



2017 Interim Results

August 2017



*(A joint stock company incorporated in the PRC 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)*

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Development strategy

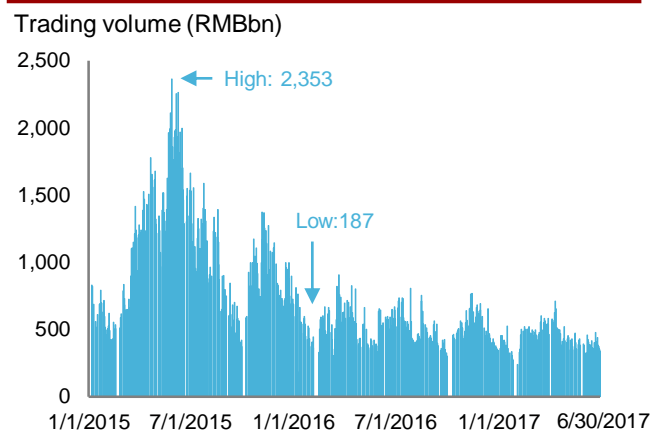
Market Environment

Securities market maintained steady development under the challenges of tightened regulations and financial de-leveraging in 1H17

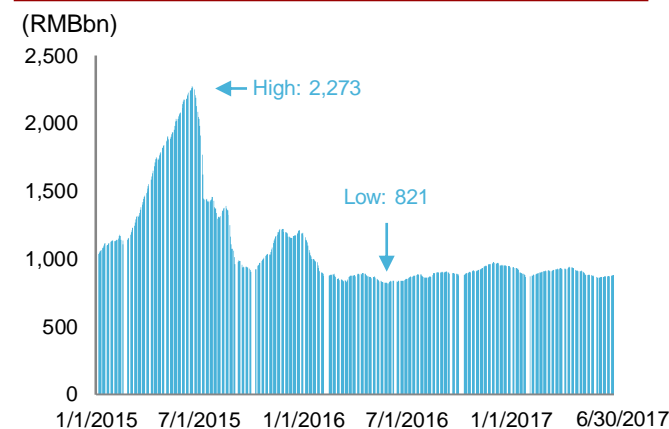
Performance of key market indices¹



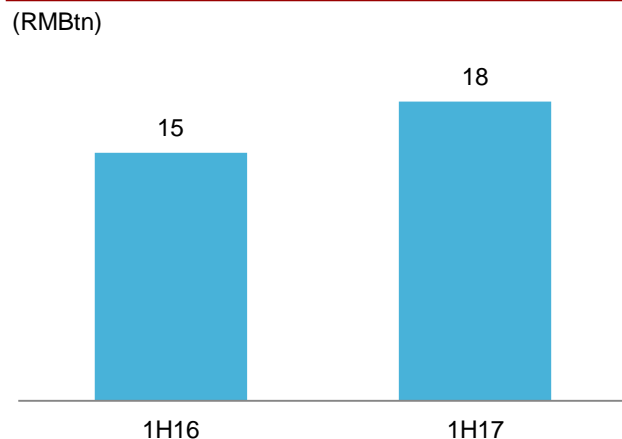
Stock trading volume



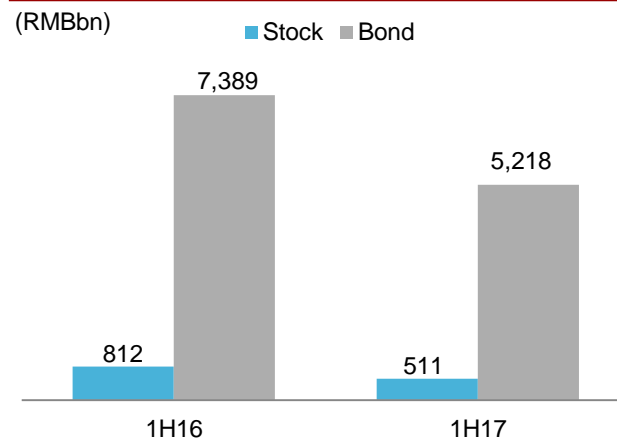
Margin financing and securities lending (MFSL) balance



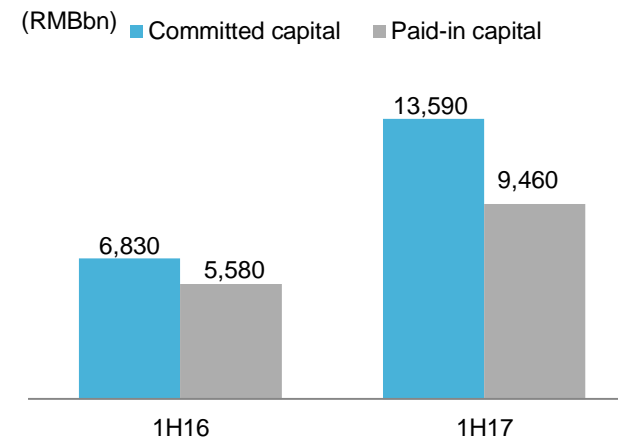
AUM of securities companies



Equity and debt issuance amount²



Scale of domestic private funds



Sources: Securities Association of China, Wind, Investment China website, Asset Management Association of China

Note: 1. All indexes are rebased to the beginning level of Shanghai Composite Index

2. Debt issuance excluding treasury bonds, local government bonds, central bank bills and NCDs

Business Highlights

Strengthening leadership



Ranked #1 in terms of stock and fund trading volume



Ranked #1 by ZhangLe WM in terms of number of monthly active users among all apps of securities companies in China



Ranked #2 in terms of margin financing and securities lending (MFSL) balance



Ranked #2 in terms of AUM of securities companies



Ranked #3 in terms of the size of ABS issuance

Pursuing breakthrough



Positive growth of revenue and net profit amid market headwinds



Ranked #6 in terms of bond underwriting amount as lead underwriter



Ranked #1 in terms of M&A transaction amount by Chinese listed companies



Ranked #1 in terms of equity underwriting amount by date of issuance as lead underwriter



USD36.7bn+ AUM by AssetMark

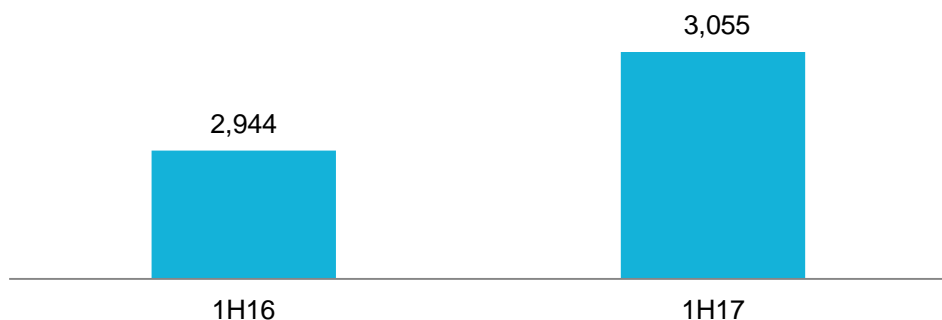
Source: Company data

Business Performance Overview

Overall performance improved YoY and revenue mix became more balanced

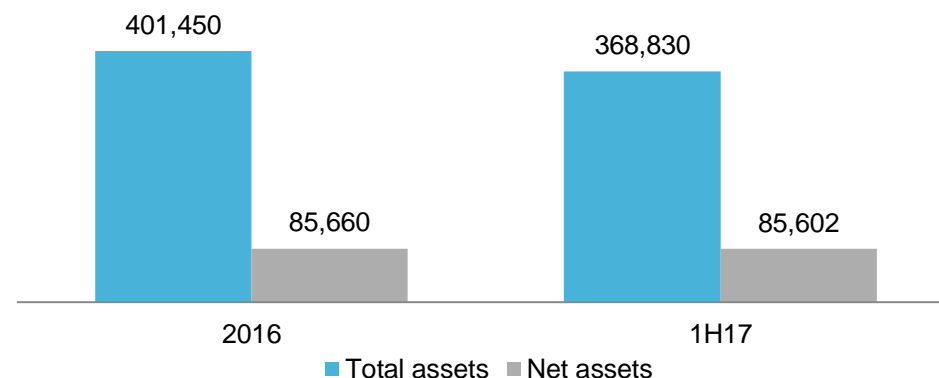
Net profit

(RMBmm)

