



(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)





HUATAI SECURITIES

**Striving to Become a First-Class Integrated Financial Group
with Both Domestic Advantages and Global Influence**

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Statement by the ESG Committee

In 2019, a new round of deepening reform of China's capital market has officially started and the process of opening up has accelerated. Under the complex and volatile external environment, the Company has achieved a new start for its technology-empowered two-pronged strategy of wealth management and institutional services with its unswerving focus on development and the mission to keep up with the times. As a result, it realized a key breakthrough in its market-oriented reform and international layout and the operating results were promoted in both quantity and quality. Meanwhile, the Company adhered to the value of sustainable development, and leveraged its own financial service platform and resource to serve the real economy, develop green finance, make efforts on risk prevention and control, strengthen the principle of people-oriented and continue to empower the stakeholders, with a view to effectively contributing to the coordinated development of economy, society and environment.

Serve the national strategies and fulfill our mission

As a large leading securities group in China with A shares, H shares and GDRs listed, the Company actively fulfilled its social responsibility with financial expertise to create value for customers and serve the development of the real economy. The Company comprehensively promoted the digital transformation and continued to deepen the integration of technological platform and business, so as to provide customers with high-quality professional financial services. The Company has prospectively engaged in fields such as healthcare, information technology and intelligent manufacturing, and assisted a number of outstanding innovative enterprises to land on the STAR Market. The Company also made use of its advantages in diversified service resources and the integrated platform and diversified services to expand financing channels for small, medium and micro enterprises.

Strengthen risk control to ensure stable development

"Stability" is the core value guiding the Company's sustainable development, and a solid risk management system is the lifeblood of the Company's survival and development. The Company kept improving its corporate governance structure and attached importance to the management and control of ESG-related risks, which constantly improved its ability to respond to changes and resist risks. Leveraging the technology to empower risk management, the Company created a risk prevention, identification and management system matching with its business development, ensuring the healthy development of all businesses lines.

Develop green finance to safeguard ecological civilization

The Company actively practiced the concept of green development by supporting the listing of enterprises engaging in energy-saving, environmental protection and clean energy, issuing green bonds, etc., so as to provide capital and multi-dimensional support for enterprises conducting green and environmental protection businesses with its professional financial service capabilities.

Meanwhile, the Company attached great importance to impacts of financial services on the environment, actively promoted climate change management, and integrated energy saving and emission reduction into its daily operations, contributing to the construction of ecological civilization with practical actions.

Uphold people-oriented philosophy to create a better life

The Company is committed to building a diversified and vibrant organization to create a platform for its employees to achieve continuous growth and exploit their talents. The Company has established a talent training system covering the whole business chain and the whole career development of employees, with a purpose to build a first-class talent team with high quality and high performance. Meanwhile, the Company strived to pay back to the society with practicable actions together with its employees by fully promoting the implementation of poverty alleviation strategies including the "One Company Helps One County" campaign and "Five Parties Linking Together" targeted assistance to support the development of poverty-stricken areas. The Company pays attention to environmental protection and public welfare education, and concerns about the harmonious coexistence of the nature and society. It launched the "One Commonwealth Heart of Huatai One Yangtze River" project jointly with environmentally friendly NGOs to protect the ecological environment of source regions of the Yangtze River, and carried out the "One Commonwealth Heart of Huatai One Tomorrow" project to help with the healthy growth of unprivileged children.

At the beginning of 2020, in order to better serve the needs and expectations of stakeholders, actively assume social responsibilities as a corporate citizen, and deeply integrate ESG factors into its corporate culture and the development of its core businesses, the Company established and improved its internal ESG organizational structure and relevant systems, and set up an ESG committee as the decision-making and deliberation body for ESG affairs which is directly managed and led by the senior management of the Company. Going forward, the Company will gradually enhance the normalized and three-dimensional ESG management mechanism with internal collaboration covering the whole Group.

The Company believes that it is our original aspiration of growing together with customers, our firm belief of creating long-term value, and our persistence of performing social responsibilities and promoting sustainable development that will lead us to make progress amongst market changes. Under the guidance of sustainable development goals, the Company will continue to promote the mutual promotion and improvement of economic value, social value and environmental value, integrating the ESG concept into every aspect of its corporate development. We believe that every effort we made will eventually drive us towards the realization of our long-term goals.

March 2020

Highlights in 2019 CSR of Huatai Securities



Economic performance



Total assets
RMB
562.181 billion



Total profit
RMB
11.586 billion



Total tax paid
RMB
3.157 billion



Basic earnings per share
RMB
1.04



Social value contribution per share
RMB
2.88



Customer complaint
settlement rate
100%



Customer satisfaction score
99.53%



Environmental performance



Electricity consumption per
unit area
202.71 Kwh/m²



Water consumption per unit
area
0.77 t/m²



Greenhouse gas (GHG)
emissions per unit area
0.16 tCO₂e/ m²



Paper saved from using the electronic
signature platform
1,500,000 sheets



Social performance



Total number of staff
9,486 persons

Percentage of female staff
46%

Percentage of female staff in
management
30%



Total investment in staff training
RMB
23,642,100

Percentage of staff trained
100%

Average training hours com-
pleted per employee
55 hours



Total external donation investment
RMB
20,770,500






Number of staff participated in
volunteering
290 person-times




Total hours contributed to
volunteering
Over **3,000** hours

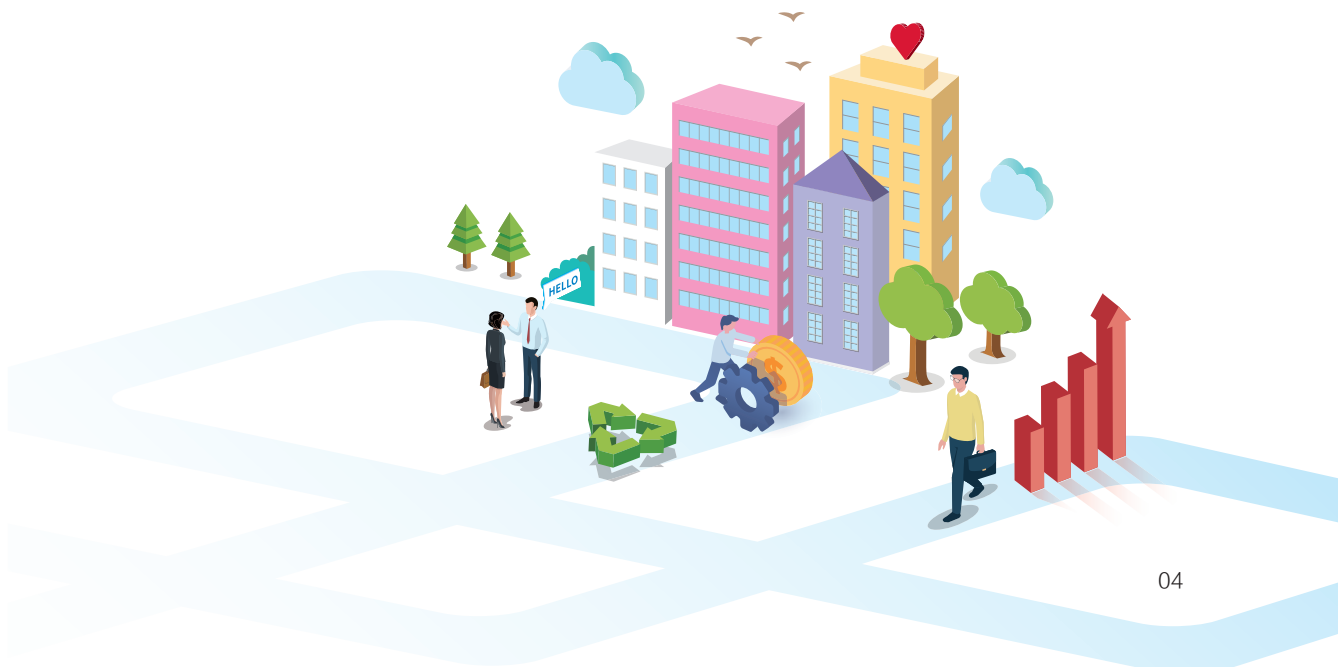
Note 1: The figures of electricity consumption per unit area, water consumption per unit area and greenhouse gas emissions per unit area are for headquarters of the parent company of Huatai Securities and tenants in Huatai Securities Square (excluding Renaissance Nanjing Olympic Centre Hotel), Huatai Futures, Huatai United Securities, Huatai Innovative, Huatai Financial Holdings (Hong Kong) (excluding AssetMark), Huatai Asset Management, Huatai Purple Gold, Jiangsu Equity Exchange and 30 branches.

Note 2: The figures of total number of staff are for Huatai Securities, Huatai United Securities, Huatai Securities (USA), Huatai Purple Gold, Huatai Futures, Huatai Asset Management, Huatai Innovative, Huatai Financial Holdings (Hong Kong) (excluding AssetMark) and Jiangsu Equity Exchange, including the staff that have retired and were re-employed by the Company.

Responses to UN SDGs

Three aspects	Main actions of the Company	Relevant sections in this report	Relevant SDGs
Economic responsibility	<p>We established an effective, responsible and transparent corporate governance structure to achieve compliant and steady operation of the Company.</p> <p>We organized and offered anti-corruption trainings, eradicating any form of corruption and bribery. In 2019, 3,310 persons attended our anti-corruption trainings.</p>	<p>Corporate governance</p> <p>Anti-corruption</p>	
	<p>Leveraging our advantages in the capital market, we provided quality financing services for micro, small and medium-sized enterprises to solve their problem of difficult and high-cost financing.</p>	<p>Support for micro, small and medium-sized enterprises (MSMEs)</p>	
	<p>We offered investor education, cracking down on illegal securities and other investor protection activities to protect investors' legitimate rights and interests.</p>	<p>Promoting investor education</p>	
Social responsibility	<p>We cared for employees' physical and mental health by offering them health examinations and launching "Huatai Health" Fitness Monitoring Program, "Sunshine Huatai" and other mental care projects. In 2019, 100% of our employees received a health examination.</p>	<p>Employees' rights and benefits</p>	
	<p>We created equal employment conditions and prohibited gender discrimination in recruitment.</p> <p>While protecting female employees' legitimate rights and interests, we organized activities on the Women's Day and women summit to provide female employees with a sound working environment.</p>	<p>Inclusive and diverse work environment</p>	

Three aspects	Main actions of the Company	Relevant sections in this report	Relevant SDGs
Social responsibility	<p>We set up the “One Commonweal Heart of Huatai One Tomorrow” project for the left-behind children in nation-level poor counties and donated supplies and offered quality education with an aim to help relieve intergenerational transfer of poverty by means of education.</p> <p>As of 2019, 17,500 children in need and 1,028 teachers benefited from the project.</p>	<p>Promotion of targeted poverty alleviation</p>	
	<p>We deeply promoted targeted poverty alleviation and helped poor counties get rid of poverty by means of supporting rural industries and offering education assistance. In 2019, the Company’s external donation investment amounted to RMB20,770,500 in total.</p>	<p>Promotion of targeted poverty alleviation</p>	
Environmental responsibility	<p>We launched “One Commonweal Heart of Huatai One Yangtze River” project, protecting the ecological environment of the Yangtze River Basin in assistance with professional NGOs.</p> <p>We remained committed to green finance and supported the development of environmentally friendly industries by means of bond issuance.</p> <p>We advocated energy saving and emission reduction in our daily operations and encouraged employees to save energy, lower energy consumption and reduce carbon footprints.</p>	<p>Support for public welfare</p> <p>Commitment to sustainable finance</p>	



About Huatai Securities

1.1 Company overview >> Company profile

Established in 1991, Huatai Securities Co., Ltd. is a leading technology-driven securities group in China, with a highly collaborative business model, an advanced digital platform, and extensive and close customer resources. With 29 years of steady development, the Company has now become an industry-leading integrated securities group listed on the stock exchanges of Shanghai, Hong Kong and London.

>> Basic information of Huatai Securities

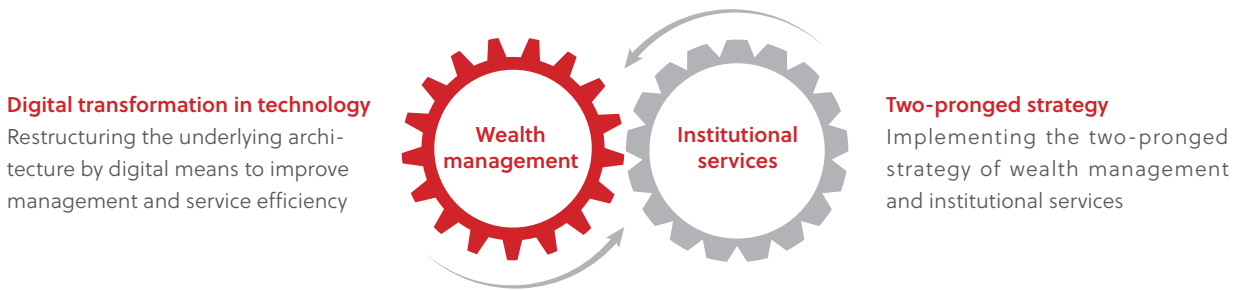
Chinese name	English name
华泰证券股份有限公司	HUATAI SECURITIES CO., LTD.
Abbreviation of English name	Principal businesses
HTSC	Wealth management, institutional services, investment management and international business
Domestic branches	Overseas operating entities
241 securities branches and 30 branches in total	Huatai International and its affiliate Huatai Financial Holdings (Hong Kong), AssetMark, Huatai Securities (USA)

>> Overview of the Company's shares/depository receipts

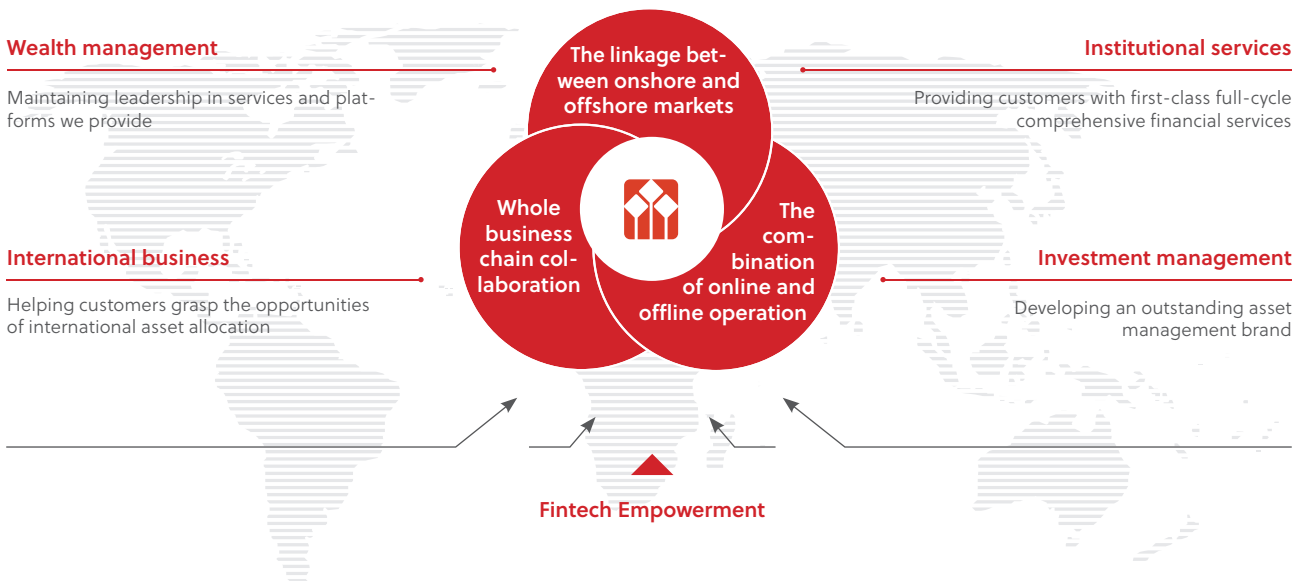
Type of share/depository receipt	Listing exchange	Abbreviated name of securities	Stock code
A Share	Shanghai Stock Exchange	Huatai Securities	601688
H Share	Hong Kong Stock Exchange	HTSC	6886
GDR	London Stock Exchange	Huatai Securities Co., Ltd.	HTSC

The Group has established a customer-oriented organizational structure and mechanism to provide all-round securities and financial services for individual and institutional customers through organic combination of online and offline operation, and is committed to building itself into a first-class integrated financial group with both domestic advantages and global influence. In 2019, the Group launched the technology empowered “two-pronged” development strategy driven by wealth management and institutional services, building an open platform for future changes and challenges.

Technology-empowered “two-pronged” strategy



»» Principal businesses of Huatai Securities



In 2019, Huatai Securities was rated **Class AA under Category A** by the China Securities Regulatory Commission (referred to as “CSRC”) in its categorized assessment of securities companies.

Huatai Securities and Huatai International was awarded **“BBB”** long-term issuer rating by Standard & Poor’s, and the rating outlook was adjusted from **“stable”** to **“positive”**.

1.1 Company overview >> History

1991

Huatai Securities (formerly known as Jiangsu Securities Company) was established

1993

The first stock of Jiangsu Province "Taiji Industry" was issued publicly

2008

The Customer Relationship Management (referred to as "CRM") system was launched and put into operation

2006

The Company became the holding company of Huatai United Securities;
Huatai Financial Holdings (Hong Kong) Limited was established

2010

The A shares of the Company were listed on the Shanghai Stock Exchange

2015

The H shares of the Company were listed on The Stock Exchange of Hong Kong Limited

2017

MATIC, an integrated financial service platform for professional investors, was launched;
The first publicly offered fund of Huatai Asset Management was launched

2019

"ZhangLe Fortune Path" of Huatai Securities was updated to Version 7.0;

The number of registered users and downloads of "ZhangLe Fortune Path" exceeded approximately 50 million;

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

The Company's GDRs were listed for trading on the Main Market of London Stock Exchange;

AssetMark was listed and commenced trading on the New York Stock Exchange;

Huatai Securities (USA) obtained the qualification to conduct broker-dealer business in the US



2018

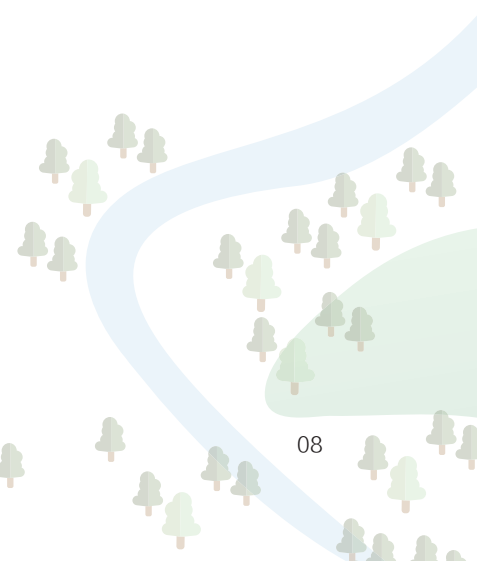
The Company's overall pilot plan to deepen the mixed ownership reform was approved;

The Company completed the private placement of A Shares smoothly and raised funds exceeding RMB14 billion;

Standard & Poor's and Moody's awarded BBB and Baa2 long-term issuer rating to the Company respectively, and the rating outlook is stable

2016

The Company acquired AssetMark in the United States

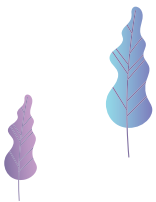


1.1 Company overview >> Building of corporate culture

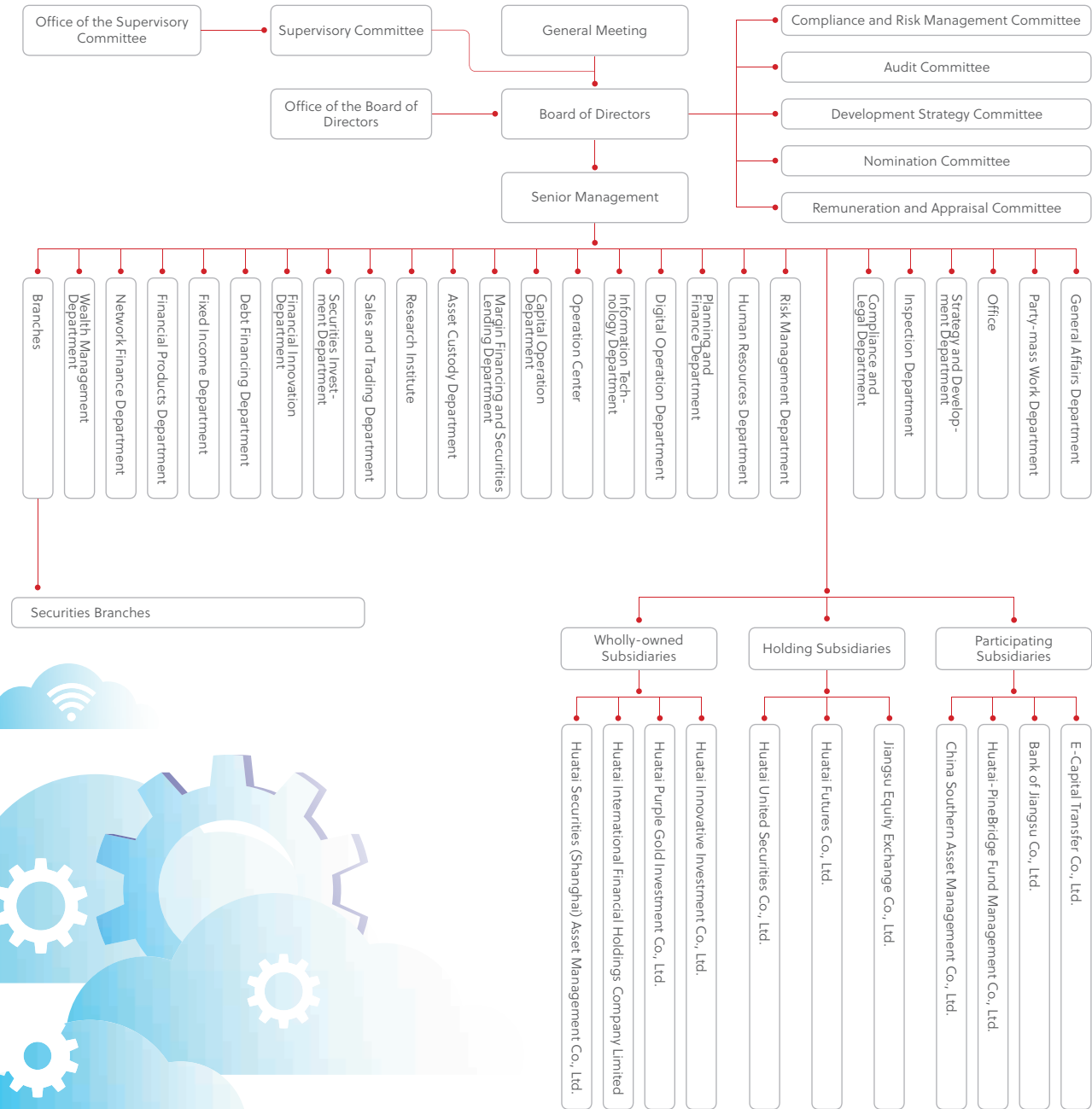
During the 29-year development, culture has been an engine driving Huatai Securities forward. While enriching connotations of the core values of “efficiency, honesty, prudence, and innovation”, the Company extracted a corporate culture featuring “openness, inclusiveness, innovation, endeavour and responsibility”. As a result, more than 9,000 employees came to realize the importance of “having a consensus” rather than “be managed”, and the Company’s technology-empowered, innovative and enterprising brand images stood out with each passing day.



Based on the Proposal for Cultural Building in Securities Industry issued by the Securities Association of China, Huatai Securities will make a top-level design for its building of corporate culture, improve the position and connotations of cultural building, specify the "route map" for and way of cultural building and make efforts in relevant implementation and refinement, so as to strengthen the Company's "soft power" and build core competitiveness for the Company by truly integrating advanced culture business development and daily operations.



