

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong 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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2023

The Board hereby announces the unaudited interim results of the Company and its subsidiaries for the six months ended June 30, 2023. This interim results announcement complies with the relevant requirements of the Hong Kong Listing Rules in relation to the information set out in the preliminary announcement of interim results.

THE PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement will be published on the HKEXnews website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Company (www.htsc.com.cn), respectively.

The interim report of the Company for 2023 will be dispatched to the holders of H Shares and published on the HKEXnews website of Hong Kong Exchanges and Clearing Limited and the website of the Company in due course.

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 the interim report of the Company for 2023 as set out in this announcement.

By order of the Board of the Company

Zhang Hui

Joint Company Secretary

Jiangsu, the PRC, August 30, 2023

As at the date of this announcement, the Board comprises Mr. Zhang Wei, Mr. Zhou Yi and Ms. Yin Lihong as executive Directors; Mr. Ding Feng, Mr. Chen Zhongyang, Mr. Ke Xiang, Ms. Hu Xiao and Mr. Zhang Jinxin as non-executive Directors; and Mr. Wang Jianwen, Mr. Wang Quansheng, Mr. Peng Bing, Mr. Wang Bing and Mr. Tse Yung Hoi as independent non-executive Directors.

CONTENTS

Important Notice	3
Definitions	5
Company Profile and Key Financial Indicators	10
Management Discussion and Analysis.	18
Corporate Governance.	94
Environmental and Social Responsibilities	107
Major Events.	111
Changes in Shares and Shareholders	131
Relevant Information of Bonds	139
Index of Documents for Inspection	150
Information Disclosure of Securities Companies.	150
Appendix: Information Disclosure Index.	151
Interim Financial Report	

IMPORTANT NOTICE

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

II. Director(s) absent from the meeting

Position of absent Director	Name of absent Director	Reasons for absence	Name of proxy
Director	Hu Xiao	Business engagement	Zhang Wei
Independent Director	Peng Bing	Business engagement	Wang Jianwen

III. This interim report has not been audited.

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

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

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

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

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

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

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

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

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

XI. Warning on major risks

Domestic and external macroeconomy and monetary policies, laws and regulations on financial and securities industries, changing trends in commercial and financial industries and other factors may all have an impact on the Company's business. On the other hand, 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.

Main risks in business operation faced by the Company include: policy risks arising from national macro-control measures, changes in laws, regulations, relevant regulatory policies and transaction rules in securities industry, which will adversely influence the business of securities companies; compliance risks arising from business management or professional activities of the Company or its employees violating laws, regulations or codes, which cause the Company bearing legal responsibility, being subject to regulatory measures and disciplinary sanctions, suffering from property or business reputation loss; legal risks arising from the Company's failure to abide by provisions and requirements of laws and regulations, which expose the Company to litigations, compensation and fines and suffer from loss; market risks arising from fluctuations in market prices (interest rates, exchange rates, stock prices and commodity prices, etc.), which make the Company suffer from loss in assets; credit risks arising from default of financiers, issuers or counterparties, etc., which make the Company suffer from loss; liquidity risks arising from the Company's inability to obtain sufficient funds at a reasonable cost in time to pay matured debts, fulfil other payment obligations and satisfy the capital needs for normal business; information technology risks such as technical failure or data leakage of the Company's information system resulting from internal and external reasons, which incur losses due to the system's failure to consequently guarantee the stability, high-efficiency and safety of transactions and business management in business realization, response speed, processing capacity, data security and so on; operational risks arising from loss-causing incomplete or problematic internal procedures, personnel, systems or external incidents; reputational risk of negative comments on the Company by investors, issuers, regulatory authorities, disciplinary organizations, the public and the media arising from the Company's behaviors or external events, and its employees' violation of integrity rules, professional ethics, business norms, and industrial rules and regulations, which may damage the brand value of the Company, hinder its normal operation, and even undermine the market and social stability; money laundering risks arising from the utilization of the Company's products or services by criminals to engage in money laundering activities which lead to negative effects on the Company's legitimacy, reputation, compliance, operation and other aspects; integrity risks arising from abuse of official power for personal gain by the employees of the Company, which may cause harm or negative impact to the Company. Besides, with the advancement of the Company's internationalization strategy, the Company's business expands into the United States, the United Kingdom, Hong Kong and other countries and regions, and the Company is exposed to more complex market environment and regulatory requirements.

DEFINITIONS

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

DEFINITIONS OF CAPITALIZED TERMS AND EXPRESSIONS

A Share(s)	domestic share(s) in the share capital of the Company with nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in RMB
AoP	Assets on Platform
APP	Application
Articles of Association	the articles of association of the Company, as amended, supplemented or otherwise modified from time to time
AssetMark	AssetMark Financial Holdings, Inc., a wholly-owned subsidiary of Huatai International
Bank of Jiangsu	Bank of Jiangsu Co., Ltd. (江蘇銀行股份有限公司)
Beijing Stock Exchange	the Beijing Stock Exchange (北京證券交易所)
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
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
CSRC	the China Securities Regulatory Commission (中國證券監督管理委員會)
Director(s)	the director(s) of the Company

FICC	fixed income, currency and commodity
Futures IB Business	a business activity in which securities firms, as commissioned by futures companies, introduce clients to participate in futures transactions of the futures companies and provide other related services
GDR	global depository receipt
Govtor Capital	Govtor Capital Group Co., Ltd. (江蘇高科技投資集團有限公司)
Group, Our Group, we or us	the Company and its subsidiaries, and their respective predecessors
Guoxin Group	Jiangsu Guoxin Investment Group Limited (江蘇省國信集團有限公司, formerly known as Jiangsu Guoxin Asset Management Group Limited (江蘇省國信資產管理集團有限公司))
H Share(s)	foreign share(s) in the share capital of the Company with nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in HK dollars
HKEX	Hong Kong Exchanges and Clearing Limited (香港交易及結算所有限公司)
HK\$, HKD or HK dollars	the lawful currency of Hong Kong
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited (香港聯合交易所有限公司)
HTSC, Huatai Securities, our Company, Company or Parent Company	a joint stock company incorporated in the PRC with limited liability under the corporate name 华泰证券股份有限公司 (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 the Hong Kong Stock Exchange since June 1, 2015 (Stock Code: 6886); the A Shares of which have been listed on the Shanghai Stock Exchange since February 26, 2010 (Stock Code: 601688); the global depository receipts of which have been listed on the London Stock Exchange plc since June 2019 (Symbol: HTSC), unless the context otherwise requires, including its predecessor
Huatai Asset Management	Huatai Securities (Shanghai) Asset Management Co., Ltd. (華泰證券(上海)資產管理有限公司), a wholly-owned subsidiary of the Company

Huatai Financial Holdings (Hong Kong)	Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司), a wholly-owned subsidiary of Huatai International
Huatai Futures	Huatai Futures Co., Ltd. (華泰期貨有限公司), a wholly-owned 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

New Third Board or NEEQ	the National Equities Exchange and Quotations for small and medium-sized enterprises
NMAU	the number of monthly active users
OTC	over-the-counter
PBOC	the People's Bank of China
QFII	qualified foreign institutional investor
Reporting Period	the period of six months from January 1, 2023 to June 30, 2023
Securities Law	Securities Law of the People's Republic of China (《中華人民共和國證券法》), as amended from time to time
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 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)
Singapore Subsidiary	Huatai Securities (Singapore) Pte. Limited, a wholly-owned subsidiary of Huatai International
STAR Market	Science and Technology Innovation Board of SSE
Supervisor(s)	supervisor(s) of the Company
Supervisory Committee	the supervisory committee of the Company
TAMP	Turn-key Asset Management Platform, a technological platform providing services such as investment products and strategies, assets portfolio management, customer relationship management and asset custody, as well as corporate operation

USD, US\$ or US dollar	the lawful currency of the United States of America
VAR	value at risk
Wind Information	Wind Information Co., Ltd. (萬得信息技術股份有限公司), a service provider of financial data, information and software in Mainland China
%	per cent.

In the 2023 interim report, any discrepancies between the total shown and the sum of the amounts listed are due to rounding; and any discrepancies in the change percentages of an item are due to the difference of currency unit of account.

COMPANY PROFILE AND KEY FINANCIAL INDICATORS

I. COMPANY INFORMATION

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

Registered capital and net capital

Unit: Yuan Currency: RMB

	As at the end of the Reporting Period	As at the end of the previous year
Registered capital	9,075,589,027.00	9,075,589,027.00
Net capital	93,158,894,331.82	92,975,958,998.68

Qualifications of each business line of the Company

During the Reporting Period, according to the Letter on Unanimity for Proprietary Participation in Carbon Emissions Trading of Huatai Securities Co., Ltd, the CSRC had no objections towards proprietary participation in carbon emissions trading of the Company in domestic legal markets.

According to the business license issued by Jiangsu Provincial Market Regulation Administration, the business scope of the Company includes: licensed items: securities business; securities investment consultancies; sales of public offering securities investment funds; custody of securities investment fund (Projects that need to be approved by law shall be carried out upon approval by relevant authorities, and the specific business projects are subject to the approval results) general items: providing intermediary referrals by securities company for futures companies (Except for projects that need to be approved by law, business activities can be conducted independently with the business license in accordance with the laws)

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

Members of the Board of Directors

Executive Directors

Mr. Zhang Wei (Chairman)
Mr. Zhou Yi (CEO and chairman of
the Executive Committee)
Ms. Yin Lihong

Non-executive Directors

Mr. Ding Feng
Mr. Chen Zhongyang
Mr. Ke Xiang
Ms. Hu Xiao
Mr. Zhang Jinxin

Independent Non-executive Directors

Mr. Wang Jianwen
Mr. Wang Quansheng
Mr. Peng Bing
Mr. Wang Bing
Mr. Tse Yung Hoi

Members of Special Committees

Development Strategy Committee

Mr. Zhang Wei (Chairman)
Mr. Zhou Yi
Mr. Chen Zhongyang
Ms. Hu Xiao
Mr. Zhang Jinxin

Compliance and Risk Management Committee

Mr. Zhou Yi (Chairman)
Mr. Ke Xiang
Mr. Wang Jianwen

Audit Committee

Mr. Wang Bing (Chairman)
Mr. Ding Feng
Mr. Tse Yung Hoi

Nomination Committee

Mr. Wang Quansheng (Chairman)
Ms. Yin Lihong
Mr. Peng Bing

Remuneration and Appraisal Committee

Mr. Wang Quansheng (Chairman)
Mr. Peng Bing
Mr. Wang Bing

III. CONTACT

Secretary of the Board

Name	Zhang Hui
Address	11/F, Building 1, No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province, the PRC
Tel. No.	025-83387272, 83387780, 83389157
Fax	025-83387784
Email	zhanghui@htsc.com

Joint company secretary

Name	Zhang Hui
Address	11/F, Building 1, No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province, the PRC

Joint company secretary

Name	Kwong Yin Ping Yvonne
Address	40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong, the PRC

IV. CHANGES IN BASIC INFORMATION

Registered address of the Company	No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province, the PRC
Historical changes in registered address of the Company	In July 2015, the Company has completed the change in business registration, and its registered address was changed from “No. 90 East Zhongshan Road, Nanjing, Jiangsu Province, the PRC” to “No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province, the PRC”
Office address of the Company	No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province, the PRC
Postal code of office address of the Company	210019
Principal place of business in Hong Kong	62/F, The Center, 99 Queen’s Road Central, Hong Kong, the PRC
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
Index of changes during the Reporting Period	No change during the Reporting Period

V. INFORMATION DISCLOSURE AND CHANGES IN LOCATION FOR INSPECTION OF DOCUMENTS

Name of newspapers selected by the Company for information disclosure	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily
Website designated by the CSRC for publication of the interim report	http://www.sse.com.cn
Website designated by the Hong Kong Stock Exchange for publication of the interim report	http://www.hkexnews.hk
Website designated by the LSE for publication of the interim report	https://www.londonstockexchange.com
Location for inspection of the interim report of the Company (A Share)	No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province, the PRC
Location for inspection of the interim report of the Company (H Share)	No. 228 Middle Jiangdong Road, Nanjing, Jiangsu Province, the PRC; 62/F, The Center, 99 Queen’s Road Central, Hong Kong, the PRC
Index of changes during the Reporting Period	No change during the Reporting Period

VI. LANGUAGE AND MEANS OF RECEIPT OF CORPORATE COMMUNICATION

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

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

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

- by mail: 17M Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong, the PRC
- by email: huatai.ecom@computershare.com.hk

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

VII. SHARES/DEPOSITORY RECEIPTS OF THE COMPANY

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

The Company did not change the stock name.

VIII. OTHER INFORMATION

(I) Accounting Firms

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

(II) Legal Advisors

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

(III) Share Registrars

Share registrar for A Share	Name	China Securities Depository and Clearing Corporation Limited, Shanghai Branch
	Office address	No. 188 South Yanggao Road, Pudong New Area, Shanghai, the PRC
Share registrar for H Share	Name	Computershare Hong Kong Investor Services Limited
	Office address	Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, the PRC

IX. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

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

(I) Key Accounting Data

Unit: Thousand Yuan Currency: RMB

Item	The Reporting Period	Corresponding period of the previous year		Year-on-year Change (%)
		After adjustment	Before adjustment	
Total revenue, other income and gains	25,952,554	23,479,022	23,479,022	10.54
Profit before income tax	7,997,428	6,773,996	6,773,996	18.06
Profit of this period – attributable to shareholders of the Company	6,555,640	5,375,963	5,375,208	21.94
Net cash (used in)/generated from operating activities	(13,683,077)	26,018,313	26,018,313	N/A
Total amount of other comprehensive income after tax this period	733,051	515,614	515,614	42.17

Unit: Thousand Yuan Currency: RMB

Item	As of the end of the Reporting Period	As of the end of the previous year		Increase/decrease of the end of the Reporting Period over the end of the previous year (%)
		After adjustment	Before adjustment	
Total assets	887,070,258	846,570,990	846,567,016	4.78
Total liabilities	716,556,908	678,714,380	678,718,307	5.58
Total equity attributable to shareholders of the Company	167,504,156	165,095,102	165,087,201	1.46
Total shareholders' equity	170,513,350	167,856,610	167,848,709	1.58
Total share capital (shares)	9,075,589,027	9,075,589,027	9,075,589,027	–

(II) Key Financial Indicators

Key financial indicators	The Reporting Period	Corresponding period of the previous year		Year-on-year change (%)
		After adjustment	Before adjustment	
Basic earnings per share (RMB/share)	0.70	0.58	0.58	20.69
Diluted earnings per share (RMB/share)	0.68	0.56	0.56	21.43
ROE (%)	4.23	3.69	3.69	Increase of 0.54 percentage point
Debt-to-assets ratio (%) ^{Note 1}	76.57	77.35	77.35	Decrease of 0.78 percentage point
Net assets attributable to the Company's shareholders of ordinary shares per share (RMB/share) ^{Note 2}	16.34	15.40	15.40	6.10

Note 1: Debt-to-assets ratio = (total liabilities – accounts payable to brokerage clients)/(total assets – accounts payable to brokerage clients).

Note 2: Net assets attributable to the Company's shareholders of ordinary shares per share were net of the effect of perpetual bonds.

Description of key accounting data and financial indicators of the Company:

Since January 1, 2023, the Group has applied amendments to IAS 12, and retrospectively adjusted the accounting statements for previous years. In the current interim period, the application of other new IFRSs and the amendments to IFRSs has had no material impact on the Group's financial positions and performance for the current and prior periods. For details, please refer to Note 3 "Principal accounting policies" to the financial reports in this report.

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

Unit: Yuan Currency: RMB

Item	As of the end of the Reporting Period	As of the end of the previous year
Net capital	93,158,894,331.82	92,975,958,998.68
Net assets	145,041,485,952.12	143,638,401,461.64
Risk coverage ratio (%)	246.50	240.14
Net capital/net assets (%)	64.23	64.73
Net capital/liabilities (%)	22.80	23.14
Net assets/liabilities (%)	35.49	35.76
Value of proprietary equity securities and derivatives/net capital (%)	31.92	45.73
Value of proprietary non-equity securities and derivatives/net capital (%)	357.77	316.80
Core net capital	64,158,894,331.82	61,983,972,665.79
Supplementary net capital	29,000,000,000.00	30,991,986,332.89
Total risk capital provision	37,793,273,517.11	38,717,728,473.17
Total on-balance and off-balance assets	490,513,862,767.84	483,308,624,857.94
Capital leverage ratio (%)	14.24	14.10
Liquidity coverage ratio (%)	196.93	166.57
Net stable funding ratio (%)	131.64	129.33

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

There is no difference between the net profit attributable to shareholders of the listed company for the periods from January to June of 2023 and 2022, and the net assets attributable to shareholders of the listed company as of June 30, 2023 and December 31, 2022 as set out in the combined financial statements prepared in accordance with the CASBE and in the combined financial statements prepared in accordance with the IFRS.

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

The Group is a leading technology-driven securities group in the industry, with a highly collaborative business model, an advanced digital platform and an extensive and engaging customer base. The Group's principal businesses comprise wealth management business, institutional services business, investment management business and international business. The Group constructs a customer-oriented organizational structure and mechanism, to provide a full range of securities and financial services to both individual and institutional clients through an organic online-offline synergy, and aims to become a leading investment bank with both strong domestic advantages and global influence.

1. *Wealth management business*

We provide customers with diversified wealth management services, including securities, futures and options brokerage, financial products sales, fund investment advisory business, and capital-based intermediary business with the support of professional mobile APP and PC platforms, branches, and securities and futures branch offices, Huatai International and its affiliated overseas subsidiaries, through online and offline modes and inbound and outbound linkage. For securities, futures and options brokerage business, we mainly execute trades on behalf of our clients in stocks, funds, bonds, futures and options, etc. to provide trading services. For financial products sales business, we mainly provide customers with a variety of financial products sales services and asset allocation services, and the related financial products are managed by the Group and other financial institutions. Our fund investment advisory business entails upon acceptance of clients' engagement, selecting specific category, amount and timing of trading of investment funds on behalf of our clients within the scope of clients' authorization in accordance with terms of agreement and submitting trading applications including, among others, subscription, redemption and conversion of fund products on behalf of our clients. In respect of capital-based intermediary business, we provide diversified financing services including margin financing and securities lending as well as stock pledged repurchase. Key performance drivers of the wealth management business include fee and commission income, interest income, etc.

2. *Institutional services business*

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

- (1) Investment banking business primarily consists of domestic and overseas equity financing, bond financing, financial advisory, OTC business, etc. For equity financing business, we provide issuance and underwriting of domestic and overseas IPO, equity refinancing and depository receipts for our clients. For bond financing business, we provide services including various types of domestic and overseas bond financing and asset securitization for our clients. For financial advisory business, we provide services including reform of State-owned enterprises, industrial merger and acquisition, share acquisition, financing advisory, corporate restructure and public offering REITs for our clients. For OTC business, we provide clients with NEEQ listing and follow-on financing services, and relevant OTC businesses engaged in by Jiangsu Equity Exchange. Key performance drivers to investment banking business include underwriting and sponsorship fees, financial advisory fees, etc.
- (2) Prime brokerage business mainly includes the provision of asset custody and fund services for various types of asset management institutions, such as private and public funds, including settlement, liquidation, reporting and valuation. In addition, it also provides margin trading, sales of financial products and other value-added services for clients of prime brokerage. Key performance drivers to prime brokerage business include fees for fund custody and service business, etc.
- (3) Research and institutional sales business mainly consists of research business and institutional sales business. For research business, we provide various professional research and advisory services for clients. For institutional sales business, we promote and sell securities products and services to clients. Key performance drivers to research and institutional sales business include incomes from services concerning various research and financial products.
- (4) Investment and trading business mainly includes equity trading, FICC trading and OTC derivative transaction. The Group conducts equity, FICC and other financial instruments transactions with its own funds, and reduces investment risks and increases returns through various trading strategies and techniques. At the same time, in order to meet customers' needs for investment and financing as well as risk management, we also engage in market making business and OTC derivatives business. In terms of equity trading, we invest and trade stocks, ETFs and derivatives, and engage in market making services for stocks in the STAR Market, financial derivatives and financial products, etc. In terms of FICC trading, we invest and trade all kinds of FICC and derivatives in the interbank and exchange bond markets, and engage in the market making services of inter-bank and exchange markets and carbon emission trading, etc. 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, business income, etc.

3. *Investment management business*

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

4. *International business*

The Group operates international business covering various countries and regions including Hong Kong and the United States through its wholly-owned subsidiary Huatai International, and the wholly-owned subsidiaries of Huatai International including Huatai Financial Holdings (Hong Kong), AssetMark and Huatai Securities (USA). In addition, in September 2022, Huatai International established a wholly-owned subsidiary in Singapore. During the Reporting Period, the application for relevant business licenses was approved in principle by the Monetary Authority of Singapore.

The operations of the Group in Hong Kong are mainly conducted by Huatai Financial Holdings (Hong Kong), a wholly-owned subsidiary of Huatai International, primarily including equity business platform, fixed-income business platform, wealth management platform, fund platform and flagship investment banking business. Through the equity business platform, we conduct trading, design and sales of cross-border equity derivatives, providing capital-based intermediary services in respect of various equity capital for our clients, and provide universal integrated financial services covering both domestic and overseas markets and various industries for institutional clients around the globe. Through the fix-income business platform, we carry out investment and trading of a variety of FICC and derivative instruments and provide FICC solutions for all product categories, such as sales, trading and market making services to various institutional clients. Through the wealth management platform, we provide brokerage, margin financing and wealth management services in respect of different categories of assets around the globe for our clients, satisfying their multi-level and comprehensive financial needs. In respect of the fund platform, we provide customized solutions in fields such as leveraged buyout, strategic M&A, pre-listing financing and business expansion for our clients through the Greater Bay Area Fund under our management; the China Concept Stock Return Fund (中概股回歸基金) focuses on mid to late-stage

investment, cross-border M&A and split and privatization investment opportunities in industries with growth potential. For flagship investment banking business, aiming to establish a full-service and cross-border investment banking platform system, we provide both Chinese and international customers with equity and bond underwriting and sponsoring services, as well as financial advisory services. In September 2019, Huatai Financial Holdings (Hong Kong) obtained its membership in the London Stock Exchange and completed the registration as a UK Cross-border Conversion Agency for Shanghai-London Stock Connect GDRs on the Shanghai Stock Exchange, thus is capable of providing clients with the whole-process services of the issuance and trade of GDRs. In December 2020, Huatai Financial Holdings (Hong Kong) became the first financial institution in Asia that obtained the qualification as market maker of the London Stock Exchange. In December 2021, Huatai Financial Holdings (Hong Kong) was formally admitted as a member of Turquoise under the London Stock Exchange Group. In 2022, Huatai Financial Holdings (Hong Kong) officially obtained the qualification as a participant of the Special Purpose Acquisition Companies (SPAC) Exchange of the Hong Kong Stock Exchange, making it one of the first Chinese securities companies in Hong Kong obtaining such qualification; and it obtained the registration as a cross-border conversion agency for stock connect global depository receipts granted by the Shenzhen Stock Exchange, making it one of the first agencies registered with the Shenzhen Stock Exchange to carry out cross-border conversion business following the revision of the rules of Shanghai-London Stock Connect and the dual expansion of the applicability in 2022. In 2023, Huatai Financial Holdings (Hong Kong) became a listing and trading member on the Luxembourg Stock Exchange and a “warrant” issuer on the HKEX.

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 portfolio management, customer relations management and asset custody. In July 2019, AssetMark completed its listing on the New York Stock Exchange in the United States. In July 2021, AssetMark completed the acquisition of Voyant to further optimize its technology platform and operating environment and thus maintain its leading position among the turn-key asset management platforms. In December 2022, AssetMark completed the acquisition of Adhesion Wealth to continue to construct a leading business model and an advanced technology platform.

In September 2018, Huatai Securities (USA) was registered in Delaware, USA as a foreign wholly-owned subsidiary of Huatai International, aiming to promote the development of international business. In June 2019, upon approval from the US Financial Industry Regulatory Authority, Huatai Securities (USA) obtained the US broker-dealer license. In 2020, it obtained the US proprietary trading license. In 2021, it obtained the business qualification for securities trading with institutional investors in Canada. In 2022, it obtained market access to major stock exchanges in Europe.

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

II. AWARDS AND HONORS

Wealth management business	Shanghai Stock Exchange: The Company was awarded “2022 Top 10 Options Brokers” (2022 年度十佳期權經紀商), etc.	The data from Analysys: “ZhangLe Fortune Path” (漲樂財富通) ranked the first in terms of NMAU at the end of the first half of 2023
	Shenzhen Stock Exchange: The Company was awarded “2022 Outstanding Stock Options Brokers” (2022 年度期權優秀經紀商獎), “Award for Promotion of New Option Varieties in 2022” (2022 年度期權新品種推廣獎), etc.	The selection of the “First Session of Junding Award for the Digital Transformation of the Securities Industry in China” (首屆中國證券業數字化轉型君鼎獎) organized by Securities Times:
	HKEX: The Company was awarded “2022 Outstanding Broker Award of Southbound Trading” (2022 年港股通卓越券商獎) The selection of the “First Session of Golden Bull Award for Fund Investment Advisors” (第一屆基金投顧金牛獎) organized by China Securities Journal: The Company was awarded the “Golden Bull Award for Fund Investment Advisory Institutions” (基金投顧機構金牛獎)	“ZhangLe Fortune Path” (漲樂財富通) was awarded as “Top 10 Brand APP in the Securities Industry in China” (中國證券業十大品牌 APP) and the “Investment Advisory APP in the Securities Industry in China” (中國證券業投顧服務 APP) The Asset: “ZhangLe Global” (漲樂全球通) was recognized as “Best Mobile Brokerage Application (Hong Kong Area)” (香港地區最佳手機券商 APP)
Institutional services business	Shanghai Stock Exchange: Huatai United Securities was awarded “2022 Outstanding Underwriter of Corporate Bonds” (2022 年度公司債券優秀承銷商), “2022 Outstanding Underwriter of Industrial Bonds” (2022 年度產業債券優秀承銷商) and “2022 Outstanding Underwriter in Serving National Strategies” (2022 年度服務國家戰略優秀承銷商)	The selection of the “Sixteenth Session of Best Investment Bank” (第十六屆最佳投行) organized by New Fortune (《新財富》): Huatai United Securities was awarded “Best Domestic Investment Bank” (本土最佳投行), “Best Investment Bank in Practicing ESG” (最佳踐行 ESG 投行), “Best Investment Bank in Equity Underwriting” (最佳股權承銷投行), “Best Investment Bank in Bond Underwriting” (最佳債權承銷投行), “Best Refinancing Investment Bank” (最佳再融資投行), “Best IPO Investment Bank” (最佳 IPO 投行), “Best Investment Bank in Mergers and Acquisitions” (最佳併購投行), “Best Investment Bank in Serving Overseas Markets” (海外市場能力最佳投行), etc.
	Shenzhen Stock Exchange: Huatai United Securities was awarded “2022 Outstanding Corporate Bond Underwriter” (2022 年度優秀公司債券承銷商), “2022 Outstanding Fixed-income Product Duration Management Institution” (2022 年度優秀固定收益產品存續期管理機構), etc.	

Investment management business	Shanghai Stock Exchange: The Company was awarded “2022 Outstanding Stock Market Maker on the STAR Market” (2022 年度優秀科創板股票做市商), etc.	The selection of “ChinaVenture Awards for 2022” (投中2022年度榜) held by ChinaVenture Investment:
	Huatai Asset Management was awarded “Outstanding Manager for Asset Securitization Business for 2022” (2022 年度資產證券化業務優秀管理人) and “Outstanding Participant of Infrastructure Public Offering REITs for 2022” (2022 年度優秀基礎設施公募 REITs 參與人)	Huatai Purple Gold Investment was awarded “Best Private Equity Investment Institutions for Returns TOP 10 in China” (中國最佳回報私募股權投資機構 TOP 10), “Best Chinese-funded Private Equity Investment Institutions TOP 20 in China” (中國最佳中資私募股權投資機構 TOP 20), “Best Private Equity Investment Institutions TOP 30 in China” (中國最佳私募股權投資機構 TOP 30), “Best Chinese Subsidiaries of Brokers for Private Funds TOP 5” (中國最佳券商私募基金子公司 TOP 5), “Best Institutions for Investment in Medical Devices Fields TOP 20 in China’s Medical and Health Service Industry” (中國醫療及健康服務產業最佳醫療器械領域投資機構 TOP 20), “Best Institutions for Investment in Medical Service Fields TOP 10 in China’s Medical and Health Services Industry” (中國醫療及健康服務產業最佳醫療服務領域投資機構 TOP 10), etc.
	China Southern Asset Management was awarded “2022 Outstanding Bond Investment Institution (for Other Asset Management Category)” (2022 年度優秀債券投資機構(其他資管類))	China Securities Journal:
	Huatai-PineBridge was awarded “Top 10 ETF Managers” (十佳 ETF 管理人)	China Southern Asset Management was awarded the “Golden Bull Award for Fund Investment Advisory Services” (基金投顧顧問服務金牛獎)
	Shenzhen Stock Exchange: Huatai Asset Management was awarded “Outstanding Manager for Special Asset-backed Plans for 2022” (2022 年度優秀資產支持專項計劃管理人)	Securities Times:
	The selection of “Offshore China Fund Awards 2022” (2022 年度離岸中資基金大獎) held by the Chinese Asset Management Association of Hong Kong and Bloomberg:	China Southern Asset Management was awarded “Star Fund Company for Passive Investment in Three Years” (三年被動投資明星基金公司獎)
	Huatai Asset Management was awarded “Best Cross-border Business Award of the Year” (年度最佳跨境業務獎), “Best Innovative Product Award of the Year” (年度最佳創新產品獎), etc.	Huatai-PineBridge was awarded “Top 10 Star Fund Companies” (十大明星基金公司獎) and “Star Fund Company for Passive Investment in Three Years” (三年被動投資明星基金公司獎)

International
business

The Selection of “Financial Institution Awards” (金融機構大獎) organized by Bloomberg Businessweek (《彭博商業周刊》):

Huatai International was awarded “Annual Outstanding Technology Securities Company Award” (年度科技證券公司卓越大獎), “Annual Outstanding Financial Derivatives Institution Award” (年度金融衍生產品機構卓越大獎), “Outstanding Superior Customer-level Products and Services Award” (優端客戶級別產品及服務卓越大獎), “Excellence Award for Risk Management” (風險管理卓越大獎), “Excellence Award for Digital Innovation” (數碼創新卓越大獎), “Outstanding Initial Public Offering Project Award” (首次公開招股項目卓越大獎) and “Corporate Financing Excellence Award (the Greater Bay Area of the PRC)” (企業融資卓越大獎(中國大灣區))

The selection of the “List of Awards for 2023” (2023 獎項榜單) organized by Asiamoney (《亞洲貨幣》), an internationally reputable financial magazine:

Huatai International was awarded “Best Securities Company in Hong Kong” (香港地區最佳券商) and “Most Innovative Investment Bank in the Greater Bay Area” (大灣區最具創新性投資銀行)

The selection of “2022 Annual Awards” (2022 年度獎項) organized by PDI (Private Debt Investor), an internationally renowned private debt industry magazine:

Huatai International was awarded “Best Private Debt Investor (Asia-Pacific Region)” (最佳私募債投資機構(亞太區)), “Best Real Estate Private Debt Investment Fund Manager (Asia-Pacific Region)” (最佳地產私募債投資基金經理(亞太區)) and “Best Senior Private Debt Investor (Asia-Pacific Region)” (最佳優先級私募債投資機構(亞太區))

The selection of “2022 AAA National Awards (China)” (2022年度AAA國家獎(中國區)) organized by The Asset (《財資》):

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

Cerulli Associates and other public information:

As of the end of the first quarter of 2023, AssetMark ranked second in the U.S. TAMP industry with a market share of 11.9%

III. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

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

The Group is committed to building technology as one of its core competitiveness, and comprehensively promoting the Group's digital transformation, focusing on the overall target of "client's success, business innovation, operation optimization and employee empowering", actively 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 to achieve co-creation of technology and business through all-round technology empowerment, and create business model innovation driven by digitalization and advantages of the whole business chain with platform-based support. In the field of wealth management, relying on "ZhangLe Fortune Path 8.0" (漲樂財富通 8.0), the Group continuously built personalized wealth management platforms through personalized posting of diversified contents and refined operation. In the field of institutional services, the "Xing Zhi 3.0" (行知 3.0), our self-developed digital platform serving institutional customers, facilitated enterprises and institutional investors to effectively enhance the productivity and explore new open ecological models. It continued to empower front-line employees and leveraged the "AORTA" (聊 TA), QingCloud (青雲), Investment Banking Cloud (投行雲) and other business and working platforms to effectively improve the efficiency of employees and promote the increase in customer scale and activity. The Group sped up in advancing towards the goal of deep platformization of businesses and continuously promoted the development of the FICC Elephant Trading Platform (FICC 大象交易平台) and distributed fast trading platforms, significantly improving the efficiency of core trading platforms. Relying on the credit analysis management system (CAMS system), Securities Lending Path 4.0 (融券通 4.0) and other platforms, it continued to empower innovation in business models. It focused on building and upgrading the Data Intelligence Middle Platform 3.0 (數智中台 3.0) and the RIS investment research platform to develop the supporting capability of the Group's integrated middle office. 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. Meanwhile, with equity investment serving as a link, the Group focused on outstanding technological innovation companies to accelerate the construction of the FINTECH ecosystem and actively established presence in cutting-edge sectors, such as big data, artificial intelligence, blockchain, cloud computing and RPA security, to build future-oriented technological capacity reserves.

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

The Group has established one of the most dynamic wealth management platforms in China's securities industry with more than 20.00 million customers. The Group is committed to building an integrated operation system of "people+platform", establishing a wealth management operation system driven by the headquarters, linked with the headquarters and branches and integrated operation, creating a professional and open platform development ecology, continuously gathering professional financial service capabilities and professional financial service information, so as to continuously expand the scale of customers and ecological partners, and to actively expand the brand influence. The Group launched "ZhangLe Fortune Path" (漲樂財富通), a mobile service platform, for our clients, and "AORTA" (聊TA), a cloud-based working platform, for investment advisors. Through iterative upgrades, we strengthened their functions, deepened their coordination, with which the two platforms efficiently and accurately empowered investment advisors. As of the end of the Reporting Period, the cumulative download volume of "ZhangLe Fortune Path" (漲樂財富通) was 72.2369 million. According to the statistics of Analysys, the NMAU of "ZhangLe Fortune Path" (漲樂財富通), as at the end of June 2023, ranked the first among all APPs of securities companies. Since 2014, the Group has always ranked the first in the industry in terms of equity and fund trading volume. The Group further promoted the development of investment advisory business for buyers, built an integrated investment research model and digital platform covering assets, strategies and products, as well as an accompanying service system based on customers' profitability experience, and created the "Worry-free Series (省心系列)" investment advisory brand for buyers. During the Reporting Period, the asset size of the Group's fund investment advisory business remained at the top of the industry, and our asset allocation, product research, strategic operation and companion service systems have been continuously improving. According to the statistics from the Asset Management Association of China (中國證券投資基金業協會) in the second quarter of 2023, the size of the Company's equity and hybrid public fund holdings and the size of non-money market public fund holdings ranked the second in the securities industry.

(III) First-class investment banking business with a full-chain serving the real economy and cline growth

The Group firmly grasped significant opportunities in continuous promotion and implementation of the comprehensive registration system. Adhering to the “customer-oriented” operation philosophy and towards the direction of industry focus, regional layout and customer demand exploration, the Group strengthened domestic and overseas, on-exchange and OTC cross-market synergy, comprehensively improved the full-range product service ability and the comprehensive service quick response ability. During the Reporting Period, the Group further consolidated its the leading market position for its investment banking business and further enhanced its business strength. The Group’s lead-underwriting scale of domestic equity and lead-underwriting scale of full variety bonds were further expanded, ranking the third in 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. It has been ranking the first in the industry in terms of the total number of transactions on licensing M&A and restructuring programs since 2012. The Group continued to strengthen the intensity of development in the industry and served leading customers in key industry fields with a high-quality customer base, and completed a number of projects with market influence.

(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 at the forefront of the industry. As of the end of the Reporting Period, the scale of asset management was RMB457.001 billion. Focusing on the characteristics of brokers and with the investment asset management and the asset management services of investment banks based on the entire business chain of securities companies as drivers, the Group provided one-stop top-ranking investment products, asset allocation and overall financial service solutions to empower the process of the asset management service for customers. It strengthened the two-way driving of the Group, leveraged the genetic advantages of investment banking, displayed the digital application capabilities and continuously enhanced the active management capability to develop differentiated core competitiveness. Meanwhile, through customized services featuring multiple assets and multiple strategies, the Group provided a basket of customized comprehensive financial services for institutional customers, which met customers’ different needs for product forms, liquidity and risk return 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 green finance to support real economy projects, with the business scale continuously ranking at the top in the industry. During the Reporting Period, the Group ranked the third in the industry both in terms of the issuance number and the issuance scale of enterprises’ ABS. The ATOMS released the business support capability and generally established the ABS analysis system and professional standards of the Group, making it the first platform for the creation, professional analysis and appraisal of ABS products in China.

(V) *Acceleration in global layout and creation of cross-border service ecology to drive international development to a new stage*

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 and enhancing the comprehensive cross-border financial services platform system, to better serve the overseas expansion of Chinese customers and the domestic investment of international investors. During the Reporting Period, the international rating agency Standard & Poor's kept the credit rating of "BBB+" with stable prospect for the Company and its subsidiary Huatai International, which was the highest level among Chinese securities companies. Leveraging on the Group's domestic resources and taking cross border as the starting point, Huatai International returned to the origin of brokers and focused on the development of capital-based intermediary. It deeply cultivated the integrated platform-based and cross border service ecosystem with customer-oriented business concept through effective domestic and overseas linkage, business synergy, strengthened risk control and platform operation. As of the end of the Reporting Period, the asset size of Huatai International reached nearly HK\$200 billion, ranking it among the leading Chinese-funded securities firms in Hong Kong with its comprehensive strength continuing to improve. During the Reporting Period, Huatai International actively expanded panda bonds, free trade zone bonds, dim sum bonds and other RMB bond businesses and participated in the HKD-RMB Dual Counter Model introduced by the HKEX to facilitate the RMB internationalization. For business in Hong Kong, it continued to deepen its "4+1" business platform system with the equity business platform, fixed-income business platform, wealth management platform, fund platform and flagship investment banking business and continuously consolidated and improved differentiated competitive advantages through the constant expansion of new products and new markets. During the Reporting Period, Huatai Financial Holdings (Hong Kong) sponsored 2 IPO projects in the Hong Kong stock market, ranking the third in the market in terms of the number of projects sponsored. It also completed the issuance of 4 GDRs in the capacity of global coordinator, ranking the first in the market in terms of the number and scale of issuance, maintaining its leading advantages in the GDR business. During the Reporting Period, Huatai Financial Holdings (Hong Kong) became a listing and trading member on the Luxembourg Stock Exchange and a "warrant" issuer on the HKEX. AssetMark has always maintained independence in operation. It achieved steady growth in Assets on Platform and maintained its leading position in the industry with its leading business model and advanced technology platform, and constantly increased its business revenue. The Singapore Subsidiary has obtained the approval in principle on the application for the licenses from the Monetary Authority of Singapore.

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

Adhering to the prudent risk management culture and with controlling risks, improving quality and efficiency and promoting development as risk management targets, the Group is committed to enhancing the core competitiveness in risk management with adhering to the core risk management philosophy of high engagement, full coverage and deep penetration and taking collectivization, specialization and platformization as the main approach. The Group established and improved a comprehensive risk management system that is adapted to the integrated and international development of the entire business chain of the Company, continuously perfected the risk governance structure, constantly boosted risk management mechanisms and control measures, vigorously conducted the R&D and iteration of risk management instruments and attached great importance to the application of information technology in risk management. During the Reporting Period, the Group closely followed changes in market conditions, and on the basis of stabilizing the onshore and offshore integrated risk management system, continuously improved its risk prediction ability, actively prevented key business risks, and strengthened control over high-risk areas. At the same time, the Group continued to deeply advance the construction of the risk management system and empowered risk management through platformization to improve quality and efficiency, to facilitate the strategic advancement of the Group towards professional and international development.

(VII) Creation of a development platform continuously empowering the comprehensive growth of first-class talents

Sticking to the cultural connotation of “openness, inclusiveness, innovation, struggle and responsibility”, the Group continuously stimulates the power and vitality of all staff of Huatai for “advancing towards new and high growth”, constantly improve the value of talents and empower their growth. During the Reporting Period, the Group actively built a platform-based talent development model in bid to promote the growth of talents together with the organization and transform its talent advantage into a core competitive advantage. It highlighted the gathering of talents and intelligence, mulled and promoted talent work in the general reform, development and strategic transformation of the Company and carried out the introduction of leading talents in the industry, high-end talents in core businesses and outstanding young talents to boost the talent reserve. It advanced the training of outstanding young staff in practice and developed the management backup talent team for the future. Always considering practice as the main battlefield for the growth and accomplishment of outstanding young staff, the Group promoted communications, on-the-job training, work rotation and other practical exercises and trained and selected talents in practice. With comprehensive capabilities and performance contribution as the basis, it expanded the occupational development space, facilitated the best matching of talents with positions and improved the creativity of the talent team. The Group continuously improved incentive systems, organized commendations on honors and awards, strengthened the role of examples, and stimulated and gathered the struggling enthusiasm of talents. It always focused on the building of new talent development models to achieve common progress and win-win results with platforms and facilitate the sustainable and steady development of the Company in the long term.

IV. OPERATION DISCUSSION AND ANALYSIS

Unit: Thousand Yuan Currency: RMB

Segment	Segment revenue and other income and gains	Segment expenses	Segment results	Segment profit margin (%)	Change of segment revenue and other income and gains comparing with the same period last year(%)	Change of segment expenses comparing with the same period last year (%)	Change of segment profit margin comparing with the same period last year
Wealth management business	10,741,998	(6,877,949)	3,864,049	35.97	(13.34)	(14.11)	Increase of 0.57 percentage point
Institutional services business	5,948,069	(4,014,967)	1,933,102	32.50	57.10	34.86	Increase of 11.13 percentage points
Investment management business	1,973,923	(781,979)	1,002,036	50.76	120.97	42.30	Increase of 89.20 percentage points
International business	6,092,327	(5,286,316)	806,011	13.23	45.59	80.64	Decrease of 16.83 percentage points
Others (including offset)	1,196,237	(2,241,828)	392,230	32.79	(46.10)	(17.21)	Increase of 2.95 percentage points
Segment total	25,952,554	(19,203,039)	7,997,428	30.82	10.54	11.85	Increase of 1.96 percentage points

(I) *Wealth management business*

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

- (1) The in-depth development of the wealth management market in China driving business transformation and upgrading, wealth management service capabilities required to be continuously enhanced

With the full recovery of China's economy and society to normalized operation, the continuous development and improvement of a multi-level capital market and the constant transition and upgrading of residents' demand for wealth allocation, the wealth management market in China is under the new stage with long-term reform and rapid development. With standardized development, professional management and upgrading of customer experience as the development orientation, serving the high-quality economic development and common prosperity has become the new mission of the wealth management industry in the new era. Deeply exploring professional accurate and intelligent wealth management services, focusing on having an insight and understanding of customers' demands, meeting customers' diversified asset allocation demands based on professional allocation concepts and improving customers' sense of accomplishment with professional companion services will become the key for securities companies to enhance their core competitive advantage in the wealth management business. Under the background of the constant construction of a new "dual circulation" development pattern, the continuous progress in the construction of modern capital market with Chinese characteristics, the continuous increase in the penetration rate of the wealth management industry, and the increasing demand for specialized business, etc., the wealth management market in China is transforming to an integrated financial service pattern covering customers' full-lifecycle and one-stop investment advisory services and companion customer service experience will become the development trend of the wealth management business of securities companies. Wealth management institutions shall pay attention to building an innovation-driven wealth management business ecosystem, enhance the operation of customer-oriented and three-dimensional customer groups, strengthen the investment research capabilities and the construction of investment advisory capabilities, focus on providing all-dimensional, high-quality and multi-level investment and wealth management products and comprehensive solutions and proactively build a sustainable wealth management business model.

- (2) Changes in clients' asset allocation demands and market competition trends continuously promoted business development and the wealth management business entered a new stage of professional operation

With the deep advancement of the structural reform of the capital market, the gradual implementation of the reform of fees for mutual funds, the continuous enrichment of trading types for the wealth management business, the increasingly complicated business rules and the more diversified wealth allocation structure of customers, the wealth management market in China is characterized by inclusiveness, diversification, personalization and professionalism and the high-quality wealth management services have become the core competitiveness of institutions. Building a wealth management service model under the new ecosystems, continuously improving the wealth management business system, increasingly enhancing the overall operation and management capabilities of the wealth management business and providing customers with comprehensive financial services throughout the life cycle will become important directions for the strategic transformation of securities companies. During the Reporting Period, the domestic stock market experienced structural differentiation with the Wind All China Index rose by 3.06%, the Shanghai Composite Index rose by 3.65% and the ChiNext Index dropped by 5.61%; in terms of major international indexes, the S&P 500 rose by 15.91%, the Nasdaq rose by 31.73% and the Dow Jones Industrial Average rose by 3.80%. Against the background with an increasingly complex internal and external market environment and the continuous advancement of measures on the reform and opening up of the capital market led by the full implementation of the registration-based IPO system, the demand for tapping into the in-depth value of the wealth management market is constantly upgrading and the industrial competition is increasingly intensified. Wealth management institutions are exposed to greater challenges and higher requirements in core professional capabilities and value creation capability on accompanying customers. Wealth management institutions which establish comprehensive operation systems with digital services and businesses, platform-based business support and a three-dimensional insight on demand, fully display the advantages of business collaboration, achieve full coverage of customer services and provide one-stop ecosystems on all assets and life-cycle services will gain extensive development space.

- (3) FINTECH empowered the reshaping of operation and management models to comprehensively promote the digital transformation and high-quality development of the wealth management industry

In recent years, the development of FINTECH in the securities industry has been moved forward and the securities business has been developing towards digital, intelligent, agile and ecological orientations. The securities industry has entered the new era with technology empowering in-depth business reform and the full advancement of digital transformation and development. Deploying FINTECH with the improvement of business value as the orientation and promoting the reform and upgrading of business and management models have become next strategic high grounds for the high-quality development of the securities industry. Improving the digital wealth management service capability with leading FINTECH, achieving the in-depth integration of FINTECH and business development, building future-oriented online, platform-based and intelligent FINTECH ecosystems and providing customers with all-round and itinerary wealth management services covering the full lifecycle, will become the core driving force of securities companies to build advantages in comprehensive financial services and develop growth points in innovation models. Leveraging on advanced FINTECH, speeding up in digital transformation and fully displaying the role of digitalization in capability and customer accumulation, resource integration, business collaboration, risk control and efficiency improvement, will have a comprehensive impact on the business model and operational efficiency of securities companies. The construction of a digitalized wealth management ecology featured with co-construction, co-governance and co-utilization, the establishment of a wealth management business system with the integration of digital advantages and professional investment and research capability based on ecological and integrated professional services and the comprehensive upgrading of the efficiency of wealth management services, will become the inevitable choices of large securities companies to build differentiated competitive advantages and achieve continuous innovation in business models.

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

(1) Securities, futures and options brokerage business

During the Reporting Period, the Group improved the integrated operation system with customers as the center. With the focus on the digital, platform-based and ecological concept, the Group established customer trading systems and growth systems covering the full life cycle, persisted in refined operation and targeted marketing, continuously optimized user experience with high-quality platforms and services, built wealth management platforms with differentiated competitive advantages and constantly improved the coverage of and the satisfaction on the wealth management business. It established and improved the integrated operation of wealth management and operation systems driven by the headquarters with the coordination of the headquarters and branches, developed a professional and open platform development ecology, continuously iterated and upgraded the functions of the “ZhangLe Fortune Path” (漲樂財富通) platform and the “AORTA” (聊TA) platform, constantly polished and optimized the dual-platform close-loop operation model and practically improved the operational efficiency. The Group actively facilitated the upgrading of the customer service model and the innovation of the user operation model, continuously improved the service carrying capacity, service efficiency and service experience through intelligent and platform-based manners, deeply tapped into customer service scenarios and business opportunities and constantly enhanced the stickiness of customer services. The Group continued to deepen the empowerment and support to the operation of wealth management teams, actively developed the hierarchical and grading wealth management team and system based on professional division of work and systematic cultivation, comprehensively enhanced business capabilities and service efficiency and satisfied the diversified wealth management demands of customers.

The Group continuously promoted innovation in products and services of the “ZhangLe Fortune Path” (漲樂財富通) platform, constantly optimized content operation model, enhanced the operational efficiency and scenarized penetration of characteristic trading tools and strategic services, continuously upgraded the wealth management and trading service system, to effectively enhance customer stickiness. During the Reporting Period, “ZhangLe Fortune Path” (漲樂財富通) had a download volume of 2.1768 million, with a cumulative download volume of 72.2369 million since its launch; 96.24% of trading customers used “ZhangLe Fortune Path” (漲樂財富通) to conduct transactions. According to the statistics of Analysys Think Tanks (易觀智庫), during the Reporting Period, the average NMAU of “ZhangLe Fortune Path” (漲樂財富通) was 8.8523 million. As of the end of the Reporting Period, the NMAU was 8.9064 million, ranking the first among securities company APPs. At the same time, the Group continuously consolidated the basic trading service capability of “ZhangLe Global” (漲樂全球通) platform, continued to enhance user stickiness with professional platform services, and be committed to providing customers with one-stop investment management services for global assets. The cumulative download volume of “ZhangLe Global” (漲樂全球通) was 2.0514 million since its launch.

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 stock and fund trading volume totaled RMB19.59 trillion, ranking the first place in the industry. As of the end of the Reporting Period, according to internal statistics, the total assets of client accounts reached RMB5.19 trillion.

Data of agency transaction amount

Currency: RMB

January-June 2023		January-June 2022	
Type of securities	Agency transaction amount (in RMB100 million)	Type of securities	Agency transaction amount (in RMB100 million)
Stocks	160,298.23	Stocks	166,698.49
Funds	35,590.70	Funds	30,478.02
Debentures	245,681.69	Debentures	204,382.31
Total	<u>441,570.62</u>	Total	<u>401,558.82</u>

Note: The data of agency transaction amount are cited from the Shanghai and Shenzhen Stock Exchange members' statistics, of which the fund data include trading volume of ETFs, monetary ETFs, LOFs and publicly offered REITs on the Shanghai Stock Exchange.

During the Reporting Period, in terms of stock options brokerage business, the Group continued to improve its trading technology support capabilities, cultivate qualified investors, and deepen professional investor services, thus maintaining its leading position of this business in the market. According to the statistics of the Shanghai Stock Exchange, the Company's stock options brokerage business at the Shanghai Stock Exchange ranked the first in the industry in terms of trading volume and market share during the Reporting Period.

For the futures brokerage business, as of the end of the Reporting Period, Huatai Futures had 9 futures branches and 42 futures branches in total covering 4 municipalities directly under the Central Government and 17 provinces in China, being the agent of 116 types of futures. During the Reporting Period, Huatai Futures realized an agency trading volume of 346.4691 million lots with a transaction amount of RMB26,367,536 million. The Group deepened the integration between its securities and futures businesses, with 237 securities branches permitted to be engaged in futures IB business and the total number of futures IB business customers reaching 57,900 as of the end of the Reporting Period.

(2) Financial product sales and fund investment advisory business

During the Reporting Period, the Group promoted the development of financial products sales and fund investment advisory business centered on customer needs from multiple perspectives. Driven by asset allocation and investment and research of financial products as the core business, and with platformization and specialization as the traction, the Group proactively constructed an integrated asset allocation service system based on buyers' perspective, to provide customers with strategic portfolios and financial products that meet their risk and return needs, and meet customers' multi-level wealth management needs and constantly optimize their experience. According to internal statistics, during the Reporting Period, the number of financial products held (except for the cash management product "Tian Tian Fa" (天天發)) was 10,342, and their sales scale (except for the cash management product "Tian Tian Fa" (天天發)) was RMB208.284 billion. According to the statistics from the Asset Management Association of China (中國證券投資基金業協會) in the second quarter of 2023, the Company's shares and hybrid public funds maintained a scale of RMB129,700 million, and the public funds in the non-money market maintained a scale of RMB151,700 million, both ranking the second in the securities industry.

During the Reporting Period, with the focus on the differentiated demands of hierarchical and grading customers and the investment advisory business for buyers as the core, the Group continued to enrich and improve the supply system of financial products. It established the supply matrix based on various dimensions, actively developed the integrated investment research model covering assets, strategies and products, strengthened study and judgment on the trends of all assets and strategies, constantly improved the allocation service systems of "Worry-free Families" (省心家族) and provided multi-dimensional solutions from the selection of single products to the allocation of strategies to satisfy the multi-layered and differentiated asset allocation demands of customers. The Group continuously strengthened the building of the wealth management advisory service system, constantly optimized customer service scenarios and customer service plans and provided customers with three-dimensional companion services covering the entire lifecycle through deep exploration of customer demands and continuous customer operation. It enhanced the construction of digital platforms, continuously upgraded and iterated the investment research platform, constantly optimized the factor research system, actively built the investment and research linkage model and improved the efficiency

of investment research, effectively supporting the strategic investment, production and operation of the fund investment advisory business and enhancing the overall efficiency and capability of the business.

(3) Capital-based intermediary business

During the Reporting Period, the Group focused on its customer-oriented operation philosophy, deepened the cooperation and linkage across the entire business chains, deeply tapped into customer demands, responded to customers' feedback and actively built a multi-layered and differentiated customer service system. Relying on the advantages of the ecological construction of the business and the continuous iteration of the open securities financing platform system, the Group constantly strengthened its differentiated and professional service capabilities and maintained a sound business development momentum. The Group continuously improved the securities lending business operation and management system, constantly diversified cooperation models with licensed financial institutions, actively explored the lending potential of institutional customers, consolidated the foundation for the development of securities sources, expanded the scale of the securities pools, improved the efficiency in the supply of strategies and services and practically satisfied the multi-layered business demands of customers. The Group strengthened digital and platform-based construction, continuously iterated and upgraded the Securities Lending Path (融券通) platform, established and improved the securities lending business model covering all chains of lending and securities lending businesses, provided intelligent and real-time trading experience and digital and personalized operation services and continuously empowered the building of open ecosystems, the innovation in business scenarios and serving customer demands. According to the regulatory statement data, as of the end of the Reporting Period, the balance of margin financing and securities lending business of the Parent Company was RMB115.561 billion, with a market share of 7.27%, and the integral maintenance guarantee ratio was 270.72%, among which, the balance of securities lending business was RMB16.479 billion, with a market share of 17.72%. The pending repurchase balance of stock pledged repurchase business was RMB27.447 billion in total, with an average fulfillment guarantee ratio of 228.81%, among which, the pending repurchase balance of on-balance-sheet business was RMB6.823 billion, with an average fulfillment guarantee ratio of 226.26%; while the pending repurchase balance of off-balance-sheet business was RMB20.624 billion.

