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## NOTICE OF AGM

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**NOTICE IS HEREBY GIVEN** that the AGM will be held at Conference Room, Renaissance Nanjing Olympic Centre Hotel, No. 139 Aoti Street, Jianye District, Nanjing, Jiangsu Province, the PRC on Tuesday, June 22, 2021 at 2:00 p.m. to consider the following issues:

### ORDINARY RESOLUTIONS

1. To consider and approve the 2020 Work Report of the Board
2. To consider and approve the 2020 Work Report of the Supervisory Committee
3. To consider and approve the 2020 Final Financial Report
4. To consider and approve the 2020 Annual Report
5. To consider and approve the 2020 Profit Distribution Plan
6. To consider and approve the resolution on the estimated ordinary transactions with related parties of the Company for 2021:
  - 6.1 Ordinary related-party transactions with Jiangsu Guoxin Investment Group Limited and its related companies
  - 6.2 Ordinary related-party transactions with Jiangsu Communications Holding Co., Ltd. and its related companies
  - 6.3 Ordinary related-party transactions with Govtor Capital Group Co., Ltd. and its related companies
  - 6.4 Ordinary related-party transactions with other related parties
7. To consider and approve the resolution on the estimated investment amount for the proprietary business of the Company for 2021
8. To consider and approve the resolution on the re-appointment of the accounting firm of the Company for 2021
9. To consider and approve the resolution on the election of an independent non-executive Director of the fifth session of the Board of the Company

Huatai Securities Co., Ltd

May 20, 2021

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“A Share(s)”	domestic share(s) of the Company, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in Renminbi and are listed for trading on the Shanghai Stock Exchange
“AGM”	the annual general meeting of 2020 to be held by the Company at Conference Room, Renaissance Nanjing Olympic Centre Hotel, No. 139 Aoti Street, Jianye District, Nanjing, Jiangsu Province, the PRC on Tuesday, June 22, 2021 at 2:00 p.m.
“Articles of Association”	the articles of association of the Company, as amended, supplemented or otherwise modified from time to time
“AssetMark”	AssetMark Financial Holdings, Inc.
“Board” or “Board of the Company”	the board of directors of the Company
“CEO”	the chief executive officer of the Company
“Company”	a joint stock company incorporated in the PRC with limited liability under the corporate name 华泰证券股份有限公司 (Huatai Securities Co., Ltd.), converted from our predecessor 华泰证券有限责任公司 (Huatai Securities Limited Liability Company) on December 7, 2007, carrying on business in Hong Kong as “HTSC”, and was registered as a registered non-Hong Kong company under Part 16 of the Companies Ordinance under the Chinese approved name of “华泰六八八六股份有限公司” and English name of “Huatai Securities Co., Ltd.”; the H Shares of which have been listed on the main board of Hong Kong Stock Exchange since June 1, 2015 (Stock Code: 6886); the A Shares of which have been listed on the Shanghai Stock Exchange since February 26, 2010 (Stock Code: 601688); the global depository receipts of which have been listed on the London Stock Exchange plc since June 2019 (Symbol: HTSC), unless the context otherwise requires, including its predecessor

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## DEFINITIONS

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“Company Law”	Company Law of the People’s Republic of China (as amended from time to time)
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Company
“FICC”	fixed income, currency and commodity
“GDR”	global depositary receipt
“Group”	the Company and its subsidiaries, and their respective predecessors
“H Share(s)”	foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars and are listed on the Hong Kong Stock Exchange
“HK dollar(s)”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Huatai Asset Management”	Huatai Securities (Shanghai) Asset Management Co., Ltd. (華泰證券(上海)資產管理有限公司), a wholly-owned subsidiary of the Company
“Huatai International”	Huatai International Financial Holdings Company Limited (華泰國際金融控股有限公司), a wholly-owned subsidiary of the Company
“Huatai Financial Holdings (Hong Kong)”	Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股(香港)有限公司), a wholly-owned subsidiary of Huatai International
“Huatai Futures”	Huatai Futures Co., Ltd. (華泰期貨有限公司), a holding subsidiary of the Company
“Huatai Innovative Investment”	Huatai Innovative Investment Co., Ltd. (華泰創新投資有限公司), a wholly-owned subsidiary of the Company

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## DEFINITIONS

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“Huatai Purple Gold Investment”	Huatai Purple Gold Investment Co., Ltd. (華泰紫金投資有限責任公司), a wholly-owned subsidiary of the Company
“Independent Non-executive Director(s)”	the independent non-executive Director(s) of the Company
“IPO”	the initial public offering
“IT”	information technology
“Jiangsu SASAC”	State-owned Assets Supervision and Administration Commission of Jiangsu Provincial Government (江蘇省政府國有資產監督管理委員會)
“Latest Practicable Date”	May 17, 2021, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time
“PBOC”	the People’s Bank of China
“PRC” or “China”	the People’s Republic of China, excluding, for the purposes of this circular, Hong Kong, Macau Special Administrative Region and Taiwan
“Reporting Period”	the period from January 1, 2020 to December 31, 2020
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, comprising A Shares and H Shares
“Shareholder(s)”	the holder(s) of the share(s)
“STAR Market”	science and technology innovation board of Shanghai Stock Exchange
“Supervisor(s)”	the supervisor(s) of the Company

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## DEFINITIONS

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“Supervisory Committee”                    the supervisory committee of the Company

“%”    per cent

## **ORDINARY RESOLUTIONS:**

### **1. 2020 Work Report of the Board**

At the AGM, an ordinary resolution will be proposed to approve 2020 Work Report of the Board. Please see the relevant parts of the 2020 Annual Report for information about 2020 Work Report of the Board.

The 2020 Work Report of the Board was considered and approved by the Board on March 23, 2021, and is now submitted to the AGM for its consideration and approval.

### **2. 2020 Work Report of the Supervisory Committee**

At the AGM, an ordinary resolution will be proposed to approve 2020 Work Report of the Supervisory Committee. Details of the 2020 Work Report of the Supervisory Committee are set out in Appendix I to this circular.

The 2020 Work Report of the Supervisory Committee was considered and approved by the Supervisory Committee on March 23, 2021, and is now submitted to the AGM for its consideration and approval.

### **3. 2020 Final Financial Report**

At the AGM, an ordinary resolution will be proposed to approve 2020 Final Financial Report. Details of the 2020 Final Financial Report are set out in the Appendix II to this circular.

The 2020 Final Financial Report was considered and approved by the Board on March 23, 2021, and is now submitted to the AGM for its consideration and approval.

### **4. Resolution on 2020 Annual Report of the Company**

At the AGM, an ordinary resolution will be proposed to approve the 2020 Annual Report. The 2020 Annual Report was dispatched on April 21, 2021, and meanwhile has been published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company ([www.htsc.com.cn](http://www.htsc.com.cn)).

The 2020 Annual Report was considered and approved by the Board and the Supervisory Committee on March 23, 2021, and is now submitted to the AGM for its consideration and approval.

## 5. Resolution on the 2020 Profit Distribution Plan of the Company

At the AGM, an ordinary resolution will be proposed to approve the 2020 Profit Distribution Plan.

According to the 2020 annual financial statements of the Company, the net profit for 2020 of the Company reached RMB5,923,763,424.27. According to relevant requirements of the Company Law, the Securities Law of the People's Republic of China, Financial Rules for Financial Enterprises (《金融企業財務規則》) and the Articles of Association, the Company had appropriated 10% for statutory surplus reserve, 10% for general risk reserve and 10% for trading risk reserve of RMB1,777,129,027.29 in total, after which, the profit available for distribution for the year was RMB4,146,634,396.98.

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

According to relevant requirements of the CSRC, gains arising from the fair value changes in distributable profit of securities companies shall not be used for cash distribution to shareholders. As at the end of December 2020, the accumulated fair value changes in distributable profit of the Parent Company was RMB2,807,531,731.31, after deduction of which as required, the profit of the Parent Company available for distribution to investors in cash amounted to RMB14,796,916,715.68.

