
NOTICE OF AGM

The board of directors and all directors of Huatai Securities Co., Ltd. (hereinafter referred to as “the Company”) warrant that there are no false representations, misleading statements contained in, or material omissions from, this announcement, and jointly and severally accept responsibility for the truthfulness, accuracy and completeness of the content in this announcement.

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 Thursday, June 18, 2020 at 2:00 p.m. to consider the following issues:

ORDINARY RESOLUTIONS

1. To consider and approve the 2019 Work Report of the Board
2. To consider and approve the 2019 Work Report of the Supervisory Committee
3. To consider and approve the 2019 Final Financial Report
4. To consider and approve the 2019 Annual Report
5. To consider and approve the 2019 Profit Distribution Plan
6. To consider and approve the resolution on the estimated ordinary transactions with related parties of the Company for 2020:
 - 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 2020
8. To consider and approve the resolution on the re-appointment of the accounting firm of the Company for 2020
9. To consider and approve the resolution on the election of Mr. Wang Jianwen as an independent non-executive Director of the fifth session of the Board of the Company

NOTICE OF AGM

SPECIAL RESOLUTION

10. To consider and approve the resolution on amendments to the Articles of Association of Huatai Securities Co., Ltd.

Huatai Securities Co., Ltd

April 29, 2020

DEFINITIONS

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 2019 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 Thursday, June 18, 2020 at 2:00 p.m.
“Articles of Association”	the articles of association of the Company, as amended from time to time
“AssetMark”	AssetMark Financial Holdings, Inc.
“AUM”	Asset Under Management
“Board” or “Board of the Company”	the board of directors 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
“CEO”	the chief executive officer of the Company

DEFINITIONS

“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
“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” or “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
“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

DEFINITIONS

“Huatai United Securities”	Huatai United Securities Co., Ltd. (華泰聯合證券有限責任公司), a holding subsidiary of the Company
“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
“Independent Non-executive Director(s)”	the independent non-executive Director(s) of the Company
“IPO”	the initial public offering
“IT”	information technology
“Jiangsu Equity Exchange”	Jiangsu Equity Exchange Co., Ltd. (江蘇股權交易中心有限責任公司), a holding subsidiary of the Company
“Jiangsu SASAC”	State-owned Assets Supervision and Administration Commission of Jiangsu Provincial Government (江蘇省政府國有資產監督管理委員會)
“Latest Practicable Date”	April 24, 2020, 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 Stock Exchange of Hong Kong Limited
“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, 2019 to December 31, 2019
“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)

DEFINITIONS

“STAR Market”	science and technology innovation board of Shanghai Stock Exchange
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“%”	per cent
“bps”	bits per second

ORDINARY RESOLUTIONS:

1. 2019 Work Report of the Board

At the AGM, an ordinary resolution will be proposed to approve 2019 Work Report of the Board. Please see the relevant parts of the 2019 Annual Report for information about 2019 Work Report of the Board.

The 2019 Work Report of the Board was considered and approved by the Board on March 30, 2020, and is now submitted to the AGM for its consideration and approval.

2. 2019 Work Report of the Supervisory Committee

At the AGM, an ordinary resolution will be proposed to approve 2019 Work Report of the Supervisory Committee. Details of the 2019 Work Report of the Supervisory Committee are set out in Appendix I to this circular.

The 2019 Work Report of the Supervisory Committee was considered and approved by the Supervisory Committee on March 30, 2020, and is now submitted to the AGM for its consideration and approval.

3. 2019 Final Financial Report

At the AGM, an ordinary resolution will be proposed to approve 2019 Final Financial Report. Details of the 2019 Final Financial Report are set out in the Appendix II to this circular.

The 2019 Final Financial Report was considered and approved by the Board on March 30, 2020, and is now submitted to the AGM for its consideration and approval.

4. Resolution on 2019 Annual Report of the Company

At the AGM, an ordinary resolution will be proposed to approve the 2019 Annual Report.

The 2019 Annual Report was considered and approved by the Board and the Supervisory Committee on March 30, 2020, and is now submitted to the AGM for its consideration and approval.

5. Resolution on the 2019 Profit Distribution Plan of the Company

At the AGM, an ordinary resolution will be proposed to approve the 2019 Profit Distribution Plan.

As audited by KPMG Huazhen LLP, the net profit for 2019 of the Company reached RMB6,288,603,129.33. According to relevant requirements of the Company Law, the Securities Law of the People's Republic of China, Financial General Rules for Enterprises and Financial Rules for Financial Enterprises (《企業財務通則金融企業財務規則》) 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 RMB1,886,580,938.79 in total, after which, the profit available for distribution for the year was RMB4,402,022,190.54.

Plus the balance of undistributed profit in previous years and less the dividend distributed by the Company for the year, the accumulated profit available for distribution to investors in cash for the year was RMB16,159,562,007.01.

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 2019, the accumulated fair value changes in distributable profit of the Parent Company was RMB4,084,760,751.30, after deduction of which as required, the profit of the Parent Company available for distribution to investors in cash amounted to RMB12,074,801,255.71.

After comprehensive consideration of factors such as the interests of Shareholders and the development of the Company, and in view of the implementation of the share repurchase scheme of the Company, the 2019 profit distribution plan of the Company is proposed as follows:

The Company will make profit distribution by way of cash dividend for 2019, to distribute cash dividend to all the holders of A Shares (excluding the Company's designated account for share repurchase) and H Shares whose names appeared on the register of Shareholders on the record date for cash dividend distribution for 2019, the amount of which will be RMB3.00 (tax inclusive) per 10 shares in cash based on the Company's total share capital of 9,076,650,000 shares subject to the deduction of the number of shares held in the Company's designated account for share repurchase after the close of market on the shareholding record date for A Shareholders in this profit distribution. The remaining profit available for distribution to investors will be carried forward to the next year.

Cash dividend is denominated and declared in Renminbi, and paid to holders of A Shares (including the depository of GDRs) in Renminbi and to holders of H Shares (excluding the investors of Southbound Trading) in HK dollars. The actual distribution amount in HK dollars would 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 2019 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 30, 2020, 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 2020

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 2020 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 2020 are set out in the Appendix III to this circular.

The resolution was considered and approved by the Board on March 30, 2020, 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 2020

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 7 of the Provisions on Strengthening the Supervision and Administration of Listed Securities Companies (Revised in 2010) (《關於加強上市證券公司監管的規定(2010年修訂)》) promulgated by the CSRC provides that “pursuant to the requirements of the listing rules of Shanghai Stock Exchange and 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 2020 and formed the Resolution on the Estimated Investment Amount for the Proprietary Business of the Company for 2020, which is submitted to the AGM for consideration. The resolution mainly includes:

Subject to the compliance with the relevant requirements of proprietary management and risk monitor and control 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. In 2020, the limit of actual amounts of proprietary investment of the Company 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 30, 2020, 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 2020

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 2019, 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 2020. As the Company issued GDRs on the London Stock Exchange plc in 2019, an additional audit report on GDRs will be required. The annual audit service fee increased from not more than RMB5.5 million in 2019 to not more than RMB6 million.

The resolution was considered and approved by the Board on March 30, 2020, and is now submitted to the AGM for its consideration and approval.

9. Resolution on election of Mr. Wang Jianwen as 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 March 30, 2020 in relation to, inter alia, the Board's proposed election of Mr. Wang Jianwen 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. Therefore, the Company suggests the Board to nominate Mr. Wang Jianwen 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 his election by the AGM as an independent non-executive Director of the fifth session of the Board of the Company, Mr. Wang Jianwen will enter into a service contract with the Company to replace Mr. Liu Hongzhong to serve as an independent non-executive Director of the fifth session of the Board. The term of office of Mr. Wang Jianwen shall expire at the end of the term of the current Board. Pursuant to the Articles of Association, Mr. Wang Jianwen will be eligible for re-election after his term of office expires.

The biography of Mr. Wang Jianwen and details of other information relating to his appointment are set out below:

Mr. Wang Jianwen, born in July 1974, has a Ph.D. degree in civil and commercial law. From August 1998 to May 2006, he taught at Nanjing Tech Law School. From May 2006 to May 2016, he taught at Hohai University School of Law. Since May 2016, he has been a professor and doctor-postgraduate supervisor at the College of Humanities and Social Sciences of Nanjing University of Aeronautics and Astronautics. In 2013, he was selected into the list of the Third Session of Outstanding Youth Jurists in Jiangsu Province (第三屆江蘇省優秀青年法學家). He currently serves as a managing director of China Commercial Law Society, the vice president and secretary-general of Jiangsu Commercial Law Society (江蘇省法學會商法學研究會), and concurrently as a member of the legal experts' pool of Jiangsu Provincial Committee of the Communist Party of China, a decision-making consulting expert of The Standing Committee of Jiangsu Provincial People's Congress, and a legal consultant for the Jiangsu Provincial Committee of the Chinese People's Political Consultative Conference.

With many years of legal experience, Mr. Wang Jianwen 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 Mr. Wang Jianwen 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.

Mr. Wang Jianwen will receive remuneration from the Company in accordance with the remuneration standard for Independent Non-executive Directors approved by the general meeting of the Shareholders of the Company during his term as an Independent Non-executive Director.

As of the Latest Practicable Date, Mr. Wang Jianwen 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, Mr. Wang Jianwen 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 March 30, 2020, and is now submitted to the AGM for its consideration and approval.

SPECIAL RESOLUTION:

10. Resolution on the Amendments to the Articles of Association of Huatai Securities Co., Ltd.

Reference is made to the announcement dated March 30, 2020 in relation to, inter alia, the Board's proposed amendment to the Articles of Association.

To further improve corporate governance, the Company proposes to amend certain articles of the Articles of Association in accordance with the Company Law, the Reply of the State Council on the Adjustment of the Provisions Applicable to the Notice Period of Convening General Meetings of Shareholders and Other Matters Applicable to the Companies Listed Abroad (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》), Code of Corporate Governance for Listed Companies (《上市公司治理準則》), Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》), Provisions on the Administration of Equities of Securities Companies (《證券公司股權管理規定》), Provisions on Issues Concerning the Implementation of the Provisions on the Administration of Equities of Securities Companies (《關於實施<證券公司股權管理規定>有

關問題的規定》), Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (《上海證券交易所股票上市規則》) and other relevant laws, regulations and regulatory documents and in light of the Company's actual condition. Meanwhile, the Board advised the general meeting to authorize the management of the Company to handle the reporting matters concerning the changes of certain articles of the Articles of Association.

The amended Articles of Association shall come into effect from the date of approval upon consideration at the AGM. Until then, the current Articles of Association shall remain valid.

Details of the explanation table of the proposed amendments to the Articles of Association are set out in Appendix IV to this circular.

The resolution was considered and approved by the Board on March 30, 2020, and is now submitted to the AGM for its consideration and approval.

Dear Shareholders,

On behalf of the Supervisory Committee, I hereby present the 2019 Work Report of the Supervisory Committee to the shareholders' general meeting for review.