3. *Prospect of wealth management business for the second half of 2023*

Wealth management business carries the strategic functions of the Group to gather and accumulate customer resources and assets on a large scale. In the second half of 2023, the Group will continue to seize the strategic opportunities for the in-depth development of the wealth management market, constantly expand the size of customers and customers' assets through the online and offline integrated wealth management operation systems driven by the headquarters with the coordination of the headquarters and branches, promote its transformation into a full life cycle service model for customers and continue to build new competitive edges for the future.

For wealth management business, the Group will focus on the digital, platform-based and ecological concept, continuously optimize the synergy mechanisms of the full business chain and deepen and implement platform-based operation and customer operation to develop new customer growth and service operation systems and build a new ecosystem for the wealth management business. It will optimize and improve the hierarchical and grading customer service system, iterate and upgrade the integrated operation model on customer services, effectively empower the cultivation of the professional service capability of the wealth management team and the output of high-quality services and constantly innovate operational models to expand the coverage of services and create the long-term value of services. Based on hierarchical customers and diversified business demands, the Group will establish and improve the hierarchical and grading wealth management team and system based on professional division of work and systematic cultivation, constantly improve the efficiency of wealth management services and continuously optimize the growth system accompanying the full life cycle of customers based on professional financial and operational capabilities. It will continuously improve the foundation of digital and intelligent platforms, constantly promote the innovation of platform-based products and the upgrading of service capabilities, strengthen the empowerment on professional scenarios and the support for the operation of platforms, practically improve the quality of services and optimize the customer experience.

For the financial product sales and the fund investment advisory businesses, the Group will integrate resources in the entire business chains, continue to strengthen the construction of digital platforms and groups and constantly enhance the platform-based empowerment capability. It will actively promote the building of business brands and the establishment of business systems, continue to diversify strategy types, optimize service scenarios, and iterate and upgrade allocation models. It will strengthen the establishment of investment advisory and customer empowerment tools, perfect the integrated service mechanism for investment and advisory, strengthen professional capabilities on investment and research and provide customers with comprehensive financial solutions.

For the capital-based intermediary business, the Group will continue to be customer-oriented, continuously deepen the meaning of products and services, and actively innovate in business operation models. It will focus on differentiated competitiveness on the ability to obtain sources of securities, the customer service capability and the application of FINTECH to provide customers with comprehensive solutions on integrated financing bills and one-stop services. It will continue to deepen cooperation on the entire business chains, strengthen resource-based customer development to achieve high-quality customer acquisition, continue to promote the iteration and upgrading of the Securities Lending Path (融券通) platform, build an open and efficient ecosystem in the securities lending industry, actively build professional, intelligent and digital business systems and continuously reinforce the brand advantage of the Securities Lending Path.

(II) Institutional services business

1. Market environment and industry trend of institutional services business

- (1) The transformation and upgrading of real economies and the comprehensive deepening reform of the capital market have provided greater potential for the business development of institutional services business

With the steady implementation of the comprehensive registration-based IPO system reform in the capital market and the continuous improvement of fundamental market systems, the constant rising of the strategic position of the capital market and further institutionalization of the market structure, the institutional services business will have an opportunity to achieve a deeper and wider development. Following the strategic development orientation of the state, the needs in the upgrading of the economic structure and the increasingly complicated financial demands of customers, securities companies which emphasize business coordination and provide integrated and comprehensive financial services and professional financial products will gain more advantages in business development. Under the new development pattern of the continuous promotion of the transformation and upgrading of real economies and the overall deepening of the capital market reform in China, the capital market ecosystems were continuously optimized, the multi-layered capital market systems were increasingly improved and the function of the capital market in serving the high-quality development of real economies was constantly enhanced. The investment banking business of securities companies faces significant strategic opportunities in high-level transformation. Meanwhile, it also sets higher standards for their capabilities on value identification and discovery, pricing and underwriting, the implementation of high-quality projects, customer service as well as compliance and risk control. Securities companies which are good at identifying and serving enterprises representing the orientation of the economic transformation and the high-quality development, actively advance the construction of systems covering all business chains, continuously optimize comprehensive service models covering the full life cycle and provide all-around, multi-layered, accurate and comprehensive financial services with the focus on the diversified demands of customers will gain more significant competitive advantages. Securities companies should proactively expand the depth and breadth of business and services, construct systematic and platform-based professional capabilities, enhance the capabilities on the acquisition of high-quality assets and value discovery and fully display the roles of all products and high-efficient services in serving the high-quality development of real economies and vitalizing the capital market.

- (2) The institutional development trend of the capital market reshaped new market ecosystems and set higher standards for institutional services business of securities companies

In recent years, the market-based operation of China's capital market was increasingly strengthened, the investment and financing convenience was continuously improved and the shareholding percentage and market influence

of institutional investors were significantly enhanced. It is an irresistible trend that institutional investors are the participants of the market and the in-depth changes in the market structure will reshape the new ecosystems of the capital market. The institutional service business of securities companies enjoys huge development and improvement potential. Meanwhile, it also raised higher requirements on the professional capabilities, internal synergy and capital strength of securities companies. With the in-depth advancement of the capital market reform, such as the implementation of investment in mutual fund business with personal pensions, the strength of mutual funds and other professional institutional investors was steadily enhanced and the sources of medium and long-term capital in the capital market were continuously expanded. The trend of residents' wealth allocation towards financial assets continued to strengthen, the number and management scale of mutual funds have fluctuated and increased, and the institutional service business will become an important driver to the performance growth of securities companies. In addition, with the market expansion and systematic optimization under the continuous advancement of the registration-based IPO system reform, the two-way opening of the capital market is increasingly deepened, superior market resources are speeding up in flowing into superior institutes and the polarization in the securities industry is increasingly obvious. Securities companies which rely on technology and platform-based operation, conduct coordinated development in multi markets and all businesses and build one-stop institutional service business ecosystems will embrace more development potential. Securities companies should actively develop platform-based, integrated and ecological institutional investor service systems and provide institutional investors with one-stop and comprehensive financial services covering all products, the entire business chains and the full life cycle with stronger comprehensive strength and resource integration capabilities on the entire business chains.

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

Under the complicated internal and external environment, the increasingly strict regulation on the capital market, the increasing expansion of the business system of the securities industry, the continuous increase in the number of customers and the ever-changing ways of information dissemination, securities companies face new challenges in risk management. It is key for securities companies to enhance the risk management and control capability covering the full life cycle of businesses to strengthen accurate risk management and control in key areas, consolidate the foundations for the group-wide risk management systems and focus on building the risk management capability based on their own development strategies and business development. Securities companies should continuously improve the long-term mechanism for the monitoring, alarming, prevention and resolving of risks across markets industries and borders, enhance and upgrade the integrated risk management system and constantly improve the risk governance capability. The effective management of financial risks requires securities companies to continuously improve the framework and system of risk management, actively develop an integrated onshore and offshore risk perception and control platform and achieve digital empowerment

and professional risk control. Defusing financial risks in a timely manner requires securities companies to effectively utilize the financial derivatives market while possessing strong capital strength and continuously improve the comprehensive efficiency in responding to risks. In recent years, with the increasing diversification of the instruments for market risk hedge and risk management, the securities industry played a more important role in safeguarding the stable operation and healthy development of the financial market and the capital market. Securities companies should vigorously establish and improve a comprehensive risk control system, develop group-wide risk management models and intelligent risk management instruments with platform-based technology as support and continuously provide effective risk management and asset allocation instruments to the capital market to build core competitiveness in risk management.

2. Operational measures and achievements of institutional services business

(1) Investment banking business

During the Reporting Period, the Group regarded serving the real economy as our mission and responsibility. Adhering to the high-quality customer-oriented operation philosophy and towards the direction of industry focus, regional layout and customer demand exploration, the Group strengthened domestic and overseas, on-exchange and OTC cross-market synergy, and comprehensively improved the full-range product service ability and the comprehensive service quick response ability. The investment banking business continued to maintain the leading market position with further improvement in business strength.

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	10	262	990,084.34	22,654,748.50	66,329.46	1,132,408.00
Additional issue of new shares	16	300	2,167,061.38	47,992,218.84	19,134.98	360,113.75
Allotment of shares	1	37	–	2,280,547.65	–	23,109.07
Issue of bonds	1,165	6,860	22,883,607.87	270,513,302.35	47,723.89	683,816.53
Total	1,192	7,459	26,040,753.59	343,440,817.34	133,188.33	2,199,447.35

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, financial 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 financing business

During the Reporting Period, the equity financing business fully displayed the advantages of the full business chain system and the integrated onshore and offshore platform of a large investment bank with high-quality customers as the center, deeply explored regional development, focused on industries, provided customers with multi-product, full-cycle and customized capital market services. According to the statistics from Wind Information, the Group's equity lead-underwriting amount (including the IPOs, additional offerings, allotment of shares, preferred shares, convertible bonds, and exchangeable bonds) was RMB72.428 billion, ranking the third in the industry.

② Bonds financing business

During the Reporting Period, the bond financing business, on the basis of strict risk control, fully utilized its full business chain advantage, continuously improved customer tiered management, and actively cultivated core customer groups and further consolidated its position in the industry. According to the statistics from Wind Information, the Group's lead-underwriting amount of full variety bonds was RMB564.902 billion, ranking third in the industry. According to the statistics published by the Securities Association of China, the Group's lead-underwriting amount of technology innovation corporate bonds was RMB10.177 billion, ranking the fourth in the industry.

③ Financial advisory business

During the Reporting Period, in terms of the M&A and restructuring, the financial advisory business fully displayed the advantage of business innovation. The Group focused on capabilities on the identification of high-value transaction opportunities and deal-making, vigorously developed customer continuous services, and the brand strengths of the M&A and restructuring business remained stable. The number of M&A and restructuring transactions approved and reviewed with the Group acting as an independent financial advisor was 2, ranking the second in the industry; and the transaction amount was RMB10.320 billion, ranking the third in the industry.

④ OTC business

During the Reporting Period, the Group actively explored NEEQ listing projects with the target of listing on the Beijing Stock Exchange, fully displayed the integrated advantage as a large investment bank and continued to provide technological innovation-based growth enterprises with complete capital market services. During the Reporting Period, the Group completed three projects listing on the NEEQ, one project under review for listing, two projects for private issuance of stocks by listed companies, one project with approval for private issuance of stocks, and two projects under review. Jiangsu Equity Exchange, a holding subsidiary of the Company, continued to improve the management of existing products and continuously explored innovative business models. It actively promoted the application of system and business innovation pilot plans, deepened digital transformation, and effectively promoted the expansion and improvement of blockchain platform functions, continuously improving the capability to provide comprehensive financial services for small, medium and micro enterprises. As of the end of the Reporting Period, 15,395 enterprises have been listed and displayed, 146 enterprises are purely under custody. It has 230 membership units and 79,975 investors of all types, and it raised RMB4.510 billion for enterprises through financing during the Reporting Period.

(2) Prime brokerage (PB) business

During the Reporting Period, the Group earnestly implemented the service philosophy with customer operation as the core. Focused on the comprehensive financial service needs of the customer's full life cycle, the Group fully utilized the advantages of digital empowerment and full business chain service system, and created an integrated service platform with core competitiveness, providing professional institutional investors with one-stop comprehensive prime brokerage transactions and services across on- and off-market and domestic and overseas markets. As of the end of the Reporting Period, the Group had 11,627 fund products in custody and the total size of fund in custody reached RMB460.940 billion. We provided administration services to 15,482 fund products (including 827 products from our asset management subsidiary), of which the service scale reached RMB1,007.728 billion (including the business scale of asset management subsidiary of RMB363.074 billion). According to the statistics from the Asset Management Association of China (中國證券投資基金業協會) as of the second quarter of 2023, the Group ranked the fourth in the industry in terms of the number of products filed under the private fund custody business.

(3) Research and institutional sales business

During the Reporting Period, in terms of research business, the Group firmly promoted the transformation of business models and actively practiced the full business chain strategy to consistently improve business synergy and efficiency, continuously improve the cross-border research service system and build the competitive advantages of the research business. It continuously upgraded and iterated the “Xing Zhi” (行知) digital service platform and the “RIS” intelligent research platform, constantly consolidated the investment and research foundation, accumulated investment and research data and assets, improved the production and management processes of products, constantly improved the production efficiency and the service quality of platforms and effectively expanded the scope and depth of research results. Focusing on leading institutional customers, the Group was devoted to displaying the supporting and leading role of the research business through strengthening the linkage of multi-industrial research and deeply tapping into the research value, carried out research and service activities through various channels, platforms and manners and satisfied professional research business demands of customers. Centering on customers, in terms of the institutional sales business, the Group leveraged advantages in full business chains, promoted the construction and functional iteration of the “Xing Zhi” (行知) service platform and the institutional investor work platform and implemented the hierarchical and grading institutional customer pools with full coverage. It built an institutional service ecosystem with trading and products as the center, reshaped the integrated service system for the institutional business, deeply connected the diversified demands of institutional investors and provided one-stop trading and service solutions. During the Reporting Period, the Group actively carried out various forms of research service activities, including releasing 4,650 research reports, organizing 16,890 research roadshow services and 392 thematic teleconferences, and holding 13 strategy meetings, seminars and thematic meetings online or through the integration of online and offline means. During the Reporting Period, the volume of sub-position transactions for the public fund was RMB647.809 billion.

(4) Investment and trading business

① Equity trading business

During the Reporting Period, the Group continuously improved strategic trading systems, constantly enhanced macro strategic trading capabilities, deeply explored key investment and trading varieties, actively seized investment and trading opportunities in the market, optimized and strengthened the integrated investment system on absolute gains with big data transaction business, macro fundamental business and innovative investment business as cores and continued to expand the breadth, depth and intensity of fundamental research on equity. It enriched trading models, diversified business scenarios, controlled drawdown risks, continuously improved cross-market, multi-tiered, three-dimensional and diversified business systems with interconnected development and actively built core capabilities on investment and trading. It fully implemented the digital and platform-based construction and continuously promoted the iteration and upgrading of platforms to increasingly enhance the performance of key nodes, strengthen the supervision capability on business operation and comprehensively boost the business efficiency of systems and platforms. In terms of stock market-making business on the STAR Market, the Group continuously enhanced the construction of talent systems, constantly improved the trading system, iterated market-making strategies, perfected the risk control system and carried out business expansion in an orderly manner. As of the end of the Reporting Period, the Group has filed a total of 45 market-making stocks.

② FICC trading business

During the Reporting Period, the Group continued to firmly promote the strategic transformation of the FICC quantitative trading, and continuously developed the customer-oriented FICC business model with trading as the core. In terms of fixed-income proprietary investment business, it actively carried out multi-layered and quantitative innovation practice on models, strategies and products, continuously improved the richness of quantitative strategies and fully displayed advantages in market foresight and risk control to polish the steady profitability. For FICC agency business, it led business innovation with customer demand and constantly enriched product types with the business layout increasingly improved and the product scale continuously expanded. In terms of market-making business, it achieved expansion with the coverage of different markets and varieties, obtained outstanding results in the strategic transformation of quantitative market-making quotation and achieved breakthroughs in market-making trading volume, coverage of varieties and other dimensions. As for bulk commodity business and foreign exchange business, the Group continuously promoted business innovation and completed the first carbon emissions trading, continuously consolidating the foundation for diversified business development and

steadily improving customer service capabilities. The Group actively advanced the digital business transformation, constantly enriched the application scenarios of the HEADS elephant platform (HEADS 大象平台), continuously optimized the standardized types of products and services of the CAMS (credit analysis management system) and enhanced the investment trading and risk management capabilities in a systematic and platform-based manner. According to the statistics from the Securities Association of China, the scale of credit protection tools created by the Group was RMB1,187 million, ranking the third in the industry.

③ OTC derivatives trading business

During the Reporting Period, the Group strived to build a customer-oriented over-the-counter derivatives business system. It constantly improved the business innovation capability and the trading pricing capability, actively expanded the depth and breadth of customer coverage and provided customers with all-dimensional derivative trading services through more diversified investment and risk management instruments. Leveraging on the trading-driven and platform-empowered core competitiveness, the Group continuously improved business models and constantly conducted exploration and innovation, fully displayed the FINTECH advantages, facilitated the accumulation, upgrading and transformation of core business capabilities and vigorously built strong engines continuously driving high-quality business development to fully improve the comprehensive value creation capability of customers. According to the data portals in the regulatory statement SAC agreement, as of the end of the Reporting Period, the Group had 7,536 income swap transaction business contracts with an ongoing size of RMB112.074 billion; the Group had 1,861 OTC option trading business contracts with an ongoing size of RMB118.566 billion. During the Reporting Period, the Group issued 1,899 private placement products through the China Securities Internet System and OTC market, with a total amount of RMB14.429 billion.

3. *Prospect of institutional services business for the second half of 2023*

In terms of the institutional services business, the Group is devoted to providing industrial and financial institutional customers with full-business chain services. It is a key strategic sector for the Group to advance towards high-quality development. In the second half of 2023, the Group will continue to classify and focus on key customer groups' demands for financial services, continuously promote the systemic service model, consistently strengthen business synergy mechanisms, implement comprehensive operation of customer value and build a new model of services for institutional customers based on the platform, product and ecosystem to achieve mutual empowerment and common growth with customers.

For investment banking business, we will continue to advance the platform-based business and the digital transformation, deeply implement the operation philosophy with high-quality customers as the center, actively develop service systems covering the whole business chain to satisfy the integrated demands of customers and fully display the role as the bridge between the capital market and real economies. In terms of equity financing business, the Group will continue to practice the strategy of focusing on key industries and deeply rooting in regional development and facilitate more high-quality enterprises to enter the capital market. In terms of the bond financing business, the Group will deeply root in regional development, focus on industries and concentrate on products on the basis of maintaining the issuance scale and the industrial position, constantly improve the marketing development capabilities and professional service capabilities to better serve the strategic orientation of the state. For the M&A and restructuring financial advisory business, the Group will adhere to leading the market with innovation in trading, continuously expand business types and actively build M&A transaction projects with market influence.

For prime brokerage business, we will continue to strengthen customer-oriented operation philosophy, increase efforts to promote business expansion, constantly promote digital transformation and improve the efficiency of operation, effectively link internal and external business ecosystems to empower customers and provide customers with comprehensive financial services through platform-based, digital and integrated models to achieve diversified realization of business value.

For research and institutional sales business, we will continue to improve the integrated domestic and overseas system on institutional customer services, focus on building professional teams with comprehensive service capabilities, actively facilitate the construction of digital platforms and systems, fully display the synergy and efficiency in the full business chain and build all-dimensional and one-stop financial service ecosystem with the focus on the demands of institutional investors to continuously improve market competitiveness and industry position.

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 promote diversification of profit models. For the equity trading business, the Group will continuously enhance the efficiency of the systems and platforms, constantly enhance professional investment capabilities on big data trading business, macro fundamental business and innovative investment business. It will steadily expand the business scale on the basis of drawdown control and establish the equity investment and trading business system with large-scale and stable profit. For FICC trading business, the Group will continue to strengthen the systematic business construction and development, continuously improve the customer service capabilities of the HEADS elephant platform (HEADS 大象平台) and the CAMS (credit analysis management system), actively develop core pricing capabilities, constantly diversify quantitative trading strategies, innovate business growth models

and accelerate the business transformation. For OTC derivatives trading business, the Group will leverage on first-mover advantages in business, the advantages in the systems with market competitiveness and the strong capabilities on business innovation, trading hedge, product design and pricing, risk control and compliance operation, to continuously innovate business models and product structures to consolidate core competitive advantages.

(III) Investment management business

1. Market environment and industry trend of investment management business

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

With the continuous deepening of financial reform in China, the constant improvement of the multi-layered capital market, the more active innovation in the financial market, the increasing improvement of asset management business systems and the introduction of the implementation rules on personal pensions and relevant supporting policies, the asset management business ecosystem is transforming towards high-quality development. The asset management business is speeding up in shaping a new pattern with in-depth competition and cooperation. Various asset management institutions should continue to strengthen the construction of investment and research systems, fully display the functions of value discovery and asset pricing and develop the core competitiveness of the asset management business. Under the background of professional, diversified and high-quality development in the asset management market, the standard transformation of the asset management business is under steady progress; the industrial structure is experiencing profound adjustments; the demands for customer services are increasingly diversified and comprehensive; and the development and full application of FINTECH may be new variables in the great era of asset management. Asset management institutions may embrace more opportunities and challenges. According to the statistics from Asset Management Association of China (中國證券投資基金業協會), as of the end of the first quarter of 2023, the total amount of asset management business of fund management companies and their subsidiaries, securities companies and their subsidiaries, futures companies and their asset management subsidiaries and private fund management institutions was approximately RMB67.28 trillion, among which, the amount of private asset management business of securities companies and their subsidiaries was RMB6.45 trillion. In the face of the new market ecosystems under the continuous advancing of the comprehensive registration-based IPO system reform, asset management institutions should continue to enhance the construction of core investment and research capabilities and investment and research teams, build investment and research platforms with professional division of work, coordination and sharing, enrich and improve the product line covering all asset categories and establish multi-layered and diversified asset management business ecosystems. They should steadily boost the capabilities on product innovation, comprehensive risk management and seizing strategic opportunities, and practically provide professional services for the investment and financing needs of the real economy and the preservation and appreciation of residents' assets.

- (2) China's equity investment market continued to slow down on the whole with intensified industrial competition and highlighted cluster effects

Under the background of the intricate and complicated international situation and the increasingly strict regulatory environment of the industry, China's equity investment market faces ordeals. The overall size of the fundraising market shrank, the investment market continuously slowed down its pace and the number of transactions on market withdrawal decreased, resulting in the overall slowdown in the market. At the same time, competition for high-quality projects was fierce. Outstanding talents and the incremental capital were further gathered to investment management institutions with strong professional capabilities and resource integration capabilities. According to the statistics from Zero2IPO Research Center private placement department, in the first half of 2023, 3,289 new funds were raised in China's equity investment market, with a total fundraising amount of RMB734.145 billion, representing a decrease of 23.5% over the same period of 2022; and there were 3,638 investment cases in China's equity investment market, with a total investment amount of RMB292.965 billion, representing a decrease of 42.0% over the same period of 2022. With the recovery and development of the real economy, the constant improvement of financial infrastructure, the implementation of the comprehensive registration-based IPO system reform as well as the increasing perfection of private fund regulations and systems and other regulatory mechanisms in the industry, the efficiency of financing and resource allocation in the multi-layered capital market was increasingly improved. China's equity investment market will embrace new development opportunities and equity investment institutions are exposed to higher requirements on their management capabilities. In the long term, while serving the high-quality development of the real economy, building the service ecosystem covering the full life cycle and the entire chains and satisfying the residents' demand for asset allocation, China's equity investment market will play an increasingly important fundamental and strategic role in promoting the gathering of factors and resources in scientific and technological innovation industries, achieving self-reliance and self-improvement in science and technology and driving development with innovation. Equity investment intuitions should rely on scientific decision-making on investment, professional post-investment management and high-quality value-added services, actively develop service capabilities on the entire industrial chains of equity investment and provide enterprises with capital operation plans covering the full life cycle with a full range of comprehensive financial services.

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, actively adapted to changes in market and regulatory environment. Adhering to the “customer-oriented” philosophy and with the investment asset management and the asset management services on investment banking as drivers, it provided one-stop top-ranking investment products, asset allocation and overall financial service solutions to empower the process of the asset management service for customers and cultivate differentiated core competitiveness. Relying on the resources of the Group in the entire business chains, it strengthened the two-way driving of the Group, leveraged on the genetic advantages of investment banking, displayed the digital application capabilities, continued to consolidate active management capabilities to continuously improve its comprehensive asset management service system that is compliant, convenient, integrated, diversified and efficient. According to the regulatory statement data, as of the end of the Reporting Period, the total asset management scale of Huatai Asset Management was RMB457.001 billion. According to statistics from Wind Information, during the Reporting Period, Huatai Asset Management issued 58 enterprises’ ABS (asset-backed securitization), and the issuance scale was RMB53.075 billion, both ranking third in the industry.

During the Reporting Period, for asset management business of securities companies, we continued to transform towards active management by continuously developing core competitiveness on platform operation and integration. We actively built scaled and differentiated product systems covering different risk-return characteristics by fully leveraging the capabilities in asset discovery, risk pricing and product design. For the collective asset management business, a total of 184 collective asset management plans were under management and the total management scale was RMB56.647 billion. In respect of the single asset management business, we accelerated the exploration of net worth entrusted business. A total of 429 single asset management plans were under management and the total management scale was RMB113.469 billion. In respect of specialized asset management business, we continued to promote product innovation to continuously improve the service capabilities in the full business chain. A total of 214 specialized asset management plans were under management and the total management scale was RMB192.957 billion. In respect of the public fund management business, we actively created net-value wealth management solutions for investors with different needs and managed 38 public fund products in total with aggregated management scale of RMB93.928 billion.

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

Currency: RMB

Item	January – June 2023		January – June 2022	
	Entrusted scale (in RMB100 million)	Net income (in RMB10 thousand)	Entrusted scale (in RMB100 million)	Net income (in RMB10 thousand)
Collective asset management business	566.47	5,689.56	701.96	9,595.17
Single asset management business	1,134.69	14,200.17	1,480.75	11,161.15
Specialized asset management business	1,929.57	6,623.30	1,861.06	6,478.05
Public fund management business	939.28	43,080.13	972.36	37,900.88

Note: The above data are from the regulatory statements.

(2) Private equity fund management business

During the Reporting Period, for the private equity fund management business, the Group focused on industry research based on its own advantages, deeply deployed on key industries, consolidated the industry influence and actively promoted the invested enterprises to seize the opportunities of the comprehensive registration-based IPO system reform to achieve listing and exit. Meanwhile, it strengthened the partnership with large SOEs, leading enterprises in the industries and listed companies, promoted the raising and establishment of various funds which were focused on Fund of Funds, Medical and Health Funds, TMT Funds, expanded the size of fund management and continuously accumulated project reserves for the investment business. As of the end of the Reporting Period, Huatai Purple Gold Investment and its secondary subsidiaries as managers have filed a total of 27 private equity investment funds with the Asset Management Association of China (中國證券投資基金業協會), with a total subscription amount of RMB60.629 billion and a total paid-up capital of RMB45.427 billion. During the Reporting Period, the above-mentioned private equity investment funds implemented a total of 22 investment projects with a total investment amount of RMB0.673 billion, all of which were equity investment projects. According to the statistics of the Asset Management Association of China (中國證券投資基金業協會), as of the second quarter of 2023, Huatai Purple Gold Investment ranked the third in the industry in terms of average monthly scale of private fund.

(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 promoted product innovation, continuously expanded business areas and product line layout, focused on improving the construction of intelligent systems and continued to research and develop diversified investment models to further enhance the comprehensive capabilities on cross-cycle asset management in multiple categories and continue to maintain the increase in the total scale of assets under management. 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 RMB1,883.237 billion, among which China Southern Asset Management managed a total of 337 funds in its mutual funds business, the total asset size of which amounted to RMB1,138.900 billion, and the total asset size of private funds business amounted to RMB744.337 billion. As for asset management business of Huatai-PineBridge, as of the end of the Reporting Period, the total assets managed by Huatai-PineBridge amounted to RMB355.902 billion. Specifically, Huatai-PineBridge managed a total of 136 funds in its mutual funds business, the total asset size of which amounted to RMB334.866 billion, and the total asset size of private funds business amounted to RMB21.036 billion. (The profit or loss from equity investments of China Southern Asset Management and Huatai-PineBridge were included under other segments in the segment report)

(4) Asset management business of futures companies

During the Reporting Period, Huatai Futures, a wholly-owned subsidiary of the Group, constantly intensified the integration of internal resources and business collaboration, actively promoted the digital transformation led by technology and business transformation led by innovation, diversified and steadily expanded its product lines centered on FOFs and with active management as a supplement, constantly improved its professional service level and actively created core competitive advantages to meet the differentiated risk appetites and asset allocation demands of customers. As of the end of the Reporting Period, Huatai Futures managed a total of 35 asset management plans which were in the duration period. The total asset management scale was RMB1,454,704,800, and the futures equity scale was RMB691,036,400.

(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 fully improved business synergy and efficiency, focused on the development of 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 Beijing Stock Exchange according to regulatory requirements and the Group's business layout. As of the end of the Reporting Period, there were 40 subsisting investment projects with an investment scale of RMB2,008.2958 million. The investment attributes mainly include co-investment on the STAR Market and equity investment.

3. *Prospect of investment management business for the second half of 2023*

The investment management business plays the dual strategic roles of asset manager and asset services supplier. It is an important area for the Group's financial product innovation and client asset management. In the second half of 2023, the Group will continue to display professional capabilities in asset discovery, risk pricing and product creation, fully leverage resources advantages in full business chains, and actively build scaled and featured financial product system with full varieties to meet the differentiated demands of customers. It will build a first-class investment management platform to continuously reinforce its leading position in the industry.

The asset management business of securities companies will rely on the platform of the entire business chain, display the advantages of featured resources of securities companies in asset management, strengthen differentiated development endowments, consolidate the foundation of the platform-based infrastructure capability and constantly and deeply integrate full business scenarios and internal and external resources into platforms to establish competition barriers with differentiated businesses, promote business breakthroughs, transformation and transcendence with platform-based operation. It will display the advantages of large platforms, expand customer scale with the focus on market demands, strengthen advantageous assets with the genes of investment banks and improve featured tracks based on advantageous industries of securities companies. It will establish good brand effects with differentiated development ideas.

In respect of the private equity fund management business, the Group will continue to give priority to industry research, further explore and deploy on key industries and actively tap into high-quality projects. At the same time, it will focus on fund ecosystems, link the upper and down streams of industrial chains, promote coordination and cooperation on projects and carry out post-investment management and relevant value-added services. It will leverage advantages in full industrial chains of the Group, continue to exploit and explore new businesses, actively carry out raising of new funds and constantly expand the size of fund management to facilitate the diversification of business structure and profit models.

In respect of the asset management business of fund companies, we will continue to strengthen compliance risk control and management and talent team building. We will continue to maintain the exploration of new businesses and the development of new products, focus on building multi-layered, distinctive and differentiated product lines, constantly consolidate core capabilities on different assets and various strategies, continuously develop all-process and refined customer companion systems and actively establish digital and intelligent systems and platforms to comprehensively empower business development.

In respect of the asset management business of futures companies, we will proactively seize the development opportunity of being approved to invest in OTC options, constantly improve product supply systems, establish new model of business development driven by scientific and technological innovation, strengthen the composition of investment teams covering all assets, all strategic lines and all investment instruments based on big platforms, optimize investment decision-making and management mechanism and promote the improvement of business quality and the growth in scale.

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

(IV) International business

1. Market environment and industry trend of international business

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

With the gradual implementation of measures on the high-level institutional and systemic opening up of the capital market in China, the interconnection mechanism of domestic and foreign capital markets was continuously optimized and the fundamental trading systems were increasingly perfected. International product systems were constantly enriched; cross-border investment and financing channels were continuously expanded; the mutual integration and coordination of domestic and foreign capital markets continuously deepened; and the capabilities of the capital market to allocate global resources and serve the real economy were increasingly enhanced. Currently, the importance of diversified asset allocation in global wealth management is increasingly prominent. Under the strategic background of speeding up the establishment of a new “dual circulation” development pattern in which domestic economic cycle plays a leading role with both the domestic and international economic cycles promoting each other, the pivotal position of the capital market is increasingly improved and the securities industry in China is embracing a new round of development opportunities. International business has become a front field for securities companies to expand development space, increase new profit growth points and promote business structure upgrading. Large-scale securities companies should actively seize the strategic opportunities from the accelerated formation of a new pattern of high-level and opening up of the capital market, continuously optimize the layout of the international business and constantly strengthen the building of a cross-border ecosystem. They should actively develop refined, professional, comprehensive and high-efficient customer operation system with onshore and offshore integration, achieve the interactive

integration and multi-layered coordination and linkage of all channels, continuously enhance the international operation capabilities, cross-market service capabilities and cross-border risk management capabilities and boost the capabilities on the allocation of resources and important capital in global industrial chains to better provide domestic and global customers with multi-market, all-dimensional, multi-layered and high-quality integrated financial solutions on investment and financing covering the entire industrial chains.

- (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 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 McKinsey, the channel of registered investment advisors enjoyed absolute advantages as compared with other channels in terms of the share of net inflow in 2022, accounting for 22% of the total net inflows in the industry and higher than its share of 16% in 2021. With the significant decrease in commissions and enterprises continuously focusing on overall financial plans, the number of accounts charging management fees increased rapidly. According to the statistics of Cerulli, the asset size covered by accounts with the management fee model accounted for more than half of the size of all assets under investment advisory management. From the perspective of business development trends, the funds from investors are being transferred to investment products with lower costs and fees. The TAMP industry can keep empowering and fueling the wealth management business through leading FINTECH development, which can bring the cost advantage of scale to customers and help them grasp booming development opportunities. According to the statistics of Cerulli, from 2016 to 2021, the compound annual growth rate of the TAMP market was 19.1%, which was significantly higher than that of the overall investment advisory market, which was 11.6% 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 consolidated the intermediary positioning in the capital market, deeply explored the customer-oriented, integrated and platform-based cross-border service ecosystem, strictly controlled risks, enriched product varieties, expanded market channels and optimized customer experience to meet customers' demands for global asset allocation. It achieved stable performance growth, constantly deepened the international business layout and continuously enhanced its influence in overseas markets. As of the end of the Reporting Period, the asset size of Huatai International reached nearly HK\$200 billion, ranking it among the leading Chinese-funded securities firms in Hong Kong with its comprehensive strength continuing to improve. In addition, Huatai International established a subsidiary in Singapore in September 2022. During the Reporting Period, it has obtained the approval in principle on the application for the licenses from the Monetary Authority of Singapore.

(1) Business in Hong Kong

The Group's business in Hong Kong adhered to its origins as a brokerage firm, with cross-border business as the starting point, built all-dimensional and comprehensive cross-border financial service platform systems and maintained positive growth of its business scale and revenue in the volatile market environment with its continuously upgraded platform strength and risk control capabilities. During the Reporting Period, the business platform systems including the equity business platform, fixed-income business platform, wealth management platform, fund platform and flagship investment banking business continued to deepen with differentiated competitive advantages consolidated and improved. For the equity derivatives business, the Group has utilized the advantages of the Group's platforms to continuously enrich product categories, achieving steady progress in the scale of the cross-border business and continuously consolidating the leading position in the industry; for the stock sales and transactions business, the Group focused on one-stop and comprehensive cross-border financial services on "Spot equities + cross-border prime brokerage + QFII" to improve customer stickiness with high-frequency and extensive services covering the entire business chains and continuously expand differentiated competitive edges; for FICC business, the Group conducted forward-looking layout in diversified businesses, strictly maintained the bottom line for risk control, improved the cross-border sales and trading systems with the orientation of customer demands, maintaining the steady business development trend. For the wealth management business, the Group continuously improved online and offline platform-based and integrated operation. It continuously optimized the functions and operating capability of the "ZhangLe Global" (漲樂全球通) platform and significantly boosted the sales volume of wealth products through strengthening product strength, deepening business linkage and improving sales management systems. For the fund business, the Group strictly prevented and controlled risks, constantly deepened research capabilities, actively expanded new markets and promoted the launching of new products. The first fund product

under active management officially initiated investment and operation. For the investment banking business, the Group practically strengthened cross-market execution and service capabilities, gave full play to the advantages of the layout of multi-product lines and continuously improved the customer-centric and comprehensive cross-border investment banking service platform and systems. According to internal and external statistics and during the Reporting Period, Huatai Financial Holdings (Hong Kong) sponsored 2 IPO projects in the Hong Kong stock market, ranking the third in the market in terms of the number of projects sponsored. It also completed the issuance of 4 GDRs in the capacity of global coordinator, ranking the first in the market in terms of the number and scale of issuance.

During the Reporting Period, the Group's business in Hong Kong maintained healthy and balanced business development. As for securities trading, Huatai Financial Holdings (Hong Kong) achieved the total assets under custody of HK\$85.992 billion and the total stocks trading volume of HK\$126.549 billion; as for advising on securities, it actively provided research reports and advisory services for customers; as for advising on corporate finance, it participated in completion of 12 listing, re-financing and GDR projects and 59 bond issue projects with the total amount of trading and issuance of HK\$14.679 billion; as for financing for securities deposits, the accumulated credit amount was HK\$3.531 billion. During the Reporting Period, Huatai Financial Holdings (Hong Kong) became a listing and trading member on the Luxembourg Stock Exchange and a "warrant" issuer on the HKEX.

(2) AssetMark

AssetMark's mission is to make a difference in the lives of independent investment advisors and the investors they serve. The highlights of AssetMark's core business include a fully integrated platform with compelling technology, personalized 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 first quarter of 2023, AssetMark's market share in the US TAMP industry was 11.9%, ranking the second in the industry.

During the Reporting Period, AssetMark achieved steady growth in Assets on Platform, continued to maintain a leading position in the industry and constantly increased the business revenue through leading business models and advanced technology platforms. As of the end of the Reporting Period, the total platform assets of AssetMark reached USD100.762 billion, representing an increase of 10.16% from the end of 2022; the AssetMark platform served an aggregate of 9,323 independent investment advisors, of whom, 3,032 active investment advisors manage assets of more than USD5 million, representing an increase of 5.20% from the end of 2022; the total investor households served by the AssetMark platform reached nearly 248,000, representing an increase of 2.85% from the end of 2022. During the Reporting Period, 354 investment advisors signed new contracts with AssetMark.

(3) Huatai Securities (USA)

With the US broker-dealer license approved by the US Financial Industry Regulatory Authority, Huatai Securities (USA) was eligible to conduct broker-dealer business in the US in 2019, including securities underwriting, securities brokerage for institutional investors, financial advisory for M&A, etc. It obtained qualification for proprietary trading in 2020; obtained the business qualification for securities trading with institutional investors in Canada in 2021 and obtained market access to major stock exchanges in Europe in 2022. During the Reporting Period, Huatai Securities (USA) continued to improve its system and platform and infrastructure construction, constantly expanded the variety of trading products and market channels, actively promoted the layout of FICC business, continuously optimized the cross-border linkage and coordination mechanism of U.S. domestic businesses and domestic and Hong Kong businesses, providing integrated services to global investors. During the Reporting Period, as an underwriter, Huatai Securities (USA) actively participated in the listing and trading on the US stock market of Chinese enterprises and the block trade business of internationally renowned enterprises.

3. *Prospect of international business for the second half of 2023*

International business is a bridge for the Group to build an onshore and offshore integrated platform as well as a new engine for the high-level development and profit creation of the Group. In the second half of 2023, the Group will continue to deepen the cross-border integrated management mechanism, constantly strengthen the effective linkage of teams, platforms and resources and focus on developing the cross-market capital service ability to provide customers with onshore and offshore integrated comprehensive financial services and fully improve the competitiveness and influence of the international business.

Huatai International will stick to focusing on the customer needs, actively build an integrated, ecological, platform-based and comprehensive cross-border financial service platform, strengthen business collaboration, diversify product chains and full-process customer services, strengthen the pre-risk management and control capability and continuously enhance the platform-based internal synergy in the full business chain.

For the business in Hong Kong, the Group will continue to improve the customer service system, consolidate the intermediary positioning of the cross-border capital market 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 wealth, and first-level and second-level linkage. For equity derivatives business, the Group will continue to solidify its business strengths, explore new businesses and new markets and strengthen the levels of customer services in all aspects; for stock sales and trading business, the Group will continuously improve its product lines, continue to maintain and deepen customer relationships, solidify the service foundation of prime brokerage business and continuously increase its market share; for FICC business, the Group will continuously improve the digitalization, boost the capability on integrated sales and transactions based on the upgrading and iteration of platforms and match multi-layered onshore and offshore investment and transaction demands of customers; for wealth management business, it will consolidate the transaction and asset allocation functions of the platform with the orientation of improving customers' core experience. By a model of deeply exploring existing customers and attracting and introducing third-party cooperative institutions, it will further improve its service levels; for fund business, it will continuously promote first-level and second-level linkage and the "investment linkage" (投投聯動) and leverage on the resources advantage across the full industrial chain to empower customers and actively explore offshore RMB financing to provide RMB product solutions; for investment banking business, it will fully display the advantages in onshore and offshore integration, actively develop high-quality customers, create benchmark projects, enhance project reserves and provide customers with one-stop comprehensive financial services on the entire industrial chains.

AssetMark will continue to hold onto the core business highlights, build an integrated technology platform, improve customizable and scaled services, strengthen advanced investment management capabilities and cultivate a flexible and professional wealth management ecosystem. AssetMark will continue to deepen cooperation with the existing investment advisors, focus on customers' needs, provide differentiated services and assist customer growth to further expand the investment consulting customer base. AssetMark will continue to upgrade its digital tools and platforms to empower investment advisors, and improve interaction experience and office collaboration, and help investment advisors navigate their clients' financial health plans. It will vigorously expand customer channels and devote itself to improving the operation efficiency and reducing operational risks through promoting scale-based business and the practice of the listed company in performing social responsibilities. In addition, AssetMark will continue to focus on high-quality strategic M&A opportunities to promote extensive growth.

Huatai Securities (USA) will actively seize cross-border business opportunities, constantly improve the business collaboration capabilities in Mainland China, Hong Kong and the US and expand the depth and breadth of the coverage over global institutional investors. It will continuously improve the cross-border FICC trading platform, continuously expand product and business varieties, actively broaden service radiation channels and provide all-round services to meet the asset allocation and risk hedging needs of global investors.

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

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

During the Reporting Period, the Company continued to improve the risk management mechanism on new businesses, optimized the new business evaluation process to systematically support and drive the effective implementation of quality control on new businesses, ledger management, regular backtracking and other management mechanisms; organized and carried out special retrospective and self-inspection on new businesses to ensure the effective implementation of risk control measures and related systems on new businesses, and guarantee that the risks are measurable, controllable and bearable.

During the Reporting Period, the Company launched bond market making business on the Shanghai & Shenzhen Stock Exchanges, stock market making business on the Beijing Stock Exchange, carbon emission investment business, obtained the market making qualification on options on STAR 50 ETF and obtained the market making qualification on certain commodity futures/options on Zhengzhou Commodity Exchange, Shanghai Futures Exchange and Dalian Commodity Exchange and provided liquidity to the market. The Company set various risk control indicators on strategic and corporate levels based on its business characteristics and carried out unified management and control on exposure and position limit. The Company further improved the ancillary system construction and control mechanism for the market-making business and included new categories into the risk management system to ensure that all businesses could be carried out constantly and steadily.

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

V. MAJOR OPERATIONS DURING THE REPORTING PERIOD

(I) Main businesses analysis

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

Unit: Thousand Yuan Currency: RMB

Item	Amount for the current period	Amount for the same period of last year	Change percentage (%)
Total revenue, other income and gains	25,952,554	23,479,022	10.54
Total expenses	(19,203,039)	(17,168,499)	11.85
Profit before income tax	7,997,428	6,773,996	18.06
Profit for the current period attributable to the shareholders of the Company	6,555,640	5,375,963	21.94
Net cash (used in)/generated from operating activities	(13,683,077)	26,018,313	N/A
Net cash (used in) investing activities	(6,228,242)	(3,913,007)	N/A
Net cash generated from/(used in) financing activities	5,981,043	(16,368,358)	N/A
Net increase in cash and cash equivalents	(13,930,276)	5,736,948	N/A

2. Revenue, other income and gains

As of June 30, 2023, the Group recorded total revenue, other income and gains of RMB25,953 million, representing a year-on-year increase of 10.54%, in which:

- (1) Fee and commission income recorded a year-on-year decrease of 2.07% to RMB9,726 million, accounting for 37.47%, mainly due to the decrease in income from securities brokerage and advisory business.
- (2) Interest income recorded a year-on-year increase of 7.46% to RMB7,263 million, accounting for 27.99%, mainly due to the increases in interest income from financial institutions and interest income from debt investment at amortised cost.
- (3) Net investment gains recorded a year-on-year increase of 54.98% to RMB5,818 million, accounting for 22.42%, mainly due to the increase in revenue from the Group's investment business.
- (4) Other income and gains recorded a year-on-year increase of 3.64% to RMB3,146 million, accounting for 12.12%, mainly due to the increase in foreign exchange gains of the Group.

Unit: Thousand Yuan Currency: RMB

Item	From January 1 to June 30, 2023		From January 1 to June 30, 2022		Increase/decrease	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Fee and commission income	9,725,697	37.47%	9,931,122	42.30%	(205,425)	(2.07)%
Interest income	7,262,841	27.99%	6,758,476	28.79%	504,365	7.46%
Net investment gains	5,818,466	22.42%	3,754,431	15.99%	2,064,035	54.98%
Other income and gains	3,145,550	12.12%	3,034,993	12.92%	110,557	3.64%
Total revenue, other income and gains	<u>25,952,554</u>	<u>100.00%</u>	<u>23,479,022</u>	<u>100.00%</u>	<u>2,473,532</u>	<u>10.54%</u>

3. Total expenses

As of June 30, 2023, the Group's total expenses were RMB19,203 million, representing a year-on-year increase of 11.85%, mainly due to the increases in interest expenses and other operating expenses, in which:

- (1) Fee and commission expenses amounted to RMB2,178 million, representing a year-on-year decrease of 9.34%, mainly due to the decrease in expenses from securities brokerage business and futures brokerage business.
- (2) Interest expenses amounted to RMB6,622 million, representing a year-on-year increase of 23.24%, mainly due to the increase in interest expenses on debt financing.
- (3) Staff costs amounted to RMB4,948 million, representing a year-on-year increase of 6.90%, mainly due to the increase in accrued staff costs of the Group as a result of the increase in income.
- (4) Other expenses mainly include depreciation and amortisation expenses, tax and surcharges as well as (reversal of) asset impairment loss and other operating expenses.

Unit: Thousand Yuan Currency: RMB

Item	From January 1 to June 30, 2023		From January 1 to June 30, 2022		Increase/decrease	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Fee and commission expenses	(2,177,899)	11.34%	(2,402,224)	13.99%	224,325	(9.34)%
Interest expenses	(6,621,612)	34.49%	(5,373,126)	31.30%	(1,248,486)	23.24%
Staff cost	(4,947,559)	25.76%	(4,628,022)	26.96%	(319,537)	6.90%
Depreciation and amortisation expenses	(910,885)	4.74%	(727,809)	4.24%	(183,076)	25.15%
Tax and surcharges	(97,440)	0.51%	(105,128)	0.61%	7,688	(7.31)%
Other operating expenses	(4,865,656)	25.34%	(4,269,814)	24.87%	(595,842)	13.95%
Net reversal of/(provision for) impairment loss on financial assets	418,012	(2.18)%	337,624	(1.97)%	80,388	23.81%
Total expenses	<u>(19,203,039)</u>	<u>100.00%</u>	<u>(17,168,499)</u>	<u>100.00%</u>	<u>(2,034,540)</u>	<u>11.85%</u>

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

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

Unit: Thousand Yuan Currency: RMB

Business segment	Segment revenue, other income and gains for the current period	Percentage of total segment revenue, other income and gains for the current period (%)	Segment revenue, other income and gains for the same period of last year	Percentage of total segment revenue, other income and gains for the same period of last year (%)	Increase or decrease in percentage of total segment revenue, other income and gains as compared to the same period of last year
Wealth management business	10,741,998	41.39	12,395,626	52.79	Decrease of 11.40 percentage points
Institutional services business	5,948,069	22.92	3,786,093	16.13	Increase of 6.79 percentage points
Investment management business	1,973,923	7.61	893,317	3.80	Increase of 3.81 percentage points
International business	6,092,327	23.47	4,184,585	17.82	Increase of 5.65 percentage points
Others (including offset)	1,196,237	4.61	2,219,401	9.46	Decrease of 4.85 percentage points

During the Reporting Period, on a consolidated basis, the Group recorded total revenue, other income and gains of RMB25,953 million, representing a year-on-year increase of 10.54%. Among the principal business segments, income from wealth management business segment decreased by RMB1,654 million as compared to the same period of last year as influenced by the market, and income from institutional services business and investment management business segments increased by RMB2,162 million and RMB1,081 million as compared to the same period of last year, respectively. The international business segment saw positive growth trends, and its income increased by RMB1,908 million as compared to the same period of last year.

(2) Analysis on segment expenses

Unit: Thousand Yuan Currency: RMB

Business segment	Segment expenses for the current period	Percentage of total segment expenses for the current period (%)	Segment expenses for the same period of last year	Percentage of total segment expenses for the same period of last year (%)	Increase or decrease in percentage of total segment expenses as compared to the same period of last year
Wealth management business	(6,877,949)	35.82	(8,007,493)	46.64	Decrease of 10.82 percentage points
Institutional services business	(4,014,967)	20.91	(2,977,089)	17.34	Increase of 3.57 percentage points
Investment management business	(781,979)	4.07	(549,527)	3.20	Increase of 0.87 percentage point
International business	(5,286,316)	27.53	(2,926,501)	17.05	Increase of 10.48 percentage points
Others (including offset)	(2,241,828)	11.67	(2,707,889)	15.77	Decrease of 4.10 percentage points

In terms of expenses of each business segment as a percentage of total expenses of the Group, expenses of wealth management business segment decreased by 10.82 percentage points, expenses of institutional services business segment, investment management business and international business segments increased by 3.57 percentage points, 0.87 percentage point and 10.48 percentage points, respectively.

5. Analysis on cash flow

Unit: Thousand Yuan Currency: RMB

Item	Amount for the current period	Amount for the same period of last year	Amount of increase or decrease	Percentage of increase or decrease (%)
Net cash (used in)/generated from operating activities	(13,683,077)	26,018,313	(39,701,390)	N/A
Net cash (used in) investing activities	(6,228,242)	(3,913,007)	(2,315,235)	N/A
Net cash generated from/(used in) financing activities	5,981,043	(16,368,358)	22,349,401	N/A
Net increase in cash and cash equivalents	(13,930,276)	5,736,948	(19,667,224)	N/A

During the Reporting Period, the net decrease in cash and cash equivalents of the Group was RMB13,930 million, in which:

- (1) Net cash used in operating activities was RMB13,683 million, representing a decrease of RMB39,701 million over the same period of last year, mainly due to the increase in margin accounts and the decrease in cash inflows from placements from other financial institutions for the current period.
- (2) Net cash used in investing activities was RMB6,228 million, representing a decrease of RMB2,315 million over the same period of last year, mainly due to payments for purchase of financial assets at fair value through other comprehensive income for the current period.
- (3) Net cash generated from financing activities was RMB5,981 million, representing an increase of RMB22,349 million over the same period of last year, mainly due to the decrease in repayment of debt instruments issued for the current period.

