
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in ZHONGTAI FUTURES Company Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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ZHONGTAI FUTURES Company Limited

中泰期貨股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 01461)

**PROPOSAL ON THE WORK REPORT OF THE BOARD OF DIRECTORS
FOR THE YEAR 2021
PROPOSAL ON THE WORK REPORT OF THE SUPERVISORY COMMITTEE
FOR THE YEAR 2021
PROPOSAL ON THE ANNUAL REPORT FOR THE YEAR 2021
PROPOSAL ON THE FINAL FINANCIAL ACCOUNTS FOR THE YEAR 2021
PROPOSAL ON THE PROFIT DISTRIBUTION PLAN FOR THE YEAR 2021
PROPOSAL ON THE FINANCIAL BUDGETS FOR THE YEAR 2022
PROPOSAL ON THE CHANGE OF ACCOUNTING FIRMS
FOR THE YEAR 2022
PROPOSAL ON THE ALIGNMENT IN PREPARATION OF FINANCIAL
STATEMENTS IN ACCORDANCE WITH THE CHINA ACCOUNTING STANDARDS
FOR BUSINESS ENTERPRISES
PROPOSAL ON AMENDMENTS TO THE ARTICLES OF ASSOCIATION
PROPOSAL ON THE GENERAL MANDATE TO ISSUE DOMESTIC SHARES
AND H SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the AGM to be held at 9:30 a.m. on Tuesday, 28 June 2022 at Conference Room 1616, 16/F, Securities Tower, No. 86 Jingqi Road, Shizhong District, Jinan, Shandong Province, the PRC is set out on pages 15 to 17 of this circular. A letter from the Board is set out on pages 3 to 14 of this circular.

Shareholders who intend to appoint a proxy to attend the AGM shall complete and return the accompanying form of proxy in accordance with the instructions printed thereon. The form of proxy should be returned in person or by post not less than 24 hours before the time appointed for holding the AGM or any adjournment thereof (i.e. before 9:30 a.m. on Monday, 27 June 2022) to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited (for holders of H Shares) and the Board's office of the Company (for holders of Domestic Shares). Completion and return of the form of proxy will not preclude any Shareholder from attending and voting at the AGM or any adjournment thereof in person if such Shareholder so wishes.

27 May 2022

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DEFINITIONS

Unless the context otherwise requires, the following expressions shall have the following meanings in this circular:

“AGM” or “2021 AGM”	the annual general meeting of the Company for the year 2021 to be convened at 9:30 a.m. on Tuesday, 28 June 2022 at Conference Room 1616, 16/F, Securities Tower, No. 86 Jingqi Road, Shizhong District, Jinan, Shandong Province, the PRC
“Articles of Association”	the Articles of Association of ZHONGTAI FUTURES Company Limited, as amended from time to time
“Board” or “Board of Directors”	the board of directors of the Company
“China” or “PRC”	the People’s Republic of China, in this circular, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Company”	ZHONGTAI FUTURES Company Limited (中泰期貨股份有限公司) (formerly known as LUZHENG FUTURES Company Limited (魯証期貨股份有限公司)), a joint stock limited company incorporated in the PRC and its H Shares are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 01461)
“Company Law”	the Company Law of the People’s Republic of China
“Controlling Shareholder(s)”	has the meanings ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary share(s) issued in the share capital of the Company, with a nominal value of RMB1.00 per share, which is/are subscribed for and paid up in RMB
“Domestic Standards”	the China Accounting Standards for Business Enterprises
“Group” or “we” or “us”	the Company and its subsidiaries (or, the Company and any of its subsidiaries or various subsidiaries, as the context requires)
“H Share(s)”	overseas listed foreign shares in the share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Main Board of Hong Kong Stock Exchange and dealt with in HK\$

DEFINITIONS

“HK\$”	the lawful currency of Hong Kong
“holder(s) of Domestic Share(s)”	the holder(s) of the Domestic Share(s)
“holder(s) of H Share(s)”	the holder(s) of H Share(s)
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“International Standards”	the International Financial Reporting Standards
“Latest Practicable Date”	23 May 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time
“PRC Ministry of Finance”	the Ministry of Finance of the People’s Republic of China
“RMB”	the lawful currency of the PRC
“Share(s)”	the ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, including Domestic Shares and H Shares of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“%”	percentage

In case of any discrepancy between the Chinese version and the English version of this circular, the Chinese version shall prevail.

LETTER FROM THE BOARD



ZHONGTAI FUTURES Company Limited

中泰期貨股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 01461)

Executive Directors:

Zhong Jinlong (*Chairman*)
Liang Zhongwei

Non-executive Directors:

Hu Kainan
Liu Xinyi
Ming Gang
Liu Feng

Independent Non-executive Directors:

Zheng Jianping
Chen Hua

Registered office & Headquarters in the PRC:

15-16/F Securities Tower
No. 86 Jingqi Road
Shizhong District, Jinan
Shandong Province, the PRC

Principal Place of Business in Hong Kong:

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

27 May 2022

To the Shareholders

Dear Sir or Madam,

**PROPOSAL ON THE WORK REPORT OF THE BOARD OF DIRECTORS
FOR THE YEAR 2021
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LETTER FROM THE BOARD

INTRODUCTION

This circular contains the notice of AGM, which sets out the details of the resolutions to be proposed at the AGM, which enable you to make informed decision on whether to vote for or against the resolutions to be proposed at the AGM.

MATTERS TO BE RESOLVED AT THE AGM

Ordinary resolutions will be proposed at the AGM to approve: (1) Proposal on the work report of the Board of Directors for the year 2021; (2) Proposal on the work report of the Supervisory Committee for the year 2021; (3) Proposal on the annual report for the year 2021; (4) Proposal on the final financial accounts for the year 2021; (5) Proposal on the profit distribution plan for the year 2021; (6) Proposal on the financial budgets for the year 2022; (7) Proposal on the change of accounting firms for the year 2022; and (8) Proposal on the alignment in preparation of financial statements in accordance with the China Accounting Standards for Business Enterprises.

Special resolutions will be proposed at the AGM to approve: (1) Proposal on amendments to the Articles of Association; and (2) Proposal on the general mandate to issue Domestic Shares and H Shares.

ORDINARY RESOLUTIONS

1. Proposal on the Work Report of the Board of Directors for the year 2021

The work report of the Board of Directors for the year 2021 has been approved by the Board and is hereby proposed at the AGM for consideration and approval. The details of the work report of the Board of Directors are set out in the Appendix I to this circular.

