 thousand, representing a year-on-year increase of 20.23%.

## (I) MAIN BUSINESSES ANALYSIS

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

Unit: Thousand Yuan Currency: RMB

| Item | Amount for the current period | Amount for the same period of last year | Change percentage (%) |
|---|---|---|---|
| Total revenue and other income | 40,534,436 | 32,436,781 | 24.96 |
| Total expenses | (31,233,707) | (23,577,265) | 32.47 |
| Profit before income tax | 13,504,376 | 11,585,965 | 16.56 |
| Profit for the year attributable to the shareholders of the Company | 10,822,497 | 9,001,644 | 20.23 |
| Net cash used in operating activities | (13,868,924) | (3,594,637) | 285.82 |
| Net cash used in investing activities | (13,451,545) | (3,943,473) | 241.11 |
| Net cash generated from financing activities | 26,850,070 | 35,669,120 | (24.72) |
| Net (decrease)/increase in cash and cash equivalents | (470,399) | 28,131,010 | (101.67) |

### 2. Income and other gains

As of December 31, 2020, the Group recorded income and other gains of RMB40,534 million, representing a year-on-year increase of 24.96%, which was mainly attributable to the increase in fee and commission income and interest income, in which:

(1) Fee and commission income recorded a year-on-year increase of 41.86% to RMB18,458 million, accounting for 45.54%, mainly due to the increase in commission income from brokerage business and charges income from investment banking business.

(2) Interest income recorded a year-on-year increase of 26.27% to RMB10,964 million, accounting for 27.05%, mainly due to the increase in the Group's income from margin financing and securities lending business.

(3) Net investment gains recorded a year-on-year increase of 10.67% to RMB10,160 million, accounting for 25.06%, mainly due to the increase in revenue from the Group's investment business.

(4) Other income and gains recorded a year-on-year decrease of 39.01% to RMB953 million, accounting for 2.35%, mainly due to the increase in exchange losses.

Unit: Thousand Yuan Currency: RMB

| Item | 2020 | | 2019 | | Increase/decrease | |
|---|---|---|---|---|---|---|
| | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| Fee and commission income | 18,457,811 | 45.54% | 13,011,269 | 40.11% | 5,446,542 | 41.86% |
| Interest income | 10,963,881 | 27.05% | 8,682,693 | 26.77% | 2,281,188 | 26.27% |
| Net investment gains | 10,159,587 | 25.06% | 9,179,944 | 28.30% | 979,643 | 10.67% |
| Other income and gains | 953,157 | 2.35% | 1,562,875 | 4.82% | (609,718) | (39.01)% |
| Total revenue and other income | 40,534,436 | 100.00% | 32,436,781 | 100.00% | 8,097,655 | 24.96% |

## 3. Total expenses

As of December 31, 2020, the Group's total expenses were RMB31,234 million, representing a year-on-year increase of 32.47%, mainly due to the increase in staff costs and interest expenses, in which:

(1) Fee and commission expenses amounted to RMB4,849 million, representing a year-on-year increase of 30.23%, mainly due to the increase in expenses from securities brokerage business.

(2) Interest expenses amounted to RMB8,359 million, representing a year-on-year increase of 27.40%, mainly due to the increase in the relevant finance costs during the Reporting Period as a result of the larger debt financing scale as compared to the same period of last year.

(3) Staff costs amounted to RMB10,404 million, representing a year-on-year increase of 35.23%, mainly due to the increase in accrued staff costs as a result of the income growth in the Group.

(4) Other expenses mainly include depreciation and amortisation expenses, tax and surcharges as well as (reversal of)/provision for asset impairment loss and other operating expenses.

Unit: Thousand Yuan Currency: RMB

| | 2020 | | 2019 | | Increase/Decrease | |
|---|---|---|---|---|---|---|
| Item | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| Fee and commission expenses | (4,849,322) | 15.53% | (3,723,642) | 15.79% | (1,125,680) | 30.23% |
| Interest expenses | (8,358,703) | 26.76% | (6,561,019) | 27.83% | (1,797,684) | 27.40% |
| Staff cost | (10,403,649) | 33.31% | (7,693,154) | 32.63% | (2,710,495) | 35.23% |
| Depreciation and amortisation expenses | (1,341,384) | 4.29% | (1,197,068) | 5.08% | (144,316) | 12.06% |
| Tax and surcharges | (209,157) | 0.67% | (151,890) | 0.64% | (57,267) | 37.70% |
| Other operating expenses | (4,765,630) | 15.26% | (3,533,560) | 14.99% | (1,232,070) | 34.87% |
| Impairment loss on financial assets | (1,306,208) | 4.18% | (719,549) | 3.05% | (586,659) | 81.53% |
| Other asset impairment (loss)/reversal | 346 | – | 2,617 | (0.01)% | (2,271) | (86.78)% |
| Total expenses | (31,233,707) | 100.00% | (23,577,265) | 100.00% | (7,656,442) | 32.47% |

## 4. Analysis of income and other gains and expenses

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

Unit: Thousand Yuan Currency: RMB

| Business segment | Segment income and other gains for the current period | Percentage of total segment income and other gains for the current period (%) | Segment income and other gains for the same period of last year | Percentage of total segment income and other gains for the same period of last year (%) | Increase or decrease in percentage of total segment income and other gains as compared to the same period of last year |
|---|---|---|---|---|---|
| Wealth management business | 19,477,433 | 48.05 | 14,143,760 | 43.60 | Increase of 4.45 percentage points |
| Institutional services business | 10,524,711 | 25.96 | 8,367,659 | 25.80 | Increase of 0.16 percentage point |
| Investment management business | 4,070,097 | 10.04 | 4,367,993 | 13.47 | Decrease of 3.43 percentage points |
| International business | 5,550,607 | 13.69 | 4,048,517 | 12.48 | Increase of 1.21 percentage points |
| Others (including offset) | 911,588 | 2.26 | 1,508,852 | 4.65 | Decrease of 2.39 percentage points |

During the Reporting Period, on a consolidated basis, the Group recorded income and other gains of RMB40,534,436 thousand in total, representing a year-on-year increase of 24.96%. Among the principal business segments, income and other gains from wealth management, institutional services, investment management and international business increased year-on-year by RMB5,333,673 thousand, RMB2,157,052 thousand, RMB-297,896 thousand and RMB1,502,090 thousand, respectively.

In terms of income structure, the business structure of the Group has continued to be optimized. The income from wealth management business accounted for 48.05% of the Group's revenue, representing an increase in proportion of 4.45 percentage points, mainly because the Group's margin financing and securities lending recorded significant increase and the business transformation continued to advance due to the active trading of the stock market for the whole year; the income from international business accounted for 13.69% of the Group's revenue, representing an increase in proportion of 1.21 percentage points, mainly attributable to the improved results of Huatai Financial Holdings (Hong Kong) and the good performance of AssetMark; benefited from the good performance of the investment and trading business and the effectiveness of institutional integration services, the institutional service business contributed 25.96% of the Group's revenue; and due to the forward-looking layout of the Group's private equity investment and innovation investment in big health and technology industries, the investment management business contributed 10.04% of the Group's revenue.

### (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 | (14,213,154) | 45.51 | (10,057,458) | 42.66 | Increase of 2.85 percentage points |
| Institutional services business | (6,426,891) | 20.58 | (5,314,444) | 22.54 | Decrease of 1.96 percentage points |
| Investment management business | (1,756,231) | 5.62 | (1,429,079) | 6.06 | Decrease of 0.44 percentage point |
| International business | (5,290,461) | 16.94 | (3,945,267) | 16.73 | Increase of 0.21 percentage point |
| Others (including offset) | (3,546,970) | 11.35 | (2,831,017) | 12.01 | Decrease of 0.66 percentage point |

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 2.85 percentage points, mainly due to the increase in fee expenses of brokerage business and interest expenses; expenses of international business increased by 0.21 percentage point while expenses of institutional services business segment and investment management business segment decreased by 1.96 percentage points and 0.44 percentage point, respectively.

## 5. Cash flow

Unit: Thousand Yuan Currency: RMB

| Item | Amount for the current period | Amount for the same period of last year | Amount of increase or decrease | Percentage of increase or decrease (%) |
|---|---|---|---|---|
| Net cash used in operating activities | (13,868,924) | (3,594,637) | (10,274,287) | 285.82 |
| Net cash used in investing activities | (13,451,545) | (3,943,473) | (9,508,072) | 241.11 |
| Net cash generated from financing activities | 26,850,070 | 35,669,120 | (8,819,050) | (24.72) |
| Net (decrease)/increase in cash and cash equivalents | (470,399) | 28,131,010 | (28,601,409) | (101.67) |

During the Reporting Period, the net decrease of cash and cash equivalent of the Group was RMB470,399 thousand, in which:

(1) Net cash used in operating activities was RMB13,868,924 thousand, mainly due to the increase in credit business scale.

(2) Net cash used in investing activities was RMB13,451,545 thousand, mainly due to the increased investment scale in financial products.

(3) Net cash generated from financing activities was RMB26,850,070 thousand, mainly because the issuance size of GDRs for the last year was larger while there is none of equity financing during the current year in terms of equity financing.

## 6. 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 | 40,534,436 | 32,436,781 | 24.96 | Increase in fee and commission income and net investment gains |
| Total expenses | (31,233,707) | (23,577,265) | 32.47 | Increase in interest expenses, staff costs and fee and commission expenses |
| Operating profit | 9,300,729 | 8,859,516 | 4.98 | Increase in total revenue and other gains |
| Profit before income tax | 13,504,376 | 11,585,965 | 16.56 | Increase in total revenue and other gains |
| Profit for the year | 10,870,446 | 9,057,213 | 20.02 | Increase in total revenue and other gains |
| Among which: profit for the year attributable to shareholders of the Company | 10,822,497 | 9,001,644 | 20.23 | Increase in total revenue and other gains |
| Total assets | 716,751,235 | 562,180,638 | 27.49 | Increase in cash held on behalf of brokerage clients and margin accounts receivable |
| Total liabilities | 584,439,200 | 436,525,930 | 33.88 | Increase in accounts payable to brokerage clients and other liabilities |
| Total shareholders' equity | 132,312,035 | 125,654,708 | 5.30 | Profit retention 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, 2020 Amount | Ratio | As at December 31, 2019 Amount | Ratio | Increase/decrease Amount | Ratio |
|---|---|---|---|---|---|---|
| **Non-current assets** | | | | | | |
| Property and equipment | 5,014,084 | 0.70% | 4,668,116 | 0.83% | 345,968 | 7.41% |
| Investment properties | 408,338 | 0.06% | 527,089 | 0.09% | (118,751) | (22.53)% |
| Goodwill | 2,260,945 | 0.32% | 2,333,862 | 0.42% | (72,917) | (3.12)% |
| Other intangible assets | 5,276,069 | 0.74% | 5,711,457 | 1.02% | (435,388) | (7.62)% |
| Interest in associates | 17,691,161 | 2.47% | 14,974,547 | 2.66% | 2,716,614 | 18.14% |
| Interest in joint ventures | 1,641,846 | 0.23% | 664,458 | 0.12% | 977,388 | 147.10% |
| Debt investment at amortised cost | 19,230,660 | 2.68% | 15,128,953 | 2.69% | 4,101,707 | 27.11% |
| Financial assets at fair value through other comprehensive income | 14,401,106 | 2.01% | 11,232,633 | 2.00% | 3,168,473 | 28.21% |
| Financial assets at fair value through profit or loss | 9,229,523 | 1.29% | 6,966,333 | 1.24% | 2,263,190 | 32.49% |
| Refundable deposits | 24,763,790 | 3.46% | 12,653,540 | 2.25% | 12,110,250 | 95.71% |
| Deferred tax assets | 339,502 | 0.05% | 202,825 | 0.04% | 136,677 | 67.39% |
| Other non-current assets | 283,320 | 0.02% | 260,669 | 0.05% | 22,651 | 8.69% |
| **Total non-current assets** | 100,540,344 | 14.03% | 75,324,482 | 13.40% | 25,215,862 | 33.48% |
| **Current assets** | | | | | | |
| Accounts receivable | 9,095,561 | 1.27% | 5,511,168 | 0.98% | 3,584,393 | 65.04% |
| Other receivables and prepayments | 1,131,408 | 0.16% | 880,271 | 0.16% | 251,137 | 28.53% |
| Margin accounts receivable | 102,574,007 | 14.31% | 69,006,280 | 12.27% | 33,567,727 | 48.64% |
| Debt investment at amortised cost | 11,180,848 | 1.56% | 4,610,805 | 0.82% | 6,570,043 | 142.49% |
| Financial assets held under resale agreements | 19,536,413 | 2.73% | 18,466,280 | 3.28% | 1,070,133 | 5.80% |
| Financial assets at fair value through profit or loss | 282,577,589 | 39.42% | 245,829,339 | 43.73% | 36,748,250 | 14.95% |
| Financial assets at fair value through other comprehensive income | 1,545,266 | 0.22% | 1,125,342 | 0.20% | 419,924 | 37.32% |
| Derivative financial assets | 7,295,357 | 1.02% | 1,858,041 | 0.33% | 5,437,316 | 292.64% |
| Clearing settlement funds | 6,988,396 | 0.98% | 6,755,604 | 1.20% | 232,792 | 3.45% |
| Cash held on behalf of brokerage clients | 124,635,007 | 17.39% | 82,959,838 | 14.76% | 41,675,169 | 50.24% |
| Cash and bank balances | 49,651,039 | 6.91% | 49,853,188 | 8.87% | (202,149) | (0.41)% |
| **Total current assets** | 616,210,891 | 85.97% | 486,856,156 | 86.60% | 129,354,735 | 26.57% |
| **Total assets** | 716,751,235 | 100.00% | 562,180,638 | 100.00% | 154,570,597 | 27.49% |

| Item | As at December 31, 2020 Amount | Ratio | As at December 31, 2019 Amount | Ratio | Increase/decrease Amount | Ratio |
|---|---|---|---|---|---|---|
| **Current liabilities** | | | | | | |
| Short-term bank loans | 11,299,859 | 1.93% | 5,724,131 | 1.31% | 5,575,728 | 97.41% |
| Short-term debt instruments issued | 43,951,388 | 7.52% | 46,425,196 | 10.64% | (2,473,808) | (5.33)% |
| Placements from other financial institutions | 4,815,236 | 0.82% | 11,362,598 | 2.60% | (6,547,362) | (57.62)% |
| Accounts payable to brokerage clients | 136,387,634 | 23.34% | 89,817,920 | 20.58% | 46,569,714 | 51.85% |
| Employee benefits payable | 4,156,895 | 0.71% | 2,573,753 | 0.59% | 1,583,142 | 61.51% |
| Other payables and accruals | 105,880,311 | 18.12% | 86,836,626 | 19.89% | 19,043,685 | 21.93% |
| Contract liabilities | 92,366 | 0.02% | 19,179 | – | 73,187 | 381.60% |
| Current tax liabilities | 1,275,589 | 0.22% | 388,154 | 0.09% | 887,435 | 228.63% |
| Financial assets sold under repurchase agreements | 139,899,968 | 23.94% | 109,719,045 | 25.13% | 30,180,923 | 27.51% |
| Financial liabilities at fair value through profit or loss | 12,196,234 | 2.09% | 4,689,620 | 1.07% | 7,506,614 | 160.07% |
| Derivative financial liabilities | 13,398,830 | 2.29% | 1,278,399 | 0.29% | 12,120,431 | 948.09% |
| Long-term bonds due within one year | 11,428,893 | 1.95% | 14,716,533 | 3.37% | (3,287,640) | (22.34)% |
| **Total current liabilities** | 484,783,203 | 82.95% | 373,551,154 | 85.57% | 111,232,049 | 29.78% |
| **Net current assets** | 131,427,688 | – | 113,305,002 | – | 18,122,686 | 15.99% |
| **Total assets less current liabilities** | 231,968,032 | – | 188,629,484 | – | 43,338,548 | 22.98% |
| **Non-current liabilities** | | | | | | |
| Long-term bonds | 85,624,295 | 14.65% | 49,899,825 | 11.43% | 35,724,470 | 71.59% |
| Long-term bank loans | 475,414 | 0.08% | 850,997 | 0.19% | (375,583) | (44.13)% |
| Non-current employee benefits payable | 6,974,615 | 1.19% | 6,360,633 | 1.46% | 613,982 | 9.65% |
| Deferred tax liabilities | 2,545,647 | 0.44% | 2,566,800 | 0.59% | (21,153) | (0.82)% |
| Financial liabilities at fair value through profit or loss | 3,185,296 | 0.55% | 2,690,563 | 0.62% | 494,733 | 18.39% |
| Other payables and accruals | 850,730 | 0.14% | 605,958 | 0.14% | 244,772 | 40.39% |
| **Total non-current liabilities** | 99,655,997 | 17.05% | 62,974,776 | 14.43% | 36,681,221 | 58.25% |
| **Net assets** | 132,312,035 | 100.00% | 125,654,708 | 100.00% | 6,657,327 | 5.30% |
| **Shareholders' equity** | | | | | | |
| Share capital | 9,076,650 | 6.86% | 9,076,650 | 7.22% | – | – |
| Treasury share | (1,626,546) | (1.23)% | – | – | (1,626,546) | – |
| Reserves | 92,622,778 | 70.00% | 90,282,418 | 71.85% | 2,340,360 | 2.59% |
| Retained profits | 28,998,618 | 21.92% | 23,178,411 | 18.45% | 5,820,207 | 25.11% |
| Total equity attributable to shareholders of the Company | 129,071,500 | 97.55% | 122,537,479 | 97.52% | 6,534,021 | 5.33% |
| Non-controlling interests | 3,240,535 | 2.45% | 3,117,229 | 2.48% | 123,306 | 3.96% |
| **Total shareholders' equity** | 132,312,035 | 100.00% | 125,654,708 | 100.00% | 6,657,327 | 5.30% |

As of December 31, 2020, total non-current assets of the Group amounted to RMB100,540 million, representing an increase of RMB25,216 million as compared to the beginning of the year, which was mainly due to the increase of RMB12,110 million in refundable deposits, and the increase in debt investment at amortised cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss of RMB4,102 million, RMB3,168 million and RMB2,263 million, respectively, as compared to the beginning of the year. As of December 31, 2020, total non-current liabilities of the Group amounted to RMB99,656 million, representing an increase of RMB36,681 million as compared to the beginning of the year, which was mainly due to the increase in long-term bonds of RMB35,724 million.

As of December 31, 2020, total current assets of the Group amounted to RMB616,211 million, representing an increase of RMB129,355 million as compared to the beginning of the year, which was mainly due to the increase in cash held on behalf of brokerage clients of RMB41,675 million. As of December 31, 2020, total current liabilities of the Group amounted to RMB484,783 million, representing an increase of RMB111,232 million as compared to the beginning of the year, which was mainly due to the increase in accounts payable to brokerage clients of RMB46,570 million, the increase in financial assets sold under repurchase agreements and other payables and accruals of RMB30,181 million and RMB19,044 million, respectively.

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

As of the end of the Reporting Period, major restricted assets of the Group totaled RMB160,534,113 thousand, including cash and bank balances, margin accounts receivable, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, and debt investment at amortised cost. Except for the above assets, no 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.

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

Unit: Thousand Yuan Currency: RMB

| Item | Impact on profit for 2020 | Impact on profit for 2019 |
|---|---|---|
| Financial assets at fair value through profit or loss | 5,633,455 | 3,948,813 |
| Financial liabilities at fair value through profit or loss | (954,692) | (451,295) |
| Derivative financial instruments | (7,426,886) | (1,440,211) |
| Total | (2,748,124) | 2,057,306 |

## 4. Structure and quality of assets

As of December 31, 2020, total shareholders' equity of the Group amounted to RMB132,312 million, representing an increase of RMB6,657 million or 5.30% as compared to that of the end of 2019, which was mainly due to the effects of profit retention plus the distribution of dividends and share repurchase by the Group during the Reporting Period.

The asset structure of the Group continued to optimize and our assets quality and liquidity remained sound. As of December 31, 2020, total assets of the Group amounted to RMB716,751 million, representing an increase of RMB154,571 million or 27.49% as compared to the beginning of the year. Specifically, cash and bank balances, cash held on behalf of brokerage clients and clearing settlement funds amounted to RMB181,274 million, accounting for 25.29% of the total assets; margin accounts receivable amounted to RMB102,574 million, accounting for 14.31% of the total assets; financial assets at fair value through profit or loss amounted to RMB291,807 million, accounting for 40.71% of the total assets; debt investment at amortisation cost and financial assets at fair value through other comprehensive income amounted to RMB46,358 million, accounting for 6.47% of the total assets; property and equipment, investment properties and other intangible assets accounted for 1.49% of the total assets. Most of the assets have strong cashability. The Group's assets have strong liquidity and the asset structure is reasonable.

During the Reporting Period, the Group's debt-to-assets ratio has increased. As of December 31, 2020, the liabilities of the Group amounted to RMB584,439 million, representing an increase of RMB147,913 million or 33.88%, mainly due to the increase in securities brokerage services. The debt-to-assets ratio was 77.20% (excluding the impact of customer funds), representing an increase of 3.80 percentage points as compared to the beginning of the year. During the Reporting Period, the structure of the liabilities of the Group has been adjusted. Long-term bonds increased by RMB35,724 million as compared to the beginning of the year, and financial assets sold under repurchase agreements increased by RMB30,181 million as compared to the beginning of the year.

As of December 31, 2020, the Group obtained funds through 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 RMB157,595 million. Details are shown as follows:

Unit: Thousand Yuan Currency: RMB

| Borrowings and debt financing plans | As of December 31, 2020 |
|---|---|
| Placement from China Securities Finance Corporation Limited | – |
| Placement from other financial institutions | 4,815,236 |
| Short-term bank loans | 11,299,859 |
| Short-term debt instruments issued | 43,951,388 |
| Long-term bank loans | 475,414 |
| Long-term bonds | 97,053,188 |
| Total principal | 157,595,085 |

Borrowings and debt-financing with a financing maturity of more than one year were RMB97,529 million, accounting for 61.89%. Among them, programs with a financing maturity of one to two years were RMB14,354 million, those with a financing maturity of two to five years were RMB77,004 million and those with a financing maturity of more than five years were RMB6,171 million. Borrowings and debt-financing with a financing maturity of less than one year were RMB60,066 million, accounting for 38.11%.

As of December 31, 2020, the Group's borrowings and debt financing with fixed interest rate were RMB157,120 million. In particular, the balance of short-term bank loans was RMB11,300 million; the balance of placement from other financial institutions was RMB4,815 million; the balance of income receipts with fixed interest rate was RMB20,416 million; short-term financing bonds were RMB5,007 million; the balance of corporate bonds was RMB101,453 million; the balance of subordinated debts was RMB7,919 million; and the balance of foreign debts was RMB6,210 million.

As of December 31, 2020, cash and cash equivalents of the Group amounted to RMB67,646 million, of which RMB cash and cash equivalents accounted for 83.02%.

As of December 31, 2020, among the Group's short-term bank loans, RMB105 million were pledge borrowings and RMB11,195 million were credit borrowings.

As of December 31, 2020, all of the Group's long-term bank loans were credit borrowings.

## 5. Analysis of profitability

In 2020, the COVID-19 epidemic has had a significant impact around the globe. The Group firmly implemented the "two-pronged" (雙輪驅動) development strategy of wealth management and institutional services, and enhanced its digital operation capability with technology empowerment. Its main businesses have been growing steadily throughout the year and its comprehensive strength soundly ranked in the forefront of the industry. The market rankings of the Group's key business indicators in terms of stock fund trading volume and financing balance were in leading positions in the industry. The Group achieved a rapid development in international business and its general profitability remained stable.

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

For details of the explanations on the changes in the scope of consolidation of the statements of the Group, please refer to Note 24 to the financial statements of this report headed "Investment in Subsidiaries".

## 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法實施條例》). The calculation and payment methods of the income tax shall be subject to the Announcement of the State Administration of Taxation on Issuing the Measures for the Consolidated Collection of Corporate Income Tax on Trans-regional Business Operations (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 financing channels and financing capacity

| | |
|---|---|
| Financing channels | In terms of financing methods, the Company has two financing channels, equity financing and debt financing. In terms of financing maturity, the Company's short-term financing channels mainly included credit lending via interbank market, bond repurchasing via interbank market and stock exchange market, issuing short-term financing bills, 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., and the Company's medium and long-term financing channels included issuing 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 financing tools and multiple financing channels, which played a key role in the rapid development process of the Company's business. At the same time, the Company can also introduce foreign currency funds through the issuance of overseas bonds and medium-term notes to support its business development. |
| Liquidity management policies and measures | The Company has always attached great importance to liquidity management. As for funds management, it adhered to the principle of "full amount concentrated, allocated in a unified way, valued by classification and monitored timely". In terms of management and development strategies, it paid attention to matching business scale with liabilities. Based on reasonable asset allocation and diversified debt financing, the Company ensured reasonable matching of duration, scale of assets liabilities and proper liquidity.<br><br>The Company followed the general principles of comprehensiveness, prudency, predictiveness according to the centralized management and hierarchical prevention and control management model, continuously improved and optimized a liquidity risk management system appropriate to the Company's strategy, and implemented liquidity risk management with the preference for "steadiness and safety" (穩健安全). 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, and built a daytime liquidity monitoring system 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 achieving improved timeliness and accuracy for optimizing and identification, measurement, monitoring and controlling on liquidity risks through information system, in order to ensure that the liquidity risks are measurable, controllable and tolerable; 4) analyzing supervisory indicators of cash flow and liquidity risk under certain stress scenarios to evaluate the tolerance level of the Company for liquidity risks and analyzing the stress test results to constantly improve the Company's response capacity for liquidity risks; 5) leveraging the consolidation supervision to strengthen the subsidiary liquidity risk guidance, improving the subsidiaries' liquidity risk management ability and exploring an intergroup liquidity contingency system; 6) organizing the formulation, exercise and evaluation of a liquidity risk contingency plan, in order to improve the Company's emergency capacity for liquidity risks; and 7) improving the liquidity risk reporting system, so as to ensure that the management is able to keep abreast of the Group's liquidity risk level and management situation.

| | |
|---|---|
| Analysis of financing capability and financing strategy | The Company operated in compliance with regulations, enjoyed sound reputation as well as strong capital strength, profitability and debt repayment ability, maintained good cooperation relationships with commercial banks, had sufficient bank credit with the credit line increasing steadily, and possessed strong short-term and medium-to-long term financing abilities. As a listed securities dealer, the Company can also meet the fund demand for long-term development by means such as equity refinancing.<br><br>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.<br><br>To maintain the liquidity of the Company's assets and rate of return, the Company's own capital was uniformly managed by Capital Operation Department in accordance with a sound management system and corresponding business processes. The Company optimized the distribution of assets and liabilities structure by timely adjusting all kinds of asset structure, strengthened the research on the interest rate and exchange rate market, and used appropriate interest rate, exchange rate and other derivative financial tools to avoid risks and reduce the influence of these factors. |
| Contingencies and their impacts on the financial situation of the Company | – |

## (III) Analysis of 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 RMB19.333 billion, representing an increase of RMB3.694 billion or 23.62% as compared to RMB15.639 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 25 headed "Interest in associates" and Note 26 headed "Interest in joint ventures" to the financial statements in this report.

### (1) The Company had no significant equity investment

### (2) The Company had no significant non-equity investment

### (3) Financial assets measured at fair value

Unit: Thousand Yuan Currency: RMB

| Item | Balance at the end of last 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 | 252,795,672 | 291,807,112 | 23,777,441 | 5,633,455 |
| Financial assets at fair value through other comprehensive income | 12,357,975 | 15,946,372 | (9,281) | 263,479 |
| Derivative financial instruments | 579,642 | (6,103,473) | (10,441,578) | (7,461,234) |
| Total | 265,733,289 | 301,650,011 | 13,326,582 | (1,564,300) |

## 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 with a nominal value of 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 have 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 with a nominal value of RMB1.00 at an offering price of RMB13.05 and the total amount of funds raised was RMB14,207,942,160.00. After deducting the issuing fees of RMB74,736,488.79 related to the non-public offering (including underwriting sponsorship fee, attorney fee, accountant fee, information disclosure fee, issuance registration fee, stamp duty and other fees), the net funds raised were RMB14,133,205,671.21, which were all in place on July 31, 2018 and were verified by KPMG Huazhen LLP with the capital verification report (KPMG Huazhen Yan Zi No. 1800286). As of December 31, 2019, all the funds raised from the Non-Public Issuance of the Company were used up and the accumulative amount of RMB14,184,000,000 of the raised funds (including interest thereon) were used. Accounts designated for the use of raised funds of the Company have been cancelled.

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

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

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

As of the end 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; RMB3,658,509,634.22 for expanding overseas business; and RMB2,537,384,983.29 for daily operation and other general enterprise purposes. As of December 31, 2020, planned use of the Company's funds raised from H Share issuance was consistent with that disclosed in the prospectus with no change. The funds raised by the Company from the issuance of H Shares had been used and the relevant account had been cancelled.

**③ Overview of the use of funds raised from the issuance of GDR**

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

As of the end of the Reporting Period, the Company, with respect to its GDRs, has used raised funds of: RMB3,547,720,085.15, calculated at actual exchange rate on the date of settlement for continuous investment in the existing main businesses, deeply cultivating the business sectors such as wealth management, institutional services and investment management, and further promoting the business transformation and upgrading; RMB1,000,000,000.00, calculated at actual exchange rate on the date of settlement of foreign currency, for supplementing working capital and meeting general enterprise purposes; USD994,212,858.59 for supporting the internal and external growth of international business, and expanding overseas strategic layout. Apart from the above uses, surplus of the Company's proceeds of RMB128,629,875.52 (including interest of raised funds, exchange gains/losses and outstanding issuing fees, at the exchange rate at the end of the Reporting Period) was not used and was put into the special bank account of the Company. As of December 31, 2020, planned use of the Company's funds raised from the issuance of GDRs was consistent with that agreed in the GDR prospectus with no change. The Company plans to arrange for the use of the remaining funds raised from the issuance of GDR by the end of 2021.

**Overview of the use of raised funds**

Unit: Ten Thousand Yuan Currency: RMB

| Raising year | Raising method | Total amount of raised funds | Total amount of raised funds used in the Reporting Period | Total amount of raised funds used accumulatively | Total amount of raised funds yet to be used | Usage and whereabouts of raised funds unused |
|---|---|---|---|---|---|---|
| 2019 | GDR offering | 1,131,303.69 | 693,582.77 | 1,145,595.39 | 8,072.85 | Supplementing working capital and meeting general enterprise purposes |
| 2018 | Non-Public offering (A Shares) | 1,420,794.22 | – | 1,418,421.26 | – | – |
| 2015 | Initial public offering (H Shares) | 3,058,768.96 | 60,033.85 | 3,066,604.63 | – | – |
| 2010 | Initial public offering (A Shares) | 1,556,122.55 | – | 1,568,103.37 | – | – |
| Total | – | 7,166,989.42 | 753,616.62 | 7,198,724.65 | 8,072.85 | – |
| 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 were no changes in projects funded by 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% | 401, Building B7, Qianhai Shenzhen-Hong Kong Fund Town, No. 128 Guiwan Fifth Road, Nanshan Street, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, the PRC | September 5, 1997 | Jiang Yu | 010-56839300 | 99,748.00 | 763,190.56 | 408,533.18 | 308,090.03 | 83,138.48 | 62,224.09 |
| | 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% | Room 1222, 6 Jilong Road, China (Shanghai) Pilot Free Trade Zone | October 16, 2014 | Cui Chun | 021-28972188 | 260,000.00 | 990,242.47 | 826,568.56 | 246,805.94 | 162,378.94 | 122,612.49 |
| | 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, Jiangsu Province, the PRC | August 12, 2008 | Cao Qun | 025-83389999 | 600,000.00 | 1,519,728.42 | 1,086,709.87 | 321,482.81 | 312,802.37 | 235,000.54 |
| | 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 | 9,402,172.50 | 1,095,744.34 | 393,020.19 | 28,205.80 | 21,703.92 |
| | Main businesses: holding company. | | | | | | | | | | |
| Huatai Innovative Investment Co., Ltd. | 100% | Room 1501, 15/F, Block 28, Fengsheng Hutong, Xicheng District, Beijing, the PRC | November 21, 2013 | Sun Ying | 010-63211166 | 350,000.00 | 266,615.60 | 220,609.13 | 56,813.40 | 46,344.97 | 35,069.30 |
| | 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). | | | | | | | | | | |

| 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 Futures Co., Ltd. | 60% | 20/F, Li Feng Building, 761 Dongfeng Eastern Road, Yuexiu District, Guangzhou, the PRC | July 10, 1995 | Hu Zhi | 020-83901155 | 160,900.00 | 4,284,262.69 | 297,502.24 | 223,248.17 | 30,537.30 | 22,057.21 |
| | Main businesses: commodities futures brokerage, financial futures brokerage, futures investment consultancy, asset management and fund sales. (Businesses that need to be approved by law shall be carried out upon the approval of relevant authorities). | | | | | | | | | | |
| Jiangsu Equity Exchange Co., Ltd. | 52% | 11/F, 188 Lushan Road, Nanjing, Jiangsu Province, the PRC | July 4, 2013 | Li Yun | 025-89620288 | 20,000.00 | 46,117.69 | 35,818.20 | 10,961.84 | 6,091.28 | 4,456.82 |
| | Main businesses: provision of premises, facilities and services for approved listing, registration, custody, trading, financing, settlement, transfer, dividend distribution and pledge of equity interests, bonds, assets and related financial products and financial derivatives of unlisted companies, organization and monitoring of trading activities, issuance of market information, trading of listed products in the trading market as an agent, and provision of consultation services for market participants. (Businesses that need to be approved by law shall be carried out upon the approval of relevant authorities). | | | | | | | | | | |
| China Southern Asset Management Co., Ltd. | 41.16% | 32-42/F, Fund Mansion, 5999 Yitian Road, Lianhua Street, Futian District, Shenzhen, the PRC | March 6, 1998 | Zhang Haibo | 0755-82763888 | 36,172.00 | 1,200,924.63 | 784,104.85 | 562,963.86 | 194,368.41 | 148,410.68 |
| | 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 | 192,946.38 | 126,032.68 | 112,383.02 | 36,447.08 | 27,151.09 |

| 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 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 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, Jiangsu Province, the PRC | January 22, 2007 | Xia Ping | 025-52890919 | 1,154,445.00 | 233,789,300.00 | 17,803,800.00 | 5,202,600.00 | 1,674,800.00 | 1,506,600.00 |
| | 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). | | | | | | | | | |

Notes: 1. Due to the death of Mr. Zhang Haibo, chairman of China Southern Asset Management, in February 2021, the board of directors of China Southern Asset Management decided that Mr. Yang Xiaosong, director and general manager of China Southern Asset Management, would serve as the chairman of the board until the date when the board of China Southern Asset Management elects a new chairman.

2. In December 2020, the Bank of Jiangsu placed three A shares for every ten shares to all A shareholders whose names are in the register of shareholders after the trading hours on the record date. In the same month, the Bank of Jiangsu released the Announcement on Results of Rights Issue. After clearing by the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, the Bank of Jiangsu issued a total of 3,225 million shares by way of rights issue, accounting for 93.12% of the total rights shares to be issued. The shareholding proportion of the Company is 5.63% based on the results of rights issue. The new shares of the Bank of Jiangsu issued by way of rights issue were listed for trading on the SSE in January 2021. The financial data of the Bank of Jiangsu was extracted from its express report of 2020 annual results. The data of net assets represents owner's equity attributable to shareholders of the listing company, and the data of net profit represents net profit attributable to shareholders of the listing company.

## (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, 2020, the Group has consolidated 47 structured entities whose assets reached RMB96,479,001,599.21 in total. The amount of the trading financial assets, which embodies the equity of the Group in the above consolidated structured entities, was RMB34,831,430,075.35.

## (IX) Other information

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

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

For details of the establishment and disposal of subsidiaries by the Company during the Reporting Period, please refer to Note 24 to the financial statements of this report headed "Investment in Subsidiaries".

### (2) The Company's participation in the allotment issuance of Bank of Jiangsu during the Reporting Period

In order to further enhance the ability of serving local economic and social development and the ability of sustainable development, and create more value for shareholders, Jiangsu Bank, the Company's shareholder, intends to supplement core Tier 1 capital through allotment. During the Reporting Period, according to the China Securities Regulatory Commission's Approval on the Allotment of Bank of Jiangsu Co., Ltd., Bank of Jiangsu actively pushed forward the allotment issuance of A-share. The Company participated in the allotment at a ratio of 3 new shares for every 10 shares it holds, and was allotted 192 million unrestricted shares. Upon the issuance, Bank of Jiangsu holds 5.63% of the Company's shares.

### 2. The establishment and disposal of the Company's branches and securities branches during the Reporting Period

During the Reporting Period, the Company relocated 2 branches, and no branches were newly established or cancelled; 27 securities branches were relocated, and no securities branches were newly established or cancelled.

As of the end of the Reporting Period, the Company has 28 branch offices and 243 securities branches. For details, please refer to "Appendix II: List of Branch Offices and Securities Branches" in this report.

## (1) Changes in names of branches during the Reporting Period

| No. | Name before change | Name after change | Address after name changed | Issue Date of License |
|---|---|---|---|---|
| 1 | Huai'an Branch of Huatai Securities | Securities Branch of Huatai Securities in East Huahai, Huai'an | 9/F, Building 1, No. 18 East Huahai, Huai'an | March 17, 2020 |
| 2 | Jiangyin Branch of Huatai Securities | Securities Branch of Huatai Securities in Futai Road, Jiangyin | 5/F, New Baiye Square, No. 8 Futai Road, Jiangyin | March 17, 2020 |

## (2) Relocation of branches during the Reporting Period

| No. | Name of branches | Address after relocation | Issue Date of License |
|---|---|---|---|
| 1 | Huatai Securities Zhenjiang Branch | Rooms 101, 201, 301, Block 1, Huangshan Yaju, No. 6 Huangshannan Road, Zhenjiang City, Jiangsu Province | September 14, 2020 |
| 2 | Huatai Securities Yancheng Branch | Room 201, Building 6, Financial City, No.5 Century Avenue, Yancheng City | October 17, 2020 |

## (3) Changes in names of securities branches during the Reporting Period

| No. | Name before change | Name after change | Address after name changed | Issue Date of License |
|---|---|---|---|---|
| 1 | Securities Branch of Huatai Securities in Qianfoshan, Jinan | Securities Branch of Huatai Securities in Jingshi Road, Jinan | Rooms C106 & C108, Zone C, 1F and rooms B200, B202 & 206, Zone B, 2F, Huate Plaza, No. 17703, Jingshi Road, Lixia District, Jinan City | September 25, 2020 |

**(4) Relocation of securities branches during the Reporting Period**

| No. | Name of Securities Branches before Relocation | Name of Securities Branches after Relocation | Address after Relocation | Issue Date of License |
|---|---|---|---|---|
| 1 | Securities Branch of Huatai Securities in Raffles Square, Huangpu District, Shanghai | Securities Branch of Huatai Securities in Raffles Square, Huangpu District, Shanghai | Room 5003-05 (The actual floor is 4403A, 4403B, 4404), No. 268 Middle Tibet Road, Huangpu District, Shanghai | January 16, 2020 |
| 2 | Securities Branch of Huatai Securities in Middle Guangzhou Avenue, Guangzhou | Securities Branch of Huatai Securities in Middle Guangzhou Avenue, Guangzhou | Room 103, and Room 3205, 3206 No. 307 Middle Guangzhou Avenue, Yuexiu District, Guangzhou | January 17, 2020 |
| 3 | Securities Branch of Huatai Securities in Ningxia Road, Qingdao | Securities Branch of Huatai Securities in Hong Kong West Road, Qingdao | No. 79 Hong Kong West Road, Shinan District, Qingdao, Shandong Province | February 24, 2020 |
| 4 | Securities Branch of Huatai Securities in Huafei Road, Ma'anshan | Securities Branch of Huatai Securities in Hudong Middle Road, Ma'anshan | No. 1046, Hudong Middle Road, Huashan District, Ma'anshan City | March 9, 2020 |
| 5 | Securities Branch of Huatai Securities in Wenhua Avenue, Xinjian, Nanchang | Securities Branch of Huatai Securities in Fenghezhong Avenue, Nanchang | North side of Room 104 and Room 204, No. 2 Commerce Building, Xinghehui Business Center, 1333 Fenghezhong Avenue, Honggutan New District, Nanchang, Jiangxi | March 17, 2020 |
| 6 | Securities Branch of Huatai Securities in Tianfu Avenue, Xipu, Chengdu | Securities Branch of Huatai Securities in Shixili, Xipu, Chengdu | Annex 13, 14 of No. 68, Yuanlin Road, Xipu Town, Pidu District, Chengdu City | March 3, 2020 |

| No. | Name of Securities Branches before Relocation | Name of Securities Branches after Relocation | Address after Relocation | Issue Date of License |
|---|---|---|---|---|
| 7 | Securities Branch of Huatai Securities in Chunhui Road, Chongqing | Securities Branch of Huatai Securities in Jiangbeizui, Chongqing | Room 1503, 15/F, Unit 2, No.9 Huixianyan Square, Jiangbei District, Chongqing | April 14, 2020 |
| 8 | Securities Branch of Huatai Securities in Gangtie Main Street, Baotou | Securities Branch of Huatai Securities in Gangtie Main Street, Baotou | Building 2, No.15 Gangtie Main Street, Qiangshan District, Baotou City, Inner Mongolia | April 22, 2020 |
| 9 | Securities Branch of Huatai Securities in Jinhai Middle Road, Dongtai | Securities Branch of Huatai Securities in Middle Hailing, Dongtai | Rooms 8017 & 8018, Building 3, Shangye New Village, No. 78 Middle Hailing, Dongtai | April 26, 2020 |
| 10 | Securities Branch of Huatai Securities in Xiahe Road, Xiamen | Securities Branch of Huatai Securities in Xiahe Road, Xiamen | Rooms 201 and 202, Unit One, Block B, CCRE Building, No. 668 Xiahe Road, Siming District, Xiamen | March 19, 2020 |
| 11 | Securities Branch of Huatai Securities in Shuixian Avenue, Zhangzhou | Securities Branch of Huatai Securities in Shuixian Avenue, Zhangzhou | Rooms 101, 403 and 404, Block B, No. 88 Shuixian Avenue, Longwen District, Zhangzhou City, Fujian Province | January 20, 2020 |
| 12 | Securities Branch of Huatai Securities in Xidi 3rd Road, Wuzhou | Securities Branch of Huatai Securities in Xidi 3rd Road, Wuzhou | No. 1 of 1/F and Rooms 2801-2809 of 28/F, No. 19 Xidi 3rd Road, Wuzhou City | May 11, 2020 |
| 13 | Securities Branch of Huatai Securities in Huaihe Avenue, Tongling | Securities Branch of Huatai Securities in Huaihe Avenue, Tongling | Shop No. 142 of 1/F and No. 203A of 2/F, Huijin Building, Tongling Trade Building, Middle Section of Huaihe Avenue, Tongguan District, Tongling, Anhui Province | May 9, 2020 |

| No. | Name of Securities Branches before Relocation | Name of Securities Branches after Relocation | Address after Relocation | Issue Date of License |
|---|---|---|---|---|
| 14 | Securities Branch of Huatai Securities in Dongmen Street, Jintan | Securities Branch of Huatai Securities in Nanhuan First Road, Jintan | No. 109-112, Building 1, Binhe Xingcheng, Jintan District, Changzhou City | May 28, 2020 |
| 15 | Securities Branch of Huatai Securities in Xiandai Avenue, Suzhou | Securities Branch of Huatai Securities in East Suzhou Avenue, Suzhou | 29A, Modern Media Plaza, No. 265 East Suzhou Avenue, Suzhou Industrial Park | June 30, 2020 |
| 16 | Securities Branch of Huatai Securities in Tonghu Road, Gaoyou | Securities Branch of Huatai Securities in Pinghuai Road, Gaoyou, Yangzhou | No. 37 Pinghuai Road, Gaoyou | July 6, 2020 |
| 17 | Securities Branch of Huatai Securities in Longcheng Road, Jiangdu, Yangzhou | Securities Branch of Huatai Securities in Longchuannan Road, Jiangdu, Yangzhou | Rooms 220, 222, 226 for commercial business, Longchuan Road, Cosco Europe City, Fairy Town, Jiangdu District, Yangzhou City | July 10, 2020 |
| 18 | Securities Branch of Huatai Securities in Huangge North Road, Longgang, Shenzhen | Securities Branch of Huatai Securities in Longgang Avenue, Shenzhen | 102S, Block 2, Vanke Times Square, Shangjing Community, Longcheng Street, Longgang District, Shenzhen City (the junction of Longgang Avenue and Longcheng Avenue) | July 15, 2020 |
| 19 | The Second Securities Branch of Huatai Securities in Zhongshan North Road, Nanjing | Securities Branch of Huatai Securities in HTSC Building, Zhongshan East Road, Nanjing | Room 7W4, No. 90 Zhongshan East Road, Qinhuai District, Nanjing | August 12, 2020 |
| 20 | Securities Branch of Huatai Securities in Shaoshan North Road, Changsha | Securities Branch of Huatai Securities in Furong Middle Road, Changsha | Units 30028-30032, Fuxing Commercial Square, No. 303, Section 1, Furong Middle Road, Kaifu District, Changsha, Hunan Province | September 22, 2020 |

| No. | Name of Securities Branches before Relocation | Name of Securities Branches after Relocation | Address after Relocation | Issue Date of License |
|---|---|---|---|---|
| 21 | Securities Branch of Huatai Securities in Chibi Avenue, Huanggang | Securities Branch of Huatai Securities in Dongmen Road, Huanggang | Shops 101 & 102 at 1/F and No. 201 at 2/F, Block 8, No. 91-36 Dongmen Road, Huangzhou District, Huanggang City, Hubei Province | September 27, 2020 |
| 22 | Securities Branch of Huatai Securities in Zhujiang Road, Shantou | Securities Branch of Huatai Securities in Changping Road, Shantou | Rooms 103 and 202, North Tower, China Resources Building, No. 95 Changping Road, Longhu District, Shantou City, Guangdong Province | September 30, 2020 |
| 23 | Securities Branch of Huatai Securities in Zhonghua North Street, Shijiazhuang | Securities Branch of Huatai Securities in Ziqiang Road, Shijiazhuang | Unit 0-103A, Commercial Podium (1/F) of Office Building T1/T2, Zhongjiao Finance Center, No. 118 Ziqiang Road, Qiaoxi District, Shijiazhuang City, Hebei Province | October 16, 2020 |
| 24 | Securities Branch of Huatai Securities in South Hanxin Road, Huaian District, Huaian | Securities Branch of Huatai Securities in Xiangyu Avenue, Huaian District, Huaian | No. 1007 Xiangyu Avenue, Huaian District, Huaian | October 27, 2020 |
| 25 | Securities Branch of Huatai Securities in Shizhou Avenue, Enshi | Securities Branch of Huatai Securities in Jingui Avenue, Enshi | No. 15, Jingui Avenue, Enshi City, Hubei Province | November 2, 2020 |
| 26 | Securities Branch of Huatai Securities in Changban Road, Dangyang | Securities Branch of Huatai Securities in Zilong Road, Dangyang | No. 59, Zilong Road, Dangyang City, Hubei Province | November 2, 2020 |
| 27 | Securities Branch of Huatai Securities in Xiangyang Avenue, Binhai, Yancheng | Securities Branch of Huatai Securities in Hongxing South Lane, Binhai, Yancheng | Rooms 15-103 and 15-104 of Commercial Building 15 and Commercial Office Building 16, Lvdu Jiayuan, No. 29 Hongxing South Lane, Dongkan Street, Binhai County | November 3, 2020 |

### 3. Standardization of accounts such as unqualified accounts, judicially frozen accounts, risk disposal accounts, and pure fund accounts

As at December 31, 2020, the Company had 4,153 unqualified securities accounts, 2,493 judicially frozen securities accounts, 85,446 risk disposal securities accounts, and 724,318 pure capital accounts.

Account standardization has reached the following quality standards: (1) Except for restricted use of dormant securities accounts, remaining unqualified securities accounts, judicially frozen accounts, risk disposal accounts, etc., the accounts engaging in normal trading activities are all qualified accounts. (2) Regular comparison of funds and securities account information was made to verify the consistency of key information such as customer names and numbers to prevent the addition of unqualified accounts. Key information inconsistencies due to special circumstances such as differences in information rules between the depository bank and the registered company or unusual word processing have been explained on a case-by-case basis.

Relevant measures for long-term and standardized management of accounts: the daily management of accounts was strengthened and the real-name system requirements for account business was strictly implemented. Through face recognition technology, combined with ID card readers, public security network verification, mobile phone number verification by relevant operator, the Group has strengthened investor identity information identification, continued to innovate account management measures and improve standard long-term management mechanisms of accounts. It further improved the customer file management system, built a unified management platform by protocol, strengthened the management of business handling files of customer accounts through Internet channels, and continued to do its best in the physical and electronic management of customer account business files.

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

### (I) Competition landscape and trend of the industry

At present, the long-term upward trend of China's economy continues to consolidate. Under the major strategic deployment of accelerating the establishment of a new "dual circulation" development pattern in which domestic economic cycle plays a leading role while international economic cycle remains its extension and supplement, the capital market, as an important tool for residents' asset allocation and wealth preservation and appreciation, will play an important role, and the securities industry will also embrace new major development opportunities.

First, the comprehensive deepening of the reform of the capital market will provide a broader development space for the securities industry. In recent years, the comprehensive deepening reform of the capital market has accelerated, and market-oriented reform measures have been implemented one after another. The new Securities Law has also systematically revised and improved a series of basic systems. Under the policy background of comprehensively implementing the registration system reform, increasing the proportion of direct financing, and establishing a normalized delisting mechanism, the capital market will have greater development room and higher resource allocation efficiency in terms of facilitating the circulation of capital, technology and the real economy. China's securities industry enjoys broad prospects for development, and at the same time, faces the pressure of improving quality and efficiency, transforming and upgrading.

Second, the new pattern of high-level two-way opening up will drive the securities industry to transform in the direction of high-quality development. Under the policy of accelerating the opening of securities industry to the outside world, the industry will usher in a stage of high-level competition in which domestic and foreign capital, state-owned institutions and private institutions compete on the same stage, and there will be further adjustment and differentiation in the industry's competitive landscape. Oriented by customer needs, we will accelerate the promotion of innovative business, expand the depth and breadth of our business and services, build a systematic and platform-based comprehensive strength, and transform to a comprehensive financial service provider with complete business chain, industrial chain and service chain. This way has become the only way for large securities companies to achieve high-quality development and build a first-class investment bank.

Third, digital and intelligent transformation will reshape the business operation model and service ecology of the securities industry. In recent years, with the in-depth advancement of a new round of technological revolution and industrial transformation, leading financial institutions at home and abroad have increased investment in technological innovation, seized the development opportunities brought about by Fintech empowerment, actively deployed the Fintech ecosystem, and promoted a comprehensive upgrade of the customer service system to create a differentiated competitive advantage. In-depth promotion of business development and digital and intelligent operation of the business management system, and the mutual promotion and complementation of Fintech and business development, will become an effective way to transform the traditional business and business model of securities companies and enhance their comprehensive financial service capabilities.

**(II) The Company's development strategy**

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

2. 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.

3. Strategic measures: Deeply developing an all-rounded business chain; implementing high-quality innovation and development; enhancing Fintech empowerment; 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 meets the Company's strategy and regulatory requirements but is also favourable for the development of businesses through constantly optimizing allocation of assets and liabilities. During the Reporting Period, the Company enhanced the management of capital, liabilities and business within the industry, improved its financing ability, optimized the structure of assets and liabilities and lower the financing costs by constantly expanding the financing sources and various bond financing channels. The Company realized liquidity matching of major assets and liabilities by enhancing the liquidity arrangement of assets to guarantee the balance 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 its status in the industry.

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

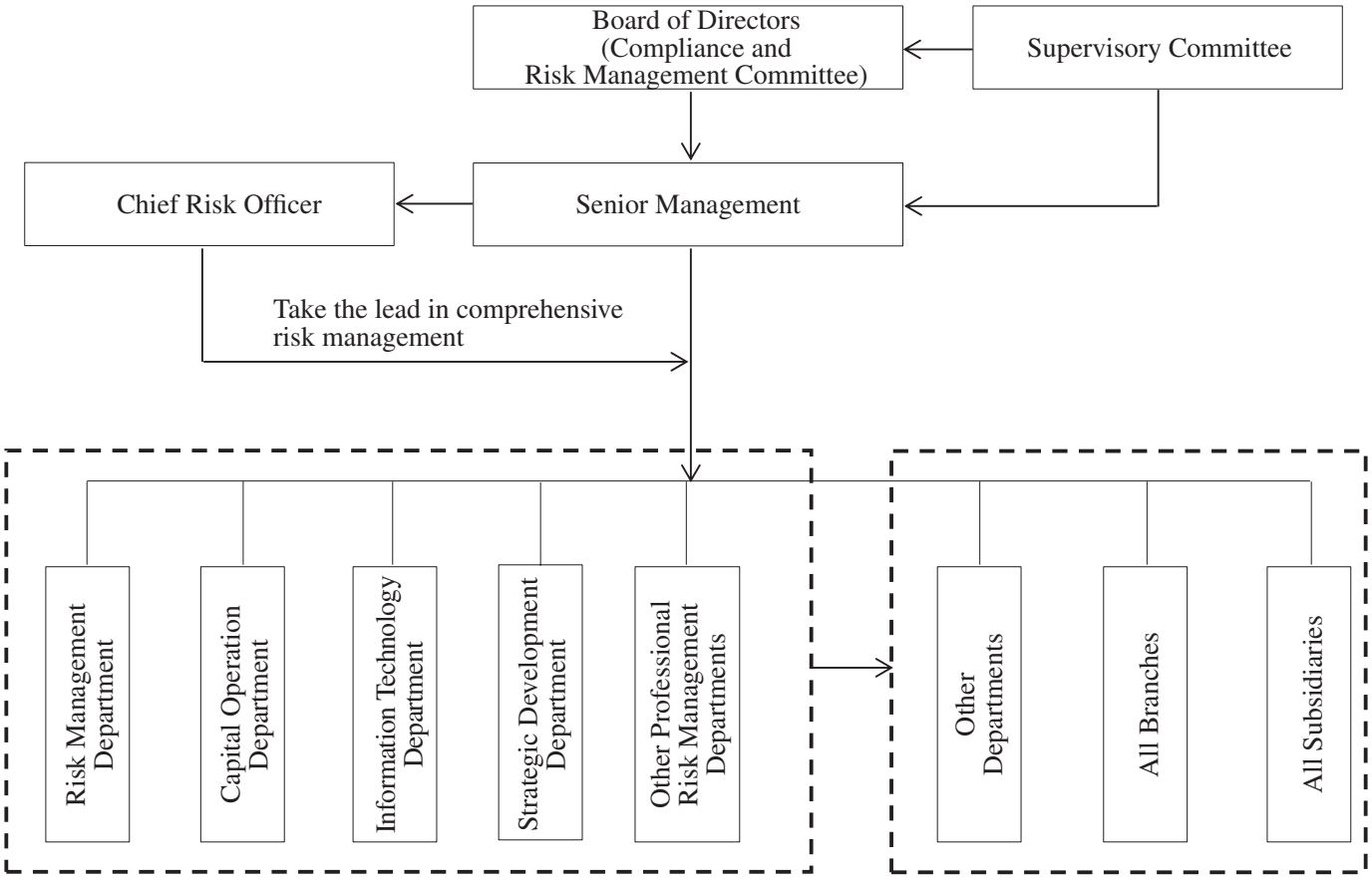
**1. Overview of risk management**

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 comprehensive overall risk management system based on the core concepts of full staff engagement, full coverage and full penetration. The Company has a solid and effective risk management framework with clearly defined responsibilities and staff at all levels performing their duties effectively; the Company worked out a risk appetite and tolerance system, which is organically integrated with the development strategy, and a multi-level risk management system covering the whole Company; in addition, the Company vigorously promoted the construction of group-wide risk-management technology system and established centralized, time-based, quantitative and penetrable pillars for risk management technologies, to improve the effectiveness of risk management of the Group and further strengthen the Group's overall risk identification, quantitative evaluation and risk control capabilities. The Company incorporated its subsidiaries into the overall risk management system of the Group, explored the construction of effective risk management model for subsidiaries, vigorously deepened the management mindset 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 earnestly guaranteed the continuous and healthy development of various businesses of the Company.

During the Reporting Period, focusing on strengthening business risk management, improving the risk control system, and promoting digital transformation, the Company comprehensively pushed forward various risk management tasks. The Company strengthened its risk management and control in key businesses and areas by thoroughly investigating the sources of business risks, formulating intensified management and control measures, and clarifying bottom-line requirements. The Company continued to improve the construction of a comprehensive risk management system, and further optimized the risk management organizational structure, processes and measures. The Company also adhered to technology empowerment, vigorously advanced the construction of a digital risk management platform and the fourth phase of the Group's comprehensive risk management platform, to continuously improve the Company's risk identification, early warning and discovery, measurement monitoring and risk management and control capabilities.

During the Reporting Period, the Company received a notice from the China Securities Regulatory Commission, agreeing it to formally implement the pilot projects of consolidated statement supervision. The Company will, in accordance with relevant regulatory regulations and requirements, do a good job in the pilot projects of consolidated statement supervision to improve the Group's risk management system on an on-going basis, and to develop risk management capabilities that can match its business development, whereby ensuring the Company's sound development.

**2. Risk management structure**



The risk management organizational structure of the Company covers five major parts: the Board and Compliance and Risk Management Committee; Supervisory Committee; the Senior Management and Risk Control Committee; Risk Management Department and various professional risk management departments; other departments, branches and subsidiaries.

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

The Supervisory Committee of the Company is responsible for supervising overall risk management, supervising and inspecting the Board and the senior management on the performance of their duties of risk management, and urging them to make rectifications. Based on the authorization and approval of the Board and the operation objectives of the Company, the senior management is specifically responsible for the implementation of risk management and assumes the primary responsibility for overall risk management. Upon authorization of the senior management, the Risk Control Committee under the senior management is mainly responsible for the decision-making on risk management matters in the course of operation and authorizing on risk undertakings in various business lines. Chief risk officer of the Company is responsible for leading the overall risk management of the Company.

The Company appoints the risk management department to perform the overall risk management duties and take the lead in managing the market risk, credit risk and operational risk of the Company; appoints the capital operation department to take the lead in managing the liquidity risk of the Company; appoints the information technology department to take the lead in managing the information technology risk of the Company; and appoints the strategic development department to take the lead in managing the reputation risk of the Company. Other departments, branches and subsidiaries of the Company are responsible for the management of various risks in their respective lines, implementing various policies, procedures and measures formulated by the Company and various leading professional risk management departments, accepting guidance from various leading risk management departments and assigning the risk management duties and implementation responsibilities. The audit department incorporates overall risk management into the audit scope, makes independent and objective review and evaluation on the adequacy and effectiveness of overall risk management, and is responsible for taking the lead or entrusting external professional institutions to evaluate the overall risk management system of the Company regularly.

## 3. Market Risk

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

During the Reporting Period, in the face of the global economic turmoil caused by the outbreak of the COVID-19 pandemic, the uncertainty brought about by the US election and frequent domestic credit default incidents, the Company adhered to the concept of creating value through transactions, controlling risks through hedging in controlling risk exposures, and managed the market risk of holding assets through various risks control measures. In terms of equity securities investment, the Company took the initiative to control equity asset positions through quantitative models and investment research analysis, flexibly adjusted hedging positions according to market changes, and actively explored trading opportunities while ensuring the downside risks of assets were controllable. At the same time, the Company has strengthened the management system of investment targets by removing potential risk targets from the transaction whitelist in a timely manner, which has effectively prevented "black swan" (黑天鹅) risks. In respect of fixed-income securities investment, the Company leveraged interest rate derivatives such as interest rate swap and treasury bond futures to effectively hedge against market risks, and earned excess earnings through various carry trades while controlling the overall investment portfolio duration and basis point value. In respect of derivatives business, the Company adopted market neutral strategy for both OTC derivatives business and market making business for exchange-traded options, controlled the Greeks values (such as Delta, Gamma and Vega) exposure risks within acceptable limits, and created profit opportunities based on controllable risks. In respect of OTC derivatives business, the Company established management standards such as incorporating targets into transaction list, performance guarantee ratio of counterparty, the liquidity and concentration of transaction targets, etc., to effectively prevent market risks and counterparty default risk.

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

Currency: RMB

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

| | The Company | | The Group | |
|---|---|---|---|---|
| | As at the end of 2020 | As at the end of 2019 | As at the end of 2020 | As at the end of 2019 |
| Equity-sensitive Financial Instruments | 6,711 | 3,974 | 14,726 | 6,066 |
| Interest-sensitive Financial Instruments | 4,887 | 6,218 | 6,498 | 6,314 |
| Commodity-sensitive Financial Instruments | 153 | 273 | 236 | 588 |
| Overall Portfolio Risk Value | 8,844 | 7,093 | 18,691 | 9,058 |

Source: Internal statistics of the Company

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

Currency: RMB

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

| | At the beginning of the period | At the end of the period | Maximum value | Minimum value |
|---|---|---|---|---|
| The Group | 9,069 | 18,691 | 20,775 | 7,507 |
| The Company | 7,570 | 8,844 | 12,259 | 4,711 |

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).

In terms of financing business, the Company implemented strict customer and target management, continuous dynamic monitoring, timely risk resolution and other full-process control measures to control business credit risks. During the Reporting Period, benefiting from the overall rebound in the market, the Company's margin financing and securities lending business has grown significantly. The Company has implemented strict risk control procedures and measures to keep the amount to be recovered for the margin financing and securities lending business remained at a low level. Meanwhile, the Company revised the provision plan for the business this year, providing provisions for related risk items; in addition, the Company prudently carried out stock pledge business, and strengthened substantive risk review to strictly control business risk exposure. In terms of bond investment business, the Company has established a unified management system for issuers, through which it can achieve aggregate monitoring of the total investment of the same issuer in all business units of the Group, and implemented bottom-line control over credit bond investment in key industries. At the same time, it steadily promoted the credit analysis management system (CAMS system), and improved the unified internal evaluation system, to enhance the Group's overall risk identification and management capabilities. In response to the frequent occurrence of market credit bond defaults during the Reporting Period, the Company conducted a comprehensive investigation of the credit bond investment holdings of its own and entrusted funds to prevent business risks in a timely manner. In terms of guarantee settlement

business, the Company explored to strengthen its customer qualification management system and access standards, continued to improve front-end management and control of risk indicator design and promoted systematic construction, and strengthened the management and control capabilities of risk handling and transmission. In terms of counterparty management, during the Reporting Period, the Company promoted the establishment of a unified management system for counterparties by further expanding the coverage of the unified management of counterparty credit lines at the Group level to form a group-wide counterparty list management plan, while promoting the systematic construction of management and control measures to strictly control business risk exposure. At the same time, the Company promoted the systematic construction of the Group's unified customer penetration management system, comprehensively sorted out credit risk points, strengthened the bottom-line management and control measures, put in place the customer ESG risk management mechanism, consolidated the unified management system for credit risks, and improved the ability to deal with the external complicated credit environment, therefore providing strong risk control guarantee support for the development of various credit businesses.

**5. Liquidity risk**

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

The Company has always attached importance to liquidity safety, preferred a "sound and safe" liquidity risk endurance, followed the general principle of comprehensiveness, importance, applicability, effectiveness, prudence and foresight, and continued to strengthen the identification, measurement, monitoring and control mechanisms of liquidity risks through a management model of centralized management and hierarchical prevention and control, to improve the Company's liquidity risk management capability. The Company has established a liquidity indicator analysis framework including cash flow, and appropriately set risk limits and implemented daily monitoring through the information technology system, to improve the monitoring frequency and control of liquidity risks. At the same time, the Company continued to improve the capital planning system by strengthening capital position management and establishing a liquidity day-time monitoring system to keep abreast of capital usage in daily business and day-time payment progress in a timely manner, further moving forward the frontline of liquidity risk prevention and control. The Company regularly and occasionally conducted special stress tests on liquidity risks to assess the Company's liquidity risk tolerance under stress from the perspective of cash flow and liquidity indicators, and took targeted measures to improve the Company's liquidity risk resilience. In order to ensure that liquidity needs can be met in a timely manner under stress, the Company has established high-quality liquid asset reserve of an appropriate scale based on risk preferences. At the same time, it has expanded its debt financing channels and quotas from multiple perspectives, and continued to improve the Company's emergency financing capabilities. In addition, the Company took the formal implementation of the pilot project of consolidated statement supervision as a starting point to further strengthen the guidance on liquidity risks of subsidiaries, with a view to improving their liquidity risk management capabilities, and in an attempt to establish an inter-group liquidity emergency system. During the Reporting Period, the Company's liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) continued to remain at a level that can meet regulatory requirement and far beyond the requirement.

## 6. Operational risk

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

During the Reporting Period, the Company, centering on both risk prioritization and risks monitoring and detection, strengthened the accuracy and precision of operational risk identification, facilitated the effective operation of the whole process from operational risk identification, assessment, monitoring, response and reporting. The Company, taking risk prioritization as the starting point, improved the identification and evaluation of operational risk points and control measures through immersive and special risk prioritization of key businesses, continued to promote the establishment and improvement of risk identification mechanisms based on the risk prioritization results, and enhanced the ability to control unexpected scenarios and actively discover hidden dangers risks; strengthened the analysis of internal and external operational risk events and improved the corresponding management and control mechanism; improved the new business risk assessment mechanism, strengthened the Group's quality control management in new business risk assessment and automation control of assessment process, and intensified the retrospective tracking of the actual development of new businesses that have been launched; and carried out business continuity management under the COVID-19 pandemic, by promptly activating the Group's collaborative emergency response mechanism during the epidemic, organizing business impact assessments, identifying potential risks and formulating response strategies.

## 7. Compliance risk

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

During the Reporting Period, the Company continued to improve its compliance management system in terms of system development, working mechanism, and compliance staffing, and effectively promoted full coverage of compliance management. It also kept up with innovation trends and regulatory trends, and prudently carried out compliance reviews, to promote the stable implementation of new businesses and new products; increased its efforts on control and support of key businesses through compliance assessment, process arrangement, prompt supervision, and meeting attendance; advanced embedded compliance management and control through systematic means to accelerate the digital management and control process of compliance management in key business scenarios; further strengthened the creation of a compliance culture by enriching training forms, optimizing the management and control mechanism of employee investment behavior, and implementing the requirements for preventing moral hazards of employees, so as to infiltrate the concept of compliance into the minds of employees and encourage them to self-regulate; intensified compliance inspections based on problems and risks, focused on key businesses and hidden risks, and continued to track and implement rectification; improved the Group's compliance management

mechanism, strengthened compliance communication and control among Group members; fully implemented the work requirements raised by the People's Bank of China, strictly performing anti-money laundering obligations, including customer identification, the preservation of customer identity information and transaction record, customer money laundering risk classification, suspicious transaction reporting, list monitoring, launching a new anti-money laundering monitoring system that will be continuously optimized and updated, developing suspicious transaction monitoring indicators that are in line with the Company's own business characteristics to strengthen the management and control of money laundering risks in high-risk areas, continuing to innovate anti-money laundering training and publicity forms, and promoting the full coverage of anti-money laundering work supervision and inspection, so as to improve the effectiveness of anti-money laundering work.

**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.

The business lines and the middle and back office management of the Company are highly depended on the information technology system, which has become the key support to the operation of businesses of the Company. During the Reporting Period, the Company continued to increase investment in information technology to improve the management system and process of information technology risks, to enhance the quality control over information technology and strengthen the investigation and governance for information technology risks, further improving the effectiveness of risk management. The Company formulated emergency plans for network and information security incidents, and conducted regular assessment and drills. During the Reporting Period, the Company's information system was operated stably and safely without any major information technology risk events.

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

## 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. In March 2020, the Company was approved to formally implement the pilot project of consolidated statement supervision, under which, the Company, in accordance with regulatory regulations and requirements, has carried out various tasks to further enhance the Company's risk management and control capabilities.

For the full coverage of risks, the Company established a comprehensive risk management system for the Group with "high engagement, full coverage and deep penetration" as the core idea, and with "collectivization, specialization and platformization" as the main approach. 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 the 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, monitoring, assessment, decisions, response and reporting before, during and after each operation. For managing 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. 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, and accurately calculated, dynamically monitored and timely alerted risk indicators with systematic methods. During the Reporting Period, the Company continuously promoted the system construction relating to risk indicator monitoring functions, and realized the centralized and unified monitoring on various risk indicators.

For the measurement of risks, the Company realized the measurement on the market, credit and liquidity risks, and continuously strengthened the risk measurement model management. During the Reporting Period, the Company regularly carried out evaluation and verification of valuation pricing model and risk measurement model, and continuously perfected the measurement model to improve the accuracy of measurement results. The company further strengthened the management of the Parent Company and its subsidiaries' valuation pricing model and the risk measurement model to effectively control the model risk.

For the analysis of risks, the Company established a multi-level risk reporting system, which clarified the reporting mechanism and procedure requirements, and further strengthened the depth and comprehensiveness of risk analysis during the Reporting Period, 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. 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. During the Reporting Period, the Company further perfected and enriched the library of stress test scenarios, and strengthened the research on the trigger mechanism of irregular stress tests, which has been applied to various management decisions of the Company.

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 has the capability to react to and resolve various risks it encounters.

The Company provided support and protection for its comprehensive risk management in aspects of cultivating a culture, developing policies, increasing investment, improving the system and recruiting talents. The Company attached great importance to the construction of risk management culture and strengthened the promotion of risk management ideas. During the Reporting Period, the Company continued to carry out risk management training and risk management culture publicity activities covering all employees, and further promoted the implementation and optimization of the risk management assessment mechanism of the Group, giving full play to the guiding role of risk assessment. The Company established a three-dimensional risk management system at the Board of Directors level, senior management level and business level, and developed a regular evaluation and revision mechanism for the system, through which the implementation of the system was included into the risk assessment. The Company attached great importance to risk management and information technology system construction, and provided sufficient resources to support and protect the risk management and system improvement. The Company emphasized the effective combination of risk management and information technology system, and firmly followed the direction of digital transformation to push forward its establishment of a platform for risk management technology with group-wide coverage and deep penetration, empowering the risk management. The Company intensified its efforts in training and engaging risk management personnel, enabling the risk management personnel of the Company continuously meet regulatory requirements.

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

The Company attached great importance to its compliance operation and risk management by continuously enhancing the construction of the compliance risk control system, optimizing the composition of compliance risk control personnel, and increasing investment in the construction of the compliance risk control system to improve 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, the daily operating costs of compliance risk control and investment in construction of compliance risk control related systems. In 2020, on Parent Company basis, the total investment in compliance risk control of the Company amounted to RMB452,002,800.

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

The Company has always valued innovation in information technology, adhered to the concept of "technology empowering the future, data driving development", relied on the "five new" development strategy of new technologies, new platforms, new ecology, new governance, and new drivers, systematically promoted digital transformation, created high-quality products, and provided high-quality products service to create technology competitiveness in the forefront of the industry. The Company's investments in information technology mainly include: IT capital expenditure, daily expenses for operation and maintenance of IT, leasing and depreciation cost of computer rooms, circuit leasing cost and remuneration of IT personnel. In 2020, on Parent Company basis, the total investment in information technology of the Company amounted to RMB1,764,781,900.

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

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

During the Reporting Period, the Company solidly pushed forward the monitoring and pre-warning 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 of the Company's 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.), realization of part of the 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 prospective estimation or pressure tests of risk control indicators 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 under the 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, and there were no such circumstances where the risk control indicators violated the pre-warning standards or were not in compliance with the provided standards.

## 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, 2020 and the details of changes therein, please refer to "Changes in Ordinary Shares and Shareholders" in this report.

### (II) 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) Repurchase of shares by the Company

In active response to the policies of the national government and regulatory authorities, according to the requirements of relevant laws, regulation and normative documents and based on the confidence in the sustainable and steady development of the Company in the future and the reasonable judgment on the stock value of the Company, the Company repurchased A shares from the secondary market as source of shares for the restricted share incentive scheme in an effort to enhance investors' confidence, safeguard shareholders' rights and interests, and at the same time, deepen the mixed-ownership reform, establish a market-oriented mechanism for benefits and risks sharing with employees, and further stimulate the vitality of the Company. For the repurchase of shares by the Company, please refer to "Changes in Ordinary Shares and Shareholders" and "Repurchase, Sale or Redemption of the Listed Securities of the Company and its Subsidiaries" in this report.

**(IV) Sufficient public float**

As at the latest practicable 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 satisfies the requirements for minimum public float under Rule 8.08 of the Hong Kong Listing Rules.

**(V) Directors' interests in competing business with the Company**

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.

**(VI) 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).

**(VII) 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.

**(VIII) Permitted indemnity provision – liability insurance for Directors, Supervisors and senior management**

As authorized in 2014 annual general meeting, the Company has provided 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 promote the full discharge of duties by the Directors, Supervisors and senior management of the Company.

## (IX) Profile of Directors, Supervisors and senior management

For profiles 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" in the section headed "Directors, Supervisors, Senior Management and Staff" in this report.

## (X) 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" under "Changes in Shareholding Structure and Remuneration" and "Remuneration of the Directors, Supervisors and Senior Management" in the section headed "Directors, Supervisors, Senior Management and Staff" in this report.

## (XI) Share option scheme

The Company did not establish any share option scheme.

## (XII) Major customers and suppliers

The Group provides services to a wide range of institutional and individual clients across various 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 London 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 2020, 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.

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

For details of the employees' 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" in the section headed "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" in the section headed "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" in the section headed "Management Discussion and Analysis and Report of the Board" in this report.

**(XIV) Business review**

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

**(XV) Corporate governance**

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

**(XVI) Environmental policies and performance of the Company**

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

**(XVII) Compliance with relevant laws and regulations**

As a public company listed at home and abroad, the Company abides, in a strict manner, by the requirements of the laws, regulations and normative documents of domestic and foreign places 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 public denouncement suffered by the Company for the year" under "Material Litigation and Arbitration" in the section headed "Major Events" in this report for the punishment and public denouncement received by the Company during the Reporting Period.

**(XVIII) Reserves and distributable reserves**

Please refer to the consolidated statements of changes in equity and Note 54 to the financial statements of this report for changes in reserves and distributable reserves.

**(XIX) 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 20 and 21 to the consolidated financial statements. As at December 31, 2020, 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.

## (XX) 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, 2020.

## (XXI) Donations

The Company actively performed its social responsibilities in 2020 by investing a total of RMB32,408,100 (2019: RMB20,770,500) in public activities including public service advertising and charitable contribution.

## (XXII) Five-year financial highlight

For the highlight of operating results, 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" in the section headed "Company Profile" in this report. This summary does not constitute a part of the audited consolidated financial statements.

## (XXIII) Auditors

1. Upon approval by 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 prepared 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 prepared by the Company in accordance with the International Financial Reporting Standards. Certified public accountant Pang Shing Chor Eric signed the report.

2. Upon approval by the Company's 2018 Annual General Meeting held on June 26, 2019, the Company employed KPMG Huazhen LLP as the audit service institute of the Company and its holding subsidiaries' 2019 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 RMB5.50 million. In 2019, KPMG Huazhen LLP issued a standard unqualified opinion audit report on the annual financial report prepared by the Company in accordance with the China Accounting Standards for Business Enterprises. Certified public accountants Cheng Hailiang and Qian Ruwen signed the report; KPMG issued a standard unqualified opinion audit report on the annual financial report prepared by the Company in accordance with the International Financial Reporting Standards. Certified public accountant Pang Shing Chor Eric signed the report.

3. Upon approval by the Company's 2019 Annual General Meeting held on June 18, 2020, the Company employed KPMG Huazhen LLP as the audit service institute of the Company and its holding subsidiaries for the 2020 annual accounting statement and internal control to issue A Share audit report, internal control audit report and GDRs audit report; and employed KPMG as the audit service institute for the Company's H Shares to issue H Share audit report. The audit service fee was capped at RMB6.00 million. In 2020, KPMG Huazhen LLP issued a standard unqualified opinion audit report on the annual financial report prepared by the Company in accordance with the China Accounting Standards for Business Enterprises. Certified public accountants Cheng Hailiang and Qian Ruwen signed the report; KPMG issued a standard unqualified opinion audit report on the annual financial report prepared by the Company in accordance with the International Financial Reporting Standards. Certified public accountant Lee Lok Man signed the report.

4. Upon approval by the Company's fourteenth meeting of the fifth session of the Board of Directors held on March 23, 2021, the Company proposed to employ KPMG Huazhen LLP as the audit service institute of the Company and its holding subsidiaries for the 2021 annual accounting statement and internal control to issue A Share audit report, internal control audit report and GDRs audit report; and employ KPMG as the audit service institute for the Company's H Shares to issue H Share audit report. The audit service fee will be capped at RMB6 million (of which the internal control audit fee will be capped at RMB0.5 million). This issue is yet to be approved at the 2020 Annual General Meeting of the Company.

### (XXIV) Auditor's remuneration

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

During the Reporting Period, the Company employed KPMG Huazhen LLP to provide non-auditing services, such as agreed procedures and advisory service, and the fees for such non-auditing services were RMB2.15 million.

### (XXV) Review of Annual Results

This annual financial report has been audited. The Audit Committee under the Board of Directors has reviewed the Company's audited annual financial statement and annual report as of December 31, 2020, and did not raise any objections to the accounting policy and convention adopted by the Company.

### (XXVI) 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 2020 annual report of the Company which contains all the information 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
**Zhang Wei**
*Chairman*

March 23, 2021

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

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

Article 262 of the Articles of Association has clarified the Company's profit distribution policy, the decision-making process for the profit distribution plan and the decision-making process for adjustments of the profit distribution policy. 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's 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 profit distribution plan or proposal of ordinary shares of the Company over the last three years (including the Reporting Period) were as follows:

In the interim of 2018, 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. The total amount of cash dividend was RMB2,475,450,000.00.

In 2018, on the basis of the total share capital of 9,076,650,000 shares, the Company proposed the distribution of cash dividend of RMB3.00 (tax inclusive) for every ten shares. The total amount of cash dividend was RMB2,722,995,000.00.

In 2019, on the basis of the total share capital of 9,076,650,000 shares and after deducting the number of shares held in the special account for repurchase of the Company after the closing of the record date of holders of A Shares for the profit distribution, the Company proposed the distribution of cash dividend of RMB3.00 (tax inclusive) for every ten shares. The total amount of cash dividend was RMB2,701,394,989.80.

In 2020, according to the annual financial statements of the Company, the net profit of the Parent Company for the year reached RMB5,923,763,424.27. According to relevant provisions of the Company Law, the Securities Law, the Financial Rules for Financial Enterprises (《金融企業財務規則》) and the Articles of Association, the Company had appropriated a total of RMB1,777,129,027.29 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 RMB4,146,634,396.98. Plus the balance of undistributed profit in previous years, the accumulated profit available for distribution to investors as at the end of 2020 was RMB17,604,448,446.99. 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 2020, the accumulated fair value changes in distributable profit of the Parent Company were RMB2,807,531,731.31, after deduction of which as required, the profit of the Parent Company available for distribution to investors in cash amounted to RMB14,796,916,715.68.

After comprehensive consideration of factors such as the interests of shareholders and the development of the Company, the 2020 profit distribution proposal of the Company is as follows:

1. The Company will distribute cash dividend of RMB4.00 (tax inclusive) per 10 shares based on the Company's existing total share capital of 9,076,650,000 shares after deducting the A Shares deposited in the special account for securities repurchase and temporarily not used in the equity incentive scheme (the number of shares under the equity incentive scheme is calculated at the maximum number of restricted shares under the equity incentive scheme as considered and approved at the 2021 first extraordinary general meeting of the Company), with the total cash dividend of RMB3,612,609,402 (tax inclusive). The actual total amount of payment will be calculated based on the total number of shares that will be entitled to the dividend distribution on the record date for the implementation of the distribution plan by the Company. 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 (including the depositary of GDRs) and the investors of Southbound Trading in RMB and to holders of H Shares (excluding the investors of Southbound Trading) 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 2020 Annual General Meeting of the Company.