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

1. The Company will distribute cash dividend of RMB4.00 (tax inclusive) per 10 shares based on the Company's existing total share capital of 9,076,650,000 shares after deducting the A Shares deposited in the special account for securities repurchase and temporarily not used in the equity incentive scheme (the number of shares under the equity incentive scheme is calculated at the maximum number of restricted shares under the equity incentive scheme as considered and approved at the 2021 first extraordinary general meeting of the Company), with the total cash dividend of RMB3,612,609,402.00 (tax inclusive). The actual total amount of payment will be calculated based on the total number of shares that will be entitled to the dividend distribution on the record date for the implementation of the distribution plan by the Company. The remaining profit available for distribution to investors will be carried forward to the next year.
2. Cash dividend is denominated and declared in Renminbi, and paid to holders of A Shares (including the depository of GDRs) and the investors of Southbound Trading in Renminbi and to holders of H Shares (excluding the investors of Southbound Trading) in HK dollars. The actual distribution amount in HK dollars shall be calculated at the average basic exchange rate of Renminbi against HK dollars published by the PBOC five business days prior to the date of the 2020 AGM of the Company.

The Company will make further notice on the record date and the book closure date for such dividend distribution.

The resolution was considered and approved by the Board and the Supervisory Committee on March 23, 2021, and is now submitted to the AGM for its consideration and approval. Upon the approval at the AGM, the Company will distribute cash dividend to its Shareholders according to the distribution plan within two months from the date of convening the AGM.

#### **6. Resolution on the estimated ordinary transactions with related parties of the Company for 2021**

At the AGM, an ordinary resolution will be proposed to authorize, within the scope of the ordinary transactions with related parties of the Company for 2021 estimated in the resolution, the Company's management to sign or renew relevant agreements according to the Company's need for normal business operation. Details of the resolution on the estimated ordinary transactions with related parties of the Company for 2021 are set out in the Appendix III to this circular.

The resolution was considered and approved by the Board on March 23, 2021, and is now submitted to the AGM for its consideration and approval.

#### **7. Resolution on the estimated investment amount for the proprietary business of the Company for 2021**

An ordinary resolution will be proposed at the AGM to approve the estimated investment amount for the proprietary business of the Company for 2021.

As an essential part of the primary business of the Company, the proprietary investment business is affected by various factors such as national policies and market volatility. The proprietary investment scale is subject to adjustment based on the actual situation so as to seize investment opportunities in a timelier manner. Article 6 of the Provisions on Strengthening the Supervision and Administration of Listed Securities Companies (Revised in 2020) (《關於加強上市證券公司監管的規定(2020年修訂)》) promulgated by the CSRC provides that “pursuant to the requirements of the listing rules of the Shanghai Stock Exchange and the Shenzhen Stock Exchange with respect to transactions which shall be disclosed, where material foreign investments including securities proprietary business of listed securities companies exceeding certain amounts may need to be disclosed and proposed to the shareholders' general meeting for resolution in time, the aggregate amount of proprietary investments can be considered and disclosed by shareholders' general meeting of such companies each year; in the event that any changes occurred in proprietary investments, shareholders' general meeting can authorize the Board to vote and provide announcements in compliance with the Articles of Association”. The Board considered the Proposal on the Estimated Investment Amount for the Proprietary Business of the Company for 2021 and formed this resolution. The resolution mainly includes:



Subject to the compliance with the relevant requirements of proprietary business management and risk control indicators issued by the CSRC, propose to authorize the senior management of the Company to determine and adjust the total amount of investment of the proprietary business of the Company within the following limits according to the market condition:

1. The aggregate amount for proprietary equity securities and derivatives thereof shall not exceed 100% of the net capital of the Company;
2. The aggregate amount for proprietary non-equity securities and its derivatives shall not exceed 500% of the net capital of the Company.

The above limit excludes long-term equity investment and passive position arising from underwriting business of the Company. The aggregate amount for “proprietary equity securities and derivatives” and “proprietary non-equity securities and its derivatives” shall be calculated according to the Administrative Measures for Risk Control Indicators of Securities Companies (《證券公司風險控制指標管理辦法》) and the Calculation Standards for Risk Control Indicators of Securities Companies (《證券公司風險控制指標計算標準規定》).

It should be noted that the above-mentioned limits, being cap amounts of the proprietary investment, are set in accordance with relevant requirements of the CSRC and subject to market volatility, and the total amounts of proprietary investment to be made and any variance thereof, do not represent the judgment of the senior management of the Company or the Board on the market. The actual amounts of proprietary investment depend on the market conditions at the time of making such proprietary investment(s).

The resolution was considered and approved by the Board on March 23, 2021, and is now submitted to the AGM for its consideration and approval.

#### **8. Resolution on the re-appointment of the accounting firm of the Company for 2021**

An ordinary resolution will be proposed at the AGM to approve the re-appointment of the accounting firm of the Company for 2021.

After the bid evaluation by the team of experts organized by the Bidding Center of Jiangsu Province, and as considered and approved by the Shareholders' general meeting of the Company, for the years from 2014 to 2020, the Company continuously engaged KPMG Huazhen LLP as the audit services institution of the Company and its holding subsidiaries to audit the annual accounting statements and internal control. The Company intends to re-appoint KPMG Huazhen LLP as the audit services institution to audit the annual accounting statements and internal control of the Company and its holding subsidiaries for 2021. The audit service fee shall not exceed RMB6 million, among which the audit fee for internal control shall not exceed RMB0.5 million.

The resolution was considered and approved by the Board on March 23, 2021, and is now submitted to the AGM for its consideration and approval.

## **9. Resolution on the election of an independent non-executive Director of the fifth session of the Board of the Company**

Reference is made to the announcement issued by the Company on May 20, 2021 in relation to, inter alia, the Board's proposed election of Ms. AU King-chi as an independent non-executive Director of the fifth session of the Board of the Company.

In accordance with the Articles of Association, the Board of the Company shall comprise 13 Directors with at least one-third of them being Independent Non-executive Directors. At the same time, as the Company has issued H shares and is listed on the main board of the Hong Kong Stock Exchange, one of the independent non-executive directors in the Board of the Company must be ordinarily resident in Hong Kong in order to comply with relevant regulatory requirements. Therefore, the Company suggests the Board to nominate Ms. AU King-chi as a candidate for independent non-executive Director of the fifth session of the Board.

According to the newly amended Securities Law of the PRC and the Announcement on Various Issues in relation to the Cancellation or Adjustment of Certain Administrative Approval Projects of Securities Companies (《關於取消或調整證券公司部分行政審批項目等事項的公告》) and other relevant requirements of the CSRC, directors of securities companies no longer need regulatory authorities to approve their qualifications before taking office. Therefore, upon passing of the resolution on the election of Ms. AU King-chi as a candidate for an independent non-executive Director of the fifth session of the Board at the AGM, Ms. AU King-chi will enter into a service contract with the Company as a replacement for Mr. Lee Chi Ming to perform her duties as an independent non-executive Director of the fifth session of the Board for a term until the end of the term of the current session of the Board. Pursuant to the Articles of Association, Ms. AU King-chi shall be eligible for re-election upon the expiry of her term of office.