2. Proposal on the Work Report of the Supervisory Committee for the year 2021

The work report of the Supervisory Committee for the year 2021 has been approved by the Supervisory Committee and is hereby proposed at the AGM for consideration and approval. The details of the work report of the Supervisory Committee are set out in the Appendix II to this circular.

3. Proposal on the Annual Report for the year 2021

The annual report for the year 2021 has been approved by the Board and the Supervisory Committee and is hereby proposed at the AGM for consideration and approval. The annual report has been published on the HKEXnews website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.ztqh.com>) on 25 April 2022.

LETTER FROM THE BOARD

4. Proposal on the Final Financial Accounts for the year 2021

The external agency has audited the Annual Financial Statements of the Company for 2021 and has issued an audit report with standard unqualified opinion. The external agency believes that the Annual Financial Statements of the Company for 2021 have been prepared in accordance with the provisions of the International Standards and give a fair picture of the financial position of the Company as at 31 December 2021 and its operating results and cash flows in 2021 in all material aspects. The report of the financial position and operating results of the Company (unless otherwise stated, the financial data in this proposal are based on the audited information under IFRSs) are presented below for your consideration.

I. Financial Position of the Company in 2021

(1) Assets

As at the end of 2021, the total consolidated assets of the Company amounted to RMB20,501 million, representing a year-on-year increase of RMB7,575 million or 58.60%. The consolidated current assets of the Company amounted to RMB20,245 million, representing a year-on-year increase of RMB7,626 million or 60.43%. Among them, the net increase in security deposit amounted to RMB4,692 million, while the net increase in security deposit paid to the exchanges amounted to RMB2,433 million.

(2) Liability

As at the end of 2021, the total consolidated liability of the Company amounted to RMB18,081 million, representing a year-on-year increase of RMB7,395 million or 69.20%. Among them, monetary deposits payable amounted to RMB17,051 million, representing a year-on-year increase of RMB6,879 million or 67.63%.

(3) Shareholders' Equity and Net Capital

As at the end of 2021, the consolidated Shareholders' equity of the Company amounted to RMB2,420 million, representing a year-on-year increase of RMB180 million or 8.05%. This was mainly due to the increase in net profit. Owner's equity is comprised of share capital of RMB1,002 million, capital premium of RMB651 million, other reserve of RMB334 million and retained earnings of RMB433 million.

As at the end of 2021, net capital of the Company amounted to RMB1,047 million, representing a year-on-year increase of RMB80 million or 8.31%; total risk capital reserves amounted to RMB578 million, representing a year-on-year increase of RMB233 million or 67.32%. The Company exercised strict controls over risks. The ratio of net capital to total risk capital reserves is 181.18%. All risk regulatory indicators are in compliance with the relevant regulations of the CSRC.

LETTER FROM THE BOARD

II. Operating Results in 2021

(I) Operating revenue

In 2021, the Company realized consolidated operating revenue of RMB749 million, representing a year-on-year increase of RMB261 million or 53.31%.

(II) Operating expenses

In 2021, the consolidated operating expenses of the Company amounted to RMB476 million, representing a year-on-year increase of RMB100 million or 26.74%, mainly due to the increase in general and administrative expense.

(III) Profit

In 2021, the Company realized net profit attributable to shareholders of the parent company of RMB204 million, representing a year-on-year increase of RMB148 million or 259.95%. Weighted average return on net asset was 8.77%, representing a year-on-year increase of 6.20 percentage points. Earnings per Share was RMB0.20, representing a year-on-year increase of RMB0.14 or 233.33%.

The above proposal has been considered and approved by the Board and the Supervisory Committee and is hereby submitted to the 2021 AGM for consideration and approval.

5. Proposal on the Profit Distribution Plan for the year 2021

As audited by PricewaterhouseCoopers Zhong Tian LLP, the domestic auditor of the Company, the Company's net profit attributable to the parent company under the China Accounting Standards for Business Enterprises for the year 2021 was RMB159,258,600. In accordance with the Articles of Association, after deducting 10% statutory reserve and 10% general risk reserve, the profit available for distribution to Shareholders for the year 2021 was RMB127,406,900 and the accumulated profit available for distribution to Shareholders was RMB441,941,400.

Taking into account the business development needs of the Company, the Company proposed to distribute cash dividends of RMB0.18 for every 10 Shares held (inclusive of tax) to the Shareholders on the basis of a total share capital of 1,001,900,000 Shares as at 31 December 2021. The cash dividends to be distributed amount to RMB18,034,200.00 (inclusive of tax) in total, and the remaining undistributed profits will be carried forward to the next year.

The proposed dividend will be denominated and declared in RMB, and paid in RMB and in Hong Kong dollars to holders of Domestic Shares and holders of H Shares, respectively. The actual amount distributed in HK\$ will be calculated based on the average benchmark exchange rate of RMB against HK\$ announced by the People's Bank of China for the five working days prior to the date of the 2021 AGM.

LETTER FROM THE BOARD

The aforesaid profit distribution plan for the year 2021 has been approved by the Board and the Supervisory Committee and is hereby proposed at the AGM for review and approval.

The H Share register of members of the Company will be closed, for the purpose of determining the entitlement of holders of H Shares to receive the 2021 final dividend, from Tuesday, 5 July 2022 to Tuesday, 12 July 2022, both days inclusive, during which period no transfer of H Shares will be registered. Shareholders whose names appear on the register of members of the Company on Tuesday, 5 July 2022 will be entitled to receive the 2021 final dividend. In order to qualify for the 2021 final dividend, holders of H Shares should ensure that all the share transfer documents accompanied by the relevant share certificates be lodged with the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Monday, 4 July 2022.

Subject to the approval of the aforesaid profit distribution plan by the Shareholders at the AGM, the 2021 final dividend is expected to be paid on Wednesday, 10 August 2022 to the Shareholders whose names appear on the register of members of the Company on Tuesday, 5 July 2022.

6. Proposal on the Financial Budgets for the year 2022

In accordance with the principles of complying with laws and regulations, ensuring operations and facilitating development, on the basis of exploring the greatest potential of existing assets, and in light of the Company's actual situation, the Company's budget in 2022 is RMB27.5193 million for fixed asset investment, and RMB7.45 million for intangible asset investment. They will primarily be intended for purchase and maintenance of electronic equipments, office equipments, software purchase, and the renovation and relocation and conversion of business premises.

The above proposal has been considered and approved by the Board and the Supervisory Committee and is hereby submitted to the 2021 AGM for consideration and approval.

7. Proposal on the Change of Accounting Firms for the year 2022

References are made to the announcements of the Company dated 11 February 2022 and 25 May 2022 in relation to, among others, the proposed change of the auditor and proposed change on the audit services of accounting firm, respectively.