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

Unit: Thousand Yuan Currency: RMB

Item	Amount for the current period	Amount for the same period of last year	Year-on-year change (%)	Principal reason
Total revenue, other income and gains	25,952,554	23,479,022	10.54	Increase in net investment gains
Total expenses	(19,203,039)	(17,168,499)	11.85	Increase in interest expenses
Operating profit	6,749,515	6,310,523	6.96	Increase in total revenue, other income and gains
Profit before income tax	7,997,428	6,773,996	18.06	Increase in total revenue, other income and gains
Profit for the period	6,662,478	5,552,894	19.98	Increase in total revenue, other income and gains
Among which: profit for the current period attributable to shareholders of the Company	6,555,640	5,375,963	21.94	Increase in total revenue, other income and gains
Item	Balance as at the end of the period	Balance as at the beginning of the period	Year-on-year change (%)	Principal reason
Total assets	887,070,258	846,570,990	4.78	Increase in financial assets
Total liabilities	716,556,908	678,714,380	5.58	Increase in other payables and accruals and debt financing
Total shareholders' equity	170,513,350	167,856,610	1.58	Profit realization during 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 June 30, 2023		As at December 31, 2022		Increase/decrease	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Non-current assets						
Property and equipment	6,420,996	0.72%	6,287,383	0.74%	133,613	2.13%
Investment properties	210,527	0.02%	217,586	0.03%	(7,059)	(3.24)%
Goodwill	3,489,002	0.39%	3,352,219	0.40%	136,783	4.08%
Land use rights and other intangible assets	7,581,158	0.85%	7,439,816	0.88%	141,342	1.90%
Interest in associates	19,376,905	2.18%	18,276,443	2.16%	1,100,462	6.02%
Interest in joint ventures	1,311,491	0.15%	1,706,184	0.20%	(394,693)	(23.13)%
Debt investment at amortised cost	41,525,244	4.68%	36,586,707	4.32%	4,938,537	13.50%
Debt instruments at fair value through other comprehensive income	14,209,041	1.60%	7,900,595	0.93%	6,308,446	79.85%
Equity instruments at fair value through other comprehensive income	270,778	0.03%	241,587	0.03%	29,191	12.08%
Financial assets at fair value through profit or loss	9,219,709	1.04%	10,142,583	1.20%	(922,874)	(9.10)%
Refundable deposits	40,195,074	4.53%	42,706,777	5.04%	(2,511,703)	(5.88)%
Deferred tax assets	787,070	0.09%	600,473	0.07%	186,597	31.08%
Other non-current assets	271,388	0.03%	300,664	0.04%	(29,276)	(9.74)%
Total non-current assets	144,868,383	16.33%	135,759,017	16.04%	9,109,366	6.71%

Item	As at June 30, 2023		As at December 31, 2022		Increase/decrease	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Current assets						
Accounts receivable	9,961,847	1.12%	7,804,341	0.92%	2,157,506	27.64%
Other receivables, prepayments and other current assets	1,966,679	0.22%	2,157,529	0.25%	(190,850)	(8.85)%
Margin accounts	105,412,167	11.88%	100,648,375	11.89%	4,763,792	4.73%
Debt investment at amortised cost	8,797,116	0.99%	11,965,863	1.41%	(3,168,747)	(26.48)%
Financial assets held under resale agreements	17,389,635	1.96%	34,824,221	4.11%	(17,434,586)	(50.06)%
Debt instruments at fair value through other comprehensive income	1,185,184	0.13%	2,603,784	0.31%	(1,418,600)	(54.48)%
Financial assets at fair value through profit or loss	379,460,813	42.78%	340,661,962	40.24%	38,798,851	11.39%
Derivative financial assets	15,039,940	1.70%	15,788,301	1.86%	(748,361)	(4.74)%
Clearing settlement funds	6,793,643	0.77%	8,716,506	1.03%	(1,922,863)	(22.06)%
Cash held on behalf of brokerage clients	148,683,704	16.76%	140,460,346	16.59%	8,223,358	5.85%
Cash and bank balances	47,511,147	5.36%	45,180,745	5.34%	2,330,402	5.16%
Total current assets	<u>742,201,875</u>	<u>83.67%</u>	<u>710,811,973</u>	<u>83.96%</u>	<u>31,389,902</u>	<u>4.42%</u>
Total assets	<u>887,070,258</u>	<u>100.00%</u>	<u>846,570,990</u>	<u>100.00%</u>	<u>40,499,268</u>	<u>4.78%</u>
Current liabilities						
Short-term bank loans	13,664,407	1.91%	7,997,434	1.18%	5,666,973	70.86%
Short-term debt instruments issued	26,762,350	3.73%	25,772,604	3.80%	989,746	3.84%
Placements from other financial institutions	34,690,064	4.84%	25,877,713	3.81%	8,812,351	34.05%
Accounts payable to brokerage clients	159,354,314	22.24%	152,551,723	22.48%	6,802,591	4.46%
Employee benefits payable	3,799,251	0.53%	5,304,177	0.78%	(1,504,926)	(28.37)%
Other payables and accruals	121,130,382	16.90%	108,096,572	15.93%	13,033,810	12.06%
Contract liabilities	276,677	0.04%	218,943	0.03%	57,734	26.37%
Current tax liabilities	667,727	0.09%	524,997	0.08%	142,730	27.19%
Financial assets sold under repurchase agreements	145,964,883	20.37%	144,117,998	21.23%	1,846,885	1.28%
Financial liabilities at fair value through profit or loss	37,156,594	5.19%	43,005,621	6.34%	(5,849,027)	(13.60)%
Derivative financial liabilities	13,863,810	1.93%	9,638,125	1.42%	4,225,685	43.84%
Long-term bonds due within one year	<u>33,240,562</u>	<u>4.64%</u>	<u>29,062,749</u>	<u>4.28%</u>	<u>4,177,813</u>	<u>14.38%</u>
Total current liabilities	<u>590,571,021</u>	<u>82.42%</u>	<u>552,168,656</u>	<u>81.36%</u>	<u>38,402,365</u>	<u>6.95%</u>

Item	As at June 30, 2023		As at December 31, 2022		Increase/decrease	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Net current assets	<u>151,630,854</u>	<u>–</u>	<u>158,643,317</u>	<u>–</u>	<u>(7,012,463)</u>	<u>(4.42)%</u>
Total assets less current liabilities	<u><u>296,499,237</u></u>	<u><u>–</u></u>	<u><u>294,402,334</u></u>	<u><u>–</u></u>	<u><u>2,096,903</u></u>	<u><u>0.71%</u></u>
Non-current liabilities						
Derivative financial liabilities	60,040	0.01%	–	–	60,040	–
Long-term bonds	109,403,273	15.27%	110,356,589	16.26%	(953,316)	(0.86)%
Long-term bank loans	657,558	0.09%	804,903	0.12%	(147,345)	(18.31)%
Long-term employee benefits payable	6,795,934	0.95%	6,588,448	0.97%	207,486	3.15%
Deferred tax liabilities	2,458,361	0.34%	2,199,928	0.32%	258,433	11.75%
Financial liabilities at fair value through profit or loss	5,565,830	0.78%	5,569,938	0.82%	(4,108)	(0.07)%
Other payables and accruals	<u>1,044,891</u>	<u>0.15%</u>	<u>1,025,918</u>	<u>0.15%</u>	<u>18,973</u>	<u>1.85%</u>
Total non-current liabilities	<u>125,985,887</u>	<u>17.58%</u>	<u>126,545,724</u>	<u>18.64%</u>	<u>(559,837)</u>	<u>(0.44)%</u>
Net assets	<u>170,513,350</u>	<u>–</u>	<u>167,856,610</u>	<u>–</u>	<u>2,656,740</u>	<u>1.58%</u>
Shareholders' equity						
Share capital	9,075,589	5.32%	9,075,589	5.41%	–	–
Other equity instruments	19,200,000	11.26%	19,200,000	11.44%	–	–
Treasury share	(1,071,810)	(0.63)%	(1,202,324)	(0.72)%	130,514	(10.86)%
Reserves	100,628,476	59.02%	100,092,751	59.63%	535,725	0.54%
Retained profits	39,671,901	23.27%	37,929,086	22.60%	1,742,815	4.59%
Total equity attributable to shareholders of the Company	167,504,156	98.24%	165,095,102	98.35%	2,409,054	1.46%
Non-controlling interests	<u>3,009,194</u>	<u>1.76%</u>	<u>2,761,508</u>	<u>1.65%</u>	<u>247,686</u>	<u>8.97%</u>
Total shareholders' equity	<u><u>170,513,350</u></u>	<u><u>100.00%</u></u>	<u><u>167,856,610</u></u>	<u><u>100.00%</u></u>	<u><u>2,656,740</u></u>	<u><u>1.58%</u></u>

As of June 30, 2023, total non-current assets of the Group amounted to RMB144,868 million, representing an increase of RMB9,109 million as compared to the beginning of the year, which was mainly due to the increases in debt investment at amortised cost and debt instruments at fair value through other comprehensive income of RMB4,939 million and RMB6,308 million, respectively.

As of June 30, 2023, total non-current liabilities of the Group amounted to RMB125,986 million, representing a decrease of RMB560 million as compared to the beginning of the year, which was mainly due to the decrease in long-term bonds of RMB953 million.

As of June 30, 2023, total current assets of the Group amounted to RMB742,202 million, representing an increase of RMB31,390 million as compared to the beginning of the year, which was mainly due to the increase in financial assets at fair value through profit or loss of RMB38,799 million.

As of June 30, 2023, total current liabilities of the Group amounted to RMB590,571 million, representing an increase of RMB38,402 million as compared to the beginning of the year, which was mainly due to the increases in placements from other financial institutions and other payables and accruals of RMB8,812 million and RMB13,034 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 RMB187,486,832 thousand, including cash and bank balances, financial assets at fair value through profit or loss, debt investment at amortised cost, debt instruments at fair value through other comprehensive income and interest in associates. Except for the above assets, no major assets of the Group were seized, detained, frozen, mortgaged or pledged so that they could or could not be realized, or could not be used to pay the debts only under a certain condition. There was no circumstance or arrangement under which the major assets were occupied, used or benefited or the disposal of them was limited.

3. Structure and quality of assets

As of June 30, 2023, total shareholders' equity of the Group amounted to RMB170,513 million, representing an increase of RMB2,657 million or 1.58% as compared to that of the end of 2022, which was mainly due to realization of profit retention by the Group during the Reporting Period.

The asset structure of the Group continued to be optimized and the assets maintained good quality and liquidity. As of June 30, 2023, total assets of the Group amounted to RMB887,070 million, representing an increase of RMB40,499 million or 4.78% as compared to the beginning of the year. Among which, cash and bank balances, cash held on behalf of brokerage clients and clearing settlement funds of the Group amounted to RMB202,988 million, accounting for 22.88% of the total assets; margin accounts receivable amounted to RMB105,412 million, accounting for 11.88% of the total assets; financial assets at fair value through profit or loss amounted to RMB388,681 million, accounting for 43.82% of the total assets; debt instruments at amortised cost and financial assets at fair value through other comprehensive income amounted to RMB65,987 million in total, accounting for 7.44% of the total assets; property and equipment, investment properties and other intangible assets accounted for 1.60% of the total assets. Most of the assets have strong cashability. The Group's assets have strong liquidity and the asset structure is reasonable.

During the Reporting Period, the Group's debt-to-assets ratio decreased. As of June 30, 2023, the liabilities of the Group amounted to RMB716,557 million, representing an increase of RMB37,843 million or 5.58% as compared to the beginning of the year. The debt-to-assets ratio was 76.57% (excluding the impact of customer funds), representing an increase of 0.76 percentage point as compared to the beginning of the year.

As of June 30, 2023, the Group obtained funds through borrowings and debt financing instruments. As of the end of the Reporting Period, total principal amount of the placements from other financial institutions of the Group amounted to RMB218,418 million. Details are shown as follows:

Unit: Thousand Yuan Currency: RMB

Borrowings and debt financing plans	As of June 30, 2023
Placement from China Securities Finance Corporation Limited	—
Placement from other financial institutions	34,690,064
Short-term borrowings	13,664,407
Short-term financing funds payable	26,762,350
Long-term borrowings	657,558
Bonds payable	142,643,835
Total principal amount	218,418,214

Borrowings and debt financing with a financing maturity of more than one year were RMB145,685 million, accounting for 66.70%. Among which, programs with a financing maturity of one to two years were RMB2,802 million, those with a financing maturity of two to five years were RMB90,339 million, and those with a financing maturity of over five years were RMB52,544 million. Borrowings and debt financing with a financing maturity of less than one year were RMB72,733 million, accounting for 33.30%.

As of June 30, 2023, the Group's borrowings and debt financing with fixed interest rate were RMB217,483 million. In particular, the balance of short-term borrowings was RMB13,447 million; the balance of long-term borrowings was RMB658 million; the balance of placements from other financial institutions was RMB34,690 million; the balance of income receipts with fixed interest rate was RMB10,467 million; the balance of corporate bonds was RMB114,386 million; the balance of subordinated debts was RMB14,307 million; and the balance of foreign debts was RMB29,528 million.

As of June 30, 2023, cash and cash equivalents of the Group amounted to RMB62,607 million, of which RMB cash and cash equivalents accounted for 73.21%.

As of June 30, 2023, the Group's short-term bank borrowings included balance of credit borrowings of RMB12,466 million, and that of pledge borrowings of RMB1,199 million.

As of June 30, 2023, all of the Group's long-term bank borrowings were credit borrowings.

4. *Analysis of profitability*

In the first half of 2023, the Group firmly implemented the “two-pronged” (雙輪驅動) core strategy of wealth management and institutional services under technology empowerment, and constantly enhanced its digital operation capability with its operating performance greatly improved year-on-year. Its comprehensive strength soundly ranked in the forefront of the industry.

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

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

During the Reporting Period, Huatai International established a wholly-owned subsidiary, namely HS Carbon Neutrality & Energy Transition Investment Limited, in Hong Kong, which has been included in the Group’s consolidation scope. Adhesion Wealth Advisor Solutions, Inc. was deregistered after consolidation into Atria Investment, Inc.

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

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

6. *Analysis of income tax policy*

During the Reporting Period, the Company's income tax was subject to the Corporate Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) and the Enforcement Regulations of Corporate Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》). The calculation and payment methods of the income tax shall be subject to the Announcement of the State Administration of Taxation on Issuing the Measures for the Consolidated Collection of Corporate Income Tax on Trans-regional Business Operations (Announcement No. 57 [2012] of the State Administration of Taxation) (《國家稅務總局關於印發〈跨地區經營匯總納稅企業所得稅徵收管理辦法〉的公告》(國家稅務總局公告[2012]57 號)). The income tax rate applicable to the Company and its domestic subsidiaries is 25%. The Company enjoys the preferential policy of calculating and deducting research and development expenses, and the profit tax rate applicable to the Hong Kong subsidiary of the Company is 16.5%. Other overseas subsidiaries of the Company are subject to income taxes at tax rates applicable in their jurisdictions.

7. *Analysis of financing channels and financing capacity*

Financing channels	In terms of financing methods, the Company has two financing channels, equity financing and debt financing. In China, the Company's short-term financing channels included credit lending via interbank market, bond repurchasing via interbank market and stock exchange market, issuing short-term corporate bonds, issuing income credential via quotation and service system for inter-institutional private placement products and self-built counter market, carrying out margin refinancing from securities and financial companies, and the Company's medium and long-term financing channels included issuing corporate bonds, private corporate bonds, subordinated debt, perpetual subordinated debt and equity refinancing, etc. In addition, the Company can also introduce foreign funds through the issuance of overseas bonds and medium-term notes as well as syndicated loan to support the business development of the Company. After years of effective efforts, the Company explored and established the short, medium and long-term diversified financing channels, which played a key role in the development process of the Company's business.
--------------------	---

Liquidity management policies and measures	The Company has always attached great importance to liquidity management. As for funds management, it adhered to the principle of "full amount concentrated, allocated in a unified way, valued by classification and monitored timely". In terms of management and development strategies, it paid attention to matching business scale with liabilities. Based on reasonable asset allocation and diversified debt financing, the Company ensured reasonable matching of duration, scale of assets and liabilities and proper liquidity.
--	--

The Company followed the general principles of comprehensiveness, prudence, predictiveness for liquidity risk management according to the centralized management and hierarchical prevention and control management model, established a liquidity risk management system based on comprehensive risk management framework, as well as a sound liquidity risk management system appropriate to the Company's strategy, and implemented liquidity risk management policy with the preference for "steadiness and safety". The Company ensured no liquidity risk that would cause significant impacts on sustainable operation, so as to fully guarantee the steady and safe development of the business of the Company.

In order to ensure its liquidity, the Company has adopted various measures mainly including: 1) constantly improving the capital planning system, establishing a daytime liquidity monitoring system and realizing a daytime monitoring of the management of capital position and cash flow through platforms, so as to ensure the security of daytime liquidity; 2) strengthening the management for the matching between durations of assets and liabilities and establishing high-quality current asset reserves, in order to enhance the diversity and stability of financing; 3) upgrading and transforming the treasury management platform, and achieving effective identification, measurement, monitoring and controlling on liquidity risks through information system, in order to ensure that the liquidity risks are measurable, controllable and tolerable; 4) analyzing supervisory indicators of cash flow and liquidity risk under certain stress scenarios to evaluate the tolerance level of the Company for liquidity risks and analyzing the stress test results to constantly improve the Company's response capacity for liquidity risks; 5) leveraging the consolidation supervision to continuously strengthen the subsidiary liquidity risk guidance and to implement vertical management for overseas subsidiaries' fund and liquidity risks while also to propose a package of management and control measures for core risk points to improve subsidiaries' response capacity for liquidity risks and the Group's prevention and control for liquidity risks; 6) organizing the formulation, exercise and evaluation of a liquidity risk contingency plan, in order to improve the Company's emergency capacity for liquidity risks; and 7) improving the liquidity risk reporting system, so as to ensure that the management is able to keep abreast of the Group's liquidity risk level and management situation.

During the Reporting Period, the Company's liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) continued to meet regulatory requirements and maintained enough safe space.

Analysis of financing
capability and
financing strategy

The Company has operated in compliance with regulations, enjoyed sound reputation as well as strong capital strength, profitability and debt repayment ability, maintained good cooperation relationships with commercial banks, and had sufficient bank credit. As of the end of the Reporting Period, the total credit line obtained by the Company from commercial banks amounted to approximately RMB570 billion, demonstrating a strong short-term and medium-to-long term financing abilities. As of the end of the Reporting Period, after assessment by China Lianhe Credit Rating Co., Ltd., the credit rating of the Company was AAA and the credit rating outlook is stable. After comprehensive assessment by Shanghai Brilliance, the credit rating of the Company was AAA and the credit rating outlook is stable. After comprehensive assessment by Standard & Poor's, the long-term credit rating of the Company was BBB+ and the credit rating outlook is stable. After comprehensive assessment by Moody's, the long-term credit rating of the Company was Baa1 and the credit rating outlook is stable. As a listed securities dealer, the Company can also meet the fund demand for long-term development by means such as equity refinancing.

Taking into consideration both liquidity and profitability, the Company held a certain number of fixed-income products. Interest rate changes will bring direct impact to the interest income of the cash and the market price and investment income of the bond investment held by the Company. Margin financing and securities lending and other capital-based intermediary business, corporate debt financing and other businesses which directly relate to interest rates may directly impact corresponding interest income and financing interest expenses. At the same time, the Company's stock investment was also indirectly affected by interest rate changes. In addition, as the Company has registered overseas subsidiaries whose capital is contributed in foreign currency, the Company holds foreign currency funds and assets, and the changes of exchange rate will have certain impact on the Company's financial situation. 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.

(III) Analysis of investments

1. Overall analysis of external equity investments

As of the end of the Reporting Period, the Group's investment in associates amounted to RMB19,377 million, representing an increase of RMB1,101 million or 6.02% as compared to RMB18,276 million at the beginning of the period; and the investment in joint ventures amounted to RMB1,311 million, representing a decrease of RMB395 million or 23.15% as compared to RMB1,706 million at the beginning of the period. For details of the overall situation of the Group's external equity investment, please refer to Note 20 "Interest in associates" and Note 21 "Interest in joint ventures" to the financial statements in this report.

(1) The Company had significant equity investment

For significant equity investment of the Company, please refer to "Analysis of key subsidiaries" under "Analysis of investments" under "Major operations during the Reporting Period" in "Management discussion and analysis" of this report.

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

(3) Financial assets measured at fair value

Unit: Thousand Yuan Currency: RMB

Item	Balance at the end of last period	Balance at the end of current period	Investment gains during the Reporting Period	The changed amount of fair value during the Reporting Period
Debt instruments at fair value through other comprehensive income	10,504,379	15,394,225	29,814	79,184
Equity instruments at fair value through other comprehensive income	241,587	270,778	–	19,511
Financial assets at fair value through profit or loss	350,804,545	388,680,522	16,926,140	4,330,627
Derivative financial instruments	6,150,176	1,116,090	(8,370,087)	(6,616,690)

(4) There was no major asset restructuring and integration by the Company during the Reporting Period

2. *Information about the use of raised funds*

(1) Overview of the use of raised funds

① Overview of the use of funds raised from the issuance of A Shares

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

Under the Approval for the Initial Public Offering by Huatai Securities Co., Ltd. (Zheng Jian Xu Ke [2010] No. 138) (《關於核准华泰證券股份有限公司首次公開發行股票的批覆》(證監許可[2010]138 號)) issued by the CSRC, the Company publicly issued 784,561,275 ordinary shares in RMB to the public on February 9, 2010, each stock of which was RMB1.00 at an offering price of RMB20.00, and the total amount of funds raised was RMB15,691,225,500.00. The raised funds after deducting the underwriting fee and sponsoring fee of RMB130,000,000.00 amounted to RMB15,561,225,500.00, which were all in place on February 12, 2010, and verified by Jiangsu Talent Certified Public Accountants with the capital verification report of “Tian Heng Yan Zi (2010) No. 009”. As of December 31, 2012, all the principal of the funds raised from the IPO was used up and the accumulative amount of RMB15.681 billion of the raised funds (including interest of raised funds of RMB119.8082 million) were used. All of the accounts designated for the use of raised funds of the Company had been cancelled with settlement of interests.

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

Upon the Approval for the Non-Public Issuance of Shares by Huatai Securities Co., Ltd. (Zheng Jian Xu Ke [2018] No. 315) (《關於核准华泰證券股份有限公司非公開發行股票的批覆》(證監許可[2018]315 號)) issued by the CSRC, the Company completed the non-public issuance of 1,088,731,200 RMB denominated ordinary shares (A Shares) in July 2018, each with a nominal value of RMB1.00 at an offering price of RMB13.05 and the total amount of funds raised was RMB14,207,942,160.00. After deducting the issuing fees of RMB74,736,488.79 related to the non-public offering (including underwriting sponsorship fee, attorney fee, accountant fee, information disclosure fee, issuance registration fee, stamp duty and other fees), the net funds raised were RMB14,133,205,671.21, which were all in place on July 31, 2018 and were verified by KPMG Huazhen Certified Public Accountants LLP with the capital verification report of “KPMG Huazhen Yan Zi No. 1800286”. As of December 31, 2019, all the funds raised from the Non-Public Issuance of the Company were used up and the accumulative amount of RMB14.184 billion of the raised funds (including interest on raised funds) was used. Accounts designated for the use of raised funds of the Company have been cancelled.

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

Approved by the CSRC, the Company completed the issuance of H Shares in 2015. Funds raised from the issuance of H Shares were verified by KPMG Huazhen Certified Public Accountants LLP, and the capital verification report was issued (KPMG Huazhen Yan Zi No. 1501031). According to the Capital Verification Report issued by KPMG Huazhen Certified Public Accountants LLP, the net funds raised from the initial public issuance of H Shares in 2015 were RMB30,587,689,604.94 (after deducting related listing fees), and raised funds after deducting the underwriting and issuing fees were RMB30,015,054,696.76. As of December 31, 2020, all the funds raised from the H Share issuance of the Company were used up and the accumulative amount of RMB30.666 billion of the raised funds (including interests arising from the funds raised) was used and relevant accounts have been cancelled.

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

Upon the Approval for Issuance and Admission of Global Depository Receipts on London Stock Exchange by Huatai Securities Co., Ltd. (Zheng Jian Xu Ke [2018] No. 1993) (《關於核准华泰證券股份有限公司發行全球存託憑證並在倫敦證券交易所上市的批覆》(證監許可[2018]1993 號)) issued by the CSRC, the Company completed the total issuance of 82,515,000 GDRs in June 2019, each of which at an offering price of USD20.50 and the total amount of funds raised was USD1,691,557,500.00. After deducting the issuing fees of USD39,961,513.72 related to the GDR offering, the net funds raised were USD1,651,595,986.28, equivalent to RMB11,313,036,931.20 at the central parity of RMB against the US dollar on the date when transferred to the account. The abovementioned funds raised were all in place on June 28, 2019 and were verified by KPMG Huazhen Certified Public Accountants LLP and the capital verification report was issued (KPMG Huazhen Yan Zi No. 1900393). As of December 31, 2021, all the funds, a total of USD1,674 million (including interest arising from the funds raised), raised from the GDR issuance of the Company were used up and relevant accounts have been cancelled.

Overview of the use of raised funds

Unit: Ten Thousand Yuan Currency: RMB

Raising year	Raising method	Total amount of raised funds	Total amount of raised funds used in the Reporting Period	Total amount of raised funds used accumulatively	Total amount of raised funds yet to be used	Usage and whereabouts of raised funds unused
2019	GDR offering	1,131,303.69	-	1,158,666.14	-	-
	Non-Public offering					
2018	(A Shares)	1,420,794.22	-	1,418,421.26	-	-
	Initial offering					
2015	(H Shares)	3,058,768.96	-	3,066,604.63	-	-
	Initial offering					
2010	(A Shares)	1,556,122.55	-	1,568,103.37	-	-
Total	-	7,166,989.42	-	7,211,795.40	-	-

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

(3) There was no change in raised funds of the Company during the Reporting Period

3. *Projects not funded by raised funds*

During the Reporting Period, the Company did not have any project funded by non-raised funds whose total investment was more than 10% of the audited net assets of the Company as at the end of the previous year.

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

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

6. Analysis of Key Subsidiaries

Unit: Ten Thousand Yuan Currency: RMB

Company name	Shareholding percentage of the Company	Address	Date of establishment	Registered capital	Total assets	Net assets	Operating revenue	Total profit	Net profit
Huatai Securities (Shanghai) Asset Management Co., Ltd.	100%	Room 1222, 6 Jilong Road, China (Shanghai) Pilot Free Trade Zone	October 16, 2014	260,000.00	920,615.66	817,495.43	99,370.96	71,715.87	54,917.11
Main businesses: securities asset management; publicly offered securities investment funds management. (Businesses that need to be approved by law shall be carried out upon the approval of relevant authorities).									
Huatai International Financial Holdings Company Limited	100%	62/F, The Center, 99 Queen's Road Central, Hong Kong, the PRC	April 5, 2017	HK\$10,200,000,002.00	HK\$193,867,406.2	HK\$19,111,307.8	HK\$6,845,824.7	HK\$906,893.6	HK\$638,124.0
Main business: holding company.									
Huatai Purple Gold Investment Co., Ltd.	100%	180 Hanzhong Road, Nanjing, Jiangsu Province, the PRC	August 12, 2008	600,000.00	1,371,919.09	999,227.18	18,253.83	10,447.94	7,185.27
Main businesses: equity investment, debt investment, other fund investments associated with equity investment and debt investment; investment consulting and investment management for equity investment and debt investment, and financial consulting. (Businesses that need to be approved by law shall be carried out upon the approval of relevant authorities).									
Huatai Innovative Investment Co., Ltd.	100%	No. 234 Wuyi Road, Changning District, Shanghai, the PRC	November 21, 2013	350,000.00	433,166.52	389,902.98	18,157.67	10,676.47	8,594.97
Main businesses: General items: Investment activities with own capital; investment management; sale of metal chains and other metal products; hotel management; fitness and leisure activities branch operation; laundry services branch operation; typing and copying service branch operation; parking lot service branch operation; conference and exhibition service branch operation; tourism development project planning and consultation branch operation; ticketing agency service branch operation. (Except for items subject to approval in accordance with the law, the business activities shall be carried out on their own in accordance with the business license). Permitted items: accommodation service branch operation; catering service branch operation; food sales branch operation; high-risk sports (swimming) branch operation. (Items subject to approval in accordance with the law, the business activities shall be carried out upon the approval of the relevant departments, and specific business items shall be subject to the approval documents or permits of the relevant departments).									

Company name	Shareholding percentage of the Company	Address	Date of establishment	Registered capital	Total assets	Net assets	Operating revenue	Total profit	Net profit
Huatai Futures Co., Ltd.	100%	Rooms 1001-1004 and 1011-1016, 10F, No.1 Mingzhu Third Street, Hengli Town, Nansha District, Guangzhou, the PRC	July 10, 1995	393,900.00	7,627,357.44	480,679.90	148,812.58	19,870.37	14,473.49
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).									
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	99,748.00	695,201.27	459,219.51	149,054.81	8,043.82	6,260.67
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.									
Jiangsu Equity Exchange Co., Ltd.	52%	3/F, Building 10, Financial City, No. 377 Middle Jiangdong Road, Jianye District, Nanjing, Jiangsu Province, the PRC	July 4, 2013	20,000.00	51,343.31	45,344.05	1,705.16	630.51	471.61
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	36,172.00	1,368,605.53	931,595.10	352,131.39	130,082.49	98,480.85
Main businesses: fundraising, fund sales, asset management and other businesses approved by the securities regulatory authority under the State Council.									

Company name	Shareholding percentage of the Company	Address	Date of establishment	Registered capital	Total assets	Net assets	Operating revenue	Total profit	Net profit
Huatai-PineBridge Fund Management Co., Ltd.	49%	17/F, Building 1, Shanghai Zenda Wudaokou Square, Lane 1199, Minsheng Road, China (Shanghai) Pilot Free Trade Zone	November 18, 2004	20,000.00	246,480.25	159,669.36	81,635.64	30,993.38	23,747.93
Main businesses: fundraising, fund sales, asset management and other businesses approved by the CSRC.									
Bank of Jiangsu Co., Ltd.	5.59%	26 Zhonghua Road, Nanjing, Jiangsu Province, the PRC	January 22, 2007	1,154,445.00	329,458,271.00	23,830,223.50	3,884,287.10	2,243,365.90	1,762,596.40
Main businesses: deposits taking from the general public; granting short-term, medium-term and long-term loans; handling domestic settlements; handling acceptance and discounting of negotiable instruments; issuing financial bonds; acting as an agent for the issue, honoring and underwriting of government bonds and underwriting of short-term commercial papers; buying and selling government bonds, financial bonds, corporate bonds; engaging in interbank lending; providing letter of credit services and guaranty; acting as an agent for receipts/payments and insurance business, wealth management, fund sales, precious metal sales, receipts/payments and custody of collective fund trust scheme; provision of safe deposit boxes; handling entrusted deposits and loans; bank card services; foreign currency deposits; foreign currency loans; foreign exchange remittances; currency exchange; settlement and sales of foreign exchange, acting as an agent for forward settlement and sales of foreign exchange; international settlement; proprietary trading and agency for trading of foreign exchange; interbank foreign exchange lending; trading or acting as an agent for trading in foreign currency securities other than stocks; credit investigation, consultation and witness services; online banking, and other services approved by the banking regulatory bodies and relevant authorities. (Businesses that need to be approved by law shall be carried out upon the approval of relevant authorities).									

Notes:

1. In August 2023, the Company acquired 0.0812% equity interests in Huatai United Securities held by China Eastern Air Holding Company Limited, another shareholder of Huatai United Securities, through China Beijing Equity Exchange by way of delisting. Currently, Huatai United Securities is in the process of handling the industrial and commercial registration modification procedures involved in the shareholding change.
2. On July 6, 2023, the Bank of Jiangsu published the Announcement on Obtaining the Approval from Regulatory Authorities for the Change of the Registered Capital, pursuant to which the Jiangsu Bureau of the CBIRC approved the change of its registered capital from RMB11,544,450,000 to RMB14,769,656,700 due to allotment of shares and conversion of convertible bonds. In the same month, the Bank of Jiangsu completed relevant modification procedures according to the Approval from the Jiangsu Bureau of the CBIRC for the Change of the Registered Capital of the Bank of Jiangsu.
3. On February 22, 2023, the Bank of Jiangsu convened the 2023 first extraordinary general meeting, which considered and approved the Resolution on Amendments of the Articles of Association of Bank of Jiangsu Co., Ltd. which involved the modification of business scope. Such matter is still subject to approval by the Jiangsu Regulatory Bureau of the National Financial Regulatory Administration.

7. Acquisition and disposal of subsidiaries during the Reporting Period

For details of the acquisition and disposal of subsidiaries during the Reporting Period, please refer to “Explanations on the changes in the scope of consolidation of the statements” under “Analysis of key items of consolidated statement of financial position” under “Major operations during the Reporting Period” in “Management discussion and analysis” of this report.

8. Structured entities controlled by the Company

The structured entities consolidated by the Group mainly refer to the asset management plans with the Group concurrently as the manager and/or 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 of the asset management plan, and according to which, determines whether the Group is the main responsible party for the asset management plan. As at June 30, 2023, the Group has consolidated 61 structured entities with assets reaching RMB83,093,634,934.18 in total. The amount of the trading financial assets in the balance sheet, which embodied the equity of the Group in the above-mentioned consolidated structured entities, was RMB76,808,656,261.05.

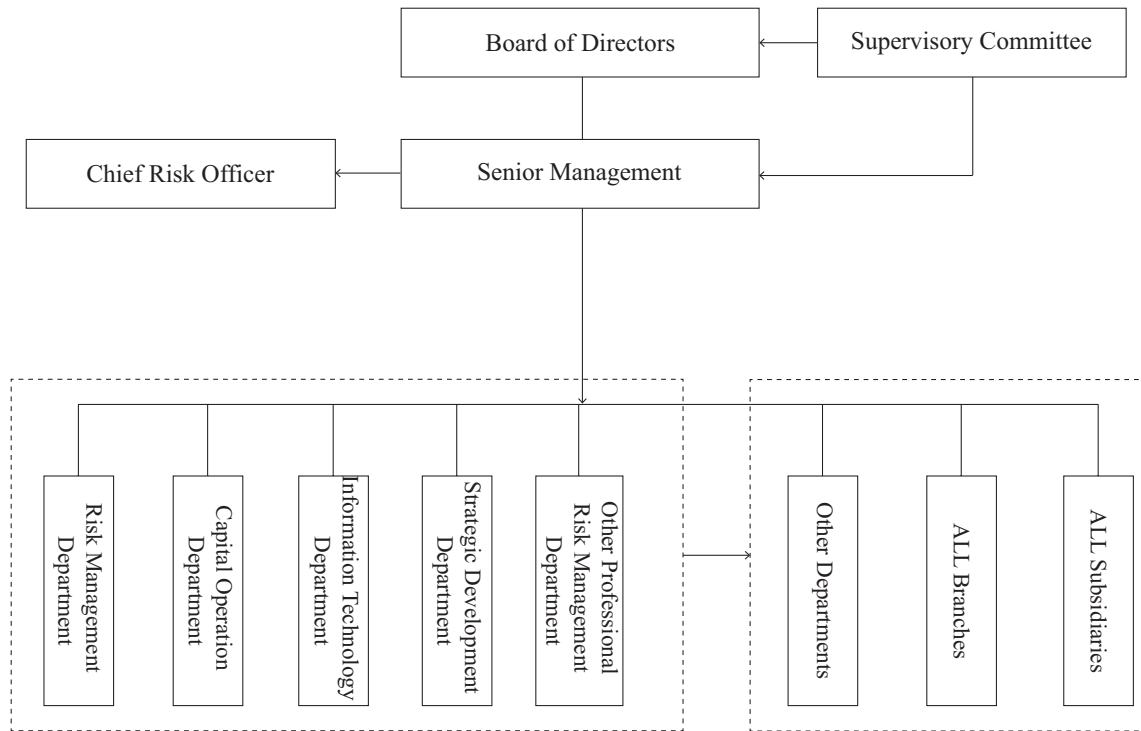
VI. Potential risks and risk prevention measures

1. Overview of risk management

The Company attached great importance to risk management. According to regulatory requirements and the actual situation of business development, the Company established a relatively comprehensive overall risk management system based on the core concepts of full staff engagement, full coverage and full penetration. The Company has a solid and effective risk management framework with clearly defined responsibilities and staff at all levels performing their duties effectively; the Company worked out a risk appetite and tolerance system, which is organically integrated with the development strategy, and established a multi-level comprehensive risk management system covering all aspects of business operation and management; in addition, the Company vigorously promoted the construction of a group-wide risk management technology system, constructed a centralized, timely, quantitative and penetrating risk management technology pillar, enhanced the effectiveness of the Group’s risk management and further strengthened the Group’s overall risk identification, quantitative assessment and control capabilities. The Company incorporated its subsidiaries into the overall risk management system of the Group, explored the construction of effective risk management models for subsidiaries, and vigorously deepened the centralized and unified penetration management of professional risk lines. The overall risk management system of the Company ran effectively, which practically guaranteed the continuous and healthy development of the Company’s businesses.

During the Reporting Period, the Company continuously and deeply enhanced management and control in key business and risk areas, improved the effectiveness of risk management systems and improved the quality and efficiency of risk management through platform-based empowerment. The Company strengthened prospective identification of business risks, improved risk monitoring and control capabilities in key business areas and built the risk management capability covering the full life cycle of businesses. The Company further strengthened the cross-border integrated risk management systems and capabilities, continuously upgraded professional risk management systems matching business development, improved the refined management and deepened the penetration of management. The Company continuously promoted the establishment of an integrated risk management platform covering different regions, various markets and varieties, focused on upgrading risk analysis and appraisal, monitoring and alarming and other core functional modules, boosted efforts in the building of risk measurement engines and empowered the value creation function of risk management through platform-based operation to guarantee the steady and healthy business 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, the global capital market fluctuated significantly due to the bankruptcy crisis of Silicon Valley Bank, the expected changes in the interest rate hikes by the Federal Reserve and other factors. The Company adhered to the concept of value creation through trading and risk control through hedging, actively controlled its risk exposure and managed the market risk of holding assets through various risks control measures. The Company continued to optimized its unified risk limitation system and evaluate the risks of new businesses on a timely basis, to control business risks from various aspects, such as Market Value at Risk (VAR), stop-loss, stress testing, sensitivity, etc. The Company continued to improve its stress testing system and regularly calculated the impacts of various extreme risks, to identify and evaluate its capacity to withstand tail risk. In respect of investments in equity securities, the Company actively managed risk exposures through various hedge manners to avoid significant market fluctuations. While ensuring the downside risks of assets controllable, the Company actively explored trading opportunities and paid attention to the market liquidity of investment targets and high diversification of asset positions. In respect of fixed-income securities investment, the Company effectively hedged market risk with interest rate derivatives and adjusted the position structure to respond to the impacts of interest rate fluctuations on the term and structure of investment portfolios, and actively sought opportunities for pricing deviations to enhance overall income while controlling overall duration, basis point value and VAR value. In respect of derivatives business, the Company adopted market neutral strategy for the OTC derivatives business and controlled the Greeks values (such as Delta, Gamma, Vega, etc.) exposure risks within acceptable limits. It created profit opportunities with risks under control.

Market Value at Risk (VAR) of the Company

Currency: RMB

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

	The Company		The Group	
	As at the end of mid-2023	As at the end of mid-2022	As at the end of mid-2023	As at the end of mid-2022
Equity-sensitive Financial Instruments	7,453	8,637	13,009	15,251
Interest-sensitive Financial Instruments	5,106	3,998	5,124	4,300
Commodity-sensitive Financial Instruments	200	282	127	396
Overall Portfolio Risk Value	9,246	9,308	13,401	15,994

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	14,378	13,401	21,022	8,452
The Company	7,849	9,246	14,115	6,243

Source: Internal statistics of the Company.

4. *Credit risk*

Credit risk refers to the risk of loss resulting from the default of a financing party, issuer or counterparty.

In terms of credit risk management for financing business, the Company implemented strict and continuous monitoring of clients and assets at risk and the management measures of timely risk resolution, strengthened dynamic counter-cyclical regulation mechanisms and established a monitoring and responding mechanism for systematic risks in the market to control regular business risks, prevent bottom-line risks and flexibly adjust business structures. In terms of credit risk management for issuers, the Company established a united monitoring platform for credit bond issuers, realizing the united monitoring on the subject matters of credit bonds across all businesses of the Group. Meanwhile, the Company deepened risk management and control of the entire process of credit bonds, established a regular screening and disposal mechanism for risky bonds, and continued to strengthen the monitoring and pre-warning mechanisms for bond positions, improving the issuer credit risk prevention and control effectiveness of the Group. In terms of credit risk management for counterparties, the Company continued to promote the establishment of a unified management system and the optimization of the management systems for counterparties and further enhanced the credit management of counterparties based on internal and external public opinions to strictly control tail risks. In terms of guarantee settlement business, the Company continued to improve front-end management and control of risk indicator design and promoted systematic construction, and strengthened the management and control capabilities of risk handling and transmission. The Company continued to optimize and improve the unified management system for credit risks, and improved the ability to deal with the external complicated credit environment, therefore providing strong risk control guarantee for the development of various credit businesses. During the Reporting Period, there was no major credit risk event in the Company and all businesses ran smoothly.

5. *Liquidity risk*

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

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

6. *Operational risks*

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

During the Reporting Period, with system and process control as the foundation, the Company continued to strengthen the accuracy and precision of operational risk identification and improved the quality and effectiveness of the Group's operational risk control with various channels. With the flight test and special inspections on sectors with high residual risk as the starting point, the Company guaranteed the effective implementation of risk management and control measures through enhancing retrospective self-examinations and inspections on the implementation of key businesses, key links and new businesses. With process control as the means, the Company achieved the closed-loop control link covering risk perception, identification and assessment, response and handling as well as rectification and tracking. Based on operational risk management tools, the Company deepened the mechanisms on communications and analysis with subsidiaries, boosted efforts on analyzing and tracking matters to be optimized, supervised the progress of rectification and intensified the implementation. With the publicity of the risk culture as the path, the Company stepped up efforts in the publicity of the operational risk culture with various measures through the combination of input and output, empowered business development and facilitated the operational risk management risk to deeply take root in the Group.

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 the Company due to violation of laws, regulations and standards by operational management or professional conduct performed by the Company or their employees.

During the Reporting Period, the Company continued to improve its compliance management system, optimized compliance management mechanisms and made continuous improvements in systems, concepts, manners and other dimensions. It further strengthened the building of digital compliance systems and capabilities, established professional and efficient foundations for digital compliance capabilities and continuously diversified digital compliance instruments. It constantly improved business compliance management mechanisms, boosted control and support efforts on key businesses, enhanced the profound understanding of business substance and facilitated the steady implementation of new businesses and new models. The Company intensified the capacity building and compliance coordination of compliance staff and enhanced the staff awareness on compliance practice.

8. *Information technology risk*

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

The business lines and the middle and back-office management of the Company are highly depended on the information technology system, which has become the key support to the operation of businesses of the Company. During the Reporting Period, the Company continued to promote the construction of information technology management systems, strengthened risk management and control on key information technology areas, continuously improved management skills and means, perfected risk monitoring and alarming mechanisms and further improved the information technology management capabilities and the effectiveness through special inspections, appraisals and the publicity of risk culture. The Company continuously strengthened the construction of information system safety, formulated complete emergency plans on network and information safety accidents, and regularly or irregularly conducted appraisal on emergency plans and emergency exercises. During the Reporting Period, the Company's key information system was operated safely and stably. No major information technology risk events occurred.

9. *Reputational risk*

Reputational risk refers to the risk of negative publicity from investors, issuers, regulators, self-regulatory organizations, the public and the media on the Company due to its actions or external events and violations of integrity regulations, professional ethics, business norms and conventions by its staff, thereby damaging its brand value, disadvantaging its normal operation, and even affecting the market stability and social stability.

During the Reporting Period, the Company's reputational risk management mechanism was running steadily without occurrence of any significant reputational risk events. Focusing on its strategy and key business, the Company continued to intensify its precaution, monitoring and handling of reputational risks, which created a good public sentiment for the Company's development. At the same time, the Company continued to strengthen group management, prior management and fast response mechanisms, further enhancing its awareness on preventing and the ability on response to reputational risk.

10. *Model risk*

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

During the Reporting Period, the Company comprehensively and proactively managed the life cycle of model and constantly promoted model risk management and control by approaches and measures including model validation, assessment and monitoring during events. The Company continuously developed and improved the model risk management system adaptive to its own business development while optimizing risk management system and organizational structure, and improving the functions of the model's information database.

CORPORATE GOVERNANCE

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

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

Meeting	Convening date	Resolutions	Inspection indexes of the websites designated for publishing the resolutions	Date of disclosure for publishing the resolutions	Status
2022 Annual General Meeting	June 30, 2023	<ol style="list-style-type: none"> To consider the 2022 Work Report of the Board of the Company; To consider the 2022 Work Report of the Supervisory Committee of the Company; To consider the 2022 Final Financial Report of the Company; To consider the Resolution on the 2022 Annual Report of the Company; To consider the Resolution on the 2022 Profit Distribution Plan of the Company; To consider the Resolution on the Estimated Ordinary Transactions with Related Parties of the Company for 2023; To consider the Resolution on the Estimated Investment Amount for the Proprietary Business of the Company for 2023; To consider the Resolution on the Re-appointment of the Accounting Firms for 2023; To consider the Report on Performance of Duties of the Independent Non-executive Directors of the Company for 2022; To consider the Resolution on Repurchase and Cancellation of Part of the Restricted A Shares by the Company; To consider the Resolution on Extension of the Validity Period of the General Mandate to Issue Onshore and Offshore Debt Financing Instruments of the Company; Debriefing of the Report on Performance Assessment and Remuneration of the Directors of the Company for 2022; Debriefing of the Report on Performance Assessment and Remuneration of the Supervisors of the Company for 2022; Debriefing of the Report on Performance of Duties, Performance Assessment and Remuneration of the Senior Management of the Company for 2022. 	http://www.sse.com.cn/ http://www.hkexnews.hk/ http://www.londonstockexchange.com/ http://www.htsc.com.cn/	July 1, 2023	All resolutions were considered and approved

Meeting	Convening date	Resolutions	Inspection indexes of the websites designated for publishing the resolutions	Date of disclosure for publishing the resolutions	Status
2023 Second A Share Class Meeting	June 30, 2023	To consider the Resolution on Repurchase and Cancellation of Part of the Restricted A Shares by the Company.	http://www.sse.com.cn/ http://www.hkexnews.hk/ http://www.londonstockexchange.com/ http://www.htsc.com.cn/	July 1, 2023	The resolution was considered and approved
2023 Second H Share Class Meeting	June 30, 2023	To consider the Resolution on Repurchase and Cancellation of Part of the Restricted A Shares by the Company.	http://www.sse.com.cn/ http://www.hkexnews.hk/ http://www.londonstockexchange.com/ http://www.htsc.com.cn/	July 1, 2023	The resolution was considered and approved

Description of general meetings

The Company announced on February 6, 2023 that the 2023 first extraordinary general meeting, the 2023 first A share class meeting, the 2023 first H share class meeting originally scheduled to be held on February 10, 2023 were extended to a later date.

2. Meetings of the Board Convened during the Reporting Period

Meeting	Convening date	Meeting form and place	Resolutions	Status
The Second Meeting of the Six Session of the Board	March 30, 2023	By means of onsite & video meetings. Address: Large Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing; Conference Room 6, Floor 18, Building A, China Pacific Insurance Plaza, No. 28 Fengsheng Alley, Xicheng District, Beijing; Simulated Video Conference Room, Shanghai Branch Office of Huatai Securities, Floor 25, Poly Plaza, No. 18, Dongfang Road, Pudong New Area, Shanghai; Simulated Video Beijing Conference Room, Huatai Financial Holdings (Hong Kong) Limited, 62/F, The Center, 99 Queen's Road Central, Hong Kong.	<ol style="list-style-type: none"> 1. To consider the 2022 Work Report of the Senior Management of the Company; 2. To consider the 2022 Final Financial Report of the Company; 3. To consider the 2023 Financial Budget Report of the Company; 4. To consider the Resolution on Fulfilment of Conditions for Release from Selling Restriction of the First Lock-up Period under the Restricted Share Incentive Scheme of A Shares of the Company; 5. To consider the Resolution on Repurchase and Cancellation of Part of the Restricted A Shares by the Company; 6. To consider the Proposal on the 2022 Profit Distribution of the Company; 7. To consider the 2022 Work Report of the Board of the Company; 8. To consider the Resolution on the 2022 Annual Report of the Company; 9. To consider the Resolution on the 2022 Annual Compliance Report of the Company; 10. To consider the Resolution on the 2022 Annual Risk Management Report of the Company; 11. To consider the Resolution on the 2022 Annual Internal Control Evaluation Report of the Company; 12. To consider the Resolution on the Special Report on Information Technology Management of the Company for 2022; 13. To consider the Resolution on the 2022 Corporate Social Responsibility Report of the Company; 14. To consider the Proposal on the Estimated Ordinary Transactions with Related Parties of the Company for 2023; 15. To consider the Proposal on the Estimated Investment Amount for the Proprietary Business of the Company for 2023; 	All resolutions were considered and approved

Meeting	Convening date	Meeting form and place	Resolutions	Status
			<ul style="list-style-type: none"> 16. To consider the Internal Audit Work Plan of the Company for 2023; 17. To consider the Resolution on the Re-appointment of the Accounting Firms of the Company; 18. To consider the Resolution on Extension of the Validity Period of the General Mandate to Issue Onshore and Offshore Debt Financing Instruments of the Company; 19. To consider the Resolution on the Implementation Plan for Benchmarking Against World-class Enterprises for Value Creation Actions; 20. To consider the Report on Performance Assessment and Remuneration of the Directors of the Company for 2022; 21. To consider the Report on Performance of Duties, Performance Assessment and Remuneration of Senior Management of the Company for 2022; 22. To consider the Report on Performance of Duties of the Independent Directors of the Company for 2022; 23. To consider the Resolution on Convening the Annual General Meeting, A Share Class Meeting and H Share Class Meeting of the Company; 24. Debriefing of the Report on Performance of Duties by the Audit Committee of the Board of the Company for 2022; 25. Debriefing of the Work Report of the Chief Compliance Officer of the Company for 2022; 26. Debriefing of the Work Report on Anti-money Laundering of the Company for 2022; 27. Debriefing of the Report on Internal Audit of the Company for 2022; 28. To review the Report on Net Capital and Other Risk Control Indicators of the Company for 2022. 	

Meeting	Convening date	Meeting form and place	Resolutions	Status
The Third Meeting of the Sixth Session of the Board	April 28, 2023	By means of onsite & video meetings. Address: Large Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing; Conference Room 6, Floor 18, Building A, China Pacific Insurance Plaza, No. 28 Fengsheng Alley, Xicheng District, Beijing; Simulated Video Conference Room, Shanghai Branch Office of Huatai Securities, Floor 25, Poly Plaza, No. 18, Dongfang Road, Pudong New Area, Shanghai; Simulated Video Beijing Conference Room, Huatai Financial Holdings (Hong Kong) Limited, 62/F, The Center, 99 Queen's Road Central, Hong Kong.	<ol style="list-style-type: none"> 1. To consider the Resolution on Change of Accounting Policies of the Company; 2. To consider the Resolution on the First Quarterly Report of the Company for 2023. 	All resolutions were considered and approved

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

Meeting	Convening date	Meeting form and place	Resolutions	Status
The Second Meeting of the Sixth Session of the Supervisory Committee	March 30, 2023	By means of on-site meeting. Address: Small Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228 Middle Jiangdong Road, Nanjing.	<ol style="list-style-type: none"> 1. To consider the 2022 Work Report of the Supervisory Committee of the Company; 2. To consider the Resolution on Fulfilment of Conditions for Release from Selling Restriction of the First Lock-up Period under the Restricted Share Incentive Scheme of A Shares of the Company; 3. To consider the Resolution on Repurchase and Cancellation of Part of the Restricted A Shares by the Company; 4. To consider the Proposal on the 2022 Profit Distribution of the Company; 5. To consider the resolution on the 2022 Annual Report of the Company; 6. To consider the resolution on the 2022 Annual Internal Control Evaluation Report of the Company; 7. To consider the Report on Performance Assessment and Remuneration of the Supervisors of the Company for 2022; 8. Debriefing of the Report on Internal Audit of the Company for 2022; 9. Debriefing of the Internal Audit Work Plan of the Company for 2023. 	All resolutions were considered and approved
The Third Meeting of the Sixth Session of the Supervisory Committee	April 28, 2023	By means of on-site & video meetings. Address: Small Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228 Middle Jiangdong Road, Nanjing.	<ol style="list-style-type: none"> 1. To consider the Resolution on Change of Accounting Policies of the Company; 2. To consider the Resolution on the First Quarterly Report of the Company for 2023. 	All resolutions were considered and approved

II. AUDIT COMMITTEE OF THE BOARD AND AUDITING

The Audit Committee was established under the Board in accordance with the requirements of the CSRC and the Shanghai Stock Exchange, and the Listing Rules on the Hong Kong Stock Exchange. The Audit Committee of the sixth session of the Board of the Company is composed of independent Directors and Directors assigned by the Shareholders. As of the end of the Reporting Period, the Audit Committee of the Company is composed of three members, namely Mr. Wang Bing, Mr. Ding Feng and Mr. Tse Yung Hoi, most of whom are independent Directors and Mr. Wang Bing is the chairman (convener) of the Audit Committee. The Audit Committee is primarily responsible for the communication, supervision and verification of internal and external audits of the Company and the provision of professional advice to the Board.

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

1. The first meeting of the Audit Committee of the sixth session of the Board of the Company for 2023 was convened by way of on-site and video meetings on January 17, 2023, at which relevant personnel from Deloitte introduced the annual audit work arrangement of A+H+G Share and pre-audit work for 2022 of the Company.
2. The second meeting of the Audit Committee of the sixth session of the Board of the Company for 2023 was convened by means of teleconference on February 24, 2023, which considered and approved the Resolution on the Auditing Plan of the Company for 2022.
3. The third meeting of the Audit Committee of the sixth session of the Board of the Company for 2023 was convened by way of on-site and video meetings on March 28, 2023, at which the 2022 Final Financial Report of the Company, the 2023 Financial Budget Report of the Company, the Proposal on the 2022 Profit Distribution of the Company, the Resolution on the Annual Financial Statements of the Company for 2022, the Proposal on the 2022 Annual Report of the Company, the Resolution on the 2022 Annual Internal Control Evaluation Report of the Company, the Proposal on the Estimated Ordinary Transactions with Related Parties of the Company for 2023, the Proposal on the Re-appointment of the Accounting Firms of the Company, the Report on Performance of Duties by the Audit Committee of the Board of the Company for 2022, the Special Audit Report on Related Party Transactions of the Company for 2022, the Special Audit Report on the Use of Proceeds, Provision of Guarantees and Related-party Transactions and Other Major Events of the Company in 2022 and the Internal Audit Work Plan of the Company for 2023 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 2022, and debriefed the Report on Internal Audit of Anti-money Laundering of the Company for 2022 and the Report on Internal Audit of the Company for 2022.
4. The fourth meeting of the Audit Committee of the sixth session of the Board of the Company for 2023 was convened by means of teleconference on April 27, 2023, at which the Resolution on Change of Accounting Policies and the Resolution on the Financial Statements for January to March 2023 of the Company was considered and approved.

The interim financial report of the Company for 2023 prepared according to the IFRS has been reviewed by Deloitte Touche Tohmatsu in accordance with the International Standard on Review Engagements. On August 29, 2023, the Audit Committee reviewed and confirmed the Interim Results Announcement of the Group for the six months ended June 30, 2023, the Interim Report for 2023 and unaudited interim financial statements for the six months ended June 30, 2023 prepared according to the requirements of International Accounting Standard (IAS) 34 “Interim Financial Reporting”.

III. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

IV. PROPOSAL OF PROFIT DISTRIBUTION OR CAPITALIZATION FROM CAPITAL RESERVE

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

Whether to make profit distribution or capitalization of capital reserve into share capital	No
Number of bonus share per 10 shares (share)	—
Amount of cash dividend per 10 shares (Yuan) (including tax)	—
Number of shares converted per 10 shares (share)	—

Description of proposed profit distribution or capitalization from capital reserves
When reviewing the interim report, the Board of Directors of the Company did not draft any proposal of profit distribution or proposal of capitalization from capital reserve to share capital.

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

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

Summary of event	Inspection indexes
<p>1. Release from Selling Restriction of the First Lock-up Period under the Restricted Share Incentive Scheme of A Shares of the Company and Listing of Relevant Shares</p> <p>On March 30, 2023, the second meeting of the sixth session of the Board and the second meeting of the sixth session of the Supervisory Committee of the Company considered and approved the Resolution on Fulfilment of Conditions for Release from Selling Restriction of the First Lock-up Period under the Restricted Share Incentive Scheme of A Shares of the Company respectively. The Company has completed the relevant procedures for release from selling restriction of 14,222,943 restricted shares held by 770 incentive participants in accordance with relevant regulations, the above-mentioned Shares were released from selling restriction and were listed for trading on April 24, 2023.</p>	<p>Announcement No.: Lin 2023-022</p> <p>Announcement No.: Lin 2023-023</p> <p>Announcement No.: Lin 2023-025</p> <p>Announcement No.: Lin 2023-029</p>
<p>2. Proposed Repurchase and Cancellation of Part of the Restricted A Shares</p> <p>During the Reporting Period, the second meeting of the sixth session of the Board, the second meeting of the sixth session of the Supervisory Committee of the Company and the 2022 Annual General Meeting, the 2023 Second A Share Class Meeting, and the 2023 Second H Share Class Meeting of the Company considered and approved the Resolution on Repurchase and Cancellation of Part of the Restricted A Shares of the Company, respectively. The Company will repurchase and cancel part or all of 925,692 restricted shares granted to 137 persons but subject to selling restriction due to non-fully fulfillment of condition of individual performance by incentive participants, release or termination of employment with the Company and other circumstances. The repurchase price was RMB8.25 per share, and the total amount of consideration for repurchase was RMB7,636,959.00.</p>	<p>Announcement No.: Lin 2023-022</p> <p>Announcement No.: Lin 2023-023</p> <p>Announcement No.: Lin 2023-026</p> <p>Announcement No.: Lin 2023-055</p>

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

Other incentives

For the employee incentives adopted by AssetMark (not a principal subsidiary of the Company within the meaning of the Hong Kong Listing Rules), a controlled company of the Group, please refer to “Share-based payments of subsidiaries” under “Note 56(b) to the financial statements” in this report.

VI. EMPLOYEES AND REMUNERATION POLICY

(I) Remuneration policy

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

The Company attaches importance to the external competitiveness and internal fairness of remuneration incentive, and implements a salary incentive distribution system based on market standards, oriented by performance assessment results, and matching with compliance and risk management. Staff remuneration of the Company consists of fixed salary, performance bonus, equity incentives and welfare system. In accordance with national laws and regulations, the Company has established and implemented the Restricted Share Incentive Scheme of A Shares, a sound medium and long-term incentive and restraint mechanism, and created a market-oriented institutional mechanism and development platform to gather core talents.