1.2 Organizational structure



1.3 Awards and recognition

Company	Awarding Institution	Award Name
Huatai Securities	Caijing	Sustainable Development Contribution Award
	The Economic Observer	2019 Securities Company with Outstanding Brand Power in China
	China Financial Market, The Listed Companies Council of the Hong Kong Chinese Enterprises Association and Chinese Financial Association of Hong Kong	The Best Investor Relations Award
	Securities Times	Junding Award for Full-Service Securities Broker in China Junding Award for Retail Securities Broker in China Junding Award for Securities Investment Advisory Team in China
	Asian Private Banker	Best Digital Wealth Management Platform in China Best Wealth Manager in China
	National Business Daily	The Most Powerful Brokers in terms of Wealth Management Strengths of 2019
	Hong Kong Stock Exchange	Innovative Information Service Brokers for Southbound Trading
	Analysys	"ZhangLe Fortune Path" ranked top in the industry in terms of NMAU by the end of 2019
	hexun.com	2019 Technology and Finance Innovation Award for Brokers "ZhangLe Fortune Path" was awarded as "Outstanding APP of Securities Companies of the Year of 2019"
	Securities Times - Brokers in China	"ZhangLe Fortune Path" was awarded the "2019 Outstanding Achievement Award for APPs of Brokers" "ZhangLe Fortune Path" was awarded the "2019 Digital Wealth Management Award for APPs of Brokers" "ZhangLe Fortune Path" was awarded the "2019 Most Valuable Investment Advisor Award for APPs of Brokers"
	21st Century Business Herald under Southern Finance Omnimedia Group (南方财经全媒体集团)	"ZhangLe Fortune Path" was awarded as "2019 Best Investment and Wealth Management APP"
	Institutional Investor and Caixin Media	Best Analyst Team (Mainland) No. 1 Best Analyst Team (Overseas) No. 6 Best Sales Teams (Mainland) No. 2
	Structured Retail Products	Best Broker in China of the Year Best Product of the Year
Huatai United Securities	Shanghai Stock Exchange	Comprehensive Innovation Award for Corporate Bonds Outstanding Members of the STAR Market for the Listing of Enterprises
	Shenzhen Stock Exchange	Outstanding Innovative Agency for Fixed-Income Business
	Asiamoney	The Best Cross-border M&A Business
	Securities Times	2019 Junding Award for IPO Investment Bank in China 2019 Junding Award for IPO Stock Finance Projects in China 2019 Junding Award for Asset-backed Securities Project in China
	International Financial News	International Pioneer Investment Bank A Share IPO Pioneer Investment Bank STAR Market Project Reserve Pioneer Investment Bank Pioneer Investment Bank with High Passing Rate of IPO Projects' Approval Pioneer Investment Bank of Bonds Underwriting Pioneer Investment Bank of ABS Business
	Securities Daily	Excellent Service Provider of the STAR Market

Company	Awarding Institution	Award Name
Huatai United Securities	New Fortune	28 awards including: Best Domestic Investment Bank Best Investment Bank in Equity Underwriting Best Investment Bank in Bond Underwriting Best IPO Investment Bank Best Refinancing Investment Bank Best Investment Bank in Mergers and Acquisitions Best Investment Bank in Serving Overseas Markets Most Innovative Investment Bank
Huatai Asset Management	Shanghai Stock Exchange	Excellent Manager of Asset-backed Special Schemes in the Bond Market of 2018 Comprehensive Innovation Award for Asset Securitization of 2018
	Shenzhen Stock Exchange	Excellent Manager of Asset-backed Special Schemes in the Bond Market of 2018
	National Business Daily	The Most Influential Asset Management Broker The Best ABS Team The Best Team for Fixed-income Business
	eastmoney.com	The Best Asset Management Broker on the List of Eastmoney for the Year of 2019
Huatai Futures	eastmoney.com	The Best Futures Company on the List of Eastmoney for the Year of 2019
	hexun.com	Poverty Alleviation Award for Futures Industry for 2019 Brand Award for Futures Industry for 2019
Huatai Financial Holdings (Hong Kong)	China Financial Market, The Listed Companies Council of the Hong Kong Chinese Enterprises Association and Chinese Financial Association of Hong Kong	Star Investment Banking Award in the Capital Market
Huatai International	PDI (Private Debt Investor)	The Best Private Debt Investor in Asia-Pacific Region of 2018
	International Financial News	Pioneer Investment Bank for IPO of Hong Kong Stocks
	Bloomberg Businessweek	Risk Management Excellence Awards Corporate Financing Excellence Award Outstanding Initial Public Offering Project Award Annual Outstanding Securities Company Award
Huatai Purple Gold Investment	China Securities Journal	Superior Golden Bull Brokers for Equity Investment of the Year Elite Golden Bull Broker for Equity Investment The Most Popular LP among Equity Investment Institutions
	ChinaVenture Investment	The Best Subsidiaries of Brokers for Private Funds TOP 10 The Best Institutions for Targeted Placement Investment (Private) TOP 5 The Best Institutions for Investment in Medical Services TOP 10
China Southern Asset Management	eastmoney.com	The Best Fund Company on the List of Eastmoney for the Year of 2019
	China Securities Journal	Golden Bull Fund Company for Passive Investment of 2018 The Most Trusted Golden Bull Fund Company of 2018
	Shanghai Securities News	2018 Golden Fund • Fund Management Company for Overseas Investment Returns 2018 Golden Fund • Fund Management Company for Passive Investment
	Securities Times	2019 China Creativity List for Financial Technology
Huatai Pinebridge	Shanghai Stock Exchange	Top Ten ETF Managers
	China Securities Journal	Golden Bull Fund Company for Quantitative Investment Golden Bull Fund Company for Passive Investment
	Shanghai Securities News	Golden Fund • Fund Management Company for Passive Investment
	Securities Times	2018 Top Ten Star Fund Company

Social Responsibility Principles and Management

2.1 Social Responsibility Principles

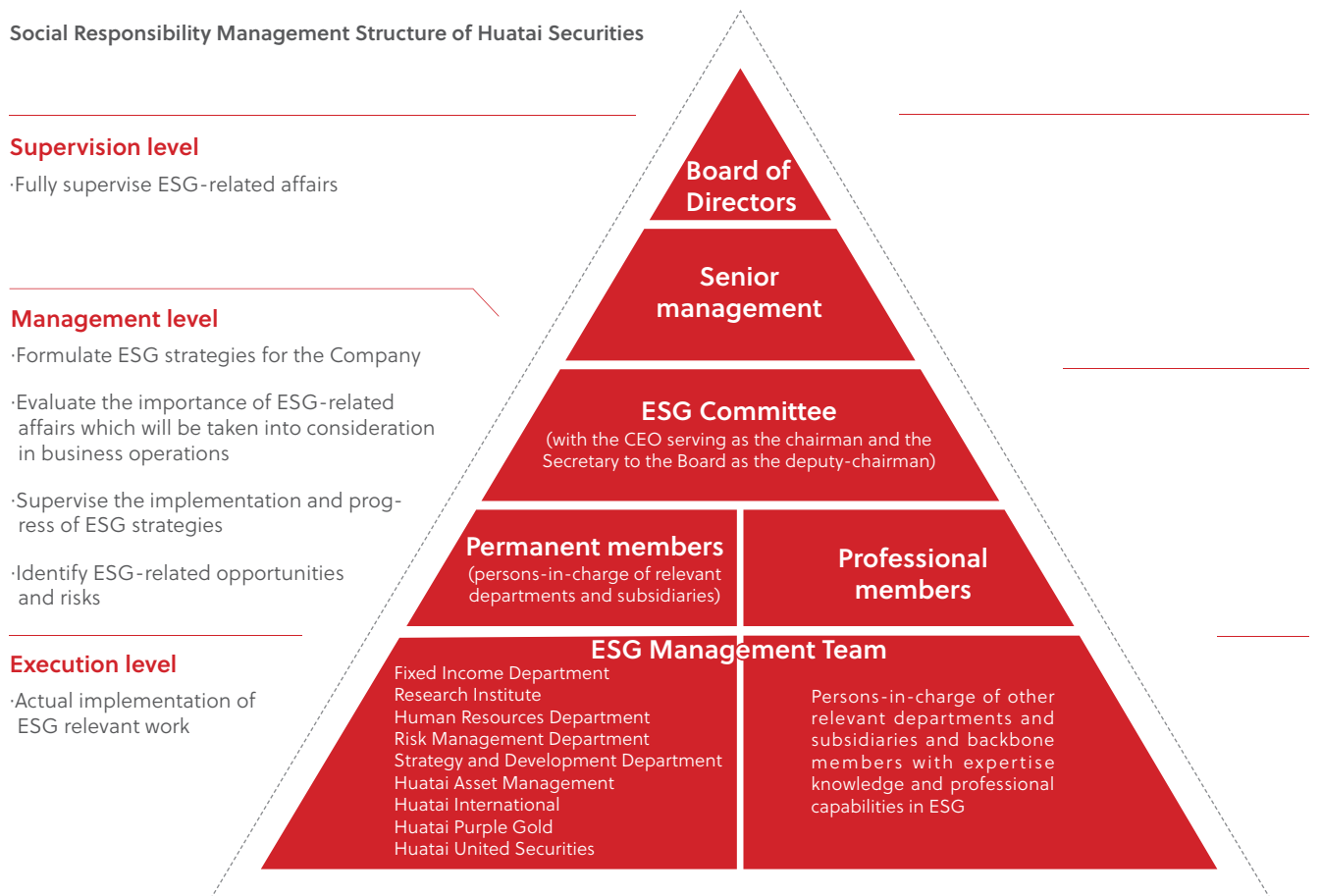
Huatai Securities has always been adhering to its core values of “efficiency, honesty, prudence, and innovation” and its business philosophy of “centering on customer service, driven by customer demand, and aiming for customer satisfaction”, striving to create value for customers, shareholders, employees, society and other stakeholders.



2.2 Social Responsibility Management Structure

Environmental, Social and Corporate Governance (ESG) are the three major aspects of corporate social responsibility management. Employing ESG management as part of its development strategy, the Company established an ESG committee and ESG implementation teams to improve its social responsibility governance structure, continuously emphasized the strategic leading role of ESG, and continued to improve the effectiveness of its ESG management. In addition, the Company introduced the ESG quantitative performance evaluation system, established an online ESG data collection system based on the division of responsibilities of respective departments of its headquarters, subsidiaries, branches and sub-branches, and carried out online reporting and analysis of ESG data, achieving efficient management of ESG performance.

Social Responsibility Management Structure of Huatai Securities





Supervision level

The Board of Directors and senior management of Huatai Securities are responsible for the overall supervision of ESG-related matters. The Board of Directors takes overall responsibility for the Company's ESG management, and shall review and approve the guidelines, policies and other work results of ESG management. The senior management is responsible for the formulation of ESG guidelines and policies, ensuring the establishment of an appropriate and effective ESG management system and improving the relevant organizational structure, so as to promote the implementation of ESG-related works.



Management level

The ESG Committee, as a decision-making and deliberation body of the Company for ESG-related works, is mainly responsible for formulating the Company's ESG strategies, evaluating the importance of ESG-related affairs, supervising the implementation of ESG strategies, identifying ESG-related opportunities and risks, and bearing overall responsibility for the ESG performance of the Company's investment and financing projects.

The CEO of the Company serves as the chairman of the ESG Committee, leading the construction and management of ESG; the secretary to the Board serves as the deputy chairman of the Committee who is responsible for organizing meetings and coordinating relevant affairs; persons-in-charge of major ESG-related departments and subsidiaries of the Company serve as permanent members of the Committee; and the professional members are served by persons-in-charge of other relevant departments and subsidiaries and those backbone members with expertise knowledge and professional capabilities in ESG.



Execution level

The ESG Management Team (formerly known as the "ESG working group"), as the execution level for the Company's ESG work, is mainly responsible for the practical implementation of works such as communication with stakeholders, identification of substantive issues, and information collection for ESG reports, and shall report its work results to the ESG Committee on a regular basis.

The ESG Management Team is led by the Office of the Board of Directors and comprises the Fixed Income Department, Research Institute, Human Resources Department, Risk Management Department, Strategy and Development Department, Huatai Asset Management, Huatai International, Huatai Purple Gold, Huatai United Securities and other ESG-related departments and subsidiaries.

2.3 Stakeholder Management and Identification of Substantive Issues

» Communication with the Stakeholders

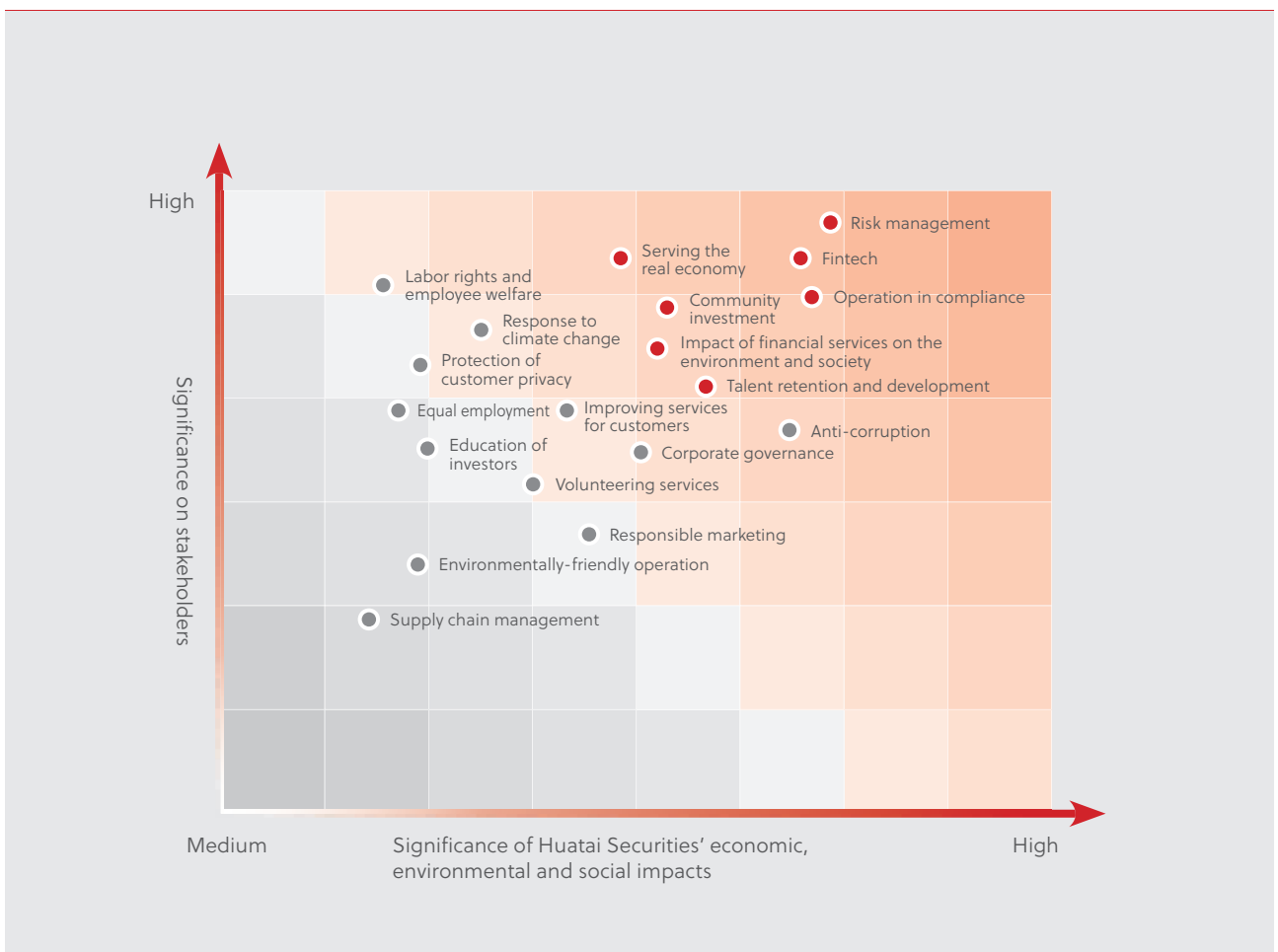
Regarding corporate social responsibility as an integral part in its overall operation, the Company has established a normalized communication mechanism with the six stakeholders including shareholders and investors, government and regulatory authorities, customers, employees, suppliers and partners, and communities, and places the appeals of stakeholders into its operations and decision-making process to create shared value for all parties.

Communication with and Response to the Stakeholders

Key stakeholders	Concerns	Communication and response
Shareholders and investors	<ul style="list-style-type: none"> Corporate governance Operation in compliance Risk management Education of investors Anti-corruption 	<ul style="list-style-type: none"> General meeting Regular information disclosure Investor communication meetings and surveys Media such as the Company's official website and WeChat official account
Government and Regulatory Authorities	<ul style="list-style-type: none"> Risk management Operation in compliance Serving real economy Anti-corruption 	<ul style="list-style-type: none"> Cooperation with regulatory authorities in inspection and review Participation in government surveys Policy implementation Information disclosure
Customers	<ul style="list-style-type: none"> Improving services for customers Protection of customer privacy Responsible marketing Fintech 	<ul style="list-style-type: none"> Customer surveys Customer service and complaints Customer satisfaction surveys ZhangLe Fortune Path Media such as the Company's WeChat official account
Employees	<ul style="list-style-type: none"> Talent retention and development Labor rights and employee welfare Equal employment 	<ul style="list-style-type: none"> Trade Union activities Staff training Corporate office automation (OA) platform Employee activities Media such as the Company's WeChat official account
Suppliers and Partners	<ul style="list-style-type: none"> Operation in compliance Supply chain management 	<ul style="list-style-type: none"> Cooperation and communication Formulating procurement management methods Daily communication Bidding activities
Community	<ul style="list-style-type: none"> Community investment Volunteering services Environmentally-friendly operations Response to climate change Impact of financial services on the environment and society 	<ul style="list-style-type: none"> Community activities Volunteers' activities Research and implementation for public welfare projects such as poverty alleviation and environmental protection Supporting real economy related business Promoting paperless operations Environmentally-friendly buildings Development of green finance

» Identification and Analysis of Substantive Issues

In order for the Report to better cater to the appeals and expectations of its stakeholders, the Company conducted the identification, evaluation and analysis of substantive issues, sorted out substantive issues that are most important to the Company and its stakeholders, and prioritized the disclosure of and responses to these issues in this Report.



Matrix for substantive issues of Huatai Securities

● High substantive issues ● Medium substantive issues

Holding Fast to Risk Prevention and Control

Promoting comprehensive risk management

The Company attaches great importance to risk management, adheres to a prudent risk culture and has established a group-wide comprehensive risk management system with “high engagement, full coverage and deep penetration” as the core idea, so as to realize whole-process control over all businesses and risks of the Group before, during and after the implementation. In accordance with regulatory requirements and its actual business development, the Company constantly improved the system to realize the full coverage, monitoring, measurement, analysis and response of risk management, ensuring the Company’s sustainable and steady operation, promoting the realization of the Company’s strategic objectives, and allowing the Company to perform its social responsibilities.

In 2019, focusing on the control of business risks, improvement of risk control system and construction of digital platform, the Company comprehensively deepened various risk management works. Adhering to the bottom line of business risk prevention and control, the Company conducted in-depth studies on the nature of risks associated with various new businesses and new products, so as to identify potential risks and implement forward measures for risk management and control, creating value through active and proactive risk management. The Company continued to enhance its efforts in the management and control of risks in key businesses and domestic and overseas subsidiaries. In particular, the Company took strict control over risks in financing businesses, enhanced prior review and overall management and control for projects, ensured that adequate due diligence of customers was conducted and their access identification was accurate and in line with national industrial policies, and that the risks borne by customers matched their qualifications, and provided support to projects with good economic and social benefits, ensuring that the business risks are measurable, controllable and tolerable.

The Company continued to improve the group-wide coverage and penetration of the risk control system, and strengthened the construction of key areas of professional risks. The Company continued to deepen the construction of unified management

system for credit risks, enhanced the management system for counterparties and issuers, and improved the risk monitoring and evaluation and stress testing mechanism for the same customer, in order to further enhance its ability to deal with complex external credit environment. The Company took active measures to manage various market risks, comprehensively applied a variety of quantitative hedging tools, improved the multi-level indicator system, and reduced the impact of market fluctuations on business risk exposure, promoting the steady development of its business. On the basis of strengthening the full coverage of operational risk and internal control management system within the Group, the Company optimized the risk control process and improved the effectiveness of risk identification, assessment and control. The Company continuously improved the liquidity risk monitoring indicator system and set corresponding limits, strengthened the management for liquidity asset reserves, and ensured the stability and safety of liquidity.

Having a firm faith in digital transformation, the Company vigorously promoted the development of the Group’s technology-empowered risk management technology system, completed the third-stage building of the Enterprise Risk Management Platform (“ERMP”) and the second-stage building of the investment portfolio management system (Calypso), commenced construction of the measurement and analysis platform for asset portfolio risks (Lighttower) and the risk discovery system (Radar), built multi-dimensional application scenarios and further developed systematic and intelligent risk management tools to provide technical support to the Company for deepening its comprehensive risk management.

The Company continued to organize various activities to advocate risk culture. In 2019, the Company organized 26 risk management trainings, including 3 trainings for subsidiaries and branches, 18 trainings for departments in the headquarters, and 5 video course trainings within the Company, with the contents covering comprehensive risk management system, professional risk system and business risk management and control, etc. In addition, the Company published 37 publicity articles through its internal public account "Risk Expert" (风险管家), in order to enhance the awareness of employees for risk management and control, promote the forming of risk management concept, value standards and professional ethics that are in line with the Company's development strategies, and thus to improve its capability of active risk management and ensure the sustainable operation of the Company.



◇ The official account "Risk Expert"



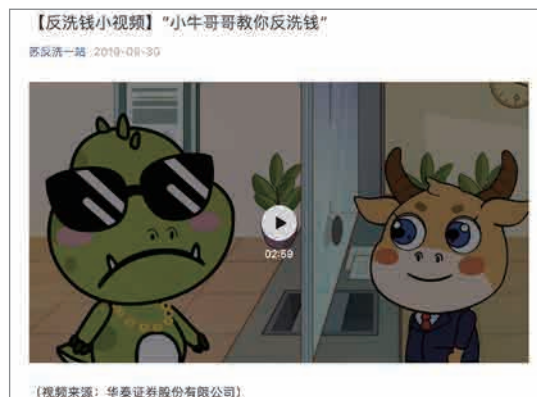
◇ Risk management trainings for branches in 2019

Anti-money laundering

The Company actively fulfilled its anti-money laundering responsibility as a financial institution and carried out various anti-money laundering activities in strict accordance with the Anti-money Laundering Law of the People's Republic of China, Administrative Measures for the Client Identification and the Keeping of Client Identity Data and Transaction Records by Financial Institutions and Measures for the Administration of Financial Institutions' Reporting of High-Value Transactions and Suspicious Transactions.

In 2019, the Company further improved its anti-money laundering working mechanism by strengthening the monitoring of clients' suspicious transactions and suspicious behaviors and developing a smooth and effective anti-money laundering working system. It stepped up efforts to build the "three lines of defense" for anti-money laundering and also incorporated the money laundering risk management into the Company's comprehensive risk management system to earnestly fulfill its statutory obligations such as anti-money laundering client identification and suspicious transaction reporting. In 2019, the Company was not involved in any material illegal activity in relation to anti-money laundering.

Regarding anti-money laundering education, in 2019, the Company organized a special anti-money laundering publicity campaign themed on "Introducing Finance to Children (Anti-money Laundering)", and the promotional video produced by the headquarters was forwarded by the WeChat Public Account of Nanjing Branch of the People's Bank of China ("PBOC Nanjing Branch") and garnered good reviews; in active response, branch offices produced 41 promotional materials, held more than 100 online and offline publicity activities attended by than 5,000 persons, and submitted 14 excellent promotional materials to the PBOC Nanjing Branch, which formed good publicity effects for anti-money laundering.



Anti-corruption

Attaching great importance to anti-corruption-related work, the Company insisted on reform and innovation, intensified efforts in addressing both existing problems and root causes and made efforts to prevent any corruption in strict accordance with the Provisions on the Professional Integrity of Securities and Futures Business Institutions and Their Employees as well as the discipline inspection goal for 2019 to create a healthy and incorruptible environment.