PricewaterhouseCoopers (the international auditor of the Company) and PricewaterhouseCoopers Zhong Tian LLP (the domestic auditor of the Company) have performed the annual report audit and interim review of the Company since 2014 and have been providing audit services to the Company for eight consecutive years. In accordance with the relevant provisions of the Administrative Measures for Selecting and Appointing Accounting Firms for State-owned Financial Enterprises (Cai Jin [2020] No. 6), the Company is required to change its accounting firms.

LETTER FROM THE BOARD

In addition, in view of the Company's proposed alignment in preparation of financial statements in accordance with Domestic Standards, through public tender for selection of accounting firms and as considered and recommended by the Audit Committee under the Board of the Company, the Company proposed to appoint ShineWing Certified Public Accountants LLP (“**ShineWing**”) as the auditor for review of interim financial statements and audit of annual financial statements of the Company for the year 2022 under Domestic Standards. ShineWing has been recognised by the PRC Ministry of Finance and the CSRC and is qualified for providing audit services to mainland China incorporated issuers listed in Hong Kong under mainland China auditing standards. The total audit fees of the Group for 2022 amounted to RMB1.32 million and the total audit fees of the Company amounted to RMB1.20 million. The Company has reached agreement with PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP on the change of accounting firms.

PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP have each confirmed that there are no matters that need to be brought to the attention of the Shareholders in relation to their cessation of service as the Company's international auditor and the Company's domestic auditor. The Board has confirmed that it is not aware of any matters that need to be brought to the attention of the Shareholders in connection with such termination of appointment. The Board and the Audit Committee of the Board have also confirmed that there are no disagreements or outstanding matters between the Company and PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP. The Board would like to take this opportunity to express its gratitude to PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP for their professional support and services provided to the Company over the years.

The above proposal has been considered and approved by the Board and is hereby submitted to the AGM for consideration and approval.

8. Proposal on the Alignment in Preparation of Financial Statements in accordance with the China Accounting Standards for Business Enterprises

References is made to the announcement of the Company dated 25 May 2022 in relation to, among others, the proposed alignment in preparation of financial statements in accordance with the China Accounting Standards for Business Enterprises.

The Company has adopted Domestic Standards and International Standards for preparation of its financial statements and disclosure of relevant financial information since the issuance and listing of its H Shares on the Hong Kong Stock Exchange. The financial statements prepared in accordance with the Domestic Standards are used for purposes such as reporting to regulatory authorities and the financial statements prepared in accordance with the International Standards are used for public disclosure on the Hong Kong Stock Exchange.

According to the “Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong” (《有關接受在香港上市的內地註冊成立公司採用內地的會計及審計準則以及聘用內地會計師事務所的諮詢總結》) published by the Hong Kong Stock Exchange in December 2010, with effect from 15 December 2010, companies incorporated in mainland China and listed on the Hong Kong Stock Exchange are allowed to adopt Domestic Standards for preparation of their financial statements and PRC accounting firms recognised by the PRC Ministry of Finance and the CSRC are allowed to adopt mainland China auditing standards for providing audit services to mainland China incorporated issuers listed in Hong Kong.

LETTER FROM THE BOARD

In view of the similarity of accounting standards and according to industry practices, in order to enhance the audit efficiency of the Company, reduce expenses and enable consistent and comparable disclosure of financial information, the Company intends to align the preparation of financial statements and disclosure of relevant financial reports in accordance with the Domestic Standards with effect from 2022. The Company considers that the adoption of Domestic Standards will have no material impact on the Company's financial position, operating results and cash flows for 2022 and beyond.

Upon adoption of Domestic Standards by the Company, certain financial items of the Company are expected to be adjusted. In view of this, the Company hereby provides further information to explain the key differences between the Company's financial statements under Domestic Standards and International Standards, which are described below:

(i) ***Key differences between the Company's financial statements under Domestic Standards and International Standards***

1. *Presentation of pledged deposits receivable/payable*

Under Domestic Standards, pledged deposits receivable and payable are presented as separate assets and liabilities; under International Standards, pledged deposits receivable and payable are offset against each other (except for specific business of pledging treasury bonds).

2. *Provision for futures risk reserve*

Under Domestic Standards, the annual provision for futures risk reserve is included in the item of appropriation to futures risk reserve in the income statement as well as the item of futures risk reserve under liabilities; under International Standards, the annual provision for futures risk reserve is directly appropriated from retained profits and included in special reserve for futures risk under equity.

3. *Nature of inventory measurement*

Under Domestic Standards, inventories are measured at the lower of cost or net realisable value; under International Standards, inventories are measured at fair value.

4. *Presentation of spot trading income*

Under Domestic Standards, income and costs of spot trading are presented as operating income and operating expenses respectively; under International Standards, income and costs of spot trading are presented under operating income on a net basis.

LETTER FROM THE BOARD

(ii) Differences between the Company's key items of financial statements for 2021 under Domestic Standards and International Standards

1. Revenue

Revenue under Domestic Standards and International Standards amounted to RMB2,255 million and RMB749 million respectively, representing a difference of RMB1,506 million, which was mainly due to the presentation of income and costs of spot trading on a net basis under International Standards.

2. Net profit attributable to the parent company

Net profit under Domestic Standards and International Standards amounted to RMB188,572,900 and RMB204,355,400 respectively, representing a difference of RMB15,782,500, which was mainly due to the appropriation of futures risk reserve from profit after tax under International Standards.

The above proposal has been considered and approved by the Board and is hereby submitted to the AGM for consideration and approval.

SPECIAL RESOLUTIONS

1. Proposal on Amendments to the Articles of Association

References is made to the announcement of the Company dated 25 May 2022 in relation to, among others, the proposed amendments to the Articles of Association.

In order to further standardize the corporate governance of the Company, pursuant to the relevant provisions of the Company Law, the Company proposes amendments to the Articles of Association with reference to relevant cases on the market in light of the Company's actual situation. Details of the amendments are as follows:

Original Article	Amended Article
Article 155 The supervisory committee shall comprise eight (8) supervisors, of whom no less than two (2) shall be independent supervisors. The term of office of supervisors shall be three years, renewable upon re-election and re-appointment. The appointment or removal of supervisors of the Company shall be reported to the local agency of the CSRC for record as required.	Article 155 The supervisory committee shall comprise seven (7) supervisors. The term of office of supervisors shall be three years, renewable upon re-election and re-appointment. The appointment or removal of supervisors of the Company shall be reported to the local agency of the CSRC for record as required.
The supervisory committee shall have one chairman, whose appointment and dismissal shall be subject to the approval of two-thirds or more of its members by voting.	The supervisory committee shall have one chairman, whose appointment and dismissal shall be subject to the approval of two-thirds or more of its members by voting.