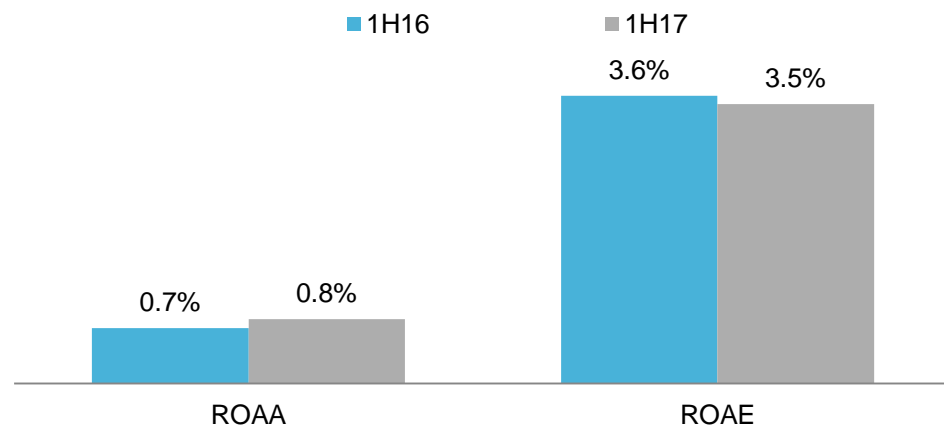


Total assets and net assets

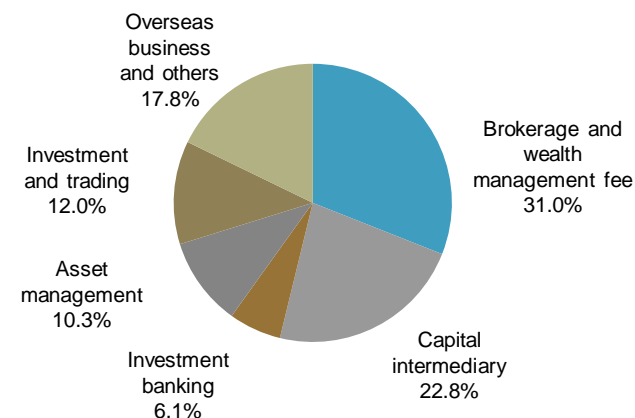
(RMBmm)



ROAA and ROAE ¹



1H2017 revenue breakdown



Source: Company data

Note: 1. ROAA = net profit/average total assets, ROAE = net profit/average net assets

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Financial overview

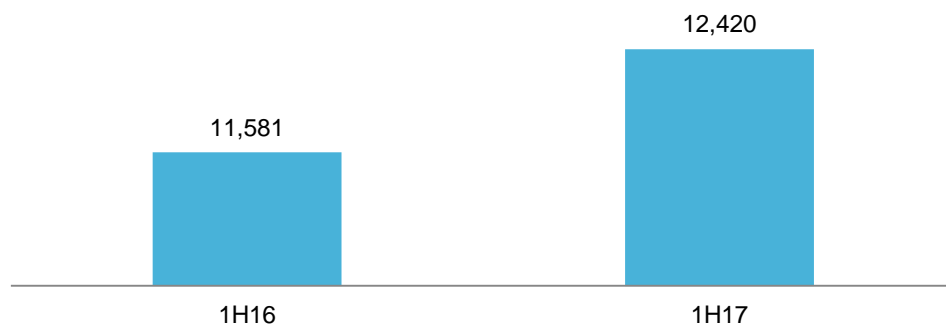
Business overview

Development strategy

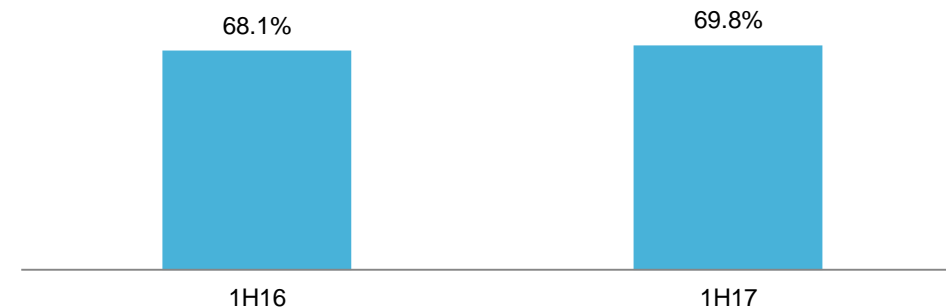
Both Revenue and Profit Realized Positive YoY Growth

Revenue

(RMBmm)

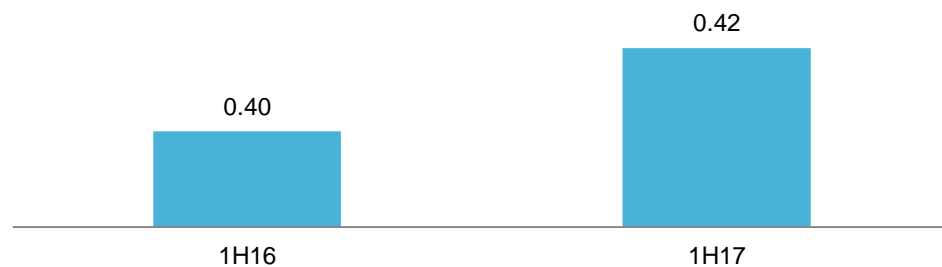


Cost-to-income ratio



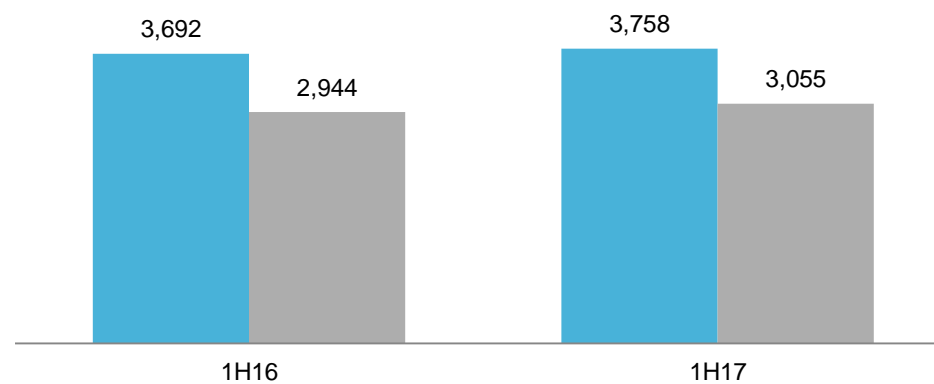
Earnings per share

(RMB)



Operating profit and net profit

(RMBmm)



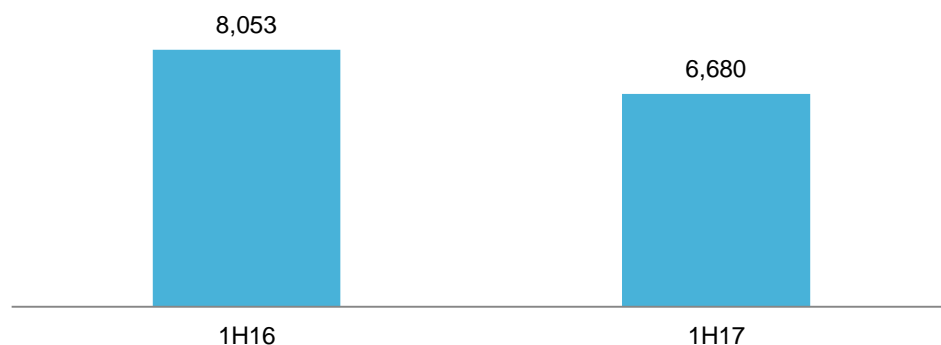
Source: Company data, financial report (IFRS)