The Company kept a close eye on momentous projects, priority areas and key posts, focused on cases involving both political and economic issues and corrupt practices in respect of personnel selection and appointment, review and regulation, investment operation and project bidding, etc., kept informed of relevant problems through job interviews, discussions, letters and visits, public opinion monitoring and other channels and took preventive measures.

The Company has formulated the Anti-Commercial Bribery Terms, which explicitly prohibits any active or passive corrupt practices of employees and suppliers and requires the Company's management personnel to sign the Letters of Commitment on Incorruptible Employment and the project handling personnel to sign the Letters of Commitment on Incorruption, in an effort to improve employees' anti-commercial bribery awareness.

The Company offered a range of ways for reporting illegal internal acts by publishing the discipline inspection mailbox and such information as correspondence address for letters and visits, telephone number, email address, and WeChat account on the homepage of its official website. With regard to the protection of whistle-blowers, the Company formulated the Administrative Measures for the Reception of Disciplinary Inspection Letters and Visits of Huatai Securities Co., Ltd., which clearly stipulates that "the Company shall strictly follow the confidentiality regulations, assign ad hoc persons to take charge of important letters-and-visits cases and resolutely prevent the occurrence of any breach of confidentiality by strictly controlling the number of insiders".

To continuously enhance the building of Party conduct and honest administration and anti-corruption warning education, the Company published an analysis of 252 typical cases through the WeChat group "Huatai Qingfeng" and the Link group "Discipline Inspection Working Group" and urged the discipline

inspection and supervision personnel to give play their publicity and educational role to help all party members guard against any corruption by drawing inferences from negative teaching materials, in order to create a good atmosphere for holding the bottom line and getting employment without corruption. In 2019, there was no criminal lawsuit against the Company.

» Carrying out warning education activity

During the education campaign themed on "remaining true to our original aspiration and keeping our mission firmly in mind" in 2019, the Company organized two warning education conferences attended by 76 management personnels above mid-level ranking who are also party members. At the conferences, the management personnels watched a special warning education film, and the Company's party secretary Zhang Wei gave a speech, requiring party cadres to strengthen their discipline awareness, establish a defense line of "no corruption" in their mind according to guidance and strictly comply with the rules and regulations.



» Anti-corruption-related Performance Indicators

Indicators	Unit	2017	2018	2019
Number of anti-corruption training	Time	3	3	4
Number of people participating in anti-corruption training	Person	5,000	2,309	3,310

Fintech Empowerment

Enhancing prospective layout for Fintech

The capital market and the securities industry entered the stage of transition from the old order to the new, which accelerated the digital transformation of the financial sector. Holding to the philosophy of “technology-empowered future and data-driven development”, Huatai Securities centered on the overall strategic goal of “digital transformation”, “two-pronged strategy” and “internationalization” to develop quality products, provide quality services and transform technological competence into tractive power and profitability, contributing to its business development, cost reduction, efficiency enhancement and better operating decisions.

Guided by the strategy of “technology-empowered wealth management and institutional service”, the Company intensified the research and employment of cloud computing, artificial intelligence, blockchain and other emerging technologies by enriching self-built scenarios and cooperating with eco-partners, stepped up efforts to build the next generation of financial infrastructure, innovated financial scenarios and ecosystems with Fintech, and built an intelligent financial service value network, in a purpose to promote the Company’s transformation towards digital development.

Cloud computing	<ul style="list-style-type: none"> Independently developed a hybrid cloud platform combining private and public cloud that satisfies securities business needs; provided services based on tenants applications and other granularities via IaaS (Infrastructure as a Service), PaaS (Platform as a Service) and SaaS (Software as a Service).
Artificial intelligence	<ul style="list-style-type: none"> Built a draggable and assembled modeling platform for machine learning, which realized the automation of machine learning and formed an industry-leading artificial intelligence capability development framework. Independently developed a component-based artificial intelligence service platform, which can provide more than 20 artificial intelligence-based APIs and is applied in multiple fields from research to trading. Created an industry-leading NLP capability service platform, forming a range of financial products such as intelligence research report, structured financial text, intelligent semantic interpretation and public opinion event mapping. Integrating technologies including robotic process automation, artificial intelligence and big data, the digital employee linked business tasks through process management to replace or assist business personnel in completing business operations or processes. For asset valuation, the digital employee automatically collected product transaction data, saving 75% of labor cost¹.
Blockchain	<ul style="list-style-type: none"> Established a research focus group on blockchain to carry out technological research and scenario exploration. Built a blockchain platform based on the alliance chain in a laboratory environment, and completed the design and verification of multiple scenarios including trusted deposit, trusted sharing, OTC trading, equity trading, asset securitization, and anti-money laundering: “Know Your Customer” (“KYC”).
Other emerging technologies	<ul style="list-style-type: none"> Kept track of and continuously studied related new technologies, with a focus on enhancing pre-research and application exploration in respect of software and hardware-related emerging technologies that advance financial service efficiency. Worked extensively with peers and technology companies, and took an active part in the seven joint research projects.

Note 1: In the valuation business process, 12 persons need to work two hours per day before the function is put into operation. The function, after being launched, can reduce the total working hours required for the daily workload to six hours per day, thereby saving 18 hours of workload per day. On that basis, it is estimated to save 75% of labor cost.

In 2019, in terms of big data, artificial intelligence, blockchain, distributed technology, risk management and intelligent operation technology, etc., nine patents of the Company entered the stage of substantive examination after passing the preliminary examination; three patents entered the stage of preliminary examination after passing the formal examination; the applications for 11 patents were being processed.

In 2019, the Company's IT investment amounted to RMB1,424.6061 million.

Fintech has entered a new stage of full penetration and cross-border integration, and the future business model will not be confined to individual companies and will evolve into competition and cooperation between ecosystems. In 2019, while continuously improving its own R&D capability, Huatai Securities prospectively worked with multiple parties to jointly build a synergy mechanism and service platform for digital finance based on cross-border cooperation, resource sharing and complementary capabilities.

» Creating A Synergy Mechanism and Service Platform for Digital Finance

In 2019, the Company successively held four high-tech expos focusing on "human-technology integration and collaboration contributing to our growth with customers" in Shanghai, Shenzhen, Guangzhou and Beijing, at which the Company collectively displayed nearly 20 self-developed cutting-edge Fintech-based digital products in recent years and launched HUATECH digital service system and exclusive financial service platform - Xing Zhi (行知) APP for institutional clients.

At the Beijing High-tech Expo, the Company, Alibaba Cloud, Bank of Jiangsu and Hundsun Technologies jointly proposed the initiation of a digital finance alliance, which will initially focus on the cooperation on such aspects as development strategies, investment research and transaction, Fintech, wealth management, and security and risk control. Based on the technology-driven platform, they will iteratively form an ecosystem absorbing the advantages from all parties to deliver better customer experience, accelerate digital transformation, and improve the technology performance of the financial industry.



Improving the professional capability of Fintech services

In response to the trend of digital economy, the Company improved its professional service capability by means of technology, built the service capability featuring the digital era, continuously optimized customer experience and created value for customers.

The Company launched the mobile wealth management terminal "ZhangLe Fortune Path" in 2014, in a bid to meet customers' diversified needs in a more effective, convenient and intelligent manner and build a professional system for wealth management business through diversified financial products based on the support from the Company's full-service business chain and professional investment advisor service.

In 2019, the Company upgraded the "ZhangLe Fortune Path" and released a total of 21 versions with 27 function improvements, completing user experience innovation and optimization for more than 40 modules including the homepage, market and transaction. ZhangLe Fortune Path 7.0 was released in December 2019 featuring a series of distinctive services such as smart asset allocation, online investment advisory services, 4 major Fintech innovations, scenario-based wealth management and smart assistant, so as to provide more professional and convenient services for users.



Smart asset allocation
New online asset allocation service

Provide smart matching of tailored asset allocation plans and investment decisions that diversify risks, make clear flexible inflow and outflow of funds and returns in independent accounts.



Online investment consultant services
Provide an online channel of investment consultancy for customers

Net-enabled investment advisory services featuring service zone, real-time conversation and service evaluation tracking.



Scenario-based wealth management
Upgraded tailored wealth management service experience

New homepage and product sharing of wealth management and full upgrade of fund products, with Regular Investment Plan (定投专区), Salary-related Wealth Management (工资理财) and Pension (养老) products accessible by one click.

Intelligent conditional order: five common strategies available for choice, real-time trend tracking, and automatic order placement upon triggering certain set conditions.



4 major Fintech innovations

Conditional order placement for treasury bond financing: make most of funds by transactions during open periods of the market and by wealth management during closed periods of the market.

Fast Stock Picking (快速选股): provide recommendations for customers' stock picking via big-data backed algorithms.

Ask the Secretary to the Board (问董秘): the first to build an interactive channel between investors and secretaries to the boards of companies listed both in Shanghai and Shenzhen, covering all A-share and B-share listed companies.



Smart assistant
Appearance of smart assistant "Zhang Xiao Le" on the homepage of Version 7.0

New lightweight homepage of "ZhangLe Fortune Path" which supports flexible operation of different customer groups to pass the idea of wealth management; appearance of "Zhang Xiao Le" to realize smart scene-based interactions.

» Performance of "ZhangLe Fortune Path" in 2019

The annual download volume in 2019 reached

4.51 million

The average NMAU reached

7,550,300

The number of new accounts opened on the mobile terminal was

1,210,000

The cumulative download volume since its launch reached

50.21 million

Ranking the **first**

among all APPs of securities companies.

Accounting for **98%** of total new accounts.

90% of the trading customers traded through "ZhangLe Fortune Path".

» Helping customers realize "Worry-Free Trading" through the MATIC "Worry-Free Trading" platform

In 2019, the Company integrated big data analysis and AI into trading scenarios, and launched the MATIC "Worry-Free Trading" intelligent trading services to help customers realize more sophisticated and intelligent transaction management and execution from aspects such as market data collection and analysis, model operation, AI transaction planning, intelligent detection of transaction risks and real-time protection for compliance of operations, prevent transaction risks, and enable customers to enjoy more professional financial services.



As of the end of 2019, the "Worry-Free Trading" platform provided transaction planning and execution services for 134 institutional customers with 92.6 billion of on-exchange transactions in scenarios such as the increase and decrease of holdings by major shareholders, repurchases by listed companies, position opening and adjustment of investment portfolios, and cash management, embracing the advent of the era of intelligent trading 3.0.

» Providing institutional customers with more professional and comprehensive fintech services by launching "Xing Zhi" APP

In July 2019, the Company launched "Xing Zhi" service platform for institutional customers which could be accessed by "Xing Zhi" APP, PC or applet, providing one-stop online services including research services, financial services, and financial products. In terms of research services, it supports research reports in a variety of media such as text, picture, audio and video, contributing to a total of 185 on-site conferences, teleconferences and research activities as well as 2,076 person-times of online registration. In terms of financial services, it realized online issuance, simplified the subscription procedure, completed two transactions in relation to the offering of convertible bonds for subscription, and enabled 3,894 person-times of participation by online investors. In terms of financial products, it displayed the structure of strategic option, beneficiary certificate and other financial products and provided online consultation. Since its launch, "Xing Zhi" service platform for institutional customers has a total of 18,000 users and 413 registered institutions, with a NMAU of 11,000.



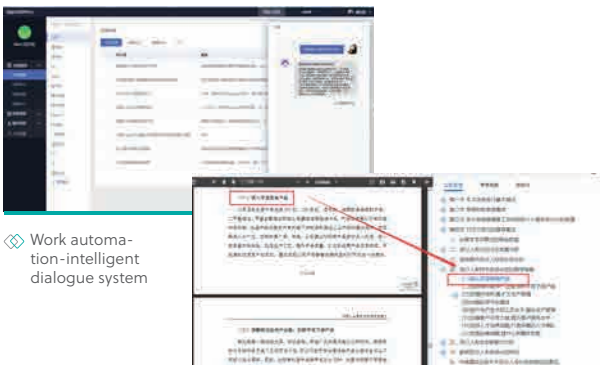
Promoting intelligent business operation

In terms of operation, the Company made active efforts to leverage new technologies such as artificial intelligence and big data to promote online, automated and intelligent operation. By virtue of the automated work platform, digital employee service platform, intelligent outlet and other intelligent service platforms, the Company improved its internal operating efficiency, optimized customer experience, and promoted high-quality fintech development.

»» Using AI technology to realize automation in multiple fields

The Company is committed to using AI to free employees from repetitive and tedious tasks, optimize overall resource allocation, and improve overall operating efficiency.

In 2019, the Company applied AI technology in outbound call, research report production, text processing, internal support and other fields to realize work automation. In terms of customer service, 100,000 calls were made since May, saving human cost of about 625 people per day. In terms of research report, automatic processing of commenting research reports was realized relying on the data-to-text-based Natural Language Generation (NLG) idea and Natural Language Processing (NLP) technology. In respect of text processing, Optical Character Recognition (OCR) and NLP technology were used for structure processing of the documents involved in various businesses, which saved about 2/3 of time as compared with traditional manual extraction, and saved about 1,571 hours of manual work in 2019. In terms of internal support, the Company's intelligent dialogue robot had the functions of conference scheduling, internal information inquiry, etc. by the end of 2019, which saved about 150 hours of manual work.



Work automation-intelligent dialogue system

Work automation-structuralization of finance-related text

»» Improving internal work and synergy efficiency through a digital employee service platform

With the vertical and in-depth development of the Company's business, cross-department, cross-system and cross-platform business operations and interactions become more and more sophisticated. A business process may involve multiple systems and require a lot of mechanical and repetitive labor.

To effectively address the problem of resource consumption from tedious and repetitive work in current business operations, increase the efficiency of the whole business process, and reduce errors and risks brought by human operations, the Company has established a digital employee service platform on which employees can efficiently complete a large number of repetitive and rule-based tasks, achieving cross-department, cross-system and cross-platform synergy and 7/24 non-stop execution of traceable objectives in the whole process. In addition, the platform does not require modification or adaptation of the original system, thereby minimizing the possibility of system intrusion. With a unified human-machine collaboration and integration interface, employees can simply log in to achieve end-to-end whole-process business interaction.

Intelligent outlet is an important step for Huatai Securities to initiate intelligent transformation and promote all-round digital development. Centred on customer demands and service experience, the Company integrated online and offline resources and leveraged science and technology to seek intelligent upgrading for securities branches, so as to substantially improve customer experience.

»» Opening of the first intelligent outlet of Huatai Securities in Wuhan

In March 2019, the first intelligent outlet of Huatai Securities - Wuhan Wuluo Road Securities Branch of Hubei Branch commenced business. Wuluo Road Securities Branch was relocated to a new address at the frontage of a high-end office building in the city's highly prosperous area. Partial functions of traditional counters were replaced by face recognition, reception robot, ATM, etc., which could fully display customers' autonomy and improve the convenience of financial services. The securities branch also set up a high-end wealth management office to provide more private services for high net-worth customers.



Service for Real Economy

Support for development of science and technology innovation enterprises

As an component for the construction of the multi-layered capital market, the STAR Market is a trailblazing attempt in the comprehensive and deepened reform of the capital market. The establishment of the STAR Market is of great importance to strengthening capital support for science and technology innovation enterprises, fostering emerging industry clusters and promoting reform and development of the capital market and innovative nation building.

Huatai Securities prospectively made layouts in the science and technology innovation fields, and fully grasped the opportunities from the establishment of STAR Market and registration-based system. On July 22, 2019, the STAR Market formally opened for trading and ushered in the first batch of 25 enterprises for listing. Huatai United Securities, a subsidiary of Huatai Securities, accompanied four companies in the whole course to be listed on the STAR Market and ranked No. 2 in the industry in the number of enterprises sponsored. As of December 31, 2019, the Company had facilitated the successful landing of five enterprises including HYC Technology and Bloomage Biotech into the STAR Market and served as the sponsor for 19 enterprises in listing on the STAR Market, ranking No. 1 in the industry.

» Making HYC Technology “the first stock in the STAR Market” and the first enterprise in the STAR Market issuing shares for M&A

Founded in 2005, Suzhou HYC Technology Co., Ltd. (“HYC Technology”) is a leading solution provider of detection equipment and whole-line detection system in China and mainly engages in R&D, production and sale of detection equipment for flat-panel display and integrated circuit.

In July 2019, HYC Technology, for which Huatai United Securities served as sole sponsor and lead underwriter, stood out as

“the first stock in the STAR Market” among the first batch of 25 enterprises listed in the STAR Market. Meanwhile, after the Shanghai Stock Exchange issued the Rules on Examination of Major Asset Restructuring of Companies Listed on the STAR Market of Shanghai Stock Exchange on November 29, with the help of Huatai United Securities, HYC Technology was the first company to issue shares for M&A in the STAR Market.

The HYC Technology project not only manifested the Company’s dominant position in the STAR Market and M&A and restructuring field, but also enriched practical experience of M&A and restructuring system building for science and technology innovation companies, which provided reference value for subsequent STAR Market business exploration and further deepening of the M&A and restructuring system and mechanism reform.



» Helping Bloomage Biotech land into the STAR Market, making it the first in the STAR Market in terms of market value in the biotech industry

Bloomage Biotechnology Corporation Limited (“Bloomage Biotech”) is one of the pioneer enterprises in China that produce hyaluronic acid via the fermentation method and the largest enterprise in the world that produces and sells hyaluronic acid. Since its establishment, the company is dedicated to conducting R&D of technologies for producing hyaluronic acid via microbiological fermentation and has applied for over 100 patents and obtained a number of national-level and provincial-level awards.

On November 6, 2019, Bloomage Biotech was listed on the STAR Market of the Shanghai Stock Exchange, ranking the first in the STAR Market in terms of market value in the biotech industry. Huatai United Securities served as sponsor and lead underwriter for the project. Through the issuance and listing, Huatai United Securities helped Bloomage Biotech enhance its edges in technology and R&D through the “upgrading and renovation project of the R&D center of Bloomage Biotech”, providing a better innovation platform for the R&D of new technologies and products.

Support for private enterprises

Dedicated to providing professional financial services for high-growth private enterprises and innovative enterprises, the Company provides comprehensive financial services covering the whole cycle and the whole industry chain based on enterprises’ demands in varied growth stages, accompanying the growth of such enterprises. From 2017 to 2019, about 60% of the equity customers served by Huatai United Securities were private enterprises.

In the meantime, after years of continuous and effective quality services, the dependence and cohesion of private enterprises on the Company increased. In 2019, the Company provided continuous services for a number of enterprises, including helping SF Holding enter the A-share market and continuing to serve SF Holding in issuing RMB5.8 billion of convertible bonds, which was the largest-scale fundraising through issuance of convertible bonds among private enterprises. The Company completed the largest-scale restructuring and listing in 2019 - restructuring and listing of Easyhome and the largest-scale private placement of private enterprises in 2019 - private placement of Wingtech Technology, which provided support for the sustainable and sound development of private enterprises.

» SF Holding issued RMB5.8 billion of convertible bonds, which was the largest-scale fundraising through issuance of convertible bonds among private enterprises

SF Holding Co., Ltd. (“SF Holding”) is a leading provider of comprehensive express and logistics services in China and the first A-share express company that operates under the company-owned mode. Since 2017 when Huatai United Securities helped SF Holding enter the capital market, SF Holding has witnessed constant increase in asset size, service ability and operating income.

In December 2019, SF Holding publicly issued RMB5.8 billion of convertible corporate bonds and was successfully listed on the Shenzhen Stock Exchange on December 9. Huatai United Securities served as the sponsor and lead underwriter of SF Holding in this public issuance of convertible corporate bonds, which marked a record high in fundraising through issuance of convertible bonds among private enterprises. Moreover, the issuance recorded the largest amount of subscription via on-line and offline channels among private enterprises since the promulgation of new rules on refinancing in March 2019. 9,674 products were subscribed for via offline channels and the subscription rate was over 5,500 times.



» Supporting Easyhome in completing the largest-scale transaction of restructuring and listing in the A-share market in 2019

On December 26, 2019, Wuhan Zhongnan Commercial (Group) Co., Ltd. ("Wuhan Zhongnan Commercial") held a grand renaming ceremony for its listing on the Shenzhen Stock Exchange, which marked the official completion of restructuring and listing of Easyhome New Retail Group Co., Ltd. ("Easyhome"). The restructuring and listing of Easyhome brought a transaction amount of RMB35.65 billion, which was the largest-scale transaction of restructuring and listing in the A-share market in 2019. Huatai United Securities was a leading independent financial advisor in the project.

As a leader in the Pan-home industry in China, Easyhome is a large medium to high-end pan-home consumption platform which provides customers with "one-stop" services covering home design and decoration and home building materials. This restructuring and listing was a driver for Easyhome to further build its image as a benchmarking enterprise in big home furnishing, big consumption and new retail. Besides, it manifested the support of Huatai United Securities for further development of private enterprises.



» Contributing to sustainable development of private enterprises by dissolving liquidity crises for their major shareholders

To effectively support the development of private enterprises through market operation, Huatai Securities actively sought external capital to support the development of private enterprises by attracting more extensive social capital from private funds.

In 2019, to help Li Da, Li Ran, Wang Qian and Saimo Technology (parties acting in concert), de facto controllers of the listed company Saimo Electric, cope with high share pledge ratio and short-term liquidity difficulties, Huatai Asset Management, a subsidiary of Huatai Securities, docked with Xuzhou Guosheng Investment Holdings Co., Ltd. ("Xuzhou Guosheng Investment") which invested RMB200 million in formulating the No. 5 Asset Management Plan for Supporting Private Enterprises to accept part of the equities of Li Da, Li Ran, Wang Qian and Saimo Technology via a transfer agreement. The dissolution of liquidity crises for major shareholders stabilized the operation and management of the listed company for it to return to profitability and steady development.



Support for Chinese enterprises in “going global”

Actively following national strategies, the Company fully leveraged its functions as a securities company and advantages in cross-border business and domestic & overseas markets to help Chinese enterprises “go global”, serve the “Belt and Road” construction and build a new pattern for the opening up of the capital market.

» Helping Agri-Joyvio acquire Australis, a Chile-based listed salmon enterprise, through tender offer

Joyvio Agriculture Development Co., Ltd. (“Agri-Joyvio”) is mainly engaged in the processing, marketing, import and export of aquatic products and other high-end animal proteins and channel operation of beef, mutton and relevant by-products.

In 2019, Agri-Joyvio acquired Australis, a Chile-based listed salmon enterprise, through tender offer at a price of USD920 million. As an independent financial advisor for the transaction, Huatai United Securities helped Agri-Joyvio expand its layout in overseas high-end protein industry and complete the tender offer to the outstanding Chile-based listed salmon enterprise.

The project indicated that Agri-Joyvio officially started its globalization and successfully built a platform for whole industry chain development of mid-to-high-end animal proteins under the strategic guideline of “global resources + consumption in China”. Through sharing channel resources in the future, Agri-Joyvio will provide domestic terminal customers with more plentiful product portfolios, promote quality salmon products of the target company in the marketing channels of listed companies, and take advantage of consumption upgrade in China to achieve its business growth in China. Meanwhile, the project is also an active practice taken by the Company in response to the promotion of the “Belt and Road” strategy, which served as a reference for the penetration of Chinese enterprises and capital operation into countries along the “Belt and Road”.

» Helping QM Home Furnishings issue the first domestic Norwegian krone-denominated bonds of home furnishing companies

As a large leading Chinese home furnishing group established in 1993, Qumei Home Furnishings Group Co., Ltd. (“QM Home Furnishings”) specializes in high-end wooden furniture design, manufacturing and marketing. In 2019, the overseas subsidiary of QM Home Furnishings successfully issued NOK2 billion

(about RMB1.56 billion) corporate bonds, and Huatai United Securities served as the issuer’s financial advisor.

In contrast to the domestic securities market, when issuing bonds in the overseas market, enterprises face more complex factors in respect of issue environment and procedures and practical problems in bond issue procedure, audit and rating and issue cost. As the financial advisor of QM Home Furnishings, Huatai United Securities provided professional financial service support in its related overseas bond issue.

