



(A joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name 华泰证券股份有限公司 and carrying on business in Hong Kong as HTSC)


# 2018 CSR

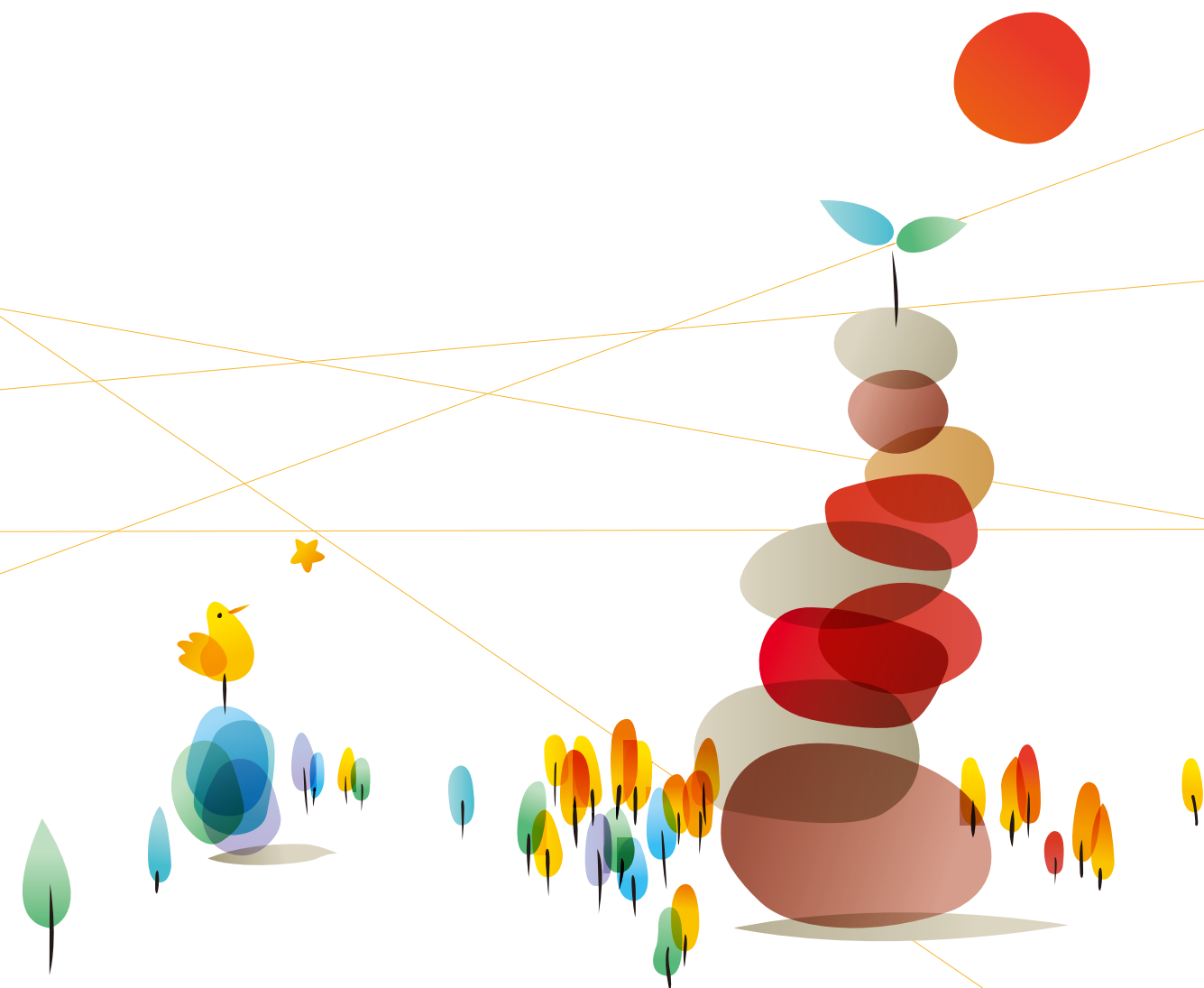
CORPORATE SOCIAL RESPONSIBILITY REPORT



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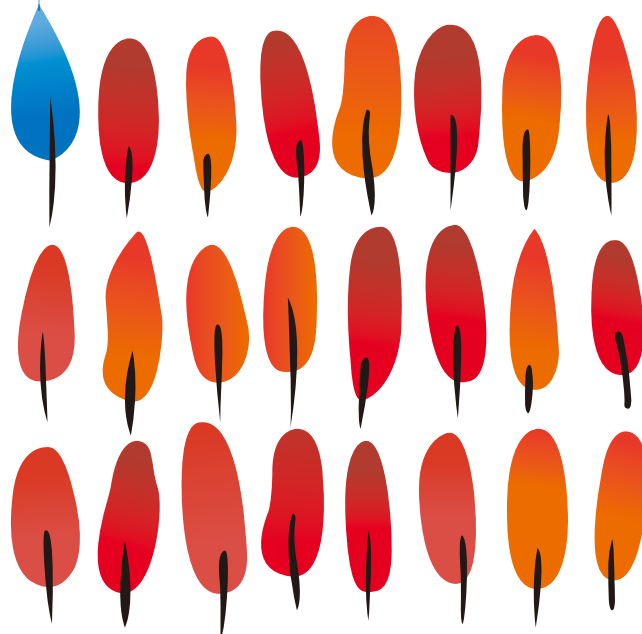


The background features a stylized landscape with rolling hills in shades of light blue, green, yellow, and pink. Small trees with yellow, orange, and red foliage are scattered across the hills. In the sky, there are several overlapping translucent circles in blue, yellow, and green, and two blue birds in flight.

# HUATAI SECURITIES

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

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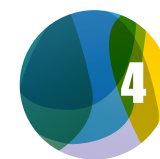
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The year of 2018 marked the 40th anniversary of China's Reform and Opening Up, with the capital market having been improved unprecedentedly and the securities industry facing a new round of transformation and upgrading. As a key participant in the market, we comprehensively advanced the transformation of wealth management with the empowerment of financial technology by reforming with the trend, acknowledging the trend ahead and taking the lead to change and reshape ourselves fundamentally with courage, in an aim to facilitate the shift from virtual economy to real economy. While actively fulfilling our corporate social responsibilities, we continuously enhanced our capacity for value creation and increased our value contribution.

Looking back into 2018, we have travelled a rough road, but we remain true to our original aspiration. Under the volatile and complicated environment, we kept firm direction, committed to make progress in a steady pace and moved forward against challenges. With a consistent focus on the needs of customers, we relied on the online APP of "ZhangLe Fortune Path" and more than 2,000 investment consultants distributed in over 240 branch offices around China, dedicated to making each touch of customers the link of convenient service and provide better and more thoughtful wealth management services. We established and improved a comprehensive service system targeting clients' needs for investment bank, public placement, private placement and insurance, and with the help of professional platforms, strived to promote our core capabilities covering research, pricing, trading, sales and risk control, so as to continuously identify customers' demands and grow with our customers. By cautious and forward-looking entry into the global market, our investment banking business is able to realize cross-border interconnections and make quick responses to domestic and overseas needs, and we have embarked on a new international journey featuring with connectivity, resource sharing and strategic synergy among Mainland China, Hong Kong and the United States.

The year of 2018 was also a year in which the Company has made a historical breakthrough in the market-oriented reform. We have received approval for our overall pilot plan for the mixed ownership reform and introduced Alibaba, Suning and other strategic investors at the same time as the non-public issuance of A Shares was completed, which has optimized our governance structure and enhanced our leading capital reserve and support of new concepts for future layout. We constantly seek new growth curves in face of adversity to restructure the system of

wealth management and institutional services, and further shape core competitiveness featured with platform-supported, systematic and digital operations, constantly releasing the potential of our whole business chain services. We have always taken serving the real economy as our duty and provided diversified financial solutions to innovative technology enterprises, private enterprises as well as medium, small and micro enterprises.

During the year, we stood firm to further propel the targeted poverty alleviation activities and kept promoting our "One Company One County" Paired Supporting Initiative and the Targeted Supporting Program in Jiangsu Province, in active response to the call on developing the potential of capital market in serving the national poverty alleviation strategy. Capitalizing on our advantages in securities financial industry and featured resources in poverty-stricken areas, we carried out poverty alleviation activities in a number of poverty-stricken counties including Jinzhai County in Anhui Province and Xi County in Shanxi Province by means of project construction and with the focus on supporting industry development, striving to improve the collective economic revenue in poverty-stricken areas and increase people's sense of gain in such areas so as to demonstrate our contribution to poverty alleviation.

We would never forget where we came from. We have always been grateful, caring for our employees, taking active participation in public welfare and actively carrying out the construction of ecological civilization by staying true to our mission. Adhering to the people-oriented development principle, we provide our employees with high-quality career development platforms to achieve common development of employees and the Company. We have carried out the "One Commonweal Heart of Huatai One Tomorrow" charity project for three consecutive years to establish a service platform for the relation connection and quality-oriented education for left-behind children, striving to realize the goal of "accompanying every child in their grow-up". Besides, we launched the environmental protection and public welfare project of "One Commonweal Heart of Huatai One Yangtze River" and joined hands with professional environmental protection agencies to explore a new mode for the balanced development among environment, economy and community in the source regions of the Yangtze River. We practiced the development concept of green economy, actively provided multi-dimensional financial services for enterprises engaged in environmental protection, and fully implemented energy saving

and emission reduction in our daily operations, so as to assist in making green finance the new engine of our country's economic transition and development.

The year of 2019 marks the 70th anniversary of the founding of China and is a crucial year for building a moderately well-off society in an all-round way. We recognize that every single progress we have made is inseparable from the strong support

of society, our shareholders and clients. We are well aware of the great responsibilities on our shoulders and will live up to our mission to return on shareholders and create values for clients. In the coming year, we will always act with caution, face setbacks with resilience, seek innovation by breaking old rules, walk with changes and advance with customers, unswervingly forging ahead and making constant efforts in order to create prominent value for all stakeholders.

Chairman and President: Zhou Yi  
March 29, 2019

### Special Topic on Responsibility: Huatai Securities and Global Sustainable Development Goals





In September 2015, the United Nations formally approved the 2030 Agenda for Sustainable Development (hereinafter referred to as "the Agenda") focusing on 17 sustainable development goals (SDGs) which were proposed to eradicate poverty and hunger, promote gender equality, respond to climate changes and strengthen global partnerships for sustainable development.

To promote implementation of the SDGs in the Agenda in China, the Chinese Government issued the China's National Plan on Implementation of the 2030 Agenda for Sustainable Development in September 2016.





As a leading comprehensive securities group in China, Huatai Securities actively responded to the plan on implementation of the SDGs, comprehensively reviewed SDGs and their relevance to its businesses, sorted out eight SDGs (i.e., SDG1 - No poverty, SDG3 - Good health and well-being, SDG4 - Quality education, SDG5 - Gender equality, SDG8 - Decent work and economic growth, SDG9 - Industry, innovation and infrastructure, SDG13 - Climate action and SDG16 - Peace, justice and strong institutions) as its priorities in promoting the Agenda for Sustainable Development, and further defined the relationship between the Company's development and sustainable development, providing a directional reference for the Company in corporate social responsibility work.

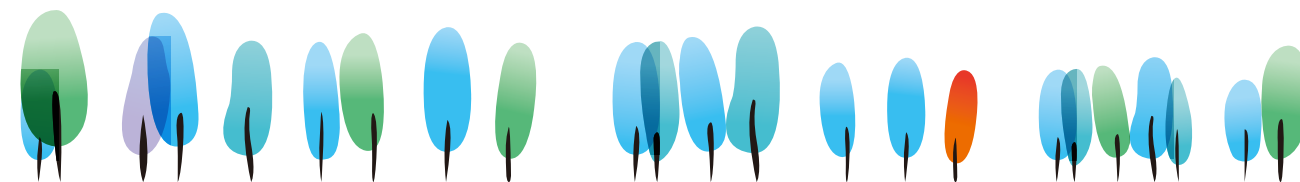


## Special Topic on Responsibility: Huatai Securities and Global Sustainable Development Goals

SDGs	Main actions of the Company	Relevant sections in this report
<b>1 NO POVERTY</b> 	<p>We deeply promoted targeted poverty alleviation and successively helped many poor counties including Jinzhai County in Anhui Province and Jiange County in Sichuan Province in pairs get rid of poverty by means of financial aid, industrial development and public welfare. In 2018, we invested RMB10.16 million in targeted poverty alleviation and helped 64 poor people get removed from administrative record for poverty registering.</p>	<p>5.2 Assisting Poverty Alleviation</p>
<b>3 GOOD HEALTH AND WELL-BEING</b> 	<p>We offered investor education, cracked down on illegal securities and held other investor protection activities to protect investors' legitimate rights and interests.</p> <p>We cared for employees' physical and mental health by offering them health examination and launching "Huatai Health" Fitness Monitoring Program, "Sunshine Huatai" and other psychological care projects. In 2018, all of our employees received a health examination.</p>	<p>3.3 Investor Protection 4.2 Deepening Employee Care</p>
<b>4 QUALITY EDUCATION</b> 	<p>We set up the "One Commonweal Heart of Huatai One Tomorrow" project for the left-behind children in national-level poor counties and donated supplies and offered quality education, with an aim to help relieve intergenerational transfer of poverty by means of education.</p> <p>As of 2018, over 15,000 children benefited from the project.</p>	<p>5.2 Assisting poverty alleviation</p>
<b>5 GENDER EQUALITY</b> 	<p>We created equal employment conditions and prohibited gender discrimination in recruitment.</p> <p>While protecting female employees' legitimate rights and interests, we organized activities such as flower arrangement and tea art to show care for female employees and provided female employees with equal career development opportunities.</p>	<p>4.1 Employees' Rights and Benefits 4.2 Deepening Employee Care</p>

## Special Topic on Responsibility: Huatai Securities and Global Sustainable Development Goals

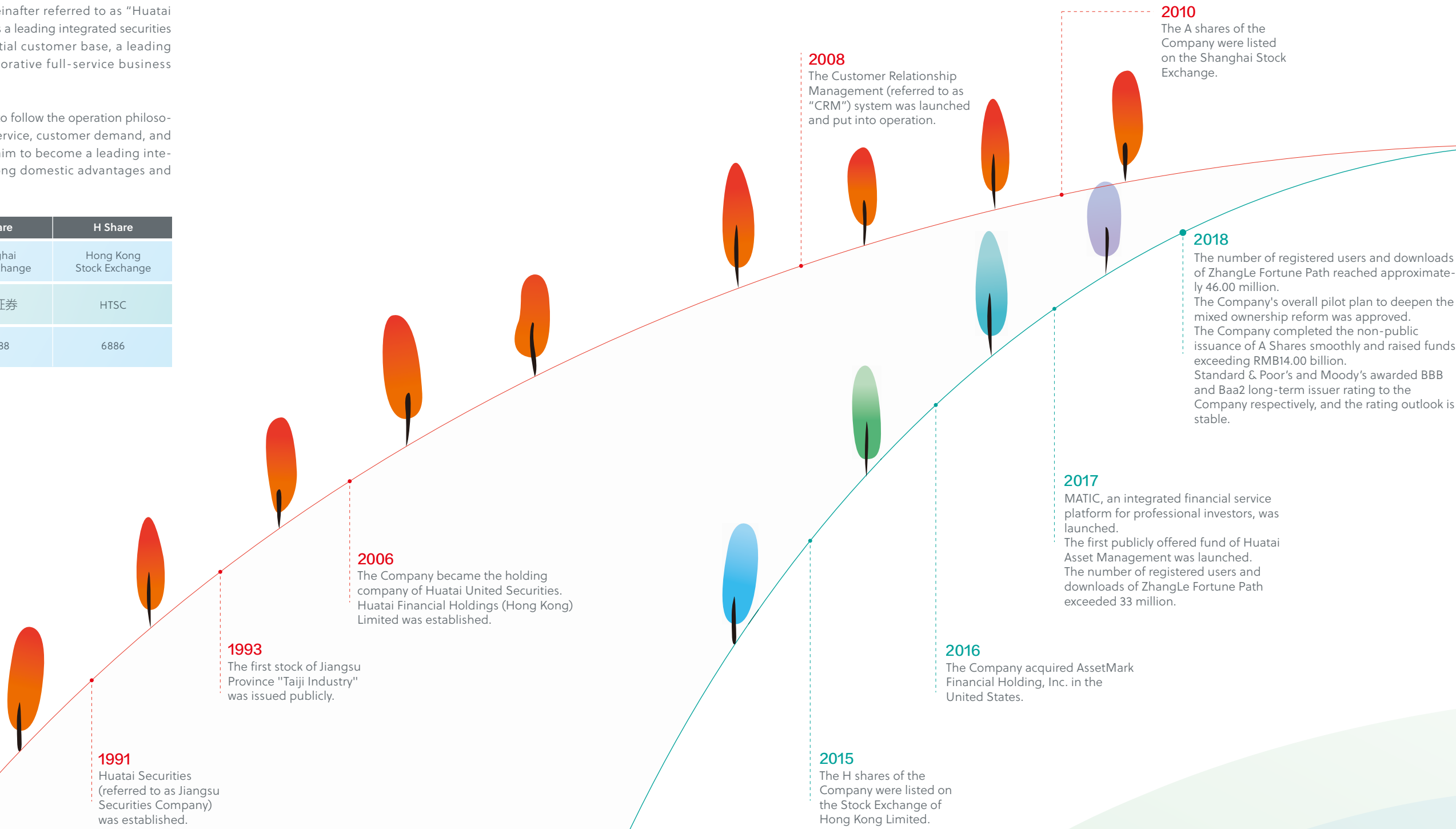
SDGs	Main actions of the Company	Relevant sections in this report
<b>8 DECENT WORK AND ECONOMIC GROWTH</b> 	<p>In recruitment, we forbade employment of child labour and forced labour, actively recruited fresh graduates and disabled persons, and strictly followed the principle of equal pay for equal work.</p> <p>Based on our advantages in the capital market, we provided quality financing services for small and medium enterprises to solve the problem of difficult and high-cost financing for small and micro enterprises.</p>	<p>4.1 Employees' Rights and Benefits 5.1 Supporting the Real Economy</p>
<b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b> 	<p>We responded to the national strategy of Made in China 2025 and gave full play to our advantages in the capital market, in order to support the development of advanced manufacturing and intelligent manufacturing.</p>	<p>5.1 Supporting the Real Economy</p>
<b>13 CLIMATE ACTION</b> 	<p>We remained committed to green finance and supported the development of green environmental protection industry by means of bond issuance.</p> <p>We advocated energy saving and emission reduction in our daily operations and encouraged employees to save energy and reduce energy consumption in order to reduce carbon footprints.</p> <p>We launched "One Commonweal Heart of Huatai One Yangtze River" project, protecting ecological environment of the source regions of the Yangtze River in assistance with professional NGOs.</p>	<p>5.3 Supporting Public Welfare 6.1 Development of Green Finance 6.2 Practicing Low-carbon Operations</p>
<b>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</b> 	<p>We established an effective, responsible and transparent corporate governance structure, to achieve compliant and steady operation of the Company.</p> <p>We organized and offered anti-corruption trainings and eradicated any form of corruption and bribery. In 2018, 2,309 persons attended our anti-corruption trainings.</p> <p>We enhanced supplier management and specified that Anti-commercial Bribery Terms should be attached to all the procurement contracts, so as to promote honest procurement.</p>	<p>2.1 Corporate Governance 2.4 Enforcing Law and Discipline Construction</p>



Huatai Securities Co., Ltd. (hereinafter referred to as "Huatai Securities" or "the Company" ) is a leading integrated securities group in China, with a substantial customer base, a leading e-Platform and a highly collaborative full-service business model.

In 2018, the Company continued to follow the operation philosophy of "focusing on customer service, customer demand, and customer satisfaction" with an aim to become a leading integrated financial group with strong domestic advantages and global influence.

Type of share	A Share	H Share
Stock exchange for listing	Shanghai Stock Exchange	Hong Kong Stock Exchange
Stock name	华泰证券	HTSC
Stock code	601688	6886





## Company Profile

## Company Overview

## Operating results

The Company proactively adapted to changes in regulatory policies and market environment, maintained compliance with laws and regulations while continuing innovation and development and unceasingly deepened its restructuring and transformation, resulting in its overall strength and position in the industry being further reinforced.