■ Operating profit ■ Net profit

Significant Growth in Investment and Trading Businesses

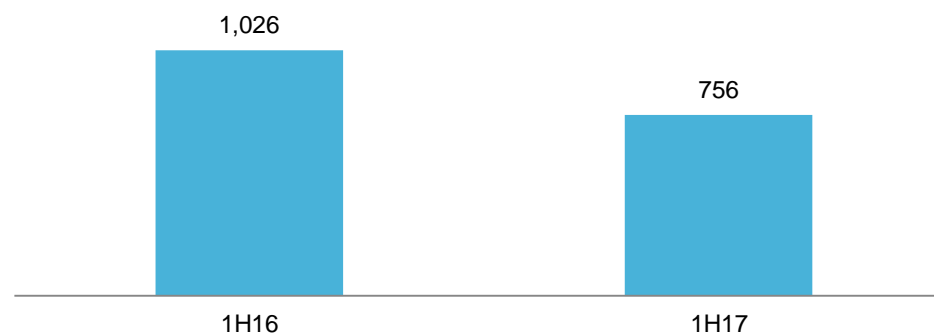
Brokerage and wealth management revenue

(RMBmm)



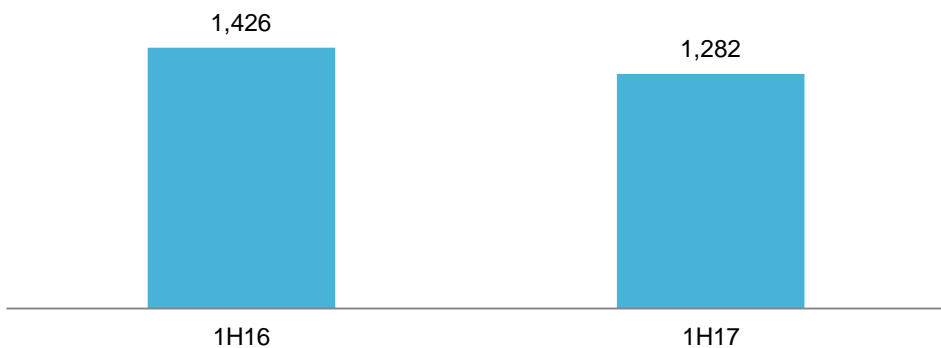
Investment banking revenue

(RMBmm)



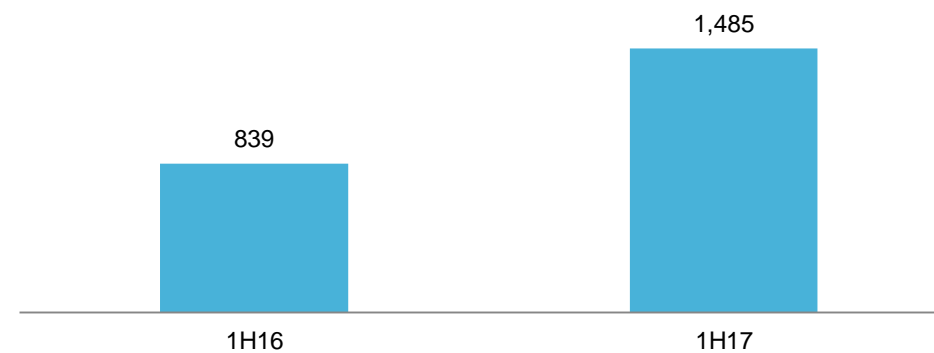
Asset management revenue

(RMBmm)



Investment and trading revenue

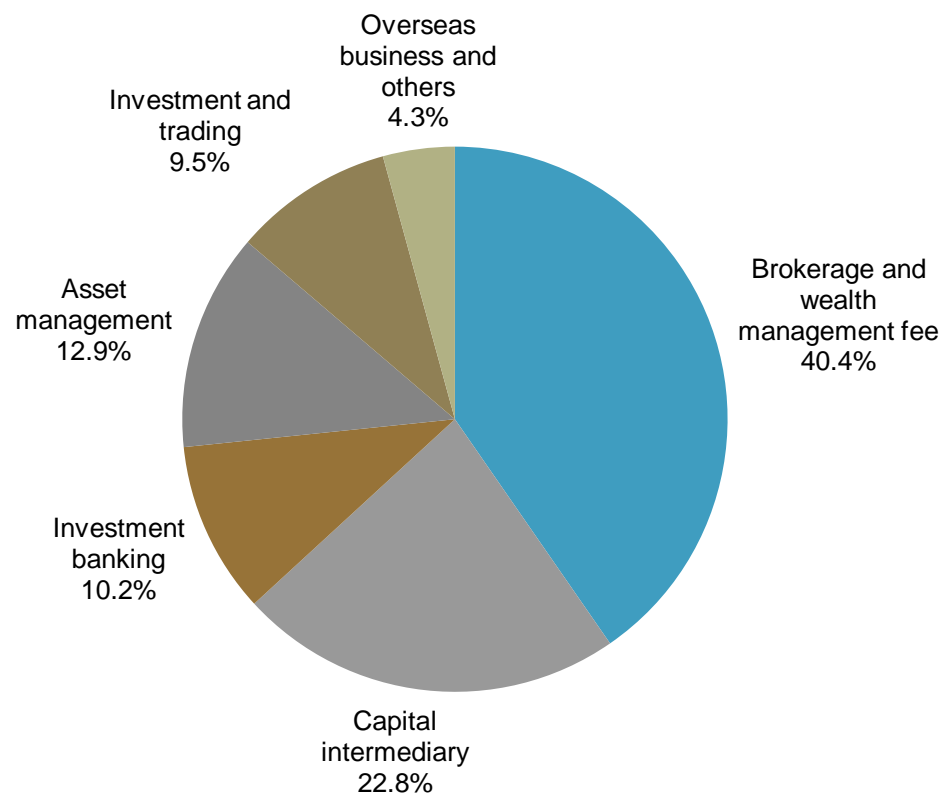
(RMBmm)



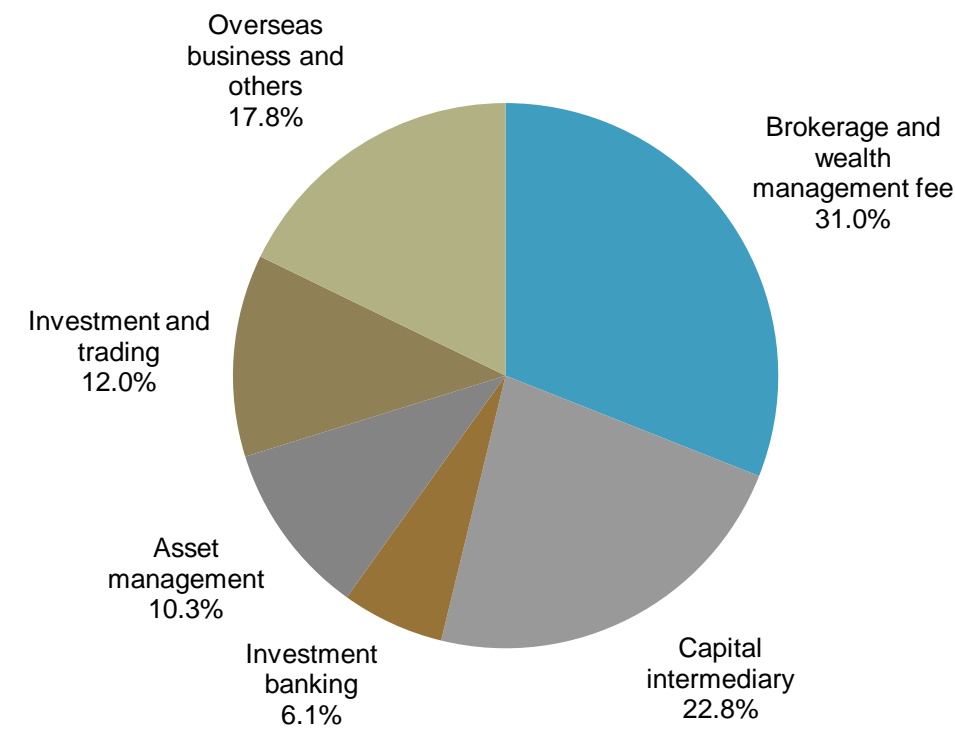
Source: Company data, financial report (IFRS)