The biography of Ms. AU King-chi and details of other information relating to her appointment are set out below:

Ms. AU King-chi, born in December 1959, holds a Master's degree in public administration from Harvard University. She served as the Administrative Officer of the former Council Administration of the Hong Kong Government from August 1982 to November 1982; the Administrative Officer of the former City and New Territories Administration of the Hong Kong Government from November 1982 to September 1983; the Administrative Officer of the former Medical and Health Department of the Hong Kong Government from July 1984 to January 1986; the Assistant Secretary for Education of the former Education Commission of the Hong Kong Government from January 1986 to April 1987; the Assistant Secretary for Culture, Leisure, Municipal Services in the former Culture, Leisure, Municipal Services Branch of the Hong Kong Government from April 1987 to January 1988; the Assistant Secretary for the Securities Review Committee of the Hong Kong Government from January 1988 to June 1988; the Assistant Secretary for Monetary Affairs and the Principal Assistant Secretary for Monetary Affairs of the former Monetary Affairs Branch of the Hong Kong Government from June 1988 to October 1991 successively; the Principal Assistant Secretary for Trade and Industry of the former Trade and Industry Branch of the Hong Kong Government from October 1991 to June 1995; the Deputy Director and the Press Secretary to the Chief Executive of the Information Services Department of the Hong Kong Government (later the Information Services Department of the Government of the Hong Kong Special Administrative Region) from July 1996 to March 1999 successively; the Deputy Secretary for Financial Services Bureau of the Government of the Hong Kong Special Administrative Region from

March 1999 to August 2004; the Deputy Secretary for Housing, Planning and Lands Bureau of the Government of the Hong Kong Special Administrative Region from August 2004 to May 2006; the Commissioner for Tourism of the Economic Development and Labour Bureau of the Government of the Hong Kong Special Administrative Region from May 2006 to December 2008; the Permanent Secretary for Financial Services and the Treasury of the Government of the Hong Kong Special Administrative Region from January 2009 to December 2014. She currently holds various positions, including a member of the Executive Committee of the Youth Outreach, an honorary member of the Hong Kong Committee of the United Nations Children's Fund, a member of the Management Committee of Endeavour Education Centre Limited, a guest professor of the School of Economics and Finance of the University of Hong Kong and an honorary fellow of the Hong Kong Securities and Investment Institute.

With many years of management experience, Ms. AU King-chi is a good addition to the diversity of the Board members and empowers the Board to better monitor the implementation of the Company's strategic development plans.

The nomination of Ms. AU King-chi is based on the Company's consideration of the diversity of Board members in several aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge, the value of the candidates and the contribution that they could make to the Board, and the benefits from the diversity of Board members according to their objective conditions, and in accordance with laws, regulations and relevant provisions of securities regulatory authorities.

Ms. AU King-chi will receive remuneration from the Company in accordance with the standard of remuneration for Independent Non-executive Directors approved by the general meeting of the Shareholders of the Company during her term as an Independent Non-executive Director, which will be disclosed by the Company upon determination. For details, please refer to the annual report to be published by the Company in due course.

As of the Latest Practicable Date, Ms. AU King-chi has not been subject to any punishment by the CSRC and other relevant authorities or by any stock exchanges in the past three years. Save as disclosed in this circular, Ms. AU King-chi has no other relationship with any Directors, Supervisors, senior management, substantial shareholders or controlling shareholders of the Company; has no interest in any Shares of the Company as defined in Part XV of the Securities and Futures Ordinance; has no information that shall be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Listing Rules, and does not and did not participate in matters that shall be disclosed pursuant to Rule 13.51(2)(h) to Rule 13.51(2)(v) of the Listing Rules; did not hold any directorship of any other listed companies or any other position in any member of the Group, and has no other matters that need to be brought to the attention of the Shareholders in the past three years.

The resolution was considered and approved by the Board on May 20, 2021, and is now submitted to the AGM for its consideration and approval.

Dear Shareholders,

On behalf of the Supervisory Committee, I hereby present the 2020 Work Report of the Supervisory Committee to the Shareholders' general meeting for review.

In 2020, in the spirit of being accountable to all Shareholders and in compliance with the provisions under the Company Law, the Securities Law, the Articles of Association and the Rules of Procedures of the Supervisory Committee, the Supervisory Committee seriously fulfilled and independently exercised its supervisory functions and duties, and effectively supervised the Company's operations, financial condition and major decision-makings of the Board of the Company as well as the compliance with laws and regulations of the senior management in performance of their duties, so as to proactively safeguard the interests of the Company and its Shareholders and to ensure the healthy and long-term development of the Company.

#### **I. Meetings of the Supervisory Committee and Attendance of Supervisors during the Reporting Period**

The Supervisory Committee of the Company convened five meetings during the Reporting Period, details of which are as follows:

<b>Name of meeting</b>	<b>Date</b>	<b>Form and venue of the meeting</b>	<b>Resolutions at the meeting</b>
The Second Meeting of the Fifth Session of the Supervisory Committee	2020-03-30	By means of on-site meeting; venue: Small Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing	<ol style="list-style-type: none"><li>1. To consider the 2019 Work Report of the Supervisory Committee of the Company;</li><li>2. To consider the proposal on the 2019 Profit Distribution of the Company;</li><li>3. To consider the resolution on the 2019 Annual Report of the Company;</li><li>4. To consider the resolution on the 2019 Annual Internal Control Evaluation Report of the Company;</li><li>5. To consider the Special Report on the Deposit and Actual Use of Raised Funds for 2019;</li></ol>

Name of meeting	Date	Form and venue of the meeting	Resolutions at the meeting
The Third Meeting of the Fifth Session of the Supervisory Committee	2020-04-29	By means of on-site meeting; venue: Small Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing	<ol style="list-style-type: none"> <li>6. To consider the Report on Performance Assessment and Remuneration of the Supervisors of the Company for 2019;</li> <li>7. Debriefing of the Report on Internal Audit of the Company for 2019;</li> <li>8. Debriefing of the Internal Audit Work Plan of the Company for 2020.</li> </ol>
The Fourth Meeting of the Fifth Session of the Supervisory Committee	2020-08-26	By means of on-site meeting; venue: Small Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing	To consider the resolution on 2020 Interim Report of the Company.
The Fifth Meeting of the Fifth Session of the Supervisory Committee	2020-10-30	By means of on-site meeting; venue: Small Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing	To consider the resolution on the Third Quarterly Report of the Company for 2020.
The Sixth Meeting of the Fifth Session of the Supervisory Committee	2020-12-31	By means of on-site meeting; venue: Small Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing	<ol style="list-style-type: none"> <li>1. To consider the resolution on the Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd. (Draft) and its Summary;</li> </ol>

**APPENDIX I 2020 WORK REPORT OF THE SUPERVISORY COMMITTEE**

Name of meeting	Date	Form and venue of the meeting	Resolutions at the meeting
			2. To consider the resolution on the Administration Measures for the Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd.;
			3. To consider the resolution on the Administration Measures for the Evaluation on the Implementation of the Restricted Share Incentive Scheme of A Shares of Huatai Securities Co., Ltd.

Details of attendance of all Supervisors of the Company at the meetings of the Supervisory Committee, Board meetings and Shareholders' general meetings during the Reporting Period and the detailed information are set out below:

Attendance at meetings of the Supervisory Committee									
Name of Supervisors	Position	Number of attendance required	Attendance in person	Attendance by way of			Whether or not he/she failed to attend the meeting in person for two consecutive times	Number of attendance at Board meeting	Attendance at Shareholders' general meeting
				teleconference	Attendance by proxy	Absence			
Zhai Jun	Chairman of the Supervisory Committee and Employee Supervisor	5	4	-	1	-	No	4	1
Zhang Ming	Supervisor	5	3	-	2	-	No	3	1
Yu Lanying	Supervisor	5	3	-	2	-	No	3	-
Zhang Xiaohong	Supervisor	5	3	-	2	-	No	3	1
Fan Chunyan	Supervisor	5	2	-	3	-	Yes	2	-
Gu Chengzhong	Employee Supervisor	5	5	-	-	-	No	5	1
Wang Ying	Employee Supervisor	5	5	-	-	-	No	5	1
Number of meetings of the Supervisory Committee convened during the year							5		
Of which: number of meetings held by means of on-site							5		
number of meetings held by way of teleconference							-		
number of meetings held on-site and by way of video conference							-		

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

On February 18, 2020, the Company received the Approval on Qualification of Zhai Jun as Chairman of the Supervisory Committee of Securities Companies (《關於核准翟軍證券公司監事會主席任職資格的批覆》) from the Jiangsu Securities Regulatory Bureau, pursuant to which, Mr. Zhai Jun's qualification as the chairman of the Supervisory Committee of Securities Companies has been approved. The appointment of Mr. Zhai Jun as the chairman of the Supervisory Committee of the Company has taken effect from February 18, 2020.