In 2019, 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 of the Company 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 six meetings during the Reporting Period, details of which are as follows:

Name of meeting	Date	Form and venue of the meeting	Resolutions at the meeting
The Tenth Meeting of the Fourth Session of the Supervisory Committee	2019-03-29	Held on site; venue: Small Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing	<ol style="list-style-type: none">1. To consider the 2018 Work Report of the Supervisory Committee of the Company;2. To consider the proposal on the 2018 Profit Distribution of the Company;3. To consider the resolution on the 2018 Annual Report of the Company;

APPENDIX I 2019 WORK REPORT OF THE SUPERVISORY COMMITTEE

Name of meeting	Date	Form and venue of the meeting	Resolutions at the meeting
			<ol style="list-style-type: none">4. To consider the resolution on the 2018 Internal Control Evaluation Report of the Company;5. To consider the Special Report on the Keeping and Actual Use of Funds Raised in 2018;6. To consider the resolution on change of accounting policies of the Company;7. To consider the Report on Performance Assessment and Remuneration of the Supervisors of the Company for 2018;8. Debriefing of the Report on Internal Audit of the Company for 2018;9. Debriefing of the Internal Audit Work Plan of the Company for 2019.
The Eleventh Meeting of the Fourth Session of the Supervisory Committee	2019-04-29	Held on site; venue: Small Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing	To consider the resolution on the First Quarterly Report of the Company for 2019.

Name of meeting	Date	Form and venue of the meeting	Resolutions at the meeting
The Twelfth Meeting of the Fourth Session of the Supervisory Committee	2019-06-04	Held by way of teleconference	To consider the resolution on adjusting the proposal on the 2018 Profit Distribution of the Company.
The Thirteenth Meeting of the Fourth Session of the Supervisory Committee	2019-08-29	Held on site and by way of videoconference; venue: Large Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing; Conference Room of Securities Branch in Hongze Lake Road, Suqian, No. 581, Hongze Lake Road, Suqian.	<ol style="list-style-type: none"> 1. To consider the resolution on the 2019 Interim Report of the Company; 2. To consider the Company's Special Report on the Keeping and Actual Use of Funds Raised in the first half of 2019.
The Fourteenth Meeting of the Fourth Session of the Supervisory Committee	2019-10-29	Held on site; venue: Small Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing	<ol style="list-style-type: none"> 1. To consider the resolution on the Third Quarterly Report of the Company for 2019; 2. To consider the proposal on the election of members (Non-employee Supervisors) for the fifth session of the Supervisory Committee of the Company; 3. To consider the resolution on changing the use of part of proceeds from the non-public offering of A Shares.
The First Meeting of the Fifth Session of the Supervisory Committee	2019-12-16	Held on site; venue: Small Conference Room, Floor 12, Building 1, Huatai Securities Square, No. 228, Middle Jiangdong Road, Nanjing	To consider the resolution on the election of chairman of the fifth session of the Supervisory Committee of the Company.

APPENDIX I 2019 WORK REPORT OF THE SUPERVISORY COMMITTEE

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:

Name of Supervisors	Position	Attendance at meetings of the Supervisory Committee					Whether or not he/she failed to attend the meeting in person for two successive times	Number of attendance at Board meeting	Attendance at shareholders' general meeting
		Number of attendance required	Attendance in person	Attendance by way of teleconference	Attendance by proxy	Absence			
Yu Yimin	Chairman of the Supervisory Committee	5	5	1	-	-	No	4	1
Zhai Jun	Chairman of the Supervisory Committee and Employee Supervisor	5	5	1	-	-	No	4	2
Chen Ning	Supervisor	5	1	1	4	-	Yes	-	-
Zhang Ming	Supervisor	1	1	-	-	-	No	1	-
Yu Lanying	Supervisor	6	4	1	2	-	No	3	1
Yang Yaling	Supervisor	5	5	1	-	-	No	4	1
Zhang Xiaohong	Supervisor	1	-	-	1	-	No	-	-
Fan Chunyan	Supervisor	1	-	-	1	-	No	-	-
Peng Min	Employee Supervisor	1	1	-	-	-	No	1	-
Zhou Xiang	Employee Supervisor	1	-	-	1	-	No	-	-
Meng Qinglin	Employee Supervisor	5	4	1	1	-	No	3	1
Gu Chengzhong	Employee Supervisor	5	5	1	-	-	No	4	2
Wang Ying	Employee Supervisor	1	1	-	-	-	No	1	-
Number of meetings of the Supervisory Committee convened during the year							6		
Of which: number of meetings held on site							4		
number of meetings held by way of teleconference							1		
number of meetings held on site and by way of video conference							1		

Note: During the Reporting Period, Mr. Chen Ning failed to attend meetings of the Supervisory Committee in person for two successive times for business reasons and appointed other Supervisors in writing to act and vote on his behalf.

On April 26, 2019, the Company received the Notice on the Results of the Supplementary Election of Employee Supervisors for the Fourth Session of the Supervisory Committee (《關於第四屆監事會職工監事增補選舉結果的通知》); at the employee representatives' meeting of the Company, Mr. Gu Chengzhong and Mr. Zhai Jun were elected as Employee Supervisors of the fourth session of the Supervisory Committee of the Company, who will hold office till the end of the fourth session of the Supervisory Committee. Ms. Peng Min, the former Employee Supervisor, has reached the statutory age of retirement and therefore has ceased to serve as Employee Supervisor; Mr. Zhou Xiang, the former Employee Supervisor, has ceased to serve as Employee Supervisor due to work changes.

On December 16, 2019, Mr. Zhang Ming, Ms. Yu Lanying, Ms. Zhang Xiaohong and Ms. Fan Chunyan who were elected at the first extraordinary general meeting for 2019 of the Company, as well as Employee Supervisors Mr. Zhai Jun, Mr. Gu Chengzhong and Ms. Wang Ying who were elected at the employee representatives' meeting of the Company became members of the fifth session of the Supervisory Committee of the Company. Mr. Yu Yimin, Mr. Chen Ning, Ms. Yang Yaling and Mr. Meng Qinglin, members of the fourth session of the Supervisory Committee of the Company, have ceased to serve as Supervisors of the Company upon expiry of their term of office. On the same day, the first meeting of the fifth session of the Supervisory Committee of the Company was convened and Mr. Zhai Jun was elected as the chairman of the Supervisory Committee of the Company, who will formally take office as the chairman of the fifth session of the Supervisory Committee after obtaining the qualifications to serve as the chairman of the supervisory committee of securities companies.

II. Strengthening the Auditing and Inspection of the Company to Actively Perform the Supervisory Duties

From September 17 to September 21, 2019, Mr. Yu Yimin, chairman of the Supervisory Committee, led Supervisors Ms. Yu Lanying and Ms. Yang Yaling as well as Employee Supervisors Mr. Zhai Jun and Mr. Gu Chengzhong, to carry out investigation on branches and sub-branches in Baotou, Huhhot and Yinchuan, where they listened to reports of branches and sub-branches and conducted in-depth exchanges on compliance and risk management in the Company's business development.

Through the investigation, the Supervisory Committee of the Company went deep into the front line to learn about business conditions in Inner Mongolia and Ningxia as well as the status quo of compliance and risk management of branches and sub-branches, proposed guiding opinions for the Company's compliance and risk control, and effectively performed its supervisory duties to guarantee the legal and compliance operation of the Company.

III. Opinions Raised by the Supervisory Committee on the Company's Relevant Matters in 2019

During the Reporting Period, the Supervisory Committee convened six meetings in total, at which 17 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 of the Board on material matters on a real-time basis, made field trips to the Company's branches and business departments 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, Supervisors of the Company regularly read the main financial information on the operation of the Company in every month, 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 2019 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 further improve the registration and management of insiders, and orderly carried out the registration, management, disclosure and filing of insider information and kept the confidentiality thereof in accordance with the system, and continued to optimize the working procedures. There were no incidents found in the Company in violation of insider registration and management and confidentiality obligation.

4. During the Reporting Period, the related-party transactions of the Company were fair and reasonable, and no circumstances impairing interests of the Company and Shareholders have been found. When the Board of Directors of the Company considered related matters, independent Directors expressed independent opinions, affiliated Directors abstained from voting, and the voting procedures were legal and valid.
5. Approved by the CSRC, the Company completed the issuance of H Shares in 2015. Funds raised from the issuance of H Shares were verified by KPMG Huazhen LLP, and KPMG capital verification report (Yan Zi No. 1501031) was issued. According to the Capital Verification Report issued by KPMG Huazhen LLP, the 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 the Reporting Period, interest income and exchange gains/losses of the Company on the basis of raised funds from the issuance of H Shares were RMB78,353,937.65. As of the end of the Reporting Period, RMB30,065,707,759.71 (including interest of raised funds and exchange gains/losses) of funds raised from the issuance of H Shares was used in total.

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, RMB3,058,768,960.49 for expanding overseas business, and RMB2,536,787,115.28 for daily operation and other general corporate purposes. Besides the above usages, surplus of the Company's proceeds, about RMB600,335,782.88 (including interest of raised funds and exchange gains/losses), was not used, which was put into the bank account of the Company. As of December 31, 2019, 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 Company will continue to put the funds raised from the issuance of H Shares into operation according to the development strategy, market conditions and usage plan of funds raised from the issuance of H Shares.

6. Upon receiving the Approval in Relation to the Non-Public Issuance of Shares by Huatai Securities Co., Ltd. (Zheng Jian Xu Ke [2018] No. 315) (《關於核准华泰証券股份有限公司非公開發行股票的批覆》(證監許可[2018]315號)) from the CSRC, the Company completed the non-public issuance of RMB-denominated ordinary shares (A Shares) in July 2018, with a total of 1,088,731,200 ordinary shares (A Shares) issued at a par value of RMB1 per share and an issuance price of RMB13.05 per share and a total of RMB14,207,942,160.00 raised. After deduction of the issuing fees related to this non-public issuance of RMB74,736,488.79 (including the underwriting and sponsor fee, attorney fee, accountant fee, information disclosure fee, issuance registration fee, stamp duty and other fees), the net funds raised were RMB14,133,205,671.21, which were all in place on July 31, 2018 and were verified by KPMG Huazhen LLP with the KPMG capital verification report (Yan Zi No. 1800286) issued.

In December 2019, according to the Proposal on Changing the Use of Some Funds Raised from Non-public Issuance of A Shares considered and approved at the first extraordinary general meeting of the Company in 2019, the Company adjusted the use of some funds raised. It adjusted the use of the original RMB100 million for “increasing the investment in the Hong Kong-based subsidiary to expand overseas businesses” to the use for “further expanding credit trading businesses such as securities margin trading and stock pledge”.

As of the end of the Reporting Period, the Company used the funds raised from its non-public issuance of ordinary shares (A Shares) as follows: RMB4,900,000,000.00 was used for further expanding credit trading businesses such as securities margin trading and stock pledge; RMB8,000,000,000.00 was used for expanding the scale of investment in fixed income products and increasing the reserves of high-quality liquid assets of the Company; RMB500,000,000.00 was used for increasing investment in Huatai Purple Gold Investment; RMB300,000,000.00 was used for increasing the investment in information system and continuously improving the informatization; and RMB484,212,598.91 was used for other working capital arrangements (including the interest of raised funds). As of December 31, 2019, the funds raised were used up and a total of RMB14,184,212,598.91 (including current interest income from the funds raised) was used. The special account for the funds raised had been cancelled.