Optimizing Trend of Revenue Mix

2016 revenue breakdown



1H17 revenue breakdown

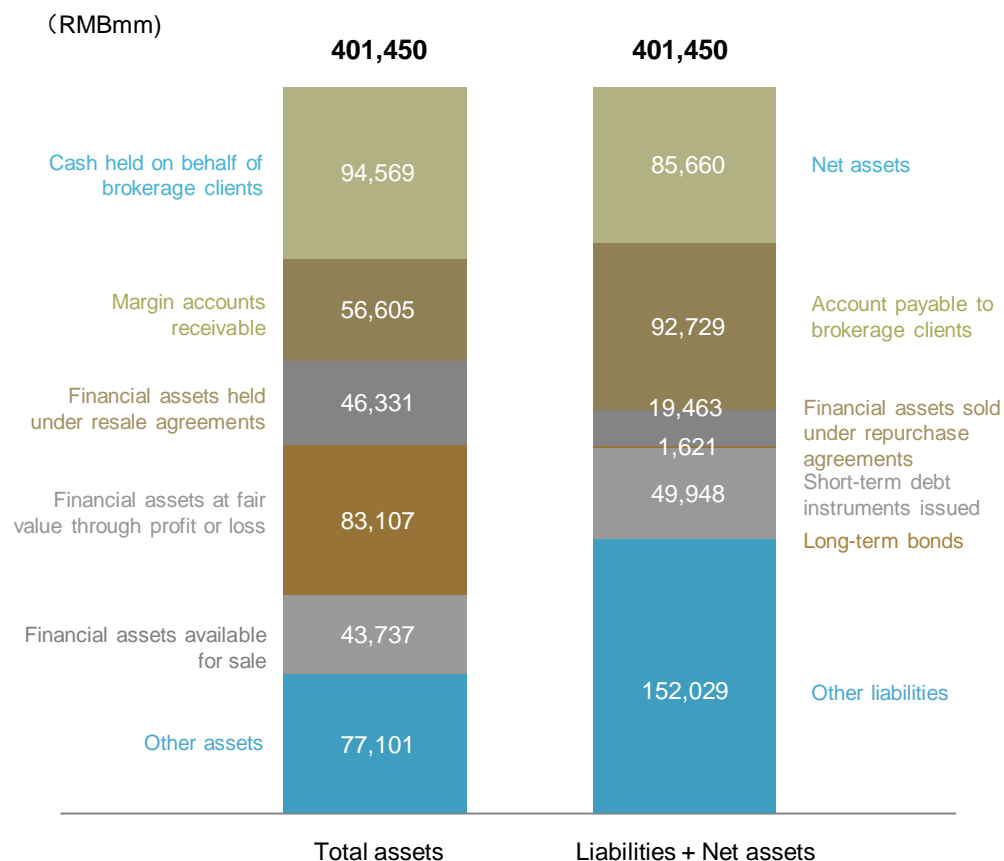


Source: Company data, financial report (IFRS)

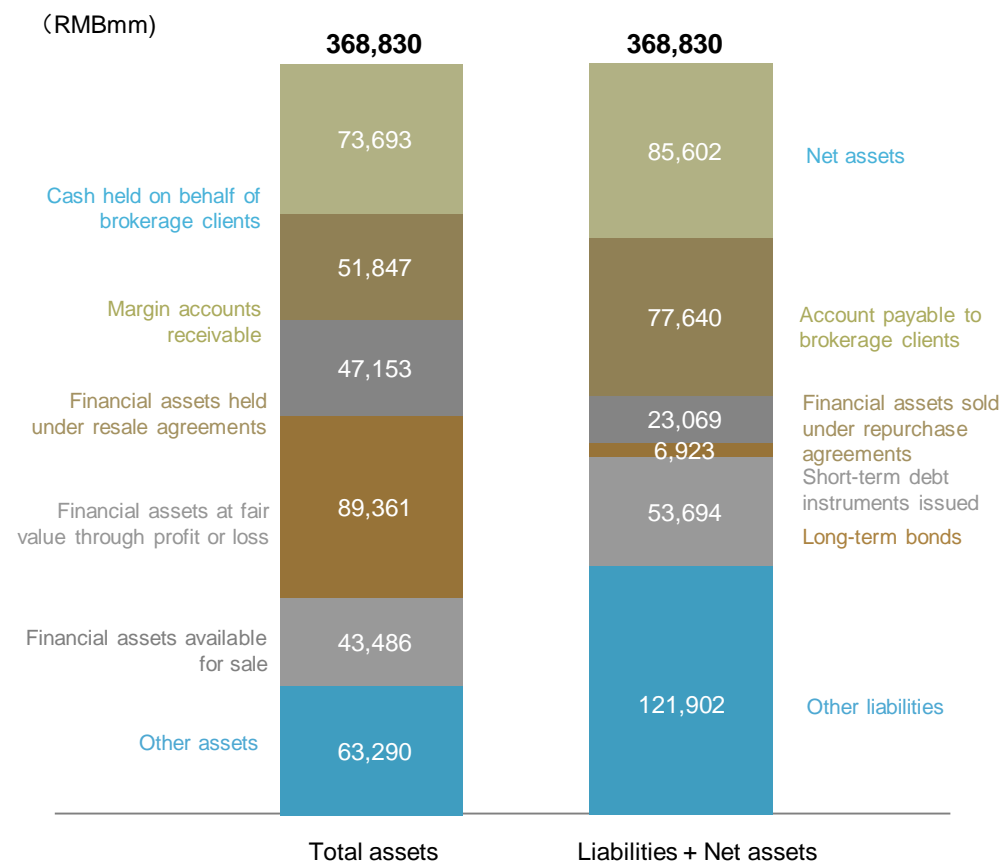
Flexible and Effective Liability and Liquidity Management Supports Business Growth

While the Company experienced decline in total assets, its debt-to-asset ratio decreased and risk resistance capacity kept strengthening in 1H17

As of 31 December 2016



As of 30 June 2017



Capital raise by subsidiaries

- Huatai Futures raised its registered capital from RMB1.009bn to RMB1.609bn

Bond issuance

During the reporting period, HTSC issued the following bonds:

- Successfully issued one tranche of corporate bonds on Feb 23, 2017, total amount RMB8.0bn
- Successfully issued one tranche of corporate bonds on May 15, 2017, total amount RMB10.0bn

Source: Company data, financial report (IFRS)

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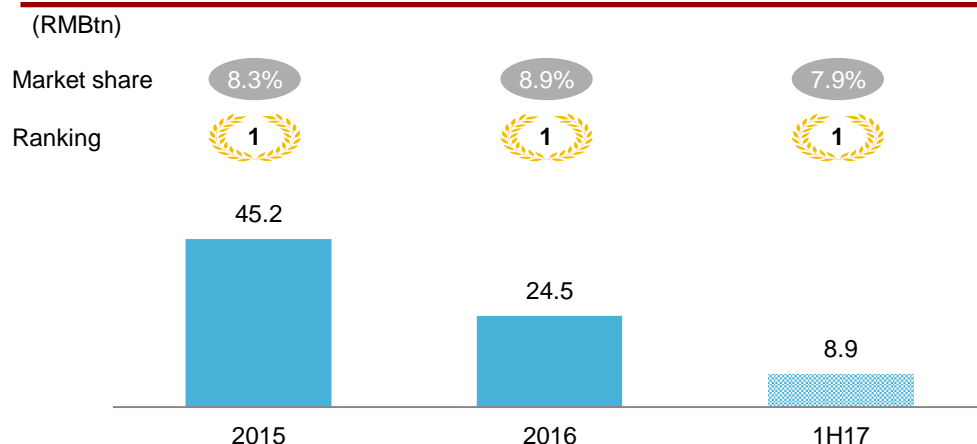
Business overview