In 2018, the Company recorded a net asset value per share attributable to shareholders of RMB12.53, earnings per share of RMB0.66, total assets of RMB368.666 billion, owner's equity attributable to shareholders of the listed company of RMB103.394 billion, operating revenue of RMB16.108 billion and net profits attributable to shareholders of listed company of RMB5.033 billion.

Operating results	2016	2017	2018
Total revenue from main businesses	1,692,593.50	2,110,853.41	1,610,826.23
Total profit	859,342.80	1,158,464.43	644,867.03
Tax paid	461,749.86	249,947.07	180,684.10
Total assets	40,145,039.76	38,148,253.98	36,866,587.41
Expenses on employee benefits	443,364.67	559,024.69	642,596.95
Charity donation	1,083.30	1,430.51	1,016.73
Earnings per share (RMB)	0.88	1.30	0.66
Social contribution per share (RMB)	2.88	3.23	2.54

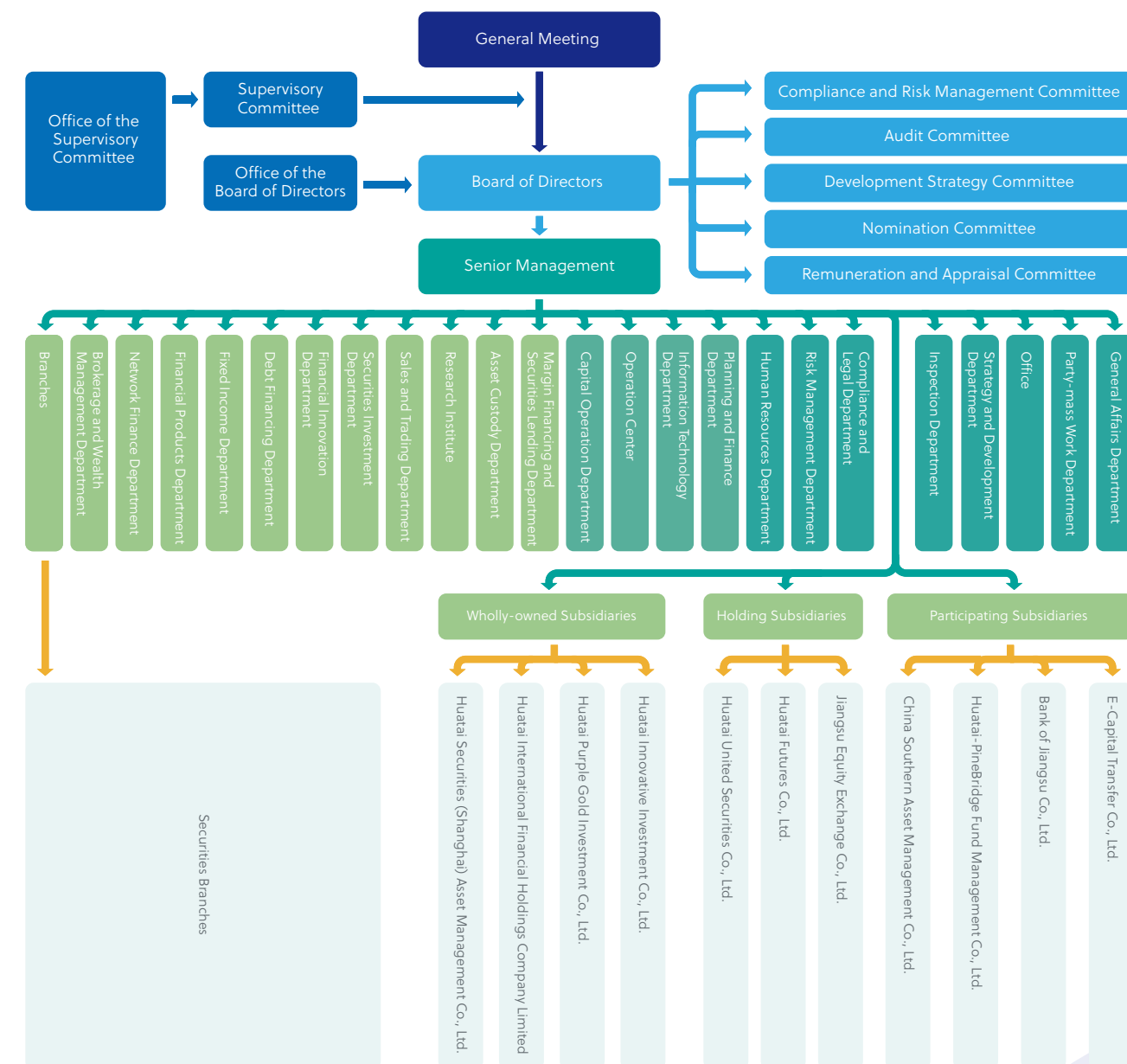
Unit: RMB10,000

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

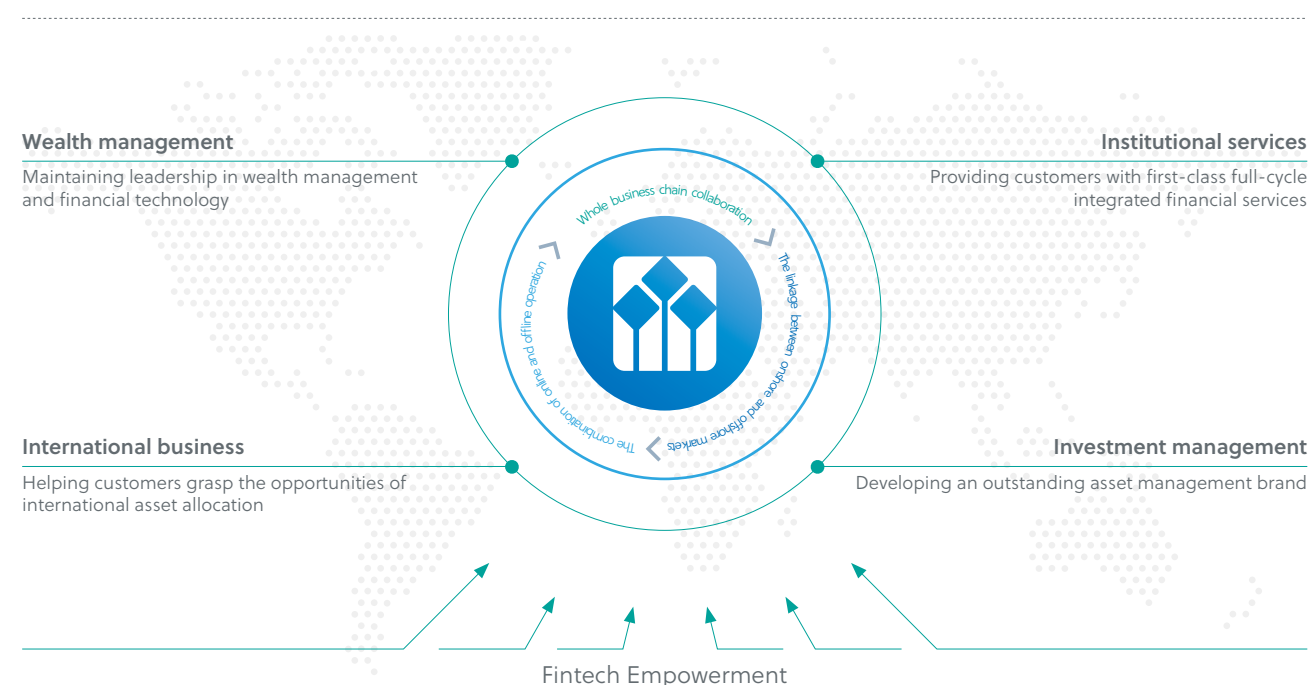
## Company Profile

## Company Overview

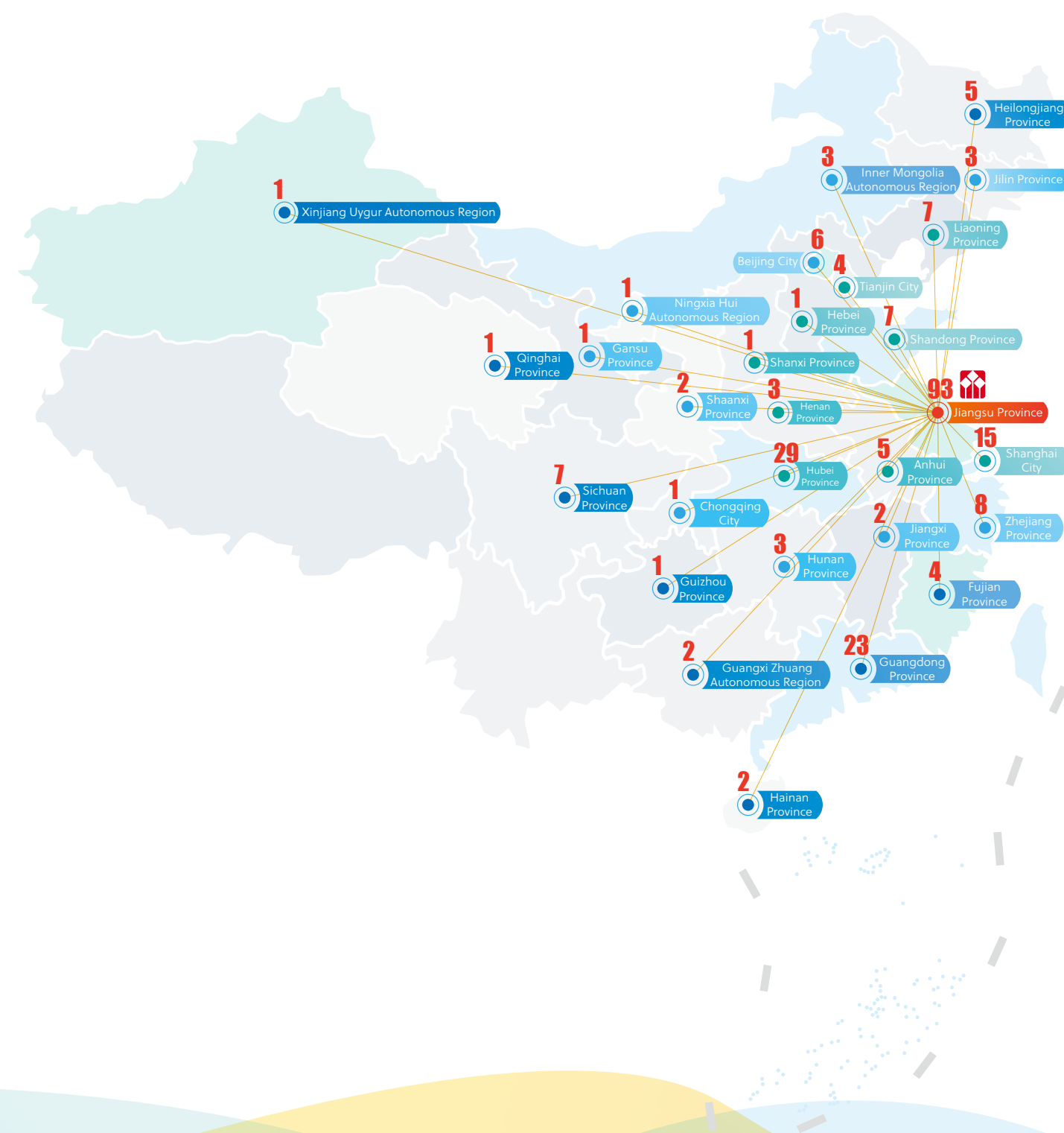
## Organizational structure



Our principal business lines comprise wealth management, institutional services, investment management and international business. We construct a client-based organizational mechanism and provide comprehensive securities and financial services to individual and institutional clients to meet their financial needs through an organic online and offline blending.



In 2018, Huatai Securities had 241 securities branches and 29 subsidiaries in the PRC. Meanwhile, it operated its international businesses via Huatai International and its Hong Kong business and the Turnkey Asset Management Platform AssetMark Financial Holdings, Inc. (referred to as "AssetMark") in the U.S.





Huatai Securities has always been adhering to its core values of “efficiency, honesty, prudence, and innovation” and its business philosophy of “focusing on customer service, customer demand, and customer satisfaction”, and striving to maintain harmony between its responsibilities for customers, shareholders, employees and society.

Social Responsibility Principles	
Trust of Customers	The Company always places its customers at the centre and strives to create value for its customers, so as to win their trust with high-quality financial services.
Pride of Employees	The Company values people that are both talented and morally respectable, for which it has built a solid career development platform and fostered an optimistic corporate culture, so as to achieve common growth with its employees.
Satisfaction of Shareholders	The Company standardizes its corporate governance structure and attaches great importance to risk management and rule compliance, aiming to achieve a stable increase in asset value and ensure stable returns to its shareholders.
Respect of Community	The Company values the harmonious development of the financial system and community, gives full play to its professional strengths to facilitate social advances; it also actively participates in social welfare promotion and environment-friendly development, fulfilling its responsibilities as a corporate citizen.

Under the guide of its overall social responsibility principles, the Company actively integrates social responsibilities in enterprise operation and management and builds a social responsibility management structure to constantly turn its responsibility principles and commitments to the stakeholders into concrete actions, so as to promote its own and its stakeholders’ sustainable development.

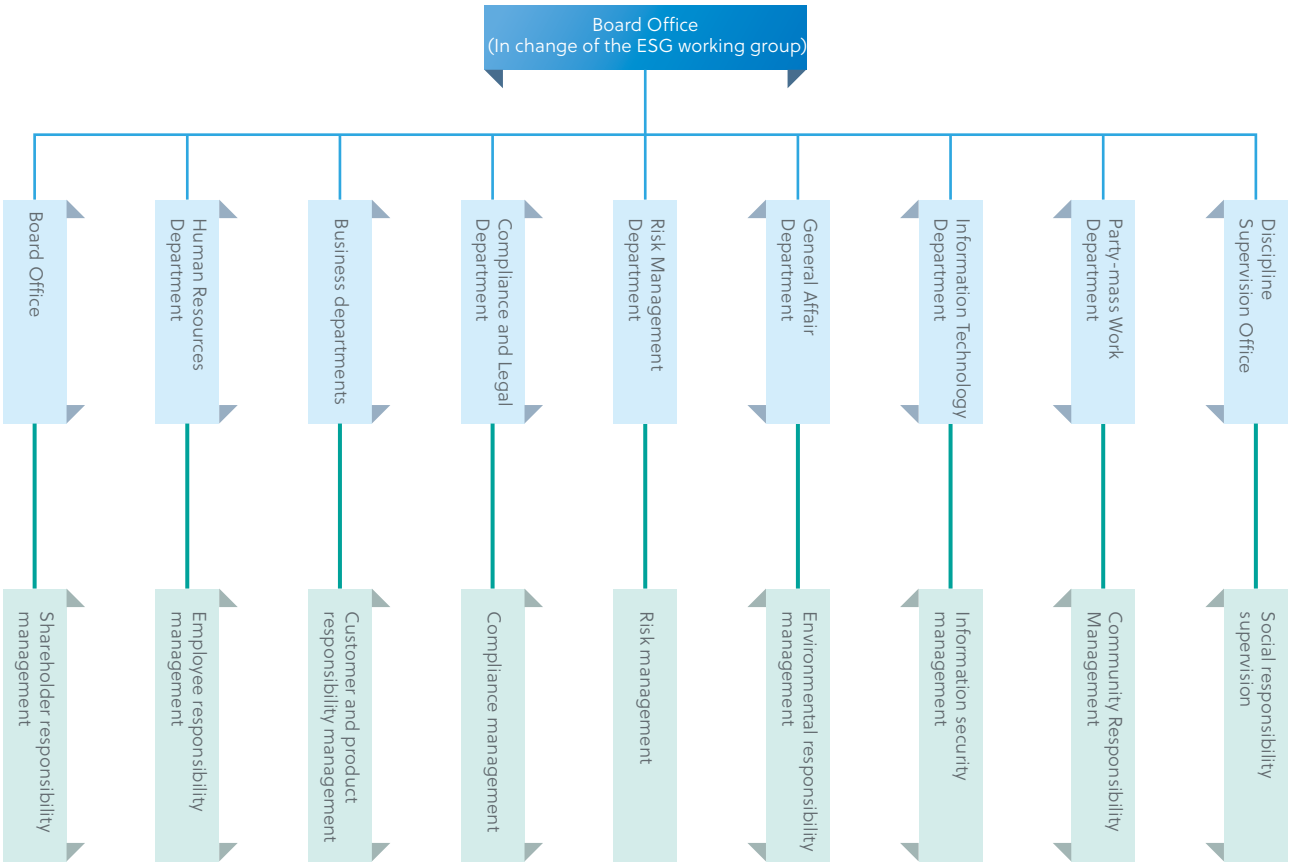
In order to coordinate the Company’ s environmental, social and governance work and further promote the performance of work all its departments, Huatai Securities has established the ESG working group led by the Board Office and specifically in charge of its functional and business departments including Human Resources Department, Compliance and Legal Department and Risk Management Department to ensure its social responsibilities are fulfilled in an on-going and effective manner.

Social responsibility management structure		
Decision support	Organizational guarantee	Implementation
The Board of the Company participates in the deliberation and decision-making of major social responsibility issues, and supervises and bears overall responsibility for the Company’s ESG work.	Establish the ESG working group led by the Board office and specifically in charge of its functional and business departments .	The functional and business departments of the Company implement the ESG work in accordance with the division of labour of the ESG working group.

In 2018, based on the division of labour of the ESG working group, the Company prepared the Huatai Securities’ Environmental, Social and Governance (ESG) Quantitative Performance Indicator Manual, under which it standardizes the procedure of collecting and reporting ESG information in response to investors’ increasing concern on ESG information to further raise the social responsibility awareness across the Company.



Composition and duties of Huatai Securities’ ESG working group



Highly valuing communication with the stakeholders, the Company has established a normalized communication mechanism with its shareholders, customers, employees, government and regulatory authorities, suppliers, partners and communities that have a significant impact on its sustainable development.

Through communication with stakeholders, the Company gains a deep understanding of the appeals, opinions, and suggestions from all related parties, and places stakeholders and their concerns into its operations and decision-making process, so as to integrate social responsibility performance into its daily operation and create shared value.

Communication with and Response to the Stakeholders				
Key stakeholders	Concerns		Communication and response	
Shareholders	Operation in compliance Risk management Protection of investors' interests	Anti-corruption Economic benefits	General meeting Regular information disclosure Investor communication meetings and survey	Media such as the official website and WeChat official account
Customers	Operation in compliance Protection of customer information and privacy Protection of investors' interests	Customer satisfaction management Serving the real economy	Customer survey Customer service and complaints Customer satisfaction survey	ZhangLe Fortune Path Media such as the WeChat official account
Employees	Employee health and safety Employee development and training Employees' Rights and Benefits		Trade Union activities Staff training Corporate OA platform	Employee activities Media such as the WeChat official account
Government and Regulatory Authorities	Risk management Operation in compliance Anti-corruption		Cooperation with regulatory authorities in inspection and review Participation in government survey	Policy implementation Information disclosure
Suppliers and Partners	Operation in compliance Supply chain management		Cooperation and communication Formulating procurement management methods	Daily communication Bidding activities
Community	Public welfare activities Environmentally-friendly operations	Targeted poverty alleviation Green finance	Community activities Volunteers' activities Research and implementation for public welfare projects such as poverty alleviation and environmental protection	Supporting real economy related business Promoting paperless operations Environmentally-friendly buildings Development of green finance

In order for the Report to better cater for the appeals and expectations of its stakeholders, Huatai Securities has started to identify the substantive issues on a regular basis.

In 2018, the Company further clarified the focus of fulfillment of social responsibility and development opportunities and identified 19 issues after studying the highlights of national and industry policies and considering its development strategy and operational priorities.

Through internal evaluation and external expert judgment, the Company made clear the sequence of importance of issues in light of their importance to stakeholders and importance of Huatai Securities' economic, environmental and social impacts, and responded to key substantive issues in the Report.



Matrix for substantive issues of Huatai Securities

Strengthening the Defense against Risk and Conducting Compliance and Stable Operation

Adhering to the core values of being "Efficient, Honest, Prudent and Innovative", Huatai Securities continuously improved its corporate governance system, promoted comprehensive risk and compliance management, and strived to create sustainable returns for its shareholders; the Company continued to increase its efforts in anti-corruption and strived to create an environment where the bottom line is kept and businesses are carried out with integrity, so as to lay a solid foundation for its sustainable and efficient development.