Before that, QM Home Furnishings acquired the Norwegian listed company Ekornes ASA in August 2018, and became the controlling shareholder of Ekornes by holding 90.5% of its shares via its subsidiary. As a financial advisor of the acquirer, Huatai United Securities made the first step in “going overseas” together with QM Home Furnishings.

» Helping the constructor for the “Belt and Road” – CSCEC Xinjiang Construction & Engineering issue asset-backed securities

In 2019, in active response to the call for the “Belt and Road” construction, Huatai Asset Management, a subsidiary of Huatai Securities, helped CSCEC Xinjiang Construction & Engineering (Group) Co., Ltd. (“CSCEC Xinjiang Construction & Engineering”), a constructor for the “Belt and Road” and an important executor for the construction of Xinjiang as the core area of the Silk Road Economic Belt, issue a total of RMB446.8 million asset-backed securities.

The project marked the first direct fund-raising via open market by CSCEC Xinjiang Construction & Engineering. Through the fund-raising, Huatai Asset Management further promoted the industrial structure adjustment and commercial model transformation of the constructor for the “Belt and Road”, which injected new vitality into the high-quality development of the enterprise.



Service to micro, small and medium-sized enterprises (MSMEs)

Due to small scale and incomplete management system, SMEs and small and medium-sized technical and innovative enterprises are confronted with financing difficulties and high cost. Huatai Securities provided more financial support for MSMEs, and expanded financing channels for them by providing National Equities Exchange and Quotations listing, bond issue and other direct and indirect financing services to stir up the vitality for development of SMEs.

Attaching great importance to the cultivation of growth enterprises for new economy, Huatai United Securities established the growth enterprises financing department in 2016, mainly providing MSMEs with standardized restructuring, financial advisory, private equity financing, recommended listing on National Equities Exchange and Quotations and other businesses to ease the problems of financing difficulties and high cost faced by MSMEs. In 2019, Huatai United Securities completed two targeted offerings for two enterprises listed on National Equities Exchange and Quotations, raising a total amount of RMB68 million, and a financial advisory business in relation to M&A and restructuring for a company listed on National Equities Exchange and Quotations.

» Building a "Finance +" ecosystem to relieve financing difficulties for MSMEs

Actively working with Suning Finance, Huatai Asset Management kept giving play to its advantages in the synergy of Fintech and O2O. By building a "Finance +" ecosystem, it strived to help private real economies and MSMEs alleviate financing difficulties and high cost of financing by putting inclusive finance into practice.

Six tranches of the Special Plan for Tranches 1-6 Asset-backed Securities of Huatai Securities-Suning Supply Chain were issued in 2019, with a total scale of RMB6,927 million. In reliance on the ecosystem with Suning.com at the center and eight industrial systems forming the main scenario, the Special Plan for Asset-backed Securities of Huatai Securities-Suning Supply Chain built an all-dimensional financial business product system for supply chain from such aspects as production, supply, marketing and storage, which solved problems related to capital demand in different links of upstream and downstream enterprises and provided capital support for MSMEs.



Commitment to Sustainable Finance

Support for green finance

With the concept of green development more accepted by the public, promoting the development of green finance has become a shared value. Since the release of the Guiding Opinions on Building a Green Financial System in 2016, green finance building has risen as a national strategy. The report to the 19th National Congress of CPC indicated higher requirements for “green development”.

Taking an active part in promoting the development of green finance, Huatai Securities provides financing for environmentally friendly enterprises by supporting the listing of energy-saving and environmentally friendly enterprises, issuing green bonds and other means. In 2019, Huatai Securities underwrote a total of 31 green bonds with a financing scale of RMB55,477 million.

» Issuance of the first green exchangeable bonds of RMB20 billion of CTG

China Three Gorges Corporation (“CTG”) is the largest clean energy group in China and the largest hydropower enterprise in the world. It has the world’s largest water conservancy project -Three Gorges Project, with total assets exceeding RMB700 billion. Over the years, adhering to green development, CTG has actively served such national strategies as development of the Yangtze River Economic Belt, Great Protection of Yangtze River, upgrading of the clean energy industry, and the Chinese hydropower industry going global.

In April 2019, China Three Gorges Corporation issued RMB20 billion green exchangeable corporate bonds for 2019 (Phase 1) (bond abbreviation: G CTG EB1, bond code: 132018), hitting a record high in the size of issuance of a single exchangeable bond. As one of the lead underwriters, Huatai United Securities assisted CTG in issuing the first green exchangeable corporate bonds, transforming China’s economy to “green” economy.

» Assistance for Bank of Jiangsu in issuing green financial bonds in 2019

In April 2019, Bank of Jiangsu Co., Ltd. (“Bank of Jiangsu”) successfully issued the first green financial bonds of RMB10 billion in the national interbank bond market, with a term of three years, an issuance rate of 3.6% and a credit rating of AAA, in which Huatai Securities served as the lead underwriter and bookkeeping manager.

The successful issuance of green financial bonds is an important milestone of Bank of Jiangsu in its development of green finance, which has effectively alleviated the shortage of low-cost funds in the rapid development of green credit business. It is also a good practice of Huatai Securities in promoting the development of green economy.



Focusing on the impact of ESG risks on its business, the Company plans to incorporate customer ESG factors into customer due diligence and duration management of investment and financing and investment banking businesses, and formulate specific implementation plans including defining business coverage, establishing standards for assessment and review of customer ESG risks, and clarifying in details for each business line incorporating ESG factors into project decisions, etc. The Company will also make clear trigger, identification and reporting mechanisms for customer ESG risks based on the assessment and review standards for such risks. In addition, the Company plans to add requirements on ESG due diligence in the Guidelines on Credit Risk Management to avoid credit risks caused by ESG factors.

The Company kept enhancing ESG-related research. In 2019, the strategy team of the Company's Research Department consecutively published two research reports, namely, *Overseas ESG Investment Panorama Manual* (Part 1 of the ESG investment research series) and *Overseas ESG Investment Panorama Manual* (Part 2 of the ESG investment research series), and studied and analysed the history and status quo of ESG investment and investment process and propagandized ESG investment idea while improving the Company's ESG investment ability.

The Company set up an ESG committee and an ESG management team, arranging liaison officers in relevant departments of the headquarters and in subsidiaries. In particular, the ESG committee assumed overall responsibility for ESG performance of the investment and financing projects of the Company. The Company also plans to include ESG performance in the key tasks of relevant departments and link it to the salary incentive evaluation, so as to improve the effectiveness of ESG management.

For the inclusion of ESG factors in investment decision-making, the Company takes the formulation of Responsible Investment System as a key task, and plans to introduce it to all relevant business lines from top to bottom step by step, with the guidelines and working rules formulated by each business line based on their own work conditions.

In addition, Huatai organizes ESG-related trainings to improve employees' understanding and acknowledge about ESG. In February 2019, the Company invited SynTao, an external consulting agency to organize ESG training programs for the persons-in-charge of the Company's main functional and business departments, so as to increase employees' ESG risk management awareness and involve ESG factors into investment decision making.

Tackling climate change

According to the Global Risks Report 2020 released by the World Economic Forum, climate change-related issues will be the biggest risk around the globe in the next decade, including extreme weather, failure of climate action, man-made environmental damage, biodiversity and ecosystem losses, and major natural disasters.

Fully aware of the seriousness of the impacts of climate change and the urgency to tackle the impacts, Huatai Securities has established an ESG committee comprising persons in-charge of relevant departments and subsidiaries under the leadership of its management, supported by an ESG management team under the lead of the Board office responsible for managing ESG-related issues including climate changes.

The ESG committee is responsible for the Company's environmental policies and performance, reviewing strategies, goals and other major decisions relating to environmental protection, climate change and other aspects on sustainable development. The Company's ESG management team is responsible for the implementation and promotion of environmental policies and climate change-related policies. The General Affair Department takes charge of the statistics of energy and resource consumption and calculation of greenhouse gas emissions of the Company. The business departments and subsidiaries jointly promote the implementation of actions against climate change.

The Company has established relatively comprehensive emergency management measures, which are able to effectively reduce the impact of extreme weather on the Company's operations. The Company implements a 24-hour on call and accident information reporting system for security personnel, and prepares emergency equipment such as fire extinguishers, sandbags and raincoats. When extreme weather occurs, the Company will promptly issue pre-warning notices, and relevant personnel will take various protective measures as soon as possible to ensure that risks are minimized.

In addition, the Company has realized whole-process online transactions and fully deployed remote customer service system to ensure normal business operations under extreme cases and thus to guarantee the 7/24 non-stop customer services. Meanwhile, the Company adopted multiple technical means such as cloud platforms, audio and video meetings and collaborative office software to enable employees to work remotely, which effectively maintained the continuity of the Company's operations while ensuring the safety of employees.

» Energy-saving measures of Huatai Securities

Using renewable energy, such as solar photovoltaic power generation system and sunlight induced lighting device system.

The air conditioning system uses ice storage cold air technology, the under-floor air distribution system and the like.

Respiration-type double-layer glass curtain wall and LOW-E (low-radiation) glass were employed.

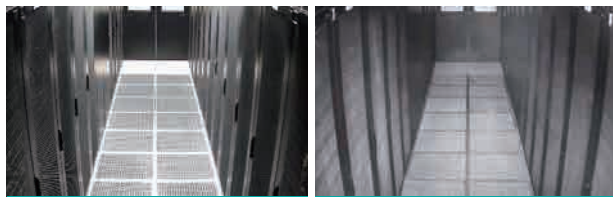
Prioritizing the purchase of new energy vehicles and encouraging green travel.

Building a low carbon data center by increasing the cooling efficiency of the equipment and making light isolation and heat insulation transformation for air-conditioned rooms.

» Low Carbon Data Center of Huatai Securities

The Company's Data Center is located in Huatai Securities Plaza. At the beginning of its construction, the Company aims to build a green data center and adopts various methods to improve energy efficiency.

In 2019, the Company newly installed a wide dynamic infrared day and night network camera, and set operation mode and energy-saving mode for the lighting systems of the data center according to its different operation scenarios to further reduce power consumption. Under the operation mode, the data center turns on the corresponding lights for the actual operation areas. When the operation is over, it switches to the energy-saving mode under which the lighting systems of the data center will be shut down. It is estimated that the Company's data center saved over 262,800 kWh of electricity in 2019, equivalent to the amount of carbon absorbed by 680 trees a year.



◇ Operation mode

◇ Energy-saving mode

Meanwhile, in 2019, Huatai Securities launched the "Earth Hour" campaign by turning off the lights for one hour and organizing WeChat fun Q&A games to raise public awareness of climate change.

» "Earth Hour" environmental action

"Earth Hour" is an environmental action launched by WWF in response to global climate change. The theme of 2019 focused on biodiversity issues that it encouraged people to pay attention to the continuous decline of global species and promise to practice the concept of "living harmoniously with nature".

As a partner of Earth Hour promoting commonweal, Huatai Securities has participated in the "Earth Hour" environmental action for three consecutive years. The Company guided the public to pay attention to climate changes and protect biodiversity by turning off the lights of its headquarters and some of its branches for one hour, leveraging its mobile intelligent terminal "ZhangLe Fortune Path" APP to promote activity information, and developing and running test on the game with prizes named "Ecological Intelligence" (生态智商) which was launched on the Company's WeChat public account.



For extreme weather such as rainstorms and typhoon caused by climate change, the Company promptly releases pre-warning alerts to its headquarters, departments and branches. At the soonest, relevant personnel can thus take various measures to prevent wind and water logging, check and clean up flood drainage facilities, and prepare sandbags, raincoats and other emergency equipment. During extreme weather, inspections on key areas preventing wind and water logging are strengthened, and equipment failures are identified and solved promptly.

In addition, the Company pays attention to policy trends and good practices of green finance at home and abroad, regularly organizes and participates in green finance related forums, studies and discusses leading-edge achievements in green finance, actively serves green or environmentally friendly enterprises, and guides and encourages more social funds to invest in environmental protection, energy conservation, clean energy, clean transportation, green building and other green industries, contributing to realize energy conservation and emission reduction.

Support for Public Welfare

Be grateful to nature that breeds us and protect the biodiversity of Yangtze River Basin

The Yangtze River is one of the most biodiverse rivers of the world, feeding 424 kinds of fish among which 183 are endemic, 280 kinds of mammals, 762 kinds of birds, 145 kinds of amphibians and over 14,000 kinds of higher plants. There are many species, different species groups, gene pools, forests, grasslands, shrubs, wetlands, deserts, cities and other ecological environments in the Yangtze River Basin, which constitute a complex ecological network, making it a treasure trove of rich biodiversity on earth¹.

However, at present, poaching, water pollution, overfishing, habitat destruction and unsustainable human activities are threatening the survival of wild animals and plants in the whole basin. The bio-integrity index of the Yangtze River has reached the most dangerous level of “no fish”, and the Yangtze River Basin is facing severe biodiversity loss.

Note 1: Information from the *Map of Biodiversity and Conservation in the Yangtze River Basin*, Science Press.



Originated in the Yangtze River Delta, Huatai Securities is always grateful to nature, and launched the environmental protection campaign “One Common Heart of Huatai One Yangtze River” in 2018 in active response to the national strategy of “Great Protection of Yangtze River”. During the Reporting Period, the Company, together with professional NGOs such as the World Wildlife Fund (WWF), Shan Shui Nature Conservation Center (“Shan Shui”) and Green River Environmental Protection Promotion Association (“Green River”), jointly promoted biodiversity protection and sustainable development in the source regions of the Yangtze River, and carried out biodiversity monitoring, community protection, garbage recycling, public science education, etc.





» Working with WWF to launch a small fund for wildlife protection

During the Reporting Period, the Company, in collaboration with the World Wildlife Fund (WWF) and its strategic partner Earth Wildlife Fund (OPF) in Shenzhen, jointly launched the project "One Yangtze River Small Fund for Wildlife Protection", to provide funds for teams engaged in wildlife protection and capable of independent project operation to protect rare and endangered species and their habitats less concerned in the whole Yangtze River Basin, and to encourage social organizations and the public to actively participate in the protection of the Yangtze River.



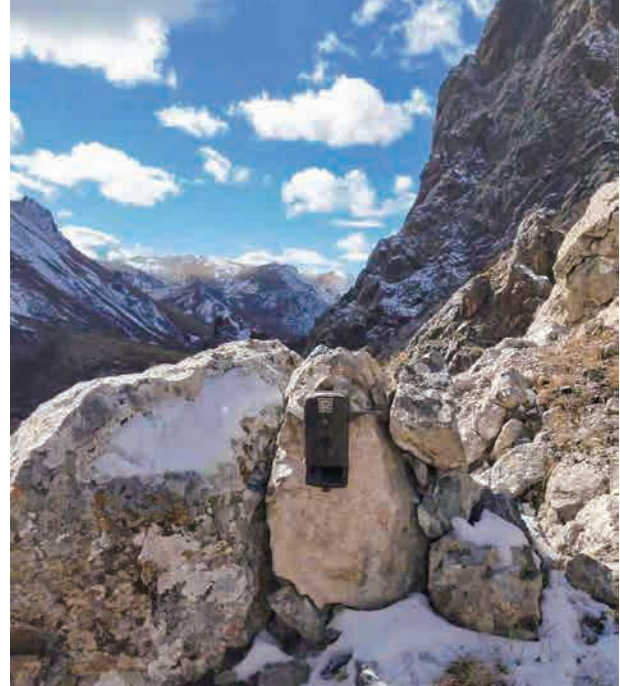
The Company has supported Shan Shui Nature Conservation Center for two consecutive years to carry out biodiversity monitoring and protection of local herdsmen-dominated communities through scientific research, ecological protection, community development and other measures, so as to promote the harmonious coexistence of man and wildlife within the region.

» **Biodiversity monitoring provides basis for scientific conservation**

Since 2018, with the support of the project "One Commonwealth Heart of Huatai One Yangtze River", Shan Shui has carried out biodiversity monitoring in the source regions of the Yangtze River with 172 infrared-triggered cameras, covering an area of 3,000 square kilometers, which provided a pool of basic data for the research of wildlife in the source regions of the Yangtze river.

These infrared cameras have recorded hundreds of images of snow leopards. They have, for the first time, captured the wild nursing of desert cats, a unique wild cat in China, attracting much attention from academia and the mass media including Nature. They have also first recorded the tracks of leopard on the North Bank of Tongtian River in Yushu; the yellow-throated mink found in Make River has offered new information on wild animal distribution in Qinghai, catching the attention of News Broadcast.

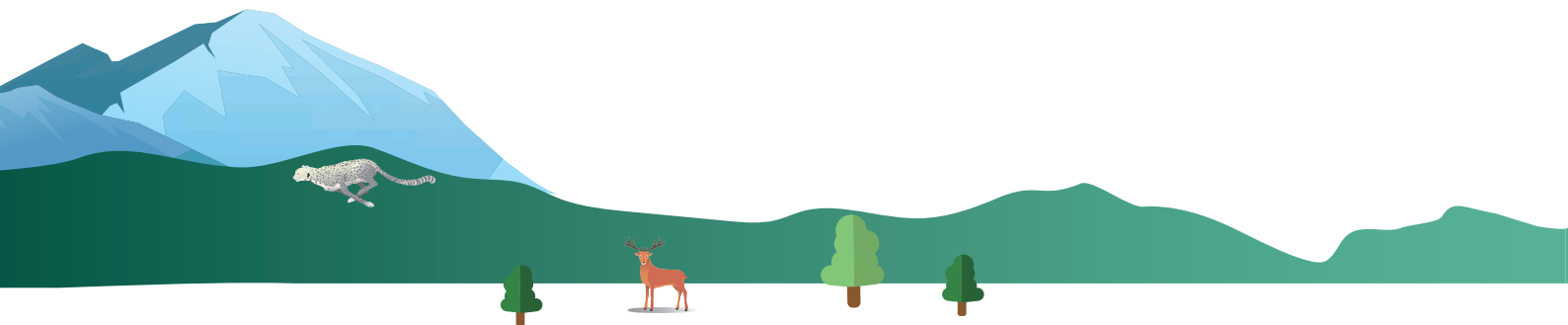
The moving images of wild animals provide basic data for studying the distribution and population status of wild animals, and also provide a basis for the formulation of protection policies. Taking snow leopard as an example. It is the flagship species of the source regions of the Yangtze River. By recording its distribution area, number and other living conditions, we can judge the health of the whole regional ecosystem. Protecting snow leopard is very important for protecting the ecosystem in the source regions of the Yangtze River and even the whole Western China.



◇ Infrared-triggered camera



◇ Wild nursing of desert cat



» Carrying out protection of herdsmen-dominated communities

The Qinghai-Tibet Plateau, the source region of the Yangtze River, has a grazing history of more than 8,000 years, where people and wild animals living together. In addition to discovering the biodiversity value of the source regions of the Yangtze River and assessing the threats of protection through long-term species monitoring and studies, the Company cooperated with Shan Shui to explore the path of "community protection" dominated by herdsmen, so as to realize the harmonious coexistence between man and nature.

During the Reporting Period, with the support of the Company, Shan Shui trained more than 200 "herdsmen monitors" in 10 communities in the source regions of the Yangtze River; the communities were fully involved in the collection of monitoring data and protection of species. By creating high-quality natural experience products, more people can participate in the natural experience in the source regions of the Yangtze river, which would in turn benefit the herdsmen.

On August 13, 2019, Huatai Securities joined hands with the local government and Shan Shui to establish "Chengduo Jiatang Community Protection Area" in Jiatang grassland, Yushu, Qinghai, to encourage the herdsmen to protect the ecological environment of the source regions of the Yangtze River in accordance with local regulations and customs.



We are glad to see that socially responsible enterprises like Huatai Securities participate in the ecological protection of the source regions of the Yangtze River, and focus on the balance between human and nature starting from ecological protection. Biodiversity is the basis of human existence, and we should take actions to protect it.

— Xu Zhihong
Former President of Peking University and
academician of the Chinese Academy of Sciences

Huatai Securities has made attempts faced with challenges and uncertainties, and we hope such attempts will provide more perspectives and possibilities for nature protection in the source regions of the Yangtze river and Western China.

— Lv Zhi
Professor of conservation biology at Peking
University and founder of Shan Shui



Public participation to cultivate new forces for ecological protection

Ecological protection is all-encompassing that requires support and participation of all parties including the public, enterprises and environmental protection organizations. While actively promoting ecological protection, Huatai Securities also worked with the public, customers, employees and news media to

participate in the planning, decision-making, implementation and evaluation of ecological protection through a series of citizen science projects, so as to cultivate new forces for ecological protection and promote the construction of ecological civilization.

» Joining hands with the public to launch "Citizen Scientist Actions"

During the Reporting Period, the Company launched two one-year "Citizen Scientist Actions", namely "Four Seasons of Yanyuan" and "Four Seasons Of Peking" in Beijing, inviting the public to continuously observe and record the distribution and living conditions of animals and plants in areas with high levels of biodiversity in Beijing throughout the year under the guidance of scientists, which not only contributed basic data to scientific research but also enhanced urban citizens' awareness and protection of biodiversity.

In December 2019, the project "Citizen Scientists in the City" funded by Huatai Securities' public welfare project "One Commonwealth Heart of Huatai" was officially launched in Shanghai. The project was jointly initiated by Shan Shui and Wang Fang Conservation Biology Research Team of Fudan University, to study the living conditions of wild animals represented by raccoon dogs in Shanghai and other central cities in the Yangtze River Delta, carry out targeted protection, and invite the public to participate in a series of works such as information collection, equipment installation, data analysis and habitat restoration.

The Company also integrated the resources of the project "One Commonwealth Heart of Huatai", and cooperated with public welfare partners to carry out citizen scientist actions in first-tier cities such as Beijing, Shanghai, Chengdu and central cities of the Yangtze River Basin. The Company led key customers, employees, and the public to participate in scientific research and investigation, observe and record nature through scientific experience, lectures, exhibitions and other forms. As a result, the team of citizen scientists kept growing, and more people were led to participate in biodiversity protection.



Uniting everyone's efforts and taking multiple measures to combat against the pandemic

From the beginning of 2020, the Corona-Virus Disease 2019 ("COVID-19") has been a concern for people across the nation. By order of the epidemic, it is our responsibility to prevent and control it. At this critical moment of epidemic prevention and control, Huatai Securities, while ensuring prevention and control of the epidemic within the Company, immediately took such actions as establishing special fund and purchasing and transporting supplies for epidemic prevention and control to support epidemic prevention and control in infected areas.

On January 26, 2020, the Company set the "Special Fund for Public Health of One Commonwealth Heart of Huatai" (the "Special Fund") jointly with the Amity Foundation, and cumulatively donated RMB14 million to the Fund together with its subsidiaries for prevention and control of COVID-19 in Hubei and other areas. Particularly, the Company donated the first batch of RMB10 million to the Special Fund, and its subsidiaries Huatai United Securities and Huatai Futures successively donated RMB3 million and RMB1 million to the Special Fund.

During the outbreak of COVID-19, the Company cooperated with the National Council for Social Security Fund of the PRC and the Amity Foundation to donate 1,000 protective masks to Xinghe County, Inner Mongolia, which is a poverty alleviation target of the Company, in order to help Xinghe County weather the crisis. The cost of this donation amounted to RMB110,000, which was uniformly paid by the Company's special fund. Relevant materials have been delivered to Xinghe County on March 2.

The Company also cooperated with the Jiangsu Charity Federation through the Special Fund to provide support to Jiangsu-based medical team staff assisting Hubei, and co-established the "Special Fund on Major Public Event Report" with Caixin Foundation to offer grants and insurance guarantees to journalists working in the Coronavirus-attacked areas. Huatai Asset Management donated RMB3 million to Shanghai Medical and Health Development Foundation (上海市医药卫生发展基金会) and participated in the "Tribute to Angels in White" special fund sponsored by Shanghai Asset Management Association and co-established with Shanghai Municipal Health

As of the end of February 2020,

Huatai Securities and its subsidiaries have donated a total of RMB **20** million as anti-epidemic funds (including special funds of RMB14 million).

Commission to support and recognize the medical workers fighting against the disease on the front lines of the outbreak.