LETTER FROM THE BOARD

Original Article	Amended Article
<p>Article 192 The financial statements of the Company shall be prepared in accordance with both the PRC accounting standards and regulations and the international accounting standards, or those of the overseas place where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in the notes to the financial statements. In distributing its profits after tax for an accounting year, the lower of the two amounts shown in the financial statements shall be adopted.</p>	<p>Article 192 The financial statements of the Company shall be prepared in accordance with the PRC accounting standards and regulations.</p>
<p>Article 193 Any interim results or financial information published or disclosed by the Company shall be prepared and presented in accordance with the PRC accounting standards and regulations, and also in accordance with either international accounting standards or those of the overseas place where the Company's shares are listed.</p>	<p>Article 193 Any interim results or financial information published or disclosed by the Company shall be prepared and presented in accordance with the PRC accounting standards and regulations.</p>

The above proposal has been approved by the Board and is hereby submitted to the AGM for consideration and approval.

2. Proposal on the General Mandate to Issue Domestic Shares and H Shares

The Board proposed to the 2021 AGM to grant an unconditional general mandate by way of a special resolution to the Board and to permit the Board's further delegation of the aforesaid mandate to the chairman of the Board and/or other authorized person of the Board, based on market conditions and the needs of the Company, to issue, allot and deal with, either separately or concurrently, new Shares of the Company not exceeding 20% of each of the number of Domestic Shares and/or overseas listed foreign Shares (H Shares) in issue at the date of this proposal being considered and approved at the 2021 AGM.

The specific details of authorisation include but are not limited to the following:

- (1) to formulate and implement detailed issuance plan, including but not limited to the class of new shares to be issued, pricing mechanism and/or issuance price (including price range and the final price), number of shares to be issued, allottees and use of proceeds, deciding the time of issuance, period of issuance and whether to place shares to existing Shareholders;

LETTER FROM THE BOARD

- (2) to consider and approve and execute, on behalf of the Company, agreements relating to share issuance, including but not limited to the underwriting agreement under the placing and agreements for engaging intermediaries;
- (3) to consider and approve and execute, on behalf of the Company, statutory documents relating to share issuance for submission to regulatory authorities, and to perform relevant approval procedures as required by regulatory authorities and the place in which the Company is listed;
- (4) to amend, as required by regulatory authorities within or outside the PRC, agreements and statutory documents referred to in (2) and (3) above;
- (5) to decide to affix the seal of the Company on the agreements and statutory documents relating to the proposed issuance;
- (6) to engage the intermediaries for share issuance, and to approve and execute all acts, deeds, documents and other matters necessary, appropriate, desirable for or in connection with share issuance; and
- (7) to approve the matters related with the increase of the registered capital of the Company after new share issuance, and to make corresponding amendments to the Articles of Association relating to total share capital and shareholdings etc., and to carry out statutory registrations and filings within and outside the PRC.

Except that the Board may enter into or grant offers, agreements, or options during the Relevant Period in relation to the issuance of Domestic Shares and/or H Shares, which might require further promotion or implementation after the end of the Relevant Period, the exercise of the mandate referred to above shall not exceed the Relevant Period. “Relevant Period” means the period from the passing of this resolution as a special resolution at the 2021 AGM until whichever is the earliest of: (a) the conclusion of the 2022 annual general meeting of the Company; (b) the expiry of the 12-month period following the passing of this resolution as a special resolution at the 2021 AGM; (c) the date on which the authority given to the Board under this proposal is revoked or varied by the Shareholders by way of a special resolution at a general meeting.

The above proposal has been considered and approved by the Board and is hereby submitted to the 2021 AGM for consideration and approval.

LETTER FROM THE BOARD

ANNUAL GENERAL MEETING

A notice convening the AGM to be held at 9:30 a.m. on Tuesday, 28 June 2022 at Conference Room 1616, 16/F, Securities Tower, No. 86 Jingqi Road, Shizhong District, Jinan, Shandong Province, the PRC is set out on pages 15 to 17 of this circular.

All the resolutions proposed at the AGM will be taken by poll. As at the Latest Practicable Date, no Shareholder, to the knowledge and belief of the Directors having made all reasonable enquiries, will be required to abstain from voting at the AGM on relevant resolutions.

A form of proxy for use at the AGM are also enclosed herein and published on the HKEXnews website of Hong Kong Stock Exchange (www.hkexnews.com.hk) and the website of the Company (www.ztqh.com). Shareholders who intend to appoint a proxy to attend the AGM shall complete, sign and return the appropriate form of proxy in accordance with the instructions printed thereon.

For holders of H Shares, the form of proxy, and if the form of proxy is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of that power of attorney or other authority, must be delivered to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no less than 24 hours (i.e., before 9:30 a.m. on Monday, 27 June 2022) before the time appointed for holding the AGM in order for such documents to be valid. For holders of Domestic Shares, the form of proxy, and if the form of proxy is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of that power of attorney or other authority, must be delivered to the Board's office of the Company in the PRC at Room 1608, 16/F, Securities Tower, No. 86 Jingqi Road, Shizhong District, Jinan, Shandong Province, the PRC, not less than 24 hours before the time appointed for holding the AGM (i.e., before 9:30 a.m. on Monday, 27 June 2022) in order for such documents to be valid. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM, or any adjournment thereof should you so wish.

Pursuant to the Articles of Association and the announcements of the Company dated 24 March 2022 and 13 April 2022, respectively, for the purpose of determining the entitlements of the Shareholders to attend and vote at the AGM, the register of members of H Shares has been closed from Saturday, 30 April 2022 to Tuesday, 28 June 2022 (both days inclusive), during which period no transfer of H Shares shall be registered. Shareholders whose names appear on the register of members of the Company on Tuesday, 28 June 2022 are entitled to attend and vote at the AGM.

In order to be eligible to attend the AGM, all transfer documents accompanied by the relevant share certificates shall be lodged to Computershare Hong Kong Investor Services Limited, the Company's H share registrar, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by the holders of H Shares, not later than 4:30 p.m. on Friday, 29 April 2022.