Development strategy

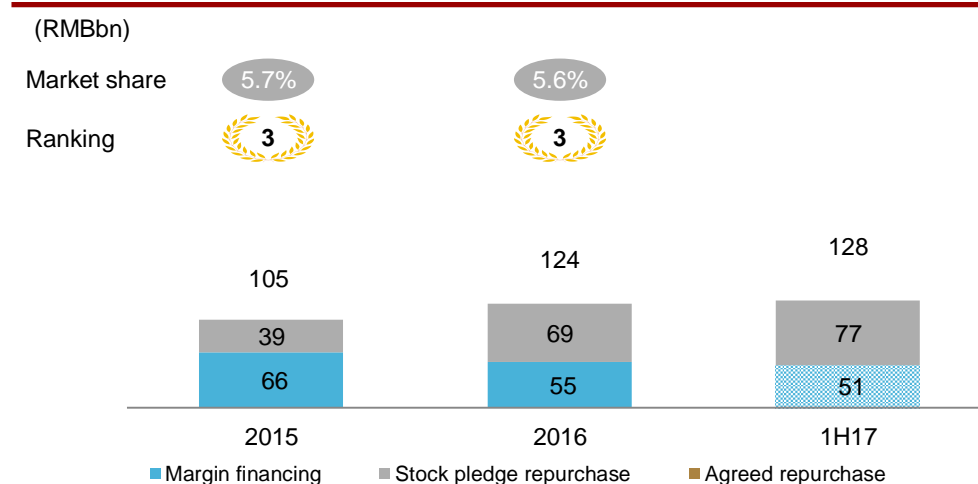
Maintaining Leadership in Brokerage and Wealth Management Businesses

Maintaining leadership in terms of stocks and funds trading volume and securing top market position in capital intermediary business. Further diversified product offerings and improved customer service capabilities through establishing financial services platform and building investment advisers team

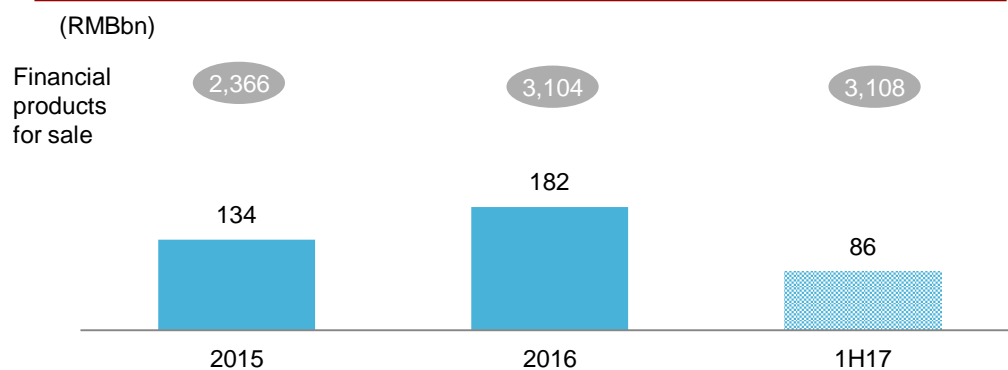
Stocks and funds trading volume



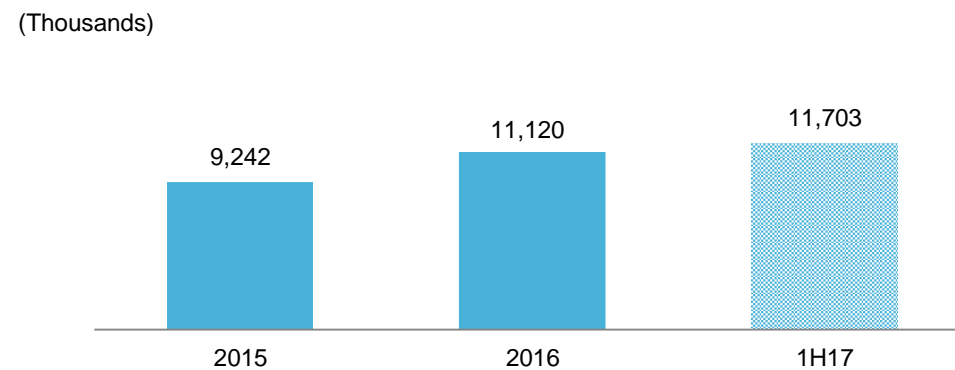
Size of capital intermediary business



Value of financial products distributed¹



Number of brokerage and wealth management clients



Source: Company data

Note: 1. Value of financial products distributed and financial products for sale do not include Tian Tian Fa

Specialized Fintech Service Platform Continues to Create Value for Customers

Adhering to the client-centric principles and leveraging internet, big data and AI capacities, constructed marketing and service system for new retail business, developed brand name in retail financial services and enhanced client satisfaction

An industry leading mobile financial service platform

TOP 1

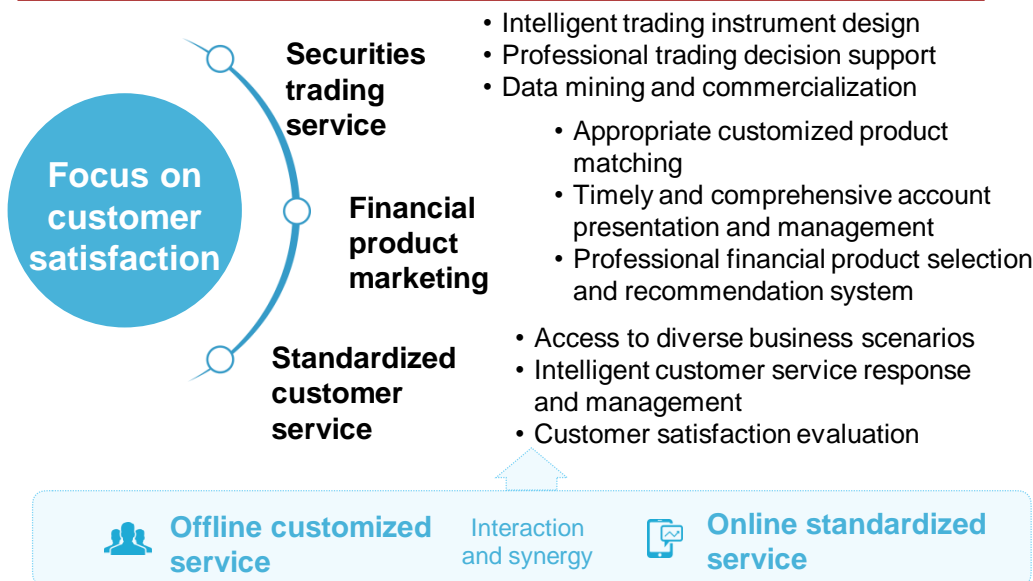
Analysys
易观智库

TalkingData
Mobile·Data·Value

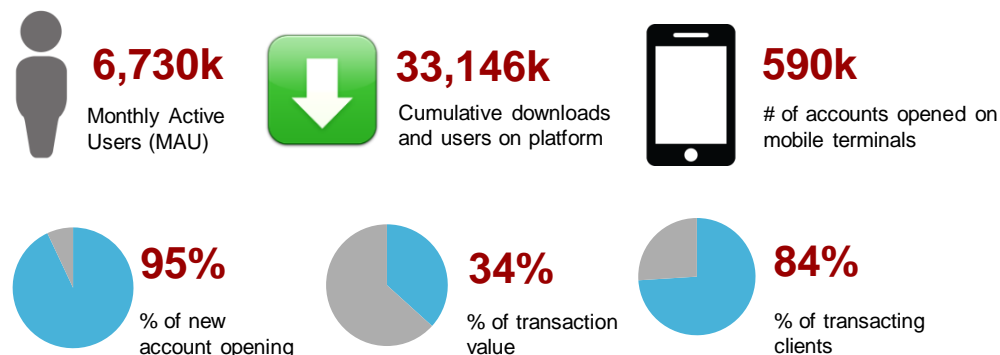
Ranked No.1 among trading apps developed by securities companies

Ranked #1 in terms of user activity and coverage

Develop online professional trading and financial product marketing platform around ZhangLe WM