In addition to fund donation, Huatai Securities and its subsidiaries worked together with their partners in the big health, logistics and other related fields to help the Amity Foundation in the emergency procurement of materials in short supply for epidemic prevention and control, such as medical face shields, positive pressure electric air breathing apparatus, virus detection reagents, monitors, infusion pumps, etc., and sending the most needed medical and protective supplies to hospitals and communities in infected areas.



We thank Huatai Securities for its timely supply of urgently needed protective equipment, especially the positive pressure breathing apparatus, which effectively protect the medical staff in the high-risk treatment of endotracheal intubation for severe patients and are more comfortable than N95 masks.

—Liu Cunming
Director of the Department of Anesthesiology and Perioperative Medicine, Jiangsu Provincial Hospital



Promotion of Targeted Poverty Alleviation

Sincerely serving the poverty alleviation strategy

At the critical moment for poverty alleviation, Huatai Securities persistently took poverty alleviation as a major political task, major development task, major people's livelihood task and major action deployment and sincerely served the national poverty alleviation strategy.

In respect of the poverty alleviation work in 2019, Huatai Securities primarily focused on three aspects: the "One Company Helps One County" Assistance in Pair with state-level poverty-stricken counties, the "Five-Party Linkage" targeted assistance

in the economically unprivileged counties of northern Jiangsu and active participation in public welfare undertakings. In carrying out the poverty alleviation work, the Company made full use of the advantages of the securities industry and helped the poverty-stricken areas overcome poverty through the poverty alleviation development model of "taking project construction as the carrier, supporting industrial development as the focus, improving the collective economic income as the breakthrough, and enhancing the sense of gain for the poor as the objective".

» Poverty Alleviation Efforts and Major Achievements of Huatai Securities



"One Company Helps One County" Assistance in Pair

Keep exerting professional advantages. At the invitation of the Government of Jinzhai County, Anhui Province, the Company organized the elite clutch of the research institute and the risk management department to participate in the investment risk discussion on the PERC (Passivated Emitter and Rear Cell) of Jinzhai County, providing intellectual support for the development of the poverty-stricken areas.

Keep exploring featured resources. The Company purchased nearly RMB400,000 of pecan oil from Jinzhai as a way of promoting the development of local specialty agricultural product market. The Company actively promoted the red education resources in Jinzhai County by organizing 58 outstanding party members to go to Jinzhai County to receive party spirit education to inherit the revolutionary spirit.

Keep focusing on the poor and paying attention to the families in need in Jinzhai County. During the Spring Festival, the Company visited 49 local poor families.

A poverty alleviation team was assigned to assist Xiaolizhai Village, Feng County, Xuzhou, with a total donation of RMB3.7 million during the two years from 2018 to 2019. With the help of the Company, Xiaolizhai Village only took one year to achieve the task of poverty alleviation. As at the end of 2018, the annual collective income level of the village exceeded RMB200,000, with an average annual income per person of over RMB6,000 in regard of 64 persons from 39 poverty-stricken families in the village.

The Company assisted in the construction of a fruit and vegetable fresh-keeping cold storage, which continuously brought an annual rental income of approximately RMB80,000 for the whole Xiaolizhai Village and also offered temporary jobs for 20-30 villagers during the harvest season.



"Five-Party Linkage" targeted assistance

A new villager cultural square was built to meet the villagers' needs for fitness, leisure and entertainment. Projects such as road hardening, installation of solar street light and renovation of school playgrounds were carried out to improve the image of the village, and a total of over 40 local people in need were visited and comforted by the Company. As a result, the villagers' sense of happiness was further enhanced.

The Company implemented the project of "Rescue Children with Disabilities from Families listing on the Administrative record for Poverty Registering" (脱贫攻坚建档立卡户少儿病残救助) for Feng County jointly with the poverty alleviation office and the women's federation of the County, covering serious disease and accidental disability insurance customized for children to help them grow up healthily and reduce family burden. The Feng County Securities Branch was therefore awarded as "The Kindest Public Welfare Unit" (最美公益单位) for Children's Charity in Xuzhou in 2018.

The Company actively carried out financial assistance, conducted in-depth investigations on financing needs of county-level enterprises, organized investment and financing business trainings, conducted targeted financial poverty alleviation and popularized financial knowledge to prevent illegal fund-raising propaganda, accumulatively reaching thousands of people.



Assistance in other poverty-stricken areas

In Xinghe County, Inner Mongolia, the Company donated RMB2 million for local industrial poverty alleviation projects, including building of a quinoa process workshop, with the project incomes added to the collective economy of the villages in the county. Such assistance efforts drove the collective economic development of four villages, benefited 400 poverty-stricken families or farmers, offered 35 jobs and improved competitiveness of local agricultural products by significantly reducing the price.

The Company took active actions to assist Xinjiang, and promoted the establishment of counterpart-assistance-relationship between party organizations of state-owned enterprises in "Jiangsu - Yili".

The Company coordinated province-owned enterprises in supporting the eastern and western regions and donated aid-the-poor funds of RMB1.5 million to Shaanxi, a pairing-aid target of Jiangsu.

During the "targeted poverty alleviation •one day charitable donation" activity, a total of 4,886 employees participated in donations, and the RMB590,000 raised was used to financially aid the targeted key poverty-stricken areas in Jiangsu.

» Huatai United Securities set up special funds for poverty alleviation to serve the national strategy of poverty alleviation

In 2019, Huatai United Securities, a subsidiary of the Company, actively responded to the call from the central government for "Alleviating and Getting Rid of Poverty in Targeted Areas to Resolutely Overcome Poverty", and always regarded the poverty alleviation as an important measure of the Company to perform its social responsibilities. It invested over RMB7.3 million to conduct projects including "Comprehensive Development Project of Poverty Alleviation for Industries in Susong County", "Poverty Alleviation and Development Project for Yushu Tibetan Autonomous Region in Qinghai Province", "Franchise Development Project for Communities in National Parks" respectively in collaboration with China Foundation

for Poverty Alleviation, the Amity Foundation and Shan Shui Conservation Center, with a purpose to support the industrial, educational and ecological poverty alleviations, and thus to contribute to the national activities of poverty alleviation.



In 2019, the Company's external donation investment amounted to 20,770,500 in total. Because of its poverty alleviation efforts, the Company won the "2018 Outstanding Contribution Award in Jiangsu Province Poverty Alleviation" granted by the Old District Development Promotion Association of Jiangsu, Jiangsu Foundation for Poverty Alleviation and Jiangsu Association of Poverty Alleviation & Development.



Carrying out industrial assistance based on professional strengths

President Xi Jinping pointed out that developing industries is the fundamental strategy to achieve poverty alleviation, and based on local conditions, efforts should be made to take industrial cultivation as the radical solution to promote poverty alleviation. Subsidiaries and branch offices of Huatai Securities fully leveraged their resources to support industrial development in poverty-stricken areas.

»» “Insurance + Futures” Supported Orderly Development of the Rubber Industry in the Poverty-stricken Area

Jiangcheng Hani and Yi Autonomous County in Pu'er City, Yunnan Province is a national-level poor county. In Jiangcheng County, there is 500,000 mu of rubber planting area and about 41,983 people of 8,396 households engaged in rubber planting. Income from rubber industry accounts for over two thirds of the family income of the planting households. As natural rubber is affected by many factors such as season, weather and plant diseases and insect pests, rubber price fluctuates wildly and rubber planters' income cannot be guaranteed, which often leads to poverty and poverty returning.

In 2019, Huatai Futures and Anxin Agricultural Insurance jointly implemented the “insurance + futures” pilot project of Shanghai Futures Exchange for natural rubber in Jiangcheng Hani and Yi Autonomous County in Pu'er City, Yunnan Province, covering a total rubber output of 2,000 tons and 7,027 people of 2,106 archived poor households. The project effectively brought the rubber industry in Jiangcheng County into the futures market and helped the insured farmers effectively avoid the rubber price risk. Besides, it not only improved the farmers' income from rubber planting, but also promoted more stable development of the local rubber industry, which fully realized the mutual promotion of poverty alleviation and financial market.



The project was financially supported by Shanghai Futures Exchange, with a final compensation amount of RMB1.4221 million, which could help prevent the price risk of the natural rubber market, stabilize and improve the production income of rubber planters and promote the sound development of the natural rubber industry in Jiangcheng.

»» Leveraging Multiple Resources to Help Poyang County in Industrial Poverty Alleviation

Poyang County is the most populous county in Jiangxi and a state-level poverty-stricken county. In 2017, Huatai Securities Jiangxi Branch signed a memorandum of cooperation regarding targeted poverty alleviation with the People's Government of Poyang County. The Company devoted itself to the practice of poverty alleviation in Poyang County and, carefully planned “Huatai and Poyang Hand in Hand” series poverty alleviation activities and took concrete actions to help the united front work department of Poyang County carry out the “100 Enterprises Helping 100 Villages” targeted poverty alleviation activity.

Huatai Securities Jiangxi Branch made full use of capital intermediary, pooled together the wisdom and strengths of multiple parties and mobilized social resources to actively invite institutional customers and good-hearted people in society to join the local chambers of commerce. With the help of Huatai Securities Jiangxi Branch, Shimenjie Chamber of Commerce leveraged its local resource edges of numerous mountains to build a planting base of organic sweet potatoes. There was over 300 mu of mountain land and wasteland for circulation in the base, where 70 poor households could plant 1,100 mu of sweet potatoes.



In addition, Jiangxi Branch stepped in Poyang County Industrial Park for many times, visited enterprises in such industries as diamond, fishhook and hardware & machinery and electronics, and helped the united front work department of Poyang County by giving advice to enterprises and providing enterprises with financial consulting services for free. It successively gained contact with gained 191 enterprises and 162 poverty-stricken villages for paired assistance, and focused on participating in launching the construction project of a batch of 10,000 mu assistance bases.

In October 2019, Jiangxi Branch obtained the "Contribution Award for Glorious Action of Social Poverty Alleviation for Realizing the Dream of Poyang" from the People's Government of Poyang County and has been awarded as "Advanced Unit for poverty alleviation of the year" by Jiangxi Securities Regulatory Bureau for years.



Care for Left-behind Children and Devote to Educational Assistance

Huatai Securities focused on improving the sense of gain of impoverished people in its poverty alleviation undertaking, practised the “people-oriented” work concept in the whole course of poverty alleviation and development and paid attention to the growth of people, especially children, in poverty-stricken areas.

The Company has launched the “One Commonweal Heart of Huatai One Tomorrow” Program for four consecutive years and has successively set up project sites in schools where

left-behind children gathered in three state-level poor areas, namely, Jinzhai County and Yuexi County (now got rid of poverty) in Anhui Province and Enshi City in Hubei Province, as well as Suqian City in Jiangsu Province. In 2019, the Company financially assisted a new target, namely, Dejiling Primary School in the Yangtze river source region in Yushu Prefecture, Qinghai Province. It explored multiple ways to improve the specialty of the project and the sustainability of helping left-behind children and paid more attention to the mental health of the left-behind children besides material donation.

As at the end of the Reporting Period, the “One Commonweal Heart of Huatai One Tomorrow” Program benefited 17,500 children in need and 1,028 teachers.

During the Reporting Period, the Company integrated public resources, introduced expert resources in such aspects as psychology, pedagogy, sociology, tangible cultural heritage and ecology to the five aided schools, offered targeted services to left-behind children and teachers according to the differentiated demands of the five aided schools, including neighborly action, summer training for class teachers, funding for children in need, natural education, psychological counselling, expert lectures in schools and heritage of folk dance of Tujia nationality.



Program benefited children in need

17,500



Program benefited teachers in need

1,028



Neighborhoodly Action

The Company and the Amity Foundation jointly launched "Neighborhoodly Action" and offered training for local teachers based on the "Love and Acceptance" principle to turn them into neighborhoodly tutors. Meanwhile, it carried out different themed activities to help children establish closer interaction with their family members, peers, teachers and neighbors, eliminate adolescent confusion, stimulate children's instinct for self-learning and doing good turns and enable them to obtain a sense of self-identity and achievement.



Summer Training for Class Teachers

Through cooperation with the Education Training Center of Nanjing Normal University in Jiangsu and the Amity Foundation, the Company offered summer training for backbone class teachers of the aided schools, which training was centered on such themes as class wisdom, flexible class management and function and objective of basic education. In 2019, the Company, centered on social hot issues including school bullying and psychological problems of adolescents, specially offered expert lectures on bullying among primary and secondary school students and its prevention and management, psychological health and personality building, etc. in the training for class teachers.



Funding Program for Children in Need

By allying with the Amity Foundation, the Company launched the campaign themed on "Commonweal Heart of Huatai - Funding Program for Children in Need" on the public welfare platform of Tencent, through which the Company raised one-year living allowance for the children in need in the five schools aided by the Company. In 2019, 18,136 people were attracted to participate in the program, through which RMB396,000 was raised and 150 children in need were aided, representing an increase of 50% as compared with 2018.

Maybe some children will love drawing because of my watercolor lesson, or maybe they will love the world a little more due to the colors. If so, I feel all the efforts worthwhile.

——Volunteer Fang Chenyang

We share love and experience with the students while the students evoke our thinking on education, the meaning of life and the solutions to setbacks.

——Volunteer Qin Chunxia

Support for Employee Development

The globalization process has accelerated and frequented transregional and transnational business and personnel exchange and the concept of diversity has become a core element that Huatai Securities adheres to for business progress and employee development. Meanwhile, the Company has established a characteristic promotion channel and training system, with an effort to provide a quality development platform for employees.

Inclusive and Diverse Work Environment

The Company implemented international talent introduction and cultivation strategies and provided employees with an equal work environment, in a bid to cultivate a diversified talent team.

The Company worked out and kept improving the Employee Management Measures and other internal rules, firmly opposed discrimination in employment, equally treated every jobseeker and employee, and ensured fair employment and occupational development that does not be affected by race, belief, sex, religion, nationality, ethnic group, age, marital status, disability, social status, etc.



Note 1: The figures of number of male and female employees are for Huatai Securities, Huatai United Securities, Huatai Securities (USA), Huatai Purple Gold Investment, Huatai Futures, Huatai Asset Management, Huatai Innovative Investment, Huatai Financial Holdings (Hong Kong) (excluding AssetMark) and Jiangsu Equity Exchange.

Note 2: Management-level employees refer to employees at Director level or above and the figures are for Huatai Securities, Huatai United Securities, Huatai Purple Gold Investment, Huatai Asset Management and Huatai Financial Holdings (Hong Kong) (excluding AssetMark).

To build a strong talent base and gather development strengths, the Company kept recruiting excellent campus graduates and introducing mature talents from home and abroad and actively promoted international talent layout, so as to build a diversified talent team for future development.

In 2019, the Company launched seven campus recruitment projects including summer internship in the headquarters, autumn campus recruitment and special campus recruitment themed on Fintech and offered 45 campus talks in 26 universities of 17 cities in Mainland China, Hong Kong and the USA, with nearly 42,000 resumes received and approximately 1,000 employment offers issued.

» Overseas Recruitment in the United States

In 2019, the Company conducted recruitment in the Columbia University and University of California, Berkeley, the United States. It held campus talks, conducted written examinations, interviews, and selected 26 interns from over 600 students from top overseas universities. At the same time, it held the China capital market forum in New York, approached 120 mature talents from Wall Street about business and employment opportunities after returning to China, and made great efforts to introduce professionals with international background, laying a talent foundation for the Company's international development.



The Company attached importance to the protection of the rights and interests of female employees. It carried out activities on the Women's Day and held psychological lectures to care for female employees' physical and mental health. It also fully respected the voice of female employees in the workplace to create a healthy and sustainable working environment for them through activities such as the women summit.

» A Series of Activities on the Women's Day

The Company cared about female employees and organized a series of "Love Yourself and Love Life" activities on the Women's Day, involving more than 610 female employees. It held five activities including coffee grinding, tea art experience, flower arranging, seminars on physical & mental health and seminars on etiquette in working places to allow female employees to enjoy a happy and meaningful festival, and encouraged them to play the heroine spirit of "self-esteem, self-respect, self-reliance and self-improvement", so as to realize their own value at work.



» AssetMark Held a Women Summit

In 2019, AssetMark, an overseas subsidiary of Huatai Securities, held a women summit, inviting three successful female representatives including a BBC anchor, an author of New York Times bestseller and a marketing director of State Street Global Advisors to share their personal growth and career development, so as to advocate the positive, confident and fearless professional spirit, encourage female employees to realize multi-dimensional development in the workplace, and attract attention to women's strength from society and enterprises.



Creating a Platform for Employee Development

Talents are the core of the Company’s development. Huatai Securities has always given priority to promoting the healthy growth of employees and giving full play to the role of talents. It has established scientific & reasonable employee promotion channels and comprehensive & efficient employee training systems, providing abundant resources and motivation for the growth of employees.

It has established a dual-channel promotion mechanism and set up two professional channels in respect of management and professionalism to meet the different development aspirations of employees, realize the free conversion between management and professionalism, and fully respect employees’ independent choice in career development.

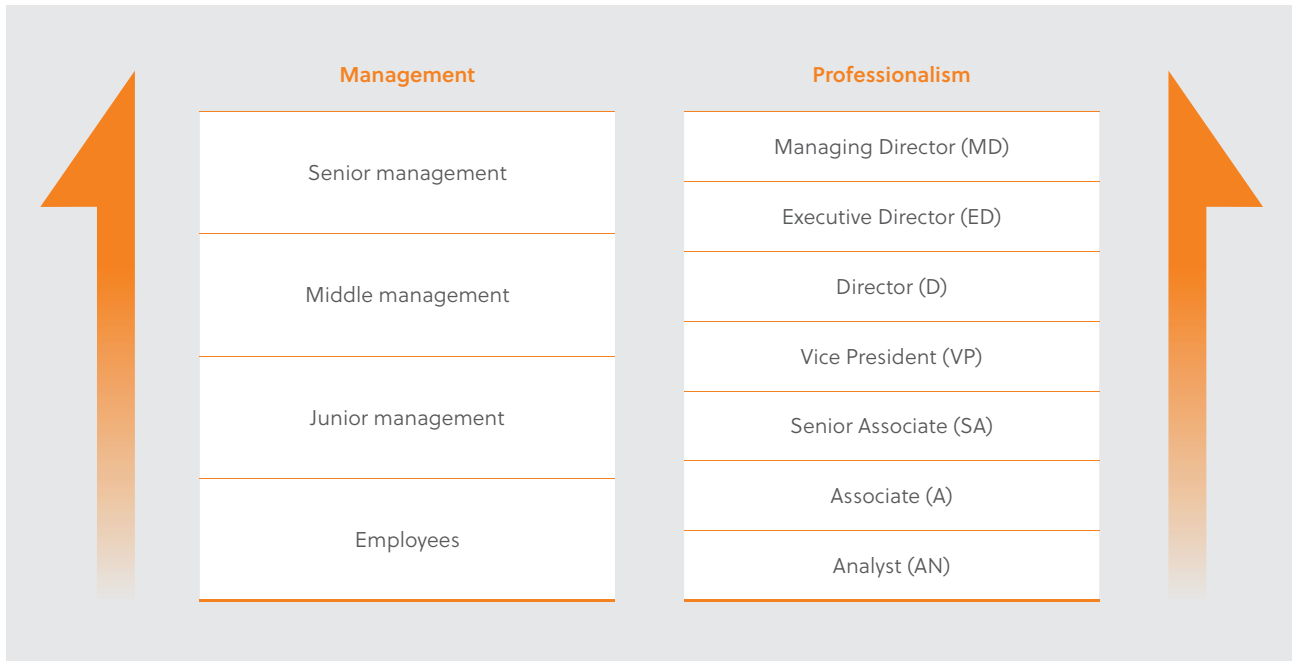
» Dual-channel Promotion Mechanism

Management

The management channel aims to build a project-based management talent echelon by regularly selecting outstanding young staffs at the headquarters to perform basic management posts, so as to observe and develop their potential and exercise their management ability in practice through “Huangpu Plan” (黄埔计划); and accurately selecting reserve cadres for branches, carrying out follow-up targeted tracking and cultivation, with a view to speeding up their post promotion through “Voyage Plan” (远航计划).

Professionalism

The professionalism channel is based on the international investment banking practices and the MD rank system developed by the Company. The Company adjusts the ranks or years of service on a regular basis in view of the assessment results and ability assessment, so as to play a positive incentive role to encourage employees to create value with professional knowledge and skills.



The Company always adheres to the vision and mission of “Empowering People and Foreseeing the Future”. Based on the strategies of two-wheel drive, international development and digital transformation, the Company has established HTalent™, a talent training system covering the whole career development of employees and whole business chain, so as to practically improve the systematization, pertinence and practicality of training, and effectively motivate and support employees to continuously improve their comprehensive qualities and professional competence at every stage of their career.

» HTalent™ Curriculum System



The Company has built a number of brand training programs based on the four-dimensional integrated training system covering “program system, curriculum system, lecturer system and cloud system”. In 2019, the Company launched a series of training programs such as “BAL”, “Huatai Star” and institutional business exchanges, with a view to improve the comprehensive qualities of employees such as leadership, managerial competence and professionalism, and provide overall solutions to meeting the needs of corporate development, talent cultivation and employee growth.

Expense of staff training

RMB **23.64** million

Staff training attendance

71,823 person times

Coverage ratio of staff training

100%

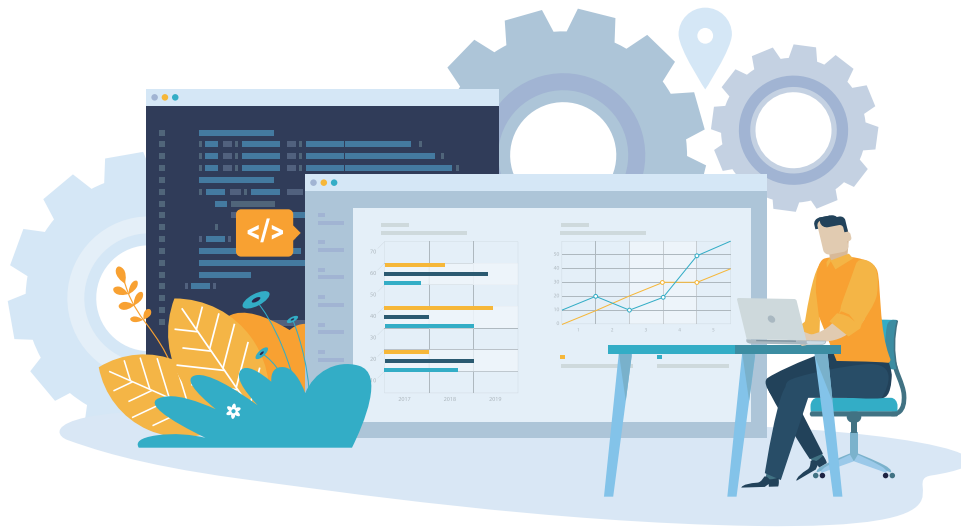
» "BAL" Leadership Training Program

In 2019, the Company launched three "BAL" relay training programs, aiming to cultivate management echelons in line with the Company's strategic needs and improve the comprehensive managerial ability of middle and junior management. A total of 70 team managers and 35 securities branch managers participated in the trainings.

"BAL" relay training programs focus on the four modules of "setting the direction, understanding the system, promoting business development and learning advanced management" and support new managers to draw up work objectives and plans through the mixed training program of "centralized training and discussion + practice sharing + management scenario + action plan", to achieve a comprehensive breakthrough in managers' leadership and comprehensive quality.

Training motivates us to change from our attitude, think about future development at a higher level, prepare for the future; training also strengthens our cohesion and friendship emotionally.

— an employee participating in the training



» Huatai "STAR" New employee Training Program

To cultivate employees with a deep understanding of the Company's whole business chain and with the quality as an international investment banking employee should have, the Company has launched a three-year Huatai "STAR" progressive integration development program, which covered the three closed-loop trainings of "Star Future", "Star Era" and "Star Century", to strengthen more three-dimensional cultural integration and more comprehensive strategic introduction to help the students recruited by Huatai from campus adapt to the Company's operation as quickly as possible, and accelerate their role transition from college graduates to employees.