## **II. Strengthening the Auditing and Inspection of the Company to Consistently Improve the Performance Capability**

From October 21 to 25, 2020, Supervisors Ms. Yu Lanying, Ms. Zhang Xiaohong and Employee Supervisors Mr. Gu Chengzhong and Ms. Wang Ying carried out field investigations on Sichuan Branch, Yunnan Branch and Securities Branch in Jiangbeizui, Chongqing. They held special seminars on compliance and risk management to deeply learn about business conditions in Chengdu, Chongqing and Yunnan as well as the status quo of compliance and risk management of local branches and sub-branches, proposed guiding opinions for the development of the brokerage business, raised higher requirements on compliance and risk control, and effectively performed its supervisory duties to guarantee the legal and compliance operation of the Company.

To improve the performance capability of Supervisors, the Supervisory Committee attaches great importance to trainings on Supervisors. In 2020, besides relevant trainings organized by regulatory authorities and stock exchanges, the Supervisors of the Company also participated in trainings on latest regulatory laws in the Hong Kong capital market organized by the overseas lawyers of the Company to learn about the latest information on regulatory policies and regulations on domestic and overseas financial markets and consistently improve the professional quality of Supervisors in performance.

## **III. Opinions Raised by the Supervisory Committee on the Company's Relevant Matters in 2020**

During the Reporting Period, the Supervisory Committee convened five meetings in total, at which 14 proposals and reports were considered. The Supervisors sat in the Board meetings and Shareholders' general meetings of the Company as non-voting delegates, monitored the decision-making process on material matters on a real-time basis, made field inspections on the Company's branches and kept abreast of the management's implementation of the decisions made by the Board by carefully reading the reports of the Company, including Work Newsletter (monthly) and Brief Report on Audit Work (quarterly). On this basis, the Supervisory Committee gave independent opinions on the Company's relevant matters as follows:

1. For the legal operation: during the Reporting Period, the Company was under legal operation in compliance with relevant laws and regulations such as the Company Law, the Securities Law and the Articles of Association as well as the requirements of the Company's systems. Major operational decisions of the Company were reasonable, and the decision-making procedures were lawful. The Company

established a relatively sound internal management system and internal control system, under which various regulations were effectively implemented. During the Reporting Period, the Supervisory Committee found no conducts violating laws, regulations, Articles of Association or damaging the interests of the Company and its Shareholders made by Directors and senior management of the Company when performing their duties, and there were no material risks in the Company.

2. For the financial aspect of the Company: during the Reporting Period, the Supervisory Committee of the Company regularly convened meetings of the Supervisory Committee to review quarterly reports, interim reports, annual financial reports, annual evaluation reports on internal control and other documents of the Company, and checked the business and financial conditions of the Company. The Supervisory Committee believed that the financial report of the Company for 2020 had been audited by KPMG Huazhen LLP which had issued a standard audit report without qualified opinions. The Company's financial statements were prepared in compliance with relevant requirements under the Accounting Standards for Business Enterprises, and the financial report has truly reflected the financial conditions and operational achievements of the Company. Regular reports were prepared and reviewed in compliance with relevant laws, regulations and various requirements of the CSRC, the contents of which were true, accurate and complete to reflect the actual conditions of the Company.
3. For the implementation of the System regarding Insider Registration and Management and Confidentiality of the Company: during the Reporting Period, the Company revised the System regarding Insider Registration and Management and Confidentiality of the Company (《华泰证券股份有限公司内幕信息知情人登记管理及保密制度》) to consistently improve the registration and management of insiders, and carried out the registration, management, disclosure and filing of insider information and kept the confidentiality thereof in an orderly manner, and further standardized the information disclosure work of the Company. There were no incidents found in the Company in violation of insider registration and management and confidentiality obligation.
4. During the Reporting Period, the related-party transactions of the Company were fair and reasonable, and no circumstances impairing interests of the Company and Shareholders have been found. When the Board of the Company considered related matters, independent Directors expressed independent opinions, affiliated Directors abstained from voting, and the voting procedures were legal and valid.
5. Approved by the CSRC, the Company completed the issuance of H Shares in 2015. Funds raised from the issuance of H Shares were verified by KPMG Huazhen LLP, and KPMG capital verification report (Yan Zi No. 1501031) was issued. According to the Capital Verification Report issued by KPMG Huazhen LLP, the Company's



net funds raised from the initial public issuance of H Shares in 2015 were RMB30,587,689,604.94 (excluding related listing fees), and raised funds after deducting the underwriting and issuing fees were RMB30,015,054,696.76.

As of the end of Reporting Period, the Company, with respect to its IPO of new shares and the issuance of new shares as a result of the partial exercise of over-allotment options for its listing on the Hong Kong Stock Exchange, used raised funds of: RMB18,352,613,762.96 for capital intermediary business, such as developing securities margin trading, RMB3,058,768,960.49 for expanding investment and trading businesses, RMB3,058,768,960.49 for capital increase in Huatai Purple Gold Investment and Huatai Asset Management, RMB3,658,509,634.22 for expanding overseas business, and RMB2,537,384,983.29 for daily operation and other general corporate purposes. The planned usage of the Company's funds raised from the issuance of H Shares was consistent with that disclosed in the prospectus with no change. The funds raised from H Share issuance were used up, and the relevant accounts have been cancelled.

6. Upon receiving the Approval in Relation to the Issuance of Global Depositary Receipts and Listing on London Stock Exchange plc by Huatai Securities Co., Ltd. (Zheng Jian Xu Ke [2018] No. 1993) (《關於核准华泰證券股份有限公司發行全球存託憑證並在倫敦證券交易所上市的批覆》(證監許可[2018]1993號)) from the CSRC, the Company completed issuance of 82,515,000 GDRs in June 2019 at a price of USD20.50 per GDR, with a total of USD1,691,557,500.00 raised. After deduction of the issuing fees related to the issuance of GDRs of USD39,961,513.72, the net funds raised were USD1,651,595,986.28, which was equivalent to RMB11,313,036,931.20 based on the intermediary exchange rate of RMB against USD on the date when the funds raised were in place. The aforesaid funds raised were all in place on June 28, 2019 and were verified by KPMG Huazhen LLP with the KPMG capital verification report (Yan Zi No. 1900393) issued.

As of the end of the Reporting Period, the Company used the funds raised from the issuance of GDRs as follows: RMB3,547,720,085.15 was used for continuous investment in the existing main businesses, further development of the wealth management, institutional service, investment management and other business sectors and further advancement of business transformation and upgrading; RMB1,000,000,000.00 was used for supplementing the working capital and for general corporate purposes; and USD994,212,858.59 was used for supporting the internal and external growth of international business, and expanding overseas strategic layout. Apart from the above usage of funds, the surplus of the Company's proceeds of RMB128,629,875.52 (including the interest of raised funds, exchange gains/losses and outstanding issuing fees) has not yet been used and is deposited in the Company's bank account. The planned usage of the Company's funds raised from the issuance of GDRs was consistent with the usage of funds specified in the GDR prospectus with no change. The Company plans to arrange the use of the remaining funds raised from GDR by the end of 2021.

7. During the Reporting Period, the Company successfully issued eight tranches of corporate bonds of RMB31.5 billion in total; issued four tranches of short-term corporate bonds of RMB16 billion in total; issued one tranche of non-publicly offered corporate bonds of RMB10 billion; issued one tranche of subordinated bonds of RMB5 billion; issued ten tranches of short-term financing bonds with an accumulative scale of RMB42 billion; issued one tranche of USD bonds and one tranche of USD medium-term notes of USD400 million and USD50 million, respectively. During the Reporting Period, the Company issued 3,716 income certificates in total with a scale of RMB87.089 billion. As of the end of the Reporting Period, 859 income certificates continued to exist with a scale of RMB20.458 billion. All funds raised were used to supplement the Company's working capital, which was consistent with the content disclosed in the prospectus.
  
8. Written reviews and opinions on the 2020 Annual Report of the Company prepared by the Board of Directors were as follows:

The 2020 Annual Report of the Company was prepared and reviewed in compliance with relevant laws, regulations and requirements of regulators, and the contents therein were true, accurate and complete to reflect the actual conditions of the Company.

9. The Supervisory Committee reviewed the 2020 Assessment Report on Internal Control of the Company, and had no objections to the contents therein.