ZhangLe WM is driving customer service and customer stickiness



New functions of ZhangLe WM



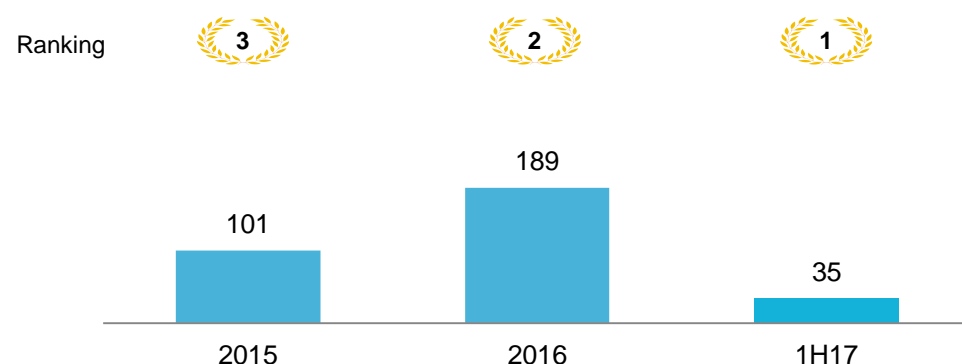
Source: Company data, Analysys, TalkingData

Institutional Business Providing Comprehensive Services for Clients

Institutional business provides customers with comprehensive services across business chain led by investment banking and along with research and institutional sales businesses. M&A and equity underwriting maintained industry-leading position and debt underwriting continued to improve

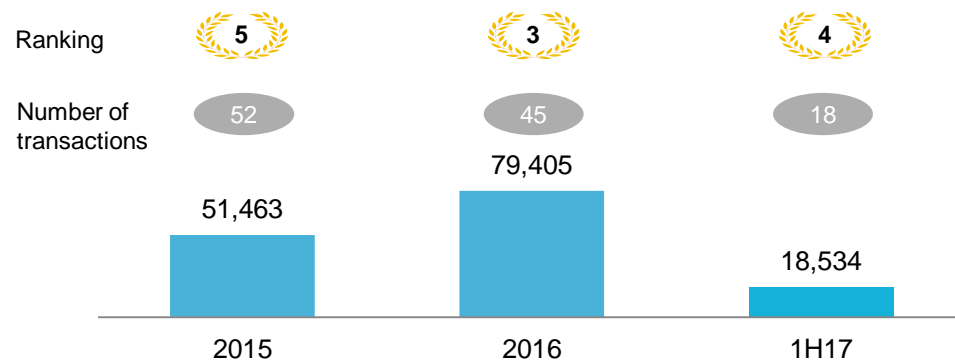
#1 in terms of M&A transaction amount in 1H17¹

(RMBbn)



Equity underwriting volume and ranking²

(RMBmm)



Source: MergerMarket, company information, Wind

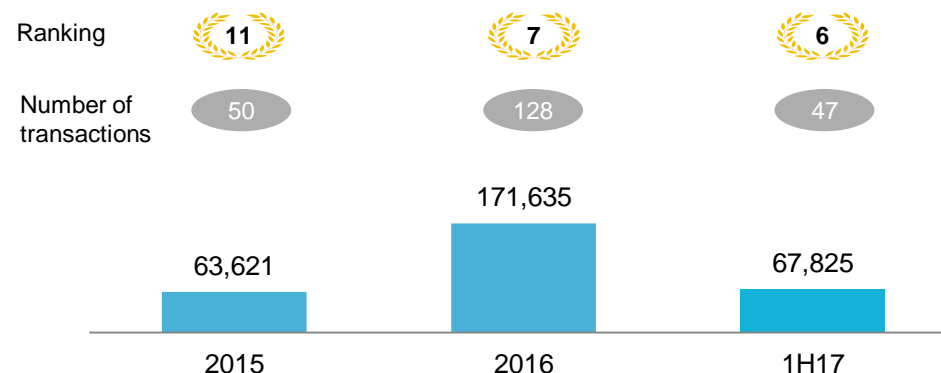
Note: 1. Volume of transactions is based on transactions approved by CSRC;

2. Equity underwriting includes IPO, private placement, follow-on offering and rights issue; rank #1 in terms of number of ECM transactions in 2015 if counting in 8 exchangeable bonds and 1 convertible bond;

3. Debt underwriting includes corporate bonds, enterprise bonds, commercial paper, medium term notes, financial bonds, government backed agency debts, convertible bonds, exchangeable bonds, asset-backed securities, and placement tools

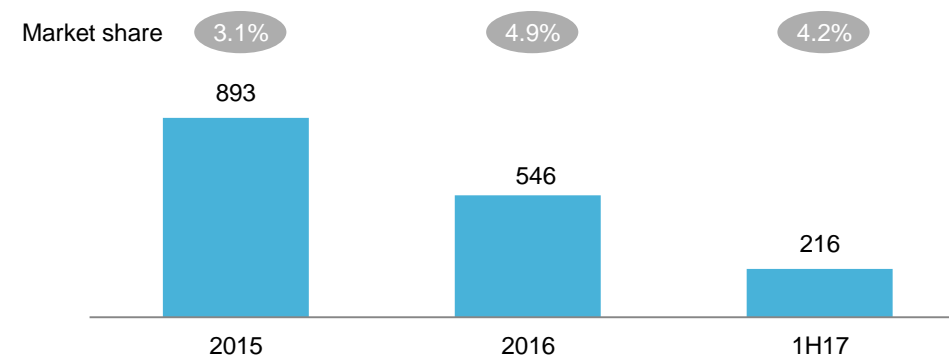
Debt underwriting volume and ranking³

(RMBmm)



Mutual funds distribution

(RMBbn)



Institutional Business Providing Comprehensive Services for Clients (cont'd)

Participation in almost all recent landmark transactions has substantially increased brand awareness; dedicated to provide tailored financial services throughout corporate clients' life cycles

Market leader with successful cases



Restructuring, supporting financing and A-share listing of SF Express

- **Largest backdoor listing** in 2016 with a deal size of **RMB43.3 billion**
- Demonstrated Huatai's **superior execution capability** in jumbo deals; It took **only 141 days** from the announcement of major assets restructuring to the approval by the restructuring review committee
- Launched ancillary financing in first half of 2017 and **raised RMB8 billion**

Largest private placement deal further enhancing the overall strength of Industrial Bank

- Largest A-share private placement transaction since 2017 that **raised RMB26 billion**, enabling Industrial Bank to further enhance its capital strength, strengthen and expand its advantages in traditional business, and cultivate and expand new strategic business
- The transaction experienced complex external environment such as CSRC's introduction of new refinancing policies and capital market volatility, **taking 8 months** since the disclosure of issuance report in late July, 2016 to completion of issuance by end of March, 2017

Group listing of state-owned financial assets to build a comprehensive financial and industrial investment platform

- *ST Kingray acquired 100% shares of Minmetals Capital from Minmetals Corporation through stock issuance, also issued shares to minority shareholders of the securities, futures and trust companies controlled by Minmetals Capital to acquire their holdings of shares, **with a total price of RMB18.466 billion for the target assets**
- Minmetals Capital injected its capital into the listed company and changed its core business to a financial services focused **"financial holding + industrial investment" listed platform** with financial licenses of trust, financial leasing, securities, futures, etc.