Strengthening the Defense against Risk and Conducting Compliance and Stable Operation

Corporate Governance

Optimizing corporate governance

In strict accordance with the dual regulatory requirements for listed companies and securities companies, the Company conscientiously implements the Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Standards for the Governance of Listed Companies and other laws and regulations, keeps promoting the modernization of its corporate governance system and governance capacity and optimizing the operation mechanism for operation and management of general meeting, scientific decision-making of the Board, efficient implementation of senior management and strict supervision of the Supervisory Committee following the principles of independent operation, effective checks and balances, mutual cooperation and coordinated operation of various governance bodies to improve its corporate governance efficiency.

In August 2018, according to the Reply on the Overall Pilot Plan to Deepen the Mixed Ownership of Huatai Securities Co., Ltd., the Company adjusted the Board composition by introducing new strategic shareholder representatives as its directors to build a multi-structure and complementary Board so as to give full play to the role of the Board.

During the Reporting Period, in strict accordance with the Rules of Procedures for General Meetings, Working System for Independent Directors, Working Rules of the Special Committees under the Board and other policies, the Company convened general meetings, Board meetings and meetings of the Supervisory Committee, and examined its daily operation, financial position, compliance and internal control to effectively protect the interests of itself and shareholders.

In 2018, the Company convened a total of 29 meetings, including 9 Board meetings, 16 meetings of the special committees under the Board, and 4 meetings of the Supervisory Committee, and considered, reviewed, examined or listened to 99 proposals and reports.

Strengthening the Defense against Risk and Conducting Compliance and Stable Operation

Corporate Governance

Disclosing information in a timely and accurate manner

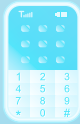


The Company formulates the Management Measures for Information Disclosure, the Internal Reporting System for Material Information, the Insider Registration, Management and Confidentiality System and other rules and regulations to disclose information in a truthful, accurate, complete, timely and fair manner in strict accordance with laws and regulations.

In 2018, the Company disclosed a total of approximately 322 documents on the websites of the Shanghai Stock Exchange and the Hong Kong Exchanges and Clearing Limited. There were no major accounting errors, omissions or information supplements, corrections of performance forecasts, nor were there any instances of omission, concealment, or misstatement in such disclosure.

**In 2018, the Company was rated Class AA under Category A by the China Securities Regulatory Commission (referred to as "CSRC") in its categorized assessment of securities companies.**



The Company attaches great importance to the problems and suggestions of investors, and communicates with them by multiple channels such as telephone conferences, online platforms and field researches to provide them with targeted and efficient services.

Onsite and telephone performance conferences	Communication via website	Onsite investigations and surveys and telephone interviews
Gave explanations on the annual, interim and quarterly results of the Company , actively communicated with investors and analysts at home and abroad	Maintained and updated information of the “Investor Relations” column on the Company’s website on a regular basis. Answered carefully questions raised by investors from the E Interactive Platform of the Shanghai Stock Exchange	Received visits from a total of 51 researchers via onsite investigations and surveys or telephone interviews in 15 batches from brokerage firms and fund companies and earnestly made explanations and conducted consultations
		

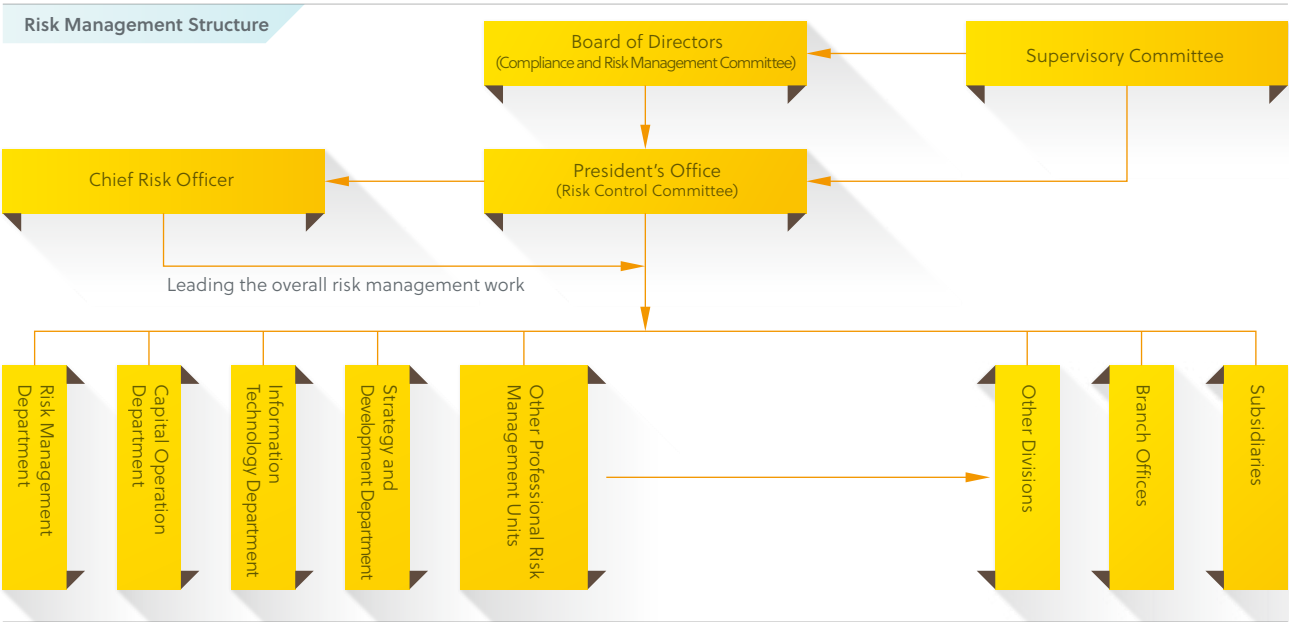
Huatai Securities Held a Press Conference for the Release of Its Results for the First Three Quarters
In November 2018, Huatai Securities held a press conference for the release of its results for the first three quarters in Nanjing, which introduced its performance summary, business highlights and development strategies of the first three quarters, comprehensively explained its business development advantages and strategic plans, and effectively guided market expectations.

The Company attaches great importance to risk management and has established a relatively sound overall risk management system under the core guidelines of “including everyone, covering everything and penetrating down to the bottom” and in accordance with regulatory requirements and its actual business development.

The Company has established a comprehensive risk management organization structure consisting of the Board of Directors, the Compliance and Risk Management Committee, the Supervisory Committee, the President's Office , the Risk Control Committee ,

the Risk Management Department and various professional risk management units and other divisions, branch offices and subsidiaries, with their respective responsibilities clearly defined and effectively performed at all levels.

In 2018, the Company further deepened and optimized its overall risk management system and improved the level of risk management of the Group from such aspects as risk management assessment, the Group’ s risk index system and centralized management of risk information from the same



The Company strengthens the risk management of its subsidiaries and keeps urging them to implement various requirements for the Group’ s overall risk management. With consolidated management, the Company includes various subsidiaries in its risk management and continuously enhances the Group’ s risk coverage and penetration management.

Supported by its technology systems, the Company integrates the Group’ s risk management information and optimizes risk management and control procedures to improve its management and control efficiency. In 2018, the Company gave priority to

the second-stage building of the Enterprise Risk Management Platform (referred to as “ERMP” ) and incorporated data of subsidiaries into its system to gradually achieve the centralized analysis and management application of various professional risk information data across businesses and subsidiaries.

The Company continues to promote the full implementation of Calypso system, and further includes its domestic and overseas equity, exchange rate, commodity and interest rate products and their derivatives in its product scope to effectively achieve the integrated operation of foreground, mid-ground and background of its domestic and overseas trading business, and improve its risk management capacity for trading and investment businesses.

The Company establishes and continuously improves the organizational structure and system of compliance management by defining the compliance duties of the Board of Directors, the Supervisory Committee, senior management, Director of Compliance, the Compliance Management Department and compliance managers, divisions, branch offices and subsidiaries at various levels and all the staff.

In 2018, the Company promoted group-based compliance management, optimized compliance systems, sorted out and improved business management procedures, strengthened compliance inspection and self-examination, and vigorously built compliance culture to enhance its compliance management level. In 2018, the Company’ s Compliance and Legal Department conducted 26 compliance trainings involving 9,268 participants.



Compliance culture building	
Offline publicity and training	Online compliance publicity
Organized series publicity activities themed on “Promoting Development by Compliance Advocation”, carried out two “Compliance Cooperation” exchanges, implemented the compliance publicity project “Compliance Mobile Service Station”, and conducted onsite training, exchange and research in 11 branches Organized annual centralized compliance training on “Joint Cooperation and Development” for compliance managers of branches in 2018 Organized 28 dedicated business trainings covering financial product sales, interpretation on new asset management regulations, OTC derivatives business, investment consulting business and anti-money laundering, etc.	Gave play to the role of official account “Vision of Compliance”, the Company’s communication system, to promptly deliver the latest regulatory cases, new industrial regulations and resolutions of the regulatory meetings and compliance knowledge, etc., recording 10,583 visits for 70 articles in 35 pushes throughout the year Set up the Company’s “Law Popularization Garden” working module, organized special law popularization activities, and compiled law popularization brochures

In 2018, the Company studied and worked out the Working Procedures for Disposal of Clues for Reporting of Incompliance by Letters and Visits in accordance with the Guidebook on Supervision and Discipline Execution of Provincial State-owned Enterprises, Administrative Measures for the Reception of Disciplinary Inspection Letters and Visits, and other relevant policies to improve the working mechanism and promote the routinization and standardization of reporting of incompliance by letters and visits.

The Company actively implemented the regulations on handling complaints and reports about violations, with which violations that may exist inside and outside the Company can be reported to the Company through telephone, text message, the Company’ s website, WeChat official account and corporate email. In strict accordance with relevant regulations on letters-and-visits management, the Company’ s discipline inspection department carefully registered letters and visits and screened problems and clues, and analysed and sorted out anonymous reporting materials.

The Company continues to improve its internal control system of anti-money laundering. During the Reporting Period, the Company formulated three systems including the Anti-money Laundering System for Distinguishing Clients’ Identities and Preserving the Data about Clients’ Identities and Transaction Records, and revised seven systems including the Anti-money Laundering Confidentiality System and Anti-money Laundering Work Organizational Structure and Duties, which covered reporting of large-sum and suspicious transactions, assessment on clients’ money-laundering risks and client identification, etc.

The Company actively carries out self-examination on anti-money laundering, including building of anti-money laundering organization structure and internal control system, client identification, money laundering risk classification, suspicious transaction screening, anti-money laundering training and publicity, etc., and urges branch offices to conduct self-examination and self-correction to improve its anti-money laundering work in an all-round manner.

Regarding anti-money laundering publicity and education, the Company innovatively recorded the online course Anti-money Laundering Practice and published it in its network academy, involving more than 20,000 learners; it also worked out “Anti-money Laundering Scheme” for publicity via WeChat and kept conducting publicity activities themed on “Watching out for Money Laundering Traps Around You and Securing Your Account” to warn the public of money laundering risks.

During the Reporting Period, People’s Bank of China issued the Determinations on Administrative Penalty to Zhejiang Branch of the Company for its failure to perform its obligation to identify clients by rule or report suspicious transactions by rule, and to the Securities Branch in Huafei Road, Ma’anshan and Securities Branch in Shiyou Street, Panjin for their failure to classify client risks in a timely manner, respectively.

Highly concerned, the Company has organized relevant branches and business departments to work out rectification plans for the problems found in the inspection and report the same to the People’s Bank of China at their location, and required them to make rectification in a serious and comprehensive manner and in strict accordance with rectification plans, strengthen client identification and monitoring of suspicious transactions, timely and effectively assess the levels of clients’ money laundering risks, and strictly perform their obligation to identify clients.



The Company has formulated the Intellectual Property Management System of Huatai Securities Co., Ltd. in accordance with relevant state laws and regulations, such as the Copyright Law of the People's Republic of China and the Trademark Law of the People's Republic of China, with its actual conditions taken into account, to further promote the protection of intellectual properties. The System clarifies the division of responsibilities in the Company's intellectual property management and the management and protection of its trademarks, patents, copyrights, trade secrets, etc., to further regulate the management of the Company's intellectual property rights and provide its employees with systematic grounds and basis for the management and protection of various intellectual properties.

Attaching great importance to the interests of trademark, the Company designated the Strategy and Development Department as the department for centralized management of trademark to uniformly manage trademark-related matters, including relevant application for registration, modification, transfer, renewal after expiration and license, and cooperated with the Compliance and Legal Department in supervising trademark infringements to protect the legitimate rights and interests of the Company in respect of trademark.

The Company strictly followed the "Procurement Law of the People's Republic of China" and the "Tendering and Bidding Law of the People's Republic of China" etc. in enacting its own "Management Measures for Corporate Procurement" and regulating its centralized procurement of daily office supplies and decoration facilities. During the process, the Company paid special attention to the suppliers' performance of their social responsibilities in environmental protection and labour, and will relentlessly cross out unqualified suppliers.

Supplier Statistics			
Indicators	2016	2017	2018
Number of suppliers in Mainland China	128	120	126
Number of overseas suppliers (including Hong Kong, Macao and Taiwan)	0	0	0
Note: The figures are for headquarters of Huatai Securities.			

Focusing on the normalization and institutionalization of the study and education of "Two Studies, One Action", the Company further carried out such works as democratic life meeting, organizational life meeting and democratic evaluation of Party members based on the basic system "Three Meetings and One Class" and basic unit Party branch.

The Company formulated the Key Points of Party Building in 2018, which proposed 21 specific work requirements from six aspects, including political building, ideological building and building of grass-roots Party organizations; printed and distributed the Notice on Reporting Party Building-related Arrangements of Party Organizations in 2018 to organize grass-roots Party organizations to make scientific plans for Party building; and complied, printed and issued the Guidebook on the Work of Party Branches, Documentary Manual for the Work of Party Branches and Handbook for Organizational Life of Party Members to record and manage the development of and Party members' participation in activities held by grass-roots Party organizations.

With multi-level and three-dimensional education and training for Party members, the Company led Party members and employees to firm their ideals and convictions and unify their ideas. To further promote the normalization and institutionalization of the study and education of "Two Studies, One Action", the Company vigorously advocated the socialist core values, closely integrated the study and implementation of the spirit of the 19th National Congress of the CPC and various works at present, actively made various exchanges and discussions and carried out relevant education and publicity through a variety of carriers, including onsite exchange meeting, OA system, Internet training school, the cloud study APP and WeChat official account "Party Building of Huatai Securities".

In 2018, the Company carried out 9 centralized trainings and 2 online trainings relating to Party member education, with a total number of 195 class hours and more than 8,000 participants.





## A Party Building-related Innovation Case Won the "Second Prize for Party Building-related Innovation Cases of Provincial Enterprises"

In adherence to strict and practical Party building and development based on compliance operation, Wuxi Branch of Huatai Securities promoted the deep integration and linkage promotion of Party building and business management.

Under the new normal of comprehensively governing the Party with strict discipline, the general Party branch under Wuxi Branch organically integrated the new normal of Party building and new situations in compliance supervision, and used the Guidelines on Implementation of Compliance Management of Securities Companies as important contents for collective learning to further unify the thinking of Party members, the employees and masses through multiple forms, including massed learning and seminars. Under the guidance of implementation of the spirit of the Party Building-Related Forum of State-owned Enterprises, it deeply integrated daily education and compliance education of Party members and enhanced the compliance awareness of all the employees based on "Four Consciousnesses" through compliance training and test. In addition, it closely integrated daily management of Party members and refined compliance risk management and summarized an effective work style with "Four Haves" (i.e.: have organizations, executions, feedbacks and highlights).

The innovation case "Adapting to the New Normal of Party Building · Stabilizing Development in Adherence to Compliance Operation" of the general Party branch under Wuxi Branch of Huatai Securities was awarded the "Second Prize for Party Building-related Innovation Cases of Provincial Enterprises".



Certificate of award for Party building-related innovation cases



Paying attention to enhancing the building of Party style and honest administration, the Company established an anti-corruption system through prior education on honest administration, in-process institutional construction and follow-up audit & supervision. The Company also organized major persons-in-charge of various units to sign Letters of Responsibility on the Building Party Style and Honest Administration and Letters of Commitment on Incorruptible Employment level by level according to the Implementation Measures for the Fulfilment of the Major and Supervision Responsibilities for the Building of Party Style and Honest Administration of Huatai Securities (Provisional).

In 2018, the Company conducted inspection on risk points for integrity and provided coordination and cooperation to and supervised various departments and units of the Company in implementation of the Company's Implementation Plan for Integrity Risk Prevention and Control based on the Company's existing risk management and internal control system. The Company also further inspected risk points for integrity and inserted supervision in business management procedures to realize the systematic and routinized integrity risk prevention.

The Company actively promoted honest procurement by establishing a platform for announcing procurement-related information and stipulating that all procurement contracts must be enclosed with Anti-Commercial Bribery Terms as supplementary terms and all project managers must sign a Confirmation of Anti-corruption Responsibilities.

In addition, the Company continuously carried out in-depth education on honest administration and strengthened the ideological education on honest administration among the executives and employees. The Company also set up a WeChat group "Huatai Qingfeng", in which discipline inspection and supervision personnel participated and to which the Company successively uploaded the analysis of the cases in which managers in the securities industry were subject to forfeiture due to illegal stock investment, analysis of the 28 typical cases relating to the violation of the spirit of the Eight-Point Regulation of the CPC Central Committee exposed by the Central Commission for Discipline Inspection and Provincial Commission for Discipline Inspection and interpretation of the Supervision Law, to strive to create a good atmosphere for holding the bottom line and getting employment without corruption through extensive publicity and education of discipline inspection and supervision personnel in the Company. During the Reporting Period, there was no corruption-related lawsuit against the Company or the employees.

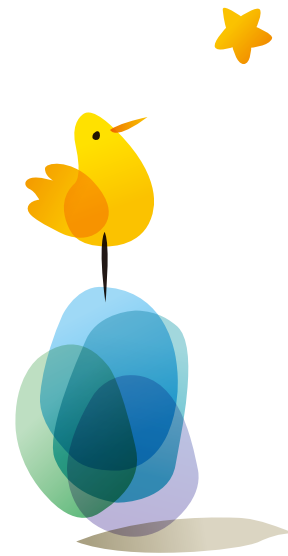
## The Company organized employees to participate in the warning education activity in Pukou Prison



Indicators	Unit	2016	2017	2018
Number of anti-corruption training	Time	3	3	3
Number of people participating in anti-corruption training	People	5,000	5,000	2,309

Driven by Financial Technology to Create Quality Services

Huatai Securities actively promotes the deep integration of finance and technology to drive business development, promote wealth management transformation and upgrading, and further improve the efficiency of financial services through the power of financial technology. Focusing on the protection of customers' rights and interests, the Company actively fulfils the responsibility for investor protection and creates a sound environment for investment while providing customers with high-quality service.



Driven by Financial Technology to Create Quality Services Transformation and Upgrading Driven by Financial Technology

As Internet wealth management expands in China and the total amount of investible assets held by individual Chinese has increased, it will be a new model and significant strategic choice for securities companies to take full advantage of financial technology to provide customers with comprehensive wealth management service, explore potential values of data and improve customer experience.

As one of the brokers who laid out the mobile Internet platform earlier, Huatai Securities launched the mobile wealth management terminal "ZhangLe Fortune Path" in 2014, in a bid to meet customers' diversified needs more effectively, conveniently and intelligently and build a professional system for wealth management business through diversified financial products based on the support from the Company's full-service business and professional investment consultant service.

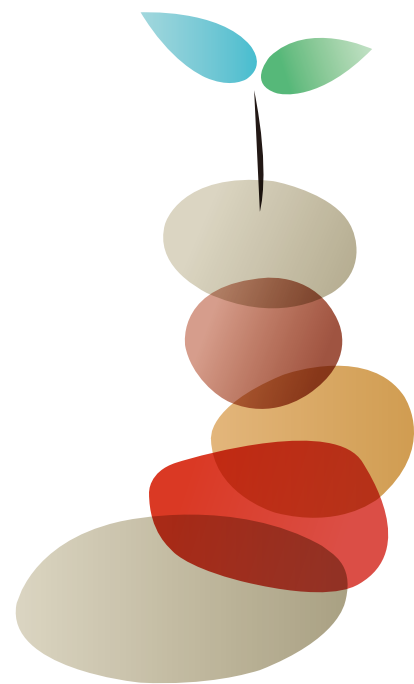




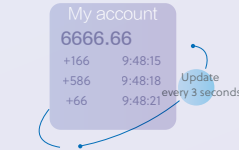

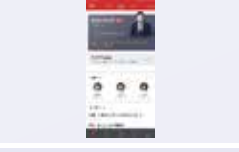

Driven by Financial Technology to Create Quality Services Transformation and Upgrading Driven by Financial Technology

Huatai Securities released "ZhangLe Fortune Path APP 6.0"

On November 22, 2018, Huatai Securities released ZhangLe Fortune Path APP 6.0 in Beijing Water Cube, which had been a masterpiece of Huatai Securities in the overall exploration of wealth management transformation based on financial technology since ZhangLe Fortune Path APP 5.0 started brokers' AI-related strategic layout a year ago.