#### **IV. Recommendations for the Future Works of the Company**

1. Taking the “consolidated statement” as the driver, the Group shall strengthen the unified risk management of itself. During the Reporting Period, the Company was approved to formally implement the pilot project of consolidated statement supervision. In accordance with relevant regulatory regulations and requirements, the Company conducted the work on the pilot of the consolidated statement, continuously improved the risk management system of the Group and developed the risk management capability that can match its business development, whereby ensuring the sustainable and healthy development of all businesses of the Company.
  
2. Turning passivity into initiative, the Group shall improve the three-dimensional compliance management system. During the Reporting Period, the Company promoted the vertical management of the compliance management team of branches and improved the compliance management and control mechanism of the Group. In the following year, the Company shall speed up in promoting the transformation of compliance risk management from passive response to active management and control, enhance the linkage mechanism of compliance management between the Parent Company and subsidiaries, optimize the reporting mechanism on the compliance of subsidiaries and further advance the full coverage of compliance management.

In the new year, the Supervisory Committee will perform its supervisory duties in an earnest and legal manner and enhance supervisory efforts to promote company-wide compliance and development of risk management system, and to practically safeguard interests of the Company and legitimate rights of Shareholders. All Supervisors will further enhance their capacity and improve their performance through continuous study, so as to foster the regulated, orderly and healthy development of the Company.

This report has been considered and approved at the Eighth meeting of the Fifth session of the Supervisory Committee, and is now submitted to the Shareholders for your consideration.

**The Supervisory Committee of the Company**

Dear Shareholders,

The final financial report of the Company for 2020 is as follows:

## I. OVERALL SITUATION OF THE COMPANY

The COVID-19 pandemic caused severe impacts on economic development across the world in 2020. The Company has maintained high investment on information technology for a long term, which highlighted the role of digital operation in the crucial period and provided sufficient and efficient guarantees to the operation of the Company and customer services. The Company achieved stable performance growth with the core competitiveness further consolidated and the industrial position consistently enhanced.

In 2020, the operating income of the Group amounted to RMB31.44 billion, representing a year-on-year increase of 26.5%. The net profit amounted to RMB10.87 billion, representing a year-on-year increase of 20.0%. The net profit attributable to the Parent Company amounted to RMB10.82 billion, representing a year-on-year increase of 20.2%.

### Brief income and expenditure of the Group (Unit: RMB100 million, Currency: RMB)

Item	2020	2019	Year-on-year change
Operating income	314.4	248.6	26.5%
Operating expenses	179.4	132.6	35.4%
Of which: operation and management expenses	151.7	113.7	33.4%
Operating profit	135.0	116.1	16.3%
Net profit	108.7	90.6	20.0%
Net profit attributable to the Parent Company	108.2	90.0	20.2%

Thanks to the outstanding performance of various businesses, the operating income and net profit of the Group staged a marked growth and hit a record high. The weighted average return on net assets reached 8.61%, representing a year-on-year increase of 0.67 percentage point, and the profitability was further improved. The growth in operating expenses outperformed operating income, which is attributable to a year-on-year increase of over 80% in the provisions for credit impairment loss made during the year to consistently enhance the management and control of credit risks and fully reinforce the asset quality of the Group.

**Brief Balance Sheet of the Group**  
(Unit: RMB100 million, Currency: RMB)

Item	As at the end of 2020	As at the end of 2019	Year-on- year change
Total assets	7,167.5	5,621.8	27.5%
Total liabilities	5,844.4	4,365.3	33.9%
Net assets	1,323.1	1,256.5	5.3%
Net capital (Parent Company)	679.1	645.8	5.2%

At the end of 2020, the Group's total assets were RMB716.75 billion, representing an increase of RMB154.57 billion as compared with the beginning of the year, scaling a historic high. The asset increase was mainly attributed to the net inflow of customer's funds of approximately RMB41.7 billion and an increase of RMB33.6 billion and RMB54.2 billion in the financing scale and financial investment scale of the Company. The increase in margin loans is mainly attributed to the booming of the margin financing and securities lending business of the Parent Company during the year. The balance of margining financing reached RMB98.7 billion at the end of the year, representing an increase of 52.3% from the beginning of the year. The increase in financial investments was a result of the overall development of the overseas FICC, stock derivatives and the structural financing business of Huatai Financial Holdings (Hong Kong) during the year. The financial investment scale reached nearly RMB60.0 billion at the end of the year, representing an increase of 238.7% as compared with the beginning of the year. The Group's total liabilities were RMB584.44 billion at the end of the year, representing an increase of RMB147.91 billion as compared with the beginning of the year. The net assets amounted to RMB132.31 billion at the end of the year, representing a year-on-year increase of 5.3%; and the net capital of the Parent Company was RMB67.91 billion, representing a year-on-year increase of 5.2%. The Group's debt-to-assets ratio was 77.2%, representing a year-on-year increase of 3.8 percentage points, mainly due to the Company's active efforts to build up asset scale based on its strategic development and business needs. The Company vigorously developed financial investments and the margin financing and securities lending business and improved financial leverage through active liability.

## II. FINANCIAL INCOME AND EXPENDITURE AND BUDGET COMPLETION

In 2020, the daily average stocks and funds trading volume in the A-share market amounted to RMB907.2 billion (on an unilateral basis), higher than the optimistic assumption of RMB650.0 billion; the average daily balance of the securities margin trading in the market was RMB1,295.6 billion, higher than the optimistic assumption of RMB1,050.0 billion. The overall market environment was better than the optimistic assumption as the main indexes of the A-share market increased significantly, valuations increased sharply and the bond market showed a V-shaped trend. Therefore, save as otherwise specified, the budget completion rates mentioned below were calculated based on the budget value under optimistic assumption.

**(I) Completion of the Group's income budget**

The Group achieved an operating income of RMB31.44 billion, and the budget completion rate was 121.8% for the year. The Group had completed the annual budget of the four main businesses.

**Completion of income budget of the business segments of the Group**  
(Unit: RMB100 million, Currency: RMB)

Item	Actual figure in 2020	Optimistic budget value	Budget completion rate	Same period in the last year	Year-on- year change
Wealth management	124.8	101.8	122.6%	91.8	36.0%
Institutional service	75.8	60.8	124.7%	58.0	30.7%
Investment management	63.3	47.5	133.4%	59.3	6.9%
International business	39.4	32.4	121.4%	26.7	47.3%
Other	11.1	15.6	71.2%	12.8	-13.3%
<b>Total</b>	<b>314.4</b>	<b>258.1</b>	<b>121.8%</b>	<b>248.6</b>	<b>26.5%</b>

**1. Wealth management business.** The capital market fluctuated significantly due to the impact of the COVID-19 pandemic in 2020. The Company firmly built a customer-oriented integrated service system and continuously promoted the transformation of wealth management business, achieving a net income of RMB12.48 billion and a budget completion rate of 122.6%. Among them, net income of the securities and futures brokerage business and capital intermediary business amounted to RMB7.98 billion and RMB3.56 billion, respectively. The Group further strengthened the trading service advantages based on advanced platforms. According to the statistics of members of the Shanghai and Shenzhen Stock Exchanges, the Group's equity and fund trading volume totaled RMB34.2 trillion, ranking the first place in the industry. As of the end of the Reporting Period, the total assets of client accounts reached RMB4.7 trillion. The balance of the margin financing and securities lending business was RMB124.1 billion, with a year-on-year increase of 84.9% and a market share of 7.7%.

**2. Institutional service business.** Net income of institutional service business amounted to RMB7.58 billion, with a budget completion rate of 124.7%, of which net income of investment trading business and investment banking business amounted to RMB3.53 billion and RMB3.42 billion, respectively. The increase of 27.8% in investment trading business as compared with the last year mainly resulted from the derivative investment and equity investment businesses. The nominal principal of OTC options and revenue swap exceeded RMB127.0 billion at the end of 2020, representing an increase of over 140% as compared with the beginning of the year. Net income of derivatives amounted to RMB1.62 billion, representing a year-on-year increase of 250.6%. The active market during the year boosted the performance of relevant strategies on big data trading. Net income of equity investment

amounted to RMB540 million, representing a year-on-year increase of 667.3%. Revenue from the investment banking business achieved a year-on-year increase of 72.9%, which was mainly attributed to the significant expansion of the fundraising from equity and debt projects of the Company during the year.