7. 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) (《關於核准华泰証券股份有限公司發行全球存托憑證並在倫敦証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, and RMB1,000,000,000.00 was used for supplementing the working capital and for general corporate purposes. Apart from the above usage of funds, the surplus of the Company's proceeds of RMB7,053,408,564.22 (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. As of December 31, 2019, 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 will successively put the funds raised from the issuance of GDRs into operation according to its development strategy, the market conditions and the usage plan of funds raised from the issuance of GDRs.

8. During the Reporting Period, the Company successfully issued two tranches of corporate bonds of RMB12 billion; issued two tranches of non-public corporate bonds of RMB9 billion; issued one tranche of financial bonds of RMB6 billion; issued seven tranches of short-term financing bonds of RMB27 billion; and issued one tranche of USD bonds of USD500 million. In 2019, the Company cumulatively issued 4,345 structured notes with a total amount of RMB77.877 billion. As of December 31, 2019, the Company had 1,296 structured notes in duration period, with an amount of RMB32.364 billion. All funds raised were used to supplement the Company's working capital, which was consistent with the contents disclosed in the prospectus.

9. Written reviews and opinions on the 2019 Annual Report of the Company prepared by the Board of Directors were as follows:

The 2019 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.

10. The Supervisory Committee reviewed the 2019 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. During the Reporting Period, the Company constantly promoted the international strategic layout, successfully issued GDRs and was listed on the London Stock Exchange plc. AssetMark under the Company made its debut on the New York Stock Exchange and its overseas wholly-owned subsidiary obtained the qualification for American broker dealer. During development of overseas businesses, the Company should fully understand and strictly follow the regulatory requirements of the overseas market and enhance compliance and risk management of overseas subsidiaries, to ensure continuous and steady development of overseas businesses.
2. In 2019, the securities market picked up on the whole, the capital market reform was continuously deepened and the regulatory policies were further improved, but the industry competition was still fierce. Given increasingly accelerated opening up of the industry, more foreign securities traders will join the rank of competition. While improving its differentiated competitiveness and seeking transformation and innovation, the Company should also stick to the bottom line of compliance risk control to ensure the Company's innovative businesses are carried out steadily based on controllable risks.
3. As China's economy steers gradually toward high quality development and the domestic capital market was gradually geared towards international standards, regulatory authorities and domestic and foreign investors paid more attention to the social responsibility performance and the environmental, social and governance (ESG) capability of listed companies. The Company should continue to improve its ESG structure and related systems as well as the disclosure of ESG-related information, and integrate its ESG concept developed based on corporate culture into all aspects of corporate governance and business development.

In 2020, 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 second 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 2019 Final Financial Report is as follows:

I. OVERALL SITUATION OF THE COMPANY

In 2019, against the backdrop of slower macroeconomic growth and escalating Sino-US economic and trade frictions, financial supply-side reform proceeded steadily, and the strategic position of the capital market rose to an unprecedented level. A-share valuations edged up as compared with 2018, and the overall industry performance recovered. As of January 31, 2020, 30 A-share securities dealers issued their earnings forecasts/estimates for 2019, showing satisfactory performance of the whole industry. As compared with six securities dealers taking the lead in net assets, the Company ranked third and second in the industry in terms of the net profit attributable to the Parent Company (amounting to RMB9.002 billion) and the increase thereof (coming in at 78.86%), respectively.

Operating performance of top securities dealer (Unit: RMB100 million, Currency: RMB)

Securities dealer	Net profit attributable to the Parent Company	Year-on-year increase	Operating income	Year-on-year increase
CITIC Securities	122.88	30.86%	431.77	16.00%
Haitong Securities	96.93	86.00%	Note	
Huatai Securities	90.02	78.86%	248.63	54.35%
Guotai Junan Securities	86.26	28.59%	298.56	31.42%
GF Securities	75.90	76.50%	Note	
China Merchants Securities	72.82	64.57%	187.08	65.24%

Note: The income and profit data for 2019 are audited data, and the data of other securities dealers are from the earnings estimates and forecasts issued by them. As Haitong Securities and GF Securities did not disclose their operating incomes in 2019 in their earnings growth announcements, their data relating to the net profit attributable to the parent company are the upper limit of the disclosed data.

In response to the complex and ever-changing market, the Company fully promoted the technology-empowered “two-pronged (雙輪驅動)” strategy of wealth management and institutional services, built an integrated customer-based service system, and strived to build future-oriented differentiated core capabilities. The Company secured a top ranking in the industry in main business indexes and kept ahead of its rivals in terms of institutional services and investment management, etc.

(I) Main financial data

In 2019, the operating income of the Group amounted to RMB24.863 billion, representing a year-on-year increase of 54.35%. The operating expenses amounted to RMB13.255 billion, representing a year-on-year increase of 37.60%. The net profit amounted to RMB9.057 billion, representing a year-on-year increase of 75.49%. The net profit attributable to the Parent Company amounted to RMB9.002 billion, representing a year-on-year increase of 78.86%.

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

Item	2019	2018	Year-on-year change
Operating income	248.63	161.08	54.35%
Operating expenses	132.55	96.33	37.60%
Of which: Operation and management expenses	113.67	81.67	39.18%
Operating profit	116.08	64.75	79.27%
Net profit	90.57	51.61	75.49%
Net profit attributable to the Parent Company	90.02	50.33	78.86%

Operating income and net profits of the Group staged a marked growth. Under stringent cost management measures, the Company saw operating expenses growing at a slower rate than operating income.

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

Item	As at the end of 2019	As at the end of 2018	Change in the Company
Total assets	5,621.81	3,686.66	52.49%
Total liabilities	4,365.26	2,639.16	65.40%
Net assets	1,256.55	1,047.50	19.96%
Net capital (Parent Company)	640.41	595.60	7.52%

At the end of 2019, the Group's total assets were RMB562.181 billion, representing an increase of RMB193.515 billion as compared with the beginning of the year, scaling a historic high. The asset increase was mainly reflected in the marked increase in financial investment and cash assets, which increased RMB135.918 billion and RMB49.398 billion as compared with the beginning of the year, respectively; total liabilities were RMB436.526 billion,

representing an increase of RMB172.61 billion as compared with the beginning of the year; in particular, active liabilities grew RMB106.241 billion as compared with the beginning of the year; as the first domestic securities company listed in three places, the Company further enhanced its capital strength through equity financing, with the net assets amounting to RMB125.655 billion at the end of the year, representing a year-on-year increase of 19.96%; and the net capital of the Parent Company was RMB64.041 billion, representing a year-on-year increase of 7.52%.

(II) Main financial indicators

In terms of asset-liability structure and profitability, the Company performed well, and all major financial indicators improved significantly.

Main financial indicators of the Group

Financial indicator	2019	2018	Change
Debt-to-assets ratio	73.40%	66.12%	Increase of 7.28 percentage points
Income-expense ratio	53.31%	59.80%	Decrease of 6.49 percentage points
Net income ratio	36.43%	32.04%	Increase of 4.39 percentage points
Weighted average return on net assets	7.94%	5.32%	Increase of 2.62 percentage points
Earnings per share (RMB/share)	1.04	0.66	57.58%

Notes: 1. Debt-to-assets ratio = (total liabilities – deposits for securities transaction)/(total assets – deposits for securities transaction);

2. Income-expense ratio = operating expenses/operating income, net income ratio = net profit/operating income.

The Group's debt-to-assets ratio was 73.40%, representing a year-on-year increase of 7.28 percentage points, mainly due to the Company's active efforts to build up asset scale based on its strategic development and business needs and improved financial leverage through active liability. The Company continued to optimize its debt structure and reduce financing cost through active capital operation and liquidity management. The annual average cost of debt of the Parent Company was 3.48%, representing a decrease of 72bps from 2018. Weighted average return on net assets was 7.94%, representing a year-on-year increase of 2.62

percentage points. The Company's earnings increased on a recovering market, and meanwhile, the improving financial leverage also contributed to further increase in the return on assets of the Company; the net income ratio was 36.43%, representing a year-on-year increase of 4.39 percentage points.

II. FINANCIAL INCOME AND EXPENDITURE AND BUDGET COMPLETION

In 2019, against the backdrop of a market rally, the daily average stocks and funds trading volume of the market throughout the year amounted to RMB555.4 billion (on an unilateral basis), slightly higher than the optimistic assumption of RMB550 billion; the average daily balance of the securities margin trading in the market was RMB908.5 billion, lower than the neutral assumption of RMB950 billion. The overall market environment approached the optimistic assumption as the main indexes of the A-share market increased significantly, valuations rebounded sharply and the bond market fluctuated upward. 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 Company achieved an operating income of RMB24.863 billion, accounting for 131.31% of the neutral budget value (RMB18.935 billion) and 116.50% of the optimistic budget value (RMB21.341 billion). The Company 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 2019	Budget value		Budget completion rate		Compared with the same period of last year	
		Neutral value	Optimistic value	Neutral value	Optimistic value	2018	Year-on-year change
Wealth management	91.77	78.14	88.46	117.44%	103.74%	79.52	15.40%
Institutional service	58.03	41.26	51.44	140.65%	112.81%	12.19	376.05%
Investment management	59.28	28.26	31.33	209.77%	189.21%	29.65	99.93%
International business	26.73	25.89	26.39	103.24%	101.29%	20.39	31.09%
Other	12.82	15.80	15.79	81.14%	81.19%	19.33	-33.68%
Total	248.63	189.35	213.41	131.31%	116.50%	161.08	54.35%

1. Wealth management business. As the A-share market gradually recovered in 2019, the Company firmly built a customer-oriented integrated service system and continuously promoted the transformation of wealth management business, achieving a net income of RMB9.177 billion and a budget completion rate of 103.74% in wealth management business. Among them, net incomes of the securities and futures brokerage business and capital intermediary business amounted to RMB5.828 billion and RMB3.075 billion, respectively. The Company accelerated the transformation of wealth management centered on customer demands and building of financial product systems, service platforms and investment consulting teams. As at the end of the Period, the total assets of customer accounts and the balance of securities customers' transaction settlement funds amounted to RMB3.35 trillion and RMB70.663 billion, respectively; and the Group's stock and fund trading volume totalled RMB20.57 trillion in 2019, maintaining ranking the first in the industry. The average NMAU (number of monthly active users) of "ZhangLe Fortune Path (漲樂財富通)" in 2019 was 7.55 million, and the NMAU as of the end of the Reporting Period was 7.79 million, ranking the first among APPs of securities companies. The balance of securities margin trading business was RMB67.125 billion, with a year-on-year increase of 54.26%.

2. Institutional service business. Net income of institutional service business amounted to RMB5.803 billion, with a budget completion rate of 112.81%, of which net incomes of investment trading business and investment banking business amounted to RMB2.758 billion and RMB1.979 billion, respectively. The increase in investment trading business as compared with the last year mainly resulted from the fact that the FICC investment outperformed the market and equity investment swung back into positive territory. In the face of the fluctuations in the bond market, FICC took the market opportunity to continuously expand investment scale, achieving an average fund occupancy scale (including funds managed under entrustment of treasury department) of RMB31 billion and a yield of 9.87% in 2019. With the completion of several benchmarking projects, including Huaxing Yuanchuang (the first listing project on the STAR Market) and EasyHome (the largest reorganization and listing project on A-share market of 2019), investment banking business tallied a net income of RMB1.979 billion in 2019, representing a slight year-on-year decrease of 0.30%, mainly due to the decrease in the income from fund management caused by Huatai United Securities' distribution of dividends to the Parent Company.