LETTER FROM THE BOARD

To protect the health and safety of Shareholders and attendees at the meeting and to prevent the spread of COVID-19, the Company will implement the following precautionary measures at the AGM:

1. Compulsory body temperature checks;
2. Compulsory wearing of surgical face masks; and
3. No beverage or refreshments.

Any person who does not comply with the precautionary measures may be denied entry into the AGM venue. The Company hereby encourages Shareholders to exercise their voting rights by appointing the chairman of the AGM as their proxy to vote on relevant resolutions at the AGM as an alternative to attending the AGM in person.

RECOMMENDATION

The Directors believe that the resolutions to be proposed at the AGM are all in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the AGM.

By order of the Board
ZHONGTAI FUTURES Company Limited
ZHONG Jinlong
Chairman

NOTICE OF ANNUAL GENERAL MEETING



ZHONGTAI FUTURES Company Limited

中泰期貨股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 01461)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that 2021 annual general meeting (the “AGM”) of ZHONGTAI FUTURES Company Limited (the “Company”) will be held at Conference Room 1616, 16/F Securities Tower, No. 86 Jingqi Road, Shizhong District, Jinan, Shandong Province, the People’s Republic of China (the “PRC”) at 9:30 a.m. on Tuesday, 28 June 2022 for the following purposes:

ORDINARY RESOLUTIONS

1. To consider and approve the proposal on the work report of the board of directors for the year 2021;
2. To consider and approve the proposal on the work report of the supervisory committee for the year 2021;
3. To consider and approve the proposal on the annual report for the year 2021;
4. To consider and approve the proposal on the final financial accounts for the year 2021;
5. To consider and approve the proposal on the profit distribution plan for the year 2021;
6. To consider and approve the proposal on the financial budgets for the year 2022;
7. To consider and approve the proposal on the change of accounting firms for the year 2022;
and
8. To consider and approve the proposal on the alignment in preparation of financial statements in accordance with the China Accounting Standards for Business Enterprises.

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL RESOLUTIONS

9. To consider and approve the proposal on amendments to the articles of association; and
10. To consider and approve the proposal on the general mandate to issue domestic shares and H shares.

By order of the Board
ZHONGTAI FUTURES Company Limited
ZHONG Jinlong
Chairman

Jinan, the PRC, 27 May 2022

Notes:

1. Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, any vote of shareholders at a general meeting must be taken by poll. As such, each of the resolutions set out in the notice of AGM will be voted by poll. After the closure of the AGM, results of the poll voting will be published on the Company's website at www.ztqh.com and the HKEXnews website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk.
2. Any shareholder of the Company (the "**Shareholder**") entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and vote at the meeting instead of him/her. A proxy need not be a Shareholder.
3. In order to be valid, the form of proxy together with the notarized power of attorney or other documents of authorization, if any, must be completed and returned to the Board's office of the Company (for holders of domestic shares) or the H share registrar of the Company, Computershare Hong Kong Investor Services Limited (for holders of H shares), not less than 24 hours before the time appointed for holding the AGM (i.e. before 9:30 a.m. on Monday, 27 June 2022) or any adjournment thereof. The address of Board's office of the Company is Room 1608, 16/F Securities Tower, No. 86 Jingqi Road, Shizhong District, Jinan, Shandong Province, the PRC. The address of Computershare Hong Kong Investor Services Limited is 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude a Shareholder from attending and voting in person at the AGM or any adjournment thereof should he/she so wish.
4. For the purpose of determining the entitlements of the Shareholders to attend and vote at the AGM and their entitlement to the final dividend for 2021, the register of members of the Company has been closed respectively from Saturday, 30 April 2022 to Tuesday, 28 June 2022, both days inclusive, and from Tuesday, 5 July 2022 to Tuesday, 12 July 2022, both days inclusive, during which no transfers of shares shall be effected. Shareholders whose names appear on the Company's register of members on Tuesday, 28 June 2022 will be entitled to attend and vote at the AGM, and Shareholders whose names appear on the Company's register of members on Tuesday, 5 July 2022 will be entitled to receive the final dividend for 2021.

In order for holders of H shares of the Company to qualify for attending and voting at the AGM, share transfer documents accompanied by the relevant share certificates must be lodged with the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 29 April 2022. In order for holders of H shares of the Company to qualify for receiving the final dividend for 2021 subject to the approval of Shareholders at AGM, share transfer documents accompanied by the relevant share certificates must be lodged with the H share registrar of the Company at the aforementioned address, no later than 4:30 p.m. on Monday, 4 July 2022.

5. In case of joint holders of any shares, the one whose name stands first in the register of members of the Company shall be entitled to attend and vote at the AGM in respect of such shares.

NOTICE OF ANNUAL GENERAL MEETING

6. Below is the principal place of business of the Company in the PRC:

15-16/F, Securities Tower, No. 86 Jingqi Road, Shizhong District, Jinan, Shandong Province, the PRC
Tel: +86-531-81678629
Fax: +86-531-81678629

Below is the contact of Computershare Hong Kong Investor Services Limited, the H share registrar of the Company:

17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Tel: +852-28628555
Fax: +852-28650990

As at the date of this notice, the Board of the Company comprises Mr. ZHONG Jinlong and Mr. LIANG Zhongwei as executive directors; Mr. HU Kainan, Mr. LIU Xinyi, Mr. MING Gang and Mr. LIU Feng as non-executive directors; and Mr. ZHENG Jianping and Mr. CHEN Hua as independent non-executive directors.

**ZHONGTAI FUTURES COMPANY LIMITED
(FORMERLY KNOWN AS LUZHENG FUTURES COMPANY LIMITED)
WORK REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2021**

I. BUSINESS OVERVIEW IN 2021

In 2021, the futures market of China developed rapidly with market size reaching new highs and operation quality continuing to improve, thus serving the real economy more effectively. Firstly, record highs were set for cumulative trading volume and turnover. In 2021, the cumulative trading volume of the futures market of China was approximately 7.514 billion lots, and the cumulative turnover amounted to RMB581.20 trillion, representing a year-on-year increase of 22.13% and 32.84%, respectively. Secondly, the varieties of futures and options were constantly increased. With addition of four new varieties during the year, total number of listed varieties reached 94, covering nearly all the varieties of futures, except for the foreign exchange futures. Thirdly, Guangzhou Futures Exchange was established with a purpose of serving the green development. Fourthly, the legislation of futures was accelerated in an all-round way, and the legal system became more developed. Fifthly, the futures industry opened its year of cultural construction. The “Outline of the Futures Industry Cultural Construction Work” was released to strengthen the industry’s cultural construction. Sixthly, the internationalization of investors was steadily promoted. Palm oil options and crude oil options became available officially for trading, both are open to foreign traders, marking a further step in the opening of China’s financial sector to the outside world.