Pursuant to relevant laws and regulations, the Company makes full payments to different types of social insurances and housing fund accounts for its employees. Meanwhile, the Company has established the supplementary medical insurance plan and enterprise annuity plan to enhance the level of supplemental medical protection and retirement benefits for employees.

(II) Training

In line with the development trend of industry innovation and transformation, the Company continued to centralize its training on the aspects including strategic culture, comprehensive quality, professional ability, professional ethics, technology empowerment and international vision and its annual training plan was implemented smoothly. The Company carried out trainings on industry culture, development strategy and corporate culture and value to promote the integration of cultural construction and business development. The Company organized and implemented professional development trainings such as the “BAL Star Battle Camp” (BAL星戰營) for managers, the “HIPO” project for senior employees and the “HTSC STAR” project for new employees to support employees’ career development, and organized business trainings on wealth management, institutional business, financial technology, compliance and risk control and etc. in collaboration with business departments to improve employees’ professional capabilities and strengthen their professional ethics. In addition, the Company effectively utilized the cloud learning platform and continuously optimized its functions to improve employees’ user experience. During the Reporting Period, the Company organized 264 live broadcast training sessions on the platform. 463,000 participants studied through the platform and completed 133,000 hours of learning with an average of 13.9 hours for each participant.

(III) Number of Employees

As of the end of June 2023, there were 16,644 employees (including dispatched workers, brokers and etc.) in the Group, of which 11,561 (including dispatched workers, brokers and etc.) were from the Parent Company.

VII. OTHER DESCRIPTION OF CORPORATE GOVERNANCE

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

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

The Company strictly followed the Hong Kong Listing Rules and adopted all the principles in the Corporate Governance Code (《企業管治守則》) as its own corporate governance policies. In respect of the corporate governance function, the terms of reference of the Board shall at least include:

- (1) to formulate and review the corporate governance policies and practices of the Company;
- (2) to review and monitor the training and continuous professional development of the Directors and the senior management;
- (3) to review and monitor the Company's policies and practices on compliance with laws and regulatory requirements;
- (4) to formulate, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;
- (5) to review the Company's compliance with the Corporate Governance Code (《企業管治守則》) and disclosure in the Corporate Governance Report (《企業管治報告》).

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

During the Reporting Period, the Company convened 3 shareholders' general meetings, 2 meetings of the Board of Directors, 2 meetings of the Supervisory Committee, 4 meetings of the Audit Committee, 1 meeting of the Compliance and Risk Management Committee, 2 meetings of the Development Strategy Committee and 1 meeting of the Remuneration and Appraisal Committee. The total number of meetings convened was 15. The convening, holding and voting procedures of the general meetings, meetings of the Board of Directors and the meetings of the Supervisory Committee were legal and valid. During the Reporting Period, the Company continuously strengthened its investor relations management and information disclosure practices. The Company applied standardised and professional investor relationship management, disclosed truthful and accurate information in a complete, timely and fair manner and its transparency continued to improve.

According to provision of C.2.1 of the Corporate Governance Code (《企業管治守則》), the roles of the chairman and chief executive shall be separate and shall not be assumed by the same person at the same time. On December 30, 2022, in the first meeting of the sixth session of the Board, the Company elected Mr. Zhang Wei as the chairman of the sixth session of the Board and continued to appoint Mr. Zhou Yi as the chief executive officer and chairman of the Executive Committee of the Company. The Board believes that the management structure of the Company is effective and has enough checks and balances for the operation of the Company.

According to provision of C.1.6 of the Corporate Governance Code (《企業管治守則》), independent non-executive directors and other non-executive directors should attend general meetings. Some of the independent non-executive Directors and some of the non-executive Directors of the Company were unable to attend the 2022 Annual General Meeting, 2023 Second A Share Class Meeting and 2023 Second H Share Class Meeting of the Company held on June 30, 2023 due to their business engagements.

The Company has been striving for continuous improvement of corporate governance structure and system establishment. The Company has enhanced the level of its corporate governance with gradual standardization of corporate governance structure. There is no deviation of the actual performance of its corporate governance from the Company Law (《公司法》) and relevant requirements of the CSRC. Meanwhile, save as disclosed above, the Company was in full compliance with all code provisions of the Corporate Governance Code (《企業管治守則》), and has met the requirements of most of the recommended best practice provisions set out in the Corporate Governance Code (《企業管治守則》).

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

During the Reporting Period, the Company adopted the Model Code as the code of conduct for securities transactions by Directors, Supervisors and relevant employees of the Company. According to the domestic regulatory requirements, the Company convened the thirteenth meeting of the third session of the Board on November 25, 2014 to consider and approve the Administrative System Regarding the Shares of the Company Held by Directors, Supervisors and Senior Management in order to regulate the holding and trading in the shares of the Company by Directors, Supervisors and Senior Management. On March 6, 2015, in order to meet the relevant regulatory requirements regarding the listing of the H Shares of the Company, the Company made amendments to the Administrative System, which were considered and approved at the sixteenth meeting of the third session of the Board. On October 28, 2022, in order to strengthen the management of the shares of the Company held by Directors, supervisors and senior management of the Company and their changes, the Company revised the Management System, which was considered and approved at the twenty-seventh meeting of the fifth session of the Board of the Company. The compulsory provisions contained in the Administrative System are stricter than those under the Model Code. Having made specific enquiries with Directors, Supervisors and Senior Management, all Directors, Supervisors and Senior Management of the Company confirmed that they had strictly complied with the relevant requirements under the Administrative System and Model Code during the Reporting Period. The Board of the Company will, from time to time, carry out inspection on corporate governance and operation of the Company in order to ensure that the relevant provisions under the Hong Kong Listing Rules are well observed and to protect the interests of the shareholders. There was also no breach of guidelines by relevant employees during the Reporting Period to the knowledge of the Company.

(IV) Independent non-executive Directors

The Company has appointed a sufficient number of independent non-executive Directors with appropriate professional qualifications, or with appropriate accounting or related financial management expertise, in accordance with the Hong Kong Listing Rules. As of the end of the Reporting Period, the Company has appointed five independent non-executive Directors, namely Mr. Wang Jianwen, Mr. Wang Quansheng, Mr. Peng Bing, Mr. Wang Bing and Mr. Tse Yung Hoi.

(V) Service contract of Directors and Supervisors

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

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

I. ENVIRONMENTAL INFORMATION

- (I) The Company is not an attention unit discharging pollutants announced by environmental authority***
- (II) Description of the environmental protection of enterprises excluding attention units discharging pollutants***

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

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

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

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

As specified in the vehicle management system by the Company, new energy vehicles shall be given priority when purchasing vehicles for corporate affairs and operation of the Company to practice low-carbon and environmental operation. The underground garage of headquarters office park is equipped with charging piles for new energy vehicles and electric motorcycles to encourage employees to practice green commuting and advocate green and environmental concepts.

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

In March 2023, Huatai United Securities, as the sole sponsor and the lead underwriter, helped Jiangsu United Water Technology Co., Ltd. (江蘇聯合水務科技股份有限公司) with its official listing on the main board of the SSE, proactively promoting the improvement of capabilities of its projects including water supply, waste water treatment and water ecosystem restoration, to better serve the national environmental governance policies and approaches. Huatai United Securities will continue to assume the social responsibility as a financial enterprise, create access to capital market for more enterprises in energy-saving and environmental protection sector, and contribute to the continuous campaign of reservation of sky, water and land.

In August 2023, Huatai Securities implemented the ESG philosophy, formulated and disclosed two governance documents, namely Statements of Huatai Securities Co., Ltd. on Data and Information Protection (《华泰证券股份有限公司信息及數據保護聲明》) and Relevant Systems of Huatai Securities Co., Ltd. on Whistle-blowing and Protection of Whistle-blowers (《华泰证券股份有限公司檢舉及檢舉者保護相關制度》), which elaborated the Company’s work requirements on data security and personal information protection, as well as the initiatives of the Company on whistle-blowing and protection of whistle-blowers, respectively, and with an aim to enhance employees’ information security awareness and to better protect privacy security and legitimate rights and interests of customers while further establish a corporate cultural atmosphere characterized by compliance, credibility and integrity.

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

The Company thoroughly adopted the ecological civilization philosophy of Xi Jinping, closely followed the targeted mission of carbon peak and carbon neutrality, and implemented a comprehensive conservation strategy. The Company extensively conducted the promotion and education of energy-saving and carbon reduction through various events such as the Energy-saving Promotion Week, the Low Carbon Day and the “Earth Hour”, actively creating an intensive atmosphere of energy-saving and carbon reduction and further promoting the achievement of a social trend of due frugality and reasonable energy utilization.

The headquarters park of the Company is equipped with a solar photovoltaic power generation system, which saved 46,084 kWh of electricity in the first half of 2023. Its power factors reached the incentive standards of the power supply department each month. In the operation of the office park, various measures such as the sunlight induced lighting device system, the ice storage air-conditioning system, the underfloor air distribution system and the intelligent lighting control in office areas were used to reduce carbon emission, which brought positive social benefits to the low-carbon economy.

The greening rate of Huatai Securities Square is 27.9%, which is higher than that of general business office areas. Around the concept of garden-like office, through creating a multi-level landscape including central greening, vertical greening and roof garden, the Company consistently expanded the plantation area of green plants to reduce carbon emission and contribute to carbon neutrality.

The Company proactively complied with greening construction indicators during the construction project of refurbishment and renovation, and promoted an approach of making use of old items, controlling the reasonable quantity and extent of renovation. While constructing beautiful and comfortable workplace for staff, the Company selected more environment-friendly refurbishing materials and reduced demolition of the original decorating and refurbishing materials to reduce the greenhouse gas emission arising from the manufacturing, transportation and installation of new decorating and refurbishing materials.

In February 2023, the application for qualification for proprietary participation in carbon emissions trading of Huatai Securities was approved by the CSRC. The approval marked a significant step of the Company to participate in trading in domestic carbon market, promote the green and low-carbon development, and support the realization of the national target of carbon peak and carbon neutrality. The Company will comprehensively forge its product and service capabilities in carbon market for customers and investment institutions of domestic greening industry, and contribute more efforts to the sustainable development.

In February 2023, the Tranche 3 Special Asset-backed Plans of Huatai – Cao Cao Mobility of Geely (Carbon Neutrality) was successfully issued on the SSE. The projects in respect of underlying assets under the special plans would all be green and low-carbon industry projects in the “Green Transport” sector. The issuance of the special plans would effectively facilitate the production, consumption and promotion of new energy vehicles, generating positive environmental benefits and social benefits.

In March 2023, Huatai Securities in association with SEE Foundation (北京市企業家環保基金會) and Jinling Library (金陵圖書館) co-sponsored “From City to the Wilderness: An Thematic Exhibition for Biodiversity”, a special salon for “Earth Hour” (地球一小時), which delivered an environmental protection concept and enhanced employees’ and public concerns on topics such as climate change and biodiversity preservation through creative handicrafts, movie-watching and other interesting forms. In the meanwhile, Huatai Securities jointed the “Earth Hour” event in the capacity of “Promotion Partner” to reduce corporate carbon footprints with practical actions.

In June 2023, Huatai United Securities, as the sole sponsor and the lead underwriter, helped Changzhou Shichuang Energy Co., Ltd. (常州時創能源股份有限公司) with its listing on the STAR Market of the SSE, which further promoted the development of the photovoltaic industry and served the construction of national modern energy systems. Based on years of cultivation and profound understanding on the industry chains in energy and environmental protection, Huatai United Securities proactively responded to the national “dual carbon” policies. With photovoltaic, lithium batteries and other new energy and energy conservation and environment protection sectors as pivots, it created access to capital market for many superior entities and enterprises, and contributed financial resources to the realization of the “dual carbon” goal.

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

During the Reporting Period, the Company continued to deepen the “One Company Helps One County” pairing assistance program, organized many elites to go to Jinzhai County to conduct researches for all-round promotion of the pairing assistance work; actively participated in the “linkage of five parties” targeted assistance program in Jiangsu Province to promote the implementation of efficient agricultural facility projects; solidly pushed forward the “Village-enterprise Co-construction” with the middle and north parts of Jiangsu Province to promote collective income increase with cultural tourism and research study projects in rural areas; and fully supported the “East-west Collaboration and Support”, and continued to implement a two-year action plan for supportive consumption and support for targeted assistance areas from 2022 to 2023 by purchase supportive consumption products from targeted assistance areas in Jiangsu Province. Striving to be human-oriented, the Company visited and condoled with a total of 235 needy families in assistance areas in the first half of 2023. The Company persisted in conducting regular follow-up and supervision, and maximized its efforts to mobilize the enthusiasm, proactivity and creativity of various parties to participate in rural revitalization. The Company guided its branches and subsidiaries to serve rural revitalization with their professional advantages, proactively participated in the rural revitalization of Lancang County in Yunnan, Tongbai County in Henan, Yuping County in Guizhou and other areas, and served rural revitalization through “insurance + futures”, professional trainings, employment promotion and other ways.

MAJOR EVENTS

I. 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-ventured or associated) at any time in the future (except for Jintai Futures Co., Ltd.). For any opportunities to conduct, engage in or invest in any business that may compete with the business of Huatai Securities available to Guoxin Group and its subsidiaries or associated companies, Guoxin Group will give such opportunities to Huatai Securities (except for Jintai Futures Co., Ltd.).	Issuing date: June 27, 2014; expiry date: in a long term	No	Yes

II. THERE WAS NO NON-OPERATING MISAPPROPRIATION OF FUNDS OF THE COMPANY BY ANY CONTROLLING SHAREHOLDERS AND OTHER RELATED PARTIES DURING THE REPORTING PERIOD

III. THE COMPANY HAD NO GUARANTEES IN VIOLATION OF REGULATIONS DURING THE REPORTING PERIOD

IV. THE INTERIM REPORT OF THE COMPANY HAS NOT BEEN AUDITED

V. THERE WAS NO NON-STANDARD AUDIT OPINION ON THE ANNUAL REPORT OF THE COMPANY FOR THE PREVIOUS YEAR

VI. THERE WERE NO BANKRUPTCY AND RESTRUCTURING OF THE COMPANY DURING THE REPORTING PERIOD

VII. MATERIAL LITIGATIONS AND ARBITRATIONS

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

(I) *Litigation and arbitration disclosed in ad hoc announcements without subsequent development*

Summary and type of event	Query indexes
Debt dispute between the Company and Sichuan Shengda Group Co., Ltd. (四川聖達集團有限公司)	Retrievable in the 2021-2022 annual reports
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)	Retrievable in the 2011 – 2022 annual reports
Debt disputes between Huatai United Securities and Beijing Huazi Syndicated Group (北京華資銀團集團)	Retrievable in the 2011 – 2022 annual reports
Debt disputes between Huatai United Securities, China Huacheng Group Financial Co., Ltd. (中國華誠集團財務有限責任公司) and Huacheng Investment Management Co., Ltd. (華誠投資管理有限公司)	Retrievable in the 2011-2022 annual reports
Bond default contract dispute under collective asset management program of Huatai Asset Management	Retrievable in the 2021-2022 annual reports
Stock pledged repurchase contract dispute under No. 3 Targeted Assets Management Plan on Capital Innovation of China Merchants of Huatai Asset Management	Retrievable in the 2022 annual report
A considerable overloss in futures account of Zhang Xiaodong, a client of Huatai Futures	Retrievable in the 2013 – 2022 annual reports

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

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

1. Equity transfer dispute between the Company and Cheng Xi

In 2016, the Company acquired the shares of Zhangzhou Sanlida Environmental Technology Corporation Limited (漳州三利達環保科技股份有限公司) (stock code: 833329, the “Lida Corporation”) for market-making. In July 2018, Lida Corporation stated that it planned to delist from the National Equities Exchange and Quotations (NEEQ) with a view to overseas development, and its shareholder, Cheng Xi, agreed to be a transferee of all the shares of Lida Corporation held by the Company subsequent to the delisting. Lida Corporation and its shareholder, Cheng Xi, issued a “Letter of Undertaking” to the Company, in which they undertook to be transferred the entire 1,407,000 shares of Lida Corporation held by the Company by way of cash payment upon the delisting of Lida Corporation, with the total transfer amount being no less than RMB63,315,000. Upon the delisting of the Lida Corporation, Cheng Xi did not pay for the transfer price. And in that case, the Company filed a pleading with the Xiamen Intermediate People’s Court on November 14, 2022, requesting the defendant, Cheng Xi, to pay the equity transfer amount, liquidated damages and overdue interests in a total amount of RMB108,363,622.50 (as of October 20, 2022). The court filed a case on November 15, 2022. On June 5, 2023, the Xiamen Intermediate People’s Court made the first-instance judgment ruling that Cheng Xi shall pay Huatai Securities the equity transfer amount, liquidated damages and preservation fee of RMB63,315,000, RMB12,663,000 and RMB5,000, respectively.

2. *Disputes over pledged securities repurchase*

Matters	Descriptions
Dispute over pledged securities repurchase between the Company, Chu Jinfu, Tang Fujun and Henan Senyuan Group Co., Ltd.	<p>Due to the breach of contract on stock pledged repurchase transaction by Chu Jinfu, the Company filed a lawsuit with the Intermediate People's Court of Nanjing in July 2020, requesting the court to order Chu Jinfu to pay the outstanding principal of RMB571.80 million and the corresponding interest, liquidated damages and the fees on the realization of creditor's rights, order Tang Fujun to undertake joint settlement obligations and order that the Company is entitled to the priority of claim for the money from the discounting, auction or sale of relevant shares, equity interests and the corresponding dividend pledged to the Company by Chu Jinfu and Henan Senyuan Group Co., Ltd. (hereinafter referred to as "Senyuan Group") within the scope of relevant payment obligations. On June 24, 2021, the Company received the first-instance judgment from the Intermediate People's Court of Nanjing, ruling that Chu Jinfu, the defendant, shall repay the financing principal, the interest and liquidated damages to the Company and pay the lawyer's fee. The Company is entitled to the priority of claim for the money from the discounting, auction or sale of relevant shares, equity interests and the corresponding dividend pledged to the Company by Chu Jinfu and Senyuan Group within the scope of the above payment obligations. Tang Fujun shall undertake joint responsibilities on the payment obligations of Chu Jinfu. On July 8, 2021, Senyuan Group and Tang Fujun appealed to the High People's Court of Jiangsu Province. On December 23, 2021, the Company received the second-instance judgment from the High People's Court of Jiangsu Province, which rejected the appeal and upheld the original judgment. The Company has lodged an application to the court for enforcement after the judgement becoming effective. During the Reporting Period, the proceeds from the execution amounted to RMB323,225,614.19. On March 6, 2023, the Nanjing Qixia District People's Court determined to terminate the execution procedure.</p>

Matters	Descriptions
Dispute over pledged securities repurchase between the Company, Henan Senyuan Group Co., Ltd. and Chu Jinfu	<p>Due to the breach of contract on stock pledged repurchase transaction by Senyuan Group, the Company filed a lawsuit with the Intermediate People's Court of Nanjing in July 2020, requesting the court to order Senyuan Group to pay the outstanding principal of RMB300 million and the corresponding liquidated damages and the fees on the realization of creditor's rights, order Chu Jinfu to undertake joint settlement obligations and order that the Company is entitled to the priority of claim for the money from the discounting, auction or sale of relevant shares, equity interests and the corresponding dividend pledged to the Company by Senyuan Group within the scope of relevant payment obligations. On June 24, 2021, the Company received the first-instance judgment from the Intermediate People's Court of Nanjing, ruling that Senyuan Group, the defendant, shall repay the financing principal and liquidated damages to the Company and pay the lawyer's fee. The Company is entitled to the priority of claim for the proceeds from the disposal of relevant shares, equity interests and the corresponding dividend pledged to the Company by Senyuan Group within the scope of the above payment obligations. Chu Jinfu shall undertake joint responsibilities on the above payment obligations of Senyuan Group. On July 8, 2021, Senyuan Group appealed to the High People's Court of Jiangsu Province. On December 23, 2021, the Company received the second-instance judgment from the High People's Court of Jiangsu Province, which rejected the appeal and upheld the original judgment. The Company has lodged an application to the court for enforcement after the judgment becoming effective. During the Reporting Period, the proceeds from the execution amounted to RMB107,410,774.17. On January 5, 2023, the Nanjing Qixia District People's Court determined to terminate the execution procedure.</p>

Matters	Descriptions
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 June 16, 2021, the Company received the first instance judgment from the Intermediate People's Court of Nanjing, ruling that Han Hua shall pay the amount on the stock repurchase transaction and liquidated damages to the Company. The Company is entitled to the priority of claim for the proceeds from the disposal of relevant shares pledged by Han Hua. Yang Lijun shall undertake joint settlement responsibilities on the debts of Han Hua. The Company has lodged an application to the court for enforcement after the judgment becoming effective. In 2022, the proceeds from the execution amounted to RMB24,007,579.91. During the Reporting Period, the additional proceeds from the execution amounted to RMB46,357,909.33. On March 31, 2023, the Nanjing Jianye District People's Court determined to terminate the execution procedure.
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 within the scope of relevant payment obligations. On July 12, 2021, the Company received the first-instance judgment from the Intermediate People's Court of Nanjing, ruling that Yang Lijun shall pay the amount on the stock repurchase transaction and liquidated damages to the Company. The Company is entitled to the priority of claim for the proceeds from the disposal of relevant shares pledged by Yang Lijun. Han Hua shall undertake joint settlement responsibilities on the debts of Yang Lijun. The Company has lodged an application to the court for enforcement after the judgment becoming effective, and the proceeds from the execution amounted to RMB4,153,182.67. On November 30, 2022, the Nanjing Jianye District People's Court determined to terminate the execution procedure.

3. *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 Response to Action and served it to Huatai United Securities on September 25, 2020. 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 relevant interest and order the lawsuit fees shall be assumed by the five defendants, among which Huatai United Securities was listed as the fifth defendant. On April 14, 2023, Shanghai Financial Court made the first-instance judgment ruling that Huatai United Securities shall jointly bear the compensation liability. Huatai United Securities has applied for appeal, and the first-instance judgment has not become effective.

4. *Dispute between Huatai United Securities and investors of 16 Bright Oceans Bonds*

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

In March 2022, Shanghai Qianfulai Asset Management Co., Ltd. (上海仟富來資產管理有限公司), the plaintiff, filed a lawsuit against the issuer, namely Bright Oceans Group Co., Ltd., for the reason of false statements on securities, requesting the issuer to repay the principal and the interest of the bond with a total amount of approximately RMB5,098,100 and requesting the lead underwriter and the joint lead underwriter, the accounting firm, the credit rating agency and the law firm to undertake joint compensation responsibilities. Beijing Financial Court ruled to transfer the case to the Intermediate People’s Court of Harbin. The plaintiff disagreed with the verdict and appealed. In August 2022, the Beijing High People’s Court ruled in the second-instance judgment, which rejected the appeal and upheld the original judgment. On March 6, 2023, Harbin Intermediate People’s Court issued the Civil Judgement (2023) Hei 01 Minchu No. 527. The case was treated as withdrawal of file by Shanghai Qianfulai Asset Management Co., Ltd.

5. *Contract dispute of Huatai Asset Management involving in Huatai Huize No. 1 Pooled Product*

In June 2021, an investor under the Huatai Huize No. 1 Pooled Asset Management Plan filed a lawsuit against Huatai Asset Management, the manager, in the Shanghai Financial Court on the ground of contract dispute over entrusted financial management, and claimed liability for compensation, with a damage amount of RMB86.31 million. In November 2021, the plaintiff amended its claim and adjusted the damage amount to RMB144.16 million. In September 2022, the first instance court ruled to reject all of the plaintiff's claims. In February 2023, Shanghai High People's Court made the second-instance judgement to reject the appeal request of such investor and uphold the original judgment.

6. *Performance Dispute between Yili Fund, a subsidiary of Huatai Purple Gold Investment, and Der Group and its de facto controller, Ru Jiyong, over its investment in Yiteng Project in Henan Province*

Yili Su Xin Investment Fund Partnership (Limited Partnership) ("Yili Fund"), a subsidiary of Huatai Purple Gold Investment, filed an application for arbitration application with the Nanjing Arbitration Commission in June 2020, requesting Ru Jiyong, the de facto controller of Der Group Co. Ltd. (德爾集團有限公司) ("Der Group") to fulfil his equity repurchase obligation. The Nanjing Arbitration Commission held hearings on August 19, 2022 and February 24, 2023, respectively, and has not yet issued a judgment. On November 11, 2022, Yili Fund filed a lawsuit against Der Group with the Nanjing Jianye District People's Court, requesting Der Group to be liable for the losses incurred by Yili Fund resulting from the invalid guarantee of pledge of shares of Der Future (with damages of RMB275,966,101, of which, the loss of investment principal amounted to RMB142,372,881 and the loss of interest amounted to RMB133,593,220). On November 28, 2022, the Nanjing Jianye District People's Court froze 54,919,622 shares of Der Future held by Der Group upon the application of Yili Fund. On February 2, 2023, due to jurisdictional issues, the Nanjing Jianye District People's Court issued a civil judgment ruling that the case shall be transferred to Ili Kazakh Autonomous Prefecture Branch of the High People's Court of Xinjiang Uygur Autonomous Region. The case has now been reported to the Supreme People's Court for its designation of a court with jurisdiction.

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

1. In February 2023, Jiangsu Securities Regulatory Bureau issued the Decision on Ordering of Huatai Securities Co., Ltd. to Take Rectification Measures ([2023] No. 25) (《關於對华泰證券股份有限公司採取責令改正措施的決定》([2023]25號)) to the Company and took an administrative supervision measure against the Company by ordering it to take rectifications on issues related to the irregularities in the establishment and implementation of the systems of the Company's research institute. For relevant issues, the Company arranged works to check on the preparation and review process of the research report, sort out and improve the control measures, increase staff training on business, and strengthen the audit mechanism through technology empowerment to facilitate the implementation of rectifications.
2. In June 2023, Henan Securities Regulatory Bureau issued the Administrative Supervision Measures on Issuing Warning Letters to Henan Branch of Huatai Securities Co., Ltd. ([2023] No. 33) (《關於對华泰證券股份有限公司河南分公司採取出具警示函的行政監管措施》([2023]33號)), affirming that the brokerage business of Henan Branch had the following issues: firstly, the registered practice area of the securities brokers did not coincide with the practice area as agreed in the entrustment contract; secondly, the compliance of the practice acts of the securities brokers was not included in the assessment scope; thirdly, some of the confirmations of the brokerage relationship were missing and the traces of the practice of the securities brokers were incomplete; and fourthly, the information on handling the business of individual clients was kept incompletely, so it decided to adopt the administrative measures of issuing warning letters to the Branch. The Company has urged Henan Branch to make timely rectification and submit a written rectification report in accordance with the regulatory requirements, and in response to the issues reflected in the letter, Henan Branch has taken relevant measures to further strengthen the management of brokers' practice and enhance the level of standardized operation.

3. On February 2, 2023 and March 23, 2023, Huatai United Securities received the Decision on Taking Measures by Issuing of Warning Letter to Huatai United Securities Co., Ltd., Sun Shenghu and Dong Xuesong (《關於對華泰聯合證券有限責任公司、孫聖虎、董雪松採取出具警示函措施的決定》) issued by Jiangsu Securities Regulatory Bureau and the Decision on Supervisory Warning to the Continuing Supervisory Institution and Sponsor Representative of Jiangsu HOB Biotech Group Corp., Ltd. (《關於對江蘇浩歐博生物醫藥股份有限公司持續督導機構及保薦代表人予以監管警示的決定》) issued by Shanghai Stock Exchange, respectively. In July 2021, Jiangsu HOB Biotech Group Corp., Ltd. (“HOB”) had occupation of non-operating funds by a related party, which involved a related transaction not disclosed in accordance with the requirements, and HOB disclosed the circumstances relating to such fund occupation in February 2022. Jiangsu Securities Regulatory Bureau conducted an investigation on HOB and extended its inspection towards Huatai United Securities on its continuous supervision over HOB. Jiangsu Securities Regulatory Bureau determined that Huatai United Securities had failed to fulfill its duties of diligence in the performance of its continuous supervision, including: failing to discover in a timely manner the non-compliance of HOB’s fund occupation; failing to report to the CSRC in a timely manner after it became aware of the fund occupation issue; and failing to reflect truly and accurately the non-compliance of HOB with the relevant descriptions in the reports issued not matching the facts, and in accordance with Article 65 of the “Measures on the Securities Issuance and Listing Sponsorship Business” (《證券發行上市保薦業務管理辦法》), Huatai United Securities and relevant personnel were subject to supervision measures of issuing warning letters. In accordance with the aforesaid warning letter and the relevant provisions of the Rules Governing the Listing of Stocks on the Growth Enterprise Market, the SSE has taken self-disciplinary measures against Huatai United Securities and relevant personnel by issuing a supervisory warning to them. Huatai United Securities has pursued respective internal accountability in accordance with its corporate system, and requested the responsible departments to conduct a comprehensive review and self-inspection on the continuous supervision and personnel arrangement on the sponsor business projects. Huatai United Securities will further strengthen its continuous supervision and management on projects to prevent the recurrence of similar incidents.

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

During the Reporting Period, none of the Directors, Supervisors, senior management, shareholders holding over 5% of shares or de facto controllers of the Company were investigated by competent authorities, imposed with coercive measures by a judicial authority or disciplinary department, transferred to a judicial authority or held criminally liable, banned from accessing to the market, identified as unsuitable persons, punished by other administrative departments or publicly condemned by a stock exchange.

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

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

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

X. MAJOR RELATED-PARTY TRANSACTIONS

Details on the related-party transactions under the relevant accounting standards can be found in note 57 to the financial statements of this report headed “Related party relationships and transactions”. The Company confirmed that the related-party transactions were not qualified as the “connected transactions” or the “continuing connected transactions” as defined in Chapter 14A of the Hong Kong Listing Rules (as the case may be), and were in compliance with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules.

XI. MATERIAL CONTRACTS AND PERFORMANCE THEREOF

1 Custody, contracting or leasing

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

2 *Material guarantees completed and not yet completed during the Reporting Period*

Unit: 100 Million Yuan Currency: RMB

External guarantees of the Company (excluding the guarantees for subsidiaries)

Total amount of guarantees during the Reporting Period (excluding the guarantees for subsidiaries)	–
Total balance of guarantees at the end of the Reporting Period (A) (excluding the guarantees for subsidiaries)	–

Guarantees of the Company for its subsidiaries

Total amount of guarantees for subsidiaries during the Reporting Period	–
Total balance of guarantees for subsidiaries at the end of the Reporting Period (B)	371.05

Total guarantee amount of the Company (including the guarantees for subsidiaries)

Total guarantee amount (A+B)	371.05
Percentage of the total guarantee amount to net assets of the Company (%)	22.16
Among which:	
Amount of guarantees provided for shareholders, de facto controllers and their related parties (C)	–
Amount of debt guarantees provided directly or indirectly for the guaranteed objects with an asset-liability ratio of more than 70% (D)	322.05
Excess amount of the total guarantee over 50% of the net assets (E)	–
Total amount of the three guarantees mentioned above (C+D+E)	322.05

Undue guarantees with joint and several liabilities	Bearing the principal, interest and other expenses of the bonds
Conditions of guarantees	<p>1. Guarantees Provided by the Company</p> <p>(1) 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.</p> <p>(2) In 2018, as approved and passed at the sixteenth meeting of the fourth session of the Board, the Company provided a net capital guarantee with the maximum amount of RMB2.0 billion to Huatai United Securities, a holding subsidiary of the Company. The net capital guarantee will be available from July 1, 2019. In 2022, Shenzhen Securities Regulatory Bureau of the CSRC approved the Company to adjust the amount of the net capital guarantee to Huatai United Securities in 2019 from RMB2.0 billion to RMB1.0 billion commencing from June 21, 2022. As at the end of the Reporting Period, the Company provided a net capital guarantee with a total amount of RMB1.0 billion to Huatai United Securities.</p> <p>(3) 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.</p> <p>(4) In 2020, as considered and approved at the second meeting of the fifth session of the Board, the Company (as the guarantor) entered into a guarantee agreement with Citicorp International Limited (as the trustee) for the provision of an unconditional and irrevocable guarantee of USD400 million for the bonds issued by Pioneer Reward Limited, a subsidiary of Huatai International. The bonds were due for repayment upon maturity in February 2023 with all principals and interests, and the guarantee was naturally expired.</p>

- (5) In 2021, as considered and approved at the eleventh meeting of the fifth session of the Board and the 2021 First Extraordinary General Meeting of the Company, the persons authorized by the general mandate to issue onshore and offshore debt financing instruments of the Company may sign relevant agreements, and the Company (as the guarantor) has entered into a guarantee agreement with Citicorp International Limited (as the trustee), to provide an unconditional and irrevocable guarantee for USD1,300 million bonds and additional USD100 million bonds issued by Pioneer Reward Limited, a subsidiary of Huatai International.
- (6) In 2022, the Company (as the guarantor) entered into a guarantee agreement with Citicorp International Limited (as the trustee), to provide an unconditional and irrevocable guarantee for USD1,000 million bonds and RMB5,000 million bonds issued by Pioneer Reward Limited, a subsidiary of Huatai International.

2. Guarantees Provided by the Subsidiaries

During the Reporting Period, Huatai International and its subsidiaries had provided guarantees for the benefits of their subsidiaries in connection with their business operations, which are mainly guarantees for corporate bonds, guarantees for medium-term notes, and guarantees for transactions with counterparties involving the signing of international derivatives framework agreements. The aggregate guaranteed amount was approximately RMB37.105 billion as of the end of the Reporting Period.

- 3. The aforesaid amount of debt guarantees provided directly or indirectly for the guaranteed objects with an asset-liability ratio of more than 70% was RMB32.205 billion, including: 1) guarantee provided by the Company to Pioneer Reward Limited, a subsidiary of Huatai International, for the issuance of USD2.4 billion bonds and RMB5.0 billion bonds; 2) the guarantee provided by Huatai International and its subsidiaries to meet the needs of the business operation of their subsidiaries.

3 Other material contracts

1. According to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 2 – Contents and Formats of Annual Report (Revised in 2021) (《公開發行證券的公司信息披露內容與格式準則第2號－年度報告的內容與格式(2021年修訂)》), the Group did not enter into material contracts during the Reporting Period.
2. The progress of relevant significant contract disclosed during the Reporting Period is as follows:

During the Reporting Period, the Construction Contract for the Work of Section II of the Interior Decoration and Renovation of the Plaza of Huatai Securities (《華泰證券廣場室內裝飾裝修二標段工程施工合同》) was performed normally, and the Company had paid the contract price of RMB739,100 for the construction of the work of Section II of the interior decoration and renovation in accordance with the contract. As of the end of the Reporting Period, the Company had made payments of RMB140,388,900 in accumulation (excluding the financial review deduction amount of RMB671,500 committed to be deducted and the tax rate adjustment expenses) for the construction contract of the work of Section II of the interior decoration and renovation in accordance with the contract, and the contract had been completely performed.

XII. DESCRIPTION OF OTHER MAJOR EVENTS

1. During the Reporting Period, the Company has completed the industrial and commercial registration modification of business scope, and has obtained the business license issued by Jiangsu Provincial Market Regulation Administration. The modified business scope includes: licensed items: securities business; securities investment consultancies; sales of public offering securities investment funds; custody of securities investment fund (Projects that need to be approved by law shall be carried out upon approval by relevant authorities, and the specific business projects are subject to the approval results) general item: providing intermediary referrals by securities company for futures companies (Except for projects that need to be approved by law, business activities can be conducted independently with the business license in accordance with the laws)
2. ***Establishment, relocation and cancellation of securities branches and branches during the Reporting Period***
 - (1) There were no establishment or cancellation of securities branches and branches of the Company during the Reporting Period.

(2) Relocation of branches during the Reporting Period:

No.	Name before relocation	Name after relocation	Address after relocation	Issue date of license
1	Jiangxi Branch	Jiangxi Branch	-3#, Shop No. 101, 1/F, the Annex Building and No. 1603, 1604, 1605, 1606 and 1607, 16/F, the Office Building, Publication Center, No. 95 Lijing Road, Honggutan District, Nanchang City, Jiangxi Province, the PRC	January 30, 2023

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

No.	Name before relocation	Name after relocation	Address after relocation	Issue date of license
1	Securities Branch in Yushi Street, Nanjing	Securities Branch in Zhongshan East Road, Nanjing	Room 801, No. 301 Zhongshan East Road, Xuanwu District, Nanjing, the PRC	February 15, 2023
2	Securities Branch in Suzhou Street, Beijing	Securities Branch in Suzhou Street, Beijing	Rooms 901, 902, 903, 911 and 912, 9/F, Weiya Tower, No. 29 Suzhou Street, Haidian District, Beijing, the PRC	April 7, 2023
3	Securities Branch in Longgang Avenue, Shenzhen	Securities Branch in Longgang Avenue, Shenzhen	101S and 102S, Block 2, Vanke Times Square, Shangjing Community, Longcheng Street, Longgang District, Shenzhen, the PRC (junction of Longgang Avenue and Longcheng Avenue)	April 17, 2023
4	Securities Branch in Zhuzilin 4th Road, Shenzhen	Securities Branch in Pingan Finance Center, Shenzhen	Units 04 and 05, 70/F, Pingan Finance Center, No. 5033 Yitian Road, Fu'an Community, Futian Street, Futian District, Shenzhen, the PRC	April 23, 2023
5	Securities Branch in Heilongjiang North Road, Kunshan	Securities Branch in Heilongjiang North Road, Kunshan	Room 3-1, 1/F and Room 20, 3/F, Building 3, Yujing Mansion, No. 8 Heilongjiang North Road, Kunshan Development Zone, the PRC	May 5, 2023
6	Third Securities Branch in Central Road, Nanjing	Securities Branch in Suyuan Avenue, Jiangning District, Nanjing	South Side, 1/F, Block A1, Jiangning Jiulonghu International Corporate Headquarters Park, No. 19 Suyuan Avenue, Jiangning Economic and Technological Development Zone, Nanjing, the PRC	May 5, 2023

7	Securities Branch in Jingang South Road, Gaogang, Taizhou	Securities Branch in Yongding East Road, Taizhou	2/F, Building 3, No. 288 Yongding East Road, Taizhou, the PRC	June 6, 2023
8	Securities Branch in Qingnian Street, Shenyang	Securities Branch in Qingnian Street, Shenyang	No. 318 (Gate 1) and No. 320 (Annex Building 201), Qingnian Street, Heping District, Shenyang, the PRC	June 12, 2023
9	Securities Branch in Shouyi Road, Wuhan	Securities Branch in Gaoxin Avenue, Wuhan	A103-A111, 1/F and A205-A208, 2/F, Tower A, Huigu Building, No. 768 Gaoxin Avenue, Donghu New Technology Development Zone, Wuhan, the PRC	June 12, 2023

3. Description of major events of the subsidiaries

(1) Huatai Purple Gold Investment

During the Reporting Period, Huatai Purple Gold Investment initiated the establishment of Nanjing Huatai GenScript Bio-pharmaceutical Entrepreneurship and Investment Partnership (limited partnership) (南京華泰金斯瑞生物醫藥創業投資合夥企業(有限合夥)). As of the end of the Reporting Period, the total subscription scale amounted to RMB1,000 million. Huatai Purple Gold Investment, as a fund manager, an executive partner and a general partner, contributed RMB160 million.

(2) Huatai International

During the Reporting Period, Huatai International established a wholly-owned subsidiary in Hong Kong, i.e., HS Carbon Neutrality & Energy Transition Investment Limited.

During the Reporting Period, Huatai HK Investment (Cayman) Limited, a subsidiary of Huatai International, changed its name to Huatai International Private Equity Investment Management Limited.

(3) Huatai Innovative Investment

During the Reporting Period, the registered address of Huatai Innovative Investment was changed from “Rooms 701-8 to 701-11, 7/F, Block 28, Fengsheng Hutong, Xicheng District, Beijing, the PRC” to “No. 234 Wuyi Road, Changning District, Shanghai, the PRC”.

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

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

During the Reporting Period, the Company updated in a timely manner information on the "Investor Relations" column on the Company's website, and answered inquiries from investors of the interactive E-platform on the website of the Shanghai Stock Exchange. The Company has received 19 batches of onsite investigations and surveys or telephone interviews conducted by around 213 researchers and investment professionals from a number of domestic and overseas brokers, fund companies and other organizations during the Reporting Period, and also has earnestly provided daily consulting services for investors and answered their questions in detail. Meanwhile, to assist the announcement of periodic reports, the Company held one results presentation and one briefing on performance of the interactive E-platform, and proactively attended strategy seminars and investment forums held by domestic or overseas securities institutions for three times in total during the Reporting Period. The Company had full communications with 39 investors and researchers on issues such as the development trend of the industry, and the operating results and business development strategy of the Company, which has effectively promoted the investors and researchers' indepth understanding of the business condition and performance of the Company, completely marketed the development advantages of the Company, and effectively guided the market expectations. The Company persisted in inducing and analysing various questions proposed by institutional investors and researchers, so as to continuously improve the professionalism, normalization and quality of the investor relations management of the Company.

The Company's reception of investigations and surveys, communications and interviews in the first half of 2023 is as follows:

No.	Date of reception	Name of meeting	Way of reception	Guests	Major topics discussed and information provided
1	January 2, 2023	Investigations and surveys by investors/analysts	Telephone interview	J.P. Morgan, Morgan Stanley, CITIC Securities, Guotai Junan, Fosun International, Shenwan Hongyuan, Hua Chuang Securities (139 person-times)	
2	January 4, 2023	Investigations and surveys by investors/analysts	Telephone interview	DBS Bank (1 person-time)	
3	February 21, 2023	Investigations and surveys by investors/analysts	Telephone interview	BlackRock Investment (4 person-times)	
4	March 31, 2023	Presentation for 2022 Annual Results of HTSC	Telephone interview	Morgan Stanley, J.P. Morgan, UBS Securities, Citibank, HSBC, CITIC Securities, CICC, China Securities, Guotai Junan, Shenwan Hongyuan, etc. (more than 1,000 person-times)	
5	April 3, 2023	Investigations and surveys by investors/analysts	Telephone interview	Ren Bridge Asset (1 person-time)	
6	April 11, 2023	Investigations and surveys by investors/analysts	Onsite interview	Citadel International Equities (1 person-time)	The company's business development, innovative business development and long-term development strategy
7	April 13, 2023	Investigations and surveys by investors/analysts	Telephone interview	Wellington Assets Management (2 person-times)	
8	April 17, 2023	Investigations and surveys by investors/analysts	Telephone interview	Greenwoods Asset (2 person-times)	
9	April 20, 2023	Investigations and surveys by investors/analysts	Telephone interview	J.P. Morgan (1 person-time)	
10	April 21, 2023	Investigations and surveys by investors/analysts	Telephone interview	DBS Bank (1 person-time)	
11	April 25, 2023	Investigations and surveys by investors/analysts	Onsite interview	Industrial Securities, Neuberger Berman, Taikang Asset, Guotai Fund, Western Leadbank, Wealspring Asset, Fullgoal Fund, etc. (8 person-times)	
12	May 8, 2023	Investigations and surveys by investors/analysts	Telephone interview	Shenwan Hongyuan, Bank of China Investment Management, Caitong Securities, GF Securities, Nanjing Securities, Greenwoods Asset, etc. (24 person-times)	

No.	Date of reception	Name of meeting	Way of reception	Guests	Major topics discussed and information provided
13	May 9, 2023	Investigations and surveys by investors/analysts	Onsite interview	CICC (3 person-times)	
14	May 12, 2023	Investigations and surveys by investors/analysts	Onsite interview	Foresight Fund (1 person-time)	
15	May 15, 2023	Investigations and surveys by investors/analysts	Onsite interview	Great Wall Securities, etc. (7 person-times)	
16	May 17, 2023	2023 interim strategy forum of TF Securities	Telephone interview	TF Securities, CITIC Securities, Greenwoods Asset, Industrial Bank, China Universal Asset Management, ICBCCS, Pingan Wealth Management, etc. (28 person-times)	
17	May 18, 2023	Investigations and surveys by investors/analysts	Onsite interview	Changjiang Securities, Jingan Investment (3 person-times)	
18	May 25, 2023	Strategy forum of GF Securities	Onsite interview	GF Securities, BNB Wealth Management, Dehui Investment, CPIC AMC (5 person-times)	
19	June 1, 2023	2023 Capital Market Forum of CITIC Securities	Onsite interview	CITIC Securities, Changjiang Pension, Double-safeguard Asset, GS Capital, Springs Capital (6 person-times)	
20	June 12, 2023	Investigations and surveys by investors/analysts	Onsite interview	UBS Securities, Guotai Junan, Shenwan Hongyuan (5 person-times)	
21	June 14, 2023	Investigations and surveys by investors/analysts	Onsite interview	Hua Chuang Securities (5 person-times)	
22	June 15, 2023	Investigations and surveys by investors/analysts	Onsite interview	GF Securities (4 person-times)	
23	June 16, 2023	Investigations and surveys by investors/analysts	Onsite interview	Pacific Securities (1 person-time)	

CHANGES IN SHARES AND SHAREHOLDERS

I. CHANGES IN SHARE CAPITAL

(I) Statement of changes in shares

1. Statement of changes in shares

Unit: Shares

	Before the change		Increase/decrease (+, -) of the change					After the change	
	Number	Percentage (%)	New shares issued	Bonus shares	Shares converted from reserves	Others	Subtotal	Number	Percentage (%)
I. Shares subject to selling restrictions	44,427,027	0.49	–	–	–	-14,222,943	-14,222,943	30,204,084	0.33
1. Shares held by the state	–	–	–	–	–	–	–	–	–
2. Shares held by state-owned legal persons	–	–	–	–	–	–	–	–	–
3. Shares held by other domestic investors	44,427,027	0.49	–	–	–	-14,222,943	-14,222,943	30,204,084	0.33
Including: Shares held by domestic non									
– state-owned legal persons	–	–	–	–	–	–	–	–	–
Shares held by domestic natural persons	44,427,027	0.49	–	–	–	-14,222,943	-14,222,943	30,204,084	0.33
4. Shares held by foreign investors	–	–	–	–	–	–	–	–	–
Including: Shares held by overseas									
legal persons	–	–	–	–	–	–	–	–	–
Shares held by overseas natural persons	–	–	–	–	–	–	–	–	–
II. Tradable shares not subject to selling restrictions	9,031,162,000	99.51	–	–	–	14,222,943	14,222,943	9,045,384,943	99.67
1. Ordinary shares in RMB	7,312,116,320	80.57	–	–	–	14,222,943	14,222,943	7,326,339,263	80.73
2. Domestic listed foreign shares	–	–	–	–	–	–	–	–	–
3. Overseas listed foreign shares	1,719,045,680	18.94	–	–	–	–	–	1,719,045,680	18.94
4. Others	–	–	–	–	–	–	–	–	–
III. Total shares	9,075,589,027	100.00	–	–	–	–	–	9,075,589,027	100.00

2. Information on changes in shares

In April 2023, the conditions for lifting the selling restrictions of the first lock-up period for the first grant under the Restricted Share Incentive Plan of A Shares of the Company have been fulfilled. A total of 14,222,943 restricted Shares were unlocked and became tradable shares not subject to selling restrictions.

(II) Changes in shares subject to selling restrictions

Unit: Shares

Name of shareholder	Number of shares subject to selling restrictions at the beginning of the period	Number of shares released from selling restrictions during the Reporting Period	Increase in the number of shares subject to selling restrictions during the Reporting Period	Number of shares subject to selling restrictions at the end of the Reporting Period	Reasons for selling restrictions	Date of release from selling restrictions
Incentive participants of restricted A Shares	44,427,027	14,222,943	–	30,204,084	Incentive scheme of restricted A Shares	April 24, 2023
Total	44,427,027	14,222,943	–	30,204,084	/	/

Note:

Pursuant to the requirements under the Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd., which was disclosed by the Company on February 9, 2021, if the restricted Shares granted under the incentive scheme meet the conditions of unlocking after 24 months from the date of completion of registration of the corresponding granted portion of shares, the incentive participants may release the restriction in three phases in the next 36 months in the proportion of 33%, 33% and 34%.

The registration date of the restricted Shares under the incentive scheme was April 6, 2021, and the first lock-up period expired on April 5, 2023. The number of the unlocked Shares was 14,222,943 Shares, and the listing and trading date of the unlocked Shares was April 24, 2023.

II. INFORMATION ON SHAREHOLDERS

(I) Total number of shareholders:

Total number of shareholders of ordinary shares as of the end of the Reporting Period 256,953
 Total number of shareholders of preferred shares whose voting rights have been
 restored as of the end of the Reporting Period —

Among the total number of shareholders of ordinary shares as of the end of the Reporting Period, the number of shareholders of A Shares amounted to 249,914 and the number of registered shareholders of H Shares amounted to 7,039.

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

Unit: Shares

Name of shareholder (in full)	Increase/ decrease during the Reporting Period	Shareholding of top ten shareholders			Pledged, marked or frozen Status of shares	Number	Nature of shareholder
		Number of shares held as at the end of the Reporting Period	Percentage (%)	Number of shares held subject to selling restrictions			
Jiangsu Guoxin Investment Group Limited	–	1,373,481,636	15.13	–	Nil	–	State-owned legal person
HKSCC Nominees Limited	-8,407,409	1,266,027,718	13.95	–	Nil	–	Foreign legal person
Jiangsu Communications Holding Co., Ltd.	–	489,065,418	5.39	–	Nil	–	State-owned legal person
Govtor Capital Group Co., Ltd.	100,000	356,183,206	3.92	–	Nil	–	State-owned legal person
Jiangsu SOHO Holdings Group Co., Ltd.	27,038,803	283,264,288	3.12	–	Nil	–	State-owned legal person
Hong Kong Securities Clearing Company Limited	96,564,475	269,638,900	2.97	–	Nil	–	Foreign legal person
Alibaba (China) Technology Co., Ltd.	–	268,199,233	2.96	–	Nil	–	Domestic non-state- owned legal person
China Securities Finance Corporation Limited	–	152,906,738	1.68	–	Nil	–	Unknown
Jiangsu SOHO International Group Corp.	1,979,200	137,838,367	1.52	–	Nil	–	State-owned legal person
Jiangsu Hiteker High-tech Co., Ltd.	–	123,169,146	1.36	–	Unknown	123,169,146	Domestic non-state- owned legal person

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

Name of shareholder	Number of tradable shares held not subject to selling restrictions	Class and number of shares	
		Class	Number
Jiangsu Guoxin Investment Group Limited	1,373,481,636	Ordinary shares in RMB	1,271,072,836
		Overseas listed foreign shares	102,408,800
HKSCC Nominees Limited	1,266,027,718	Overseas listed foreign shares	1,266,027,718
Jiangsu Communications Holding Co., Ltd.	489,065,418	Ordinary shares in RMB	452,065,418
		Overseas listed foreign shares	37,000,000
Govtor Capital Group Co., Ltd.	356,183,206	Ordinary shares in RMB	341,978,006
		Overseas listed foreign shares	14,205,200
Jiangsu SOHO Holdings Group Co., Ltd.	283,264,288	Ordinary shares in RMB	81,851,288
		Overseas listed foreign shares	201,413,000
Hong Kong Securities Clearing Company Limited	269,638,900	Ordinary shares in RMB	269,638,900
Alibaba (China) Technology Co., Ltd.	268,199,233	Ordinary shares in RMB	268,199,233
China Securities Finance Corporation Limited	152,906,738	Ordinary shares in RMB	152,906,738
Jiangsu SOHO International Group Corp.	137,838,367	Ordinary shares in RMB	43,132,567
		Overseas listed foreign shares	94,705,800
Jiangsu Hiteker High-tech Co., Ltd.	123,169,146	Ordinary shares in RMB	123,169,146
Description of special repurchase accounts for the top ten shareholders	There are no special repurchase accounts for the top ten shareholders.		
Description of the voting rights entrusted by the above shareholders, the voting rights the above shareholders are entrusted with and the voting rights the above shareholders abstained from	There are no voting rights entrusted by the above shareholders, the voting rights the above shareholders are entrusted with and the voting rights the above shareholders abstained from.		
Description of the related party relationships or acting in concert among the above shareholders	Guoxin Group, Communications Holding, Govtor Capital and Jiangsu SOHO Holdings Group Co., Ltd. are wholly owned by Jiangsu SASAC. Jiangsu SOHO Holdings Group Co., Ltd. is the controlling shareholder of Jiangsu SOHO International Group Corp. Apart from the above, the Company is not aware of any related party relationship among other shareholders or whether such shareholders are parties acting in concert as specified in the Regulations on the Takeover of Listed Companies.		
Description of shareholders of preferred shares with restored voting rights and the number of shares held by them	There are no shareholders of preferred shares of the Company.		

Notes:

- The class of shareholders of ordinary shares in RMB (A Shares) represents the class of accounts held by them registered with Shanghai Branch of China Securities Depository and Clearing Corporation Limited.
- Among the holders of overseas listed foreign shares (H Shares) of the Company, shares of non-registered shareholders are held by HKSCC Nominees Limited on their behalf. As of the end of the Reporting Period, Guoxin Group, Communications Holding, Govtor Capital, Jiangsu SOHO Holdings Group Co., Ltd. and Jiangsu SOHO International Group Corp. acquired, via Southbound Trading, 102,408,800, 37,000,000, 14,205,200, 201,413,000 and 94,705,800 H Shares of the Company, respectively, which are also being held by HKSCC Nominees Limited. These shares are specifically and separately listed at the time of disclosure of this report; should such shares be included, the actual number of shares held by HKSCC Nominees Limited on their behalf would have been 1,715,760,518, representing 18.91% of the Company's total shares.
- As of the end of the Reporting Period, 50,000 A Shares held by Govtor Capital remained outstanding due to refinancing. When fully repaid, its actual shareholding in the Company will be 342,028,006 A Shares and 14,205,200 H Shares, representing 3.93% 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. Citibank, National Association is the depositary of the Company's GDRs, and the domestic underlying A Shares represented by the GDRs are legally registered under its name. According to the statistics provided by the depositary, the Company had a total of 134,745 GDRs in the duration period as of the end of the Reporting Period, accounting for 0.16% of the approved number for issuance by the CSRC.

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

Unit: Shares

Listing and trading of shares subject to selling restrictions					
No.	Name of shareholders subject to selling restrictions	Number of shares held subject to selling restrictions	Permitted time for listing and trading	Number of additional shares permitted to be listed and traded	Selling restrictions
1	Zhou Yi	482,400	See note for details	–	See note for details
2	Han Zhencong	402,000	See note for details	–	See note for details
3	Li Shiqian	402,000	See note for details	–	See note for details
4	Sun Hanlin	402,000	See note for details	–	See note for details
5	Jiang Jian	402,000	See note for details	–	See note for details
6	Zhang Hui	402,000	See note for details	–	See note for details
7	Chen Tianxiang	402,000	See note for details	–	See note for details
8	Jiao Xiaoning	335,000	See note for details	–	See note for details
9	Jiao Kai	335,000	See note for details	–	See note for details
10	Wang Chong	335,000	See note for details	–	See note for details

Description of the related party relationships or acting in concert among the above shareholders The Company is not aware of any related party relationship or acting in concert arrangement.