3. Investment management business. The net income of investment management business was RMB5.928 billion, with a budget completion rate of 189.21%. With steady development of securities asset management business, the AUM of Huatai Asset Management as at the end of 2019 amounted to RMB725.7 billion, ranking the second in the industry. Blazing a trail in the industry in respect of several businesses in special products, Huatai Asset Management issued ABS of RMB90.9 billion in total, with relevant ranking rising from the fourth in 2018 to the second in 2019. Huatai Asset Management also recorded a net income of RMB2.594 billion, representing a year-on-year increase of 10.16%. The sector of listed restricted shares held by subordinate funds of Huatai Purple Gold Investment outperformed the broad market by a wide margin, with its valuation rising significantly. Huatai Purple Gold Investment also achieved an income of RMB2.4 billion from private equity fund business, representing a year-on-year increase of more than 28 times.

4. International business. The net income of international business was RMB2.673 billion, with a budget completion rate of 101.29%. With the continuous expansion of asset management scale of AssetMark, the AUM of AssetMark as at the end of 2019 increased by 37.35% to USD61.608 billion, with the daily average AUM exceeding USD55 billion. AssetMark also recorded a net income of RMB1.896 billion, representing a year-on-year increase of 16.32%. Huatai Financial Holdings (Hong Kong) actively took advantages of domestic and overseas integration and cross-border linkage to rapidly develop cross-border business. As at the end of 2019, financial assets of cross-border business amounted to nearly HK\$20 billion, up by 120% as compared with the beginning of the year. During the Reporting Period, Huatai Financial Holdings (Hong Kong) recorded a net income of RMB769 million, representing a year-on-year increase of 90.35%.

5. Other businesses. The net income of other businesses amounted to RMB1.283 billion, with a budget completion rate of 81.25%. The income was lower than the expected mainly because the Bank of Jiangsu Co., Ltd. implemented new accounting standards for financial instruments in 2019 and the change in accounting standards caused a decrease in the undistributed profits attributable to the Company, which led to a decrease in the investment returns of joint ventures recognized by the Company in 2019.

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

The Group's operating expenses were RMB13.255 billion, and the budget completion rate was 108.66%. The reason for the slightly higher completion rate was that the amount of provision for asset impairment losses in the current period amounted to RMB717 million and the relevant budget completion rate reached 281.18%.

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

Item	Actual figure in 2019	Optimistic budget value	Budget completion rate	Same period in the last year	Year-on-year change
Taxes and surcharges	1.52	1.83	83.06%	1.40	8.57%
Operation and management expenses	113.67	108.07	105.18%	81.67	39.18%
Impairment losses	7.17	2.55	281.18%	8.68	-17.40%
Other operating costs	10.19	9.54	106.81%	4.58	122.49%
Total	132.55	121.99	108.66%	96.33	37.60%

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

The Group's operation and management expenses increased by 39.18% year-on-year, mainly attributable to the greater increase in the relevant expenses for equipment depreciation, software amortization and circuits brought by the Company's continuous IT investment; 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; and labour costs increased along with the increase of income.

Continuously reducing its scale of stock pledge in balance sheet in 2019, the Group kept holding a prudent attitude towards risks in stock pledge business. In 2019, the Group set aside provisions of RMB511 million for stock pledge business, with the balance of provision as at the end of the Period amounting to RMB1.058 billion. The year-on-year increase in other operating costs was mainly attributable to the expansion of warehouse warrant business of Huatai Futures and the significant increase in other operating incomes and costs.

The Company captured market opportunities to unswervingly promote the two-pronged strategy. While improving profitability, the Company reinforced cost reduction and efficiency increase and stressed profit efficiency, achieving a net profit attributable to the Parent Company of RMB9.002 billion and a budget completion rate of 128.14% in 2019.

(III) Budget completion of entities of the Group

From the perspective of entities of the Group, the income and profit growth mainly came from the Parent Company and Huatai Purple Gold Investment. Except Huatai United Securities, all companies have completed the annual income budget.

Budget completion of entities of the Group (Unit: RMB100 million, Currency: RMB)

Budget indicators	Operating income			Operating expenses			Net profit		
	2019	YoY growth	Budget completion rate	2019	YoY growth	Budget completion rate	2019	YoY growth	Budget completion rate
Parent Company	141.7	31.8%	115%	66.6	34.2%	105%	62.9	17.3%	128%
Huatai United Securities	18.0	-5.2%	83%	13.0	14.7%	91%	3.6	-35.9%	78%
Huatai Asset Management	25.9	10.0%	113%	8.6	39.8%	141%	13.4	2.3%	120%
Huatai International	26.7	31.1%	102%	25.4	46.0%	101%	0.1	-85.6%	-
Huatai Purple Gold Investment	24.0	2,853%	685%	0.8	-14.2%	64%	17.4	-	1,035%
Huatai Futures	17.0	40.6%	118%	15.7	70.3%	154%	0.9	-55.9%	29%
Huatai Innovative Investment	2.4	99.7%	154%	1.1	-10.6%	87%	1.1	6371%	406%
Jiangsu Equity Exchange Center	0.8	7.7%	213%	0.5	3.8%	130%	0.3	12.5%	1,010%

Note: In 2019, the income and profit of the Parent Company included a dividend of RMB797 million from Huatai United Securities.

1. *Budget completion of the Parent Company*

In 2019, operating income of the Parent Company amounted to RMB14.17 billion, and the budget completion rate was 115.48%; operating expenses were RMB6.663 billion, and the budget completion rate was 105.06%; net profit amounted to RMB6.289 billion and the budget completion rate was 128.45%.

Budget completion of the Parent Company
(Unit: RMB100 million, Currency: RMB)

Item	2019	Optimistic budget	Budget completion rate	2018 Amount	YoY growth
Operating income	141.70	122.70	115.48%	107.48	31.84%
Operating expenses	66.63	63.42	105.06%	49.67	34.15%
Operating profit	75.07	59.28	126.64%	57.82	29.83%
Total profit	75.00	59.14	126.82%	57.71	29.96%
Net profit	62.89	48.96	128.45%	53.60	17.33%

Note: The income and profit of the Parent Company in 2018 and 2019 included dividends of subsidiaries.

The growth rate of income was lower than that of expenses mainly because the amount of dividends received from subsidiaries this year decreased by RMB1.695 billion compared with last year. After deducting the influence of dividends, the income growth rate of the Parent Company was 61.97%, higher than the growth rate of 34.15% of operating expenses.

2. *Budget completion of major subsidiaries*

In 2019, Huatai United Securities, Huatai Asset Management, Huatai International and Huatai Purple Gold Investment achieved operating income of RMB1.8 billion, RMB2.59 billion, RMB2.67 billion and RMB2.4 billion respectively, with net profit of RMB360 million, RMB1.34 billion, RMB10 million and RMB1.74 billion, respectively. Except Huatai United Securities, they all completed the annual income and net profit budget.

Huatai United Securities' income and net profit were lower than the budget level mainly because the number of IPO projects decreased by four year-on-year out of market conditions, and the cash management income decreased out of dividends to the Parent Company.

The operating income growth of Huatai Asset Management was primarily driven by the constantly improving active management ability and customer system construction of the Company.

The growth rate of Huatai International's operating income was lower than that of operating expenses, mainly due to the significant increase in labour costs caused by the amortization of equity incentive after the listing of AssetMark.

Huatai Purple Gold Investment's operating income increased significantly mainly because the sector of listed restricted shares held by its subordinate funds outperformed the broad market by a wide margin, with its valuation rising significantly. However, the valuation as at the end of 2019 has reached a reasonable level, leaving little room for further increase.

III. ASSETS AND LIABILITIES OF THE GROUP

The completion of the issuance of GDRs in 2019 enhanced the Company's net asset size and net capital strength, further released space for various regulatory indicators and promoted the rapid development of various businesses of the Company. The fixed income, securities margin trading and other businesses kept expanding, with income rising rapidly. The Company continuously optimized its capital management mode and enhanced management over assets and liabilities, which significantly improved its asset-liability management ability and enhanced its return on net assets.

Completion of assets and liabilities budget (Unit: RMB100 million, Currency: RMB)

Item	Actual figure in 2019	Budget value	Budget completion rate	Actual figure in 2018	Change
Total assets	5,621.81	3,954.00	142.18%	3,686.66	52.49%
Monetary capital	1,395.69	1,006.20	138.71%	901.71	54.78%
Margin loans	690.06	728.80	94.68%	461.89	49.40%
Financial assets	3,052.17	1,786.30	170.87%	1,944.66	56.95%
Other assets	483.89	432.70	111.83%	378.40	27.88%
Total liabilities	4,365.26	2,870.10	152.09%	2,639.16	65.40%
Deposits for securities transaction	898.18	716.30	125.39%	594.92	50.97%
Active liabilities	2,460.79	1,545.40	159.23%	1,398.38	75.97%
Other liabilities	1,006.29	608.40	165.40%	645.86	55.81%
Net assets	1,256.55	1,083.90	115.93%	1,047.50	19.96%

Notes:

1. Monetary capital included monetary funds and clearing settlement funds;
2. Financial assets included financial assets held under resale agreements, financial investment and derivative financial assets;
3. The active liabilities included short-term loans, accounts payable for short-term financing, placements from other financial institutions, trading financial liabilities, financial assets sold for repurchase, long-term loans and bonds payable.

1. At the end of 2019, total assets of the Group were RMB562.181 billion and the budget completion rate was 142.18%. The year-on-year growth of financial assets exceeded RMB110 billion, mainly due to the Company's continuous efforts in investment and trading business to fully support the FICC business to be more competitive and stronger. With the recovery of the bond market and continuous optimization of investment strategy, the FICC business recorded continuous increase in both investment scale and income, and completed a leap forward development in 2019, with its business scale ranking among the forefront of the industry.

2. At the end of 2019, total liabilities of the Group were RMB436.526 billion and the budget completion rate was 152.09%. The Company kept expanding its active liabilities to support the development of various businesses. Thanks to the market recovery, the Company saw significant increases in customer funds flowing back to the brokerage business and asset management products of the Company, and other financial liabilities formed by deposits for securities transaction and consolidation of structured entities.

3. At the end of 2019, net assets of the Group were RMB125.655 billion, and the budget completion rate was 115.93%, mainly thanks to the Company's GDR issuance and substantial growth in net profit.

IV. CAPITAL EXPENDITURE OF THE GROUP

In 2019, the capital expenditure was RMB1.052 billion, representing a year-on-year increase of 98.49%, and the budget completion rate was 113.00%. The Company made ongoing efforts in financial technology (Fintech), increased investment in upgrading electronic equipment, improved software R&D capability, and marched into big data, artificial intelligence, cloud computing and other advanced fields to achieve comprehensive digital transformation: in 2019, the Company released ZhangLe Fortune Path Version 7.0 and the cloud work platform built for financial advisors – “AORTA”, added a series of characteristic services such as intelligent asset allocation and online investment services; the self-developed “Xing Zhi (行知)” APP serving institutional customers, credit analysis and management platform, and institutional CRM (customer relationship management) system constantly improved customer service and operational risk control efficiency, which boosted the continuous expansion of customer network.