In reliance on Huatai Securities' effective full-service collaboration system and industry-leading research and development ability, the new ZhangLe Fortune Path APP deeply explored potential customer needs through AI, cloud computing and other frontier applied sciences, newly released six core modules (i.e. "Tainiu Zhitou", "Intelligence Family", "Intelligent Real-time Account", "ZhangLe Class", "Expert", "ZhangLe U Membership"), and updated and upgraded dozens of basic services, with an aim to integrate intelligent technologies and wealth management closely to provide financial management customers with tailor-made solutions.

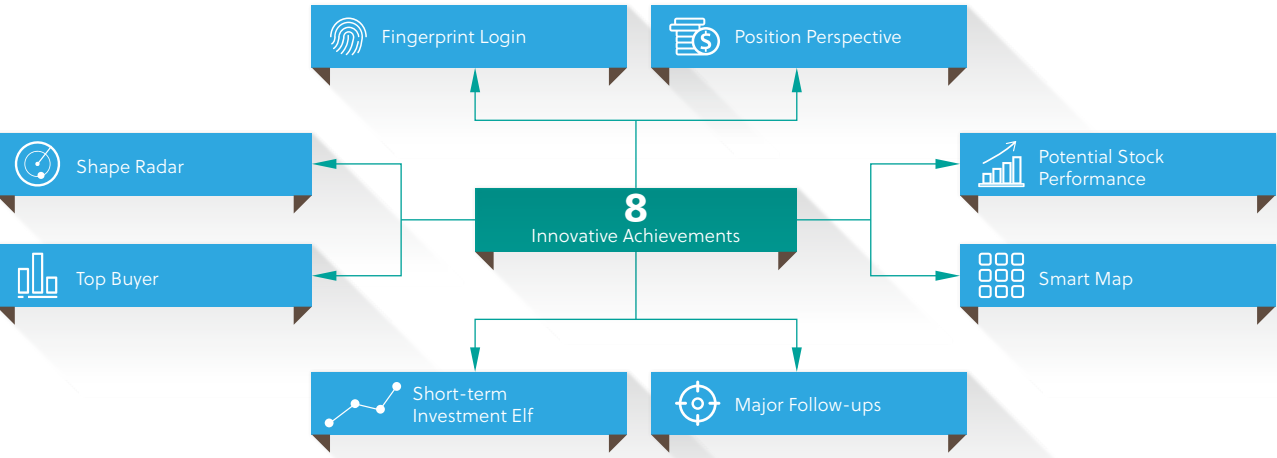


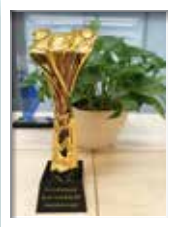







Six Core Modules Enabling Investors		
Core modules	Contents upgraded	
Tainiu Zhitou	With a model set up based on algorithms for big data, this module uses AI technology to provide customers with a special area for data analysis with quantitative strategies as main contents. With three major service modules, i.e. strategy for selection, strategy for screen time and big data diagram, it also provides investors with reference for transaction.	
Intelligence Family	As an intelligent product application system which Huatai Securities has built for a long time, this module newly released 8 innovative functions, i.e. Stock Performance Testing, Smart Map, Major Follow-ups, Short-term Investment Elf, Top Buyer, Position Perspective, Shape Radar and Fingerprint Login.	
Intelligent Real-time Account	This module updates income-related data every 3 seconds in real time, based on which it presents the estimated real-time total assets in investors' accounts on that day. The comprehensive and multi-dimensional intelligent account analysis will help customers develop an overall idea of their own accounts, while the realization of real-time settlement in the daytime has improved the efficiency of turnover and use of capital.	
ZhangLe Class	As one of the 3 major channels helping investment in the home page of ZhangLe 6.0, "ZhangLe Class" features various investment education-related courses covering stock, wealth management and other fields, through which it helps investors enrich their professional knowledge and enhance their investment ability.	
Expert	The brains intensive module "Expert" organizes senior researchers and investment consultants to provide market interpretation on ZhangLe platform, so as to broaden the horizon of investors from the perspectives of experts and realize the publicity of financial education to different customer groups.	
ZhangLe U Membership	ZhangLe U Membership which provides differentiated accurate services has been upgraded, and increased the level of "Super Membership" – ZhangLe U+ Membership based on U1, U2 and U3 memberships, under which U+ members are entitled to exclusive financial management, roadshow of our research institutions and other core rights and interests. With increasingly enriched member benefits, it can continuously explore hierarchical accurate services for customers and create value for customers continuously.	

In 2018, with the release of 22 updated versions and 8 major upgrades to the platform, ZhangLe Fortune Path of Huatai Securities newly released 8 major innovative trading technology-related services, i.e. Follow-ups on Major Market Conditions, Short-term Investment Elf, Smart Map, Shape Radar, Potential Stock Performance Estimation, Top Buyer, Position Perspective and Fingerprint Login, to help customers make decisions on transactions from multiple dimensions and continuously expand its brand influence.

In 2018, ZhangLe Fortune Path had been cumulatively downloaded by 45.70 million users. Average monthly active users were 6.64 million , up by 13.65% as compared with last year, with 7.24 million users in the month with most active users. It has maintained its first place in the securities industry for four consecutive years.

Eight Innovative Achievements



Honours Awarded to the APP "ZhangLe Fortune Path" in 2018	
	<p></p> <p><b>Awarded the "Best AI-based APP"</b></p> <p>on the 2018 China Securities Summit Forum hosted by National Business Daily</p>
	<p></p> <p><b>Awarded the "2018 Top Ten APP Brands of Securities Company" and the "Most Popular APP of Brokers among Young Users in 2018"</b></p> <p>in the selection of "China Securities Traders · Excellent APP of Securities Company" hosted by "China Securities Traders" of Securities Times</p>
	<p></p> <p><b>Awarded the "APP with Best User Service in 2018", "Users' Favourite APP" and "Top Ten APPs of the Year"</b></p> <p>of the Best APP of Securities Companies of the Year of 2018 hosted by Sina Finance</p>
	<p></p> <p><b>Awarded the "2017 Financial App Award of the Most Brand Value in Jiangsu"</b></p> <p>of Jiangsu V Influence Summit 2017 hosted by Sina.com, Weibo and Sina Jiangsu</p>

In strict compliance with the Regulations on the Supervision and Administration of Securities Companies, Provisions on the Administration of Proxy Sale of Financial Products by Securities Companies, Rules for Practice Self-Discipline of Fund Practitioners and other regulations, the Company formulated the Administrative Measures for Proxy Sale of Financial Products by Huatai Securities Co., Ltd. (2017 Revision) to regulate the Company's financial products sales business, ensure keeping customers up to date with complete product information and protect the legitimate rights and interest of investors.

With a sound mechanism for the introduction and appraisal of financial products, the Company conducted due diligence investigations, evaluations and appraisals on financial products and specified the process of financial products sales business in accordance with the Measures for Whole-process Management of Financial Products of Huatai Securities Co., Ltd. According to the Company, instead of misleading investors to buy financial products through exaggerated or false advertising or other means, the sales personnel should all use the product promotion materials from product managers in proxy sale and promotion and disclose the financial product-related contracts, specifications and other materials provided by the principals to investors to comprehensively, fairly and accurately introduce financial product-related information.

Regarding enhancement of compliance management on products of branch offices, in 2018, the Company released the Rules for the Management on the Risks in Investment Consulting Business of Branch Offices of Huatai Securities Co., Ltd. which provided that investment consultants should provide proper service for customers based on their understanding of customers' risk tolerance capacities and investment objectives rather than actively introduce products or services with risks higher than investors' risk tolerance capacities or those not suiting investors' investment objectives to ordinary investors.

According to the Advertising Law of China and requirements of regulatory departments, the Company also formulated the Advertisement Management Measures of Huatai Securities Co., Ltd. (Provisional) and Guidelines on Advertisement by Branch Offices of Huatai Securities Co., Ltd. (Trial) to strengthen the management and review on advertisement release.

In 2018, the Company had no incompliance in respect of the information and logo of its products and services or marketing publicity.





Paying high attention to customer data protection in strict compliance with the Network Security Law of the People's Republic of China, the Measures for the Administration of Information Safety Protection in the Securities and Futures Industries and other legal provisions, the Company set up a Data Governance Working Group, included data governance in the rules of procedure for IT Governance Committee, and took various departments as the units responsible for customer data protection to actively implement various works relating to the safety of customer information and transaction.

In 2018, the Company had no events relating to the leakage of customer information and privacy.



Protect the safety of customer transaction

Centralized trading system (CTS) took into full account high performance, expandability, easy maintenance and high availability in terms of design and achieved the functions of centralized management, transaction, depository, liquidation and overall risk control, so as to protect customers' trading behavior and information safety in many aspects.

The Company intensified the construction of CTS operating environment and network and established a standby trading system with comparable processing capacity to that of the main production system; the standby trading system could realize one-key switch in case of emergency, which effectively guaranteed the continuity of transactions.

The Company established a multi-layer operation and maintenance monitoring system through the combination of manual and automation for comprehensive monitoring of the operation of the trading system and the safe operation of the trading system.



Protect the safety of customer information

The Company built 9 security functions and 38 security workflows to protect the safety of customer information from several dimensions such as basic defense measure building, the ability of combat exercises detection, daily operation and emergency response, continuous analysis and visual intelligence prediction and guaranteeing business continuity.

The Company implemented DevSecOps (Development, Security and Operations) model, and by coordinating the relationship between business and safety ran security throughout each and every link of the entire business life cycle ranging from development to operation and maintenance, so as to achieve dead-loop management of security flaws.

The Company provided customer data protection trainings such as "Tips on Protection against Phone Frauds" through ZhangLe Fortune Path, business halls and other channels to raise the awareness of protecting the safety of customer information.

AI Security Situation Awareness Platform "Titan"


In recent years, network security threats develop new features, and traditional security boundary defense measures are far from enough to withstand new and persistent high-level threats. Huatai Securities independently developed its AI security situation awareness platform – "Titan" , which leveraged big data, AI, threat intelligence and visualization techniques, etc. to establish an enterprise-level security solution integrating threat detection, analysis, disposal and network-wide security situation awareness, so as to make enterprise information security perceivable, visible and controllable.

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

Participation in Research Project of Research and Practice of Information System Lifecycle Safety Management of the Shanghai Stock Exchange

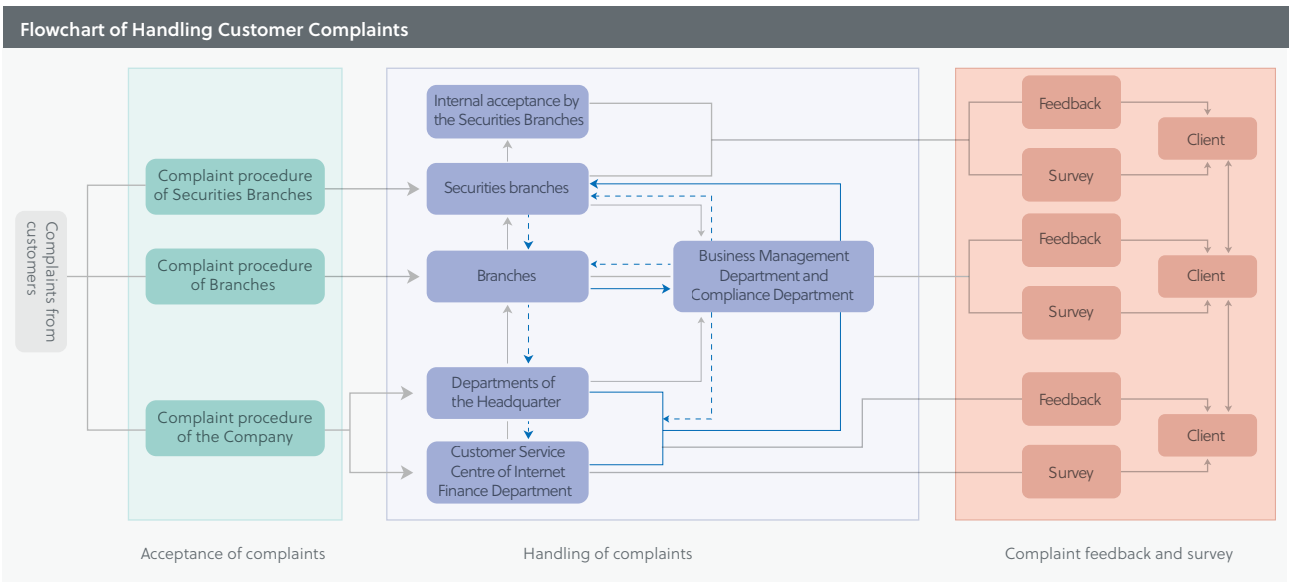
Huatai Securities participated in the joint research project for 2017 of Securities Information Technology Research and Development Center (Shanghai) – Research and Practice of Information System Lifecycle Safety Management. With reference to domestic and overseas mature and reliable standards, methods and practices and in light of the status quo of development and operation & maintenance of the industry' s information system, the participants jointly explored for the securities industry a highly feasible, practical and efficient system for information system lifecycle safety management focusing on vulnerability management and integrating risk identification, assessment and tracking.

By surveying more than 30 industry bodies, the research group organized several project seminars, during which it summed up the key safety control measure framework for information system lifecycle safety, which fit the securities industry' s characteristics and was propagable across the industry, in light of the experience of Huatai Securities and other representative securities operators in information system safety lifecycle management, and highlighted in the framework 10 best safety practices and evolution roadmap fitting business features of the securities industry, which covered every stage of the whole information system lifecycle, comprehensively enhanced the safety of information system and were of great reference value for securities operators. The project won praise from expert judges and relevant research results were expected to be promoted to the industry.



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

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



In 2018, following the customer-centred service philosophy, the customer service centre of the Company further improved the customer service rating system of "common seats + senior seats + expert seats" and comprehensively enhanced service efficiency and customer satisfaction by providing professional and precise services.

In 2018, the customer service centre handled 5,482,600 customer service needs from different channels. Customer satisfaction as shown in comprehensive evaluation was 99.50%, up by 0.32% as compared with last year.

Customer Service Performance Indicators				
Indicator	Unit	2016	2017	2018
Number of customer consultation	Person	2,777,758	2,709,708	2,159,982
Customer satisfaction surveys conducted	N/A	250,162	304,373	329,653
Customer satisfaction	%	99.66	99.18	99.41
Ratio of manual customer service to total customer service business	%	15.49	15.01	14.68
Ratio of online customer service to total customer service business	%	14.36	28.91	28.93
Ratio of smart customer service to total customer service business	%	70.15	56.08	56.39

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

Note 2: The figures of customer satisfaction in 2016 and 2017 include customer service centre and the figures of customer satisfaction in 2018 include customer service centre and business outlets .



The Company continued to promote construction of customer service system, service quality management and control and service staff training and worked with branch offices to jointly improve the overall customer service level of the Company. In 2018, the Company further regulated front-office management of business outlets by formulating and issuing the Guidelines on Standard Front-office Services of Huatai Securities, which helped the Company achieve standard service procedure and refine service management and establish its civilized and normative service image.

To promote transformation of the Company's wealth management business, improve performance of investor consultants and marketers and provide customers with professional services, the Company established a professional investment consultation system based on the principle of "creating good value for its customers, strengthening compliance and risk management and achieving harmonious growth of the Company's revenue and customer assets".

At the video trainings on improving performance of investment consultants and marketers held by the Company every month, investment consultants and marketers with outstanding performance and special business advantage were selected to share their experience in respect of customer marketing, investment consultation service, special business development and compliant and normative practice. In 2018, the Company carried out 12 relevant trainings for more than 33,000 persons.

Meanwhile, the Company went to various branch offices to learn about their needs and cultivated professional investment consultants. In 2018, the Company organized 13 "Star Program" Trainings under Investment Consultant Star, covering more than 730 persons and two "Star of General Program" Trainings, covering 85 persons. Based on branch offices' needs, the Company provided 95 professional trainings, covering more than 4,000 persons.

#### "Star Program" Training under Investment Consultant Star

To help investment consultants quickly learn about the Company's culture and operating philosophy and better serve the customers, the Company conducted seven centralized "Star Program" Trainings under Investment Consultant Star in Guangzhou, Shenzhen, Zhengzhou, Chengdu, Shanghai, Hangzhou and Beijing, covering more than 340 persons.



#### "Star of General Program" Training under Investment Consultant Star

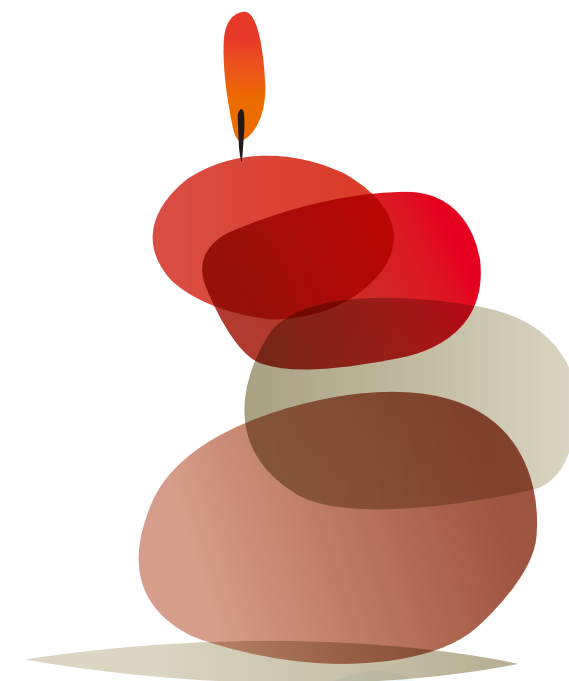
To broaden career horizon of well-performing investor consultants and improve their comprehensive quality, the Company held two "Star of General Program" Trainings in Nanjing and Shanghai in 2018. Focusing on "improvement in business skill, expansion of frontier vision and cultivation of humanity quality", the trainings effectively improved investment consultants' ability to provide integrated financial services that create good value for customers.



The Company attached great importance to implementation of the Measures for the Suitability Management of Securities and Futures Investors. In 2018, the Company revised and issued the Measures for the Suitability Management of Securities and Future Investors of Huatai Securities Co., Ltd. (the "Measures" ) and ensured stable operation of system functions and business processes by improving various business processes online and sorting out process nodes offline. The Company also revised audio and video recording guidelines, which further improved the double recording guidelines for the Company's suitability management, and defined the service risk assessment standards and process by revising risk assessment questionnaire.

To help all levels of the Company's staff better understand the Measures, in 2018, the Company formulated the Compilation Manual for Relevant Measures of Suitability Management and continuously carried out trainings for the headquarters' staff and branch offices to help staff master system requirements and various business processes and operating systems of the Company. Training contents included "case study on investor suitability management" and "introduction of formal digital safety system", etc., and more than 300 persons participated in the trainings.

In July 2018, the Company's brokerage and wealth management department prepared a draft of self-examination on investor eligibility and organized self-examination on the eligibility of investors in respect of the brokerage and wealth management business line. Suitability self-examination focused on institutional construction, implementation of suitability of specific business, supporting protection measures and system building, and the results showed stable operation of relevant suitability system, business process and system of brokerage and wealth management business line on the whole.



Huatai Securities formulated the Investor Education System of Huatai Securities Co., Ltd. according to all levels of regulatory requirements and vigorously promoted investor education activities to protect investors' legitimate rights and interests.

In 2018, the Company developed diversified investment education products, including six original investment education publicity videos, seven WeChat-based long pictures and two publicity articles published in media. Capitalizing on the investor education base of Huatai Securities, the Company organized multiple special investor education and protection activities such as "March Fifteenth Investor Protection" and "Into Listed Companies" and set up "Huatai Securities Team" to attend the knowledge contest on investors' rights and interests—"Shareholders Are Coming" on behalf of Jiangsu Contest Area, explored youth financial education curriculum system and integrated investor education into national education, effectively building up the influence of the Company's investor education brand.