**3. Investment management business.** The net income of investment management business was RMB6.33 billion, with a budget completion rate of 133.4%. Huatai Asset Management continued to reduce channel businesses during the year. According to the statistics from the Asset Management Association of China as of the end of the fourth quarter of 2020, the private asset management scale of Huatai Asset Management averaged RMB484.9 billion on a monthly basis, representing a year-on-year decrease of 17.5% as compared with the previous year. Huatai Asset Management also recorded an income of RMB2.47 billion during the year, representing a slight decrease. Thanks to the outstanding performance of relevant sectors in the secondary market, the valuation of investment targets of Huatai Purple Gold Investment was greatly boosted. It achieved an income of RMB3.21 billion from private equity fund business, representing a year-on-year increase of 34.0%. Benefiting from the outstanding performance of co-investment projects on the STAR Market, Huatai Innovative Investment recorded an income of RMB570 million, representing a year-on-year increase of 136.5%.

**4. International business.** The net income of international business was RMB3.94 billion, with a budget completion rate of 121.4%. Huatai Financial Holdings (Hong Kong) actively took advantages of domestic and overseas integration and cross-border linkage to expand the balance sheet. It recorded an income of RMB1.93 billion during the year, representing a year-on-year increase of 151.2%. The scale of financial investment reached nearly RMB60.0 billion at the end of the year, representing an increase of 238.7% as compared with the beginning of the year. Overseas FICC and stock derivative businesses maintained sound development trends with the business scale significantly expanded. The asset management scale of AssetMark reached USD74.52 billion at the end of 2020, representing an increase of 21% as compared with the end of the previous year. As a result of RMB appreciation during the year, AssetMark recorded an income of RMB2.00 billion, representing a year-on-year increase of 5.3%.

**5. Other businesses.** The net income of other businesses amounted to RMB1.11 billion, with a budget completion rate of 71.2%. The income was lower than the expected, which was mainly due to the loss of RMB520 million in exchange gains/losses as a result of the significant RMB appreciation during the year.

**(II) Completion of the Group's operating expenses budget**

The Group's operating expenses were RMB17.94 billion, and the budget completion rate was 121.8% for the year, which was mainly due to the fact that the amount of provision for asset impairment losses in the current period amounted to RMB1.31 billion.

**Completion of the operating expenses budget**  
(Unit: RMB100 million, Currency: RMB)

Item	Actual figure in 2020	Optimistic budget value	Budge completion rate	Same period in the last year	Year- on-year change
Taxes and surcharges	2.1	1.8	116.8%	1.5	37.6%
Operation and management expenses	151.7	129.7	117.0%	113.7	33.4%
Impairment losses	13.1	4.6	284.5%	7.2	82.1%
Other operating costs	12.6	11.3	115.0%	10.2	23.9%
<b>Total</b>	<b>179.4</b>	<b>147.4</b>	<b>121.8%</b>	<b>132.6</b>	<b>35.4%</b>

*Note:* Impairment losses include credit impairment loss and other asset impairment losses.

The Group's operation and management expenses increased by 33.4% year-on-year, mainly attributable labour costs increased along with the increase of income; the greater increase in the relevant expenses for equipment depreciation, software amortization and development expenses brought by the Company's continuous IT investment; and the Company's more efforts in marketing to boost up the number of customers and improve the efficiency to acquire customers and continuously expand customer base.

Despite the rapid development of the margin financing and securities lending business, the Group continuously strengthened credit risk management and control during the year to fully consolidate the asset quality. It made provisions for impairment losses against margin accounts of RMB1.36 billion. The year-on-year increase in other operating costs was mainly attributable to the basis trading of commodities and the expansion of warehouse warrant business of Huatai Futures and the increase in other operating incomes and costs.

The Company captured market opportunities to unswervingly promote the two-pronged strategy, improve profitability and stress profit efficiency, achieving a net profit attributable to the Parent Company of RMB10.82 billion and a budget completion rate of 124.2% in 2020.



### III. CAPITAL EXPENDITURE OF THE GROUP

In 2020, the capital expenditure of the Group was RMB920 million and the budget completion rate was 83%. The Company made ongoing efforts in financial technology (Fintech) and advanced the digital transformation in business innovation, customers' success, operation optimization and staff empowerment, achieving remarkable results. On June 30, 2020, "Securities Lending Path" (融券通), the first open-ended online securities lending trading platform on the market, was officially released. The "Xing Zhi" (行知) APP, our self-developed digital platform serving institutional customers, provided customers with new service models in the digital era. It fully facilitated the in-depth integration of Fintech and business and fully adopted Fintech means to explore the potential value of data and provide clients with all-round comprehensive financial services.

As the progress of the decoration projects was greatly affected by the pandemic, the budget completion rate was relatively low.

#### Completion of capital expenditure budget in 2020

(Unit: RMB100 million, Currency: RMB)

Item	Actual figure of the Group	Budget value of the Group	Budget completion rate of the Group	Actual figure of the Parent Company	Budget value of the Parent Company	Budget completion
						rate of the Parent Company
Electronic and office equipment	3.4	2.8	119.1%	2.9	2.4	119.7%
Transportation equipment	0.06	0.2	30.0%	0.04	0.2	22.2%
Renovation expenses	1.1	2.0	55.5%	0.9	1.8	52.2%
Software expenses	4.6	6.0	76.7%	2.6	4.2	61.8%
<b>Total</b>	<b>9.2</b>	<b>11.0</b>	<b>83.0%</b>	<b>6.4</b>	<b>8.5</b>	<b>75.2%</b>

This report has been considered and approved at the Fourteenth meeting of the Fifth session of the Board of Directors, and is now submitted to the Shareholders for your consideration.

**The Board of Directors of the Company**

**APPENDIX III      RESOLUTION ON THE ESTIMATED ORDINARY TRANSACTIONS  
WITH RELATED PARTIES OF THE COMPANY FOR 2021**

Dear Shareholders,

According to the requirements under relevant laws and regulations, the Listing Rules and the Management System for Related-party Transactions of the Company, with reference to the actual situation of related-party transactions of the Company in recent years and based on its needs in ordinary operations and business development, the Company made estimates on the ordinary transactions with related parties of the Company in 2021 with details as follows:

**I. GENERAL SITUATION OF ESTIMATED ORDINARY TRANSACTIONS WITH RELATED PARTIES OF THE COMPANY IN 2021**

**(1) Jiangsu Guoxin Investment Group Limited and its related companies**

Transaction type	Item	Estimated amount	Brief description of relevant business or item
Securities and financial products services	Securities trading commission	The actual amount for 2020 was RMB4,628,465.86.  The amount for 2021 will be calculated based on the actual amount as the securities market conditions and securities trading amount cannot be estimated accurately.	The business department of the Company provides securities and futures brokerage services to it in exchange of a commission determined with reference to the market price.
	Investment banking income	The actual amount for 2020 was RMB2,773,584.90.  The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	The Company or its subsidiaries provide securities underwriting, financial advisory and other services to it in exchange of fees determined with reference to the market price.
Securities and financial products trading	Trading in and subscription of bonds in the fixed income business	The net amount of bonds redeemed by the Company from related parties was RMB131,078,936.18 for 2020. The bonds subscribed by related parties from the Company amounted to RMB20,000,000.00.  The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the bond market conditions and specific business scale.	Subscription of bonds in the primary market, and investment in and repurchase of bonds in the secondary market.

**APPENDIX III RESOLUTION ON THE ESTIMATED ORDINARY TRANSACTIONS  
WITH RELATED PARTIES OF THE COMPANY FOR 2021**

Transaction type	Item	Estimated amount	Brief description of relevant business or item
	Investment income	<p>The actual amount for 2020 was RMB6,544,795.95.</p> <p>The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.</p>	Income from holding and disposal of financial assets held for trading and income from holding and disposal of debt investment.