Completion of capital expenditure budget in 2019

(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
Office equipment	0.12	0.11	109.09%	0.01	0.09	11.11%
Electronic equipment	3.96	2.87	137.98%	3.52	2.73	128.94%
Transportation equipment	0.13	0.41	31.71%	0.10	0.40	25.00%
Renovation expenses	1.27	1.47	86.39%	0.96	1.13	84.96%
Software development	4.17	2.98	139.93%	2.64	2.22	118.92%
Software purchase	0.87	1.47	59.18%	0.77	1.23	62.60%
Total	10.52	9.31	113.00%	8.00	7.80	102.56%

This report has been considered and approved at the fifth 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 2020**

Dear Shareholders,

According to the requirements under relevant laws, 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 2020 with details as follows:

I. GENERAL SITUATION OF ESTIMATED ORDINARY TRANSACTIONS WITH RELATED PARTIES OF THE COMPANY IN 2020

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

No.	Item	Estimated amount	Brief description of relevant business or item
1	Securities trading commission	<p>The actual amount for 2019 was RMB281,306.49.</p> <p>The amount for 2020 will be calculated based on the actual amount as the securities market conditions and securities trading amount cannot be estimated accurately.</p>	<p>The business department of the Company provides brokerage services to it in exchange of a commission determined with reference to the market price.</p>
2	Investment banking income	<p>The amount for 2020 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.</p>	<p>The Company or its subsidiaries provide share underwriting, financial advisory and other services to it in exchange of fees determined with reference to the market price.</p>
3	Trading in and subscription of bonds in the fixed income business and acting as an underwriter of bonds in the primary market	<p>The actual income from underwriting of bonds in the primary market was RMB12,660,377.36 and the net amount of bonds redeemed was RMB85,516,280.00 for 2019.</p> <p>The amount for 2020 will be calculated based on the actual amount as it is difficult to estimate the bond market conditions and specific business scale.</p>	<p>Subscription of bonds in the primary market, investment in and repurchase of bonds in the secondary market and acting as an underwriter of bonds in the primary market.</p>

**APPENDIX III RESOLUTION ON THE ESTIMATED ORDINARY TRANSACTIONS
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No.	Item	Estimated amount	Brief description of relevant business or item
4	Investment income	<p>The actual amount for 2019 was RMB2,458,748.73.</p> <p>The amount for 2020 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

No.	Item	Estimated amount	Brief description of relevant business or item
1	Securities trading commission	<p>The actual amount for 2019 was RMB77,987.09.</p> <p>The amount for 2020 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 brokerage services to it in exchange of a commission determined with reference to the market price.
2	Investment banking income	The amount for 2020 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	The Company or its subsidiaries provide share underwriting, financial advisory and other services to it in exchange of fees determined with reference to the market price.
3	Trading in and subscription of bonds in the fixed income business and acting as an underwriter of bonds in the primary market	<p>The actual income from underwriting of bonds in the primary market was RMB7,558,490.56 for 2019.</p> <p>The amount for 2020 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, investment in and repurchase of bonds in the secondary market and acting as an underwriter of bonds in the primary market.

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No.	Item	Estimated amount	Brief description of relevant business or item
4	Investment income	<p>The actual amount for 2019 was RMB2,665,137.51.</p> <p>The amount for 2020 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.
5	Liquidity coordination	<p>The actual amount of collateralized securities repurchase was RMB1,989,400,000.00 and the corresponding interest expense was RMB1,059,071.24 for 2019.</p> <p>The actual amount of placements from other financial institutions was RMB7,200,000,000.00 and the corresponding interest expense was RMB3,827,222.23.</p> <p>The amount for 2020 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.
6	Disposal/purchase of financial products	<p>The amount for 2020 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.</p>	The Company sells/purchases non-publicly issued financial products such as non-public corporate bonds, structured notes, asset securitization and private equity fund.

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

No.	Item	Estimated amount	Brief description of relevant business or item
1	Securities trading commission	<p>The actual amount for 2019 was RMB45,938.72.</p> <p>The amount for 2020 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 brokerage services to it in exchange of a commission determined with reference to the market price.
2	Investment banking income	The amount for 2020 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	The Company or its subsidiaries provide share underwriting, financial advisory and other services to it in exchange of fees determined with reference to the market price.
3	Trading in and subscription of bonds in the fixed income business and acting as an underwriter of bonds in the primary market	<p>The actual income from underwriting of bonds in the primary market was RMB4,245,283.02 and the net amount of bonds redeemed was RMB49,992,177.40 for 2019.</p> <p>The amount for 2020 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, investment in and repurchase of bonds in the secondary market and acting as an underwriter of bonds in the primary market.
4	Investment income	<p>The actual amount for 2019 was RMB2,696,059.06.</p> <p>The amount for 2020 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.

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No.	Item	Estimated amount	Brief description of relevant business or item
5	Rental income/ expense	The actual amount of rental income for 2019 was RMB2,192,190.00. The amount for 2020 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.
6	Disposal of financial products	The amount for 2020 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	The Company sells non-publicly issued financial products such as non-public corporate bonds, structured notes, asset securitization and private equity fund.

(4) Huatai-PineBridge Fund Management Co., Ltd.

No.	Item	Estimated amount	Brief description of relevant business or item
1	Trading seat compartment commission and sales service charge	The actual amount for 2019 was RMB34,963,479.52. The amount for 2020 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.
2	Rental income/ expense	The actual amount of rental income for 2019 was RMB95,238.10. The amount for 2020 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.

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No.	Item	Estimated amount	Brief description of relevant business or item
3	Trading in and subscription of bonds in the fixed income business and acting as an underwriter of bonds in the primary market	The amount for 2020 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, investment in and repurchase of bonds in the secondary market and acting as an underwriter of bonds in the primary market.
4	Disposal of financial products	The amount for 2020 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	The Company sells non-publicly issued financial products such as non-public corporate bonds, structured notes, asset securitization and private equity fund.

(5) China Southern Asset Management Co., Ltd.

No.	Item	Estimated amount	Brief description of relevant business or item
1	Trading seat compartment commission and sales service charge	<p>The actual amount for 2019 was RMB61,460,836.63.</p> <p>The amount for 2020 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.</p>	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.
2	Rental income/expense	<p>The actual amount of rental income was RMB3,135,934.07 and the actual amount of rental expense was RMB24,514,075.55 for 2019.</p> <p>The amount for 2020 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.

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No.	Item	Estimated amount	Brief description of relevant business or item
3	Trading in and subscription of bonds in the fixed income business and acting as an underwriter of bonds in the primary market	The amount for 2020 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, investment in and repurchase of bonds in the secondary market and acting as an underwriter of bonds in the primary market.
4	Disposal of financial products	The amount for 2020 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	The Company sells non-publicly issued financial products such as non-public corporate bonds, structured notes, asset securitization and private equity fund.

(6) Bank of Jiangsu Co., Ltd.

No.	Item	Estimated amount	Brief description of relevant business or item
1	Trading in and subscription of bonds in the fixed income business and acting as an underwriter of bonds in the primary market	The actual income from underwriting of bonds in the primary market was RMB18,762,358.49, and the net amount of bonds subscribed was RMB254,051,780.93 for 2019. The amount for 2020 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, investment in and repurchase of bonds in the secondary market and acting as an underwriter of bonds in the primary market.
2	Investment banking income	The amount for 2020 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	The Company or its subsidiaries provide share underwriting, financial advisory and other services to it in exchange of fees determined with reference to the market price.

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No.	Item	Estimated amount	Brief description of relevant business or item
3	Foreign exchange transactions	The amount for 2020 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).
4	Interest income from bank deposits	The actual amount for 2019 was RMB4,994,955.19. The amount for 2020 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.	Net interest income.
5	Investment income	The actual amount for 2019 was RMB98,962,577.15. The amount for 2020 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.
6	Rental income/expense	The actual amount of rental income for 2019 was RMB6,867,306.70. The amount for 2020 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.

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No.	Item	Estimated amount	Brief description of relevant business or item
7	Liquidity coordination	<p>The actual amount of collateralized securities repurchase was RMB57,267,920,000.00 and the corresponding interest expense was RMB3,865,398.63 for 2019. The actual amount of placements from other financial institutions was RMB96,000,000,000.00 and the corresponding interest expense was RMB15,717,222.24.</p> <p>The amount for 2020 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.
8	Disposal/purchase of financial products	<p>The actual amount of investment income paid for 2019 was RMB1,617,472.22.</p> <p>The amount for 2020 will be calculated based on the actual amount as it is difficult to estimate the specific business scale.</p>	The Company disposes/purchases non-publicly issued financial products such as non-public corporate bonds, structured notes, asset securitization and private equity fund.
9	OTC derivatives trading	<p>The amount for 2020 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.

(7) 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 accept the securities and financial services provided by the Company, or subscribe for the wealth management 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) Introduction of the related parties of the Shareholders

1. Jiangsu Guoxin Investment Group Limited held 1,329,224,036 Shares at the end of 2019, accounting for 14.64% 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.
2. Jiangsu Communications Holding Company Limited held 489,065,418 Shares at the end of 2019, accounting for 5.39% 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 2019, 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.

(2) Introduction of other related parties

1. Huatai-PineBridge Fund Management Co., Ltd. is an associate of the Company (with the direct shareholding of 49% at the end of 2019) 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.
2. China Southern Asset Management Co., Ltd. is an associate of the Company (with the direct shareholding of 41.16% at the end of 2019) 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.
3. Bank of Jiangsu Co., Ltd. is an associate of the Company (with the direct shareholding of 5.54% at the end of 2019) 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.

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

1. The abovementioned 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 abovementioned 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 abovementioned 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 abovementioned 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 2020 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 2020 pre-considered the Proposal on the Estimated Ordinary Transactions with Related Parties of the Company for 2020;

**APPENDIX III RESOLUTION ON THE ESTIMATED ORDINARY TRANSACTIONS
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3. The fifth 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 2020; 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 2020 formed and will be submitted to the 2019 Annual General Meeting of the Company for consideration and approval;
4. During the consideration of the abovementioned transactions with related parties in the Annual General Meeting, related Shareholders and the affiliates shall abstain from voting on the matters in relation to their respective transactions with related parties.

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 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 2020.

This resolution has been considered and approved at the fifth 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

Explanation of the Proposed Amendments to the Articles of Association of Huatai Securities Co., Ltd.