#### Promoting Youth Financial Education

Promoting incorporation of investor education into national education system is a key investor education project of Huatai Securities. In 2018, "V-smile Holiday Eagle Team" from Nanjing Zhenghe Foreign Language School and students from Nanjing Zhonghua High School visited the investor education base of Huatai Securities.

Students at different stages had different financial knowledge. By actively integrating resources and exploring financial quality cultivation curricula suitable for teenagers at different growth stages, the investor education base of Huatai Securities has formed a curricular system that delivers a rational view on money to elementary school students, shares capital market risk cases with middle and high school students and introduces key business in capital market to college students, with a view to building an after-school youth financial "classroom".



#### Knowledge Contest on Investors' Rights and Interests —"Shareholders Are Coming"

To further implement the regulatory requirements of the CSRC Party Committee in building a "people-oriented capital market" and the duties of protecting investors' legitimate rights and interests, Huatai Securities undertook the Regional Contest of Knowledge Contest on Investors' Rights and Interests—"Shareholders Are Coming" in Jiangsu jointly sponsored by China Securities Investor Services Center and CCTV Financial Channel and selected five players through internet-based question answering activity attended by 4 million persons, grouping interview for "entry into top 20 from top 50", training & learning and other links, who formed the "Huatai Securities Team" with adequate knowledge reserve, sound psychological quality and strong teamwork ability to attend the national final on behalf of Jiangsu Contest Area.

During the activity, the Company actively delivered rational investment philosophy to investors and guided investors to adequately learn about their rights, actively exercise their rights and safeguard their rights according to law, contributing its own strength to protecting investors' rights and interests.



#### In 2018, the Company won the following honors in investor education:

China Securities Investor Protection Fund Corporation Limited	Award of "Excellent Securities Branch in Investor Survey";
Shanghai Stock Exchange	"2017 Excellent Organizer of in 'Baichuan Zhongxue' Platform", Award of "Investors' Favourite 'Baichuan Zhongxue' Works" (two works), Gold Award of "I Am A Shareholder", Best Creative Ideas Silver Award, Best Creative Ideas Bronze Award and Best Open Class Bronze Award;
Securities Association of Jiangsu Province	Award of "Excellent Works of Investor Protection H5 Contest" Award of "Excellent Organizer of Regional Contest of Knowledge Contest on Investors' Rights and Interests—"Shareholders Are Coming" in Jiangsu".

To protect the legitimate rights and interests of investors and keep them from illegal securities and fundraising activities, the Company made positive efforts to combat illegal securities activities and guided investors to establish a correct investment philosophy.

The Company established a normalized working system for illegal fundraising monitoring and early warning and organized branch offices to warn customers against illegal fundraising through investor garden, poster campaign, rolling playing through TV wall, ZhangLe Fortune Path, WeChat public account and other platforms.

#### "Combating Illegal Activities" Publicity Month Campaign of Huatai Securities

In 2018, the Company organized crackdown on illegal securities investment consultation and publicity month of combating illegal securities consultation. During the publicity month, four publicity articles issued by the Company's headquarters through WeChat public account recorded a combined click-through rate of over 8,000; the Company cumulatively issued 26 articles on combating illegal securities and illegal fundraising on the website, with approximately 10,000 page views; 35 feature articles issued through ZhangLe Fortune Path were actively pushed to 30 million devices, with more than 130,000 page views.

The Company's "combating illegal activities" publicity month campaign yielded satisfactory publicity and social effects as it made investors fully aware of the harmfulness of illegal securities activities, improved investors' ability to identify and avoid illegal securities activities and effectively guided investors to establish a correct investment philosophy and understanding.



## Adhering to People-oriented Principle for Career Happiness

Adhering to the concept of people-oriented development, Huatai Securities complied strictly with various laws and regulations in the course of employee recruitment and employment, to ensure the basic rights and interests of employees. It also built diversified development access to facilitate employees' career development, so as to gather strength for corporate development.



### Adhering to People-oriented Principle for Career Happiness → Employees' Rights and Benefits → Employment

The Company strictly observed the Labour Law, Labour Contract Law and other laws and regulations of the State, firmly opposed discrimination in employment, directly and indirectly, on the ground of race, belief, sex, religion, nationality, age, marital status, disability, social status, etc., and signed labour contracts with all employees in accordance with the law, to ensure the basic rights and interests of employees.

Regarding the employee dismissal, the Company formulated and issued the Regulations on Procedures for Active and Passive Resignation of Employees, which normalized the procedures for various types of resignation stipulated in the Labour Law, to ensure that its employee dismissal procedures were in strict compliance with relevant regulations.

### Adhering to People-oriented Principle for Career Happiness → Employees' Rights and Benefits → Prohibition of child and forced labour

The Company was fully aware that employing child and forced labour was against fundamental human rights and international labour convention, so it strictly observed the Law on the Protection of Minors, Provisions on the Prohibition of Using Child Labour and other laws and regulations, specified the minimum academic qualifications required for recruitment, and verified employees' actual age in the recruitment process to avoid the occurrence of child labour. Meanwhile, it was strictly forbidden to restrict the employment relationship between the Company and its employees by unfair means such as detaining deposits or identity documents. In 2018, no event involving child labour and forced labour was found in the Company.

The Company valued the work-life balance of employees. Thus, it formulated the Attendance Record System of Huatai Securities Co., Ltd., which clearly defined employees' working hours and ensured that employees were entitled to public holidays, official holidays, paid annual leave, marriage leave, maternity leave, sick leave, bereavement leave and other vacation as prescribed by the State.

### Adhering to People-oriented Principle for Career Happiness → Employees' Rights and Benefits → Reasonable salary and benefits

The Company developed a comprehensive welfare system. Apart from the full contribution to the social insurance and provident fund for all of its employees according to the law, the Company also provided supplementary medical, critical illness and accident insurance, as well as labour union-related and holiday benefits for its employees, their spouses and children; the Company provided retired employees with supplementary medical insurance and annual medical examinations.

To protect and improve its employees' post-retirement benefits, the Company introduced a corporate annuity scheme, benefiting 5,576 staff in 2018.

### Adhering to People-oriented Principle for Career Happiness → Employees' Rights and Benefits → Democratic communication and participation

The Company valued employees' suggestions on its development and management, and strengthened the communication with them by means of employee representatives' meetings, consultation seminars, questionnaires, etc.

The Company set up a trade union in 1993, which insisted on a democratic management, decision-making and supervision system based on equal consultation and employee representatives' meetings, so as to earnestly safeguard employees' rights of democratic participation.

In 2018, the workers' congress of the Company fully solicited employees' opinions on the "13th Five-year" Strategic Development Plan of Huatai Securities (revised), Administrative Measures on Deferred Payment of Bonus of Huatai Securities (revised in 2018) and Corporate Annuity Scheme of Huatai Securities Co., Ltd. (revised in 2018), and conducted statistics and feedback on their opinions, so that they could truly participate in the decision-making and management of the Company.





Employee Performance Indicators					
Indicator		Unit	2016	2017	2018
Total number of employees		Person	6,967	7,591	8,826
By gender	Male	Person	3,734	4,123	4,757
	Female	Person	3,233	3,468	4,069
By age	>50	Person	218	252	276
	30-50	Person	4,455	4,941	5,538
	<30	Person	2,294	2,398	3,012
By region	Mainland China	Person	6,856	7,484	8,665
	Overseas (including HK, Macao and Taiwan)	Person	111	107	161
By education degree	Doctor	Person	81	100	103
	Master	Person	2,162	2,598	3,337
	College	Person	3,926	4,206	4,769
	Technical school and below	Person	798	687	617
Number of new employees		Person	1,024	1,270	1,944
By gender	Male	Person	555	765	1,076
	Female	Person	469	505	868
By age	>50	Person	3	2	4
	30-50	Person	305	473	609
	<30	Person	716	795	1,331
By region	Mainland China	Person	995	1,248	1,875
	Overseas (including HK, Macao and Taiwan)	Person	29	22	69
Graduates		Person	363	336	754
Minority ethnic group		Person	151	152	222
Handicapped		Person	2	2	2
Total male in the management		Person	96	120	28
Total female in the management		Person	33	33	12
Loss of staff		%	17.21	8.87	8.52
By gender	Male	%	19.46	9.23	9.89
	Female	%	14.99	8.48	6.87
By age	>50	%	21.67	15.35	5.49
	30-50	%	16.32	7.15	7.77
	<30	%	18.54	11.70	9.84
By region	Mainland China	%	17.21	8.87	7.95
	Overseas (including HK, Macao and Taiwan)	%	0	0	38.64
Labour discrimination		Case	0	0	0
Percentage of labour contracts signed		%	100	100	100

Note 1: The figures of loss of staff in 2016 and 2017 are for Huatai Securities, and the rest are for Huatai Securities, Huatai United Securities, Huatai Purple Gold Investment, Huatai Futures, Huatai Asset Management, Huatai Financial Holdings (Hong Kong) (excluding AssetMark) and Jiangsu Equity Exchange.

Note 2: The figures above include the staff that have retired and were re-employed by the Company. Dispatched workers are not included in the above table.

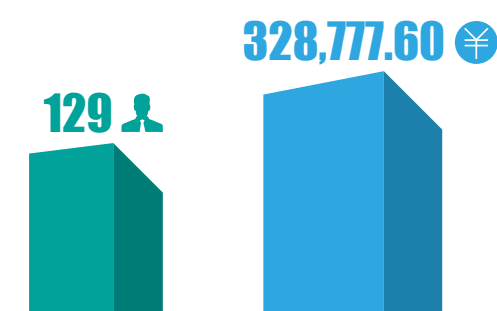
Note 3: The number of management employees in 2018 only includes senior management personnel.




The Company cared about its employees' physical & mental health and growth, and was committed to creating a harmonious and warm working environment for them. The Company regarded employees' occupational health as important, and organized medical examinations for its employees every year with a coverage of 100%.

It also paid close attention to employees in difficulty, implemented dynamic management over the database of employees in difficulty, and promptly expressed concerns about employees suffering from family misfortune or illness or employees giving birth to a baby.

It cared for female employees, signed the Special Collective Agreement on Special Rights and Interests of Female Employees, and organized flower arrangement, tea-making, cooking, lectures on dental knowledge and other activities for female employees on the Women's Day.

In 2018, Huatai Securities: Visited 129 employees, giving out a total of RMB328,777.60 for the relief of their difficulties



Employee Care Brand	
 <p>Carried out plans for caring about employees' physical &amp; mental health</p>	The Company increased the budget for employees' physical examination, carried out the "Huatai Health" Fitness Monitoring Program and "Sunshine Huatai" Employee Assistance Program, and offered physical fitness testing, employee care day, care salon, parent-child day, 7*24-hour psychological care hotline and other services to help employees develop a positive attitude and build good working / family relationships, so that they could live healthily and work happily.
 <p>Care for employees with 5-10 years of service</p>	Launched the "Inspired Performance" youth growth training camp program to help eliminate employees' burnout and motivate them at their work, thereby improving organizational effectiveness of the Company.
 <p>Enhanced the brand influence of caring for employees with 10th and 20th anniversary of service</p>	Customized and presented the commemorative manuals themed on "Thank You for Being With Us All Along" to more than 280 employees of the Headquarters and branch offices, and organized the anniversary celebrations.
<p><b>HUATAI</b></p> <p>Built a new brand for "Civilized Huatai" employee care</p>	Visualized employees' behaviours in the workplace by video, advocated civilized behaviours and increased employees' focus on daily civilized behaviours, so as to create a good working environment.

**"Huatai Health" Fitness Monitoring Program**

In April 2018, the Company launched the "Huatai Health" fitness monitoring program. The aim of the activity was to help the employees know their physical condition and physical exercise performance through 11 fitness monitoring indicators, and make an exercise prescription based on the test results to promote employees to take an active part in physical exercise, thereby reducing the incidence of occupational diseases and chronic diseases. More than 200 employees from Huatai Securities Nanjing Headquarters participated in this program.

**"Sunshine Huatai" Employee Assistance Program**

In 2018, the Company organized 4 employee care salons themed on "Enjoy Life with Positive Attitude" and "Psychological Guidance in the Exit Interview" to help employees alleviate work and life stress and develop a positive and optimistic attitude.

**Employees Performance Indicators**

Indicator	Unit	2016	2017	2018
Coverage of social insurance	%	100	100	100
Number of female employees using the maternity leave	Person	166	199	589
Percentage of female employees returning to work after maternity leave	%	100	100	100
Number of employees who die at work	Person	0	0	0
Number of work-related accidents	Number	4	0	3
Number of working days lost due to work-related injury	Day	360	0	90

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

The Company continued to promote the building of corporate culture, and organised interest groups, sports, photography and other forms of cultural and sports activities to enrich employees' life, create a positive corporate working environment and enhance corporate cohesion.

**Colourful Activities for Employees**

Yoga, Tai Chi, basketball, football, badminton and other activities for employees



Welcome New Year's Day walking activity




Single employees attending the "Matchmaking Party" organized by the SASAC of Jiangsu Province and Jiangsu Broadcasting Corporation



Organizing excellent employees to Beidaihe, Wuxi and other places for short-term recuperation



Adhering to the talent strategy, the Company worked out different plans for the whole process of talent development, covering the recruitment, selection & appointment, training and promotion. It cared about and developed platforms for employees' career development.

Talent Training System	
 <p>Developed a multi-dimensional talent introduction system to promote business transformation</p>	<p>Launched "You Are Wanted" 2018 campus recruitment for branch offices, covering thousands of colleges and universities at home and abroad;</p> <p>Launched the RPO project for social recruitment of investment consultants.</p>
 <p>Deepened the training of management reserves for talent team building</p>	<p>Carried out "Voyaging Program" for three-dimensional and multi-dimensional selection of management reserves;</p> <p>Continued to carry out the "Huangpu Program" (a program for taking a temporary post), and actively promoted management reserves' exercise of taking temporary posts;</p> <p>Continuously optimized the form and content of the talent review to further improve its scientific and comprehensive nature.</p>
 <p>Established a more scientific &amp; reasonable position system suitable for business development</p>	<p>Set up a MD (Managing Director) position system in accordance with international investment bank customary practice and the actual situation of the Company.</p>

Focusing on increasing employees' capabilities, the Company established an "employee competence" centred training system on the basis of "policy system and learning platform", supported by "trainers system, courses system, assessment system and cloud system", aiming to build an internationalized talent team. The Company comprehensively upgraded its cloud learning system to create a new normal of mobile learning.

The Company developed the new cloud learning function, launched the first learning APP released by the dealer upon certification by Apple APP Store, organized multiple live trainings by putting online a number of best practices of investment consultants, and built a rich curriculum system to reshape the learning ecological environment of the Company.

HTSC Cloud Academy

In 2018, based on the concept of "learning partner", HTSC Cloud Academy was dedicated to creating a series of "High Learning Festival" activities for all Huatai people, involving 4,231 participants.

The Learning Festival covered "Close Contact with Masters" series of live training, "Learned Man" financial knowledge competition, "Credit Doubling" exclusive learning map, "Walking Out" experience sharing, "Two-line Lecture" and other practical trainings. In 2018, HTSC Cloud Academy had 22.49 courses per capita, with a per capita study time of 25.51 hours and a per capita credit of 31.40 points.

The Company strived to create key brand training programs for all levels of personnel and business lines, and focused on improving employees' general ability, professional competence, business practice, overseas business and other capabilities while ensuring the combination of theoretical learning and business practice, awareness inspiration and ability improvement, so as to facilitate their personal development.





Employee Brand Training Programs	
General ability building	Huatai Star, BAL, Star Talent
Professional competence building	Overseas Advanced Courses, Investment Consultant Star, Huatai Forum
Practice test	Case battle, project battle and refining battle

"BAL • Climbers" Team Management Kit Training

To further promote the reform and transformation of the Company and further strengthen the management capacity building for future development, in 2018, the Company promoted the "BAL • Climbers" team management kit training in an all-round way, and adopted the mixed education program with "centralized training/discuss, team management evaluation, management scenario practice + practice sharing" , such that the head team of the headquarters could make breakthroughs in their management capacity. A total of 93 team managers from 19 departments participated in the training, including all team managers from business management departments of the headquarters.



Overseas Training Programs

Huatai United Securities, a subsidiary of Huatai Securities, launched high-quality overseas training programs to help employees understand the organizational structure, operation mode and coordination mechanism of overseas investment banks, broaden their international horizons and enhance their investment banking expertise.

In 2018, more than 40 frontline business staff and nearly 10 back-stage staff of Huatai United Securities went to New York and Singapore for overseas training. The Company aimed to help employees know where they are going and strengthen their teamwork skills through effective frontier business training, soft skills training, and colourful team cooperation programs.



In 2018, the Company completed 43 centralized trainings, 32 Huatai Forum, 11 live online, 130 off-site trainings, with approximately 4,500 participants on site and over 20,000 participants by the way of remote video or live online, over 250,000 people studied independently through online training. 98.60% of the participants completed the studies provided by the internet training school. In 2018, the Company's internal trainers provided 450 hours of lectures in total, and developed 160 courses.

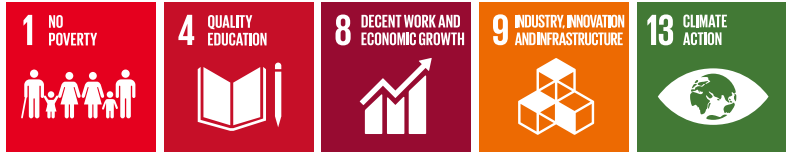
Staff Training Performance Index				
Indicator	Unit	2016	2017	2018
Staff training attendance	person-time	34,327	38,490	63,382
Total expense of staff training	RMB10,000	1,112.53	1,335.37	2,041.61
Coverage ratio of staff training	%	100	100	100
By gender	male	%	100	100
	female	%	100	100
By staff type	ordinary staff	%	100	100
	junior management	%	100	100
	senior and middle management	%	100	100
Average training hours per capita of all staffs for each year	hour	49.50	50.50	51.50
By gender	male	hour	49.30	50.20
	female	hour	49.80	50.80
By staff type	ordinary staff	hour	45.20	46.60
	junior management	hour	70	82
	senior and middle management	hour	118	122

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



## Providing Financial Services to Society to Create a Better Future Together

Huatai Securities actively plays the role of a financial enterprise and fulfills the social responsibilities of the financial industry. The Company capitalizes on the advantage of the capital market to support the development of medium, small and micro-sized enterprises as well as private enterprises and help transform the economy from fictitious to substantial; pays attention to the needs of poverty-stricken areas and the poor, and helps the country actions against poverty; creates a “the Commonwealth Heart of Huatai” commonweal brand to contribute to a better life.






## Providing Financial Services to Society to Create a Better Future Together

## Supporting the Real Economy

## Supporting the Development of Scientific and Technological Innovation Enterprises

Huatai Securities closely follows the trend of economic development and is committed to providing professional and comprehensive financial services to technology innovation enterprises. In 2018, the Company took full advantage of the capital market and actively served technology, media and telecommunications (“TMT”), great health, intelligent manufacturing and other fields to effectively promote the development of scientific and technological innovation.

Main Projects Serving Scientific and Technological Innovation Enterprises	
 TMT	We assisted 360 in the completion of the privatization of US stocks and the dismantling of the red chip structure, resulting in the listing on the A-share market after restructuring, which enabled the largest transaction of China Concepts Stock returning to the A-share market in restructuring.
	We assisted Baidu in the completion of the spin-off of its financial services group, and introduced well-known domestic and foreign investment institutions for Du Xiaoman Financial to complete the financing of RMB12.00 billion.
	We assisted Donghua Software to bring Tencent's strategic investment of RMB1.266 billion to promote business integration.
 Great health	We assisted WuXi AppTec (“AppTec”) to land in the A-share market, which became the first returning China Concepts Stock in the healthcare industry.
	After the listing of the AppTec, we assisted its H-share listing in the same year and it became an A+H-listed company crossing the capital markets of the two places.
	We assisted in the largest A-share IPO in the history of GEM of Mindray Medical, raising a total of RMB5.934 billion.
 Intelligent manufacturing	We assisted Avary Holding (Shenzhen) Co., Ltd. (“Avary Holding”) in its listing on the Shenzhen Stock Exchange, raising RMB3.714 billion.
	We assisted Yijiahe Technology Co., Ltd. (“Yijiahe”) in its successful listing on the Shanghai Stock Exchange, raising a total of RMB605 million to help the funding of the leader in the electric power inspection robot industry.