In 2021, the Company coordinated its efforts in pandemic prevention and control and reform and development of the Company, centred on its goal of advancing in ranking and serving the development of the real economy, took a series of initiatives to make accomplishments, achieved rapid growth on the basis of recovery growth in 2020, delivered favourable operating results, made improvement in key operating indicators and hit a record high in profitability of the Company. Under the International Financial Reporting Standards, in 2021, the Company achieved operating income of RMB749.418 million, representing a year-on-year increase of 53.31%, and net profit attributable to shareholders of the parent company amounted to RMB204.355 million, representing a year-on-year increase of 259.95%.

II. MAJOR WORK OF THE BOARD OF DIRECTORS IN 2021

In 2021, the Board of Directors of the Company performed its duties diligently and conscientiously implemented the resolutions of the general meeting, actively and prudently made decisions, and supervised and guided the management in organising and implementing the resolutions and decisions of the Board. In 2021, the Board of Directors of the Company convened 13 meetings to consider and approve 50 proposals. One general meeting of Shareholders was held to consider and approve 11 proposals; the special committees under the Board of Directors convened 11 meetings, which provided strong professional support for the decision-making of the Board. Over the past year, the Board of Directors of the Company primarily carried out the following activities:

(1) Continued to improve the corporate governance system

In order to continuously optimise corporate governance and establish and improve a modern corporate management system, in accordance with relevant domestic and overseas laws and regulations, and taking into account the needs of corporate governance, amendments were made to the Articles of Association, the Rules of Procedures for General Meeting, the Rules of Procedures for the Board of Directors, the Rules of Procedures for the General Manager as well as the list of matters to be considered and the Rules of Procedures for each special committee under the Board of Directors, and the Rules Governing How the Board of Directors Delegates the Management and the General Manager Reports Work to the Board of Directors was formulated to ensure that the governing bodies of the Company exercise their functions and powers and discharge their duties in accordance with the laws, and enhance the quality of decision-making and efficiency of deliberations. This further perfected the institutional foundation of corporate governance.

(2) Continued to deepen internal reform and strengthen business development

The Board of Directors supervised and guided the management in the implementation of the Board's resolutions and decisions, centred on its goal of advancing in ranking and serving the development of the real economy, took a series of initiatives to make accomplishments for expediting the high-quality development of the Company. Firstly, it strengthened the construction of the marketing service team and built the "Three Ones" talent development project. Secondly, it established additional operating entities and optimised the business layout. Thirdly, it formulated an incentive and constraint policy for targeted marketing services, made full use of the policies and resources of the exchange to generate additional revenue for the Company and increased the proportion of daily average position held by institutional customers. Fourthly, it enhanced the capability in serving institutional customers by focusing on key projects. Fifthly, it formulated and implemented the "Three Same" mechanism and promoted the business coordination between the parent company and subsidiaries. Sixthly, it deepened the reform of internal mechanism and improved the quality and efficiency of operational management. Seventhly, it made substantial progress and fundamentally resolved the historical risks and eliminated obstacles to facilitate business development.

(3) Devoted more efforts in compliance and risk control management, and improved the comprehensive, efficient and effective compliance and risk control system

Since 2021, the CSRC repeatedly stressed that it would continue to adhere to its “zero tolerance” policy, and the Company’s compliance and risk control remained challenging. In 2021, the Board of Directors of the Company attached great importance to compliance and risk control management and firmly adhered to the target of zero demerit point for compliance and risk control. Firstly, it strictly held the bottom line and proactively complied with relevant regulations, transformed compliance and risk control from a “regulatory requirement” to a “self-imposed requirement”, and carried out practical and meticulous risk prevention work to ensure the sustainable and healthy development of the Company. Secondly, it substantiated the principal responsibility and properly carried out risk prevention and communication to ensure clear principal responsibility, effective risk communication and proper control measures, thereby effectively utilising the positive support of compliance and risk control on operational management and contributing to the Company’s goal of advancing in rankings. Thirdly, it proactively and effectively controlled the Group’s risks and continuously strengthened the compliance and risk control management of subsidiaries by strengthening the implementation of comprehensive risk management in subsidiaries.

(4) Continuously strengthened money-laundering risk management level for improved anti-money laundering

The Board of Directors attaches great importance to the management of money-laundering risk, and further improved and strengthened the money-laundering risk management system and mechanism. Firstly, the Company formulated the Implementation Rules for Self-Assessment of Money-laundering Risk to further enhance the Company’s money-laundering risk management and improve the institutional framework for assessment of the Company’s money-laundering risk. Secondly, the Company continued to optimise its workflow for customer due diligence, beneficial owner identification and customer money-laundering risk classification. Thirdly, the Company continuously strengthened its anti-money laundering assessment and strictly enforced the assessment and accountability for operating entities which failed to perform their duties properly.

(5) Further strengthened management of subsidiaries and facilitated their standardised and healthy development

Firstly, based on the principle of professional management and clear responsibilities, the Subsidiary Management Rules was comprehensively sorted out, revised and improved to clarify the responsible departments and work procedures and further strengthen the management of subsidiaries. Secondly, it increased the frequency of daily work coordination with each subsidiary, strengthened the information based management of subsidiaries, established the online reporting process for matters of subsidiaries and the online decision-making process for matters of subsidiaries, further optimized the information transmission and communication channels, and improved the management efficiency of subsidiaries. Thirdly, it strengthened the research and decision-making management of major matters of subsidiaries.

(6) It discharged its information disclosure obligations in a compliant way

In 2021, the Company fulfilled its information disclosure obligations in strict compliance with laws, regulations and regulatory requirements and in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Company’s “Information Disclosure Management Measures”. Information disclosure and audit process were improved to ensure true, accurate, complete disclosure of the status of corporate governance and operation management to investors in a timely manner. The Company published 38 announcements in 2021, and the legitimate rights and interests of Shareholders of the Company were effectively protected.

(7) Strict management of connected transactions

The Company managed its connected transactions in strict accordance with relevant provisions of the Listing Rules and the Company’s “Connected Transaction Management Measures” and based on the principles of openness, fairness and justice. In 2021, the Company managed its connected transactions in strict accordance with the framework agreements for continuing connected transaction entered into with the Controlling Shareholders to ensure that relevant transactions were done within the stipulated caps. In May 2021, with consideration and approval from the 21st meeting of the third session of the Board, the Company entered into the Risk Management Services Framework Agreement with Shandong Steel Group and the Financial Services Framework Agreement with Zhongtai Securities, which set out the maximum amount of relevant business for the next three years, covering the existing types of connected transactions of the Company in terms of type and target of business.