## (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 during the dividend year | Percentage of net profit attributable to the shareholders of ordinary shares of the Company in the consolidated financial statements (%) |
|---|---|---|---|---|---|---|
| 2020 | – | 4.00 | – | 3,612,609,402.00 | 10,822,496,891.00 | 33.38 |
| 2019 | – | 3.00 | – | 2,701,394,989.80 | 9,001,644,018.52 | 30.01 |
| 2018 | – | 3.00 | – | 2,722,995,000.00 | 5,032,737,702.70 | 54.11 |
| 2018 interim period | – | 3.00 | – | 2,475,450,000.00 | 3,158,898,403.05 | 78.36 |

Notes: 1. In 2019, given that the Company has conducted works related to the issuance of Global Depository Receipts (GDRs) and listing on the London Stock Exchange, in order to protect the interests of all shareholders, the Company has adjusted its 2018 profit distribution proposal, which was considered and approved at the twentieth meeting of the fourth session of the Board, and considered and approved at the 23rd meeting of the fourth session of the Board of the Company. In 2019, the 2018 Annual General Meeting of the Company considered and approved the adjusted 2018 profit distribution plan of the Company. For the profit distribution, on the basis of the total share capital of 9,076,650,000 shares, the Company proposed the distribution of cash dividend of RMB3.00 (tax inclusive) for every ten shares. The total amount of cash dividend distributed was RMB2,722,995,000.00.

2. With a combination of the 2018 profit distribution plan with the 2018 interim profit distribution plan of the Company, the total cash dividend distributed by the Company amounted to RMB5,198,445,000.00, accounting for 103.29% of net profit attributable to the shareholders of ordinary shares of the Company in the 2018 consolidated financial statements of the Company.

## (III) The inclusion of shares repurchased through cash offer in cash dividend

Unit: Yuan Currency: RMB

| | Amount of cash dividends | Percentage (%) |
|---|---|---|
| 2020 | 1,626,402,152.88 | 15.03 |

According to the "Opinions on Supporting Share Repurchase by Listed Companies" (《關於支持上市公司回購股份的意見》), where a listed company repurchases its shares by means of offers or centralized auctions with the consideration in cash, it shall be deemed as cash dividend of the listed company and be counted in the calculation of relevant proportion of cash dividend.

As of December 31, 2020, the Company has accumulatively repurchased 88,090,995 A Shares through centralized bidding and the total amount paid was RMB1,626,402,152.88 (excluding transaction costs). After including such repurchase amount in calculation, the proposed total cash dividend of the Company in 2020 amounted to RMB5,239,011,554.88, accounting for 48.41% of net profit attributable to the shareholders of ordinary shares of the Company in the 2020 consolidated financial statements of the Company.

## (IV) 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稅政策有關問題的通知》(財稅[2015]101號)) and the Notice on Issues Regarding the Implementation of Differentiated Individual Income Tax Policy for Dividends and Bonuses of Listed Company (Cai Shui [2012] No. 85) (《關於實施上市公司股息紅利差別化個人所得稅政策有關問題的通知》(財稅[2012]85號)) jointly issued by the Ministry of Finance, State Administration of Taxation and the CSRC, for individual shareholders of the Company, if the term of shareholding (a period from the date when the individual acquires the listed shares on public offering and transferring markets 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 from 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 entitled to 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 Company Limited 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 the qualified investors who invest in the GDR issued by the Company on London Stock Exchange and comply with the relevant domestic and foreign regulatory rules (GDR Investors), according to the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得税法》) and other relevant tax regulations, the Company shall withhold and pay income taxes at a tax rate of 10%. Citibank and National Association, as the nominal holders of domestic basic A Shares corresponding to GDR, receive the cash dividends distributed by the Company. If the dividend and bonus incomes obtained by GDR Investors are entitled to the treatment as stipulated in relevant tax treaties (arrangements), applications can be submitted to the governing tax authority according to regulations.

For other 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 rate 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稅收政策的通知》(財稅[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 in any way (including but not limited to self-operated, joint venture or associated) at any time in the future (except for Jintai Futures Co., Ltd.). For any opportunities to conduct, engage in or invest in any business that may compete with the business of Huatai Securities available to Guoxin Group and its subsidiaries or associated companies, Guoxin Group will give such opportunities to Huatai Securities (except for Jintai Futures Co., Ltd.). | Issuing date: June 27, 2014; expiry date: in a long term | No | Yes |

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

## IV. STANDARD UNQUALIFIED OPINION AUDIT REPORT WAS 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 to the consolidated financial statements 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 units** |
|---|---|
| Name of the domestic accounting firm | KPMG Huazhen LLP |
| Remuneration of the domestic accounting firm | 335 |
| Audit duration of the domestic accounting firm | 7 years |
| Name of the overseas accounting firm | KPMG |
| Remuneration of the overseas accounting firm | 250 |
| Audit duration of the overseas accounting firm | 6 years |

| | **Name** | **Remuneration** |
|---|---|---|
| Accounting firm for the auditing of internal controls | KPMG Huazhen LLP | Please refer to the description below this table |

**Description of appointment and removal of accounting firm**

During the Reporting Period, as approved at the 2019 Annual General Meeting of the Company, the Company reappointed KPMG Huazhen LLP to audit the financial statements and conduct internal control of the Company and its holding subsidiaries for 2020 to issue the 2020 audit report and internal control audit report. The audit service fee was capped at RMB6.00 million.

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

## VIII. MATERIAL LITIGATION AND ARBITRATION

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

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

| Summary and type of event | Query indexes |
|---|---|
| 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 2019 |
| 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 2019 |
| 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 2019 |
| Debt disputes between Huatai United Securities, China Huacheng Group Financial Co., Ltd. (中國華誠集團財務有限責任公司) and Huacheng Investment Management Co., Ltd. (華誠投資管理有限公司) | Could be retrieved in the annual reports for the Year 2011 to 2019 |

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

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

### *(1) Debt dispute between the Company 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 the Company in full and the principal amount of the bond was not able to be paid for redemption in full upon maturity. the Company and other creditors jointly entrusted the Chengdu Branch of the Bank of Tianjin Co., Ltd. to lodge 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, the interest shall be paid at the coupon rate of 7.25% calculated from December 6, 2014 till the date of repayment, and the penalty interest shall be paid at the annual interest rate of 3.625% calculated from December 6, 2015 till the date of repayment (of which RMB50 million was attributable to the Company). As of December 31, 2018, the principal, interest and penalty interest receivable by the Company from Sichuan Shengda Group Co., Ltd. were RMB50 million, RMB14,758.2 thousand and RMB5,566.6 thousand, respectively. The case was closed through mediation. Sichuan Shengda Group Co., Ltd. agreed to pay the money above, confirming that Chengdu Branch of Bank of Tianjin Co., Ltd. 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, the executive court, is disposing the pledge, among which 10 million shares of "GWACG" (stock code: 000835) were auctioned for the second time on November 21, 2018. The second largest shareholder of GWACG won the equity at RMB42.68 million. In February 2019, the Company received the auction proceeds of approximately RMB7.01 million. As of December 31, 2020, the principal, interest and penalty interest receivable by the Company from Sichuan Shengda Group Co., Ltd. were RMB44.5668 million, RMB19.6256 million and RMB8.7886 million, respectively. The disposal of the other two pledges is still in progress.

***(2) Dispute over pledged securities repurchase between the Company, Chu Jinfu, Tang Fujun and Henan Senyuan Group Co., Ltd. (hereinafter referred to as Senyuan Group)***

Due to the breach of contract on stock pledged repurchase transaction by Chu Jinfu, the Company filed a lawsuit with the Intermediate People's Court of Nanjing in July 2020, requesting the court to order Chu Jinfu to pay the outstanding principal of RMB571.80 million and the corresponding interest, liquidated damages and the fees on the realization of creditor's rights, order Tang Fujun to undertake joint settlement obligations and order that the Company is entitled to the priority of claim for the money from the discounting, auction or sale of relevant shares, equity interests and the corresponding dividend pledged to the Company by Chu Jinfu and Senyuan Group within the scope of relevant payment obligations. In August 2020, the Intermediate People's Court of Nanjing has secured relevant bank accounts and stocks. Senyuan Group raised an objection to jurisdiction during the period of submitting statement of defense and believed that the case shall be placed under the jurisdiction of the High People's Court of Henan Province. In November 2020, the Intermediate People's Court of Nanjing ruled and rejected the objection to jurisdiction by Senyuan Group and Senyuan Group filed an appeal to the High People's Court of Jiangsu Province. In January 2021, the High People's Court of Jiangsu Province ruled and rejected the appeal and the original judgment was upheld. Currently, the case is still under litigation. The Company has provided the corresponding impairment losses for the transaction.

***(3) Dispute over pledged securities repurchase between the Company, Henan Senyuan Group Co., Ltd. and Chu Jinfu***

Due to the breach of contract on stock pledged repurchase transaction by Senyuan Group, the Company filed a lawsuit with the Intermediate People's Court of Nanjing in July 2020, requesting the court to order Senyuan Group to pay the outstanding principal of RMB300 million and the corresponding interest, liquidated damages and the fees on the realization of creditor's rights, order Chu Jinfu to undertake joint settlement obligations and order that the Company is entitled to the priority of claim for the money from the discounting, auction or sale of relevant shares, equity interests and the corresponding dividend pledged to the Company by Senyuan Group within the scope of relevant payment obligations. In August 2020, the Intermediate People's Court of Nanjing has secured relevant bank accounts and stocks. Senyuan Group raised an objection to jurisdiction during the period of submitting statement of defense and believed that the case shall be placed under the jurisdiction of the High People's Court of Henan Province. In November 2020, the Intermediate People's Court of Nanjing ruled and rejected the objection to jurisdiction by Senyuan Group and Senyuan Group filed an appeal to the High People's Court of Jiangsu Province. In January 2021, the High People's Court of Jiangsu Province ruled and rejected the appeal and the original judgment was upheld. Currently, the case is still under litigation. The Company has provided the corresponding impairment losses for the transaction.

***(4) Dispute over pledged securities repurchase between the Company, Han Hua and Yang Lijun***

Due to the breach of contract on stock pledged repurchase transaction by Han Hua, the Company filed a lawsuit with the Intermediate People's Court of Nanjing in August 2020, requesting the court to order Han Hua to pay the outstanding principal of RMB161,905,600 and the corresponding interest, liquidated damages and the fees on the realization of creditor's rights, order Yang Lijun to undertake joint settlement obligations and order that the Company is entitled to the priority of claim for the money from the discounting, auction or sale of relevant shares and the corresponding dividend pledged to the Company by Han Hua within the scope of relevant payment obligations. On November 3, 2020, the case was heard at the Intermediate People's Court of Nanjing and no judgment has been issued so far. The Company has provided the corresponding impairment losses for the transaction.

***(5) Dispute over pledged securities repurchase between the Company, Yang Lijun and Han Hua***

Due to the breach of contract on stock pledged repurchase transaction by Yang Lijun, the Company filed a lawsuit with the Intermediate People's Court of Nanjing in September 2020, requesting the court to order Yang Lijun to pay the outstanding principal of RMB101,268,300 and the corresponding interest, liquidated damages and the fees on the realization of creditor's rights, order Han Hua to undertake joint settlement obligations and order that the Company is entitled to the priority of claim for the money from the discounting, auction or sale of relevant shares and the corresponding dividend pledged to the Company by Yang Lijun. The case has not yet been heard so far. The Company has provided the corresponding impairment losses for the transaction.

***(6) Bill dispute under No. 1 Targeted Assets Management Plan of Bank of Huafu Xiamen (華福廈門銀行) of Huatai Securities in Relation to Huatai Asset Management***

Xiamen Bank Co., Ltd, the consignor of No. 1 Targeted Assets Management Plan of Bank of Huafu Xiamen of Huatai Securities ("No. 1 Targeted Assets Management Plan"), 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 a total litigation amount of RMB950 million. During the Reporting Period, the relevant case has been trialed in conjunction at Higher People's Court of 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. On February 18, 2019, the Supreme People's Court accepted the appeal lodged by Shenzhen Branch of Bank of Ningbo. On December 12, 2020, the Supreme People's Court issued the final judgment, which rejected the appeal and upheld the original judgment. The case was closed.

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 or after the Period.

***(7) Property mortgage dispute and bond default contract dispute under Huatai collective asset management program of Huatai Asset Management***

On February 24, 2020, Huatai Asset Management, on behalf of the collective asset management program and as the plaintiff, lodged a lawsuit on mortgage contract dispute with the Third Intermediate People's Court of Beijing against Beijing Shiji Runfengyuan Asset Management Co., Ltd. (北京世紀潤豐源資產管理有限公司), the mortgagor and as the defendant, on that the bonds pledged repo transaction by Meicheng No. 28 Securities Private Fund (美橙二十八號證券型私募基金) under the management of Shanghai Meiqi Asset Management Center (LLP) (上海美期資產管理中心(有限合夥)) on Shanghai Stock Exchange constitutes substantive debts in violation of contract and claimed for priority of claim from the mortgaged property. The competent court issued the judgment on December 30, 2020 and believed that the mortgage contract of Huatai Asset Management is legal and effective, but it rejected the claims for the reasons that the debts suited are still under lawsuit and the amount of debts is unclear.

On June 24, 2020, Huatai Asset Management, on behalf of the collective asset management program and as the plaintiff, lodged a civil lawsuit with Shanghai Financial Court on the violation of contract related to "16 Rightway 03" bonds against Rightway Property Development Co., Ltd. (正源房地產開發有限公司), the issuer of the bonds, as the defendant and the amount involved was RMB170.8 million. The case was officially accepted and is under first trial. Based on relevant opinions and requirements of the Supreme People's Court on bonds review, the case has been transferred to the Intermediate People's Court of Dalian. Currently, the Intermediate People's Court of Dalian has accepted the case and it is under the first trial.

***(8) Stock pledged repurchase contract dispute under No. 3 Targeted Assets Management Plan on Capital Innovation of China Merchants of Huatai Asset Management***

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

### *(9) Dispute between Huatai United Securities and investors of 16 Bright Oceans Bonds*

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

China Foreign Economy and Trade Trust Co., Ltd., the plaintiff, holds the bonds with a principal nominal value of RMB45 million. On October 26, 2020, Huatai United Securities received a notice of respondence to action from the First Intermediate People's Court of Beijing. China Foreign Economy and Trade Trust Co., Ltd. believed the bonds have breached contract and there were false and misleading statements or significant omissions in the Prospectus and the lead underwriter and the joint lead underwriter failed to perform due diligence obligations. It filed a lawsuit against the issuer, the lead underwriter and the joint lead underwriter, requesting the issuer to repay a principal of RMB45 million and interest of RMB16,481,126 and requesting the lead underwriter and the joint lead underwriter to undertake joint responsibilities. Currently, the case has not yet been heard in court.

Shenzhen Rongtong Capital Management Co., Ltd., the plaintiff, holds the bonds with a principal nominal value of RMB500 million. On October 31, 2020, Huatai United Securities received a notice of respondence to action from the First Intermediate People's Court of Beijing. Shenzhen Rongtong Capital Management Co., Ltd. filed a lawsuit against the issuer, the lead underwriter and the joint lead underwriter, requesting the issuer to repay a principal of RMB500 million, the interest and the fees on the realization of the creditor's rights with a total amount of RMB602.4 million, and requesting the lead underwriter and the joint lead underwriter to undertake joint responsibilities. Currently, the case has not yet been heard in court.

CITIC Trust Co., Ltd. (中信信託有限責任公司), the plaintiff, holds the bonds with a principal nominal value of RMB20 million. On November 5, 2020, Huatai United Securities received a notice of respondence to action from the First Intermediate People's Court of Beijing. CITIC Trust Co., Ltd. filed a lawsuit against the issuer, the lead underwriter and the joint lead underwriter, requesting the issuer to repay a principal of RMB20 million and the interest with a total amount of RMB23,536,500, and requesting the lead underwriter and the joint lead underwriter to undertake joint responsibilities. Currently, the case has not yet been heard in court.

***(10) Dispute over Magnate project between Huatai United Securities and Postal Savings Bank***

For the "Huatai Magnate Light Asset-backed Special Program" (the "Magnate ABS"), Shanghai Fortune HFT Asset Management Co., Ltd. (上海富誠海富通資產管理有限公司) acted as the program manager and Huatai United Securities acted as the financial consultant.

On September 21, 2020, Shanghai Financial Court issued the Notice of Respondence to Action and served it to Huatai United Securities on September 25. Since investment in Magnate ABS was not fully redeemed, Postal Savings Bank of China, the plaintiff, requested to order the five defendants to jointly compensate the plaintiff an investment loss of RMB527 million and interest of RMB72 million (as of June 1, 2020) and order the lawsuit fees shall be assumed by the five defendants, among which Huatai United Securities was listed as the fifth defendant. Currently, the case has not yet been heard in court.

**(III) Punishment and public denouncement suffered by the Company for the year**

1. On February 13, 2020, the Company received the Decision on Administrative Punishment (Bank Punishment Decision [2020] No. 23) (《行政處罰決定書》(銀罰字[2020]23號)) from the People's Bank of China. Pursuant to Article 32 of the Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》), the People's Bank of China imposed a fine of RMB8.80 million on the Company for failing to fulfill its obligation of verification of customers' identities, a fine of RMB0.90 million for failing to report suspicious transactions in accordance with the requirements, and a fine of RMB0.40 million for conducting transactions with customers whose identities were unknown.

   The Company has paid such fine within the prescribed time. In respect of the problems stipulated in the Decision on Administrative Punishment, the Company investigated such problems and made rectifications immediately during the period under inspection and, in accordance with the requirements of the "Opinion on Law Enforcement Inspection" (《執法檢查意見書》) of the People's Bank of China, formulated the "Rectification Plan for Problems Found in Field Inspection of Anti-Money Laundering by the People's Bank of China" (《關於中國人民銀行反洗錢現場檢查問題的整改方案》), which was considered and approved at the twenty-fifth meeting of the fourth session of the Board of the Company. When opening new accounts, the Company has verified the authenticity of customers' identities and implemented the real-name account management system in strict compliance with the laws, regulations and regulatory requirements. For the problems found in the inspection, the Company has made deep analyses and strictly implemented the rectification plan thereon to comprehensively promote the continuous identification of historical existing customers. Moreover, the Company has further improved its anti-money laundering work mechanism, upgraded its new generation of anti-money laundering system, continued to improve the function of its business system, optimized the process of customer identification and suspicious transaction reporting, and strengthened its anti-money laundering supervision and inspection.

At present, the business operations of the Company are normal and the abovementioned punishment has no material impact on the business operations and financial position of the Company. The Company will continue to strengthen its internal control mechanism on anti-money laundering and improve internal control compliance management in the future, so as to lay a solid foundation for anti-money laundering related work.

2. On March 11, 2020, Shenzhen Securities Regulatory Bureau issued the "Decision on Taking Administrative Regulatory Measures Against Securities Branch of Huatai Securities in Hongli Road, Shenzhen by Issuing Warning Letter" (Decision on Administrative Regulatory Measures Decision [2020] No.19) (《關於對華泰證券深圳紅荔路證券營業部採取出具警示函行政監管措施的決定》(行政監管措施決定書[2020]19號)) to the Securities Branch of the Company in Hongli Road, Shenzhen. The following problems were identified in the securities branch: first, during the period from May 2018 to March 2019, the securities branch monitored and found that there occurred abnormal trading alerts in the account of the customer surnamed Deng for 14 trading days, but the suspicion was ruled out only through telephone inquiries and sending text messages; second, the customer surnamed Deng said in a telephone call that he/she had handed over his/her account to another person to operate, but the securities branch did not fully investigate the actual operator, the actual beneficiary, the source of the account funds and other material information to prevent risks; third, the securities branch did not carefully verify the customers related to the account with abnormal trading alerts, or report such major abnormal behavior in a timely manner. Shenzhen Securities Regulatory Bureau decided to take an administrative supervision measure against the securities branch by issuing a warning letter, requiring it to further strengthen transaction monitoring and warning of its customers to improve the relevant work process, and diligently verify account anomalies to prevent facilitating customers' non-compliance in trading activities.

   The Company has urged Shenzhen Branch and the Securities Branch in Hongli Road, Shenzhen to make prompt rectification and practice responsibility investigation. The Securities Branch in Hongli Road, Shenzhen has rectified the problems pointed out in the letter, and the relevant personnel involved in the incidents has been strictly held accountable. In addition, the Company has set up a special group for prevention of and coping with over-the-counter funding activities, which organises branches to verify key clients suspected of being engaged in over-the-counter funding activities on a quarterly basis, and makes classification based on the verification results and reports to the regulatory departments in a timely manner.

3. On June 23, 2020, Huatai Futures received the "Decision on Issuance of Warning Letter to Huatai Futures Co., Ltd." (Decision on Administrative Regulatory Measures [2020] No. 47) (《關於對華泰期貨有限公司採取出具警示函措施的決定》(行政監管措施決定書[2020]47號)) from Zhejiang Securities Regulatory Bureau, mainly stating that Huatai Futures held a president's office meeting on February 17, 2020, issued a decision on appointment and dismissal on March 13, 2020, and submitted relevant materials to Zhejiang Securities Regulatory Bureau on April 13, 2020, which violated Articles 30 and 31 of the Measures for the Administration of Qualification Requirements for Directors, Supervisors and Senior Management Personnel of Futures Companies (《期貨公司董事、監事和高級管理人員任職資格管理辦法》) and Article 102 of the Measures for the Supervision and Administration of Futures Companies (《期貨公司監督管理辦法》). According to the Article 109 of the Measures for the Supervision and Administration of Futures Companies, Zhejiang Securities Regulatory Bureau decided to take a regulatory measure against Huatai Futures by issuing a warning letter, and include it in the integrity records of the securities and futures market. Zhejiang Securities Regulatory Bureau also required Huatai Futures to learn relevant laws and regulations to raise its awareness of standardized operation, take practical and effective measures to prevent the recurrence of such violations, and submit a written report by July 10, 2020.

   On July 9, 2020, Huatai Futures submitted the "Rectification Report on the Delay in Reporting Change of Head of Securities Branch" (《關於營業部負責人變更報送延遲事宜的整改報告》) to Zhejiang Securities Regulatory Bureau. Zhejiang Securities Regulatory Bureau issued the Notice on Passing the Acceptance on Rectification of Huatai Futures Co., Ltd. on December 29, 2020, certifying that the rectification has met relevant requirements and passed the acceptance.

4. Jiangsu Securities Regulatory Bureau issued the "Decision on Issuance of Warning Letter to Huatai Futures Co., Ltd." (《關於對华泰证券股份有限公司採取出具警示函措施的決定》) ([2020] No. 112) on November 23, 2020, stating that the company failed to report a significant information safety incident in August 2019. It required the company to attach great importance, strength internal control and enhance management to practically carry out relevant information safety work.

   The Company has carried out special audit on significant information safety incidents and a comprehensive review on the internal and external reporting procedures on information safety incidents to consistently improve the reporting mechanism on incidents. Meanwhile, the Company further perfected the risk monitoring and alarming system on the information system, fully implemented the accountability system on safety production, constantly enhanced the awareness of all employees on safety production and performed the requirements on information safety management work.

## 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 public denouncement suffered by the Company for 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 relatively large liability.

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

As considered and approved at the eleventh meeting of the fifth session of the Board and the 2021 first extraordinary general meeting of the Company, the Restricted Share Incentive Scheme of A Shares proposes to grant no more than 45,640,000 restricted A Shares to the incentive participants. The source of underlying shares is the ordinary A Shares repurchased from the secondary market by the Company. The incentive participants granted under the scheme include the Directors, senior management and other core key employees of the Company, but excludes the non-executive Directors (including independent Directors) and Supervisors of the Company. All the incentive participants are working in the Company (including branches) or its wholly-owned or controlled subsidiaries. The grant price shall be RMB9.10 per share and shall not be lower than the higher of 50% of the average trading price of the A Shares for the last trading day immediately preceding the announcement of the draft plan and 50% of the average trading price of the A Shares for either the last 20 trading days, 60 trading days or 120 trading days immediately preceding the announcement of the draft plan. The validity period of the incentive scheme shall commence from the date of completion of registration of the granted restricted shares and end on the date when all the restricted shares granted to the incentive participants are fully unlocked (excluding those subject to voluntary lock-up or reduction restriction over Directors and senior management) or repurchased and deregistered, for a maximum of six years. For details, please refer to the announcement of the Company dated December 31, 2020.

In addition, the Company convened the fourteenth meeting of the fifth session of the Board on March 23, 2021, at which the Resolution on Matters Related to the Adjustment to the Restricted Share Incentive Scheme of A Shares of the Company and the Resolution on Granting Restricted A Shares to the Incentive Participants were considered and approved. The Board was of view that the grant conditions under the incentive scheme have been satisfied, and determined March 29, 2021 as the grant date. For details, please refer to the announcement of the Company dated March 23, 2021.

### OTHER INCENTIVE MEASURES

For the employee incentive measures adopted by AssetMark, a controlled company of the Group, please refer to Note 62. Share-based payment of a subsidiary to the consolidated financial statements in this report.

## XII. MATERIAL RELATED-PARTY TRANSACTIONS

Details on the related-party transactions under the relevant accounting standards can be found in Note 58. Related-party relationships and transactions to the consolidated financial statements in the report. The Company confirmed that except the following transaction, the related-party transactions shown in notes to the financial statements were not qualified as the “connected transactions” or the “continuing connected transactions” as defined in Chapter 14A of the Hong Kong Listing Rules (as the case may be), and those qualified as the connected transactions in Chapter 14A of the Hong Kong Listing Rules were fully in compliance with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules.

***Establishment of A Partnership (Nanjing Huatai Guoxin Medical Investment Partnership (LP))***

In order to explore potential investment opportunities and bring benefits and obtain better returns to shareholders, on December 31, 2020, Huatai Purple Gold Investment (as a general partner and an executive partner) and Jiangsu Investment Management Co., Ltd. (as a general partner), Nanjing Industrial Development Fund Co., Ltd. (as a limited partner) and Nanjing Beilian Venture Capital Co., Ltd. (as a limited partner) entered into a partnership agreement to establish Nanjing Huatai Guoxin Medical Investment Partnership (LP), which mainly focuses on investing in the medical and health industry, including biomedicine, medical equipment, medical services and other fields. Pursuant to the partnership agreement, the total capital contribution by all partners to the partnership shall be RMB3,000,000,000, being initial subscription scale for the fund and of which, Huatai Purple Gold Investment shall contribute RMB600,000,000. Huatai Purple Gold Investment serves as the fund manager, providing investment consulting, investment management and other services to the partnership, and the partnership shall pay the fund management fee to Huatai Purple Gold Investment. From the date of establishment of the partnership to the expiry of the thirty-sixth month from the date of establishment of the partnership, the billing base of the management fee that each partner shall share is the amount of subscribed capital contribution and the rate of 1% per year; From the day after the expiry of thirty-sixth month from the date of establishment of the partnership, to the expiry of eighty-fourth month from the date of establishment of the partnership, the billing base of the management fee that each partner shall share is the original investment cost of the partnership that has invested but has not yet withdrawn from the investment project, and the rate of 1% per year. On January 29, 2021, the Board of the Company considered and approved the Proposal on the Establishment of Industrial Fund by Huatai Purple Gold Investment Co., Ltd., a Wholly-owned Subsidiary of the Company (《關於公司全資子公司華泰紫金投資有限責任公司投資設立產業基金的議案》) and the main rights and obligations of Huatai Purple Gold Investment and Jiangsu Investment Management Co., Ltd. in the partnership agreement will take effect upon the approval of the Board of the Company and fulfilment of the approval or decision-making procedures by Jiangsu Investment Management Co., Ltd. For details, please refer to the announcement of the Company dated January 29, 2021.

Guoxin Group is a substantial shareholder of the Company, holding approximately 14.86% of the entire issued share capital of the Company, and thus is a connected person of the Company under the Hong Kong Listing Rules. Jiangsu Investment Management Co., Ltd. is a wholly-owned subsidiary of Guoxin Group, and hence Jiangsu Investment Management Co., Ltd. is an associate of Guoxin Group and a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the transaction contemplated under the establishment of the partnership constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules. As the highest applicable percentage ratio in respect of the capital contribution for the establishment of the partnership is more than 0.1% but less than 5%, as calculated under Rule 14.07 of the Hong Kong Listing Rules, the establishment of the partnership is only subject to the reporting and announcement requirements, but exempted from the requirements of circular and independent shareholders' approval under Chapter 14A of the Hong Kong Listing Rules. As all the applicable percentage ratios in respect of the management fees receivable by Huatai Purple Gold Investment as the fund manager of the partnership are less than 0.1%, as calculated under Rule 14.07 of the Hong Kong Listing Rules, the collection of the management fees is exempted from the requirements of reporting, announcement and independent shareholders' approval 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)** | |
| Total amount of guarantees during the Reporting Period (excluding the guarantees for subsidiaries) | – |
| Total balance of guarantees at the end of the Reporting Period (A) (excluding the guarantees for subsidiaries) | – |
| **Guarantees of the Company and its subsidiaries for its subsidiaries** | |
| Total amount of guarantees for subsidiaries during the Reporting Period | 252.69 |
| Total balance of guarantees for subsidiaries at the end of the Reporting Period (B) | 460.56 |
| **Total guarantee amount of the Company (including the guarantees for subsidiaries)** | |
| Total guarantee amount (A+B) | 460.56 |
| Percentage of the total guarantee amount to net assets of the Company (%) | 35.68 |
| Among which: | |
| Amount of the guarantees provided for shareholders, actual controllers and their related 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) | 398.56 |
| Excess amount of the total guarantee over 50% of the net assets (E) | – |
| Total amount of the three guarantees mentioned above (C+D+E) | 398.56 |

| | |
|---|---|
| Undue guarantees with joint and several liabilities | Bearing the principal, interest and other related expenses of the bonds |
| Conditions of guarantees | 1. Guarantees Provided by the Company |

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

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

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

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

(4) In 2019, as considered and approved at the twentieth meeting of the fourth session of the Board, the Company (as the guarantor) entered into a guarantee agreement with Citicorp International Limited (as the trustee) for the provision of an unconditional and irrevocable guarantee of USD500 million for the USD bonds issued by Pioneer Reward Limited, a subsidiary of Huatai International. In 2020, as considered and approved at the second meeting of the fifth session of the Board, the Company (as the guarantor) entered into a guarantee agreement with Citicorp International Limited (as the trustee) for the provision of an unconditional and irrevocable guarantee of USD400 million for the USD bonds issued by Pioneer Reward Limited, a subsidiary of Huatai International. Calculated at the exchange rate as at the end of the Reporting Period, the balance of guarantees for the above two overseas bonds at the end of the period was RMB6,107 million.

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

2. Guarantees Provided by the Subsidiaries

During the Reporting Period, Huatai International and its subsidiaries had provided guarantees for the benefits of their subsidiaries in connection with their business operations, which mainly supported financing guarantee, guarantees for medium-term notes, and guarantees for transactions with counterparties involving the signing of International Swaps and Derivatives Association Agreements (ISDA Agreements). The aggregate guaranteed amount was approximately RMB33.749 billion as of the end of 2020.

3. The aforesaid amount of debt guarantees provided directly or indirectly for the guaranteed objects with an asset-liability ratio of more than 70% was RMB39.856 billion, including: 1) guarantee provided by the Company to Pioneer Reward Limited, a subsidiary of Huatai International, for the issuance of USD900 million bonds; 2) guarantee provided by Huatai International to Huatai International Finance Limited, a subsidiary of Huatai International, for the issuance of USD50 million bonds; 3) the guarantee provided by Huatai International and its subsidiaries to meet the needs of the business operation of their subsidiaries.

## (III) Other Material Contracts

1. According to the SSE Listing Rules, the Company did not enter into significant contracts during the Reporting Period.

2. The progress of relevant significant contracts disclosed in the Reporting Period is as follows:

Currency: RMB

| Name of contract | Contracting parties | Date of signing | Price for transaction | Performance |
|---|---|---|---|---|
| General construction contract for Huatai Securities Square | Huatai Securities Co., Ltd. and China Jiangsu International Economic and Technological Cooperation Group Co., Ltd.(中國江蘇國際經濟技術合作公司) | July 30, 2010 | RMB986.0193 million | In July 2010, the Company and China Jiangsu International Economic and Technological Cooperation Group Co., 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 transaction price was the settlement audit price. During the Reporting Period, the contract was duly performed and the Company paid RMB1.4947 million under the general construction contract and sub-contracts thereof. By the end of the Reporting Period, the Company has paid RMB957,468,600 in total under the general construction contract. |

| Name of contract | Contracting parties | Date of signing | Price for transaction | Performance |
|---|---|---|---|---|
| Construction contract for smart facilities at Huatai Securities Square | Huatai Securities Co., Ltd. and Shanghai Haode Tech Co., Ltd.(上海浩德科技股份有限公司) | March 6, 2012 | RMB213.8211 million | 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 contract price was RMB198.8997 million. A supplementary agreement was signed on February 15, 2016 and the total contract price was changed to RMB213 million. 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 RMB7.1837 million under the construction contract for smart facilities. By the end of the Reporting Period, the Company has paid RMB209.2858 million in total under the construction contract for smart facilities. |
| Construction contract for interior decoration of the second bid section of Huatai Securities Square | Huatai Securities Co., Ltd. and Zhejiang Yasha Decoration Co., Ltd.(浙江亞廈裝飾股份有限公司) | May 21, 2013 | RMB141.0604 million | 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 a contract price of RMB117.5845 million. A supplementary agreement was signed on July 14, 2016 and total contract price was changed to RMB122 million. In December 2017, as settled and audited by Jiangsu Suya Jincheng Construction Management Consultation Co., Ltd., the transaction price was the settlement audit price. During the Reporting Period, the contract was duly performed, and the Company paid RMB2.1159 million under the construction contract for interior decoration of the second bid section. By the end of the Reporting Period, the Company has paid RMB139.6498 million 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 | Huatai Securities Co., Ltd. and China State Construction Engineering Corporation (中國建築集團有限公司) | May 21, 2013 | RMB140.0286 million | 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 RMB78.7718 million. Supplementary Agreement (2) was signed on July 9, 2015 to change the total contract price to RMB98 million and Supplementary Agreement (3) was signed on July 14, 2016 to change the total contract price to RMB120.0713 million. 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 RMB2.1004 million under the construction contract for interior decoration of the first bid section. By the end of the Reporting Period, the Company has paid RMB138.6258 million 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 | Huatai Securities Co., Ltd. and Shenzhen Shen Zhuang Zong Decoration Co., Ltd. (深圳市深装總装飾工程工業有限公司) | October 2013 | RMB132.4443 million | 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 RMB131.5863 million. A supplementary agreement was signed on February 3, 2016 and the total contract price added RMB3.4663 million to RMB135.0526 million. 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. By the end of the Reporting Period, the Company has paid RMB122.7281 million in total under the construction contract for interior decoration of the third bid section. |

| Name of contract | Contracting parties | Date of signing | Price for transaction | Performance |
|---|---|---|---|---|
| Project commission and construction contract | Nanjing Suyi Industrial Co., Ltd.(南京蘇逸實業有限公司) | February 12, 2014 | RMB31.5596 million | On February 12, 2014, the Company and Nanjing Suyi Industrial Co., Ltd. entered into the Project Commission and Construction Contract. In December 2018, as settled and audited by Jiangsu Suya Jincheng Construction Management Consultation Co., Ltd., the transaction price was the settlement audit price. During the Reporting Period, the contract was duly performed. By the end of the Reporting Period, the Company has paid RMB29.7388 million in total under the project commission and construction contract. |

## 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) Description of major events of the subsidiaries

#### *1. Huatai Purple Gold Investment*

During the Reporting Period, the fourth session of the board of directors of Huatai Purple Gold Investment was formed, comprising Cao Qun, Fan Xin and Chen Gang. The chairman and legal representative of Huatai Purple Gold Investment was changed from Jiang Jian to Cao Qun. Cao Qun ceased to be the general manager of Huatai Purple Gold Investment, and Fan Xin was appointed as the general manager of Huatai Purple Gold Investment.

During the Reporting Period, Jiangsu Huatai Ares Fund Management Co., Ltd., a joint venture of Huatai Purple Gold Investment, and Shanghai Jingrui Investment Center (Limited Partnership)(上海京瑞投資中心(有限合夥)), Jining Ruilian Equity Investment Fund (Limited Partnership)((濟寧瑞聯股權投資基金合夥企業(有限合夥), formerly known as Beijing Huatai Ruilian M&A Fund (Limited Partnership)(北京華泰瑞聯併購基金中心(有限合夥)) and Shanghai Daohan Investment Center (Limited Partnership)(上海道韓投資中心(有限合夥)) under the management of Nanjing Huatai Ruitong Investment Management Co., Ltd., a wholly-owned subsidiary of Huatai Purple Gold Investment, completed their industrial and commercial deregistration.

***2. Huatai International***

During the Reporting Period, AssetMark Financial, Inc., a subsidiary of Huatai International, acquired three wholly-owned overseas subsidiaries, namely WBI OBS Financial, LLC (incorporated in Ohio, USA), OBS Holdings, Inc. (incorporated in Ohio, USA) and OBS Financial Services, Inc. (incorporated in Delaware, USA).

During the Reporting Period, Huatai International incorporated a wholly-owned subsidiary, Huatai International Corporate Finance Limited, in Hong Kong.

During the Reporting Period, Huatai International completed the structure reorganization of its U.S. subsidiaries and directly held Huatai International Investment Holdings Limited and U.S. subsidiaries, which were no longer indirectly held through its subsidiary, Huatai Financial Holdings (Hong Kong).

***3.*** During the Reporting Period, the chairman of Jiangsu Equity Exchange was changed to Ms. Li Yun from Mr. Hu Zhi.

***4.*** During the Reporting Period, Huatai Futures completed the change of sessions of the board of directors. Mr. Hu Zhi was appointed as the chairman of the fifth session of the board of directors of Huatai Futures.

***5.*** During the Reporting Period, Huatai Asset Management completed the change of sessions of the board of directors. Mr. Chen Tianxiang and Ms. Jiao Xiaoning were appointed as directors of the third session of the board of directors of Huatai Asset Management.

**(III) For other major events disclosed by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily and the website of the Shanghai Stock Exchange (www.sse.com.cn) during the Reporting Period, please refer to the appendix.**

## XV. PERFORMANCE OF CORPORATE SOCIAL RESPONSIBILITIES

### (I) Poverty alleviation efforts of the Company

#### *1. Targeted poverty alleviation planning*

The Company strives to display the industrial advantages of the capital market and professional financial advantages, integrate the capital, technology, talents, management and other modern production factors into rural areas and focus on party building and joint development, industrial assistance, consumption support and public welfare support to contribute to the comprehensive vitalization of rural areas in the new times.

(1) Party building and joint development

The Company follows the leadership of the party in rural vitalization. With the improvement of the organization ability as the focus, it strengthens communications and cooperation through resources sharing, the cultivation of party members, jointly organization of activities and creation of brands and advances party building together with party organizations in rural areas.

(2) Industrial assistance

The Company inspects rural enterprises in parks and provides differentiated financial services for enterprises of different sizes and types and in different development stages based on accurate market demands for enterprise capitals. Meanwhile, it focuses on increasing the revenue of village collectives and provides assistance to industrial projects to boost the collective economy and support the development of featured industries in rural areas through various measures.

(3) Consumption support

It establishes a new type of production and sales partnership. Leveraging on the platform advantage of the Company, it assists in the sales of agricultural and sideline products, promotes the application of Internet recourses and facilitates the establishment of Internet-based marketing platforms to expand online sales channels for agricultural and sideline products.

(4) Public welfare support

The Company actively participates in public welfare projects in rural areas and supports the development of rural roads, culture, education, medical treatment and other public utilities to further enhance the senses of happiness and fulfillment of local residents.

### *2. Outline of targeted poverty alleviation of the year*

2020 was a decisive year for poverty alleviation in China. The Company firmly practiced the ESG principles and earnestly performed social responsibilities. Under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Company accurately satisfied the demands of poverty alleviation in impoverished regions with its talents, technology and resources. It assisted in high-efficient agricultural facilities in Feng County, Jiangsu, beef and mutton processing factories and water purification projects in Xinghe County, Inner Mongolia, the "Healthy Growth Program on Girls in Guizhou" in Tongren City, Guizhou, the "Special Support Program on Love Rescue" in Susong County, Anhui, the "Glorious Life" care program of the Yangzi Veteran Care Foundation in Jiangsu, the "99 Public Welfare Day", the "Drop • Dream Poverty Alleviation and Scholarship Project of Provincial Enterprises" and other assistance projects. It procured "Sihong rice" from Jiangsu, "Dazhaoshengquan(大昭聖泉)" mineral water from Tibet, camellia oil from Hubei, "Love apples" from Shaanxi and other poverty alleviation products in the form of consumption. The Company continued to visit impoverished families in Jinzhai and Feng County on the New Year's Day, the Spring Festival and other important festivals. It visited a total of 59 families and brought care and warmth from the society and organizations to them. The branches and subsidiaries of the Company participated in poverty alleviation with a high sense of political responsibilities. The Northwest Branch organized poverty alleviation campaigns for Suasu Village in Tekes County. The Guangdong Branch conducted live commerce in Shangwei Village, Liuhuang Town, Fengshun County, Meizhou City. Investment banking subsidiaries actively raised funds for enterprises in impoverished areas in the capital market. Huatai Futures entered into strategic cooperation agreements on targeted poverty alleviation with Pingxiang City, Jiangxi Province, Tongbai County, Henan Province and Jiange County, Sichuan Province. It expanded the pilot "insurance + futures" program in Jiangcheng County, Yunnan and Nanjiang County, Sichuan. The results in poverty alleviation were recognized by all walks of life and the Company was awarded the "Advanced Unit in Poverty Alleviation in the Province in 2018-2019" by the Leading Group on Poverty Alleviation of Jiangsu Province.

On the basis of the success in eradicating poverty of supported targets, the Company provided targeted assistance to 10 villages in the middle and north parts of Jiangsu Province in the campaign of "Enterprises Join Hands with Villages in Vitalization". After in-depth research and study, the Company set out 14 projects for joint construction and strived to explore "insurance + futures", "Internet + agriculture" and other joint construction models by villages and enterprises with the characteristics of Huatai to actively contribute to rural vitalization.

### *3. Achievements of targeted poverty alleviation*

Unit: Ten Thousand Yuan Currency: RMB

| Index | | | Number and implementation information |
|---|---|---|---|
| I. | General information | | |
| Including: | 1. Funds | | 3,240.81 |
| | 2. Goods converted to money | | – |
| | 3. Number of poor people who are removed from administrative record for poverty administration with the help of the Company (Persons) | | – |
| II. | Itemized input | | |
| | 1. Poverty alleviation through industrial development | | |
| Including: | 1.1 Types of industrial poverty alleviation projects | | √ Poverty alleviation through agriculture and forestry industry<br>☐ Poverty alleviation through tourism<br>☐ Poverty alleviation through E-commerce<br>☐ Poverty alleviation through assets and income<br>☐ Poverty alleviation through science and technology<br>☐ Others |
| | 1.2 | Number of industrial poverty alleviation projects (Projects) | 2 |
| | 1.3 | Amount invested in industrial poverty alleviation projects | 260.00 |
| | 1.4 | Number of poor people who are removed from administrative record for poverty administration with the help of the Company (Persons) | – |
| | 2. Poverty alleviation through education | | |
| Including: | 2.1 | Amount invested in subsidizing poor students | 50.82 |
| | 2.2 | Number of students receiving allowance (Persons) | – |
| | 2.3 | improvement of education resources in poverty areas | 100.00 |

| Index | | Number and implementation information |
|---|---|---|
| 3. | Poverty alleviation in ecological protection | |
| Including: 3.1 | Name of projects | √ Carrying out ecological protection and construction<br>☐ Establishing compensation mode of ecological protection<br>☐ Setting up ecological public welfare posts<br>☐ Others |
| 3.2 | Amount invested | 279.00 |
| 4. | Social poverty alleviation | |
| Including: 4.1 | Amount invested in poverty alleviation in East and West China | 20.00 |
| 4.2 | Amount invested in targeted poverty alleviation | 386.10 |
| 4.3 | Public funds for poverty alleviation | 201.55 |
| 5. | Other projects | |
| Including: 5.1 | Number of projects (Project) | 4 |
| 5.2 | Amount invested | 1,943.34 |
| 5.3 | Number of poor people who are removed from administrative record for poverty administration with the help of the Company (Persons) | – |
| 5.4 | Details of other projects | Supporting charity and public welfare undertakings and fighting the COVID-19 epidemic |

III. Awards (content and level)

"Advanced Unit in Poverty Alleviation in the Province in 2018-2019" awarded by the Leading Group on Poverty Alleviation of Jiangsu Province

### *4. Follow-up targeted poverty alleviation plan*

With the success in battling poverty as the new starting point, the Company will maintain high investments and comprehensively advance the effective linkage between the overall elimination of poverty and the vitalization of rural areas. It will continue to well-targeted assistance with the "linkage of five parties" and dispatch poverty alleviation members to provide on-site assistance. It will promote the implementation of poverty alleviation projects through financial assistance, supporting industries and public welfare programs and continuously consolidate the local results in the battle against poverty. The Company will proactively participate in rural vitalization, earnestly perform the campaign of "Enterprises Join Hands with Villages in Vitalization" and provide targeted assistance to 10 villages in the middle and north parts of Jiangsu Province to promote the implementation of live pig futures, cultural tourism in rural areas, e-commerce storage and other projects under joint construction as soon as possible. It will give play to the roles of CPC members and volunteers, carry forward the volunteering spirit of dedication, kindness, mutual assistance and progress, guide all employees to actively perform ESG principles and help those need help with love to display the value pursuit and undertaking of Huatai staff.

## (II) Social Responsibilities

The Company is listed as a financial company on SSE and also listed inside and outside China. While disclosing its 2020 Annual Report, the Company will also disclose the 2020 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 the Company (www.htsc.com.cn) on March 24, 2021.

## (III) Environmental Information

### *1. Description of the environmental protection of companies that are not severely polluting units*

The Company is a financial company, which is not in the list of severely polluting units and their major subsidiaries published by the environmental protection authority. The Company entrusts qualified third-party organizations to conduct inspection for the wastewater, exhaust gases and noises of the headquarters office every year. According to the 2020 environmental assessment report, the levels of exhaust gases, water quality and noises are in line with the national standards.

In 2020, Huatai Securities Square consumed approximately 153,800 tons of water, representing a decrease of 25,700 tons or 5.9% as compared to 2019. The total consumption of natural gas in 2020 was approximately 885,400 cubic meters, representing a decrease of 240,000 cubic meters or 27.19% as compared to 2019. The solar photovoltaic power generation system of the Company saved 85,578 kWh of electricity in 2020 and has cumulatively saved more than 400,000 kWh of electricity through such measures as light-guided lighting system, water pumps in gardens and intelligent lighting control in office areas. Its power factors reached the incentive standards of the power supply bureau each month and it has met the annual energy-saving indexes for the year and was granted an incentive of approximately RMB240,000.

At the same time, to protect the ecology, prevent pollution, and fulfill its environmental responsibilities, the Company has adopted many measures to promote energy conservation and environmental protection:

1. The greening rate of Huatai Securities Square is 27.9%, which is higher than that of general office areas for business. Around the concept of garden-like office, the Company created a multi-level landscape to optimize the environment of the office with more comfort, in addition to the greening in central area.

2. The underground garage of Huatai Securities Square is equipped with charging piles for new energy vehicles and electric motorcycles to encourage employees to practice green commuting.

3. In November 2019, the Company started the low-nitrogen transformation of six Viessmann boilers in Huatai Securities Square, and as of July 31, 2020, six steam boilers had been transformed. The nitrogen oxide emission concentration of a single boiler after transformation will be reduced from 120-150 mg/m³ to 30 mg/m³, which is lower than the requirement of 50 mg/m³ in Nanjing City.

4. With the popularity of cloud desktop in recent years, the demand for printed products has been gradually declined and the advantage of centralized procurement has been reduced. Environmental pollution as a result of the reliance on logistic transportation of printed products has been attracting attention. As a result, the Company delegated the power in the procurement of printed products to all branches to reduce the logistic transportation cost and the exhaust emission and oil and gas consumption in transportation through local procurement.

## 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

For the main off-balance sheet items that may affect the Company's financial situation and operating results, please refer to "(II) Guarantees" under "Major Events" under "XIII. Material Contracts and Performance Thereof" in this report.

## XVIII. IMPORTANT MATTERS AFTER THE BALANCE SHEET DATE

### (I) Changes in shareholders, Directors, Supervisors and senior management of the Company

1. On February 8, 2021, the Resolution in Relation to the Election of Mr. Ke Xiang as a Non-executive Director of the Fifth Session of the Board of the Company was considered and approved at the 2021 first extraordinary general meeting of the Company and Mr. Ke Xiang was elected as a non-executive Director of the fifth session of the Board of the Company. Mr. Ke Xiang has replaced Mr. Xu Qing to serve as a non-executive Director of the fifth session of the Board of the Company since February 8, 2021 until the end of the term of the current session of the Board.

2. On March 1, 2021, Mr. Sun Hanlin was elected as chairman of the board of directors of Jiangsu Equity Exchange at the meeting of the board of directors of Jiangsu Equity Exchange.

### (II) Proposal or resolution on annual distribution

Please refer to "Important Notice" in this report.

### (III) Material Investment and financing activities

Please refer to note 65 to the financial statements headed "Events after the reporting date" in this report.

### (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

| No. | Name before Relocation | Name after Relocation | Address after Relocation | Issue Date of License |
|---|---|---|---|---|
| 1 | Securities Branch in Dongfang Road, Danyang, Zhenjiang | Securities Branch in Fenghuang Road, Danyang, Zhenjiang | No. 16-1 to 16-3 Fenghuang Road, Danyang Development Zone | January 12, 2021 |
| 2 | Securities Branch in Renmin Middle Road, Nantong | Securities Branch in Renmin Middle Road, Nantong | East Half of Jinxin Mansion, No. 79 Renmin Middle Road, Chongchuan District, Nantong | January 12, 2021 |
| 3 | Securities Branch in Renmin South Road, Chengdu | Securities Branch in Renmin South Road, Chengdu | Room 703, 7/F, Unit 1, Building 1, New Hope Mansion, No. 45 Section 4, Renmin South Road, Wuhou District, Chengdu | January 25, 2021 |
| 4 | Securities Branch in Haide Third Avenue, Shenzhen | Securities Branch in China Resources Building, Keyuan South Road, Shenzhen | Rooms L1805 and L1806, China Resources Building, No. 2666 Keyuan South Road, Haizhu Community, Yuehai Sub-district, Nanshan District, Shenzhen | January 25, 2021 |
| 5 | Securities Branch in Wangyuan South Road, Fengxian District, Shanghai | Securities Branch in Wangyuan South Road, Fengxian District, Shanghai | No. 46, 47, 48 and 49 Miaojing New Village, Fengxian District, Shanghai | January 27, 2021 |
| 6 | Securities Branch in Xinnan First Avenue, High and New-tech Zone, Shenzhen | Securities Branch in China Resources Land Building, Shennan Avenue, Shenzhen | Rooms 2904, 2905 and 2906, Block D, China Resources Land Building, No. 19 Kefa Road, Dachong Community, Yuehai Sub-district, Nanshan District, Shenzhen | January 27, 2021 |

## (VII) Share Incentive Scheme

After the Reporting Period, relevant events of the Company have been disclosed in ad hoc announcements. Please see "XI. Share Incentive Scheme, Employee Stock Ownership Plan or Other Employee Incentives Measures and their Implication" under "Important Events" for details.

## (VIII) 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*

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

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

On April 1, 2020, Guoxin Group notified the Company that it planned to increase its holding of H Shares of the Company via Southbound Trading within the six months from April 3, 2020, with the increased shareholding percentage in aggregate not less than 0.2203% (20 million shares) of the Company's total shares and not higher than 0.5% of the Company's total shares (see Shanghai Stock Exchange announcement 2020-030 for details).

On June 4, 2020, Guoxin Group notified the Company that the implementation of the shareholding increase plan had been completed. During the period from April 3, 2020 to June 4, 2020, Guoxin Group has increased its holding of H Shares of the Company by 20,009,400 shares through Southbound Trading, accounting for approximately 0.2204% of the Company's total shares, which reached the lower limit but did not exceed the upper limit of the shareholding increase plan; the cumulative amount of shareholding increase was RMB231,336,025.29 (exclusive of service fees). After the increase in shareholding, Guoxin Group held 1,349,233,436 shares of the Company, accounting for approximately 14.8649% of the total shares of the Company (see Shanghai Stock Exchange announcement 2020-047 for details).

## II. THE ISSUANCE AND LISTING OF SECURITIES

### *(I) Issuance of securities during the Reporting Period*

Unit: Shares Currency: RMB

| Types of shares and their derivative securities | Date of issue | Issue price (or interest rate) | Number of securities issued | Date of listing | Number of securities permitted to be listed for trading | Ending date of the trading |
|---|---|---|---|---|---|---|
| **Convertible corporate bonds, detachable convertible bonds, corporate bonds** | | | | | | |
| Corporate bonds | 2013-06-05 | 5.10% | RMB6.0 billion | 2013-07-17 | RMB6.0 billion | 2023-06-05 |
| Corporate bonds | 2016-12-06 | 3.78% | RMB2.5 billion | 2016-12-13 | RMB2.5 billion | 2021-12-05 |
| Corporate bonds | 2016-12-14 | 3.97% | 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 |
| Corporate bonds | 2019-03-19 | 3.68% | RMB7.0 billion | 2019-03-29 | RMB7.0 billion | 2022-03-18 |
| Corporate bonds | 2019-04-22 | 3.80% | RMB5.0 billion | 2019-04-29 | RMB5.0 billion | 2022-04-21 |
| Corporate bonds | 2020-03-26 | 2.99% | RMB8.0 billion | 2020-04-02 | RMB8.0 billion | 2023-03-25 |
| Corporate bonds | 2020-04-29 | 2.90% | RMB3.5 billion | 2020-05-08 | RMB3.5 billion | 2025-04-28 |
| Corporate bonds | 2020-05-21 | 3.20% | RMB3.0 billion | 2020-05-27 | RMB3.0 billion | 2025-05-20 |
| Corporate bonds | 2020-06-18 | 2.58% | RMB2.3 billion | 2020-06-24 | RMB2.3 billion | 2021-06-17 |
| Corporate bonds | 2020-06-18 | 3.10% | RMB3.2 billion | 2020-06-24 | RMB3.2 billion | 2023-06-17 |
| Corporate bonds | 2020-11-24 | 3.90% | RMB3.5 billion | 2020-11-30 | RMB3.5 billion | 2023-11-23 |
| Corporate bonds | 2020-12-09 | 3.67% | RMB4.0 billion | 2020-12-18 | RMB4.0 billion | 2022-12-08 |
| Corporate bonds | 2020-12-09 | 3.79% | RMB4.0 billion | 2020-12-18 | RMB4.0 billion | 2023-12-08 |
| Short-term Corporate bonds | 2020-08-31 | 3.10% | RMB5.5 billion | 2020-09-07 | RMB5.5 billion | 2021-08-30 |
| Short-term Corporate bonds | 2020-08-31 | 3.05% | RMB1.5 billion | 2020-09-07 | RMB1.5 billion | 2021-05-27 |
| Short-term Corporate bonds | 2020-09-11 | 3.20% | RMB5.0 billion | 2020-09-17 | RMB5.0 billion | 2021-08-10 |
| Short-term Corporate bonds | 2020-09-17 | 3.15% | RMB4.0 billion | 2020-09-24 | RMB4.0 billion | 2021-04-16 |
| Subordinated bonds | 2017-07-27 | 4.95% | RMB5.0 billion | 2017-08-16 | RMB5.0 billion | 2020-07-26 |
| 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 |
| Subordinated bonds | 2020-11-13 | 4.48% | RMB5.0 billion | 2020-11-24 | RMB5.0 billion | 2025-11-12 |
| 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 | 5.25% | RMB6.0 billion | 2017-09-20 | RMB6.0 billion | 2020-05-14 |
| Non-public Corporate bonds | 2019-05-27 | 3.94% | RMB5.0 billion | 2019-06-06 | RMB5.0 billion | 2022-05-26 |
| Non-public Corporate bonds | 2019-10-24 | 3.68% | RMB4.0 billion | 2019-10-31 | RMB4.0 billion | 2022-10-23 |
| Non-public Corporate bonds | 2020-07-24 | 3.20% | RMB10.0 billion | 2020-07-30 | RMB10.0 billion | 2022-07-23 |
| Financial bonds | 2019-08-21 | 3.40% | RMB6.0 billion | 2019-08-22 | RMB6.0 billion | 2022-08-19 |
| Short-term financing bonds | 2019-10-11 | 2.83% | RMB5.0 billion | 2019-10-12 | RMB5.0 billion | 2020-01-08 |
| Short-term financing bonds | 2019-11-14 | 3.05% | RMB5.0 billion | 2019-11-15 | RMB5.0 billion | 2020-02-11 |
| Short-term financing bonds | 2019-12-06 | 3.02% | RMB5.0 billion | 2019-12-09 | RMB5.0 billion | 2020-03-04 |
| Short-term financing bonds | 2020-01-06 | 2.80% | RMB6.0 billion | 2020-01-07 | RMB6.0 billion | 2020-04-03 |
| Short-term financing bonds | 2020-02-10 | 2.65% | RMB5.0 billion | 2020-02-11 | RMB5.0 billion | 2020-05-09 |
| Short-term financing bonds | 2020-02-27 | 2.39% | RMB3.0 billion | 2020-02-28 | RMB3.0 billion | 2020-05-26 |
| Short-term financing bonds | 2020-03-06 | 2.31% | RMB4.0 billion | 2020-03-09 | RMB4.0 billion | 2020-06-03 |
| Short-term financing bonds | 2020-06-09 | 1.90% | RMB4.0 billion | 2020-06-10 | RMB4.0 billion | 2020-08-27 |
| Short-term financing bonds | 2020-06-16 | 2.20% | RMB4.0 billion | 2020-06-17 | RMB4.0 billion | 2020-09-11 |
| Short-term financing bonds | 2020-07-15 | 2.55% | RMB4.0 billion | 2020-07-16 | RMB4.0 billion | 2020-10-12 |
| Short-term financing bonds | 2020-08-14 | 2.62% | RMB3.0 billion | 2020-08-17 | RMB3.0 billion | 2020-11-11 |
| Short-term financing bonds | 2020-09-15 | 2.70% | RMB4.0 billion | 2020-09-16 | RMB4.0 billion | 2020-12-11 |
| Short-term financing bonds | 2020-12-15 | 2.94% | RMB5.0 billion | 2020-12-16 | RMB5.0 billion | 2021-03-12 |

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

*1. Corporate bonds*

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

On June 5, 2013, the Company publicly issued the 2013 Corporate Bonds of Huatai Securities to public investors with an amount of RMB6 billion at an issue price of RMB100 per bond, carrying 10-year fixed rates 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 bonds were "13 Huatai 02" and "122262.SH", 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 December 6, 2016, the Company publicly issued the 2016 Corporate Bonds of Huatai Securities (First Tranche) (Type II) to qualified investors. The amount of the said bonds came to RMB2.5 billion at an issue price of RMB100 per bond, 5-year fixed rates 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 were "16 Huatai G2" and "136852.SH", 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) (Type II) to qualified investors. The amount of the said bonds came to RMB3 billion at an issue price of RMB100 per bond, 5-year fixed rates 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 were "16 Huatai G4" and "136874.SH", 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.

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.SH", 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.SH", 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.

On March 19, 2019, the Company publicly issued the 2019 Corporate Bonds of Huatai Securities (First Tranche) to qualified investors. The amount of the said bonds came to RMB7 billion at an issue price of RMB100 per bond, carrying 3-year fixed rates with a coupon rate of 3.68%. Such bonds were listed for trading on March 29, 2019. The abbreviation and code of the bonds were "19 Huatai G1" and "155240.SH", respectively, and the amount of the bonds permitted to be listed for trading came to RMB7 billion with the trading ended on March 18, 2022.

On April 22, 2019, the Company publicly issued the 2019 Corporate Bonds of Huatai Securities (Second Tranche) to qualified investors. The amount of the said bonds came to RMB5 billion at an issue price of RMB100 per bond, carrying 3-year fixed rates with a coupon rate of 3.80%. Such bonds were listed for trading on April 29, 2019. The abbreviation and code of the bonds were "19 Huatai G3" and "155358.SH", respectively, and the amount of the bonds permitted to be listed for trading came to RMB5 billion with the trading ended on April 21, 2022.

(2) Corporate bonds issued during the Reporting Period

On March 26, 2020, the Company publicly issued the 2020 Corporate Bonds of Huatai Securities (First 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 fixed rates with a coupon rate of 2.99%. Such bonds were listed for trading on April 2, 2019. The abbreviation and code of the bonds were "20 Huatai G1" and "163353.SH", respectively, and the amount of the bonds permitted to be listed for trading came to RMB8 billion with the trading ended on March 25, 2023.

On April 29, 2020, the Company publicly issued the 2020 Corporate Bonds of Huatai Securities (Second Tranche) to qualified investors. The amount of the said bonds came to RMB3.5 billion at an issue price of RMB100 per bond, carrying 5-year fixed rates with a coupon rate of 2.90%. Such bonds were listed for trading on May 8, 2020. The abbreviation and code of the bonds were "20 Huatai G3" and "163482.SH", respectively, and the amount of the bonds permitted to be listed for trading came to RMB3.5 billion with the trading ended on April 28, 2025.

On May 21, 2020, the Company publicly issued the 2020 Corporate Bonds of Huatai Securities (Third Tranche) to qualified investors. The amount of the said bonds came to RMB3 billion at an issue price of RMB100 per bond, carrying 5-year fixed rates with a coupon rate of 3.20%. Such bonds were listed for trading on May 27, 2020. The abbreviation and code of the bonds were "20 Huatai G4" and "163558.SH", respectively, and the amount of the bonds permitted to be listed for trading came to RMB3 billion with the trading ended on May 20, 2025.

On June 18, 2020, the Company publicly issued the 2020 Corporate Bonds of Huatai Securities (Fourth Tranche) to qualified investors. The amount of the said bonds came to RMB5.5 billion at an issue price of RMB100 per bond, carrying 1-year and 3-year fixed rates. The amount of the 1-year bonds came to RMB2.3 billion with a coupon rate of 2.58%, while the amount of the 3-year bonds came to RMB3.2 billion with a coupon rate of 3.10%. Such bonds were listed for trading on June 24, 2020. The abbreviation and code of the 1-year bonds were "20 Huatai G5" and "163669.SH", respectively, and the amount of the bonds permitted to be listed for trading came to RMB2.3 billion with the trading ended on June 17, 2021; the abbreviation and code of the 3-year bonds were "20 Huatai G6" and "163670.SH", respectively, and the amount of the bonds permitted to be listed for trading came to RMB3.2 billion with the trading ended on June 17, 2023.

On November 24, 2020, the Company publicly issued the 2020 Corporate Bonds of Huatai Securities (Fifth Tranche) to professional investors. The amount of the said bonds came to RMB3.5 billion at an issue price of RMB100 per bond, carrying 3-year fixed rates with a coupon rate of 3.90%. Such bonds were listed for trading on November 30, 2020. The abbreviation and code of the bonds were "20 Huatai G7" and "175473.SH", respectively, and the amount of the bonds permitted to be listed for trading came to RMB3.5 billion with the trading ended on November 23, 2023.

On December 9, 2020, the Company publicly issued the 2020 Corporate Bonds of Huatai Securities (Sixth Tranche) to professional investors. The amount of the said bonds came to RMB8 billion at an issue price of RMB100 per bond, carrying 2-year and 3-year fixed rates. The amount of the 2-year bonds came to RMB4 billion with a coupon rate of 3.67%, while the amount of the 3-year bonds came to RMB4 billion with a coupon rate of 3.79%. Such bonds were listed for trading on December 18, 2020. The abbreviation and code of the 2-year bonds were "20 Huatai G8" and "175534.SH", respectively, and the amount of the bonds permitted to be listed for trading came to RMB4 billion with the trading ended on December 8, 2022; the abbreviation and code of the 3-year bonds were "20 Huatai G9" and "175535.SH", respectively, and the amount of the bonds permitted to be listed for trading came to RMB4 billion with the trading ended on December 8, 2023.

*2. Short-term corporate bonds*

(1) Short-term corporate bonds issued in previous years but still in the duration period

None.

(2) Short-term corporate bonds issued during the Reporting Period

On August 31, 2020, the Company publicly issued the 2020 Short-term Corporate Bonds of Huatai Securities (First Tranche) to professional investors. The amount of the said bonds came to RMB7 billion at an issue price of RMB100 per bond, carrying 1-year and 270-day fixed rates. The amount of the 1-year bonds came to RMB5.5 billion with a coupon rate of 3.10%, while the amount of the 270-day bonds came to RMB1.5 billion with a coupon rate of 3.05%. Such bonds were listed for trading on September 7, 2020. The abbreviation and code of the 1-year bonds were "20 Huatai S1" and "163823.SH", respectively, and the amount of the bonds permitted to be listed for trading came to RMB5.5 billion with the trading ended on August 30, 2021; the abbreviation and code of the 270-day bonds were "20 Huatai S2" and "163824.SH", respectively, and the amount of the bonds permitted to be listed for trading came to RMB1.5 billion with the trading ended on May 27, 2021.

On September 11, 2020, the Company publicly issued the 2020 short-term corporate bonds of Huatai Securities (second tranche) to professional investors. The amount of the said bonds came to RMB5 billion at an issue price of RMB100 per bond, carrying a 11-month fixed rate with a coupon rate of 3.20%. Such bonds were listed for trading on September 17, 2020. The abbreviation and code of the bonds were "20 Huatai S3" and "163828.SH", respectively, and the amount of the bonds permitted to be listed for trading came to RMB5 billion with the trading ended on August 10, 2021.

On September 17, 2020, the Company publicly issued the 2020 short-term corporate bonds of Huatai Securities (third tranche) to professional investors. The amount of the said bonds came to RMB4 billion at an issue price of RMB100 per bond, carrying a 7-month fixed rate with a coupon rate of 3.15%. Such bonds were listed for trading on September 24, 2020. The abbreviation and code of the bonds were "20 Huatai S4" and "163830.SH", respectively, and the amount of the bonds permitted to be listed for trading came to RMB4 billion with the trading ended on April 16, 2021.

*3. Subordinated bonds*

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

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

On March 15, 2018, the Company non-publicly issued the 2018 subordinated bonds of Huatai Securities (first tranche) (abbreviation: 18 Huatai C1; bond code: 150175.SH) with an amount of RMB1 billion, a fixed term of 2 years and a coupon rate of 5.65%, and the principal together with the interest was repaid during the Reporting Period.

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

(2) Subordinated bonds issued during the Reporting Period

On November 13, 2020, the Company publicly issued the 2020 subordinated bonds of Huatai Securities (first tranche) to professional investors. The amount of the said bonds came to RMB5 billion at an issue price of RMB100 per bond, carrying a 5-year fixed rate with a coupon rate of 4.48%. Such bonds were listed for trading on November 24, 2020. The abbreviation and code of the bonds were "20 Huatai C1" and "175409.SH", respectively, and the amount of the bonds permitted to be listed for trading came to RMB5 billion with the trading ended on November 12, 2025.

*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 corporate bonds of Huatai Securities (first tranche) (type II) (abbreviation: 17 Huatai 02; bond code: 145352.SH) came to RMB2 billion, a fixed term of 3 years and a coupon rate of 4.65%, and the principal together with the interest was repaid during the Reporting Period.

On May 15, 2017, the Company non-publicly issued the 2017 corporate bonds of Huatai Securities (second tranche) (type II) (abbreviation: 17 Huatai 04; bond code: 145538) came to RMB6 billion, a fixed term of 3 years and a coupon rate of 5.25%, and the principal together with the interest was repaid during the Reporting Period.

On May 27, 2019, the Company non-publicly issued the 2019 corporate bonds of Huatai Securities (first tranche) (type II) (abbreviation: 19 Huatai 02; bond code: 151579.SH) with an amount of RMB5 billion, a 3-year fixed rate and a coupon rate of 3.94%.

On October 24, 2019, the Company non-publicly issued the 2019 corporate bonds of Huatai Securities (second tranche) (abbreviation: 19 Huatai 03; bond code: 162324.SH) with an amount of RMB4 billion, a 3-year fixed rate and a coupon rate of 3.68%.

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

On July 24, 2020, the Company non-publicly issued the 2020 corporate bonds of Huatai Securities (first tranche) (type II) (abbreviation: 20 Huatai 02; bond code: 167293.SH) with an amount of RMB10 billion, a term of 2 years (with redemption option for the issuer at the end of the first year) and a coupon rate of 3.20%.

*5. Financial bonds*

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

On August 21, 2019, the Company publicly issued the 2019 first tranche of financial bonds of RMB6 billion for a fixed duration of 3 years, at a coupon rate of 3.40%. The bonds ("19 HTSC Financial Bond 01", code: 091900018.IB) were listed on August 22, 2019 and the amount approved for trading was RMB6 billion. The trading was terminated on August 19, 2022.

(2) Financial bonds issued during the Reporting Period

No financial bonds issued during the Reporting Period.

*6. Short-term debt instruments*

(1) Short-term debt instruments issued in previous years but still in duration period

On October 11, 2019, the Company issued the 2019 fifth tranche of short-term debt instruments of RMB5 billion for a duration of 90 days, at a coupon rate of 2.83%. The debt instruments ("19 HTSC CP005", code: 071900111.IB) were listed on October 12, 2019 and the amount approved for trading was RMB5 billion. The trading was terminated on January 8, 2020, and the principal together with the interest was repaid during the Reporting Period.

On November 14, 2019, the Company issued the 2019 sixth tranche of short-term debt instruments of RMB5 billion for a duration of 90 days, at a coupon rate of 3.05%. The debt instruments ("19 HTSC CP006", code: 071900145.IB) were listed on November 15, 2019 and the amount approved for trading was RMB5 billion. The trading was terminated on February 11, 2020, and the principal together with the interest was repaid during the Reporting Period.

On December 6, 2019, the Company issued the 2019 seventh tranche of short-term debt instruments of RMB5 billion for a duration of 90 days, at a coupon rate of 3.02%. The debt instruments ("19 HTSC CP007", code: 071900163.IB) were listed on November 15, 2019 and the amount approved for trading was RMB5 billion. The trading was terminated on March 4, 2020, and the principal together with the interest was repaid during the Reporting Period.

(2) Short-term debt instruments issued during the Reporting Period

On January 6, 2020, the Company issued the 2020 first tranche of short-term debt instruments of RMB6 billion for a duration of 90 days, at a coupon rate of 2.80%. The debt instruments ("20 HTSC CP001", code: 072000001.IB) were listed on January 7, 2020 and the amount approved for trading was RMB6 billion. The trading was terminated on April 3, 2020, and principal and interest payments were made during the Reporting Period.

On February 10, 2020, the Company issued the 2020 second tranche of short-term debt instruments of RMB5 billion for a duration of 90 days, at a coupon rate of 2.65%. The debt instruments ("20 HTSC CP002", code: 072000026.IB) were listed on February 11, 2020 and the amount approved for trading was RMB5 billion. The trading was terminated on May 9, 2020, and principal and interest payments were made during the Reporting Period.

On February 27, 2020, the Company issued the 2020 third tranche of short-term debt instruments of RMB3 billion for a duration of 90 days, at a coupon rate of 2.39%. The debt instruments ("20 HTSC CP003", code: 072000047.IB) were listed on February 28, 2020 and the amount approved for trading was RMB3 billion. The trading was terminated on May 26, 2020, and principal and interest payments were made during the Reporting Period.

On March 4, 2020, the Company issued the 2020 fourth tranche of short-term debt instruments of RMB4 billion for a duration of 90 days, at a coupon rate of 2.31%. The debt instruments ("20 HTSC CP004", code: 072000053.IB) were listed on March 9, 2020 and the amount approved for trading was RMB4 billion. The trading was terminated on June 3, 2020, and principal and interest payments were made during the Reporting Period.

On June 9, 2020, the Company issued the 2020 fifth tranche of short-term debt instruments of RMB4 billion for a duration of 80 days, at a coupon rate of 1.90%. The debt instruments ("20 HTSC CP005", code: 072000147.IB) were listed on June 10, 2020 and the amount approved for trading was RMB4 billion. The trading was terminated on August 27, 2020, and principal and interest payments were made during the Reporting Period.

On June 16, 2020, the Company issued the 2020 sixth tranche of short-term debt instruments of RMB4 billion for a duration of 90 days, at a coupon rate of 2.20%. The debt instruments ("20 HTSC CP006", code: 072000156.IB) were listed on June 17, 2020 and the amount approved for trading was RMB4 billion. The trading was terminated on September 11, 2020, and principal and interest payments were made during the Reporting Period.

On July 15, 2020, the Company issued the 2020 seventh tranche of short-term debt instruments of RMB4 billion for a duration of 90 days, at a coupon rate of 2.55%. The debt instruments ("20 HTSC CP007", code: 072000180.IB) were listed on July 16, 2020 and the amount approved for trading was RMB4 billion. The trading was terminated on October 12, 2020, and principal and interest payments were made during the Reporting Period.

On August 14, 2020, the Company issued the 2020 eighth tranche of short-term debt instruments of RMB3 billion for a duration of 90 days, at a coupon rate of 2.62%. The debt instruments ("20 HTSC CP008", code: 072000202.IB) were listed on August 17, 2020 and the amount approved for trading was RMB3 billion. The trading was terminated on November 11, 2020, and principal and interest payments were made during the Reporting Period.

On September 15, 2020, the Company issued the 2020 ninth tranche of short-term debt instruments of RMB4 billion for a duration of 90 days, at a coupon rate of 2.70%. The debt instruments ("20 HTSC CP009", code: 072000225.IB) were listed on September 16, 2020 and the amount approved for trading was RMB4 billion. The trading was terminated on December 11, 2020, and principal and interest payments were made during the Reporting Period.

On December 15, 2020, the Company issued the 2020 tenth tranche of short-term debt instruments of RMB5 billion for a duration of 90 days, at a coupon rate of 2.94%. The debt instruments ("20 HTSC CP010", code: 072000225.IB) were listed on December 16, 2020 and the amount approved for trading was RMB5 billion. The trading was terminated on March 12, 2021.

*7. Offshore bonds*

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

On May 23, 2019, Pioneer Reward Limited, a subsidiary of Huatai International, completed the issuance of USD500 million bonds with a three-year maturity and a coupon rate of 3.375%. The listing place is the Hong Kong Stock Exchange. The guarantee of this issuance is provided by the Company with amount of USD500 million.

(2) Offshore bonds issued during the Reporting Period

On February 12, 2020, Pioneer Reward Limited, a subsidiary of Huatai International, completed the issuance of USD400 million bonds with a three-year maturity and floating rates. The listing place is the Hong Kong Stock Exchange. The guarantee of this issuance is provided by the Company with amount of USD400 million.

On November 27, 2020, Huatai International Finance Limited, a subsidiary of Huatai International, completed the issuance of USD50 million Medium Term Note Programme with a one-year maturity and a coupon rate of 0.5%. The guarantee of this issuance is provided by Huatai International with amount of USD50 million.

*8. Structured notes*

During the Reporting Period, the Company cumulatively issued 3,716 structured notes, with a total amount of RMB87.089 billion. As of the end of the Reporting Period, the Company had 859 structured notes in duration period, with an amount of RMB20.458 billion.

### *(II) 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 | 303,041 |
| 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 | 316,378 |
| Total number of shareholders of preferred shares whose 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 295,271 and registered shareholders of H Shares came to 7,770. Among the total number of shareholders of ordinary shares as of the end of last month (February 28, 2021) prior to the date on which the annual report shall be disclosed, shareholders of A Shares came to 308,714 and registered shareholders of H Shares came to 7,664.

## *(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 | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | Pledged or frozen shares | | |
| 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 | Status of shares | Number of shares | Class of shareholder |
| HKSCC Nominees Limited | -34,867,000 | 1,571,088,527 | 17.3091 | – | Nil | – | Foreign legal person |
| Jiangsu Guoxin Investment Group Limited | 20,009,400 | 1,349,233,436 | 14.8649 | – | Nil | – | State-owned legal person |
| Jiangsu Communications Holding Co., Ltd. | -5,000,000 | 484,065,418 | 5.3331 | – | Nil | – | State-owned legal person |
| Govtor Capital Group Co., Ltd. | – | 356,233,206 | 3.9247 | – | Nil | – | State-owned legal person |
| Hong Kong Securities Clearing Company Limited | 113,657,258 | 275,419,648 | 3.0344 | – | Nil | – | Foreign legal person |
| Alibaba (China) Technology Co., Ltd. | – | 268,199,233 | 2.9548 | – | Nil | – | Domestic non state-owned legal person |
| China Securities Finance Corporation Limited | – | 246,720,811 | 2.7182 | – | Nil | – | Unknown |
| Essence Securities – China Merchants Bank – Essence Securities Dingzengbao No. 1 Collective Asset Management Program | -48,870,526 | 198,675,067 | 2.1889 | – | Nil | – | Unknown |
| Jiangsu SOHO Holdings Group Co., Ltd. | 2,746,419 | 153,405,454 | 1.6901 | – | Nil | – | State-owned legal person |
| China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund | 80,779,982 | 126,464,161 | 1.3933 | – | Nil | – | Unknown |

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

| Name of shareholder | Number of tradable shares not subject to selling restrictions | Class and number of shares | |
|---|---|---|---|
| | | Class | Number |
| HKSCC Nominees Limited | 1,571,088,527 | Overseas listed foreign shares | 1,571,088,527 |
| Jiangsu Guoxin Investment Group Limited | 1,349,233,436 | Ordinary shares in RMB | 1,271,072,836 |
| | | Overseas listed foreign shares | 78,160,600 |
| Jiangsu Communications Holding Co., Ltd. | 484,065,418 | Ordinary shares in RMB | 447,065,418 |
| | | Overseas listed foreign shares | 37,000,000 |
| Govtor Capital Group Co., Ltd. | 356,233,206 | Ordinary shares in RMB | 342,028,006 |
| | | Overseas listed foreign shares | 14,205,200 |
| Hong Kong Securities Clearing Company Limited | 275,419,648 | Ordinary shares in RMB | 275,419,648 |
| Alibaba (China) Technology Co., Ltd. | 268,199,233 | Ordinary shares in RMB | 268,199,233 |
| China Securities Finance Corporation Limited | 246,720,811 | Ordinary shares in RMB | 246,720,811 |
| Essence Securities - China Merchants Bank – Essence Securities Dingzengbao No. 1 Collective Asset Management Program | 198,675,067 | Ordinary shares in RMB | 198,675,067 |
| Jiangsu SOHO Holdings Group Co., Ltd. | 153,405,454 | Ordinary shares in RMB | 138,427,054 |
| | | Overseas listed foreign shares | 14,978,400 |
| China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund | 126,464,161 | Ordinary shares in RMB | 126,464,161 |

| | |
|---|---|
| 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. 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 |

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, Guoxin Group, Communications Holding, Govtor Capital and Jiangsu SOHO Holdings Group Co., Ltd. severally purchased 78,160,600, 37,000,000, 14,205,200 and 14,978,400 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 1,715,432,727, accounting for 18.90% of the total share capital of the Company.