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

(III) A strategic investor or common legal person who became one of the top ten shareholders as a result of rights issue

During the Reporting Period, the Company did not have any strategic investor or common legal person who became one of the top ten shareholders as a result of rights issue.

III. INFORMATION ON DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) There was no change in shareholdings of current Directors, Supervisors and senior management and those resigned during the Reporting Period

(II) No share incentives were granted to Directors, Supervisors and senior management during the Reporting Period

IV. CHANGES IN CONTROLLING SHAREHOLDERS OR DE FACTO CONTROLLERS

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

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

As of June 30, 2023, as far as the Company and the Directors were aware after having made all reasonable enquiries, the following persons (other than the Directors, Supervisors or chief executives of the Company) held interests or short positions in shares or underlying shares which shall be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and were recorded in the register required to be kept by the Company under Section 336 of the SFO:

No.	Name 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/ short position/ shares available for lending
1	Jiangsu Guoxin Investment Group Limited	A Shares	Beneficial owner	1,271,072,836	14.01	17.28	Long position
		H Shares	Beneficial owner	102,408,800	1.13	5.96	Long position
		(Southbound Trading)					
2	Jiangsu Communications Holding Co., Ltd.	A Shares	Beneficial owner	452,065,418	4.98	6.15	Long position
		H Shares	Beneficial owner	37,000,000	0.41	2.15	Long position
		(Southbound Trading)					
3	Jiangsu SOHO Holdings Group Co., Ltd.	A Shares	Beneficial owner	81,851,288	0.90	1.11	Long position
			Interests of controlled corporations	43,132,567	0.48	0.59	Long position
		H Shares (Southbound Trading)	Beneficial owner	201,413,000	2.22	11.72	Long position
			Interests of controlled corporations	94,705,800	1.04	5.51	Long position

Note 1: Under Section 336 of the SFO, forms disclosing interests shall be submitted by shareholders of the Company upon satisfaction of certain conditions. Changes of shareholders' shareholdings in the Company are not required to inform the Company and the Hong Kong Stock Exchange unless certain conditions are satisfied. Therefore, there could be differences between substantial shareholders' latest shareholdings in the Company and the shareholding information reported to the Hong Kong Stock Exchange.

Jiangsu SOHO Holdings Group Co., Ltd. directly held a long position in 81,851,288 A Shares and 201,413,000 H Shares of the Company, and, through its controlled corporation (namely Jiangsu SOHO International Group Corp. (江蘇蘇豪國際集團股份有限公司)), indirectly held a long position in 43,132,567 A Shares and 94,705,800 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.

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

Save as disclosed above, the Company was not aware of any other person (other than the Directors, Supervisors and chief executives of the Company) having any interests or short positions in the shares or underlying shares of the Company at June 30, 2023, which shall be recorded in the register pursuant to Section 336 of the SFO.

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

As of the end of the Reporting Period, details on the shares held by the Director of the Company due to the Company's implementation of the Restricted Share Incentive Scheme of A Shares are as follows:

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

Save as disclosed above, as at June 30, 2023, the Company was not aware of any other Directors, Supervisors or chief executives of the Company having any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations, which shall be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to section 352 of the SFO, to be recorded in the register of interests, or which shall, pursuant to the Model Code, be notified to the Company and the Hong Kong Stock Exchange.

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

On January 13, 2022, the Company issued non-public corporate bonds with sell back option, namely “22 Huatai F1”, with an issuance size of RMB4 billion and a coupon rate of 2.75%, which was listed on the SSE. On December 26, 2022, the Company exercised the option of issuer to adjust the coupon rate on 22 Huatai F1, and the investors chose to sell back in full, and the Company did not resell the bonds which have been sold back and thus paid RMB4 billion resale fund in full on January 17, 2023, and paid a period interest of RMB110 million (tax inclusive).

Save as disclosed above, the Company and its subsidiaries have not repurchased, sold or redeemed any listed securities of the Company and its subsidiaries during the Reporting Period.

VIII. ARRANGEMENTS FOR DIRECTORS AND SUPERVISORS TO PURCHASE SHARES OR DEBENTURES

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

IX. INFORMATION ON PREFERRED SHARES

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

RELEVANT INFORMATION OF BONDS

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

(I) Enterprise Bonds

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

(II) Corporate Bonds

1. Basic information on corporate bonds

Unit: 100 million Yuan Currency: RMB

Name of bond	Abbreviation	Code	Issue date	Value date	Expiration date	Balance	Interest rate (%)	Principal and interest payment method	Trading market	Whether exposed to the risk of delisting
2018 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Qualified Investors (First tranche) (Type II)	18 Huatai G2	155048	2018-11-22	2018-11-26	2023-11-26	10	4.17	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Qualified Investors (Second tranche)	20 Huatai G3	163482	2020-04-27	2020-04-29	2025-04-29	35	2.90	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Qualified Investors (Third tranche)	20 Huatai G4	163558	2020-05-19	2020-05-21	2025-05-21	30	3.20	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2020 Subordinated Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First tranche)	20 Huatai C1	175409	2020-11-11	2020-11-13	2025-11-13	50	4.48	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fifth tranche)	20 Huatai G7	175473	2020-11-20	2020-11-24	2023-11-24	35	3.90	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2020 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Sixth tranche) (Type II)	20 Huatai G9	175535	2020-12-07	2020-12-09	2023-12-09	40	3.79	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First tranche) (Type I)	21 Huatai G1	175648	2021-01-18	2021-01-20	2024-01-20	40	3.58	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2021 Subordinated Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First tranche)	21 Huatai C1	175721	2021-01-27	2021-01-29	2026-01-29	90	4.50	Principal to be paid upon expiration and interest to be paid annually	SSE	No

Name of bond	Abbreviation	Code	Issue date	Value date	Expiration date	Balance	Interest rate (%)	Principal and interest payment method	Trading market	Whether exposed to the risk of delisting
2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second tranche)	21 Huatai G3	188047	2021-04-22	2021-04-26	2024-04-26	50	3.42	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Third tranche)	21 Huatai G4	188106	2021-05-13	2021-05-17	2026-05-17	60	3.71	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fourth tranche) (Type I)	21 Huatai G5	188134	2021-05-20	2021-05-24	2024-05-24	40	3.28	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fourth tranche) (Type II)	21 Huatai G6	188140	2021-05-20	2021-05-24	2026-05-24	20	3.63	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fifth tranche) (Type I)	21 Huatai G7	188239	2021-06-10	2021-06-15	2024-06-15	20	3.40	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Sixth tranche) (Type I)	21 Huatai 09	188282	2021-06-17	2021-06-21	2024-06-21	25	3.45	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Seventh tranche) (Type I)	21 Huatai 11	188324	2021-09-03	2021-09-07	2024-09-07	15	3.03	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Seventh tranche) (Type II)	21 Huatai 12	188325	2021-09-03	2021-09-07	2031-09-07	27	3.78	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2021 Perpetual Subordinated Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First tranche)	21 Huatai Y1	188785	2021-09-15	2021-09-17	–	30	3.85	Interest to be paid annually under the condition that the issuer does not exercise the right to defer interest payments	SSE	No
2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Eighth tranche) (Type I)	21 Huatai 13	188874	2021-10-14	2021-10-18	2024-10-18	21	3.25	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Eighth tranche) (Type II)	21 Huatai 14	188875	2021-10-14	2021-10-18	2031-10-18	34	3.99	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Ninth tranche) (Type I)	21 Huatai 15	188926	2021-10-21	2021-10-25	2024-10-25	22	3.22	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2021 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Ninth tranche) (Type II)	21 Huatai 16	188927	2021-10-21	2021-10-25	2031-10-25	11	3.94	Principal to be paid upon expiration and interest to be paid annually	SSE	No

Name of bond	Abbreviation	Code	Issue date	Value date	Expiration date	Balance	Interest rate (%)	Principal and interest payment method	Trading market	Whether exposed to the risk of delisting
2021 Perpetual Subordinated Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second tranche)	21 Huatai Y2	188942	2021-10-26	2021-10-28	–	50	4.00	Interest to be paid annually under the condition that the issuer does not exercise the right to defer interest payments	SSE	No
2021 Perpetual Subordinated Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Third tranche)	21 Huatai Y3	185019	2021-11-16	2021-11-18	–	20	3.80	Interest to be paid annually under the condition that the issuer does not exercise the right to defer interest payments	SSE	No
2022 Perpetual Subordinated Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First tranche)	22 Huatai Y1	185337	2022-01-24	2022-01-26	–	27	3.49	Interest to be paid annually under the condition that the issuer does not exercise the right to defer interest payments	SSE	No
2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First tranche)	22 Huatai G1	185364	2022-02-10	2022-02-14	2025-02-14	50	2.79	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2022 Perpetual Subordinated Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second tranche)	22 Huatai Y2	185388	2022-07-07	2022-07-11	–	30	3.59	Interest to be paid annually under the condition that the issuer does not exercise the right to defer interest payments	SSE	No
2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second tranche)	22 Huatai G2	137666	2022-08-11	2022-08-15	2024-08-15	20	2.43	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Third tranche)	22 Huatai G3	137732	2022-08-24	2022-08-26	2024-08-26	30	2.33	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fourth tranche)	22 Huatai G4	137780	2022-09-01	2022-09-05	2025-09-05	20	2.52	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fifth tranche)	22 Huatai G5	137814	2022-09-08	2022-09-13	2025-09-13	30	2.50	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2022 Perpetual Subordinated Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Third tranche)	22 Huatai Y3	137604	2022-10-19	2022-10-21	–	35	3.20	Interest to be paid annually under the condition that the issuer does not exercise the right to defer interest payments	SSE	No
2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Sixth tranche) (Type I)	22 Huatai G6	138597	2022-11-17	2022-11-21	2024-11-21	36	2.87	Principal to be paid upon expiration and interest to be paid annually	SSE	No

Name of bond	Abbreviation	Code	Issue date	Value date	Expiration date	Balance	Interest rate (%)	Principal and interest payment method	Trading market	Whether exposed to the risk of delisting
2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Sixth tranche) (Type II)	22 Huatai G7	138598	2022-11-17	2022-11-21	2027-11-21	14	3.18	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Seventh tranche) (Type I)	22 Huatai G8	138679	2022-12-01	2022-12-05	2024-12-05	15	2.87	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Eighth tranche) (Type I)	22 Huatai 10	138709	2022-12-08	2022-12-12	2025-12-12	20	3.35	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Eighth tranche) (Type II)	22 Huatai 11	138710	2022-12-08	2022-12-12	2027-12-12	5	3.49	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2022 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Ninth tranche) (Type I)	22 Huatai 12	138737	2022-12-20	2022-12-22	2024-12-22	40	3.24	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2023 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First tranche)	23 Huatai G1	138816	2023-01-06	2023-01-10	2025-01-10	40	2.92	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2023 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second tranche) (Type I)	23 Huatai G2	138844	2023-01-12	2023-01-16	2025-01-16	8	3.00	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2023 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second tranche) (Type II)	23 Huatai G3	138845	2023-01-12	2023-01-16	2028-01-16	20	3.48	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2023 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Third tranche)	23 Huatai G4	138857	2023-02-02	2023-02-06	2026-02-06	45	3.23	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2023 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fourth tranche)	23 Huatai G5	138886	2023-02-09	2023-02-13	2028-02-13	40	3.39	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2023 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fifth tranche) (Type I)	23 Huatai G6	138915	2023-02-23	2023-02-27	2026-02-27	15	3.14	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2023 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fifth tranche) (Type II)	23 Huatai G7	138916	2023-02-23	2023-02-27	2028-02-27	22	3.36	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2023 Short-term Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First tranche)	23 Huatai S1	115083	2023-03-15	2023-03-17	2023-09-15	50	2.65	One-off payment of principal and interest upon expiration	SSE	No
2023 Short-term Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second tranche)	23 Huatai S2	115117	2023-03-21	2023-03-23	2023-10-25	50	2.65	One-off payment of principal and interest upon expiration	SSE	No

Name of bond	Abbreviation	Code	Issue date	Value date	Expiration date	Balance	Interest rate (%)	Principal and interest payment method	Trading market	Whether exposed to the risk of delisting
2023 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Sixth tranche) (Type I)	23 Huatai G8	115346	2023-05-08	2023-05-10	2025-07-10	17	2.82	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2023 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Sixth tranche) (Type II)	23 Huatai G9	115347	2023-05-08	2023-05-10	2028-05-10	7	3.07	Principal to be paid upon expiration and interest to be paid annually	SSE	No
2023 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Seventh tranche)	23 Huatai 10	115367	2023-08-22	2023-08-24	2026-08-24	20	2.64	Principal to be paid upon expiration and interest to be paid annually	SSE	No

Notes:

1. The above-mentioned corporate bonds were publicly issued to professional investors who shall have the ability to identify and bear respective risks. They shall be aware of and bear their own investment risks of the corporate bonds and in compliance with the requirements of the Administrative Measures for Issuance and Trading of Corporate Bonds, the Administrative Measures of the Shanghai Stock Exchange for Eligibility of Investors in the Bond Market (《上海證券交易所債券市場投資者適當性管理辦法》), the Administrative Measures for the Eligibility of the Investors of Securities and Future (《證券期貨投資者適當性管理辦法》) and relevant laws and regulations (excluding purchasers subject to prohibition under laws and regulations). Investors shall not subscribe by illegal use of others' accounts or fund accounts, or illegally financing or financing for others. Investors subscribing for the above tranche of corporate bonds shall observe relevant laws and regulations and relevant provisions of the CSRC and assume corresponding legal responsibilities on their own.
2. The above-mentioned corporate bonds are listed on the SSE, which can be traded by way of matching, one-click-order, price-enquiry, bidding and negotiating pursuant to the Rules Governing the Trading of Bonds on the Shanghai Stock Exchange.
3. Information on the lead underwriters and entrusted managers of the above-mentioned corporate bonds can be found in the prospectus for bonds.
4. 21 Huatai Y1, 21 Huatai Y2, 21 Huatai Y3, 22 Huatai Y1, 22 Huatai Y2 and 22 Huatai Y3 are subject to issuer's renewal option, issuer's redemption right, issuer's redemption option when certain conditions are met and issuer's right of deferring interest payment. The coupon rate for the first five interest-bearing years is determined through book-building, which remains unchanged during the first five interest-bearing years. The coupon rate shall be repriced every five years from the sixth interest-bearing year. If no redemption right was exercised by the issuer, the coupon rate would be adjusted to be the sum of the current benchmark interest rate and the initial spread plus 300bp from the sixth interest-bearing year, which will remain unchanged from the sixth interest-bearing year to the tenth interest-bearing year. Afterwards, the coupon rate repriced every five years is the sum of the current benchmark interest rate and the initial spread plus 300bp. The initial spread is the difference between the coupon rate and the initial benchmark interest rate for the first five interest-bearing years.

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

21 Huatai Y1, 21 Huatai Y2, 21 Huatai Y3, 22 Huatai Y1, 22 Huatai Y2 and 22 Huatai Y3 issued by the Company are subject to the issuer's renewal option and issuer's redemption right, and the issuer's renewal option has not been exercised as of the disclosure date of this report; the issuer's redemption option when certain conditions are met and the issuer's right of deferring interest payment has not been triggered as of the disclosure date of this report.

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

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

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

Unit: 100 million Yuan Currency: RMB

Name of bond	Total amount of funds raised	Utilised amount	Unutilised amount
18 Huatai G2	10	10	—
20 Huatai G3	35	35	—
20 Huatai G4	30	30	—
20 Huatai C1	50	50	—
20 Huatai G7	35	35	—
20 Huatai G9	40	40	—
21 Huatai G1	40	40	—
21 Huatai C1	90	90	—
21 Huatai G3	50	50	—
21 Huatai G4	60	60	—
21 Huatai G5	40	40	—
21 Huatai G6	20	20	—
21 Huatai G7	20	20	—
21 Huatai 09	25	25	—
21 Huatai 11	15	15	—
21 Huatai 12	27	27	—
21 Huatai Y1	30	30	—
21 Huatai 14	34	34	—
21 Huatai 13	21	21	—
21 Huatai 16	11	11	—
21 Huatai 15	22	22	—
21 Huatai Y2	50	50	—
21 Huatai Y3	20	20	—
22 Huatai Y1	27	27	—
22 Huatai G1	50	50	—
22 Huatai Y2	30	30	—
22 Huatai G2	20	20	—
22 Huatai G3	30	30	—
22 Huatai G4	20	20	—
22 Huatai G5	30	30	—
22 Huatai Y3	35	35	—
22 Huatai G6	36	36	—
22 Huatai G7	14	14	—
22 Huatai G8	15	15	—
22 Huatai 10	20	20	—
22 Huatai 11	5	5	—
22 Huatai 12	40	40	—
23 Huatai G1	40	40	—
23 Huatai G2	8	8	—
23 Huatai G3	20	20	—

Name of bond	Total amount of funds raised	Utilised amount	Unutilised amount
23 Huatai G4	45	45	—
23 Huatai G5	40	40	—
23 Huatai G6	15	15	—
23 Huatai G7	22	22	—
23 Huatai S1	50	50	—
23 Huatai S2	50	50	—
23 Huatai G8	17	17	—
23 Huatai G9	7	7	—

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

4. Adjustments to the credit ratings

During the Reporting Period, the rating agencies did not make any adjustments to the ratings. Information on ratings of bonds in different periods can be found in the announced rating reports.

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

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

6. *Additional Information on corporate bonds*

(1) Amount and type of interest-bearing liabilities as at the end of the Reporting Period

Unit: 100 million Yuan Currency: RMB

Item	The Company		The Group	
	Amount	Percentage	Amount	Percentage
Short-term borrowings	—	—	136.64	3.75%
Short-term financing funds payable	169.61	5.89%	267.62	7.34%
Placement from other financial institutions	336.06	11.68%	346.90	9.52%
Financial assets sold under repurchase agreements	1,150.03	39.97%	1,459.65	40.06%
Bonds payable	1,221.85	42.46%	1,426.44	39.15%
Long-term borrowings	—	—	6.58	0.18%
Total	<u>2,877.55</u>	<u>100.00%</u>	<u>3,643.83</u>	<u>100.00%</u>

Note: As at the end of the Reporting Period, the principal amount of the Company's perpetual subordinated bonds was RMB19.2 billion, and was included in equity instruments and excluded from interest-bearing liabilities. A batch of foreign debts issued by the Group with a principal amount of RMB1.975 billion were included in financial liabilities held for trading and excluded from the above interest-bearing liabilities.

(2) Remaining maturity of interest-bearing liabilities as at the end of the Reporting Period

Unit: 100 million Yuan Currency: RMB

Item	The Company		The Group	
	Within one year (inclusive)	Over one year	Within one year (inclusive)	Over one year
Short-term borrowings	–	–	136.64	–
Short-term financing funds payable	169.61	–	267.62	–
Placement from other financial institutions	336.06	–	346.90	–
Financial assets sold under repurchase agreements	1,150.03	–	1,459.65	–
Bonds payable	267.24	954.61	332.41	1,094.03
Long-term borrowings	–	–	–	6.58
Total	<u>1,922.94</u>	<u>954.61</u>	<u>2,543.22</u>	<u>1,100.61</u>

Note: As at the end of the Reporting Period, the principal amount of the Company's perpetual subordinated bonds was RMB19.2 billion, and all of them had a remaining maturity of more than 1 year. A batch of foreign debts issued by the Group with a principal amount of RMB1.975 billion were included in financial liabilities held for trading, and had a remaining maturity of more than 1 year and were excluded from the above-mentioned interest-bearing liabilities.

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

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

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

(V) Accounting data and financial indicators for the last two years as at the end of the Reporting Period

Unit: Thousand Yuan Currency: RMB

Primary indicators	As of the end of the Reporting Period	As of the end of the previous year	Increase/decrease as of the end of the Reporting Period from the end of the previous year (%)	Reason for the change
Current ratio	1.35	1.40	-3.57	
Quick ratio	1.35	1.40	-3.57	
Gearing ratio (%)	76.57	75.81	Increase of 0.76 percentage point	

Primary indicators	The Reporting Period (from January to June)	Corresponding period of the previous year	Increase/decrease of the Reporting Period from the corresponding period of the previous year (%)	Reason for the change
Net profit after nonrecurring profit or loss	7,016,617	5,307,511	32.20	Increase in revenue
EBITDA to total debt ratio (%)	3.71	3.18	Increase of 0.53 percentage point	
Times interest earned	2.29	2.32	-1.29	
Times cash-interest earned	-1.26	3.94	N/A	
Times interest earned of EBITDA	2.44	2.46	-0.81	
Loan repayment ratio (%)	100.00	100.00	—	
Interest payment ratio (%)	100.00	100.00	—	

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

II. CONVERTIBLE CORPORATE BONDS

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

INDEX OF DOCUMENTS FOR INSPECTION

Index of Documents for Inspection	Financial statements carrying the signature and seal of the Company's legal representative, person in charge of accounting and head of accounting department Original copies of all documents and announcements of the Company publicly disclosed during the Reporting Period Articles of Association
-----------------------------------	---

Chairman: Zhang Wei

Date of Submission as Approved by the Board of Directors: August 30, 2023

INFORMATION DISCLOSURE OF SECURITIES COMPANIES

MAJOR ADMINISTRATIVE APPROVALS OF THE COMPANY

Letter on Unanimity for Proprietary Participation in Carbon Emissions Trading of Huatai Securities Co., Ltd. (Ji Gou Bu Han [2023] No. 102) dated January 30, 2023.

APPENDIX: INFORMATION DISCLOSURE INDEX

1. During the Reporting Period, the Company disclosed the following matters on China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily and on the website of the Shanghai Stock Exchange (www.sse.com.cn):

No.	Date	Announcement
1	2023-01-07	H Share Announcement of HTSC – Monthly Return of Equity Issuer on Movements in Securities for the month ended December 31, 2022
2	2023-01-16	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
3	2023-01-19	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
4	2023-01-20	Announcement by Huatai Securities Co., Ltd. on the Completion of the Change in Industrial and Commercial Registration of Business Scope, Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
5	2023-02-06	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee, Announcement by Huatai Securities Co., Ltd. on Obtaining a No Objection Letter from the CSRC in relation to Proprietary Participation in Carbon Emissions Trading
6	2023-02-07	Extension Announcement on the 2023 First Extraordinary General Meeting and the 2023 First A Shareholders Class Meeting of Huatai Securities Co., Ltd., H Share Announcement of HTSC – Monthly Return of Equity Issuer on Movements in Securities for the month ended January 31, 2023
7	2023-02-08	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
8	2023-02-09	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
9	2023-02-11	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee

No.	Date	Announcement
10	2023-02-13	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
11	2023-02-18	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
12	2023-02-23	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee, Announcement by Huatai Securities Co., Ltd. on Change of Registered Address of Wholly-owned Subsidiary Huatai Innovative Investment Co., Ltd.
13	2023-02-24	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
14	2023-03-04	H Share Announcement of HTSC – Monthly Return of Equity Issuer on Movements in Securities for the month ended February 28, 2023
15	2023-03-07	Announcement by Huatai Securities Co., Ltd. on Obtaining Approval by the CSRC for the Registration of Public Issuance of Short-term Corporate Bonds to Professional Investors
16	2023-03-10	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
17	2023-03-13	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
18	2023-03-21	H Share Announcement of HTSC (Date of Board Meeting)
19	2023-03-23	Announcement by Huatai Securities Co., Ltd. on the Briefing on the Annual Results of 2022
20	2023-03-29	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee

No.	Date	Announcement
21	2023-03-31	2022 Annual Report of Huatai Securities Co., Ltd., 2022 Annual Report Summary of Huatai Securities Co., Ltd., 2022 Financial Statements and Audit Report of Huatai Securities Co., Ltd., Special Explanation of Huatai Securities Co., Ltd. on Occupation of Non-operating Funds and Transaction of Other Associated Funds for 2022, Annual Internal Control Evaluation Report of Huatai Securities Co., Ltd. for 2022, Annual Internal Control Audit Report of Huatai Securities Co., Ltd. in 2022, Corporate Social Responsibility Report of Huatai Securities Co., Ltd. for 2022, Report on Performance of Duties of Audit Committee under the Board of Huatai Securities Co., Ltd. in 2022, Report on Performance of Duties of Independent Directors of Huatai Securities Co., Ltd. for 2022, Prior Approval of Independent Directors of Huatai Securities Co., Ltd. for the Relevant Matters Discussed at the Second Meeting of the Sixth Session of the Board, Independent Opinions of Independent Directors of Huatai Securities Co., Ltd. on the Relevant Matters Discussed at the Second Meeting of the Sixth Session of the Board, Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Second Meeting of the Sixth Session of the Board, Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Second Meeting of the Sixth Session of the Supervisory Committee, Announcement by Huatai Securities Co., Ltd. on Re-appointment of the Accounting Firms, Announcement by Huatai Securities Co., Ltd. on Fulfilment of Conditions for Release from Selling Restriction of the First Lock-up Period under the Restricted Share Incentive Scheme of A Shares, Legal Opinions from Beijing King & Wood Mallesons (Nanjing) Law Firm on Fulfilment of Conditions for Release from Selling Restriction of the First Unlocking Period and Repurchase and Cancellation of Part of the Restricted Shares under the Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd., Announcement by Huatai Securities Co., Ltd. on Repurchase and Cancellation of Part of the Restricted A Shares, Announcement on Annual Profit Distribution Plan of Huatai Securities Co., Ltd. for 2022, Announcement by Huatai Securities Co., Ltd. on Anticipation of Ordinary Transactions with Related Parties in 2023
22	2023-04-07	H Share Announcement of HTSC – Monthly Return of Equity Issuer on Movements in Securities for the month ended March 31, 2023
23	2023-04-18	Announcement by Huatai Securities Co., Ltd. on Release from Selling Restriction of the First Lock-up Period under the Restricted Share Incentive Scheme of A Shares and Listing
24	2023-04-19	H Share Announcement of HTSC (Date of Board Meeting)
25	2023-04-21	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
26	2023-04-22	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee

No.	Date	Announcement
27	2023-04-26	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
28	2023-04-29	First Quarterly Report of 2023 of Huatai Securities Co., Ltd., Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Third Meeting of the Sixth Session of the Board, Independent Opinion of Independent Directors of Huatai Securities Co., Ltd. on the Relevant Matters Discussed at the Third Meeting of the Sixth Session of the Board, Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Third Meeting of the Sixth Session of the Supervisory Committee, Announcement by Huatai Securities Co., Ltd. on Changes in Accounting Policies
29	2023-05-06	H Share Announcement of HTSC – Monthly Return of Equity Issuer on Movements in Securities for the month ended April 30, 2023, Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
30	2023-05-08	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
31	2023-05-09	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
32	2023-05-10	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
33	2023-05-12	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
34	2023-05-17	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
35	2023-05-23	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
36	2023-05-24	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee

No.	Date	Announcement
37	2023-05-31	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee, Notice of Convening 2022 Annual General Meeting and 2023 Second A Shareholders Class Meeting by Huatai Securities Co., Ltd., Documents of 2022 Annual General Meeting, 2023 Second A Shareholders Class Meeting, 2023 Second H Shareholders Class Meeting of Huatai Securities Co., Ltd.
38	2023-06-06	H Share Announcement of HTSC – Monthly Return of Equity Issuer on Movements in Securities for the month ended May 31, 2023
39	2023-06-07	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
40	2023-06-15	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
41	2023-06-16	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
42	2023-06-17	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
43	2023-06-26	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
44	2023-06-28	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee
45	2023-06-29	Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary Providing Guarantee

2. During the Reporting Period, the Company disclosed the following matters on the HKEXnews website of HKEX (www.hkexnews.hk):

No.	Date	Announcement
1	2023-01-02	Overseas Regulatory Announcements – Statements of Huatai Securities Co., Ltd. on the Satisfaction of the Conditions for the Rights Issue of the Company, Proposal for Public Issuance of Shares by Way of Rights Issue of Huatai Securities Co., Ltd., Feasibility Analysis Report on the Use of Proceeds from the Rights Issue of Huatai Securities Co., Ltd., Report on Use of Proceeds Previously Raised by Huatai Securities Co., Ltd., Report on Use of Proceeds Previously Raised by Huatai Securities Co., Ltd. and Assurance Report, Shareholders’ Interim Return Plan (2023-2025) of Huatai Securities Co., Ltd., Announcement by Huatai Securities Co., Ltd. on Risk Reminder of and Remedial Measures to the Dilution of Immediate Returns Resulted from the Rights Issue to the Existing Shareholders and the Undertakings by Relevant Parties, Notice of Convening 2023 First Extraordinary General Meeting and 2023 First A Shareholders Class Meeting by Huatai Securities Co., Ltd.
2	2023-01-06	Monthly Return of Equity Issuer on Movements in Securities for the month ended December 31, 2022
3	2023-01-09	Overseas Regulatory Announcement – Announcement on Coupon Rate of 2023 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First tranche)
4	2023-01-11	Overseas Regulatory Announcement – Announcement on Issuance Results for 2023 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First tranche)
5	2023-01-13	Overseas Regulatory Announcement – Announcement on Coupon Rate of 2023 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second tranche)
6	2023-01-15	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance according to Medium-term Notes Plan and with Wholly-owned Subsidiary providing Guarantee
7	2023-01-16	Overseas Regulatory Announcements – Announcement by Huatai Securities Co., Ltd. on 2023 Interest Payment for 2022 Perpetual Subordinated Bonds Publicly Issued to Professional Investors (First tranche), Announcement by Huatai Securities Co., Ltd. on 2023 Interest Payment for 2021 Subordinated Bonds Publicly Issued to Professional Investors (First tranche), Announcement by Huatai Securities Co., Ltd. on 2023 Interest Payment for 2021 Corporate Bonds Publicly Issued to Professional Investors (First tranche) (Type 1), Announcement on Issuance Results for 2023 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second tranche)

No.	Date	Announcement
8	2023-01-18	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance according to Medium-term Notes Plan and with Wholly-owned Subsidiary providing Guarantee
9	2023-01-19	Overseas Regulatory Announcements – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance according to Medium-term Notes Plan and with Wholly-owned Subsidiary providing Guarantee, Announcement by Huatai Securities Co., Ltd. on the Completion of the Change in Industrial and Commercial Registration of Business Scope
10	2023-02-02	Overseas Regulatory Announcement – Announcement on Coupon Rate of 2023 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Third tranche)
11	2023-02-05	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Obtaining a No Objection Letter from the CSRC in relation to Proprietary Participation in Carbon Emissions Trading, Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance according to Medium-term Notes Plan and with Wholly-owned Subsidiary providing Guarantee
12	2023-02-06	Monthly Return of Equity Issuer on Movements in Securities for the month ended January 31, 2023, Postpone Announcement on the 2023 First Extraordinary General Meeting and the 2023 First H Shareholders Class Meeting, Overseas Regulatory Announcements – Announcement on Issuance Results for 2023 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Third tranche)
13	2023-02-07	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance according to Medium-term Notes Plan and with Wholly-owned Subsidiary providing Guarantee
14	2023-02-08	Overseas Regulatory Announcements – Announcement by Huatai Securities Co., Ltd. on 2023 Interest Payment for 2022 Corporate Bonds Publicly Issued to Professional Investors (Ninth tranche) (Type 1), Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance according to Medium-term Notes Plan and with Wholly-owned Subsidiary providing Guarantee
15	2023-02-10	Overseas Regulatory Announcements – Announcement on Coupon Rate of 2023 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fourth tranche), Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance according to Medium-term Notes Plan and with Wholly-owned Subsidiary providing Guarantee

No.	Date	Announcement
16	2023-02-12	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance according to Medium-term Notes Plan and with Wholly-owned Subsidiary providing Guarantee
17	2023-02-17	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance according to Medium-term Notes Plan and with Wholly-owned Subsidiary providing Guarantee
18	2023-02-22	Overseas Regulatory Announcements – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance according to Medium-term Notes Plan and with Wholly-owned Subsidiary providing Guarantee, Announcement by Huatai Securities Co., Ltd. on Change of Registered Address of Wholly-owned Subsidiary Huatai Innovative Investment Co., Ltd.
19	2023-02-23	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance according to Medium-term Notes Plan and with Wholly-owned Subsidiary providing Guarantee
20	2023-02-24	Overseas Regulatory Announcement – Announcement on Coupon Rate of 2023 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fifth tranche)
21	2023-02-28	Overseas Regulatory Announcement – Announcement on Issuance Results for 2023 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Fifth tranche)
22	2023-03-03	Monthly Return of Equity Issuer on Movements in Securities for the month ended February 28, 2023
23	2023-03-06	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Obtaining Approval by the CSRC for the Registration of Public Issuance of Short-term Corporate Bonds to Professional Investors
24	2023-03-09	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance according to Medium-term Notes Plan and with Wholly-owned Subsidiary providing Guarantee
25	2023-03-12	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance according to Medium-term Notes Plan and with Wholly-owned Subsidiary providing Guarantee
26	2023-03-16	Overseas Regulatory Announcement – Announcement on Coupon Rate of 2023 Short-term Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First tranche)

No.	Date	Announcement
27	2023-03-17	Overseas Regulatory Announcement – Announcement on Issuance Results for 2023 Short-term Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (First tranche)
28	2023-03-20	Date of Board Meeting
29	2023-03-22	Overseas Regulatory Announcements – Announcement on Coupon Rate of 2023 Short-term Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second tranche), Announcement by Huatai Securities Co., Ltd. on the Briefing on the Annual Results of 2022
30	2023-03-23	Overseas Regulatory Announcement – Announcement on Issuance Results for 2023 Short-term Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Second tranche)
31	2023-03-28	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance according to Medium-term Notes Plan and with Wholly-owned Subsidiary providing Guarantee
32	2023-03-30	Announcement by Huatai Securities Co., Ltd. on Repurchase and Cancellation of Part of the Restricted A Shares, 2022 Corporate Social Responsibility Report, Results Announcement for the Year Ended December 31, 2022, Final Dividend for the Year Ended December 31, 2022, Overseas Regulatory Announcements – 2022 Annual Report of Huatai Securities Co., Ltd., 2022 Annual Report Summary of Huatai Securities Co., Ltd., 2022 Financial Statements and Audit Report of Huatai Securities Co., Ltd., Special Explanation of Huatai Securities Co., Ltd. on Occupation of Non-operating Funds and Transaction of Other Associated Funds for 2022, Annual Internal Control Evaluation Report of Huatai Securities Co., Ltd. for 2022, Annual Internal Control Audit Report of Huatai Securities Co., Ltd. in 2022, Report on Performance of Duties of Audit Committee under the Board of Huatai Securities Co., Ltd. in 2022, Report on Performance of Duties of Independent Directors of Huatai Securities Co., Ltd. for 2022, Prior Approval of Independent Directors of Huatai Securities Co., Ltd. for the Relevant Matters Discussed at the Second Meeting of the Sixth Session of the Board, Independent Opinions of Independent Directors of Huatai Securities Co., Ltd. on the Relevant Matters Discussed at the Second Meeting of the Sixth Session of the Board, Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Second Meeting of the Sixth Session of the Board, Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Second Meeting of the Sixth Session of the Supervisory Committee, Announcement by Huatai Securities Co., Ltd. on Re-appointment of the Accounting Firms, Announcement by Huatai Securities Co., Ltd. on Fulfilment of Conditions for Release from Selling Restriction of the First Lock-up Period under the Restricted Share Incentive Scheme of A Shares, Legal Opinions from Beijing King & Wood Mallesons (Nanjing) Law Firm on Fulfilment of Conditions for Release from Selling Restriction of the First Unlocking Period and Repurchase and Cancellation of Part of the Restricted Shares under the Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd., Announcement on Annual Profit Distribution Plan of Huatai Securities Co., Ltd. for 2022, Announcement by Huatai Securities Co., Ltd. on Anticipation of Ordinary Transactions with Related Parties in 2023

No.	Date	Announcement
33	2023-04-06	Monthly Return of Equity Issuer on Movements in Securities for the month ended March 31, 2023
34	2023-04-17	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Release from Selling Restriction of the First Lock-up Period under the Restricted Share Incentive Scheme of A Shares and Listing
35	2023-04-18	Date of Board Meeting
36	2023-04-19	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on 2023 Interest Payment for 2021 Corporate Bonds Publicly Issued to Professional Investors (Second tranche)
37	2023-04-20	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance according to Medium-term Notes Plan and with Wholly-owned Subsidiary providing Guarantee
38	2023-04-21	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance according to Medium-term Notes Plan and with Wholly-owned Subsidiary providing Guarantee
39	2023-04-24	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on 2023 Interest Payment for 2020 Corporate Bonds Publicly Issued to Qualified Investors (Second tranche)
40	2023-04-25	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance according to Medium-term Notes Plan and with Wholly-owned Subsidiary providing Guarantee
41	2023-04-26	2022 Annual Report, Notification Letter and Request Form to Registered Shareholders, Notification Letter and Request Form to Non-Registered Holders
42	2023-04-28	First Quarterly Report of 2023, Overseas Regulatory Announcements – Announcement by Huatai Securities Co., Ltd. on Changes in Accounting Policies, Independent Opinion of Independent Directors of Huatai Securities Co., Ltd. on the Relevant Matters Discussed at the Third Meeting of the Sixth Session of the Board, Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Third Meeting of the Sixth Session of the Supervisory Committee, Announcement by Huatai Securities Co., Ltd. on the Resolutions of the Third Meeting of the Sixth Session of the Board
43	2023-05-05	Monthly Return of Equity Issuer on Movements in Securities for the month ended April 30, 2023, Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance According to Medium-term Notes Plan and with Wholly-owned Subsidiary providing Guarantee

No.	Date	Announcement
44	2023-05-08	Overseas Regulatory Announcements – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance according to Medium-term Notes Plan and with Wholly-owned Subsidiary providing Guarantee, Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance according to Medium-term Notes Plan and with Wholly-owned Subsidiary providing Guarantee
45	2023-05-09	Overseas Regulatory Announcements – Announcement on Coupon Rate of 2023 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Sixth tranche), Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance according to Medium-term Notes Plan and with Wholly-owned Subsidiary providing Guarantee
46	2023-05-10	Overseas Regulatory Announcement – Announcement on Issuance Results for 2023 Corporate Bonds of Huatai Securities Co., Ltd. Publicly Issued to Professional Investors (Sixth tranche)
47	2023-05-11	Overseas Regulatory Announcements – Announcement by Huatai Securities Co., Ltd. on 2023 Interest Payment for 2021 Corporate Bonds Publicly Issued to Professional Investors (Third tranche), Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance according to Medium-term Notes Plan and with Wholly-owned Subsidiary providing Guarantee
48	2023-05-15	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on 2023 Interest Payment for 2020 Corporate Bonds Publicly Issued to Qualified Investors (Third tranche)
49	2023-05-16	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance according to Medium-term Notes Plan and with Wholly-owned Subsidiary providing Guarantee
50	2023-05-17	Overseas Regulatory Announcements – Announcement by Huatai Securities Co., Ltd. on 2023 Interest Payment for 2021 Corporate Bonds Publicly Issued to Professional Investors (Fourth tranche) (Type 1), Announcement by Huatai Securities Co., Ltd. on 2023 Interest Payment for 2021 Corporate Bonds Publicly Issued to Professional Investors (Fourth tranche) (Type 2)
51	2023-05-22	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance according to Medium-term Notes Plan and with Wholly-owned Subsidiary providing Guarantee
52	2023-05-23	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance according to Medium-term Notes Plan and with Wholly-owned Subsidiary providing Guarantee

No.	Date	Announcement
53	2023-05-30	Circular of 2022 Annual General Meeting, Notice of 2022 AGM, Notice of the 2023 Second H Shareholders Class Meeting, Form of Proxy of Holders of H Shares for Use at the AGM to Be Held on June 30, 2023, Form of Proxy of Holders of H Shares for Use at the 2023 Second H Shareholders Class Meeting to Be Held on June 30, 2023, Notification Letter and Request Form to Registered Shareholders, Notification Letter and Request Form to Non-Registered Holders, Final Dividend for the Year Ended December 31, 2022 (Update), Overseas Regulatory Announcements – Announcement by Huatai Securities Co., Ltd. on Settlement of the Principal and Interest of 2023 and Delisting for 2013 Corporate Bonds (Ten-year bonds), Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance according to Medium-term Notes Plan and with Wholly-owned Subsidiary providing Guarantee
54	2023-06-05	Monthly Return of Equity Issuer on Movements in Securities for the month ended May 31, 2023
55	2023-06-06	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance according to Medium-term Notes Plan and with Wholly-owned Subsidiary providing Guarantee
56	2023-06-08	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on 2023 Interest Payment for 2021 Corporate Bonds Publicly Issued to Professional Investors (Fifth tranche) (Type 1)
57	2023-06-12	Overseas Regulatory Announcements – Announcement by Huatai Securities Co., Ltd. on Settlement of the Principal and Interest of 2023 and Delisting for 2020 Corporate Bonds Publicly Issued to Qualified Investors (Fourth tranche) (Type 2)
58	2023-06-14	Overseas Regulatory Announcements – Announcement by Huatai Securities Co., Ltd. on 2023 Interest Payment for 2021 Corporate Bonds Publicly Issued to Professional Investors (Sixth tranche) (Type 1), Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance according to Medium-term Notes Plan and with Wholly-owned Subsidiary providing Guarantee
59	2023-06-15	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance according to Medium-term Notes Plan and with Wholly-owned Subsidiary providing Guarantee
60	2023-06-16	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance according to Medium-term Notes Plan and with Wholly-owned Subsidiary providing Guarantee

No.	Date	Announcement
61	2023-06-25	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance according to Medium-term Notes Plan and with Wholly-owned Subsidiary providing Guarantee
62	2023-06-27	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance according to Medium-term Notes Plan and with Wholly-owned Subsidiary providing Guarantee
63	2023-06-28	Overseas Regulatory Announcement – Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance according to Medium-term Notes Plan and with Wholly-owned Subsidiary providing Guarantee
64	2023-06-30	Poll Results of 2022 Annual General Meeting, 2023 Second A Share Class Meeting and 2023 Second H Share Class Meeting; Distribution of Final Dividend, Overseas Regulatory Announcements – Announcement by Huatai Securities Co., Ltd. on Notice to Creditors Regarding the Repurchase and Cancellation of Part of the Restricted A Shares to Reduce Registered Capital, Announcement by Huatai Securities Co., Ltd. on Indirectly Wholly-owned Subsidiary Conducting Issuance according to Medium-term Notes Plan and with Wholly-owned Subsidiary providing Guarantee, Legal Opinions from King & Wood Mallesons on 2022 Annual General Meeting, 2023 Second A Shareholders Class Meeting and 2023 Second H Shareholders Class Meeting of Huatai Securities Co., Ltd.

3. During the Reporting Period, the Company disclosed the following matters on the website of the LSE (www.londonstockexchange.com):

No.	Date	Announcement
1	2023-01-03	POLL RESULTS OF THE EGM, ARTICLES OF ASSOCIATION
2	2023-02-06	EXTENSION ANNOUNCEMENT ON THE GENERAL MEETINGS
3	2023-03-30	2022 CORPORATE SOCIAL RESPONSIBILITY REPORT, REPURCHASE AND CANCELLATION OF PART OF SHARES, 2022 ANNUAL FINANCIAL REPORT
4	2023-04-26	2022 ANNUAL REPORT
5	2023-04-28	FIRST QUARTERLY REPORT OF 2023
6	2023-05-30	NOTICE OF AGM AND A SHARE CLASS MEETING
7	2023-06-30	RESULTS OF AGM AND A SHARE & H SHARE CLASS MEETING

HUATAI SECURITIES CO., LTD.

Review Report and Condensed Consolidated
Financial Statements
For the six months ended 30 June 2023

HUATAI SECURITIES CO., LTD.

REVIEW REPORT AND CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

<u>CONTENTS</u>	<u>PAGE(S)</u>
REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	1 - 2
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS	3
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	4
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	5 - 7
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	8 - 9
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	10 - 12
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	13 - 104

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF HUATAI SECURITIES CO., LTD.

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

Introduction

We have reviewed the condensed consolidated financial statements of Huatai Securities Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 3 to 104, which comprise the condensed consolidated statement of financial position as of 30 June 2023 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

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

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF HUATAI SECURITIES CO., LTD. - continued
(Incorporated in the People's Republic of China with Limited Liability)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

30 August 2023

HUATAI SECURITIES CO., LTD.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

(Expressed in thousands of Renminbi, unless otherwise stated)

		Six months ended 30 June	
	<u>Notes</u>	<u>2023</u>	<u>2022</u>
		(Unaudited)	(Unaudited, restated)
Revenue			
Fee and commission income	5	9,725,697	9,931,122
Interest income	6	7,262,841	6,758,476
Net investment gains	7	5,818,466	3,754,431
		<u>22,807,004</u>	<u>20,444,029</u>
Other income and gains	8	3,145,550	3,034,993
Total revenue, gains and other income		<u>25,952,554</u>	<u>23,479,022</u>
Fee and commission expenses	9	(2,177,899)	(2,402,224)
Interest expenses	10	(6,621,612)	(5,373,126)
Staff costs	11	(4,947,559)	(4,628,022)
Depreciation and amortisation expenses	12	(910,885)	(727,809)
Tax and surcharges		(97,440)	(105,128)
Other operating expenses	13	(4,865,656)	(4,269,814)
Impairment losses under expected credit loss model, net of reversal	14	418,012	337,624
Total expenses		<u>(19,203,039)</u>	<u>(17,168,499)</u>
Operating profit		6,749,515	6,310,523
Share of profit of associates and joint ventures		1,247,913	463,473
Profit before income tax		<u>7,997,428</u>	<u>6,773,996</u>
Income tax expense	15	(1,334,950)	(1,221,102)
Profit for the period		<u>6,662,478</u>	<u>5,552,894</u>
Attributable to:			
Shareholders of the Company		6,555,640	5,375,963
Non-controlling interests		106,838	176,931
		<u>6,662,478</u>	<u>5,552,894</u>
Earnings per share (Expressed in Renminbi per share)	16		
- Basic		0.70	0.58
- Diluted		<u>0.68</u>	<u>0.56</u>

The notes on pages 13 to 104 form part of these condensed consolidated financial statements.

HUATAI SECURITIES CO., LTD.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

<u>Notes</u>	<u>Six months ended 30 June</u>	
	<u>2023</u>	<u>2022</u>
	(Unaudited)	(Unaudited, restated)
Profit for the period	<u>6,662,478</u>	<u>5,552,894</u>
Other comprehensive income/ (expense) for the period:		
Items that will not be reclassified to profit or loss:		
Equity instruments at fair value through other comprehensive income/(expense)		
- Net change in fair value	19,511	(35,494)
- Income tax impact	(4,808)	5,925
Items that may be reclassified subsequently to profit or loss:		
Net gain/ (loss) from debt instruments at fair value through other comprehensive income	93,450	(187,376)
Fair value gain on hedging instruments designated in cash flow hedges	41,750	24,820
Share of other comprehensive expense of associates and joint ventures	(5,665)	(2,439)
Exchange differences on translation of financial statements in foreign currencies	610,133	682,828
Income tax impact	(21,320)	27,350
Other comprehensive income for the period, net of income tax	<u>733,051</u>	<u>515,614</u>
Total comprehensive income for the period	<u>7,395,529</u>	<u>6,068,508</u>
Attributable to:		
Shareholders of the Company	7,193,396	5,789,351
Non-controlling interests	202,133	279,157
Total	<u>7,395,529</u>	<u>6,068,508</u>

The notes on pages 13 to 104 form part of these condensed consolidated financial statements.

HUATAI SECURITIES CO., LTD.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	<u>Notes</u>	As at 30 June <u>2023</u> (Unaudited)	As at 31 December <u>2022</u> (Audited, restated)
Non-current assets			
Property and equipment	17	6,420,996	6,287,383
Investment properties		210,527	217,586
Goodwill	18	3,489,002	3,352,219
Land-use rights and other intangible assets	19	7,581,158	7,439,816
Interests in associates	20	19,376,905	18,276,443
Interests in joint ventures	21	1,311,491	1,706,184
Debt instruments at amortised cost	22	41,525,244	36,586,707
Debt instruments at fair value through other comprehensive income	23	14,209,041	7,900,595
Equity instruments at fair value through other comprehensive income	24	270,778	241,587
Financial assets at fair value through profit or loss	25	9,219,709	10,142,583
Refundable deposits	26	40,195,074	42,706,777
Deferred tax assets	27	787,070	600,473
Other non-current assets	28	271,388	300,664
Total non-current assets		<u>144,868,383</u>	<u>135,759,017</u>
Current assets			
Accounts receivable	29	9,961,847	7,804,341
Other receivables, prepayments and other current assets	30	1,966,679	2,157,529
Margin accounts receivable	31	105,412,167	100,648,375
Debt instruments at amortised cost	22	8,797,116	11,965,863
Financial assets held under resale agreements	32	17,389,635	34,824,221
Debt instruments at fair value through other comprehensive income	23	1,185,184	2,603,784
Financial assets at fair value through profit or loss	25	379,460,813	340,661,962
Derivative financial assets	33	15,039,940	15,788,301
Clearing settlement funds	34	6,793,643	8,716,506
Cash held on behalf of brokerage clients	35	148,683,704	140,460,346
Cash and bank balances	36	47,511,147	45,180,745
Total current assets		<u>742,201,875</u>	<u>710,811,973</u>
Total assets		<u>887,070,258</u>	<u>846,570,990</u>

HUATAI SECURITIES CO., LTD.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued

AS AT 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	<u>Notes</u>	As at 30 June <u>2023</u> (Unaudited)	As at 31 December <u>2022</u> (Audited, restated)
Current liabilities			
Short-term bank loans	38	13,664,407	7,997,434
Short-term debt instruments issued	39	26,762,350	25,772,604
Placements from other financial institutions	40	34,690,064	25,877,713
Accounts payable to brokerage clients	41	159,354,314	152,551,723
Employee benefits payable		3,799,251	5,304,177
Other payables and accruals	42	121,130,382	108,096,572
Contract liabilities		276,677	218,943
Current tax liabilities		667,727	524,997
Financial assets sold under repurchase agreements	43	145,964,883	144,117,998
Financial liabilities at fair value through profit or loss	44	37,156,594	43,005,621
Derivative financial liabilities	33	13,863,810	9,638,125
Long-term bonds due within one year	45	33,240,562	29,062,749
Total current liabilities		<u>590,571,021</u>	<u>552,168,656</u>
Net current assets		<u>151,630,854</u>	<u>158,643,317</u>
Total assets less current liabilities		<u>296,499,237</u>	<u>294,402,334</u>
Non-current liabilities			
Derivative financial liabilities	33	60,040	-
Long-term bonds	46	109,403,273	110,356,589
Long-term bank loans	47	657,558	804,903
Non-current employee benefits payable		6,795,934	6,588,448
Deferred tax liabilities	27	2,458,361	2,199,928
Financial liabilities at fair value through profit or loss	44	5,565,830	5,569,938
Other payables and accruals	42	1,044,891	1,025,918
Total non-current liabilities		<u>125,985,887</u>	<u>126,545,724</u>
Net assets		<u>170,513,350</u>	<u>167,856,610</u>

HUATAI SECURITIES CO., LTD.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued
AS AT 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	<u>Notes</u>	As at 30 June <u>2023</u> (Unaudited)	As at 31 December <u>2022</u> (Audited, restated)
Equity			
Share capital	48	9,075,589	9,075,589
Other equity instruments	49	19,200,000	19,200,000
Treasury shares	50	(1,071,810)	(1,202,324)
Reserves	51	100,628,476	100,092,751
Retained profits	52	39,671,901	37,929,086
Total equity attributable to shareholders of the Company		167,504,156	165,095,102
Non-controlling interests		3,009,194	2,761,508
Total equity		<u>170,513,350</u>	<u>167,856,610</u>

The notes on pages 13 to 104 form part of these condensed consolidated financial statements.

Approved and authorised for issue by the board of directors on 30 August 2023.

Zhang Wei
Chairman of the Board,
Director

Wang Bing
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2023
(Expressed in thousands of Renminbi, unless otherwise stated)

	Attributable to shareholders of the Company												
	Reserves												
	Share capital (Note 48)	Other equity instruments (Note 49)	Treasury shares (Note 50)	Capital reserve (Note 51)	Surplus reserve (Note 51)	General reserve (Note 51)	Fair value reserve (Note 51)	Cash flow hedges reserve (Note 51)	Translation reserve (Note 51)	Retained profits (Note 52)	Total	Non- controlling interests	Total equity
As at 1 January 2022(audited)	9,076,650	9,996,425	(1,231,547)	70,562,359	6,569,922	18,106,044	223,143	(14,184)	(425,781)	35,559,779	148,422,810	3,612,974	152,035,784
Adjustments (Note 3)	-	-	-	-	466	1,446	-	-	-	4,698	6,610	-	6,610
As at 1 January 2022 (restated)	9,076,650	9,996,425	(1,231,547)	70,562,359	6,570,388	18,107,490	223,143	(14,184)	(425,781)	35,564,477	148,429,420	3,612,974	152,042,394
Changes in equity for the period	-	-	-	-	-	-	-	-	-	5,375,963	5,375,963	176,931	5,552,894
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income / (expense) for the period	-	-	-	-	-	-	(173,053)	24,820	561,621	-	413,388	102,226	515,614
Total comprehensive income / (expense) for the period	-	-	-	-	-	-	(173,053)	24,820	561,621	5,375,963	5,789,351	279,157	6,068,508
Issue of perpetual bonds	-	2,698,446	-	-	-	-	-	-	-	-	2,698,446	-	2,698,446
Equity-settled share-based payments	-	-	19,992	89,123	-	-	-	-	-	-	109,115	30,820	139,935
Appropriation to general reserve	-	-	-	-	-	42,951	-	-	-	(42,951)	-	-	-
Dividends declared to ordinary shareholders for the period	-	-	-	-	-	-	-	-	-	(4,063,640)	(4,063,640)	-	(4,063,640)
Dividends payable to perpetual subordinated bonds	-	-	-	-	-	-	-	-	-	(485,730)	(485,730)	-	(485,730)
As at 30 June 2022 (unaudited)	9,076,650	12,694,871	(1,211,555)	70,651,482	6,570,388	18,150,441	50,090	10,636	135,840	36,348,119	152,476,962	3,922,951	156,399,913

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - continued
FOR THE SIX MONTHS ENDED 30 JUNE 2023
(Expressed in thousands of Renminbi, unless otherwise stated)

The notes on pages 13 to 104 form part of these condensed consolidated financial statements.