I. Amendments to the following articles of the Articles of Association

Original Article	Amended Article	Basis of amendments
<p>Article 1 The Articles of Association has been formulated in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China (the “Securities Law”), the Special Provisions of the State Council for the Share Offerings and Listings Overseas of Joint Stock Limited Companies (the “Special Provisions”), the Mandatory Provisions of Articles of Association of Companies that List Overseas, the Reply on Opinions Concerning the Supplement and Amendment to Articles of Association by Companies to be Listed in Hong Kong, the Corporate Governance Rules for Securities Companies, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”), the Guidelines for the Articles of Association of Listed Companies and other relevant provisions, in order to protect the lawful rights and interests of the Company, its shareholders and creditors, and regulate the organization and acts of the Company.</p>	<p>Article 1 The Articles of Association has been formulated in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China (the “Securities Law”), the Special Provisions of the State Council for the Share Offerings and Listings Overseas of Joint Stock Limited Companies (the “Special Provisions”), the Reply of the State Council on the Adjustment of the Provisions Applicable to the Notice Period of Convening General Meetings of Shareholders and Other Matters Applicable to the Companies Listed Abroad, the Mandatory Provisions of Articles of Association of Companies that List Overseas, the Reply on Opinions Concerning the Supplement and Amendment to Articles of Association by Companies to be Listed in Hong Kong, the Corporate Governance Rules for Securities Companies, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”), the Guidelines for the Articles of Association of Listed Companies and other relevant provisions, in order to protect the lawful rights and interests of the Company, its shareholders and creditors, and regulate the organization and acts of the Company.</p>	<p>Amendment is made in accordance with the relevant laws, regulations and regulatory documents such as the Reply of the State Council on the Adjustment of the Provisions Applicable to the Notice Period of Convening General Meetings of Shareholders and Other Matters Applicable to the Companies Listed Abroad (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》) and taking account of the actual situation of the Company.</p>

Original Article	Amended Article	Basis of amendments
<p>Article 2 Huatai Securities Company Limited (the “Company”) is a joint stock company with limited liabilities established in accordance with the Company Law, the Securities Law and other applicable regulations.</p> <p>Following approval by China Securities Regulatory Commission (the “CSRC”) (ref. Zheng Jian Ji Gou Zi [2007] 311), the Company was established converted from Huatai Securities Limited Liability Company (华泰证券有限责任公司).</p> <p>The Company obtained its Business License (Unified Social Credit Code: 91320000704041011J) from the Administration for Industry & Commerce of Jiangsu Province.</p>	<p>Article 2 Huatai Securities Company Limited (the “Company”) is a joint stock company with limited liabilities established in accordance with the Company Law, the Securities Law and other applicable regulations.</p> <p>Following approval by China Securities Regulatory Commission (the “CSRC”) (ref. Zheng Jian Ji Gou Zi [2007] 311), the Company was established converted from Huatai Securities Limited Liability Company (华泰证券有限责任公司).</p> <p>The Company obtained its Business License (Unified Social Credit Code: 91320000704041011J) from the Administration for Market Regulation of Jiangsu Province.</p>	<p>Amendment is made in accordance with the relevant laws, regulations and regulatory documents and taking account of the actual situation of the Company.</p>
<p>Article 12 For the purpose of the Articles of Association, the term “senior management officers” shall include the Company’s Chief Executive Officer, members of the executive committee, Chief Financial Officer, the chief compliance officer, the general counsel, Chief Risk Officer, the secretary to the Board, Chief Information Officer and such other personnel to actually fulfill aforesaid duties.</p>	<p>Article 12 For the purpose of the Articles of Association, the term “senior management officers” shall include the Company’s Chief Executive Officer, members of the executive committee, Chief Financial Officer, the chief compliance officer, the general counsel, Chief Risk Officer, the secretary to the Board, Chief Information Officer and other persons holding important positions as identified by the regulatory authorities or confirmed by the resolution of the Board of Directors.</p>	<p>Amendment is made in accordance with the relevant laws, regulations and regulatory documents and taking account of the actual situation of the Company.</p>
<p>–</p>	<p>Chapter III “Section 4 Equity Administration Affairs” of Shares</p>	<p>Amendment is made in accordance with the relevant laws, regulations and regulatory documents such as the Provisions on the Administration of Equities of Securities Companies and taking account of the actual situation of the Company.</p>

Original Article	Amended Article	Basis of amendments
-	<p>Article 40 The Board office of the Company is the department responsible for the Company's equity administration affairs and organizing the implementation of equity administration affairs.</p> <p>The Chairman of the Company is the first responsible person for the Company's equity administration affairs. The secretary to the Board of the Company assists the Chairman and is the direct responsible person for the Company's equity administration affairs.</p>	<p>Amendment is made in accordance with the relevant laws, regulations and regulatory documents such as the Provisions on the Administration of Equities of Securities Companies (《證券公司股權管理規定》) and taking account of the actual situation of the Company.</p>
-	<p>Article 41 Where approval by the CSRC is required according to law, shareholders of the Company shall continue to exercise their voting rights independently according to the proportion of their shareholdings prior to the approval. The equity transferer shall not recommend the relevant personnel of the equity transferee to serve as directors, supervisors and senior management of the Company, or transfer the voting rights in any disguised form.</p>	<p>Amendment is made in accordance with the relevant laws, regulations and regulatory documents such as the Provisions on the Administration of Equities of Securities Companies and taking account of the actual situation of the Company.</p>
-	<p>Article 42 Shareholders of the Company shall fully understand their rights and obligations, be fully aware of the Company's operating management, potential risks and other information, have reasonable investment expectation and truthful willingness to make capital contributions, and perform the necessary internal decision procedures.</p>	<p>Amendment is made in accordance with the relevant laws, regulations and regulatory documents such as the Provisions on the Administration of Equities of Securities Companies and taking account of the actual situation of the Company.</p>
-	<p>Article 43 The shareholding period of the shareholders of the Company shall comply with laws, administrative regulations and relevant regulations of the CSRC.</p> <p>The actual controller of the shareholders of the Company shall abide by the same lock-up period as the shareholders of the Company with respect to the equities of the Company under their control, with the exception of situations recognized by the CSRC in accordance with law.</p>	<p>Amendment is made in accordance with the relevant laws, regulations and regulatory documents such as the Provisions on the Administration of Equities of Securities Companies and taking account of the actual situation of the Company.</p>

Original Article	Amended Article	Basis of amendments
-	<p>Article 44 Shareholders of the Company shall not pledge the equity of the Company held by them during the equity lock-up period. Upon the expiry of the equity lock-up period, the proportion of the Company's equity held by a shareholder of the Company that is pledged shall not exceed 50% of the proportion of the Company's equity held by such shareholder.</p> <p>Where shareholders pledge their equity of the Company, they shall not prejudice the interests of other shareholders and the Company, maliciously evade the requirement of equity lock-up period, and shall not agree to exercise the shareholder's rights such as voting rights by the pledgee or other third parties, or transfer the control over the Company's equity in a disguised form.</p>	<p>Amendment is made in accordance with the relevant laws, regulations and regulatory documents such as the Provisions on the Administration of Equities of Securities Companies and taking account of the actual situation of the Company.</p>
-	<p>Article 45 Shareholders of the Company and their actual controllers shall not:</p> <p>(I) make false and discrepant capital contribution, withdraw capital contribution or withdraw capital contribution in a disguised form;</p> <p>(II) intervene in the business and management of the Company in violation of laws, administrative regulations and requirements stipulated by the Articles of Association;</p> <p>(III) abuse their right or influence, occupy the assets of the Company or clients to carry out benefits transmission, which infringes the legitimate rights and interests of the Company, other shareholders or clients;</p> <p>(IV) illegally require the Company to provide financing or guarantee for them or their related parties, or force, instruct, assist or accept the Company to provide financing or guarantee with the assets of its securities brokerage clients or securities asset management clients;</p>	<p>Amendment is made in accordance with the relevant laws, regulations and regulatory documents such as the Provisions on the Administration of Equities of Securities Companies and taking account of the actual situation of the Company.</p>

Original Article	Amended Article	Basis of amendments
	<p>(V) conduct improper related party transactions with the Company and obtain improper benefits with their influence on the Company's management;</p> <p>(VI) entrust others or accept any entrustment from others to hold or manage the Company's equity without approval, and accept or transfer the control over the Company's equity in disguise;</p> <p>(VII) other actions prohibited by the CSRC.</p> <p>The Company, its directors, supervisors, senior management and other relevant entities shall not cooperate with the shareholders and their actual controllers in the above situations.</p>	
-	<p>Article 46 In the event of any illegal conduct or misconduct related to equity administration affairs in violations of laws, administrative regulations and regulatory requirements, the Company shall promptly investigate and report to the Board of Directors, and the Board of Directors shall agree on rectification measures, accountability programs and penalty opinions within the scope of its authority.</p>	<p>Amendment is made in accordance with the relevant laws, regulations and regulatory documents such as the Provisions on the Administration of Equities of Securities Companies and taking account of the actual situation of the Company.</p>
<p>Article 50 No changes due to the transfer of shares may be made to the register of shareholders, within 30 days before the general meeting of, or 5 days before the date of record set by the Company for the purpose of distribution of dividends.</p> <p>Where any different provisions are put in place by the securities regulatory authorities at the place where the shares of the Company are listed, such different provisions shall prevail.</p>	<p>Article 57 Provisions prescribed by the laws, regulations, relevant regulatory authorities and stock exchanges where the shares of the Company are listed on the period of closure of register of members before the shareholders' general meeting or the benchmark date of the Company's decision to distribute dividends shall prevail.</p>	<p>Amendment is made in accordance with the relevant laws, regulations and regulatory documents such as the Reply of the State Council on the Adjustment of the Provisions Applicable to the Notice Period of Convening General Meetings of Shareholders and Other Matters Applicable to the Companies Listed Abroad and taking account of the actual situation of the Company.</p>

Original Article	Amended Article	Basis of amendments
<p>Article 63 The ordinary shareholders of the Company shall have the following obligations:</p> <p>(1) to abide by laws, administrative regulations and the Articles of Association;</p> <p>(2) to pay capital contribution as per the shares subscribed for and the method of subscription;</p> <p>Where the shareholders of the Company violate laws and regulations, including false and discrepant capital contribution, withdrawal of capital or withdrawal of capital in disguised form, the Company shall report such to the delegated authority of the CSRC where the Company is domiciled within ten business days, and require the relevant shareholders to make rectification within one month.</p> <p>(3) not to make divestment unless in the circumstances stipulated by laws and regulations;</p> <p>(4) not to abuse shareholders' rights to impair the interests of the Company or other shareholders; not to abuse the independent status of legal person or shareholders' limited liabilities to impair the interests of the creditors of the Company. Shareholders of the Company who abuse their shareholders' rights and thereby cause loss on the Company or other shareholders shall be liable for loss compensation according to the laws. Where shareholders of the Company abuse the Company's position as an independent legal person and the limited liabilities of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company;</p>	<p>Article 70 The ordinary shareholders of the Company shall have the following obligations:</p> <p>(1) to abide by laws, administrative regulations and the Articles of Association;</p> <p>(2) to pay capital contribution as per the shares subscribed for and the method of subscription;</p> <p>Where the shareholders of the Company violate laws and regulations, including false and discrepant capital contribution, withdrawal of capital or withdrawal of capital in disguised form, the Company shall report such to the delegated authority of the CSRC where the Company is domiciled within ten business days, and require the relevant shareholders to make rectification within one month.</p> <p>(3) not to make divestment unless in the circumstances stipulated by laws and regulations;</p> <p>(4) to fulfill obligation of capital contribution in strict accordance with the laws and regulations, and the stipulations of the CSRC. The shares of the Company shall be purchased with shareholders' own funds and the funds shall be obtained from legal sources rather than entrusted funds and other funds not owned by themselves, unless otherwise specified by the laws and regulations;</p> <p>(5) to describe shareholding structure truly, accurately and completely up to the de facto controller, the ultimate equity holder, as well as the affiliation relationship with other shareholders or the relationship with persons acting in concert, and not to evade the approval or supervision in connection with shareholders' qualification by way of concealing or cheating, etc.;</p>	<p>Amendment is made in accordance with the relevant laws, regulations and regulatory documents such as the Provisions on the Administration of Equities of Securities Companies and taking account of the actual situation of the Company.</p>