3. As of the end of the Reporting Period, 5,000,000 A Shares held by Communications Holding remained outstanding due to refinancing. When fully returned, the actual shareholding of Communications Holding in the Company will be 452,065,418 A Shares and 37,000,000 H Shares, representing 5.3882% of the Company's total shares.

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

5. According to the statistics provided by Citibank, National Association, the depositary of the Company's GDRs, the Company had a total of 1,073,130 GDRs in the duration period as of the end of the Reporting Period, accounting for 1.30% of the approved number of issuance by the CSRC.

### *(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*

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

## IV. CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS

### *(I) Controlling Shareholders*

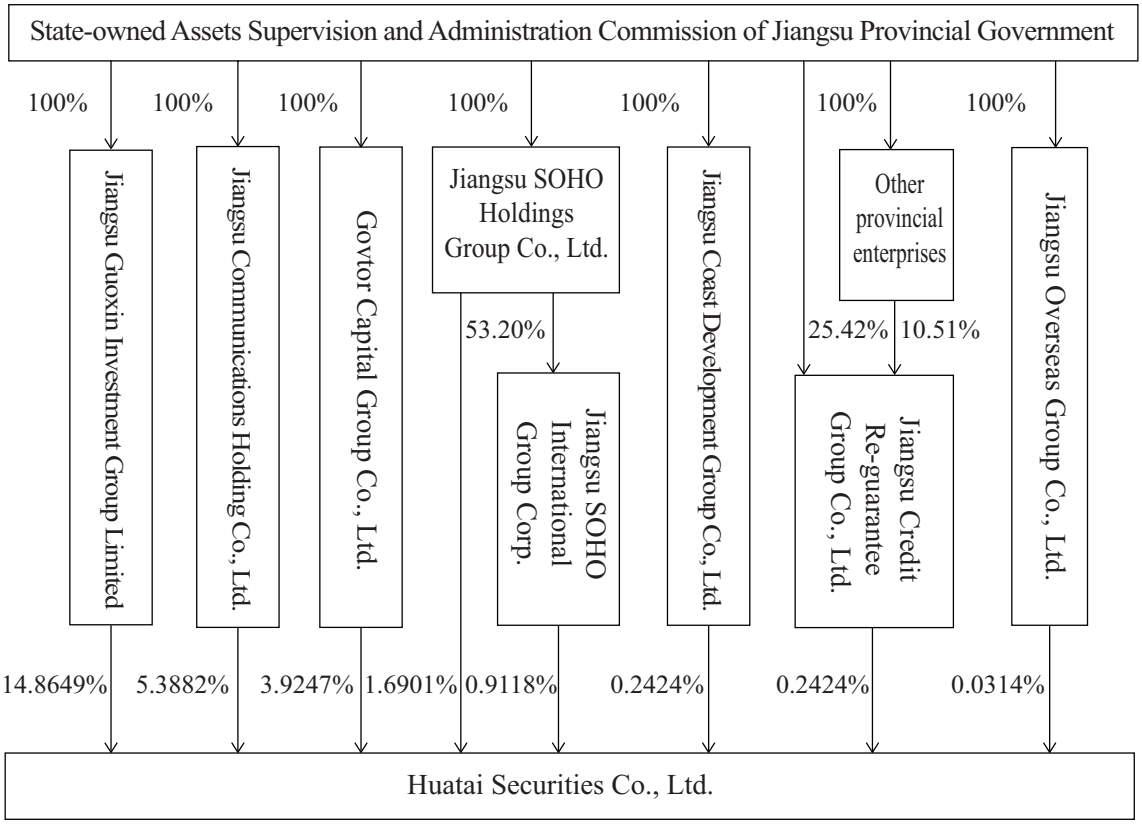
There are no controlling shareholders with more than 50% shareholding of the Company.

## *(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 | Xie Zhengyi | 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 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, 2020, 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 | 14.0038 | 17.2756 | Long position |
| | | H Shares (Southbound Trading) | Beneficial owner (Note 1) | 78,160,600 | 0.8611 | 4.5467 | Long position |
| 2 | Jiangsu Communications Holding Co., Ltd. | A Shares | Beneficial owner (Note 1) | 447,065,418 | 4.9254 | 6.0762 | Long position |
| | | H Shares (Southbound Trading) | Beneficial owner (Note 1) | 37,000,000 | 0.4076 | 2.1524 | Long position |
| 3 | Rosefinch Fund Management Co., Ltd. | H Shares | Persons acting in concert as one of the parties to the purchase agreement described in 317(1)(a) (Note 1) | 139,074,200 | 1.5322 | 8.0902 | Long position |
| 4 | Citigroup Inc. | H Shares | Person having a security interest/ interest of controlled corporations/ approved lending agent (Note 1) | 103,132,296 | 1.1362 | 5.9994 | Long position |
| | | H Shares | | 894,400 | 0.0099 | 0.0520 | Short position |
| | | H Shares | | 100,249,706 | 1.1362 | 5.8317 | Lending pool |
| 5 | BlackRock, Inc. | H Shares | Interests of controlled corporations (Note 1) | 86,922,622 | 0.9577 | 5.0564 | Long position |
| | | H Shares | Interests of controlled corporations (Note 1) | 1,168,800 | 0.0129 | 0.0680 | 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;

Citigroup Inc., through a series of its controlled corporations, indirectly held long position in 103,132,296 H Shares of the Company, of which 100,249,706 shares were held in the capacity of approved lending agent, and a short position in 894,400 H Shares of the Company.

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

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

Save as disclosed above, the Company is not aware of any other person (other than the Directors, Supervisors and chief executives of the Company) having any interests or short positions in the shares or underlying shares of the Company as at December 31, 2020 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

In July 2015, due to the significant fluctuation in share price of the Company, Mr. Zhou Yi and Mr. Zhu Xuebo, both being directors of the Company, purchased H Shares of the Company through the targeted asset management scheme for Qualified Domestic Institutional Investor (QDII) in compliance with the relevant laws and regulations, so as to actively help maintain the stability of the capital market. In May 2020, both Directors redeemed all shares held under the targeted asset management scheme for QDII.

As at December 31, 2020, the Company was not aware of any 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

On March 30, 2020, the Company convened the fifth meeting of the fifth session of the Board, at which the Resolution on Repurchase of A Shares through Centralized Price Bidding was considered and approved. On April 7, 2020, the Company implemented the initial repurchase of A Shares by way of centralized price bidding through the trading system of Shanghai Stock Exchange. On January 8, 2021, the Company completed the repurchase. The Company has actually repurchased 90,766,495 A Shares of the Company, accounting for 0.9999999% of the total share capital of the Company. The monthly reports during the repurchase period are as follows:

| Month | Quantity of shares repurchased (shares) | Highest trading price (RMB/share) | Lowest trading price (RMB/share) | Total amount (RMB, excluding transaction costs) |
|---|---|---|---|---|
| April 2020 | 1,425,400 | 17.99 | 17.73 | 25,403,805.00 |
| May 2020 | 39,294,371 | 18.40 | 17.19 | 695,511,121.90 |
| June 2020 | 31,280,263 | 18.88 | 17.57 | 563,808,455.24 |
| July 2020 | 10,510,026 | 23.08 | 20.16 | 223,954,169.72 |
| August 2020 | 5,580,935 | 21.70 | 20.61 | 117,724,601.02 |
| September to December 2020 | – | – | – | – |
| January 2021 | 2,675,500 | 18.48 | 18.23 | 48,959,144.00 |

Save as disclosed above, the Company or any of its subsidiaries did not repurchase, sell or redeem any listed securities of the Company and its subsidiaries for the year ended December 31, 2020.

## X. INFORMATION ON PREFERENTIAL SHARES

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

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

Save the incentive plan stated in "XI. Share Incentive Scheme, Employee Stock Ownership Plan or Other Employee Incentives Measures and Their Implication" under the "Major Events" in this report, 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*

Currency: RMB

| 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 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Zhang Wei | Chairman | Male | 56 | 2019-12-16 | 2022-12-15 | – | – | – | – | 75.86 | No |
| Zhou Yi | Executive Director | Male | 51 | 2007-12-06 | 2022-12-15 | – | – | – | – | 241.22 | No |
| | Chief executive officer, Chairman of the Executive Committee | | | 2019-10-29 | 2022-12-15 | | | | | | |
| Ding Feng | Non-executive Director | Male | 52 | 2018-10-22 | 2022-12-15 | – | – | – | – | – | Yes |
| Chen Yongbing | Non-executive Director | Male | 46 | 2018-10-22 | 2022-12-15 | – | – | – | – | – | Yes |
| Ke Xiang | Non-executive Director | Male | 46 | 2021-02-08 | 2022-12-15 | – | – | – | – | – | Yes |
| Hu Xiao | Non-executive Director | Female | 41 | 2018-10-22 | 2022-12-15 | – | – | – | – | – | No |
| Wang Tao | Non-executive Director | Male | 52 | 2019-12-16 | 2022-12-15 | – | – | – | – | – | Yes |
| Zhu Xuebo | Executive Director | Male | 58 | 2018-10-22 | 2022-12-15 | – | – | – | – | 89.08 | Yes |
| Chen Chuanming | Independent non- executive Director | Male | 63 | 2016-03-18 | 2022-12-15 | – | – | – | – | 24.00 | No |
| Lee Chi Ming | Independent non- executive Director | Male | 67 | 2015-04-30 | 2022-12-15 | – | – | – | – | 24.00 | No |
| Liu Yan | Independent non- executive Director | Female | 47 | 2016-12-21 | 2022-12-15 | – | – | – | – | 24.00 | No |
| Chen Zhibin | Independent non- executive Director | Male | 55 | 2018-06-13 | 2022-12-15 | – | – | – | – | 24.00 | No |
| Wang Jianwen | Independent non-executive Director | Male | 46 | 2020-06-18 | 2022-12-15 | – | – | – | – | 14.00 | No |
| Zhai Jun | Employee Supervisor | Male | 46 | 2019-04-26 | 2022-12-15 | – | – | – | – | 351.80 | No |
| | Chairman of the Supervisory Committee | | | 2020-02-18 | 2022-12-15 | | | | | | |
| Zhang Ming | Supervisor | Male | 46 | 2019-12-16 | 2022-12-15 | – | – | – | – | – | Yes |
| Yu Lanying | Supervisor | Female | 49 | 2018-10-22 | 2022-12-15 | – | – | – | – | – | Yes |
| Zhang Xiaohong | Supervisor | Female | 53 | 2019-12-16 | 2022-12-15 | | | – | – | – | Yes |
| Fan Chunyan | Supervisor | Female | 44 | 2019-12-16 | 2022-12-15 | – | – | – | – | – | No |
| Gu Chengzhong | Employee Supervisor | Male | 55 | 2019-04-26 | 2022-12-15 | – | – | – | – | 348.90 | No |
| Wang Ying | Employee Supervisor | Female | 41 | 2019-12-16 | 2022-12-15 | – | – | – | – | 249.70 | No |
| Li Shiqian | Member of the Executive Committee | Male | 52 | 2020-03-10 | 2022-12-15 | – | – | – | – | 106.10 | No |
| Sun Hanlin | Member of the Executive Committee | Male | 55 | 2019-12-16 | 2022-12-15 | – | – | – | – | 137.92 | No |
| Jiang Jian | Member of the Executive Committee | Male | 54 | 2019-12-16 | 2022-12-15 | – | – | – | – | 137.92 | No |
| Zhang Hui | Member of the Executive Committee | Male | 45 | 2019-12-16 | 2022-12-15 | – | – | – | – | 378.40 | No |
| | Secretary to the Board of Directors | | | 2017-04-26 | 2022-12-15 | | | | | | |

| 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 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Chen Tianxiang | Member of the Executive Committee | Male | 42 | 2020-02-18 | 2022-12-15 | – | – | – | – | 416.30 | No |
| Jiao Xiaoning | Chief financial officer | Female | 50 | 2020-03-05 | 2022-12-15 | – | – | – | – | 211.36 | No |
| Jiao Kai | General legal counsel | Male | 46 | 2019-12-16 | 2022-12-15 | – | – | – | – | 228.95 | No |
| | Chief compliance officer | | | 2020-02-18 | 2022-12-15 | | | | | | |
| Wang Chong | Chief risk officer | Male | 48 | 2017-03-16 | 2022-12-15 | – | – | – | – | 366.40 | No |
| Xu Qing | Former non-executive Director | Male | 48 | 2016-06-07 | 2021-02-08 | – | – | – | – | – | Yes |
| Liu Hongzhong | Former independent non-executive Director | Male | 55 | 2013-11-29 | 2020-06-18 | – | – | – | – | 12.00 | No |
| Total | / | / | / | / | / | – | – | – | – | 3,461.91 | / |

Notes:

1. Upon consideration and approval by the Company at the third meeting of the fifth session of the Board held on January 23, 2020, Ms. Jiao Xiaoning was appointed as the chief financial officer of the Company.

2. On January 22, 2020, the Company received the Approval on Qualification of Jiao Kai as Senior Management of Securities Companies (Su Zheng Jian Xu Ke [2020] No. 3) (《關於核准焦凱證券公司經理層高級管理人員任職資格的批覆》(蘇證監許可字[2020]3 號)) from the Jiangsu Securities Regulatory Bureau. On February 17, 2020, the Company received the No-objection Letter on Appointment of Jiao Kai as Chief Compliance Officer of Huatai Securities Co., Ltd. (Su Zheng Jian Han [2020] No. 71) (《關於焦凱任华泰証券股份有限公司合規負責人的無異議函》(蘇證監函[2020]71 號)) from the Jiangsu Securities Regulatory Bureau. Pursuant to the relevant requirements and the resolution at the first meeting of the fifth session of the Board of the Company, the appointment of Mr. Jiao Kai as the chief compliance officer of the Company has taken effect from February 17, 2020.

3. On February 18, 2020, the Company received the Approval on Qualification of Zhai Jun as Chairman of the Supervisory Committee of Securities Companies (Su Zheng Jian Xu Ke [2020] No. 8) (《關於核准翟軍證券公司監事會主席任職資格的批覆》(蘇證監許可字[2020]8 號)) from the Jiangsu Securities Regulatory Bureau, pursuant to which, Mr. Zhai Jun's qualification as the chairman of the Supervisory Committee of Securities Companies has been approved. Pursuant to the relevant requirements and the resolution at the first meeting of the fifth session of the Supervisory Committee of the Company, the appointment of Mr. Zhai Jun as the chairman of the Supervisory Committee of the Company has taken effect from February 18, 2020. On the same date, the Company received the Approval on Qualification of Chen Tianxiang as Senior Management of Securities Companies (Su Zheng Jian Xu Ke [2020] No. 9) (《關於核准陳天翔證券公司經理層高級管理人員任職資格的批覆》(蘇證監許可字[2020]9 號)) from the Jiangsu Securities Regulatory Bureau, the appointment of Mr. Chen Tianxiang as the member of the Executive Committee of the Company has taken effect from February 18, 2020.

4. According to the new Securities Law and the CSRC's Announcement on Various Issues in relation to the Cancellation or Adjustment of Certain Administrative Approval Projects of Securities Companies (CSRC Announcement [2020] No. 18) (《關於取消或調整證券公司部分行政審批項目等事項的公告》(證監會公告[2020]18 號)), senior management of securities companies no longer need regulatory authorities to approve their qualifications before taking office. Ms. Jiao Xiaoning formally performs her duties as the chief financial officer of the Company from March 5, 2020. Mr. Li Shiqian formally performs his duties as a member of the Executive Committee of the Company from March 10, 2020. Mr. Han Zhencong will serve as a member of the Company's executive committee and chief information officer (concurrently) after fulfilling the filing of his qualifications as a manager of a securities company, and his remuneration applies the remuneration assessment system of the Company.

5. On June 18, 2020, the Company considered and approved the Resolution on the Election of Mr. Wang Jianwen as an Independent Non-executive Director of the Fifth Session of the Board of the Company at 2019 annual general meeting, and elected Mr. Wang Jianwen as an independent non-executive Director of the fifth session of the Board of the Company. Mr. Wang Jianwen has replaced Mr. Liu Hongzhong to serve as an independent non-executive Director of the fifth session of the Board of the Company from June 18, 2020, and the term of office shall expire at the end of the term of the current session of the Board.

6. On February 8, 2021, the Resolution in Relation to the Election of Mr. Ke Xiang as a Non-executive Director of the Fifth Session of the Board of the Company was considered and approved at the 2021 first extraordinary general meeting of the Company and Mr. Ke Xiang was elected as a non-executive Director of the fifth session of the Board of the Company. Mr. Ke Xiang has replaced Mr. Xu Qing to serve as a non-executive Director of the fifth session of the Board of the Company from February 8, 2021 to the end of the term of the current session of the Board.

7. 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 and the Company's relevant remuneration assessment and deferred compensation system.

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

9. 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》).

10. Mr. Zhu Xuebo, an executive director of the Company, received remuneration from the Company from January to November 2020 and started to receive remuneration from China Southern Asset Management from December.

| Name | Primary work experience |
|---|---|
| Zhang Wei | Master of business administration, senior engineer and senior economist. He once worked in Jiangsu Electronic Industry Research Institute (江蘇省電子工業綜合研究所). He also served as cadre at department level of Jiangsu Electronic Industry Bureau and the deputy director of Asset Management Division. He worked as secretary to the board of directors and assistant general manager, deputy general manager, general manager and deputy secretary of the party committee of Jiangsu Hiteker High-tech Co., Ltd. (江蘇宏圖高科技股份有限公司). He also served as director, general manager, deputy secretary of the party committee, secretary of the party committee and chairman of the board of Govtor Capital Group Co., Ltd. (江蘇高科技投資集團有限公司). Mr. Zhang served as secretary of the party committee of the Company from March 2019 to December 2019 and has been chairman of the Board of Directors and secretary of the party committee of the Company since December 2019 with a term of office in this session of Board from December 2019 to December 2022. |
| 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 Bei'er Co., Ltd. (江蘇貝爾有限公司) and Nanjing Xinwang Telecom Tech Co., Ltd. (南京欣網視訊科技股份有限公司), 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 (华泰証券有限责任公司) from February 2007 to December 2007 and director of the same company from September 2007 to December 2007. Mr. Zhou served as Director, President and deputy secretary of the party committee of the Company from December 2007 to October 2011; Director, President and secretary of the party committee of the Company from November 2011 to June 2016; chairman of the Board of Directors, President, and secretary of the party committee of the Company from June 2016 to March 2019; chairman of the Board of Directors, President and party committee member of the Company from March 2019 to October 2019; chairman of the Board of Directors, chief executive officer, chairman of the Executive Committee and party committee member of the Company from October 2019 to December 2019, and has been chief executive officer, chairman of the Executive Committee and party committee member of the Company since December 2019 with a term of office in this session of Board from December 2019 to December 2022. |

| Name | Primary work experience |
|---|---|
| Ding Feng | Master of business administration and 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 Corporation Xiamen Branch (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 and Investment Company (江蘇省國際信託投資公司) 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 (江蘇省國際信託有限責任公司) 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 from December 2019 to December 2022. |
| 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; has served as head of the investment and development department of Jiangsu Communications Holding Co., Ltd. from January 2018 to September 2020; and has served as head of the development and reform department of Jiangsu Communications Holding Co., Ltd. since September 2020. He has been a Director of the Company since October 2018 with a term of office in this session of Board from December 2019 to December 2022. |

| Name | Primary work experience |
|---|---|
| Ke Xiang | Doctoral degree in corporate management and senior engineer. From August 1996 to October 2002, he successively served as staff member of the infrastructure investment division, staff member and deputy senior staff member of the agriculture division of Jiangsu Provincial Department of Finance. From October 2002 to August 2020, he worked at Jiangsu Communications Holding Company Limited and successively served as assistant to the director of the office, deputy director of the office, deputy director of the operation and safety department, deputy director of the Toll Management Center of Expressway Network of Jiangsu Province, director of the Information Center and deputy director of the office, director of the development strategy and policy regulation research office, deputy director of the investment and development department, director of the strategic research office, deputy director of the corporate management and legal affairs department, and director of the strategic planning department. Since August 2020, he has been deputy general manager, member of the party committee and general counsel of Govtor Capital Group Co., Ltd. He has been a Director of the Company since February 2021 with a term of office in this session of Board from December 2019 to December 2022. |
| Hu Xiao | Master of business administration. Ms. Hu served as accountant of KPMG Huazhen LLP from September 2002 to July 2003; 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 director of Merrill Lynch (Asia Pacific) Limited from July 2012 to March 2017; and has successively served as director and researcher of the strategic investment department of Alibaba Group Holding Limited since March 2017. She has been Director of the Company since October 2018 with a term of office in this session of Board from December 2019 to December 2022. |
| Wang Tao | Master of politics and economics. He served as assistant to president of Shenzhen Branch of China Construction Bank and deputy general manager of the finance and accounting department of the head office of China Construction Bank from June 1989. He joined the head office of China Merchants Bank as general manager of the finance and accounting department of the head office in June 2014, and has served as general manager of the retail credit department of the head office since December 2016. He has also served as director of inclusive financial service center of the head office since February 2018. He has been in charge of the establishment of CMB Wealth Management Company Limited (招銀理財有限責任公司) since July 2019 and has been director and president of CMB Wealth Management Company Limited since November 2019. He has been Director of the Company since December 2019 with a term of office in this session of Board from December 2019 to December 2022. |

| Name | Primary work experience |
|---|---|
| Zhu Xuebo | Bachelor of monetary banking. Mr. Zhu worked at Nanjing Artillery Academy and Jiangsu Branch of the People's Bank of China. He joined Huatai Securities in March 2001 and successively served as general manager of human resources department, head of organization department of the Party Committee and assistant to the president, etc. He served as deputy secretary of the Party Committee of the Company from March 2013 to December 2020, and has served as deputy secretary of the Party Committee of China Southern Asset Management Co., Ltd. since December 2020. He has been Director of the Company since October 2018 with a term of office in this session of Board from December 2019 to December 2022. |
| 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 (法國上布列塔尼大學). 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 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 independent non-executive Director of the Company since March 2016 with a term of office in this session of Board from December 2019 to December 2022. |
| Lee Chi Ming | Master of business administration. Mr. Lee served as assistant assessor and then 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; and director and managing partner of Nan Guo International Asset Management Limited from October 2014 to February 2020. He has been director and managing partner of Benington Capital Partners Limited since February 2020, and independent non-executive Director of the Company since April 2015 with a term of office in this session of Board from December 2019 to December 2022. |
| 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 partner of Tian Yuan Law Firm since 2002. She has been independent non-executive Director of the Company since December 2016 with a term of office in this session of Board from December 2019 to December 2022. |

| Name | Primary work experience |
|---|---|
| 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 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 independent non-executive Director of the Company since June 2018 with a term of office in this session of Board from December 2019 to December 2022. |
| Wang Jianwen | Ph.D. degree in civil and commercial law. From August 1998 to May 2006, he taught at Nanjing Tech Law School. From May 2006 to May 2016, he taught at Hohai University School of Law. From May 2016 to March 2021, he has been a professor, doctor-postgraduate supervisor and dean at the College of Humanities and Social Sciences of Nanjing University of Aeronautics and Astronautics, and has been a professor at the Law School of Nanjing University since March 2021. He currently serves as a managing director of China Commercial Law Society, the vice president and secretary-general of Jiangsu Commercial Law Society (江蘇省法學會商法學研究會), and concurrently as a member of the legal experts' pool of Jiangsu Provincial Committee of the Communist Party of China, a decision-making consulting expert of The Standing Committee of Jiangsu Provincial People's Congress. He has been independent non-executive Director of the Company since June 2020 with a term of office in this session of Board from December 2019 to December 2022. |
| Zhai Jun | Bachelor's degree in auditing. From August 1994 to July 2002, he worked in Jiangsu International Trust and Investment Company (江蘇省國際信託投資公司); from July 2002 to August 2009, he served as the general manager of Nanjing Xuanwumen securities business office, deputy manager of the securities investment department and deputy manager of the brokerage business department of Xintai Securities Co., Ltd. (信泰證券有限責任公司) (acquired by the Company at the end of July 2009); from August 2009 to March 2019, he served as a deputy general manager of the Company's head office of retail customer service, deputy general manager of the head office of brokerage business, general manager of Zhejiang Branch, and general manager of Shanghai Branch of the Company. Since March 2019, he has been director of the general office of the Company. Since April 2019, he has been an employee Supervisor of the Company. Since February 2020, he has been the chairman of the Supervisory Committee of the Company, with a term of office in this session of the Supervisory Committee from December 2019 to December 2022. |

| Name | Primary work experience |
| --- | --- |
| Zhang Ming | Master's degree, a senior accountant. He worked at the finance department of Yangzhou No. 2 Power Plant Company Limited (揚州第二發電有限公司) from August 1995 to June 1998, served as the general ledger of the finance department, deputy director of finance department, director of finance department, deputy chief accountant and head of finance department of Yangzhou No. 2 Power Plant Company Limited from July 1998 to December 2009; deputy general manager of the finance department of Jiangsu Guoxin Investment Group (江蘇省國信集團) from December 2009 to December 2016; deputy general manager, chief financial officer and general manager (chief at group departmental level) of the finance department of Jiangsu Guoxin Corporation Limited (江蘇國信股份有限公司) as well as secretary of the board from December 2016 to August 2019, and general manager, party committee member,chief accountant of the finance department of Jiangsu Guoxin Investment Group since August 2019. Since December 2019, he has been the Supervisor of the Company, with a term of office in this session of the Supervisory Committee from December 2019 to December 2022. |
| Yu Lanying | Master's degree in industrial economics, a principal senior accountant. She served at the finance department of Nanjing Runtai Industrial Trading Company (南京潤泰實業貿易公司) from August 1993 to August 1996. She pursued master's studies of industrial economics in Nanjing University of Science and Technology (南京理工大學) from September 1996 to April 1999, served at the finance and audit department of Jiangsu United Trust and Investment Company (江蘇聯合信託投資公司) from May 1999 to December 2002. She worked at the finance and audit division of Jiangsu Communications Industry Group Co., Ltd. (江蘇交通產業集團有限公司) from January 2003 to September 2004, the finance and audit department of Jiangsu Communications Holding Co., Ltd. (江蘇交通控股有限公司) from October 2004 to May 2008. She successively served as the vice manager (in charge of work), manager of the finance and accounting division, deputy chief financial officer (departmental level), chief financial officer and of Jiangsu Expressway Company Limited (江蘇寧滬高速公路股份有限公司) from June 2008 to November 2016. She served as the deputy general manager, chief financial officer and Party Committee member of Jiangsu Expressway Company Limited from November 2016 to March 2018, head of the audit and risk control department of Jiangsu Communications Holding Co., Ltd. from March 2018 to August 2018 and has served as head of the audit and risk control department and supervisor of audit center of Jiangsu Communications Holding Co., Ltd. from August 2018 to November 2019 and head of the financial management department of Jiangsu Communications Holding Co., Ltd. since November 2019. She has served concurrently as Supervisor of the Company since October 2018, with a term of office in this session of the Supervisory Committee from December 2019 to December 2022. |

| Name | Primary work experience |
|---|---|
| Zhang Xiaohong | Master degree in business administration. Ms. Zhang served as the export sales business manager of Nanjing Native Produce and Animal Byproducts Import and Export Co., Ltd. (南京市土產畜產進出口股份有限公司) from July 1989 to November 1996; business manager of Jiangsu Xinsu Investment Management Co., Ltd. (江蘇鑫蘇投資管理有限公司) from December 1996 to April 2000; manager of Jiangsu Venture Capital Co., Ltd. (江蘇省創業投資公司) from May 2000 to April 2005; senior investment manager, deputy general manager of the asset management department, general manager of the investment operations department of Govtor Capital Group Co., Ltd. (江蘇高科技投資集團有限公司) from May 2005 to June 2020; and vice general manager of Govtor Capital Group Co., Ltd. since July 2020. She has served as a Supervisor of the Company since December 2019, with a term of office in this session of the Supervisory Committee from December 2019 to December 2022. |
| 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 since January 2018. She served as a Director of the Company from October 2018 to December 2019. She has been a Supervisor of the Company since December 2019 with a term of office in this session of the Supervisory Committee from December 2019 to December 2022. |
| Gu Chengzhong | Master's degree in coastal engineering. From July 1990 to May 1998, he worked in Nanjing Public Security Bureau. From May 1998 to November 2005, he worked in the technical supervision office, head office of brokerage management, and Nanjing Hanzhong Road securities business office of Huatai Securities Limited Liability Company (华泰证券有限责任公司). From November 2005 to January 2019, he served as a deputy general manager (in charge of work) and general manager of Xi'an North Wenyi Road securities business office, general manager of Xi'an regional center securities business office, general manager of Nanjing Ruijin Road securities business office, and general manager of Nanjing branch of Huatai Securities. He has been the general manager of the compliance and legal department of the Company since January 2019 and an employee representative Supervisor of the Company since April 2019, with a term of office in this session of the Supervisory Committee from December 2019 to December 2022. |

| Name | Primary work experience |
| --- | --- |
| Wang Ying | Master's degree in public administration. She worked in the organization department of the Municipal Committee of Yangzhong and the Municipal Party Committee of Youth League in Yangzhong from August 2000 to June 2004. From June 2004 to January 2016, she worked at the State-owned Assets Supervision and Administration Commission of Jiangsu Provincial People's Government, successively serving as the principal staff member of the enterprise leadership personnel management division, principal staff member of the administrative office, deputy division chief of the public working division, deputy division chief of the Party construction work division and deputy division chief of the enterprise leadership personnel management division, etc. She joined Huatai Securities in January 2016 and has been serving as the head of the Communist Party union working department of the Company since April 2016. She has been an employee representative Supervisor of the Company since December 2019 with a term of office in this session of the Supervisory Committee from December 2019 to December 2022. |
| Li Shiqian | Doctor of business economics. He used to be a cadre of supervision bureau, chief officer and deputy director of financial audit division of the internal auditing department, deputy director of general office information division of the PBOC, deputy director of the news and information division of the general office, deputy director and director of the financial and accounting department audit division, director of audit division of the first division of the supervisory administration bureau in China Banking Regulatory Commission (中國銀行業監督管理委員會), member of Party Committee and secretary of the discipline inspection commission of Xinjiang Office of China Banking Regulatory Commission, deputy director of the disposal of illegal fund raising office and deputy director of city bank supervision department of the CBRC. He was deputy director of the city commercial bank supervision department of China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會) from September 2018 to May 2019, the monitor of the city commercial bank supervision department of the CBIRC from May 2019 to June 2019, and first class monitor of the city commercial bank supervision department of the CBIRC from June 2019 to December 2019. He joined Huatai Securities in December 2019 and has been a member of Executive Committee of the Company since March 2020 with a term of office in this session of senior management from December 2019 to December 2022. |

| Name | Primary work experience |
|---|---|
| Sun Hanlin | Master of business administration. Mr. Sun once worked as a clerk, officer and deputy chief of the cadre section of human resources division of Jiangsu Branch of the PBOC; deputy chief (presiding) and chief of human resources division of Jiangsu Securities Company (江蘇省證券公司); 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 (华泰证券有限责任公司). He was vice president, secretary of the discipline inspection commission and a member of the Party Committee of the Company from December 2007 to December 2015. He was vice president and a member of the Party Committee of the Company from December 2015 to November 2019. He was vice president of the Company from November 2019 to December 2019, and has been a member of Executive Committee of the Company since December 2019 with a term of office in this session of senior management from December 2019 to December 2022. |
| Jiang Jian | Master of agricultural economics and management. Mr. Jiang once taught at Nanjing Agricultural University (南京農業大學). He worked at Jiangsu Securities Company (江蘇省證券公司) 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 general 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 the Company from December 2007 to April 2017, vice president and a member of the Party Committee of the Company from April 2017 to November 2019 and vice president of the Company from November 2019 to December 2019. He has been a member of Executive Committee of the Company since December 2019 with a term of office in this session of senior management from December 2019 to December 2022. |

| Name | Primary work experience |
| --- | --- |
| 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 (華晨集團) Shanghai Office, Tongshang Holdings Co., Ltd. (通商控股有限公司) and Beijing Lianchuang Investment and Management Co., Ltd. (北京聯創投資管理有限公司). He served as a senior manager of the asset management head office of Huatai Securities and deputy general manager of the business office at Nantong Yaogang Road. Mr. Zhang served as the general manager of the business office at Shanghai Ruijin First Road, deputy general manager of securities investment department of the Company; general manager of the Company's general affairs department from July 2012 to January 2016; general manager of the human resources department and head of the organization department of the Party Committee of the Company from January 2016 to April 2017; secretary to the Board of Directors, general manager of the human resources department and head of the organization department of the Party Committee of the Company from April 2017 to March 2019; and secretary to the Board of Directors of the Company from March 2019 to December 2019. He has been a member of the Executive Committee and secretary to the Board of Directors of the Company since December 2019, with a term of office in this session of senior management from December 2019 to December 2022. |
| Chen Tianxiang | Bachelor's degree in communication engineering. Mr. Chen once was an engineer of Eastcom Co., Ltd. (東方通信股份有限公司), project manager of Nanjing Xinwang Telecom Tech Co., Ltd. (南京欣網視訊科技股份有限公司), senior engineer of the information technology department, website operation manager of customer service center, head of network marketing team and assistant to general manager of financial service center of Huatai Securities. He served as the deputy general manager of the head office of brokerage business of the Company from April 2015 to August 2015; deputy general manager of the internet finance department of the Company (in charge of work) from August 2015 to June 2017; and general manager of the internet finance department of the Company since June 2017. He has been a member of the Executive Committee of the Company since February 2020, with a term of office in this session of senior management from December 2019 to December 2022. |

| Name | Primary work experience |
|---|---|
| Jiao Xiaoning | Master's degree of accounting, an accountant. She once was a cadre of Industrial and Commercial Bank of China Limited (中國工商銀行股份有限公司) Beijing Branch as well as a cadre, deputy chief clerk and chief clerk of the comprehensive division of the accounting department of Ministry of Finance (财政部). She served as the deputy division chief of the second division of standards of the accounting department of Ministry of Finance, investigator of the second division of the system from November 2003 to November 2009; a cadre, investigator, director and leading cadre of the system division of the accounting department of the CSRC from November 2009 to January 2014; deputy inspector and deputy director of the accounting department of the CSRC from January 2014 to January 2020. She joined Huatai Securities in January 2020 and has been the chief financial officer of the Company since March 2020, with a term of office in this session of senior management from December 2019 to December 2022. |
| Jiao Kai | Doctor of finance. Mr. Jiao was once the manager and director assistant of trading operation department, director assistant and deputy director of trading management department, deputy director of executive office and general manager's secretary, and director of board of governors office and deputy director of executive office of Shanghai Stock Exchange. He served as the director of board of governors office and deputy director of executive office, director of CPC Committee Office and director of board of supervisors office of Shanghai Stock Exchange from January 2013 to March 2014; director of Beijing center of Shanghai Stock Exchange from March 2014 to February 2017; general manager of membership department of Shanghai Stock Exchange from February 2017 to December 2019. He joined Huatai Securities in December 2019 serving as the general legal counsel of the Company and has been the chief compliance officer of the Company since February 2020 with a term of office in this session of senior management from December 2019 to December 2022. |
| 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 (中國銀行) from July 1995 to March 2003; middle office chief of internal risk control for European treasury operations at the London Branch of Bank of China from March 2003 to May 2007; leader of interest rate derivative product and fixed income risks team of J.P. Morgan Securities (JP摩根證券) 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 the Company since December 2014 and chief risk officer of the Company since March 2017 with a term of office in this session of senior management from December 2019 to December 2022. |

Explanation of other information

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

2. During the Reporting Period, the Company actively advanced the Restricted Share Incentive Scheme of A Shares of the Company. On December 31, 2020, the Board of the Company considered and approved the Restricted Share Incentive Scheme of A Shares of Huatai Futures Co., Ltd. (Draft) and its Summary, the Administration Measures for the Restricted Share Incentive Scheme of A Shares of Huatai Futures Co., Ltd., the Administration Measures for the Evaluation on the Implementation of the Restricted Share Incentive Scheme of A Shares of Huatai Futures Co., Ltd. and other resolutions and agreed to submit them to the general meeting of the Company for consideration. On February 8, 2021, the above resolutions were considered and approved at the general meeting of the Company. During the Reporting Period, the Company did not carry out any option incentive scheme for its Directors, Supervisors and senior management.

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

4. During the Reporting Period, Mr. Han Zhencong was a member of the Executive Committee (proposed) and chief information officer (proposed) of the Company, and his main work experience is as follows: Mr. Han Zhencong, Doctor of management science and engineering. He served as a secretary of student affairs office, teacher, deputy secretary of Youth League Committee, director of educational affairs section and director of teaching and research office and vice-principal of Jiangsu Post and Telecommunications School (江蘇省郵電學校). He also served as deputy director of Jiangsu Telecom Staff Training Center (江蘇省電信職工培訓中心), manager of enterprise planning department, office director, general manager of Wuxi Branch, deputy general manager, member of the Leading Party Members' Group of Jiangsu Telecom Company Limited (江蘇省電信公司). He was the general manager and secretary of the Leading Party Members' Group of Heilongjiang Branch of China Telecom from September 2009 to February 2012. He was the general manager of the government and enterprise customer business division of China Telecom from February 2012 to July 2016, and was the general manager and secretary of the Party Committee of China Telecom Zhejiang Branch from July 2016 to December 2019. He joined HTSC in December 2019 and was proposed to be a member of the Executive Committee and the chief information officer of the Company.

## 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 |
|---|---|---|---|---|
| Ding Feng | Jiangsu Guoxin Investment Group (formerly known as Jiangsu Guoxin Asset Management Group Limited (江蘇省國信資產管理集團有限公司)) | General manager of the finance department | March 8, 2018 | |
| Chen Yongbing | Jiangsu Communications Holding Co., Ltd. | Head of the development and reform department | September 23, 2020 | |
| Ke Xiang | Govtor Capital Group Co., Ltd. | Deputy general manager, party committee member, general counsel | August 17, 2020 | |
| Zhang Ming | Jiangsu Guoxin Investment Group (formerly known as Jiangsu Guoxin Asset Management Group Limited (江蘇省國信資產管理集團有限公司)) | Party committee member, chief accountant | October 18, 2020 | |
| Yu Lanying | Jiangsu Communications Holding Co., Ltd. | Head of the financial management department | November 22, 2019 | |
| Zhang Xiaohong | Govtor Capital Group Co., Ltd. | Deputy general manager | July 8, 2020 | |
| 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 | August 16, 2016 | |
| | | General manager of the customer service management center | January 29, 2018 | |

| Name of employee | Name of the Shareholder's companies | Position | Commencement of the term of office | Expiration of the term of office |
|---|---|---|---|---|
| Xu Qing | Govtor Capital Group Co., Ltd.<br>Jiangsu Re-guarantee Group Co., Ltd. (江蘇省信用再擔保集團有限公司) | Deputy president<br>Party committee member, chairman of the supervisory committee | May 16, 2016<br>August 20, 2020 | August 14, 2020 |
| 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 |
|---|---|---|---|---|
| Zhang Wei | Jiangsu Purple Gold Cultural Industry Development Fund (Limited Partnership) (江蘇紫金文化產業發展基金(有限合夥)) | Deputy chairman and executive partner | January 8, 2016 | January 21, 2020 |
| | Jiangsu Purple Gold Cultural Industry Investment Fund Phase II (Limited Partnership) (江蘇紫金文化產業二期投資基金(有限合夥)) | Deputy chairman | January 8, 2016 | October 13, 2020 |
| | Zking Property & Casualty Insurance Co., Ltd. (紫金財產保險股份有限公司) | Chairman of the supervisory committee | May 15, 2009 | February 24, 2021 |
| Zhou Yi | CSOP Asset Management Limited (南方東英資產管理有限公司) | Chairman | November 7, 2017 | |
| | AssetMark Financial Holdings, Inc. | Director | October 31, 2016 | |
| | Huatai Financial Holdings (Hong Kong) Limited | Director | November 28, 2006 | |

| Name of employee | Name of other companies | Position | Commencement of the term of office | Expiration of the term of office |
|---|---|---|---|---|
| Ding Feng | Jiangsu United Credit Service Co., Ltd. (江蘇省聯合徵信有限公司) | Director | June 14, 2019 | |
| | Jiangsu Guoxin Credit Financing Guarantee Co., Ltd (江蘇省國信信用融資擔保有限公司) | Director | August 12, 2019 | |
| Chen Yongbing | Jiangsu Yunshan Capital Management Co., Ltd. (江蘇雲杉資本管理有限公司) | Chairman & Legal representative | May 6, 2020 | |
| | Jiangsu Expressway Company Limited (江蘇寧滬高速公路股份有限公司) | Director | April 8, 2018 | |
| | Jiangsu Railway Group Co., Ltd. (江蘇省鐵路集團有限公司) | Director | May 17, 2018 | |
| | Jiangsu Port Group Co., Ltd. (江蘇省港口集團有限公司) | Director | July 9, 2018 | |
| | Jiangsu Financial Leasing Co., Ltd. (江蘇金融租賃股份有限公司) | Supervisor | March 17, 2018 | |
| | Jiangsu United Credit Service Co., Ltd. (江蘇省聯合徵信有限公司) | Director | June 26, 2019 | |
| Ke Xiang | Jiangsu Addor Huijing Asset Management Co., Ltd. (江蘇毅達匯景資產管理有限公司) | Director | November 4, 2020 | |
| | Jiangsu Govtor Asset Management Co., Ltd. (江蘇高投資產管理有限公司) | Director | December 8, 2020 | |
| | Jiangsu Sutong Bridge Company Limited (江蘇蘇通大橋有限責任公司) | Director | September 13, 2018 | November 24, 2020 |
| | Suzhou Jinling Nanlin Hotel Co., Ltd. (蘇州金陵南林飯店有限責任公司) | Director | April 1, 2017 | |
| | Jiangsu Expressway Network Operation and Management Co., Ltd. (江蘇高速公路聯網營運管理有限公司) | Chairman of the supervisory committee | May 6, 2020 | November 24, 2020 |
| | Jiangsu Yanjiang Expressway Co., Ltd. (江蘇沿江高速公路有限公司) | Supervisor | July 4, 2018 | November 24, 2020 |
| | Jiangsu Fenghai New Energy Seawater Desalination Development Co., Ltd. (江蘇豐海新能源淡化海水發展有限公司) | Director | November 25, 2020 | |

| Name of employee | Name of other companies | Position | Commencement of the term of office | Expiration of the term of office |
|---|---|---|---|---|
| Hu Xiao | Alibaba Group Holding Limited | Researcher of strategic investment department | January 1, 2020 | |
| | 1919 Wines & Spirits Platform Technology Co., Ltd. (壹玖壹玖酒類平台科技股份有限公司) | Director | October 24, 2018 | April 16, 2020 |
| | Tianxianpei (Shanghai) Technology Co., Ltd. (天鮮配(上海)科技有限公司) | Director | November 11, 2019 | |
| | Shanghai Wanxiang Culture Development Co., Ltd. (上海萬象文化發展有限公司) | Director | May 22, 2019 | |
| | Shanghai Wanxiang Culture Distribution Co., Ltd. (上海萬象文化配送有限公司) | Director | May 7, 2019 | |
| | Guangzhou Wanzhixiang Logistics Co., Ltd.(廣州萬之象物流有限公司) | Director | June 21, 2019 | |
| | Dianwoba Holdings Limited | Director | May 30, 2020 | |
| | YTO Express Group Co., Ltd. (圓通速遞股份有限公司) | Director | February 25, 2021 | |
| Wang Tao | CMB Wealth Management Company Limited (招銀理財有限責任公司) | Director and president | November 1, 2019 | |
| Zhu Xuebo | China Southern Asset Management Co., Ltd. (南方基金管理股份有限公司) | Deputy secretary of the Party Committee | December 10, 2020 | |
| Chen Chuanming | Business School of Nanjing University (南京大學商學院) | Professor | November 1, 2006 | |
| | Nanjing Iron & Steel Co., Ltd. (南京鋼鐵股份有限公司) | Independent director | May 6, 2016 | |
| | GCL System Integration Technology Co., Ltd. (協鑫集成科技股份有限公司) | Independent director | March 31, 2016 | February 9, 2021 |
| | Shanghai Dehui Group Co., Ltd. (上海德匯集團有限公司) | Independent director | March 1, 2016 | |
| | Leysen Jewelry Co., Ltd. (萊紳通靈珠寶股份有限公司) | Director | May 14, 2019 | |

| Name of employee | Name of other companies | Position | Commencement of the term of office | Expiration of the term of office |
|---|---|---|---|---|
| Lee Chi Ming | Nanguo International Asset Management Limited (南國國際資產管理有限公司) | Managing partner and director | October 27, 2014 | |
| | DIT Group Limited (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 director | December 30, 2014 | |
| | Chung Ying Theatre Company (HK) Limited (中英劇團有限公司) | Director | December 10, 2015 | |
| | Cango Inc. | Independent director | July 31, 2018 | |
| | Wanlian Securities Co., Ltd. (萬聯證券股份有限公司) | Independent director | April 12, 2019 | |
| | Benington Capital Partners Limited | Managing partner and director | February 11, 2020 | |
| Liu Yan | Beijing Tian Yuan Law Firm (北京市天元律師事務所) | Partner | January 1, 2002 | |
| | Huaxin Cement Co., Ltd. (華新水泥股份有限公司) | Independent director | September 26, 2014 | |
| | WuXi Pharma Tech Co., Ltd. (無錫藥明康德新藥開發股份有限公司) | Independent director | March 17, 2017 | |
| Chen Zhibin | School of Economics and Management of Southeast University (東南大學經管學院) | Professor | July 1, 2012 | |
| | Jiangsu Phoenix Publishing & Media Corporation Limited (江蘇鳳凰出版傳媒股份有限公司) | Independent director | May 10, 2018 | |

| Name of employee | Name of other companies | Position | Commencement of the term of office | Expiration of the term of office |
|---|---|---|---|---|
| Wang Jianwen | Nanjing University of Aeronautics and Astronautics | Professor, doctor-postgraduate supervisor and dean of the College of Humanities and Social Sciences | May 20, 2016 | March 15, 2021 |
| | Nanjing University | Professor of the Law School | March 16, 2021 | |
| Zhang Ming | Jiangsu Guoxin Corporation Limited (江蘇國信股份有限公司) | Supervisor | August 20, 2019 | |
| | Jiangsu International Trust Corporation Limited (江蘇省國際信託有限責任公司) | Director | August 28, 2019 | |
| | Jiangsu International Talents Advisory Services Co., Ltd. (江蘇省國際人才諮詢服務有限公司) | Director | February 20, 2016 | |
| | Jiangsu Sainty Corp., Ltd. (江蘇舜天股份有限公司) | Supervisor | July 12, 2019 | |
| | Suzhou Industrial Park Co., Ltd. (蘇州工業園區股份有限公司) | Supervisor | June 24, 2015 | |
| | China Coal Pingshuo No. 1 Coal Gangue Power Generation Co., Ltd. (中煤平朔第一煤矸石發電有限公司) | Director | September 19, 2019 | |
| | Tongmei Datang Tashan II Power Generation Company Limited (同煤大唐塔山第二發電有限責任公司) | Director | September 17, 2019 | |
| | Yangzhou No. 2 Power Plant Company Limited (揚州第二發電有限責任公司) | Director | June 5, 2018 | |
| | Jiangsu Guoxin Yangzhou Power Generation Co., Ltd. (江蘇國信揚州發電有限責任公司) | Director | June 5, 2018 | |

| Name of employee | Name of other companies | Position | Commencement of the term of office | Expiration of the term of office |
|---|---|---|---|---|
| Yu Lanying | Jiangsu Expressway Company Limited (江蘇寧滬高速公路股份有限公司) | Chairman of the supervisory committee | April 8, 2018 | |
| | Jiangsu Re-guarantee Group Co., Ltd. (江蘇省信用再擔保集團有限公司) | Supervisor | May 27, 2018 | |
| | Jiangsu Salt Industry Group Co., Ltd. (江蘇省鹽業集團有限責任公司) | Chairman of the supervisory committee | December 3, 2018 | |
| | Jiangsu Jinsuzheng Investment and Development Co., Ltd. (江蘇金蘇證投資發展有限公司) | Director | December 3, 2018 | |
| | Bank of Nanjing Co., Ltd. (南京銀行股份有限公司) | Director | September 16, 2020 | |
| Zhang Xiaohong | Jiangsu Gaoxin Venture Capital Co., Ltd. (江蘇高新創業投資有限公司) | Director and general manager | June 20, 2018 | November 4, 2020 |
| | Jiangsu International Trust Corporation Limited (江蘇省國際信託有限責任公司) | Director | November 1, 2019 | September 23, 2020 |
| | Jiangsu Fenghai New Energy Seawater Desalination Development Co., Ltd. (江蘇豐海新能源淡化海水發展有限公司) | Director | March 5, 2018 | November 25, 2020 |
| | Jiangsu Software Industry Co., Ltd. (江蘇省軟件產業股份有限公司) | Director | August 10, 2016 | November 4, 2020 |
| | Jiangsu Proprietary Technology Exchange Center Co., Ltd. (江蘇省技術產權交易市場有限公司) | Independent director | January 5, 2018 | |
| | Jiangsu Hongtu Electronic Research Institute Co., Ltd. (江蘇省宏圖電子綜合研究所有限公司) | Director | August 31, 2016 | November 4, 2020 |
| | Jiangsu Talent Innovation and Venture Service Center Co., Ltd. (江蘇省人才創新創業服務中心有限公司) | Legal representative & Director | September 9, 2019 | |
| | RE-energy Electric (Suzhou) Co., Ltd. (蘇州能健電氣有限公司) | Director | August 16, 2016 | November 4, 2020 |

| Name of employee | Name of other companies | Position | Commencement of the term of office | Expiration of the term of office |
|---|---|---|---|---|
| | Nanjing Guanya Power Equipment Co., Ltd. (南京冠亞電源設備有限公司) | Director | August 9, 2016 | November 4, 2020 |
| | Jiangsu United Credit Service Co., Ltd. (江蘇省聯合徵信有限公司) | Supervisor | July 19, 2019 | November 4, 2020 |
| Gu Chengzhong | Huatai Purple Gold Investment Co., Ltd. (華泰紫金投資有限責任公司) | Supervisor | January 18, 2019 | |
| | Jiangsu Equity Exchange Co., Ltd. (江蘇股權交易中心有限責任公司) | Supervisor | March 18, 2020 | |
| Sun Hanlin | Jiangsu Equity Exchange Co., Ltd. (江蘇股權交易中心有限責任公司) | Chairman | March 1, 2021 | |
| Jiang Jian | Bank of Jiangsu Co., Ltd. (江蘇銀行股份有限公司) | Director | May 16, 2012 | |
| | Huatai Purple Gold Investment Co., Ltd. (華泰紫金投資有限責任公司) | Director | August 19, 2013 | March 5, 2020 |
| | | Chairman | September 7, 2017 | |
| Zhang Hui | China Southern Asset Management Co., Ltd. (南方基金管理股份有限公司) | Director | October 18, 2016 | |
| Chen Tianxiang | Huatai Securities (Shanghai) Asset Management Co., Ltd. (華泰證券(上海)資產管理有限公司) | Director | March 30, 2018 | |
| Jiao Xiaoning | AssetMark Financial Holdings, Inc. | Chairman | April 21, 2020 | |
| | Huatai Securities (Shanghai) Asset Management Co., Ltd. (華泰證券(上海)資產管理有限公司) | Director | August 10, 2020 | |
| Wang Chong | Huatai International Financial Holdings Company Limited (華泰國際金融控股有限公司) | Director | February 28, 2018 | |
| | Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司) | Chief risk officer | July 30, 2018 | |
| | Huatai Securities USA Holdings, Inc. | Director | September 28, 2018 | |
| | Huatai Securities (USA), Inc. | Director | September 28, 2018 | |

| Name of employee | Name of other companies | Position | Commencement of the term of office | Expiration of the term of office |
|---|---|---|---|---|
| Xu Qing | Jiangsu Re-guarantee Group Co., Ltd. | Party committee member, chairman of the supervisory committee | August 20, 2020 | |
| | 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 | February 9, 2017 | |
| | 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 | December 28, 2016 | October 9, 2020 |
| Liu Hongzhong | International Finance Department, School of Economics, Fudan University (復旦大學經濟學院國際金融系) | Professor | May 1, 1999 | |
| | Shenyin & Wanguo Futures Company Limited (申銀萬國期貨有限公司) | Independent director | February 1, 2008 | |
| | Donghai Futures Co., Ltd. (東海期貨有限責任公司) | Independent director | June 29, 2009 | |
| | China International Fund Management Co., Ltd. (上投摩根基金管理有限公司) | Independent director | May 28, 2013 | |
| | Industrial Securities Co., Ltd. (興業證券股份有限公司) | Independent director | January 12, 2018 | |
| | Bank of Communications International Trust Co., Ltd. (交銀國際信託有限公司) | Independent director | April 20, 2019 | |
| | Jin Jiang International (Holdings) Co., Ltd. (錦江國際集團有限公司) | External director | October 21, 2019 | |
| 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 and senior management" in this report. |
| Total remuneration actually obtained by all Directors, Supervisors and senior management at the end of the Reporting Period | Approximately RMB34.6191 million |

## IV. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

| Name | Position | Change | Reason for Change |
|---|---|---|---|
| Ke Xiang | Non-executive Director | Elected | Elected at the First Extraordinary General Meeting in 2021 |
| Wang Jianwen | Independent Director | Elected | Elected at 2019 Annual General Meeting |
| Zhai Jun | Chairman of the Supervisory Committee | Elected | Elected by the Supervisory Committee in 2019 and duly discharge duty during the Reporting Period |
| Li Shiqian | Member of the Executive Committee | Appointed | Appointed by the Board in 2019 and duly discharge duty during the Reporting Period |
| Chen Tianxiang | Member of the Executive Committee | Appointed | Appointed by the Board in 2019 and duly discharge duty during the Reporting Period |
| Jiao Xiaoning | Chief financial officer | Appointed | Appointed by the Board |
| Jiao Kai | Chief compliance officer, general counsel | Appointed | Appointed by the Board in 2019 and duly discharge duty during the Reporting Period |
| Xu Qing | Non-executive Director | Resigned | Due to work arrangements, he will no longer serve as a non-executive director of the Company |
| Liu Hongzhong | Independent Director | Resigned | Due to the expiration of his term, he will no longer serve as an independent director of the Company |

Notes:

1. Upon consideration and approval by the Company at the first meeting of the fifth session of the Board held on December 16, 2019, Mr. Li Shiqian and Mr. Chen Tianxiang were appointed as members of the Executive Committee of the Company and Mr. Jiao Kai was appointed as the chief compliance officer and general legal advisor of the Company. At the same date, upon consideration and approval by the Company at the first meeting of the fifth session of the Supervisory Committee, Mr. Zhai Jun was elected as the Chairman of the fifth session of the Supervisory Committee.

2. Upon consideration and approval by the Company at the third meeting of the fifth session of the Board held on January 23, 2020, Ms. Jiao Xiaoning was appointed as the chief financial officer of the Company.

3. On January 22, 2020, the Company received the Approval on Qualification of Jiao Kai as Senior Management of Securities Companies (Su Zheng Jian Xu Ke [2020] No. 3) (《關於核准焦凱證券公司經理層高級管理人員任職資格的批覆》(蘇證監許可字[2020]3號)) from the Jiangsu Securities Regulatory Bureau. On February 17, 2020, the Company received the No-objection Letter on Appointment of Jiao Kai as Chief Compliance Officer of Huatai Securities Co., Ltd. (Su Zheng Jian Han [2020] No. 71) (《關於焦凱任华泰证券股份有限公司合規負責人的無異議函》(蘇證監函[2020]71號)) from the Jiangsu Securities Regulatory Bureau. Pursuant to the relevant requirements and the resolution at the first meeting of the fifth session of the Board of the Company, the appointment of Mr. Jiao Kai as the chief compliance officer of the Company has taken effect from February 17, 2020.

4. On February 18, 2020, the Company received the Approval on Qualification of Zhai Jun as Chairman of the Supervisory Committee of Securities Companies (Su Zheng Jian Xu Ke [2020] No. 8) (《關於核准翟軍證券公司監事會主席任職資格的批覆》(蘇證監許可字[2020]8號)) from the Jiangsu Securities Regulatory Bureau, pursuant to which, Mr. Zhai Jun's qualification as the chairman of the Supervisory Committee of Securities Companies has been approved. Pursuant to the relevant requirements and the resolution at the first meeting of the fifth session of the Supervisory Committee of the Company, the appointment of Mr. Zhai Jun as the chairman of the Supervisory Committee of the Company has taken effect from February 18, 2020. On the same date, the Company received the Approval on Qualification of Chen Tianxiang as Senior Management of Securities Companies (Su Zheng Jian Xu Ke [2020] No. 9) (《關於核准陳天翔證券公司經理層高級管理人員任職資格的批覆》(蘇證監許可字[2020]9號)) from the Jiangsu Securities Regulatory Bureau, the appointment of Mr. Chen Tianxiang as the member of the Executive Committee of the Company has taken effect from February 18, 2020.

5. According to the new Securities Law and the CSRC's Announcement on Various Issues in relation to the Cancellation or Adjustment of Certain Administrative Approval Projects of Securities Companies (CSRC Announcement [2020] No. 18) (《關於取消或調整證券公司部分行政審批項目等事項的公告》(證監會公告[2020]18號)), senior management of securities companies no longer need regulatory authorities to approve their qualifications before taking office. Ms. Jiao Xiaoning formally performs her duties as the chief financial officer of the Company from March 5, 2020. Mr. Li Shiqian formally performs his duties as a member of the Executive Committee of the Company from March 10, 2020.

6. On June 18, 2020, the Company considered and approved the Resolution on the Election of Mr. Wang Jianwen as an Independent Non-executive Director of the Fifth Session of the Board of the Company at 2019 annual general meeting, and elected Mr. Wang Jianwen as an independent non-executive Director of the fifth session of the Board of the Company. Mr. Wang Jianwen has replaced Mr. Liu Hongzhong to serve as an independent non-executive Director of the fifth session of the Board of the Company from June 18, 2020, and the term of office shall expire at the end of the term of the current session of the Board.

7. On February 8, 2021, the Company considered and approved the Resolution on the Election of Mr. Ke Xiang as a Non-executive Director of the Fifth Session of the Board of the Company at the first extraordinary general meeting in 2021, and elected Mr. Ke Xiang as a non-executive Director of the fifth session of the Board of the Company. Mr. Ke Xiang has replaced Mr. Xu Qing to serve as a non-executive Director of the fifth session of the Board of the Company from February 8, 2021 to the end of the term of the current session of the Board.

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

## V. AS OF THE END OF THE REPORTING PERIOD, NONE OF THE INCUMBENT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OR DIRECTORS, SUPERVISORS OR SENIOR MANAGEMENT WHO LEFT OFFICE DURING THE REPORTING PERIOD HAD BEEN SUBJECT TO ANY PENALTY IMPOSED BY THE SECURITIES REGULATORY AUTHORITIES DURING THE LAST THREE YEARS

## VI. SPECIAL COMMITTEES UNDER THE BOARD

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, members of which were as follows:

The Development Strategy Committee (a total of five members): Zhang Wei, Zhou Yi, Chen Yongbing, Hu Xiao and Wang Tao and Zhang Wei is the chairman (convener) of the Development Strategy Committee;

The Compliance and Risk Management Committee (a total of three members): Zhou Yi, Ke Xiang and Wang Jianwen and Zhou Yi 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, Ding Feng 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, all are independent non-executive Directors): Chen Chuanming, Liu Yan and Chen Zhibin and Chen Chuanming is the chairman (convener) of the Remuneration and Appraisal Committee.

## VII. INFORMATION ABOUT THE STAFF OF THE PARENT COMPANY AND MAJOR SUBSIDIARIES

### *(I) Information about the staff*

| | |
|---|---|
| Number of staff employed by the parent company | 7,375 |
| Number of staff employed by major subsidiaries | 3,141 |
| The total number of staff employed | 10,516 |
| Number of retired staff of the parent company and its subsidiaries that need to be paid for the cost | 218 |

**Profession Composition**

| **Profession** | **Number of staff** |
|---|---|
| Wealth management professionals | 5,550 |
| Institution and investment professionals | 2,598 |
| Info-tech professionals | 1,124 |
| Others | 1,244 |
| Total | 10,516 |

**Education**

| **Level of education** | **Number (persons)** |
|---|---|
| Doctor | 133 |
| Master | 4,440 |
| Bachelor | 4,814 |
| Junior college graduate and below | 397 |
| Total | 9,784 |

Note: 1. the number of service personnel from the institution we cooperated with for IT business was amounted to 2,370.

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

### *(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. Moreover, the Company is actively promoting the A-share restricted stock equity incentive plan, and establishing and improving the Company's long-term incentive and restraint mechanism.

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, professional ability, management capability, technology empowerment, international horizon and internal trainers. The Company propelled training programs with a combination of centralized training and external training as well as on-site training and HTSC Cloud Academy training; its annual training plan was implemented smoothly. Firstly, it was committed to meeting the dynamic development demands of employees, upgrading development projects covering all life careers and the entire business chain and concerning about the long-term cultivation of employees. It organized and carried out 13 sessions of career programs, including the BAL for managers, the HIPO for potential employees and the STAR of Huatai for new employees; and 27 sessions of business programs on investment advisory, BD, institutional RM and compliance, which polished key brand projects, integrated the contents of "internal courses, capability evaluation, copyright management courses, action learning, Mentor empowerment and growth tracking" and developed integrated solutions covering single training to long-term cultivation for employees. Secondly, it established learning platforms with organic online-offline synergy, upgraded the functions of the Cloud Academy and sped up in the digital transformation of trainings and development. It launched R2 online carnival learning activities during the pandemic. Over 1,883,000 participants studied through the Cloud Academy and completed 315,000 hours of learning. Thirdly, it established a think tank focusing on the development of the financial industry to create high-quality knowledge under an ecological synergy model. It launched 512 live broadcast trainings as business courses; organized HTALK speeches and promoted employees to communicate on valuable thoughts; and organized micro-class contests on investment advisory and encouraged employees to share their own knowledge and experiences and contribute to the knowledge ecosystem and think

tank of the enterprise. Fourthly, it adhered to the future growth concept of Meet & Foresee, and trained organizations to foresee the direction of future development of the Company's business, and the needs of employees' future ability development. It organized 6 sessions of "cloud forums on reaching overseas directly" and assisted employees in establishing platforms for communications with experts in the global capital market. It arranged live broadcast courses on the entire business chain and stimulated employees to break through their own working restrictions and consider business cooperation from the perspective of the entire business chain.

***(IV) No labor outsourcing***

## VIII. CUSTOMER SOLICITATION AND CUSTOMER SERVICES BY THE BROKERS COMMISSIONED BY THE COMPANY

As of end of December 2020, the Company had a total of 674 securities brokers.

the Company achieved a unified broker management through the improvement of rules and regulations. Broker management system covered qualification management, training management, performance evaluation, behavioral code, certification management and compliance risk control and management, etc. All branches of the Company could implement corporate rules on the daily operation management of sales staff stringently.

# CORPORATE GOVERNANCE

## I. DESCRIPTION OF CORPORATE GOVERNANCE

As a public company listed in both domestic and overseas, the Company has been operating 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 under 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 (the relevant code is set out on https://en-rules.hkex.com.hk/sites/default/files/net_file_store/new_rulebooks/h/k/HKEX4476_3828_VER10.pdf) 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 to regulate the Company's operations. During the Reporting Period, to further improve corporate governance, the Company amended and improved the Articles of Association in accordance with the Company Law (《公司法》), the Reply of the State Council on the Adjustment of the Provisions Applicable to the Notice Period of Convening General Meetings of Shareholders and Other Matters Applicable to the Companies Listed Abroad (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》), Code of Corporate Governance for Listed Companies (《上市公司治理準則》), Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》), Provisions on the Administration of Equities of Securities Companies (《證券公司股權管理規定》), Provisions on Issues Concerning the Implementation of the Provisions on the Administration of Equities of Securities Companies (《關於實施<證券公司股權管理規定>有關問題的規定》), Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (《上海證券交易所股票上市規則》) and other relevant laws, regulations and regulatory documents and in light of the Company's actual condition, which was considered and approved at the general meeting of the Company. Meanwhile, to further strengthen the communications between the Company and investors, promote investors' understanding of the Company and maximize the corporate value and the interests of shareholders, the Company amended and improved the Administrative System Regarding Investor Relationship. 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, the Company amended and improved the System Regarding Insider Registration and Management and Confidentiality, which was considered and approved by the Board of the Company. In addition, during the Reporting Period, as considered and approved by the Board and at the general meeting, the Company adjusted the members of the fifth session of the Board and the special committees of the Board to fully display professional advantages and improve the decision-making efficiency and level. Through the establishment and improvement as well as the full implementation of the above systems, the Company's governance structure and level have 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 2020, and was rated as the highest level A in the 2019-2020 information disclosure evaluation of listed companies organized by the Shanghai Stock Exchange during the Reporting Period. In addition, with its outstanding performance in environmental, social and corporate governance, the Company was included in the Hang Seng (China A) Corporate Sustainability Benchmark Index and the Company's MSCI ESG rating in 2020 was BBB, currently the highest rating in the domestic securities industry.

*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.

In 2019, the Company set up the fifth session of the Board of Directors, with members including strategic Shareholder representatives introduced through the non-public issuance of A Shares, forming a Board with diversified composition and complementary advantages.

As of the end of the Reporting Period, the composition of the Board of the Company is as follows:

By age group

Aged 50 and below: 5 persons; aged 51-55: 4 persons; aged 56-60: 2 persons; aged over 60: 2 persons

By category of Directors

Executive Directors: 3 persons; non-executive Directors: 5 persons; independent non-executive Directors: 5 persons

By gender

Female Directors: 2 persons; male directors: 11 persons

Professional background: finance, economics, accounting, laws, business administration, economic management, enterprise management, electronic communication, monetary banking, etc.

*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 Terms of Reference of the CEO and the Executive Committee and the Terms of Reference 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 seventeenth 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, 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 and other relevant requirements issued by regulators, the Company made amendments to the System Regarding Insider Registration and Management and Confidentiality, which were considered and approved at the seventh 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 sixteenth meeting of the third session of the Board.

In March 2019, for consistency with the Articles of Association, the Company made amendments to the System regarding Insider Registration and Management and Confidentiality, which was considered and approved at the twentieth meeting of the fourth session of the Board.

In August 2020, according to relevant requirements of the revised Securities Law, the Guidelines on Insiders Reporting by Listed Companies of the SSE as well as relevant laws, regulations and regulatory documents, the Company made amendments to the System regarding Insider Registration and Management and Confidentiality, which was considered and approved at the seventh meeting of the fifth 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 thirteenth meeting of the third session of the Board on November 25, 2014 to consider and approve the Administrative System regarding the Shares of the Company Held by Directors, Supervisors and Senior Management (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 sixteenth meeting of the third session of the Board. The compulsory provisions contained in the Administrative System are stricter than those under the Model Code. Having made all enquiries with Directors, Supervisors and senior management, 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 resolutions |
|---|---|---|---|---|---|
| 2019 Annual General Meeting | June 18, 2020 | 1. To consider and approve the 2019 Work Report of the Board of the Company;<br>2. To consider and approve the 2019 Work Report of the Supervisory Committee of the Company;<br>3. To consider and approve the 2019 Final Financial Report of the Company;<br>4. To consider and approve the resolution on the 2019 Annual Report of the Company;<br>5. To consider and approve the resolution on the 2019 Profit Distribution of the Company;<br>6. To consider and approve the resolution on the estimated ordinary transactions with related parties of the Company for 2020;<br>7. To consider and approve the resolution on the estimated investment amount for the proprietary business of the Company for 2020;<br>8. To consider and approve the resolution on the re-appointment of the accounting firm of the Company;<br>9. To consider the proposal on the election of Mr. Wang Jianwen as an independent non-executive Director of the fifth session of the Board of the Company;<br>10. To consider and approve the resolution on amendments to the Articles of Association of Huatai Securities Co., Ltd.; | All resolutions were considered and approved | http://www.sse.com.cn<br>http://www.hkexnews.hk<br>http://www.htsc.com.cn | June 19, 2020 |

| Meeting | Convening date | Resolutions | Status | Enquiry index of the websites designated for publication of the resolutions | Date of disclosure of the publication of the resolutions |
|---|---|---|---|---|---|
| | | 11. Debriefing of the Work Report of Independent Directors of the Company for 2019;<br>12. Debriefing of the Report on Performance Assessment and Remuneration of the Directors of the Company in 2019;<br>13. Debriefing of the Report on Performance Assessment and Remuneration of the Supervisors of the Company for 2019;<br>14. Debriefing of the Report on Execution of Duty, Performance Assessment and Remuneration of Senior Management of the Company for 2019. | | | |

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

The 2019 annual general meeting of the Company, with on-site & network voting methods adopted, was held at Renaissance Nanjing Olympic Centre Hotel (No. 139, Aoti Street, Jianye District, Nanjing). The general meeting was organized by the Board of Directors and hosted by the Chairman – Mr. Zhang Wei. 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 the Company Law and the 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 19, 2020.

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 | Date | Meeting form and place | Meeting motion | Status |
|---|---|---|---|---|
| The Third Meeting of the Fifth Session of the Board | January 23, 2020 | By means of teleconference | To consider the resolution on the appointment of Ms. Jiao Xiaoning as the Chief Financial Officer of the Company. | The resolution was considered and approved |
| The Fourth Meeting of the Fifth Session of the Board | February 28, 2020 | By means of teleconference | To consider the resolution on the engagement of the external evaluation institution for compliance management effectiveness for 2019. | The resolution was considered and approved |
| The Fifth Meeting of the Fifth Session of the Board | March 30, 2020 | By means of onsite & video meetings.<br>Address: Large Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing; Simulated Video Conference Room, Huatai United Securities, Floor 6, Building A, Fengming International Building, No. 22 Fengsheng Alley, Xicheng District, Beijing; Simulated Video Conference Room, Shanghai Branch Office of Huatai Securities, Floor 25, Poly Plaza, No. 18, Dongfang Road, Pudong New Area, Shanghai; Simulated Video Conference Room, Shenzhen Branch Office of Huatai Securities, 42/F, Fund Mansion, No. 5999 Yitian Road, Shenzhen; Simulated Video London Conference Room, Huatai Financial Holdings (Hong Kong) Limited, 62/F, The Center, 99 Queen's Road Central, Hong Kong. | 1. To consider the 2019 Work Report of the Senior Management of the Company;<br>2. To consider the 2019 Financial Final Report of the Company;<br>3. To consider the 2020 Financial Budget Report of the Company;<br>4. To consider the proposal on the 2019 Profit Distribution of the Company;<br>5. To consider the 2019 Work Report of the Board of the Company;<br>6. To consider the resolution on the 2019 Annual Report of the Company;<br>7. To consider the resolution on the 2019 Annual Compliance Report of the Company;<br>8. To consider the resolution on the 2019 Annual Risk Management Report of the Company;<br>9. To consider the resolution on the 2019 Annual Internal Control Evaluation Report of the Company;<br>10. To consider the resolution on the Special Report on Information Technology Management of the Company for 2019;<br>11. To consider the resolution on the 2019 Social Responsibility Report of the Company;<br>12. To consider the proposal on the estimated ordinary transactions with related parties of the Company for 2020;<br>13. To consider the proposal on the estimated investment amount for the proprietary business of the Company for 2020;<br>14. To consider the Special Report on the Deposit and Actual Use of Raised Funds of the Company for 2019; | All resolutions were considered and approved |

| Meeting name | Date | Meeting form and place | Meeting motion | Status |
|---|---|---|---|---|
| | | | 15. To consider the resolution on the re-appointment of the accounting firm by the Company;<br>16. To consider the proposal on the election of Mr. Wang Jianwen as an independent non-executive Director of the fifth session of the Board of the Company;<br>17. To consider the resolution on amendments to the Articles of Association of Huatai Securities Co., Ltd.;<br>18. To consider the resolution on amendments to the System for Investor Relationship Management of Huatai Securities Co., Ltd.;<br>19. To consider the resolution on the repurchase of A shares of the Company through centralized price bidding;<br>20. To consider the resolution on the Key Work Plan for Promoting the Establishment of First-Class Enterprises by Huatai Securities (2020);<br>21. To consider the Report on Performance Assessment and Remuneration of Directors of the Company for 2019;<br>22. To consider the Report on Execution of Duty, Performance Assessment and Remuneration of the Senior Management of the Company for 2019;<br>23. To consider the resolution on convening the 2019 Annual General Meeting of the Company;<br>24. Debriefing of the Work Report of Independent Directors of the Company for 2019;<br>25. Debriefing of the Report on Performance of Duties by the Audit Committee of the Board of the Company for 2019;<br>26. Debriefing of the Work Report of the Chief Compliance Officer of the Company for 2019;<br>27. Debriefing of the Work Report on Anti-money Laundering of the Company for 2019;<br>28. Review of the Report on Net Capital and Other Risk Control Indicators of the Company for 2019. | |

| Meeting name | Date | Meeting form and place | Meeting motion | Status |
|---|---|---|---|---|
| The Sixth Meeting of the Fifth Session of the Board | April 29, 2020 | By means of on-site & video meetings.<br>Address: Large Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing; Medium Conference Room, Beijing Branch Office of Huatai Securities, Floor 18, Building A, China Pacific Insurance Plaza, No. 28 Fengsheng Alley, Xicheng District, Beijing; The Seventh Poly Conference Room, Shanghai Branch Office of Huatai Securities, Floor 18, Poly Plaza, No. 18, Dongfang Road, Pudong New Area, Shanghai; Simulated Video Conference Room, Shenzhen Branch Office of Huatai Securities, 42/F, Fund Mansion, No. 5999 Yitian Road, Shenzhen; Simulated Video London Conference Room, Huatai Financial Holdings (Hong Kong) Limited, 62/F, The Center, 99 Queen's Road Central, Hong Kong. | 1. To consider the resolution on the First Quarterly Report of the Company for 2020;<br>2. To consider the resolution on the Work Outline for the Cultural Construction of Huatai Securities Co., Ltd. | All resolutions were considered and approved |
| The Seventh Meeting of the Fifth Session of the Board | August 26, 2020 | By means of on-site & video meetings.<br>Address: Large Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing; Medium Conference Room, Beijing Branch Office of Huatai Securities, Floor 18, Building A, China Pacific Insurance Plaza, No. 28 Fengsheng Alley, Xicheng District, Beijing; Simulated Video Conference Room, Shanghai Branch Office of Huatai Securities, Floor 25, Poly Plaza, No. 18, Dongfang Road, Pudong New Area, Shanghai; Simulated Video Conference Room, Shenzhen Branch Office of Huatai Securities, 42/F, Fund Mansion, No. 5999 Yitian Road, Shenzhen; Simulated Video Beijing Conference Room, Huatai Financial Holdings (Hong Kong) Limited, 62/F, The Center, 99 Queen's Road Central, Hong Kong. | 1. To consider the resolution on the 2020 Interim Report of the Company;<br>2. To consider the resolution on amendments to the System regarding Insider Registration and Management and Confidentiality of Huatai Securities Co., Ltd.;<br>3. To consider the resolution on investment in the construction of the R&D and training center;<br>4. To consider the resolution on providing guarantees to the liquidity of a holding subsidiary Huatai United Securities Co., Ltd. by the Company;<br>5. To consider the resolution on application for increasing the line of credit for refinancing business;<br>6. Examination on the Report on Net Capital and Other Risk Control Indicators of the Company for the First Half of 2020. | All resolutions were considered and approved |

| Meeting name | Date | Meeting form and place | Meeting motion | Status |
|---|---|---|---|---|
| The Eighth Meeting of the Fifth Session of the Board | September 30, 2020 | By means of teleconference | 1. To consider the resolution on the Implementation Plan on the Improvement Action of Benchmarking World-class Management of Huatai Securities;<br>2. To consider the resolution on terminating the provision of guarantees to certain net capitals for a wholly-owned subsidiary Huatai Securities (Shanghai) Asset Management Co., Ltd. by the Company. | All resolutions were considered and approved |
| The Ninth Meeting of the Fifth Session of the Board | October 30, 2020 | By means of on-site & video meetings.<br>Address: Large Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing; Medium Conference Room, Beijing Branch Office of Huatai Securities, Floor 18, Building A, China Pacific Insurance Plaza, No. 28 Fengsheng Alley, Xicheng District, Beijing; Simulated Video Conference Room, Shanghai Branch Office of Huatai Securities, Floor 25, Poly Plaza, No. 18, Dongfang Road, Pudong New Area, Shanghai; Simulated Video London Conference Room, Huatai Financial Holdings (Hong Kong) Limited, 62/F, The Center, 99 Queen's Road Central, Hong Kong. | To consider the Resolution on the Third Quarterly Report of the Company for 2020. | The resolution was considered and approved |
| The Tenth Meeting of the Fifth Session of the Board | November 30, 2020 | By means of teleconference | To consider the Resolution on Amendments to the Basic System for Anti-Money Laundering and Anti-Terrorism Financing of Huatai Securities Co., Ltd. | The resolution was considered and approved |

| Meeting name | Date | Meeting form and place | Meeting motion | Status |
|---|---|---|---|---|
| The Eleventh Meeting of the Fifth Session of the Board | December 31, 2020 | By means of on-site & video meetings.<br>Address: Large Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing; Medium Conference Room, Beijing Branch Office of Huatai Securities, Floor 18, Building A, China Pacific Insurance Plaza, No. 28 Fengsheng Alley, Xicheng District, Beijing; Simulated Video Conference Room, Shanghai Branch Office of Huatai Securities, Floor 25, Poly Plaza, No. 18, Dongfang Road, Pudong New Area, Shanghai; Simulated Video Conference Room, Shenzhen Branch Office of Huatai Securities, 42/F, Fund Mansion, No. 5999 Yitian Road, Shenzhen; Simulated Video London Conference Room, Huatai Financial Holdings (Hong Kong) Limited, 62/F, The Center, 99 Queen's Road Central, Hong Kong. | 1. To consider the resolution on amendments to the Strategic Management System of Huatai Securities Co., Ltd.;<br>2. To consider the resolution on the Composition Adjustment of Special Committees of the Fifth Session of the Board of the Company;<br>3. To consider the proposal on the Election of Mr. Ke Xiang as a Non-executive Director of the Fifth Session of the Board of the Company;<br>4. To consider the resolution on amendments to the Rules of Procedures of the General Meeting of Huatai Futures Co., Ltd.;<br>5. To consider the resolution on General Mandate for Domestic and Overseas Debt Financing Instruments of the Company;<br>6. To consider the resolution on the Restricted Share Incentive Scheme of A Shares of Huatai Futures Co., Ltd. (Draft) and its Summary;<br>7. To consider the resolution on the Administration Measures for the Restricted Share Incentive Scheme of A Shares of Huatai Futures Co., Ltd.;<br>8. To consider the resolution on the Administration Measures for the Evaluation on the Implementation of the Restricted Share Incentive Scheme of A Shares of Huatai Futures Co., Ltd.;<br>9. To consider the resolution on the Authorization Granted by the General Meeting to the Board to Deal with Relevant Matters on the Restricted Share Incentive Scheme of A Shares of the Company;<br>10. To consider the resolution on the convening of the 2021 first extraordinary general meeting of the Company. | All resolutions were considered and approved |

Note: Details of relevant announcements on the resolutions of the Board can be found on the website of the Shanghai Stock Exchange (http://www.sse.com.cn), the 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 | Date | Meeting form and place | Meeting motion | Status |
|---|---|---|---|---|
| The Second Meeting of the Fifth Session of the Supervisory Committee | March 30, 2020 | 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 2019 Work Report of the Supervisory Committee of the Company;<br>2. To consider the Proposal on the 2019 Profit Distribution of the Company;<br>3. To consider the Resolution on the 2019 Annual Report of the Company;<br>4. To consider the Resolution on the 2019 Annual Internal Control Evaluation Report of the Company;<br>5. To consider the Special Report on the Deposit and Actual Use of Raised Funds for 2019;<br>6. To consider the Report on Performance Assessment and Remuneration of the Supervisors of the Company for 2019;<br>7. Debriefing of the Report on Internal Audit of the Company for 2019;<br>8. Debriefing of the Internal Audit Work Plan of the Company for 2020. | All resolutions were considered and approved |
| The Third Meeting of the Fifth Session of the Supervisory Committee | April 29, 2020 | 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 2020. | The resolution was considered and approved |
| The Fourth Meeting of the Fifth Session of the Supervisory Committee | August 26, 2020 | 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 2020 Interim Report of the Company. | The resolution was considered and approved |
| The Fifth Meeting of the Fifth Session of the Supervisory Committee | October 30, 2020 | 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 2020. | The resolution was considered and approved |

| Meeting name | Date | Meeting form and place | Meeting motion | Status |
|---|---|---|---|---|
| The Sixth Meeting of the Fifth Session of the Supervisory Committee | December 31, 2020 | 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 the Restricted Share Incentive Scheme of A Shares of Huatai Futures Co., Ltd. (Draft) and its Summary;<br>2. To consider the resolution on the Administration Measures for the Restricted Share Incentive Scheme of A Shares of Huatai Futures Co., Ltd.;<br>3. To consider the resolution on the Administration Measures for the Evaluation on the Implementation of the Restricted Share Incentive Scheme of A Shares of Huatai Futures Co., Ltd. | All resolutions were 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 |
| Zhang Wei | No | 9 | 9 | 4 | – | – | No | 1 |
| Zhou Yi | No | 9 | 9 | 4 | – | – | No | – |
| Ding Feng | No | 9 | 9 | 4 | – | – | No | 1 |
| Chen Yongbing | No | 9 | 8 | 4 | 1 | – | No | – |
| Xu Qing | No | 9 | 9 | 4 | – | – | No | – |
| Hu Xiao | No | 9 | 8 | 4 | 1 | – | No | – |
| Wang Tao | No | 9 | 6 | 4 | 3 | – | No | – |
| Zhu Xuebo | No | 9 | 8 | 4 | 1 | – | No | 1 |
| Chen Chuanming | Yes | 9 | 9 | 4 | – | – | No | – |
| Liu Hongzhong | Yes | 4 | 4 | 2 | – | – | No | – |
| Lee Chi Ming | Yes | 9 | 9 | 4 | – | – | No | – |
| Liu Yan | Yes | 9 | 7 | 4 | 2 | – | No | – |
| Chen Zhibin | Yes | 9 | 8 | 4 | 1 | – | No | 1 |
| Wang Jianwen | Yes | 5 | 5 | 2 | – | – | No | – |

There existed no such circumstance that a Director failed to attend the Board meetings in person twice in succession

| | |
|---|---|
| Number of Board meetings held within the year | 9 |
| Of which: number of on-site meetings | – |
| Number of meetings held by teleconference | 4 |
| Number of meetings held on-site and via teleconference | 5 |

### *(II) No Objections Raised by Independent Directors to Relevant Matters of the Company*

## *(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. On December 16, 2019, the fifth session of the Board was elected in the Company's first extraordinary general meeting in 2019. During the Reporting Period, as considered and approved at the 2019 Annual General Meeting of the Company, the Company made adjustments to the fifth Board members. As of the end of the Reporting Period, there were 13 members in the Board, including 3 executive Directors (Mr. Zhang Wei, Mr. Zhou Yi, Mr. Zhu Xuebo), 5 non-executive Directors (Mr. Ding Feng, Mr. Chen Yongbing, Mr. Xu Qing, Ms. Hu Xiao, Mr. Wang Tao) and 5 independent non-executive Directors (Mr. Chen Chuanming, Mr. Lee Chi Ming, Ms. Liu Yan, Mr. Chen Zhibin, Mr. Wang Jianwen).