**(2) Jiangsu Communications Holding Co., Ltd. and its related companies**

Transaction type	Item	Estimated amount	Brief description of relevant business or item
Securities and financial products services	Securities trading commission	<p>The actual amount for 2020 was RMB227.04.</p> <p>The amount for 2021 will be calculated based on the actual amount as the securities market conditions and securities trading amount cannot be estimated accurately.</p>	The business department of the Company provides securities and futures brokerage services to it in exchange of a commission determined with reference to the market price.
	Investment banking income	<p>The actual amount for 2020 was RMB1,672,593.23.</p> <p>The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.</p>	The Company or its subsidiaries provide securities underwriting, financial advisory and other services to it in exchange of fees determined with reference to the market price.
Securities and financial products trading	Trading in and subscription of bonds in the fixed income business	<p>The net amount of bonds subscribed by the Company from related parties was RMB5,924,326.61 for 2020.</p> <p>The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the bond market conditions and specific business scale.</p>	Subscription of bonds in the primary market, and investment in and repurchase of bonds in the secondary market.

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WITH RELATED PARTIES OF THE COMPANY FOR 2021**

Transaction type	Item	Estimated amount	Brief description of relevant business or item
	Investment income	<p>The actual amount for 2020 was RMB15,458,938.26.</p> <p>The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.</p>	Income from holding and disposal of financial assets held for trading and income from holding and disposal of debt investment.
	Liquidity coordination	<p>The actual amount of placements from other financial institutions was RMB2,500,000,000.00 and the corresponding interest expense was RMB1,181,250.00 for 2020.</p> <p>The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.</p>	Mainly includes inter-bank lending, overdraft facility of legal person's account, repurchase of bonds and liquidity support and commitment.
	Purchase/disposal of financial products	The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	The Company purchases/sells non-publicly issued financial products such as non-public corporate bonds, structured notes, asset securitization and private equity fund.

**(3) Govtor Capital Group Co., Ltd. and its related companies**

Transaction type	Item	Estimated amount	Brief description of relevant business or item
Securities and financial products services	Securities trading commission	<p>The actual amount for 2020 was RMB118,920.00.</p> <p>The amount for 2021 will be calculated based on the actual amount as the securities market conditions and securities trading amount cannot be estimated accurately.</p>	The business department of the Company provides securities and futures brokerage services to it in exchange of a commission determined with reference to the market price.

Transaction type	Item	Estimated amount	Brief description of relevant business or item
	Investment banking income	The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	The Company or its subsidiaries provide securities underwriting, financial advisory and other services to it in exchange of fees determined with reference to the market price.
Securities and financial products trading	Trading in and subscription of bonds in the fixed income business	The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the bond market conditions and specific business scale.	Subscription of bonds in the primary market, and investment in and repurchase of bonds in the secondary market.
	Investment income	The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	Income from holding and disposal of financial assets held for trading and income from holding and disposal of debt investment.
	Purchase/disposal of financial products	The net subscription amount of financial products subscribed from the Company was RMB30,000,000.00 and the Company paid an accumulated investment income of RMB1,397,287.67 for 2020.  The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	The Company purchases/sells non-publicly issued financial products such as non-public corporate bonds, structured notes, asset securitization and private equity fund.
Other transactions with related parties	Rental income/expense	The actual amount of rental income for 2020 was RMB1,484,438.10.  The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	The Company rents/leases business premises and office equipment to it in exchange of/by paying rental.

**APPENDIX III RESOLUTION ON THE ESTIMATED ORDINARY TRANSACTIONS  
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**(4) Huatai-PineBridge Fund Management Co., Ltd.**

<b>Transaction type</b>	<b>Item</b>	<b>Estimated amount</b>	<b>Brief description of relevant business or item</b>
Securities and financial products services	Trading seat compartment commission and sales service charge	The actual amount for 2020 was RMB50,742,652.38.  The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	The Company acts as an agent for sales of and retains its fund products and leases trading seats and provides brokerage services to it in exchange of commission and other income determined with reference to the market price.
Securities and financial products trading	Trading in and subscription of bonds in the fixed income business	The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the bond market conditions and specific business scale.	Subscription of bonds in the primary market, and investment in and repurchase of bonds in the secondary market.
	Purchase/disposal of financial products	The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	The Company purchases/sells non-publicly issued financial products such as non-public corporate bonds, structured notes, asset securitization and private equity fund.
Other transactions with related parties	Rental income/expense	The actual amount of rental income for 2020 was RMB95,238.10.  The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	The Company rents/leases business premises and office equipment to it in exchange of/by paying rental.

**(5) China Southern Asset Management Co., Ltd. and its related companies**

<b>Transaction type</b>	<b>Item</b>	<b>Estimated amount</b>	<b>Brief description of relevant business or item</b>
Securities and financial products services	Trading seat compartment commission and sales service charge	The actual amount for 2020 was RMB99,551,193.51.  The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	The Company acts as an agent for sales of and retains its fund products and leases trading seats and provides brokerage services to it in exchange of commission and other income determined with reference to the market price.

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Transaction type	Item	Estimated amount	Brief description of relevant business or item
Securities and financial products trading	Trading in and subscription of bonds in the fixed income business	<p>The bonds subscribed by related parties from the Company amounted to RMB390,000,000.00 for 2020.</p> <p>The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the bond market conditions and specific business scale.</p>	Subscription of bonds in the primary market, and investment in and repurchase of bonds in the secondary market.
	Purchase/disposal of financial products	<p>The financial products purchased by the Company amounted to RMB484,950,989.39 for 2020.</p> <p>The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.</p>	The Company purchases/sells non-publicly issued financial products such as non-public corporate bonds, structured notes, asset securitization and private equity fund.
	OTC derivatives trading	<p>The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.</p>	Includes income swap, OTC option trading, etc.
Other transactions with related parties	Rental income/expense	<p>The actual amount of rental income for 2020 was RMB3,279,317.01. The rental expense was RMB32,470,903.12.</p> <p>The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.</p>	The Company rents/leases business premises and office equipment to it in exchange of/by paying rental.

**APPENDIX III      RESOLUTION ON THE ESTIMATED ORDINARY TRANSACTIONS  
WITH RELATED PARTIES OF THE COMPANY FOR 2021**

**(6) Bank of Jiangsu Co., Ltd.**

Transaction type	Item	Estimated amount	Brief description of relevant business or item
Securities and financial products services	Investment banking income	The actual amount for 2020 was RMB10,480,310.61.  The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	The Company or its subsidiaries provide securities underwriting, financial advisory and other services to it in exchange of fees determined with reference to the market price.
	Investment banking expenses	The actual amount for 2020 was RMB2,076,909.29.  The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	The Company or its subsidiaries receive securities underwriting and other services by it in exchange of fees determined with reference to the market price.
	Interest income from bank deposits	The actual amount for 2020 was RMB7,763,557.52.  The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	Net interest income.
	Bank credit, borrowings and other services	The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	Interest expenses on bank loans and borrowings.
Securities and financial products trading	Trading in and subscription of bonds in the fixed income business	The net amount of bonds redeemed by the Company from related parties was RMB245,403,780.54 for 2020.  The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the bond market conditions and specific business scale.	Subscription of bonds in the primary market, and investment in and repurchase of bonds in the secondary market.
	Foreign exchange transactions	The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	Foreign exchange transactions in the interbank foreign exchange market (including spot, forward and swap transactions).



Transaction type	Item	Estimated amount	Brief description of relevant business or item
	Investment income	<p>The actual amount for 2020 was RMB7,284,645.81.</p> <p>The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.</p>	Income from holding and disposal of financial assets held for trading and income from holding and disposal of debt investment.
	Liquidity coordination	<p>The actual amount of collateralized securities repurchase was RMB130,924,840,000.00 and the corresponding interest expense was RMB7,387,745.77 for 2020.</p> <p>The actual amount of placements from other financial institutions was RMB98,200,000,000.00 and the corresponding interest expense was RMB7,008,055.61.</p> <p>The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the business scale.</p>	Mainly includes inter-bank lending, overdraft facility of legal person's account, repurchase of bonds, liquidity support and commitment.
	Purchase/disposal of financial products	<p>It subscribed financial products from the Company and the Company paid an accumulated investment income of RMB191,780.82 for 2020.</p> <p>The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.</p>	The Company purchases/disposes non-publicly issued financial products such as non-public corporate bonds, structured notes, asset securitization and private equity fund.
	Transfer of debt/income rights	<p>The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.</p>	Includes the disposal/purchase of debt or income rights such as syndicated loans.