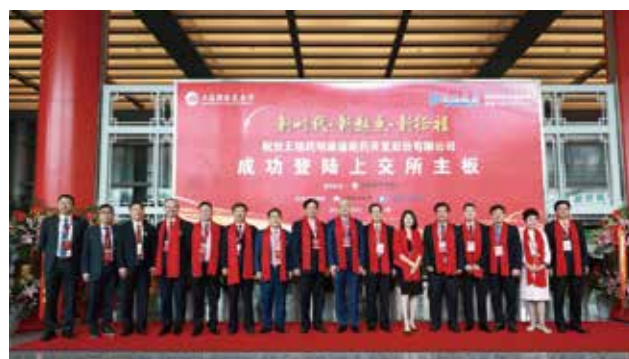
#### Deeply Plowing China's Great Health Industry and Helping AppTec to Land in A+H Capital Market

In May 2018, AppTec, with the sole sponsor and joint lead underwriter of Huatai United Securities, was successfully listed on the Shanghai Stock Exchange, becoming the first returning China Concepts Stock enterprise in the healthcare industry.

After the A-share listing of the AppTec, Huatai Securities took advantage of the cross-border business and coordinated the experienced team in both places to successfully help AppTec land on the main board of the Hong Kong Stock Exchange and become an A+H share listed company crossing the capital markets of the two places, raising about RMB2.30 billion and about HK\$7.90 billion in A-share and H-share listing, respectively.

AppTec is a leading international open capability and technology platform company, providing comprehensive and integrated laboratory R&D and production services from drug discovery, development to marketization for the global pharmaceutical and medical devices and other fields. It conducts thousands of R&D innovation projects of over 3,000 innovative partners around over 30 countries, dedicated to bringing the latest and best medicines and health products to patients worldwide.

The successful landing of AppTec in the A+H share capital market not only expands the financing platform and lays a solid foundation for the company to expand the innovation ecology of the great health field, but also effectively promotes the development of China's high-tech industries and strategic emerging industries, and advances the transformation of economic development in quality, efficiency and driving force, which is a testimony of Huatai Securities' service to the great health industry.



#### Promoting the Development of New Industries and Helping Yijiahe to Realize A-share Listing

In June 2018, Yijiahe Technology Co., Ltd. ("Yijiahe"), with the sole sponsor and lead underwriter of Huatai United Securities, was successfully listed on the Shanghai Stock Exchange, raising a total of RMB605 million.

Yijiahe's main businesses are to provide inspection robots and intelligent services for power systems with data acquisition and processing as the core. As the leader in the electric power inspection robot industry, Yijiahe grasps the technological revolution represented by artificial intelligence in the process of economic globalization, and the development trend of China's smart grid unmanned inspection, resolutely implements the state's key initiatives of "new technology, new industry, new business and new mode", and innovates constantly in research and development, integrating robot technology and power technology, and realizing "sky, ground, underground" unmanned operation and maintenance coverage of the "transmission, substation, distribution" of the power grid through various electric power inspection robot products such as indoor robot, outdoor robot, tunnel robot and drone.

As the sponsor and lead underwriter of this offering, Huatai United Securities developed a set of solutions that met the characteristics of the industry and the company by systematically organizing and analysing the history, industry prospects, corporate governance, internal control, financial regulation, and fund-raising design of Yijiahe, which laid a solid foundation for Yijiahe's successful offering and listing, and helped the development of smart manufacturing enterprises.

Given the financing difficulties and high cost faced by small and micro enterprises, the Company actively exerts its capital market advantage and builds a financial service platform for small and micro enterprises. In order to better serve small, medium and micro enterprises, Huatai United Securities, a subsidiary of Huatai Securities, established its growth enterprise financing department carrying out standardized restructuring, financial consulting, private equity financing, National Equities Exchange and Quotations ("NEEQ") recommended listing and other targeted businesses with a focus on medium, small and micro enterprises.

#### Hatou Group Acquiring Junxin Guaranty, the First Secondary Market Acquisition in the NEEQ

In April 2018, Harbin Investment Group Co., Ltd. ("Hatou Investment Group") acquired part of the equity in Harbin Junxin Financing Guaranty Co., Ltd. ("Junxin Guaranty") through its wholly-owned subsidiary Harbin Hatou Venture Capital Co., Ltd. The acquisition was the first secondary market case on the NEEQ, with Huatai United Securities acting as the financial advisor to the acquirer.

Established in 2003, Hatou Group is a major project investment and financing platform and state-owned asset operation and management organization of Harbin Municipal Government. Its business involves infrastructure, thermal power, financial securities, electronic manufacturing, commercial logistics, land acquisition and storage, and real estate development. Junxin Guaranty is a mixed-ownership guarantee organization that was listed on the NEEQ in early 2014.

Huatai United Securities, as the financial advisor of the acquirer, provided professional services such as due diligence, trading scheme formulation, and disclosure of changes in equity for Hatou Group, and issued a financial advisory report on the acquisition report. Relying on the whole business chain service system of Huatai Securities Group, Huatai United Securities actively arranged the service chain for the NEEQ growth enterprises, and continued to help the growth enterprises achieve leap-forward development.

In 2018, under the premise of preventing and controlling risks, the growth enterprise financing department Huatai United Securities successively completed 8 private placements of SMEs, raising funds of RMB681 million; completed 3 acquisitions of financial advisory businesses with a transaction amount of RMB213 million; completed 7 private placement financing projects, with an accumulated financing amount of RMB14.103 billion, effectively expanding the financing channels for and promoting the development of small and micro enterprises.





Since the Reform and Opening Up, China's private enterprises have flourished and played an important role in stabilizing economic growth, promoting innovation, increasing employment, and improving people's livelihood, and have become an important force in promoting economic and social development. However, in recent years, with various new challenges faced by market entities in the private economy such as internal and external environmental changes, economic transformation and upgrading and the financing difficulty are significant for private enterprises.

Huatai Securities gives full play to its capital market advantage, helps alleviate financing difficulties and high cost for private enterprises, and provides comprehensive financial services covering the whole cycle and whole industry chains for high-growth private enterprises and innovative enterprises by focusing on the needs of different stages in enterprise growth.

Launching the First Private Enterprise Bond Financing Support  
Tool Jointly Created in the Shanghai Stock Exchange Market

In order to actively implement the major arrangements of the Party Central Committee and the State Council on expanding the financing channels for private enterprises, under the guidance of relevant departments of the China Securities Regulatory Commission and the Shanghai Stock Exchange, Huatai Securities and China Securities Finance Co., Ltd. ("CSF"), on December 14, 2018, the Company successfully created credit protection tools which became the first private enterprise bond financing support tool jointly created by CSF and financial institutions in the Shanghai Stock Exchange.

Huatai Securities actively responded to the policy by virtue of its excellent credit risk management, risk pricing and underwriting capabilities, and launched a pilot credit protection tool business in the Shanghai Stock Exchange market. The reference entity of this credit protection tool is Jiangsu Hengtong Optic-Electric Co., Ltd. ("Hengtong Optic-Electric"), and the reference debt is 2018 corporate bonds publicly issued by Hengtong Optic-Electric for qualified investors. The combination of Huatai Securities and CSF maximized the appeal and influence of the credit protection tool, providing a reproducible and practical market tool to help private enterprises restore financing and improve the financing environment.

Aiding 360 in Completing the Return from the US Stock Market  
to A-share Market, the Largest Transaction of China Concepts  
Stock Returning to A-share Market to Date

In February 2018, 360 Security Technology Co., Ltd. ("360") held a reorganization, renaming and listing ceremony at the Shanghai Stock Exchange. SJEC Corporation was officially renamed as "360 Security Technology Co., Ltd.", marking the 360's official appearance in the A-share market with a new look.

The return of 360 to the A-share market is by far the largest return of China Concepts Stock in the Internet industry after privatization and red chip dismantling and other stages. Huatai United Securities, as the sole financial advisor in the privatization stage, and the independent financial advisor and lead underwriter in the restructuring stage, worked seamlessly to provide customers with professional and efficient comprehensive financial services.

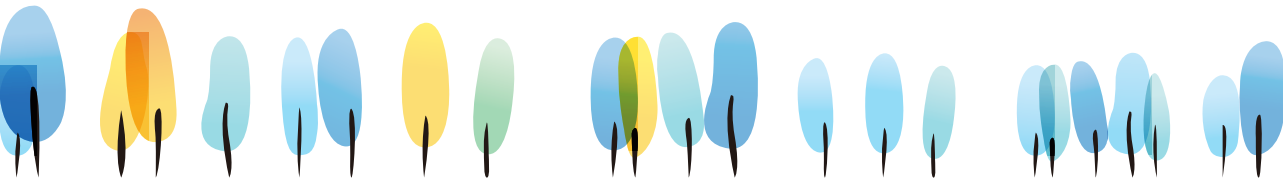
As China's largest provider of Internet security products and services, 360 has always focused on the research and exploration of Internet security technologies, and is committed to solving users' Internet security problems with innovative technologies and products. With the opportunity of returning to the A-share market, 360 is committed to making greater contributions to safeguarding and promoting the development of China's Internet technology and economy.

Huatai United Securities has always been customer-oriented, assisting 360 in completing the privatization of US shares professionally and efficiently, the dismantling of the red chip structure, connecting resources of domestic listed companies, the design of trading schemes, the implementation of trading schemes, etc., and timely responding to various emergencies, to help leading domestic Internet and mobile Internet security industry companies successfully land in the A-share capital market.



The Company unswervingly pushes forward the actions of targeted poverty alleviation and gives full play to the advantages of the securities and financial sectors. With the "One Company One County" Assistance in Pair with state-level poverty-stricken counties, the "Five-Party Linkage" targeted assistance in the economically weak counties of northern Jiangsu, supporting and poverty alleviation regarding education of left-behind children in poverty-stricken areas and other efforts, we gradually summed up a characteristic poverty alleviation mode of "taking project construction as the carrier, supporting industrial development as the focus, improving the collective economic income as the breakthrough, and enhancing the sense of gain for the poor as the objective".

Poverty Alleviation Model of Huatai Securities	
Project construction as the carrier	In the process of carrying out assistance projects, the Company adheres to the five-step work method of "dispatching staff to conduct household surveys, applying for projects at village-level, team demonstration, township and village publicity, and signing of the parties" to ensure that local resources can be utilized to build advantageous industries to help farmers get rid of poverty and become better off.
Supporting industrial development as the focus	The Company pays attention to the capital market, gives full play to its intermediary advantages in serving both investment and financing, takes the needs of the real economy of poverty-stricken areas as the guide, and focuses on industrial support to help the poverty-stricken areas continuously enhance the internal driving force of economic development.
Improving the collective economic income as the breakthrough	The Company promotes industrial development with project construction, promotes economic growth through industrial development, and provides solid material guarantee for poor households through targeted allocation and poverty alleviation.
Enhancing the sense of gain for the poor as the objective	The Company pays attention to the needs of the poor and provides solid material guarantee for the poor to get rid of poverty. The Company focuses on the cultivation and education of the poor, and helps the left-behind children grow healthily and prevent the intergenerational transmission of poverty through the "One Commonweal Heart of Huatai One Tomorrow" charity project.



Overview of Major Poverty Alleviation Projects of the Company in 2018		
Poverty alleviation areas	Poverty alleviation efforts	Poverty alleviation investment and results
Xiaolizhai Village, Liangzhai Town, Feng County, Xuzhou City	We conducted fruit and vegetable fresh-keeping cold storage, road hardening, street lamp installation, school playground, party building cultural square, party member activity room and other projects; organized "targeted poverty alleviation • one day charitable donation" activity.	A total of RMB2.90 million were invested in 2018 and 2019. In 2018, the collective economic income reached RMB225,000, with 64 persons of 39 low-income households removed from administrative record for poverty registering.
Xi County, Linfen City, Shanxi Province	We conducted the photovoltaic poverty alleviation village-level power station construction project, and organized employees to participate in the "2018 Good Walkers Entering Xi County" large-scale hiking for charity activity and "targeted poverty alleviation • one day charitable donation" activity.	An amount of RMB3.00 million was donated, generating poverty alleviation benefits of RMB480,000 yearly; Raised more than RMB800,000 for poverty-stricken areas.
Qiongzhong County, Hainan Province	We launched the natural rubber "insurance + futures" pilot project.	We paid RMB766,000, benefiting 632 rubber farmers.
Jiange County, Guangyuan City Sichuan Province	We conducted the construction of small gardens for poor households, rapeseed insurance, road construction, development of rattan pepper industry, construction of cultural squares, rural tourism nodes, donations for poor students and other projects.	An amount of RMB1.40 million was invested to help build 300 mu of new rattan planting base, with the output value of rattan pepper per mu reaching RMB10,000, and the benefit reaching RMB3,800 per mu, and lifting 1 person out of poverty for each 1 mu of rattan pepper planted.
Qin'an County, Tianshui City Gansu Province	We conducted the government agricultural film procurement financial derivatives application pilot project.	An amount of RMB300,000 was invested, saving nearly RMB1,000 per ton of government agricultural film procurement through the application of financial instruments.

Poverty alleviation areas	Poverty alleviation efforts	Poverty alleviation investment and results
Ganluo County, Liangshan Yi Autonomous Prefecture, Sichuan Province	Huatai United Securities acted as the sole financial advisor for Pre-IPO round financing of Bazhong Yike Carbon Corp., Ltd.	We helped Yike Carbon sign investment agreements with investors with a financing amount of RMB100 million.
Gansu Province	Huatai Financial Holdings (Hong Kong) acted as the joint sponsor, joint global coordinator, joint bookrunner and joint lead manager of the Gansu Bank listing project.	We helped Gansu Bank raise a total of around HK\$5,950 million (before the exercise of the over-allotment option).
Jinzhai County, Lu'an City, Anhui Province	We visited poor families, cared for children, and purchased Lu'an Guapian tea.	We helped sell Jinzhai "Lu'an Guapian" (六安瓜片) tea of RMB504,000.

#### In 2018, Huatai Securities —

invested approximately **RMB10.16 million** in targeted poverty alleviation;

helped removed from administrative record for poverty registration was **64**;

was awarded the "Advanced Unit for the 'Five-Party Linkage' Assistance Work in the Province in 2016-2017" and the "Excellent Education Poverty Alleviation Award for Securities and Futures Companies in 2018";

the Jiangxi Branch was awarded the "Advanced Unit for Poverty Alleviation Work" in 2017;

Huatai Futures, a subsidiary of Huatai Securities, won the "2018 Jun Ding Award for Targeted Poverty Alleviation Classic Case of Financial Institutions"; "2018 Excellent Award for Targeted Poverty Alleviation of Securities and Futures Companies", "Best Innovative Financial Product in Poverty Alleviation Award"; "Best Targeted Poverty Alleviation Charity Award".

**Invested RMB10.16 million  
in targeted poverty alleviation**



Combining the precise selection of advantageous resources in poverty-stricken areas and improving the development of the industrial chain through project construction are crucial to poverty alleviation in poverty-stricken areas.

In the process of selecting the assistance project, Huatai Securities adheres to the five-step work method of “dispatching staff to conduct household surveys, applying for projects at village-level, team demonstration, township and village publicity, and signing of the parties” , and conducts detailed demonstrations on project planning, site selection, implementation methods, and construction time limits with forestry, animal husbandry and fishery bureaus and other relevant functional departments to ensure that local resources can be utilized to build advantageous industries to help farmers get rid of poverty and become better off.

Suining County and Feng County, which are supported by the “Five-Party Linkage” assistance program, are big agricultural counties and important vegetable and fruit producing areas. After detailed research, the Company found that the problem of insufficient storage and preservation of local agricultural and sideline products was becoming increasingly significant. Therefore, we assisted in the construction of a “600-ton fresh-keeping storage of fruit and vegetable” in Honglou Village, Liangzhai Town, Feng County. After completion, the project directly promoted agricultural industrialization management, and also resettled some rural surplus labour, driving the development of related industries such as packaging, transportation and maintenance. While the project was underway, business owners came to sign lease contracts with the village, with an annual rent of RMB150, 000, which greatly improved the blood-making function of the village.

In Xi County, Shanxi Province, after detailed planning and demonstration, the Company and its subsidiary Huatai United Securities invested a total of RMB3 million to build a village-level photovoltaic poverty alleviation power station with a total scale of 0.40 MW in Heisang Village, Doupo Township. The power station project is expected to generate RMB480,000 per year, which can bring an annual income of RMB3,000 per household to 160 poor households, effectively promoting the removal of poor people in the county from administrative record for poverty registering.



Assisting Honglou Village in building a 600-ton fresh-keeping storage of fruit and vegetable



Aiding to establish a photovoltaic poverty alleviation power station in Xi County

Huatai Securities and its subsidiaries fully integrate their own advantages and resources, and utilize the financial talents' intellectual advantage, the financial industry's intermediary advantage, and the financial professional service advantage, to help the poor areas to continuously strengthen the internal driving force of economic development with the needs of real economy in poverty-stricken areas as the guide, and focusing on industrial support.

The Company provides financial advisory and financial development solutions to poor counties, while helping poor areas develop financial talents and improve capital market operations. Huatai Securities and its subsidiaries organized many elites to go to Jinzhai County and Feng County to conduct symposiums, on-the-spot visits to enterprises, on-site Q&A, research and countermeasures, and provide counseling and training for companies planning to be listed in poverty-stricken areas and help regulate corporate governance.

#### Financial Services for a Poor County Company, Yike Carbon

Bazhong Yike Carbon Corp., Ltd. (“Yike Carbon”) is headquartered in Bazhou District, a provincial poverty-stricken county in Bazhong City, Sichuan Province. The core production base is in Ganluo County, a national poverty-stricken county. In October 2017, Huatai United Securities acted as the sole financial advisor to the Pre-IPO round of financing for Yike Carbon, and assisted in business negotiations, designing trading schemes, and organizing communication among all parties and other matters. At the end of April 2018, the investor and Yike Carbon signed the investment agreement, and the investor completed the financing delivery on June 21, with an amount of RMB100 million.

#### Financial Services for the First Listed Bank in Northwest China

Huatai Financial Holdings (Hong Kong) Co., Ltd., as the joint sponsor, joint global coordinator, joint bookrunner and joint lead manager of the Gansu Bank listing project, helped Gansu Bank Co., Ltd. to be the first listed bank in Northwest China, raising a total of approximately HK\$5,950 million (before the exercise of the over-allotment option).



Huatai Securities and its subsidiaries take advantage of their professional strengths and actively explore the service model to meet the financial needs of enterprises and people in poverty-stricken areas.

Huatai Futures, a subsidiary of Huatai Securities, by relying on the professional advantage of risk management and various channels and resources such as “Futures + Asset Management + Trust” , explore small-scale standard warehouse receipt financing projects to provide personalized financial services for small and medium-sized enterprises in poor areas. Meanwhile, by utilizing the professional advantages in financial derivatives applications, futures, and options research, it conducts and promotes “insurance + futures” projects in poor areas to help agribusinesses and farmers manage agricultural product price risks and reduce the loss due to price drop.

#### “Futures + Insurance” Financial Poverty Alleviation

Hainan Province is the main producing area of natural rubber in China. Rubber is the main source of income for most farmers in rubber-producing areas. Rubber farmers suffer greatly from significant prices fluctuations. In June 2017, Huatai Futures and PICC jointly launched a natural rubber “insurance + futures” pilot project in Qiongzong County, a national poverty-stricken county in Hainan Province. In this project, Huatai Futures paid RMB2,114,700 of rubber price insurance for rubber farmers in Qiongzong County, covering 2,000 tons of rubber and 632 rubber farmers.

Huatai Great Wall Capital Management Co., Ltd., a risk subsidiary of Huatai Futures, relied on its excellent risk management capabilities to provide insurance companies with corresponding rubber futures OTC options as reinsurance for rubber futures price insurance, transferring risks from insurance companies to the futures market.

In view of the large fluctuations in rubber prices, it was difficult for a single settlement model to provide a solid guarantee for rubber farmers. Therefore, the project was divided into two phases, and the option price was settled twice. The amount of compensation in the second phase was about RMB766,000, and the per capita compensation amount was RMB2,016, which guaranteed the basic income of rubber farmers.