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. 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 fulfill 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 chief executive officer and secretary to the Board; to appoint or dismiss other senior management of the Company including member of Executive Committee, chief financial officer, chief compliance officer, chief risk officer and chief information officer 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 Executive Committee and review its 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; to decide to purchase Company's shares due to the circumstances specified in the Articles of Association of the Company; 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

The Board is responsible for overall strategies and governance of the Company, and the Operation Management is responsible for the concrete implementation of the development strategies and policies passed by the Board as well as the daily operation and management of the Company. The Operation Management is the supreme operation management body established by the Company for implementation of the routes and policies determined by the Board, and shall exercise the following functions and powers according to the Articles of Association of the Company: to carry out Company's operation policies determined by the Board and decide on material matters during the operation and management of the Company; to formulate and implement the financial budget plan of the Company; to formulate final accounting plan, profit distribution plan and loss remedy plan of the Company; to formulate the registered capital change plans and bonds insurance plans of the Company; to formulate plans for merger, division, change and dissolution of the Company; to formulate Company's business plans and plans for investment, financing and disposal of assets, and report to the Board for approval according to authorization; to formulate Company's plan for establishment of internal management bodies; to prepare and approve the employee benefits plans and promotion and demotion plans; and to exercise other functions and powers authorized by the Board.

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

1) On June 26, 2019, Resolution on General Mandate for Domestic and Overseas Debt Financing Instruments of the Company was reviewed and passed at the Company's general meeting of 2018. According to the resolution, after being approved by Approval for the Public Issuance of Corporate Bonds by Huatai Securities Co., Ltd. to Qualified Investors (Zheng Jian Xu Ke [2020] No. 406) of the CSRC, the Company publicly issued four tranches of corporate bonds totalling RMB20 billion during the Reporting Period.

2) On June 26, 2019, the Resolution on General Mandate for Domestic and Overseas Debt Financing Instruments of the Company was considered and approved at the Company's general meeting of 2018. According to the resolution, during the Reporting Period, Pioneer Reward Limited, a subsidiary of Huatai International (an overseas wholly-owned subsidiary) issued one tranche of USD bonds totalling USD0.4 billion.

3) On June 26, 2019, the Resolution on General Mandate for Domestic and Overseas Debt Financing Instruments of the Company was considered and approved at the Company's general meeting of 2018. According to the resolution, after being permitted by the Notice on Verifying the Maximum Outstanding Balance of Short-term Debentures of Huatai Securities Co., Ltd. from the People's Bank of China (Yin Fa [2019] No. 60) (《關於核定华泰证券股份有限公司短期融資券最高待償還餘額的通知》(銀發[2019]60號)) and the Notice on the Matter regarding Maximum Outstanding Balance of Short-term Debentures of Huatai Securities Co., Ltd. (Yin Shi Chang [2019] No. 132) (《關於华泰证券股份有限公司短期融資券最高待償還餘額有關事項的通知》(銀市場[2019]132號)) from the Financial Market Department of the People's Bank of China, during the Reporting Period, the Company issued ten tranches of short-term debentures in aggregate with totaling RMB42 billion.

4) On June 26, 2019, the Resolution on General Mandate for Domestic and Overseas Debt Financing Instruments of the Company was considered and approved at the Company's general meeting of 2018. According to the resolution, after being approved by Approval for the Registration of Public Issuance of Corporate Bonds by Huatai Securities Co., Ltd. to Professional Investors (Zheng Jian Xu Ke [2020] No. 2057) of the CSRC, the Company publicly issued two tranches of corporate bonds totaling RMB11.5 billion during the Reporting Period.

5) On June 26, 2019, the Resolution on General Mandate for Domestic and Overseas Debt Financing Instruments of the Company was considered and approved at the Company's general meeting of 2018. According to the resolution, after being approved by Approval for the Registration of Public Issuance of Subordinated Bonds by Huatai Securities Co., Ltd. to Professional Investors (Zheng Jian Xu Ke [2020] No. 2599) of the CSRC, the Company publicly issued one tranche of subordinated bonds totaling RMB5 billion during the Reporting Period.

6) On June 26, 2019, the Resolution on General Mandate for Domestic and Overseas Debt Financing Instruments of the Company was considered and approved at the Company's general meeting of 2018. According to the resolution, after being approved by Approval for the Registration of Public Issuance of Short-term Corporate Bonds by Huatai Securities Co., Ltd. to Professional Investors (Zheng Jian Xu Ke [2020] No. 1904) of the CSRC, the Company publicly issued three tranches of short-term corporate bonds totaling RMB16 billion during the Reporting Period.

7) On June 18, 2020, the Resolution on the 2019 Profit Distribution of the Company was considered and approved at the shareholders' general meeting of 2019 of the Company. According to the resolution, during the Reporting Period, the Company distributed cash dividend of RMB3.00 (tax inclusive) per 10 shares based on the Company's total share capital of 9,076,650,000 shares after deducting the number of shares held in the special account for repurchase of the Company after the closing of the record date of holders of A Shares for the profit distribution, with the total cash dividend of RMB2,701,394,989.80. During the Reporting Period, the profit distribution plan was completed.

8) On June 18, 2020, Resolution on the Estimated Ordinary Transactions with Related Parties of the Company for 2020 was considered and approved at the shareholders' general meeting of 2019 of the Company. 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.

9) On June 18, 2020, Resolution on the Estimated Investment Amount of the Company's Proprietary Business for 2020 was considered and approved at the Company's general meeting of 2019. 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.

10) On June 18, 2020, Resolution on the Re-appointment of the Accounting Firm of the Company was considered and approved at the Company's general meeting of 2019. According to the resolution, during the Reporting Period, the Company continued to appoint KPMG Huazhen LLP to handle 2020 annual financial statements and internal control auditing services for the Company and its holding subsidiaries, and to issue the audit report of A shares, internal control auditing report and GDR 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.

(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 |
|---|---|---|---|---|
| Zhang Wei | 2020-7-17 | Shanghai Stock Exchange | Report on regulatory situation and relevant work on SSE listed companies in the second quarter and interpretations of latest policies of Shanghai Stock Exchange | Nanjing, Jiangsu (network video training) |
| | 2020-7-28 | Jiangsu Securities Regulatory Bureau, Jiangsu Association for Public Companies | Training on illegal responsibilities for securities of listed companies under the new Securities Law | Nanjing, Jiangsu (network video training) |
| | 2020-10-14 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu (network training) |
| | 2020-10-30 | Shanghai Stock Exchange | Report on regulatory situation and relevant work on SSE listed companies in the third quarter and interpretations of latest policies of Shanghai Stock Exchange | Nanjing, Jiangsu (network video training) |
| | 2020-11-23 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu (network training) |
| | 2020-12-11 | Jiangsu Securities Regulatory Bureau, Jiangsu Association for Public Companies | Publicity and training on the implementation and study of the Opinions of the State Council on Further Improving the Quality of Listed Companies | Nanjing, Jiangsu (network video training) |
| Zhou Yi | 2020-7-17 | Shanghai Stock Exchange | Report on regulatory situation and relevant work on SSE listed companies in the second quarter and interpretations of latest policies of Shanghai Stock Exchange | Nanjing, Jiangsu (network video training) |
| | 2020-7-28 | Jiangsu Securities Regulatory Bureau, Jiangsu Association for Public Companies | Training on illegal responsibilities for securities of listed companies under the new Securities Law | Nanjing, Jiangsu (network video training) |
| | 2020-10-14 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu (network training) |
| | 2020-10-30 | Shanghai Stock Exchange | Report on regulatory situation and relevant work on SSE listed companies in the third quarter and interpretations of latest policies of Shanghai Stock Exchange | Nanjing, Jiangsu (network video training) |
| | 2020-11-23 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu (network training) |
| | 2020-12-11 | Jiangsu Securities Regulatory Bureau, Jiangsu Association for Public Companies | Publicity and training on the implementation and study of the Opinions of the State Council on Further Improving the Quality of Listed Companies | Nanjing, Jiangsu (network video training) |

| Director Name | Date | Organizer | Content | Training Location |
|---|---|---|---|---|
| Ding Feng | 2020-7-17 | Shanghai Stock Exchange | Report on regulatory situation and relevant work on SSE listed companies in the second quarter and interpretations of latest policies of Shanghai Stock Exchange | Nanjing, Jiangsu (network video training) |
| | 2020-8-19 | Jiangsu Securities Regulatory Bureau, Jiangsu Association for Public Companies | Training on illegal responsibilities for securities of listed companies under the new Securities Law | Nanjing, Jiangsu (network video training) |
| | 2020-10-14 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu (network training) |
| | 2020-10-30 | Shanghai Stock Exchange | Report on regulatory situation and relevant work on SSE listed companies in the third quarter and interpretations of latest policies of Shanghai Stock Exchange | Nanjing, Jiangsu (network video training) |
| | 2020-11-23 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu (network training) |
| | 2020-12-7 | Jiangsu Securities Regulatory Bureau, Jiangsu Association for Public Companies | Publicity and training on the implementation and study of the Opinions of the State Council on Further Improving the Quality of Listed Companies | Nanjing, Jiangsu (network video training) |
| Chen Yongbing | 2020-7-17 | Shanghai Stock Exchange | Report on regulatory situation and relevant work on SSE listed companies in the second quarter and interpretations of latest policies of Shanghai Stock Exchange | Nanjing, Jiangsu (network video training) |
| | 2020-9-11 | Jiangsu Securities Regulatory Bureau, Jiangsu Association for Public Companies | Training on illegal responsibilities for securities of listed companies under the new Securities Law | Nanjing, Jiangsu (network video training) |
| | 2020-10-14 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu (network training) |
| | 2020-10-30 | Shanghai Stock Exchange | Report on regulatory situation and relevant work on SSE listed companies in the third quarter and interpretations of latest policies of Shanghai Stock Exchange | Nanjing, Jiangsu (network video training) |
| | 2020-11-23 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu (network training) |
| | 2020-12-7 | Jiangsu Securities Regulatory Bureau, Jiangsu Association for Public Companies | Publicity and training on the implementation and study of the Opinions of the State Council on Further Improving the Quality of Listed Companies | Nanjing, Jiangsu (network video training) |

| Director Name | Date | Organizer | Content | Training Location |
|---|---|---|---|---|
| Xu Qing | 2020-7-17 | Shanghai Stock Exchange | Report on regulatory situation and relevant work on SSE listed companies in the second quarter and interpretations of latest policies of Shanghai Stock Exchange | Nanjing, Jiangsu (network video training) |
| | 2020-7-28 | Jiangsu Securities Regulatory Bureau, Jiangsu Association for Public Companies | Training on illegal responsibilities for securities of listed companies under the new Securities Law | Nanjing, Jiangsu (network video training) |
| | 2020-10-14 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu (network training) |
| | 2020-10-30 | Shanghai Stock Exchange | Report on regulatory situation and relevant work on SSE listed companies in the third quarter and interpretations of latest policies of Shanghai Stock Exchange | Nanjing, Jiangsu (network video training) |
| | 2020-11-23 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu (network training) |
| | 2020-12-7 | Jiangsu Securities Regulatory Bureau, Jiangsu Association for Public Companies | Publicity and training on the implementation and study of the Opinions of the State Council on Further Improving the Quality of Listed Companies | Nanjing, Jiangsu (network video training) |
| Hu Xiao | 2020-7-17 | Shanghai Stock Exchange | Report on regulatory situation and relevant work on SSE listed companies in the second quarter and interpretations of latest policies of Shanghai Stock Exchange | Shanghai (network video training) |
| | 2020-7-28 | Jiangsu Securities Regulatory Bureau, Jiangsu Association for Public Companies | Training on illegal responsibilities for securities of listed companies under the new Securities Law | Shanghai (network video training) |
| | 2020-10-14 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Shanghai (network video training) |
| | 2020-10-30 | Shanghai Stock Exchange | Report on regulatory situation and relevant work on SSE listed companies in the third quarter and interpretations of latest policies of Shanghai Stock Exchange | Shanghai (network video training) |
| | 2020-11-23 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Shanghai (network video training) |
| | 2020-12-7 | Jiangsu Securities Regulatory Bureau, Jiangsu Association for Public Companies | Publicity and training on the implementation and study of the Opinions of the State Council on Further Improving the Quality of Listed Companies | Shanghai (network video training) |

| Director Name | Date | Organizer | Content | Training Location |
|---|---|---|---|---|
| Wang Tao | 2020-7-17 | Shanghai Stock Exchange | Report on regulatory situation and relevant work on SSE listed companies in the second quarter and interpretations of latest policies of Shanghai Stock Exchange | Shenzhen (network video training) |
| | 2020-7-28 | Jiangsu Securities Regulatory Bureau, Jiangsu Association for Public Companies | Training on responsibilities for unlawful acts of securities for listed companies under the new Securities Law | Shenzhen (network video training) |
| | 2020-10-14 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Shenzhen (network training) |
| | 2020-10-30 | Shanghai Stock Exchange | Report on regulatory situation and relevant work on SSE listed companies in the third quarter and interpretations of latest policies of Shanghai Stock Exchange | Shenzhen (network video training) |
| | 2020-11-23 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Shenzhen (network training) |
| | 2020-12-18 | Jiangsu Securities Regulatory Bureau, Jiangsu Association for Public Companies | Publicity and training on the implementation and study of the Opinions of the State Council on Further Improving the Quality of Listed Companies | Shenzhen (network video training) |
| Zhu Xuebo | 2020-7-17 | Shanghai Stock Exchange | Report on regulatory situation and relevant work on SSE listed companies in the second quarter and interpretations of latest policies of Shanghai Stock Exchange | Nanjing, Jiangsu (network video training) |
| | 2020-7-28 | Jiangsu Securities Regulatory Bureau, Jiangsu Association for Public Companies | Training on responsibilities for unlawful acts of securities for listed companies under the new Securities Law | Nanjing, Jiangsu (network video training) |
| | 2020-10-14 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu (network training) |
| | 2020-10-30 | Shanghai Stock Exchange | Report on regulatory situation and relevant work on SSE listed companies in the third quarter and interpretations of latest policies of Shanghai Stock Exchange | Nanjing, Jiangsu (network video training) |
| | 2020-11-23 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu (network training) |
| | 2020-12-11 | Jiangsu Securities Regulatory Bureau, Jiangsu Association for Public Companies | Publicity and training on the implementation and study of the Opinions of the State Council on Further Improving the Quality of Listed Companies | Nanjing, Jiangsu (network video training) |

| Director Name | Date | Organizer | Content | Training Location |
|---|---|---|---|---|
| Chen Chuanming | 2020-7-17 | Shanghai Stock Exchange | Report on regulatory situation and relevant work on SSE listed companies in the second quarter and interpretations of latest policies of Shanghai Stock Exchange | Nanjing, Jiangsu (network video training) |
| | 2020-7-28 | Jiangsu Securities Regulatory Bureau, Jiangsu Association for Public Companies | Training on responsibilities for unlawful acts of securities for listed companies under the new Securities Law | Nanjing, Jiangsu (network video training) |
| | 2020-8-18 to 2020-8-24 | Shanghai Stock Exchange | Phase-II Following-up Training for Independent Directors of Listed Companies in 2020 | Nanjing, Jiangsu (network video training) |
| | 2020-10-14 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu (network training) |
| | 2020-10-30 | Shanghai Stock Exchange | Report on regulatory situation and relevant work on SSE listed companies in the third quarter and interpretations of latest policies of Shanghai Stock Exchange | Nanjing, Jiangsu (network video training) |
| | 2020-11-23 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu (network training) |
| | 2020-12-7 | Jiangsu Securities Regulatory Bureau, Jiangsu Association for Public Companies | Publicity and training on the implementation and study of the Opinions of the State Council on Further Improving the Quality of Listed Companies | Nanjing, Jiangsu (network video training) |
| Lee Chi Ming | 2020-7-17 | Shanghai Stock Exchange | Report on regulatory situation and relevant work on SSE listed companies in the second quarter and interpretations of latest policies of Shanghai Stock Exchange | Nanjing, Jiangsu (network video training) |
| | 2020-7-28 | Jiangsu Securities Regulatory Bureau, Jiangsu Association for Public Companies | Training on responsibilities for unlawful acts of securities for listed companies under the new Securities Law | Hong Kong (network video training) |
| | 2020-10-14 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Hong Kong (network training) |
| | 2020-10-30 | Shanghai Stock Exchange | Report on regulatory situation and relevant work on SSE listed companies in the third quarter and interpretations of latest policies of Shanghai Stock Exchange | Hong Kong (network video training) |
| | 2020-11-23 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Hong Kong (network training) |
| | 2020-12-11 | Jiangsu Securities Regulatory Bureau, Jiangsu Association for Public Companies | Publicity and training on the implementation and study of the Opinions of the State Council on Further Improving the Quality of Listed Companies | Hong Kong (network video training) |

| Director Name | Date | Organizer | Content | Training Location |
|---|---|---|---|---|
| Liu Yan | 2020-6-17 to 2020-6-24 | Shanghai Stock Exchange | Phase-I Following-up Training for Independent Directors of Listed Companies in 2020 | Beijing (network video training) |
| | 2020-7-17 | Shanghai Stock Exchange | Report on regulatory situation and relevant work on SSE listed companies in the second quarter and interpretations of latest policies of Shanghai Stock Exchange | Beijing (network video training) |
| | 2020-8-19 | Jiangsu Securities Regulatory Bureau, Jiangsu Association for Public Companies | Training on responsibilities for unlawful acts of securities for listed companies under the new Securities Law | Beijing (network video training) |
| | 2020-10-14 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Beijing (network training) |
| | 2020-10-30 | Shanghai Stock Exchange | Report on regulatory situation and relevant work on SSE listed companies in the third quarter and interpretations of latest policies of Shanghai Stock Exchange | Beijing (network video training) |
| | 2020-11-23 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Beijing (network training) |
| | 2020-12-7 | Jiangsu Securities Regulatory Bureau, Jiangsu Association for Public Companies | Publicity and training on the implementation and study of the Opinions of the State Council on Further Improving the Quality of Listed Companies | Beijing (network video training) |
| Chen Zhibin | 2020-7-17 | Shanghai Stock Exchange | Report on regulatory situation and relevant work on SSE listed companies in the second quarter and interpretations of latest policies of Shanghai Stock Exchange | Nanjing, Jiangsu (network video training) |
| | 2020-8-19 | Jiangsu Securities Regulatory Bureau, Jiangsu Association for Public Companies | Training on responsibilities for unlawful acts of securities for listed companies under the new Securities Law | Nanjing, Jiangsu (network video training) |
| | 2020-10-14 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu (network training) |
| | 2020-10-30 | Shanghai Stock Exchange | Report on regulatory situation and relevant work on SSE listed companies in the third quarter and interpretations of latest policies of Shanghai Stock Exchange | Nanjing, Jiangsu (network video training) |
| | 2020-11-23 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu (network training) |
| | 2020-12-11 | Jiangsu Securities Regulatory Bureau, Jiangsu Association for Public Companies | Publicity and training on the implementation and study of the Opinions of the State Council on Further Improving the Quality of Listed Companies | Nanjing, Jiangsu (network video training) |

| Director Name | Date | Organizer | Content | Training Location |
|---|---|---|---|---|
| Wang Jianwen | 2020-7-17 | Shanghai Stock Exchange | Report on regulatory situation and relevant work on SSE listed companies in the second quarter and interpretations of latest policies of Shanghai Stock Exchange | Nanjing, Jiangsu (network video training) |
| | 2020-8-18 to 2020-8-24 | Shanghai Stock Exchange | Phase-II Following-up Training for Independent Directors of Listed Companies in 2020 | Nanjing, Jiangsu (network video training) |
| | 2020-9-11 | Jiangsu Securities Regulatory Bureau, Jiangsu Association for Public Companies | Training on responsibilities for unlawful acts of securities for listed companies under the new Securities Law | Nanjing, Jiangsu (network video training) |
| | 2020-10-14 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu (network training) |
| | 2020-10-30 | Shanghai Stock Exchange | Report on regulatory situation and relevant work on SSE listed companies in the third quarter and interpretations of latest policies of Shanghai Stock Exchange | Nanjing, Jiangsu (network video training) |
| | 2020-11-23 | Clifford Chance | Introduction to latest regulatory laws in the Hong Kong capital market | Nanjing, Jiangsu (network training) |
| | 2020-12-7 | Jiangsu Securities Regulatory Bureau, Jiangsu Association for Public Companies | Publicity and training on the implementation and study of the Opinions of the State Council on Further Improving the Quality of Listed Companies | Nanjing, Jiangsu (network video training) |

*2. Chairman and Chief Executive Officer*

Chairman and Chief Executive Officer 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. Chief Executive Officer 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 Chief Executive Officer.

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. On December 16, 2019, at the first meeting of the fifth session of the Board, the Company elected Mr. Zhang Wei as the chairman of the fifth session of the Board and continued to hire Mr. Zhou Yi as the Chief Executive Officer and the Chairman of the Executive Committee of the Company. 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 17, 2020, at the first meeting of the Audit Committee of the fifth session of the Board for 2020, the Audit Committee listened to the report on the arrangement of audit progress of the audit work in 2019, the focus of annual audit and the situation of pre-audit made by relevant personnel from KPMG Huazhen LLP, and made discussion and communication with relevant personnel from KPMG Huazhen LLP. 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 2019 from different perspectives in their roles as members of the Audit Committee and as independent non-executive Directors.

On February 28, 2020, at the second meeting of the Audit Committee of the fifth session of the Board for 2020, the Audit Committee considered and approved the Resolution on the Auditing Plan of the Company for 2019. Two out of the three members in the Audit Committee are independent non-executive Directors, who examined the Auditing Plan of the Company for 2019 from different perspectives in their roles as members of the Audit Committee and as independent non-executive Directors.

On March 27, 2020, at the third meeting of the Audit Committee of the fifth session of the Board for 2020, the Audit Committee examined the Company's Annual Financial Statement in 2019, Annual Report in 2019, Annual Internal Control Evaluation Report in 2019, Report on Performance of Duties by the Audit Committee of the Board in 2019 and Internal Audit Work Plan in 2020, etc., reviewed the "Key Audit Matters" and other important issues involved in the Company's 2019 Annual Audit Report, and listened to the report on the internal audit work of the Company in 2019. 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 4, 2020, at the fifth meeting of the Audit Committee of the fifth session of the Board for 2020, the Audit Committee listened to the report on the 2020 mid-term review of the Company's H+G Shares and the audit plan of the Company's 2020 A+H+G Share annual report made by relevant personnel from KPMG Huazhen LLP, and made discussion and communication with relevant personnel from KPMG Huazhen LLP. 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 30, 2020, all the independent non-executive Directors of the Company gave independent opinions on the Proposal on the Ordinary Transactions with Related Parties of the Company for 2020. 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 January 23, 2020, all the independent non-executive Directors of the Company gave independent opinions on the appointment of Ms. Jiao Xiaoning as the Chief Financial Officer of the Company. On March 30, 2020, all the independent non-executive Directors of the Company gave special clarification and independent opinions on external guarantees carried out by the Company in 2019, 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 2019, gave independent opinions on Annual Internal Control Evaluation Report of the Company in 2019, gave independent opinions on the re-appointment of the accounting firm, gave independent opinions on the nomination of Mr. Wang Jianwen as the candidate for an independent non-executive director of the fifth session of the Board of the Company and gave independent opinions on the repurchase of A shares of the Company through centralized price bidding. On December 31, 2020, all the independent non-executive Directors of the Company gave independent opinions on the nomination of Mr. Ke Xiang as the candidate for a non-executive director of the fifth session of the Board of the Company and gave independent opinions on the Restricted Share Incentive Scheme of A Shares of Huatai Futures Co., Ltd. (Draft) and relevant matters.

## VI. PERFORMANCE OF DUTIES BY THE SPECIAL COMMITTEES OF THE BOARD

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

### *(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 fifth session of the Board convened the first meeting of 2020 by way of teleconference on March 27, 2020, and considered and approved the Resolution on the Key Work Plan for Promoting the Establishment of First-Class Enterprises by Huatai Securities (2020).

2. The Development Strategy Committee of the fifth session of the Board convened the second meeting of 2020 by way of teleconference on April 28, 2020, and considered and approved the Resolution on the Work Outline for the Cultural Construction of Huatai Securities Co., Ltd.

3. The Development Strategy Committee of the fifth session of the Board convened the third meeting of 2020 by way of teleconference on December 31, 2020, and considered and approved the Resolution on Amendments to the Strategic Management System of Huatai Securities Co., Ltd.

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

| Name | Attendance in person/ Number of meetings requiring attendance |
|---|---|
| Zhang Wei | 3/3 |
| Zhou Yi | 3/3 |
| Chen Yongbing | 3/3 |
| Hu Xiao | 3/3 |
| Wang Tao | 3/3 |

### *(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 four meetings, the details of which were as follows:

1. The Compliance and Risk Management Committee of the fifth session of the Board convened the first meeting of 2020 by way of teleconference on February 28, 2020, and considered and approved the Resolution on the engagement of the external evaluation institution for compliance management effectiveness for 2019.

2. The Compliance and Risk Management Committee of the fifth session of the Board convened the second meeting of 2020 by way of teleconference on March 27, 2020, and considered and approved the Resolution on the Annual Compliance Report of the Company in 2019, the Resolution on the Annual Risk Management Report of the Company in 2019 and the Resolution on Annual Internal Control Evaluation Report of the Company in 2019.

3. The Compliance and Risk Management Committee of the fifth session of the Board convened the third meeting of 2020 by way of teleconference on August 25, 2020, and considered and approved the Resolution on the Company's 2020 Interim Compliance Report.

4. The Compliance and Risk Management Committee of the fifth session of the Board convened the fourth meeting of 2020 by way of teleconference on November 30, 2020, and considered and approved the Resolution on Amendments to the Basic System for Anti-Money Laundering and Anti-Terrorism Financing of Huatai Securities Co., Ltd.

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

| Name | Attendance in person/ Number of meetings requiring attendance |
|---|---|
| Zhou Yi | 4/4 |
| Xu Qing | 4/4 |
| Liu Yan | 4/4 |
| Ke Xiang | – |
| Wang Jianwen | – |

Note: The fifth session of the Board convened the thirteenth meeting on February 8, 2021, and considered and approved the Resolution on the on adjustment to the composition of certain special committees under the fifth session of the Board of the Company. According to the resolution, Zhou Yi, Ke Xiang and Wang Jianwen became members 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 fifth session of the Board for 2020 was convened by way of on-site & video meetings on January 17, 2020. At the meeting, the committee listened to the report on the progress of the audit work in 2019, the focus of annual audit and the situation of pre-audit made by relevant personnel from KPMG Huazhen LLP, and the members discussed and communicated with relevant personnel from KPMG Huazhen LLP. At the meeting, the chairman and independent non-executive Director Lee Chi Ming inquired about key audit matters and the operation of valuation model. Committee member and non-executive director Ding Feng inquired about the scope of consolidated financial statements of the Company. Committee member and independent non-executive director Chen Zhibin inquired about the differences between domestic and overseas internal control and accounting standards, the scope of structured entities and quantitative investments and reminded the auditors of paying attention to the requirements and key points of China Association of Public Companies on the auditing of annual reports. Relevant personnel of KPMG Huazhen LLP and the Planning and Finance Department of the Company made detailed explanations.

2. The second meeting of the Audit Committee of the fifth session of the Board for 2020 was convened by way of communication on February 28, 2020, which considered and approved the Resolution on the Auditing Plan of the Company for 2019.

3. The third meeting of the Audit Committee of the fifth session of the Board for 2020 was convened by way of communication on March 27, 2020, at which the Final Financial Report of the Company for 2019, the Financial Budget Report of the Company for 2020, the Proposal on the Profit Distribution Plan of the Company for 2019, the Resolution on the Annual Financial Statements of the Company for 2019, the Proposal on the Annual Report of the Company for 2019, the Resolution on the Internal Control Assessment Report of the Company for 2019, the Special Report on the Company's Deposit and Actual Use of the Fund Raised in 2019, the Proposal on the Anticipation of Related Party Transactions of the Company for 2020, the Proposal on the Re-appointment of the Company's Accounting Firm for 2020, the Report on Performance of Duties of Audit Committee under the Board of the Company for 2019, the Special Audit Report on Connected Transactions of the Company for 2019, and the Work Plan for the Internal Audit of the Company for 2020 were considered and approved, and the Audit Committee reviewed the important matters involved in the "Key Audit Matters" as set out in the annual audit report of the Company for 2019, and the briefing in relation to the internal audit report of the Company for 2019.

4. The fourth meeting of the Audit Committee of the fifth session of the Board for 2020 was convened by way of communication on April 28, 2020, at which the Resolution on the Financial Statements for January to March 2020 of the Company was considered and approved.

5. The fifth meeting of the Audit Committee of the fifth session of the Board for 2020 was convened by way of on-site & video meetings on August 4, 2020. Committee member and non-executive director Ding Feng authorized and appointed committee member and independent non-executive director Chen Zhibin to attend the meeting. At the meeting, the committee listened to the report on the 2020 mid-term review of the Company's H+G Share and the Company's 2020 A+H+G Share annual audit plan made by relevant personnel from KPMG Huazhen LLP, and discussed and communicated with relevant personnel from KPMG Huazhen LLP. At the meeting, the chairman and independent non-executive Director Lee Chi Ming inquired about the disclosure about the effects of the pandemic, the application of AI in the audit work and the cooperation of management in key audit matters. Committee member and independent non-executive Director Chen Zhibin inquired about the effects of uncertainties in international situation on domestic and overseas audit and suggested paying attention to risk preference after the change of management structure and other issues. Relevant personnel of KPMG Huazhen LLP and the Planning and Finance Department of the Company made detailed explanations.

6. The sixth meeting of the Audit Committee of the fifth session of the Board for 2020 was convened by way of teleconference on August 25, 2020, and considered and approved the Resolution on the Financial Statement of the Company in the First Half of 2020, the Resolution on Interim Report of the Company in 2020.

7. The seventh meeting of the Audit Committee of the fifth session of the Board for 2020 was convened by way of teleconference on October 29, 2020, and the Resolution on the Financial Statements for January to September of 2020 of the Company.

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 |
| Ding Feng | 6/7 |
| Chen Zhibin | 7/7 |

### *(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.

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

1. The first meeting of the Nomination Committee of the fifth session of the Board for 2020 was convened by way of teleconference on January 23, 2020, and considered and approved the Resolution in relation to the Appointment of Ms. Jiao Xiaoning as the Chief Financial Officer of the Company (《關於聘任焦曉寧女士為公司首席財務官的預案》).

2. The second meeting of the Nomination Committee of the fifth session of the Board for 2020 was convened by way of teleconference on March 27, 2020 and considered and approved the Resolution in relation to the Election of Mr. Wang Jianwen as an Independent Non-executive Director of the Fifth Session of the Board of the Company (《關於選舉王建文先生為公司第五屆董事會獨立非執行董事的預案》).

3. The third meeting of the Nomination Committee of the fifth session of the Board for 2020 was convened by way of teleconference on December 31, 2020 and considered and approved the Resolution in relation to the Election of Mr. Ke Xiang as a Non-executive Director of the Fifth Session of the Board of the Company (《關於選舉柯翔先生為公司第五屆董事會非執行董事的預案》).

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 | 3/3 |
| Zhu Xuebo | 3/3 |
| Liu Yan | 3/3 |

### *(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; and 8. Other responsibilities stipulated in the Articles of Association.

During the Reporting Period, the Remuneration and Appraisal Committee of the Board convened three meetings, the details of which were as follows:

1. On March 27, 2020, the Remuneration and Appraisal Committee of the fifth session of the Board held its first meeting for 2020 by way of teleconference, and considered and approved the Report on Performance Assessment and Remuneration of the Directors of the Company in 2019 and Report on Execution of Duty, Performance Assessment and Remuneration of the Senior Management of the Company in 2019.

2. On August 25, 2020, the Remuneration and Appraisal Committee of the fifth session of the Board held its second meeting for 2020 by way of teleconference, and considered and approved the Resolution in relation to the performance plan and target of the Company's senior management for 2020.

3. On December 31, 2020, the Remuneration and Appraisal Committee of the fifth session of the Board held its third meeting for 2020 by way of on-site meeting, and considered and approved the Resolution on the Restricted Share Incentive Scheme of A Shares of Huatai Futures Co., Ltd. (Draft) and its Summary, the Resolution on the Administration Measures for the Restricted Share Incentive Scheme of A Shares of Huatai Futures Co., Ltd., the Resolution on the Administration Measures for the Evaluation on the Implementation of the Restricted Share Incentive Scheme of A Shares of Huatai Futures Co., Ltd. and the Resolution on the Authorization Granted by the General Meeting to the Board to Deal with Relevant Matters on the Restricted Share Incentive Scheme of A Shares of the Company. At the meeting, committee member and independent non-executive Director Chen Zhibin inquired about the method for determining participants and the standards on unlocking evaluation. Senior management of the Company present at the meeting made corresponding responses and explanations.

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 | 3/3 |
| Zhu Xuebo | 3/3 |
| Chen Zhibin | 3/3 |
| Liu Yan | – |

Note: The fifth session of the Board convened the eleventh meeting on December 31, 2020, and considered and approved the Resolution on adjustment to the composition of certain special committees under the fifth session of the Board of the Company. According to the resolution, Chen Chuanming, Liu Yan and Chen Zhibin became members of the Remuneration and Appraisal Committee.

## VII. PERFORMANCE OF DUTIES OF SUPERVISORS

The Supervisory Committee is the Company's supervisory body and is accountable to the Shareholders' general meetings. The Supervisory Committee is responsible for supervising the financial activities and internal control of the Company in accordance with the Company Law and the Company's Articles of Association, and supervising the legality and compliance of the performance of duties by the Board of Directors, operating management and its members.

In 2020, the Supervisory Committee of the Company strictly complied with the relevant provisions of the Company Law, the Securities Law and the Company's Articles of Association, the Rules of Procedures for the Supervisory Committee and other relevant regulations, to conscientiously perform and independently exercise the supervisory powers and duties of the Supervisory Committee. In the spirit of being responsible to all shareholders, the Supervisory Committee effectively supervised the Company's operating activities, financial position, major decisions of the Board of Directors and the legality and compliance of the performance of duties by operating management. It actively protects the interests of the Company and the shareholders, and escorts the healthy and long-term development of the Company.

### *(I) Performance of duties by Supervisors*

During the Reporting Period, the Supervisory Committee of the Company held 5 meetings. For relevant information, please refer to "IV. Meetings of the Supervisory Committee During the Reporting Period" in this section.

During the Reporting Period, all the supervisors of the Company attended the meetings of the Supervisory Committee, the Board of Directors, and the Shareholders' general meetings, the details of which were as follows:

| | Attendance at meetings of the Supervisory Committee | | | | | | | Attendance at the general meeting |
|---|---|---|---|---|---|---|---|---|
| Name of Supervisor | Number of meetings of Supervisory Committee requiring attendance | 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 | Attendance times |
| Zhai Jun | 5 | 4 | – | 1 | – | No | 4 | 1 |
| Zhang Ming | 5 | 3 | – | 2 | – | No | 3 | 1 |
| Yu Lanying | 5 | 3 | – | 2 | – | No | 3 | – |
| Zhang Xiaohong | 5 | 3 | – | 2 | – | No | 3 | 1 |
| Fan Chunyan | 5 | 2 | – | 3 | – | Yes | 2 | – |
| Gu Chengzhong | 5 | 5 | – | – | – | No | 5 | 1 |
| Wang Ying | 5 | 5 | – | – | – | No | 5 | 1 |
| Number of meetings of Supervisory Committee convened during the year | | | | | | | | 5 |
| Of which: number of meetings held on-site | | | | | | | | 5 |
| number of meetings in the way of teleconference | | | | | | | | – |
| number of meetings held on-site and in the way of teleconference | | | | | | | | – |

Note: During the Reporting Period, due to business engagement, Ms. Fan Chunyan failed to attend meetings of the Supervisory Committee in person for two consecutive times. She has entrusted another supervisor in writing to exercise the voting right on her behalf.

### *(II) Independent opinions of the Supervisory Committee*

During the Reporting Period, the Supervisory Committee convened 5 meetings in total in the whole year, at which 14 proposals and reports were considered. The Supervisors sat in the Board meetings and general meetings of the Company, monitored the decision-making process on material matters on a real-time basis, made field inspections on the Company's branches 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, the Supervisory Committee of the Company regularly 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 2020 had been audited by KPMG Huazhen LLP which had issued a standard audit report without qualified opinions. The Company's financial statements were prepared in compliance with the relevant requirements of the ASBE, which truly reflected the financial conditions and 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 revised the System regarding Insider Registration and Management and Confidentiality of Huatai Securities Co., Ltd. to consistently improve the registration and management of insider, and carried out the registration, management, disclosure and filing of insider information and kept the confidentiality thereof in an orderly manner, and further standardized the information disclosure work of the Company. There were no incidents found in the Company in violation of insider registration and management and confidentiality obligation.

4. During the Reporting Period, 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, and KPMG capital verification report (Yan Zi No. 1501031) was issued. According to the Capital Verification Report issued by KPMG Huazhen LLP, the net funds raised from the issuance of H Shares in 2015 were RMB30,587,689,604.94 (excluding related listing fees), and raised funds after deducting the underwriting and issuing fees were RMB30,015,054,696.76.

   As of the end of Reporting Period, 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, RMB3,658,509,634.22 for expanding overseas business, and RMB2,537,384,983.29 for daily operation and other general corporate purposes. The planned usage of the Company's funds raised from H Share issuance was consistent with that disclosed in the prospectus with no change. The funds raised from H Share issuance were used up, and the relevant Accounts have been cancelled.

6. Under the 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) (《關於核准华泰证券股份有限公司發行全球存託憑證並在倫敦證券交易所上市的批覆》(證監許可[2018]1993號)) issued by the CSRC, in June 2019, the Company completed the issuance of 82,515,000 GDRs in total at an offering price of US$20.50 per GDR, and the total amount of funds raised was US$1,691,557,500.00. After deducting the issuing fees of US$39,961,513.72 related to the GDRs, the net funds raised were US$1,651,595,986.28, which was converted into RMB11,313,036,931.20 at the central parity of RMB against USD as at the date when the proceeds were received. The abovementioned proceeds have been all in place as at June 28, 2019 and have been verified by KPMG Huazhen LLP with the KPMG capital verification report (Yan Zi No. 1900393).

As of the end of the Reporting Period, the funds raised from GDR were used as below: RMB3,547,720,085.15 was used to continuously investing in the Company's current principal businesses, developing various business segments including wealth management, institutional services, investment management, and promoting its business transformation and upgrade; RMB1,000,000,000.00 was used to supplementing working capital and for general corporate purposes; and USD994,212,858.59 was used for supporting the internal and external growth of international business, and expanding overseas strategic layout. Apart from the above usages, the surplus of the Company's proceeds of RMB128,629,875.52 (including interest of raised funds, exchange profit or loss and outstanding issuing fees) was not used and was put into the special bank account of the Company. The planned usage of the Company's funds raised from issuance of GDRs was consistent with that disclosed in the prospectus without change. The Company plans to arrange the use of the remaining funds raised from GDR by the end of 2021.

7. During the Reporting Period, the Company successfully issued eight tranches of corporate bonds of RMB31.5 billion in total; issued four tranches of short-term corporate bonds of RMB16 billion in total; issued one tranche of non-publicly offered corporate bonds of RMB10 billion; issued one tranche of subordinated bonds of RMB5 billion; issued ten tranches of short-term financing bonds with an accumulative scale of RMB42 billion; issued one tranche of USD bonds and one tranche of USD medium-term notes of USD400 million and USD50 million, respectively. During the Reporting Period, the Company issued 3,716 income certificates in total with a scale of RMB87.089 billion. As of the end of the Reporting Period, 859 income certificates continued to exist with a scale of RMB20.458 billion. All funds raised were used to supplement the Company's working capital, which was consistent with the content disclosed in the prospectus.

8. Written reviews and opinions on the annual report of the Company for 2020 prepared by the Board of Directors were as follows:

   The annual report of the Company for 2020 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 2020, 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. INDEPENDENCE OF THE COMPANY FROM THE CONTROLLING SHAREHOLDERS IN TERMS 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 meet the corresponding qualifications. 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, comprehensively targeting the market, and paying equal attention to incentives and constraints. The Board and the Remuneration and Appraisal Committee are responsible for the appraisal of senior management on a yearly basis. 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 operating performance assessment, compliance assessment and comprehensive quality assessment.

## 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 operating management members perform their functions and duties within respective responsibilities and authorization, ensuring the prudent and standardized operation of the Company. The Company convenes and holds shareholders' general meetings in strict accordance with the Articles of Association, the Rules of Procedures for General Meetings and other relevant provisions to strictly perform its obligations of information disclosure, protect the right to know of all shareholders, and thus to ensure the standard and transparent operation of Shareholders' general meetings. Meanwhile, the Company also strictly regulated its relationships with shareholders, de facto controllers and related parties to ensure its operational independence.

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, Securities Law, 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's whole businesses, departments, branches and all staff are involved in internal control, throughout each link from decision-making, implementation, supervision to feedback. During the assessment period, the Company timely revised the relevant systems regarding corporate governance such as the Articles of Association of the Company and the Investor Relations Management System, and continued to improve foundational management, and had formulated and revised the management systems including the Basic System for Anti-Money Laundering and Anti-Terrorism Financing, the Unified Management System for Bad Credit Behavior of Customers, the Measures for Procurement Management and the Management Measures for Compliance of Subsidiaries. In order to guide the development of new businesses and ensure the stable operation of new businesses, the Company timely revised the Measures for Assessment and Management of New Business Risks, and formulated and revised the business management systems such as the Guidelines on the Classification and Evaluation Standards of Investment Portfolio Strategy for Fund Investment Advisory Business (《基金投顧業務投資組合策略分類與評價標準指引》), the Management Measures for Proprietary Foreign Exchange Business (《外匯自營業務管理辦法》) and the Management Measures for H-Share "Full Circulation" Brokerage Business (《H股"全流通"經紀業務管理辦法》). The Company carried 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 established risk matrixes for all businesses and develops clear control measures to check the effectiveness of control measures with regular assessment.

### *(IV) Operation of the internal control system*

With a focus on the regulatory requirements, development strategies and operation objectives, the Company continued to deepen the operation of the internal control system and promoted the comprehensive digital transformation to build its core competitiveness of platform-based, systematic, and digitized operations. The Company regularly or irregularly carried out a review and update of the system based on business development, 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. The Company strengthened its risk review, assessment, management and control in key businesses and fields to guarantee the risks are measurable, controllable and bearable. It deepened the establishment of the business continuity management mechanism and improved the systems of emergency proposals; and actively conducted communications and trainings to strengthen the internal control culture publicity. Starting from prudent operation and identification, prevention and resolution of risks, the Company established a multi-level internal control evaluation mechanism, including regular and irregular self-assessment on the effectiveness of internal control, the evaluation on the effectiveness of internal control by the internal audit departments and the independent evaluation by the external auditors to consistently deepen the analysis on remaining high risk points and control defects and the rectification and tracking on internal control defects and improve the effectiveness of the design and effectiveness of control measures.

### *(V) Basis for the assessment of internal control*

The Company organizes to conduct internal control assessment according to the corporate internal control standard system and the Guidelines for Internal Control of Securities Firms (《證券公司內部控制指引》) and Rules for the Preparation and Reporting of Information Disclosure by Listed Issuers of Securities No. 21 – General Provisions on the Annual Internal Control Assessment Report (《公開發行證券的公司信息披露編報規則第21號－年度內部控制評價報告的一般規定》) issued by the CSRC, the Guidelines of the Shanghai Stock Exchange for 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 and other relevant laws, regulations and regulatory rules.

### *(VI) 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.

A material defect refers to a combination of one or more controlling defects that could cause the enterprise to deviate significantly from its control objectives; a significant defect refers to a combination of one or more controlling defects that is less severe and has less economic consequences than a material defect, but may still cause the enterprise to deviate from its control objectives; general defects refer to defects other than material defects and significant defects.

### *(VII) The Company's 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, we have assessed the Company's internal control effectiveness on December 31, 2020 (base date of internal control assessment report) based on the daily supervision and specialized supervision of internal control, and has issued the Annual Internal Control Evaluation Report for 2020.

The main businesses and matters included in the evaluation scope of the Company's internal control include: internal environment, risk assessment, control activities, information and communication, internal supervision, as well as incompatible position separation control, authorization and approval control, accounting system control, property protection control, budget control, operation analysis control and performance appraisal control involved in the control activities. High risk areas we focused on include: current business and basic function management, namely wealth management business, bond financing business, fixed income business, securities investment business, financial innovation business, margin financing and securities lending business, research and consulting business, network finance business, financial products business, asset custody business, futures business, asset management business, investment banking business, information technology, operation management, financial management, compliance legal affairs, related-party transactions, subsidiary management and other fields, as well as the liquidity risk, market risk, credit risk, operational risk, reputation risk, information technology risk, compliance risk, legal risk and integrity risk that have significant impact on the Company's operation and management.

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.

### *(VIII) Work plan for internal control in 2021*

In 2021, the Company will continuously promote internal control self-assessment and optimize work scheme and supervise the implementation. The key contents include: facilitating the "two-wheel drive" strategy of wealth management business and institutional business with enhancing full-process and digital management and control as drivers; focusing on important businesses and key fields, optimizing the internal control management system and promoting the establishment of the best management and control standards on fields with common risks; improving the process control and the ability to identify reverse risks and enhancing the insurmountability of management and control; boosting the automation of control measures and the identification and evaluation of risk points and advancing digital business process and operation management; and deepening the establishment of internal control and management culture and intensifying training and publicity.

## XII. DISCLOSURE OF SELF-EVALUATION REPORT OF INTERNAL CONTROL

When disclosing the annual report for 2020, the Company will also disclose the Annual Internal Control Evaluation Report of Huatai Securities Co., Ltd. in 2020 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 24, 2021.

During the Reporting Period, there were no major defects in the Company's internal control.

## XIII. INFORMATION ABOUT THE INTERNAL CONTROL AUDITING REPORT

KPMG Huazhen LLP 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 2020, 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 24, 2021.

Whether to disclose the internal control auditing report: Yes
Type of opinion on the audit report on internal control: Standard unqualified opinion

## 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.

### *(I) 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, which 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 that 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, performing 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, deepened the vertical management of the branches' compliance management teams, strengthened the compliance risk management work of the branches, ensured the branches' compliance teams to perform their duties independently, and strived to prevent compliance risks of front-line businesses from the source.

The Company issued the management measures for compliance of subsidiaries, which made detailed arrangements for basic principles, organizational structure and working mechanism of compliance management of the subsidiaries, and established a sound compliance management system appropriate to the group strategy on the basis of ensuring the independence of the subsidiaries' legal representatives. 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; and the Company improved the compliance conversation system and mechanism to strengthen the audit and filing of important compliance systems of subsidiaries, and carried out special compliance inspection on relevant subsidiaries to implement the compliance management mechanism of subsidiaries.

### *(II) Compliance System Building of the Company*

The Company continued to improve the compliance management system and formed various compliance management systems, including the Compliance Management System (2017 Revision), Measures for the Compliance Management of Subsidiaries (2020 Revision), Daily Working Measures for Compliance Management (2020 Revision), Measures for Management of Compliance Management Personnel (2020 Revision) and Measures for the Implementation of Compliance Accountability. Besides, during the Reporting Period, the Company formulated systems including the Guidelines for Anti-Money Laundering Emergency Work (《反洗錢應急工作指引》), the Measures for the Management of Judicial Assistance and the Measures for the Management of Corporate Lawyers; and amended a number of systems such as the Basic System for Anti-Money Laundering and Anti-Terrorism Financing, the Measures for the Administration of Reporting on High Value Transactions and Suspicious Transactions, the Administrative Measures for Risk Assessment Relating to Money Laundering of Clients and the Guidelines on Anti-Money Laundering Confidentiality and Information Sharing (《反洗錢保密及信息共享工作指引》), with an aim to further improve the compliance system construction.

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 (Revision), Daily Working Measures for Compliance Management (Revision), Measures for Management of Compliance Management Personnel(Revision), 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), the Basic System for Anti-Money Laundering and Anti-Terrorism Financing (Revision), Anti-Money Laundering Confidentiality System (Revision)and System for Internal Audit of Anti-Money Laundering(Revision).

### *(III) 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 deepened the effective integration of business and compliance, and focused on key business links to build an embedded compliance management and control mechanism with penetration and coverage. 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 application of the compliance management requirements to each link of business, and strengthened cross-examination in order to improve the accuracy and effectiveness of compliance review; further reinforced routine compliance examination, conducted special compliance examination in line with business innovations and regulatory focus, in order to screen potential risks, 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 improved the authority and effectiveness of the compliance management work and provided important guarantee for the effective implementation of the compliance management system; held more activities such as advanced compliance training of "Business • Compliance • Integration", a series of publicity of "Compliance with You", learning and publicity of the new securities law, special law education on duty crime prevention, "Legal Tai" (Legal泰) 12·4 law publicity week in more depth to cover more staff, so as to effectively equip the business staff with an acuter sense of regulatory requirements and compliance; completed the second-phase functional development of the compliance performance platform, and launched a new generation of anti-money laundering system and the new system of Chinese wall to promote the construction of digital compliance.

### *(IV) Information about Inspection Carried out by the Compliance Department during the Reporting Period*

During the Reporting Period, the inspections carried out by the Company's Compliance Department included special on-site inspections of the offices of some branches and special compliance inspections on relevant businesses. In addition, the Company's Compliance Department conducted compliance inspections on certain subsidiaries. Through the compliance inspections, the Company's Compliance Department took the pulse of key links of its business and screened potential compliance risks and issues, and promoted relevant units to fully implement compliance requirements and standardize their business management by harnessing some technologies in their business procedures.

### *(V) Progress of Audit Work of the Audit Department during the Reporting Period*

During the Reporting Period, the Company's Audit Department deeply implemented the deployment for technology enabling "two-pronged" strategy and the requirements on the prevention of the COVID-19 pandemic and proactively explored the thread and technical methods for big data audit. On the basis of serving the wealth management transformation and the development of institutional businesses, the Company transformed the work ideas, upgraded the inspection means and improved the working methods. It intensified measures on the audit work with the orientation of risks and strived to overcome the effects of the pandemic. The Company effectively carried out inspections and evaluation on the establishment and implementation of the internal control mechanisms of each department and subsidiary, and each branch and securities business department of the Company, the legality and compliance of business operation, operating guarantee, client services, anti-money laundering and innovative business, as well as the accuracy of financial revenue and expenditure and accounting calculation, evaluated the risks on business and operation and revealed the weaknesses and defects in operation management.

Based on the annual operational targets of the Company and following the requirements of the Internal Audit Standards issued by the China Institute of Internal Audit, the Audit Department enhanced the audit efficiency and completed the target tasks under the annual audit plan on time with the required quality and quantity through the appropriate allocation of audit resources and the optimization of audit means. During the Reporting Period, it completed 175 audit items in total, including 4 audits for departure of vice president, chief financial officer, chief compliance office and other senior management of the Company; regular auditing for 13 business and management departments such as the research institute, securities investment department, fixed income department, debt financing department, sales and trading department, network finance department, securities margin trading department, financial innovation department, capital management department, central trading room, wealth management department, financial product department and asset custody department; regular auditing and auditing for departure of chairmen for 8 subsidiaries such as Jiangsu Equity Exchange, Huatai Futures, Huatai United Securities, Huatai Asset Management, Huatai Innovative Investment, Huatai Purple Gold Investment and Huatai International; auditing for the departure and mandatory leave of general managers of 10 branches in Anhui, Fujian, Guangdong, Henan, Heilongjiang, Liaoning, Xuzhou, Huai'an, Tianjin and the Northwest; auditing for the departure and mandatory leave of general managers of 129 securities branches in Shuixian Avenue, Zhangzhou, Gongyuan Road, Zhijiang, Liangqing Road, Wuxi, Changjiang Road, Nanjing, Yonghe Temple, Beijing, Middle Beijing Road, Jingzhou, North Chaoyang Road, Shiyan, West 16th Street, Harbin, Zhongtai Road, Nanning, Changjiang Road, Haimen and Jiangning Road, Putuo District, Shanghai; 10 special audits including assessment report on the effectiveness of corporate compliance management, corporate internal control evaluation, effectiveness evaluation of the dynamic monitoring system for corporate risk control indicators, evaluation of corporate anti-money laundering, specific compliance of branches in Xiamen, significant corporate information security incidents, specific securities investment and funds custody and service business, specific funds sales business, specific related-party transactions and operation and maintenance management work on corporate information systems; rectification and tracking of problems discovered in 1 audit item; audit reports have been issued for 175 audit items; 547 audit opinions and suggestions were put forward and 465 problems were rectified, with a rectification completion rate of 85.01%; 624 problems discovered in the previous auditing were tracked and 563 problems were rectified, with a rectification completion rate of 90.22%; according to the Implementing Rules for Penalties of Illegal Behaviors Discovered in Audit of Huatai Securities Co., Ltd., suggestions were made on penalties for 104 person-times in 102 units and the penalty amounted to RMB162,000. All units under auditing actively coordinated in the auditing process and the audit opinions and suggestions were recognized by units under auditing and their responsible persons.

During the Reporting Period, the Audit Department of the Company firmly focused on the strategic deployment on the full-service business chain. With risk control as orientation, the department intensified audit measures, set up strict audit processes, emphasized audit quality, specified audit standards, standardized inspections and established the working model on audit based on the requirements on epidemic prevention to advance the audit work in an orderly manner. Based on the annual audit targets and tasks, the department coordinated and advanced the audit work, strengthened internal and external communications on various levels and reasonably arranged project personnel to ensure the submission of the audit report on time. It actively adopted big data technology in off-site data analysis and effectively organized and conducted off-site audit with the full use of IT-based means. Meanwhile, based on the actual situation of off-site business for clients during the epidemic, the department provided professional guideline and suggestions on compliance operation to various business management departments. To support the business innovation of business departments, it incorporated audit services into audit supervision, discussed on regulatory difficulties and sore risk points with different departments through on-site audits and off-site communications and deepened business communications with the units under auditing and relevant management departments of the headquarters. While proposing issues, it also provided reasonable solutions on preventing risks to promote information communications, coordinate horizontal management and create a working atmosphere of "emphasizing, respecting, recognizing and actively accepting audit".

The Audit Department of the Company attached great importance to the supervision and inspection on the implementation of rectifications for problems identified in audit. Following the principle of "study, rectification and use after auditing", it solidly advanced the rectification of problems, set the list of problems, implemented the rectification and feedback mechanism on audit and carried out the rectification and supervision on audit opinions to ensure that all problems are solved, all rectifications are implemented and the closed-loop management on audit rectification is completed. Meanwhile, it revised the Implementing Rules of Huatai Securities Co., Ltd. for Penalties of Illegal Behaviors Identified in Audit and intensified the punishment on frequent problems to promote audit rectification through accountability.

With the increase of the business data of the Company and the innovation and integration of business and technology, it is evitable to innovate audit technology and methodology and carry out big data audit. Relying on the audit management platform, the Audit Department of the Company practiced the application of data and intelligent audit and completed the establishment of the process platform, the intelligent arrangement of projects, the collection and updating of data, the improvement of sample factors and other functional upgrading, which significantly improved the efficiency of the audit work and contributed to the innovative development and the improvement of the self-restraint mechanism of the Company.

## 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 fellow member of The Chartered Governance Institute and 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, 2020.

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.

For the purposes of the United Kingdom's Financial Conduct Authority's Transparency Rule 4.1.12(3), each director (whose names and functions are listed on page 218), to the best of his or her knowledge, confirm the following two points:

(1) the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

(2) the management report (being this annual report, excluding the financial statements referred to above (on pages F-10 to F-158) and the independent auditor's report thereon (on pages F-1 to F-9)) includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

### *(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 Board meetings, considered each proposal carefully, supervised and inspected the legality of operation, material decisions and important business activities as well as the financial position of the Company, actively protected the legal interests of the Company and its shareholders, promoted the legal operation and standardized management, and ensured the sound development of the Company.

For 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 84 and Article 89 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 2020.

## *(V) Investor Relations*

### *1. Amendment to the Articles of Association of the Company*

During the Reporting Period, to further improve corporate governance, the Company amended the Articles of Association in accordance with the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Reply of the State Council on the Adjustment of the Provisions Applicable to the Notice Period of Convening General Meetings of Shareholders and Other Matters Applicable to the Companies Listed Abroad (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》), Code of Corporate Governance for Listed Companies (《上市公司治理準則》), Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》), Provisions on the Administration of Equities of Securities Companies (《證券公司股權管理規定》), Provisions on Issues Concerning the Implementation of the Provisions on the Administration of Equities of Securities Companies (《關於實施<證券公司股權管理規定>有關問題的規定》), Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (《上海證券交易所股票上市規則》) and other relevant laws, regulations and regulatory documents and in light of the Company's actual condition. According to the resolution at the general meeting of the Company in 2019 and the authorization granted in the resolution in regard to the amendment to the Articles of Association, the Company completed the industrial and commercial registration of changes and filing with Jiangsu Securities Regulatory Bureau for the amendments to its Articles of Association during the Reporting Period.

### *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 21 times of onsite investigations and surveys or telephone interviews from approximately 76 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 detail. Meanwhile, to assist the issuance of the periodic reports, the Company held 2 presentations for operating performance and 1 online briefing on performance, and proactively attended strategy seminars and investment forums held by domestic or foreign securities institutions. It attended 12 strategy seminars and investment forums during the Reporting Period and maintained full communications with investors and researchers 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' and researchers' 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 2020:

| No. | Date of reception | Place of reception | Way of reception | Guests | Major topics discussed and information provided |
|---|---|---|---|---|---|
| 1 | January 15, 2020 | Shanghai Office | On-site interview | Bank of China Investment Management, Fullgoal Fund, Galaxy AMC, China International Fund, Industrial Securities, etc. (6 person-times) | |
| 2 | February 6, 2020 | Hong Kong Office | Telephone interview | Wellington Management (1 person-time) | |
| 3 | April 3, 2020 | Hong Kong Office | Telephone interview | Schroders Group (5 person-times) | |
| 4 | April 3, 2020 | Hong Kong Office | Telephone interview | BlackRock, Inc. (1 person-time) | |
| 5 | April 21, 2020 | Hong Kong Office | Telephone interview | M&G Asset Management (2 person-times) | |
| 6 | May 21, 2020 | Hong Kong Office | Telephone interview | Qianxi Asset Management (千禧資管) (2 person-times) | |
| 7 | May 29, 2020 | Hong Kong Office | Telephone interview | Morgan Stanley (1 person-time) | |
| 8 | June 4, 2020 | Hong Kong Office | Telephone interview | Ping An Annuity Insurance Company of China, Ltd. (3 person-times) | |
| 9 | July 3, 2020 | Hong Kong Office | Telephone interview | Schroders Group (2 person-times) | Business development, innovative business development of the Company and the long-term development strategy of the Company, etc. |
| 10 | July 3, 2020 | Hong Kong Office | Telephone interview | CMB Wealth Management(招銀理財) (1 person-time) | |
| 11 | September 24, 2020 | The headquarters of the Company | On-site interview | Rosefinch Fund (1 person-time) | |
| 12 | September 25, 2020 | Hong Kong Office | On-site interview | Value Partners Group (2 person-times) | |
| 13 | September 28, 2020 | Hong Kong Office | Telephone interview | Neuberger Berman Group (1 person-time) | |
| 14 | October 21, 2020 | Hong Kong Office | On-site interview | Turiya Capital (2 person-times) | |
| 15 | October 22, 2020 | Hong Kong Office | Telephone interview | China AMC, Orient Fund, Xingyin Fund, China International Fund, etc. (16 person-times) | |
| 16 | November 5, 2020 | The headquarters of the Company | On-site interview | GF Securities, China Merchants Fund, E Fund, China Universal, Shenwan Hongyuan, etc. (22 person-times) | |
| 17 | November 6, 2020 | The headquarters of the Company | On-site interview | Rosefinch Fund (1 person-time) | |
| 18 | November 11, 2020 | Hong Kong Office | Telephone interview | Ninety One UK (1 person-time) | |
| 19 | November 12, 2020 | Hong Kong Office | Telephone interview | Qianxi Asset Management (千禧資管) (2 person-times) | |
| 20 | November 13, 2020 | Hong Kong Office | Telephone interview | Wellington Management (2 person-times) | |
| 21 | December 2, 2020 | Hong Kong Office | Telephone interview | Schroders Group (2 person-times) | |

The Company's participation in strategy seminars and investment forums held by domestic or overseas securities institutions in the full year of 2020 is as follows:

| No. | Date of reception | Meeting name | Way of reception | Guests | Major topics discussed and information provided |
|---|---|---|---|---|---|
| 1 | January 14-15, 2020 | UBS GCC 2020 | On-site interview | Goldman Sachs Asset Management, BlackRock, Inc., Schroders Group, Fidelity Funds, etc. (33 person-times) | Business highlights, operations and financial performance, and long-term strategic planning of the Company |
| 2 | May 6, 2020 | Haitong Securities 2020 Spring Listed Companies Online Exchange Conference | Telephone interview | Xingyin Fund, China AMC, CITIC-Prudential Fund, China Merchants Fund, Haitong Securities, etc. (75 person-times) | |
| 3 | May 8, 2020 | BOC International (China) 2020 Summer Online Exchange Conference | Telephone interview | Lombarda China Fund, BOCI (China), PICC Pension, etc. (4 person-times) | |
| 4 | June 4, 2020 | Shenwan Hongyuan Securities 2020 Summer Capital Market Conference | Telephone interview | CICC Fund, Fullgoal Fund, AEGON-INDUSTRIAL Fund, Yinhua Fund, Springs Capital, etc. (62 person-times) | |
| 5 | June 9, 2020 | CITIC Securities 2020 Capital Market Forum | Telephone interview | CCB Principal Asset Management, Baoying Fund, Rosefinch Investment, CITIC Securities, etc. (16 person-times) | |
| 6 | June 24, 2020 | J.P. Morgan 2020 China Investment Conference | Telephone interview | Southern Asset Management, Fidelity Funds, Temasek Holdings, Sumitomo Mitsui DS Asset Management, etc. (15 person-times) | |
| 7 | July 9, 2020 | UBS Greater China Finance and Fintech Industry Seminar | Telephone interview | UBS Wealth Management, Cathay Life, Sumitomo Mitsui DS Asset Management, etc. (15 person-times) | |
| 8 | July 10, 2020 | China Securities 2020 Summer Capital Market Summit | Telephone interview | New China Fund, First Seafront Fund, Fullgoal Fund, China Securities, etc. (32 person-times) | |
| 9 | September 10, 2020 | The 27th Session of CITIC Securities-CLSA Flagship Investor Forum | Telephone interview | BlackRock, Inc., ABU DHABI INVESTMENT AUTHORITY, Onlink Holdings, etc. (14 person-times) | |
| 10 | November 4, 2020 | Goldman Sachs 2020 China Investment Forum | Telephone interview | Principal Global Investors, Altazero Capital, etc. (9 person-times) | |
| 11 | November 5, 2020 | Citicorp 2020 China Investment Summit | Telephone interview | Alliance Asia (安聯亞洲), UBS Wealth Management, AB Asset Management (聯博資產管理), etc. (11 person-times) | |
| 12 | November 18, 2020 | CITIC Securities 2021 Capital Market Forum | Telephone interview | Caitong Fund, Industrial Trust, CITIC Securities, etc. (9 person-times) | |

### *(VI) Independence of the Auditor*

According to the relevant provisions in Rule 19A.31 of the Hong Kong Listing Rules, annual accounts should be audited by a prestigious certified public accountant (whether it is an individual, a firm or a company), who (whether it is an individual, a firm or a company) also should be independent of the Chinese issuer to the extent that its independent procedures should be substantially the same as those specified in the statements on independence issued in the Companies Ordinance or by the International Federation of Accountants. According to the relevant provisions in Rule C.3.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Hong Kong Listing Rules, the Audit Committee should review and monitor the independence and objectiveness of external auditors as well as the validity of the auditing process in accordance with applicable standards. During the Reporting Period, the Company continued to engage KPMG Huazhen LLP as the auditors of A Shares and KPMG as the auditors of H Shares. The Audit Committee had carried out necessary review and supervision to ensure the independence between the firms and the Company.

## 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 Co., Ltd. (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 |
| 2016 Corporate Bonds of Huatai Securities Co., Ltd. (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 Co., Ltd. (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 Co., Ltd. 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 Co., Ltd. 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 |
| 2019 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Qualified Investors (First tranche) (Type I) | 19 Huatai G1 | 155240.SH | 2019-03-19 | 2022-03-19 | 70.00 | 3.68 | Principal to be paid upon expiration and interest to be paid annually | Shanghai Stock Exchange |
| 2019 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Qualified Investors (Second tranche) (Type I) | 19 Huatai G3 | 155358.SH | 2019-04-22 | 2022-04-22 | 50.00 | 3.80 | Principal to be paid upon expiration and interest to be paid annually | Shanghai Stock Exchange |

| Name of Bond | Abbreviation | Code | Issue date | Expiration date | Balance | Interest rate (%) | Principal and interest payment method | Place for trading |
|---|---|---|---|---|---|---|---|---|
| 2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Qualified Investors (First tranche) | 20 Huatai G1 | 163353.SH | 2020-03-26 | 2023-03-26 | 80.00 | 2.99 | Principal to be paid upon expiration and interest to be paid annually | Shanghai Stock Exchange |
| 2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Qualified Investors (Second tranche) | 20 Huatai G3 | 163482.SH | 2020-04-29 | 2025-04-29 | 35.00 | 2.90 | Principal to be paid upon expiration and interest to be paid annually | Shanghai Stock Exchange |
| 2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Qualified Investors (Third tranche) | 20 Huatai G4 | 163558.SH | 2020-05-21 | 2025-05-21 | 30.00 | 3.20 | Principal to be paid upon expiration and interest to be paid annually | Shanghai Stock Exchange |
| 2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Qualified Investors (Fourth tranche) (Type I) | 20 Huatai G5 | 163669.SH | 2020-06-18 | 2021-06-18 | 23.00 | 2.58 | One-off payment of principal and interest upon expiration | Shanghai Stock Exchange |
| 2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Qualified Investors (Fourth tranche) (Type II) | 20 Huatai G6 | 163670.SH | 2020-06-18 | 2023-06-18 | 32.00 | 3.10 | Principal to be paid upon expiration and interest to be paid annually | Shanghai Stock Exchange |
| 2020 Short-term Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First tranche) (Type I) | 20 Huatai S1 | 163823.SH | 2020-08-31 | 2021-08-31 | 55.00 | 3.10 | One-off payment of principal and interest upon expiration | Shanghai Stock Exchange |
| 2020 Short-term Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First tranche) (Type II) | 20 Huatai S2 | 163824.SH | 2020-08-31 | 2021-05-28 | 15.00 | 3.05 | One-off payment of principal and interest upon expiration | Shanghai Stock Exchange |
| 2020 Short-term Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second tranche) | 20 Huatai S3 | 163828.SH | 2020-09-11 | 2021-08-11 | 50.00 | 3.20 | One-off payment of principal and interest upon expiration | Shanghai Stock Exchange |
| 2020 Short-term Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Third tranche) | 20 Huatai S4 | 163830.SH | 2020-09-17 | 2021-04-17 | 40.00 | 3.15 | One-off payment of principal and interest upon expiration | Shanghai Stock Exchange |
| 2020 Subordinated Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First tranche) | 20 Huatai C1 | 175409.SH | 2020-11-13 | 2025-11-13 | 50.00 | 4.48 | Principal to be paid upon expiration and interest to be paid annually | Shanghai Stock Exchange |

| Name of Bond | Abbreviation | Code | Issue date | Expiration date | Balance | Interest rate (%) | Principal and interest payment method | Place for trading |
|---|---|---|---|---|---|---|---|---|
| 2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fifth tranche) | 20 Huatai G7 | 175473.SH | 2020-11-24 | 2023-11-24 | 35.00 | 3.90 | Principal to be paid upon expiration and interest to be paid annually | Shanghai Stock Exchange |
| 2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Sixth tranche) (Type I) | 20 Huatai G8 | 175534.SH | 2020-12-09 | 2022-12-09 | 40.00 | 3.67 | Principal to be paid upon expiration and interest to be paid annually | Shanghai Stock Exchange |
| 2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Sixth tranche) (Type II) | 20 Huatai G9 | 175535.SH | 2020-12-09 | 2023-12-09 | 40.00 | 3.79 | Principal to be paid upon expiration and interest to be paid annually | Shanghai Stock Exchange |

***Interest Payment for Corporate Bonds***

On March 19, 2020, the Company paid the interest for "19 Huatai G1" bonds for the period from March 19, 2019 to March 18, 2020 with a total amount of RMB257.6 million (tax inclusive); On April 22, 2020, the Company paid the interest for "19 Huatai G3" bonds for the period from April 22, 2019 to April 21, 2020 with a total amount of RMB190 million (tax inclusive); On June 5, 2020, the Company paid the interest for "13 Huatai 02" bonds for the period from June 5, 2019 to June 4, 2020 with a total amount of RMB306.0 million (tax inclusive). On November 26, 2020, the Company paid the interest for "18 Huatai G1" and "18 Huatai G2" bonds for the period from November 26, 2019 to November 25, 2020 with a total amount of RMB158.1 million (tax inclusive). On December 7, 2020, the Company paid the interest for "16 Huatai G2" bonds for the period from December 6, 2019 to December 5, 2020 with a total amount of RMB94.5 million (tax inclusive). On December 14, 2020, the Company paid the interest for "16 Huatai G4" bonds for the period from December 14, 2019 to December 13, 2020 with a total amount of RMB119.1 million (tax inclusive).

***Other Information on Corporate Bonds***

Arrangements for investors' appropriateness: target investors are professional 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 | 37th Floor, Taikang Insurance Tower, No. 429 North Nanquan Road, Pudong New Area, Shanghai, the PRC |
| | Contact person | Li Peng |
| | Tel.no. | 021-60750691 |
| Entrusted manager of bonds | Name | Shenwan Hongyuan Securities Co., Ltd. |
| | Office address | 45th Floor, No. 989 Changle Road, Xuhui District, Shanghai, the PRC |
| | Contact person | Yu Shan, Liu Yuan, Liu Qiuyan |
| | Tel.no. | 010-88013931/021-33389888 |
| Credit rating agency | Name | Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. |
| | Office address | 14th Floor, Huasheng Mansion, No. 398 Hankou Road, Shanghai, the PRC |
| Credit rating agency | Name | China Lianhe Credit Rating Co., Ltd. |
| | Office address | 17th Floor, Tower 2, No.2 Jianguomenwai Avenue, Chaoyang District, Beijing, the PRC |

Other notes:

The entrusted manager of "13 Huatai 02" bonds is GF Securities Co., Ltd., the entrusted manager of "16 Huatai G2", "16 Huatai G4", "18 Huatai G1 ", "18 Huatai G2", "19 Huatai G1", "19 Huatai G3", "20 Huatai G1", "20 Huatai G3", "20 Huatai G4", "20 Huatai G5", "20 Huatai G6", "20 Huatai S1", "20 Huatai S2", "20 Huatai S3", "20 Huatai S4", "20 Huatai C1", "20 Huatai G7", "20 Huatai G8" and "20 Huatai G9" bonds is Shenwan Hongyuan Securities Co., Ltd.

The credit rating agency for "20 Huatai C1" bonds is China Lianhe Credit Rating Co., Ltd., and the credit rating agency for other bonds is Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. ("Shanghai Brilliance").

## 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 the 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. All the proceeds from the corporate bonds issued in 2019 have been used to supplement working capital and repay matured debts, which is in line with the covenants undertaken in the prospectus. All the proceeds from the corporate bonds issued in 2020 have been used to supplement working capital and repay matured debts, which is in line with the covenants undertaken in the prospectus.

## IV. RATING OF CORPORATE BONDS

On April 28, 2020, Shanghai Brilliance conducted follow-up credit ratings for the corporate bonds "13 Huatai 02", "16 Huatai G2", "16 Huatai G4", "18 Huatai G1", "18 Huatai G2", "19 Huatai G1", "19 Huatai G3" and "20 Huatai G1" issued by the Company, and issued the Report on the Follow-up Credit Rating of Huatai Securities Co., Ltd. and 13 Huatai 02, 16 Huatai G2, 16 Huatai G4, 18 Huatai G1, 18 Huatai G2, 19 Huatai G1, 19 Huatai G3 and 20 Huatai G1 Issued by It (《华泰证券股份有限公司及其發行的13華泰02、16華泰G2、16華泰G4、18華泰G1、18華泰G2、19華泰G1、19華泰G3與20華泰G1跟蹤評級報告》) (No.: Brilliance Follow-up Rating [2020]100031), pursuant to which the credit ratings of the Company's bonds "13 Huatai 02", "16 Huatai G2", "16 Huatai G4", "18 Huatai G1", "18 Huatai G2", "19 Huatai G1", "19 Huatai G3" and "20 Huatai G1" were AAA, the credit rating of the Company remained as AAA and the credit rating outlook is stable.

On December 18, 2019, Shanghai Brilliance conducted credit ratings for the corporate bonds "20 Huatai G1" issued by the Company, and issued the Report on the Credit Rating of the 2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Qualified Investors (First Tranche) (《华泰证券股份有限公司2020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 (2019)011578]), pursuant to which the credit rating of "20 Huatai G1" was AAA, the credit rating of the Company was AAA and the credit rating outlook is stable. On April 17, 2020, Shanghai Brilliance conducted credit ratings for the corporate bonds "20 Huatai G3" issued by the Company, and issued the Report on the Credit Rating of the 2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Qualified Investors (Second Tranche) (《华泰证券股份有限公司2020年面向合格投資者公開發行公司債券(第二期)信用評級報告》) (No.: [Brilliance Bond Rating (2020)010549]), pursuant to which the credit rating of "20 Huatai G3" was AAA, the credit rating of the Company was AAA and the credit rating outlook is stable. On May 13, 2020, Shanghai Brilliance conducted credit ratings for the corporate bonds "20 Huatai G4" issued by the Company, and issued the Report on the Credit Rating of the 2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Qualified Investors (Third Tranche) (《华泰证

券股份有限公司2020年面向合格投資者公開發行公司債券(第三期)信用評級報告》) (No.: [Brilliance Bond Rating (2020)010682]), pursuant to which the credit rating of "20 Huatai G4" was AAA, the credit rating of the Company was AAA and the credit rating outlook is stable. On June 5, 2020, Shanghai Brilliance conducted credit ratings for the corporate bonds "20 Huatai G5" and "20 Huatai G6" issued by the Company, and issued the Report on the Credit Rating of the 2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Qualified Investors (Fourth Tranche) (《华泰证券股份有限公司2020年面向合格投資者公開發行公司債券(第四期)信用評級報告》) (No.: [Brilliance Bond Rating (2020)010857]), pursuant to which the credit ratings of "20 Huatai G5" and "20 Huatai G6" were AAA, the credit rating of the Company was AAA and the credit rating outlook is stable. On July 9, 2020, Shanghai Brilliance conducted credit ratings for the Short-term Corporate Bonds "20 Huatai S1" and "20 Huatai S2" issued by the Company, and issued the Report on the Credit Rating of the 2020 Short-term Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First Tranche) (《华泰证券股份有限公司2020年面向專業投資者公開發行短期公司債券(第一期)信用評級報告》) (No.: [Brilliance Bond Rating (2020)011083]), pursuant to which the credit ratings of "20 Huatai S1" and "20 Huatai S2" were A-1, the credit rating of the Company was AAA and the credit rating outlook is stable. On September 4, 2020, Shanghai Brilliance conducted credit ratings for the Short-term Corporate Bonds "20 Huatai S3" issued by the Company, and issued the Report on the Credit Rating of the 2020 Short-term Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second Tranche) (《华泰证券股份有限公司2020年面向專業投資者公開發行短期公司債券(第二期)信用評級報告》) (No.: [Brilliance Bond Rating (2020)011559]), pursuant to which the credit rating of "20 Huatai S3" was A-1, the credit rating of the Company was AAA and the credit rating outlook is stable. On September 8, 2020, Shanghai Brilliance conducted credit ratings for the Short-term Corporate Bonds "20 Huatai S4" issued by the Company, and issued the Report on the Credit Rating of the 2020 Short-term Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Third Tranche) (《华泰证券股份有限公司2020年面向專業投資者公開發行短期公司債券(第三期)信用評級報告》) (No.: [Brilliance Bond Rating (2020)011597]), pursuant to which the credit rating of "20 Huatai S4" was A-1, the credit rating of the Company was AAA and the credit rating outlook is stable. On October 30, 2020, China Lianhe Credit Rating Co., Ltd. conducted credit ratings for the subordinated bonds "20 Huatai C1" issued by the Company, and issued the Report on the Credit Rating of the 2020 Subordinated Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First Tranche) (《华泰证券股份有限公司2020年面向專業投資者公開發行次級債券(第一期)信用評級報告》) (No.: [Lianhe Bond Rating (2020)3470]), pursuant to which the credit rating of "20 Huatai C1" was AAA, the credit rating of the Company was AAA and the credit rating outlook is stable. On November 13, 2020, Shanghai Brilliance conducted credit ratings for the corporate bonds "20 Huatai G7" issued by the Company, and issued the Report on the Credit Rating of the 2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fifth Tranche) (《华泰证券股份有限公司2020年面向專業投資者公開發行公司債券(第五期)信用評級報告》) (No.: [Brilliance Bond Rating (2020)011082]), pursuant to which the credit rating of "20 Huatai G7" was AAA, the credit rating of the Company was AAA and the credit rating outlook is stable. On December 1, 2020, Shanghai Brilliance conducted credit ratings for the corporate bonds "20 Huatai G8" and "20 Huatai G9" issued by the Company, and issued the Report on the Credit Rating of the 2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Sixth Tranche) (《华泰证券股份有限公司2020年面向專業投資者公開發行公司債券(第六期)信用評級報告》) (No.: [Brilliance Bond Rating (2020)012188]), pursuant to which the credit ratings of "20 Huatai G8" and "20 Huatai G9" 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 2020 corporate bonds will be disclosed in the bond section of the Shanghai Stock Exchange website within 2 months after the release of this Annual Report.