In 2019, the Company conducted eleven phases of "Star Future", "Star Era" and "Star Century" programs respectively for more than 700 Huatai star employees. The Company enhanced their professional competence by encouraging them to analyze strategic culture and key businesses, held starlight forums to stimulate growth momentum, and carried out Seven Habits copyright courses to cultivate the "STAR" spirit of cooperation and enterprising, honesty and trustworthy, the pursuit of excellence and perseverance, laying a solid foundation for the future development of new employees.



» Business Exchange and Training of Overseas Institutions

To further build systematic service advantages and differentiated service capabilities, in November 2019, the Company formed a 20-member delegation to visit top international investment banks such as JPMorgan Chase, Bank of America (formerly Merrill Lynch) to get an in-depth understanding of the latest layout and strategic deployment of top investment banks in the field of institutional business.

Meanwhile, the Company and institutional investors in the international capital market carried out a more in-depth discussion on the investment & financing products, service demand, market development status and potential opportunities and challenges in the future, which further broadened the financial horizon of the Company's outstanding talents, and sped up the training of international talents, building the new blueprint of the Company's institutional business in the future.



The Company not only carried out offline trainings, but also set up "HTSC Cloud Academy" to provide an online learning platform for employees to further expand the training coverage. In 2019, the Company steadily upgraded the cloud learning system, launched a series of "High Learning Festival" activities, "Five Forces Themed" learning week and HTalent online course for the whole business chain of the Group, gradually improving the offline and cloud "two-dimensional" learning ecology and create a good learning atmosphere and sharing culture. A total of 6,566 students completed the learning week course using mobile cloud APP.



» Training Performance of "HTSC Cloud Academy" in 2019

Number of students enrolled in the courses of "Cloud Academy" is

7,335

Courses studied for

193,100 times

216,000 Learning hours

Per capita learning courses increased by

12% compared with 2018

Per capita learning hours increased by

10% compared with 2018



ESG Management and Performance

Economic performance

In 2019, the Company proactively adapted to changes in regulatory policies and market environment, maintained compliance in operation and pursued innovation and development, and unceasingly deepened its restructuring and transformation, resulting in its overall strength and position in the industry being further reinforced.

In 2019, the Company recorded a net asset per share attributable to shareholders of RMB13.50, basic earnings per share of RMB1.04, total assets of RMB562.181 billion, owner's equity attributable to shareholders of the listed company of RMB122.537 billion, operating revenue of RMB24.863 billion and net profits attributable to shareholders of the listed company of RMB9.002 billion.

» Economic Performance Index

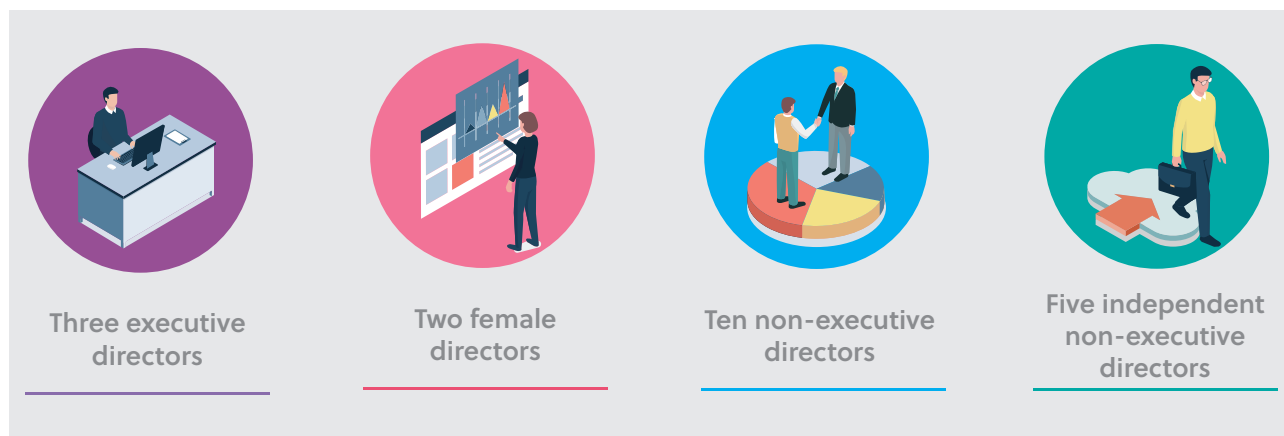
Operating results	Unit	2017	2018	2019
Operating income	RMB10,000	2,110,853.41	1,610,826.23	2,486,301.20
Total profit	RMB10,000	1,158,464.43	644,867.03	1,158,596.51
Tax paid	RMB10,000	249,947.07	180,684.10	315,701.90
Total assets	RMB10,000	38,148,253.98	36,866,587.41	56,218,063.83
Expenses on employee benefits	RMB10,000	559,024.69	642,596.95	607,555.61
Total external donation investment	RMB10,000	1,430.51	1,016.73	2,077.05
Basic earnings per share	RMB/share	1.30	0.66	1.04
Social contribution per share	RMB	3.23	2.54	2.88

Note: social contribution per share = (net profit of the Company + tax paid to the state during the year + salaries paid to employees + interest on borrowings paid to banks and other creditors + value created for other stakeholders, e.g. donations - other social costs due to environmental pollution)/total number of shares of the Company

Corporate Governance >> Optimizing Corporate Governance

In strict accordance with the dual regulatory requirements for listed companies and securities companies, the Company conscientiously implements the Company Law of the People's Republic of China (《中华人民共和国公司法》), Securities Law of the People's Republic of China (《中华人民共和国证券法》), Standards for the Governance of Listed Companies (《上市公司治理准则》) and other documents, keeps promoting the modernization of its corporate governance system and governance capacity and optimizing the operation mechanism for operation and management of general meetings, scientific decision-making of the Board, efficient implementation of senior management and strict supervision of the Supervisory Committee following the principles of independent operation, effective checks and balances, mutual cooperation and coordinated operation of various governance bodies to improve its corporate governance efficiency.

In 2019, according to the overall pilot plan to deepen the mixed ownership reform, the Company actively and steadily piloted the professional manager system, conducted market-oriented recruitment, contractual management, differentiated remuneration and market exit, and established the market-oriented personnel selection & employment and incentive & restraint mechanism, to strive to build a first-class professional manager team. Meanwhile, the Company set up an Executive Committee and chief executive officer, built a multi-structure and complementary Board so as to give full play to the role of the Board, further improved the corporate governance structure, which enhanced the Company's operation and management efficiency.



In 2019, the Company convened a total of 32 meetings, including 2 general meetings, 8 Board meetings, 16 meetings of the special committees under the Board, and 6 meetings of the Supervisory Committee, and considered, reviewed, examined or listened to about 145 proposals and reports, which guaranteed the scientificity and normativity of major decisions and effectively protected the interests of the majority of shareholders and the Company.



Corporate Governance >> Disclosing Information in a Timely and Effective Manner

In accordance with the Administrative Measures for the Disclosure of Information of Listed Companies issued by the CSRC and other legal norms and relevant requirements, the Company formulated the Management Measures for Information Disclosure, the Internal Reporting System for Material Information, the Insider Registration, Management and Confidentiality System and other rules and regulations to provide comprehensive regulation on information disclosure of the Company, so as to disclose information in a truthful, accurate, complete and timely manner, and ensure that all shareholders have equal access to relevant information of the Company.

During the Reporting Period, the Company disclosed 168 documents on the website of the Shanghai Stock Exchange, 201 documents on the Hong Kong Exchanges and Clearing Limited, and 22 documents on the London Stock Exchange, to timely and accurately disclose financial information to achieve zero error in the reporting of information. There were no accounting errors, omissions, corrections, corrections of forecasts, and other report errors and corrections.



Corporate Governance >> Enhancing Communication with Investors

The Company attaches great importance to communication with investors and takes practical actions to improve the quality and intensity of communication to promote two-way exchanges between the Company and investors. Through various channels and methods such as network platform, telephone conference, field research, daily and monthly reports

on investor relations, the Company deeply interprets and delivers its business development and reasons for changes in performance, and earnestly replies to the investors' questions, so as to fully guarantee investors' right to know the Company's business information.

>> Investor Communication Channels and Methods



Network Platform

The "Investor Relations" column on the Company's website
 E Interactive Platform of the Shanghai Stock Exchange
 Mailbox of the Board



Onsite and Telephone Performance Conferences

Performance conference of the year of 2018
 Interim performance conference of the year of 2019



Others

Onsite investigations and surveys or telephone interviews with researchers and investors
 Investor log and survey index

Compliance and Stable Operation >> Compliance Management System

The Company establishes and constantly improves its organizational structure and system of compliance management, and defines in the compliance management system the compliance management responsibilities of the Board of Directors, Supervisory Committee, senior management, chief compliance officer, compliance management department and compliance management personnel, departments, branches, subsidiaries at all levels and all staff.

Focusing on the goal of deepening the compliance management system and strengthening the synergy of the Group's compliance control, the Company promotes the construction of a collectivized compliance management system featuring closer cooperation, greater cultural identity and more unified mechanisms. The Company promotes collectivized compliance control by holding joint meetings of compliance directors of subsidiaries on a quarterly basis, promoting compliance inspection of major subsidiaries, strengthening point-to-point guidance and face-to-face communication with subsidiaries, etc.

In 2019, in terms of compliance management of branches, the Company prepared and issued the Guidance on Standardization of Compliance Work of Branches to realize the standardized management of basic affairs and the standardization of compliance work of branches. The Company also arranged compliance personnel to go down to work in the front-line business departments, to achieve seamless connection with daily work of front-line business.

In 2019, giving top propriety to technology-empowered compliance, the Company sorted out and reconstructed the original methods and processes of compliance management from the five aspects including businesses, customers, institutions, employees and special work, developed the compliance efficiency platform, and improved the digital transformation of compliance management.

>> Compliance Efficiency Platform

Adhering to the new business-oriented, customer-oriented and market-oriented concept, the compliance efficiency platform (phase I) systematically sorts out compliance work into five areas including business, customer, institution, employee and special work, and realizes the online operation of basic management functions such as compliance inspection,

compliance training, compliance assessment, supervision and inspection. In the meantime, the customer complaint handling module, integrated workbench, manager view and unimpeded mechanism of compliance information of subsidiaries are established to promote the preliminary centralized display of business compliance data, effectively improving the efficiency of compliance work.

In 2019, the Company further strengthened the construction of compliance culture, constantly enriched the ways of compliance publicity, and formed a regular and multi-level comprehensive online & offline compliance training system. The Company comprehensively promotes the code of practice for employees, enhances training by optimizing the systems, strives to establish a long-term mechanism of code of practice for employees, comprehensively standardizes the accounts of near relatives of in-service personnel, and improves the self-inspection measures for the integrity of employees before and during their employment.

As at December 25, 2019, the official account "Vision of Compliance" on the Company's communication system recorded 15,842 visits for 43 pushes throughout the year; through "Compliance Salon", "Huatai Forum" and special trainings, the Company carried out many special compliance trainings for the headquarters, and organized 6 special trainings themed on "Compliance-based Transformation" for compliance personnel of its branches.

>> Conducted Series Trainings Themed on "Compliance-based Transformation"

In 2019, the Company carried out a series of trainings themed on "Compliance-based Transformation" for all compliance personnel of its branches in 6 places in tours including Nanjing, Suzhou, Beijing, Hangzhou, Wuhan and Guangzhou, with a total of more than 210 trainees.



These trainings were conducted in a manner appropriate to local conditions in a variety of forms, covering professional knowledge teaching, discussion on concept innovation, experience sharing, external expert training, etc., aiming to help compliance personnel establish the work concept of “acting pro-actively, serving the front line, being close to business, escorting development, shouldering responsibility with passion and creating value”, improve their work initiative and working methods, and consolidate their basic professional qualities, to build a first-class compliance talent team in line with market development, industry change and corporate growth.

Compliance and Stable Operation >> Intellectual Property Management

The Company has formulated the Intellectual Property Management System of Huatai Securities Co., Ltd. in accordance with relevant laws and regulations, such as the Patent Law of the People’s Republic of China (《中华人民共和国专利法》), Copyright Law of the People’s Republic of China (《中华人民共和国著作权法》) and the Trademark Law of the People’s Republic of China (《中华人民共和国商标法》), to promote the protection of intellectual properties.

In 2019, the Company further promoted the use of genuine software, revised the Employee Management Measures of Huatai Securities Co., Ltd., specifying that the employees “should use genuine software following the Company’s requirements for use of genuine software and are prohibited from installing and using pirated software in the computers provided by the Company for office or business use”. According to the copyright publicity materials prepared by the Copyright Office of Jiangsu Province, the genuine software promotion group of the Company produced publicity videos for display in office areas of the headquarters of the Company which were also sent to staff for study via email.

Meanwhile, the Company kept carrying out legal publicity in intellectual property protection. In 2019, the Company publicized intellectual property protection among employees by conducting law popularization themed on “intellectual property publicity week”, producing and distributing intellectual property publicity manuals and launching online education course themed on Analysis of Copyright Cases in Securities Industry and Interpretation on Legal Problems concerning Intellectual Property.

Compliance and Stable Operation >> Supply Chain Management

Daily procurement of the Company mainly covers IT hardware, IT software, products for project construction, comprehensive materials, products for Internet marketing, information products and relevant services.

The Company strictly followed the Tendering and Bidding Law of the People’s Republic of China (《中华人民共和国招标投标法》), the Government Procurement Law of the People’s Republic of China (《中华人民共和国政府采购法》) and other laws and regulations, revised the Procurement Management Measures of Huatai Securities Co., Ltd., further regulated the procedures for supplier shortlisting examination and approval and specified the scope of supplier evaluation, so as to improve the efficiency of supplier management.

Meanwhile, the Company established and launched an online dynamic supplier evaluation system to timely update and forewarn information changes and major events of suppliers, which enhanced the objectiveness and timeliness of supplier evaluation. During the process, the Company paid special attention to the suppliers’ performance in terms of their social responsibilities in environmental protection and labour, and unqualified suppliers would be crossed out.

>> Supplier Statistics

Indicators	Unit	2017	2018	2019
Number of suppliers in Mainland China	Supplier	120	126	175
Number of overseas suppliers (including Hong Kong, Macao and Taiwan)	Supplier	0	0	0



Playing the role of organization >> Conducting strict organizational management

Centred on the “two-pronged” strategy, the Company implemented the requirements of the “Year for Enhancing Party Building” in the whole course of work, carefully performed its subject responsibility of Party committee, and constantly and actively promoted standardized, normalized and digital Party building work, in order to build a comprehensive battlefield integrating image display, Party spirit education and Party member activity.

In 2019, the Company formulated the Key Points of Party Building in 2019, proposed and decomposed 27 major tasks and organized grass-roots Party organizations to work out annual work plans on the basis of major work tasks; considered and approved the Detailed Rules for Evaluation of Grass-roots Party Building Work in 2019 and included the results of Party building evaluation in the Company’s comprehensive performance evaluation; issued the Measures for Implementation of Party Committee Inspection of Huatai Securities, established a work mechanism for political inspection featuring “correction before inspection and correction after awareness” and gradually established an inner-Party supervision system integrating inspection, investigation, compliance, risk control and auditing.

Playing the role of organization >> Stimulating organizational vitality

Based on the learning education of “Two Studies, One Action” and themed education of “Remaining True to Our Original Aspiration and Keeping Our Mission Firmly in Mind” and by conducting centralized study and themed discussions, the Company led its Party members to further study and understand new ideas of the Party and promoted the study of socialism with Chinese characteristics in the new era. Meanwhile, the Company focused on Party building practice such as “Three Meetings and One Class” and carried out education and publicity through a variety of carriers, including exchanges and discussions, OA Internet school and “Xuexiqiangguo” (学习强国) APP, thus creating a strong atmosphere for theoretical study.

In 2019, the Company set up a leading group and office for the themed education of “Remaining True to Our Original Aspiration and Keeping Our Mission Firmly in Mind”, formulated the Plan for Implementation of the Themed Education of “Remaining True to Our Original Aspiration and Keeping Our Mission

Firmly in Mind” and guided the Party committees at the lower level in implementation of various tasks concerning themed education. Besides, the Company issued the Notice on Strictly Implementing Required Actions to Ensure High-quality Conducting of the Themed Education of “Remaining True to Our Original Aspiration and Keeping Our Mission Firmly in Mind” and further specified political responsibilities, work standards, required actions and supervision measures, in order to firmly grasp the correct direction of themed education.

>> Themed education of “Remaining True to Our Original Aspiration and Keeping Our Mission Firmly in Mind”

The Company deeply carried out themed education of “Remaining True to Our Original Aspiration and Keeping Our Mission Firmly in Mind” in strict accordance with the overall requirements of “sticking to the original aspiration, assuming the mission, finding out differences and supervising implementation” and the overall goal of “five intensiveness and five guarantees”. By offering seminars, thematic Party lectures and films, the Company actually enhanced the political consciousness, thinking consciousness and action consciousness of Party members and cadres and guided the Party members and employees to unite in thought and pull together, so as to accumulate powerful positive energy for the Company’s reform and development. In 2019, the Company carried out themed education among all the Party members, successively organized and held the weekly activity of “Theory and Practice” seminar, offered Party lectures themed on “Carrying forward Zhou Enlai’s Spirit”, played films of exemplary deeds of Zhao Yafu and Wang Jicai, reviewed the oath at the CPC joining ceremony, visited the base for building a fine Party culture and a corruption-free Party, provided warning education videos and actually carried out “Four Reviews and Four Shows” activity.

To adapt to digital work mode, in 2019, the Company started building of the Party affairs information platform, made efforts to build a practical, flexible, safe and reliable comprehensive platform for informatization of Party building work featuring unified standards, complete functions and full coverage, so as to realize comprehensive, real-time and dynamic management of the Party organizations, Party members, Party building activities and Party building data, promote standardized, normalized and digital Party building work with IT means and improve the quality and efficiency of grass-roots Party building work.

High-quality Products and Services >> Improving Customer Services

To effectively handle customer consultation and complaints, the Company formulated Customer Complaint and Handling System of Huatai Securities Co., Ltd., standardized all aspects of complaint acceptance, handling and feedback as well as return visit in terms of enhancing customer satisfaction and corporate brand connotation, clarified the division of responsibilities among various units, and improved the efficiency of complaint handling.

The Company also established a customer service hotline 95597. The Company accepted customer consultation and complaints through various channels such as the official customer service hotline 95597, online customer service such as ZhangLe Fortune Path, official website and offline branch offices.

In terms of customer satisfaction, in 2019, the Company leveraged the service experience monitoring mechanism to classify customers' senses into five dimensions, namely, sense of respect, sense of comfort, sense of accuracy, sense of safety and sense of gain, so as to pay attention to service experience in real time and improve customer satisfaction. In 2019, the Company, through the customer service centre, handled 9,153,800 customer service needs from different channels. Customer satisfaction as shown in comprehensive evaluation was 99.68%. Moreover, to listen to the voice of customers in an all-round way, the Company kept paying attention to the service evaluation for the counter business in outlets. During the Reporting Period, customer satisfaction with the business handling in outlets was 98.19%.

>> Customer Service Performance Indicators

Indicators	Unit	2017	2018	2019
Number of customer consultation	Case	2,709,708	2,159,982	3,175,300
Customer satisfaction surveys conducted	N/A	304,373	329,653	387,057
Customer satisfaction	%	99.18	99.41	99.53
Ratio of manual customer service to total customer service business	%	15.01	14.68	13.03
Ratio of online customer service to total customer service business	%	28.91	28.93	28.08
Ratio of smart customer service to total customer service business	%	56.08	56.39	58.89

Note 1: The figures of customer consultation include inbound service volume of customer service centre, manual online service volume and intelligent robot service volume.

Note 2: The figures of customer satisfaction in 2017 include customer service centre and the figures of customer satisfaction in 2018 and 2019 include customer service centre and business outlets.

High-quality Products and Services >> Responsible Marketing

In strict compliance with the Regulations on the Supervision and Administration of Securities Companies, Provisions on the Administration of Proxy Sale of Financial Products by Securities Companies, Rules for Practice Self-Discipline of Fund Practitioners and other documentary requirements, the Company formulated the Administrative Measures for Proxy Sale of Financial Products by Huatai Securities Co., Ltd. to regulate the Company's financial products sales business, make sure customers are updated with true and complete product information and protect the legitimate rights and interest of investors.

The Company ensured strict management of publicity and promotion materials. The product promotion materials were reviewed and provided by the headquarters in a unified way. The relevant contents were legal, clear, eye-catching, compliant with the rules and consistent with the product offering announcement or contract, without false records, misleading statements or major omissions. The Company prohibited marketers from misleading investors into purchasing financial products through exaggerated or false publicity, etc., and made complete product information available to customers through its official website "www.htsc.com.cn", ZhangLe Fortune Path and other trade terminals, hotline at 95597, online customer service, etc.

In accordance with the Advertising Law of the State (《中华人民共和国广告法》) and requirements of the regulatory authorities, the Company issued the Notice on Regulating Advertising Activities, specifying that advertisements should not contain false or misleading information to deceive or mislead customers, and the contents of advertisements should be true and accurate.

On August 23, 2019, Jiangsu Securities Regulatory Bureau made the Decision on Ordering the Huatai Securities Co., Ltd. to Rectify Regulatory and Management Measures ([2019] No. 5) on the Company, noted that the Company has used unregistered promotional materials during the process of agency sale of "National Equities Exchange and Quotations Phrase I Special Projects A and B for Assets Management of Tidal Assets-Chinese Science & Merchants", which reflected the incompleteness of internal control. Jiangsu Securities Regulatory Bureau took regulatory measures to order rectification on the Company and required the Company to submit a written rectification report within 30 days from the date of receiving this Decision.

The Company has improved management of document registration in the link of product introduction, strengthened management and control of promotional materials in the link of marketing and enhanced internal examination and assessment and accountability. The Company adjusted persons in charge of relevant branch offices which has used unregistered promotional materials during the process of agency sale of "National Equities Exchange and Quotations Phrase I Special Projects A and B for Assets Management of Tidal Assets-Chinese Science & Merchants", and deducted points in the normalized assessment and special compliance assessment of branch offices.

High-quality Products and Services >> Data Security and Privacy Protection

The Company paid great attention to customer data protection and strictly protected data privacy. By setting up a Data Governance Working Group, the Company included data governance in the rules of procedure for IT Governance Committee, and took each department as the unit responsible for customer data protection to perform various management requirements of the Company. In 2019, the Company did not discover any event relating to the leakage of customer information and privacy.

The Company's customer service center has established a sound mechanism for the transfer and handling of complaints relating to customer information security and formed a unified speechcraft for addressing complaints relating to customer information security. The collected new methods of suspected fraud and new means of information leakage were timely submitted to the Company's information security department for analysis. In the situation where customers are frequently harassed by financial product sales calls, the Company pushed information security risk alerts to customers through ZhangLe Fortune Path, reminding customers of personal information protection.

In relation to mobile customer service platform, the Company has formulated the "Guidelines for Citizens' Personal Information Protection Self-assessment on Huatai Securities APP", conducting security assessment on "ZhangLe Fortune Path" from 3 fields, 9 evaluation items, and 32 evaluation points. In accordance with the requirements of network supervision, the Company also revised and promoted the online signing of the Privacy Policy of ZhangLe Fortune Path, fully revealing to customers the personal information and application scenarios that need to be obtained and protecting customers' right to information and privacy.

The Company kept increasing investment in the research & development and technological innovation of network security. "Titan", the AI security situation awareness platform independently developed by Huatai Securities, has been iterated for many times with better performance. Titan leveraged big data, AI, threat intelligence and visualization techniques, etc. to establish an enterprise-level security solution integrating threat detection, analysis, disposal and network-wide security situation awareness, so as to make enterprise information security perceivable, visible and manageable.

» "Titan" AI security situation awareness platform

"Titan" AI security situation awareness platform is the first self-developed AI security situation awareness product with completely independent intellectual property in the finance sector, reaching and maintaining a leading position in the industry. The platform automatically disposed of billion-scale events on a daily basis and generated dozens of high-risk alarms, and the time for detecting and responding to network capture was reduced from one week to one day, effectively safeguarding the safe and stable operation of the Company's Internet system.