HUATAI SECURITIES CO., LTD.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

(Expressed in thousands of Renminbi, unless otherwise stated)

	Six months ended 30 June	
	<u>Note</u>	
	<u>2023</u>	<u>2022</u>
	(Unaudited)	(Unaudited)
Cash flows from operating activities:		
Profit before income tax	7,997,428	6,773,996
Adjustments for:		
Interest expenses	6,621,612	5,373,126
Share of profit of associates and joint ventures	(1,247,913)	(463,473)
Depreciation and amortisation expenses	910,885	727,809
Impairment losses under expected credit loss model, net of reversal	(418,012)	(337,624)
Expenses recognised from equity-settled share-based payment	116,675	121,471
Gains on disposal of property and equipment	(255)	(189)
Foreign exchange gains	(396,149)	(881,435)
Dividend income and interest income from financial assets through other comprehensive income and debt instruments at amortised cost	(893,249)	(635,732)
Net (gains) / losses arising from derecognition of financial assets at fair value through other comprehensive income	(29,814)	139,444
Net gains arising from converting bonds into interests in an associate	(652)	-
Unrealised fair value changes in financial instruments at fair value through profit or loss	(4,330,627)	3,768,736
Unrealised fair value changes in derivatives	6,270,410	(6,052,899)
Operating cash flows before movements in working capital	14,600,339	8,533,230
Decrease / (increase) in refundable deposits	2,511,703	(4,763,430)
(Increase) / decrease in margin accounts receivable	(4,744,070)	13,937,116
Increase in accounts receivable, other receivables and prepayments	(2,030,591)	(23,815)
Decrease in financial assets held under resale agreements	2,688,555	2,349,832
Increase in financial instruments at fair value through profit or loss	(38,637,828)	(26,204,796)
Decrease in restricted bank deposits	166,458	685,513
Increase in cash held on behalf of brokerage clients	(8,223,358)	(3,663,831)
Increase in accounts payable to brokerage clients	6,802,591	11,275,701
Increase / (decrease) in other payables and accruals	8,536,331	(1,388,351)
Decrease in employee benefits payable	(1,297,440)	(2,026,599)
Increase in financial assets sold under repurchase agreements	1,846,885	2,579,381
Increase in placements from other financial institutions	8,813,117	29,310,555
Cash (used in)/generated from operations	(8,967,308)	30,600,506
Income taxes paid	(1,146,512)	(1,800,493)
Interest paid	(3,569,257)	(2,781,700)
Net cash (used in)/ generated from operating activities	(13,683,077)	26,018,313

HUATAI SECURITIES CO., LTD.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - continued
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	Six months ended 30 June	
<u>Note</u>	<u>2023</u>	<u>2022</u>
	(Unaudited)	(Unaudited)
Cash flow from investing activities:		
Proceeds on disposal of property and equipment	7,890	17,573
Dividends received from associates	668,485	1,004,552
Dividend income and interest income from financial assets through other comprehensive income and debt instruments at amortised cost	842,397	635,732
Proceeds from disposals of financial instruments at fair value through other comprehensive income	4,326,020	3,382,111
Proceeds from disposals of debt instruments at amortised cost	6,692,000	2,880,377
Purchase of financial assets at fair value through other comprehensive income	(9,064,477)	(1,330,000)
Purchase of debt instruments at amortised cost	(8,493,042)	(10,087,098)
Divestments of associates and joint ventures	236,690	96,051
Cash inflow on acquisition of a subsidiary	-	16,309
Purchase of property and equipment, investment properties, other intangible assets and other non-current assets	(656,914)	(447,514)
Acquisition of interests in associates	(787,291)	(81,100)
Net cash used in investing activities	<u>(6,228,242)</u>	<u>(3,913,007)</u>

HUATAI SECURITIES CO., LTD.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - continued
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

	<u>Six months ended 30 June</u>	
<u>Note</u>	<u>2023</u>	<u>2022</u>
	(Unaudited)	(Unaudited)
Cash flow from financing activities:		
Proceeds from issuance of short-term debt instruments	21,027,377	31,616,903
Proceeds from issuance of long-term bonds	22,813,243	12,679,939
Proceeds from issuance of perpetual bonds	-	2,698,446
Proceeds from bank loans	13,657,463	6,457,459
Repayment of bank loans	(8,126,101)	(9,210,439)
Repayment of debt securities issued	(39,408,493)	(56,916,128)
Short-term debt instruments interest paid	(946,686)	(397,679)
Short-term bank loans interest paid	(250,229)	(37,233)
Long-term bank loans interest paid	(6,576)	(9,236)
Long-term bonds interest paid	(2,329,370)	(2,967,286)
Dividends paid	(93,609)	-
Payment of lease liabilities	(355,976)	(283,104)
Net cash generated from / (used in)		
financing activities	5,981,043	(16,368,358)
Net (decrease) / increase in cash and cash equivalents	(13,930,276)	5,736,948
Cash and cash equivalents at the beginning of the period	75,549,060	45,901,362
Effect of foreign exchange rate changes	987,807	1,223,020
Cash and cash equivalents at the end of the period	37 62,606,591	52,861,330

The notes on pages 13 to 104 form part of these condensed consolidated financial statements.

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

1. General information

Huatai Securities Co., Ltd. (the "Company"), formerly known as Jiangsu Securities Company, was approved by the People's Bank of China ("PBOC"), and registered with the Administration for Industry and Commerce of Jiangsu Province on 9 April 1991, with a registered capital of RMB10 million. The Company was renamed as Huatai Securities Limited Liability Company on 21 December 1999 and then renamed as Huatai Securities Co., Ltd. on 7 December 2007 as a result of the conversion into a joint stock limited liability company.

The Company publicly issued RMB784,561,275 ordinary shares (the "A shares") in February 2010, and was listed on the Shanghai Stock Exchange on 26 February 2010.

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

In 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".

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").

In September 2022, the Company completed the repurchase and cancellation of 1,060,973 restricted A Shares. As at 30 June 2023, the Company's registered capital was RMB9,075,589,027 and the Company has a total of 9,075,589,027 issued shares of RMB1 each.

As at 30 June 2023, the Company has 28 branches and 243 securities business offices.

The Company and its subsidiaries (the "Group") are principally engaged in securities business, securities underwriting and sponsorship, securities investment advisory, asset management, agency sale of financial products, intermediary introduction business for the futures companies, agency sale and custody of securities investment fund, mutual fund management, direct investment business, alternative investment business, futures brokerage business and other business activities as approved by the China Securities Regulatory Commission (the "CSRC").

2. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "*Interim Financial Reporting*" issued by the International Accounting Standards Board ("IASB") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. It was authorised for issue on 30 August 2023.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

(Expressed in thousands of Renminbi, unless otherwise stated)

3. Principal accounting policies

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

Other than additional accounting policies resulting from application of new International Financial Reporting Standards ("IFRSs") and amendments to IFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2022.

Application of new IFRSs and amendments to IFRSs

In the current interim period, the Group has applied the following new IFRSs and amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on or after 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two model Rules
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies

**3.1 Impacts and changes in accounting policies on application of Amendments to IAS 12
*Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

3.1.1 Accounting policies

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

3. Principal accounting policies - continued

Application of new IFRSs and amendments to IFRSs - continued

**3.1 Impacts and changes in accounting policies on application of Amendments to IAS 12
*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*** - continued

3.1.1 Accounting policies - continued

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

3.1.2 Transition and summary of effects

The Group previously applied the IAS 12 requirements to assets and liabilities arising from a single transaction separately and temporary differences on initial recognition on the relevant assets and liabilities were not recognised due to application of the initial recognition exemption. In accordance with the transition provision:

- (i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;
- (ii) the Group also, as at 1 January 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The effects of the changes in accounting policy as a result of application of amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* on the condensed consolidated statement of profit or loss are as follows, the application of the amendment has had no impact on the Group's other comprehensive income and earnings per share was unchanged.

	Six months ended 30 June	
	<u>2023</u>	<u>2022</u>
<i>Impact on profit for the period</i>		
Net increase / (decrease) in income tax expense	2,161	(755)
Net (decrease) / increase in profit for the period	<u>(2,161)</u>	<u>755</u>
(Decrease) / increase in profit for the period attributable to:		
Shareholders of the Company	(2,161)	755
Non-controlling interests	-	-
	<u>(2,161)</u>	<u>755</u>

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

3. Principal accounting policies - continued

Application of new IFRSs and amendments to IFRSs - continued

3.1 Impacts and changes in accounting policies on application of Amendments to IAS 12
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - continued

3.1.2 Transition and summary of effects - continued

The effects of the changes in accounting policy as a result of application of amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* on the condensed consolidated statement of financial position as at the end of the immediately preceding financial year, i.e. 31 December 2022, are as follows:

	As at 31 <u>December 2022</u> (Originally stated)	<u>Adjustments</u>	As at 31 <u>December 2022</u> (Restated)
Deferred tax assets	596,499	3,974	600,473
Deferred tax liabilities	2,203,855	(3,927)	2,199,928
Total effects on net assets	<u>(1,607,356)</u>	<u>7,901</u>	<u>(1,599,455)</u>

	As at 31 <u>December 2022</u> (Originally stated)	<u>Adjustments</u>	As at 31 <u>December 2022</u> (Restated)
Reserves	100,090,636	2,115	100,092,751
Retained profits	37,923,300	5,786	37,929,086
Total effects on equity	<u>138,013,936</u>	<u>7,901</u>	<u>138,021,837</u>

The effect of the changes in accounting policy as a result of application of amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* on the condensed consolidated statement of financial position as at the beginning of the comparative period, i.e. 1 January 2022, is as follows:

	As at 1 <u>January 2022</u> (Originally stated)	<u>Adjustments</u>	As at 1 <u>January 2022</u> (Restated)
Deferred tax assets	654,651	6,689	661,340
Deferred tax liabilities	2,619,161	79	2,619,240
Total effects on net assets	<u>(1,964,510)</u>	<u>6,610</u>	<u>(1,957,900)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

3. Principal accounting policies - continued

Application of new IFRSs and amendments to IFRSs - continued

**3.1 Impacts and changes in accounting policies on application of Amendments to IAS 12
Deferred Tax related to Assets and Liabilities arising from a Single Transaction** - continued

3.1.2 Transition and summary of effects - continued

	As at 1 <u>January 2022</u> (Originally stated)	<u>Adjustments</u>	As at 1 <u>January 2022</u> (Restated)
Reserves	95,021,503	1,912	95,023,415
Retained profits	35,559,779	4,698	35,564,477
Total effects on equity	<u>130,581,282</u>	<u>6,610</u>	<u>130,587,892</u>

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

The condensed consolidated financial statements do not include all the information required for a full set of financial statements prepared in accordance with IFRSs. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's consolidated financial position and performance since the last annual financial report as at and for the year ended 31 December 2022.

The condensed consolidated financial statements are unaudited, but have been reviewed by Deloitte Touche Tohmatsu in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by International Auditing and Assurance Standards Board. Deloitte Touche Tohmatsu's independent review report to the Board of Directors is issued on 30 August 2023.

4. Use of judgements and estimates

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

In the preparation of the condensed consolidated financial statements, the key sources of uncertainty derived from significant judgements and estimation made by the management while applying the Group's accounting policies are the same as these applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2022.

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

5. Fee and commission income

	Six months ended 30 June	
	<u>2023</u>	<u>2022</u>
Income from securities brokerage and advisory business	4,201,543	4,699,482
Income from asset management business	3,237,064	2,660,549
Income from underwriting and sponsorship business	1,544,751	1,580,415
Income from futures brokerage business	540,051	751,103
Income from financial advisory business	92,953	142,979
Other commission income	109,335	96,594
Total	<u>9,725,697</u>	<u>9,931,122</u>

6. Interest income

	Six months ended 30 June	
	<u>2023</u>	<u>2022</u>
Interest income from margin financing and securities lending	3,953,585	3,930,960
Interest income from financial institutions	2,148,206	1,914,084
Interest income from debt instruments at amortised cost	704,012	486,456
Interest income from debt instruments at fair value through other comprehensive income	189,237	149,276
Interest income from securities-backed lendings	150,532	134,769
Interest income from other financial assets held under resale agreements	112,087	134,593
Others	5,182	8,338
Total	<u>7,262,841</u>	<u>6,758,476</u>

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

7. Net investment gains

	Six months ended 30 June	
	<u>2023</u>	<u>2022</u>
Dividend income and interest income from financial instruments at fair value through profit or loss	3,800,489	4,330,578
Net realised losses from disposal of an associate	-	(504)
Net realised gains / (losses) from disposal of financial instruments at fair value through profit or loss	12,644,313	(11,052,860)
Net realised gains / (losses) from disposal of debt instruments at fair value through other comprehensive income	29,814	(139,444)
Net realised (losses) / gains from disposal of derivative financial instruments	(8,370,087)	7,139,552
Unrealised fair value changes of derivative financial instruments	(6,616,690)	7,245,845
Unrealised fair value changes of financial instruments at fair value through profit or loss	4,330,627	(3,768,736)
Total	<u>5,818,466</u>	<u>3,754,431</u>

8. Other income and gains

	Six months ended 30 June	
	<u>2023</u>	<u>2022</u>
Income from commodity sales	1,302,492	1,942,967
Government grants ⁽ⁱ⁾	90,571	113,650
Rental income	16,368	38,370
Gains on disposal of property and equipment	10	189
Foreign exchange gains	1,609,504	881,435
Others	126,605	58,382
Total	<u>3,145,550</u>	<u>3,034,993</u>

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

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

9. Fee and commission expenses

	Six months ended 30 June	
	<u>2023</u>	<u>2022</u>
Expenses for securities brokerage and advisory business	1,275,255	1,379,549
Expenses for asset management business	637,826	538,763
Expenses for futures brokerage business	236,450	450,155
Expenses for underwriting and sponsorship business	27,514	31,400
Expenses for financial advisory business	146	1,416
Other commission expenses	708	941
Total	<u>2,177,899</u>	<u>2,402,224</u>

10. Interest expenses

	Six months ended 30 June	
	<u>2023</u>	<u>2022</u>
Interest expenses on long-term bonds	2,640,701	2,322,531
Interest expenses on financial assets sold under repurchase agreements	2,094,972	1,265,259
Interest expenses on placements from banks and other financial institutions	980,130	944,405
Interest expenses on short-term debt instruments issued	159,409	476,806
Interest expenses of accounts payable to brokerage clients	424,807	222,246
Interest expenses on lease liabilities	34,713	39,455
Interest expenses on short-term bank loans	208,460	37,484
Interest expenses on long-term bank loans	9,837	9,236
Others	68,583	55,704
Total	<u>6,621,612</u>	<u>5,373,126</u>

11. Staff costs

	Six months ended 30 June	
	<u>2023</u>	<u>2022</u>
Salaries, bonuses and allowances	3,822,604	3,542,926
Contribution to pension schemes	549,205	442,099
Share-based payment expense	117,261	121,471
Other social welfare	458,489	521,526
Total	<u>4,947,559</u>	<u>4,628,022</u>

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

11. Staff costs - continued

The domestic employees of the Group in the PRC participate in social welfare plans, including pension, medical, housing, and other welfare benefits, organised and administered by the governmental authorities. According to the relevant regulations, the premiums and welfare benefits contributions that should be borne by the Group are calculated on a regular basis and paid to the labour and social welfare authorities. The contributions to the social security plans are expensed as incurred. The Group also operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong under the Mandatory Provident Fund Schemes Ordinance.

12. Depreciation and amortisation expenses

	Six months ended 30 June	
	<u>2023</u>	<u>2022</u>
Amortisation of land-use rights and other intangible assets	266,986	199,475
Depreciation of property and equipment		
- Right-of-use assets	309,164	245,316
- Other property and equipment	261,613	221,455
Amortisation of leasehold improvements and long-term deferred expenses	67,874	55,003
Depreciation of investment properties	5,248	6,560
Total	<u>910,885</u>	<u>727,809</u>

13. Other operating expenses

	Six months ended 30 June	
	<u>2023</u>	<u>2022</u>
Cost of commodity sales	1,330,494	1,957,805
IT expenses	1,118,742	949,388
Litigation and regulatory matters(Note55)	711,773	1,000
Stock exchange fees	256,622	231,527
Consulting fees	213,362	169,860
Marketing, advertising and promotion expenses	205,997	184,146
Postal and communication expenses	144,282	117,484
Securities investor protection funds	64,014	52,538
Products distribution expenses	21,529	33,901
Utilities	20,020	25,893
Rental expenses	18,512	21,469
Auditors' remuneration	11,071	10,813
Others	749,238	513,990
Total	<u>4,865,656</u>	<u>4,269,814</u>

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

14. Impairment losses under expected credit loss model, net of reversal

	Six months ended 30 June	
	<u>2023</u>	<u>2022</u>
(Reversal of)/ provision for impairment losses against financial assets held under resale agreements	(468,976)	56,015
Provision for impairment losses against other receivables and interest receivable	22,891	6,755
Provision for/(reversal of) impairment losses against financial assets at fair value through other comprehensive income	44,049	(57,345)
Provision for/(reversal of) impairment losses against accounts receivable	6,182	(1,768)
Reversal of impairment losses against margin accounts receivable	(21,744)	(341,256)
Reversal of impairment losses against cash and bank balances	(421)	(592)
Provision for impairment losses against debt instruments at amortised cost	7	567
Total	<u>(418,012)</u>	<u>(337,624)</u>

15. Income tax expense

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

	Six months ended 30 June	
	<u>2023</u>	<u>2022</u>
		(Restated)
Current income tax		
- Mainland China	1,070,214	1,303,574
- Hong Kong	118,039	54,899
- Overseas	131,667	96,608
	<u>1,319,920</u>	<u>1,455,081</u>
Adjustment in respect of prior years		
- Mainland China	(30,678)	26,077
Deferred tax	45,708	(260,056)
Total	<u>1,334,950</u>	<u>1,221,102</u>

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

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

15. Income tax expense - continued

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

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

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

	Six months ended 30 June	
	<u>2023</u>	<u>2022</u>
		(Restated)
Profit before income tax	7,997,428	6,773,996
Notional tax calculated using the PRC statutory tax rate	1,999,357	1,693,499
Effect of different tax rates of the subsidiaries	(74,786)	(210,725)
Tax effect of non-deductible expenses	127,591	132,161
Effect of using the deductible tax losses for which no deferred tax asset was recognised in previous period	(610)	(30,905)
Tax effect of non-taxable income	(686,557)	(388,480)
Adjustment in respect of prior years	(30,678)	26,077
Others	633	(525)
Income tax expense for the period	<u>1,334,950</u>	<u>1,221,102</u>

16. Basic and diluted earnings per share

(1) Basic earnings per share

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

		Six months ended 30 June	
	<u>Notes</u>	<u>2023</u>	<u>2022</u>
			(Restated)
Consolidated net profit attributable to ordinary shareholders of the Company (Adjusted) (in RMB thousands)	(a)	<u>6,280,103</u>	<u>5,180,354</u>
Weighted average number of ordinary shares (in thousands)	(b)	<u>8,992,563</u>	<u>8,985,884</u>
Basic earnings per share attributable to ordinary shareholders (in RMB per share)		<u>0.70</u>	<u>0.58</u>

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

16. Basic and diluted earnings per share - continued

(1) Basic earnings per share - continued

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

	Six months ended 30 June	
	<u>2023</u>	<u>2022</u>
		(Restated)
Consolidated net profit attributable to equity shareholders of the Company	6,555,640	5,375,963
Dividends declared under Restricted Share Incentive Scheme of A Shares	(13,175)	(19,992)
Profit attributable to perpetual subordinated bonds holders of the Company ⁽ⁱ⁾	(262,362)	(175,617)
Consolidated net profit attributable to ordinary shareholders of the Company (Adjusted)	<u>6,280,103</u>	<u>5,180,354</u>

- (i) For the purpose of calculating basic earnings per ordinary share in respect of the period ended 30 June 2023, RMB262 million attributable to perpetual subordinated bonds were deducted from profits attributable to shareholders of the Company (30 June 2022: RMB176 million).

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

	Six months ended 30 June	
	<u>2023</u>	<u>2022</u>
Number of ordinary shares as at 1 January	9,075,589	9,076,650
Decrease in weighted average number of ordinary shares	(83,026)	(90,766)
Weighted average number of ordinary shares	<u>8,992,563</u>	<u>8,985,884</u>

(2) Diluted earnings per share

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

		Six months ended 30 June	
	Note	<u>2023</u>	<u>2022</u>
			(Restated)
Consolidated net profit attributable to ordinary shareholders of the Company (diluted)	(a)	<u>6,132,829</u>	<u>5,069,158</u>
Weighted average number of ordinary shares outstanding (in thousands)		<u>8,992,563</u>	<u>8,985,884</u>
Diluted earnings per share attributable to ordinary shareholders (in Renminbi per share)		<u>0.68</u>	<u>0.56</u>

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

16. Basic and diluted earnings per share - continued

(2) Diluted earnings per share - continued

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

	Six months ended 30 June	
	<u>2023</u>	<u>2022</u> (Restated)
Consolidated net profit attributable to ordinary shareholders of the Company (Adjusted)	6,280,103	5,180,354
Diluted adjustments:		
Effect of conversion of convertible bonds from the associate of the Company ⁽ⁱⁱ⁾	(146,052)	(111,054)
Assumed vesting of shares granted to employees of a subsidiary ⁽ⁱⁱⁱ⁾	<u>(1,222)</u>	<u>(142)</u>
Consolidated net profit attributable to ordinary shareholders of the Company (diluted)	<u>6,132,829</u>	<u>5,069,158</u>

- (i) The Group granted Restricted Stock Incentive Scheme of A shares to certain employees in 2021. Diluted earnings per share should take into account both the impact of the cash dividend of the current period distributed to the holders of restricted shares who are expected to reach the unlocking conditions and estimate number of restricted shares which will be unlocked. After considering the abovementioned impacts, the Restricted Stock Incentive Scheme has an anti-dilutive effect and excluded from the calculation of diluted earnings per share for the period ended 30 June 2023 and 30 June 2022.
- (ii) Bank of Jiangsu Co., Ltd. ("Bank of Jiangsu"), the associate of the Company issued convertible bonds in 2019. Diluted earnings per share takes into account the potential dilutive impact on the Group's share of profits of this associate due to the potential full conversion of bonds to shares.
- (iii) The dilutive effect is due to the share-based payment schemes of AssetMark Financial Holdings, Inc. ("AssetMark").

HUATAI SECURITIES CO., LTD.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

(Expressed in thousands of Renminbi, unless otherwise stated)

17. Property and equipment

	<u>Buildings</u>	<u>Motor vehicles</u>	<u>Electronic equipment</u>	<u>Furniture and fixtures</u>	<u>Construction in progress</u>	<u>Right-of-use assets</u>	<u>Total</u>
Cost							
As at 1 January 2023	4,689,613	161,582	1,917,816	424,009	195,750	2,515,403	9,904,173
Additions	1,567	2,839	60,536	29,055	258,651	386,276	738,924
Transfer during the period	-	-	445	2,854	(34,774)	-	(31,475)
Transfer in from investment properties	3,721	-	-	-	-	-	3,721
Disposals	-	(8,463)	(14,723)	(1,799)	-	(262,205)	(287,190)
As at 30 June 2023	<u>4,694,901</u>	<u>155,958</u>	<u>1,964,074</u>	<u>454,119</u>	<u>419,627</u>	<u>2,639,474</u>	<u>10,328,153</u>
Accumulated depreciation							
As at 1 January 2023	(1,202,470)	(92,247)	(945,500)	(271,132)	-	(1,105,441)	(3,616,790)
Charge for the period	(67,176)	(6,069)	(158,052)	(30,316)	-	(309,164)	(570,777)
Transfer in from investment properties	(1,910)	-	-	-	-	-	(1,910)
Disposals	-	6,553	12,062	1,579	-	262,126	282,320
As at 30 June 2023	<u>(1,271,556)</u>	<u>(91,763)</u>	<u>(1,091,490)</u>	<u>(299,869)</u>	<u>-</u>	<u>(1,152,479)</u>	<u>(3,907,157)</u>
Carrying amount							
As at 30 June 2023	<u>3,423,345</u>	<u>64,195</u>	<u>872,584</u>	<u>154,250</u>	<u>419,627</u>	<u>1,486,995</u>	<u>6,420,996</u>
	<u>Buildings</u>	<u>Motor vehicles</u>	<u>Electronic equipment</u>	<u>Furniture and fixtures</u>	<u>Construction in progress</u>	<u>Right-of-use assets</u>	<u>Total</u>
Cost							
As at 1 January 2022	3,910,449	151,202	1,711,037	348,516	96,059	2,054,590	8,271,853
Additions	-	43,818	366,134	76,964	212,731	816,869	1,516,516
Transfer during the year	798	-	22	2,156	(113,040)	-	(110,064)
Transfer in from investment properties	122,515	-	-	-	-	-	122,515
Acquisition of subsidiaries	656,612	-	251	208	-	-	657,071
Disposals	(196)	(33,438)	(159,628)	(3,835)	-	(356,056)	(553,153)
Transfer to investment properties	(565)	-	-	-	-	-	(565)
As at 31 December 2022	<u>4,689,613</u>	<u>161,582</u>	<u>1,917,816</u>	<u>424,009</u>	<u>195,750</u>	<u>2,515,403</u>	<u>9,904,173</u>
Accumulated depreciation							
As at 1 January 2022	(1,014,410)	(110,198)	(803,768)	(243,106)	-	(922,149)	(3,093,631)
Charge for the year	(128,479)	(12,393)	(285,399)	(31,118)	-	(525,031)	(982,420)
Transfer in from investment properties	(59,961)	-	-	-	-	-	(59,961)
Disposals	11	30,344	143,667	3,092	-	341,739	518,853
Transfer to investment properties	369	-	-	-	-	-	369
As at 31 December 2022	<u>(1,202,470)</u>	<u>(92,247)</u>	<u>(945,500)</u>	<u>(271,132)</u>	<u>-</u>	<u>(1,105,441)</u>	<u>(3,616,790)</u>
Carrying amount							
As at 31 December 2022	<u>3,487,143</u>	<u>69,335</u>	<u>972,316</u>	<u>152,877</u>	<u>195,750</u>	<u>1,409,962</u>	<u>6,287,383</u>

As at 30 June 2023 and 31 December 2022, included in buildings, there is a carrying amount of RMB39.21 million and RMB40.57 million, respectively, for which the Group has yet to obtain the relevant land or building certificates.

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

18. Goodwill

Cost

As at 1 January 2023	3,352,219
Acquisition through business combination	-
Effect of movements in exchange rates	136,783
As at 30 June 2023	<u>3,489,002</u>

Impairment losses

As at 1 January 2023	-
Impairment losses	-
As at 30 June 2023	<u>-</u>

Carrying amounts

As at 1 January 2023	<u>3,352,219</u>
As at 30 June 2023	<u>3,489,002</u>

Cost

As at 1 January 2022	2,836,429
Acquisition through business combination	271,374
Effect of movements in exchange rates	244,416
As at 31 December 2022	<u>3,352,219</u>

Impairment losses

As at 1 January 2022	-
Impairment losses	-
As at 31 December 2022	<u>-</u>

Carrying amounts

As at 1 January 2022	<u>2,836,429</u>
As at 31 December 2022	<u>3,352,219</u>

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

19. Land-use rights and other intangible assets

	<u>Land- use rights</u>	<u>Existing Relationships with broker- dealers</u>	<u>Enterprise distribution channel customer relationships</u>	<u>Trade names</u>	<u>Software and others</u>	<u>Total</u>
Cost						
As at 1 January 2023	1,768,330	3,931,667	242,226	348,720	4,087,137	10,378,080
Additions	-	-	-	-	240,089	240,089
Disposals	-	-	-	-	(1,400)	(1,400)
Exchange differences	-	124,713	8,301	10,756	70,146	213,916
As at 30 June 2023	<u>1,768,330</u>	<u>4,056,380</u>	<u>250,527</u>	<u>359,476</u>	<u>4,395,972</u>	<u>10,830,685</u>
Accumulated amortisation						
As at 1 January 2023	(158,886)	-	-	(178,508)	(2,600,870)	(2,938,264)
Charge for the period	(20,317)	-	-	(22,143)	(227,372)	(269,832)
Disposals	-	-	-	-	-	-
Exchange differences	-	-	-	(6,251)	(35,180)	(41,431)
As at 30 June 2023	<u>(179,203)</u>	<u>-</u>	<u>-</u>	<u>(206,902)</u>	<u>(2,863,422)</u>	<u>(3,249,527)</u>
Carrying amount						
As at 30 June 2023	<u>1,589,127</u>	<u>4,056,380</u>	<u>250,527</u>	<u>152,574</u>	<u>1,532,550</u>	<u>7,581,158</u>
Cost						
As at 1 January 2022	1,768,330	3,636,197	202,009	312,824	3,298,487	9,217,847
Acquisition of subsidiaries	-	-	23,427	10,981	26,355	60,763
Additions	-	-	-	-	565,955	565,955
Disposals	-	-	-	-	(86)	(86)
Exchange differences	-	295,470	16,790	24,915	196,426	533,601
As at 31 December 2022	<u>1,768,330</u>	<u>3,931,667</u>	<u>242,226</u>	<u>348,720</u>	<u>4,087,137</u>	<u>10,378,080</u>
Accumulated amortisation						
As at 1 January 2022	(117,114)	-	-	(131,462)	(2,178,598)	(2,427,174)
Charge for the year	(41,772)	-	-	(37,409)	(351,288)	(430,469)
Disposals	-	-	-	-	86	86
Exchange differences	-	-	-	(9,637)	(71,070)	(80,707)
As at 31 December 2022	<u>(158,886)</u>	<u>-</u>	<u>-</u>	<u>(178,508)</u>	<u>(2,600,870)</u>	<u>(2,938,264)</u>
Carrying amount						
As at 31 December 2022	<u>1,609,444</u>	<u>3,931,667</u>	<u>242,226</u>	<u>170,212</u>	<u>1,486,267</u>	<u>7,439,816</u>

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

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

20. Interests in associates

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Share of net assets	<u>19,376,905</u>	<u>18,276,443</u>

As at 30 June 2023 and 31 December 2022, the Group has pledged the shares of interest in associates with a total book value of RMB4,986 million and RMB4,649 million to China Securities Finance Corporation Limited ("CSF") for refinancing and supporting the Group's securities lending business, respectively.

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

Name of associate	Registered place	Proportion of owner ship interest								Principal activity
		Registered capital		Group's effective interest		Held by the Company		Held by a subsidiary		
		30/06/2023	31/12/2022	30/06/2023	31/12/2022	30/06/2023	31/12/2022	30/06/2023	31/12/2022	
Bank of Jiangsu ⁽ⁱ⁾	Nanjing	15,519,094	14,769,657	5.59%	5.88%	5.59%	5.88%	-	-	Commercial banking
China Southern Asset Management Co.,Ltd.	Shenzhen	361,720	361,720	41.16%	41.16%	41.16%	41.16%	-	-	Fund management
Nanjing Huatai Ruilian NO.1 Funds Mergers (Limited Partnership) ⁽ⁱⁱ⁾	Nanjing	5,442,000	5,442,000	48.27%	48.27%	-	-	48.27%	48.27%	Equity investment

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

- (i) 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. As of 30 June 2023, Bank of Jiangsu has converted from RMB4,475,006 thousand convertible bonds into 749,559,864 shares, accounting for 6.4928% of the total number of ordinary shares issued by Bank of Jiangsu before the conversion. For the six months ended 30 June 2023, the equity ratio of Bank of Jiangsu held by the Company was changed from 5.88% to 5.59%.
- (ii) As at 30 June 2023, 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.

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

21. Interests in joint ventures

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Unlisted investment in a joint venture at fair value through profit or loss ⁽ⁱ⁾	539,353	741,464
Unlisted investment in a joint venture	<u>772,138</u>	<u>964,720</u>
Total	<u>1,311,491</u>	<u>1,706,184</u>

- (i) As at 30 June 2023, the Group elected to measure its investment Huatai International Greater Bay Area Investment Fund, L.P. of RMB539 million held through Huatai Financial Holdings (Hong Kong) Limited, a wholly-owned subsidiary, at fair value through profit or loss as management measured the performance of this joint venture on a fair value basis.

The following list contains only the particulars of joint venture, which is accounted for using the equity method in the condensed consolidated financial statements, and details of the joint venture as at 30 June 2023 and 31 December 2022 are as follows:

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

As at 30 June 2023, the Group held 10.00% equity interest of Huatai Merchant (Jiangsu) Capital Market Investment Fund of Funds (Limited Partnership). Pursuant to the partnership agreement, the Group and a third party contractually agree to share control of the fund, and have rights to the net assets of the fund. The directors of the Group consider the fund is jointly controlled by the Group and the third party, and it is therefore accounted for as a joint venture of the Group.

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

22. Debt instruments at amortised cost

(a) Analysed by nature:

Non-current

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Debt securities	41,529,558	36,590,612
Less: impairment losses	(4,314)	(3,905)
Total	<u>41,525,244</u>	<u>36,586,707</u>
Analysed as:		
Listed outside Hong Kong	14,690,420	15,935,425
Listed inside Hong Kong	122,976	134,246
Unlisted	26,711,848	20,517,036
Total	<u>41,525,244</u>	<u>36,586,707</u>

Current

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Debt securities	8,797,941	11,967,090
Less: impairment losses	(825)	(1,227)
Total	<u>8,797,116</u>	<u>11,965,863</u>
Analysed as:		
Listed outside Hong Kong	5,436,649	8,840,419
Listed inside Hong Kong	15,429	-
Unlisted	3,345,038	3,125,444
Total	<u>8,797,116</u>	<u>11,965,863</u>

As at 30 June 2023, the Group has pledged debt instruments at amortised cost with a total fair value of RMB27,466 million and carrying amount of RMB27,103 million for the purpose of repurchase agreement business and derivative business (as at 31 December 2022: a total fair value of RMB48,206 million and carrying amount of RMB47,753 million).

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

22. Debt instruments at amortised cost - continued

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

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
At the beginning of the period/ year	5,132	15,115
Charge/ (reversal) for the period/ year, net	7	(9,969)
Written-off	-	(14)
At the end of the period/ year	<u>5,139</u>	<u>5,132</u>

23. Debt instruments at fair value through other comprehensive income

(a) Analysed by nature:

Non-current

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Debt securities	13,932,470	7,695,974
Loan and advances	276,571	204,621
Total	<u>14,209,041</u>	<u>7,900,595</u>
Analysed as:		
Listed outside Hong Kong	1,557,031	1,629,903
Listed inside Hong Kong	1,909,254	972,819
Unlisted	10,742,756	5,297,873
Total	<u>14,209,041</u>	<u>7,900,595</u>

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

23. Debt instruments at fair value through other comprehensive income - continued

(a) *Analysed by nature:* - continued

Current

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Debt securities	981,485	2,202,643
Loan and advances	203,699	401,141
Total	<u>1,185,184</u>	<u>2,603,784</u>
Analysed as:		
Listed outside Hong Kong	516,816	1,506,397
Listed inside Hong Kong	464,669	696,246
Unlisted	203,699	401,141
Total	<u>1,185,184</u>	<u>2,603,784</u>

As at 30 June 2023, the Group has pledged debt instruments at fair value through other comprehensive income with a total fair value of RMB10,067 million for the purpose of repurchase agreement business (as at 31 December 2022: RMB3,466 million).

24. Equity instruments at fair value through other comprehensive income

(a) *Analysed by nature:*

Non-current

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Equity securities designated at financial assets at fair value through other comprehensive income		
- Unlisted equity securities	270,778	241,587
Total	<u>270,778</u>	<u>241,587</u>
Analysed as:		
Unlisted	<u>270,778</u>	<u>241,587</u>

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

25. Financial assets at fair value through profit or loss

Non-current

(a) Analysed by type:

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Equity securities	6,565,052	6,525,458
Funds	483,647	761,065
Loan and advances	2,171,010	2,856,060
Total	<u>9,219,709</u>	<u>10,142,583</u>

(b) Analysed as:

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Listed outside Hong Kong	237,096	524,533
Unlisted	8,982,613	9,618,050
Total	<u>9,219,709</u>	<u>10,142,583</u>

Current

(a) Analysed by type:

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Debt securities	174,716,830	174,205,450
Equity securities	114,867,880	100,851,313
Funds	68,539,493	44,782,298
Wealth management products	20,782,563	20,575,405
Loan and advances	554,047	247,496
Total	<u>379,460,813</u>	<u>340,661,962</u>

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

25. Financial assets at fair value through profit or loss - continued

Current - continued

(b) Analysed as:

	As at 30 June 2023	As at 31 December 2022
Listed outside Hong Kong	160,321,059	155,242,430
Listed inside Hong Kong	42,248,074	43,464,008
Unlisted	176,891,680	141,955,524
Total	<u>379,460,813</u>	<u>340,661,962</u>

As at 30 June 2023 and 31 December 2022, the fund investments with lock-up periods in its investment portfolio held by the Group are RMB650 million and RMB735million, respectively.

As at 30 June 2023 and 31 December 2022, the listed equity securities held by the Group included approximately RMB8,189 million and RMB10,529 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 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 the reporting date.

As at 30 June 2023 and 31 December 2022, 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 RMB2,326 million and RMB2,902 million to external clients, respectively, which did not result in derecognition of the financial assets. The fair value of collateral for the securities lending business is analysed in Note 31(c) together with the fair value of collateral of margin financing business.

As at 30 June 2023 and 31 December 2022, the Group has pledged financial assets at fair value through profit or loss investments with a total fair value of RMB16,563 million and RMB16,119 million to CSF for refinancing and supporting the Group's securities lending business, respectively.

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

25. Financial assets at fair value through profit or loss - continued

Current - continued

(b) *Analysed as:* - continued

As at 30 June 2023 and 31 December 2022, the Group has pledged financial assets at fair value through profit or loss investments with a total fair value of RMB116,424 million and RMB109,936 million for the purpose of repurchase agreement business, bond lending business and derivative business, respectively.

As at 30 June 2023 and 31 December 2022, the wealth management products held by the Group included approximately RMB67 million and RMB140 million of restricted products, respectively. The restricted products are subscribed by the Group as the fund manager with a legally enforceable restriction on these products that prevents the Group to dispose of within the specified period.

26. Refundable deposits

	<u>As at 30</u> <u>June 2023</u>	<u>As at 31</u> <u>December 2022</u>
Deposits with stock exchanges		
- Hong Kong Securities Clearing Company Limited	4,224,081	5,286,738
- China Securities Depository and Clearing Corporation Limited	1,669,198	1,665,965
- Hong Kong Stock Exchange	24,933	65,987
- Hong Kong Exchanges and Clearing Limited	60,124	94,329
	<u>5,978,336</u>	<u>7,113,019</u>
Deposits with futures and commodity exchanges		
- China Financial Futures Exchange	13,103,065	14,761,044
- Shanghai Futures Exchange	5,573,722	5,954,846
- Dalian Commodity Exchange	4,989,779	4,402,818
- Zhengzhou Commodity Exchange	4,025,524	2,932,216
- Shanghai International Energy Exchange	1,309,805	1,039,029
- Overseas commodity exchange	92,081	3,689
	<u>29,093,976</u>	<u>29,093,642</u>
Deposits with other institutions		
- China Securities Finance Corporation Limited	308,630	1,768,557
- Shanghai Clearing House	1,079,430	881,981
- Shanghai Gold Exchange	400	400
- Other financial institutions	3,734,302	3,849,178
	<u>5,122,762</u>	<u>6,500,116</u>
Total	<u>40,195,074</u>	<u>42,706,777</u>

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

27. Deferred taxation

(a) The components of deferred tax assets/ (liabilities) recognised in the condensed consolidated statements of financial position and the movements are as follows:

Deferred tax arising from:	Provision for impairment losses	Employee benefits payable	Changes in fair value of financial instruments measured at fair value through profit and loss	Changes in fair value of derivative financial instruments	Changes in fair value of financial instruments measured at fair value through other comprehensive income	Intangible assets recognised in the acquisition	Others	Total
As at 1 January 2023(Restated)	840,595	1,737,046	(31,402)	(562,460)	(4,853)	(1,267,508)	(2,310,873)	(1,599,455)
Recognised in profit or loss	(116,974)	31,259	(662,551)	325,611	-	552	376,395	(45,708)
Recognised in reserves	(7,274)	-	-	-	(18,854)	-	-	(26,128)
As at 30 June 2023	716,347	1,768,305	(693,953)	(236,849)	(23,707)	(1,266,956)	(1,934,478)	(1,671,291)
As at 1 January 2022(Restated)	981,491	1,811,033	(1,181,623)	240,379	(34,248)	(1,181,118)	(2,593,814)	(1,957,900)
Recognised in profit or loss	(136,261)	(73,987)	1,150,221	(802,839)	-	(97,092)	284,469	324,511
Acquisition of subsidiaries	298	-	-	-	-	10,702	-	11,000
Recognised in reserves	(4,933)	-	-	-	29,395	-	(1,528)	22,934
As at 31 December 2022	840,595	1,737,046	(31,402)	(562,460)	(4,853)	(1,267,508)	(2,310,873)	(1,599,455)

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

27. Deferred taxation - continued

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

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u> (Restated)
Net deferred tax assets recognised in the condensed consolidated statement of financial position	787,070	600,473
Net deferred tax liabilities recognised in the condensed consolidated statement of financial position	<u>(2,458,361)</u>	<u>(2,199,928)</u>
Total	<u>(1,671,291)</u>	<u>(1,599,455)</u>

(c) Deferred tax assets not recognised

As at 30 June 2023 and 31 December 2022, the Group has not recognised unused tax losses of RMB976 million and RMB978 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 the current tax legislation.

28. Other non-current assets

(a) Analysed by nature:

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Leasehold improvements and long-term deferred expenses	<u>271,388</u>	<u>300,664</u>

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

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
At the beginning of the period/ year	300,664	282,227
Additions	8,564	35,416
Transfer in from property and equipment	31,475	110,064
Amortisation	(67,874)	(127,043)
Other decrease	<u>(1,441)</u>	<u>-</u>
At the end of the period/ year	<u>271,388</u>	<u>300,664</u>

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

29. Accounts receivable

(a) Analysed by nature:

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Accounts receivable of:		
- Return swap and OTC options	2,192,409	1,813,190
- Brokers, dealers and clearing house	3,226,605	2,085,396
- Fee and commission	1,700,861	2,023,176
- Settlement	771,618	1,072,692
- Redemption of open-ended fund	1,012,789	821,210
- Subscription receivable	1,000,295	246
- Others	133,014	56,962
Less: impairment losses	(75,744)	(68,531)
Total	<u>9,961,847</u>	<u>7,804,341</u>

(b) Analysed by ageing:

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

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Within 1 month	7,558,901	5,374,289
1 to 3 months	671,329	607,064
Over 3 months	1,731,617	1,822,988
Total	<u>9,961,847</u>	<u>7,804,341</u>

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

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
At the beginning of the period/ year	68,531	97,739
Charge/(Reversal) for the period/ year, net	6,182	(32,659)
Other	1,031	3,451
At the end of the period/ year	<u>75,744</u>	<u>68,531</u>

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

29. Accounts receivable - continued

(d) Accounts receivable that is not impaired

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

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

30. Other receivables, prepayments and other current assets

(a) Analysed by nature:

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Other receivables ⁽¹⁾	317,475	549,635
Prepayments	732,422	609,055
Interest receivable ⁽²⁾	82,502	82,063
Dividends receivable	19,210	11,326
Deductible VAT	53,781	57,657
Deferred expenses	12,045	31,150
Others	749,244	816,643
Total	<u>1,966,679</u>	<u>2,157,529</u>

The balance of others mainly represents prepaid tax and commodity arising from normal course of business.

(1) Other receivables:

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Other receivables	1,096,872	1,313,373
Less: impairment losses	<u>(779,397)</u>	<u>(763,738)</u>
Total	<u>317,475</u>	<u>549,635</u>

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

30. Other receivables, prepayments and other current assets - continued

(a) Analysed by nature: - continued

(1) Other receivables: - continued

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

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
At the beginning of the period/ year	763,738	765,109
Charge/ (reversal) for the period/ year, net	15,659	(2,296)
Written-off	-	(105)
Other	-	1,030
At the end of the period/ year	<u>779,397</u>	<u>763,738</u>

(2) Interest receivable:

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Interest receivable	127,909	120,238
Less: impairment losses	<u>(45,407)</u>	<u>(38,175)</u>
Total	<u>82,502</u>	<u>82,063</u>

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

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
At the beginning of the period/ year	38,175	36,946
Charge for the period/ year, net	7,232	1,576
Other	-	(347)
At the end of the period/ year	<u>45,407</u>	<u>38,175</u>

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

31. Margin accounts receivable

(a) Analysed by nature:

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Individuals	92,603,168	89,173,576
Institutions	14,315,633	13,001,155
Less: impairment losses	<u>(1,506,634)</u>	<u>(1,526,356)</u>
Total	<u>105,412,167</u>	<u>100,648,375</u>

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

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
At the beginning of the period/ year	1,526,356	1,914,311
Reversal for the period/ year, net	(21,744)	(387,636)
Other	<u>2,022</u>	<u>(319)</u>
At the end of the period/ year	<u>1,506,634</u>	<u>1,526,356</u>

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

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Fair value of collateral:		
Equity securities	298,079,424	283,187,260
Funds	30,934,306	28,829,001
Cash	9,882,004	11,097,378
Debt securities	<u>1,399,507</u>	<u>942,066</u>
Total	<u>340,295,241</u>	<u>324,055,705</u>

The Group evaluates the collectability of receivable from margin clients based on management's assessment on the credit rating, collateral value and the past collection history of each margin client.

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

32. Financial assets held under resale agreements

(a) Analysed by collateral type:

Current

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Debt securities	11,577,580	28,257,793
Equity securities	6,484,640	7,704,841
Less: impairment losses	<u>(672,585)</u>	<u>(1,138,413)</u>
Total	<u>17,389,635</u>	<u>34,824,221</u>

(b) Analysed by market:

Current

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Shanghai stock exchange	4,756,547	8,912,172
Shenzhen stock exchange	4,002,105	11,631,529
Inter-bank market	7,723,893	13,366,714
Others	1,579,675	2,052,219
Less: impairment losses	<u>(672,585)</u>	<u>(1,138,413)</u>
Total	<u>17,389,635</u>	<u>34,824,221</u>

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

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
At the beginning of the period/ year	1,138,413	1,118,777
(Reversal)/charge for the period/ year, net	(468,976)	15,392
Other	3,148	4,244
At the end of the period/ year	<u>672,585</u>	<u>1,138,413</u>

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

32. Financial assets held under resale agreements - continued

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

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Within 1 month	715,057	1,632,472
1 to 3 months	2,342,558	528,129
3 months to 1 year	3,427,025	5,544,240
Less: impairment losses	<u>(541,553)</u>	<u>(1,014,020)</u>
Total	<u>5,943,087</u>	<u>6,690,821</u>

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

	As at 30 June 2023			
	<u>12-month ECL</u>	Lifetime ECL-not <u>credit impaired</u>	Lifetime ECL- <u>credit impaired</u>	<u>Total</u>
Amortised cost	5,913,467	-	571,173	6,484,640
Impairment losses	<u>(22,049)</u>	-	<u>(519,504)</u>	<u>(541,553)</u>
Carrying amount	<u>5,891,418</u>	-	<u>51,669</u>	<u>5,943,087</u>
Collateral	<u>15,870,767</u>	-	<u>598,568</u>	<u>16,469,335</u>

	As at 31 December 2022			
	<u>12-month ECL</u>	Lifetime ECL-not <u>credit impaired</u>	Lifetime ECL- <u>credit impaired</u>	<u>Total</u>
Amortised cost	6,696,552	-	1,008,289	7,704,841
Impairment losses	<u>(28,128)</u>	-	<u>(985,892)</u>	<u>(1,014,020)</u>
Carrying amount	<u>6,668,424</u>	-	<u>22,397</u>	<u>6,690,821</u>
Collateral	<u>18,262,203</u>	-	<u>972,957</u>	<u>19,235,160</u>

As at 30 June 2023, the fair value of the collateral of the Group's financial assets held under resale agreements was RMB26,620 million (31 December 2022: RMB36,337 million).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

33. Derivative financial instruments

	As at 30 June 2023		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives	1,859,429,230	1,393,309	(1,015,993)
Currency derivatives	190,356,717	1,326,819	(1,162,981)
Equity derivatives	555,833,288	10,776,789	(9,750,666)
Credit derivatives	5,435,787	24,350	(5,808)
Others	318,793,842	2,538,309	(3,143,216)
Total	<u>2,929,848,864</u>	16,059,576	(15,078,664)
Less: settlement		(1,019,636)	1,154,814
Net position		<u>15,039,940</u>	<u>(13,923,850)</u>

	As at 31 December 2022		
	Notional amount	Fair value	
		Assets	Liabilities
Interest rate derivatives	2,049,415,232	1,210,893	(1,014,318)
Currency derivatives	130,689,441	368,568	(1,298,573)
Equity derivatives	573,466,284	14,176,581	(6,478,834)
Credit derivatives	3,485,135	20,452	(3,023)
Others	549,318,616	1,350,559	(1,971,027)
Total	<u>3,306,374,708</u>	17,127,053	(10,765,775)
Less: settlement		(1,338,752)	1,127,650
Net position		<u>15,788,301</u>	<u>(9,638,125)</u>

Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in interest rate swap contracts settled in Shanghai Clearing House, stock index futures and treasury futures settled in China Financial Futures Exchange and certain commodity futures traded through futures companies, were settled daily and the corresponding receipts and payments were included in "clearing settlement funds". Accordingly, the net position of the above contracts was nil as at 30 June 2023 and 31 December 2022.

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

33. Derivative financial instruments - continued

Cash flow hedges

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

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

As at 30 June 2023						
	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	
Currency derivatives	-	-	3,025,000	-	3,025,000	
						Assets Liabilities
						- (60,040)

As at 31 December 2022						
	Notional amount					Fair value
	Within 3 months	Over 3 months but within 1 year	Over 1 year but within 5 years	Over 5 years	Total	
Interest rate derivatives	1,392,920	-	-	-	1,392,920	11,522
Currency derivatives	-	-	3,025,000	-	3,025,000	31,121
Total	1,392,920	-	3,025,000	-	4,417,920	42,643
						Assets Liabilities
						- -

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

As at 30 June 2023				
Carrying amount of hedged items	Effect of hedging instruments on other comprehensive income		Accumulated effect of hedging instruments on other comprehensive income	Line items in the statement of financial position
	Assets	Liabilities		
Bonds	-	(3,043,120)	41,750	84,393
				Long-term bonds

As at 31 December 2022				
Carrying amount of hedged items	Effect of hedging instruments on other comprehensive income		Accumulated effect of hedging instruments on other comprehensive income	Line items in the statement of financial position
	Assets	Liabilities		
Bonds	-	(5,844,230)	56,827	42,643
				Long-term bonds

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

34. Clearing settlement funds

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Deposits with stock exchanges		
- China Securities Depository and Clearing Corporation Limited	6,542,591	5,168,695
- Hong Kong Securities Clearing Company Limited	13,442	55,527
Deposits with other institutions	<u>237,610</u>	<u>3,492,284</u>
Total	<u>6,793,643</u>	<u>8,716,506</u>

35. Cash held on behalf of brokerage clients

The Group maintains segregated deposit accounts with banks and authorised institutions to hold clients' monies arising from its normal course of business. The Group has classified the brokerage clients' monies as cash held on behalf of brokerage clients under the current assets section of the condensed consolidated statement of financial position, and recognised the corresponding accounts payable to the respective brokerage clients on the grounds that they are liable for any loss or misappropriation of their brokerage clients' monies. In the Mainland China, the use of cash held on behalf of brokerage clients is restricted and governed by the relevant third-party deposit regulations issued by the CSRC. In Hong Kong, the use of cash held on behalf of brokerage clients is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

36. Cash and bank balances

(a) Analysed by nature:

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Cash on hand	207	203
Bank balances	47,511,352	45,181,375
Less: impairment losses	<u>(412)</u>	<u>(833)</u>
Total	<u>47,511,147</u>	<u>45,180,745</u>

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

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

36. Cash and bank balances - continued

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

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
At the beginning of the period/ year	833	1,157
Reversal of impairment for the period/ year, net	(421)	(351)
Other Changes	-	27
At the end of the period/ year	<u>412</u>	<u>833</u>

37. Cash and cash equivalents

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Cash on hand	207	203
Bank balances	47,398,521	45,102,385
Clearing settlement funds	6,793,640	8,716,492
Financial assets held under resale agreements within 3 months original maturity	11,423,205	26,635,065
Bond investment within 3 months original maturity	1,832,514	79,878
Less: restricted bank deposits and bank deposits with original maturity of more than three months	<u>(4,841,496)</u>	<u>(4,984,963)</u>
Total	<u>62,606,591</u>	<u>75,549,060</u>

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

38. Short-term bank loans

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Credit loans	12,465,832	7,711,588
Pledged loans	1,198,575	285,846
Total	<u>13,664,407</u>	<u>7,997,434</u>

As of 30 June 2023, the interest rates for short-term loans were in the range of 5.80%-6.40% per annum (31 December 2022: 4.60 % - 5.83 % per annum).