## V. CREDIT ENHANCEMENT MECHANISM, SETTLEMENT PLAN AND OTHER RELEVANT INFORMATION ON CORPORATE BONDS DURING THE REPORTING PERIOD

The credit enhancement mechanism for the sixteen tranches of corporate bonds issued by the Company is issued unsecured, among which, "13 Huatai 02", "16 Huatai G2", "16 Huatai G4", "18 Huatai G1", "18 Huatai G2", "19 Huatai G1", "19 Huatai G3", "20 Huatai G1", "20 Huatai G3", "20 Huatai G4", "20 Huatai G6", "20 Huatai C1", "20 Huatai G7", "20 Huatai G8", "20 Huatai G9" of 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. "20 Huatai G5", "20 Huatai S1", "20 Huatai S2", "20 Huatai S3", "20 Huatai S4" of the settlement plan is to pay the principal and interest in a lump sum upon the expiration of the bonds. During the Reporting Period, there was no change to the 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. INFORMATION ON CORPORATE BONDHOLDERS' MEETING

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 (Ten-year bonds) of Huatai Securities Co., Ltd. (Year 2019) (《华泰证券股份有限公司2013年公司债券（10年期）受託管理事務報告（2019年度）》), the Interim Report on the Significant Matters Entrusted Affairs in Relation to the 2013 Corporate Bonds of Huatai Securities Co., Ltd. (2020-1-17) (《华泰证券股份有限公司2013年公司債券重大事項的臨時受託管理事務報告(2020-1-17)》) and the Interim Report on the Significant Matters Entrusted Affairs in Relation to the 2013 Corporate Bonds of Huatai Securities Co., Ltd. (2020-8-14) (《华泰证券股份有限公司2013年公司債券重大事項的臨時受託管理事務報告(2020-8-14)》).

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) (Type II) (《华泰证券股份有限公司2016年公司债券(第一期)(品種二)) and the 2016 Corporate Bonds (Second Tranche) (Type II) of Huatai Securities Co., Ltd. (Year 2019) (2016年公司债券(第二期)(品種二)受託管理事務報告(2019年度)》), the Report on the Entrusted Affairs in Relation to the 2018 Corporate Bonds Publicly Issued to Qualified Investors (First Tranche) (Type I) (Type II) of Huatai Securities Co., Ltd. (Year 2019) (《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)(品種一)(品種二)等受託管理事務報告(2019年度)》), the Interim Report on the Significant Matters Entrusted Affairs in Relation to the Corporate Bonds of Huatai Securities Co., Ltd. (2020-1-20) (《华泰证券股份有限公司公司債券重大事項的臨時受託管理事務報告(2020-1-20)》) and the Interim Report on the Significant Matters Entrusted Affairs in Relation to the Corporate Bonds of Huatai Securities Co., Ltd. (2020-8-18) (《华泰证券股份有限公司公司債券重大事項的臨時受託管理事務報告(2020-8-18)》).

The above reports all have been disclosed in the bond section of the Shanghai Stock Exchange website.

## 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 | 2020 | 2019 | Year-on-year change (%) | Reason for change |
|---|---|---|---|---|
| Earnings before interest, tax, depreciation and amortisation (EBITDA) | 22,675,946 | 19,008,018 | 19.30 | Increase in net profit |
| Net cash (used in) investing activities | (13,451,545) | (3,943,473) | 241.11 | Increase in payment of cash for investment |
| Net cash generated from financing activities | 26,850,070 | 35,669,120 | (24.72) | Repayment of debt instruments issued |
| Cash and cash equivalents at the end of the year | 67,646,413 | 69,198,778 | (2.24) | |
| Current ratio | 1.38 | 1.4 | (1.43) | |
| Quick ratio | 1.38 | 1.4 | (1.43) | |
| Gearing ratio | 77.20% | 73.40% | Increase of 3.80 percentage points | |
| EBITDA to total debt ratio | 7.25% | 7.72% | Decrease of 0.47 percentage point | |
| Times interest earned | 2.72 | 2.86 | (4.84) | |
| Times cash-interest earned | (0.54) | 0.66 | (181.82) | Expansion of financing scale |
| Times interest earned of EBITDA | 2.90 | 3.05 | (5.05) | |
| Loan repayment ratio | 100% | 100% | | |
| Interest payment ratio | 100% | 100% | | |

*Note:* Customer's 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 |
|---|---|---|---|---|---|---|
| 17 Huatai C2 | 50.00 | – | 4.95 | 2017-07-27 | 2020-07-27 | Redemption and interest payment |
| 18 Huatai C1 | 10.00 | – | 5.65 | 2018-03-15 | 2020-03-15 | Redemption and interest payment |
| 18 Huatai C2 | 28.00 | 28.00 | 5.20 | 2018-05-10 | 2021-05-10 | Interest payment |
| 17 Huatai 02 | 20.00 | – | 4.65 | 2017-02-24 | 2020-02-24 | Redemption and interest payment |
| 17 Huatai 04 | 60.00 | – | 5.25 | 2017-05-15 | 2020-05-15 | Redemption and interest payment |
| 19 Huatai 02 | 50.00 | 50.00 | 3.94 | 2019-05-27 | 2022-05-27 | Interest payment |
| 19 Huatai 03 | 40.00 | 40.00 | 3.68 | 2019-10-24 | 2022-10-24 | Interest payment |
| 20 Huatai 02 | 100.00 | 100.00 | 3.20 | 2020-07-24 | 2022-07-24 | – |
| 19 Huatai Securities CP005 | 50.00 | – | 2.83 | 2019-10-11 | 2020-01-09 | Redemption and interest payment |
| 19 Huatai Securities CP006 | 50.00 | – | 3.05 | 2019-11-14 | 2020-02-12 | Redemption and interest payment |
| 19 Huatai Securities CP007 | 50.00 | – | 3.02 | 2019-12-06 | 2020-03-05 | Redemption and interest payment |
| 20 Huatai Securities CP001 | 60.00 | – | 2.80 | 2020-01-06 | 2020-04-05 | Redemption and interest payment |
| 20 Huatai Securities CP002 | 50.00 | – | 2.65 | 2020-02-10 | 2020-05-10 | Redemption and interest payment |
| 20 Huatai Securities CP003 | 30.00 | – | 2.39 | 2020-02-27 | 2020-05-27 | Redemption and interest payment |
| 20 Huatai Securities CP004 | 40.00 | – | 2.31 | 2020-03-06 | 2020-06-04 | Redemption and interest payment |
| 20 Huatai Securities CP005 | 40.00 | – | 1.90 | 2020-06-09 | 2020-08-28 | Redemption and interest payment |
| 20 Huatai Securities CP006 | 40.00 | – | 2.20 | 2020-06-16 | 2020-09-14 | Redemption and interest payment |
| 20 Huatai Securities CP007 | 40.00 | – | 2.55 | 2020-07-15 | 2020-10-13 | Redemption and interest payment |
| 20 Huatai Securities CP008 | 30.00 | – | 2.62 | 2020-08-14 | 2020-11-12 | Redemption and interest payment |
| 20 Huatai Securities CP009 | 40.00 | – | 2.70 | 2020-09-15 | 2020-12-14 | Redemption and interest payment |
| 20 Huatai Securities CP010 | 50.00 | 50.00 | 2.94 | 2020-12-15 | 2021-03-15 | – |
| 19 Huatai Securities Financial Bonds 01 | 60.00 | 60.00 | 3.40 | 2019-08-21 | 2022-08-21 | Interest payment |

| Abbreviation of the bond | Issuing scale | Closing balance | Coupon rate (%) | Value date | Maturity date | Redemption and interest payment |
|---|---|---|---|---|---|---|
| Offshore Bonds | USD500 million | USD500 million | 3.375 | 2019-05-23 | 2022-05-23 | Interest payment |
| Offshore Bonds | USD400 million | USD400 million | 3Mth LIBOR +95bps | 2020-02-12 | 2023-02-12 | Interest payment |
| Offshore Bonds | USD50 million | USD50 million | 0.50 | 2020-11-27 | 2021-11-26 | – |

*Note:* "20 Huatai 02" bonds rendered the issuer an option for redemption at the end of the first year.

### *1. Interest payment for and redemption of subordinated bonds*

During the Reporting Period, the Company settled the principal and interest of the 2017 subordinated bonds (first tranche) (type II) (abbreviation: 17 Huatai C2; bond code: 145664.SH) non-publicly issued by Huatai Securities, with the payment amounting to RMB5,247.5 million (tax inclusive); settled the principal and interest of the 2018 subordinated bonds (first tranche) (abbreviation: 18 Huatai C1; bond code: 150175.SH) non-publicly issued by Huatai Securities, with the payment amounting to RMB1,056.50 million (tax inclusive); and paid the interest of the 2018 subordinated bonds (second tranche) (type I) (abbreviation: 18 Huatai C2; bond code: 1503861.SH) non-publicly issued by Huatai Securities for the period from May 10, 2019 to May 9, 2020, with the interest payment amounting to RMB145.60 million (tax inclusive).

### *2. Interest payment for and redemption of non-publicly issued corporate bonds*

During the Reporting Period, the Company settled the principal and interest of the 2017 Corporate Bonds (First Tranche) (Type II) (abbreviation: 17 Huatai 02; bond code: 145352.SH) non-publicly issued by Huatai Securities, with the payment amounting to RMB2,093 million (tax inclusive); settled the principal and interest of the 2017 Corporate Bonds (Second Tranche) (Type II) (abbreviation: 17 Huatai 04; bond code: 145538.SH) non-publicly issued by Huatai Securities, with the payment amounting to RMB6,315 million (tax inclusive); paid the interest of the 2019 Corporate Bonds (First Tranche) (Type II) (abbreviation: 19 Huatai 02; bond code: 151579.SH) non-publicly issued by Huatai Securities for the period from May 27, 2019 to May 26, 2020, with the interest payment amounting to RMB197 million (tax inclusive); and paid the interest of the 2019 Corporate Bonds (Second Tranche) (abbreviation: 19 Huatai 03; bond code: 162324.SH) non-publicly issued by Huatai Securities for the period from October 24, 2019 to October 23, 2020, with the interest payment amounting to RMB147.2 million (tax inclusive).

On July 24, 2020, the Company non-publicly issued the Huatai Securities 2020 Corporate Bonds (First Tranche) (Type II) (abbreviation: 20 Huatai 02; bond code: 167293.SH) with an amount of RMB10 billion, a term of 2 years (with an option for the issuer to redeem at the end of the first year) and a coupon rate of 3.20%.

### *3. Interest payment for and redemption of short-term financing bonds*

During the Reporting Period, the Company settled the principal and interest for the fifth tranche of the Short-term Financing Bonds in 2019 (abbreviation: 19 Huatai Securities CP005; bond code: 071900111.IB), with the payment amounting to RMB5,034,795,081.97; the Company settled the principal and interest for the sixth tranche of the Short-term Financing Bonds in 2019 (abbreviation: 19 Huatai Securities CP006; bond code: 071900145.IB), with the payment amounting to RMB5,037,500,000.00 (tax inclusive); the Company settled the principal and interest for the seventh tranche of the Short-term Financing Bonds in 2019 (abbreviation: 19 Huatai Securities CP007; bond code: 071900163.IB), with the payment amounting to RMB5,037,131,147.54 (tax inclusive); the Company settled the principal and interest for the first tranche of the Short-term Financing Bonds in 2020 (abbreviation: 20 Huatai Securities CP001; bond code: 072000001.IB), with the payment amounting to RMB6,041,311,475.41 (tax inclusive); the Company settled the principal and interest for the second tranche of the Short-term Financing Bonds in 2020 (abbreviation: 20 Huatai Securities CP002; bond code: 072000026.IB), with the payment amounting to RMB5,032,581,967.21 (tax inclusive); the Company settled the principal and interest for the third tranche of the Short-term Financing Bonds in 2020 (abbreviation: 20 Huatai Securities CP003; bond code: 072000047.IB), with the payment amounting to RMB3,017,631,147.54 (tax inclusive); the Company settled the principal and interest for the fourth tranche of the Short-term Financing Bonds in 2020 (abbreviation: 20 Huatai Securities CP004; bond code: 072000053.IB), with the payment amounting to RMB4,022,783,561.64 (tax inclusive); the Company settled the principal and interest for the fifth tranche of the Short-term Financing Bonds in 2020 (abbreviation: 20 Huatai Securities CP005; bond code: 072000147.IB), with the payment amounting to RMB4,016,657,534.25 (tax inclusive); the Company settled the principal and interest for the sixth tranche of the Short-term Financing Bonds in 2020 (abbreviation: 20 Huatai Securities CP006; bond code: 072000156.IB), with the payment amounting to RMB4,021,698,630.14 (tax inclusive); the Company settled the principal and interest for the seventh tranche of the Short-term Financing Bonds in 2020 (abbreviation: 20 Huatai Securities CP007; bond code: 072000180.IB), with the payment amounting to RMB4,025,150,684.93 (tax inclusive); the Company settled the principal and interest for the eighth tranche of the Short-term Financing Bonds in 2020 (abbreviation: 20 Huatai Securities CP008; bond code: 072000202.IB), with the payment amounting to RMB3,019,380,821.92 (tax inclusive); the Company settled the principal and interest for the ninth tranche of the Short-term Financing Bonds in 2020 (abbreviation: 20 Huatai Securities CP009; bond code: 072000225.IB), with the payment amounting to RMB4,026,630,136.99 (tax inclusive).

### *4. Interest payment for and redemption of financial bonds*

During the Reporting Period, the Company paid the interest for the 2019 first tranche of financial bonds (abbreviation: 19 HTSC Financial Bond 01, bond code: 091900018. IB) for the period from August 21, 2019 to August 20, 2020, with the interest payment amounting to RMB204 million (tax inclusive).

### *5. Interest payment for and redemption of offshore bonds*

During the Reporting Period, Pioneer Reward Limited, a subsidiary of Huatai International, paid 5 interests of offshore bonds, with the payment totaling USD22.1920 million.

## X. BANK CREDIT OF THE COMPANY DURING THE REPORTING PERIOD

During the Reporting Period, the Company enhanced credit management. As of the end of 2020, the total credit line obtained by the Company from commercial banks exceeded RMB480 billion, representing a continuous 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, reduction or exemption 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 impact on the Company's operation and solvency.

## 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: Zhang Wei
Date of Submission as Approved by the Board of Directors: March 23, 2021

## INFORMATION DISCLOSURE OF SECURITIES COMPANIES

## I. MAJOR ADMINISTRATIVE APPROVALS OF THE COMPANY

1. Reply on Relevant Opinions on Providing Cross-Border Guarantees to Debt Financing by Affiliated Special Purpose Entities of an Overseas Wholly-owned Subsidiary by Huatai Securities Co., Ltd. (Ji Gou Bu Han [2020] No. 124) dated January 19, 2020;

2. Approval on Qualification of Jiao Kai as Senior Management of Securities Companies (Su Zheng Jian Xu Ke [2020] No. 3) dated January 21, 2020;

3. No-objection Letter on Appointment of Jiao Kai as Chief Compliance Officer of Huatai Securities Co., Ltd. (Su Zheng Jian Han [2020] No. 71) dated February 14, 2020;

4. Approval on Qualification of Zhai Jun as Chairman of the Supervisory Committee of Securities Companies (Su Zheng Jian Xu Ke [2020] No. 8) and Approval on Qualification of Chen Tianxiang as Senior Management of Securities Companies (Su Zheng Jian Xu Ke [2020] No. 9) dated February 17, 2020;

5. Reply on Matters Regarding Conducting Pilot Fund Investment Advisory Business by Huatai Securities Co., Ltd. (Ji Gou Bu Han [2020] No. 387) dated February 28, 2020;

6. Approval for Public Issuance of Corporate Bonds to Qualified Investors by Huatai Securities Co., Ltd. (Zheng Jian Xu Ke [2020] No. 406) dated March 13, 2020;

7. Notice on Relevant Matters on Pilot Implementation of Consolidated Supervision (Ji Gou Bu Han [2020] No. 664) dated March 25, 2020;

8. Letter of the General Affairs Department of the State Administration of Foreign Exchange on Filing of Agency for Foreign Exchange by Huatai Securities Co., Ltd. (Hui Zong Bian Han [2020] No. 466) dated July 21, 2020;

9. Approval for Public Issuance of Short-term Corporate Bonds to Professional Investors by Huatai Securities Co., Ltd. (Zheng Jian Xu Ke [2020] No. 1904) dated August 21, 2020;

10. Approval for Public Issuance of Corporate Bonds to Professional Investors by Huatai Securities Co., Ltd. (Zheng Jian Xu Ke [2020] No. 2057) dated September 2, 2020;

11. Approval for the Registration of Public Issuance of Subordinated Bonds to Professional Investors by Huatai Securities Co., Ltd. (Zheng Jian Xu Ke [2020] No. 2599) dated October 16, 2020.

12. Notice on Matters Related to Independent Development of Lead Underwriting Business by Securities Companies as Lead Underwriters (Zhong Shi Xie Fa [2020] No. 170) dated December 18, 2020.

## II. RESULTS OF CLASSIFICATION BY REGULATORY AUTHORITIES

1. In 2018, the Company was rated Class AA under Category A according to the classification of securities companies.

2. In 2019, the Company was rated Class AA under Category A according to the classification of securities companies.

3. In 2020, 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 | License 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 |

| No. | Type of License | Approval Department | Years |
|---|---|---|---|
| 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 |
| 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 Corporation Limited | August 2012 |
| 27 | Pilot program of agreed repurchase type securities trading | 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 |

| No. | Type of License | Approval Department | Years |
|---|---|---|---|
| 31 | Qualification for the agreed repurchase type 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 Corporation Limited | 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 |
| 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 |

| No. | Type of License | Approval Department | Years |
|---|---|---|---|
| 45 | Operate market-making business on the National Equities Exchange and Quotations as a market maker, namely market-making qualification on the National Equities Exchange and Quotations | 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 | Pilot program of financing by exercising the share incentive scheme business | 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 |
| 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 |

| No. | Type of License | Approval Department | Years |
|---|---|---|---|
| 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 |
| 66 | Qualification of tier-1 dealer on OTC options | CSRC | July 2018 |
| 67 | Carry out credit derivatives business | CSRC | December 2018 |
| 68 | Qualification of main market maker of funds listed on the SSE | Shanghai Stock Exchange | January 2019 |
| 69 | Conduct credit protection contract business | Shanghai Stock Exchange | February 2019 |
| 70 | Conduct market making business of treasury bond futures | CSRC | May 2019 |
| 71 | Pilot Program of Foreign Exchange Settlement and Sales Business | State Administration of Foreign Exchange | August 2019 |
| 72 | Conduct credit protection certificate business | Shanghai Stock Exchange | December 2019 |
| 73 | Conduct market making business of commodity options | CSRC | December 2019 |
| 74 | Conduct market making business of stock index options | CSRC | December 2019 |

In 2020, the individual business qualifications obtained by the Company mainly include

| | | | |
|---|---|---|---|
| 1 | Conducting pilot fund investment advisory business | CSRC | February 2020 |
| 2 | Conducting agency for trading of foreign exchange Business | State Administration of Foreign Exchange | July 2020 |

## 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 | 6 &7F, Block A,Feilishidai Square Commercial Complex, No. 310 Suixi Road, Luyang 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; agency sale of securities investment funds; agency sale of financial products. |
| 2 | Beijing Branch | Room 1501, 15/F, Block 28, Fengsheng Hutong, Xicheng District Beijing | 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; agency sale of securities investment funds; agency sale of financial products. |
| 3 | Changzhou Branch | No. 9, North Heping Road, Changzhou | April 16, 2014 | 2,000 | 213003 | Wang Houyin | 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; 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 |
|---|---|---|---|---|---|---|---|---|
| 4 | Fujian Branch | Unit 10D, Block A, Tefang Portman Wealth Center, No.81 Zhanhong Road, Siming District, Xiamen | 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 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). |
| 5 | Guangdong Branch | Unit 02, 03, 36/F, 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; agency sale of securities investment funds; agency sale of financial products. |
| 6 | Henan Branch | No. 16, Nongye Road East, Jinshui District, Zhengzhou | 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. |

| No. | Name | Address | Date of establishment | Registered capital (or working capital) | Zip code | Person in charge | Contact number | Business scope |
|---|---|---|---|---|---|---|---|---|
| 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 | Yuan Hongbin | 027-87739318 | 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 | Rooms 1301-1305, 1313-1316, Building 4 and 5, Huayuanhua Center, No 36, Section 2, Middle Xiangjiang Road, Tianxin District, Changsha, Hunan Province | 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). |
| 10 | 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. |

| No. | Name | Address | Date of establishment | Registered capital (or working capital) | Zip code | Person in charge | Contact number | Business scope |
|---|---|---|---|---|---|---|---|---|
| 11 | Liaoning Branch | Units 1, 2, 3 and 4, 15/F, Block B, Enterprise Square, No. 125 Qingnian Street, Shenhe District, Shenyang City, Liaoning Province | 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). |
| 12 | Nanjing Branch | No. 90 Zhongshan Road East, Qinhuai District, Nanjing | April 9, 2010 | 2,000 | 210002 | Wang Yansheng | 025-84791077 | 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 | Nantong Branch | Fangtian Building, No. 6 Yaogang Road, Nantong, Jiangsu Province | May 28, 2010 | 500 | 226000 | Ren Qiaojian | 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. |
| 14 | Shandong Branch | Rooms 2101 & 2104, 21/F, Block A, Yinfeng Fortune Plaza, No. 1 West LongAo Road, Lixia District, Jinan City | April 16, 2014 | 2,000 | 250061 | Li Gang | 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. |

| No. | Name | Address | Date of establishment | Registered capital (or working capital) | Zip code | Person in charge | Contact number | Business scope |
|---|---|---|---|---|---|---|---|---|
| 15 | Shanghai Branch | Room 2201, No. 18 Dongfang Road, China (Shanghai) Pilot Free Trade Zone | May 28, 2010 | 500 | 200120 | Lu Chunguang | 021-28972296 | 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 | Shenzhen Branch | 8A, Fund Mansion, No. 5999, Yitian Road, Lianhua Street, 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. |
| 17 | Sichuan Branch | No. 2, 16/F, Block 1, Zhongda Junyue Jinsha Office Building, 51 West Qingjiang Road, Qingyang District, Chengdu | May 19, 2012 | 500 | 610091 | Li Hui | 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. |
| 18 | Suzhou Branch | 4/F and 5/F, No. 102 Xinshi Road, Canglang District, Suzhou | 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. |

| No. | Name | Address | Date of establishment | Registered capital (or working capital) | Zip code | Person in charge | Contact number | Business scope |
|---|---|---|---|---|---|---|---|---|
| 19 | Taizhou Branch | No. 22, Yingchun Road West, Hailing District, Taizhou, Jiangsu Province | August 4, 2014 | 2,000 | 225300 | Wang Yujie | 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. |
| 20 | Tianjin Branch | Block HI on 1/F, and Block E-I on 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. |
| 21 | Wuxi Branch | No. 325, Jiefang Road West, Wuxi, Jiangsu Province | June 11, 2014 | 2,000 | 214000 | Lu Rong | 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. |
| 22 | Northwest Branch | Room 21401, Unit 2, Building 2, CROSS Wangxianghui, No.21 Gaoxin Six Road, Zhangba Sub-district Office, High-Tech Zone, Xi'an, Shaanxi Province | August 5, 2019 | – | 710000 | Gao Hong | 029-87897055 | 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). |

| No. | Name | Address | Date of establishment | Registered capital (or working capital) | Zip code | Person in charge | Contact number | Business scope |
|---|---|---|---|---|---|---|---|---|
| 23 | 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. |
| 24 | Yancheng Branch | Room 201, Building 6, Financial City, 5 Century Avenue, Yancheng City | March 24, 2014 | 2,000 | 224002 | Zhang Tingwen | 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. |
| 25 | Yangzhou Branch | No. 406, Wenchang Middle Road, Guangling District, Yangzhou | August 4, 2014 | 2,000 | 225001 | Ji Chunbo | 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. |
| 26 | 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 |
|---|---|---|---|---|---|---|---|---|
| 27 | 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 | Wang Jie | 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). |
| 28 | Zhenjiang Branch | Room 101, 201, 301, Building 1, Huangshan Yaju, No. 6 Huangshan South Road, Zhenjiang City, Jiangsu Province | March 24, 2014 | 2,000 | 212000 | Dong Kaisong | 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 | Anhui 5 | Hefei | Securities Branch in Huaining Road, Hefei | Room 1104, 1211-1213, 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 | Hu Longqi | 0551-62686969 |
| 3 | | Ma'anshan | Securities Branch in Hudong Middle Road, Ma'anshan | No. 1046, Hudong Middle Road, Huashan District, Ma'anshan City | 243000 | Gao Guosheng | 0555-2963619 |
| 4 | | Chuzhou | Securities Branch in Fengle Avenue, Chuzhou | No. 1112 & 1114, Commercial Block S3, No. 1118 Fengle Avenue (Yutianxia South Garden), Chuzhou City, Anhui Province | 239001 | Zhao Fei | 0550-3019976 |
| 5 | | Tongling | Securities Branch in Huaihe Avenue, Tongling | Shop 142, 1/F, No. 230A, 2/F, Huijin Building, Tongling Trade Building, Middle Section of Huaihe Avenue, Tongguan District, Tongling City, Anhui Province | 244000 | Hu Jing | 0562-2801988 |
| 6 | Beijing 6 | Beijing | Securities Branch in Dongsanhuan North Road, Beijing | Inner Flat 01, No. 102, 1/F (01), Block 27, Dongsanhuan North Road, Chaoyang District, Beijing | 100062 | Wei Na | 010-59725337 |
| 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 International Finance and Economy Center, Xisanhuan, Beijing | Room 403, 4/F, No. 87 Xisanhuan North Road, Haidian District, Beijing | 100048 | Chen Xi | 010-68733708 |
| 9 | | | Securities Branch in Yonghe Temple, Beijing | Room 501, 5/F, Block F, Room 116, 1/F, & Room 216, 2/F, Block D, 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 | Yang Junpeng | 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 | Liu Zhifeng | 010-82263313 |
| 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 | 2/F, No. 15 Gangtie Street, Qingshan District, Baotou City, Inner Mongolia | 014010 | Niu Anfang | 0472-6867886 |
| 14 | | Hohhot | Securities Branch in Xinhua East Street, 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 Ziqiang Road, Shijiazhuang | Unit 0-103A, Commercial Podium of Office Building (1/F), Zhongjiao Fortune Center T1/T2, No.118 Ziqiang Road, Qiaoxi District, Shijiazhuang City, Hebei Province | 050051 | Han Jiancai | 0311-66788203 |
| 16 | Fujian 4 | Fuzhou | Securities Branch in North Wuyi Road, Fuzhou | 19/F, Block 3#, Zhengxiang Center, No. 153 North Wuyi Road, Shuibu Street, Gulou District, Fuzhou City | 350009 | Liu Biqing | 0591-88037887 |
| 17 | | Quanzhou | Securities Branch in Jiuyi Street, Quanzhou | 4/F, Baiyuan Building, Jiuyi Street, Licheng District, Quanzhou City | 362000 | Chen Mingfeng | 0595-22187188 |
| 18 | | Xiamen | Securities Branch in Xiahe Road, Xiamen | Rooms 201 & 202, Block B, Unit One, Haiyi Building, No. 668 Xiahe Road, Siming District, Xiamen City | 361004 | Cai Hao | 0592-2997888 |
| 19 | | Zhangzhou | Securities Branch in Shuixian Avenue, Zhangzhou | Room 101, Room 403, Room 404, Building B, No. 88 Shuixian Street, Longwen District, Zhangzhou City, Fujian Province | 363000 | Liu Huafeng | 0596-2900350 |

| 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 | Yang Siyu | 0757-29808978 |
| 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 | Zheng Chengbin | 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 Middle Guangzhou Avenue, Guangzhou | Room 103, Room 3205 and 3206, No. 307 Middle Guangzhou Avenue, Yuexiu District, Guangzhou City | 510220 | Luo Fanglin | 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 Tianhecheng, Guangzhou | Rooms 3605, 3606, 3607, 36/ F, Yuehai Tianhecheng Building (namely, Tianhecheng East Tower), No. 208 Tianhe 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 | Li Yong | 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 | Liao Xiwu | 0760-89823338 |
| 29 | | Shantou | Securities Branch in Changping Road, Shantou | Room 103 and 202, North Tower, China Resources Building, No.95 Changping Road, Longhu District, Shantou City, Guangdong Province | 515041 | Chen Yu | 0754-89898179 |
| 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 | Guangdong 23 | | 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 |
| 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 Longgang Avenue, Shenzhen | (Intersection Place of Longgang Avenue and Longcheng Avenue) 102S, Building 2, Square of Vanke Times, Shangjing Community, Longcheng Street, Longgang District, Shenzhen | 518172 | Gao Jian | 0755-85205902 |
| 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 Commercial Center, No. 1061 Xiangmei Road, Xiangmihu Street, Futian District, Shenzhen City | 518000 | Li Xiaoshan | 0755-82080300 |
| 38 | | | Securities Branch in Fund Building, Shennan Avenue, Shenzhen | 8B, Fund Building, No. 5999 Yitian Road, Lianhua Street, Futian 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, China Economy and Trading Building, No. 18 Zizhu 7th Road, Zhulin Community, Xiangmihu Street, 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 |

| No. | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of person in charge |
|---|---|---|---|---|---|---|---|
| 43 | Guangxi 2 | Nanning | Securities Branch in Zhongtai Road, Nanning | 7/F, South Tower of Beibuwan Building, No. 11 Zhongtai Road, Nanning City | 530029 | Li Guangyi | 0771-5570013 |
| 44 | | Wuzhou | Securities Branch in Xidi 3rd Road, Wuzhou | No. 1 of 1/F, Floors 2801-2809, No. 19 Xidi 3rd Road, Wuzhou City | 543002 | Qin Shumin | 0774-3862288 |
| 45 | Hainan 2 | 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 | He Ruijin | 0898-66202789 |
| 46 | | Sanya | Securities Branch in Yingbin Road, Sanya | Unit 1201, Yangguang Financial Square, No. 360-1 Yingbin Road, Jiyang District, Sanya City, Hainan Province | 572021 | Zhao Yang | 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 | Henan 3 | Zhengzhou | Securities Branch in Jingsan Road, Zhengzhou | Guanghui Building, No. 15, Jingsan Road, Jinshui District, Zhengzhou City | 450003 | Shi Qianjin | 0371-65585005 |
| 49 | | | Securities Branch in Nongye Road, Zhengzhou | No. 101, Floors 1–2, Building 1, No. 16, East Nongye Road, Jinshui District, Zhengzhou City | 450000 | Zhou Rui | 0371-60958371 |
| 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 | Xia Mengfei | 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 | Wang Jixiang | 0451-51998768 |
| 53 | | Mudanjiang | Securities Branch in Xiyitiao Road, Mudanjiang | No. 236, Xiyitiao Road, Xi'an District, Mudanjiang City, 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, No. 3, Zhaodong, Suihua City, Heilongjiang Province | 151100 | Sun Peng | 0455-8182228 |
| 55 | | Daqing | Securities Branch in Xinchao Street, Daqing | S10, Commercial Service Building, Phase I Xinchao Jiayuan Community, Ranghulu District, Daqing City, Heilongjiang Province | 163400 | Zheng Ye | 0459-8971477 |
| 56 | Jilin 3 | Changchun | Securities Branch in Minkang Road, Changchun | No. 855 Minkang Road, Nanguan District, Changchun City | 130041 | Cheng Bo | 0431-81910599 |
| 57 | | | Securities Branch in Ziyou Avenue, Changchun | No. 1000, Ziyou Avenue, Chaoyang District, Changchun City | 130021 | Guo Jiayin | 0431-81919187 |
| 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 | Zhou Laiying | 0432-65128799 |

| No. | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of person in charge |
|---|---|---|---|---|---|---|---|
| 59 | | Xiaogan | Securities Branch in Zijin Road, Anlu | No. 1, Zijin Road, Anlu City, Hubei Province | 432600 | Zou Yizhao | 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 | Li Zhihua | 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 | 432400 | Pan Jianping | 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 Jingui Avenue, Enshi | No. 15, Jingui 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 | Wang Xinmao | 0718-4332133 |
| 68 | | | Securities Branch in Laifeng Fengxiang Road | No. 87, Fengxiang Avenue, Laifeng County | 445700 | Si Guoyao | 0718-6288118 |
| 69 | | | Securities Branch in Lichuan Nanbin Avenue | Room 106, 107, Block 8, Nanbin Garden No. 66 Nanbin Road, No. 1 Group, Wangjiawan Village, Dongcheng Street Agency, Lichuan City | 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 | Yu Yanhua | 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 | Xu Jian | 0719-8240158 |
| 73 | | Shennongjia Forestry District | Securities Branch in Shennong Avenue, Shennongjia | No. 225, Shennong Avenue, Songbai Town, Shennongjia Forestry District | 442400 | Liu Chao | 0719-3336276 |
| 74 | Hubei 29 | 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 | Wang Lin | 027-83632286 |
| 76 | | | Securities Branch in Youyi Avenue, Wuhan | No. 999, Youyi Avenue, Wuhan City | 430080 | Liu Hongyan | 027-86880966 |
| 77 | | | Securities Branch in Shouyi Road, Wuhan | No. 115, Shouyi Road, Wuchang District, Wuhan City | 430060 | Li Pan | 027-88133377 |
| 78 | | | 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 City | 430070 | Liu Yong | 027-87816068 |
| 79 | | | Securities Branch in Xinhua Road, Wuhan | No. 296, Xinhua Street, Jianghan District, Wuhan City | 430015 | Zhang Feng | 027-85558889 |
| 80 | | Xiangyang | Securities Branch in Changhong North Road, Xiangyang | No. 19, Changhong North Road, High-tech Zone, Xiangyang City | 441000 | Zhang Suicui | 0710-3278298 |
| 81 | | Huanggang | Securities Branch in Dongmen Road, Huanggang City | Shop 101, 102, 1/F and No. 201, 2/F, Building 8, No. 91-36 Dongmen Road, Huangzhou District, Huanggang City, Hubei Province | 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 Zi Long Road, Dangyang | No. 59, Zi Long Road, Dangyang City, Hubei Province | 444100 | Zhang Xingxin | 0717-3252238 |
| 85 | | | Securities Branch in Xiling Yi Road, Yichang | No. 10, Xiling Yi Road, Yichang City | 443000 | You Jianghua | 0717-6229898 |
| 86 | | | Securities Branch in Qingjiang Road, Yidu | No. 23, Lucheng Qingjiang Road, Yidu City | 443300 | Hu Dewen | 0717-4836899 |
| 87 | | | Securities Branch in Park Road, Zhijiang | The junction of Tuanjie Road and Park Road, Majiadian, Zhijiang City | 443200 | Feng Bo | 0718-4200539 |

| No. | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of person in charge |
|---|---|---|---|---|---|---|---|
| 88 | Hunan 3 | Changsha | Securities Branch in Fu Rong Middle Road, Changsha | Unit 30028-30032, Fuxing Commercial Plaza, No. 303, Section 1, Furong Middle Road, Kaifu District, Changsha City, Hunan Province | 410007 | Tang Jingshu | 0731-85561098 |
| 89 | | Yueyang | Securities Branch in Tianyue Avenue, Pingjiang, Yueyang | Beside to the Local Tax Bureau, Tianyue Avenue, Pingjiang County, Yueyang City | 414500 | Chen Muyuan | 0730-6297006 |
| 90 | | | Securities Branch in Wulipai, Yueyang | 3/F, Jiamei Building, Wulipai, Yueyang City | 414000 | Chen Siyuan | 0730-8240599 |
| 91 | Jiangxi 2 | Nanchang | Securities Branch in Supu Road, Nanchang | No. 111, Supu Road, Donghu District, Nanchang City, Jiangxi Province | 330006 | Han Tao | 0791-86270340 |
| 92 | | | Securities Branch in Fenghezhong Avenue, Nanchang | North side of Room 104 and Room 204, No. 2 Commerce Building, Xinghehui Business Center, 1333 Fenghezhong Avenue, Honggutan New District, Nanchang City, Jiangxi Province | 330100 | Wu Di | 0791-83751699 |

| No. | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of person in charge |
|---|---|---|---|---|---|---|---|
| 93 | | Changzhou | Securities Branch in Dongheng Street, Changzhou | No. 2, Dongheng Street, Changzhou City | 213003 | Yang Lu | 18106123792 |
| 94 | | | Securities Branch in Heping North Road, Changzhou | No. 9, Heping North Road | 213000 | Liang Qiuming | 0519-86618298 |
| 95 | | | Securities Branch in Taihu East Road, Changzhou | No. 1-10, 11, 12, 26, 27, 28, Fuchen Park, Taihu East Road, Xinbei District, Changzhou City | 213000 | Yao Haitang | 0519-86921660 |
| 96 | | | Securities Branch in Middle Yanzheng Avenue, Changzhou | No. 16, Middle Yanzheng Avenue, Wujin District, Changzhou City | 213159 | Zou Wenjuan | 0519-81000818 |
| 97 | | | Securities Branch in Nanhuan First Road, Jintan | No. 109, 110, 111, 112, Building 1, Binhe Xingcheng , Jintan District, Changzhou City | 213200 | Guo Xiang | 025-83387271 |
| 98 | | | Securities Branch in South Street, Liyang | No. 91, South Street, Liyang City | 213300 | Shi Yuefeng | 18961106969 |
| 99 | | Huaian | Securities Branch in East Huahai Road, Huaian | 9/F, Building 1, No. 18 East Huaihai Road, Huaian City | 223301 | Wei Xiang | 0517-83907001 |
| 100 | | | Securities Branch in Chengde North Road, Huaiyin, Huaian | Rooms 2, 3, 4, Building 2, Chengde Mansion, Huaiyin District, Huaian City | 223300 | Yu Le | 0517-84908988 |
| 101 | | | 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 | Hu Xi | 0517-82660908 |
| 102 | | | Securities Branch in Xiangyu Avenue, Huai'an District, Huaian | No. 1007 Xiangyu Avenue, Huaian District, Huaian City | 223200 | Xu Aijun | 0517-85198077 |
| 103 | | | Securities Branch in Huaihe East Road, Xuyi, Huaian | No. 45 Huaihe East Road, Xucheng Town, Xuyi County, Huaian City, Jiangsu Province | 211700 | Kang Le | 0517-88219875 |
| 104 | | 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 |
| 105 | | | Securities Branch in Caochangmen Street, Nanjing | 18/F, No. 101 Caochangmen Street, Nanjing City | 210036 | Li Guoping | 025-86586116 |
| 106 | | | Securities Branch in Changjiang Road, Nanjing | 1/F and 2/F, No. 99 Changjiang Road, Nanjing City | 210005 | Zhang Cuilian | 025-84798478 |
| 107 | Jiangsu 95 | | Securities Branch in Baota Road, Gaochun, Nanjing | No. 158-8 Baota Road, Chunxi Town, Gaochun District, Nanjing City, Jiangsu Province | 211300 | Xing Jiabin | 025-56816718 |
| 108 | | | Securities Branch in Guangzhou Road, Nanjing | No. 189 Guangzhou Road, Nanjing City, Jiangsu Province | 210024 | Li Boyang | 025-58010075 |
| 109 | | | Securities Branch in Lushan Road, Nanjing | No. 168 Lushan Road, Jianye District, Nanjing City | 210029 | Jiang Xianming | 025-83539789 |
| 110 | | | Securities Branch in Hubu Street, Nanjing | No. 15 Hubu Street, Nanjing City, Jiangsu Province | 210002 | Dai Yang | 025-86895618 |
| 111 | | | Securities Branch in Tianyuan East Road, Jiangning, Nanjing | Rooms 801-805, Building 8, Fortune Plaza II, No. 228 Tianyuan East Road, Chunhua Street, Jiangning, Nanjing City | 211100 | Li Ying | 025-87189130 |
| 112 | | | Securities Branch in Jiefang Road, Nanjing | No. 20 Jiefang Road Nanjing City | 210016 | Zhang Anzhong | 025-84620977 |
| 113 | | | Securities Branch in Xiongzhou West Road, Liuhe, Nanjing | 9/F, Building 1, No. 12 Xiongzhou West Road, Xiongzhou Street, Liuhe District, Nanjing City | 211500 | Xie Xiangshun | 025-57115051 |
| 114 | | | Securities Branch in Ningshuang Road, Nanjing | 12/F, Building A, Yunmi City, No. 19 Ningshuang Road, Yuhuatai District, Nanjing City, Jiangsu Province | 210007 | Yao Xiaoqiang | 025-84601105 |
| 115 | | | Securities Branch in Yushi Street, Nanjing | No. 96 Yushi Street, Nanjing City, Jiangsu Province | 210008 | Tian Yu | 025-84701234 |
| 116 | | | Securities Branch in Zhimaying, Nanjing | No. 26 Zhimaying, Nanjing City | 210004 | Chu Dongbing | 025-52210618 |
| 117 | | | Securities Branch in Zhonghua Road, Nanjing | No. 255 Zhonghua Road, Nanjing City, Jiangsu Province | 210001 | Xu Minfeng | 025-52230208 |
| 118 | | | Securities Branch in Huatai Securities Building, East Zhongshan Road, Nanjing | Room 7W4, No. 90 East Zhongshan Road, Qinhuai District, Nanjing | 210009 | Geng Kun | 025-84718112 |
| 119 | | | Securities Branch in Zhongshan North Road, Nanjing | 1/F and 5/F, Zhongshan Junjing Building, No. 333 Zhongshan North Road, Gulou District, Nanjing City | 210003 | Zhang Xiaodi | 025-83539281 |
| 120 | | | The Third Securities Branch in Zhongyang Road, Nanjing | Block 6, No. 399, Zhongyang Road, Nanjing City, Jiangsu Province | 210037 | Xing Qin | 025-83581188 |
| 121 | | | Securities Branch in Pusi Road, Nanjing | No. 8-2 Pusi Road, High-tech Industrial Development Zone, Nanjing City, Jiangsu Province | 210032 | Xu Kangze | 025-86334012 |

| No. | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of person in charge |
|---|---|---|---|---|---|---|---|
| 122 | | Nan Tong | Securities Branch in Changjiang Road, Haimen | No. 231, Changjiang Road, Haimen Town, Haimen City, Jiangsu Province | 226100 | Zhu Bing | 0513-82227766 |
| 123 | | | Securities Branch in Middle Changjiang Road, Hai'an, Nantong | No. 93 Middle Changjiang Road, Hai'an Town, Hai'an County, Nantong City, Jiangsu Province | 226600 | Zhai Jiping | 0513-88856678 |
| 124 | | | Securities Branch in Gongnong Road, Nantong | Rooms 2404-2405, South Building, Harmony City, No. 57 Gongnong Road, Nantong City | 226000 | Sha Fei | 0513-85126758 |
| 125 | | | Securities Branch in Middle Renmin Road, Nantong | No. 10 Middle Renmin Road, Nantong City, Jiangsu Province | 226001 | Bian Xiaohong | 0513-85123188 |
| 126 | | | Securities Branch in Renmin Road, Rudong, Nantong | Renmin Road West, Juegang Town, Rudong County, Nantong City, Jiangsu Province | 226400 | Chen Xiaojun | 0513-84883333 |
| 127 | | | Securities Branch in Shanghai East Road, Nantong | Room 112, Business Block 1, Xinghu Linli, Nantong City, Jiangsu Province | 226009 | Zhu Bing | 0513-83593191 |
| 128 | | | Securities Branch in New Century Avenue, Tongzhou, Nantong | 01B-2 Office, No. 170, New Century Avenue, High-tech Zone, Nantong | 226300 | Qian Hang | 0513-81692959 |
| 129 | | | Securities Branch in Yaogang Road, Nantong | No. 6 Yaogang Road, Nantong City, Jiangsu Province | 226006 | Xu Ke | 0513-85580999 |
| 130 | | | Securities Branch in Middle Renmin Road, Qidong | No. 505, Middle Renmin Road, Huilong Town, Qidong City, Jiangsu Province | 226200 | Yao Liang | 0513-83652208 |
| 131 | | | Securities Branch in Fushou Road, Rugao | No. 2-1 & 2-2 Building Phase III, Chengjianjiayuan, Rucheng Town, Rugao City, Jiangsu Province | 226500 | Ji Xi | 0513-81692950 |
| 132 | | Suzhou | Securities Branch in Jinshajiang Road, Changshu | No. 18, Jinshajiang Road, Changshu City, Jiangsu Province | 215500 | Pan Yi | 0512-52895998 |
| 133 | | | 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 |
| 134 | | | Securities Branch in Ganjiang West Road, Suzhou | No. 1359, Ganjiang West Road, Suzhou City, Jiangsu Province | 215004 | Dong Xiaoyan | 0512-68270515 |
| 135 | | | Securities Branch in Heshan Road, Suzhou | 2/F, Building 2, Jinri Jiayuan (No. 56, Heshan Road), Hightech Zone, Suzhou City | 215000 | Liu Xiao | 0512-68785488 |
| 136 | | | Securities Branch in Renmin Road, Suzhou | No. 1925, Renmin Road, Suzhou City, Jiangsu Province | 215001 | Zhang Zhen | 0512-67579766 |
| 137 | | | Securities Branch in East Suzhou Avenue, Suzhou | 29A, Modern Media Plaza, No. 265 East Suzhou Avenue, Suzhou Industrial Park | 215028 | Guo Hangxi | 0512-67248873 |
| 138 | | | Securities Branch in Xinshi Road, Suzhou | No. 102, Xinshi Road, Canglang District, Suzhou City, Jiangsu Province | 215007 | Yu Lin | 0512-65729996 |
| 139 | | | Securities Branch in Taiping South Road, Taicang | No. 36-1 Taiping South Road, Chengxiang Town, Taicang City, Jiangsu Province | 215400 | Lu Renyan | 0512-53589559 |
| 140 | | | Securities Branch in Guangzhou Road, Shengze Town, Wujiang | Room 107, Huiying Mansion, Financial Business Center, North Side of ChenjiaqiaoVillage Road, Xincheng District, Shengze Town, Wujiang District, Suzhou City | 215228 | Fan Xiaofeng | 0512-63910061 |
| 141 | | | Securities Branch in Middle Changjiang Road, Jingang Town, Zhangjiagang | No. 251, Middle Changjiang Road, Jingang Town, Zhangjiagang City, Jiangsu Province | 215633 | Zhang Lin | 0512-56767800 |
| 142 | | | Securities Branch in Yangshe East Road, Zhangjiagang | No. 2 Yangshe Road East, Zhangjiagang City, Jiangsu Province | 215600 | Han Zongxu | 0512-58220333 |
| 143 | | | Securities Branch in Wuzhong Avenue, Suzhou | 2/F, Wuzhong Commercial Center, Building 1, No. 198 Su Street, Yuexi Subdistrict, Wuzhong Economic Development Zone, Suzhou | 215104 | Sun Qiang | 0512-66021886 |
| 144 | | | Securities Branch in Gaoxin Road, Wujiang District, Suzhou | No. 946/No.948, Gaoxin Road, Songling Town, Wujiang District, Suzhou City | 215200 | Zhao Yang | 0512-63956208 |

| No. | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of person in charge |
|---|---|---|---|---|---|---|---|
| 145 | | Taizhou | Securities Branch in Jiangyan Road East | No. 23, East Avenue, Luotang Street, Jiangyan District, Taizhou City, Jiangsu Province | 225500 | Miao Genping | 0523-88209518 |
| 146 | | | Securities Branch in Middle Renmin Road, Jingjiang | No. 150-3 Middle Renmin Road, Jingjiang City, Jiangsu Province | 214500 | Dong Jun | 0523-89101088 |
| 147 | | | Securities Branch in Guoqing West Road, Taixing | D106/D206, Hotel Building 4, Qingyun Garden, Taixing City, Jiangsu Province | 225400 | Tao Jin | 0523-87095597 |
| 148 | | | 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 |
| 149 | | | Securities Branch in Middle Yingwu Road, Xinghua, Taizhou | No. 198 Middle Yingwu Road, Xinghua City, Jiangsu Province | 225700 | Su Bin | 0523-83256333 |
| 150 | | Wuxi | Securities Branch in Futai Road, Jiangyin | 5/F, New Baiye Square, No. 8 Futai Road, Jiangyin City | 214421 | Yu Bo | 0510-86837528 |
| 151 | | | Securities Branch in Huandong Road, Huashi Town, Jiangyin | No. 680, Huandong Road, Huashi Town, Jiangyin City | 214421 | Zhong Hua | 0510-86837400 |
| 152 | | | Securities Branch in West Avenue, Zhouzhuang Town, Jiangyin | No. 318, West Avenue, Zhouzhuang Town, Jiangyin City | 214423 | Yan Ming | 0510-81660193 |
| 153 | | | Securities Branch in Hongqiao North Road, Changjing Town, Jiangyin | No. 10, Hongqiao North Road, Changjing Town, Jiangyin City | 214411 | Gu Chun | 0510-86837472 |
| 154 | | | Securities Branch in Yingxiu Road, Qingyang Town, Jiangyin | No. 111, Yingxiu Road, Qingyang Town, Jiangyin City | 214401 | Liu Chaohui | 0510-86817241 |
| 155 | | | Securities Branch in Shenpu Road, Lingang, Jiangyin | No. 108 Shenpu Road, Lingang Subdistrict, Jiangyin City | 214443 | Huang Yaqiu | 0510-81666278 |
| 156 | | | Securities Branch in Liangqing Road, Wuxi | 1/F, Jiangong Building, No. 56 Liangqing Road, Wuxi City, Jiangsu Province | 214000 | Wan Lei | 0510-82768155 |
| 157 | | | Securities Branch in Jiefang West Road, Wuxi | No. 327 Jiefang West Road, Wuxi City | 214000 | Zhang Ye | 0510-82722975 |
| 158 | | | Securities Branch in Financial First Street, Wuxi | Unit 01B, First Floor, No. 11, Financial First Street, Taihu New City, Binhu District, Wuxi City | 214123 | Tang Kai | 0510-85065672 |
| 159 | | | Securities Branch in Yongle Road, Wuxi | 1/F, Shuili Building, Nanhebang No. 12, Yongle Road, Nanchang District, Wuxi City, Jiangsu Province | 214021 | You Lingyan | 0510-85045101 |
| 160 | | | Securities Branch in Jiefang East Road, Yixing | No. 177 Jiefang East Road, Yicheng Subdistrict, Yixing City, Jiangsu Province | 214299 | Liu Hui | 0510-80793526 |
| 161 | | Lianyungang | Securities Branch in Tongguan South Road, Lianyungang, | No. 69 Tongguan South Road, Haizhou District, Lianyungang Jiangsu Province | 222001 | Liu Lei | 0518-85519068 |
| 162 | | Suqian | Securities Branch in Beijing North Road, Shuyang | No. 17 (on the first floor of CCB), Beijing North Road, Shucheng Town, Shuyang County | 223600 | Feng Lingtong | 0527-87880259 |
| 163 | | | Securities Branch in Hongze Lake Road, Suqian | No. 581, Hongze Lake Road, Suqian City | 223800 | Zhang Yang | 0527-84390068 |
| 164 | | | 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 |
| 165 | | | Securities Branch in Middle Beijing Road, Siyang, Suqian | No. 1 Middle Beijing Road, Zhongxing Town, Siyang County | 223700 | Wu Yi | 0527-85181112 |

| No. | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of person in charge |
|---|---|---|---|---|---|---|---|
| 166 | | Xuzhou | Securities Branch in Science Park, Xuzhou | Room 103, F/1 & Rooms 306, 307 and 308, F/3, Technology Building, Technology Avenue, Quanshan District, Xuzhou City | 221006 | Zhou Xuehong | 0516-85850911 |
| 167 | | | Securities Branch in Tangmu Road, Pei County, Xuzhou | No.2,Tangmu Road, Pei County, Xuzhou City, Jiangsu Province | 221600 | Luo Wei | 0516-81202066 |
| 168 | | | Securities Branch in Qingnian Road, Xuzhou | No. 117 Qingnian Road, Yunlong District, Xuzhou City | 221000 | Jiao Shuai | 0516-83718027 |
| 169 | | | 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 | Zhang Lei | 0516-81307121 |
| 170 | | | Securities Branch in Heping Road, Xuzhou | 101-2, Wenyuan Building, No. 59 Heping Road, Yunlong District, Xuzhou City | 221116 | Wang Guihang | 0516-83538896 |
| 171 | | | 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 | 221000 | Lin Yan | 0516-85803998 |
| 172 | | | Securities Branch in Daqiao West Road, Xinyi | No. 8 Daqiao West Road, Xinyi, Xuzhou City, Jiangsu Province | 221400 | Wang Lei | 0516-88989808 |
| 173 | | | 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 |
| 174 | | 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 |
| 175 | | | Securities Branch in Middle Hailing, Dongtai | Rooms 8017 & 8018, Building 3, Shangye New Village, No. 78 Middle Hailing, Dongtai | 224200 | Xi Jing | 0515-85105761 |
| 176 | | | Securities Branch in Chenghe Road, Funing, Yancheng | No. 63 (C) Chenghe Road, Funing County | 224400 | Fu Yacheng | 0515-87875111 |
| 177 | | | Securities Branch in South Hongxing Alley, Binhai, Yancheng | Room 15-103 and Room 15- 104, No. 15 Commercial and Residential Building, No. 16 Commercial and Office Building, Lvdu Jiayuan, No. 29 South Hongxing Alley, Dongkan Street, Binhai County | 224500 | Zhou Dehong | 0515-87021988 |
| 178 | | Yangzhou | Securities Branch in Pinghuai Road, Gaoyou, Yangzhou | No. 37 Pinghuai Road, Gaoyou | 225600 | Guan Yizhi | 0514-84666552 |
| 179 | | | Securities Branch in Yeting East Road, Baoying, Yangzhou | No. 10, Yeting East Road, Baoying County | 225800 | Zuo Enlin | 0514-88230488 |
| 180 | | | Securities Branch in South Longchuan Road, Jiangdu, Yangzhou | No. 220, 222, 226, Business Buildings, Longchuan Road, Zhongyuan Europe City, Xiannv Town, Jiangdu District, Yangzhou City | 225200 | Wang Hongmei | 0514-86534998 |
| 181 | | | Securities Branch in Wenchang West Road, Yangzhou | (Park International Building) No. 56 Wenchang West Road, Yangzhou City, Jiangsu Province | 225000 | Cheng Li | 0514-85863888 |
| 182 | | | Securities Branch in Wenchang Middle Road, Yangzhou | No. 406, Wenchang Middle Road, Yangzhou City, Jiangsu Province | 225001 | Zhang Jingbao | 0514-87055888 |
| 183 | | | Securities Branch in Zhenzhou East Road, Yizheng, Yangzhou | No. 101 Zhenzhou East Road, Zhenzhou Town, Yizheng City, Jiangsu Province | 211400 | Lu Zaiyan | 0514-83962098 |
| 184 | | Zhenjiang | Securities Branch in Cuizhu South Road, Yangzhong | No. 235 Cuizhu South Road, Sanmao Subdistrict, Yangzhong City | 212200 | Ling Qi | 0511-88399933 |
| 185 | | | Securities Branch in Guyang Avenue, Dantu, Zhenjiang | Rooms 101-102, Building 56, Shengdiyage, Dantu District, Zhenjiang City | 212000 | Hou Yeping | 0511-85115898 |
| 186 | | | Securities Branch in Dongfang Road, Danyang, Zhenjiang | No. 25, Dongfang Road, Development Zone of Danyang City | 212300 | Hou Yonghua | 0511-86699772 |
| 187 | | | Securities Branch in Huayang North Road, Jurong, Zhenjiang | No. 8-2 Huayang North Road, Huayang Town, Jurong City | 212400 | Xu Kai | 0511-85979998 |

| No. | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of person in charge |
|---|---|---|---|---|---|---|---|
| 188 | | Dalian | Securities Branch in Shengli East Road, Dalian | No. 2-1, 2-2 and 2-3, Unit 1, No. 227 Market Street; No. 223 and 231, Market Street, Xigang District, Dalian City, Liaoning Province | 116013 | Tang Wei | 0411-82815866 |
| 189 | | | Securities Branch in Lianhe Road, Dalian | No. 4, Meiduyuan, Shahekou District, Dalian City, Liaoning Province | 116021 | Zhang Sai | 0411-84342688 |
| 190 | | Panjin | Securities Branch in Shiyou Street, Panjin | Jiguanwei, Shiyou Street, Xinglongtai District, Panjin City | 124010 | Wang Ran | 0427-3257500 |
| 191 | Liaoning 7 | Shenyang | Securities Branch in Daxi Road, Shenyang | No. 187, Daxi Road, Shenhe District, Shenyang City, Liaoning Province | 110014 | Wang Hui | 024-31976665 |
| 192 | | | Securities Branch in Guangrong Street, Shenyang | Floors 2-5, No. 23, Guangrong Street, Heping District, Shenyang City, Liaoning Province | 110003 | Liu Zhiwei | 024-31883577 |
| 193 | | | Securities Branch in Qingnian Street, Shenyang | No. 320 (Building group 201), Qingnian Street, Heping District, Shenyang City, Liaoning Province | 110004 | Zhang Hongxing | 024-31883388 |
| 194 | | Yingkou | Securities Branch in Bohai Street, Yingkou | No. 16-A-1, Bohai Street East, Zhanqian District | 115000 | Jia Jing | 0417-3350961 |
| 195 | | Jinan | Securities Branch in Jingqi Road, Jinan | West of 1st Floor, Runheng Building, No. 83, Jingqi Road, Shizhong District, Jinan City | 250000 | Zhang Qinlei | 18660186343 |
| 196 | | | Securities Branch in JingshiziRoad, Jinan | Rooms C106 & C108, Zone C, 1F and Rooms B200, B202 & 206, Zone B, 2F, Huate Plaza, No. 17703, Jingshi Road, Lixia District, Jinan City | 250061 | Wang Qiang | 0531-82318318 |
| 197 | | | 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 |
| 198 | Shandong 7 | Yantai | Securities Branch in Changshan Road, Laiyang | No. 32, Changshan Road, Laiyang City, Shandong Province | 265200 | Zhang Baigang | 0535-7999111 |
| 199 | | | Securities Branch in Jinhua Street, Yantai | No. 85, Jinhua Street, Zhifu District, Yantai City, Shandong Province | 264000 | Wang Xiaodong | 0535-2150055 |
| 200 | | Qingdao | Securities Branch in West Hong Kong, Qingdao | No. 79 West Hong Kong, Shinan District, Qingdao, Shandong Province | 266071 | Cui Junfeng | 0532-85713938 |
| 201 | | Linyi | Securities Branch in Jinqueshan Road, Linyi | Room 101, Block B, Weitetianyuan Square, Jinqueshan Road, Lanshan District, Linyi City, Shandong Province | 276000 | Jing Jianfei | 0539-7030698 |

| No. | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of person in charge |
|---|---|---|---|---|---|---|---|
| 202 | | Shanghai | Securities Branch in Jiangning Road, Putuo District, Shanghai | Room 901, No. 1158, Jiangning Road, Putuo District, Shanghai | 200060 | Huang Weiqing | 021-33532200 |
| 203 | | | Securities Branch in Gonghe New Road, Shanghai | Zones A, B, C, 15/F, No. 5199, Gonghe New Road, Baoshan District, Shanghai | 200435 | Xie Feng | 021-56761987 |
| 204 | | | Securities Branch in Guobin Road, Yangpu District, Shanghai | Rooms 1801-1804, No. 36, Guobin Road, Yangpu District, Shanghai | 200433 | Xu Shan | 021-33621855 |
| 205 | | | Securities Branch in Huanghe Road, Shanghai | 4/F, No. 333, Huanghe Road, Huangpu District, Shanghai | 200003 | He Wei | 021-63181398 |
| 206 | | | Securities Branch in Raffles Square, Huangpu District, Shanghai | Room 5003-05 (actual room numbers are 4403A, 4403B, 4404), No. 268, Central Tibet Road, Huangpu District, Shanghai | 200042 | Ruan Jing | 021-63550001 |
| 207 | | | Securities Branch in Weihai Road, Jing'an District, Shanghai | Room 1305, No. 511, Weihai Road, Jing'an District, Shanghai | 200041 | Rui Xiaoxiao | 021-62678287 |
| 208 | | | Securities Branch in Mudanjiang Road, Shanghai | 5/F, No. 1508, Mudanjiang Road, Baoshan District, Shanghai | 201999 | Duan Baodong | 021-56106616 |
| 209 | Shanghai 15 | | 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 |
| 210 | | | 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 |
| 211 | | | Securities Branch in Tianyaoqiao Road, Xuhui District, Shanghai | Rooms 1103, 1105, 1107 and 1109, No. 329, in Tianyaoqiao Road, Xuhui District, Shanghai | 200030 | Zhang Renrong | 021-54254885 |
| 212 | | | Securities Branch in Xianxia Road, Changning District, Shanghai | No. 1398-1, Xianxia Road, Changning District, Shanghai (Temporary) | 200336 | Li Zhongyi | 021-52983009 |
| 213 | | | Securities Branch in Wuding Road, Shanghai | 6/F, 7/F, No. 1088, Wuding Road, Jing'an District, Shanghai | 200040 | Qi Lili | 021-62566063 |
| 214 | | | Securities Branch in Tibet South Road, Shanghai | Rooms 506-509, 5/F, No. 1313 Tibet South Road, Huangpu | 200011 | Shi Cao | 021-53078867 |
| 215 | | | Securities Branch in Miaojing Road, Pudong New District, Shanghai | District, Shanghai 1-3/F, No. 642, Miaojing Road, Pudong New District, Shanghai | 201299 | Miao Cong | 021-33825017 |
| 216 | | | Securities Branch in Century Avenue, Pudong New District, Shanghai | Unit 05, 1F, No. 1229, Century Avenue, Shanghai Pilot Free Trade Zone, China | 200120 | Huang Wei | 021-58392077 |
| 217 | | 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 | 610000 | Yang Rui | 028-87448096 |
| 218 | | | 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 |
| 219 | | | 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 |
| 220 | 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 |
| 221 | | | Securities Branch in Zhengdong Central Street, Tianfu New New District, Chengdu | Rooms 240, 242, 244 and 246, Zhengdong Central Street, Huayang Subdistrict, Tianfu New District, Chengdu City, Sichuan Province | 610213 | Wang Hongtao | 028-85640443 |
| 222 | | | Securities Branch in Shixili , Xipu, Chengdu | Annex 13, 14 of No. 68, Yuanlin Road, Xipu Town, Pidu District, Chengdu City | 611731 | Liu Feng | 028-87843269 |
| 223 | | 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 | Shang Guang | 0838-7201167 |
| 224 | 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 |
| 225 | Chongqing 1 | Chongqing | Securities Branch in Jiangbeizui, Chongqing | Room 1503, 15/F, Unit 2, No.9 Huixianyan Square, Jiangbei District, Chongqing | 400084 | He Xiaoping | 023-68901837 |

| No. | Province | City | Name | Address | Zip code | Person in charge of securities branches | Contact number of person in charge |
|---|---|---|---|---|---|---|---|
| 226 | Tianjin 4 | Tianjin | Securities Branch in Baidi Road, Tianjin | No. 240, Baidi Road, Nankai District | 300192 | Zhang Haiyan | 022-87893469 |
| 227 | | | Securities Branch in Erwei Road, Dongli Development Zone, Tianjin | Rooms 209-211, 2/F, Caizhi Building, No. 9, Erwei Road, Dongli Development Zone, Tianjin City | 300399 | Liu Yongjun | 022-84373801 |
| 228 | | | Securities Branch in Qinjian Road, Tianjin | Bottom Floor (Business Area), Yunhan Building, No. 185, Qinjian Road, Hongqiao District | 300130 | Xu Jianguo | 022-26532286 |
| 229 | | | Securities Branch in Huachang Road, Tianjin | Unit 07, 08, 09, 10, 2/F, Building 1, No. 40, Huachang Road, Hedong District, Tianjin City | 300151 | Zhang Feng | 022-58811908 |
| 230 | 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 |
| 231 | 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 |
| 232 | | | 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 |
| 233 | Qinghai 1 | Xining | Securities Branch in Wusi Road, Xining | Unit 1, 14/F, No. 33, Wusi Road, Chengxi District, Xining City | 810000 | Liang Xu | 0971-6368338 |
| 234 | 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 |
| 235 | 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 |
| 236 | 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, Zhejiang Province | 310004 | Zhao Nan | 0571-28809281 |
| 237 | | | Securities Branch in Qiushi Road, Hangzhou | Room 501B and 805, North Block of Xi yuan Building, No. 8, Qiushi Road, Xihu District, Hangzhou City, Zhejiang Province | 310007 | Zhu Weizhou | 0571-87756088 |
| 238 | | Ningbo | Securities Branch in Liuting Street, Ningbo | 3/F, Office Building, No. 230, Liuting Street, Haishu District, Ningbo City, Zhejiang Province | 315010 | Ren Xin | 0574-87023678 |
| 239 | | 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, Zhejiang Province | 312000 | Zhang Zhengxing | 0575-85222916 |
| 240 | | 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 |
| 241 | | 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 |
| 242 | | 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 |
| 243 | | 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 | 2020-01-06 | Announcement by HTSC on Results on Increase in Shareholding of Jiangsu Guoxin Investment Group Limited |
| 2 | 2020-01-07 | Announcement by HTSC on Issuance Results for Short-term Debentures (First Tranche) in 2020 |
| 3 | 2020-01-10 | Announcement by HTSC on Key Financial Information of Business Operation for December 2019 |
| 4 | 2020-01-15 | Announcement by HTSC on Accumulative Increase of New Borrowings in Current Year Exceeding Net Assets at the End of Previous Year by 40% |
| 5 | 2020-01-18 | Extraordinary Report by GF Securities Co., Ltd. on the Entrusted Management Affairs in Relation to Corporate Bonds of Huatai Securities Co., Ltd. |
| 6 | 2020-01-21 | Extraordinary Report by Shenwan Hongyuan Securities Co., Ltd. on the Entrusted Management Affairs in Relation to Major Events of Corporate Bonds of Huatai Securities Co., Ltd., Extraordinary Report by China International Capital Corporation Limited on the Entrusted Management Affairs in Relation to Accumulative Increase of New Borrowings of Huatai Securities Co., Ltd. in Current Year Exceeding Net Assets at the End of Previous Year by 40% |
| 7 | 2020-01-23 | Announcement by HTSC on Positive Profit Alert for the 2019 Annual Results |
| 8 | 2020-01-31 | Announcement by HTSC on the Resolutions of the Third Meeting of the Fifth Session of the Board and Independent Opinion of HTSC Independent Directors on Engagement of Chief Financial Officer |
| 9 | 2020-02-08 | Announcement by HTSC on Key Financial Information of Business Operation for January 2020 |
| 10 | 2020-02-12 | Announcement by HTSC on Issuance Results for Short-term Debentures (Second Tranche) in 2020 |
| 11 | 2020-02-13 | Announcement by HTSC on the Listing of Offshore Bonds on The Stock Exchange of Hong Kong Limited, Announcement by HTSC on Settlement the Principal and Interest of 2020 and Delisting for 2017 Non-publicly Issued Corporate Bonds (First Tranche) (Category II) and Announcement by HTSC on Providing Guarantee for the Issuance of Dollar Bonds of Wholly-owned Offshore Subsidiaries |
| 12 | 2020-02-19 | Announcement by HTSC on Approval of Qualification as Chairman of the Supervisory Committee, Announcement by HTSC on the Appointment of Certain Senior Management |
| 13 | 2020-02-29 | Announcement by HTSC on Issuance Results for Short-term Debentures (Third Tranche) in 2020 and Announcement by HTSC on the Resolutions of the Fourth Meeting of the Fifth Session of the Board |

| No. | Date | Announcement |
|---|---|---|
| 14 | 2020-03-04 | H Share Announcement by HTSC－Monthly Return of Equity Issuer on Movements in Securities for the Month Ended February 29, 2020, Announcement by HTSC on Reply from the CSRC in Relation to Conducting Pilot Fund Investment Advisory Business |
| 15 | 2020-03-05 | Announcement by HTSC on Settlement the Principal and Interest of 2020 and Delisting for 2018 Non-publicly Issued Subordinated Bonds (First Tranche) |
| 16 | 2020-03-06 | Announcement by HTSC on Key Financial Information of Business Operation for February 2020 |
| 17 | 2020-03-07 | Announcement by HTSC on Issuance Results for Short-term Debentures (Fourth Tranche) in 2020 and Announcement by HTSC on the Appointment of Chief Financial Officer and Change in the Chairman of its Subsidiaries |
| 18 | 2020-03-11 | Announcement by HTSC on the Appointment of Mr. Li Shiqian, a member of Executive Committee |
| 19 | 2020-03-12 | Announcement on 2020 Interest Payment of 2019 Corporate Bonds of HTSC Publicly Issued to Qualified Investors (First Tranche) (Type I) |
| 20 | 2020-03-19 | H Share Announcement by HTSC－Date of Board Meeting |
| 21 | 2020-03-20 | Announcement by HTSC on Reply from the CSRC in Relation to Approval on Public Issuance of Corporate Bonds |
| 22 | 2020-03-23 | Announcement on Issuance of 2020 Corporate Bonds of HTSC Publicly Issued to Qualified Investors (First Tranche), Prospectus of 2020 Corporate Bonds of HTSC Publicly Issued to Qualified Investors (First Tranche), Prospectus Summary of 2020 Corporate Bonds of HTSC Publicly Issued to Qualified Investors (First Tranche), Credit Rating Report on 2020 Corporate Bonds of HTSC Publicly Issued to Qualified Investors (First Tranche) |
| 23 | 2020-03-24 | Announcement on Extension of Bookkeeping Time of 2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Qualified Investors (First Tranche), Announcement on Extension of Bookkeeping Time of 2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Qualified Investors (First Tranche) |
| 24 | 2020-03-25 | Announcement on Coupon Rate of 2020 Corporate Bonds of HTSC Publicly Issued to Qualified Investors (First Tranche) |
| 25 | 2020-03-26 | Announcement on Issuance Results for 2020 Corporate Bonds of HTSC Publicly Issued to Qualified Investors (First Tranche) |
| 26 | 2020-03-27 | Announcement by HTSC on the Online Briefing on the Annual Results of 2019 |
| 27 | 2020-03-30 | Announcement by HTSC on Approval on Formal Pilot Implementation of Consolidated Supervision |

| No. | Date | Announcement |
|---|---|---|
| 28 | 2020-03-31 | 2019 Annual Report of HTSC, 2019 Annual Report Summary of HTSC, Annual Internal Control Audit Report in 2019, Special Review Report on Deposit and Actual Use of Huatai Securities Co., Ltd.'s Funds Raised in 2019 by Guotai Junan Securities Co., Ltd. and Huatai United Securities Co., Ltd., Report on Performance of Duties of Audit Committee under the Board of HTSC in 2019, Special Verification Opinions on Anticipation of Ordinary Transactions with Related Parties in 2020 of Huatai Securities Co., Ltd. by Guotai Junan Securities Co., Ltd. and Huatai United Securities Co., Ltd., 2019 Annual Report on Continuously Performing Supervision on Non-Public Issuance of A Shares by Huatai Securities Co., Ltd. of Guotai Junan Securities Co., Ltd. and Huatai United Securities Co., Ltd., Reports from Guotai Junan Securities Co., Ltd. and Huatai United Securities Co., Ltd. on Ongoing Supervision, Sponsoring and Summary of Huatai Securities Co., Ltd.'s Non-public Issuance of A Shares, Annual Internal Control Evaluation Report of HTSC in 2019, Announcement by HTSC on the Resolutions of the Fifth Meeting of the Fifth Session of the Board, Independent Opinion of HTSC Independent Directors on Matters Concerning 2019 Annual Report of the Company, Independent Opinions of Independent Directors of HTSC on Repurchase of A Shares of the Company through Centralized Price Bidding, Independent Opinion on Nomination of Candidates for Independent Non-executive Directors of the Company of HTSC's Independent Directors, Personal Statements of Nominators of HTSC Independent Director Candidates, Personal Statements of HTSC Independent Director Candidates, Announcement on Annual Profit Distribution Plan of HTSC in 2019, Announcement on the re-appointment of the accounting firm by HTSC, Announcement by HTSC on the Resolutions of the Second Meeting of the Fifth Session of the Board, Announcement by HTSC on Amendments to the Articles of Association of the Company, Announcement on Anticipation of Ordinary Transactions with Related Parties in 2020 of HTSC, Announcement by HTSC on Repurchase of A Shares through Centralized Price Bidding, 2019 Annual Auditing Report, Special Explanation on Occupation of Non-operating Funds and Transaction of Other Associated Funds for 2019, Report on Performance of Duties of HTSC's Independent Directors in 2019, Special Report on Deposit and Actual Use of the Funds Raised in 2019 by HTSC, Corporate Social Responsibility Report of HTSC for 2019, Assurance Report on the Special Report on Deposit and Actual Use of HTSC Fund Raised in 2019, Special Explanation by HTSC on Matters of Changes in Accounting Policies in 2019 |
| 29 | 2020-04-03 | Announcement by HTSC on the Plan on Increase in Shareholding of Jiangsu Guoxin Investment Group Limited |

| No. | Date | Announcement |
|---|---|---|
| 30 | 2020-04-07 | Report on Repurchase of A Shares by HTSC through Centralized Bidding Trading, Legal Opinions from Shanghai Office of King & Wood Mallesons on Repurchase of Part of A Shares by HTSC through Centralized Bidding Trading, Announcement by HTSC on Shareholdings of Top Ten Shareholders and Top Ten Holders of Shares not Subject to Lock-up, Announcement on Issuance Results for 2020 Corporate Bonds of HTSC Publicly Issued to Qualified Investors(First Tranche), Monthly Return of Equity Issuer on Movements in Securities for the Month Ended March 31, 2020 |
| 31 | 2020-04-08 | Announcement by HTSC on Change in the General Manager of Huatai Purple Gold Investment Co., Ltd., Announcement by HTSC on Initial Repurchase of A Shares of the Company through Centralized Bidding Trading, H Share Announcement of HTSC－Next Day Disclosure Return |
| 32 | 2020-04-09 | H Share Announcement of HTSC－Next Day Disclosure Return |
| 33 | 2020-04-10 | Announcement by HTSC on Key Financial Information of Business Operation for March 2020 |
| 34 | 2020-04-14 | H Share Announcement of HTSC－Next Day Disclosure Return |
| 35 | 2020-04-15 | Announcement on 2020 Interest Payment of 2019 Corporate Bonds of HTSC Publicly Issued to Qualified Investors (Second Tranche) (Category I), H Share Announcement of HTSC－Next Day Disclosure Return |
| 36 | 2020-04-16 | Announcement by HTSC on the Progress on Increase in Shareholding of Jiangsu Guoxin Investment Group Limited |
| 37 | 2020-04-18 | H Share Announcement of HTSC－Date of Board Meeting |
| 38 | 2020-04-24 | Prospectus of 2020 Corporate Bonds of HTSC Publicly Issued to Qualified Investors (Second Tranche), Credit Rating Report on 2020 Corporate Bonds of HTSC Publicly Issued to Qualified Investors (Second Tranche), Prospectus Summary of 2020 Corporate Bonds of HTSC Publicly Issued to Qualified Investors (Second Tranche), Announcement on Issuance of 2020 Corporate Bonds of HTSC Publicly Issued to Qualified Investors (Second Tranche) |
| 39 | 2020-04-27 | Announcement on Extension of Bookkeeping Time of 2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Qualified Investors (Second Tranche), Announcement on Extension of Bookkeeping Time of 2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Qualified Investors (Second Tranche), Announcement on Extension of Bookkeeping Time of 2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Qualified Investors (Second Tranche) |
| 40 | 2020-04-28 | Announcement on Coupon Rate of 2020 Corporate Bonds of HTSC Publicly Issued to Qualified Investors (Second Tranche) |

| No. | Date | Announcement |
|---|---|---|
| 41 | 2020-04-29 | Announcement by HTSC on Results of Tracking Rating of Corporate Bonds Issued in 2013, 2016, 2018, 2019 and 2020, Financial Bonds Issued in 2019 and Subordinated Bonds Issued in 2018, Report on Tracking Rating of HTSC and 13 Huatai 02, 16 Huatai G2, 16 Huatai G4, 18 Huatai G1, 18 Huatai G2, 19 Huatai G1, 19 Huatai G3 and 20 Huatai G1 Issued by It, Report on Tracking Rating of 2019 Financial Bonds of HTSC (First Tranche), Report on Tracking Rating of 2018 Non-publicly Issued Subordinated Bonds (Second Tranche) by HTSC, Announcement by HTSC on settlement the principal and interest of 2020 and Delisting for 2017 Non-publicly Issued Corporate Bonds (Second Tranche)(Category II), Announcement by HTSC on 2020 Interest Payment and Delisting for 2018 Non-publicly Issued Subordinated Bonds (Second Tranche) (Type I) |
| 42 | 2020-04-30 | Text of First Quarterly Report of 2020 of HTSC, First Quarterly Report of 2020 of HTSC, Announcement by HTSC on the Resolutions of the Sixth Meeting of the Fifth Session of the Board, Notice of HTSC 2019 Annual General Meeting, Document of HTSC 2019 Annual General Meeting, Announcement on Issuance Results for 2020 Corporate Bonds of HTSC Publicly Issued to Qualified Investors (Second Tranche) |
| 43 | 2020-05-06 | Report on the Entrusted Management Affairs in Relation to the 2013 Corporate Bonds of HTSC (Year 2019) (Ten-year bonds) |
| 44 | 2020-05-07 | Announcement by HTSC on the Progress of Repurchase of A Shares of the Company through Centralized Price Bidding, Announcement by HTSC on the Appointment of General Manager of Huatai Securities (Shanghai) Asset Management Co., Ltd., H Share Announcement of HTSC－Monthly Return of Equity Issuer on Movements in Securities for the Month Ended April 30, 2020 |
| 45 | 2020-05-08 | H Share Announcement of HTSC－Next Day Disclosure Return |
| 46 | 2020-05-09 | H Share Announcement of HTSC－Next Day Disclosure Return |
| 47 | 2020-05-12 | Announcement by HTSC on Key Financial Information of Business Operation for April 2020, H Share Announcement of HTSC－Next Day Disclosure Return |
| 48 | 2020-05-13 | H Share Announcement of HTSC－Next Day Disclosure Return |
| 49 | 2020-05-14 | H Share Announcement of HTSC－Next Day Disclosure Return |
| 50 | 2020-05-15 | H Share Announcement of HTSC－Next Day Disclosure Return |
| 51 | 2020-05-16 | H Share Announcement of HTSC－Next Day Disclosure Return |
| 52 | 2020-05-19 | H Share Announcement of HTSC－Next Day Disclosure Return |
| 53 | 2020-05-20 | H Share Announcement of HTSC－Next Day Disclosure Return |
| 54 | 2020-05-21 | H Share Announcement of HTSC－Next Day Disclosure Return |
| 55 | 2020-05-22 | H Share Announcement of HTSC－Next Day Disclosure Return |
| 56 | 2020-05-23 | H Share Announcement of HTSC－Next Day Disclosure Return |
| 57 | 2020-05-26 | H Share Announcement of HTSC－Next Day Disclosure Return |
| 58 | 2020-05-27 | H Share Announcement of HTSC－Next Day Disclosure Return |
| 59 | 2020-05-28 | H Share Announcement of HTSC－Next Day Disclosure Return |
| 60 | 2020-05-29 | H Share Announcement of HTSC－Next Day Disclosure Return |
| 61 | 2020-05-30 | H Share Announcement of HTSC－Next Day Disclosure Return |
| 62 | 2020-06-02 | H Share Announcement of HTSC－Next Day Disclosure Return |

| No. | Date | Announcement |
|---|---|---|
| 63 | 2020-06-03 | Announcement by HTSC on the Progress of Repurchase of A Shares of the Company through Centralized Price Bidding, Second Notice of HTSC 2019 Annual General Meeting, Announcement by HTSC on Change in Registered Address of Huatai United Securities Co., Ltd., a Holding Subsidiary of the Company, H Share Announcement of HTSC－Monthly Return of Equity Issuer on Movements in Securities for the Month Ended May 31, 2020, Next Day Disclosure Return |
| 64 | 2020-06-04 | H Share Announcement of HTSC－Next Day Disclosure Return |
| 65 | 2020-06-05 | Announcement by HTSC on Results on Increase in Shareholding of Jiangsu Guoxin Investment Group Limited, Announcement on Key Financial Information of Business Operation for May 2020, H Share Announcement of HTSC－Next Day Disclosure Return |
| 66 | 2020-06-06 | H Share Announcement of HTSC－Next Day Disclosure Return, Proposed 2019 Final Dividend and Closure of Register of Members |
| 67 | 2020-06-09 | H Share Announcement of HTSC－Next Day Disclosure Return |
| 68 | 2020-06-10 | Announcement on Issuance Results for 2020 Short-term Debentures of HTSC (Fifth Tranche), H Share Announcement of HTSC－Next Day Disclosure Return |
| 69 | 2020-06-11 | H Share Announcement of HTSC－Next Day Disclosure Return |
| 70 | 2020-06-12 | H Share Announcement of HTSC－Next Day Disclosure Return |
| 71 | 2020-06-13 | H Share Announcement of HTSC－Next Day Disclosure Return |
| 72 | 2020-06-16 | H Share Announcement of HTSC－Next Day Disclosure Return |
| 73 | 2020-06-17 | Announcement on Issuance Results for 2020 Short-term Debentures of HTSC (Sixth Tranche), H Share Announcement of HTSC－Next Day Disclosure Return |
| 74 | 2020-06-18 | H Share Announcement of HTSC－Next Day Disclosure Return |
| 75 | 2020-06-19 | Legal Opinion of HTSC 2019 Annual General Meeting, Articles of Association of HTSC, Announcement by HTSC on Resolutions of 2019 Annual General Meeting, H Share Announcement of HTSC－Next Day Disclosure Return |
| 76 | 2020-06-20 | H Share Announcement of HTSC－Next Day Disclosure Return |
| 77 | 2020-07-03 | Announcement by HTSC on the Progress of Repurchase of A Shares of the Company through Centralized Price Bidding, H Share Announcement of HTSC (Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 June 2020) |
| 78 | 2020-07-09 | Announcement by HTSC on Key Financial Information of Business Operation for June 2020, Announcement by HTSC on Implementation of Equity Distribution for 2019, Special Legal Opinions from Shanghai Office of King & Wood Mallesons on Differentiated Distribution of Dividends of Huatai Securities Co., Ltd., Announcement by HTSC on Adjustment of Price Cap for Repurchase of A Shares after Implementation of Annual Profit Distribution Plan for 2019 |
| 79 | 2020-07-16 | Announcement by HTSC on Issuance Results for 2020 Short-term Debentures (Seventh Tranche) |

| No. | Date | Announcement |
|---|---|---|
| 80 | 2020-07-17 | H Share Announcement of HTSC (Next Day Disclosure Return) |
| 81 | 2020-07-18 | H Share Announcement of HTSC (Next Day Disclosure Return) |
| 82 | 2020-07-21 | H Share Announcement of HTSC (Next Day Disclosure Return) |
| 83 | 2020-07-22 | H Share Announcement of HTSC (Next Day Disclosure Return) |
| 84 | 2020-07-23 | H Share Announcement of HTSC (Next Day Disclosure Return) |
| 85 | 2020-07-24 | H Share Announcement of HTSC (Next Day Disclosure Return) |
| 86 | 2020-07-25 | H Share Announcement of HTSC (Next Day Disclosure Return) |
| 87 | 2020-07-28 | H Share Announcement of HTSC (Next Day Disclosure Return) |
| 88 | 2020-07-29 | H Share Announcement of HTSC (Next Day Disclosure Return) |
| 89 | 2020-07-30 | H Share Announcement of HTSC (Next Day Disclosure Return) |
| 90 | 2020-07-31 | H Share Announcement of HTSC (Next Day Disclosure Return) |
| 91 | 2020-08-01 | H Share Announcement of HTSC (Next Day Disclosure Return) |
| 92 | 2020-08-04 | Announcement by HTSC on the Progress of Repurchase of A Shares of the Company through Centralized Price Bidding, H Share Announcement of HTSC (Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 July 2020, Next Day Disclosure Return) |
| 93 | 2020-08-05 | H Share Announcement of HTSC (Next Day Disclosure Return) |
| 94 | 2020-08-06 | Announcement by HTSC on Proposed Offer and Sale of Common Stock of its Subsidiary Assetmark, H Share Announcement of HTSC (Next Day Disclosure Return) |
| 95 | 2020-08-07 | Announcement by HTSC on Key Financial Information of Business Operation for July 2020, H Share Announcement of HTSC (Next Day Disclosure Return) |
| 96 | 2020-08-08 | H Share Announcement of HTSC(Next Day Disclosure Return) |
| 97 | 2020-08-11 | H Share Announcement of HTSC (Next Day Disclosure Return) |
| 98 | 2020-08-12 | Announcement by HTSC on Accumulative Increase of New Borrowings in Current Year Exceeding Net Assets at the End of Previous Year by 20%, H Share Announcement of HTSC (Next Day Disclosure Return) |
| 99 | 2020-08-15 | Announcement by HTSC on Issuance Results for 2020 Short-term Debentures (Eighth Tranche), H Share Announcement of HTSC (Date of Board Meeting) |
| 100 | 2020-08-26 | Announcement by HTSC on Obtaining Approval of the CSRC for the Registration of Public Issuance of Short-term Corporate Bonds to Professional Investors |
| 101 | 2020-08-27 | HTSC 2020 Interim Report Summary, HTSC 2020 Interim Report, Announcement by HTSC on the Resolutions of the Seventh Meeting of the Fifth Session of the Board, Insiders Registration Management and Confidentiality System of HTSC (Revised in 2020) |
| 102 | 2020-09-02 | Announcement by HTSC on the Progress of Repurchase of A Shares of the Company through Centralized Price Bidding |
| 103 | 2020-09-05 | H Share Announcement of HTSC (Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 August 2020) |

| No. | Date | Announcement |
|---|---|---|
| 104 | 2020-09-10 | Announcement by HTSC on Obtaining Approval of the CSRC for the Registration of Public Issuance of Corporate Bonds to Professional Investors |
| 105 | 2020-09-16 | Announcement by HTSC on Issuance Results for 2020 Short-term Debentures (Ninth Tranche) |
| 106 | 2020-09-26 | Announcement by HTSC on Election of Chairman by Holding Subsidiary Huatai Futures Co., Ltd. |
| 107 | 2020-10-09 | Announcement by HTSC on the Resolutions of the Eighth Meeting of the Fifth Session of the Board, H Share Announcement of HTSC (Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 September 2020) |
| 108 | 2020-10-10 | Announcement by HTSC on the Progress of Repurchase of A Shares of the Company through Centralized Price Bidding |
| 109 | 2020-10-20 | H Share Announcement of HTSC (Date of Board Meeting) |
| 110 | 2020-10-28 | Announcement by HTSC on Obtaining Approval of the CSRC for the Registration of Public Issuance of Subordinated Bonds to Professional Investors |
| 111 | 2020-10-31 | Huatai Securities 2020 Third Quarterly Report |
| 112 | 2020-11-03 | Announcement by HTSC on the Progress of Repurchase of A Shares of the Company through Centralized Price Bidding |
| 113 | 2020-11-04 | H Share Announcement of HTSC (Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 October 2020) |
| 114 | 2020-12-02 | Announcement by HTSC on the Progress of Repurchase of A Shares of the Company through Centralized Price Bidding |
| 115 | 2020-12-04 | H Share Announcement of HTSC (Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 November 2020) |
| 116 | 2020-12-15 | Announcement by HTSC on Obtaining Qualification as a Market Maker on the London Stock Exchange by an Overseas Subsidiary of the Company |
| 117 | 2020-12-18 | Announcement by HTSC on Issuance Results for 2020 Short-term Debentures (Tenth Tranche) |