In 2019, the Company was appraised by the Department of Public Security of Jiangsu Province as an advanced unit and an excellent member unit in the protection of information security at the provincial level of Jiangsu Province.

High-quality Products and Services » Promoting investor education

In order to help investors develop the idea of rational investment, gain more investment knowledge and improve their investment skills, Huatai Securities made continuous efforts in investor education by building innovative investor education bases, organizing featured investor education activities, improving the curriculum system and promoting the development of service-oriented investor education.

With regard to the building of investor education bases, the Company, aiming at building a local FQ community cultural center, provided space experience featuring "experience + community" for investors and introduced a variety of intelligent and interesting multimedia equipment to encourage investors to independently acquire knowledge and participate

in community activities, changing the investor education base into a new platform for building local FQ culture and guiding rational investment by the public. In 2019, the Company promoted the building of five major concrete investor education bases respectively in Nanjing, Beijing, Hubei, Guangzhou and Shenzhen, and the bases in Nanjing and Hubei have already been put into operation.

Through these investor education bases, the Company held over 1,000 different forms of online and offline investor education activities on a variety of themes such as "Investor Education in One Hundred Schools", "FQ Training Camp", "Introducing Finance to Children". These online and offline investor education programs and activities benefited a total of more than 6 million persons. The Company also developed an investor education curriculum system with courses for both beginners and senior investors and developed a total of more than 400 original investor education products, which effectively increased the influence of the Company's investor education brand.



» World investors' week foreign students in investor education bases

To strengthen international exchange and cooperation on investor education and protection and create a chance for our investor education to go global, under the unified arrangement of the CSRC and the guidance of the Jiangsu Branch of the CSRC, over 70 foreign students from various universities in Nanjing visited the Company's investor education base in September 2019, embarking a spectacular salon for world investors.

With the guidance of and the English explanations by the staff, foreign students paid a visit to the investor education base. From the speech of Mr. Fang Wei, the head of the Customer Service Center of the Network Finance Department, the students had a grasp of the opportunities and challenges of the Chinese capital market over the past two decades. They also actively interacted and communicated with strategies analyst Xu Yasheng and senior online investment consultant Jiang Lai. In this exchange, these students said that they had cultivated a deep understanding of investment and the Chinese capital market and acquired very professional knowledge, and they looked forward to more chances for in-depth communication and discussion in the future.



» "I am a shareholder"- a step to the wisdom and capability of China Shenhua

To enhance investors' understanding of their rights and responsibilities as shareholders and their awareness of rational investment and value investment, the investor education base of Huatai Securities, together with the Shanghai Stock Exchange, held an event titled "I am a shareholder – a visit to China Shenhua for small and medium investors" in October 2019. More than 30 representatives of small and medium investors visited Shenhua Guohua (Beijing) Gas-based Cogeneration Co., Ltd. ("China Shenhua") to learn about its technology of intelligent and green power generation and exchanged views with the management of China Shenhua on new development philosophy, corporate reform, high-quality development, production and operation and other issues.



In 2019, the Company was awarded such titles as "2019 Outstanding Investor Education Team", "Excellent Organizer of ETF Knowledge Contest", "Special Award for Investor Education Videos (STAR Market)" and "Outstanding Member of Investor Education (STAR Market)" and "2018 Best Organizer of Investor Education and Protection Series Activities" by the Shanghai Stock Exchange and the Shenzhen Stock Exchange.

Protection of employees' rights >> Employee recruitment and employment

The Company strictly observed the Labour Law of the People's Republic of China (《中华人民共和国劳动法》), Labour Contract Law of the People's Republic of China (《中华人民共和国劳动合同法》) and other laws and regulations and formulated the Administrative Measures for Recruitment of Huatai Securities Co., Ltd. and Regulations on Procedures for Active and Passive Resignation of Employees and other internal policies. It signed labour contracts with all employees according to law on an equal and consultative basis and regulated procedures for employee resignation and dismissal, fully safeguarding the legitimate rights of employees during the recruitment and dismissal.

The Company strictly observed the Law on the Protection of Minors (《中华人民共和国未成年人保护法》), Provisions on the Prohibition of Using Child Labour (《禁止使用童工规定》) and other laws and regulations, by strictly verifying employees' information to resolutely put an end to the recruitment of child labour. Meanwhile, the Company formulated the Attendance Checking System of Huatai Securities Co., Ltd., which clearly specifies employees' working hours, and examined employees' work intensity on a regular basis to avoid the occurrence of forced labour. In 2019, no confirmed event concerning illegal employment and labour was found in the Company.

>> Employee Performance Indicators

Indicator		Unit	2017	2018	2019
Total number of employees		Person	7,591	8,826	9,486
By gender	Male	Person	4,123	4,757	5,127
	Female	Person	3,468	4,069	4,359
By age	>50	Person	252	276	334
	30-50	Person	4,941	5,538	5,984
	<30	Person	2,398	3,012	3,168
By region	Mainland China	Person	7,484	8,665	9,288
	Overseas (including Hong Kong, Macao and Taiwan)	Person	107	161	198
By education degree	Doctor	Person	100	103	128
	Master	Person	2,598	3,337	3,994
	College	Person	4,206	4,769	4,880
	Technical school and below	Person	687	617	484
Number of new employees		Person	1,270	1,944	1,724
By gender	Female	Person	505	868	718
	Male	Person	765	1,076	1,006

Indicator	Unit	2017	2018	2019	
By age	>50	Person	2	4	9
	30-50	Person	473	609	668
	<30	Person	795	1,331	1,047
By region	Mainland China	Person	1,248	1,875	1,639
	Overseas (including Hong Kong, Macao and Taiwan)	Person	22	69	85
Graduates	Person	336	754	618	
Minority ethnic group	Person	152	222	246	
Handicapped	Person	2	2	2	
Loss of staff	%	8.87	8.52	7.06	
By gender	Male	%	9.23	9.89	7.89
	Female	%	8.48	6.87	6.06
By age	>50	%	15.35	5.49	2.46
	30-50	%	7.15	7.77	6.01
	<30	%	11.70	9.84	8.99
By region	Mainland China	%	8.87	7.95	6.79
	Overseas (including Hong Kong, Macao and Taiwan)	%	0	38.64	18.29
Labour discrimination	Case	0	0	0	
Percentage of labour contracts signed	%	100	100	100	

Note 1: The figures of loss of staff in 2017 are for Huatai Securities, and the rest figures in 2017 and 2018 are for Huatai Securities, Huatai United Securities, Huatai Purple Gold Investment, Huatai Futures, Huatai Asset Management, Huatai Financial Holdings (Hong Kong) (excluding AssetMark) and Jiangsu Equity Exchange.

Note 2: The figures regarding minority ethnic employees in 2019 are for Huatai Securities, Huatai United Securities, Huatai Purple Gold Investment, Huatai Futures, Huatai Asset Management, Huatai Innovation Investment and Jiangsu Equity Exchange, and the rest in 2019 are for Huatai Securities, Huatai United Securities, Huatai Securities (USA), Huatai Purple Gold Investment, Huatai Futures, Huatai Asset Management, Huatai Innovation Investment, Huatai Financial Holdings (Hong Kong) (excluding AssetMark) and Jiangsu Equity Exchange.

Note 3: The figures above include the staff that have retired and were re-employed by the Company.

Protection of employees' rights >> Employees' rights and benefits

The Company established a reasonable employee benefit system to provide employees with competitive remunerations, and ensured that all employees were entitled to public holidays, official holidays and other vacations as prescribed by the State as well as statutory benefits including social insurance and provident fund to earnestly safeguard basic rights of employees. The Company guaranteed the post-retirement benefits of employees in all respects by formulating the Administrative Measures for Internal Early Retirement of Huatai Securities Co., Ltd., providing its employees with supplementary medical insurance, annual medical examinations and other welfare benefits and establishing the corporate annuity scheme. The Company also purchased commercial supplementary medical insurances for spouse and underage children of employees to provide comprehensive medical security for employees and their families and further relieve concerns of employees.

In 2019, based on the comprehensive welfare security system, the Company selected four supplementary commercial medical insurance products in two categories: "lifelong insurance for critical illness" and "million coverage medical insurance" for free choice by its employees based on their needs, further guaranteeing employees' health. During the Reporting Period, more than 2,000 employees chose optional insurance products.

To further establish and improve the Company's long-term incentive mechanism and continue to enhance corporate governance, the Company is actively studying and exploring an equity incentive plan matching industry characteristics to further stimulate the vitality of the Company and encourage core talents to create long-term value for the Company and its shareholders. The Company is planning to launch a share repurchase for the equity incentive plan and will promote and implement relevant work according to relevant laws, regulations and policies in an orderly and normative manner.

The Company took the initiative to aid employees in difficulty, conducted dynamic management over the database of employees in difficulty, and insisted on visiting and encouraging employees in difficulty. In 2019, the Company paid a visit to 135 employees giving birth and in hospital as well as 48 employees in difficulty, giving out a total of RMB430,000 for relief of their difficulties.

Advocating the concept of "healthy life · happy work", the Company built the "3I" employee care brand, namely "I Sports", "I Life" and "I Work" and launched a series of activities to convey care to employees and strengthen corporate cohesion.

Employee Welfare Security System



» "3I" Employee Care Brand

"I Sports"

The Company encouraged employees to take part in sports activities. In 2019, the Company launched "I Walk Plan", under which the Company carried out 12 phases of normal walking activities and attracted more than 1,700 employee participants in the form of check-in, interactive game, and point redemption, etc. In addition, the Company organized sport competitions such as football games and basketball games with peers in the industry to give employees a chance to develop their personal interests and enhance mutual friendship.



"I Life"

The Company guided employees to set up interest groups such as stage drama group, yoga group and badminton group to gain fun and happiness from hobbies. In 2019, the Company invited Zhang Bo, a national A-level director, to hold a special lecture on stage drama to popularize the knowledge of stage drama, and invited employees to watch popular stage dramas together.



"I Work"

The Company paid attention to the physical and mental health of its employees and strived to create a "worry-free" working environment. In 2019, the Company actively carried out medical examinations for employees, and invited experts from Gulou Hospital to make specific explanations, answer questions and provide professional guidance in helping employees keep fit in a scientific way.



To guide effective management of employees' health, in April 2019, the Company launched the "Huatai Health" Fitness Monitoring Program. It was aimed to enable its employees to learn more about their physical condition through a comprehensive electronic physical examination report produced based on 11 fitness monitoring indicators, proposed scientific fitness principles and methods for employees' participating in physical exercise so as to enhance their immunity.

Meanwhile, the Company continued to carry out the "Sunshine Huatai" Employee Assistance Program, and promoted "Sunshine Huatai" 7*24-hour psychological care hotline to employees and their families at branch offices to soothe employees' negative emotions by listening to their difficulty and anxiety and help them live with positive attitude.

In 2019, no illegal activity relating to employees' occupational health and safety was found in the Company.

» Employee Performance Indicators

Indicator	Unit	2017	2018	2019
Coverage of social insurance	%	100	100	100
Number of female employees using maternity leave	Person	199	589	201
Percentage of female employees returning to work after maternity leave	%	100	100	100
Number of employees who die at work	Person	0	0	0
Rate of work-related accidents	‰	0	3	3
Number of working days lost due to work-related injury	Day	0	90	65

Note 1: The figures in 2017 and 2018 are for Huatai Securities, Huatai United Securities, Huatai Purple Gold Investment, Huatai Futures, Huatai Asset Management, Huatai Financial Holdings (Hong Kong) (excluding AssetMark) and Jiangsu Equity Exchange.

Note 2: The figures in 2019 are for Huatai Securities, Huatai United Securities, Huatai Securities (USA), Huatai Purple Gold Investment, Huatai Futures, Huatai Asset Management, Huatai Financial Holdings (Hong Kong) (excluding AssetMark) and Jiangsu Equity Exchange.

Note 3: According to the Regulation on Work-related Injury Insurances issued by the State Council, three work-related injuries occurring in the Company in 2019 did not meet the criteria of disability.

In 2019, the Company carried out an employee engagement survey of “listening to employees’ voice”, which focused on the survey of working environment, working atmosphere and human resource management. Through anonymous questionnaires, the Company explored the key factors affecting employee engagement from the dimensions of thought, behavior and attitude, with the questionnaire response rate of 93%.

The survey result showed that the percentage of engaged employees in the Company was 8.2% higher than the market average level, indicating a relatively higher recognition and engagement of our employees to the Company and their work. According to the survey result, the Company further communicated with all departments and provided some suggestions on the improvement of management style

and authorization, process optimization, human resources management and other aspects to build an organizational culture featuring high performance and engagement.

Attaching great importance to bidirectional communication with employees, the Company, based on the Employee Management Measures of Huatai Securities Co., Ltd., has established a comprehensive and normative performance management mechanism covering performance planning, management, tutoring and evaluation, result application and performance feedback and appeal. While regularly evaluating the performance of employees, the Company responsively communicates face to face with employees who have doubts on their evaluation results and properly handles the appeals of employees.

Protection of employees' rights >> Staff training

Based on the Measures for Training Management of Huatai Securities Co. Ltd., the Company has set up a talent training system covering the whole career development and whole business chain of employees through advanced career development, online think tank, tutorial system, rotational training, business practice, external exchange and other diverse training models, so as to effectively instruct employees to make continuous progress in their career.

To support the skill improvement and career development of employees and regulate the practice of securities and fund practitioners of the Company to meet the requirements for industrial development, the Company organizes and

continuously strengthens follow-up career trainings on such practitioners and reimburses them for relevant training fees, raising their comprehensive quality and awareness of incorruptible employment and honest expansion. Meanwhile, the Company encourages employees to participate in external trainings and qualification tests recognized by competent securities institutions and the industry, so as to systematically improve their comprehensive abilities and professional level. The Company also reimburses them for relevant training fees, and actively explores the means for supporting relevant employees in participating in the study for more high-quality professional qualification authentication.

>> Staff Training Performance Indicators

Indicator		Unit	2017	2018	2019
Staff training attendance		person-time	38,490	63,382	71,823
Total expense of staff training		RMB10,000	1,335.37	2,041.61	2,364.21
Coverage ratio of staff training		%	100	100	100
By gender	male	%	100	100	100
	female	%	100	100	100
By staff type	ordinary staff	%	100	100	100
	junior management	%	100	100	100
	senior and middle management	%	100	100	100
Average training hours per capita of all staffs for each year		hour	50.50	51.50	54.44
By gender	male	hour	50.20	51.30	54.20
	female	hour	50.80	51.80	54.70
By staff type	ordinary staff	hour	46.60	46.70	47.50
	junior management	hour	82.00	85.00	88.00
	senior and middle management	hour	122.00	126.00	130.00

Note 1: The above figures about staff training attendance, total expense of staff training and coverage ratio of staff training in 2018 are for Huatai Securities, Huatai United Securities, Huatai Purple Gold Investment, Huatai Futures, Huatai Asset Management, Huatai Financial Holdings (Hong Kong) (excluding AssetMark) and Jiangsu Equity Exchange, and the rest figures in 2017 and 2018 are for Huatai Securities.

Note 2: The figures of staff training attendance and total expense of staff training in 2019 are for Huatai Securities, Huatai United Securities, Huatai Securities (USA), Huatai Purple Gold Investment, Huatai Futures, Huatai Asset Management, Huatai Innovative, Huatai Financial Holdings (Hong Kong) (excluding AssetMark) and Jiangsu Equity Exchange, and the rest figures are for Huatai Securities.

Building of a harmonious society >> Energy and material management

The Company advocates green and environmental protection concepts and strengthens its control over resources conservation, energy conservation and emission reduction to cut down energy and material consumption in daily operation. Energies consumed by the Company mainly include electricity, natural gas and oil consumed by the Company's business vehicles; and material consumption mainly includes paper consumption caused by contracts, bills, documents and other paper materials during office work. In 2019, there was no violation of laws or regulations in respect of environmental protection within the Company.

The Company encourages employees to save electricity. The air-conditioning temperature is not lower than 26°C in summer and not higher than 20°C in winter; office devices are turned off when they are not in use; all fluorescent and incandescent lamps are replaced by more eco-friendly LED lights, and employees are required to turn off the lights when they leave. The Company makes full use of the solar photovoltaic power generation system to save 7,472 kWh of electricity for the year; and has cumulatively

saved more than 400,000 kWh of electricity throughout the year through such measures as light-guided lighting system, water pumps in gardens and intelligent lighting control in office areas.

Meanwhile, the Company advocates taking public transportation for intracity business travel and sharing official business vehicles in collective business activities, thereby giving full play to the transportation efficiency and reducing vehicle exhaust emissions to the environment; and fully leverages the video conferencing system to reduce the number of on-site conferences and decrease carbon emissions from business travels.

The Company continues to promote paperless office, and has achieved whole-process paperless office synergy and communication based on OA system, thereby greatly reducing the use of office papers. In 2019, the Company launched an electronic signature platform to help customers sign contracts with the Company online, which significantly reduced the use of paper contracts and saved about 1.5 million sheets of paper.

>> Performance Indicators for Greenhouse Gas (GHG) Emissions and Energy and Material Consumption

Indicator	Unit	2017	2018	2019
Total greenhouse gas (GHG) emissions	tons of CO ₂ equivalent	23,614	23,486	26,373
Total greenhouse gas (GHG) emissions per person	tons of CO ₂ equivalent/person	5.46	4.59	4.62
Greenhouse gas (GHG) emissions per unit area	tons of CO ₂ equivalent/m ²	0.14	0.14	0.16
Total electricity consumption	kWh	29,427,859	30,051,383	34,461,317
Electricity consumption per person	kWh/person	6,805.70	5,872.85	6,032.09
Electricity consumption per unit area	kWh/m ²	178.71	178.53	202.71
Total natural gas consumption	m ³	975,014	729,166	626,474
Natural gas consumption per person	m ³ /person	225.49	142.50	109.66
Natural gas consumption per unit area	m ³ /m ²	5.92	4.33	3.69

Indicator	Unit	2017	2018	2019
Oil consumption of the Company's vehicles	Liter	337,253.73	326,858.82	307,039.17
Diesel consumption of diesel generators	Liter	0	0	400
Total paper consumption	Package	4,600	5,500	5,885

Note 1: The figures of diesel consumption of diesel generators are for Huatai Securities Square; the figures of total paper consumption are for headquarters of the parent company of Huatai Securities and its branches; the rest figures are for headquarters of the parent company of Huatai Securities and tenants in Huatai Securities Square (excluding Renaissance Nanjing Olympic Centre Hotel), Huatai Futures, Huatai United Securities, Huatai Innovative, Huatai Financial Holdings (Hong Kong) (excluding AssetMark), Huatai Asset Management, Huatai Purple Gold, Jiangsu Equity Exchange and 30 branches.

Note 2: Greenhouse gas emissions include direct greenhouse gas emissions from natural gas consumption, own vehicles gasoline consumption and diesel consumption of diesel generators of the Company and indirect greenhouse gas emissions

from purchased electricity, excluding greenhouse gas emissions under Category 3. Such emissions are calculated based on the average carbon dioxide emission factor (2012) of China's regional electricity grid released by the National Climate Strategy Center and the appendix to Hong Kong Stock Exchange ESG Reporting Guide (2015).

Note 3: The data of oil consumption of vehicles and paper consumption are estimates.

Note 4: In 2019, the Company officially started to use the machine room on the 9th floor of the data center at Huatai Securities Square, and the power consumption has therefore increased compared with that in 2018.

Building of a harmonious society >> Water resource management

The Company focuses on cultivating employees' consciousness of scientific use of water and water saving, and takes water-saving measures in the use of water. The Company adopts municipal water as the main source, and consumes water mainly for work in daily operations.

Advocating water saving, the Company uses water-saving

sanitary ware; makes full use of the rainwater recovery system, collects rainwater in the rainy season, and irrigates plants in the dry season; conducts regular maintenance on water equipment to prevent evaporating, emitting, dripping, and leaking. In 2019, Huatai Securities Square consumed approximately 179,600 tons of water, representing a decrease of 13,000 tons or 6.8% as compared to 2018.

>> Performance Indicators for Water Resource Consumption

Indicator	Unit	2017	2018	2019
Total water consumption	ton	118,863	138,672	130,823
Water consumption per person	ton/person	27.49	27.10	22.90
Water consumption per unit area	ton/m ²	0.72	0.82	0.77

Note 1: The figures in the form are for headquarters of the parent company of Huatai Securities and tenants in Huatai Securities Square (excluding Renaissance Nanjing Olympic Centre Hotel), Huatai Futures, Huatai United Securities, Huatai Innovative, Huatai Financial Holdings (Hong Kong) (excluding AssetMark), Huatai Asset Management, Huatai Purple Gold, Jiangsu Equity Exchange and 30 branches.

Building of a harmonious society >> Sewage and waste management

As a financial enterprise, Huatai Securities mainly produces hazardous wastes including electronics waste, toners and cartridges, non-hazardous wastes including office waste, and wastewater in work and service provision.

Adhering to the concept of “utilizing waste to create value” for waste treatment, the Company evaluates the reusability of discarded office devices and encourages reusing of waste

and old materials to reduce unnecessary waste; entrusts a qualified company to recycle and dispose of or reuse hazardous wastes; requires the property management center to clear and transport office waste to minimize adverse impacts on environment; discharges wastewater into the municipal sewage pipeline and transports wastewater to the municipal wastewater treatment plant.

>> Performance Indicators for Waste Production Volume

Indicator	Unit	2017	2018	2019
Waste volume of electronics	Unit	11,400	13,000	8,160
Toner	Unit	70	130	138
Cartridge	Unit	360	525	551

Note 1: The above figures are for headquarters of the parent company of Huatai Securities and its branches.

Note 2: Since the office waste is cleared by the property management center, it is impossible to calculate the production volume.

Note 3: The statistical scope of the electronic waste includes laptops, monitors, desktops, all-in-ones, routers, UPS, etc., which are calculated by physical asset management system.

Note 4: The consumption volume data of toners and cartridges are estimates.



Building of a harmonious society >> Promoting professional volunteer services

The Company continues to expand the Commonwealth Heart of Huatai volunteer team and makes efforts to promote professional volunteer services. On one hand, it cooperates with professional NGOs to conduct volunteer service projects. On the other hand, it keeps improving the service ability of volunteers through professional training. During the Reporting Period, 290 employees spent more than 3,000 hours in volunteer activities.

As of the end of 2019, the Company accumulatively held 9 Commonwealth Heart of Huatai volunteer salons in diverse forms including expert lectures, volunteer sharing, skills training, and event experience to attract its employees. Focusing on equal employment of people with disabilities, the 9th salon solicited 15 volunteer families within the Company to provide volunteer services at Amity Bakery, with an aim to sincerely accept and accommodate unprivileged groups.

Under the assistance of the Amity Foundation, each year, the Company also organizes employees as Commonwealth Heart of Huatai volunteers to visit children in families who have applied for the "Funding Program for Children in Need" to verify their economic and learning conditions so as to distribute donations in a fair and targeted manner.

The Commonwealth Heart of Huatai volunteers carry out volunteer services at five aided schools each year, for which the Company will make surveys of school needs and conduct volunteer training in advance and select the most suitable colleagues with reference to their specialties, so as to prepare lessons most needed for students at the schools. As of the end of the Reporting Period, the Company had offered a total of 136 volunteer lessons on a cumulative basis.



The Company also actively encourages employees in the headquarters, branches and subsidiaries to conduct volunteer activities from such aspects as environmental protection, education and health so as to actively practice the commonweal concept.

>> Huatai United Securities launched the "First Volunteer Service Day"

In order to better carry out employee volunteer projects, in 2019, Huatai United Securities, a subsidiary of Huatai Securities, set up a "Huatai United Volunteer Service Base" in the Beijing Social Work Development Center for Facilitators and Nanjing Social Work Development Center for Facilitators, respectively, promoting stable and sustained development of public welfare activities of the Company.