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

39. Short-term debt instruments issued

As at 30 June 2023

<u>Name</u>	<u>Par value</u> Original currency	<u>Value date</u>	<u>Due date</u>	<u>Issue amount</u> Original currency	<u>Nominal interest rate</u>
22 HUATAI F1	RMB4,000,000	17/1/2022	17/1/2024	RMB4,000,000	2.75%
22 HUATAI S2	RMB5,000,000	19/8/2022	17/2/2023	RMB5,000,000	1.78%
23 HUATAI S1	RMB5,000,000	17/3/2023	15/9/2023	RMB5,000,000	2.65%
23 HUATAI S2	RMB5,000,000	23/3/2023	25/10/2023	RMB5,000,000	2.65%
HUATAI B2304a	USD100,000	7/4/2022	6/4/2023	USD100,000	1.50%
HUATAI B2304b	USD100,000	7/4/2022	6/4/2023	USD100,000	1.50%
HUATAI B2304c	USD100,000	7/4/2022	6/4/2023	USD100,000	1.50%
HUATAI B2305a	USD50,000	27/5/2022	25/5/2023	USD50,000	2.85%
HUATAI B2302a	USD50,000	27/5/2022	28/2/2023	USD50,000	2.81%
HUATAI B2306	USD100,000	10/6/2022	8/6/2023	USD100,000	2.86%
HUATAI B2302b	HKD300,000	13/5/2022	13/2/2023	HKD300,000	2.15%
HUATAI B2308	USD15,000	10/8/2022	9/8/2023	USD15,000	3.00%
HUATAI B2302d	USD18,000	14/11/2022	14/2/2023	USD18,000	5.75%
HUATAI B2302e	HKD300,000	14/11/2022	14/2/2023	HKD300,000	5.75%
HUATAI B2302f	USD10,700	16/11/2022	16/2/2023	USD10,700	0.00%
HUATAI B2302g	HKD496,000	16/11/2022	16/2/2023	HKD496,000	5.50%
HUATAI B2302h	USD5,499	18/11/2022	17/2/2023	USD5,499	0.00%
HUATAI B2311	USD40,000	23/11/2022	22/11/2023	USD40,000	6.05%
HUATAI B2302i	HKD23,390	18/11/2022	17/2/2023	HKD23,390	0.00%
HUATAI B2302j	HKD150,000	22/11/2022	22/2/2023	HKD150,000	0.00%
HUATAI B2302k	USD8,580	25/11/2022	24/2/2023	USD8,580	0.00%
HUATAI B2302l	USD100,000	29/11/2022	27/2/2023	USD100,000	0.00%
HUATAI B2302m	USD50,000	29/11/2022	27/2/2023	USD50,000	0.00%
HUATAI B2303a	USD4,839	1/12/2022	1/3/2023	USD4,839	0.00%
HUATAI B2303b	HKD14,000	1/12/2022	1/3/2023	HKD14,000	0.00%
HUATAI B2303c	USD10,000	6/12/2022	3/3/2023	USD10,000	5.70%
HUATAI B2306b	USD62,000	15/12/2022	15/6/2023	USD62,000	0.00%
HUATAI B2306c	USD32,300	29/12/2022	29/6/2023	USD32,300	5.60%
HUATAI B2312	RMB440,000	13/12/2022	12/12/2023	RMB440,000	3.49%
HUATAI B2304d	USD30,000	13/1/2023	13/4/2023	USD30,000	5.00%
HUATAI B2304e	HKD62,000	13/1/2023	13/4/2023	HKD62,000	5.34%
HUATAI B2304f	USD20,000	17/1/2023	17/4/2023	USD20,000	0.00%
HUATAI B2304g	USD20,000	17/1/2023	18/4/2023	USD20,000	5.25%
HUATAI B2305b	USD6,600	10/2/2023	10/5/2023	USD6,600	0.00%
HUATAI B2305c	USD13,350	17/2/2023	17/5/2023	USD13,350	0.00%
HUATAI B2305d	USD15,000	21/2/2023	23/5/2023	USD15,000	5.28%
HUATAI B2305e	HKD200,000	21/2/2023	23/5/2023	HKD200,000	3.82%
HUATAI B2306a	USD11,820	8/3/2023	8/6/2023	USD11,820	0.00%
HUATAI B2306d	USD20,000	10/3/2023	9/6/2023	USD20,000	0.00%
HUATAI B2307a	USD10,000	8/5/2023	7/7/2023	USD10,000	5.55%
HUATAI B2307b	USD40,000	10/5/2023	11/7/2023	USD40,000	5.55%
HUATAI B2307c	USD12,500	16/5/2023	14/7/2023	USD12,500	5.55%
HUATAI B2307d	USD20,000	17/1/2023	18/7/2023	USD20,000	5.00%
HUATAI B2307e	HKD200,000	17/1/2023	18/7/2023	HKD200,000	5.14%
HUATAI B2307f	USD17,000	19/4/2023	19/7/2023	USD17,000	0.00%
HUATAI B2307g	USD6,300	20/4/2023	20/7/2023	USD6,300	0.00%

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

39. Short-term debt instruments issued - continued

As at 30 June 2023 - continued

<u>Name</u>	<u>Par value</u> Original currency	<u>Value date</u>	<u>Due date</u>	<u>Issue amount</u> Original currency	<u>Nominal</u> <u>interest rate</u>
HUATAI B2307h	USD18,000	20/4/2023	20/7/2023	USD18,000	0.00%
HUATAI B2307i	USD20,000	24/4/2023	21/7/2023	USD20,000	5.55%
HUATAI B2307j	USD25,427	19/5/2023	21/7/2023	USD25,427	5.00%
HUATAI B2307k	HKD100,000	29/5/2023	28/7/2023	HKD100,000	4.85%
HUATAI B2307l	USD15,000	29/5/2023	28/7/2023	USD15,000	5.73%
HUATAI B2308a	USD10,000	6/2/2023	4/8/2023	USD10,000	5.50%
HUATAI B2308b	USD47,000	6/2/2023	7/8/2023	USD47,000	0.00%
HUATAI B2308c	USD20,000	8/2/2023	8/8/2023	USD20,000	5.55%
HUATAI B2308d	USD100,000	9/2/2023	9/8/2023	USD100,000	0.00%
HUATAI B2308e	USD15,000	10/2/2023	10/8/2023	USD15,000	0.00%
HUATAI B2308f	USD50,000	22/2/2023	15/8/2023	USD50,000	5.00%
HUATAI B2308g	HKD250,000	14/6/2023	15/8/2023	HKD250,000	4.65%
HUATAI B2308h	USD30,000	17/2/2023	17/8/2023	USD30,000	5.46%
HUATAI B2308i	USD100,000	21/2/2023	18/8/2023	USD100,000	0.00%
HUATAI B2309a	USD15,000	6/6/2023	6/9/2023	USD15,000	5.88%
HUATAI B2309b	USD100,000	10/3/2023	12/9/2023	USD100,000	0.00%
HUATAI B2309c	USD26,300	15/6/2023	15/9/2023	USD26,300	0.00%
HUATAI B2309d	USD10,000	27/6/2023	27/9/2023	USD10,000	5.50%
HUATAI B2310	USD50,000	19/1/2023	19/10/2023	USD50,000	0.00%
HUATAI B2311a	HKD51,000	2/5/2023	2/11/2023	HKD51,000	0.00%
HUATAI B2311b	USD20,000	9/5/2023	9/11/2023	USD20,000	5.55%
HUATAI B2311c	USD10,000	16/5/2023	16/11/2023	USD10,000	5.66%
HUATAI B2311d	USD5,150	19/5/2023	17/11/2023	USD5,150	0.00%
HUATAI B2311f	USD39,000	23/6/2023	22/11/2023	USD39,000	0.00%
HUATAI B2311g	HKD200,000	23/5/2023	24/11/2023	HKD200,000	4.70%
HUATAI B2311h	USD10,500	26/6/2023	27/11/2023	USD10,500	0.00%
HUATAI B2311i	USD25,500	30/6/2023	30/11/2023	USD25,500	5.50%
HUATAI B2312a	USD60,000	17/1/2023	22/12/2023	USD60,000	5.00%
HUATAI B2401a	USD25,800	13/1/2023	12/1/2024	USD25,800	5.00%
HUATAI B2401b	USD20,000	19/1/2023	19/1/2024	USD20,000	5.75%
HUATAI B2402a	USD15,000	3/2/2023	2/2/2024	USD15,000	0.00%
HUATAI B2402b	USD20,600	6/2/2023	5/2/2024	USD20,600	0.00%
HUATAI B2403a	USD30,000	27/3/2023	27/3/2024	USD30,000	5.60%
HUATAI B2405b	HKD475,000	5/5/2023	3/5/2024	HKD475,000	4.60%
HUATAI B2406c	USD50,000	13/6/2023	13/6/2024	USD50,000	5.95%
Structured notes (1)	RMB9,236,198	Note (1)	Note (1)	RMB9,236,198	Note (1)

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

39. Short-term debt instruments issued - continued

As at 30 June 2023 - continued

<u>Name</u>	<u>Book value as at</u> <u>1 January 2023</u> RMB equivalent	<u>Increase</u> RMB equivalent	<u>Decrease</u> RMB equivalent	<u>Book value as at</u> <u>30 June 2023</u> RMB equivalent
22 HUATAI F1	4,105,269	-	(4,105,269)	-
22 HUATAI S2	5,032,777	7,417	(5,040,194)	-
23 HUATAI S1	-	5,038,468	-	5,038,468
23 HUATAI S2	-	5,036,331	-	5,036,331
HUATAI B2304a	697,585	3,953	(701,538)	-
HUATAI B2304b	697,585	3,953	(701,538)	-
HUATAI B2304c	697,585	3,953	(701,538)	-
HUATAI B2305a	354,025	3,523	(357,548)	-
HUATAI B2302a	354,203	2,356	(356,559)	-
HUATAI B2306	707,321	8,781	(716,102)	-
HUATAI B2302b	271,621	175	(271,796)	-
HUATAI B2308	105,092	6,084	-	111,176
HUATAI B2302d	126,321	557	(126,878)	-
HUATAI B2302e	269,950	1,433	(271,383)	-
HUATAI B2302f	74,030	-	(74,030)	-
HUATAI B2302g	445,902	2,541	(448,443)	-
HUATAI B2302h	38,132	-	(38,132)	-
HUATAI B2311	279,817	19,498	-	299,315
HUATAI B2302i	20,749	-	(20,749)	-
HUATAI B2302j	132,878	-	(132,878)	-
HUATAI B2302k	59,279	-	(59,279)	-
HUATAI B2302l	690,163	-	(690,163)	-
HUATAI B2302m	345,082	-	(345,082)	-
HUATAI B2303a	33,398	-	(33,398)	-
HUATAI B2303b	12,390	-	(12,390)	-
HUATAI B2303c	69,931	641	(70,572)	-
HUATAI B2306b	420,182	-	(420,182)	-
HUATAI B2306c	225,057	5,254	(230,311)	-
HUATAI B2312	440,604	7,785	-	448,389
HUATAI B2304d	-	216,489	(216,489)	-
HUATAI B2304e	-	57,163	(57,163)	-
HUATAI B2304f	-	142,527	(142,527)	-
HUATAI B2304g	-	144,469	(144,469)	-
HUATAI B2305b	-	47,063	(47,063)	-
HUATAI B2305c	-	95,228	(95,228)	-
HUATAI B2305d	-	108,352	(108,352)	-
HUATAI B2305e	-	184,396	(184,396)	-
HUATAI B2306a	-	84,265	(84,265)	-
HUATAI B2306d	-	142,488	(142,488)	-
HUATAI B2307a	-	72,794	-	72,794
HUATAI B2307b	-	190,104	-	190,104
HUATAI B2307c	-	90,885	-	90,885
HUATAI B2307d	-	147,730	-	147,730
HUATAI B2307e	-	188,635	-	188,635
HUATAI B2307f	-	122,469	-	122,469
HUATAI B2307g	-	45,384	-	45,384

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

39. Short-term debt instruments issued - continued

As at 30 June 2023 - continued

<u>Name</u>	<u>Book value as at</u> <u>1 January 2023</u> RMB equivalent	<u>Increase</u> RMB equivalent	<u>Decrease</u> RMB equivalent	<u>Book value as at</u> <u>30 June 2023</u> RMB equivalent
HUATAI B2307h	-	129,652	-	129,652
HUATAI B2307i	-	145,946	-	145,946
HUATAI B2307j	-	184,509	-	184,509
HUATAI B2307k	-	92,595	-	92,595
HUATAI B2307l	-	108,903	-	108,903
HUATAI B2308a	-	73,821	-	73,821
HUATAI B2308b	-	337,827	-	337,827
HUATAI B2308c	-	147,631	-	147,631
HUATAI B2308d	-	718,582	-	718,582
HUATAI B2308e	-	107,770	-	107,770
HUATAI B2308f	-	367,379	-	367,379
HUATAI B2308g	-	230,893	-	230,893
HUATAI B2308h	-	221,072	-	221,072
HUATAI B2308i	-	717,561	-	717,561
HUATAI B2309a	-	108,776	-	108,776
HUATAI B2309b	-	714,625	-	714,625
HUATAI B2309c	-	183,541	-	183,541
HUATAI B2309d	-	72,175	-	72,175
HUATAI B2310	-	355,421	-	355,421
HUATAI B2311a	-	46,062	-	46,062
HUATAI B2311b	-	145,438	-	145,438
HUATAI B2311c	-	72,745	-	72,745
HUATAI B2311d	-	36,223	-	36,223
HUATAI B2311f	-	274,618	-	274,618
HUATAI B2311g	-	185,311	-	185,311
HUATAI B2311h	-	72,509	-	72,509
HUATAI B2311i	-	183,748	-	183,748
HUATAI B2312a	-	441,528	-	441,528
HUATAI B2401a	-	189,907	-	189,907
HUATAI B2401b	-	148,207	-	148,207
HUATAI B2402a	-	104,945	-	104,945
HUATAI B2402b	-	144,056	-	144,056
HUATAI B2403a	-	219,747	-	219,747
HUATAI B2405b	-	438,569	-	438,569
HUATAI B2406c	-	362,014	-	362,014
Structured notes ⁽¹⁾	9,065,676	920,476	(3,099,788)	6,886,364
Total	<u>25,772,604</u>	<u>21,237,926</u>	<u>(20,248,180)</u>	<u>26,762,350</u>

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

39. Short-term debt instruments issued - continued

As at 31 December 2022

<u>Name</u>	<u>Par value</u> Original currency	<u>Issuance date</u>	<u>Due date</u>	<u>Issue amount</u> Original currency	<u>Nominal</u> <u>interest rate</u>
21 HUATAI S2	RMB4,000,000	28/6/2021	28/6/2022	RMB4,000,000	2.95%
21 HUATAI S3	RMB2,000,000	9/7/2021	22/2/2022	RMB2,000,000	2.75%
21 HUATAI S4	RMB4,000,000	9/7/2021	9/7/2022	RMB4,000,000	2.87%
21 HUATAI S5	RMB3,000,000	19/7/2021	19/7/2022	RMB3,000,000	2.75%
21 HUATAI S6	RMB4,000,000	9/8/2021	11/2/2022	RMB4,000,000	2.55%
21 HUATAI S7	RMB4,000,000	16/8/2021	20/1/2022	RMB4,000,000	2.51%
21 HUATAI S9	RMB2,300,000	6/12/2021	8/6/2022	RMB2,300,000	2.64%
21 HUA S10	RMB2,700,000	6/12/2021	25/11/2022	RMB2,700,000	2.70%
21 HUA S11	RMB2,000,000	13/12/2021	13/5/2022	RMB2,000,000	2.62%
21 HUA S12	RMB1,000,000	21/12/2021	21/9/2022	RMB1,000,000	2.70%
21 HUA S13	RMB4,000,000	21/12/2021	21/12/2022	RMB4,000,000	2.75%
21 HUA S14	RMB4,000,000	29/12/2021	29/11/2022	RMB4,000,000	2.75%
22 HUATAI F1	RMB4,000,000	17/1/2022	17/1/2024	RMB4,000,000	2.75%
22 HUATAI S1	RMB5,000,000	9/8/2022	9/11/2022	RMB5,000,000	1.65%
22 HUATAI S2	RMB5,000,000	19/8/2022	17/2/2023	RMB5,000,000	1.78%
HUATAI B2203a	USD100,000	23/3/2021	21/3/2022	USD100,000	0.35%
HUATAI B2206	USD100,000	11/6/2021	9/6/2022	USD100,000	0.70%
HUATAI B2203b	HKD300,000	7/12/2021	10/3/2022	HKD300,000	0.55%
HUATAI B2203c	USD30,000	29/12/2021	29/3/2022	USD30,000	0.65%
HUATAI B2204a	USD100,000	18/1/2022	18/4/2022	USD100,000	0.65%
HUATAI B2204b	USD60,000	24/1/2022	25/4/2022	USD60,000	0.65%
HUATAI B2207	USD100,000	28/1/2022	28/7/2022	USD100,000	0.80%
HUATAI B2205a	USD20,000	10/2/2022	10/5/2022	USD20,000	1.05%
HUATAI B2204c	USD50,000	25/2/2022	25/4/2022	USD50,000	0.70%
HUATAI B2212a	USD100,000	24/3/2022	23/12/2022	USD100,000	1.00%
HUATAI B2212b	USD100,000	24/3/2022	23/12/2022	USD100,000	1.00%
HUATAI B2212c	USD50,000	24/3/2022	23/12/2022	USD50,000	1.00%
HUATAI B2209a	USD50,000	24/3/2022	23/9/2022	USD50,000	1.65%
HUATAI B2209b	USD50,000	25/3/2022	26/9/2022	USD50,000	0.95%
HUATAI B2304a	USD100,000	7/4/2022	6/4/2023	USD100,000	1.50%
HUATAI B2304b	USD100,000	7/4/2022	6/4/2023	USD100,000	1.50%
HUATAI B2304c	USD100,000	7/4/2022	6/4/2023	USD100,000	1.50%
HUATAI B2209c	USD30,000	6/4/2022	30/9/2022	USD30,000	1.75%
HUATAI B2211a	USD50,000	5/5/2022	4/11/2022	USD50,000	2.04%
HUATAI B2211b	USD18,000	10/5/2022	10/11/2022	USD18,000	2.15%
HUATAI B2211c	USD50,000	5/5/2022	4/11/2022	USD50,000	1.75%

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

39. Short-term debt instruments issued - continued

As at 31 December 2022 - continued

<u>Name</u>	<u>Par value</u> Original currency	<u>Issuance date</u>	<u>Due date</u>	<u>Issue amount</u> Original currency	<u>Nominal</u> <u>interest rate</u>
HUATAI B2208a	USD60,000	4/5/2022	4/8/2022	USD60,000	1.25%
HUATAI B2305a	USD50,000	27/5/2022	25/5/2023	USD50,000	2.85%
HUATAI B2302a	USD50,000	27/5/2022	28/2/2023	USD50,000	2.81%
HUATAI B2208b	USD30,000	2/6/2022	31/8/2022	USD30,000	2.00%
HUATAI B2208c	USD20,000	2/6/2022	12/8/2022	USD20,000	1.90%
HUATAI B2306	USD100,000	10/6/2022	8/6/2023	USD100,000	2.86%
HUATAI B2205b	HKD280,000	10/2/2022	10/5/2022	HKD280,000	1.00%
HUATAI B2209d	HKD800,000	1/4/2022	30/9/2022	HKD800,000	0.65%
HUATAI B2211d	HKD300,000	10/5/2022	10/11/2022	HKD300,000	1.50%
HUATAI B2211e	HKD490,000	13/5/2022	14/11/2022	HKD490,000	1.73%
HUATAI B2302b	HKD300,000	13/5/2022	13/2/2023	HKD300,000	2.15%
HUATAI B2212d	USD75,000	10/8/2022	23/12/2022	USD75,000	3.00%
HUATAI B2308	USD15,000	10/8/2022	9/8/2023	USD15,000	3.00%
HUATAI B2211f	HKD300,000	10/8/2022	10/11/2022	HKD300,000	2.00%
HUATAI B2212e	USD50,800	20/9/2022	20/12/2022	USD50,800	3.83%
HUATAI B2302d	USD18,000	14/11/2022	14/2/2023	USD18,000	5.75%
HUATAI B2302e	HKD300,000	14/11/2022	14/2/2023	HKD300,000	5.75%
HUATAI B2302f	USD10,700	16/11/2022	16/2/2023	USD10,700	0.00%
HUATAI B2302g	HKD496,000	16/11/2022	16/2/2023	HKD496,000	5.50%
HUATAI B2302h	USD5,499	18/11/2022	17/2/2023	USD5,499	0.00%
HUATAI B2311	USD40,000	23/11/2022	22/11/2023	USD40,000	6.05%
HUATAI B2302i	HKD23,390	18/11/2022	17/2/2023	HKD23,390	0.00%
HUATAI B2302j	HKD150,000	22/11/2022	22/2/2023	HKD150,000	0.00%
HUATAI B2302k	USD8,580	25/11/2022	24/2/2023	USD8,580	0.00%
HUATAI B2302l	USD100,000	29/11/2022	27/2/2023	USD100,000	0.00%
HUATAI B2302m	USD50,000	29/11/2022	27/2/2023	USD50,000	0.00%
HUATAI B2303a	USD4,839	1/12/2022	1/3/2023	USD4,839	0.00%
HUATAI B2303b	HKD14,000	1/12/2022	1/3/2023	HKD14,000	0.00%
HUATAI B2303c	USD10,000	6/12/2022	3/3/2023	USD10,000	5.70%
HUATAI B2306b	USD62,000	15/12/2022	15/6/2023	USD62,000	0.00%
HUATAI B2306c	USD32,300	29/12/2022	29/6/2023	USD32,300	5.60%
HUATAI B2211g	USD150,000	30/8/2022	28/11/2022	USD150,000	0.00%
HUATAI B2312	RMB440,000	13/12/2022	12/12/2023	RMB440,000	3.49%
Structured notes ⁽¹⁾	RMB9,062,109	Note (1)	Note (1)	RMB9,062,109	Note (1)

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

39. Short-term debt instruments issued - continued

As at 31 December 2022 - continued

<u>Name</u>	Book value as at 1 January <u>2022</u>	<u>Increase</u>	<u>Decrease</u>	Book value as at 31 December <u>2022</u>
	RMB equivalent	RMB equivalent	RMB equivalent	RMB equivalent
21 HUATAI S2	4,059,983	58,017	(4,118,000)	-
21 HUATAI S3	2,026,317	8,039	(2,034,356)	-
21 HUATAI S4	4,054,931	59,869	(4,114,800)	-
21 HUATAI S5	3,037,258	45,242	(3,082,500)	-
21 HUATAI S6	4,040,306	11,672	(4,051,978)	-
21 HUATAI S7	4,037,785	5,401	(4,043,186)	-
21 HUATAI S9	2,304,244	26,366	(2,330,610)	-
21 HUA S10	2,705,095	65,608	(2,770,703)	-
21 HUA S11	2,002,676	19,002	(2,021,678)	-
21 HUA S12	1,000,798	19,470	(1,020,268)	-
21 HUA S13	4,003,253	106,747	(4,110,000)	-
21 HUA S14	4,000,887	100,072	(4,100,959)	-
22 HUATAI F1	-	4,105,269	-	4,105,269
22 HUATAI S1	-	5,020,795	(5,020,795)	-
22 HUATAI S2	-	5,032,777	-	5,032,777
HUATAI B2203a	636,859	62,025	(698,884)	-
HUATAI B2206	639,724	61,585	(701,309)	-
HUATAI B2203b	245,294	23,072	(268,366)	-
HUATAI B2203c	191,212	18,061	(209,273)	-
HUATAI B2204a	-	697,576	(697,576)	-
HUATAI B2204b	-	418,553	(418,553)	-
HUATAI B2207	-	699,223	(699,223)	-
HUATAI B2205a	-	139,649	(139,649)	-
HUATAI B2204c	-	348,624	(348,624)	-
HUATAI B2212a	-	701,688	(701,688)	-
HUATAI B2212b	-	701,688	(701,688)	-
HUATAI B2212c	-	350,844	(350,844)	-
HUATAI B2209a	-	351,111	(351,111)	-
HUATAI B2209b	-	349,907	(349,907)	-
HUATAI B2304a	-	697,585	-	697,585
HUATAI B2304b	-	697,585	-	697,585
HUATAI B2304c	-	697,585	-	697,585
HUATAI B2209c	-	210,711	(210,711)	-
HUATAI B2211a	-	351,792	(351,792)	-
HUATAI B2211b	-	126,722	(126,722)	-
HUATAI B2211c	-	351,285	(351,285)	-
HUATAI B2208a	-	419,193	(419,193)	-
HUATAI B2305a	-	354,025	-	354,025
HUATAI B2302a	-	354,203	-	354,203
HUATAI B2208b	-	209,968	(209,968)	-
HUATAI B2208c	-	139,807	(139,807)	-
HUATAI B2306	-	707,321	-	707,321
HUATAI B2205b	-	250,734	(250,734)	-
HUATAI B2209d	-	716,956	(716,956)	-
HUATAI B2211d	-	270,016	(270,016)	-

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

39. Short-term debt instruments issued - continued

As at 31 December 2022 - continued

<u>Name</u>	Book value as at 1 January <u>2022</u>			Book value as at 31 December <u>2022</u>	
	RMB equivalent	Increase RMB equivalent	Decrease RMB equivalent	RMB equivalent	
HUATAI B2211e	-	441,555	(441,555)	-	
HUATAI B2302b	-	271,621	-	271,621	
HUATAI B2212d	-	528,141	(528,141)	-	
HUATAI B2308	-	105,092	-	105,092	
HUATAI B2211f	-	269,341	(269,341)	-	
HUATAI B2212e	-	357,180	(357,180)	-	
HUATAI B2302d	-	126,321	-	126,321	
HUATAI B2302e	-	269,950	-	269,950	
HUATAI B2302f	-	74,030	-	74,030	
HUATAI B2302g	-	445,902	-	445,902	
HUATAI B2302h	-	38,132	-	38,132	
HUATAI B 2311	-	279,817	-	279,817	
HUATAI B2302i	-	20,749	-	20,749	
HUATAI B2302j	-	132,878	-	132,878	
HUATAI B2302k	-	59,279	-	59,279	
HUATAI B2302l	-	690,163	-	690,163	
HUATAI B2302m	-	345,082	-	345,082	
HUATAI B2303a	-	33,398	-	33,398	
HUATAI B2303b	-	12,390	-	12,390	
HUATAI B2303c	-	69,931	-	69,931	
HUATAI B2306b	-	420,182	-	420,182	
HUATAI B2306c	-	225,057	-	225,057	
HUATAI B2211g	-	1,044,690	(1,044,690)	-	
HUATAI B2312	-	440,604	-	440,604	
Structured notes ⁽¹⁾	14,612,036	18,265,519	(23,811,879)	9,065,676	
Total	<u>53,598,658</u>	<u>51,130,444</u>	<u>(78,956,498)</u>	<u>25,772,604</u>	

- (1) During the six months ended 30 June 2023, the Company has issued 91 tranches of structured notes, bearing interest ranging from 1.80% to 6.58% per annum, repayable within 1 year. Structured notes repayable more than 1 year are classified as "Long-term bonds" (Note 46). (During the year ended 31 December 2022, the Company has issued 1,705 tranches of structured notes, bearing interest ranging from 1.80% to 6.58% per annum).

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

40. Placements from other financial institutions

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Placements from banks	34,017,697	25,877,713
Placements from refinancing business	672,367	-
Total	<u>34,690,064</u>	<u>25,877,713</u>

As at 30 June 2023, the placements from banks are unsecured, bearing interest of 1.21%-5.90% per annum, with maturities within 179 days (As at 31 December 2022, the placements from banks are unsecured, bearing interest of 1.96% - 5.51% per annum, with maturities within 66 days), and the placements from CSF are secured by the securities investment held by the Group, bearing interest of 2.16%- 2.65% per annum, with maturities within 178 days (As at 31 December 2022: nil).

41. Accounts payable to brokerage clients

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Clients' deposits for brokerage trading	142,109,935	133,173,079
Clients' deposits for margin financing and securities lending	<u>17,244,379</u>	<u>19,378,644</u>
Total	<u>159,354,314</u>	<u>152,551,723</u>

Accounts payable to brokerage clients represent the monies received from and repayable to brokerage clients, which are mainly held at banks and at clearing houses by the Group. Accounts payable to brokerage clients are interest-bearing at the prevailing interest rate.

The majority of the accounts payable balances are repayable on demand except where certain accounts payable to brokerage clients represent monies received from clients for their margin financing activities under normal course of business, such as margin financing and securities lending. Only the excess amounts over the required margin deposits and cash collateral stipulated are repayable on demand.

No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of these businesses.

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

42. Other payables and accruals

Non-current

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Lease liabilities		
1 to 2 years (inclusive)	379,405	537,830
2 to 5 years (inclusive)	591,356	417,309
After 5 years	74,130	70,779
Total	<u>1,044,891</u>	<u>1,025,918</u>

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

- (1) During the six months ended 30 June 2023, the expenses related to short-term leases and low-value leases of RMB19 million (six months ended 30 June 2022: RMB21 million) were recognised in profit or loss.
- (2) As at 30 June 2023, the cash flows of lease contracts signed by the Group but lease not yet commenced are insignificant.

Current

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Trade payable	99,432,885	92,616,101
Payable to brokers, dealers and clearing house	5,907,237	6,765,938
Dividend payable	4,782,560	107,327
Payable to open-ended funds	7,190,758	5,359,599
Funds payable to securities issuers	173,451	150,460
Lease liabilities	538,628	492,667
Restrictive repurchase obligation	236,008	366,523
Other tax payable	420,640	474,463
Futures risk reserve	224,779	209,833
Payable to outsourcing service	199,201	187,423
Fee and commission payable	74,675	120,537
Payable to the securities investor protection fund	68,495	63,090
Payable for office building construction	24,677	27,794
Accrued liabilities ⁽¹⁾	711,874	101
Others ⁽²⁾	1,144,514	1,154,716
Total	<u>121,130,382</u>	<u>108,096,572</u>

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

42. Other payables and accruals - continued

Current - continued

- (1) The balance of accrued liabilities mainly represents the provisions accrued for the outstanding litigation amounting to RMB570 million (Note 55). In addition, RMB142 million was accrued for matters related to regulatory examination against AssetMark, Inc. by the Securities and Exchange Commission.
- (2) The balance of others mainly represents payable to brokerage agents and sundry payables arising from normal course of business.

43. Financial assets sold under repurchase agreements

(1) Analysed by collateral type:

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Debt securities	129,844,935	128,090,388
Equity securities	16,119,948	11,960,616
Precious metal	-	4,066,994
Total	<u>145,964,883</u>	<u>144,117,998</u>

As at 30 June 2023, the Group's pledged collateral in connection with financial assets sold under repurchase agreements amounted to RMB175,746million (as at 31 December 2022: RMB164,709 million).

(2) Analysed by market:

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Shanghai stock exchange	23,520,800	39,055,352
Shenzhen stock exchange	12,895,146	10,751,999
Inter-bank market	79,101,975	68,008,692
Over-the-counter	30,446,962	26,301,955
Total	<u>145,964,883</u>	<u>144,117,998</u>

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

44. Financial liabilities at fair value through profit or loss

Non-current

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Financial liabilities designated at fair value through profit or loss	<u>5,565,830</u>	<u>5,569,938</u>

Current

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Financial liabilities held for trading	28,432,869	36,507,296
Financial liabilities designated at fair value through profit or loss	<u>8,723,725</u>	<u>6,498,325</u>
Total	<u>37,156,594</u>	<u>43,005,621</u>

In the condensed consolidated financial statements, the financial liabilities arising from consolidation of structured entities and private funds with the underlying investments related to listed equity investments in active markets and unlisted equity investments are designated at fair value through profit or loss by the Group, as the Group has the obligation to pay other investors or limited partners upon maturity dates of the structured entities based on net book value and related terms of those consolidated asset management schemes or private equity funds.

In the condensed consolidated financial statements, certain structured notes are designated at fair value through profit or loss by the Group, as the host contracts of structured notes contains embedded derivatives.

In the condensed consolidated financial statements, a bond is designated at fair value through profit or loss by the Group, as the designation can significantly reduce the accounting mismatch.

As at 30 June 2023 and 31 December 2022, there were no significant fair value changes related to the changes in the credit risk of the Group.

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

45. Long-term bonds due within one year

As at 30 June 2023

<u>Name</u>	<u>Par value</u> Original currency	<u>Value date</u>	<u>Due date</u>	<u>Issue amount</u> Original currency	<u>Nominal interest rate</u>
13 HUATAI 02	RMB6,000,000	5/6/2013	5/6/2023	RMB6,000,000	5.10%
18 HUATAI G2	RMB1,000,000	26/11/2018	26/11/2023	RMB1,000,000	4.17%
20 HUATAI G1	RMB8,000,000	26/3/2020	26/3/2023	RMB8,000,000	2.99%
20 HUATAI G6	RMB3,200,000	18/6/2020	18/6/2023	RMB3,200,000	3.10%
20 HUATAI G7	RMB3,500,000	24/11/2020	24/11/2023	RMB3,500,000	3.90%
20 HUATAI G9	RMB4,000,000	9/12/2020	9/12/2023	RMB4,000,000	3.79%
HUATAI B2302c	USD400,000	12/2/2020	12/2/2023	USD400,000	LIBOR+0.95%
21 HUATAI G1	RMB4,000,000	20/1/2021	20/1/2024	RMB4,000,000	3.58%
21 HUATAI G3	RMB5,000,000	26/4/2021	26/4/2024	RMB5,000,000	3.42%
21 HUATAI G5	RMB4,000,000	24/5/2021	24/5/2024	RMB4,000,000	3.28%
21 HUATAI G7	RMB2,000,000	15/6/2021	15/6/2024	RMB2,000,000	3.40%
21 HUATAI 09	RMB2,500,000	21/6/2021	21/6/2024	RMB2,500,000	3.45%
HUATAI B2404	USD900,000	9/4/2021	9/4/2024	USD900,000	1.30%
Structured notes ⁽¹⁾	RMB542,500	Note (1)	Note (1)	RMB542,500	Note (1)

<u>Name</u>	<u>Book value as at</u> <u>1 January 2023</u> RMB equivalent	<u>Increase</u> RMB equivalent	<u>Decrease</u> RMB equivalent	<u>Book value as at</u> <u>30 June 2023</u> RMB equivalent
13 HUATAI 02	6,177,782	128,141	(6,305,923)	-
18 HUATAI G2	1,003,869	20,951	-	1,024,820
20 HUATAI G1	8,182,656	40,275	(8,222,931)	-
20 HUATAI G6	3,251,653	41,440	(3,293,093)	-
20 HUATAI G7	3,513,690	68,439	-	3,582,129
20 HUATAI G9	4,009,121	75,935	-	4,085,056
HUATAI B2302c	2,802,824	11,082	(2,813,906)	-
21 HUATAI G1	-	4,206,749	(143,200)	4,063,549
21 HUATAI G3	-	5,200,510	(171,000)	5,029,510
21 HUATAI G5	-	4,143,764	(131,200)	4,012,564
21 HUATAI G7	-	2,070,384	(68,000)	2,002,384
21 HUATAI 09	-	2,587,835	(86,250)	2,501,585
HUATAI B2404	-	6,515,792	-	6,515,792
Structured notes ⁽¹⁾	121,154	423,173	(121,154)	423,173
Total	29,062,749	25,534,470	(21,356,657)	33,240,562

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

45. Long-term bonds due within one year - continued

As at 31 December 2022

<u>Name</u>	<u>Par value</u> Original currency	<u>Issuance date</u>	<u>Due date</u>	<u>Issue amount</u> Original currency	<u>Nominal</u> <u>interest rate</u>
13 HUATAI 02	RMB6,000,000	5/6/2013	5/6/2023	RMB6,000,000	5.10%
18 HUATAI G2	RMB1,000,000	26/11/2018	26/11/2023	RMB1,000,000	4.17%
19 HUATAI G1	RMB7,000,000	19/3/2019	19/3/2022	RMB7,000,000	3.68%
19 HUATAI G3	RMB5,000,000	22/4/2019	22/4/2022	RMB5,000,000	3.80%
19 HUATAI 02	RMB5,000,000	27/5/2019	27/5/2022	RMB5,000,000	3.94%
19 HUATAI 03	RMB4,000,000	24/10/2019	24/10/2022	RMB4,000,000	3.68%
20 HUATAI G1	RMB8,000,000	26/3/2020	26/3/2023	RMB8,000,000	2.99%
20 HUATAI G6	RMB3,200,000	18/6/2020	18/6/2023	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	9/12/2020	9/12/2022	RMB4,000,000	3.67%
20 HUATAI G9	RMB4,000,000	9/12/2020	9/12/2023	RMB4,000,000	3.79%
19 Finance 01	RMB6,000,000	21/8/2019	21/8/2022	RMB6,000,000	3.40%
HUATAI B2205c	USD500,000	23/5/2019	23/5/2022	USD500,000	3.38%
HUATAI B2302c	USD400,000	12/2/2020	12/2/2023	USD400,000	LIBOR + 0.95%
Structured notes ⁽¹⁾	RMB121,154	Note (1)	Note (1)	RMB121,154	Note (1)

<u>Name</u>	Book value as at 1 January <u>2022</u> RMB equivalent	<u>Increase</u> RMB equivalent	<u>Decrease</u> RMB equivalent	Book value as at 31 December <u>2022</u> RMB equivalent
13 HUATAI 02	-	6,483,782	(306,000)	6,177,782
18 HUATAI G2	-	1,045,569	(41,700)	1,003,869
19 HUATAI G1	7,201,826	55,774	(7,257,600)	-
19 HUATAI G3	5,130,878	59,122	(5,190,000)	-
19 HUATAI 02	5,116,891	80,109	(5,197,000)	-
19 HUATAI 03	4,026,648	120,552	(4,147,200)	-
20 HUATAI G1	-	8,421,856	(239,200)	8,182,656
20 HUATAI G6	-	3,350,853	(99,200)	3,251,653
20 HUATAI G7	-	3,650,190	(136,500)	3,513,690
20 HUATAI G8	4,008,705	138,095	(4,146,800)	-
20 HUATAI G9	-	4,160,721	(151,600)	4,009,121
19 Finance 01	6,073,407	130,593	(6,204,000)	-
HUATAI B2205c	3,198,594	401,234	(3,599,828)	-
HUATAI B2302c	-	2,962,099	(159,275)	2,802,824
Structured notes ⁽¹⁾	615,359	168,102	(662,307)	121,154
Total	35,372,308	31,228,651	(37,538,210)	29,062,749

(1) As at 30 June 2023, RMB423.17 million of structured notes would mature within one year (as at 31 December 2022: RMB121.15 million).

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

46. Long-term bonds

As at 30 June 2023

<u>Name</u>	<u>Par value</u> Original currency	<u>Value date</u>	<u>Due date</u>	<u>Issue amount</u> Original currency	<u>Nominal</u> <u>interest rate</u>
20 HUATAI G3	RMB3,500,000	29/4/2020	29/4/2025	RMB3,500,000	2.90%
20 HUATAI G4	RMB3,000,000	21/5/2020	21/5/2025	RMB3,000,000	3.20%
21 HUATAI G1	RMB4,000,000	20/1/2021	20/1/2024	RMB4,000,000	3.58%
21 HUATAI G3	RMB5,000,000	26/4/2021	26/4/2024	RMB5,000,000	3.42%
21 HUATAI G4	RMB6,000,000	17/5/2021	17/5/2026	RMB6,000,000	3.71%
21 HUATAI G5	RMB4,000,000	24/5/2021	24/5/2024	RMB4,000,000	3.28%
21 HUATAI G6	RMB2,000,000	24/5/2021	24/5/2026	RMB2,000,000	3.63%
21 HUATAI G7	RMB2,000,000	15/6/2021	15/6/2024	RMB2,000,000	3.40%
21 HUATAI 09	RMB2,500,000	21/6/2021	21/6/2024	RMB2,500,000	3.45%
21 HUATAI 11	RMB1,500,000	7/9/2021	7/9/2024	RMB1,500,000	3.03%
21 HUATAI 12	RMB2,700,000	7/9/2021	7/9/2031	RMB2,700,000	3.78%
21 HUATAI 13	RMB2,100,000	18/10/2021	18/10/2024	RMB2,100,000	3.25%
21 HUATAI 14	RMB3,400,000	18/10/2021	18/10/2031	RMB3,400,000	3.99%
21 HUATAI 15	RMB2,200,000	25/10/2021	25/10/2024	RMB2,200,000	3.22%
21 HUATAI 16	RMB1,100,000	25/10/2021	25/10/2031	RMB1,100,000	3.94%
22 HUATAI G1	RMB5,000,000	14/2/2022	14/2/2025	RMB5,000,000	2.79%
22 HUATAI G2	RMB2,000,000	15/8/2022	15/8/2024	RMB2,000,000	2.43%
22 HUATAI G3	RMB3,000,000	26/8/2022	26/8/2024	RMB3,000,000	2.33%
22 HUATAI G4	RMB2,000,000	5/9/2022	5/9/2025	RMB2,000,000	2.52%
22 HUATAI G5	RMB3,000,000	13/9/2022	13/9/2025	RMB3,000,000	2.50%
22 HUATAI G6	RMB3,600,000	21/11/2022	21/11/2024	RMB3,600,000	2.87%
22 HUATAI G7	RMB1,400,000	21/11/2022	21/11/2027	RMB1,400,000	3.18%
22 HUATAI G8	RMB1,500,000	5/12/2022	5/12/2024	RMB1,500,000	2.87%
22 HUATAI 10	RMB2,000,000	12/12/2022	12/12/2025	RMB2,000,000	3.35%
22 HUATAI 11	RMB500,000	12/12/2022	12/12/2027	RMB500,000	3.49%
22 HUATAI 12	RMB4,000,000	22/12/2022	22/12/2024	RMB4,000,000	3.24%
23 HUATAI G1	RMB4,000,000	10/1/2023	10/1/2025	RMB4,000,000	2.92%
23 HUATAI G2	RMB800,000	16/1/2023	16/1/2025	RMB800,000	3.00%
23 HUATAI G3	RMB2,000,000	16/1/2023	16/1/2028	RMB2,000,000	3.48%
23 HUATAI G4	RMB4,500,000	6/2/2023	6/2/2026	RMB4,500,000	3.23%
23 HUATAI G5	RMB4,000,000	13/2/2023	13/2/2028	RMB4,000,000	3.39%
23 HUATAI G6	RMB1,500,000	27/2/2023	27/2/2026	RMB1,500,000	3.14%
23 HUATAI G7	RMB2,200,000	27/2/2023	27/2/2028	RMB2,200,000	3.36%
23 HUATAI G8	RMB1,700,000	10/5/2023	10/7/2025	RMB1,700,000	2.82%
23 HUATAI G9	RMB700,000	10/5/2023	10/5/2028	RMB700,000	3.07%
20 HUATAI C1	RMB5,000,000	13/11/2020	13/11/2025	RMB5,000,000	4.48%
21 HUATAI C1	RMB9,000,000	29/1/2021	29/1/2026	RMB9,000,000	4.50%
HUATAI B2404	USD900,000	9/4/2021	9/4/2024	USD900,000	1.30%
HUATAI B2604	USD500,000	9/4/2021	9/4/2026	USD500,000	2.00%
HUATAI B2503	USD1,000,000	3/3/2022	3/3/2025	USD1,000,000	2.38%
HUATAI B2509	CNH3,025,000	14/9/2022	14/9/2025	CNH3,025,000	2.85%
Structured notes ⁽¹⁾	RMB3,117,600	Note(1)	Note(1)	RMB3,117,600	Note(1)

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

46. Long-term bonds - continued

As at 30 June 2023 - continued

<u>Name</u>	<u>Book value as at</u> <u>1 January 2023</u> RMB equivalent	<u>Increase</u> RMB equivalent	<u>Decrease</u> RMB equivalent	<u>Book value as at</u> <u>30 June 2023</u> RMB equivalent
20 HUATAI G3	3,566,652	51,080	(101,500)	3,516,232
20 HUATAI G4	3,057,447	48,281	(96,000)	3,009,728
21 HUATAI G1	4,134,487	-	(4,134,487)	-
21 HUATAI G3	5,114,197	-	(5,114,197)	-
21 HUATAI G4	6,134,805	111,861	(222,600)	6,024,066
21 HUATAI G5	4,077,517	-	(4,077,517)	-
21 HUATAI G6	2,042,565	36,487	(72,600)	2,006,452
21 HUATAI G7	2,036,063	-	(2,036,063)	-
21 HUATAI 09	2,544,308	-	(2,544,308)	-
21 HUATAI 11	1,513,806	22,896	-	1,536,702
21 HUATAI 12	2,730,676	51,111	-	2,781,787
21 HUATAI 13	2,113,678	34,198	-	2,147,876
21 HUATAI 14	3,427,081	67,861	-	3,494,942
21 HUATAI 15	2,212,859	35,496	-	2,248,355
21 HUATAI 16	1,107,833	21,680	-	1,129,513
22 HUATAI G1	5,118,848	70,586	(139,500)	5,049,934
22 HUATAI G2	2,017,070	24,710	-	2,041,780
22 HUATAI G3	3,022,110	35,642	-	3,057,752
22 HUATAI G4	2,014,753	25,470	-	2,040,223
22 HUATAI G5	3,019,971	37,955	-	3,057,926
22 HUATAI G6	3,610,774	51,844	-	3,662,618
22 HUATAI G7	1,404,662	22,287	-	1,426,949
22 HUATAI G8	1,502,007	21,811	-	1,523,818
22 HUATAI 10	2,002,083	33,749	-	2,035,832
22 HUATAI 11	500,556	8,761	-	509,317
22 HUATAI 12	3,999,798	65,719	-	4,065,517
23 HUATAI G1	-	4,052,399	-	4,052,399
23 HUATAI G2	-	810,390	-	810,390
23 HUATAI G3	-	2,030,096	-	2,030,096
23 HUATAI G4	-	4,554,327	-	4,554,327
23 HUATAI G5	-	4,047,799	-	4,047,799
23 HUATAI G6	-	1,514,594	-	1,514,594
23 HUATAI G7	-	2,222,942	-	2,222,942
23 HUATAI G8	-	1,706,955	-	1,706,955
23 HUATAI G9	-	703,081	-	703,081
20 HUATAI C1	5,027,690	112,363	-	5,140,053
21 HUATAI C1	9,368,951	203,360	(405,000)	9,167,311
HUATAI B2404	6,280,411	-	(6,280,411)	-
HUATAI B2604	3,491,943	130,169	-	3,622,112
HUATAI B2503	7,000,146	263,514	-	7,263,660
HUATAI B2509	3,041,406	44,223	(42,509)	3,043,120
Structured notes ⁽¹⁾	2,119,436	1,045,779	(8,100)	3,157,115
Total	110,356,589	24,321,476	(25,274,792)	109,403,273

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

46. Long-term bonds - continued

As at 31 December 2022

<u>Name</u>	<u>Par value</u> Original currency	<u>Issuance date</u>	<u>Due date</u>	<u>Issue amount</u> Original currency	<u>Nominal interest rate</u>
13 HUATAI 02	RMB6,000,000	5/6/2013	5/6/2023	RMB6,000,000	5.10%
18 HUATAI G2	RMB1,000,000	26/11/2018	26/11/2023	RMB1,000,000	4.17%
20 HUATAI G1	RMB8,000,000	26/3/2020	26/3/2023	RMB8,000,000	2.99%
20 HUATAI G3	RMB3,500,000	29/4/2020	29/4/2025	RMB3,500,000	2.90%
20 HUATAI G4	RMB3,000,000	21/5/2020	21/5/2025	RMB3,000,000	3.20%
20 HUATAI G6	RMB3,200,000	18/6/2020	18/6/2023	RMB3,200,000	3.10%
20 HUATAI G7	RMB3,500,000	24/11/2020	24/11/2023	RMB3,500,000	3.90%
20 HUATAI G9	RMB4,000,000	9/12/2020	9/12/2023	RMB4,000,000	3.79%
21 HUATAI G1	RMB4,000,000	20/1/2021	20/1/2024	RMB4,000,000	3.58%
21 HUATAI G3	RMB5,000,000	26/4/2021	26/4/2024	RMB5,000,000	3.42%
21 HUATAI G4	RMB6,000,000	17/5/2021	17/5/2026	RMB6,000,000	3.71%
21 HUATAI G5	RMB4,000,000	24/5/2021	24/5/2024	RMB4,000,000	3.28%
21 HUATAI G6	RMB2,000,000	24/5/2021	24/5/2026	RMB2,000,000	3.63%
21 HUATAI G7	RMB2,000,000	15/6/2021	15/6/2024	RMB2,000,000	3.40%
21 HUATAI 09	RMB2,500,000	21/6/2021	21/6/2024	RMB2,500,000	3.45%
21 HUATAI 11	RMB1,500,000	7/9/2021	7/9/2024	RMB1,500,000	3.03%
21 HUATAI 12	RMB2,700,000	7/9/2021	7/9/2031	RMB2,700,000	3.78%
21 HUATAI 13	RMB2,100,000	18/10/2021	18/10/2024	RMB2,100,000	3.25%
21 HUATAI 14	RMB3,400,000	18/10/2021	18/10/2031	RMB3,400,000	3.99%
21 HUATAI 15	RMB2,200,000	25/10/2021	25/10/2024	RMB2,200,000	3.22%
21 HUATAI 16	RMB1,100,000	25/10/2021	25/10/2031	RMB1,100,000	3.94%
20 HUATAI C1	RMB5,000,000	13/11/2020	13/11/2025	RMB5,000,000	4.48%
21 HUATAI C1	RMB9,000,000	29/1/2021	29/1/2026	RMB9,000,000	4.50%
22 HUATAI G1	RMB5,000,000	14/2/2022	14/2/2025	RMB5,000,000	2.79%
22 HUATAI G2	RMB2,000,000	15/8/2022	15/8/2024	RMB2,000,000	2.43%
22 HUATAI G3	RMB3,000,000	26/8/2022	26/8/2024	RMB3,000,000	2.33%
22 HUATAI G4	RMB2,000,000	5/9/2022	5/9/2025	RMB2,000,000	2.52%
22 HUATAI G5	RMB3,000,000	13/9/2022	13/9/2025	RMB3,000,000	2.50%
22 HUATAI G6	RMB3,600,000	21/11/2022	21/11/2024	RMB3,600,000	2.87%
22 HUATAI G7	RMB1,400,000	21/11/2022	21/11/2027	RMB1,400,000	3.18%
22 HUATAI G8	RMB1,500,000	5/12/2022	5/12/2024	RMB1,500,000	2.87%
22 HUATAI 10	RMB2,000,000	12/12/2022	12/12/2025	RMB2,000,000	3.35%
22 HUATAI 11	RMB500,000	12/12/2022	12/12/2027	RMB500,000	3.49%
22 HUATAI 12	RMB4,000,000	22/12/2022	22/12/2024	RMB4,000,000	3.24%
HUATAI B2302c	USD400,000	12/2/2020	12/2/2023	USD400,000	LIBOR + 0.95%
HUATAI B2404	USD900,000	9/4/2021	9/4/2024	USD900,000	1.30%
HUATAI B2604	USD500,000	9/4/2021	9/4/2026	USD500,000	2.00%
HUATAI B2503	USD1,000,000	3/3/2022	3/3/2025	USD1,000,000	2.38%
HUATAI B2509	CNH3,025,000	14/9/2022	14/9/2025	CNH3,025,000	2.85%
Structured notes ⁽¹⁾	RMB2,117,600	Note (1)	Note (1)	RMB2,117,600	Note (1)

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

46. Long-term bonds - continued

As at 31 December 2022 - continued

<u>Name</u>	Book value as at 1 January 2022 RMB equivalent	<u>Increase</u> RMB equivalent	<u>Decrease</u> RMB equivalent	Book value as at 31 December 2022 RMB equivalent
13 HUATAI 02	6,176,275	-	(6,176,275)	-
18 HUATAI G2	1,003,674	-	(1,003,674)	-
20 HUATAI G1	8,180,110	-	(8,180,110)	-
20 HUATAI G3	3,566,005	102,147	(101,500)	3,566,652
20 HUATAI G4	3,056,894	96,553	(96,000)	3,057,447
20 HUATAI G6	3,251,065	-	(3,251,065)	-
20 HUATAI G7	3,513,326	-	(3,513,326)	-
20 HUATAI G9	4,008,862	-	(4,008,862)	-
21 HUATAI G1	4,133,205	144,482	(143,200)	4,134,487
21 HUATAI G3	5,112,607	172,590	(171,000)	5,114,197
21 HUATAI G4	6,133,706	223,699	(222,600)	6,134,805
21 HUATAI G5	4,076,248	132,469	(131,200)	4,077,517
21 HUATAI G6	2,042,198	72,967	(72,600)	2,042,565
21 HUATAI G7	2,035,430	68,633	(68,000)	2,036,063
21 HUATAI 09	2,543,518	87,040	(86,250)	2,544,308
21 HUATAI 11	1,513,470	45,786	(45,450)	1,513,806
21 HUATAI 12	2,730,519	102,217	(102,060)	2,730,676
21 HUATAI 13	2,113,536	68,392	(68,250)	2,113,678
21 HUATAI 14	3,427,022	135,719	(135,660)	3,427,081
21 HUATAI 15	2,212,710	70,989	(70,840)	2,212,859
21 HUATAI 16	1,107,814	43,359	(43,340)	1,107,833
20 HUATAI C1	5,026,991	224,699	(224,000)	5,027,690
21 HUATAI C1	9,367,298	406,653	(405,000)	9,368,951
22 HUATAI G1	-	5,118,848	-	5,118,848
22 HUATAI G2	-	2,017,070	-	2,017,070
22 HUATAI G3	-	3,022,110	-	3,022,110
22 HUATAI G4	-	2,014,753	-	2,014,753
22 HUATAI G5	-	3,019,971	-	3,019,971
22 HUATAI G6	-	3,610,774	-	3,610,774
22 HUATAI G7	-	1,404,662	-	1,404,662
22 HUATAI G8	-	1,502,007	-	1,502,007
22 HUATAI 10	-	2,002,083	-	2,002,083
22 HUATAI 11	-	500,556	-	500,556
22 HUATAI 12	-	3,999,798	-	3,999,798
HUATAI B2302c	2,552,586	-	(2,552,586)	-
HUATAI B2404	5,743,247	618,650	(81,486)	6,280,411
HUATAI B2604	3,194,403	367,186	(69,646)	3,491,943
HUATAI B2503	-	7,000,146	-	7,000,146
HUATAI B2509	-	3,041,406	-	3,041,406
Structured notes ⁽¹⁾	143,400	2,138,043	(162,007)	2,119,436
Total	97,966,119	43,576,457	(31,185,987)	110,356,589

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

46. Long-term bonds - continued

- (1) The Company has issued 2 tranches of long-term structured notes for the period ended 30 June 2023 (for the year ended 31 December 2022: 6 tranches). As at 30 June 2023, 2 tranches of long-term structured notes due within one year is classified as "Long-term bonds due within one year" (as at 31 December 2022: 3 tranches) (Note 45).

47. Long-term bank loans

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Unsecured bank loans	657,558	804,903
Less: unsecured bank loans due within one year	-	-
Total	<u>657,558</u>	<u>804,903</u>

48. Share capital

All shares issued by the Company are fully paid common shares. The par value per share is RMB1. The Company's number of shares issued and their nominal value are as follows:

	<u>As at 30 June 2023</u>		<u>As at 31 December 2022</u>	
	<u>Number of shares</u>	<u>Nominal value</u>	<u>Number of shares</u>	<u>Nominal value</u>
	(Thousands)		(Thousands)	
Registered, issued and fully paid:				
A shares of RMB1 each	7,356,543	7,356,543	7,356,543	7,356,543
H shares of RMB1 each	<u>1,719,046</u>	<u>1,719,046</u>	<u>1,719,046</u>	<u>1,719,046</u>
Total	<u>9,075,589</u>	<u>9,075,589</u>	<u>9,075,589</u>	<u>9,075,589</u>

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

According to the relevant PRC requirements, existing shareholders of the state-owned shares of the Company have transferred an aggregate number of 156,276,880 state-owned shares of the Company to the National Social Security Fund of the PRC, and such shares were then converted into H shares on a one-for-one basis.

In July 2018, the Company completed private placement of issuance of 1,088,731,200 new A shares.

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

48. Share capital - continued

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 was RMB9,076,650,000.

In 2022, the Company completed the repurchase and cancellation of 1,060,973 restricted A Shares, after which the Company's registered capital was RMB9,075,589,027 and the total share capital of the Company was 9,075,589,027 shares of RMB1 each.

The H shares and GDRs representing A shares rank pari passu in all respects with the existing A shares including the right to receive all dividends and distributions declared or made.