2. During the Reporting Period, the Company disclosed the following matters on the HKEXnews website of HKEX (www.hkexnews.hk):

| No. | Date | Announcement |
|---|---|---|
| 1 | 2020-01-03 | Monthly Return of Equity Issuer on Movements in Securities for the Month Ended December 31, 2019 |
| 2 | 2020-01-06 | Overseas Regulatory Announcement－Announcement by HTSC on Results on Increase in Shareholding of Jiangsu Guoxin Investment Group Limited, Announcement on Issuance Results for 2020 Short-term Debentures of HTSC (First Tranche) |
| 3 | 2020-01-09 | Announcement on Key Financial Information of Business Operation for December 2019 |
| 4 | 2020-01-14 | Overseas Regulatory Announcement－Announcement by HTSC on Accumulative Increase of New Borrowings in Current Year Exceeding Net Assets at the End of Previous Year by 40% |
| 5 | 2020-01-22 | Positive Profit Alert for the 2019 Annual Results |
| 6 | 2020-01-23 | Overseas Regulatory Announcement－Independent Opinion of HTSC Independent Directors on Engagement of Chief Financial Officer of the Company, Announcement by HTSC on the Resolutions of the Third Meeting of the Fifth Session of the Board |
| 7 | 2020-02-05 | Monthly Return of Equity Issuer on Movements in Securities for the Month Ended January 31, 2020 |
| 8 | 2020-02-07 | Announcement on Key Financial Information of Business Operation for January 2020 |
| 9 | 2020-02-11 | Overseas Regulatory Announcement -Announcement on Issuance Results for 2020 Short-term Debentures of HTSC (Second Tranche) |
| 10 | 2020-02-12 | Overseas Regulatory Announcement－Announcement by HTSC on Providing Guarantee for the Issuance of Dollar Bonds of Wholly-owned Offshore Subsidiaries, Announcement by HTSC on the Listing of Offshore Bonds on The Stock Exchange of Hong Kong Limited, Announcement by HTSC on Settlement the Principal and Interest of 2020 and Delisting for 2017 Non-publicly Issued Corporate Bonds (First Tranche) (Category II) |
| 11 | 2020-02-18 | Approval of Qualification as Chairman of the Supervisory Committee, Overseas Regulatory Announcement－Announcement by HTSC on the Appointment of Certain Senior Management |
| 12 | 2020-02-28 | Overseas Regulatory Announcement -Announcement on Issuance Results for 2020 Short-term Debentures of HTSC (Third Tranche), Announcement by HTSC on the Resolutions of the Fourth Meeting of the Fifth Session of the Board |
| 13 | 2020-03-03 | Monthly Return of Equity Issuer on Movements in Securities for the Month Ended February 29, 2020, Overseas Regulatory Announcement－Announcement by HTSC on Reply from the CSRC in Relation to Conducting Pilot Fund Investment Advisory Business |
| 14 | 2020-03-04 | Overseas Regulatory Announcement－Announcement by HTSC on Settlement the Principal and Interest of 2020 and Delisting for 2018 Non-publicly Issued Subordinated Bonds (First Tranche) |
| 15 | 2020-03-05 | Announcement on Key Financial Information of Business Operation for February 2020 |

| No. | Date | Announcement |
|---|---|---|
| 16 | 2020-03-06 | Overseas Regulatory Announcement－Announcement by HTSC on the Results of the Issuance of the 2020 Fourth Tranche of Short-term Debt Instruments, Announcement by HTSC on the Appointment of Chief Financial Officer and Change in the Chairman of its Subsidiaries |
| 17 | 2020-03-10 | Overseas Regulatory Announcement－Announcement by HTSC on the Appointment of Mr. Li Shiqian, a member of Executive Committee |
| 18 | 2020-03-11 | Overseas Regulatory Announcement -Announcement by HTSC on 2020 Interest Payment for 2019 publicly Issued Corporate Bonds to Qualified Investors (First Tranche) (Type I) |
| 19 | 2020-03-19 | Date of Board Meeting |
| 20 | 2020-03-19 | Overseas Regulatory Announcement－Announcement by HTSC on Reply from the CSRC in Relation to Approval on Public Issuance of Corporate Bonds |
| 21 | 2020-03-26 | Overseas Regulatory Announcement－Announcement by HTSC on the Online Briefing on the Annual Results of 2019, Announcement on Coupon Rate of 2020 Corporate Bonds of HTSC Publicly Issued to Qualified Investors (First Tranche) |
| 22 | 2020-03-29 | Overseas Regulatory Announcement－Announcement by HTSC on Approval on Formal Pilot Implementation of Consolidated Supervision |
| 23 | 2020-03-30 | 2019 Corporate Social Responsibility Report, Proposed Change of Independent Non-executive Director, Overseas Regulatory Announcement -Special Review Report on Deposit and Actual Use of Huatai Securities Co., Ltd.'s Funds Raised in 2019 by Guotai Junan Securities Co., Ltd. and Huatai United Securities Co., Ltd., Special Explanation by HTSC on Matters of Changes in Accounting Policies, 2019 Internal Control Auditing Report, Assurance Report on the Special Report on Deposit and Actual Use of HTSC Fund Raised in 2019, Special Explanation on Occupation of Non-operating Funds and Transaction of Other Associated Funds for 2019, Independent Opinion on Nomination of Candidates for Independent Non-executive Directors of the Company of HTSC's Independent Directors, Independent Opinions of Independent Directors of HTSC on Repurchase of A Shares of the Company through Centralized Price Bidding, Independent Opinion of HTSC Independent Directors on Matters Concerning 2019 Annual Report of the Company, Special Report on Deposit and Actual Use of HTSC Funds Raised in 2019, Annual Internal Control Evaluation Report of HTSC in 2019, Report on Performance of Duties of Audit Committee under the Board of HTSC in 2019, Report on Performance of Duties of HTSC's Independent Directors in 2019, Announcement by HTSC on Anticipation of Ordinary Transactions with Related Parties in 2020, Announcement by HTSC on the Resolutions of the Second Meeting of the Fifth Session of the Board of Supervisors, Announcement on the re-appointment of the accounting firm by HTSC, Announcement on Annual Profit Distribution Plan of HTSC in 2019, Announcement by HTSC on the Resolutions of the Fifth Meeting of the Fifth Session of the Board, 2019 Annual Report Summary of HTSC, 2019 Annual Report of HTSC |

| No. | Date | Announcement |
|---|---|---|
| 24 | 2020-03-31 | Proposed Amendments to the Articles of Association, Announcement on Repurchase of A Shares through Centralized Price Bidding, Results Announcement for the Year Ended December 31, 2019, Overseas Regulatory Announcement—Reports from Guotai Junan Securities Co., Ltd. and Huatai United Securities Co., Ltd. on Ongoing Supervision, Sponsoring and Summary of Huatai Securities Co., Ltd.'s Non-public Issuance of A Shares, 2019 Annual Report on Continuously Performing Supervision on Non-Public Issuance of A Shares by Huatai Securities Co., Ltd. of Guotai Junan Securities Co., Ltd. and Huatai United Securities Co., Ltd., Special Verification Opinions on Anticipation of Ordinary Transactions with Related Parties in 2020 of Huatai Securities Co., Ltd. by Guotai Junan Securities Co., Ltd. and Huatai United Securities Co., Ltd. |
| 25 | 2020-04-02 | Overseas Regulatory Announcement -Announcement by HTSC on the Plan on Increase in Shareholding of Jiangsu Guoxin Investment Group Limited |
| 26 | 2020-04-03 | Monthly Return of Equity Issuer on Movements in Securities for the Month Ended March 31, 2020, Overseas Regulatory Announcement—Announcement by HTSC on Shareholdings of Top Ten Shareholders and Top Ten Holders of Shares not Subject to Lock-up, Report on Repurchase of A Shares by HTSC through Centralized Bidding Trading, Legal Opinions from Shanghai Office of King & Wood Mallesons on Repurchase of Part of A Shares by HTSC through Centralized Bidding Trading |
| 27 | 2020-04-07 | Next Day Disclosure Return, Overseas Regulatory Announcement—Announcement on Issuance Results for 2020 Corporate Bonds of HTSC Publicly Issued to Qualified Investors (First Tranche), Announcement by HTSC on Initial Repurchase of A Shares of the Company through Centralized Bidding Trading, Announcement by HTSC on Change in the General Manager of Huatai Purple Gold Investment Co., Ltd. |
| 28 | 2020-04-08 | Next Day Disclosure Return |
| 29 | 2020-04-09 | Announcement on Key Financial Information of Business Operation for March 2020 |
| 30 | 2020-04-13 | Next Day Disclosure Return |
| 31 | 2020-04-14 | Next Day Disclosure Return, Overseas Regulatory Announcement -Announcement by HTSC on 2020 Interest Payment for 2019 publicly Issued Corporate Bonds to Qualified Investors (Second Tranche) (Type I) |
| 32 | 2020-04-15 | Overseas Regulatory Announcement -Announcement by HTSC on Progress of Increase of Shareholding of Jiangsu Guoxin Investment Group Limited |
| 33 | 2020-04-17 | Date of Board Meeting |
| 34 | 2020-04-24 | Notification Letter and Request Form to Non-Registered Holders, Notification Letter and Request Form to Registered Shareholders, 2019 Annual Report |

| No. | Date | Announcement |
|---|---|---|
| 35 | 2020-04-28 | Overseas Regulatory Announcement -Announcement on Coupon Rate of 2020 Corporate Bonds of HTSC Publicly Issued to Qualified Investors (Second Tranche) |
| 36 | 2020-04-29 | 2020 First Quarterly Report, Notification Letter and Request Form to Non-Registered Holders, Notification Letter and Request Form to Registered Shareholders, Reply Slip for Holders of H Share for Attending the Annual General Meeting to be Held on June 18, 2020, Form of Proxy of Holders of H Shares for use at the Annual General Meeting to be Held on June 18, 2020, Notice of AGM, Circular of 2019 Annual General Meeting, Overseas Regulatory Announcement -Document of HTSC 2019 Annual General Meeting, Announcement by HTSC on the Resolutions of the Sixth Meeting of the Fifth Session of the Board, Notice by HTSC on Convening 2019 Annual General Meeting, Announcement by HTSC on settlement the principal and interest of 2020 and Delisting for 2017 Non-publicly Issued Corporate Bonds (Second Tranche) (Category II), Announcement by HTSC on 2020 Interest Payment for 2018 Non-publicly Issued Subordinated Bonds (Second Tranche) (Category I), Announcement by HTSC on Results of Tracking Rating of Corporate Bonds Issued in 2013, 2016, 2018, 2019 and 2020, Financial Bonds issued in 2019 and Subordinated Bonds Issued in 2018, Report on Tracking Rating of HTSC and 13 Huatai 02, 16 Huatai G2, 16 Huatai G4, 18 Huatai G1, 18 Huatai G2, 19 Huatai G1, 19 Huatai G3 and 20 Huatai G1 Issued by It, Report on Tracking Rating of 2019 Financial Bonds (First Tranche), Report on Tracking Rating by HTSC for 2018 Non-publicly Issued Subordinated Bonds (Second Tranche) |
| 37 | 2020-05-04 | Overseas Regulatory Announcement -Report on the Entrusted Management Affairs in Relation to the 2013 Corporate Bonds of HTSC (Ten-year bonds) (Year 2019), Announcement on Issuance Results for 2020 Corporate Bonds of HTSC Publicly Issued to Qualified Investors (Second Tranche) |
| 38 | 2020-05-06 | Monthly Return of Equity Issuer on Movements in Securities for the Month Ended April 30, 2020, Overseas Regulatory Announcement－Announcement by HTSC on the Progress of Repurchase of A Shares of the Company through Centralized Price Bidding, Announcement by HTSC on the Appointment of General Manager of Huatai Securities (Shanghai) Asset Management Co., Ltd. |
| 39 | 2020-05-07 | Next Day Disclosure Return |
| 40 | 2020-05-08 | Next Day Disclosure Return, Overseas Regulatory Announcement-Announcement by HTSC on Settlement the Principal and Interest of 2020 and Delisting for 2017 Non-publicly Issued Corporate Bonds (Second Tranche) (Type II) |
| 41 | 2020-05-11 | Next Day Disclosure Return, Announcement on Key Financial Information of Business Operation for April 2020 |
| 42 | 2020-05-12 | Next Day Disclosure Return |
| 43 | 2020-05-13 | Next Day Disclosure Return |

| No. | Date | Announcement |
|---|---|---|
| 44 | 2020-05-14 | Next Day Disclosure Return |
| 45 | 2020-05-15 | Next Day Disclosure Return |
| 46 | 2020-05-18 | Next Day Disclosure Return |
| 47 | 2020-05-19 | Next Day Disclosure Return |
| 48 | 2020-05-20 | Next Day Disclosure Return, Overseas Regulatory Announcement-Announcement on Coupon Rate of 2020 Corporate Bonds of HTSC Publicly Issued to Qualified Investors (Third Tranche) |
| 49 | 2020-05-21 | Next Day Disclosure Return, Overseas Regulatory Announcement—Announcement on Issuance Results for 2020 Corporate Bonds of HTSC Publicly Issued to Qualified Investors (Third Tranche) |
| 50 | 2020-05-22 | Next Day Disclosure Return |
| 51 | 2020-05-25 | Next Day Disclosure Return |
| 52 | 2020-05-26 | Next Day Disclosure Return |
| 53 | 2020-05-27 | Next Day Disclosure Return |
| 54 | 2020-05-28 | Next Day Disclosure Return |
| 55 | 2020-05-29 | Next Day Disclosure Return |
| 56 | 2020-06-01 | Next Day Disclosure Return, Overseas Regulatory Announcement—Announcement by HTSC on 2020 Interest Payment for 2013 Corporate Bonds |
| 57 | 2020-06-02 | Next Day Disclosure Return, Monthly Return of Equity Issuer on Movements in Securities for the Month Ended May 31, 2020, Second Notice of HTSC 2019 Annual General Meeting, Overseas Regulatory Announcement—Announcement by HTSC on Change in Registered Address of Huatai United Securities Co., Ltd., a Holding Subsidiary of the Company, Announcement by HTSC on the Progress of Repurchase of A Shares of the Company through Centralized Price Bidding |
| 58 | 2020-06-03 | Next Day Disclosure Return |
| 59 | 2020-06-04 | Announcement on Key Financial Information of Business Operation for May 2020, Next Day Disclosure Return, Overseas Regulatory Announcement—Announcement by HTSC on Results on Increase in Shareholding of Jiangsu Guoxin Investment Group Limited |
| 60 | 2020-06-05 | Next Day Disclosure Return, Proposed 2019 Final Dividend and Closure of Register of Members |
| 61 | 2020-06-08 | Next Day Disclosure Return |
| 62 | 2020-06-09 | Next Day Disclosure Return, Overseas Regulatory Announcement—Announcement on Issuance Results for 2020 Short-term Debentures of HTSC (Fifth Tranche) |
| 63 | 2020-06-10 | Next Day Disclosure Return |
| 64 | 2020-06-11 | Next Day Disclosure Return |
| 65 | 2020-06-12 | Next Day Disclosure Return |
| 66 | 2020-06-15 | Next Day Disclosure Return |
| 67 | 2020-06-16 | Next Day Disclosure Return, Overseas Regulatory Announcement—Announcement on Issuance Results for 2020 Short-term Debentures of HTSC (Sixth Tranche) |

| No. | Date | Announcement |
|---|---|---|
| 68 | 2020-06-17 | Next Day Disclosure Return, Overseas Regulatory Announcement－Announcement on Coupon Rate of 2020 Corporate Bonds of HTSC Publicly Issued to Qualified Investors (Fourth Tranche) |
| 69 | 2020-06-18 | Articles of Association, List of Directors and their Roles and Functions, Poll Results of the 2019 Annual General Meeting; Payment of Final Dividend; Change of Independent Non-executive Director；and Approval and Effectiveness of the Articles of Association, Next Day Disclosure Return, Overseas Regulatory Announcement-Announcement on Issuance Results for 2020 Corporate Bonds of HTSC Publicly Issued to Qualified Investors (Fourth Tranche) |
| 70 | 2020-06-19 | Next Day Disclosure Return |
| 71 | 2020-07-02 | Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 June 2020, Overseas Regulatory Announcement－Announcement by HTSC on the Progress of Repurchase of A Shares of the Company through Centralized Price Bidding |
| 72 | 2020-07-08 | Announcement on Key Financial Information of Business Operation for June 2020, Overseas Regulatory Announcement－Announcement by HTSC on Adjustment of Price Cap for Repurchase of A Shares after Implementation of Annual Profit Distribution Plan for 2019, Announcement by HTSC on Implementation of Equity Distribution for 2019 |
| 73 | 2020-07-15 | Overseas Regulatory Announcement－Announcement by HTSC on Issuance Results for 2020 Short-term Debentures (Seventh Tranche) |
| 74 | 2020-07-16 | Next Day Disclosure Return |
| 75 | 2020-07-17 | Next Day Disclosure Return |
| 76 | 2020-07-20 | Next Day Disclosure Return |
| 77 | 2020-07-21 | Next Day Disclosure Return |
| 78 | 2020-07-22 | Next Day Disclosure Return |
| 79 | 2020-07-23 | Next Day Disclosure Return |
| 80 | 2020-07-24 | Next Day Disclosure Return |
| 81 | 2020-07-27 | Next Day Disclosure Return |
| 82 | 2020-07-28 | Next Day Disclosure Return |
| 83 | 2020-07-29 | Next Day Disclosure Return |
| 84 | 2020-07-30 | Next Day Disclosure Return |
| 85 | 2020-07-31 | Next Day Disclosure Return |
| 86 | 2020-08-03 | Next Day Disclosure Return, Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 July 2020, Overseas Regulatory Announcement－Announcement by HTSC on the Progress of Repurchase of A Shares of the Company through Centralized Price Bidding |
| 87 | 2020-08-04 | Next Day Disclosure Return |
| 88 | 2020-08-05 | Next Day Disclosure Return, Inside Information－Proposed Offer and Sale of Common Stock of ASSETMARK |
| 89 | 2020-08-06 | Announcement on Key Financial Information of Business Operation for July 2020, Next Day Disclosure Return |
| 90 | 2020-08-07 | Next Day Disclosure Return |

| No. | Date | Announcement |
|---|---|---|
| 91 | 2020-08-10 | Next Day Disclosure Return |
| 92 | 2020-08-11 | Next Day Disclosure Return, Overseas Regulatory Announcement－Announcement by HTSC on Accumulative Increase of New Borrowings in Current Year Exceeding Net Assets at the End of Previous Year by 20% |
| 93 | 2020-08-14 | Date of Board Meeting, Overseas Regulatory Announcement－Announcement by HTSC on Issuance Results for 2020 Short-term Debentures (Eighth Tranche) |
| 94 | 2020-08-25 | Overseas Regulatory Announcement－Announcement by HTSC on Obtaining Approval of the CSRC for the Registration of Public Issuance of Short-term Corporate Bonds to Professional Investors |
| 95 | 2020-08-26 | Interim Results Announcement for the Six Months Ended June 30, 2020, Overseas Regulatory Announcement－Insiders Registration Management and Confidentiality System of HTSC (Revised in 2020), HTSC 2020 Interim Report, HTSC 2020 Interim Report Summary, Announcement by HTSC on the Resolutions of the Seventh Meeting of the Fifth Session of the Board |
| 96 | 2020-09-01 | Overseas Regulatory Announcement－Announcement by HTSC on Issuance Results for Public Issuance of 2020 Short-term Corporate Bonds to Professional Investors (First Tranche), Announcement by HTSC on the Progress of Repurchase of A Shares of the Company through Centralized Price Bidding |
| 97 | 2020-09-04 | Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 August 2020 |
| 98 | 2020-09-09 | Overseas Regulatory Announcement－Announcement by HTSC on Obtaining Approval of the CSRC for the Registration of Public Issuance of Corporate Bonds to Professional Investors |
| 99 | 2020-09-10 | Overseas Regulatory Announcement－Announcement on Coupon Rate of 2020 Short-term Corporate Bonds of HTSC Publicly Issued to Professional Investors (Second Tranche) |
| 100 | 2020-09-14 | Overseas Regulatory Announcement－Announcement on Issuance Results for 2020 Short-term Corporate Bonds of HTSC Publicly Issued to Professional Investors (Second Tranche) |
| 101 | 2020-09-15 | Overseas Regulatory Announcement－Announcement by HTSC on Issuance Results for 2020 Short-term Debentures (Ninth Tranche) |
| 102 | 2020-09-16 | Overseas Regulatory Announcement－Announcement on Coupon Rate of 2020 Short-term Corporate Bonds of HTSC Publicly Issued to Professional Investors (Third Tranche) |
| 103 | 2020-09-18 | Overseas Regulatory Announcement－Announcement on Issuance Results for 2020 Short-term Corporate Bonds of HTSC Publicly Issued to Professional Investors (Third Tranche) |
| 104 | 2020-09-24 | Notification Letter and Request Form to Non-Registered Shareholders, Notification Letter and Request Form to Registered Shareholders, 2020 Interim Report |

| No. | Date | Announcement |
|---|---|---|
| 105 | 2020-09-25 | Overseas Regulatory Announcement－Announcement by HTSC on Election of Chairman by Holding Subsidiary Huatai Futures Co., Ltd. |
| 106 | 2020-09-30 | Overseas Regulatory Announcement－Announcement by HTSC on the Resolutions of the Eighth Meeting of the Fifth Session of the Board |
| 107 | 2020-10-08 | Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 September 2020 |
| 108 | 2020-10-09 | Overseas Regulatory Announcement－Announcement by HTSC on the Progress of Repurchase of A Shares of the Company through Centralized Price Bidding |
| 109 | 2020-10-19 | Date of Board Meeting |
| 110 | 2020-10-27 | Overseas Regulatory Announcement－Announcement by HTSC on Obtaining Approval of the CSRC for the Registration of Public Issuance of Subordinated Bonds to Professional Investors |
| 111 | 2020-10-30 | Third Quarterly Report of 2020 |
| 112 | 2020-11-02 | Overseas Regulatory Announcement－Announcement by HTSC on the Progress of Repurchase of A Shares of the Company through Centralized Price Bidding |
| 113 | 2020-11-03 | Monthly Return of Equity Issuer on Movements in Securities for the month ended 31 October 2020 |
| 114 | 2020-11-12 | Overseas Regulatory Announcement－Announcement on Coupon Rate of 2020 Subordinated Bonds of HTSC Publicly Issued to Professional Investors (First Tranche) |
| 115 | 2020-11-16 | Overseas Regulatory Announcement－Announcement on Issuance Results for 2020 Subordinated Bonds of HTSC Publicly Issued to Professional Investors (First Tranche) |
| 116 | 2020-11-19 | Overseas Regulatory Announcement－Announcement by HTSC on 2020 Interest Payment for 2018 Corporate Bonds Publicly Issued to Qualified Investors (First Tranche) (Category II), Announcement by HTSC on 2020 Interest Payment for 2018 Corporate Bonds Publicly Issued to Qualified Investors (First Tranche) (Category I) |
| 117 | 2020-11-23 | Overseas Regulatory Announcement－Announcement on Coupon Rate of 2020 Corporate Bonds of HTSC Publicly Issued to Professional Investors (Fifth Tranche) |
| 118 | 2020-11-25 | Overseas Regulatory Announcement－Announcement on Issuance Results for 2020 Corporate Bonds of HTSC Publicly Issued to Professional Investors (Fifth Tranche) |
| 119 | 2020-12-01 | Overseas Regulatory Announcement－Announcement by HTSC on the Progress of Repurchase of A Shares of the Company through Centralized Price Bidding |
| 120 | 2020-12-03 | Monthly Return of Equity Issuer on Movements in Securities for the month ended 30 November 2020 |
| 121 | 2020-12-08 | Overseas Regulatory Announcement－Announcement on Coupon Rate of 2020 Corporate Bonds of HTSC Publicly Issued to Professional Investors (Sixth Tranche) |

| No. | Date | Announcement |
|---|---|---|
| 122 | 2020-12-10 | Overseas Regulatory Announcement－Announcement on Issuance Results for 2020 Corporate Bonds of HTSC Publicly Issued to Professional Investors (Sixth Tranche) |
| 123 | 2020-12-14 | Overseas Regulatory Announcement－Announcement by HTSC on Obtaining Qualification as a Market Maker on the London Stock Exchange by an Overseas Subsidiary of the Company |
| 124 | 2020-12-17 | Overseas Regulatory Announcement－Announcement by HTSC on Issuance Results for 2020 Short-term Debentures (Tenth Tranche) |
| 125 | 2020-12-31 | Proposed Adoption of the Restricted Share Incentive Scheme of A Shares, Proposed Change of Non-executive Director, Overseas Regulatory Announcement－Independent Opinion of HTSC's Independent Directors on Nomination of Candidates for Non-executive Directors of the Company, Independent Opinion of HTSC's Independent Directors on the Restricted Share Incentive Scheme of A Shares of Huatai Futures Co., Ltd. (Draft) and Relevant Matters, Administration Measures for the Restricted Share Incentive Scheme of A Shares of HTSC, Administration Measures for the Evaluation on the Implementation of the Restricted Share Incentive Scheme of A Shares of HTSC, Announcement by HTSC on the Resolutions of the Eleventh Meeting of the Fifth Session of the Board, Verification Opinions of the Supervisory Committee on the Restricted Share Incentive Scheme of A Shares of Huatai Futures Co., Ltd. (Draft) and Relevant Matters, Restricted Share Incentive Scheme of A Shares of Huatai Futures Co., Ltd. (Draft) of HTSC, Announcement by HTSC on the Resolutions of the Sixth Meeting of the Fifth Session of the Supervisory Committee |

# HUATAI SECURITIES CO., LTD.

(STOCK CODE: 6886)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020

# 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 F-10 to F-158, which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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 2020 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' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA 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 IESBA 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 61 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.<br><br>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.<br><br>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:<br><br>• assessing the design, implementation and operating effectiveness of key internal controls over the valuation, independent price verification and valuation model approval for financial instruments;<br><br>• 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;<br><br>• 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;<br><br>• 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;<br><br>• 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. |

# Independent auditor's report (continued)

***Key audit matters (continued)***

| **Loss allowances of financial assets measured at amortised cost** | |
|---|---|
| *Refer to Note 14 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 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.<br><br>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.<br><br>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. | Our audit procedures to assess loss allowances of financial assets measured at amortised cost included the following:<br><br>• 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;<br><br>• 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;<br><br>• 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 14 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;<br>• 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 collateral to loan 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;<br>• 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;<br>• 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;<br>• 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 56 to the consolidated financial statements and the accounting policies in Note 2(29)(vi).* | |
| **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.<br><br>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.<br><br>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. | Our audit procedures to assess the consolidation of structured entities included the following:<br><br>• 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;<br><br>• selecting a sample of structured entities for each key product type and performing the following procedures for each item selected:<br><br>- 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;<br><br>- 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; |

***Key audit matters (continued)***

| **Consolidation of structured entities (continued)** | |
|---|---|
| *Refer to Note 56 to the consolidated financial statements and the accounting policies in Note 2(29)(vi).* | |
| **The Key Audit Matter** | **How the matter was addressed in our audit** |
| 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. | • selecting a sample of structured entities for each key product type and performing the following procedures for each item selected (continued):<br>- 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;<br>- evaluating management's judgement over whether the structured entity should be consolidated or not;<br>• 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)

### *Information other than the consolidated financial statements and auditor's report thereon*

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of the directors for the consolidated financial statements*

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

### *Auditor's responsibilities for the audit of the consolidated financial statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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.

# Independent auditor's report (continued)

## *Auditor's responsibilities for the audit of the consolidated financial statements (continued)*

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.

- 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.

# Independent auditor's report (continued)

## *Auditor's responsibilities for the audit of the consolidated financial statements (continued)*

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 actions taken to eliminate threats or safeguards applied.

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 Lee Lok Man.

KPMG
*Certified Public Accountants*
8th Floor, Prince's Building,
10 Chater Road
Central, Hong Kong

23 March 2021

# Consolidated statement of profit or loss
# For the year ended 31 December 2020
*(Expressed in thousands of Renminbi, unless otherwise stated)*

| | Note | Year ended 31 December 2020 | 2019 |
|---|---|---|---|
| **Revenue** | | | |
| Fee and commission income | 4 | 18,457,811 | 13,011,269 |
| Interest income | 5 | 10,963,881 | 8,682,693 |
| Net investment gains | 6 | 10,159,587 | 9,179,944 |
| **Total revenue** | | 39,581,279 | 30,873,906 |
| Other income and gains | 7 | 953,157 | 1,562,875 |
| **Total revenue and other income** | | 40,534,436 | 32,436,781 |
| Fee and commission expenses | 8 | (4,849,322) | (3,723,642) |
| Interest expenses | 9 | (8,358,703) | (6,561,019) |
| Staff costs | 10 | (10,403,649) | (7,693,154) |
| Depreciation and amortisation expenses | 11 | (1,341,384) | (1,197,068) |
| Tax and surcharges | 12 | (209,157) | (151,890) |
| Other operating expenses | 13 | (4,765,630) | (3,533,560) |
| Net provision for impairment loss on financial assets | 14 | (1,306,208) | (719,549) |
| Net reversal of impairment loss on other assets | | 346 | 2,617 |
| **Total expenses** | | (31,233,707) | (23,577,265) |

The notes on pages F-22 to F-158 form part of these financial statements.

# Consolidated statement of profit or loss (continued)
# For the year ended 31 December 2020
*(Expressed in thousands of Renminbi, unless otherwise stated)*

| | Note | Year ended 31 December 2020 | 2019 |
|---|---|---|---|
| **Operating profit** | | 9,300,729 | 8,859,516 |
| Share of profit of associates and joint ventures | | 4,203,647 | 2,726,449 |
| **Profit before income tax** | | 13,504,376 | 11,585,965 |
| Income tax expense | 15 | (2,633,930) | (2,528,752) |
| **Profit for the year** | | 10,870,446 | 9,057,213 |
| Attributable to: | | | |
| Shareholders of the Company | | 10,822,497 | 9,001,644 |
| Non-controlling interests | | 47,949 | 55,569 |
| | | 10,870,446 | 9,057,213 |
| Basic earnings per share (in Renminbi per share) | 19 | 1.20 | 1.04 |
| Diluted earnings per share (in Renminbi per share) | 19 | 1.19 | 1.03 |

The notes on pages F-22 to F-158 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 54(j).

# Consolidated statement of profit or loss and other comprehensive income
# For the year ended 31 December 2020

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

| | Note | Year ended 31 December 2020 | 2019 |
|---|---|---|---|
| **Profit for the year** | | 10,870,446 | 9,057,213 |
| **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 | | 248,725 | 494,709 |
| Income tax impact | | (58,771) | (123,677) |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Net gain from debt investment at fair value through other comprehensive income | | 77,974 | 5,460 |
| Reserve from cash flow hedging instruments | | (34,348) | - |
| Share of other comprehensive income of associates and joint ventures | | (55,583) | 95,531 |
| Exchange differences on translation of financial statements in foreign currencies | | (717,314) | 162,258 |
| **Total other comprehensive income for the year, net of tax** | 18 | (539,317) | 634,281 |
| **Total comprehensive income for the year** | | 10,331,129 | 9,691,494 |
| Attributable to: | | | |
| Shareholders of the Company | | 10,402,443 | 9,611,074 |
| Non-controlling interests | | (71,314) | 80,420 |
| **Total** | | 10,331,129 | 9,691,494 |

The notes on pages F-22 to F-158 form part of these financial statements.

# Consolidated statement of financial position
# As at 31 December 2020
*(Expressed in thousands of Renminbi, unless otherwise stated)*

| | Note | As at 31 December 2020 | 2019 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property and equipment | 20 | 5,014,084 | 4,668,116 |
| Investment properties | 21 | 408,338 | 527,089 |
| Goodwill | 22 | 2,260,945 | 2,333,862 |
| Other intangible assets | 23 | 5,276,069 | 5,711,457 |
| Interest in associates | 25 | 17,691,161 | 14,974,547 |
| Interest in joint ventures | 26 | 1,641,846 | 664,458 |
| Debt investment at amortised cost | 27 | 19,230,660 | 15,128,953 |
| Financial assets at fair value through other comprehensive income | 28 | 14,401,106 | 11,232,633 |
| Financial assets at fair value through profit or loss | 30 | 9,229,523 | 6,966,333 |
| Refundable deposits | 31 | 24,763,790 | 12,653,540 |
| Deferred tax assets | 32 | 339,502 | 202,825 |
| Other non-current assets | 33 | 283,320 | 260,669 |
| **Total non-current assets** | | 100,540,344 | 75,324,482 |
| **Current assets** | | | |
| Accounts receivable | 34 | 9,095,561 | 5,511,168 |
| Other receivables and prepayments | 35 | 1,131,408 | 880,271 |
| Margin accounts receivable | 36 | 102,574,007 | 69,006,280 |
| Debt investment at amortised cost | 27 | 11,180,848 | 4,610,805 |
| Financial assets held under resale agreements | 29 | 19,536,413 | 18,466,280 |
| Financial assets at fair value through profit or loss | 30 | 282,577,589 | 245,829,339 |
| Financial assets at fair value through other comprehensive income | 28 | 1,545,266 | 1,125,342 |
| Derivative financial assets | 37 | 7,295,357 | 1,858,041 |
| Clearing settlement funds | 38 | 6,988,396 | 6,755,604 |
| Cash held on behalf of brokerage clients | 39 | 124,635,007 | 82,959,838 |
| Cash and bank balances | 40 | 49,651,039 | 49,853,188 |
| **Total current assets** | | 616,210,891 | 486,856,156 |
| **Total assets** | | 716,751,235 | 562,180,638 |

The notes on pages F-22 to F-158 form part of these financial statements.

# Consolidated statement of financial position
# As at 31 December 2020 (continued)
*(Expressed in thousands of Renminbi, unless otherwise stated)*

| | Note | As at 31 December 2020 | 2019 |
|---|---|---|---|
| **Current liabilities** | | | |
| Short-term bank loans | 42 | 11,299,859 | 5,724,131 |
| Short-term debt instruments issued | 43 | 43,951,388 | 46,425,196 |
| Placements from other financial institutions | 44 | 4,815,236 | 11,362,598 |
| Accounts payable to brokerage clients | 45 | 136,387,634 | 89,817,920 |
| Employee benefits payable | 46 | 4,156,895 | 2,573,753 |
| Other payables and accruals | 47 | 105,880,311 | 86,836,626 |
| Contract liabilities | 48 | 92,366 | 19,179 |
| Current tax liabilities | | 1,275,589 | 388,154 |
| Financial assets sold under repurchase agreements | 49 | 139,899,968 | 109,719,045 |
| Financial liabilities at fair value through profit or loss | 50 | 12,196,234 | 4,689,620 |
| Derivative financial liabilities | 37 | 13,398,830 | 1,278,399 |
| Long-term bonds due within one year | 51 | 11,428,893 | 14,716,533 |
| **Total current liabilities** | | 484,783,203 | 373,551,154 |
| **Net current assets** | | 131,427,688 | 113,305,002 |
| **Total assets less current liabilities** | | 231,968,032 | 188,629,484 |
| **Non-current liabilities** | | | |
| Long-term bonds | 52 | 85,624,295 | 49,899,825 |
| Long-term bank loans | 53 | 475,414 | 850,997 |
| Non-current employee benefits payable | 46 | 6,974,615 | 6,360,633 |
| Deferred tax liabilities | 32 | 2,545,647 | 2,566,800 |
| Financial liabilities at fair value through profit or loss | 50 | 3,185,296 | 2,690,563 |
| Other payables and accruals | 47 | 850,730 | 605,958 |
| **Total non-current liabilities** | | 99,655,997 | 62,974,776 |
| **Net assets** | | 132,312,035 | 125,654,708 |

The notes on pages F-22 to F-158 form part of these financial statements.

# Consolidated statement of financial position
# As at 31 December 2020 (continued)
*(Expressed in thousands of Renminbi, unless otherwise stated)*

| | Note | As at 31 December 2020 | 2019 |
|---|---|---|---|
| **Equity** | | | |
| Share capital | 54 | 9,076,650 | 9,076,650 |
| Treasury shares | 54 | (1,626,546) | - |
| Reserves | 54 | 92,622,778 | 90,282,418 |
| Retained profits | 54 | 28,998,618 | 23,178,411 |
| Total equity attributable to shareholders of the Company | | 129,071,500 | 122,537,479 |
| Non-controlling interests | | 3,240,535 | 3,117,229 |
| **Total equity** | | 132,312,035 | 125,654,708 |

Approved and authorised for issue by the board of directors on 23 March 2021.

| | |
|---|---|
| Zhang Wei | Chen Chuanming |
| Chairman of the Board, Director | Director |

The notes on pages F-22 to F-158 form part of these financial statements.

# Consolidated statement of changes in equity
# For the year ended 31 December 2020
*(Expressed in thousands of Renminbi, unless otherwise stated)*

| | *Attributable to shareholders of the Company* | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | *Reserves* | | | | | | | | | |
| | *Share capital* (Note 54) | *Treasury shares* (Note 54) | *Capital reserve* (Note 54) | *Surplus reserve* (Note 54) | *General reserve* (Note 54) | *Fair value reserve* (Note 54) | *Cash flow hedges reserve* (Note 37) | *Translation reserve* (Note 54) | *Retained profits* (Note 54) | *Total* | *Non-controlling interests* | *Total equity* |
| **As at 1 January 2020** | 9,076,650 | - | 70,290,533 | 5,118,691 | 14,084,427 | 393,572 | - | 395,195 | 23,178,411 | 122,537,479 | 3,117,229 | 125,654,708 |
| **Changes in equity for 2020** | | | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | - | - | 10,822,497 | 10,822,497 | 47,949 | 10,870,446 |
| Other comprehensive income | - | - | - | - | - | 212,345 | (34,348) | (598,051) | - | (420,054) | (119,263) | (539,317) |
| Total comprehensive income | - | - | - | - | - | 212,345 | (34,348) | (598,051) | 10,822,497 | 10,402,443 | (71,314) | 10,331,129 |
| Equity-settled share-based payments | - | - | 459,514 | - | - | - | - | - | - | 459,514 | 194,620 | 654,134 |
| Acquisition of treasury shares | - | (1,626,546) | - | - | - | - | - | - | - | (1,626,546) | - | (1,626,546) |
| Appropriation to surplus reserve | - | - | - | 592,376 | - | - | - | - | (592,376) | - | - | - |
| Appropriation to general reserve | - | - | - | - | 1,708,519 | - | - | - | (1,708,519) | - | - | - |
| Dividends declared for the year | - | - | - | - | - | - | - | - | (2,701,395) | (2,701,395) | - | (2,701,395) |
| Others | - | - | 5 | - | - | - | - | - | - | 5 | - | 5 |
| **As at 31 December 2020** | 9,076,650 | (1,626,546) | 70,750,052 | 5,711,067 | 15,792,946 | 605,917 | (34,348) | (202,856) | 28,998,618 | 129,071,500 | 3,240,535 | 132,312,035 |

The notes on pages F-22 to F-158 form part of these financial statements.

# Consolidated statement of changes in equity
# For the year ended 31 December 2020 (continued)
*(Expressed in thousands of Renminbi, unless otherwise stated)*

| | *Attributable to shareholders of the Company* | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | *Reserves* | | | | | | | | |
| | *Share capital* (Note 54) | *Capital reserve* (Note 54) | *Surplus reserve* (Note 54) | *General reserve* (Note 54) | *Fair value reserve* (Note 54) | *Translation reserve* (Note 54) | *Retained profits* (Note 54) | *Total* | *Non-controlling interests* | *Total equity* |
| **As at 1 January 2019** | 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 |
| **Changes in equity for 2019** | | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | 9,001,644 | 9,001,644 | 55,569 | 9,057,213 |
| Other comprehensive income | - | - | - | - | 472,023 | 137,407 | - | 609,430 | 24,851 | 634,281 |
| Total comprehensive income | - | - | - | - | 472,023 | 137,407 | 9,001,644 | 9,611,074 | 80,420 | 9,691,494 |
| Issuance of GDRs (representing A shares) | 825,150 | 10,614,306 | - | - | - | - | - | 11,439,456 | - | 11,439,456 |
| Capital injection by non-controlling shareholders | - | (80,411) | - | - | - | - | - | (80,411) | 977,294 | 896,883 |
| Recognition on decrease of interests in subsidiaries without a change in control | - | 511,659 | - | - | - | - | - | 511,659 | 654,229 | 1,165,888 |
| Equity-settled share-based payments | - | 300,798 | - | - | - | - | - | 300,798 | 49,907 | 350,705 |
| Appropriation to surplus reserve | - | - | 628,860 | - | - | - | (628,860) | - | - | - |
| Appropriation to general reserve | - | - | - | 1,887,482 | - | - | (1,887,482) | - | - | - |
| Dividends declared for the year | - | - | - | - | - | - | (2,722,995) | (2,722,995) | (648) | (2,723,643) |
| Others | - | 84,321 | - | - | - | - | - | 84,321 | - | 84,321 |
| **As at 31 December 2019** | 9,076,650 | 70,290,533 | 5,118,691 | 14,084,427 | 393,572 | 395,195 | 23,178,411 | 122,537,479 | 3,117,229 | 125,654,708 |

The notes on pages F-22 to F-158 form part of these financial statements.

# Consolidated statement of cash flows
# For the year ended 31 December 2020
*(Expressed in thousands of Renminbi, unless otherwise stated)*

| | Note | Year ended 31 December 2020 | 2019 |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Profit before income tax | | 13,504,376 | 11,585,965 |
| Adjustments for: | | | |
| Interest expenses | | 8,358,703 | 6,561,019 |
| Share of profit of associates and joint ventures | | (4,203,647) | (2,726,449) |
| Depreciation and amortisation expenses | | 1,341,384 | 1,197,068 |
| Net provision for impairment losses | | 1,305,862 | 716,932 |
| Expenses recognised from equity-settled share-based payment | | 654,134 | 172,620 |
| Net gains on disposal of property and equipment and intangible assets | | (1,455) | (447) |
| Foreign exchange losses / (gains) | | 821,223 | (147,877) |
| Dividend income and interest income from financial assets through other comprehensive income and debt investment at amortised cost | | (1,125,358) | (1,645,371) |
| Net losses arising from derecognition of financial assets at fair value through other comprehensive income | | 10,601 | 3,478 |
| Net gains arising from derecognition of debt investment at amortised cost | | (3,567) | (11,842) |
| Unrealised fair value changes in financial instruments through profit or loss | | (4,678,762) | (3,497,517) |
| Unrealised fair value changes in derivatives | | 6,371,886 | 1,440,211 |
| Excess of interest in the fair value of investee's identifiable net assets over investment costs of associates venture acquired | | (60,073) | - |
| Operating cash flows before movements in working capital | | 22,295,307 | 13,647,790 |

The notes on pages F-22 to F-158 form part of these financial statements.

# Consolidated statement of cash flows
# For the year ended 31 December 2020 (continued)
*(Expressed in thousands of Renminbi, unless otherwise stated)*

| | Note | Year ended 31 December 2020 | 2019 |
|---|---|---|---|
| **Cash flows from operating activities (continued):** | | | |
| Increase in refundable deposits | | (12,110,250) | (4,817,034) |
| Increase in margin accounts receivable | | (34,923,307) | (22,811,713) |
| Increase in accounts receivable, other receivables and prepayments | | (3,729,127) | (2,073,020) |
| (Increase) / decrease in financial assets held under resale agreements | | (444,591) | 21,900,719 |
| Increase in financial instruments at fair value through profit or loss | | (30,161,539) | (113,046,695) |
| Decrease / (increase) in restricted bank deposits | | 1,817,601 | (5,493,562) |
| Increase in cash held on behalf of brokerage clients | | (41,567,511) | (24,081,828) |
| Increase in accounts payable to brokerage clients | | 46,569,714 | 30,325,745 |
| Increase in other payables and accruals | | 18,416,886 | 30,920,500 |
| Increase in employee benefits payable and other non-current liabilities | | 2,197,123 | 1,019,355 |
| Increase in financial assets sold under repurchase agreements | | 30,180,923 | 69,623,991 |
| (Decrease) / increase in placements from other financial institutions | | (6,536,368) | 5,549,111 |
| Cash (used in) / generated from operations | | (7,995,139) | 663,359 |
| Income taxes paid | | (1,961,778) | (1,270,322) |
| Interest paid | | (3,912,007) | (2,987,674) |
| Net cash used in operating activities | | (13,868,924) | (3,594,637) |

The notes on pages F-22 to F-158 form part of these financial statements.

# Consolidated statement of cash flows
# For the year ended 31 December 2020 (continued)
*(Expressed in thousands of Renminbi, unless otherwise stated)*

| | Note | Year ended 31 December 2020 | 2019 |
|---|---|---|---|
| **Cash flows from investing activities:** | | | |
| Proceeds on disposal of property and equipment | | 12,391 | 12,464 |
| Dividends received from associates | | 767,576 | 827,844 |
| Dividend income and interest income from financial assets through other comprehensive income and debt investment at amortised cost | | 1,125,358 | 1,645,371 |
| Net losses arising from derecognition of financial assets at fair value through other comprehensive income | | (10,601) | (3,478) |
| Net gains arising from derecognition of debt investment at amortised cost | | 3,567 | 11,842 |
| Purchases of property and equipment, investment properties, other intangible assets and other non-current assets | | (1,007,100) | (1,084,941) |
| Cash paid for acquisition of a subsidiary, net of cash and bank balances acquired | | (117,832) | (164,411) |
| Acquisition of interests in associates, joint ventures and other investments | | (1,730,752) | (472,143) |
| Divestments of associates and joint ventures | | 1,523,872 | 219,877 |
| Purchase of debt investment at amortised cost | | (10,693,105) | (3,466,291) |
| Purchase of financial assets through other comprehensive income | | (3,324,919) | (1,405,863) |
| Others | | - | (63,744) |
| Net cash used in investing activities | | (13,451,545) | (3,943,473) |

The notes on pages F-22 to F-158 form part of these financial statements.

# Consolidated statement of cash flows
# For the year ended 31 December 2020 (continued)
*(Expressed in thousands of Renminbi, unless otherwise stated)*

| | Note | Year ended 31 December 2020 | 2019 |
|---|---|---|---|
| **Cash flows from financing activities:** | | | |
| Proceeds from issuance of short-term debt instruments | | 147,192,346 | 103,166,070 |
| Proceeds from issuance of long-term bonds | | 47,079,773 | 30,989,005 |
| Repayment of long-term bank loans | | (371,748) | (847,772) |
| Proceeds from short-term bank loans | | 5,564,492 | 2,708,340 |
| Repayment of debt securities issued | | (164,042,119) | (107,436,069) |
| Short-term bank loans interest paid | | (28,235) | (80,915) |
| Long-term bank loans interest paid | | (38,130) | (87,520) |
| Short-term debt instruments interest paid | | (769,501) | (488,317) |
| Long-term bonds interest paid | | (2,988,523) | (2,732,056) |
| Dividends paid | | (2,701,395) | (2,723,643) |
| Payment of lease liabilities | | (420,344) | (321,399) |
| Payment of acquisition of treasury shares | | (1,626,546) | - |
| Net proceeds from issuance of A shares | | - | 11,586,661 |
| Proceeds from non-controlling interests | | - | 896,883 |
| Proceeds from partially disposal of a subsidiary without losing control | | - | 1,165,888 |
| Payment for other financing activities | | - | (126,036) |
| Net cash generated from financing activities | 41(b) | 26,850,070 | 35,669,120 |
| Net (decrease) / increase in cash and cash equivalents | | (470,399) | 28,131,010 |
| Cash and cash equivalents at the beginning of the year | | 69,198,778 | 40,792,310 |
| Effect of foreign exchange rate changes | | (1,081,966) | 275,458 |
| Cash and cash equivalents at the end of the year | 41(a) | 67,646,413 | 69,198,778 |

The notes on pages F-22 to F-158 form part of these financial statements.

## 1 General information

Huatai Securities Co., Ltd. (the "Company"), formerly known as Jiangsu Securities Company, was approved by the People's Bank of China ("PBOC"), and registered with the Administration for Industry and Commerce of Jiangsu Province on 9 April 1991, with a registered capital of RMB10 million. The Company was renamed as Huatai Securities Limited Liability Company on 21 December 1999 and then renamed as Huatai Securities Co., Ltd. on 7 December 2007 as a result of the conversion into a joint stock limited liability company.

The Company publicly issued RMB784,561,275 ordinary shares (the "A shares") , and was listed on the Shanghai Stock Exchange on 26 February 2010.

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

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

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

As at 31 December 2020, the Company's registered capital was RMB9,076,650,000 and the Company has a total of 9,076,650,000 issued shares of RMB1 each.

The Company and its subsidiaries (the "Group") principally engaged in securities brokerage, securities proprietary trading, securities underwriting and sponsorship, securities investment advisory, asset management, margin financing and securities lending, agency sale of financial products, intermediary introduction business for the futures companies, agency sale and custody of securities investment fund, mutual fund management, brokerage of spot contracts for precious metal such as gold, proprietary trading of spot contract for gold, direct investment business, alternative investment business, stock option market making, futures brokerage business and other business activities as approved by the China Securities Regulatory Commission("the CSRC").

## 2 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 change 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 2020 are set out in Note 64.

### *(2) Basis of preparation of the financial statements*

The financial statements have 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 are presented in Renminbi ("RMB"), which is the functional currency of the Company. 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).

### *(3) Changes in accounting policies*

The Group has applied the following amendments to IFRSs issued by the IASB to these financial statements for the current accounting period:

- Amendments to IFRS 3, *Definition of a Business*

- Amendment to IFRS 16, *COVID-19-Related Rent Concessions*

A number of other new standards are also effective from 1 January 2020, but they do not have a material effect on the Group's financial statements. Impacts of the adoption of the aforementioned amended IFRSs are discussed below:

(a) Amendments to IFRS 3, *Definition of a Business*

The Group applied Amendments to IFRS 3, *Definition of a Business* to business combinations whose acquisition dates on or after 1 January 2020 in assessing whether it had acquired a business or a group of assets. The details of accounting policies are set out in Note 2(4)(i). See also Note 24(c) for details of the Group's acquisition of subsidiary during the year.

(b) Amendment to IFRS 16, *COVID-19-Related Rent Concessions*

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and, instead, account for those rent concessions as if they were not lease modifications. This amendment had no material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

***(4) Basis of consolidation***

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see Note 2(4)(ii)). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

(ii) 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 statement 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 statement of profit or loss and the consolidated statement 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)(iii)).

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).

(iii) 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) or applied the exemption from the requirement to apply equity accounting method and measured the investment at fair value through profit or loss. 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 value 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(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. Insteadly, the investment continues to be accounted for under the equity method.

When an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organisation, or a mutual fund and similar entities, such investment is measured at fair value through profit or loss in the Group's consolidated statement of financial position.

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) or applied the exemption from the requirement to apply equity accounting method and measured the investment at fair value through profit or loss.

### *(5) Goodwill*

Goodwill represents the excess of:

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit ("CGU"), or groups of CGUs, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 2(15)).

On disposal of a CGU during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

### *(6) Foreign currency*

When the Group receives capital in foreign currencies from investors, the capital is translated to RMB at the spot exchange rate on the date of receipt. Other foreign currency transactions are, on initial recognition, translated to RMB at the spot exchange rates or the rates that approximate the spot exchange rates on the dates of the transactions.

A spot exchange rate is an exchange rate quoted by the PBOC, the State Administrative of Foreign Exchange or a cross rate determined based on quoted exchange rates. A rate that approximates the spot exchange rate is a rate determined under a systematic and rational method, normally the average exchange rate of the current period.

Monetary items denominated in foreign currencies are translated to RMB at the spot exchange rate at the end of the reporting period. The resulting exchange differences are recognised in profit or loss. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated to RMB using the foreign exchange rate at the transaction date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rate at the date the fair value is determined; the resulting exchange differences are recognised in profit or loss, except for the differences arising from the translation of equity securities investment designated as at fair value through other comprehensive income (FVOCI) (except on impairment, in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss), which are recognised as OCI in capital reserve.

The assets and liabilities of foreign operation are translated to RMB at the spot exchange rate at the end of reporting period. The equity items, excluding “retained profits”, are translated to RMB at the spot exchange rates at the transaction dates. The income and expenses of foreign operation are translated to RMB at the spot exchange rates or the rates that approximate the spot exchange rates at the transaction dates. The resulting translation differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. Upon disposal of a foreign operation, the cumulative amount of the translation differences recognised in shareholders’ equity which relates to that foreign operation is transferred to profit or loss in the period in which the disposal occurs.

### *(7) Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments, which are readily convertible into known amounts of cash and are subject to insignificant risk of change in value.

### *(8) Financial instruments*

(i) Recognition and 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 fair value through profit or loss (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.

(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 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.

*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).

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 paramount, 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. |

*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 is to be recognised in OCI (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 Expected Credit Losses (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.

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:

– 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 reorganisations; or

– the disappearance of an active market for a security because of financial difficulties.

*Presentation of allowance for ECL in the consolidated 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.

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.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement 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) Hedge accounting

At the inception of a hedging relationship, the Group formally designates the hedge instruments and the hedged items, and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to meet the hedge effectiveness in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to analyse the sources of hedge ineffectiveness which are expected to affect the hedging relationship in remaining hedging period. If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio, but the risk management objective for that designated hedging relationship remains the same, the Group would rebalance the hedging relationship.

The Group designates such hedged items as debt securities issued with floating interest that expose the Group to the risk of variability of its cash flows.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management positions, do not qualify for hedge accounting and are therefore treated as derivatives held for trading with fair value gains or losses recognised in profit or loss. Hedges which meet the strict criteria for hedge accounting are accounted for in accordance with the Group's accounting policy as set out below.

*Fair value hedges*

Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or unrecognised firm commitment, that is attributable to a particular risk and could affect the profit or loss or other comprehensive income. Among them, the circumstances affecting other comprehensive income are limited to the hedging for the risk exposure from fair value change of non-trading equity investment designated as at FVOCI. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged, the derivative is remeasured at fair value and the gains and losses from both are taken to profit or loss or other comprehensive income.

For hedged items recorded at amortised cost, the difference between the carrying value of the hedged item and the face value is amortised over the remaining term of the original hedge using the effective interest rate method.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss. The changes in the fair value of the hedging instrument are also recognised in profit or loss.

The Group discontinues fair value hedge accounting when the hedging relationship ceases to meet the qualifying criteria after taking into account any rebalancing of the hedging relationship, including the hedging instrument has expired or has been sold, terminated or exercised. If the hedged items are derecognised, the unamortised fair value is recorded in profit or loss.

*Cash flow hedges*

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability, a highly probable forecast transaction or a component of any such item, and could affect profit or loss. For designated and qualifying cash flow hedges, the effective portion of the gain or loss on the hedging instrument is initially recognised directly in other comprehensive income. The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in profit or loss.

When the hedged cash flow affects profit or loss, the gain or loss on the hedging instrument recognised directly in other comprehensive income is recycled in the corresponding income or expense line of the statement of profit or loss. When the hedging relationship ceases to meet the qualifying criteria after taking into account any rebalancing of the hedging relationship, including the hedging instrument has expired or has been sold, terminated or exercised, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income until the hedged forecast transaction ultimately occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to profit or loss.

*Net investment hedges*

Net investment hedge is a hedge of the currency risk of a net investment in a foreign institution operation.

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised directly in other comprehensive income; the gain or loss relating to the ineffective portion is recognised in profit or loss immediately. Gains and losses accumulated in other comprehensive income are included in profit or loss when the foreign operation is disposed of as part of the gain or loss on the disposal.

### *(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 consolidated 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 consolidated statement of financial position.

The difference between the purchase and resale consideration, and that between the sale and repurchase consideration, is amortised over the period of the respective transaction using the effective interest method and is included in interest income and interest expenses, respectively.

### *(11) Investments in subsidiaries*

In the Group's consolidated financial statements, investments in subsidiaries are accounted for in accordance with the principles described in Note 2(4).

In the Company's statement 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 (see Note 2(15)). Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

– the cost of materials and direct labour;

– any other costs directly attributable to bringing the assets to a working condition for their intended use;

– when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and

– capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Costs of construction in progress are determined based on the actual expenditures incurred which include all necessary expenditures incurred during the construction period, borrowing costs eligible for capitalisation and other costs incurred to bring the asset to its intended use.

Items classified as construction in progress are transferred to property and equipment when such assets are ready for their intended use.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Items of property and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line basis over their estimated useful lives.

Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative years of significant items of property and equipment are as follows:

| *Types of assets* | *Estimated useful lives* | *Estimated residual values* | *Depreciation rates* |
|---|---|---|---|
| Buildings | 30 - 35 years | 3% | 2.77% - 3.23% |
| Motor vehicles | 5 - 8 years | 3% | 12.13% - 19.40% |
| Electronic equipment | 5 years | 3% | 19.40% |
| Furniture and fixtures | 5 years | 3% | 19.40% |

No depreciation is provided in respect of construction in progress. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

***(13) Investment property***

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is accounted for using the cost model and stated in the financial statements at cost less accumulated depreciation, and impairment losses (see Note 2(15)). The cost of investment property, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the investment property is classified as held for sale.

| | *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 rights | 50 years |
| Trade names | 20 years |
| Software and others | 2 - 20 years |

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group.

### *(15) Impairment of non-financial assets*

The carrying amounts of the following assets are reviewed at each reporting date to determine whether there is any indication of impairment:

– property and equipment
– investment property
– other intangible assets
– equity investment in subsidiaries, associates and joint 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.

### *(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 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.

### *(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.

***(18) Share-based payments***

(i) 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.

(ii) Accounting treatment of equity-settled share-based payments

Where the Group uses shares or other equity instruments as consideration for services received from the employees, the payment is measured at the fair value of the equity instruments granted to the employees at the grant date. If the equity instruments granted do not vest until the completion of services for a period, or until the achievement of a specified performance condition, the Group recognises an amount at each balance sheet date during the vesting period based on the best estimate of the number of equity instruments expected to vest according to the newly obtained subsequent information of the changes of the number of the employees expected to vest the equity instruments. The Group measures the services received at the grant-date fair value of the equity instruments and recognises the costs or expenses as the services are received, with a corresponding increase in capital reserve.

When the Group receives services, but the Group has no obligation to settle the transaction because the relevant equity instruments are issued by the Company's ultimate parent or its subsidiaries outside the Group, the Group also classifies the transaction as equity-settled.

***(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 OCI.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

– temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

– taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(iii) Tax exposures

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

***(20) Leases***

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

– fixed payments, including in‑substance fixed payments;
– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
– amounts expected to be payable under a residual value guarantee; and
– the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and lease liabilities in 'other payables and accruals' in the statement of financial position.

**Short-term leases and leases of low-value assets**

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**COVID-19-Related Rent Concessions**

The Group has applied Amendment to IFRS 16, *COVID-19-Related Rent Concessions*. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease (see Note 2(15)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other income and gains’.

***(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.

### *(23) Revenue recognition*

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.

(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) Other income

Other income is recognised on an accrual basis.

***(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) Other expenses

Other expenses are recognised on an accrual basis.

***(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.

### *(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.

### *(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 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.

(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.

*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.

(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 scope of consolidation

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% |
| Local Education surcharge | Based on value added tax paid | 1% - 2% |
| 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 subsidiaries in the Mainland China is 25% (2019: 25%). The income tax rate applicable to subsidiaries in Hong Kong is 16.5% (2019: 16.5%). The corporate income tax rate applicable to subsidiaries in the United States is 21% (2019: 21%). Taxes of other overseas subsidiaries are charged at the relevant local rates.

## 4 Fee and commission income

| | *Year ended 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Income from securities brokerage and advisory business | 9,198,734 | 5,937,905 |
| Income from asset management business | 4,091,547 | 3,904,318 |
| Income from underwriting and sponsorship business | 3,351,882 | 1,507,209 |
| Income from futures brokerage business | 1,268,196 | 1,028,961 |
| Income from financial advisory business | 422,499 | 506,076 |
| Other commission income | 124,953 | 126,800 |
| Total | 18,457,811 | 13,011,269 |

## 5 Interest income

| | *Year ended 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Interest income from margin financing and securities lending | 6,149,310 | 4,013,140 |
| Interest income from financial institutions | 3,243,487 | 2,497,914 |
| Interest income from debt instruments at amortised cost | 851,854 | 905,851 |
| Interest income from debt instruments at fair value through other comprehensive income | 272,184 | 78,212 |
| Interest income from securities-backed lending | 248,120 | 973,304 |
| Interest income from other financial assets held under resale agreements | 190,757 | 214,272 |
| Others | 8,169 | - |
| Total | 10,963,881 | 8,682,693 |

## 6 Net investment gains

| | *Year ended 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Dividend income and interest income from financial instruments at fair value through profit or loss | 8,695,327 | 4,603,446 |
| Dividend income from financial assets at fair value through other comprehensive income | 1,320 | 657,830 |
| Net realised losses from disposal of derivative financial instruments | (10,441,578) | (1,751,145) |
| Net realised gains from disposal of financial instruments at fair value through profit or loss | 14,659,676 | 3,604,143 |
| Net realised losses from disposal of financial instruments at fair value through other comprehensive income | (10,601) | (3,478) |
| Net gains arising from derecognition of debt investment at amortised cost[(i)] | 3,567 | 11,842 |
| Unrealised fair value changes of derivative financial instruments | (7,426,886) | (1,440,211) |
| Unrealised fair value changes of financial instruments at fair value through profit or loss | 4,678,762 | 3,497,517 |
| Total | 10,159,587 | 9,179,944 |

(i) For the year ended 31 December 2020 and 31 December 2019, the Group sold certain investment securities measured at amortised cost. These sales were made because the financial assets no longer met the Group's investment policy due to a deterioration in their credit risk.

## 7 Other income and gains

| | *Year ended 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Income from commodity sales | 1,206,870 | 935,544 |
| Government grants[(i)] | 273,423 | 247,437 |
| Rental income | 69,746 | 101,105 |
| Excess of interest in the fair value of investee's identifiable net assets over investment costs of associates venture acquired[(ii)] | 60,073 | - |
| Gains on disposal of property and equipment | 1,455 | 447 |
| Foreign exchange (losses) / gains | (821,223) | 147,877 |
| Others | 162,813 | 130,465 |
| Total | 953,157 | 1,562,875 |

(i) The government grants were received unconditionally by the Company and its subsidiaries from the local government where they reside.

(ii) During the year of 2020, as approved by the CSRC License [2020]2952, Bank of Jiangsu Co., Ltd. ("Bank of Jiangsu") performed allotment of A shares at the ratio of 3 for every 10 shares. The total effective subscriptions of the Company amounted at RMB881.28 million. Other income and gains amounting to RMB60.07 million arose due to the excess of the Group's share of the net fair value of identifiable assets and liabilities of the associate over the total investment cost.

## 8 Fee and commission expenses

| | *Year ended 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Expenses for securities brokerage and advisory business | 2,922,867 | 1,898,076 |
| Expenses for asset management business | 936,597 | 952,225 |
| Expenses for futures brokerage business | 857,101 | 785,844 |
| Expenses for underwriting and sponsorship business | 128,992 | 64,831 |
| Expenses for financial advisory business | 1,462 | 1,177 |
| Other commission expenses | 2,303 | 21,489 |
| Total | 4,849,322 | 3,723,642 |

## 9 Interest expenses

| | *Year ended 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Interest expenses on long-term bonds | 2,912,479 | 2,649,316 |
| Interest expenses on financial assets sold under repurchase agreements | 2,863,130 | 2,229,589 |
| Interest expenses on short-term debt instruments issued | 903,219 | 750,491 |
| Interest expenses on placements | 737,949 | 341,609 |
| Interest expenses of accounts payable to brokerage clients | 528,517 | 336,034 |
| Interest expenses on short-term bank loans | 230,169 | 65,074 |
| Interest expenses on lease liabilities | 39,470 | 30,144 |
| Interest expenses on long-term bank loans | 34,295 | 87,520 |
| Others | 109,475 | 71,242 |
| Total | 8,358,703 | 6,561,019 |

## 10 Staff costs

| | Note | Year ended 31 December 2020 | 2019 |
|---|---|---|---|
| Salaries, bonuses and allowances | | 8,225,010 | 6,312,665 |
| Contribution to pension schemes | | 863,813 | 459,717 |
| Equity-settled share-based payment expenses | 62(a) | 654,134 | 172,620 |
| Cash-settled share-based payment expenses | | - | 78,292 |
| Other social welfare | | 660,692 | 669,860 |
| Total | | 10,403,649 | 7,693,154 |

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 on expenses

| | Year ended 31 December 2020 | 2019 |
|---|---|---|
| Amortisation of other intangible assets | 523,708 | 437,013 |
| Depreciation of property and equipment | 709,705 | 661,589 |
| - Right-of-use assets | 374,309 | 285,175 |
| - Other property and equipment | 335,396 | 376,414 |
| Amortisation of leasehold improvements and long-term deferred expenses | 88,173 | 73,440 |
| Depreciation of investment properties | 19,798 | 25,026 |
| Total | 1,341,384 | 1,197,068 |

## 12 Tax and surcharges

| | Year ended 31 December 2020 | 2019 |
|---|---|---|
| City maintenance and construction tax | 97,179 | 56,573 |
| Education surcharges | 67,986 | 43,447 |
| Others | 43,992 | 51,870 |
| Total | 209,157 | 151,890 |

## 13 Other operating expenses

| | *Year ended 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Cost of commodity sales | 1,178,340 | 933,090 |
| IT expenses | 597,426 | 192,091 |
| Marketing, advertising and promotion expenses | 428,571 | 246,831 |
| Stock exchange fees | 280,004 | 215,553 |
| Consulting fees | 257,685 | 226,676 |
| Postal and communication expenses | 231,806 | 157,956 |
| Products distribution expenses | 208,705 | 155,456 |
| Business entertainment expenses | 171,603 | 161,247 |
| Business travel expenses | 170,052 | 229,114 |
| Securities investor protection funds | 102,376 | 85,636 |
| Rental expenses | 77,792 | 79,889 |
| Utilities | 43,336 | 45,934 |
| Auditors' remuneration | 13,278 | 10,208 |
| Others | 1,004,656 | 793,879 |
| Total | 4,765,630 | 3,533,560 |

## 14 Net provision for impairment loss on financial assets

| | *Year ended 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| (Reversal of) / provision for impairment losses against cash and bank balances | (9,749) | 9,832 |
| Provision for / (reversal of) impairment losses against margin accounts receivable | 1,355,580 | (5,682) |
| (Reversal of) / provision for impairment losses against other receivables and prepayments | (149,505) | 197,380 |
| Provision for impairment losses against debt investment at amortised cost | 21,355 | 1,147 |
| Provision for impairment losses against financial assets at fair value through other comprehensive income | 63,220 | 4,350 |
| (Reversal of) / provision for impairment losses against financial assets held under resale agreements | (18,138) | 510,557 |
| Provision for impairment losses against accounts receivable | 43,445 | 1,965 |
| Total | 1,306,208 | 719,549 |

## 15 Income tax expense

### *(a) Taxation in the consolidated statement of profit or loss represents:*

| | *Year ended 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Current income tax | | |
| - Mainland China | 2,728,349 | 1,673,811 |
| - Hong Kong | - | - |
| - Overseas | 124,325 | 162,560 |
| | 2,852,674 | 1,836,371 |
| Adjustment in respect of prior years | | |
| - Mainland China | (3,460) | 7,977 |
| - Hong Kong | - | - |
| - Overseas | - | - |
| | (3,460) | 7,977 |
| Deferred tax | | |
| Origination and reversal of temporary differences | (215,284) | 684,404 |
| Total | 2,633,930 | 2,528,752 |

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

| | *Year ended 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Profit before income tax | 13,504,376 | 11,585,965 |
| Notional tax calculated using the PRC statutory tax rate | 3,376,094 | 2,896,491 |
| Tax effect of non-deductible expenses | 148,308 | 105,050 |
| Tax effect of non-taxable income | (844,011) | (490,168) |
| Tax effect of unused tax losses not recognised | 21,523 | 21,201 |
| Recognition of previously unrecognised tax losses | (86,544) | (22,936) |
| Effect of different tax rates of the subsidiaries | 19,327 | 5,047 |
| Adjustment for prior years | (3,460) | 7,977 |
| Others | 2,693 | 6,090 |
| Actual income tax expense | 2,633,930 | 2,528,752 |

## 16 Directors' and supervisors' remuneration

The remuneration of directors and supervisors who held office during the reporting period is as follows:

| | *Year ended 31 December 2020* | | | | | |
|---|---|---|---|---|---|---|
| *Name* | *Directors' fees* | *Salaries, allowances and benefits in kind* | *Contribution to pension schemes* | *Discretionary bonuses* | *Annuity plan* | *Total* |
| **Executive directors** | | | | | | |
| Zhang Wei[2] | - | 371 | 28 | 388 | 134 | 921 |
| Zhou Yi[3] | - | 1,152 | 28 | 1,260 | 143 | 2,583 |
| Zhu Xuebo | - | 305 | 25 | 586 | 142 | 1,058 |
| **Non-executive directors** | | | | | | |
| Ding Feng[1] | - | - | - | - | - | - |
| Chen Yongbing[1] | - | - | - | - | - | - |
| Xu Qing[1] | - | - | - | - | - | - |
| Hu Xiao[1] | - | - | - | - | - | - |
| Wang Tao[1][4] | - | - | - | - | - | - |
| **Independent non-executive directors** | | | | | | |
| Chen Chuanming | 240 | - | - | - | - | 240 |
| Liu Hongzhong[5] | 120 | - | - | - | - | 120 |
| Lee Chi Ming | 240 | - | - | - | - | 240 |
| Liu Yan | 240 | - | - | - | - | 240 |
| Chen Zhibin | 240 | - | - | - | - | 240 |
| Wang Jianwen[6] | 140 | - | - | - | - | 140 |
| **Supervisors** | | | | | | |
| Zhai Jun [7] | - | 848 | 51 | 2,670 | 98 | 3,667 |
| Zhang Min[1] [8] | - | - | - | - | - | - |
| Yu Lanying[1] | - | - | - | - | - | - |
| Zhang Xiaohong[9] | - | - | - | - | - | - |
| Fan Chunyan[1][10] | - | - | - | - | - | - |
| Gu Chengzhong [11] | - | 828 | 28 | 2,661 | 97 | 3,614 |
| Wang Ying [12] | - | 772 | 28 | 1,725 | 76 | 2,601 |
| Total | 1,220 | 4,276 | 188 | 9,290 | 690 | 15,664 |

| | *Year ended 31 December 2019* | | | | | |
|---|---|---|---|---|---|---|
| *Name* | *Directors' fees* | *Salaries, allowances and benefits in kind* | *Contribution to pension schemes* | *Discretionary bonuses* | *Annuity plan* | *Total* |
| **Executive directors** | | | | | | |
| Zhang Wei[(2)] | - | 239 | 23 | 179 | - | 441 |
| Zhou Yi[(3)] | - | 359 | 38 | 1,069 | 72 | 1,538 |
| Zhu Xuebo | - | 323 | 38 | 687 | 72 | 1,120 |
| **Non-executive directors** | | | | | | |
| Ding Feng[(1)] | - | - | - | - | - | - |
| Chen Yongbing[(1)] | - | - | - | - | - | - |
| Xu Qing[(1)] | - | - | - | - | - | - |
| Hu Xiao[(1)] | - | - | - | - | - | - |
| Wang Tao[(1)(4)] | - | - | - | - | - | - |
| **Independent non-executive directors** | | | | | | |
| Chen Chuanming | 240 | - | - | - | - | 240 |
| Liu Hongzhong[(5)] | 240 | - | - | - | - | 240 |
| Lee Chi Ming | 240 | - | - | - | - | 240 |
| Liu Yan | 240 | - | - | - | - | 240 |
| Chen Zhibin | 240 | - | - | - | - | 240 |
| **Supervisors** | | | | | | |
| Yu Yimin[(1)(13)] | - | - | - | - | - | - |
| Zhai Jun[(7)] | - | 855 | 49 | 1,598 | 49 | 2,551 |
| Chen Ning[(1)(14)] | - | - | - | - | - | - |
| Zhang Ming[(1)(8)] | - | - | - | - | - | - |
| Yu Lanying[(1)] | - | - | - | - | - | - |
| Yang Yaling[(1)(15)] | - | - | - | - | - | - |
| Zhang Xiaohong[(9)] | - | - | - | - | - | - |
| Fan Chunyan[(1)(10)] | - | - | - | - | - | - |
| Peng Ming[(16)] | - | 199 | 4 | - | 12 | 215 |
| Zhou Xiang[(17)] | - | 147 | 11 | - | 13 | 171 |
| Meng Qinglin[(18)] | - | 984 | 49 | 2,902 | 76 | 4,011 |
| Gu Chengzhong[(11)] | - | 822 | 38 | 1,135 | 49 | 2,044 |
| Wang Ying[(12)] | - | 696 | 38 | 1,159 | 38 | 1,931 |
| Total | 1,200 | 4,624 | 288 | 8,729 | 381 | 15,222 |

(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, CMB Wealth Management Company Limited and Jiangsu Govtor Capital Group Co., Ltd.. No allocation of the remunerations between these shareholders and the Group has been made during the reporting period.