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WITH RELATED PARTIES OF THE COMPANY FOR 2021**

<b>Transaction type</b>	<b>Item</b>	<b>Estimated amount</b>	<b>Brief description of relevant business or item</b>
	OTC derivatives trading	The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	Includes income swap, OTC option trading, etc.
Other transactions with related parties	Rental income/expense	The actual amount of rental income for 2020 was RMB4,226,034.88.  The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	The Company rents/leases business premises and office equipment to it in exchange of/by paying rental.

**(7) Other related legal persons**

<b>Transaction type</b>	<b>Item</b>	<b>Estimated amount</b>	<b>Brief description of relevant business or item</b>
Securities and financial products services	Securities trading commission	The actual amount for 2020 was RMB44,985.16.  The amount for 2021 will be calculated based on the actual amount as the securities market conditions and securities trading amount cannot be estimated accurately.	The business department of the Company provides securities and futures brokerage services to it in exchange of a commission determined with reference to the market price.
	Investment banking income	The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	The Company or its subsidiaries provide securities underwriting, financial advisory and other services to it in exchange of fees determined with reference to the market price.
Securities and financial products trading	Trading in and subscription of bonds in the fixed income business	The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the bond market conditions and specific business scale.	Subscription of bonds in the primary market, and investment in and repurchase of bonds in the secondary market.

**APPENDIX III      RESOLUTION ON THE ESTIMATED ORDINARY TRANSACTIONS  
WITH RELATED PARTIES OF THE COMPANY FOR 2021**

Transaction type	Item	Estimated amount	Brief description of relevant business or item
	Purchase/disposal of financial products	The net redemption amount of financial products subscribed from the Company was RMB30,000,000.00 and the Company paid an accumulated investment income of RMB2,647,595.61 for 2020.  The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	The Company purchases/sells non-publicly issued financial products such as non-public corporate bonds, structured notes, asset securitization and private equity fund.
	OTC derivatives trading	The actual amount of gains from OTC options paid by the Company was RMB191,930.10 for 2020.  The amount for 2021 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	Includes income swap, OTC option trading, etc.

**(8) Related Natural Persons**

Related natural persons mainly include the Company's incumbent Directors, Supervisors and senior management and those who have resigned for less than twelve months, their close family members, and other related natural persons as required by the Listing Rules. In the daily operations of the Company, the related natural persons receive the securities and financial product services provided by the Company, or subscribe for the securities and financial products issued by the Company in accordance with the provisions of laws, regulations and regulatory requirements. The amount will be calculated based on the actual amount due to the uncertainty of the occurrence and scale of the business. For the related-party transactions above, the Company will charge fees in strict compliance with the principle of fair price and with reference to market prices.

**II. INTRODUCTION OF THE RELATED PARTIES AND THE RELATIONSHIP**

1. Jiangsu Guoxin Investment Group Limited held 1,349,233,436 Shares at the end of 2020, accounting for 14.86% of the total share capital of the Company, as the largest holder of A Shares. Jiangsu Guoxin Investment Group Limited was established in February 2002 as a wholly state-owned enterprise under Jiangsu SASAC with registered capital of RMB30.0 billion. The current legal representative of Jiangsu Guoxin Investment Group Limited is Xie Zhengyi.

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**APPENDIX III      RESOLUTION ON THE ESTIMATED ORDINARY TRANSACTIONS  
WITH RELATED PARTIES OF THE COMPANY FOR 2021**

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2. Jiangsu Communications Holding Company Limited held 484,065,418 Shares at the end of 2020, accounting for 5.33% of the total share capital of the Company, as the second largest holder of A Shares. Jiangsu Communications Holding Company Limited was established in March 1993 as a wholly state-owned enterprise under Jiangsu SASAC with registered capital of RMB16.8 billion. The current legal representative of Jiangsu Communications Holding Company Limited is Cai Renjie.
3. Govtor Capital Group Co., Ltd. held 356,233,206 Shares at the end of 2020, accounting for 3.92% of the total share capital of the Company, as the third largest holder of A Shares, where a director of the Company serves as a member of its senior management. Govtor Capital Group Co., Ltd. was established in July 1992 as a wholly state-owned enterprise under Jiangsu SASAC with registered capital of RMB3.0 billion. The current legal representative of Govtor Capital Group Co., Ltd. is Dong Liang.
4. Huatai-PineBridge Fund Management Co., Ltd. is an associate of the Company (with the direct shareholding of 49% at the end of 2020) established in November 2004. It has registered capital of RMB200 million and was registered in Shanghai. It primarily engages in businesses including fund management and promotion and establishment of funds.
5. China Southern Asset Management Co., Ltd. is an associate of the Company (with the direct shareholding of 41.16% at the end of 2020) established in March 1998. It has registered capital of RMB361.72 million and was registered in Shenzhen. It primarily engages in businesses including fund raising, fund sales and asset management.
6. Bank of Jiangsu Co., Ltd. is an associate of the Company (with the direct shareholding of 5.54% at the end of 2020) established in January 2007. It has registered capital of RMB11,544.45 million and was registered in Nanjing. It primarily engages in businesses including deposit, loan and settlement business.
7. Other related legal persons

Other related legal persons include: companies (other than the Company and its subsidiaries), where the Company's incumbent Directors, Supervisors and senior management and those who have resigned for less than twelve months hold positions as directors or senior management (except those included in the expected items (I) to (VI) for ordinary related party transactions); and companies (other than the Company and its subsidiaries), where the close family members of the Company's incumbent Directors, Supervisors and senior management and those who have resigned for less than twelve months hold positions as directors or senior management.

**III. THE PURPOSE OF THE TRANSACTIONS AND THE EFFECT ON THE COMPANY**

1. The above-mentioned transactions with related parties that were generated from the ordinary business operation would facilitate the normal development of the business and would bring certain benefit to the Company;
2. The above-mentioned transactions with related parties were fair, the transaction prices of which were determined with reference to market prices, and they did not impair the interests of the Company;
3. The above-mentioned transactions with related parties did not affect the independence of the Company and the principal business of the Company did not rely on the related parties as the result of the above-mentioned transactions with related parties.

**IV. THE REVIEW PROCEDURES**

1. The Company submitted the Proposal on the Estimated Ordinary Transactions with Related Parties of the Company for 2021 to all independent Directors for their consideration and independent opinions;
2. The Third meeting of the Fifth session of the audit committee of the Board of the Company for 2021 pre-considered the Proposal on the Estimated Ordinary Transactions with Related Parties of the Company for 2021;
3. The Fourteenth meeting of the Fifth session of the Board of the Company considered the Proposal on the Estimated Ordinary Transactions with Related Parties of the Company for 2021; the related Directors of the Company respectively abstained from voting on proposal in relation to matters of their respective transactions with related parties. After the approval of such proposal, the Resolution on the Estimated Ordinary Transactions with Related Parties of the Company for 2021 was formed and was submitted to the 2020 Annual General Meeting of the Company for consideration and approval;
4. During the consideration of the above-mentioned transactions with related parties in the Annual General Meeting, related Shareholders shall abstain from voting on the matters in relation to their respective transactions with related parties.

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**APPENDIX III      RESOLUTION ON THE ESTIMATED ORDINARY TRANSACTIONS  
WITH RELATED PARTIES OF THE COMPANY FOR 2021**

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**V. THE SIGNING OF AGREEMENT ON TRANSACTIONS WITH RELATED PARTIES**

It is proposed that the senior management be authorized to sign or renew relevant agreements according to the needs of ordinary business development at the general meeting, so long as such transactions are within the scope of the transactions with related parties expected in the ordinary course of business in 2021.

This resolution has been considered and approved at the Fourteenth meeting of the Fifth session of the Board of Directors, and is now submitted to the Shareholders for your consideration.

**The Board of Directors of the Company**