Provide ongoing services for the largest listed agricultural company in China

- New Hope acquired a 70% interest in Besun Agricultural Industry with a transaction value of RMB0.616 billion
- New Hope is a leading company in China's farming and animal husbandry industry, **and this was the third time for Huatai to provide capital market services to New Hope** since the successful M&A transaction in 2011



Restructuring of national automobile brand
RMB11.6 billion



Acquired three companies to implement the strategy of dual major business development
RMB5.086 billion



Ucloud's removal of VIE structure and capital raising
RMB0.96 billion



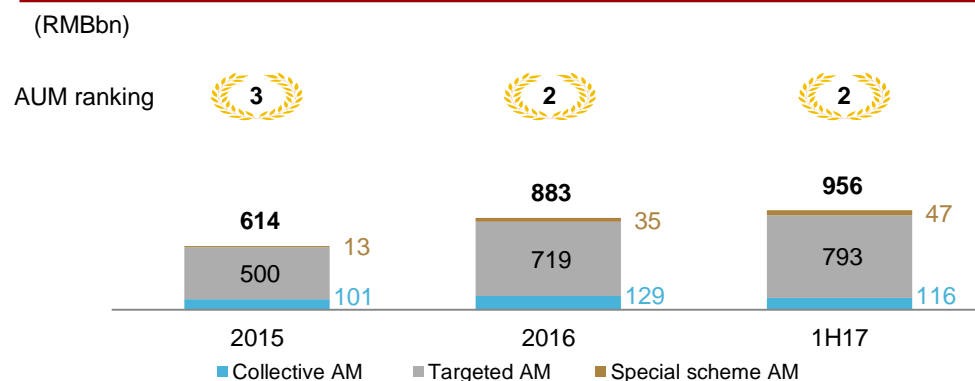
First issuance of small public offering corporate bonds
RMB1.5 billion

Source: Company information, Wind

The Emerging Leading Position of the Investment Management Business

Continuous growth in asset management effectively facilitated the transformation of wealth management business. Issuance of series of cross-border products further diversified product lines. Affiliated fund companies maintained steady growth with further optimized product mix

AUM of securities companies' AM business

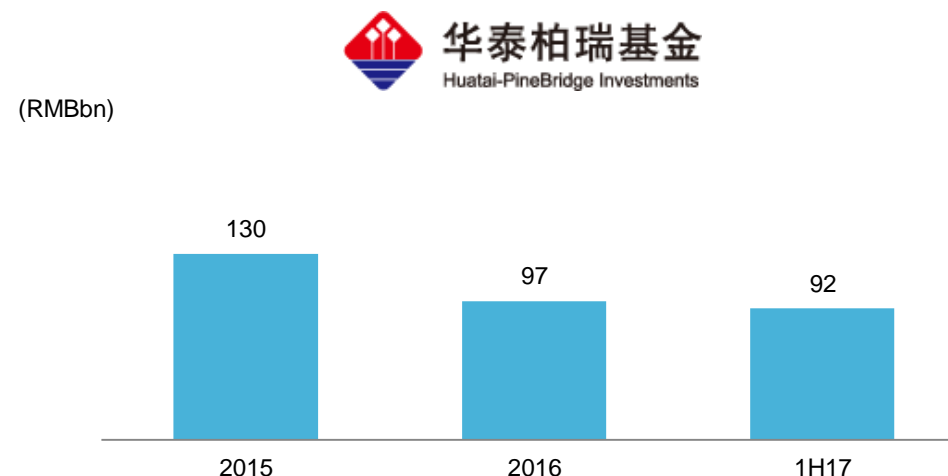
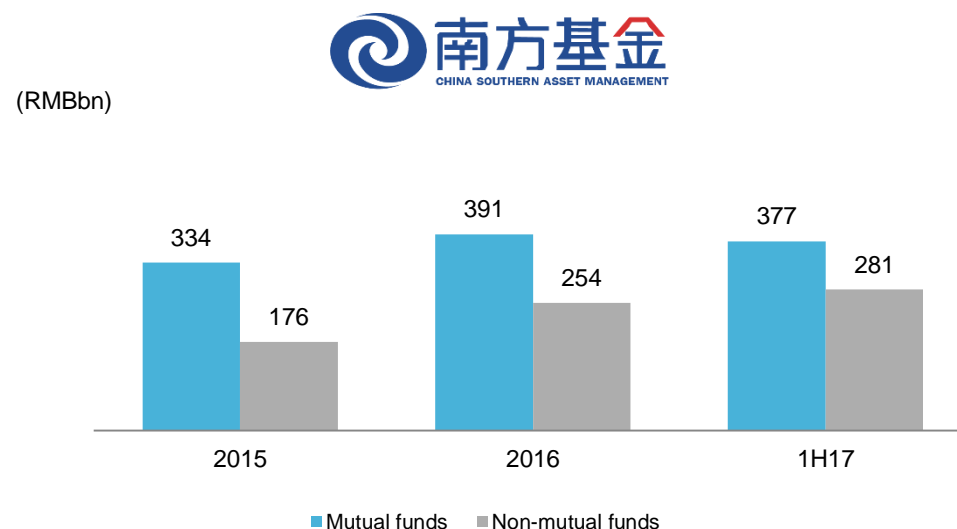


Breakthroughs in cross-border asset allocation

(Size: RMBbn)

	Global credit opportunities No. 1	Overseas investment fund investing in EJJ debt opportunities	0.05
	Shengtai No. 1	Selected onshore and offshore CTA strategies	0.22
	Large SOB's overseas SMAs	Cross-border services including global bond investment outsourcing SMAs, market QDII etc.	5.45

AUM of affiliated mutual funds



Source: Company information, Wind

The Emerging Leading Position of the Investment Management Business (cont'd)

Actively responding to challenges from changes in market conditions, firmly implementing value investing and absolute return strategy; promoting business transformation and upgrade as well as deep cooperation within the system, achieving the steady development of investment and trading business

Equity investment and transactions

1 Continuously strengthening **absolute-return** principles of value investing, fully exploring investment opportunities with high margin of safety based on **fundamental analysis**, actively preparing for **proprietary trading business under Hong Kong Stock Connect**, continuously promoting **combination of research and investment business platform** to comprehensively improve investment and research performance

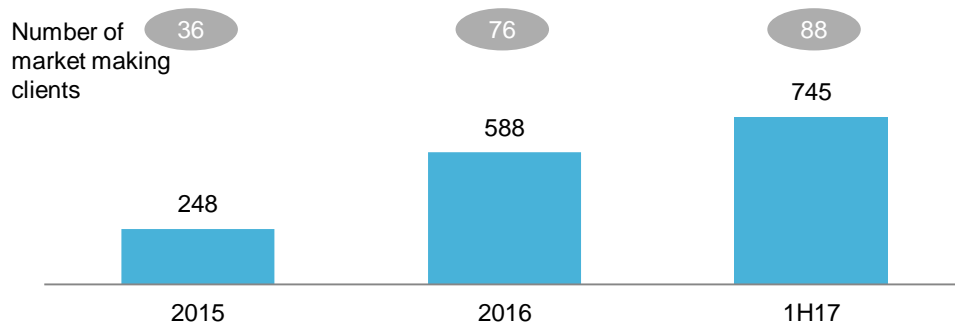
2 On-market quant hedging investment business actively supporting business upgrade and transition, transforming to a **value hedge trading-based model**, continuously improving strategic investment system, expanding the depth and breadth of strategic research, effectively allocating funds to **value type targets** and conducting **diversified strategic investment trading**

Fixed income, forex, and commodities

1 The company is actively transforming **traditional proprietary business** and **establishing new business**, effectively adjusting investment and trading strategies to promote cooperation within the system, focus on fixed income, forex, and commodities business and create **differentiated** advantages

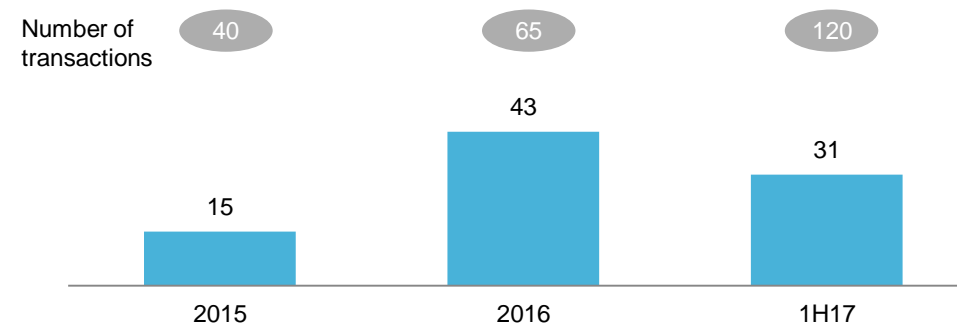
Number and market value of NEEQ market making clients

(RMBmm)



Notional value and number of transactions of OTC options trading

(RMBbn)



Source: Company filings

International Asset Allocation by Leveraging Huatai Financial Holdings and AssetMark

Providing global capital market service capabilities through the platform of Hong Kong subsidiary. The successful acquisition of AssetMark helps build a global wealth management platform that connects onshore and offshore markets