(8) Gave full play to its professional advantages to fulfil its social responsibility

In 2021, the Company actively responded to the call of the China Futures Association for the futures industry to support the national strategy of poverty alleviation, actively fulfilled its social responsibility, fully utilized its professional advantages, made substantial efforts in financial support for rural revitalization, and invested more than RMB20 million in assistance funds (part of the funds were supported by the exchanges). During the year, the Company launched a total of 96 “insurance + futures” projects in 43 counties and districts of 11 provinces, namely Shandong, Heilongjiang, Liaoning, Xinjiang, Tibet, Gansu, Guangdong, Henan, Hebei, Hainan and Jiangsu, involving 9 varieties including soybeans, soybean meal, pigs, chicken eggs, corn, peanuts, apples, natural rubber and red dates, serving a total of about 61,000 farmers, and covering 737,500 mu of agricultural plantation.

III. THE DUTY PERFORMANCE BY DIRECTORS IN 2021

In 2021, in accordance with the requirements of and responsibilities conferred by the Company Law, the Listing Rules and the Articles of Association, all Directors diligently and earnestly perform their obligations and exercise their functions and power, carefully considered each resolution put before the Board, and provided relevant and feasible comments and suggestions in connection with the Company's strategic planning and improvement of governance structure, and effectively safeguarded the rights and interests of Shareholders, and promoted the sustainable and healthy development of the Company. For the sake of independence, objectiveness and fairness, the independent non-executive Directors faithfully performed their duties and safeguarded the overall interests of the Company, and was particularly concerned with the legitimate rights and interests of small and medium Shareholders, ensuring that the Board makes scientific and fair decisions independently. The attendance of Directors at the Board meetings in 2021 is as follows.

The attendance of Directors at the Board meetings in 2021

Name of Directors	Number of Board meetings required to attend	Number of meetings attended in person	Number of meetings attended by proxy	Number of resolutions required to vote	Number of resolutions actually voted
ZHONG Jinlong	13	13	0	50	50
LIU Hongsong ¹	1	1	0	1	1
HU Kainan	13	12	1	50	50
LIU Xinyi ²	8	8	0	28	28
MING Gang	13	13	0	50	50
LIU Feng	13	12	1	50	50
GAO Zhu	13	13	0	50	50
WANG Chuanshun	13	12	1	50	50
LI Dapeng ³	9	9	0	37	37
ZHENG Jianping	13	13	0	50	50
LIANG Zhongwei	13	13	0	50	50

¹ Mr. LIU Hongsong resigned as a non-executive Director of the Company on 10 March 2021.

² Mr. LIU Xinyi was appointed as a non-executive Director of the Company on 17 June 2021.

³ Mr. LI Dapeng resigned as an independent non-executive Director of the Company on 7 October 2021.

IV. PRIORITY WORK IN 2022

The year 2022 is a critical year for the Company's business transformation and high quality development, and also a year full of opportunities and challenges. In 2022, the Board of Directors will focus on the following:

(1) Implement comprehensive measures to enhance professional capabilities and promote the Company's continuous advancing in rankings

In 2022, the Company will fully implement the policies and plans of the central government, the provincial party committee and the provincial government and the "Four Cores" and "1142" general development ideas of the party committee of Zhongtai Securities, implement the enhanced "Three Ones" talent project; enhance the research capability and professional service capability; promote the transformation of wealth management; steadily develop risk management business; implement the "Three Same" business collaboration mechanism of the parent company and subsidiaries; continuously optimise the operational management system and mechanism; continuously strengthen the compliance and risk control management; adhere to industry benchmarking, continue to grow at the Company's own pace, achieve high quality development and promote the Company's continuous advancing in rankings.

(2) Continue to strengthen corporate governance and continuously improve the standard of compliant operation and decision-making

The Company's Board of Directors will further strengthen the corporate governance, improve the composition, operating ways and management of the Board of Directors, give full play to the professional support of the special committees of the Board of Directors strictly in accordance with the regulatory requirements of listed companies and based on the actual situation of the Company to ensure that the Board of Directors performs its duties and responsibilities, conscientiously implements the resolutions of the general meeting, actively and prudently makes decisions, and supervises and guides the management in organising and implementing the resolutions and decisions of the Board of Directors.

(3) Complete the election of new session of the Board of Directors and management members

At the end of 2022, the third session of the Board of Directors of the Company will expire. The Company will carefully study relevant laws and regulations and market cases, and fully communicate with Shareholders and Directors to formulate a detailed election plan, and make its best efforts to complete the election of new session of the Board of Directors and management members, so as to achieve a smooth transition of the decision-making body and management of the Company and lay a solid foundation of corporate governance for the sustainable and healthy development of the Company in the future.

(4) Improve information disclosure quality, and properly manage investor relationship

In strict compliance with domestic and foreign laws, regulations and regulatory requirements, information disclosure will be made in a more proactive and timely manner, to further improve the standards and quality of information disclosure, enabling investors to make rational judgments and decisions; carry out insider management and put more efforts on keeping inside information confidential in strict accordance with regulatory requirements; increase engagement with investors and other stakeholders, so that the Company can impress the capital market positively.

(5) Firmly adhere to the goal of zero demerit point for compliance and risk control to effectively manage risks

The Board of Directors will firmly adhere to the goal of zero demerit point for compliance and risk control, establish and improve the compliance and risk control system, and implement and refine the compliance and risk control management of all business lines. The Board of Directors will enforce strict accountability and implement compliance and risk control assessments. It will strengthen the management of compliance and risk control posts in all business lines, and give full play to their functions of review, monitoring, inspection and supervision. It will also conscientiously implement the requirements of comprehensive risk management, enhance the professional standards of risk management and ensure that risks can be detected, controlled and within tolerable limits.

(6) Fulfill its social responsibilities actively

As a state-owned financial listed company, the Company will further enhance its sense of responsibility and mission, by giving full play to the functions of futures and derivatives in the economic activities, including the important role of “futures + insurance” project in rural revitalization, and further expand the coverage of the project. Further, we will proceed with the rural revitalization strategy in all aspects based on the achievements made in poverty alleviation, demonstrating our commitment to our social responsibilities.

ZHONGTAI FUTURES COMPANY LIMITED
(FORMERLY KNOWN AS LUZHENG FUTURES COMPANY LIMITED)
WORK REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2021

In 2021, the Supervisory Committee independently exercised its supervision functions and performed its duties, kept themselves informed of and supervised the Company's operating activities, financial status, execution of major decisions, general meetings and Board resolutions, and also supervised the compliance of the Company in operation and the performance of duties by the Directors and senior management in strict compliance with the requirements of the Company Law of the People's Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Articles of Association of ZHONGTAI FUTURES Company Limited, the Rules of Procedure of the Supervisory Committee of ZHONGTAI FUTURES Company Limited, and other relevant laws and regulations. The work report of the Supervisory Committee for the year 2021 is as follows.