49. Other equity instruments

	As at 30 June 2023	As at 31 December 2022
Perpetual subordinated bonds	19,200,000	19,200,000

As approved by the CSRC, the Company issued six batches of perpetual subordinated bonds ("21 Huatai Y1", "21 Huatai Y2", "21 Huatai Y3", "22 Huatai Y1", "22 Huatai Y2", "22 Huatai Y3") with an initial interest rate of 3.85%, 4.00%, 3.80%, 3.49%, 3.59%, 3.20% on 15 September 2021, 26 October 2021, 16 November 2021, 26 January 2022, 11 July 2022, 21 October 2022, respectively. The perpetual subordinated bonds have no fixed maturity dates and the Company has an option to redeem the bonds at principal amounts plus any accrued interest on the fifth interest payment date or any interest payment date afterwards.

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

The issuer has the option to defer interest payment, except in the event of mandatory interest payments, so that at each interest payment date, the issuer may choose to defer the interest payment to the next payment date for the current period as well as all interest and accreted interest already deferred, without being subject to any limitation with respect to the number of deferrals. Mandatory interest payment events are limited to dividend distributions to ordinary equity holders and reductions of registered capital.

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

49. Other equity instruments - continued

As the Company declared dividend distribution to ordinary equity holders during the 2022 annual general meeting held on 30 June 2023, the Company has recognised interest payable to the perpetual subordinated bonds amounted to RMB705,430 thousand in dividend payable.

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

50. Treasury shares

	As at <u>1 January 2023</u>	Increase for <u>the period</u>	Decrease for <u>the period</u>	As at <u>30 June 2023</u>
Share repurchase	835,802	-	-	835,802
Restricted Share Incentive Scheme of A Shares	<u>366,522</u>	<u>-</u>	<u>(130,514)</u>	<u>236,008</u>
Total	<u>1,202,324</u>	<u>-</u>	<u>(130,514)</u>	<u>1,071,810</u>

On 30 March 2023, the Board and the Supervisory Committee of the Company respectively considered and approved the proposal on the achievement of the conditions of unlocking first lock-up period of Restricted Share Incentive Scheme of A Shares. According to the achievement of performance conditions at the company level and the achievement of individual performance conditions of incentive recipients, the total number of restricted shares that can be released this time is 14,222,943 shares, and the restricted shares that are unlocked for sale will be listed and circulated on 24 April 2023, remaining 30,204,084 shares of the Company's Restricted A shares. According to the Restricted Share Incentive Scheme of A Shares Plan, the share repurchase's obligation is reduced accordingly by RMB117.34 million.

On 30 June 2023, pursuant to the resolution of the 2022 Annual General Meeting of Shareholders, cash dividend of RMB4.50 (tax inclusive) per 10 shares was distributed based on 9,029,384,840 shares excluding the A shares deposited in the special repurchase accounts of the Company and the A shares to be repurchased and cancelled. According to the Restricted Share Incentive Scheme of A Shares Plan, the share repurchase's obligation is reduced accordingly by RMB13.17 million.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

51. Reserves

(a) Capital reserve

Capital reserve mainly includes share premium arising from the issuance of new shares at prices in excess of face value and the difference between the considerations of acquisition of equity interests from non-controlling shareholders and the carrying amount of the proportionate net assets.

(b) Surplus reserve

Pursuant to the Company Law of the PRC, the Company is required to appropriate 10% of its net profit to the statutory surplus reserve until the balance reaches 50% of its registered capital.

Subject to the approval of the shareholders, the statutory reserve may be used to offset accumulated losses, or converted into capital of the Company provided that the balance of the statutory surplus reserve after such capitalisation is not less than 25% of the registered capital immediately before the capitalisation.

(c) General reserve

General reserve includes general risk reserve and transaction risk reserve.

In accordance with the requirements of the CSRC Circular regarding the Annual Reporting of Securities Companies in 2007 (Zhengjian Jigou Zi [2007] No. 320) issued on 18 December 2007, the Company appropriates 10% of its annual net profit to the general risk reserve.

In accordance with the requirements of the CSRC Circular regarding the Annual Reporting of Securities Companies in 2007 (Zhengjian Jigou Zi [2007] No. 320) issued on 18 December 2007 and in compliance with the Securities Law, for the purpose of covering securities trading losses, the Company appropriates 10% from its annual net profit to the transaction risk reserve.

In accordance with the requirements of the CSRC No. 94 Provisional Measures on Supervision and Administration of Risk Provision of Public Offering of Securities Investment Funds, the Company appropriates 2.5% from its fund custody fee income to the general risk reserve.

The Company's subsidiaries appropriate their profits to the general reserve according to the applicable local regulations.

(d) Fair value reserve

The fair value reserve comprises:

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

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

51. Reserves - continued

(e) Cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of the gain or loss on the hedging instrument.

(f) Translation reserve

The translation reserve mainly comprises foreign currency differences arising from the translation of the financial statements of foreign operations.

52. Retained profits

Pursuant to the resolution of the general meeting of the shareholders dated 30 June 2023, the Company was approved to distribute cash dividends of RMB4.50 (tax inclusive) per 10 shares to the shareholders based on 9,075,589,027 shares deducting the actual number of shares entitled to the dividend distribution (excluding 45,278,495 shares deposited in the special repurchase accounts of the Company and 925,692A Shares to be repurchased and cancelled), with total cash dividends amounting to RMB4,063 million. The cash dividends of the Company was paid on 11 August 2023.

53. Commitments

(a) Capital commitments

Capital commitments outstanding as at 30 June 2023 and 31 December 2022 not provided for in the consolidated financial statements were as follows:

	<u>As at 30</u> <u>June 2023</u>	<u>As at 31</u> <u>December 2022</u>
Contracted, but not provided for	<u>3,472,951</u>	<u>3,130,051</u>

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

54. Interests in structured entities

(a) *Interests in structured entities consolidated by the Group*

Structured entities consolidated by the Group mainly stand for the asset management schemes where the Group involves as manager and/ or as investor. The Group assesses whether the combination of investments it holds together with its remuneration creates exposure to variability of returns from the activities of the asset management schemes to a level of such significance that it indicates that the Group is a principal.

As at 30 June 2023 and 31 December 2022, the Group consolidates 61 structured entities, which are mainly asset management schemes. As at 30 June 2023 and 31 December 2022, the total assets of the consolidated structured entities are RMB83,094 million and RMB71,870 million, respectively, and the carrying amount of interests held by the Group in the consolidated structured entities are RMB76,809 million and RMB69,505 million, respectively. For the period ended 30 June 2023 and year ended 31 December 2022, the Group did not provide financial support to these structured entities.

(b) *Interests in structured entities sponsored by the Group but not consolidated*

Structured entities for which the Group served as general partner or manager, therefore has power over them during the reporting periods are asset management schemes. Except for the structured entities that the Group has consolidated as set out in Note 54(a), the Group's exposure to the variable returns in the remaining structured entities in which the Group has interests is not significant. Besides, the Group did not provide financial support to these structured entities. The Group therefore did not consolidate these structured entities.

As at 30 June 2023 and 31 December 2022, the total assets of these unconsolidated structured entities managed by the Group amounted to RMB524,733 million and RMB528,130 million, respectively. As at 30 June 2023 and 31 December 2022, the carrying amount of interests held by the Group in these unconsolidated structured entities are RMB6,905 million and RMB9,032 million, respectively.

During the six months ended 30 June 2023 and 30 June 2022, income derived from these unconsolidated structured entities held by the Group amounted to RMB459 million and RMB47 million, respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

54. Interests in structured entities - continued

(c) *Interests in structured entities sponsored by third party institutions*

The types of structured entities sponsored by third party institutions that the Group does not consolidate but in which it holds interests include funds, asset management schemes, trust schemes, and wealth management products issued by banks or other financial institutions. The nature and purpose of these structured entities are to generate fees from managing assets on behalf of investors. These vehicles are financed through the issue of units to investors.

The carrying amount of the related accounts in the condensed consolidated statements of financial position is equal to the maximum exposure to loss of interests held by the Group in the unconsolidated structured entities sponsored by third party institutions as at 30 June 2023 and 31 December 2022, which are listed as below:

	As at 30 June 2023	
	Financial assets at fair value through profit or loss	Total
Funds	67,967,839	67,967,839
Wealth management products	20,161,081	20,161,081
Total	88,128,920	88,128,920

	As at 31 December 2022	
	Financial assets at fair value through profit or loss	Total
Funds	43,326,657	43,326,657
Wealth management products	19,633,246	19,633,246
Total	62,959,903	62,959,903

55. Outstanding litigations

From time to time in the ordinary course of business, the Group is subject to claims and are parties to legal and regulatory proceedings. As at 30 June 2023 and 31 December 2022, based on the court rulings and advices from legal representatives and management judgement, no provision had been made to the claim amounts except for the major legal action as listed below. The Group is of the opinion the final court judgement will not have a significant impact on the Group's financial position or operations.

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

55. Outstanding litigations - continued

As at 30 June 2023, the major legal action of the Group as the defendant is listed below:

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 the compensation for the plaintiff's investment loss of RMB527 million and relevant interest.

The Shanghai Financial Court made the judgment of the first instance on 14 April 2023 that Huatai United Securities Company Limited shall bear joint and several liability, and on 26 April 2023 Huatai United Securities Company Limited submitted an application for appeal, and the first instance judgment has not yet taken effect. As of 30 June 2023, the second instance judgement has been formally filed and has not yet commenced. According to the opinion of the legal representative and the judgment of the management, the Group has accrued provision amounted to RMB570 million for the claim amount.

56. Share-based payments

	<u>Notes</u>	<u>As at</u> <u>1 January 2023</u>	<u>Accrued for</u> <u>the period</u>	<u>Decrease for</u> <u>the period</u>	<u>As at</u> <u>30 June 2023</u>
Restricted Share Incentive Scheme of A Shares	(a)	223,981	47,435	(115,775)	155,641
Share-based payments of an overseas subsidiary	(b)	<u>1,273,641</u>	<u>69,826</u>	<u>-</u>	<u>1,343,467</u>
Total		<u>1,497,622</u>	<u>117,261</u>	<u>(115,775)</u>	<u>1,499,108</u>

	<u>Notes</u>	<u>As at</u> <u>1 January 2022</u>	<u>Accrued for</u> <u>the year</u>	<u>Decrease for</u> <u>the year</u>	<u>As at</u> <u>31 December 2022</u>
Restricted Share Incentive Scheme of A Shares	(a)	98,209	125,772	-	223,981
Share-based payments of an overseas subsidiary	(b)	<u>1,150,320</u>	<u>123,321</u>	<u>-</u>	<u>1,273,641</u>
Total		<u>1,248,529</u>	<u>249,093</u>	<u>-</u>	<u>1,497,622</u>

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

56. Share-based payments - continued

(a) *Share-based payments of the Company*

The Company carried out a Restricted Share Incentive Scheme of A Shares whereby the Company grant restricted A shares to the Incentive Participants in return for their services. On 29 March 2021, 45,488,000 restricted A Shares were granted to 810 incentive participants at the grant price of RMB9.10 per Share. As at 30 March 2021, the Company had in aggregate received subscription proceeds of RMB413,940,800 from 810 incentive participants. On 30 March 2023, the Board and the Supervisory Committee of the Company considered and approved that the total number of restricted shares that can be lifted is 14,222,943 shares at the end of the first locking period (Note 50).

As at 30 June 2023, there are two remaining unlocking periods under the incentive scheme, the weighted average remaining contractual life of the incentive scheme is 1.27 years.

Details of the scheme as at 30 June 2023 and 30 June 2022 are set out below:

<u>Number of shares</u>	<u>Six months ended 30 June</u>	
	<u>2023</u>	<u>2022</u>
Outstanding at the beginning of the period	43,788,054	44,463,027
Granted during the period	-	-
Exercised during the period	(14,222,943)	-
Forfeited during the period	(286,719)	(36,000)
Expired during the period	-	-
Outstanding at the end of the period	<u>29,278,392</u>	<u>44,427,027</u>
Exercisable at the end of the period	<u>29,278,392</u>	<u>44,427,027</u>

As at 30 June 2023 and 31 December 2022, cumulative amount of RMB155.64 million and RMB223.98 million was recognised in the capital reserve of the Company, respectively. The total expenses recognised for the six months ended 30 June 2023 and 30 June 2022 was RMB47.44 million and RMB63.91 million, respectively.

For the period ended 30 June 2023 the Company recognized share-based payment expense amounted to RMB6.12 million, for the restricted shares granted to the Company's key management personnel (for the period ended 30 June 2022: RMB7.96 million).

The fair value of services received in return for restricted share Incentive scheme is measured by reference to the fair value of shares. The estimate of the fair value of restricted shares granted is measured based on the closing price of shares at grant date, which is RMB17.24 per share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

56. Share-based payments - continued

(b) *Share-based payments of a subsidiary*

On 3 July 2019, AssetMark granted the equity incentive plan ("the 2019 Equity Incentive Plan"). The 2019 Equity Incentive Plan was effective on 17 July 2019, i.e. the effective date of the S-1 registration form of the Initial Public Offering ("IPO").

(i) *Restricted Stock Awards (RSAs)*

On 17 July 2019, AssetMark granted the original holders of Restricted Stock Awards equal to 6,309,049 shares of AssetMark common stock.

(ii) *Stock Options*

In connection with the IPO, AssetMark issued options to certain officers to acquire an aggregate of 918,981 shares of the common stock, with an exercise price of USD22 per share. Each of these options is scheduled to vest and become exercisable in substantially equal installments on each of the first three anniversaries of 18 July 2019. AssetMark uses the Black-Scholes options pricing model to estimate the fair value of Stock Options.

(iii) *Restricted Stock Units (RSUs)*

In connection with the IPO, AssetMark issued Restricted Stock Units to certain officers covering an aggregate of 85,737 shares of the common stock. Each of these Restricted Stock Units is scheduled to vest in substantially equal installments on each of the first three anniversaries of 18 July 2019. During 2020, 2021 and 2022, AssetMark issued RSUs to all officers, certain employees and independent directors of the board, respectively. Most of these RSUs are scheduled to vest in substantially equal installments on each of the first four anniversaries of the date of grant. During the first six months of 2023, AssetMark issued 579,758 RSUs in aggregate to its officers, certain employees and independent directors of the board. Most of these RSUs are scheduled to vest in substantially equal installments on each of the first four anniversaries of the date of grant.

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

56. Share-based payments - continued

(b) Share-based payments of a subsidiary - continued

(iv) Stock Appreciation Rights (SARs)

On 9 June 2020, AssetMark issued stock appreciation to certain officers with respect to 831,902 shares of its common stock under the 2019 Equity Incentive Plan. Each SAR has a strike price equal to the fair market value of the common stock of AssetMark on the date of grant and is scheduled to vest and become exercisable in substantially equal installments on each of the first four anniversaries of 9 June 2020. Upon exercise, each of these SARs will be settled in shares of AssetMark common stock with a value equal to the excess, if any, of the fair market value of its common stock measured on the exercise date over the strike price. During 2021 and 2022, AssetMark issued SARs to certain officers. Each SAR has a strike price equal to the excess, if any, of the fair market value of its common stock measured on the exercise date over the strike price and is scheduled to vest and become exercisable in substantially equal installments on each of the first four anniversaries of the date of grant. During the first six months of 2023, AssetMark issued 109,889 SARs to certain officers. Each SAR is scheduled to vest and become exercisable in substantially equal installments on each of the first four anniversaries of the date of grant.

During the first six months of 2023, AssetMark issued 338,907 Cash-settled SARs to certain officers. Each Cash-settled SAR has a strike price equal to the fair market value of the AssetMark's common stock on the date of grant and is scheduled to vest and become exercisable in substantially equal installments on each of the first four anniversaries of their grant date, subject to the recipient's continued employment through the vesting date, and have a ten-year contractual term. Upon exercise, each of these Cash-settled SARs will be settled in cash with a value equal to the excess, if any, of the fair market value of the AssetMark's common stock measured on the exercise date over the strike price.

57. Related party relationships and transactions

(a) Relationship of related parties

(i) Major shareholders

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

The detailed information of the transactions and balances with Group's major shareholders is set out in Note 57(b)(i).

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

57. Related party relationships and transactions - continued

(a) Relationship of related parties - continued

(ii) Associates of the Group

The detailed information of the Group's associates is set out in Note 20.

(iii) Joint ventures of the Group

The detailed information of the Group's joint ventures is set out in Note 21.

(iv) Other related parties

Other related parties are individuals which include: members of the Board of Directors, the Board of Supervisors and senior management, and close family members of such individuals.

(b) Related parties transactions and balances

Other than as disclosed elsewhere in these consolidated financial statements, the Group had the following related party transactions and balances:

(i) Transactions and balances between the Group and major shareholders and their subsidiaries:

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Balances at the end of the period/ year:		
Right-of-use assets	397	482
Other receivables and prepayments	41	41
Financial assets at fair value through profit or loss	100,002	53,275
Accounts payable to brokerage clients	109,457	52,450
Other payables and accruals	3,211	3,211
Short-term debt instruments issued	-	50,000
Lease liabilities	355	348
	Six months ended 30 June	
	<u>2023</u>	<u>2022</u>
Transactions during the period:		
Net investment gains	1,785	2,377
Fee and commission income	7,741	6,804
Operating expense	199	-

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

57. Related party relationships and transactions - continued

(b) Related parties transactions and balances - continued

- (i) Transactions and balances between the Group and major shareholders and their subsidiaries:
- continued

For the six months ended 30 June 2023 and 30 June 2022, the Group has redeemed the bonds issued by major shareholders amounting to nil and RMB70 million, respectively.

For the six months ended 30 June 2023 and 30 June 2022, the Group has subscribed the bonds issued by major shareholders amounting to RMB99 million and nil, respectively.

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

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Balances at the end of the period/ year:		
Cash and bank balances	1,118,007	1,855,132
Accounts receivable	131,417	220,638
Lease liabilities	60,967	64,136
Right-of-use assets	51,969	54,416
Accounts payable to brokerage clients	46,408	27,882
Other payables and accruals	688	4,056
Financial assets at fair value through profit or loss	-	9,875
Other receivables and prepayments	2,438	2,966
Placements from other financial institutions	1,100,180	500,143
	Six months ended 30 June	
	<u>2023</u>	<u>2022</u>
Transactions during the period:		
Fee and commission income	154,677	187,517
Fee and commission expense	(197)	-
Other income and gains	1,095	1,619
Operating expense	(1)	-
Interest income	12,790	3,820
Interest expenses	(7,734)	(9,997)
Net investment gains/(losses)	263	(8,938)

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

57. Related party relationships and transactions - continued

(b) Related parties transactions and balances - continued

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

For the six months ended 30 June 2023 and 30 June 2022, the associates have subscribed the non-public corporate bond issued by the Group amounting to RMB1,643 million and nil, respectively.

For the six months ended 30 June 2023 and 30 June 2022, the associates have redeemed the structured notes issued by the Group amounting to nil and 103 million, respectively.

For the six months ended 30 June 2023 and 30 June 2022, the capital injection made by the Group into the associates are RMB787 million and RMB81 million, respectively. For the six months ended 30 June 2023 and 30 June 2022, the capital reduction made by the Group from the associates are RMB86 million and RMB88 million, respectively.

For the six months ended 30 June 2023 and 30 June 2022, the Group has made repurchase agreements with associates for the total amount of RMB53,167 million and RMB67,979 million, respectively.

For the six months ended 30 June 2023 and 30 June 2022, the Group has taken placements from other financial institutions with associates for the total amount of RMB39,970 million and RMB49,350 million, respectively.

For the six months ended 30 June 2023 and 30 June 2022, the dividend received from associates are RMB668 million and RMB1,005million, respectively.

For the six months ended 30 June 2023 and 30 June 2022, the Group has paid rental fee to associates for the total amounts of RMB23 million and RMB26 million, respectively.

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

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
Balances at the end of the period/ year:		
Accounts receivable	12,581	7,935
Accounts payable to brokerage clients	2,375	6,178

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

57. Related party relationships and transactions - continued

(b) Related parties transactions and balances - continued

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

	<u>Six months ended 30 June</u>	
	<u>2023</u>	<u>2022</u>
Transactions during the period:		
Fee and commission income	4,383	8,250

For the six months ended 30 June 2023 and 30 June 2022, the capital reduction made by the Group from the joint venture is RMB151 million and 10 million, respectively.

For the six months ended 30 June 2023 and 30 June 2022, the dividend received from the joint venture are RMB22 million and nil, respectively.

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

	<u>As at 30</u> <u>June 2023</u>	<u>As at 31</u> <u>December 2022</u>
Balances at the end of the period/ year:		
Accounts payable to brokerage clients	9,899	7,725

	<u>Six months ended 30 June</u>	
	<u>2023</u>	<u>2022</u>
Transactions during the period:		
Fee and commission income	27	62

(c) Key management personnel remuneration

For the six months ended 30 June 2023, the Company paid pre-tax remuneration to key management personnel of the Company amounting to RMB21.66 million (For the six months ended 30 June 2022: RMB30.90 million). For the six months ended 30 June 2023, the post-employment benefits of the key management personnel amounted to RMB0.35 million (For the six months ended 30 June 2022: RMB0.32 million).

For the six months ended 30 June 2023 and 30 June 2022, the Company paid pre-tax deferred remuneration which was accrued in previous years to directors, supervisors, and senior management personnel amounted to RMB14.41 million and RMB7.60, respectively.

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

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

58. Segment reporting

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

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

(a) Business segments

For the six months ended 30 June 2023

	Wealth management	Institutional services	Investment management	International business	Others	Total
Revenue						
- External	9,841,278	6,081,523	1,903,191	3,926,125	1,054,887	22,807,004
- Inter-segment	25,614	19,731	-	-	1,305,829	1,351,174
Other income and gains	875,106	(153,185)	70,732	2,166,202	219,461	3,178,316
Segment revenue and other income	10,741,998	5,948,069	1,973,923	6,092,327	2,580,177	27,336,494
Segment expenses	(6,877,949)	(4,014,967)	(781,979)	(5,286,316)	(2,626,613)	(19,587,824)
Segment operating profit	3,864,049	1,933,102	1,191,944	806,011	(46,436)	7,748,670
Share of profit / (loss) of associates and joint ventures	-	-	(189,908)	-	1,437,821	1,247,913
Profit before income tax	3,864,049	1,933,102	1,002,036	806,011	1,391,385	8,996,583
Interest income	5,315,389	651,237	71,863	549,343	833,192	7,421,024
Interest expenses	(2,286,679)	(1,842,572)	(243,869)	(1,568,501)	(848,816)	(6,790,437)
Depreciation and amortisation expenses	(284,971)	(101,165)	(44,184)	(214,248)	(281,677)	(926,245)
Net reversal of/ (provision for) impairment loss on financial assets	487,274	10,692	(142)	(56,754)	(23,058)	418,012
Additions to non-current segment assets during the period	63,716	31,061	14,131	103,300	184,655	396,863
As at 30 June 2023						
Segment assets	288,829,008	343,458,581	41,045,442	179,241,398	192,921,665	1,045,496,094
Segment liabilities	(279,194,019)	(336,218,297)	(18,477,032)	(161,536,523)	(79,556,873)	(874,982,744)

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

58. Segment reporting - continued

(a) Business segments - continued

For the six months ended 30 June 2022

	Wealth management	Institutional services	Investment management	International business	Others	Total
Revenue						
- External	10,362,922	3,666,417	849,727	3,861,204	1,703,759	20,444,029
- Inter-segment	28,800	2,514	-	-	46,016	77,330
Other income and gains	2,003,904	117,162	43,590	323,381	569,197	3,057,234
Segment revenue and other income	12,395,626	3,786,093	893,317	4,184,585	2,318,972	23,578,593
Segment expenses	(8,007,493)	(2,977,089)	(549,527)	(2,926,501)	(2,822,819)	(17,283,429)
Segment operating profit/ (loss)	4,388,133	809,004	343,790	1,258,084	(503,847)	6,295,164
Share of profit of associates and joint ventures	-	-	(687,163)	-	1,150,636	463,473
Profit/ (loss) before income tax	4,388,133	809,004	(343,373)	1,258,084	646,789	6,758,637
Interest income	5,292,864	305,476	80,340	214,688	909,185	6,802,553
Interest expenses	(2,172,894)	(1,236,734)	(141,990)	(477,525)	(1,398,442)	(5,427,585)
Depreciation and amortisation expenses	(270,151)	(85,066)	(36,809)	(172,389)	(181,474)	(745,889)
Net reversal impairment loss on other assets	-	-	-	-	-	-
Net reversal of/ (provision for) impairment loss on financial assets	283,915	(488)	1,257	48,433	4,507	337,624
Additions to non-current segment assets during the period	66,800	10,989	1,468	176,425	190,068	445,750
As at 31 December 2022						
Segment assets(Restated)	282,826,740	338,717,046	39,880,993	160,618,094	189,193,383	1,011,236,256
Segment liabilities(Restated)	(278,153,206)	(333,267,313)	(18,205,051)	(144,243,708)	(69,510,368)	(843,379,646)

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

	For the six months ended 30 June	
	2023	2022
Revenue		
Total revenue, gains and other income for segments	27,336,494	23,578,593
Elimination of inter-segment revenue	(1,383,940)	(99,571)
Consolidated revenue, gains and other income	25,952,554	23,479,022
Profit		
Total profit before income tax for segments	8,996,583	6,758,637
Elimination of inter-segment profit	(999,155)	15,359
Consolidated profit before income tax	7,997,428	6,773,996

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

58. Segment reporting - continued

(a) Business segments - continued

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

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u> (Restated)
Assets		
Total assets for segments	1,045,496,094	1,011,236,256
Elimination of inter-segment assets	<u>(158,425,836)</u>	<u>(164,665,266)</u>
Consolidated total assets	<u>887,070,258</u>	<u>846,570,990</u>
Liabilities		
Total liabilities for segments	(874,982,744)	(843,379,646)
Elimination of inter-segment liabilities	<u>158,425,836</u>	<u>164,665,266</u>
Consolidated total liabilities	<u>(716,556,908)</u>	<u>(678,714,380)</u>

For the six months ended 30 June 2023 and 30 June 2022, the Group's customer base is diversified and no customer had transactions which exceeded 10% of the Group's revenue.

(b) Geographical information

The following table sets out information about the geographical location of: (i) the Group's revenue from external customers and (ii) the Group's property and equipment, investment properties, goodwill, land-use rights, other intangible assets, interests in associates and joint ventures, and other non-current assets ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property and equipment and other non-current assets, the location of the operation to which they are allocated, in the case of goodwill, land-use rights and other intangible assets, and the location of operations, in the case of interests in associates and joint ventures.

	For the six months ended 30 June 2023			For the six months ended 30 June 2022		
	Mainland <u>China</u>	Overseas	Total	Mainland <u>China</u>	Overseas	Total
Revenue from external customers	18,880,879	3,926,125	22,807,004	16,582,825	3,861,204	20,444,029
Other income and gains	979,348	2,166,202	3,145,550	2,711,612	323,381	3,034,993
Total	<u>19,860,227</u>	<u>6,092,327</u>	<u>25,952,554</u>	<u>19,294,437</u>	<u>4,184,585</u>	<u>23,479,022</u>
	As at 30 June 2023			As at 31 December 2022		
	Mainland <u>China</u>	Overseas	Total	Mainland <u>China</u>	Overseas	Total
Specified non-current assets	<u>28,429,188</u>	<u>10,232,277</u>	<u>38,661,465</u>	<u>27,561,899</u>	<u>10,139,539</u>	<u>37,701,438</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

59. Financial instruments and risk management

(a) Risk management policies and structure

(i) Risk management policies

In order to enhance the Group's scientific, standardised and effective management and operation, strengthen the capability of defending against risks and ensure the continuous, stable and rapid development of the Group's businesses, the Group had formulated the Basic System for Risk Management which had been deliberated and approved by the Board of Directors in accordance with the Securities Law of the People's Republic of China, the Rules on Supervision over Securities Companies, the Guidelines on the Internal Control of Securities Companies, the Regulation on Comprehensive Risk Management of Securities Companies and other relevant regulations in combination with the business operation and business management. This has clarified the risk management objectives and principles, the risk appetite and risk tolerance level of the Group as a whole and for different risk types, the risk management procedures, and the relevant resource assurance and appraisal mechanisms. In terms of operation management, the Group had formulated and issued various professional risk management guidelines to clearly establish the management processes and measures, risk indicators and limits for various types of risks; in addition, the Group had also formulated policies such as the Administration Measures for Risk Control Indicators, the Rules on the Risk Management of Subsidiaries, the Implementation Plan for Stress Test and the Detailed Implementation Rules for Stress Test at the operation level. In the specific business level, the Group had established business risk management system or risk management manual based on the risk points of different business areas and business management lines.

The principal types of risk faced by the Group in daily operation mainly include credit risk, liquidity risk, market risk, operational risk, reputational risk, information technology risk, compliance risk and modelling risk. The Group had formulated corresponding policies and procedures to identify and analyse these risks, and set up risk indicators, risk limits and internal risk control processes in combination with the actual circumstances with a view to continuously manage the above risks through the support of information systems and effective mechanisms.

Risk management is a shared responsibility of all the Group's employees. The Group continuously enhances the risk management awareness and risk sensitivity of all its employees through training and assessment to cultivate the risk management culture.

(ii) Risk governance structure

The risk management structure of the Company covers five major parts: The Board and its Compliance and Risk Management Committee, Board of Supervisors, Business Operation Management and Risk Control Committee, Risk Management Department and various professional risk management departments as well as other departments, branches and subsidiaries.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

59. Financial instruments and risk management - continued

(a) Risk management policies and structure - continued

(ii) Risk governance structure - continued

The Board of Directors takes ultimate responsibilities for the Company's comprehensive risk management. The Compliance and Risk Management Committee is set up by the Board to review and make recommendations on the overall risk management targets, fundamental policies and risk assessment reports; and evaluate and make recommendations on the risks of major decisions which require the Board's review as well as the solutions to these major risks. The Board of Supervisors is responsible for the supervision of overall risk management, supervising and examining the Board and the management on the performance of their risk management duties and urging them to make rectifications. Based on the authorisation and approval of the Board and in combination with the operational targets of the Company, the management is specifically responsible for the implementation of risk management activities, with the Risk Control Committee established under it. The Chief Risk Officer of the Company is responsible for leading the overall risk management initiatives. The Risk Management Department is charged with comprehensive risk management duties. It reports to the management and is responsible for managing the overall risks of the Company, taking the lead in managing market risk, credit risk and operational risk. Relevant functional departments of the Company are responsible for taking the lead in managing other types of risks according to their responsibilities and positioning. Other departments, branches and subsidiaries of the Company are responsible for the management of risks in respective lines, implementing policies, procedures and measures formulated by the Company and risk management departments, accepting the guidance from risk management departments and the decomposition of risk management and implementation responsibilities by the risk management departments. The Audit Department is responsible for the review and evaluation of the effectiveness and implementation of the risk management procedures of the Company and taking the lead in evaluating the overall risk management system of the Company.

(b) Credit risk management

Credit risk refers to the risk of loss of the Company resulting from the default of borrowers or bond issuer or counterparty (customer). The Company has established a credit risk management system covering self-owned capital and entrusted funding business. The system is applied to all subsidiaries domestic or overseas, and also to the sub-subsidiaries managed with reference to the subsidiary's management approach, thereby achieving full credit risk management coverage.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

59. Financial instruments and risk management - continued

(b) Credit risk management - continued

The Group mainly faced three types of credit risks, namely (i) the risks of suffering from loss in respect of the financing bills and interest lent out due to borrower's default in financing business; (ii) the risks caused by default of the issuer in bond investment business; (iii) the risks of assets suffering from loss due to the default by the counterparty in transaction business (including guarantee settlement business).

With respect to credit risk management of financing business, the Group implemented stringent control measures through continuous monitoring for risky customers and risky assets and timely risk mitigation. The Company intensified the dynamic counter-cyclical adjustment mechanism, established a market systemic risk monitoring and handling mechanism and strengthened the post-credit management of related businesses, in order to control routine business risks, prevent bottom-line risks and flexibly adjust the business structure.

With respect to credit risk management of issuers, the Company established a unified monitoring management system for issuers to realize the unified monitoring of credit bond targets for the Company's various businesses. In the meantime, the Company deepened the credit bonds' risk management and control in the whole process, established a screening and disposal mechanism of normalization for risky securities, and continuously to strengthen the monitoring and early warning mechanism of bond positions, thereby enhancing the effectiveness of the Company's prevention and control capabilities of credit risk.

With respect to credit risk management of counterparties, the Company constantly promoted the optimization construction of the unified management system for counterparties, and further strengthened counterparties' credit management in accordance with internal and external public sentiment to strictly control tail risks. For guaranteed settlement business, the Company 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.

The Company continued to optimize and improve its unified credit risk management system, in order to enhance its ability to cope with the complex external credit environment and provide strong risk control guarantee for the development of various credit businesses. During the reporting period, the Company did not experience any major credit risk events, and its businesses operated smoothly.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

59. Financial instruments and risk management - continued

(b) Credit risk management - continued

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 degree of default risk and identified the three stages of credit loss allowances of the securities-backed lending assets. The details are as below.

Description	Stage of credit loss allowances	
Collateral to loan ratios above the force liquidation thresholds, with no past due days	12-month ECL	Stage 1
Collateral to loan ratios above the force liquidation thresholds, with less than 90 days past due on its contractual payments	Lifetime ECL-not credit impaired	Stage 2
Collateral to loan ratios below the force liquidation thresholds but above 100%, with no past due days		
Collateral to loan ratios below the force liquidation thresholds but above 100%, with less than 90 days past due on its contractual payments		
Collateral to loan ratios below 100%	Lifetime ECL-credit impaired	Stage 3
Collateral to loan ratios above 100%, with more than 90 days past due on its contractual payments		
Borrowers in default or lawsuit		
Borrowers in significant financial difficulties or about to bankruptcy or undertaking a financial restructuring		

The Group set different force liquidation thresholds, normally no less than 130%, for different borrowers and assets.

For assets classified under Stage 1 and 2, the Group assessed credit loss allowances using the risk parameters modeling approach that incorporated key parameters inclusive of collateral to loan ratios and past due days. As at 30 June 2023, the average credit loss rate was 0.37% for assets classified under Stage 1 and no asset classified under Stage 2 (As at 31 December 2022, the average credit loss rate was 0.42% for assets classified under Stage 1, no assets classified under Stage 2).

For credit impaired assets classified under Stage 3, 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%.

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

59. Financial instruments and risk management - continued

(b) Credit risk management - continued

(i) Maximum exposure to credit risk

The Group's credit risk exposure of financial instruments for which an ECL allowance is recognised as follows according to the stage of ECL:

<u>Impairment and loss allowance</u>	As at 30 June 2023			
	<u>12-month ECL</u>	<u>Lifetime ECL- not credit impaired</u>	<u>Lifetime ECL- credit impaired</u>	<u>Total</u>
Bank balances	412	-	-	412
Margin accounts receivable	507,341	862,732	136,561	1,506,634
Financial assets held under resale agreements	22,141	-	650,444	672,585
Accounts receivable	-	73,944	1,800	75,744
Debt instruments measured at amortised cost	5,139	-	-	5,139
Debt instruments at fair value through other comprehensive income	63,318	11,217	-	74,535
Other receivables and interest receivable	1,604	43,505	779,695	824,804
Total	599,955	991,398	1,568,500	3,159,853

<u>Impairment and loss allowance</u>	As at 31 December 2022			
	<u>12-month ECL</u>	<u>Lifetime ECL- not credit impaired</u>	<u>Lifetime ECL- credit impaired</u>	<u>Total</u>
Bank balances	833	-	-	833
Margin accounts receivable	653,660	745,959	126,737	1,526,356
Financial assets held under resale agreements	28,128	-	1,110,285	1,138,413
Accounts receivable	-	66,131	2,400	68,531
Debt instruments measured at amortised cost	5,132	-	-	5,132
Debt instruments at fair value through other comprehensive income	30,455	-	-	30,455
Other receivables and interest receivable	1,224	25,062	775,627	801,913
Total	719,432	837,152	2,015,049	3,571,633

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

59. Financial instruments and risk management - continued

(c) Liquidity risk management

Liquidity risk refers to the risk of the Group 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 Group established a fully functional liquidity risk management system to identify, measure, monitor, control and report on its overall liquidity risk to improve the information of liquidity risk management, enhance the capabilities in the identification, measurement and monitoring of liquidity risk, and strengthen the Group ability in addressing liquidity risk. In addition, the Group also established a right-sized liquidity assets reserves based on the risk appetite and maintained sufficient liquidity assets with high quality to ensure the satisfaction of liquidity needs under stressful scenarios in a timely manner.

(d) Market risk management

Market risk refers to the risk resulting from the movements in market prices such as exchange rates, interest rates and stock prices, which could have an impact on the income of the Group or the value of financial instruments held by the Group. The objective of market risk management is to manage and control the market risk within the acceptable range and to maximise the risk adjusted return.

(i) Interest rate risk

Interest rate risk refers to the risk that movements in market interest rate will cause fluctuation in the Group's consolidated financial position and cash flow. The Group's interest-bearing assets mainly include bank balances, clearing settlement funds, margin accounts receivable, financial assets purchased under resale agreements, refundable deposits and bond investments; interest-bearing liabilities mainly include short-term bank loans, short-term debt instruments issued, placements from other financial institutions, financial assets sold under repurchase agreements, accounts payable to brokerage clients, long-term bonds and long-term bank loans, amongst others.

For financial instruments held on the reporting 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.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

(Expressed in thousands of Renminbi, unless otherwise stated)

59. Financial instruments and risk management - continued

(d) Market risk management - continued

(ii) Currency risk

Currency risk is the risk arising from foreign exchange business of the Group, which is attributable to the fluctuation of foreign exchange rates. Apart from the assets and liabilities held by the Group's overseas subsidiaries which use Hong Kong dollars or U.S. dollars as their functional currency, other assets and liabilities denominated in foreign currencies mainly represent foreign currency cash and bank balances held by domestic enterprises, foreign currency financial assets and liabilities arising from cross-border business, as well as foreign currency financial assets acquired by subsidiaries. In respect of assets and liabilities denominated in foreign currencies such as cash and bank balances, clearing settlement funds, refundable deposits, accounts receivable, cash held on behalf of brokerage clients, accounts payable and long-term bonds that are not accounted for with their functional currency, the Group has ensured that their net risk exposure are maintained at an acceptable level by buying or selling foreign currencies at market exchange rates where necessary to address the short-term imbalances.

(iii) Price risks

The Group is exposed to equity price changes arising from equity investments concluded in financial instruments at fair value through profit or loss and financial assets at fair value through other comprehensive income. Price risk the Group facing is mainly the proportionate fluctuation in the Group's net profits due to the price fluctuation of the financial instruments at fair value through profit or loss and the proportionate fluctuation in the Group's equity due to the price fluctuation of the financial instruments measured at fair value.

(e) Operational risk management

Operational risk refers to the risk on the Company's losses caused by inadequate or problematic internal procedures, staff, system or external events, which lead to inefficient internal procedures, mistakes of staff in operation or failure to strictly enforce the established procedures. The Risk Management Department takes the lead in managing the operational risk of the Group. Each department, business department and subsidiary actively perform the operational risk management in their respective lines and are responsible for the management effect, and bear the first responsibility. 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 Group 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

59. Financial instruments and risk management - continued

(e) Operational risk management - continued

Based on the Basic Standard for Enterprise Internal Control jointly issued by the Ministry of Finance, the CSRC, the National Audit Office and the Former China Banking and Insurance Regulatory Commission as well as its supporting guidelines and the relevant requirements of the regulatory authorities and the Company, the Group 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 Group; 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 Group internal control measures are properly in place and the effectiveness of risk management. In addition, the Group has also integrated the management of operational risk and internal controls into daily operation; participated in the design of system, procedures and plan for new business throughout the entire process; fully identified and comprehensively evaluated the operational risks; and performed various pre-, middle- and post management measures such as setting up front-end controls, standardising business processes, creating risk-discovery indicators and conducting training and inspection in order to implement internal controls at key risk points.

(f) Capital management

The Group's objectives of capital management are:

- (i) To safeguard the Group's ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders;
- (ii) To support the Group's stability and growth;
- (iii) To maintain a strong capital base to support the development of their business; and
- (iv) To comply with the capital requirements under the PRC, Hong Kong and the United States regulations.

On 23 January 2020 and 20 March 2020, the revised Rules on Standards for the Calculation of Risk Control Indicators of Securities Companies and the revised Administrative Measures for Risk Control Indicators of Securities Companies were issued by the CSRC. The Company is required to meet the following standards for risk control indicators on a continual basis from 1 June 2020:

- (i) The ratio of net capital divided by the sum of its various risk capital provisions shall be no less than 100%;
- (ii) The ratio of net capital divided by net assets shall be no less than 20%;
- (iii) The ratio of net capital divided by liabilities shall be no less than 8%;

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

59. Financial instruments and risk management - continued

(f) Capital management - continued

- (iv) The ratio of net assets divided by liabilities shall be no less than 10%;
- (v) The ratio of the value of equity securities and derivatives held divided by net capital shall not exceed 100%;
- (vi) The ratio of the value of non-equity securities and derivatives held divided by net capital shall not exceed 500%;
- (vii) The ratio of core net capital divided by on balance sheet and off balance sheet assets shall be no less than 8%;
- (viii) The ratio of high quality liquidity assets divided by net cash outflows for the next 30 days shall be no less than 100%;
- (ix) The ratio of available stable funds divided by required stable funds shall be no less than 100%; and
- (x) The ratio of margin financing (including securities lending) divided by net capital shall not exceed 400%.

Net capital refers to net assets minus risk adjustments on certain types of assets as defined in the Administrative Measures.

During the period, the Company monitored the above ratios closely to maintain these ratios in compliance with the relevant capital requirements.

Similar to the Company, certain subsidiaries of the Group are also subject to capital requirements under the Mainland China, Hong Kong and the United States regulatory requirements, respectively. These subsidiaries comply with the capital requirements during the six-month period ended 30 June 2023 and the year ended 31 December 2022.

(g) Transfer of financial assets

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

The Group entered into repurchase agreements with certain counterparties to sell debt securities classified as financial assets at fair value through profit or loss and debt instruments at amortised cost. Sales and repurchase agreements are transactions in which the Group sell a security, and agree to repurchase it at the agreed date and price. The repurchase prices are fixed and the Group is still exposed to substantially all the credit risks, market risks and rewards of those securities sold. These securities are not derecognised from the condensed consolidated statement of financial position because the Group retains substantially all the risks and rewards of these financial assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

59. Financial instruments and risk management - continued**(g) Transfer of financial assets - continued**

The Group entered into securities lending agreements with clients to lend out its equity securities and exchange-traded funds classified as financial assets at fair value through profit or loss. As stipulated in the securities lending agreements, the legal ownership of these equity securities and exchange-traded funds is transferred to the clients. Although the clients are allowed to sell these securities during the covered period, they have obligations to return these securities to the Group at specified future dates. The Group has determined that it retains substantially all the risks and interests of these securities and therefore has not derecognised these securities in the condensed consolidated statement of financial position.

The following tables provide a summary of carrying amounts and fair values of the transferred financial assets that are not derecognised in their entirety and the associated liabilities:

As at 30 June 2023

	Financial assets at fair value through profit or loss		
	Sales and repurchase agreements	Securities lending	Total
Carrying amount of transferred assets	4,038,536	2,326,129	6,364,665
Carrying amount of associated liabilities	(3,694,923)	-	(3,694,923)
Net position	<u>343,613</u>	<u>2,326,129</u>	<u>2,669,742</u>

As at 31 December 2022

	Financial assets at fair value through profit or loss		Debt instruments at amortised cost	
	Sales and repurchase agreements	Securities lending	Sales and repurchase agreements	Total
Carrying amount of transferred assets	4,514,082	2,902,260	50,458	7,466,800
Carrying amount of associated liabilities	(4,125,761)	-	(48,486)	(4,174,247)
Net position	<u>388,321</u>	<u>2,902,260</u>	<u>1,972</u>	<u>3,292,553</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

60. Fair value information

(a) Fair value of financial instruments

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

(i) Financial instruments in Level I

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price within bid-ask spread. These instruments are included in Level I.

(ii) Financial instruments in Level II

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

(iii) Financial instruments in Level III

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

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

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

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

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

60. Fair value information - continued

(b) Fair value of other financial instruments (carried at other than fair value) - continued

The carrying amount and fair value of debt instruments at amortised cost investments, short-term debt instruments issued and long-term bonds which are not presented at fair value are listed as below:

Carrying amount

	As at 30 <u>June 2023</u>	As at 31 <u>December 2022</u>
<i>Financial assets</i>		
- Debt instruments at amortised cost	<u>50,322,360</u>	<u>48,552,570</u>
<i>Financial liabilities</i>		
- Short-term debt instruments issued	(26,762,350)	(25,772,604)
- Long-term bonds	<u>(142,643,835)</u>	<u>(139,419,338)</u>
Total	<u>(169,406,185)</u>	<u>(165,191,942)</u>

Fair value

	As at 30 June 2023			
	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
<i>Financial assets</i>				
- Debt instruments at amortised cost	<u>-</u>	<u>51,123,655</u>	<u>-</u>	<u>51,123,655</u>
<i>Financial liabilities</i>				
- Short-term debt instruments issued	-	(10,085,305)	(16,687,552)	(26,772,857)
- Long-term bonds	-	(120,239,106)	(24,024,973)	(144,264,079)
Total	<u>-</u>	<u>(130,324,411)</u>	<u>(40,712,525)</u>	<u>(171,036,936)</u>

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

60. Fair value information - continued

(b) Fair value of other financial instruments (carried at other than fair value) - continued

Fair value - continued

	As at 31 December 2022			
	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
<i>Financial assets</i>				
- Debt instruments at amortised cost	-	48,923,303	-	48,923,303
<i>Financial liabilities</i>				
- Short-term debt instruments issued	-	(9,133,900)	(16,634,558)	(25,768,458)
- Long-term bonds	-	(115,183,301)	(24,857,323)	(140,040,624)
Total	-	(124,317,201)	(41,491,881)	(165,809,082)

The fair value of the financial assets and financial liabilities included in the level II and III categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Except for the above, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded in the Group's condensed consolidated statement of financial position approximate their fair value.

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

60. Fair value information - continued

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

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorised. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	As at 30 June 2023			
	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Assets				
Financial assets at fair value through profit or loss				
- Debt securities	1,320,476	173,199,827	196,527	174,716,830
- Equity securities	106,711,057	9,674	14,712,201	121,432,932
- Funds	67,829,885	1,086,717	106,538	69,023,140
- Wealth management products	-	20,782,563	-	20,782,563
- Loan and advances	-	-	2,725,057	2,725,057
Debt instruments at fair value through other comprehensive income	-	14,805,186	589,039	15,394,225
Equity instruments at fair value through other comprehensive income	-	163,721	107,057	270,778
Other investment				
- Unlisted investment in a joint venture	-	-	539,353	539,353
Derivative financial assets	145,089	11,014,964	3,879,887	15,039,940
Total	<u>176,006,507</u>	<u>221,062,652</u>	<u>22,855,659</u>	<u>419,924,818</u>
Liabilities				
Financial liabilities at fair value through profit or loss				
- Financial liabilities held for trading	(773,487)	(27,659,382)	-	(28,432,869)
- Financial liabilities designated at fair value through profit or loss	(199,925)	(2,144,523)	(11,945,107)	(14,289,555)
Derivative financial liabilities	(126,687)	(10,364,041)	(3,433,122)	(13,923,850)
Total	<u>(1,100,099)</u>	<u>(40,167,946)</u>	<u>(15,378,229)</u>	<u>(56,646,274)</u>

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

60. Fair value information - continued

(c) Fair value of financial instruments carried at fair value - continued

	As at 31 December 2022			
	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Assets				
Financial assets at fair value through profit or loss				
- Debt securities	1,731,297	172,159,442	314,711	174,205,450
- Equity securities	90,450,244	48,204	16,878,323	107,376,771
- Funds	44,567,500	869,420	106,443	45,543,363
- Wealth management products	-	20,575,405	-	20,575,405
- Loan and advances	-	-	3,103,556	3,103,556
Debt instruments at fair value through other comprehensive income	-	9,826,506	677,873	10,504,379
Equity instruments at fair value through other comprehensive income	-	153,793	87,794	241,587
Other investment				
- Unlisted investment in a joint venture	-	-	741,464	741,464
Derivative financial assets	109,080	12,443,939	3,235,282	15,788,301
Total	<u>136,858,121</u>	<u>216,076,709</u>	<u>25,145,446</u>	<u>378,080,276</u>
Liabilities				
Financial liabilities at fair value through profit or loss				
- Financial liabilities held for trading	(1,275,845)	(35,231,451)	-	(36,507,296)
- Financial liabilities designated at fair value through profit or loss	(315,303)	(2,092,813)	(9,660,147)	(12,068,263)
Derivative financial liabilities	(130,351)	(8,226,125)	(1,281,649)	(9,638,125)
Total	<u>(1,721,499)</u>	<u>(45,550,389)</u>	<u>(10,941,796)</u>	<u>(58,213,684)</u>

For the six months ended 30 June 2023, there was no transfer from Level II to Level I (For the year ended 31 December 2022: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

60. Fair value information - continued

(c) Fair value of financial instruments carried at fair value - continued

(i) Valuation methods for financial instruments in Level II

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

60. Fair value information - continued

(c) Fair value of financial instruments carried at fair value - continued

(ii) Valuation methods for financial instruments in Level III

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

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

60. Fair value information - continued

(c) Fair value of financial instruments carried at fair value - continued

(iii) 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	Debt instruments at fair value through other comprehensive income	Equity instruments assets at fair value through other comprehensive income	Derivative financial assets	Total	Financial liabilities at fair value through profit or loss	Derivative financial liabilities	Total
As at 1 January 2023	20,403,033	741,464	87,794	3,235,282	25,145,446	(9,660,147)	(1,281,649)	(10,941,796)
Transfer in	18,283	-	-	-	18,283	-	-	-
Transfer out	(9,226,888)	-	-	-	(9,226,888)	-	-	-
Gains or losses for the period	593,575	(202,111)	19,210	250,136	660,810	505,796	(2,266,569)	(1,760,773)
Changes in fair value recognised in other comprehensive income	-	-	17,863	(31,121)	(24,421)	-	(60,040)	(60,040)
Additions	6,964,664	-	1,400	7,072	7,080,877	(7,697,110)	(351,978)	(8,049,088)
Sales	(840,047)	-	-	(20,489)	(860,536)	-	275,364	275,364
Settlements	(172,297)	-	-	439,007	62,088	4,906,354	251,750	5,158,104
As at 30 June 2023	<u>17,740,323</u>	<u>539,353</u>	<u>107,057</u>	<u>3,879,887</u>	<u>22,855,659</u>	<u>(11,945,107)</u>	<u>(3,433,122)</u>	<u>(15,378,229)</u>
Total gains or losses for the period included in profit or loss for assets/ liabilities held at the end of the reporting period	269,262	(202,111)	-	655,279	722,430	(19,614)	(1,908,079)	(1,927,693)

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

60. Fair value information - continued

(c) Fair value of financial instruments carried at fair value - continued

(iii) Financial instruments in Level III - continued

	Financial assets at fair value through profit or loss	Other investment	Debt instruments at fair value through other comprehensive income	Equity instruments assets at fair value through other comprehensive income	Derivative financial assets	Total	Financial liabilities at fair value through profit or loss	Derivative financial liabilities	Total
As at 1 January 2022	8,233,247	823,289	909,525	88,606	2,679,713	12,734,380	(3,606,854)	(2,151,622)	(5,758,476)
Transfer in	144,869	-	-	-	-	144,869	-	-	-
Transfer out	-	-	-	-	-	-	-	-	-
Gains or losses for the year	2,150,416	(81,825)	186,181	-	2,192,347	4,447,119	39,004	(804,995)	(765,991)
Changes in fair value recognised in other comprehensive income	-	-	(18,757)	(812)	-	(19,569)	-	56,828	56,828
Additions	13,297,335	-	367,758	-	1,053	13,666,146	(6,208,983)	(40,364)	(6,249,347)
Sales	(1,048,901)	-	-	-	(12)	(1,048,913)	-	50,200	50,200
Settlements	(2,373,933)	-	(766,834)	-	(1,637,819)	(4,778,586)	116,686	1,608,304	1,724,990
As at 31 December 2022	20,403,033	741,464	677,873	87,794	3,235,282	25,145,446	(9,660,147)	(1,281,649)	(10,941,796)
Total gains or losses for the period included in profit or loss for assets/ liabilities held at the end of the reporting period	(281,731)	(81,825)	-	-	1,063,425	699,869	(619,585)	(1,252,215)	(1,871,800)

For the period ended 30 June 2023, the Group's investments in financial assets at fair value through profit or loss of RMB18 million were transferred from Level I to Level III, as the fair values of these securities were determined with the use of valuation techniques instead of quoted prices, due to delisting (For the year ended 31 December 2022: RMB145 million).

HUATAI SECURITIES CO., LTD.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

(Expressed in thousands of Renminbi, unless otherwise stated)

60. Fair value information - continued

(c) Fair value of financial instruments carried at fair value - continued

(iii) Financial instruments in Level III - continued

For the period ended 30 June 2023, the Group's investments in financial assets at fair value through profit or loss of RMB9,227 million were transferred from Level III to Level I, as the fair values of these securities were determined with the use of quoted prices instead of valuation techniques, due to expiration of lock-up period (For the year ended 31 December 2022: nil).

61. Events after the reporting date

(a) Issuance of bonds

From 30 June 2023 to the date of this report, the Company has issued 1 corporate bonds with a cumulative amount of RMB2 billion, bearing interest of 2.64% per annum.

From 30 June 2023 to the date of this report, Huatai International Finance Limited, a subsidiary of Huatai International Financial Holdings Limited, has issued 23 medium-term notes with a cumulative amount of USD387 million and HKD429 million, bearing interest of 0.00% to 6.17% per annum.

From 30 June 2023 to the date of this report, Pioneer Reward Limited, a subsidiary of Huatai Securities Co., Ltd., has issued 1 medium-term notes with a amount of USD800 million, bearing interest of 5.25% per annum.

(b) Provision of debt guarantees for contingent liabilities formed and financial implications after accounting periods

In August 2023, the Company, as guarantor, entered into a guarantee agreement with Hongkong and Shanghai Banking Corporation Limited (as trustee) to provide an unconditional and irrevocable guarantee for the USD800 million Bonds issued by Pioneer Reward Limited, a subsidiary of the Group. The amount of the guarantee shall not exceed the principal, interest and other related expenses of the above bonds.

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

In August 2023, the Company acquired 0.0812% equity of Huatai United Securities Co., Ltd. ("Huatai United") held by China Eastern Airlines Group Co., Ltd, another shareholder of Huatai United, by way of transfer through the China Beijing Equity Exchange. As at the date of this report, the procedures relating to the business registration for the change of Huatai United's shareholders are still underway.