(2) Appointed as chairman of the board on 16 December 2019.

(3) Appointed as CEO and director of executive committee on 29 October 2019 and resigned as chairman of the board on 16 December 2019.

(4) Appointed as non-executive director on 16 December 2019.

(5) Resigned as independent non-executive director on 19 June 2020.

(6) Appointed as independent non-executive director on 19 June 2020.

(7) Appointed as supervisor on 26 April 2019 and as chairman of the supervisory board on 16 December 2019.

(8) Appointed as supervisor on 16 December 2019.

(9) Appointed as supervisor on 16 December 2019.

(10) Resigned as non-executive director on 16 December 2019 and appointed as supervisor on 16 December 2019.

(11) Appointed as supervisor on 26 April 2019.

(12) Appointed as supervisor on 16 December 2019.

(13) Resigned as chairman of the supervisory board on 16 December 2019.

(14) Resigned as supervisor on 16 December 2019.

(15) Resigned as supervisor on 16 December 2019.

(16) Resigned as supervisor on 26 April 2019.

(17) Resigned as supervisor on 26 April 2019.

(18) Resigned as supervisor on 16 December 2019.

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.

## 17 Individuals with highest emoluments

Of the five individuals with the highest emoluments, none are directors or supervisors whose emoluments are disclosed in Note 16. The aggregate of the emoluments are as follows:

| | *Year ended 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Salaries and allowances | 14,764 | 16,741 |
| Discretionary bonuses | 35,138 | 33,279 |
| Employer's contribution to pension schemes | 462 | 462 |
| Share-based payments | 108,130 | 19,843 |
| Total | 158,494 | 70,325 |

The emoluments with the highest emoluments are within the following bands:

| | *Year ended 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| | *Number of individuals* | *Number of individuals* |
| HKD9,500,001 to HKD10,000,000 | - | 1 |
| HKD10,000,001 to HKD15,000,000 | - | 2 |
| HKD15,000,001 to HKD20,000,000 | 2 | 1 |
| HKD20,000,001 to HKD25,000,000 | - | 1 |
| Over HKD25,000,000 | 3 | - |
| 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.

## 18 Other comprehensive income

| | *Year ended 31 December 2020* | | |
|---|---|---|---|
| | *Before tax* | *Tax expense* | *Net of tax* |
| Net gain from debt investments at FVOCI | 77,974 | - | 77,974 |
| Equity investments at FVOCI: | | | |
| - Net movement in fair value reserve (non-recycling) | 248,725 | (58,771) | 189,954 |
| Reserve from cash flow hedging instruments | (34,348) | - | (34,348) |
| Share of other comprehensive income of associates and joint ventures | (55,583) | - | (55,583) |
| Exchange differences on translation of financial statements in foreign currencies | (717,314) | - | (717,314) |
| Total | (480,546) | (58,771) | (539,317) |

| | *Year ended 31 December 2019* | | |
|---|---|---|---|
| | *Before tax* | *Tax expense* | *Net of tax* |
| Net gain from debt investments at FVOCI | 5,460 | - | 5,460 |
| Equity investments at FVOCI: | | | |
| - Net movement in fair value reserve (non-recycling) | 494,709 | (123,677) | 371,032 |
| Share of other comprehensive income of associates and joint ventures | 95,531 | - | 95,531 |
| Exchange differences on translation of financial statements in foreign currencies | 162,258 | - | 162,258 |
| Total | 757,958 | (123,677) | 634,281 |

## 19 Basic and diluted earnings per share

### *(1) Basic earnings per share*

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

| | | *Year ended 31 December* | |
|---|---|---|---|
| | *Note* | *2020* | *2019* |
| Profit attributable to shareholders of the Company | | 10,822,497 | 9,001,644 |
| Weighted average number of ordinary shares (in thousands) | 19(1)(a) | 9,027,078 | 8,686,374 |
| Basic earnings per share attributable to equity shareholders (in Renminbi per share) | | 1.20 | 1.04 |

(a) Weighted average number of ordinary shares (in thousands)

| | *Year ended 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Number of ordinary shares as at 1 January | 9,076,650 | 8,251,500 |
| Decrease in weighted average number of ordinary shares | (49,572) | - |
| Increase in weighted average number of ordinary shares | - | 434,874 |
| Weighted average number of ordinary shares | 9,027,078 | 8,686,374 |

### *(2) Diluted earnings per share*

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

| | Note | Year ended 31 December 2020 | 2019 |
|---|---|---|---|
| Consolidated net profit attributable to ordinary shareholders of the Company (diluted) | 19(2)(a) | 10,744,913 | 8,962,366 |
| Weighted average number of ordinary shares outstanding (in thousands) | 19(1)(a) | 9,027,078 | 8,686,374 |
| Diluted earnings per share attributable to equity shareholders (in Renminbi per share) | | 1.19 | 1.03 |

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

| | Year ended 31 December 2020 | 2019 |
|---|---|---|
| Consolidated net profit attributable to ordinary shareholders of the Company | 10,822,497 | 9,001,644 |
| Diluted adjustments: | | |
| Effect of conversion of convertible bonds from the associate of the Company[(i)] | (77,584) | (39,278) |
| Assumed vesting of shares granted to employees of a subsidiary[(ii)] | - | - |
| Consolidated net profit attributable to ordinary shareholders of the Company (diluted) | 10,744,913 | 8,962,366 |

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

(ii) During 2019, AssetMark Financial Holdings, Inc., the subsidiary of the Company granted stock options and restricted stock units to its certain employees. Diluted earnings per share takes into account the potential impacts to the Group's share of profits of the subsidiary when additional shares have to be issued to relevant employees. Since AssetMark Financial Holdings, Inc. was in a loss position for the year ended 31 December 2020, the inclusion of all potential ordinary shares outstanding would have been anti-dilutive and excluded from the calculation of diluted earnings per share for the year ended 31 December 2020.

For the year ended 31 December 2020 and 31 December 2019, the Company had no potentially dilutive shares outstanding, respectively.

## 20 Property and equipment

| | *Buildings* | *Motor vehicles* | *Electric equipment* | *Furniture and fixtures* | *Construction in progress* | *Right-of-use assets* | *Total* |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| As at 1 January 2020 | 3,655,708 | 155,821 | 1,148,900 | 271,929 | 29,969 | 1,252,706 | 6,515,033 |
| Additions | - | 6,449 | 318,220 | 25,517 | 87,013 | 636,051 | 1,073,250 |
| Transfer during the year (Note 33(b)) | 357 | - | 2,680 | 3,569 | (80,431) | - | (73,825) |
| Transfer in from investment properties (Note 21) | 124,454 | - | - | - | - | - | 124,454 |
| Disposals | (2,202) | (8,314) | (76,481) | (12,761) | - | (91,261) | (191,019) |
| As at 31 December 2020 | 3,778,317 | 153,956 | 1,393,319 | 288,254 | 36,551 | 1,797,496 | 7,447,893 |
| **Accumulated depreciation** | | | | | | | |
| As at 1 January 2020 | (742,695) | (106,512) | (541,368) | (172,641) | - | (283,701) | (1,846,917) |
| Charge for the year | (103,792) | (8,115) | (193,600) | (29,889) | - | (374,309) | (709,705) |
| Transfer in from investment properties (Note 21) | (25,618) | - | - | - | - | - | (25,618) |
| Disposals | 425 | 8,066 | 71,838 | 8,611 | - | 59,491 | 148,431 |
| As at 31 December 2020 | (871,680) | (106,561) | (663,130) | (193,919) | - | (598,519) | (2,433,809) |
| **Carrying amount** | | | | | | | |
| As at 31 December 2020 | 2,906,637 | 47,395 | 730,189 | 94,335 | 36,551 | 1,198,977 | 5,014,084 |

| | *Buildings* | *Motor vehicles* | *Electric equipment* | *Furniture and fixtures* | *Construction in progress* | *Right-of-use assets* | *Total* |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| As at 31 December 2018 | 3,574,577 | 147,871 | 791,119 | 221,437 | 49,026 | - | 4,784,030 |
| Impact on initial application of IFRS 16 | - | - | - | - | - | 725,265 | 725,265 |
| As at 1 January 2019 | 3,574,577 | 147,871 | 791,119 | 221,437 | 49,026 | 725,265 | 5,509,295 |
| Additions | - | 34,567 | 412,178 | 49,469 | 60,600 | 531,197 | 1,088,011 |
| Transfer during the year (Note 33(b)) | - | - | 15,852 | 12,159 | (79,657) | - | (51,646) |
| Transfer in from investment properties (Note 21) | 81,131 | - | - | - | - | - | 81,131 |
| Disposals | - | (26,617) | (70,249) | (11,136) | - | (3,756) | (111,758) |
| As at 31 December 2019 | 3,655,708 | 155,821 | 1,148,900 | 271,929 | 29,969 | 1,252,706 | 6,515,033 |
| **Accumulated depreciation** | | | | | | | |
| As at 1 January 2019 | (598,166) | (125,141) | (433,285) | (79,285) | - | - | (1,235,877) |
| Charge for the year | (97,617) | (6,447) | (173,752) | (98,598) | - | (285,175) | (661,589) |
| Transfer in from investment properties (Note 21) | (46,912) | - | - | - | - | - | (46,912) |
| Disposals | - | 25,076 | 65,669 | 5,242 | - | 1,474 | 97,461 |
| As at 31 December 2019 | (742,695) | (106,512) | (541,368) | (172,641) | - | (283,701) | (1,846,917) |
| **Carrying amount** | | | | | | | |
| As at 31 December 2019 | 2,913,013 | 49,309 | 607,532 | 99,288 | 29,969 | 969,005 | 4,668,116 |

As at 31 December 2020 and 31 December 2019, included in buildings, there is a carrying amount of RMB6.56 million and RMB34.68 million, respectively, for which the Group has yet to obtain the relevant land or building certificates.

## 21 Investment properties

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| **Cost** | | |
| As at 1 January | 769,459 | 850,590 |
| Additions | - | - |
| Transfer to property and equipment (Note 20) | (124,454) | (81,131) |
| Disposals | (219) | - |
| As at 31 December | 644,786 | 769,459 |
| **Accumulated depreciation** | | |
| As at 1 January | (237,823) | (259,709) |
| Charge for the year | (19,798) | (25,026) |
| Transfer to property and equipment (Note 20) | 25,618 | 46,912 |
| Disposals | 102 | - |
| As at 31 December | (231,901) | (237,823) |
| **Impairment** | | |
| As at 1 January | (4,547) | (4,547) |
| Impairment losses for the year | - | - |
| As at 31 December | (4,547) | (4,547) |
| **Carrying amount** | 408,338 | 527,089 |

As at 31 December 2020 and 31 December 2019, included in investment properties, there is a carrying amount of RMB46.06 million and RMB55.91 million, respectively, for which the Group has yet to obtain the relevant land or building certificates.

## 22 Goodwill

| | |
|---|---|
| **Cost** | |
| As at 1 January 2020 | 2,333,862 |
| Acquisition through business combination | 79,266 |
| Effect of movements in exchange rates | (152,183) |
| As at 31 December 2020 | 2,260,945 |
| **Impairment losses** | |
| As at 1 January 2020 | - |
| Impairment losses | - |
| As at 31 December 2020 | - |
| **Carrying amounts** | |
| As at 1 January 2020 | 2,333,862 |
| As at 31 December 2020 | 2,260,945 |

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* | |
|---|---|---|
| | *2020* | *2019* |
| Investment banking | 51,090 | 51,090 |
| Futures brokerage | 252 | 252 |
| Overseas asset management | 2,209,603 | 2,282,520 |
| Total | 2,260,945 | 2,333,862 |

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 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.

AssetMark Financial Holdings, Inc. acquired 100% of the equity of Global Financial Private Capital, Inc. in April 2019. The Group recognised the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the addition goodwill of the overseas asset management CGU.

AssetMark Financial Holdings, Inc. acquired 100% of the equity of WBI OBS Financial, Inc. in Feburary 2020. The Group recognised the excess of fair value of the consideration transferred over the fair value of the net identifiable assets acquired as the addition goodwill of the overseas asset management CGU.

For the investment banking and futures brokerage CGU, the cash flows generated from each subsidiary acquired are independent. Therefore, each of these acquired subsidiaries is a separate CGU. For the overseas asset management CGU, the Group considered that the primary business of Global Financial Private Capital, Inc. acquired in 2019 and WBI OBS Financial, Inc. acquired in 2020 are the same as AssetMark Financial Holdings, Inc., and they can bring synergies to overseas asset management business. The Group assessed that there was only one CGU within AssetMark Financial Holdings, Inc.. The Group performed the impairment test for the goodwill generated from each CGU.

***(1) 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. As at 31 December 2020, the pre-tax discount rate used by the investment banking and futures brokerage CGUs were 20% and 18%, respectively (18% and 20%, respectively, as at 31 December 2019), and the weighted average growth rate were 5% and 6.6%, respectively (5% and 6.6%, respectively, as at 31 December 2019). The pre-tax discount rate and weighted average growth rate reflected the risks and growth expectations of the relevant CGUs. 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.

***(2) Overseas asset management CGU***

The recoverable amount of the CGU has been determined based on fair value less costs of disposal based on the stock price of AssetMark Financial Holdings, Inc. in New York Stock Exchange as at 31 December 2020.

As at 31 December 2020, 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.

## 23 Other intangible assets

| | *Land use rights* | *Existing relationships with broker-dealers* | *Trade names* | *Software and others* | *Total* |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| As at 1 January 2020 | 362,281 | 3,979,783 | 319,719 | 2,530,698 | 7,192,481 |
| Acquisition of subsidiaries | - | - | - | 66,563 | 66,563 |
| Additions | - | - | - | 326,147 | 326,147 |
| Disposals | - | - | - | (94) | (94) |
| Exchange differences | - | (240,853) | (19,349) | (76,692) | (336,894) |
| As at 31 December 2020 | 362,281 | 3,738,930 | 300,370 | 2,846,622 | 7,248,203 |
| **Accumulated amortisation** | | | | | |
| As at 1 January 2020 | (85,362) | - | (53,653) | (1,342,009) | (1,481,024) |
| Charge for the year | (7,260) | - | (36,645) | (479,803) | (523,708) |
| Disposals | - | - | - | 94 | 94 |
| Exchange differences | - | - | 3,286 | 29,218 | 32,504 |
| As at 31 December 2020 | (92,622) | - | (87,012) | (1,792,500) | (1,972,134) |
| **Carrying amount** | | | | | |
| As at 31 December 2020 | 269,659 | 3,738,930 | 213,358 | 1,054,122 | 5,276,069 |
| **Cost** | | | | | |
| As at 1 January 2019 | 359,161 | 3,917,479 | 314,714 | 1,912,694 | 6,504,048 |
| Acquisition of subsidiaries | - | - | - | 95,632 | 95,632 |
| Additions | 3,120 | - | - | 503,711 | 506,831 |
| Disposals | - | - | - | (3,514) | (3,514) |
| Exchange differences | - | 62,304 | 5,005 | 22,175 | 89,484 |
| As at 31 December 2019 | 362,281 | 3,979,783 | 319,719 | 2,530,698 | 7,192,481 |
| **Accumulated amortisation** | | | | | |
| As at 1 January 2019 | (78,123) | - | (37,323) | (926,590) | (1,042,036) |
| Charge for the year | (7,239) | - | (15,736) | (414,038) | (437,013) |
| Disposals | - | - | - | 3,514 | 3,514 |
| Exchange differences | - | - | (594) | (4,895) | (5,489) |
| As at 31 December 2019 | (85,362) | - | (53,653) | (1,342,009) | (1,481,024) |
| **Carrying amount** | | | | | |
| As at 31 December 2019 | 276,919 | 3,979,783 | 266,066 | 1,188,689 | 5,711,457 |

Existing relationships with brokers and dealers are regarded as having an indefinite useful life and are 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 2020, 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 9-year period and the pre-tax discount rate of 15.6%. 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 of the Group, no impairment loss was recognised for the year ended 31 December 2020 (31 December 2019: Nil).

# 24 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* | |
|---|---|---|---|---|---|---|---|
| | | | *2020* | *2019* | | *2020* | *2019* |
| Huatai United Securities Co., Ltd. | PRC 5 September 1997 | RMB 997,480,000 | 99.92% | 99.92% | 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. | 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[2] | 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. | 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 1,700,000,000 | 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 |
| Shenzhen Huatai Ruilin Equity Management (Limited Partnership)[2][3] | PRC 28 September 2014 | RMB - | 31.00% | 31.00% | Equity investment | KPMG PRC PRC GAAP | KPMG PRC PRC GAAP |
| Beijing Huatai Ruihe Medical Industry Investment (Limited Partnership)[2][3] | PRC 1 June 2015 | RMB 276,615,840 | 45.00% | 45.00% | Equity investment | KPMG PRC PRC GAAP | KPMG PRC PRC GAAP |
| Yili Suxin Investment Fund (Limited Partnership)[2][3] | PRC 19 February 2016 | RMB 1,810,000,000 | 24.73% | 24.73% | Equity investment | KPMG PRC PRC GAAP | KPMG PRC PRC GAAP |
| AssetMark Financial Holdings, Inc.[2] | US 1 January 1996 | USD 72,449 | 70.27% | 70.27% | Asset management | KPMG LLP US GAAP | KPMG LLP US GAAP |
| Huatai Great Wall Capital Management Co., Ltd.[2] | PRC 6 December 2013 | RMB 650,000,000 | 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.[2] | PRC 3 August 2017 | RMB 550,000,000 | 100.00% | 100.00% | Investment management | KPMG PRC PRC GAAP | KPMG PRC PRC GAAP |

(1) Auditors of the respective subsidiaries of the Group are as follows:

- KPMG PRC represents KPMG Huazhen LLP, a firm of certified public accountants registered in PRC;
- KPMG represents KPMG in Hong Kong, a firm of certified public accountants registered in Hong Kong; and
- KPMG LLP represents KPMG in the United States, a firm of certified public accountants registered in the United States.

(2) These subsidiaries are indirectly controlled by the Company.

(3) As at 31 December 2020, the Company indirectly held less than 50% of the equity of Shenzhen Huatai Ruilin Equity Management (Limited Partnership), Beijing Huatai Ruihe Medical Industry Investment (Limited Partnership) and Yili Suxin Investment Fund (Limited Partnership). According to the articles of partnership agreement, the Company has the power to control these funds and has the ability to use the power to affect the Company's variable return amount. Therefore, they are included in the scope of the consolidated financial statements.

***(b) Partially-owned subsidiaries with material non-controlling interests***

The following tables list out the information relating to Huatai Futures Co., Ltd. and AssetMark Financial Holdings, Inc., the subsidiaries of the Group which have material non-controlling interest ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination:

| | *Huatai Futures Co., Ltd.* | | *AssetMark Financial Holdings, Inc.* | |
|---|---|---|---|---|
| | *2020* | *2019* | *2020* | *2019* |
| NCI percentage | 40% | 40% | 29.73% | 29.73% |
| Assets | 42,842,627 | 25,103,587 | 7,983,789 | 8,246,392 |
| Liabilities | (39,867,604) | (22,345,524) | (2,078,279) | (2,254,806) |
| Net assets | 2,975,023 | 2,758,063 | 5,905,510 | 5,991,586 |
| Carrying amount of NCI | 1,189,665 | 1,103,225 | 1,755,703 | 1,785,262 |
| Revenue | 2,232,482 | 1,701,654 | 3,003,554 | 2,875,601 |
| Profit / (loss) for the year | 220,572 | 90,668 | (355,513) | (2,897) |
| Other comprehensive income | (3,613) | 1,573 | - | - |
| Total comprehensive income | 216,959 | 92,241 | (355,513) | (2,897) |
| Profit / (loss) allocated to NCI | 88,229 | 36,897 | (106,361) | (8,962) |
| Dividend paid to NCI | - | - | - | - |
| Cash flows from operating activities | 10,104,878 | 499,437 | 534,889 | 379,988 |
| Cash flows from investing activities | 359,050 | 391,898 | (347,361) | (413,314) |
| Cash flows from financing activities | (46,819) | (55,789) | (352,429) | (15,052) |

### *(c) Acquisition of subsidiary*

WBI OBS Financial, Inc.

In 2020, the Company's subsidiary AssetMark Financial Holdings, Inc. acquired WBI OBS Financial, LLC, which was renamed as WBI OBS Financial, Inc. effective in June 2020. The Company closed the acquisition and paid a final purchase price of USD21.34 million (RMB149.51 million). The equity interest held by the Group is 100% after the acquisition in February 2020. The Group recognised the excess of the consideration transferred over the fair value of the net identifiable assets acquired as the goodwill.

The fair values of the identifiable assets and liabilities of WBI OBS Financial, Inc. as at the date of acquisition were as follows:

| | *Fair value recognised as at the date of acquisition* |
|---|---|
| Property and equipment | 1,876 |
| Other intangible assets | 66,563 |
| Deferred tax assets | 1,317 |
| Accounts receivable | 4,164 |
| Other receivables and prepayments | 4,954 |
| Cash and bank balances | 31,681 |
| Other payables and accruals | (40,307) |
| Total identifiable net assets at fair value | 70,248 |
| Goodwill arising from acquisition | 79,266 |
| Consideration transferred | 149,514 |
| Less: fair value of net assets acquired | (70,248) |
| Carrying amount of goodwill | 79,266 |

Goodwill arose from the acquisition because the cost of the acquisition included a control premium. In addition, the consideration paid for the acquisition effectively included amounts in relation to the benefit of expected synergies, revenue growth, and future market development. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Since the acquisition, WBI OBS Financial, Inc. contributed RMB29.17 million to the Group's revenue and RMB3.26 million losses to the consolidated profit for the year ended 31 December 2020.

## 25 Interest in associates

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Share of net assets | 17,691,161 | 14,974,547 |

The following list contains only the particulars of material associates, all of which (except that 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 | 14,769,607 | 5.63% | 5.63% | - | Commercial banking |
| China Southern Asset Management Co., Ltd. | Shenzhen | 361,720 | 41.16% | 41.16% | - | Fund management |
| Nanjing Huatai Ruilian NO.1 Funds Mergers (Limited Partnership)[(ii)] | Nanjing | 5,442,000 | 48.27% | - | 48.27% | Equity investment |

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

(i) For the year ended 31 December 2020, the Company has appointed one director in the board of directors of Bank of Jiangsu. The Company formulated certain specific implementation measures on the finance and operation policy-making of Bank of Jiangsu that had a significant influence over it. Bank of Jiangsu converted 548,000 shares convertible bonds, accounting for 0.0006% of the total number of ordinary shares issued by Bank of Jiangsu before the conversion. As approved by the CSRC License [2020]2952, Bank of Jiangsu performed allotment of A shares at the ratio of 3 for every 10 shares. The total effective subscriptions were 3,225,083,672 shares, and the Company subscribed 192,000,000 shares. The equity ratio of Bank of Jiangsu held by the Company was changed from 5.54% to 5.63%.

(ii) As at 31 December 2020, the Group holds 48.27% equity interest of Nanjing Huatai Ruilian No.1 Funds Mergers (Limited Partnership) ("No.1 Funds Mergers"). Pursuant to the limited partnership agreement, the Group is the co-manager of the fund, which has a significant influence over the fund. Therefore, it is accounted as an associate of the Group.

Summarised financial information of Bank of Jiangsu, China Southern Asset Management Co., Ltd. and NO. 1 Funds Mergers 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

| | *2020* | *2019* |
|---|---|---|
| Gross amounts of the associate | | |
| Assets | 2,337,893,000 | 2,065,058,000 |
| Liabilities | (2,155,755,443) | (1,928,083,074) |
| Net assets | 182,137,557 | 136,974,926 |
| Revenue | 52,026,000 | 44,974,000 |
| Profit for the year | 15,522,021 | 16,921,980 |
| Other comprehensive income | (372,384) | (866,500) |
| Total comprehensive income | 15,149,637 | 16,055,480 |
| Dividend received from the associate | 177,920 | 217,600 |
| Reconciled to the Group's interest in the associate: | | |
| Net assets of the associate attributable to the parent company | 135,275,105 | 110,027,043 |
| The Group's effective interest | 5.63% | 5.54% |
| The Group's share of net assets of the associate | 7,588,140 | 6,099,377 |
| Carrying amount in the consolidated financial statements | 7,588,140 | 6,099,377 |

China Southern Asset Management Co., Ltd.

| | *2020* | *2019* |
|---|---|---|
| Gross amounts of the associate | | |
| Assets | 12,009,246 | 9,435,117 |
| Liabilities | (4,168,198) | (2,370,765) |
| Net assets | 7,841,048 | 7,064,352 |
| Revenue | 5,629,639 | 3,872,937 |
| Profit for the year | 1,484,107 | 896,907 |
| Other comprehensive income | (24,743) | 97,767 |
| Total comprehensive income | 1,459,364 | 994,674 |
| Dividend received from the associate | 277,864 | 149,226 |
| Reconciled to the Group's interest in the associate: | | |
| Net assets of the associate attributable to the parent company | 7,625,332 | 6,837,404 |
| The Group's effective interest | 41.16% | 41.16% |
| The Group's share of net assets of the associate | 3,138,587 | 2,814,276 |
| Carrying amount in the consolidated financial statements | 3,138,587 | 2,814,276 |

NO.1 Funds Mergers

| | *2020* | *2019* |
|---|---|---|
| Gross amounts of the associate | | |
| Assets | 8,561,102 | 8,195,643 |
| Liabilities | - | - |
| Net assets | 8,561,102 | 8,195,643 |
| Revenue | 3,227,169 | 2,649,799 |
| Profit for the year | 3,133,644 | 2,547,011 |
| Other comprehensive income | - | - |
| Total comprehensive income | 3,133,644 | 2,547,011 |
| Dividend received from the associate | 45,506 | - |
| | | |
| Reconciled to the Group's interest in the associate: | | |
| Net assets of the associate attributable to the parent company | 8,561,102 | 8,195,643 |
| The Group's effective interest | 48.27% | 48.27% |
| The Group's share of net assets of the associate | 4,132,152 | 3,955,757 |
| Other adjustment | (100,201) | (37,418) |
| Carrying amount in the consolidated financial statements | 4,031,951 | 3,918,339 |

Aggregate information of associates that are not individually material:

| | *2020* | *2019* |
|---|---|---|
| Aggregate carrying amount of individually immaterial associates in the consolidated financial statements | 2,932,483 | 2,142,555 |
| Aggregate amounts of the Group's share of those associates' gains | 1,249,837 | 556,874 |
| Other comprehensive income | (502) | (56) |
| Total comprehensive income | 1,249,335 | 556,818 |

## 26 Interest in joint ventures

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Unlisted investment in a joint venture at fair value through profit or loss [(i)] | 888,195 | - |
| Unlisted investment in a joint venture | 753,651 | 664,458 |
| Total | 1,641,846 | 664,458 |

(i) The Group elected to measure its investment Huatai International Greater Bay Area Investment Fund, L.P. of RMB888.20 million held through Huatai Financial Holdings (Hong Kong) Limited, a directly wholly-owned subsidiary, at fair value through profit or loss as management measured the performance of this joint venture on a fair value basis as at 31 December 2020.

The following list contains only the particulars of material joint venture accounted for in the consolidated financial statements under the equity method, which is unlisted corporate entity whose quoted market price is not available:

| | | | Proportion of ownership interest | | | |
|---|---|---|---|---|---|---|
| *Name of joint venture* | *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) [(i)] | Nanjing | 10,001,000 | 10% | - | 10% | Equity investment |

(i) As at 31 December 2020, the Group held 10% equity interest of Huatai Merchants (Jiangsu) Capital Market Investment Fund of Funds (Limited Partnership). Pursuant to the limited partnership agreement, the Group and the third party contractually agree to share control and net assets of the fund. The directors of the Group consider the fund is jointly controlled by the Group and the third party, and it is therefore accounted for as joint venture of the Group.

(ii) Summarised financial information of Huatai Merchants (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 Merchants (Jiangsu) Capital Market Investment Fund of Funds (Limited Partnership)

| | *2020* | *2019* |
|---|---|---|
| Gross amounts of the joint venture | | |
| Assets | 7,537,023 | 6,629,266 |
| Liabilities | (516) | - |
| Net assets | 7,536,507 | 6,629,266 |
| Revenue | 949,474 | 295,645 |
| Profit for the year | 929,307 | 275,301 |
| Other comprehensive income | - | - |
| Total comprehensive income | 929,307 | 275,301 |
| Dividend received from the joint venture | - | - |
| | | |
| Reconciled to the Group's interest in the joint venture: | | |
| Net assets of the joint venture attributable to the parent company | 7,536,507 | 6,629,266 |
| The Group's effective interest | 10% | 10% |
| The Group's share of net assets of the joint venture | 753,651 | 662,927 |
| | | |
| Carrying amount in the consolidated financial statements | 753,651 | 662,927 |

Information of joint venture that is not individually material:

| | *2020* | *2019* |
|---|---|---|
| Carrying amount of individually immaterial joint venture in the consolidated financial statements | - | 1,531 |
| | | |
| Amounts of the Group's share of immaterial joint venture's gains | - | 76 |
| Other comprehensive income | - | - |
| Total comprehensive income | - | 76 |

## 27 Debt investment at amortised cost

### *(a) Analysed by nature:*

Non-current

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Debt securities | 19,244,156 | 14,434,594 |
| Loan and advances | - | 699,570 |
| Less: impairment losses | (13,496) | (5,211) |
| Total | 19,230,660 | 15,128,953 |
| Analysed as: | | |
| Listed outside Hong Kong | 6,342,628 | 6,743,982 |
| Listed inside Hong Kong | 189,025 | 554,254 |
| Unlisted | 12,699,007 | 7,830,717 |
| Total | 19,230,660 | 15,128,953 |

Current

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Debt securities | 11,195,920 | 4,322,908 |
| Loan and advances | - | 289,899 |
| Less: impairment losses | (15,072) | (2,002) |
| Total | 11,180,848 | 4,610,805 |
| Analysed as: | | |
| Listed outside Hong Kong | 3,699,647 | 2,538,970 |
| Listed inside Hong Kong | 19,356 | 42,470 |
| Unlisted | 7,461,845 | 2,029,365 |
| Total | 11,180,848 | 4,610,805 |

As at 31 December 2020, the Group has pledged debt investment at amortised cost with a total fair value of RMB25,218 million and carrying amount of RMB25,167 million for the purpose of repurchase agreement business (as at 31 December 2019: a total fair value of RMB15,897 million and carrying amount of RMB15,737 million). The fair values of these securities have taken into account the relevant features including the restrictions.

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

| | As at 31 December | |
|---|---|---|
| | *2020* | *2019* |
| At the beginning of the year | 7,213 | 6,066 |
| Charge for the year | 31,922 | 3,736 |
| Reversal of impairment | (10,567) | (2,589) |
| At the end of the year | 28,568 | 7,213 |

## 28 Financial assets at fair value through other comprehensive income

### *(a) Analysed by nature:*

Non-current

| | As at 31 December | |
|---|---|---|
| | *2020* | *2019* |
| **Equity investment** | | |
| Equity securities designated at FVOCI | | |
| - Unlisted equity securities | 190,143 | 90,069 |
| - Other unlisted equity investment(1) | 10,488,274 | 10,254,673 |
| | 10,678,417 | 10,344,742 |
| **Debt investment** | | |
| Debt securities | 3,253,698 | 731,785 |
| Loan and advances | 468,991 | 156,106 |
| Total | 14,401,106 | 11,232,633 |
| Analysed as: | | |
| Unlisted | 11,180,101 | 10,500,848 |
| Listed inside Hong Kong | 2,319,766 | 696,635 |
| Listed outside Hong Kong | 901,239 | 35,150 |
| Total | 14,401,106 | 11,232,633 |

(1) As at 31 December 2020, 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 as financial assets at fair value through other comprehensive income (non-recycling) as the investment is not held for trading.

Current

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| **Debt investment** | | |
| Debt securities | 1,137,014 | 283,456 |
| Loan and advances | 408,252 | 841,886 |
| Total | 1,545,266 | 1,125,342 |
| Analysed as: | | |
| Unlisted | 474,435 | 841,886 |
| Listed inside Hong Kong | 604,646 | 196,178 |
| Listed outside Hong Kong | 466,185 | 87,278 |
| Total | 1,545,266 | 1,125,342 |

## 29 Financial assets held under resale agreements

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

Current

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Debt securities | 13,883,007 | 13,787,673 |
| Equity securities | 6,692,818 | 5,736,157 |
| Less: impairment losses | (1,039,412) | (1,057,550) |
| Total | 19,536,413 | 18,466,280 |

### *(b) Analysed by market:*

Current

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Inter-bank market | 840,974 | 10,117,307 |
| Shenzhen stock exchange | 8,716,535 | 4,734,581 |
| Shanghai stock exchange | 10,616,150 | 3,947,540 |
| Others | 402,166 | 724,402 |
| Less: impairment losses | (1,039,412) | (1,057,550) |
| Total | 19,536,413 | 18,466,280 |

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

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| At the beginning of the year | 1,057,550 | 546,993 |
| Charge for the year | 268,519 | 660,363 |
| Reversal of impairment | (286,657) | (149,806) |
| At the end of the year | 1,039,412 | 1,057,550 |

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

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Within 1 month | 1,631,622 | 3,203,587 |
| 1 to 3 months | 688,997 | 1,410,422 |
| 3 months to 1 year | 4,372,199 | 1,122,148 |
| Less: impairment losses | (1,039,412) | (1,057,550) |
| Total | 5,653,406 | 4,678,607 |

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

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

| | *As at 31 December 2019* | | | |
|---|---|---|---|---|
| | *12-month ECL* | *Lifetime ECL-not credit impaired* | *Lifetime ECL-credit impaired* | *Total* |
| Amortised cost | 3,201,553 | 400 | 2,534,204 | 5,736,157 |
| Impairment losses | (8,002) | (4) | (1,049,544) | (1,057,550) |
| Carrying amount | 3,193,551 | 396 | 1,484,660 | 4,678,607 |
| Collateral | 8,595,770 | 4,969 | 4,337,698 | 12,938,437 |

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

Non-current

(a) Analysed by type:

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Equity securities | 6,019,789 | 4,219,220 |
| Debt securities | 355,484 | 554,937 |
| Funds | 39,988 | 185,288 |
| Wealth management products | 60,123 | 1,712,701 |
| Loan and advances | 2,754,139 | 294,187 |
| Total | 9,229,523 | 6,966,333 |

(b) Analysed as:

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Listed outside Hong Kong | 1,358,266 | 356,529 |
| Unlisted | 7,871,257 | 6,609,804 |
| Total | 9,229,523 | 6,966,333 |

Current

(a) Analysed by type:

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Equity securities | 57,688,801 | 29,781,301 |
| Debt securities | 187,981,318 | 180,958,126 |
| Funds | 24,369,887 | 28,855,524 |
| Wealth management products | 11,241,881 | 5,905,224 |
| Loan and advances | 1,295,702 | 329,164 |
| Total | 282,577,589 | 245,829,339 |

(b) Analysed as:

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Listed outside Hong Kong | 138,088,905 | 114,257,958 |
| Listed inside Hong Kong | 18,995,576 | 7,901,751 |
| Unlisted | 125,493,108 | 123,669,630 |
| Total | 282,577,589 | 245,829,339 |

As at 31 December 2020 and 31 December 2019, the fund investments with lock-up periods in its investment portfolio held by the Group are RMB55 million and RMB62 million, respectively. The fair values of these funds have taken into account the relevant features including the restrictions.

As at 31 December 2020 and 31 December 2019, the listed equity securities held by the Group included approximately RMB2,447 million and RMB790 million of restricted shares, respectively. The restricted shares are listed in the PRC with a legally enforceable restriction on these securities that prevents the Group to dispose of within the specified period. The fair 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 2020 and 31 December 2019, 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 RMB5,426 million and RMB1,476 million to external clients, respectively, which did not result in derecognition of the financial assets. The fair value of collaterals for the securities lending business is analysed in Note 36(c) together with the fair value of collaterals of margin financing business.

As at 31 December 2020 and 31 December 2019, the Group has pledged financial assets at fair value through profit or loss investment with a total fair value of RMB1,890 million and RMB1,329 million to CSF for the purpose of replacement, respectively. The fair value of these securities have taken into account the relevant features including the restrictions.

As at 31 December 2020 and 31 December 2019, the Group has pledged financial assets at fair value through profit or loss investment with a total fair value of RMB113,003 million and RMB91,387 million for the purpose of repurchase agreement business, bond lending business and derivative business, respectively. The fair values of these securities have taken into account the relevant features including the restrictions.

## 31 Refundable deposits

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Deposits with stock exchanges | | |
| – China Securities Depository and Clearing Corporation Limited | 1,197,346 | 774,158 |
| – Hong Kong Securities Clearing Company Limited | 44,638 | 7,668 |
| – Hong Kong Stock Exchange | 926 | 45 |
| | 1,242,910 | 781,871 |
| Deposits with futures and commodity exchanges | | |
| – China Financial Futures Exchange | 10,042,875 | 5,057,555 |
| – Shanghai Futures Exchange | 2,352,019 | 2,023,044 |
| – Dalian Commodity Exchange | 2,737,945 | 1,429,232 |
| – Zhengzhou Commodity Exchange | 1,685,852 | 894,701 |
| – Shanghai International Energy Exchange | 386,069 | 316,689 |
| – Overseas commodity exchange | 50,918 | 208,865 |
| | 17,255,678 | 9,930,086 |
| Deposits with other institutions | | |
| – China Securities Finance Corporation Limited | 4,784,580 | 775,493 |
| – Shanghai Clearing House | 360,142 | 848,118 |
| – Shanghai Gold Exchange | 400 | 400 |
| – Others financial institutions | 1,120,080 | 317,572 |
| | 6,265,202 | 1,941,583 |
| Total | 24,763,790 | 12,653,540 |

## 32 Deferred taxation

### *(a) The components of deferred tax assets / (liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:*

| ***Deferred tax arising from:*** | *Provision for impairment losses* | *Employee benefits payable* | *Changes in fair value of financial instruments measured at FVTPL* | *Changes in fair value of derivative financial instruments* | *Changes in fair value of financial instruments measured at FVOCI* | *Intangible assets recognised in the acquisition* | *Others* | *Total* |
|---|---|---|---|---|---|---|---|---|
| As at 1 January 2020 | 548,666 | 1,648,863 | (1,232,786) | (78,052) | (94,541) | (1,250,141) | (1,905,984) | (2,363,975) |
| Recognised in profit or loss | 309,086 | 133,814 | (51,064) | 259,976 | - | 75,403 | (511,931) | 215,284 |
| Acquisition of subsidiary | - | - | - | - | - | - | 1,317 | 1,317 |
| Recognised in reserves | - | - | - | - | (58,771) | - | - | (58,771) |
| As at 31 December 2020 | 857,752 | 1,782,677 | (1,283,850) | 181,924 | (153,312) | (1,174,738) | (2,416,598) | (2,206,145) |
| As at 1 January 2019 | 370,853 | 1,386,041 | (284,721) | (313,601) | 29,136 | (1,224,780) | (1,547,969) | (1,585,041) |
| Recognised in profit or loss | 177,813 | 262,822 | (948,065) | 235,549 | - | (25,361) | (387,162) | (684,404) |
| Acquisition of subsidiary | - | - | - | - | - | - | 29,147 | 29,147 |
| Recognised in reserves | - | - | - | - | (123,677) | - | - | (123,677) |
| As at 31 December 2019 | 548,666 | 1,648,863 | (1,232,786) | (78,052) | (94,541) | (1,250,141) | (1,905,984) | (2,363,975) |

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

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Net deferred tax assets recognised in the consolidated statement of financial position | 339,502 | 202,825 |
| Net deferred tax liabilities recognised in the consolidated statement of financial position | (2,545,647) | (2,566,800) |
| Total | (2,206,145) | (2,363,975) |

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

As at 31 December 2020 and 31 December 2019, in accordance with the accounting policy set out in Note 2(19)(ii), the Group has not recognised unused tax losses of RMB878 million and RMB1,138 million, respectively, as deferred tax assets, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. Most of the tax losses will not expire under current tax legislation.

## 33 Other non-current assets

***(a) Analysed by nature:***

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Leasehold improvements and long-term deferred expenses | 283,320 | 260,669 |

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

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Balance at the beginning of the year | 260,669 | 259,751 |
| Additions | 36,999 | 22,712 |
| Transfer in from property and equipment (Note 20) | 73,825 | 51,646 |
| Amortisation | (88,173) | (73,440) |
| Balance at the end of the year | 283,320 | 260,669 |

## 34 Accounts receivable

### *(a) Analysed by nature:*

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Accounts receivable of: | | |
| - Return swap and OTC options | 4,385,953 | 2,328,096 |
| - Brokers, dealers and clearing house | 2,564,670 | 550,212 |
| - Redemption of open-ended fund | 940,017 | 775,274 |
| - Fee and commission | 910,563 | 864,235 |
| - Settlement | 168,810 | 798,260 |
| - Subscription receivable | 112,018 | 107,628 |
| - Others | 76,830 | 107,318 |
| Less: impairment losses | (63,300) | (19,855) |
| Total | 9,095,561 | 5,511,168 |

### *(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* | |
|---|---|---|
| | *2020* | *2019* |
| Within 1 month | 6,109,005 | 5,264,183 |
| 1 to 3 months | 1,774,958 | 57,958 |
| Over 3 months | 1,211,598 | 189,027 |
| Total | 9,095,561 | 5,511,168 |

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

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| At the beginning of the year | 19,855 | 17,890 |
| Charge for the year | 46,245 | 14,559 |
| Reversal of impairment | (2,800) | (12,594) |
| At the end of the year | 63,300 | 19,855 |

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

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

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

## 35 Other receivables and prepayments

### *(a) Analysed by nature:*

| | As at 31 December | |
|---|---|---|
| | *2020* | *2019* |
| Other receivables[1] | 310,993 | 468,259 |
| Prepayments | 206,754 | - |
| Interest receivable[2] | 161,663 | 131,942 |
| Tax refund | 63,074 | 29,834 |
| Deductable VAT | 56,165 | 36,874 |
| Deferred expenses | 19,425 | 14,576 |
| Dividends receivable | 15,469 | 4,564 |
| Others | 297,865 | 194,222 |
| Total | 1,131,408 | 880,271 |

(1) Other receivables:

| | As at 31 December | |
|---|---|---|
| | *2020* | *2019* |
| Other receivables | 1,109,046 | 1,374,639 |
| Less: impairment losses | (798,053) | (906,380) |
| Total | 310,993 | 468,259 |

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.

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

| | As at 31 December | |
|---|---|---|
| | *2020* | *2019* |
| At the beginning of the year | 906,380 | 714,315 |
| Charge for the year | 313,481 | 210,758 |
| Reversal of impairment | (421,808) | (18,693) |
| At the end of the year | 798,053 | 906,380 |

(2) Interest receivable:

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Interest receivable | 195,946 | 207,403 |
| Less: impairment losses | (34,283) | (75,461) |
| Total | 161,663 | 131,942 |

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

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| At the beginning of the year | 75,461 | 70,146 |
| Charge for the year | 25,683 | 43,511 |
| Reversal of impairment | (66,861) | (38,196) |
| At the end of the year | 34,283 | 75,461 |

## 36 Margin accounts receivable

### *(a) Analysed by nature:*

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Individuals | 92,398,831 | 63,208,640 |
| Institutions | 11,643,427 | 5,910,311 |
| Less: impairment losses | (1,468,251) | (112,671) |
| Total | 102,574,007 | 69,006,280 |

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

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| At the beginning of the year | 112,671 | 118,353 |
| Charge for the year | 1,377,835 | 33,329 |
| Reversal of impairment | (22,255) | (39,011) |
| At the end of the year | 1,468,251 | 112,671 |

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

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Fair value of collaterals: | | |
| - Equity securities | 345,971,252 | 208,232,831 |
| - Funds | 30,090,346 | 4,364,467 |
| - Cash | 15,637,131 | 10,757,058 |
| - Debt securities | 1,578,121 | 433,164 |
| Total | 393,276,850 | 223,787,520 |

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

| | *As at 31 December 2019* | | |
|---|---|---|---|
| | *Notional amount* | *Fair value* | |
| | | *Assets* | *Liabilities* |
| Interest rate derivatives | 187,871,177 | 93,489 | (8,447) |
| Currency derivatives | 3,685,733 | 65,447 | (47,146) |
| Equity derivatives | 98,238,017 | 1,657,753 | (1,906,397) |
| Credit derivatives | 2,558,479 | 2,385 | (23,297) |
| Others | 64,841,228 | 136,794 | (121,641) |
| Total | 357,194,634 | 1,955,868 | (2,106,928) |
| Less: settlement | | (97,827) | 828,529 |
| Net position | | 1,858,041 | (1,278,399) |

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 2020 and 31 December 2019, respectively.

***Cash flow hedges***

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

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

| | *As at 31 December 2020* | | | | | | |
|---|---|---|---|---|---|---|---|
| | *Notional amount* | | | | | *Fair value* | |
| | *Within 3 months* | *Over 3 months but within 1 year* | *Over 1 year but within 5 years* | *Over 5 years* | *Total* | *Assets* | *Liabilities* |
| Interest rate derivatives | - | - | 1,304,980 | - | 1,304,980 | - | (34,348) |

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

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

## 38 Clearing settlement funds

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Deposits with stock exchanges | | |
| - China Securities Depository and Clearing Corporation Limited | 6,253,766 | 6,716,642 |
| - Hong Kong Securities Clearing Company Limited | 600,201 | 11,431 |
| Deposits with other institutions | 134,429 | 27,531 |
| Total | 6,988,396 | 6,755,604 |

## 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 statement of financial position, and recognised the corresponding accounts payable to the respective brokerage clients on the grounds that they are liable for any loss or misappropriation of their brokerage clients' monies. In the 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 cash balances

### *(a) Analysed by nature:*

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Cash on hand | 201 | 190 |
| Bank balances | 49,652,268 | 49,864,177 |
| Less: impairment losses | (1,430) | (11,179) |
| Total | 49,651,039 | 49,853,188 |

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

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

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| At the beginning of the year | 11,179 | 1,347 |
| Charge for the year | 1,268 | 11,168 |
| Reversal of impairment | (11,017) | (1,336) |
| At the end of the year | 1,430 | 11,179 |

## 41 Cash and cash equivalents

***(a) Cash and cash equivalents comprise:***

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Cash on hand | 201 | 190 |
| Bank balances | 49,570,987 | 49,720,685 |
| Clearing settlement funds | 6,988,285 | 6,755,433 |
| Financial assets held under resale agreements within 3 months | 13,474,774 | 12,867,370 |
| Bond investment within 3 months original maturity | 7,061,738 | 11,122,273 |
| Less: restricted bank deposits | (9,449,572) | (11,267,173) |
| Total | 67,646,413 | 69,198,778 |

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.

## *(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 consolidated statement of cash flows as cash flows from financing activities.

| | *Short-term debt instruments* | *Long-term bonds* | *Short-term bank loans* | *Long-term bank loans* | *Lease liabilities* | *Share capital* | *Treasury shares* | *Capital reserve* | *Retained profits* | *Non-controlling interests* | *Total* |
|---|---|---|---|---|---|---|---|---|---|---|---|
| At 1 January 2020 | 46,425,196 | 64,616,358 | 5,724,131 | 850,997 | 962,441 | 9,076,650 | - | 70,290,533 | 23,178,411 | 3,117,229 | 224,241,946 |
| **Changes from financing cash flows** | | | | | | | | | | | |
| Proceeds from non-controlling interests | - | - | - | - | - | - | - | - | - | - | - |
| Proceeds from partially disposal of a subsidiary without losing control | - | - | - | - | - | - | - | - | - | - | - |
| Proceeds from issuance | 147,192,346 | 47,079,773 | 5,564,492 | - | - | - | - | - | - | - | 199,836,611 |
| Repayment of borrowings | (149,724,988) | (14,317,131) | - | (371,748) | - | - | - | - | - | - | (164,413,867) |
| Interest paid | (769,501) | (2,988,523) | (28,235) | (38,130) | - | - | - | - | - | - | (3,824,389) |
| Payment of lease liabilities | - | - | - | - | (420,344) | - | - | - | - | - | (420,344) |
| Dividend paid | - | - | - | - | - | - | - | - | (2,701,395) | - | (2,701,395) |
| Acquisition of treasury shares | - | - | - | - | - | - | (1,626,546) | - | - | - | (1,626,546) |
| Total changes from financing cash flows | (3,302,143) | 29,774,119 | 5,536,257 | (409,878) | (420,344) | - | (1,626,546) | - | (2,701,395) | - | 26,850,070 |
| **Other changes** | | | | | | | | | | | |
| Interest expenses | 903,219 | 2,912,479 | 230,169 | 34,295 | 39,470 | - | - | - | - | - | 4,119,632 |
| New leases | - | - | - | - | 667,232 | - | - | - | - | - | 667,232 |
| Others | (74,884) | (249,768) | (190,698) | - | - | - | - | - | - | - | (515,350) |
| Total liability-related other changes | 828,335 | 2,662,711 | 39,471 | 34,295 | 706,702 | - | - | - | - | - | 4,271,514 |
| **Total equity-related other changes** | - | - | - | - | - | - | - | 459,519 | 8,521,602 | 123,306 | 9,104,427 |
| At 31 December 2020 | 43,951,388 | 97,053,188 | 11,299,859 | 475,414 | 1,248,799 | 9,076,650 | (1,626,546) | 70,750,052 | 28,998,618 | 3,240,535 | 264,467,957 |

| | *Short-term debt instruments* | *Long-term bonds* | *Short-term bank loans* | *Long-term bank loans* | *Lease liabilities* | *Share capital* | *Capital reserve* | *Retained profits* | *Non-controlling interests* | *Total* |
|---|---|---|---|---|---|---|---|---|---|---|
| At 31 December 2018 | 22,074,000 | 62,980,730 | 3,015,791 | 1,698,769 | - | 8,251,500 | 58,859,860 | 19,416,104 | 1,356,027 | 177,652,781 |
| Impact on initial application of IFRS 16 | - | - | - | - | 707,224 | - | - | - | - | 707,224 |
| At 1 January 2019 | 22,074,000 | 62,980,730 | 3,015,791 | 1,698,769 | 707,224 | 8,251,500 | 58,859,860 | 19,416,104 | 1,356,027 | 178,360,005 |
| **Changes from financing cash flows** | | | | | | | | | | |
| Proceeds from non-controlling interests | - | - | - | - | - | - | (80,411) | - | 977,294 | 896,883 |
| Proceeds from partially disposal of a subsidiary without losing control | - | - | - | - | - | - | 511,660 | - | 654,228 | 1,165,888 |
| Proceeds from issuance | 103,166,070 | 30,989,005 | 2,708,340 | - | - | 825,150 | 10,761,511 | - | - | 148,450,076 |
| Repayment of borrowings | (77,971,589) | (29,464,480) | - | (847,772) | - | - | - | - | - | (108,283,841) |
| Interest paid | (488,317) | (2,732,056) | (80,915) | (87,520) | - | - | - | - | - | (3,388,808) |
| Payment of lease liabilities | - | - | - | - | (321,399) | - | - | - | - | (321,399) |
| Dividend paid | - | - | - | - | - | - | - | (2,722,995) | (648) | (2,723,643) |
| Other borrowing costs paid | - | - | - | - | - | - | (126,036) | - | - | (126,036) |
| Total changes from financing cash flows | 24,706,164 | (1,207,531) | 2,627,425 | (935,292) | (321,399) | 825,150 | 11,066,724 | (2,722,995) | 1,630,874 | 35,669,120 |
| **Other changes** | | | | | | | | | | |
| Interest expenses | 750,491 | 2,649,316 | 65,074 | 87,520 | 30,144 | - | - | - | - | 3,582,545 |
| New leases | - | - | - | - | 546,472 | - | - | - | - | 546,472 |
| Others | (1,105,459) | 193,843 | 15,841 | - | - | - | - | - | - | (895,775) |
| Total liability-related other changes | (354,968) | 2,843,159 | 80,915 | 87,520 | 576,616 | - | - | - | - | 3,233,242 |
| **Total equity-related other changes** | - | - | - | - | - | - | 363,949 | 6,485,302 | 130,328 | 6,979,579 |
| At 31 December 2019 | 46,425,196 | 64,616,358 | 5,724,131 | 850,997 | 962,441 | 9,076,650 | 70,290,533 | 23,178,411 | 3,117,229 | 224,241,946 |

## 42 Short-term bank loans

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Credit loans | 11,194,654 | 5,455,353 |
| Pledged loans | 105,205 | 268,778 |
| Total | 11,299,859 | 5,724,131 |

As of 31 December 2020, the interest rates for short-term loans were 1.28% - 1.92% per annum (as of 31 December 2019: 2.74% - 6.15% per annum).

## 43 Short-term debt instruments issued

As at 31 December 2020

| *Name* | *Par value* Original currency | *Issuance date* | *Due date* | *Issue amount* Original currency | *Nominal interest rate* |
|---|---|---|---|---|---|
| 19 HUATAI CP005 | RMB5,000,000 | 11/10/2019 | 09/01/2020 | RMB5,000,000 | 2.83% |
| 19 HUATAI CP006 | RMB5,000,000 | 14/11/2019 | 12/02/2020 | RMB5,000,000 | 3.05% |
| 19 HUATAI CP007 | RMB5,000,000 | 06/12/2019 | 05/03/2020 | RMB5,000,000 | 3.02% |
| 20 HUATAI CP001 | RMB6,000,000 | 06/01/2020 | 05/04/2020 | RMB6,000,000 | 2.80% |
| 20 HUATAI CP002 | RMB5,000,000 | 10/02/2020 | 10/05/2020 | RMB5,000,000 | 2.65% |
| 20 HUATAI CP003 | RMB3,000,000 | 27/02/2020 | 27/05/2020 | RMB3,000,000 | 2.39% |
| 20 HUATAI CP004 | RMB4,000,000 | 06/03/2020 | 04/06/2020 | RMB4,000,000 | 2.31% |
| 20 HUATAI CP005 | RMB4,000,000 | 09/06/2020 | 28/08/2020 | RMB4,000,000 | 1.90% |
| 20 HUATAI CP006 | RMB4,000,000 | 16/06/2020 | 14/09/2020 | RMB4,000,000 | 2.20% |
| 20 HUATAI CP007 | RMB4,000,000 | 15/07/2020 | 13/10/2020 | RMB4,000,000 | 2.55% |
| 20 HUATAI CP008 | RMB3,000,000 | 14/08/2020 | 12/11/2020 | RMB3,000,000 | 2.62% |
| 20 HUATAI CP009 | RMB4,000,000 | 15/09/2020 | 14/12/2020 | RMB4,000,000 | 2.70% |
| 20 HUATAI CP010 | RMB5,000,000 | 15/12/2020 | 15/03/2021 | RMB5,000,000 | 2.94% |
| 20 HUATAI G5 | RMB2,300,000 | 18/06/2020 | 18/06/2021 | RMB2,300,000 | 2.58% |
| 20 HUATAI S1 | RMB5,500,000 | 31/08/2020 | 31/08/2021 | RMB5,500,000 | 3.10% |
| 20 HUATAI S2 | RMB1,500,000 | 31/08/2020 | 28/05/2021 | RMB1,500,000 | 3.05% |
| 20 HUATAI S3 | RMB5,000,000 | 11/09/2020 | 11/08/2021 | RMB5,000,000 | 3.20% |
| 20 HUATAI S4 | RMB4,000,000 | 17/09/2020 | 17/04/2021 | RMB4,000,000 | 3.15% |
| HUATAI B2111 | USD50,000 | 27/11/2020 | 26/11/2021 | USD50,000 | 0.50% |
| Structured notes [(1)] | RMB20,070,414 | *Note (1)* | *Note (1)* | RMB20,070,414 | *Note (1)* |

| *Name* | *Book value as at 1 January 2020* RMB equivalent | *Increase* RMB equivalent | *Decrease* RMB equivalent | *Book value as at 31 December 2020* RMB equivalent |
|---|---|---|---|---|
| 19 HUATAI CP005 | 5,031,401 | 3,394 | (5,034,795) | - |
| 19 HUATAI CP006 | 5,019,637 | 17,863 | (5,037,500) | - |
| 19 HUATAI CP007 | 5,011,043 | 26,088 | (5,037,131) | - |
| 20 HUATAI CP001 | - | 6,039,475 | (6,039,475) | - |
| 20 HUATAI CP002 | - | 5,032,582 | (5,032,582) | - |
| 20 HUATAI CP003 | - | 3,012,538 | (3,012,538) | - |
| 20 HUATAI CP004 | - | 4,022,784 | (4,022,784) | - |
| 20 HUATAI CP005 | - | 4,011,036 | (4,011,036) | - |
| 20 HUATAI CP006 | - | 4,021,699 | (4,021,699) | - |
| 20 HUATAI CP007 | - | 4,021,797 | (4,021,797) | - |
| 20 HUATAI CP008 | - | 3,017,012 | (3,017,012) | - |
| 20 HUATAI CP009 | - | 4,022,784 | (4,022,784) | - |
| 20 HUATAI CP010 | - | 5,006,847 | - | 5,006,847 |
| 20 HUATAI G5 | - | 2,331,813 | - | 2,331,813 |
| 20 HUATAI S1 | - | 5,557,300 | - | 5,557,300 |
| 20 HUATAI S2 | - | 1,515,375 | - | 1,515,375 |
| 20 HUATAI S3 | - | 5,053,333 | - | 5,053,333 |
| 20 HUATAI S4 | - | 4,042,000 | - | 4,042,000 |
| HUATAI B2111 | - | 323,745 | - | 323,745 |
| Structured notes [(1)] | 31,363,115 | 86,941,216 | (98,183,356) | 20,120,975 |
| Total | 46,425,196 | 148,020,681 | (150,494,489) | 43,951,388 |

As at 31 December 2019

| *Name* | *Par value* Original currency | *Issuance date* | *Due date* | *Issue amount* Original currency | *Nominal interest rate* |
|---|---|---|---|---|---|
| 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% |
| 19 HUATAI CP001 | RMB3,000,000 | 29/04/2019 | 29/07/2019 | RMB3,000,000 | 3.00% |
| 19 HUATAI CP002 | RMB3,000,000 | 10/07/2019 | 09/10/2019 | RMB3,000,000 | 2.60% |
| 19 HUATAI CP003 | RMB4,000,000 | 08/08/2019 | 06/11/2019 | RMB4,000,000 | 2.70% |
| 19 HUATAI CP004 | RMB2,000,000 | 12/09/2019 | 11/12/2019 | RMB2,000,000 | 2.78% |
| 19 HUATAI CP005 | RMB5,000,000 | 11/10/2019 | 09/01/2020 | RMB5,000,000 | 2.83% |
| 19 HUATAI CP006 | RMB5,000,000 | 14/11/2019 | 12/02/2020 | RMB5,000,000 | 3.05% |
| 19 HUATAI CP007 | RMB5,000,000 | 06/12/2019 | 05/03/2020 | RMB5,000,000 | 3.02% |
| Structured notes [(1)] | RMB31,298,880 | *Note (1)* | *Note (1)* | RMB31,298,880 | *Note (1)* |

| *Name* | *Book value as at 1 January 2019* RMB equivalent | *Increase* RMB equivalent | *Decrease* RMB equivalent | *Book value as at 31 December 2019* RMB equivalent |
|---|---|---|---|---|
| 18 HUATAI D1 | 4,727,918 | 95,693 | (4,823,611) | - |
| FRGN | 344,636 | 22,883 | (367,519) | - |
| 19 HUATAI CP001 | - | 3,022,438 | (3,022,438) | - |
| 19 HUATAI CP002 | - | 3,019,447 | (3,019,447) | - |
| 19 HUATAI CP003 | - | 4,026,630 | (4,026,630) | - |
| 19 HUATAI CP004 | - | 2,013,710 | (2,013,710) | - |
| 19 HUATAI CP005 | - | 5,031,401 | - | 5,031,401 |
| 19 HUATAI CP006 | - | 5,019,637 | - | 5,019,637 |
| 19 HUATAI CP007 | - | 5,011,043 | - | 5,011,043 |
| Structured notes (1) | 16,051,446 | 76,498,220 | (61,186,551) | 31,363,115 |
| Total | 21,124,000 | 103,761,102 | (78,459,906) | 46,425,196 |

(1) In 2020, the Company has issued 3,712 tranches (2019: 4,324 tranches) of structured notes, bearing interest ranging from 2.40% to 6.58% per annum (2019: 2.80% 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

Current

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Placements from banks | 4,815,236 | 5,352,126 |
| Placements from China Securities Finance Co., Ltd. | - | 6,010,472 |
| Total | 4,815,236 | 11,362,598 |

As at 31 December 2020, the placements from banks are unsecured, bearing interest of 0.50% - 3.15% per annum, with maturities within 76 days (as at 31 December 2019: bearing interest of 1.90% - 3.00% per annum, with maturities within 3 days), and the placements from China Securities Finance Co., Ltd. are secured by the securities investment held by the Group (as at 31 December 2019: bearing interest of 3.25% per annum, with maturities within 177 days).

## 45 Accounts payable to brokerage clients

Current

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Clients' deposits for brokerage trading | 118,432,619 | 78,876,364 |
| Clients' deposits for margin financing and securities lending | 17,955,015 | 10,941,556 |
| Total | 136,387,634 | 89,817,920 |

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* | |
|---|---|---|
| | *2020* | *2019* |
| Salaries, bonuses and allowance | 6,974,615 | 6,360,633 |

Current

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Salaries, bonuses and allowance | 3,838,638 | 2,535,969 |
| Contribution to pension scheme | 2,445 | 633 |
| Other social welfare | 315,812 | 37,151 |
| Total | 4,156,895 | 2,573,753 |

## 47 Other payables and accruals

Non-current

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Lease liabilities | 850,730 | 605,958 |

(1) During the year of 2020, in accordance with the accounting policy set out in Note 2(20)(i), the Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, which amounted to RMB78 million (2019: RMB80 million).

(2) As at 31 December 2020, the cash flows of lease contracts signed by the Group but lease not yet commenced are insignificant.

Current

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Payables to interest holders of consolidated structured entities [(1)] | 59,032,383 | 72,790,316 |
| Trade payable | 36,314,244 | 8,734,439 |
| Settlement payables | 5,131,183 | 1,350,093 |
| Payable to open-ended funds | 1,810,719 | 869,580 |
| Dividend payable of pledged exchangeable bond | 1,178,430 | 757,334 |
| Other tax payable | 674,394 | 740,239 |
| Lease liabilities | 398,069 | 356,483 |
| Fee and commission payable | 260,483 | 129,722 |
| Futures risk reserve | 144,622 | 123,904 |
| Payable to the securities investor protection fund | 57,173 | 43,482 |
| Payable for office building construction | 56,571 | 58,404 |
| Dividend payable | 28,192 | 24,192 |
| Redemption payables | 27,215 | 66,548 |
| Others [(2)] | 766,633 | 791,890 |
| Total | 105,880,311 | 86,836,626 |

(1) The financial liabilities arising from the consolidated structured entities with underlying investments in money market and fixed income instruments are classified as other payables and accruals in these consolidated financial statements. It is because the Group has an obligation to pay other investors upon maturity dates of the structured entities based on the net book value and related terms of those consolidated asset management schemes.

(2) The balance of others mainly represents payable to brokerage agents and sundry payables arising from normal course of business.

## 48 Contract liabilities

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Advance consideration received from customers | 92,366 | 19,179 |

## 49 Financial assets sold under repurchase agreements

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

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Debt securities | 111,403,580 | 93,280,267 |
| Precious metal | 18,564,573 | 14,231,197 |
| Equity securities | 9,631,494 | 1,206,743 |
| Margin loans receivable backed repurchase | 300,321 | 1,000,838 |
| Total | 139,899,968 | 109,719,045 |

As at 31 December 2020, the Group's pledged collateral in connection with financial assets sold under repurchase agreements amounted to RMB158,284 million (as at 31 December 2019: RMB120,334 million).

### *(b) Analysed by market:*

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Shanghai stock exchange | 47,838,283 | 41,007,228 |
| Inter-bank market | 45,930,433 | 46,157,634 |
| Over-the-counter | 37,114,141 | 16,438,778 |
| Shenzhen stock exchange | 9,017,111 | 6,115,405 |
| Total | 139,899,968 | 109,719,045 |

## 50 Financial liabilities at fair value through profit or loss

Non-current

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Financial liabilities designated at fair value through profit or loss | 3,185,296 | 2,690,563 |

Current

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Financial liabilities held for trading | 11,469,173 | 4,586,478 |
| Financial liabilities designated at fair value through profit or loss | 727,061 | 103,142 |
| Total | 12,196,234 | 4,689,620 |

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.

As at 31 December 2020 and 31 December 2019, there were no significant fair value changes related to the changes in the credit risk of the Group, respectively.

## 51 Long-term bonds due within one year

As at 31 December 2020

| *Name* | *Par value* *Original currency* | *Issuance date* | *Due date* | *Issue amount* *Original currency* | *Nominal interest rate* |
|---|---|---|---|---|---|
| 16 HUATAI G2 | RMB2,500,000 | 06/12/2016 | 06/12/2021 | RMB2,500,000 | 3.78% |
| 16 HUATAI G4 | RMB3,000,000 | 14/12/2016 | 14/12/2021 | RMB3,000,000 | 3.97% |
| 17 HUATAI 02 | RMB2,000,000 | 24/02/2017 | 24/02/2020 | RMB2,000,000 | 4.65% |
| 17 HUATAI 04 | RMB6,000,000 | 15/05/2017 | 15/05/2020 | RMB6,000,000 | 5.25% |
| 17 HUATAI C2 | RMB5,000,000 | 27/07/2017 | 27/07/2020 | RMB5,000,000 | 4.95% |
| 18 HUATAI C1 | RMB1,000,000 | 15/03/2018 | 15/03/2020 | RMB1,000,000 | 5.65% |
| 18 HUATAI C2 | RMB2,800,000 | 10/05/2018 | 10/05/2021 | RMB2,800,000 | 5.20% |
| 18 HUATAI G1 | RMB3,000,000 | 26/11/2018 | 26/11/2021 | RMB3,000,000 | 3.88% |
| HUATAI B2006 | USD14,757 | 30/05/2019 | 02/06/2020 | USD14,757 | 4.00% |
| Structured notes [(1)] | RMB190,360 | *Note (1)* | *Note (1)* | RMB190,360 | *Note (1)* |

| *Name* | *Book value as at 1 January 2020* RMB equivalent | *Increase* RMB equivalent | *Decrease* RMB equivalent | *Book value as at 31 December 2020* RMB equivalent |
|---|---|---|---|---|
| 16 HUATAI G2 | - | 2,603,101 | (94,500) | 2,508,601 |
| 16 HUATAI G4 | - | 3,125,454 | (119,100) | 3,006,354 |
| 17 HUATAI 02 | 2,078,732 | 7,750 | (2,086,482) | - |
| 17 HUATAI 04 | 6,198,493 | 105,000 | (6,303,493) | - |
| 17 HUATAI C2 | 5,107,815 | 123,750 | (5,231,565) | - |
| 18 HUATAI C1 | 1,044,090 | 9,497 | (1,053,587) | - |
| 18 HUATAI C2 | - | 3,039,342 | (145,600) | 2,893,742 |
| 18 HUATAI G1 | - | 3,126,579 | (116,400) | 3,010,179 |
| HUATAI B2006 | 105,345 | 3,305 | (108,650) | - |
| Structured notes (1) | 182,058 | 11,448 | (183,489) | 10,017 |
| Total | 14,716,533 | 12,155,226 | (15,442,866) | 11,428,893 |

As at 31 December 2019

| *Name* | *Par value Original currency* | *Issuance date* | *Due date* | *Issue amount Original currency* | *Nominal interest rate* |
|---|---|---|---|---|---|
| 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 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 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% |
| HUATAI B2006 | USD14,757 | 30/05/2019 | 02/06/2020 | USD14,757 | 4.00% |
| Structured notes (1) | RMB180,360 | *Note (1)* | *Note (1)* | RMB180,360 | *Note (1)* |

| *Name* | *Book value as at 1 January 2019* RMB equivalent | *Increase* RMB equivalent | *Decrease* RMB equivalent | *Book value as at 31 December 2019* RMB equivalent |
|---|---|---|---|---|
| HUATAI B1910 | 2,767,406 | 184,300 | (2,951,706) | - |
| 16 HUATAI C1 | - | 5,159,462 | (5,159,462) | - |
| 16 HUATAI G1 | 3,508,901 | 116,620 | (3,625,521) | - |
| 16 HUATAI G3 | 5,009,345 | 181,078 | (5,190,423) | - |
| 17 HUATAI 02 | - | 2,171,732 | (93,000) | 2,078,732 |
| 17 HUATAI 03 | 4,126,575 | 66,667 | (4,193,242) | - |
| 17 HUATAI 04 | - | 6,513,493 | (315,000) | 6,198,493 |
| 17 HUATAI C2 | - | 5,355,315 | (247,500) | 5,107,815 |
| 17 HUATAI 06 | 5,049,800 | 62,250 | (5,112,050) | - |
| 18 HUATAI C1 | - | 1,100,590 | (56,500) | 1,044,090 |
| HUATAI B2006 | - | 105,345 | - | 105,345 |
| Structured notes (1) | 4,382,589 | 228,301 | (4,428,832) | 182,058 |
| Total | 24,844,616 | 21,245,153 | (31,373,236) | 14,716,533 |

(1) As at 31 December 2020, RMB10.02 million of structured notes would mature within one year (as at 31 December 2019: RMB182.06 million).

## 52 Long-term bonds

As at 31 December 2020

| *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% |
| 16 HUATAI G2 | RMB2,500,000 | 06/12/2016 | 06/12/2021 | RMB2,500,000 | 3.78% |
| 16 HUATAI G4 | RMB3,000,000 | 14/12/2016 | 14/12/2021 | RMB3,000,000 | 3.97% |
| 18 HUATAI C2 | RMB2,800,000 | 10/05/2018 | 10/05/2021 | RMB2,800,000 | 5.20% |
| 18 HUATAI G1 | RMB3,000,000 | 26/11/2018 | 26/11/2021 | RMB3,000,000 | 3.88% |
| 18 HUATAI G2 | RMB1,000,000 | 26/11/2018 | 26/11/2023 | RMB1,000,000 | 4.17% |
| 19 HUATAI G1 | RMB7,000,000 | 19/03/2019 | 19/03/2022 | RMB7,000,000 | 3.68% |
| 19 HUATAI G3 | RMB5,000,000 | 22/04/2019 | 22/04/2022 | RMB5,000,000 | 3.80% |
| 19 HUATAI 02 | RMB5,000,000 | 27/05/2019 | 27/05/2022 | RMB5,000,000 | 3.94% |
| 19 HUATAI 03 | RMB4,000,000 | 24/10/2019 | 24/10/2022 | RMB4,000,000 | 3.68% |
| 19 Finance 01 | RMB6,000,000 | 21/08/2019 | 21/08/2022 | RMB6,000,000 | 3.40% |
| 20 HUATAI C1 | RMB5,000,000 | 13/11/2020 | 13/11/2025 | RMB5,000,000 | 4.48% |
| 20 HUATAI G1 | RMB8,000,000 | 26/03/2020 | 26/03/2023 | RMB8,000,000 | 2.99% |
| 20 HUATAI G3 | RMB3,500,000 | 29/04/2020 | 29/04/2025 | RMB3,500,000 | 2.90% |
| 20 HUATAI G4 | RMB3,000,000 | 21/05/2020 | 21/05/2025 | RMB3,000,000 | 3.20% |
| 20 HUATAI G6 | RMB3,200,000 | 18/06/2020 | 18/06/2023 | RMB3,200,000 | 3.10% |
| 20 HUATAI G7 | RMB3,500,000 | 24/11/2020 | 24/11/2023 | RMB3,500,000 | 3.90% |
| 20 HUATAI G8 | RMB4,000,000 | 09/12/2020 | 09/12/2022 | RMB4,000,000 | 3.67% |
| 20 HUATAI G9 | RMB4,000,000 | 09/12/2020 | 09/12/2023 | RMB4,000,000 | 3.79% |
| 20 HUATAI 02 | RMB10,000,000 | 24/07/2020 | 24/07/2022 | RMB10,000,000 | 3.20% |
| HUATAIB2205 | USD500,000 | 16/05/2019 | 16/05/2022 | USD500,000 | 3.38% |
| HUATAIB2302 | USD400,000 | 12/02/2020 | 12/02/2023 | USD400,000 | LIBOR+0.95% |
| Structured notes [(1)] | RMB312,000 | *Note (1)* | *Note (1)* | RMB312,000 | *Note (1)* |

| *Name* | *Book value as at 1 January 2020* RMB equivalent | *Increase* RMB equivalent | *Decrease* RMB equivalent | *Book value as at 31 December 2020* RMB equivalent |
|---|---|---|---|---|
| 13 HUATAI 02 | 6,170,097 | 307,393 | (306,000) | 6,171,490 |
| 16 HUATAI G2 | 2,507,113 | - | (2,507,113) | - |
| 16 HUATAI G4 | 3,006,353 | - | (3,006,353) | - |
| 18 HUATAI C2 | 2,892,934 | - | (2,892,934) | - |
| 18 HUATAI G1 | 3,009,336 | - | (3,009,336) | - |
| 18 HUATAI G2 | 1,003,252 | 41,861 | (41,700) | 1,003,413 |
| 19 HUATAI G1 | 7,196,883 | 259,765 | (257,600) | 7,199,048 |
| 19 HUATAI G3 | 5,128,000 | 191,536 | (190,000) | 5,129,536 |
| 19 HUATAI 02 | 5,114,007 | 198,532 | (197,000) | 5,115,539 |
| 19 HUATAI 03 | 4,023,800 | 148,407 | (147,200) | 4,025,007 |
| 19 Finance 01 | 6,071,533 | 204,920 | (204,000) | 6,072,453 |
| 20 HUATAI C1 | - | 5,029,728 | (4,670) | 5,025,058 |
| 20 HUATAI G1 | - | 8,185,109 | (7,472) | 8,177,637 |
| 20 HUATAI G3 | - | 3,568,645 | (3,269) | 3,565,376 |
| 20 HUATAI G4 | - | 3,059,161 | (2,802) | 3,056,359 |
| 20 HUATAI G6 | - | 3,253,475 | (2,750) | 3,250,725 |
| 20 HUATAI G7 | - | 3,513,826 | (1,090) | 3,512,736 |
| 20 HUATAI G8 | - | 4,008,844 | (778) | 4,008,066 |
| 20 HUATAI G9 | - | 4,009,221 | (778) | 4,008,443 |
| 20 HUATAI 02 | - | 10,140,808 | (8,376) | 10,132,432 |
| HUATAIB2205 | 3,497,217 | 12,183 | (234,976) | 3,274,424 |
| HUATAIB2302 | - | 2,831,582 | (220,028) | 2,611,554 |
| Structured notes [(1)] | 279,300 | 38,000 | (32,301) | 284,999 |
| Total | 49,899,825 | 49,002,996 | (13,278,526) | 85,624,295 |

As at 31 December 2019

| *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% |
| 16 HUATAI C1 | RMB5,000,000 | 14/10/2016 | 14/10/2021 | RMB5,000,000 | 3.30% |
| 16 HUATAI G2 | RMB2,500,000 | 06/12/2016 | 06/12/2021 | RMB2,500,000 | 3.78% |
| 16 HUATAI G4 | RMB3,000,000 | 14/12/2016 | 14/12/2021 | RMB3,000,000 | 3.97% |
| 17 HUATAI 02 | RMB2,000,000 | 24/02/2017 | 24/02/2020 | RMB2,000,000 | 4.65% |
| 17 HUATAI 04 | RMB6,000,000 | 15/05/2017 | 15/05/2020 | RMB6,000,000 | 5.25% |
| 17 HUATAI C2 | RMB5,000,000 | 27/07/2017 | 27/07/2020 | RMB5,000,000 | 4.95% |
| 18 HUATAI C1 | RMB1,000,000 | 15/03/2018 | 15/03/2020 | RMB1,000,000 | 5.65% |
| 18 HUATAI C2 | RMB2,800,000 | 10/05/2018 | 10/05/2021 | RMB2,800,000 | 5.20% |
| 18 HUATAI G1 | RMB3,000,000 | 26/11/2018 | 26/11/2021 | RMB3,000,000 | 3.88% |
| 18 HUATAI G2 | RMB1,000,000 | 26/11/2018 | 26/11/2023 | RMB1,000,000 | 4.17% |
| 19 HUATAI G1 | RMB7,000,000 | 19/03/2019 | 19/03/2022 | RMB7,000,000 | 3.68% |
| 19 HUATAI G3 | RMB5,000,000 | 22/04/2019 | 22/04/2022 | RMB5,000,000 | 3.80% |
| 19 HUATAI 02 | RMB5,000,000 | 27/05/2019 | 27/05/2022 | RMB5,000,000 | 3.94% |
| 19 HUATAI 03 | RMB4,000,000 | 24/10/2019 | 24/10/2022 | RMB4,000,000 | 3.68% |
| 19 Finance 01 | RMB6,000,000 | 21/08/2019 | 21/08/2022 | RMB6,000,000 | 3.40% |
| HUATAI B2006 | USD14,757 | 30/05/2019 | 02/06/2020 | USD14,757 | 4.00% |
| HUATAI B2205 | USD500,000 | 16/05/2019 | 16/05/2022 | USD500,000 | 3.38% |
| Structured notes (1) | RMB279,300 | *Note (1)* | *Note (1)* | RMB279,300 | *Note (1)* |

| *Name* | *Book value as at 1 January 2019* RMB equivalent | *Increase* RMB equivalent | *Decrease* RMB equivalent | *Book value as at 31 December 2019* RMB equivalent |
|---|---|---|---|---|
| 13 HUATAI 02 | 6,168,633 | 307,464 | (306,000) | 6,170,097 |
| 16 HUATAI C1 | 5,035,712 | 82,500 | (5,118,212) | - |
| 16 HUATAI G2 | 2,506,732 | 94,881 | (94,500) | 2,507,113 |
| 16 HUATAI G4 | 3,005,873 | 119,580 | (119,100) | 3,006,353 |
| 17 HUATAI 02 | 2,078,732 | - | (2,078,732) | - |
| 17 HUATAI 04 | 6,198,493 | - | (6,198,493) | - |
| 17 HUATAI C2 | 5,107,815 | - | (5,107,815) | - |
| 18 HUATAI C1 | 1,041,554 | - | (1,041,554) | - |
| 18 HUATAI C2 | 2,891,369 | 147,165 | (145,600) | 2,892,934 |
| 18 HUATAI G1 | 3,008,192 | 117,544 | (116,400) | 3,009,336 |
| 18 HUATAI G2 | 1,003,009 | 41,943 | (41,700) | 1,003,252 |
| 19 HUATAI G1 | - | 7,204,147 | (7,264) | 7,196,883 |
| 19 HUATAI G3 | - | 5,132,527 | (4,527) | 5,128,000 |
| 19 HUATAI 02 | - | 5,118,534 | (4,527) | 5,114,007 |
| 19 HUATAI 03 | - | 4,027,951 | (4,151) | 4,023,800 |
| 19 Finance 01 | - | 6,074,363 | (2,830) | 6,071,533 |
| HUATAI B2006 | - | 105,345 | (105,345) | - |
| HUATAI B2205 | - | 3,497,217 | - | 3,497,217 |
| Structured notes(1) | - | 461,075 | (181,775) | 279,300 |
| Total | 38,046,114 | 32,532,236 | (20,678,525) | 49,899,825 |

(1) The Company has issued 4 tranches of long-term structured notes for the year ended 31 December 2020 (as at 31 December 2019: 21 tranches). As at 31 December 2020, 2 tranches of long-term structured notes due within one year are classified as “Long-term bonds due within one year” (as at 31 December 2019: 12 tranches) (Note 51).