In addition, Huatai Futures also launched a natural rubber “insurance + futures” project in Jiangcheng County, Yunnan Province, and paid RMB3,009,000 in compensation, benefiting 2,467 rubber farmers; it launched a cotton “insurance + futures” pilot project in Wei County, Hebei Province and paid RMB269,000 in compensation, benefiting 1,296 cotton farmers and truly achieving targeted poverty alleviation.



Huatai Securities adheres to putting the sense of gain for the poor as the starting point and objective of poverty alleviation, runs the "people-oriented" concept throughout the whole process of poverty alleviation and development, and pays attention to the growth of people, especially children in poor areas, to "Accompany Every Child in Growing up".

The Company set up "One Commonweal Heart of Huatai One Tomorrow" charity project, focusing on the left-behind children in poverty-stricken counties at the state level, aiming at preventing intergenerational transmission of poverty through education. For three consecutive years, the Company has contributed to the healthy growth of left-behind children through diversified public welfare models such as material donation, quality education, family care and volunteer service.

#### Focusing on Teacher Development

In the "Good Neighbor Action", teachers of the left-behind children schools were trained to become good-neighborliness mentors to fill the gap in family education.

We brought training resources of Nanjing Normal University and trained 50 head teachers in 4 schools where Homes of Our Children were established to improve their professional skills and psychological counseling.



Experts from Nanjing Normal University conducting trainings for teachers of 4 left-behind children schools

#### Focusing on Left-Behind Children

We organized volunteer teams to go to the schools where "Homes of Our Children" were established, and provided a total of 78 volunteer courses for the children. In 2018, together with the Amity Foundation, we launched the "Good Neighbor Action" and paid more attention to the mental health of left-behind children. We organized Huatai employees from all over the country and Huatai Securities Go team coaches from Jiangsu Go Institute to work as volunteers to teach at and visit Homes of Our Children to help improve the overall quality of the children.

The Company established the "Homes of Our Children" growth scholarship to reward students with excellent academics and family difficulties.



Jiangsu Go Team Gold Medal Coaches from Huatai Securities teaching children

#### Advocating Social Action

With the help of Internet platform resources and innovative fund-raising channels, we launched "the Commonweal Heart of Huatai • Funding for Distressed Children Program" through the Tencent Public Welfare Platform, and initiated the "Donate Together" fundraising activity, raising a total RMB264,400 with 1,337 people participating.

In Tencent's "WeChat Campaign" platform, together with a total of 1.37 million charity hikers, we donated over 20 billion steps, ranking among the top ten of "Caring Enterprises Donation Steps".

Through various forms of publicity such as WeChat articles, posters, news, and short web videos, we introduced the living conditions of left-behind children and raising the social awareness on left-behind children.

#### Project performance

Total benefitted children in 3 years were over **15,000**.

Accumulated donations at the company level reached **RMB1.90** million.

Mobilized personal donations reached **RMB382,400**.

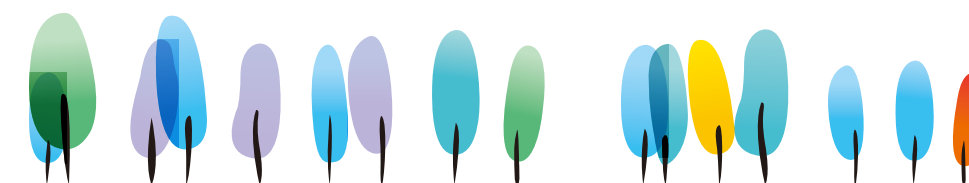
#### Project honors

The project was awarded "Excellent Education Poverty Alleviation Award" at the annual commendation meeting of poverty alleviation work in the securities and futures industry sponsored by the China Securities Industry Association and the China Futures Association under the guidance of the China Securities Regulatory Commission and the State Council.

The China Charity Federation "For Children, For Tomorrow" project, in which the Company participated, won the 10th "China Charity Award" of the Ministry of Civil Affairs.



Poster of the "One Commonweal Heart of Huatai One Tomorrow" Project



In the critical period of poverty alleviation, the Company will, as always, continue to increase poverty alleviation efforts and contribute to the fight against poverty.

Continuing to Promote the "One Company One County"  
Assistance in Pair according to Local Conditions

Based on the actual situation of Jinzhai County's economic development, the Company will coach and cultivate Jinzhai enterprises to enter the capital market, give full play to the intellectual superiority of talents, and provide think tank services for Jinzhai's investment promotion and capital operation. With the help of Jinzhai red educational resources, we will organize Party members to hold Party member education training sessions at the Jinzhai Cadre College and constantly promote the Jinzhai red education brand. Relying on "the Commonweal Heart of Huatai • For Children, For Tomorrow" charity project, we will focus on the local distressed left-behind children and carry out various forms of public welfare activities.

Maintaining Enthusiasm and Strengthening Consolidation  
and Continuing to Promote  
the "Five-Party Linkage" Targeted Assistance

The Company will focus on the people's livelihood improvement project and the Party building improvement project, strengthen communication and exchanges with households that have already overcome poverty, keep track of poor households, and prevent their return to poverty. We will help village collectives continue to increase collective income and consolidate the effect of assistance. We will conduct poverty alleviation and education improvement, and increase the assistance in the teaching environment and quality of the primary schools in the assisted villages. Based on the characteristics of the Company's industry, we will raise the awareness of financial risk and prevention of illegal fundraising in the assisted villages. We will increase the environmental protection of the village and improve the living environment of the villagers.



In order to better support the development of public welfare undertakings and express the commonweal heart of Huatai, in 2016, on the occasion of the 25th anniversary of the Company's establishment, Huatai Securities joined hands with the China Charity Federation "For Children, For Tomorrow" project and launched the series of "The Commonweal Heart of Huatai" public welfare activities.

In 2018, the Company continued to promote "One Commonweal Heart of Huatai One Tomorrow" project, paying more attention to the inner world of left-behind children, and at the same time launched "One Commonweal Heart of Huatai One Yangtze River" project to strengthen corporate social responsibility in ecological environmental protection. The Company focused on the two major public welfare areas of education and environment, and strived to promote the development of educational undertakings and ecological civilization in poverty-stricken areas, and contributed to the development of the community.

"The Commonweal Heart of Huatai" public welfare events	
2016	The Company launched series of public welfare activities named "The Commonweal Heart of Huatai" together with China Charity Federation "For Children, For Tomorrow" project, established "Homes of Our Children" and organized various forms of family care, quality education and other services.
2017	The Company set up new "Homes of Our Children" in Shuanghe Junior Middle School in Jinzhai County, Anhui Province and Longma Ethnic School in Longfeng Town, Enshi, Hubei Province, established "the Commonweal Heart of Huatai" growth scholarship and helped 88 students from poor areas receive good education.
2018	The Company joined hands with the Amity Foundation and the Jiangsu NNU Education Training Center to launch the "Good Neighbor Action", carrying out training and social professional services for 4 schools with "Homes of Our Children", and professionally protecting the mental health of left-behind children, which benefitted over 15,000 children in 3 years.
	We launched "One Commonweal Heart of Huatai One Yangtze River" project, and started a three-year strategic cooperation with Shan Shui Conservation Center to become the sole strategic partner of Shan Shui in the ecological protection of the Yangtze River source area, and jointly carry out ecological protection work in the area. Meanwhile, we have supported the Green River Environmental Protection Promotion Association in carrying out garbage collection and environmental protection publicity in the source area of the Yangtze River for three consecutive years.



The source regions of the Yangtze River is one of the most vulnerable areas of the national ecosystem. The existing problems of grassland degradation, poaching, man and beast conflicts in the source area need to be resolved.

In 2018, the Company launched "One Commonwealth Heart of Huatai One Yangtze River" environmental protection project, and carried out a long-term cooperation with Shan Shui Conservation Center ( "Shan Shui" ), Green River Environmental Protection Promotion Association ( "Green River" ) and other professional environmental protection organizations to continuously explore a new model of balanced development of ecology, economy and community in the source area of the Yangtze River.



The Source of Yangtze River - Crooked Tongtian River





Snow Leopard captured by infrared trigger cameras



Poster of the "One Commonwealth Heart of Huatai One Yangtze River" Project

"One Commonwealth Heart of Huatai One Yangtze River" Project Cooperation Model

Professional organizations	Long-term cooperation content
 山水自然保护中心 SHANSHUI Conservation Center	Through scientific research, ecological restoration, community development and public promotion, we will jointly carry out ecological protection work in the source area of the Yangtze River such as Chengduo County, Yushu City and Qumalai County of Qinghai Province.
 绿色江河 GREEN RIVER ENVIRONMENTAL PROTECTION PROMOTION ASSOCIATION	We will support Green River in garbage collection and environmental protection publicity, and the operation of the "Qinghai-Tibet Green Station" in the source area of the Yangtze River.

The Company is also committed to building a volunteer culture with Huatai characteristics. We widely organized group employees to become volunteers to visit children in poverty-stricken areas, to provide garbage collection and environmental protection publicity services in the source area of the Yangtze River, and so as to practice the public welfare concept with practical actions. On December 5, 2018, the 33rd International Volunteer Day, the Company organized "the Commonwealth Heart of Huatai Red Vest" volunteer salon.



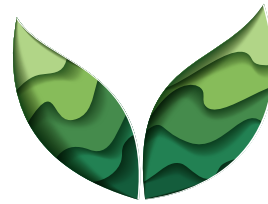
Volunteers participating in garbage collection in the source area of the Yangtze River



Volunteers visiting distressed children in poor areas

## Promoting Green Development to Create a Beautiful Environment

Huatai Securities actively responded to the national green development strategy, supported the development of green environmental protection industry and promoted the economic green transformation. The Company integrates energy conservation and emission reduction into the whole process of the Company's operation, reduces the adverse impact of operations on the environment, and promotes the construction of a sustainable ecological system.



## Promoting Green Development to Create a Beautiful Environment Development of Green Finance

As a practitioner of green finance, the Company actively advocates the concept of green development, provides all-round services for business development, industrial upgrading and strategic layout of energy companies through bond issuance and corporate listing, and helps green finance become a new engine of China's economic transformation and development.

In 2018, the Company has successively completed several typical and influential projects in the fields of energy conservation, environmental protection and new energy, including successful IPO and listing of Pengyao Environmental Protection (pioneer of environmental protection water treatment in China) and Jiangsu New Energy (leader of new energy project investment and development management) on the A-share capital market, issue of the nation's first green renewable Panda bonds "18 Qing PGY1" and issue of Green Corporate Bonds for China Longyuan Power, constantly supporting the development of green economy.



## Promoting Green Development to Create a Beautiful Environment Development of Green Finance

Main Projects of the Company's Green Finance in 2018		
Company Name	Company Introduction	Service Content
Pengyao Environmental Protection Co., Ltd. (referred to as "Pengyao Environmental Protection")	Provided environmental protection water treatment technology and product development, consulting design, engineering contracting and other industrial chain services	Assisted Pengyao Environmental Protection in listing on the GEM of the Shenzhen Stock Exchange, raising funds of RMB710 million
Jiangsu New Energy Development Co., Ltd. (referred to as "Jiangsu New Energy")	Engaged in new energy power generation business, including wind power generation, biomass power generation and photovoltaic power generation	Assisted Jiangsu New Energy in listing on the Shanghai Stock Exchange, raising funds of RMB1.062 billion
Beijing Enterprises Clean Energy Group Limited (referred to as "Beijing Enterprises Clean Energy")	Engaged in the development of solar energy, wind power, clean heating and other clean energy businesses	Assisted Beijing Enterprises Clean Energy in issuing "Green Renewable Corporate Bonds to Qualified Investors (Phase 1) in 2018" (Bond for "18 Qing PGY1"), with a scale of RMB1 billion, the first green renewable Panda bond in the country
China Longyuan Power Group Co., Ltd. (referred to as "China Longyuan Power")	Engaged in research and development of new energy technologies; it is the first company specialized in the development of wind power in China	Assisted China Longyuan Power in issuing "Green Corporate Bonds (Phase I) in 2018" with a scale of RMB3 billion and a coupon rate of 3.96%



Helping local state-owned enterprise Jiangsu New Energy become the first new energy power generation enterprise in Jiangsu Province to be listed on the A-share market

In July 2018, Jiangsu New Energy Development Co., Ltd. ("Jiangsu New Energy") was successfully listed on the Shanghai Stock Exchange. Huatai United Securities was one of the sponsors and lead underwriters of the issue. Jiangsu New Energy publicly issued a total of 118 million shares, with an issue price of RMB9.00/share (PER of 17.87 times) and a total fund of RMB 1.062 billion was raised.

Jiangsu New Energy is mainly engaged in new energy power generation business and belongs to the national strategic emerging industry. At present, it mainly includes three sectors: wind power generation, biomass power generation and photovoltaic power generation. Relying on shareholders' resource advantages, location advantages, first-mover advantages, and technological advantages, the company has continuously increased its installed capacity, and made due contributions to improving the energy supply structure in Jiangsu and achieving the ecological environmental protection.

In the process of public offering, Huatai United Securities fully leveraged its professional advantages to assist Jiangsu New Energy in successfully listing on the A-share capital market, which not only provided a guarantee for Jiangsu New Energy to further expand its installed capacity and achieve faster development, but also strongly promoted the development of the new energy industry.



Helping China Longyuan Power in successfully issuing green corporate bonds, with the lowest coupon rate of green bonds since 2017

In December 2018, China Longyuan Power publicly issued 2018 green corporate bonds (Phase I) with Huatai United Securities Co., Ltd. as the leading underwriter and bookkeeping manager. The issue scale was RMB3 billion with a coupon rate of 3.96%, the lowest coupon rate of green bonds since 2017.

China Longyuan Power was established in January 1993. It was originally under the control of the Ministry of Energy and then the Ministry of Power and the State Power Corporation; it has long been representing the state in the research and development of new energy technologies. It is the first company specialized in the development of wind power in China. As of 2018, Huatai United Securities has led the completion of the two-phase green corporate bonds and two-phase green enterprise bonds of China Longyuan Power Group Co., Ltd. (referred to as "China Longyuan Power"), with a total issued amount of RMB11 billion.

The proceeds from the green corporate bonds issued by Huatai United Securities will be used for the construction of 14 wind power projects including the Nanri Island offshore wind farm Phase I in Putian, Fujian and debt replacement, and the proceeds from green enterprise bonds will be used for construction of Longyuan Jiangjiasha 300MW offshore wind farm in Jiangsu and working capital complement, providing solid financial support for China Longyuan Power and its controlling shareholder National Energy Group to implement green development.



The Company advocates low-carbon and environmentally friendly operation and working methods, actively promotes energy conservation and environmental protection systems, calls on employees to integrate energy conservation and environmental protection concepts into work and life, maximizes social resources, protects the environment, reduces pollution, and creates a healthy and comfortable work environment for employees. During the Reporting Period, there was no environmental violation.

In 2018, regarding the Company —



The total electricity consumption amounted to 33,640,620 kWh, with electricity consumption per unit area reaching 290 kWh/ m<sup>2</sup>.

The total water consumption amounted to 107,685 tons, with water consumption per unit area reaching 0.94 ton/ m<sup>2</sup>.

The greenhouse gas emissions totalled 23,843 t CO<sub>2</sub> equivalent, with greenhouse gas emissions per unit area reaching 0.21 t CO<sub>2</sub>/ m<sup>2</sup>.

Note 1: The data include headquarters of Huatai Securities, Huatai United Securities, Huatai Purple Gold, Huatai Futures, Huatai Asset Management, Huatai Financial Holdings (Hong Kong) and Jiangsu Equity Exchange.

Note 2: Greenhouse gas emissions include direct greenhouse gas emissions from vehicle fuel consumption and indirect greenhouse gas emissions from purchased electricity.

 Saving electricity	<p>The Company advocates water saving and energy saving. The air-conditioning temperature is not lower than 26 °C in summer and not higher than 20 °C in winter. Office devices are turned off when they are not in use;</p> <p>The Company fully utilizes light-guided lighting in the basement and office area, saving more than 300,000 kWh of electricity throughout the year; equipped with solar photovoltaic power generation system to achieve an actual annual power generation of 88,842 kWh.</p>
 Saving water	<p>The Company adopts municipal water as the main source and encourages employees to save water and use water-saving sanitary ware.</p> <p>The Company makes full use of the rainwater recovery system, collects rainwater in the rainy season, and irrigates plants in the dry season to save about 500 tons of water throughout the year.</p>
 Promotion of paperless office	<p>The Company continues to promote paperless office. In 2018, some subsidiaries transferred offline approvals to online approvals, achieving nearly 400,000 online operation processes throughout the year, equivalent to saving 500,000 sheets of paper.</p> <p>The Company establishes internal mobile communication tool LINK to achieve convenient internal instant messaging. As of 2018, LINK provided nearly 40 application services such as travel booking and document review, reducing the demand and use of offline paper documents.</p>

 Promotion of video conferencing	<p>The Company upgraded the video conferencing system to realize a comprehensive intelligent conference system with multiple terminals connected to conference rooms, computer desktops, PADs, mobile phones, etc., reducing the number of on-site meetings, and decreasing carbon emissions from business travel. There were over 3,619 video conferences held in 2018 with total length of approximately 7,956 hours.</p>
 Solid waste and sewage treatment	<p>Office waste is cleared by the property management center. Electronics waste, LED, toner, cartridges, and other hazardous wastes are entrusted to a qualified company for recycling and are disposed or reused by the recycler. The Company recycled approximately 130 toners and 525 cartridges in 2018.</p> <p>Wastewater is discharged into the municipal sewage pipeline and transported to the municipal wastewater treatment plant.</p>

Low Carbon Data Center

Huatai Securities Data Center is located in Huatai Securities Plaza with a total area of 2,400 square meters. At the beginning of the construction, the Company aims to build a green data center and adopts various methods to improve energy efficiency.

New cold-aisle closure technologies are adopted to increase the cooling efficiency of the equipment and enhance the isolation effect of the hot and cold channels through adding blind plates.

Light isolation and heat insulation transformation was made for air-conditioned rooms, to fully separate from the outside for temperature and humidity, and improve the accuracy of return air temperature and humidity.

Increase the number of equipment carried in the unit cabinet by using power resources, space resources and cooling capacity, to improve equipment space and power efficiency

In 2018, Huatai Securities Data Center had a total of 747 cabinets and 474 were actually used, with a total power consumption of 871,477 kWh. When the cabinet usage rate is less than 70%, the overall PUE value of the equipment room is lower than 1.90.



Optimize Vehicle Management and Promote Green Travel

In 2018, the Company revised the Official Vehicle System of Huatai Securities Co., Ltd. and Measures for the Administration of Motor Vehicles to further clarify the Company's business vehicle configuration standards, optimize the vehicle application process, and strictly manage vehicle usage behavior. At the same time, the Company clearly stipulates in the Measures for the Administration of Motor Vehicles that "if conditions permit, priority is given to the purchase of new energy vehicles."

The Company advocates the use of public transportation for business travel in the city. When the traffic is inconvenient, it is recommended to make reasonable arrangements for multiple people to the same direction, use the car reasonably, give full play to the transportation efficiency, and reduce the pollution of the vehicle exhaust emissions to the environment. In 2018, the Company's business vehicle travel mileage decreased by 3% compared with the previous year.

Green Buildings to Save Energy and Reduce Emissions

Huatai Securities is headquartered in Huatai Securities Plaza, Jianye District, Nanjing. With a total floor area of 240,000 square meters, Huatai Securities Plaza includes office buildings, business activity centers and securities trading center, making it a modern comprehensive financial service site that integrates office, management and business into one.

In 2017, Huatai Securities Plaza obtained Golden Certification of LEED-NC issued by USGBC.