Original Article	Amended Article	Basis of amendments
<p>(5) the shareholder holding 5% or more shares and the de facto controller of the Company shall notify the Company in writing within five business days of any of the following events: 1. equity of the Company it holds or controls is subject to property preservation or other mandatory enforcement measures; 2. any shareholder who holds more than 5% of the shares of the Company changes its de facto controller; 3. He or she decides to transfer the shares of the Company it holds or controls; 4. he or she entrusts another person to exercise his or her shareholder's rights, or reaches an agreement with another person with respect to the exercise of his or her shareholder's rights; 5. he or she changes his or her name; 6. it or he or she engages in any merger or division; 7. he or she is ordered to suspend operation, or is appointed a receiver, or is taken over, subject to revoke or other regulatory measures or in the process of dissolution, bankruptcy or liquidation; 8. he or she is imposed upon administrative penalties or criminal punishments due to serious violation of laws or regulations; 9. he or she encounters any other circumstances that may lead to transfer of the shares he or she holds or controls or that may affect the Company's operation. The Company shall, within five business days from the day on which any of the foregoing events is known, report such to the delegated authority of the CSRC where the Company is domiciled. (If such shareholder is a Recognized Clearing House as defined by the relevant laws and regulations of the location where the Company's shares are listed or a depository of GDR (the "Depository"), the provisions of this Article shall not apply to such Recognized Clearing House or the Depository)</p> <p>(6) to fulfill other obligations as stipulated by laws, administrative regulations and the Articles of Association.</p> <p>Shareholders shall not bear any liability for further contribution to share capital other than the conditions agreed to as a subscriber of the relevant shares on subscription.</p>	<p>(6) major shareholders and controlling shareholders shall pay supplementary capital to the Company when necessary;</p> <p>(7) any shareholder who is subject to but has not obtained the approval or has not made due filings with the appropriate regulatory authority, or has not completed mandatory rectification process, is forbidden to exercise such rights of requesting a general meeting of shareholders, voting, nomination, making a proposal, and disposal;</p> <p>(8) not to abuse shareholders' rights to impair the interests of the Company or other shareholders; not to abuse the independent status of legal person or shareholders' limited liabilities to impair the interests of the creditors of the Company. Any shareholder who makes misrepresentation, abuses his or her rights as a shareholder, or engages in any conduct impairing the interests of the Company shall not exercise such rights of requesting a general meeting of shareholders, voting, nomination, making a proposal, and disposal. Shareholders of the Company who abuse their shareholders' rights and thereby cause loss on the Company or other shareholders shall be liable for loss compensation according to the laws. Where shareholders of the Company abuse the Company's position as an independent legal person and the limited liabilities of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company;</p>	

Original Article	Amended Article	Basis of amendments
	<p>(9) the shareholder holding 5% or more shares and the de facto controller of the Company shall notify the Company in writing within five business days of any of the following events: 1. equity of the Company it holds or controls is subject to property preservation or other mandatory enforcement measures; 2. any shareholder who holds more than 5% of the shares of the Company changes its de facto controller; 3. he or she decides to transfer the shares of the Company it holds or controls; 4. he or she entrusts another person to exercise his or her shareholder's rights, or reaches an agreement with another person with respect to the exercise of his or her shareholder's rights; 5. he or she changes his or her name; 6. it or he or she engages in any merger or division; 7. he or she is ordered to suspend operation, or is appointed a receiver, or is taken over, subject to revoke or other regulatory measures or in the process of dissolution, bankruptcy or liquidation; 8. he or she is imposed upon administrative penalties or criminal punishments due to serious violation of laws or regulations; 9. he or she encounters any other circumstances that may lead to transfer of the shares he or she holds or controls or that may affect the Company's operation. The Company shall, within five business days from the day on which any of the foregoing events is known, report such to the delegated authority of the CSRC where the Company is domiciled. (If such shareholder is a Recognized Clearing House as defined by the relevant laws and regulations of the location where the Company's shares are listed or a depository of GDR (the "Depository"), the</p>	

Original Article	Amended Article	Basis of amendments
	<p>provisions of this Article shall not apply to such Recognized Clearing House or the Depository);</p> <p>(10) to fulfill other obligations as stipulated by laws, administrative regulations and the Articles of Association.</p> <p>Shareholders shall not bear any liability for further contribution to share capital other than the conditions agreed to as a subscriber of the relevant shares on subscription, unless otherwise specified herein.</p>	
<p>Article 73 The venue of the general meeting shall be the domicile of the Company or the venue explicitly notified in the notice of the general meeting.</p> <p>A general meeting shall be conducted in the form of a physical meeting at the designated venue for meeting. In addition, the Company will provide online and other means for the convenience of participation by the shareholders. A shareholder who participates in a general meeting in the aforesaid means shall be deemed as being present.</p> <p>Where the Company convenes a general meeting by online means, all shareholders whose names appear on the register of members on the shareholding record date shall confirm their identity and participate in voting through the online system.</p>	<p>Article 80 The venue of the general meeting shall be the domicile of the Company or the venue explicitly notified in the notice of the general meeting.</p> <p>The general meeting shall be held in the venue by way of combination of physical meeting and online poll. The time and place of the on-site meeting shall be selected to facilitate the participation of shareholders. A shareholder who participates in a general meeting in the aforesaid means shall be deemed as being present.</p> <p>Where the Company convenes a general meeting by online poll, all shareholders whose names appear on the register of members on the shareholding record date shall confirm their identity and participate in voting through the online system.</p>	<p>Amendment is made in accordance with the relevant laws, regulations and regulatory documents such as Code of Corporate Governance for Listed Companies (《上市公司治理準則》) and Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》), and taking account of the actual situation of the Company.</p>
<p>Article 83 When the Company is to hold a general meeting, it shall issue a written notice 45 days prior to the meeting informing all the registered shareholders of the matters to be considered at and the date and place of the meeting. Any shareholder that intends to attend such meeting shall, within 20 days before the day on which the meeting is to be held, give to the Company a written reply stating that his or her will attend the meeting. In determining the commencement date and the period, the Company shall not include the date on which the meeting is held.</p>	<p>Article 90 The Company shall give a written notice 20 days prior to the holding of an annual general meeting, or give a written notice 15 days prior to the holding of an extraordinary general meeting, informing all registered shareholders of the matters to be considered at the meeting and the date and place of the meeting. If there are other provisions in laws and regulations, and any other stipulations of the relevant regulators and stock exchanges where the Company's shares are listed, such provisions and stipulations shall prevail.</p>	<p>Amendment is made in accordance with the relevant laws, regulations and regulatory documents such as the Reply of the State Council on the Adjustment of the Provisions Applicable to the Notice Period of Convening General Meetings of Shareholders and Other Matters Applicable to the Companies Listed Abroad and taking account of the actual situation of the Company.</p>

Original Article	Amended Article	Basis of amendments
<p>Article 84 The Company shall, based on the written replies received from the shareholders 20 days before the date of the general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting amounts to half or above of the total voting shares, the Company may hold the meeting; if not, the Company shall, within 5 days thereafter, notify the shareholders once again of the matters to be considered at and the date and place of the meeting in form of a public announcement. After such notification by public announcement, the Company may hold the general meeting.</p> <p>The extraordinary general meeting shall not decide on matters not stated in such notice.</p>	<p>–</p>	<p>Amendment is made in accordance with the relevant laws, regulations and regulatory documents such as the Reply of the State Council on the Adjustment of the Provisions Applicable to the Notice Period of Convening General Meetings of Shareholders and Other Matters Applicable to the Companies Listed Abroad and taking account of the actual situation of the Company.</p>
<p>Article 86 Unless stipulated otherwise in the Articles of Association, the notice of the general meeting shall be delivered to shareholders (whether or not entitled to vote thereat) by hand or prepaid mail at the recipient's address shown in the register of shareholders. As for domestic shareholders, the notice of the general meeting may also be given by way of a public announcement.</p> <p>The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authorities of the State Council 45 to 50 days prior to the convening of the meeting. Once such an announcement is made, all holders of the domestic shares shall be deemed to have received the relevant notice of the general meeting.</p> <p>Subject to the laws, administrative regulations, normative documents and the relevant listing rules of the securities regulatory authority where the Company's shares are listed and subject to the performance of the relevant procedures, the Company can issue the notice of the general meeting to the holders of overseas listed foreign shares by publications on the website of the Company or the websites designated by Hong Kong Stock Exchange or otherwise permitted by Hong Kong Listing Rules and the Articles of Association in lieu of delivering the relevant information to the holders of overseas listed foreign shares by hand or by postage prepaid mail.</p>	<p>Article 92 Unless stipulated otherwise in the Articles of Association, the notice of the general meeting shall be delivered to shareholders (whether or not entitled to vote thereat) by hand or prepaid mail at the recipient's address shown in the register of shareholders. As for domestic shareholders, the notice of the general meeting may also be given by way of a public announcement.</p> <p>The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authorities of the State Council. Once such an announcement is made, all holders of the domestic shares shall be deemed to have received the relevant notice of the general meeting.</p> <p>Subject to the laws, administrative regulations, normative documents and the relevant listing rules of the securities regulatory authority where the Company's shares are listed and subject to the performance of the relevant procedures, the Company can issue the notice of the general meeting to the holders of overseas listed foreign shares by publications on the website of the Company or the websites designated by Hong Kong Stock Exchange or otherwise permitted by Hong Kong Listing Rules and the Articles of Association in lieu of delivering the relevant information to the holders of overseas listed foreign shares by hand or by postage prepaid mail.</p>	<p>Amendment is made in accordance with the relevant laws, regulations and regulatory documents such as the Reply of the State Council on the Adjustment of the Provisions Applicable to the Notice Period of Convening General Meetings of Shareholders and Other Matters Applicable to the Companies Listed Abroad and taking account of the actual situation of the Company.</p>