## 53 Long-term bank loans

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Credit bank loans | 475,414 | 850,997 |
| Less: credit bank loans due within one year | - | - |
| Total | 475,414 | 850,997 |

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%.

On 26 July 2019, the Group made USD125 million repayment of the aforementioned loan in advance. The loan was repaid in full on 30 December 2020.

On 30 December 2020, the Group entered into a Credit Agreement with Bank of Montreal for a senior secured credit facility and the Group drew down the long-term bank loan under the Revolving Credit Facility on 30 December 2020.

## 54 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* | *Treasury shares* | *Capital reserve* | *Surplus reserve* | *General reserve* | *Fair value reserve* | *Translation reserve* | *Retained profits* | *Total* |
| **As at 1 January 2020** | | 9,076,650 | - | 69,229,337 | 5,118,691 | 10,449,289 | 203,556 | 18,981 | 16,159,562 | 110,256,066 |
| **Changes in equity for 2020** | | | | | | | | | | |
| Profit for the year | | - | - | - | - | - | - | - | 5,923,763 | 5,923,763 |
| Other comprehensive income | | - | - | - | - | - | 119,618 | - | - | 119,618 |
| Total comprehensive income | | - | - | - | - | - | 119,618 | - | 5,923,763 | 6,043,381 |
| Acquisition of treasury shares | | - | (1,626,546) | - | - | - | - | - | - | (1,626,546) |
| Appropriation to surplus reserve | | - | - | - | 592,376 | - | - | - | (592,376) | - |
| Appropriation to general reserve | | - | - | - | - | 1,185,106 | - | - | (1,185,106) | - |
| Dividends declared for the year | | - | - | - | - | - | - | - | (2,701,395) | (2,701,395) |
| Others | | - | - | 5 | - | - | - | - | - | 5 |
| **As at 31 December 2020** | 63 | 9,076,650 | (1,626,546) | 69,229,342 | 5,711,067 | 11,634,395 | 323,174 | 18,981 | 17,604,448 | 111,971,511 |

| | Note | Share capital | Reserves | | | | | Retained profits | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | | Capital reserve | Surplus reserve | General reserve | Fair value reserve | Translation reserve | | |
| **As at 1 January 2019** | | 8,251,500 | 58,621,923 | 4,489,830 | 9,191,569 | (257,250) | 18,981 | 14,480,535 | 94,797,088 |
| **Changes in equity for 2019** | | | | | | | | | |
| Profit for the year | | - | - | - | - | - | - | 6,288,603 | 6,288,603 |
| Other comprehensive income | | - | - | - | - | 460,806 | - | - | 460,806 |
| Total comprehensive income | | - | - | - | - | 460,806 | - | 6,288,603 | 6,749,409 |
| Issuance of A share | | 825,150 | 10,523,093 | - | - | - | - | - | 11,348,243 |
| Appropriation to surplus reserve | | - | - | 628,861 | - | - | - | (628,861) | - |
| Appropriation to general reserve | | - | - | - | 1,257,720 | - | - | (1,257,720) | - |
| Dividends declared for the year | | - | - | - | - | - | - | (2,722,995) | (2,722,995) |
| Other | | - | 84,321 | - | - | - | - | - | 84,321 |
| **As at 31 December 2019** | 63 | 9,076,650 | 69,229,337 | 5,118,691 | 10,449,289 | 203,556 | 18,981 | 16,159,562 | 110,256,066 |

### *(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 2020* | | *As at 31 December 2019* | |
|---|---|---|---|---|
| | *Number of shares (Thousand)* | *Nominal value* | *Number of shares (Thousand)* | *Nominal value* |
| Registered, issued and fully paid: | | | | |
| A shares of RMB1 each | 7,357,604 | 7,357,604 | 7,357,604 | 7,357,604 |
| H shares of RMB1 each | 1,719,046 | 1,719,046 | 1,719,046 | 1,719,046 |
| Total | 9,076,650 | 9,076,650 | 9,076,650 | 9,076,650 |

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

According to the relevant requirements of PRC regulators, existing shareholders of the state-owned shares of the Company have transferred an aggregate number of 156,276,880 state-owned shares of the Company to the National Social Security Fund of the PRC, and such shares were then converted into H shares on a one-for-one basis.

In July 2018, the Company completed private placement of issuance of 1,088,731,200 new A shares.

On 20 June 2019, the Company completed its issuance of 75,013,636 GDRs, representing 750,136,360 underlying A shares, and listed on the London Stock Exchange. On 27 June 2019, the Company exercised the over-allotment option and issued additional 7,501,364 GDRs, representing 75,013,640 underlying A shares. In total, the Company has issued 82,515,000 GDRs, representing 825,150,000 new A shares with nominal value of RMB1.00 each. The total paid-up share capital of the Company after the change is RMB9,076,650,000.

The H shares and GDRs representing A shares rank pari passu in all respects with the existing A shares including the right to receive all dividends and distributions declared or made.

### *(c) Treasury shares*

On 30 March 2020, the fifth meeting of the fifth session of the Board of the Company approved the Resolution on Repurchase of A Shares through Centralized Price Bidding, planned to repurchase no less than 45,383,250 A shares and no more than 90,766,500 A shares in the next 12 months, which will be used for restricted share incentive scheme of A shares.

As of 31 December 2020, 88,090,995 A shares had been purchased by the Company from the Shanghai Stock Exchange by centralised bidding.

***(d) 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.

***(e) 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.

***(f) General reserve***

General reserve includes general risk reserve and transaction risk reserve.

In accordance with the requirements of the CSRC Circular regarding the Annual Reporting of Securities Companies in 2007 (Zhengjian Jigou Zi [2007] No. 320) issued on 18 December 2007, the Company appropriates 10% of its annual net profit to the general risk reserve.

In accordance with the requirements of the CSRC Circular regarding the Annual Reporting of Securities Companies in 2007 (Zhengjian Jigou Zi [2007] No. 320) issued on 18 December 2007 and in compliance with the Securities Law, for the purpose of covering securities trading losses, the Company appropriates 10% from its annual net profit to the transaction risk reserve.

In accordance with the requirements of the CSRC No. 94 Provisional Measures on Supervision and Administration of Risk Provision of Public Offering of Securities Investment Funds, the Company appropriates 2.5% from its fund custody fee income to the general risk reserve.

The Company's subsidiaries appropriate their profits to the general reserve according to the applicable local regulations.

***(g) Fair value reserve***

The fair value reserve comprises:

The cumulative net change in the fair value of equity securities designated at FVOCI; and

The cumulative net change in fair value of debt securities at FVOCI until the assets are derecognised or reclassified. This amount is adjusted by the amount of loss allowance.

***(h) Cash flow hedge reserve***

The cash flow hedge reserve comprises the effective portion of the gain or loss on the hedging instrument.

### *(i) Translation reserve*

The translation reserve mainly comprises foreign currency differences arising from the translation of the financial statements of foreign operations.

### *(j) Dividends*

Pursuant to the resolution of the general meeting of the shareholders dated 18 June 2020, on 16 July 2020, the Company distributed cash dividends of RMB3.00 (tax inclusive) per 10 shares, totalling RMB2,701 million based on 9,004,649,966 shares, the actual number of shares entitled to the dividend distribution (exclusive of A shares of the Company in the repurchased securities account).

## 55 Commitments

### *(a) Capital commitments*

Capital commitments outstanding at 31 December 2020 and 31 December 2019 not provided for in the consolidated financial statements were as follows:

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Contracted, but not provided for | 1,888,359 | 3,700,000 |

The aforementioned capital commitments mainly represent the land use right purchase commitments, the securities underwriting commitments and the private equity fund investment commitments of the Group.

## 56 Interests in structured entities

### *(a) Interests in structured entities consolidated by the Group*

Structured entities consolidated by the Group mainly include 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 2020, the Group consolidates 47 structured entities (as at 31 December 2019 the Group consolidates 42 structured entities), which are mainly asset management schemes. As at 31 December 2020 and 31 December 2019, the total assets of the consolidated structured entities are RMB96,479 million and RMB93,747 million, respectively, and the carrying amount of interests held by the Group in the consolidated structured entities are RMB34,831 million and RMB18,208 million, respectively.

### *(b) Interests in structured entities sponsored by the Group but not consolidated*

Structured entities for which the Group served as general partner or manager, therefore has power over them during the reporting periods are asset management schemes. Except for the structured entities that the Group has consolidated as set out in Note 56(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 2020 and 31 December 2019, the total assets of these unconsolidated structured entities managed by the Group amounted to RMB542,764 million and RMB663,098 million, respectively. As at 31 December 2020 and 31 December 2019, the carrying amount of interests held by the Group in these unconsolidated structured entities are RMB1,809 million and RMB2,070 million, respectively.

During the year ended 31 December 2020 and 31 December 2019, income derived from these unconsolidated structured entities held by the Group amounted to RMB999 million and RMB834 million, respectively.

### *(c) Interests in structured entities sponsored by third party institutions*

The types of structured entities that the Group does not consolidate but in which it holds interests include funds, asset management schemes, trust schemes, and wealth management products issued by banks or other financial institutions. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These vehicles are financed through the issue of units to investors.

The carrying amount of the related accounts in the consolidated statement 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 2020 and 31 December 2019, which are listed as below:

| | *As at 31 December 2020* | | |
|---|---|---|---|
| | *Financial assets at FVTPL* | *Financial assets at FVOCI* | *Total* |
| Funds | 23,800,198 | - | 23,800,198 |
| Wealth management products | 10,102,553 | 10,586,865 | 20,689,418 |
| Total | 33,902,751 | 10,586,865 | 44,489,616 |

| | *As at 31 December 2019* | | |
|---|---|---|---|
| | *Financial assets at FVTPL* | *Financial assets at FVOCI* | *Total* |
| Funds | 28,119,817 | - | 28,119,817 |
| Wealth management products | 6,406,221 | 10,254,673 | 16,660,894 |
| Total | 34,526,038 | 10,254,673 | 44,780,711 |

## 57 Outstanding litigations

From time to time in the ordinary course of business, the Group is subject to claims and are parties to legal and regulatory proceedings. As at 31 December 2020 and 31 December 2019, based on the court rulings, advices from legal representatives and management judgement, no provision had been made to the claim amounts. The Group is of the opinion the final court judgement will not have a significant impact on the Group's financial position or operations. As at 31 December 2020, the major legal actions of the Group as the defendant are listed below:

During the year of 2020, the Group's subsidiary Huatai United Securities Co., Ltd. ("Huatai United Securities") received the Notice of Legal Action and relevant litigation materials sent by the First Intermediate People's Court of Beijing. The plaintiffs, China Foreign Economy and Trade Trust Co., Ltd., Shenzhen Rongtong Capital Management Co., Ltd. and CITIC Trust Co., Ltd., who failed to fully cash its investment in "2015 public issuance of corporate bonds of Bright Oceans Group Co., Ltd. to qualified investors with no more than RMB2.5 billion", sued to the Court to require the lead underwriter of the bond (the first defendant) and Huatai United Securities, the co-lead underwriter of the bond (the second defendant), to bear joint and several liability for compensation. The claim amount was RMB687 million. At the date of this report, the case has not yet been heard. According to the opinion of the legal representative and the judgment of the management, the Group has not accrued any estimated liabilities for the claim amount.

During the year of 2020, the Group's subsidiary Huatai United Securities received the Notice of Legal Action and relevant litigation materials sent by Shanghai Financial Court. The plaintiff, Postal Savings Bank of China Co., Ltd., failed to fully cash its investment in "Huatai Magnate Light Asset-backed Securities", sued to the Court to require the manager (the first defendant), the legal adviser (the second defendant), the rating agency (the third defendant), the issuer (the fourth defendant) and Huatai United Securities, the financial adviser (the fifth defendant), to bear joint and several liability for compensation. The claim amount was RMB598 million. At the date of this report, the case has not yet been heard. According to the opinion of the legal representative and the judgment of the management, the Group has not accrued any estimated liabilities for the claim amount.

## 58 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 58(b)(i).

(ii) Subsidiaries of the Group

The detailed information of the Group's subsidiaries is set out in Note 24.

(iii) Associates of the Group

The detailed information of the Group's associates is set out in Note 25.

(iv) Joint ventures of the Group

The detailed information of the Group's joint ventures is set out in Note 26.

(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.

***(b) Related parties transactions and balances***

(i) Transactions between the Group and major shareholders and their subsidiaries:

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Balances at the end of the year: | | |
| Financial assets at FVTPL | 341,337 | 244,897 |
| Debt investment at amortised cost | 62,039 | 301,725 |
| Accounts payable to brokerage clients | 43,407 | 18,708 |
| Other payables and accruals | 3,211 | 3,211 |

| | *Year ended 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Transactions during the year: | | |
| Fee and commission income | 9,075 | 19,164 |
| Net investment gains | 16,992 | 5,124 |
| Interest income | 5,011 | 5,679 |
| Interest expenses | 1,181 | 4,886 |

During the year of 2020, the Group has redeemed the bonds issued by major shareholders amounting to RMB135 million. During the year of 2019, the Group has redeemed the bonds issued by major shareholders amounting to RMB86 million.

During the year of 2020 and 2019, the major shareholders' subsidiaries subscribed the corporate bonds issued by the Group amounting to RMB20 million and nil, respectively.

During the year of 2020 and 2019, the Group has made repurchase agreements with major shareholders and their subsidiaries for the total amount of nil and RMB1,989 million, respectively.

During the year of 2020 and 2019, the Group has taken placements from other financial institutions with major shareholders and their subsidiaries for the total amounts of RMB2,500 million and RMB7,200 million, respectively.

(ii) Transactions between the Group and associates:

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Balances at the end of the year: | | |
| Cash and bank balances | 277,361 | 208,253 |
| Right-of-use assets | 130,112 | 98,835 |
| Accounts receivable | 138,386 | 127,819 |
| Other receivables and prepayments | 368 | 353 |
| Financial assets at FVTPL | 8,681 | 61,186 |
| Accounts payable to brokerage clients | 12,553 | 7,390 |
| Placements from other financial institutions | 500,211 | 1,000,000 |
| Short-term debt instruments issued | 1,154,502 | 872,450 |
| Lease liabilities | 137,850 | 98,767 |
| Contract liabilities | 643 | - |

| | *Year ended 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Transactions during the year: | | |
| Fee and commission income | 237,706 | 229,586 |
| Interest income | 7,764 | 4,995 |
| Net investment (losses) / gains | (31,993) | 89,660 |
| Fee and commission expenses | 2,077 | - |
| Other income and gains | 7,601 | 10,098 |
| Interest expenses | 14,396 | 19,583 |

During the year of 2020, the Group has redeemed the bonds issued by associates for RMB245 million. During the year of 2019, the Group has subscribed the bonds issued by associates for RMB254 million.

During the year of 2020 and 2019, the associates subscribed the corporate bonds issued by the Group amounting to RMB390 million and nil, respectively.

During the year of 2020 and 2019, the capital injection made by the Group into the associates are RMB889 million and RMB472 million, respectively. During the year of 2020 and 2019, the divestment made by the Group from the associates are RMB1,516 million and RMB196 million, respectively.

During the year of 2020 and 2019, the Group has made repurchase agreements with associates for the total amount of RMB130,925 million and RMB57,267 million, respectively.

During the year of 2020 and 2019, the Group has taken placements from other financial institutions with associates for the total amount of RMB98,200 million and RMB96,000 million, respectively.

During the year of 2020 and 2019, the Group has received dividends from associates for the total amounts of RMB768 million and RMB828 million, respectively.

During the year of 2020 and 2019, the Group has paid rental fee to associates for the total amounts of RMB32 million and RMB25 million, respectively.

(iii) Transactions between the Group and joint ventures:

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Balances at the end of the year: | | |
| Other receivables and prepayments | 1,514 | - |

| | *Year ended 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Transactions during the year: | | |
| Fee and commission income | 19,811 | 19,811 |

During the year of 2020, the capital divestment made by the Group from the joint ventures are RMB8 million. During the year of 2019, the capital divestment made by the Group from the joint ventures are RMB24 million.

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

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Balances at the end of the year: | | |
| Accounts payable to brokerage clients | 2,817 | 4,636 |

| | *Year ended 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Transactions during the year: | | |
| Fee and commission income | 49 | 84 |

### *(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 16, is as follows:

| | *Year ended 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| Short-term employee benefits | | |
| - Fees, salaries, allowances and bonuses | 34,619 | 35,907 |
| Post-employment benefits | | |
| - Contribution to pension scheme | 2,025 | 1,361 |
| Total | 36,644 | 37,268 |

Total remuneration is included in "staff costs" (see Note 10).

### *(d) Applicability of the Listing Rules relating to connected transactions*

The related party transactions set out in Note 58(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.

## 59 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.

## *(a) Business segments*

For the year ended 31 December 2020

| | *Wealth management* | *Institutional services* | *Investment management* | *International business* | *Others* | *Total* |
|---|---|---|---|---|---|---|
| Revenue | | | | | | |
| - External | 17,965,074 | 10,421,451 | 3,759,466 | 5,842,220 | 1,593,068 | 39,581,279 |
| - Inter-segment | 218,956 | 37,766 | - | - | 43,070 | 299,792 |
| Other income and gains | 1,293,403 | 65,494 | 310,631 | (291,613) | (367,073) | 1,010,842 |
| Segment revenue and other income | 19,477,433 | 10,524,711 | 4,070,097 | 5,550,607 | 1,269,065 | 40,891,913 |
| Segment expenses | (14,213,154) | (6,426,891) | (1,756,231) | (5,290,461) | (3,896,320) | (31,583,057) |
| Segment operating profit / (loss) | 5,264,279 | 4,097,820 | 2,313,866 | 260,146 | (2,627,255) | 9,308,856 |
| Share of profit of associates and joint ventures | - | 11,986 | 2,675,170 | (63) | 1,516,554 | 4,203,647 |
| Profit before income tax | 5,264,279 | 4,109,806 | 4,989,036 | 260,083 | (1,110,701) | 13,512,503 |
| Interest income | 8,439,428 | 450,740 | 406,838 | 616,903 | 1,093,043 | 11,006,952 |
| Interest expenses | (3,216,307) | (2,831,617) | (402,861) | (653,087) | (1,314,483) | (8,418,355) |
| Depreciation and amortisation expenses | (394,151) | (112,249) | (66,568) | (322,105) | (490,605) | (1,385,678) |
| Net reversal of impairment loss on other assets | 346 | - | - | - | - | 346 |
| Net (provision for) / reversal of impairment loss on financial assets | (1,324,705) | 126,317 | 18,170 | (86,540) | (39,450) | (1,306,208) |
| **Segment assets** | 256,640,781 | 216,306,068 | 103,238,486 | 94,398,197 | 113,821,676 | 784,405,208 |
| Additions to non-current segment assets during the year | 227,944 | 62,686 | 33,801 | 1,048,830 | 474,918 | 1,848,179 |
| **Segment liabilities** | (254,171,513) | (214,585,003) | (67,898,374) | (83,388,407) | (32,049,876) | (652,093,173) |

## For the year ended 31 December 2019

| | *Wealth management* | *Institutional services* | *Investment management* | *International business* | *Others* | *Total* |
|---|---|---|---|---|---|---|
| Revenue | | | | | | |
| - External | 13,146,755 | 8,303,940 | 4,097,815 | 3,963,881 | 1,361,516 | 30,873,907 |
| - Inter-segment | 284 | 18,540 | - | 91,212 | 797,336 | 907,372 |
| Other income and gains | 996,721 | 45,179 | 270,178 | (6,576) | 314,198 | 1,619,700 |
| Segment revenue and other income | 14,143,760 | 8,367,659 | 4,367,993 | 4,048,517 | 2,473,050 | 33,400,979 |
| Segment expenses | (10,057,458) | (5,314,444) | (1,429,079) | (3,945,267) | (2,935,054) | (23,681,302) |
| Segment operating profit / (loss) | 4,086,302 | 3,053,215 | 2,938,914 | 103,250 | (462,004) | 9,719,677 |
| Share of profit of associates and joint ventures | - | 8,208 | 1,685,802 | - | 1,032,439 | 2,726,449 |
| Profit before income tax | 4,086,302 | 3,061,423 | 4,624,716 | 103,250 | 570,435 | 12,446,126 |
| Interest income | 6,632,992 | 369,196 | 270,021 | 529,359 | 881,125 | 8,682,693 |
| Interest expenses | (2,257,545) | (2,508,729) | (90,906) | (447,032) | (1,274,240) | (6,578,452) |
| Depreciation and amortisation expenses | (331,768) | (64,542) | (57,740) | (265,941) | (505,551) | (1,225,542) |
| Net reversal of / (provision for) impairment loss on other assets | 2,717 | - | - | (100) | - | 2,617 |
| Net (provision for) / reversal of impairment loss on financial assets | (591,605) | (5,146) | (139,286) | (8,105) | 24,593 | (719,549) |
| **Segment assets** | 169,792,956 | 180,665,359 | 113,510,026 | 36,435,362 | 99,691,815 | 600,095,518 |
| Additions to non-current segment assets during the year | 288,998 | 45,806 | 10,575 | 231,359 | 510,699 | 1,087,437 |
| **Segment liabilities** | (166,688,469) | (178,697,367) | (80,861,035) | (25,614,722) | (22,579,217) | (474,440,810) |

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

| | *Year ended 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| **Revenue** | | |
| Total revenue and other income for segments | 40,891,913 | 33,400,979 |
| Elimination of inter-segment revenue | (357,477) | (964,198) |
| Consolidated revenue and other income | 40,534,436 | 32,436,781 |
| **Profit** | | |
| Total profit before income tax for segments | 13,512,503 | 12,446,126 |
| Elimination of inter-segment profit | (8,127) | (860,161) |
| Consolidated profit before income tax | 13,504,376 | 11,585,965 |

| | *As at 31 December* | |
|---|---|---|
| | *2020* | *2019* |
| **Assets** | | |
| Total assets for segments | 784,405,208 | 600,095,518 |
| Elimination of inter-segment assets | (67,653,973) | (37,914,880) |
| Consolidated total assets | 716,751,235 | 562,180,638 |
| **Liabilities** | | |
| Total liabilities for segments | (652,093,173) | (474,440,810) |
| Elimination of inter-segment liabilities | 67,653,973 | 37,914,880 |
| Consolidated total liabilities | (584,439,200) | (436,525,930) |

For the year ended 31 December 2020 and 31 December 2019, the Group's customer base is diversified and no customer had transactions which exceeded 10% of the Group's revenue.

***(b) Geographical segments***

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property and equipment, investment properties, goodwill, other intangible assets, interest in associates, interest in joint 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 2020* | | | *Year ended 31 December 2019* | | |
|---|---|---|---|---|---|---|
| | *Mainland China* | *Overseas* | *Total* | *Mainland China* | *Overseas* | *Total* |
| **Segment Revenue** | | | | | | |
| Revenue from external customers | 33,739,122 | 5,842,157 | 39,581,279 | 26,910,025 | 3,963,881 | 30,873,906 |
| Other income and gains | 1,244,770 | (291,613) | 953,157 | 1,569,451 | (6,576) | 1,562,875 |
| Total | 34,983,892 | 5,550,544 | 40,534,436 | 28,479,476 | 3,957,305 | 32,436,781 |

| | *Year ended 31 December 2020* | | | *Year ended 31 December 2019* | | |
|---|---|---|---|---|---|---|
| | *Mainland China* | *Overseas* | *Total* | *Mainland China* | *Overseas* | *Total* |
| **Specified non-current assets** | 24,545,028 | 8,237,489 | 32,782,517 | 21,466,328 | 7,673,870 | 29,140,198 |

## 60 Financial instruments and risk management

### *(a) Risk management policies and structure*

(i) Risk management policies

In order to enhance the Group's scientific, standardised and effective management and operation, strengthen the capability of defending against risks and ensure the continuous, stable and rapid development of the Group's businesses, the Group had formulated the Basic System for Risk Management which had been deliberated and approved by the Board of Directors in accordance with the Securities Law of the People's Republic of China, the Rules on Supervision over Securities Companies, the Guidelines on the Internal Control of Securities Companies, the Regulation on Comprehensive Risk Management of Securities Companies and other relevant regulations in combination with the business operation and business management. This has clarified the risk management objectives and principles, the risk appetite and risk tolerance level of the Company as a whole and for different risk types, the risk management procedures, and the relevant resource assurance and appraisal mechanisms. In terms of operation management, the Group had formulated and issued various professional risk management guidelines to clearly establish the management processes and measures, risk indicators and limits for various types of risks; in addition, the Group had also formulated policies such as the Administration Measures for Risk Control Indicators, the Rules on the Risk Management of Subsidiaries (Trial Implementation) and the Implementation Plan and Detailed Implementation Rules for Stress Test at the operation level. In the specific business level, the Group had established business risk management system or risk management manual based on the risk points of different business areas and business management lines.

The principal types of risk faced by the Group in daily operation mainly include credit risk, liquidity risk, market risk, operational risk, reputational risk, information technology risk and compliance risk. The Group had formulated corresponding policies and procedures to identify and analyse these risks, and set up risk indicators, risk limits and internal risk control processes in combination with the actual circumstances with a view to continuously manage the above risks through the support of information systems and effective mechanisms.

Risk management is a shared responsibility of all the Group's employees. The Group continuously enhances the risk management awareness and risk sensitivity of all its employees through training and assessment to cultivate the risk management culture.

(ii) Risk governance structure

The risk management structure of the Company covers five major parts: The Board and its Compliance and Risk Management Committee, Board of Supervisors, Business Operation Management and Risk Control Committee, Risk Management Department and various professional risk management departments as well as other departments, branches and subsidiaries.

The board of directors is the highest decision-making body for risk management and assumes ultimate responsibility for the effectiveness of the Company's comprehensive risk management system. The Compliance and Risk Management Committee is set up by the Board to review and make recommendations on the overall risk management targets, fundamental policies and risk assessment reports; and evaluate and make recommendations on the risks of major decisions which require the Board's review as well as the solutions to these major risks. The Board of Supervisors is responsible for the supervision of overall risk management, supervising and examining the Board and the President's Office on the performance of their risk management duties and urging them to make rectifications. Based on the authorisation and approval of the Board and in combination with the operational targets of the Company, the management is specifically responsible for the implementation of risk management activities, with the Risk Control Committee established under it. The Chief Risk Officer of the Company is responsible for leading the overall risk management initiatives. The Risk Management Department is charged with comprehensive risk management duties, it reports to the management and is responsible for managing the overall risks of the Company, taking the lead in managing market risk, credit risk and operational risk. Relevant functional departments of the Company are responsible for taking the lead in managing other types of risks according to their responsibilities and positioning; other departments, branches and subsidiaries of the Company are responsible for the management of risks in respective lines, implementing policies, procedures and measures formulated by the Company and risk management departments, accepting the guidance from risk management departments and the decomposition of risk management and implementation responsibilities by the risk management departments. The Audit Department is responsible for the review and evaluation of the effectiveness and implementation of the risk management procedures of the Company and taking the lead in evaluating the overall risk management system of the Company.

***(b) Credit risk management***

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

The Group mainly faced four types of credit risks, namely (i) the risks of suffering from loss in respect of the financing bills and interests lent out due to customer's default in financing business; (ii) the risks caused by default of the bond issuer in bond investment business; (iii) the risk of assets suffering from loss due to the default by the counterparty; (iv) the risks of loss suffered by the Group arising from payment made on customer's behalf due to insufficient fund of the customer in guarantee settlement business.

The Company's credit risk management system covers self-owned deposit funding and entrusted funding business. The Company applies a unified credit risk management system for all subsidiaries at home and abroad, and also for the sub-subsidiaries managed with reference to the subsidiary's management approach, thereby achieving full credit risk management coverage.

With respect to financing business, the Group adopted full-process control measures such as stringent customer and underlying assets management, continuous dynamic monitoring and timely risk mitigation to control the credit risk in its business operation.

With respect to bond investment business, the Company established a unified management system for issuers for the aggregated monitoring of the total investment amount of the same issuer for different business units within the Group through the system and implemented bottom-line control over credit bond investment in key industries. At the same time, it also steadily promoted the construction of the credit analysis management system (CAMS system) to improve the consistency of the internal assessment system and enhance the Group's overall risk identification and control capabilities.

With respect to counterparty management, during the reporting period, the Group promoted the construction of the unified management system for counterparty, and further expanded the coverage of the unified management of counterparty credit limit at group level and enhanced systematic monitoring measures in order to strictly control its business risk exposures.

With respect to guarantee settlement business, the Group explored ways to enhance the management system and access threshold for customer qualifications, continued to improve the front-end control of risk indicator design and promoted the establishment of systematic measures, as well as strengthened its risk event handling and risk transmission control capabilities.

At the same time, the Company promoted the establishment of a unified customer penetration management system within the Group, implemented customer ESG risk management mechanism, comprehensively collated the bottom-line measures for strengthening the control of credit risk points, consolidated the unified management system for credit risk, improved the capability to address the complex external credit business environment, and provided robust risk management control support for the development of various credit businesses.

The Group provided credit loss allowances for securities-backed lending of financial assets sold under repurchase agreements. The Group assessed the continuous repayment, solvency and the collateral to loan ratios of the borrowers to analyse the risk factors and identified the three stages of credit loss allowances of the securities-backed lending assets. The details are as below:

<table>
<tr><th>Description</th><th colspan="2">Stage of credit loss allowances</th></tr>
<tr><td>Collateral to loan ratios above the force liquidation thresholds, with no past due days</td><td>12-month ECL</td><td>Stage I</td></tr>
<tr><td>Collateral to loan ratios above the force liquidation thresholds, with less than 90 days past due on its contractual payments</td><td rowspan="3">Lifetime ECL-not credit impaired</td><td rowspan="3">Stage II</td></tr>
<tr><td>Collateral to loan ratios below the force liquidation thresholds but above 100%,, with no past due days</td></tr>
<tr><td>Collateral to loan ratios below the force liquidation thresholds but above 100%, with less than 90 days past due on its contractual payments</td></tr>
<tr><td>Collateral to loan ratios below 100%</td><td rowspan="4">Lifetime ECL- credit impaired</td><td rowspan="4">Stage III</td></tr>
<tr><td>Collateral to loan ratios above 100%, with more than 90 days past due on its contractual payments</td></tr>
<tr><td>Borrowers in default or lawsuit</td></tr>
<tr><td>Borrowers in significant financial difficulties or about to bankruptcy or undertaking a financial restructuring</td></tr>
</table>

The Group set different force liquidation thresholds, normally no less than 130%, for different borrowers and assets.

For assets classified under Stage I and II, the Group assessed credit loss allowances using the risk parameters modeling approach that incorporated key parameters inclusive of collateral to loan ratios and past due days. The credit loss rate is 0.25% and 1%-4% for assets classified under Stage I and II, respectively.

For credit impaired assets classified under Stage III, the Group assessed credit loss allowances taking into account the collateral securities under each contract and the financial situation of the borrower. The factors which the Group considered when assessing the credit loss allowances included but not limited to: the industry sector of the borrower, the stock price of the collateral securities, the average daily trading volume of the stock, the percentage of goodwill of the stock issuer, significant risk parameters of the securities, whether the borrowers are the holding shareholders, the liquidity and restriction on sales, the history of blacklist or defaults of the borrower, the total market pledged ratios of the stock, the collateral situation, and the credit enhancement measures implemented by the borrower. The Group assessed the above factors as well as collateral to loan ratios and past due days to evaluate and provide credit loss allowances, ranging from 10% to 100%.

(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* | |
|---|---|---|
| | *2020* | *2019* |
| Debt investment at amortised cost | 30,411,508 | 19,739,758 |
| Refundable deposits | 24,763,790 | 12,653,540 |
| Accounts receivable | 9,095,561 | 5,511,168 |
| Other receivables and prepayments | 472,655 | 600,201 |
| Margin accounts receivable | 102,574,007 | 69,006,280 |
| Financial assets at fair value through other comprehensive income | 5,267,955 | 2,013,233 |
| Financial assets held under resale agreements | 19,536,413 | 18,466,280 |
| Financial assets at fair value through profit or loss | 197,813,082 | 183,612,198 |
| Derivative financial assets | 7,295,357 | 1,858,041 |
| Clearing settlement funds | 6,988,396 | 6,755,604 |
| Cash held on behalf of brokerage clients | 124,635,007 | 82,959,838 |
| Bank balances | 49,650,839 | 49,852,998 |
| Total maximum credit risk exposure | 578,504,570 | 453,029,139 |

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 2020* | | | |
|---|---|---|---|---|
| *Impairment and loss allowance* | *12-month ECL* | *Lifetime ECL-not credit impaired* | *Lifetime ECL-credit impaired* | *Total* |
| Bank balances | 1,430 | - | - | 1,430 |
| Margin accounts receivable | 355,422 | 996,449 | 116,380 | 1,468,251 |
| Financial assets held under resale agreements | 11,996 | 135 | 1,027,281 | 1,039,412 |
| Accounts receivable | - | 63,300 | - | 63,300 |
| Debt investment measured at amortised cost | 2,911 | 25,657 | - | 28,568 |
| Financial assets at fair value through other comprehensive income | 68,019 | - | - | 68,019 |
| Other receivables and prepayments | - | 25,972 | 806,364 | 832,336 |
| Total | 439,778 | 1,111,513 | 1,950,025 | 3,501,316 |

| | *As at 31 December 2019* | | | |
|---|---|---|---|---|
| *Impairment and loss allowance* | *12-month ECL* | *Lifetime ECL-not credit impaired* | *Lifetime ECL-credit impaired* | *Total* |
| Bank balances | 11,179 | - | - | 11,179 |
| Margin accounts receivable | 90,206 | - | 22,465 | 112,671 |
| Financial assets held under resale agreements | 8,002 | 4 | 1,049,544 | 1,057,550 |
| Accounts receivable | - | 19,855 | - | 19,855 |
| Debt investment measured at amortised cost | 7,213 | - | - | 7,213 |
| Financial assets at fair value through other comprehensive income | 4,799 | - | - | 4,799 |
| Other receivables and prepayments | - | 21,551 | 960,290 | 981,841 |
| Total | 121,399 | 41,410 | 2,032,299 | 2,195,108 |

(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 2020 | | | |
| Debt investment at amortised cost | 30,120,021 | 291,487 | 30,411,508 |
| Refundable deposits | 23,696,138 | 1,067,652 | 24,763,790 |
| Accounts receivable | 5,960,725 | 3,134,836 | 9,095,561 |
| Other receivables and prepayments | 318,079 | 154,576 | 472,655 |
| Margin accounts receivable | 100,819,185 | 1,754,822 | 102,574,007 |
| Financial assets at fair value through other comprehensive income | - | 5,267,955 | 5,267,955 |
| Financial assets held under resale agreements | 19,134,247 | 402,166 | 19,536,413 |
| Financial assets at fair value through profit or loss | 142,528,247 | 55,284,835 | 197,813,082 |
| Derivative financial assets | 1,454,555 | 5,840,802 | 7,295,357 |
| Clearing settlement funds | 6,388,195 | 600,201 | 6,988,396 |
| Cash held on behalf of brokerage clients | 120,060,010 | 4,574,997 | 124,635,007 |
| Bank balances | 42,460,402 | 7,190,437 | 49,650,839 |
| Total maximum credit risk exposure | 492,939,804 | 85,564,766 | 578,504,570 |

| | *By geographical area* | | |
|---|---|---|---|
| | *Mainland China* | *Outside Mainland China* | *Total* |
| 31 December 2019 | | | |
| Debt investment at amortised cost | 17,780,767 | 1,958,991 | 19,739,758 |
| Refundable deposits | 12,119,390 | 534,150 | 12,653,540 |
| Accounts receivable | 4,422,451 | 1,088,717 | 5,511,168 |
| Other receivables and prepayments | 430,286 | 169,915 | 600,201 |
| Margin accounts receivable | 68,122,908 | 883,372 | 69,006,280 |
| Financial assets at fair value through other comprehensive income | - | 2,013,233 | 2,013,233 |
| Financial assets held under resale agreements | 17,549,896 | 916,384 | 18,466,280 |
| Financial assets at fair value through profit or loss | 175,322,508 | 8,289,690 | 183,612,198 |
| Derivative financial assets | 1,508,264 | 349,777 | 1,858,041 |
| Clearing settlement funds | 6,744,173 | 11,431 | 6,755,604 |
| Cash held on behalf of brokerage clients | 82,033,073 | 926,765 | 82,959,838 |
| Bank balances | 45,177,318 | 4,675,680 | 49,852,998 |
| Total maximum credit risk exposure | 431,211,034 | 21,818,105 | 453,029,139 |

(iii) Credit rating analysis of financial assets

With respect to bond investment business, the Company established a unified management system for issuers for the aggregated monitoring of the total investment amount of the same issuer for different business units within the Group through the system and implemented bottom-line control over credit bond investment in key industries. At the same time, it also steadily promoted the construction of the credit analysis management system (CAMS system) to improve the consistency of the internal assessment system and enhance the Group's overall risk identification and control capabilities.

### *(c) Liquidity risk management*

Liquidity risk refers to the risk of the Company not being able to obtain sufficient funds at a reasonable cost in time to meet due debts, perform payment obligations and meet the capital requirements of normal businesses. The Company established a liquidity risk management system to identify, measure, monitor, control and report on its overall liquidity risk to improve the informatisation of liquidity risk management, enhance the capabilities in the identification, measurement and monitoring of liquidity risk, and strengthen the Company's ability in addressing liquidity risk. In addition, the Company also established a right-sized liquidity assets reserves based on the risk appetite and maintained sufficient liquidity assets with high quality to ensure the satisfaction of liquidity needs under stressful scenarios in a timely manner.

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 2020* | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| ***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 | 11,299,859 | - | 6,748,444 | 3,458,889 | 1,110,698 | - | - | - | 11,318,031 |
| Short-term debt instruments issued | 43,951,388 | - | 8,563,804 | 12,381,730 | 23,365,612 | - | - | - | 44,311,146 |
| Placements from other financial institutions | 4,815,236 | - | 3,948,126 | 869,006 | - | - | - | - | 4,817,132 |
| Accounts payable to brokerage clients | 136,387,634 | 134,493,228 | 464,729 | 480,622 | 958,017 | - | - | - | 136,396,596 |
| Other payables and accruals | 105,900,966 | 102,865,940 | 655,526 | 86,245 | 275,905 | 2,031,340 | 96,326 | - | 106,011,282 |
| Financial assets sold under repurchase agreements | 139,899,968 | - | 118,207,484 | 6,765,142 | 15,296,680 | - | - | - | 140,269,306 |
| Derivative financial liabilities | 13,398,830 | - | 86,923 | 2,252,398 | 1,544,147 | 9,515,362 | - | - | 13,398,830 |
| Financial liabilities at fair value through profit or loss | 15,381,530 | 1,176,256 | 307,786 | 1,200,000 | 3,815,036 | 6,849,314 | 2,033,138 | - | 15,381,530 |
| Long-term bonds | 97,053,188 | - | - | 521,595 | 14,257,552 | 89,641,107 | - | - | 104,420,254 |
| Long-term bank loans | 475,414 | - | - | 2,674 | 8,023 | 507,504 | - | - | 518,201 |
| Total | 568,564,013 | 238,535,424 | 138,982,822 | 28,018,301 | 60,631,670 | 108,544,627 | 2,129,464 | - | 576,842,308 |

| | *As at 31 December 2019* | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| ***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 | 5,724,131 | - | 268,823 | 5,469,214 | - | - | - | - | 5,738,037 |
| Short-term debt instruments issued | 46,425,196 | - | 11,964,511 | 22,734,810 | 13,182,721 | - | - | - | 47,882,042 |
| Placements from other financial institutions | 11,362,598 | - | 5,352,616 | - | 6,098,583 | - | - | - | 11,451,199 |
| Accounts payable to brokerage clients | 89,817,920 | 89,331,946 | 394,887 | 92,976 | - | - | - | - | 89,819,809 |
| Other payables and accruals | 86,702,244 | 84,116,882 | 1,607,208 | 136,552 | 246,449 | 663,470 | 8,471 | - | 86,779,032 |
| Financial assets sold under repurchase agreements | 109,719,045 | - | 93,025,280 | 6,237,375 | 10,794,182 | - | - | - | 110,056,837 |
| Derivative financial liabilities | 1,278,399 | - | 233,136 | 368,476 | 545,455 | 131,332 | - | - | 1,278,399 |
| Financial liabilities at fair value through profit or loss | 7,380,183 | 103,142 | 158,639 | 1,738,826 | 1,981,165 | 1,750,623 | 1,654,191 | - | 7,386,586 |
| Long-term bonds | 64,616,358 | - | - | 3,407,100 | 13,528,749 | 52,908,371 | - | - | 69,844,220 |
| Long-term bank loans | 850,997 | - | - | 16,017 | 46,936 | 227,742 | 713,280 | - | 1,003,975 |
| Total | 423,877,071 | 173,551,970 | 113,005,100 | 40,201,346 | 46,424,240 | 55,681,538 | 2,375,942 | - | 431,240,136 |

### *(d) Market risk management*

Market risk refers to the risk resulting from the movements in market prices such as exchange rates, interest rates and stock prices, which could have an impact on the income of the Group or the value of financial instruments held by the Group. The objective of market risk management is to manage and control the market risk within the acceptable range and to maximise the risk adjusted return.

(i) Interest rate risk

Interest rate risk refers to the risk that movements in market interest rate will cause fluctuation in the Company's financial position and cash flow. The Company's interest-bearing assets mainly include bank balances, clearing settlement funds, margin accounts receivable, financial assets purchased under resale agreements, refundable deposits and bond investments; interest-bearing liabilities mainly include short-term bank loans, short-term debt instruments issued, placements from other financial institutions, financial assets sold under repurchase agreements, long-term bonds and long-term bank loans, amongst others.

For financial instruments held on the balance sheet date that expose the Group to fair value interest rate risk, the Group adopts sensitivity analysis as the primary instrument for monitoring interest rate risk. Sensitivity analysis measures the effect of any reasonable and potential changes to the interest rate on the net profits and shareholders' equity under the assumption that all the other variables remain constant.

The following tables indicate the assets and liabilities as at the end of the reporting period by the expected next repricing dates or by maturity dates, depending on which is earlier:

| | *As at 31 December 2020* | | | | | | |
|---|---|---|---|---|---|---|---|
| ***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* |
| Investment in a joint venture at fair value through profit or loss | - | - | - | - | - | 888,195 | 888,195 |
| Debt investment at amortised cost | 830,000 | 1,076,858 | 9,111,486 | 14,531,827 | 4,458,530 | 402,807 | 30,411,508 |
| Financial assets at fair value through other comprehensive income | 41,253 | 437,390 | 1,042,922 | 3,368,486 | 297,106 | 10,759,215 | 15,946,372 |
| Financial assets held under resale agreements | 14,079,115 | 887,843 | 4,542,121 | - | - | 27,334 | 19,536,413 |
| Refundable deposits | 8,036,970 | - | - | - | - | 16,726,820 | 24,763,790 |
| Accounts receivable | - | - | - | - | - | 9,095,561 | 9,095,561 |
| Other receivables and prepayments | - | - | - | - | - | 472,655 | 472,655 |
| Margin accounts receivable | 5,913,898 | 21,191,268 | 71,987,533 | - | - | 3,481,308 | 102,574,007 |
| Financial assets at fair value through profit or loss | 15,104,737 | 25,378,016 | 61,180,681 | 66,486,061 | 16,343,392 | 107,314,225 | 291,807,112 |
| Derivative financial assets | 9,701 | - | - | - | - | 7,285,656 | 7,295,357 |
| Clearing settlement funds | 6,988,285 | - | - | - | - | 111 | 6,988,396 |
| Cash held on behalf of brokerage clients | 123,054,069 | 478,888 | 952,933 | - | - | 149,117 | 124,635,007 |
| Cash and bank balances | 40,455,931 | 8,126,624 | 987,002 | - | - | 81,482 | 49,651,039 |
| Total | 214,513,959 | 57,576,887 | 149,804,678 | 84,386,374 | 21,099,028 | 156,684,486 | 684,065,412 |

| | *As at 31 December 2020* | | | | | | |
|---|---|---|---|---|---|---|---|
| **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 | (6,735,226) | (3,444,926) | (1,102,637) | - | - | (17,070) | (11,299,859) |
| Short-term debt instruments issued | (8,518,234) | (12,320,750) | (22,855,245) | - | - | (257,159) | (43,951,388) |
| Placements from other financial institutions | (3,945,820) | (867,812) | - | - | - | (1,604) | (4,815,236) |
| Accounts payable to brokerage clients | (134,937,770) | (478,888) | (952,933) | - | - | (18,043) | (136,387,634) |
| Other payables and accruals | (47,570) | (85,388) | (265,110) | (771,860) | (78,870) | (104,652,168) | (105,900,966) |
| Financial assets sold under repurchase agreements | (118,061,442) | (6,595,357) | (14,911,087) | - | - | (332,082) | (139,899,968) |
| Derivative financial liabilities | (54,708) | - | - | - | - | (13,344,122) | (13,398,830) |
| Financial liabilities at fair value through profit or loss | (517,302) | (1,200,001) | (3,815,037) | (5,696,683) | - | (4,152,507) | (15,381,530) |
| Long-term bonds | - | - | (11,310,000) | (84,384,410) | - | (1,358,778) | (97,053,188) |
| Long-term bank loans | - | - | - | (475,414) | - | - | (475,414) |
| Total | (272,818,072) | (24,993,122) | (55,212,049) | (91,328,367) | (78,870) | (124,133,533) | (568,564,013) |
| Net interest rate risk exposure | (58,304,113) | 32,583,765 | 94,592,629 | (6,941,993) | 21,020,158 | 32,550,953 | 115,501,399 |

| | *As at 31 December 2019* | | | | | | |
|---|---|---|---|---|---|---|---|
| ***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 | - | 167,609 | 4,371,144 | 14,580,090 | 279,101 | 341,814 | 19,739,758 |
| Financial assets at fair value through other comprehensive income | 99,237 | 318,306 | 695,824 | 887,891 | - | 10,356,717 | 12,357,975 |
| Financial assets held under resale agreements | 15,938,914 | 1,289,855 | 1,114,315 | - | - | 123,196 | 18,466,280 |
| Refundable deposits | 11,765,965 | - | - | - | - | 887,575 | 12,653,540 |
| Accounts receivable | - | - | - | - | - | 5,511,168 | 5,511,168 |
| Other receivables and prepayments | - | - | - | - | - | 600,201 | 600,201 |
| Margin accounts receivable | 2,393,075 | 12,869,438 | 50,340,427 | - | - | 3,403,340 | 69,006,280 |
| Financial assets at fair value through profit or loss | 5,802,873 | 16,871,545 | 49,875,442 | 77,646,683 | 28,579,090 | 74,020,039 | 252,795,672 |
| Derivative financial assets | 2,310 | - | - | - | - | 1,855,731 | 1,858,041 |
| Clearing settlement funds | 6,755,433 | - | - | - | - | 171 | 6,755,604 |
| Cash held on behalf of brokerage clients | 82,825,943 | 92,436 | - | - | - | 41,459 | 82,959,838 |
| Cash and bank balances | 36,197,587 | 5,093,460 | 8,418,459 | - | - | 143,682 | 49,853,188 |
| Total | 161,781,337 | 36,702,649 | 114,815,611 | 93,114,664 | 28,858,191 | 97,285,093 | 532,557,545 |

| | *As at 31 December 2019* | | | | | | |
|---|---|---|---|---|---|---|---|
| **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 | (268,734) | (5,449,562) | - | - | - | (5,835) | (5,724,131) |
| Short-term debt instruments issued | (10,963,070) | (22,374,400) | (13,023,490) | - | - | (64,236) | (46,425,196) |
| Placements from other financial institutions | (5,350,000) | - | (6,000,000) | - | - | (12,598) | (11,362,598) |
| Accounts payable to brokerage clients | (89,725,484) | (92,436) | - | - | - | - | (89,817,920) |
| Other payables and accruals | (42,546) | (77,353) | (236,584) | (599,052) | (6,906) | (85,739,803) | (86,702,244) |
| Financial assets sold under repurchase agreements | (92,917,584) | (6,146,694) | (10,468,857) | - | - | (185,910) | (109,719,045) |
| Derivative financial liabilities | (1,255) | - | - | - | - | (1,277,144) | (1,278,399) |
| Financial liabilities at fair value through profit or loss | (158,639) | (1,732,423) | (1,981,165) | (713,756) | - | (2,794,200) | (7,380,183) |
| Long-term bonds | - | (3,000,000) | (11,282,217) | (49,038,257) | - | (1,295,884) | (64,616,358) |
| Long-term bank loans | - | - | - | - | (847,161) | (3,836) | (850,997) |
| Total | (199,427,312) | (38,872,868) | (42,992,313) | (50,351,065) | (854,067) | (91,379,446) | (423,877,071) |
| Net interest rate risk exposure | (37,645,975) | (2,170,219) | 71,823,298 | 42,763,599 | 28,004,124 | 5,905,647 | 108,680,474 |

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 and without taking into consideration of the management's activities to reduce interest rate risk, interest rate sensitivity analysis is as follows:

| | *Sensitivity of net profit* | |
|---|---|---|
| | *As at 31 December* | |
| Move in yield curve | *2020* | *2019* |
| Up 100 basis points | (1,611,464) | (2,680,917) |
| Down 100 basis points | 1,685,736 | 2,915,920 |

| | *Sensitivity of net equity* | |
|---|---|---|
| | *As at 31 December* | |
| Move in yield curve | *2020* | *2019* |
| Up 100 basis points | (1,678,900) | (2,701,453) |
| Down 100 basis points | 1,753,171 | 2,936,455 |

The sensitivity analysis above indicates the instantaneous change in the Group's net profit and equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's net profit and equity is estimated as an annualised impact on interest expense or income of such a change in interest rates.

(ii) Currency risk

Currency risk is the risk arising from foreign exchange business of the Group, which is attributable to the fluctuation of foreign exchange rates. Apart from the assets and liabilities held by the Group's overseas subsidiaries which use Hong Kong dollars or U.S. dollars as their functional currency, other assets and liabilities denominated in foreign currencies mainly represent foreign currency cash and bank balances held by domestic enterprises, foreign currency financial assets and liabilities arising from cross-border business, as well as foreign currency financial assets acquired by subsidiaries. In respect of assets and liabilities denominated in foreign currencies such as cash and bank balances, clearing settlement funds, refundable deposits, accounts receivable, cash held on behalf of brokerage clients, accounts payable and long-term bonds that are not accounted for with their functional currency, the Group has ensured that their net risk exposure are maintained at an acceptable level by buying or selling foreign currencies at market exchange rates where necessary to address the short-term imbalances.

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 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 | *2020* | *2019* |
| USD | 98,163 | (1,023,382) |
| HKD | (500,808) | (262,584) |

| | *Sensitivity of net equity* | |
|---|---|---|
| | *As at 31 December* | |
| Currency | *2020* | *2019* |
| USD | (853,351) | (1,167,482) |
| HKD | (611,490) | (285,990) |

A 10% weakening of the RMB against the USD and HKD at balance date would have had the equal but opposite effect on them to the amounts shown above, on the basis that all other variables remained constant.

Due to the above assumptions, the result of sensitivity analysis on exchange rate changes may be different, compared with the actual changes in the Group's net profit and equity of may arise with this.

(iii) Price risk

The Group is exposed to equity price changes arising from equity investments concluded in financial instruments at fair value through profit or loss and 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* | |
| | *2020* | *2019* |
| Increase by 10% | 3,409,244 | 3,983,649 |
| Decrease by 10% | (3,409,244) | (3,983,649) |

| | *Sensitivity of net equity* | |
|---|---|---|
| | *As at 31 December* | |
| | *2020* | *2019* |
| Increase by 10% | 4,210,964 | 4,759,505 |
| Decrease by 10% | (4,210,964) | (4,759,505) |

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 2020 and 2019.

***(e) Operational risk management***

Operational risk refers to the risk on the Company's losses caused by inadequate or problematic internal procedures, staff, system or external events, which lead to inefficient internal procedures, mistakes of staff in operation or failure to strictly enforce the established procedures. The Risk Management Department takes the lead in managing the operational risk of the Company. Each risk management department, business department and support department perform operational risk management in their respective business and management areas according to their segregation of functions. The Company adopts technological measures to prevent the emergence of operational risks in different business and management procedures as well as key segments, whilst at the same time strengthens process controls, to ensure effective implementation of operational risk management policies and systems. The Company carries out self-assessment of risk and control, monitoring of key risk indicators and gathering of loss data as additional approaches to strengthen the management of operational risks.

Based on the Basic Standard for Enterprise Internal Control jointly issued by the Ministry of Finance, the CSRC, the National Audit Office, the China Banking Regulatory Commission and the China Insurance Regulatory Commission as well as its supporting guidelines and the relevant requirements of the regulatory authorities and the Company, the Company has developed the risk-based internal control standards and carried out relevant continuous improvement initiatives. It has combined the self-assessment of operational risk with the self-assessment of internal controls; comprehensively sorted out and evaluated the inherent risks and control activities in various business processes; tested the effectiveness of control design and implementation; rectified the internal control weaknesses; comprehensively sorted out and optimised various business segments, systems and processes of the Company; whilst at the same time supplemented and improved the risk control matrix and internal control manual; recorded the risk points, key control activities and major business flow charts in order to ensure that the Company's internal control measures are properly in place and the effectiveness of risk management. In addition, the Company has also integrated the management of operational risk and internal controls into daily operation; participated in the design of system, procedures and plan for new business throughout the entire process; fully identified and comprehensively evaluated the operational risks; and performed various pre-, middle- and post management measures such as setting up front-end controls, standardising business processes, creating risk-discovery indicators and conducting training and inspection in order to implement internal controls at key risk points.

### *(f) Capital management*

The Group's objectives of capital management are:

(i) To safeguard the Group's ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders;
(ii) To support the Group's stability and growth;
(iii) To maintain a strong capital base to support the development of their business; and
(iv) To comply with the capital requirements under the PRC, Hong Kong and the United States regulations.

On 23 January 2020 and 20 March 2020, the revised Rules on Standards for the Calculation of Risk Control Indicators of Securities Companies and the revised Administrative Measures for Risk Control Indicators of Securities Companies were issued by the CSRC ("Revised Administrative Measures") . The Company is required to meet the following standards for risk control indicators on a continual basis from 1 June 2020:

(i) The ratio of net capital divided by the sum of its various risk capital provisions shall be no less than 100% ("Ratio 1");
(ii) The ratio of net capital divided by net assets shall be no less than 20% ("Ratio 2");
(iii) The ratio of net capital divided by liabilities shall be no less than 8% ("Ratio 3");
(iv) The ratio of net assets divided by liabilities shall be no less than 10% ("Ratio 4");
(v) The ratio of the value of equity securities and derivatives held divided by net capital shall not exceed 100% ("Ratio 5");
(vi) The ratio of the value of non-equity securities and derivatives held divided by net capital shall not exceed 500% ("Ratio 6");
(vii) The ratio of core net capital divided by on balance sheet and off balance sheet assets shall be no less than 8% ("Ratio 7");
(viii) The ratio of high quality liquidity assets divided by net cash outflows for the next 30 days shall be no less than 100% ("Ratio 8");
(ix) The ratio of available stable funds divided by required stable funds shall be no less than 100% ("Ratio 9"); and

(x) The ratio of margin financing (including securities lending) divided by net capital shall not exceed 400% ("Ratio 10").

Net capital refers to net assets minus risk adjustments on certain types of assets as defined in the Revised Administrative Measures.

As at 31 December 2020 and 31 December 2019, the Company maintained net capital and the above ratios as follows:

| | *Year ended 31 December* | |
|---|---|---|
| | *2020* | *2019 (Note)* |
| Net Capital | 67,909,921 | 64,580,659 |
| Ratio 1 | 236.68% | 350.95% |
| Ratio 2 | 60.65% | 58.57% |
| Ratio 3 | 21.86% | 26.73% |
| Ratio 4 | 36.04% | 45.64% |
| Ratio 5 | 49.91% | 56.82% |
| Ratio 6 | 296.70% | 275.33% |
| Ratio 7 | 21.08% | 26.81% |
| Ratio 8 | 230.31% | 357.58% |
| Ratio 9 | 130.22% | 142.38% |
| Ratio 10 | 194.19% | 115.80% |

Note: The net capital and the above ratios as at the end of previous year has been restated according to Rules on Standards for the Calculation of Risk Control Indicators of Securities Companies (Announcement [2020] No. 10 of the CSRC) .

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 year ended 31 December 2020 and 31 December 2019.

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

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

The Group entered into repurchase agreements with certain counterparties to sell debt securities classified as financial assets at fair value through profit or loss, debt investment at amortised cost and margin accounts receivable. Sales and repurchase agreements are transactions in which the Group sell a security, rights and interests in a margin accounts receivable and agree to repurchase it at the agreed date and price. The repurchase prices are fixed and the Group is still exposed to substantially all the credit risks, market risks and rewards of those securities and rights and interests sold. These securities and margin accounts receivable are not derecognised from the consolidated statement of financial position because the Group retains substantially all the risks and rewards of these financial assets.

The Group entered into securities lending agreements with clients to lend out its equity securities and exchange-traded funds classified as financial assets at fair value through profit or loss. As stipulated in the securities lending agreements, the legal ownership of these equity securities and exchange-traded funds is transferred to the clients. Although the clients are allowed to sell these securities during the covered period, they have obligations to return these securities to the Group at specified future dates. The Group has determined that it retains substantially all the risks and interests of these securities and therefore has not derecognised these securities in the consolidated statement of financial position.

The following tables provide a summary of carrying amounts and fair values of the transferred financial assets that are not derecognised in their entirety and the associated liabilities:

As at 31 December 2020

| | *Financial assets at fair value through profit or loss* | | *Margin accounts receivable* | *Debt investment at amortised cost* | *Total* |
|---|---|---|---|---|---|
| | *Sales and repurchase agreements* | *Securities lending* | *Margin loans receivable backed repurchase* | *Sales and repurchase agreements* | |
| Carrying amount of transferred assets | 2,649,170 | 5,426,439 | 311,411 | 317,882 | 8,704,902 |
| Carrying amount of associated liabilities | (2,484,314) | - | (300,321) | (294,586) | (3,079,221) |
| Net position | 164,856 | 5,426,439 | 11,090 | 23,296 | 5,625,681 |

As at 31 December 2019

| | *Financial assets at fair value through profit or loss* | | *Margin accounts receivable* | *Total* |
|---|---|---|---|---|
| | *Sales and repurchase agreements* | *Securities lending* | *Margin loans receivable backed repurchase* | |
| Carrying amount of transferred assets | 5,577,866 | 1,475,784 | 1,033,886 | 8,087,536 |
| Carrying amount of associated liabilities | (5,329,589) | - | (1,000,000) | (6,329,589) |
| Net position | 248,277 | 1,475,784 | 33,886 | 1,757,947 |

## 61 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.

### *(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* | |
|---|---|---|
| | *2020* | *2019* |
| *Financial assets* | | |
| - Debt investment at amortised cost | 30,411,508 | 19,739,758 |
| Total | 30,411,508 | 19,739,758 |
| *Financial liabilities* | | |
| - Short-term debt instruments issued | (43,951,388) | (46,425,196) |
| - Long-term bonds | (97,053,188) | (64,616,358) |
| Total | (141,004,576) | (111,041,554) |

## Fair value

| | *As at 31 December 2020* | | | |
|---|---|---|---|---|
| | *Level I* | *Level II* | *Level III* | *Total* |
| *Financial assets* | | | | |
| - Debt investment at amortised cost | 9,917,696 | 20,490,979 | - | 30,408,675 |
| Total | 9,917,696 | 20,490,979 | - | 30,408,675 |
| *Financial liabilities* | | | | |
| - Short-term debt instruments issued | 18,490,590 | 5,009,910 | 20,444,719 | 43,945,219 |
| - Long-term bonds | 84,601,075 | 6,085,902 | 6,180,994 | 96,867,971 |
| Total | 103,091,665 | 11,095,812 | 26,625,713 | 140,813,190 |

| | *As at 31 December 2019* | | | |
|---|---|---|---|---|
| | *Level I* | *Level II* | *Level III* | *Total* |
| *Financial assets* | | | | |
| - Debt investment at amortised cost | 9,000,594 | 9,927,710 | 988,708 | 19,917,012 |
| Total | 9,000,594 | 9,927,710 | 988,708 | 19,917,012 |
| *Financial liabilities* | | | | |
| - Short-term debt instruments issued | - | 15,064,165 | 31,363,115 | 46,427,280 |
| - Long-term bonds | 54,554,934 | 6,073,998 | 4,063,920 | 64,692,852 |
| Total | 54,554,934 | 21,138,163 | 35,427,035 | 111,120,132 |

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 statement of financial position approximate their fair values.

### *(c) Fair value hierarchy*

The table below analyses financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

| | *As at 31 December 2020* | | | |
|---|---|---|---|---|
| | *Level I* | *Level II* | *Level III* | *Total* |
| **Assets** | | | | |
| Financial assets at fair value through profit or loss | | | | |
| - Debt securities | 27,242,316 | 160,410,227 | 684,259 | 188,336,802 |
| - Equity securities | 56,248,721 | 3,653,328 | 3,806,541 | 63,708,590 |
| - Funds | 23,690,715 | 719,160 | - | 24,409,875 |
| - Wealth management products | - | 7,499,053 | 3,802,951 | 11,302,004 |
| - Loan and advances | - | - | 4,049,841 | 4,049,841 |
| Financial assets at fair value through other comprehensive income | | | | |
| - Debt securities | - | 4,390,712 | - | 4,390,712 |
| - Equity securities | - | 10,586,865 | 91,552 | 10,678,417 |
| - Loan and advances | - | - | 877,243 | 877,243 |
| Other investment | | | | |
| - Unlisted investment in a joint venture | - | - | 888,195 | 888,195 |
| Derivative financial assets | 117,320 | 6,775,882 | 402,155 | 7,295,357 |
| Total | 107,299,072 | 194,035,227 | 14,602,737 | 315,937,036 |
| **Liabilities** | | | | |
| Financial liabilities at fair value through profit or loss | | | | |
| - Financial liabilities held for trading | (240,151) | (11,229,022) | - | (11,469,173) |
| - Financial liabilities designated at fair value through profit or loss | (571,186) | (157,153) | (3,184,018) | (3,912,357) |
| Derivative financial liabilities | (253,515) | (11,636,722) | (1,508,593) | (13,398,830) |
| Total | (1,064,852) | (23,022,897) | (4,692,611) | (28,780,360) |

| | *As at 31 December 2019* | | | |
|---|---|---|---|---|
| | *Level I* | *Level II* | *Level III* | *Total* |
| **Assets** | | | | |
| Financial assets at fair value through profit or loss | | | | |
| - Debt securities | 36,690,710 | 143,218,519 | 1,603,834 | 181,513,063 |
| - Equity securities | 28,859,458 | 1,619,997 | 3,521,066 | 34,000,521 |
| - Funds | 28,321,910 | 718,902 | - | 29,040,812 |
| - Wealth management products | - | 5,566,829 | 2,051,096 | 7,617,925 |
| - Loan and advances | - | - | 623,351 | 623,351 |
| Financial assets at fair value through other comprehensive income | | | | |
| - Debt securities | - | 1,015,241 | - | 1,015,241 |
| - Equity securities | - | 10,254,673 | 90,069 | 10,344,742 |
| - Loan and advances | - | - | 997,992 | 997,992 |
| Derivative financial assets | 81,849 | 1,000,750 | 775,442 | 1,858,041 |
| Total | 93,953,927 | 163,394,911 | 9,662,850 | 267,011,688 |
| **Liabilities** | | | | |
| Financial liabilities at fair value through profit or loss | | | | |
| - Financial liabilities held for trading | - | (4,586,478) | - | (4,586,478) |
| - Financial liabilities designated at fair value through profit or loss | - | (103,142) | (2,690,563) | (2,793,705) |
| Derivative financial liabilities | (105,950) | (629,477) | (542,972) | (1,278,399) |
| Total | (105,950) | (5,319,097) | (3,233,535) | (8,658,582) |

For the year ended 31 December 2020 and year ended 31 December 2019, there was a transfer of amount RMB761 and RMB188 million from Level II to Level I due to its lifting of restricted stocks, respectively. For the year ended 31 December 2020 and year ended 31 December 2019, the transfers into or out of Level III fair value measurements were resulted from the changes of inputs in fair value measurements.

(i) Financial instruments in Level I

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price within bid-ask spread. These instruments are included in Level I. Instruments included in Level I comprise primarily securities traded on the 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 2020 and 31 December 2019, 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, loan and advances, gold leasing and OTC derivative financial instruments, fair value is determined using valuation techniques.

(iv) Financial instruments in Level III

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level III of the fair value hierarchy:

| | *Financial assets at fair value through profit or loss* | *Other investment* | *Financial assets at fair value through other comprehensive income* | *Derivative financial assets* | *Financial liabilities at fair value through profit or loss* | *Derivative financial liabilities* | *Total* |
|---|---|---|---|---|---|---|---|
| As at 1 January 2020 | 7,799,347 | - | 1,088,061 | 775,442 | (2,690,563) | (542,972) | 6,429,315 |
| Gains or losses for the year | 503,144 | 46,555 | 158,545 | 237,494 | (695,601) | (2,511,145) | (2,261,008) |
| Changes in fair value recognised in other comprehensive income | - | - | (2,871) | - | - | (34,348) | (37,219) |
| Purchases | 8,083,217 | 841,640 | 856,485 | 157,209 | - | 398,369 | 10,336,920 |
| Sales and settlements | (4,042,116) | - | (1,131,425) | (767,990) | 202,146 | 1,181,503 | (4,557,882) |
| As at 31 December 2020 | 12,343,592 | 888,195 | 968,795 | 402,155 | (3,184,018) | (1,508,593) | 9,910,126 |
| Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period | 211,830 | 46,555 | - | 539,665 | (592,401) | (1,377,622) | (1,171,973) |

| | *Financial assets at fair value through profit or loss* | *Financial assets at fair value through other comprehensive income* | *Derivative financial assets* | *Financial liabilities at fair value through profit or loss* | *Derivative financial liabilities* | *Total* |
|---|---|---|---|---|---|---|
| As at 1 January 2019 | 5,033,263 | 689,104 | 1,578,610 | (2,325,405) | (321,553) | 4,654,019 |
| Gains or losses for the year | 501,266 | 68,261 | 419,470 | (428,902) | (543,006) | 17,089 |
| Changes in fair value recognised in other comprehensive income | - | 12,674 | - | - | - | 12,674 |
| Purchases | 3,957,499 | 386,092 | 284,939 | - | 623,683 | 5,252,213 |
| Sales and settlements | (1,692,681) | (68,070) | (1,507,577) | 63,744 | (302,096) | (3,506,680) |
| As at 31 December 2019 | 7,799,347 | 1,088,061 | 775,442 | (2,690,563) | (542,972) | 6,429,315 |
| Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period | 405,998 | - | 477,462 | (428,902) | (502,400) | (47,842) |

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, loan and advances 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 derivatives | Level III | Black-Scholes option pricing model | Price volatility of underlying assets | The higher the price volatility, the greater the impact on the fair value |
| | | Monte-Carlo option pricing model | Price volatility of underlying assets | The higher the price volatility, the greater the impact on the fair value |

The fair value of the financial instruments in Level III is not significantly sensitive to a reasonable change in these unobservable inputs.

## 62 Share-based payment of a subsidiary

### *(a) Summary information about share-based payments of a subsidiary*

| | *2020* | | | |
|---|---|---|---|---|
| | *As at 1 January* | *Accrued for the year* | *Decrease for the year* | *As at 31 December* |
| Equity-settled share-based payments - USD equivalent to RMB | 350,705 | 654,134 | - | 1,004,839 |

On 3 July 2019, AssetMark Financial Holdings, Inc. granted the equity incentive plan ("the 2019 Equity Incentive Plan"). The 2019 Equity Incentive Plan was effective on 17 July 2019, i.e. the effective date of the S-1 registration form of the Initial Public Offering ("IPO").

*(i) Restricted Stock Awards (RSAs)*

On 17 July 2019, AssetMark Financial Holdings, Inc. granted the original holders of Class C Common Unites Restricted Stock Awards equal to 6,309,049 shares of AssetMark Financial Holdings, Inc. common stock. The Restricted Stock Awards are subject to the same vesting schedule as the Class C Common Units of AssetMark Holdings, LLC.

*(ii) Stock Options*

In connection with the IPO, AssetMark Financial Holdings, Inc. issued options to certain officers to acquire an aggregate of 918,981 shares of the common stock, with an exercise price of USD22 per share. Each of these options is scheduled to vest and become exercisable in substantially equal installments on each of the first three anniversaries of 18 July 2019. AssetMark Financial Holdings, Inc. uses the Black-Scholes options pricing model to estimate the fair value of Stock Options.

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*(iii) Restricted Stock Units (RSUs)*

In connection with the IPO, AssetMark Financial Holdings, Inc. issued Restricted Stock Units to certain officers covering an aggregate of 85,737 shares of the common stock. Each of these Restricted Stock Units is scheduled to vest in substantially equal installments on each of the first three anniversaries of 18 July 2019.

*(iv) Stock Appreciation Rights (SARs)*

On 9 June 2020, AssetMark Financial Holdings, Inc. issued stock appreciation to certain officers with respect to 831,902 shares of its common stock under the 2019 Equity Incentive Plan. Each SAR has a strike price equal to the fair market value of the common stock of AssetMark Financial Holdings, Inc. on the date of grant and is scheduled to vest and become exercisable insubstantially equal installments on each of the first four anniversaries of 9 June 2020. Upon exercise, each of these SARs will be settled in shares of AssetMark Financial Holdings, Inc. common stock with a value equal to the excess, if any, of the fair market value of its common stock measured on the exercise date over the strike price.

## 63 Company-level statement of financial position

| | Note | As at 31 December 2020 | 2019 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property and equipment | | 3,427,464 | 3,091,787 |
| Investment properties | | 1,216,252 | 1,363,937 |
| Other intangible assets | | 490,003 | 646,399 |
| Investments in subsidiaries | | 19,374,962 | 19,374,962 |
| Interest in associates | | 11,317,184 | 9,434,339 |
| Debt investment at amortised cost | | 18,959,784 | 13,755,153 |
| Financial assets at fair value through other comprehensive income | | 10,540,968 | 10,307,367 |
| Financial assets at fair value through profit or loss | | 973,587 | 6,674,987 |
| Refundable deposits | | 9,876,632 | 4,548,561 |
| Other non-current assets | | 254,168 | 237,812 |
| **Total non-current assets** | | 76,431,004 | 69,435,304 |
| **Current assets** | | | |
| Accounts receivable | | 6,872,139 | 3,041,432 |
| Other receivables and prepayments | | 6,001,078 | 330,090 |
| Margin accounts receivable | | 100,819,185 | 68,122,908 |
| Debt investment at amortised cost | | 11,160,237 | 4,025,614 |
| Financial assets held under resale agreements | | 9,983,827 | 14,155,652 |
| Financial assets at fair value through profit or loss | | 182,706,227 | 165,269,314 |
| Derivative financial assets | | 7,583,195 | 1,851,978 |
| Clearing settlement funds | | 9,535,564 | 7,419,153 |
| Cash held on behalf of brokerage clients | | 101,415,279 | 71,142,684 |
| Cash and bank balances | | 11,830,586 | 17,806,478 |
| **Total current assets** | | 447,907,317 | 353,165,303 |
| **Total assets** | | 524,338,321 | 422,600,607 |

| | Note | As at 31 December 2020 | 2019 |
|---|---|---|---|
| **Current liabilities** | | | |
| Short-term debt instruments issued | | 43,720,163 | 47,059,476 |
| Placements from other financial institutions | | 4,815,236 | 11,362,598 |
| Accounts payable to brokerage clients | | 100,723,551 | 70,663,092 |
| Employee benefits payable | | 1,832,973 | 1,120,459 |
| Other payables and accruals | | 35,725,842 | 10,746,710 |
| Current tax liabilities | | 853,166 | 46,231 |
| Financial assets sold under repurchase agreements | | 120,402,891 | 101,900,041 |
| Financial liabilities at fair value through profit or loss | | - | 852,335 |
| Derivative financial liabilities | | 6,906,379 | 953,527 |
| Long-term bonds due within one year | | 11,419,059 | 14,611,188 |
| **Total current liabilities** | | 326,399,260 | 259,315,657 |
| **Net current assets** | | 121,508,057 | 93,849,646 |
| **Total assets less current liabilities** | | 197,939,061 | 163,284,950 |
| **Non-current liabilities** | | | |
| Long-term bonds | | 79,734,524 | 46,401,284 |
| Non-current employee benefits payable | | 5,619,040 | 5,455,462 |
| Deferred tax liabilities | | 150,743 | 888,227 |
| Other payable and accruals | | 463,243 | 283,911 |
| **Total non-current liabilities** | | 85,967,550 | 53,028,884 |
| **Net assets** | | 111,971,511 | 110,256,066 |

| | Note | As at 31 December 2020 | 2019 |
|---|---|---|---|
| **Equity** | | | |
| Share capital | 54(b) | 9,076,650 | 9,076,650 |
| Treasury shares | | (1,626,546) | - |
| Reserves | | 86,916,959 | 85,019,854 |
| Retained profits | | 17,604,448 | 16,159,562 |
| **Total equity** | | 111,971,511 | 110,256,066 |

Approved and authorised for issue by the board of directors on 23 March 2021.

| | |
|---|---|
| Zhang Wei | Chen Chuanming |
| Chairman of the Board, Director | Director |

## 64 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2020

Up to date of issue of these financial statements, the IASB has issued a number of amendments, and a new standard, IFRS 17, *insurance contracts*, which are not yet effective for the year ended 31 December 2020 and have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

| | *Effective for accounting periods beginning on or after* |
|---|---|
| Amendments to IFRS 3, *Reference to the Conceptual Framework* | 1 January 2022 |
| Amendments to IAS 16, *Property, Plant and Equipment Proceeds before Intended Use* | 1 January 2022 |
| Amendments to IAS 37, *Onerous Contracts —— Costing of Fulfiling a Contract* | 1 January 2022 |
| Annual Improvements to IFRSs 2018-2020 Cycle | 1 January 2022 |

The Group is in the process of making an assessment what the impact of these amendments is expected to be in the period of initial application. So far it has been concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

## 65 Events after the reporting date

### *(a) Issuance of bonds*

On 20 January 2021, the Company has publicly issued 3-year corporate bond with a nominal amount of RMB4 billion, bearing interest at 3.58% per annum to qualified investors.

On 25 January 2021, the Company has publicly issued 90 days corporate bond with a nominal amount of RMB3 billion, bearing interest at 2.48% per annum to qualified investors.

On 27 January 2021, the Company has publicly issued 90 days corporate bond with a nominal amount of RMB3 billion, bearing interest at 2.42% per annum to qualified investors.

On 29 January 2021, the Company has publicly issued 5-year corporate bond with a nominal amount of RMB9 billion, bearing interest at 4.50% per annum to qualified investors.

On 9 March 2021, the Company has publicly issued 90 days corporate bond with a nominal amount of RMB3 billion, bearing interest at 2.68% per annum to qualified investors.

### *(b) Profit distribution plan after accounting periods*

On 23 March 2021, based on the total ordinary shares of 9,076,650,000 of the Company deducting the repurchased A shares deposited in the Company's repurchased securities account and not for use in the Company's Restricted Share Incentive Scheme of A Shares at the report date, the Board proposed cash dividends of RMB4.00 (tax inclusive) per 10 ordinary shares, with total cash dividend amounting to RMB3,613 million. The total amount of the actual dividend distribution will be calculated based on the total number of A shares entitled to dividend distribution on the registration date of A share shareholders. The proposal is pending for the approval of the general meeting of the shareholders. The cash dividends are not recognised as a liability as at 31 December 2020.

### *(c) Restricted Share Incentive Scheme of A Shares*

On 8 February 2021, the Company's the first extraordinary General Meeting of 2021 approved the "Management Measures of Huatai Securities Co., Ltd. Restricted Share Incentive Scheme of A Shares", and the plan is to grant no more than 45.64 million restricted A shares to incentive participants. The source of the restricted shares is ordinary A Shares repurchased by the Company from secondary market.