Utilizing renewable energy	Water-saving technology	Energy-saving technology	Green decoration
Equipped with solar photovoltaic power generation system and sun-light induced lighting device system	The rainwater recycling technology is used to realize greening and irrigation within the square range	The air conditioning system uses ice storage cold air technology, the under-floor air distribution system and the like.  Respiration-type double-layer glass curtain wall and LOW-E (low-radiation) glass were employed.	Using low-volatile and environmentally friendly green glue  Paint, coating, carpet and so on  Adopting FSC-certified products

Environmental Performance Indicators				
Indicator	Unit	2016	2017	2018
Total greenhouse gas (GHG) emissions	tons of CO <sub>2</sub> equivalent	15,346	16,552	21,880
Total greenhouse gas (GHG) emissions per person	tons of CO <sub>2</sub> equivalent /person	10.90	9.80	10.20
Greenhouse gas (GHG) emissions per unit area	tons of CO <sub>2</sub> equivalent/m <sup>2</sup>	0.17	0.19	0.25
Total water consumption	ton	88,139	69,445	84,601
Water consumption per person	ton/person	62.78	41.09	39.31
Water consumption per unit area	ton/m <sup>2</sup>	1.00	0.79	0.96
Total electricity consumption	kWh	21,643,898	23,433,535	30,960,200
Electricity consumption per person	kWh /person	15,416	13,866	14,386
Electricity consumption per unit area	kWh /m <sup>2</sup>	246	267	350
Total natural gas consumption	m <sup>3</sup>	1,075,998	888,205	1,114,960
Natural gas consumption per person	m <sup>3</sup> /person	766	526	518
Gas consumption per unit area	m <sup>3</sup> / m <sup>2</sup>	12.25	10.11	12.69
Oil consumption of the Company's vehicles	Liter	48,167	26,667	36,720
Total paper consumption	package	4,100	4,600	5,500
Waste volume of electronics	unit	13,200	11,400	13,000
Toner	unit	63	70	130
Cartridge	unit	320	360	525

Note 1: The above data are for headquarters of Huatai Securities, excluding Renaissance Nanjing Olympic Centre Hotel.

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

Note 3: The electronic waste volume is an estimated volume.

Note 4: Greenhouse gas emissions, including direct greenhouse gas emissions from vehicle fuel consumption of the Company and indirect greenhouse gas emissions from purchased electricity are estimated based on the average carbon dioxide emission factor of China's regional electricity grid released by the National Climate Strategy Center and the parameters set out in the appendix to HKEX ESG Reporting Guide.

Note 5: After review, errors in greenhouse gas (GHG) emissions per unit area, electricity consumption per unit area and gas consumption per unit area as disclosed in the 2017 CSR Report of Huatai Securities have been corrected in this table.

Awards and Recognition		
Company	Awarding Institution	Award Name
Huatai Securities	China Business Network	Securities Company of the Year
	The Paper	Securities Agency of the Year
		Innovative Broker of the Year
		Inclusive Finance of the Year
	Wallstreetcn	Brokers with Outstanding Service of the Public Judge of the Year
	Xinhua Net	Award for Outstanding Enterprises
	Shenzhen Stock Exchange	Excellent Local Debt Underwriters in 2017
	caixin.com	No. 2 in the Overall Ranking of Chinese Analysts
		Top 3 of 18 Sub-sector Awards
		Two analysts captured the top five most popular analysts in the market
		Top 3 in Hong Kong Sales and Exchange Team Ranking in the Mainland
	China Times	Wealth Management Securities Company in 2017
		Risk Control Management Securities Company in 2018
	JRJ.com	Outstanding Investment Adviser Service Award
		Outstanding Broker Service Award
		Award for Brokers with the Application of Outstanding Intelligent Technologies
	CNFOL	Listed Companies with the Most Brand Value
	21st Century Business Herald	Golden Sail Award for Financial Science and Technology
	Sina Finance	"User Service in 2018"
		"Users' Favorite APP in 2018"
		"Top Ten APPs of the Year of 2018"
	Daily Economic News	ZhangLe Fortune Path: Best AI-based APP
	Securities Daily	Golden Horse Award-Best Intelligent Broker
	China Business	2018 Excellent Competitive User Experience Agency
	China Electronics Chamber of Commerce	Huatai Securities Customer Service Center
		Top 10 Customer Experience Award
		Top 10 Excellent Manager Award
		Top 10 Excellent Service Team Award
	China Securities Industry Association	Poverty Alleviation Award for Excellent Education "Commonweal Heart of Huatai · For Children For Tomorrow" charity project

Company	Awarding Institution	Award Name
Huatai Securities	Daily Economic News	Most Responsible Securities Dealers
	Financial Times	Best Social Responsibility Securities Company of the Year
	Jiangsu Provincial Poverty Alleviation Leading Group	Advanced Five-Party Linked Assistance Units in Jiangsu Province in 2016-2017
	Weekly on Stocks	The fourth place in the "fastest progress of research institutions" Four teams were on the list
	II China List	The fourth place in the best analyst team (Mainland China)
		The seventh place in the best analyst team (overseas)
		The third place in the best sales team (Mainland China)
		The tenth place in the best sales team (overseas)
	Insurance Asset Management Association of China	The third place in the "best progress of research institutions" Four teams were on the list
	IFENG.COM and FINANCE.IFENG.COM	"ZhangLe Fortune Path" was awarded "Best App in Innovative Marketing of the Year of 2017"
Huatai United Securities	Securities Times	"ZhangLe Fortune Path" was awarded "2018 Top Ten Brand of APP of Securities Company"
		"Most Popular APP of Brokers among Young Users in 2018"
	Shanghai Stock Exchange	Excellent Underwriters of Corporate Bonds in 2017
		Excellent Trustee Manager in 2017
		Excellent Participating Organizations of Green Corporate Bonds in 2017
	Shenzhen Stock Exchange	Excellent Trustee Manager in 2017
		Innovative Institution with Excellent Fixed-income Business in 2018
	China Central Depository & Cleaning Co., Ltd.	Innovation Business Award
	Asiamoney	China Best Private Enterprise Financing and Investment Banking Business Award
	AVCJ Mergermarket	Best Medium-sized Merger and Acquisition Market (US\$50 million to US\$300 million) Financial Advisor Award
	21st Century Business Herald	IPO Golden Sail Award
	New Fortune	Local best investment bank
		Best investment bank in equity underwriting
		Best investment bank in debt underwriting
		Best investment bank in merger and acquisition
		Best investment bank in IPO
		Best investment bank in refinancing
		Best investment bank in overseas market capability etc.



Appendix

Awards and Recognition

Company	Awarding Institution	Award Name
Huatai United Securities	Securities Times	2018 Junding Award for All-round Investment Bank in China
		2018 Junding Award for TOP10 Financial Advisors in China
		2018 Junding Award for TOP10 Refinancing Investment Banks in China
	Zero2IPO Group	2018 (VC/PE Support) Best Principal Underwriter of Domestic Listing of Chinese Enterprises
Huatai Asset Management	Shanghai Municipal People's Government	Shanghai Financial Innovation Award and Financial Innovation Achievement Award in 2017 - Huatai Asset Management-Jingdong Baitiao Receivable Bond Asset Support Special Plan
	Shanghai Stock Exchange	Excellent Manager of Asset Support Project of Bond Market in 2017
	Shenzhen Stock Exchange	Excellent Asset Support Project Manager of Bond Market in 2017
	Securities Times	Junding Award for Wealth Management Institutions of China
		Junding Award for Asset Management Securities Companies of China
		Junding Award for Leaders in Wealth Management
	China Securities News	Taurus Securities Company Collective Capital Management Program in 2017: Huatai Purple Gold Currency Enhancement, Huatai Purple Gold Cycle Rotation, and Huatai Nuggets Low and Medium Rating No. 1
	Daily Economic News	Most Powerful Asset Management of Securities Companies
		Best Fixed Income Asset Management Team
		Best ABS Team
		Best ABS Product (Financing Lease) — Huatai Asset Management-CALC Phase I Asset Support Project
	21st Century Business Herald	Golden Sail Award for Active Management of Securities Companies
	www.caishiv.com	Best Manager of Jiefu Award for Asset Securitization in 2017-2018
		The Most Influential REITs and Commercial Real Estate Mortgage Asset Securitization Product Award — Huatai Jiayue - Suning Yunxin Phase I Asset Support Project
	JRJ.com	Excellent Investment Consultancy Service Award for Brokers
	eastmoney.com	Best Broker Assets Management in 2017
		Best Broker Asset Management Fixed Income Products in 2017 — Huatai Purple Gold Currency Enhancement
	fund.eastmoney.com	Best Broker Assets Management in 2018

Appendix

Awards and Recognition

Company	Awarding Institution	Award Name
Huatai Financial Holdings (Hong Kong) Limited	Treasury Management	Best Enterprise and Institution Consultants (Securities Dealers) in Hong Kong
		Best Syndicated Loan Financing Project in Hong Kong
		Best High Yield Bonds in Hong Kong
	China Financing	Capital Market Star Investment Banking Award of the Year
Huatai International	Daily Economic News	Most Growing Overseas Business Layout Award
Huatai Purple Gold Investment Co., Ltd.	China Securities Journal	Taurus Broker Equity Investment Institution
	Zero2IPO Group	Taurus Broker Equity Investment Elite
		Top 50 Private Equity Investment Institutions in China in 2018
Huatai Futures	Securities Times	Top 20 of Investment Agencies in Medical and Health Fields
		Junding Award for Futures Companies of China
	China Securities Journal	Junding Award for Financial Institutions as A Classic Example of Targeted Poverty Alleviation
		The Most Contributing Company in China's Fund Industry within Two Decades
China Southern Asset Management	Shanghai Securities News	The Most Trusted Golden Bull Fund Company of the Year of 2017
		"Golden Fund —Top Fund Company" on the 20th Anniversary of Mutual Fund
	China Securities Journal	The Most Contributing Company in China's Fund Industry within Two Decades
	East Money	The Most Trusted Golden Bull Fund Company of the Year of 2017
Huatai Pinebridge	China Securities Journal	Best Fund Company of the Year of 2018 EASTMONEY AWARD
		Golden Bull Fund Company in Quantitative Investment
	CHINAFUND	Best Management Party in Quantitative and Index Fund of the Fund Industry within Two Decades
	East Money	Fund Company with Best Brand Image on the List of Eastmoney for the year of 2018

Disclosure Recommendations of the Shanghai Stock Exchange Index	
Shanghai Stock Exchange's Notice on Strengthening Listed Companies' Assumption of Social Responsibility and on Issuing the Guidelines on Listed Companies' Environmental Information Disclosure	
Disclosure Advice	Section Index
Article 1	Company Profile
Article 2	Chairman's Letter Strengthening the Defense against Risk and Conducting Compliant and Stable Operation Driven by Financial Technology to Create Quality Services Adhering to People-oriented Principle for Career Happiness Providing Financial Services to the Society to Create a Better Future Together Promoting Green Development to Create a Beautiful Environment
Article 3	Satisfied
Article 4	Strengthening the Defense against Risk and Conducting Compliant and Stable Operation
Article 5: (1)	Driven by Financial Technology to Create Quality Services Adhering to People-oriented Principle for Career Happiness Providing Financial Services to Society to Create a Better Future Together
Article 5: (2)	Promoting Green Development to Create a Beautiful Environment
Article 5: (3)	Strengthening the Defense against Risk and Conducting Compliant and Stable Operation Driven by Financial Technology to Create Quality Services Adhering to People-oriented Principle for Career Happiness
Article 6	Satisfied
Article 7	Satisfied

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

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

Subject Area B. Social Employment and Labour Practices		
Aspect B4. Labour Standards		
<b>General Disclosure B4</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Employees' Rights and Benefits
<b>KPI B4.1</b>	Description of measures to review employment practices to avoid child and forced labour	Employees' Rights and Benefits
<b>KPI B4.2</b>	Description of steps taken to eliminate such practices when discovered	Employees' Rights and Benefits
Subject Area B. Social Operating Practices		
Aspect B5. Supply Chain Management		
<b>General Disclosure B5</b>	Policies on managing environmental and social risks of the supply chain	Adhering to Compliance Operation
<b>KPI B5.1</b>	Number of suppliers by geographical region	Adhering to Compliance Operation
<b>KPI B5.2</b>	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Adhering to Compliance Operation
Aspect B6. Product Responsibility		
<b>General Disclosure B6</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters of products and services provided and methods of redress	High-quality Customer Services
<b>KPI B6.1</b>	Percentage of total products sold or shipped subject to recalls for safety and health reasons	N/A
<b>KPI B6.2</b>	Number of products and service related complaints received and how they are dealt with	High-quality Customer Services
<b>KPI B6.3</b>	Description of practices relating to maintenance and protecting intellectual property rights	Adhering to Compliance Operation
<b>KPI B6.4</b>	Description of quality assurance process and recall procedures	N/A
<b>KPI B6.5</b>	Description of consumer data protection and privacy policies and how they are implemented and monitored	High-quality Customer Services

Aspect B7. Anti-corruption		
General Disclosure B7	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Adhering to Compliance Operation Enforcing Law and Discipline Construction
KPI B7.1	Number of corruption lawsuits filed and concluded against issuers or their employees during the reporting period and litigation outcome	Enforcing Law and Discipline Construction
KPI B7.2	Describe preventive measures and reporting procedures, as well as related implementation and monitoring methods	Adhering to Compliance Operation Enforcing Law and Discipline Construction
Aspect B8. Community Investment		
General Disclosure B8	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Assisting Poverty Alleviation Supporting Public Welfare
KPI B8.1	Focus on areas of contribution (e.g. education, environmental issues, labour needs, health, culture, sports)	Assisting Poverty Alleviation Supporting Public Welfare
KPI B8.2	Use of resources (e.g. money or time) in the area of focus	Assisting Poverty Alleviation Supporting Public Welfare

Sustainability Reporting Standard Index		
GRI Standard Index		Disclosure Content
General Disclosure		
Basis		
101-1	Reporting basis, including reporting principles to define the content and quality of the report	Report Preparation Instructions
Organization Profile		
102-1	Name of the organization	Company Overview
102-2	Activities, brands, products, and services	Company Overview
102-3	Location of headquarters	Back Cover
102-4	Number of countries where the organization operates, and names of countries where both/either the organization has significant operations and/or that are specifically relevant to the topics covered in the report	Company Overview
102-5	Nature of ownership and legal form	Company Overview
102-6	Markets served	Company Overview
102-7	Scale of the organization	Company Overview
102-8	Information on employees and other workers	Employees' Rights and Benefits
102-10	Significant changes to scale of the organization, structure, ownership or supply chain during the reporting period	Not Involved
102-11	Precautionary Principle or approach	Deepening Overall Risk Management
102-13	Major industry associations or other associations that the organization joins, as well as national or international advocacy organizations	Awards and Recognition
Strategy		
102-14	Statement of the highest decision-makers (such as CEOs, chairpersons, or equivalent senior positions) on the relevance of sustainability and organization and the sustainable development strategies of organization	Chairman's Letter
102-15	Describe key impacts, risks and opportunities	Chairman's Letter
Morality and Integrity		
102-16	Values, principles, standards, and norms of behavior	Strengthening Responsibility Management and Creating Shared Values
Governance		
102-18	Governance structure	Principal Businesses and Layout
102-21	Consultations with stakeholders on economic, environmental and social issues	Strengthening Responsibility Management and Creating Shared Values
102-22	Explain the composition of the highest governance body and its committee	Corporate Governance
102-29	Identification and management of economic, environmental and social impacts	Strengthening Responsibility Management and Creating Shared Values



Stakeholder Involvement		
102-40	List of stakeholders attended by the organization	Strengthening Responsibility Management and Creating Shared Values
102-42	Describe the basis for identification and selection for selected stakeholders	Strengthening Responsibility Management and Creating Shared Values
102-43	Participation method of stakeholder engagement	Strengthening Responsibility Management and Creating Shared Values
102-44	Key issues and concerns raised through stakeholder engagement, including how the organization responds, and stakeholder groups that raise key issues and concerns	Strengthening Responsibility Management and Creating Shared Values
Report Overview		
102-45	Entities included in the consolidated financial statements	Report Preparation Instructions
102-47	List all substantive issues identified in the process of defining the content of the report	Strengthening Responsibility Management and Creating Shared Values
102-48	Explain the impact of revising the information contained in the previous report and the reasons for the revise	Not Involved
102-49	A significant change in the substantive issues and the boundaries of the issues compared to previous reports	Not Involved
102-50	The reporting period of the information provided (e.g. financial year or calendar year)	Report Preparation Instructions
102-51	Date of most recent report (if applicable)	Report Preparation Instructions
102-52	Reporting cycle (e.g. once a year, once every two years)	Report Preparation Instructions
102-53	Information of contact person that answers questions about the report or its content	Back Cover
102-55	Each of the criteria adopted is detailed in the GRI Content Index, and all content disclosed in the report is listed accordingly.	Sustainability Reporting Standard Index
	Economy	
103-1	For each substantive issue, state the substantive reasons for the issue, the boundaries of the substantive issues, and any specific limitations on the boundaries of the issues	Supporting the Real Economy Assisting Poverty Alleviation Supporting Public Welfare Adhering to Compliant Operation Enforcing Law and Discipline Construction
103-2	Management method and its components	
103-3	Explain how the organization evaluates management	
Economic Performance		
201-1	Economic value directly generated and distributed by institutions	Company Overview
Indirect Economic Impact		
203-1	Infrastructure investment and support services	Supporting the Real Economy Assisting Poverty Alleviation Supporting Public Welfare

Anti-Corruption		
205- 2	Communication and training about anti-corruption policies and procedures	Adhering to Complaint Operation Enforcing Law and Discipline Construction
Environment		
103- 1	For each substantive issue, state the substantive reasons for the issue, the boundaries of the substantive issues, and any specific limitations on the boundaries of the issues	Practicing Low-carbon Operations
103- 2	Management method and its components	
103- 3	Explain how the organization evaluates management	
Energy		
302- 1	Energy consumption within the organization	Practicing Low-carbon Operations
302- 3	Energy intensity	Practicing Low-carbon Operations
Environmental Compliance		
307- 1	Total monetary fines and total non-monetary sanctions for violations of environmental laws and regulations, and cases brought through the dispute settlement mechanism. If this does not happen, make a brief explanation of the facts.	Practicing Low-carbon Operations
Practicing Low-carbon Operations		
103-1	For each substantive issue, state the substantive reasons for the issue, the boundaries of the substantive issues, and any specific limitations on the boundaries of the issues	Employee Rights Protection Career Training and Development
103-2	Management method and its components	
103-3	Explain how the organization evaluates management	
Employment		
401- 1	Total number and proportion of new employees and employee turnover by age group, gender and region	Employees’ Rights and Benefits
Occupational Health and Safety		
403- 2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism	Employees’ Rights and Benefits
Training and Education		
404- 1	Average hours of training per year per employee by gender, and by employee category	Career Training and Development
Diversity and Equal Opportunity		
405- 1	Percentage of governance bodies and breakdown of employees per employee category according to gender, age group, and other indicators of diversity	Employees’ Rights and Benefits

Child Labour		
408- 1	Operation sites and suppliers employing child labour and young workers for hazardous work; operation sites and suppliers with significant child labour incidents and measures taken by organizations to promote effective abolition of child labour during the reporting period	Employees' Rights and Benefits
Forced and Compulsory Labour		
409- 1	Operation sites and suppliers being found of risks of severely forced or compulsory labour incidents, and measures to help eliminate all forms of forced or compulsory labour	Employees' Rights and Benefits
Marketing and Logo		
417- 2	The number of violations involving product and service information and identification; if no violation of the regulations is found, simply explain	High-quality Customer Services
417- 3	The number of violations involving marketing; if no violation of the regulations is found, simply explain	High-quality Customer Services
Customer Privacy		
418- 1	Total number of confirmed infringements of customer privacy and customer data loss	High-quality Customer Services

Scope

Organization scope of the Report

This Report discloses activities and performance of Huatai Securities Co., Ltd. (hereinafter referred to as "Company", or "Huatai Securities") actively assuming economic, social and environmental responsibility. This Report is mainly about Huatai Securities Co., Ltd. and covers its wholly-owned subsidiaries and holding subsidiaries.

Reporting Period

from January 1, 2018 to December 31, 2018. Portions of the content are beyond this period.

Reporting Cycle

Annual.

Basis

The preparation of this Report is in accordance with the Notice on Strengthening Assumption of Social Responsibility by Listed Companies and Issuing the “Guidelines of Environmental Information Disclosure by Companies Listed on the Shanghai Stock Exchange” and the Notice on Further Improvement of Information Disclosure of Poverty Alleviation by Listed Companies issued by the Shanghai Stock Exchange and the Appendix 27 Environmental, Social and Governance Reporting Guide issued by the Stock Exchange of Hong Kong Limited. Meanwhile, this Report has quoted some standards from the Sustainability Reporting Standards (2006) issued by the Global Reporting Initiative. Please see the index of the Sustainability Reporting Standards for details.

Data Source

The data and cases in the Report are from the primary record of operation or financial reports of Huatai Securities and its subsidiaries. The unit of the financial information in this Report is RMB unless otherwise stated. In case of any inconsistency with financial reports, the financial reports shall prevail.

Accesses

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

HKEX news website (www.hkexnews.hk)

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