Original Article	Amended Article	Basis of amendments
<p>Article 89 Once the notice of the general meeting is issued, such meeting shall not be postponed or cancelled, nor any proposal listed on the notice be canceled without a legitimate reason. In the case of a postpone or cancellation, the convener shall, at least two business days prior to originally scheduled date for the meeting, publish the announcement and explain the reason.</p>	<p>Article 95 Once the notice of the general meeting is issued, such meeting shall not be postponed or cancelled, nor any proposal listed on the notice be canceled without a legitimate reason. In the case of a postpone or cancellation, the convener shall, at least two trading days prior to originally scheduled date for the meeting, publish the announcement and explain the reason.</p>	<p>Amendment is made in accordance with the relevant laws, regulations and regulatory documents such as the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (《上海證券交易所股票上市規則》) and taking account of the actual situation of the Company.</p>
<p>Article 111 A shareholder (including his or her proxy) shall vote based on the number of his or her voting shares, with one share representing one vote.</p> <p>When material issues affecting the interests of minority shareholders are considered at a general meeting, the votes of minority shareholders shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.</p> <p>The Company's shares which also held by the Company do not carry any voting rights, and shall not be counted in the total number of voting shares represented by shareholders attending a general meeting.</p> <p>The Board, independent Directors and shareholders who meet the relevant requirements may collect votes from shareholders. Information including the specific voting preference shall be fully provided to the shareholders from whom voting rights are being solicited. Consideration or de facto consideration for soliciting shareholders' voting rights is prohibited. The Company shall not impose any minimum shareholding limitation for soliciting voting rights.</p>	<p>Article 117 A shareholder (including his or her proxy) shall vote based on the number of his or her voting shares, with one share representing one vote.</p> <p>When material issues affecting the interests of minority shareholders are considered at a general meeting, the votes of minority shareholders shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.</p> <p>The Company's shares which also held by the Company do not carry any voting rights, and shall not be counted in the total number of voting shares represented by shareholders attending a general meeting.</p> <p>The Board, independent directors and shareholders who meet the relevant requirements may collect votes from shareholders. Information including specific voting preference shall be fully provided to the shareholders from whom voting rights are being solicited. Consideration or de facto consideration for soliciting shareholders' voting rights is prohibited. The Company and the convener of the general meeting shall not impose any minimum shareholding limitation for soliciting voting rights.</p>	<p>Amendment is made in accordance with the relevant laws, regulations and regulatory documents such as the Code of Corporate Governance for Listed Companies, and taking account of the actual situation of the Company.</p>
<p>Article 119 The list of candidates for Directors and Supervisors shall be submitted to the general meeting for voting by way of proposal.</p> <p>...</p> <p>As for the shareholders of the Company severally or jointly hold more than 50% equity interest of the Company with connected persons or for resolutions in respect of the election of more than two Directors (not being staff representatives) and Supervisors (not being staff representatives), cumulative voting system shall be adopted at the general meeting pursuant to the Articles of Association or the resolution of the general meeting.</p> <p>...</p>	<p>Article 125 The list of candidates for Directors and Supervisors shall be submitted to the general meeting for voting by way of proposal.</p> <p>...</p> <p>If the sole shareholder of the Company and its person acting in concert hold more than 30% shares of the Company, or for resolutions in respect of the election of more than two Directors (not being staff representatives) and Supervisors (not being staff representatives), cumulative voting system shall be adopted at the general meeting pursuant to the Articles of Association or the resolution of the general meeting.</p> <p>...</p>	<p>Amendment is made in accordance with the relevant laws, regulations and regulatory documents such as the Code of Corporate Governance for Listed Companies, and taking account of the actual situation of the Company.</p>

Original Article	Amended Article	Basis of amendments
<p>Article 138 When the Company is to convene a shareholders class meeting, it shall issue a written notice 45 days prior to the date of such meeting informing all the shareholders who are registered as holders of that class in the register of shareholders of the matters to be considered at the meeting as well as the date and place of the meeting. Shareholders who intend to attend the meeting shall deliver their written replies to the Company of their attendance 20 days prior to the date of the meeting.</p> <p>In the event that the number of the voting shares represented by the shareholders intending to attend the meeting is one half or above of the total number of voting shares of that class, the Company may convene a shareholders class meeting of shareholders. Otherwise, the Company shall within five days notify the shareholders once again, by way of public announcement, of the matters to be considered at the meeting and the date and place of the meeting. Upon notification by public announcement, the Company may then proceed to convene the shareholders class meeting.</p>	<p>Article 144 When the Company is to convene a shareholders' class meeting, it shall issue a written notice in accordance with the Article 90 of the Articles of Association, informing all the shareholders who are registered as holders of that class in the register of shareholders of the matters to be considered at the meeting as well as the date and place of the meeting.</p>	<p>Amendment is made in accordance with the relevant laws, regulations and regulatory documents such as the Reply of the State Council on the Adjustment of the Provisions Applicable to the Notice Period of Convening General Meetings of Shareholders and Other Matters Applicable to the Companies Listed Abroad and taking account of the actual situation of the Company.</p>
<p>Article 141 Directors shall be elected or replaced at the general meeting. A Director shall serve a term of 3 years, and may seek re-election upon expiry of the said term, provided that an independent Director shall not hold office for a period over 6 years. The general meeting shall not remove a Director without any reason prior to the expiry of his or her term of office. Where a Director is removed from office prior to the expiration of his or her term of office, the general meeting of shareholders shall give reasons; and the Director who is removed from office shall have the right to set forth his or her opinions to the general meeting, the CSRC or a delegated authority of the CSRC.</p> <p>...</p>	<p>Article 147 Directors shall be elected or replaced at the general meeting, and could be removed from their office by the general meeting prior to expiration of the term thereof. A Director shall serve a term of 3 years, and may be re-elected upon expiration of his or her term, provided that an independent Director shall not hold office for a period over 6 years. Where a Director is removed from office prior to the expiration of his or her term of office, the general meeting of shareholders shall give reasons; and the Director who is removed from office shall have the right to set forth his or her opinions to the general meeting, the CSRC or a delegated authority of the CSRC.</p> <p>...</p>	<p>Amendment is made in accordance with the relevant laws, regulations and regulatory documents such as the Guidelines for the Articles of Association of Listed Companies, and taking account of the actual situation of the Company.</p>

Original Article	Amended Article	Basis of amendments
<p>Article 171 The Board establishes Compliance and Risk Management Committee, Audit Committee, Development Strategy Committee, Nomination Committee and Remuneration and Appraisal Committee. All members of the special committees shall be Directors, among which, half or above of the members of Audit Committee, Nomination Committee and Remuneration and Appraisal Committee shall be independent Directors. The establishment of special committees under the Board is subject to the approval in the general meeting.</p>	<p>Article 177 The Board establishes Compliance and Risk Management Committee, Audit Committee, Development Strategy Committee, Nomination Committee and Remuneration and Appraisal Committee. The special committees shall be responsible for the Board of Directors, and the Board of Directors shall be responsible for formulating the working procedures of the special committees and regulating their operation. All members of the special committees shall be Directors, among which, a majority of the members of Audit Committee, Nomination Committee and Remuneration and Appraisal Committee shall be independent Directors, one of whom shall act as the convener. The convener of the Audit Committee shall be an accounting professional. The establishment of special committees under the Board is subject to the approval in the general meeting.</p>	<p>Amendment is made in accordance with the relevant laws, regulations and regulatory documents such as the Guidelines for the Articles of Association of Listed Companies, and taking account of the actual situation of the Company.</p>
<p>Article 187 Staff of the controlling shareholders and the de facto controllers of the Company who serve positions other than Directors of the controlling shareholders and the de facto controllers shall not serve as senior management officers of the Company.</p>	<p>Article 193 Administrative staff of the controlling shareholders of the Company who serve positions other than Directors and Supervisors of the controlling shareholders shall not serve as senior management officers of the Company.</p>	<p>Amendment is made in accordance with the relevant laws, regulations and regulatory documents such as the Guidelines for the Articles of Association of Listed Companies, and taking account of the actual situation of the Company.</p>
<p>Article 306 Definitions</p> <p>(1) the “controlling shareholders” shall refer to shareholders who possess one of the following conditions:</p> <p>1. such shareholder’s shareholding accounts for more than 30% of the total equity of the Company when he or she is taking action alone or taking concerted action with others; such shareholder may exercise more than 30% of the voting right of the Company or may control more than 30% of the voting right of the Company when he or she is taking action alone or taking concerted action with others; should the ratio of shareholding of such shareholder is less than 30%, such voting right he or she is entitled to may produce material impact on the resolution of the general meeting.</p>	<p>Article 312 Definitions</p> <p>(1) the “controlling shareholders” shall refer to shareholders who possess one of the following conditions:</p> <p>1. such shareholder’s shareholding accounts for more than 30% of the total equity of the Company when he or she is taking action alone or taking concerted action with others; such shareholder may exercise more than 30% of the voting right of the Company or may control more than 30% of the voting right of the Company when he or she is taking action alone or taking concerted action with others; should the ratio of shareholding of such shareholder is less than 30%, such voting right he or she is entitled to may produce material impact on the resolution of the general meeting.</p>	<p>Amendment is made in accordance with the relevant laws, regulations and regulatory documents such as the Provisions on the Administration of Equities of Securities Companies and taking account of the actual situation of the Company.</p>

Original Article	Amended Article	Basis of amendments
<p>2. when such shareholder is taking action alone or taking concerted action with others, he or she may decide more than a half of the candidates for the directors;</p>	<p>2. when such shareholder is taking action alone or taking concerted action with others, he or she may decide more than a half of the candidates for the directors;</p>	
<p>3. when such shareholder is taking action alone or taking concerted action with others, he or she may control the Company.</p>	<p>3. when such shareholder is taking action alone or taking concerted action with others, he or she may control the Company.</p>	
<p>(2) the “de facto controller” refers to that although such controller is not a shareholder of the Company, he or she is a legal person, other organizations or individuals who can actually dominate the Company and the Company’s shareholders to exercise the rights of shareholders by laws or in real fact through investment relations, agreements or other arrangement.</p>	<p>(2) the “major shareholder” refers to a shareholder holding more than 25% of the total share capital of the Company or the largest shareholder holding more than 5% of the total share capital of the Company.</p>	
<p>(3) the “connected relations” refers to the relationship between the Company’s controlling shareholders, de facto controller, directors, supervisors, senior management officers and those enterprises which are directly or indirectly controlled by the foregoing parties and such other relationships which may cause the interests of the Company to be transferred. However, the state-controlled enterprises do not have connected relations merely because they are all being controlled by the State.</p>	<p>(3) the “de facto controller” refers to that although such controller is not a shareholder of the Company, he or she is a legal person, other organizations or individuals who can actually dominate the Company and the Company’s shareholders to exercise the rights of shareholders by laws or in real fact through investment relations, agreements or other arrangement.</p>	
<p>(4) the “internal directors” shall refer to such directors who are concurrently taking other positions in the securities company; The “independent directors” shall refer to those external directors who do not have any relationship with the securities company and its shareholders that may probably prevent them from making independent and objective judgment; The “external directors” shall refer to such directors who do not concurrently have other positions in the securities company.</p>	<p>(4) the “connected relations” refers to the relationship between the Company’s controlling shareholders, de facto controller, directors, supervisors, senior management officers and those enterprises which are directly or indirectly controlled by the foregoing parties and such other relationships which may cause the interests of the Company to be transferred. However, the state-controlled enterprises do not have connected relations merely because they are all being controlled by the State.</p>	

Original Article	Amended Article	Basis of amendments
	<p>(5) the “internal directors” shall refer to such directors who are concurrently taking other positions in the securities company; The “independent directors” shall refer to those external directors who do not have any relationship with the securities company and its shareholders that may probably prevent them from making independent and objective judgment; The “external directors” shall refer to such directors who do not concurrently have other positions in the securities company.</p> <p>(6) the “business day” refers to legal business days stipulated by the State Council, including Saturdays or Sundays declared as temporary business days by the State Council (“business day in lieu of holidays”), but excluding legal holidays and Saturdays or Sundays other than business days in lieu of holidays; and the “trading day” refers to each of days from Monday to Friday, excluding legal holidays and business days in lieu of holidays.</p>	

II. **The serial number of articles under each section in the Articles of Association shall be adjusted in accordance with the above amendments to the Articles of Association.**