In 2019, in light of the upcoming Children's Day and World Environment Day and focusing on two themes on education and environmental protection, Huatai United Securities synchronously launched the first "Volunteer Service Day" in Beijing, Nanjing, Shanghai, and Shenzhen. Nearly 200 people including employee volunteers of Huatai United Securities, families with "migrant children", non-governmental organizations (NGOs), college volunteers and other people from all walks of life conducted activities in various themes and forms such as achieving the wishes of the "migrant children" in need in the four places to inspire volunteers to reflect on the education for "migrant children" and protection of ecological environment.

In 2019, nearly 60 employee volunteers signed up for the "First Volunteer Service Day" of Huatai United Securities, helping 80 "migrant children" achieve their wishes.



» AssetMark conducted the “Step for Charity” step donation activity

Every August, AssetMark, a subsidiary of Huatai Securities, regularly organizes employees to conduct the “Step for Charity” step donation activity. While encouraging employees to take an active part in exercises, it sends sincere love to charities in local community.

In August 2019, 18 teams composed 137 employees of the Company accumulatively took more than 42.26 million steps and assisted four charities including Alzheimer’s Association, American Cancer Society and Children’s Healthcare of Atlanta in obtaining a total of USD\$5,000 of donations from the Company, doing a pygmy effort in helping patients take on a new lease of life.



Independent Verification Statement

TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch (hereinafter referred to as “TÜV SÜD”) has been engaged by Huatai Securities Co., Ltd. (hereinafter referred to as “Huatai Securities” or “the Company”) to perform an independent third-party verification on 2019 Corporate Social Responsibility Report of Huatai Securities (hereinafter referred to as “the Report”). During this verification, TÜV SÜD’s verification team strictly abided by the contract signed with Huatai Securities and provided verification regarding the Report in accordance with the provisions agreed by both parties and within the authorized scope stipulated in the contract.

This Independent Verification Statement is based on the data and information collected by Huatai Securities and provided to TÜV SÜD. The scope of verification is limited to the said information. Huatai Securities shall be held accountable for authenticity and completeness of the provided data and information.

Scope of Verification

Time frame of this verification:

- The Report contains the data disclosed by Huatai Securities during the reporting period from January 1st, 2019 to December 31th, 2019, including economic, environmental and social information and data, methods for management of substantial issues, actions/measures and the company’s sustainable development performance during the reporting period.

Physical boundary of this verification:

- The on-the-spot verification took place at Huatai Securities’ address at No.228 Middle Jiangdong Road, Nanjing, Jiangsu Province, the P.R.C.

The following information and data are beyond the scope of this verification:

- Any information and contents beyond the reporting period of this Report; and
- The financial data and information disclosed in this Report that have been audited by an independent third party are not verified again herein.

Limitations

- Due to COVID-19, this verification was performed at No.228 Middle Jiangdong Road, Nanjing, Jiangsu Province, the P.R.C., and no branch or subsidiary was visited during the aforesaid verification; and
- The Company’s standpoint, opinions, forward-looking statements and predictive information as well as the historical data and information before January 1st, 2019 are beyond the scope of this verification.

Basis for the Verification

This verification process was conducted by TÜV SÜD’s expert team who are highly experienced in the corporate social responsibility, economic, social, environmental and other relevant issues and this team drew the conclusions thereof. The verification referred to the following standards:

- The Stock Exchange of Hong Kong Limited: *the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Main Board Listing Rules*
- Global Reporting Initiative: *Sustainability Reporting Standards (GRI Standards) (2016)*
- Shanghai Stock Exchange: *the Notice on Strengthening Assumption of Social Responsibility by Listed Companies and Issuing the “Guidelines of Environmental Information Disclosure by Companies Listed on Shanghai Stock Exchange”*
- *TÜV SÜD Procedure of Verification on Sustainability Report*

In order to perform adequate verification in accordance with the contract and provide reasonable verification for the conclusions, the verification team conducted the following activities:

- Preliminary investigation of the relevant information before the Verification;
- Confirmation of the presence of the highly substantial issues and performance in the Report;
- On-the-spot review of all supporting documents, data and other information provided by Huatai Securities; tracing and verification of key performance information;
- Special interview with the representative of Huatai Securities' board of directors; interviews with the employees related to collection, compilation and reporting of the disclosed information; and
- Other procedures deemed necessary by the verification team.

Verification Conclusions

According to the verification, we believe the Report prepared by Huatai Securities is reliable, consistent and substantial; the disclosed information is objective, authentic, complete and clear; no systematic or substantial problem has been detected; this Report can be used by the stakeholders of Huatai Securities.

The verification team has drawn the following conclusions on this Report:

Stakeholder Inclusiveness	The Report has adequately identified the main stakeholders. The expectations of the stakeholders have been learned by online investigation on new media and the Report has reasonably responded to the issues that the stakeholders are concerned with.
Sustainable Context	Within a broader context of sustainable development, the Report reveals the performance on sustainable development of the Company. Compared with the 2018 report, the Company has shifted its focus from its own sustainable development to its influence on global sustainable development.
Materiality	The Report covers significant issues regarding the Company's economic, social and environmental impacts and also the issues deemed important by the stakeholders and has responded to the substantial issues after having prioritizing them.
Completeness	The Report identifies the substantial issues and defines the influence scope of these issues and how the Company can be part of the influence. Overall, the Company's information collection process is reasonable and appropriate.
Accuracy	According to on-the-spot verification and confirmation, the Company uses reasonable information collection system. The information in the Report is believed to be authentic, objective and valid, and the data are accurate and traceable.
Balance	During the process of preparing the Report, the balance of the Report was adequately considered, where both positive information and negative information are disclosed.
Clarity	The Report combines pictures, diagrams and texts; the terminology and abbreviations are clearly explained; and the Report openly reveals the method of directly accessing the Report.
Comparability	The data and information in the Report adequately reflect comparability, where the data over the last three years are clearly presented so that they can be used by the stakeholders and other organizations.
Reliability	The Company uses a reliable data collection system. The Report clearly explains the criteria for collecting the data, the assumptions and calculation/estimation method. The data in the Report are evidence-based.
Timeliness	The Company publishes reports to the stakeholders on an annual basis. The time frame of the Report is consistent with the annual report, so the stakeholders can obtain information in a timely manner to make decisions.



Recommendations on Continuous Improvement

- The Company is recommended to enhance the stakeholders' involvement, e.g. increase the number of feedback to questionnaire surveys of the regulatory authority, which is also a stakeholder, to improve materiality of the Report.
- The Company is recommended, by reflecting on UN SDGs 2030, corporate ESG development concept and identified substantial issues, to set more practicable ESG goals and review them regularly.
- The Company is recommended to strengthen identification, management and handling of risks and opportunities and comprehensively improve its risk management ability and measures in broader dimensions.

Statement on Independence and Verification Capability

TÜV SÜD is a trusted partner of choice for safety, security and sustainability solutions. It specialises in testing, certification, auditing and advisory services. Since 1866, TÜV SÜD has remained committed to its purpose of enabling progress by protecting people, the environment and assets from technology-related risks. Today, TÜV SÜD is present in over 1,000 locations worldwide with its headquarters in Munich, Germany. TÜV SÜD has been committed to sustainable development and actively promotes environmental protection related projects. Over the years, TÜV SÜD has been actively expanding its performance in energy management, renewable resources, and electric automobiles, etc., helping its customers meet sustainable development needs.

TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch is one of TÜV SÜD 's global branches and has an expert team whose members have professional background and rich industrial experiences.

TÜV SÜD and Huatai Securities are two entities independent of each other and both TÜV SÜD and Huatai Securities and their branches or stakeholders have no conflict of interest. No member of the verification team has business relationship with the company. The verification is completely neutral. All the data and information in the Report are provided by Huatai Securities. TÜV SÜD has not been involved in preparation and drafting of the Report, except for the verification itself and issuance of the verification statement.

Signature:

On Behalf of TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch

Zhu Wenjun

TÜV SÜD Sustainability Product Manager

March 11th, 2020

Note: In case of any inconsistency or discrepancy, the simplified Chinese version of this verification statement shall prevail, while the English translation and the traditional Chinese version are used for reference only.

Report Index

Index of Guidelines on Environmental Information Disclosure of Listed Companies on SSE

Shanghai Stock Exchange's Notice on Strengthening Listed Companies' Assumption of Social Responsibility & Issuing the Guidelines on Listed Companies' Environmental Information Disclosure	
Disclosure Advice	Section Index
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Article 2	Statement by the ESG Committee Holding Fast to Risk Prevention and Control Fintech Empowerment Service for Real Economy Commitment to Sustainable Finance Support for Public Welfare Promotion of Targeted Poverty Alleviation Support for Employee Development ESG Management and Performance
Article 3	Compliant
Article 4	ESG Management and Performance
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Article 5: (2)	Building of A Harmonious Society
Article 5: (3)	Holding Fast to Risk Prevention and Control Compliance and Stable Operation High-quality Products and Services Protection of Employees' Rights Fintech Empowerment Support for Employee Development
Article 6	Compliant
Article 7	Compliant

Index of ESG Reporting Guide on Hong Kong Stock Exchange

Aspects, General Disclosures and KPIs	Description	Sections
Subject Area A. Environmental		
Aspect A1: Emissions		
General Disclosure A1	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Building of A Harmonious Society
KPI A1.1	The types of emissions and respective emissions data	Building of A Harmonious Society
KPI A1.2	Greenhouse gas emissions in total (in tons) and, where appropriate, intensity (e.g. per unit of production, per facility)	Building of A Harmonious Society
KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production, per facility)	Building of A Harmonious Society
KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production, per facility)	Building of A Harmonious Society
KPI A1.5	Description of measures to mitigate emissions and results achieved	Building of A Harmonious Society
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Building of A Harmonious Society
Aspect A2: Use of Resources		
General Disclosure A2	Policies on the efficient use of resources, including energy, water and other raw materials.	Building of A Harmonious Society
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production, per facility)	Building of A Harmonious Society
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production, per facility)	Building of A Harmonious Society
KPI A2.3	Description of efficiency initiatives for energy use and results achieved	Building of A Harmonious Society
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Building of A Harmonious Society
KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced	The Company's products are financial products which are not applicable for this indicator
Aspect A3: The Environment and Natural Resources		
General Disclosure A3	Policies on minimizing the issuer's significant impact on the environment and natural resources	Building of A Harmonious Society
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Building of A Harmonious Society

Aspects, General Disclosures and KPIs	Description	Sections
Subject Area B. Social Employment and Labour Practices		
Aspect B1. Employment		
General Disclosure B1	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, antidiscrimination, and other benefits and welfare	Protection of Employees' Rights
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Protection of Employees' Rights
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Protection of Employees' Rights
Aspect B2. Health and Safety		
General Disclosure B2	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Protection of Employees' Rights
KPI B2.1	Number and rate of work-related fatalities	Protection of Employees' Rights
KPI B2.2	Lost working days due to work injury	Protection of Employees' Rights
KPI B2.3	Description of occupational health and safety measures adopted and how they are implemented and monitored	Protection of Employees' Rights
Aspect B3. Development and Training		
General Disclosure B3	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Protection of Employees' Rights
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Protection of Employees' Rights
KPI B3.2	The average training hours completed per employee by gender and employee category	Protection of Employees' Rights
Aspect B4. Labour Standards		
General Disclosure B4	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Protection of Employees' Rights
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Protection of Employees' Rights
KPI B4.2	Description of steps taken to eliminate such practices when discovered	Protection of Employees' Rights
Subject Area B. Social Operating Practices		

Aspects, General Disclosures and KPIs	Description	Sections
Aspect B5. Supply Chain Management		
General Disclosure B5	Policies on managing environmental and social risks of the supply chain	Compliance and Stable Operation
KPI B5.1	Number of suppliers by geographical region	Compliance and Stable Operation
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Compliance and Stable Operation
Aspect B6. Product Responsibility		
General Disclosure B6	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters of products and services provided and methods of redress	High-quality Products and Services
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not Applicable
KPI B6.2	Number of products and service related complaints received and how they are dealt with	High-quality Products and Services
KPI B6.3	Description of practices relating to maintenance and protecting intellectual property rights	Compliance and Stable Operation
KPI B6.4	Description of quality assurance process and recall procedures	Not Applicable
KPI B6.5	Description of consumer data protection and privacy policies and how they are implemented and monitored	High-quality Products and Services
Aspect B7. Anti-corruption		
General Disclosure B7	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Holding Fast to Risk Prevention and Control
KPI B7.1	Number of corruption lawsuits filed and concluded against issuers or their employees during the reporting period and litigation outcome	Holding Fast to Risk Prevention and Control
KPI B7.2	Describe preventive measures and reporting procedures, as well as related implementation and monitoring methods	Holding Fast to Risk Prevention and Control
Aspect B8. Community Investment		
General Disclosure B8	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Support for Public Welfare Promotion of Targeted Poverty Alleviation
KPI B8.1	Focus on areas of contribution (e.g. education, environmental issues, labour needs, health, culture, sports)	Support for Public Welfare Promotion of Targeted Poverty Alleviation
KPI B8.2	Use of resources (e.g. money or time) in the area of focus	Support for Public Welfare Promotion of Targeted Poverty Alleviation

Index of Sustainability Reporting Standards (2016)

Sustainability Reporting Standards Indicator		Disclosure Content
Basis		
101-1	Reporting basis, including reporting principles to define the content and quality of the report	Explanations for Preparation of This Report
Organization Profile		
102-1	Name of the organization	About Huatai Securities
102-2	Activities, brands, products, and services	About Huatai Securities
102-3	Location of headquarters	Back Cover
102-4	Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report	About Huatai Securities
102-5	Nature of ownership and legal form	About Huatai Securities
102-6	Markets served	About Huatai Securities
102-7	Scale of the organization	About Huatai Securities
102-8	Information on employees and other workers	Protection of Employees' Rights
102-9	Describe the organization's supply chain, including its main elements as they relate to the organization's activities, primary brands, products, and services	About Huatai Securities
102-10	Significant changes to the organization's size, structure, ownership, or supply chain (including changes in the location of, or changes in, operations; changes in the share capital structure and other capital formation, maintenance, and alteration operations; changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers)	About Huatai Securities
102-11	Precautionary Principle or approach	Holding Fast to Risk Prevention and Control
102-12	Externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses.	Report Index
102-13	Major industry associations or other associations that the organization joins, as well as national or international advocacy organizations	Awards and Recognition
Strategy		
102-14	Statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability	Statement by the ESG Committee
102-15	Describe key impacts, risks, and opportunities	Statement by the ESG Committee
Morality and Integrity		
102-16	Describe the organization's values, principles, standards, and norms of behaviour	Social Responsibility Principles and Management
Governance		

Sustainability Reporting Standards Indicator		Disclosure Content
102-18	Governance structure	About Huatai Securities
102-21	Consultations with stakeholders on economic, environmental and social issues	Social Responsibility Principles and Management
102-22	Explain the composition of the highest governance body and its committee	About Huatai Securities
102-29	Identification and management of economic, environmental and social impacts	Social Responsibility Principles and Management
Stakeholder Involvement		
102-40	A list of stakeholder groups engaged by the organization	Social Responsibility Principles and Management
102-41	Percentage of total employees covered by collective bargaining agreements	Protection of Employees' Rights
102-42	Describe the basis for identification and selection for selected stakeholders	Social Responsibility Principles and Management
102-43	The organization's approach to stakeholder engagement	Social Responsibility Principles and Management
102-44	Key topics and concerns that have been raised through stakeholder engagement, including how the organization has responded to those key topics and concerns, and the stakeholder groups that raised each of the key topics and concerns	Social Responsibility Principles and Management
Report Overview		
102-45	Entities included in the consolidated financial statements	Explanations for Preparation of This Report
102-46	Define the report content and the topic Boundaries	Social Responsibility Principles and Management
102-47	List all the material topics identified in the process for defining report content	Social Responsibility Principles and Management
102-48	The effect of any restatements of information given in previous reports, and the reasons for such restatements.	Not Involved
102-49	Significant changes from previous reporting periods in the list of material topics and topic Boundaries	Social Responsibility Principles and Management
102-50	The reporting period for the information provided (e.g. financial year or calendar year)	Explanations for Preparation of This Report
102-51	The date of the most recent previous report (if applicable)	Explanations for Preparation of This Report
102-52	Reporting cycle (e.g. once a year, once every two years)	Explanations for Preparation of This Report
102-53	The contact point for questions regarding the report or its contents	Back Cover
102-54	The claim made by the organization, if it has prepared a report in accordance with the GRI Standards, either Core option or Comprehensive option	Explanations for Preparation of This Report
102-55	Each of the criteria adopted is detailed in the GRI Content Index, and all content disclosed in the report is listed accordingly.	Index of Sustainability Reporting Standards (2016)

Sustainability Reporting Standards Indicator		Disclosure Content
102-56	External assurance statements.	Independent Verification Statement
Economy		
103-1	For each material topic, explain the material reasons for the topic, the Boundaries for the material topic, and any specific limitation regarding the topic Boundary	Economic Performance Service for Real Economy Support for Public Welfare
103-2	Management approach and its components	Promotion of Targeted Poverty Alleviation
103-3	Explain how the organization evaluates management	Holding Fast to Risk Prevention and Control
Economic Performance		
201-1	Economic value directly generated and distributed by institutions	Economic Performance
Indirect Economic Impact		
203-1	Infrastructure investments and services supported	Service for Real Economy Support for Public Welfare Promotion of Targeted Poverty Alleviation
Anti-Corruption		
205-2	Communication and training about anti-corruption policies and procedures	Holding Fast to Risk Prevention and Control
Environment		
103-1	For each material topic, explain the material reasons for the topic, the Boundaries for the material topic, and any specific limitation regarding the topic Boundary	Commitment to Sustainable Finance
103-2	Management approach and its components	Building of A Harmonious Society
103-3	Explain how the organization evaluates management	
Energy		
302-1	Energy consumption within the organization	Building of A Harmonious Society
302-3	Energy intensity	
Environmental Compliance		
307-1	Total monetary fines and total non-monetary sanctions for violations of environmental laws and regulations, and cases brought through the dispute settlement mechanism. If this does not happen, make a brief explanation of the facts.	Building of A Harmonious Society
Society		
103-1	For each material topic, explain the material reasons for the topic, the Boundaries for the material topic, and any specific limitation regarding the topic Boundary	Protection of Employees' Rights Support for Employee Development
103-2	Management approach and its components	High-quality Products and Services
103-3	Explain how the organization evaluates management	

Sustainability Reporting Standards Indicator		Disclosure Content
Employment		
401-1	Total number and rate of new employees and employee turnover by age group, gender and region	Protection of Employees' Rights
Occupational Health and Safety		
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism	Protection of Employees' Rights
Training and Education		
404-1	Average hours of training per year per employee by gender, and by employee category	Support for Employee Development Protection of Employees' Rights
Diversity and Equal Opportunity		
405-1	Percentage of governance bodies and breakdown of employees per employee category according to gender, age group, and other indicators of diversity	Protection of Employees' Rights
Child Labour		
408-1	Operations and suppliers considered to have significant risk for incidents of child labour and young workers exposed to hazardous work; operations and suppliers with significant child labour incidents and measures taken by the organization in the reporting period intended to contribute to the effective abolition of child labour	Protection of Employees' Rights
Forced and Compulsory Labour		
409-1	Operation and suppliers being found of risks of severely forced or compulsory labour incidents, and measures intended to contribute to the elimination of all forms of forced or compulsory labour	Protection of Employees' Rights
Marketing and Logo		
417-2	The number of violations involving product and service information and identification; if no violation of the regulations is found, simply explain	High-quality Products and Services
417-3	The number of violations involving marketing; if no violation of the regulations is found, simply explain	High-quality Products and Services
Customer Privacy		
418-1	Total number of confirmed infringements of customer privacy and customer data loss	High-quality Products and Services

Definitions

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

Terms and expressions	Definitions
CSRC	China Securities Regulatory Commission (中国证券监督管理委员会)
Shanghai Stock Exchange or SSE	the Shanghai Stock Exchange (上海证券交易所)
Shenzhen Stock Exchange	the Shenzhen Stock Exchange (深圳证券交易所)
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited (香港联合交易所有限公司)
London Stock Exchange or LSE	the London Stock Exchange plc (伦敦证券交易所)
Shanghai Futures Exchange or SHFE	Shanghai Futures Exchange (上海期货交易所)
Huatai Securities, Company or Parent Company	Huatai Securities Co., Ltd. (华泰证券股份有限公司)
Group, Our Group, we or us	the Company and its subsidiaries
Huatai United Securities	Huatai United Securities Co., Ltd. (华泰联合证券有限责任公司), a holding subsidiary of the Company
Huatai Futures	Huatai Futures Co., Ltd. (华泰期货有限公司), a holding subsidiary of the Company
Huatai Purple Gold	Huatai Purple Gold Investment Co., Ltd. (华泰紫金投资有限责任公司), a wholly-owned subsidiary of the Company
Huatai Asset Management	Huatai Securities (Shanghai) Asset Management Co., Ltd. (华泰证券(上海)资产管理有限公司), a wholly-owned subsidiary of the Company
Huatai International	Huatai International Financial Holdings Company Limited (华泰国际金融控股有限公司), a wholly-owned subsidiary of the Company
Huatai Financial Holdings (Hong Kong)	Huatai Financial Holdings (Hong Kong) Limited (华泰金融控股(香港)有限公司), a wholly-owned subsidiary of Huatai International
Huatai Securities (USA)	Huatai Securities (USA), Inc. (华泰证券(美国)有限公司), a wholly-owned subsidiary of Huatai International
Huatai Innovative	Huatai Innovative Investment Co., Ltd. (华泰创新投资有限公司), a wholly-owned subsidiary of the Company
Jiangsu Equity Exchange	Jiangsu Equity Exchange Co., Ltd. (江苏股权交易中心有限责任公司), a holding subsidiary of the Company
China Southern Asset Management	China Southern Asset Management Co., Ltd. (南方基金管理股份有限公司)
Huatai-PineBridge	Huatai-PineBridge Fund Management Co., Ltd. (华泰柏瑞基金管理有限公司)
AssetMark	AssetMark Financial Holdings, Inc.
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
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
GDR	Global Depository Receipt
CSR	Corporate Social Responsibility
ESG	Environmental, Social and Corporate Governance
IPO	Initial Public Offering
NMAU	Number of Monthly Active Users
ABS	Asset Backed Securitization
Bookrunner	the lead underwriter for managing the issuance of new securities
Reporting Period	the year of 2019

Explanations for Preparation of This Report

Scope

Organization scope: The scope of this report is consistent with that of the Company's annual consolidated financial statements.

Reporting Period: from January 1, 2019 to December 31, 2019. Portions of the content are beyond this period.

Reporting Cycle: Annual. The last report is 2018 CSR report.

Basis

The preparation of this report is in accordance with the Notice on Strengthening Assumption of Social Responsibility by Listed Companies and Issuing the "Guidelines of Environmental Information Disclosure by Companies Listed on Shanghai Stock Exchange" and the Notice on Further Improvement of Information Disclosure of Poverty Alleviation by Listed Companies issued by the Shanghai Stock Exchange, the Environmental, Social and Governance Reporting Guide (2015) set out in Appendix 27 to the Listing Rules issued by the Stock Exchange of Hong Kong, and core plans of the Sustainability Reporting Standards (2016) issued by the Global Reporting Initiative (GRI), and also with reference to the Consultation Conclusions on ESG Reporting Guide (2019) and the Corporate Governance Code set out in Appendix 14 to the Main Board Listing Rules issued by the Stock Exchange of Hong Kong.

Data Explanation

The data and cases in the report are from the primary record of operation or financial reports of Huatai Securities and its subsidiaries. Unless otherwise specified, the unit of the financial information in this report is RMB. In case of any inconsistency with financial reports, the financial reports shall prevail. Huatai Securities and its subsidiaries mentioned in this report have been searched in the environment database of the Institute of Public Environment (IPE) and Shanghai Qingyue Environment Protection Center and there has been no negative environmental report in the reporting period.

Accesses

Shanghai Stock Exchange website (www.sse.com.cn)

HKEX news website (www.hkexnews.hk)

London Stock Exchange website (www.londonstockexchange.com)

Huatai Securities Co., Ltd. website (www.htsc.com.cn)



Huatai Online: www.htsc.com

Customer Services Hotline: 95597

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