- International business focuses on overseas investments from local individual, corporate and institutional clients, and provides clients with a full-service platform covering the full industry chain both onshore and offshore
- Achieves effective cross-border collaboration in investment banking, research and equity sales, fixed income and trading, and private wealth management businesses, leveraging the Hong Kong platform of Huatai Financial Holdings
- The acquisition of AssetMark optimizes the financial advisory platform and improves service efficiency of the company, and provides clients with global asset allocation platform



ASSETMARK™ No.3 in U.S. TAMP industry by market share¹



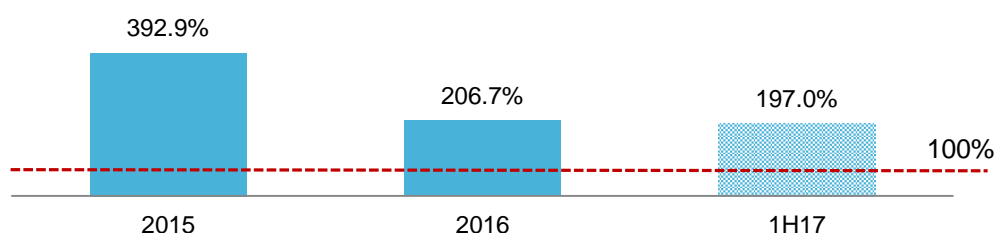
Source: Company filings

Note: 1.As of 1Q17

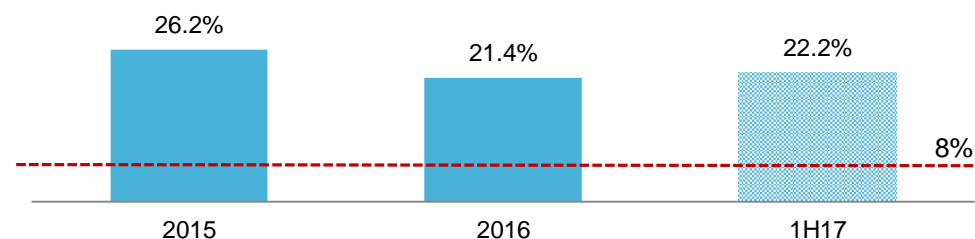
Promoting Risk Management Transformation with Controllable Overall Business Risk

Prudent and effective risk management policies ensure satisfying all regulatory requirements and supporting the company to develop steadily with controllable risks

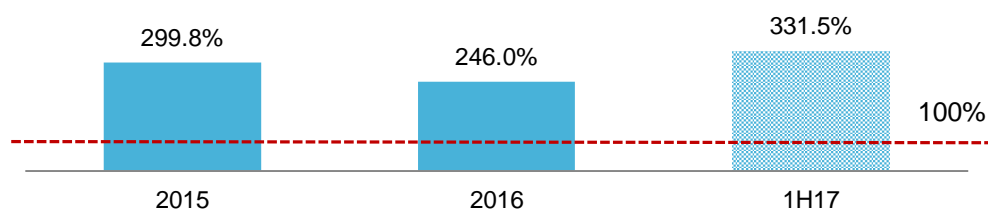
Risk coverage ratio



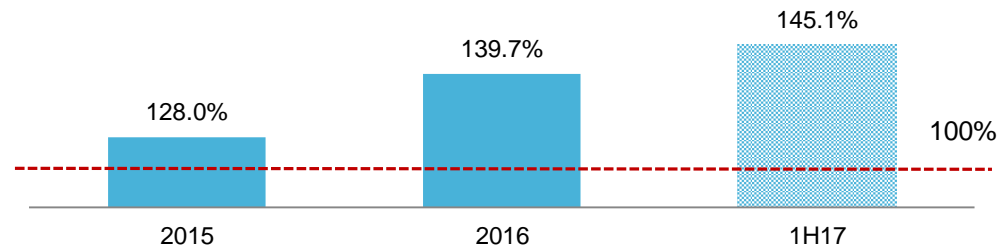
Capital leverage ratio



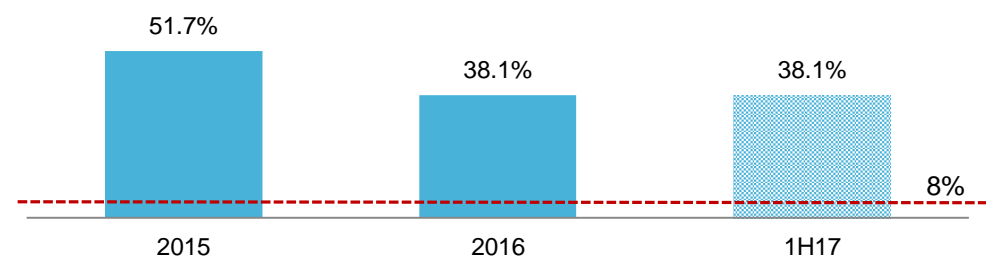
Liquidity coverage ratio



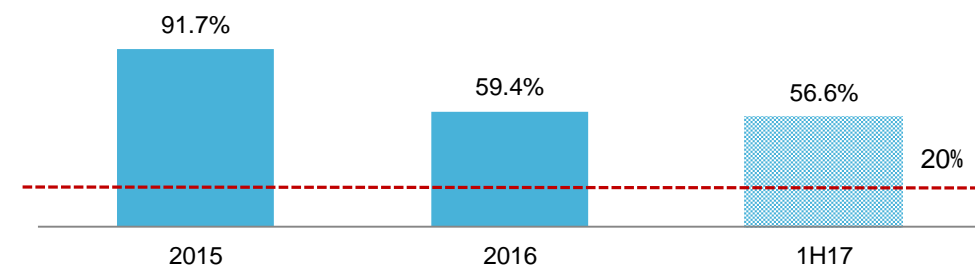
Net stable funding ratio



Net capital / Liabilities



Net capital / Net asset



Source: Company filings

Note: 1. Red dotted lines represent regulatory requirements

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Development strategy

Development and Business Strategy for 2H17

Overall strategy

Focus on value creation for clients, exploiting synergies across overall service chain and developing “four core capabilities” including comprehensive wealth management, institutional client service, investment management and international developments



Development and Business Strategy for 2H17 (cont'd)

1

Brokerage and wealth management business

- ✓ Develop marketing and service system for new retail business, deeply integrate online services and offline experience, continue to build up customer assets, and establish the retail finance business brand; Improve trading services and intelligence functions, build up first-class financial services platform and omnibus account system, continue to enhance the leading advantage in mobile finance
- ✓ Transition into asset-allocation business model to meet client needs, promote investment advisory system development, establish whole-process financial products service platform, and deepen the transition of wealth management business

2

Institutional business

- ✓ With investment banking as leading business and institutional sales as traction, further prompt high-quality institutional client coverage and focus on high-quality client development, to further enhance the comprehensive financial service level for institutional clients
- ✓ Exert leading advantages in M&A business and enhance deal matching and cross-market service capabilities; Accelerate project reserves of IPO business, improve customer stickiness of refinancing business; Continue to expand and strengthen debt underwriting business
- ✓ Continue to improve market influence and pricing power of research business; Optimize operational capabilities of private banking business; Further stabilize and strengthen private equity fund management business

3

Investment management business

- ✓ Adhere to “low risk, large scale and absolute return” principle, optimize the integrated investment and research system driven by research, establish the core capability of trading and explore new investment strategies and models
- ✓ Significantly enhance active management capabilities based on investment banking principle, actively expand fund business and build the full industry chain of asset securitization business; Consistently target higher investment return and build cross-sector industry experts as well as brands of flagship products

4

International business

- ✓ Further consolidation and cooperation with AssetMark and exploration on the internationalize of wealth management business, to build a global wealth management platform that connects onshore and offshore markets
- ✓ Based on Hong Kong subsidiary, establish a financial products platform across domestic and overseas markets, deepen and broaden the cross-border collaboration on research, investment banking, asset management and FICC businesses, to actively enhance global capital market service capabilities

5

Information technology

- ✓ Exploit independent research and development advantages, upgrade various crucial business and management platforms, to establish the core competitive strength of product research and development
- ✓ Proactively develop applied financial technology to meet customer and business development needs, strengthen product and technology innovation, build core competitive strength of trading based on advanced technology, to continuously enhance the leading advantage of information technology

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