I. ROUTINE WORK OF THE SUPERVISORY COMMITTEE IN 2021

Details of the meetings held by the Supervisory Committee of the Company in 2021 are as follows:

- (I) The fifth meeting of the third session of the Supervisory Committee was held on 25 March 2021. The following five proposals were approved by voting at the meeting and through video:
1. The Proposal on the Work Report of the General Manager of ZHONGTAI FUTURES Company Limited for the Year 2020 (關於中泰期貨股份有限公司2020年度總經理工作報告的議案);
 2. The Proposal on the Work Report of the Supervisory Committee of ZHONGTAI FUTURES Company Limited for the Year 2020 (關於中泰期貨股份有限公司2020年度監事會工作報告的議案);
 3. The Proposal on the Annual Report (International Financial Reporting Standards) of ZHONGTAI FUTURES Company Limited for the Year 2020 (關於中泰期貨股份有限公司2020年度報告(國際財務報告準則)的議案);
 4. The Proposal on the Annual Report (China Accounting Standards for Business Enterprises) of ZHONGTAI FUTURES Company Limited for the Year 2020 (關於中泰期貨股份有限公司2020年度報告(中國企業會計準則)的議案);
 5. The Proposal on Profit Distribution Plan of ZHONGTAI FUTURES Company Limited for the Year 2020 (關於中泰期貨股份有限公司2020年度利潤分配的議案).

(II) The sixth meeting of the third session of the Supervisory Committee was held on 12 May 2021. The following proposals were approved by voting through correspondence:

1. The Proposal on the Work Report on Anti-Money Laundering of ZHONGTAI FUTURES Company Limited for the Year 2020 (關於中泰期貨股份有限公司2020年度反洗錢工作報告的議案);
2. The Proposal on the Work Report of Compliance and Risk Control of ZHONGTAI FUTURES Company Limited for the Year 2020 (關於中泰期貨股份有限公司2020年度合規風控工作報告的議案);
3. The Proposal on the Final Accounts (IFRSs) of ZHONGTAI FUTURES Company Limited for the Year 2020 (關於中泰期貨股份有限公司2020年度財務決算方案(國際財務報告準則)的議案);
4. The Proposal on the Financial Budget of ZHONGTAI FUTURES Company Limited for the Year 2021 (關於中泰期貨股份有限公司2021年度財務預算方案的議案);
5. The Proposal on the Self-inspection Report on Honest and Clean Conduct of ZHONGTAI FUTURES Company Limited for the Year 2020 (關於中泰期貨股份有限公司2020年度廉潔從業自查報告的議案).

(III) The seventh meeting of the third session of the Supervisory Committee was held on 26 August 2021. The following proposal was approved by voting at the meeting and through video:

The Proposal on the Interim Report of ZHONGTAI FUTURES Company Limited for the Year 2021 (關於中泰期貨股份有限公司2021年度中期報告的議案).

II. MAJOR WORK OF THE SUPERVISORY COMMITTEE IN 2021

(1) Supervision and inspection of daily operating activities

In 2021, the Supervisory Committee persevered in daily supervision and inspection of the Company's operating activities despite travel restriction during the Pandemic prevention and control period. Firstly, it carried out supervision and inspection of eight branches in Weifang, Dongying, Wenzhou, Jining, Rizhao, Shenyang, Linyi and Qingdao; secondly, it carried out special internal inspection on the business operation of risk management subsidiaries; thirdly, it conducted special supervision and inspection on the compliance and risk control, anti-money laundering work and honest and clean practices of the Company in the year.

(2) Supervision and inspection of financial status and major investments

In 2021, the Supervisory Committee reviewed the Company's financial reports regularly or irregularly, to update itself about the Company's assets and liabilities, cash flow and results of operation, and other financial information in a timely manner. It paid close attention to the liquidity of the Company's own funds, customer margin, and net capital and other risk regulatory indicators. At the same time, it monitored and inspected the legal compliance of the Company's major investment decision-making procedures irregularly.

(3) Supervision and inspection of the duty-performance of the Directors and senior management

In 2021, members of the Supervisory Committee reviewed and approved the summary minutes of the meetings held by the general manager's office, implemented its supervision and inspection functions, stayed informed of the Company's business management activities and decision-making process on major issues in a timely manner, and monitored the duty-performance by the Company's senior management by attending the general meetings of shareholders, the Board meetings and the annual management meeting of the Company.

(4) Improving the ability of the Supervisory Committee to perform their duties

In 2021, in accordance with the standard requirements for the operation of listed companies of the Hong Kong Stock Exchange and in light of the actual conditions of the Company, arrangements were made for the members of the Supervisory Committee to learn the latest regulatory policies and regulations continuously, and understand the relevant laws and regulations relating to listing and regulatory rules so as to strengthen the Supervisors' ability to perform their duties, and ensure that all tasks of the Supervisory Committee were done in a satisfactory manner.

III. REVIEW OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS OF THE COMPANY IN 2021

In 2021, the Supervisory Committee supervised and inspected such aspects of the Company as finance, legal operation, major decisions and significant operating activities, and attended the general meeting, meetings of the Board and the working meetings of the management as required. Based on the foregoing, the Supervisory Committee issued the following opinions.

- (i) The Supervisory Committee believed that: in 2021, the overall operating activities of the Company were in compliance with related national laws, regulations and related requirements of regulatory policies; the Board practically implemented all resolutions and key decision-making procedures conformed to the requirements of the Company Law and the Articles of Association; the Directors and senior management tried their best in performing their duties pursuant to national laws, regulations and requirements of the Articles of Association and strictly executed all resolutions of the general meetings and the Board, and did not breach any national laws and regulations and the Articles of Association or harm the interest of the Company when discharging their duties in the Company.

- (ii) The Supervisory Committee believed that: in 2021, the financial and accounting system of the Company was sound, and the financial operation was legal. The financial statements prepared by the Company gave a true, objective and accurate picture of the financial conditions of the Company. According to requirements of International Financial Reporting Standards and Accounting Standard for China Enterprises, PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP issued standard and unqualified audit reports, respectively, which gave a true and fair picture of the financial performance and operating results of the Company in 2021.
- (iii) The Supervisory Committee believed that: in 2021, the Company has established an appropriate internal control system in all material aspects and the overall internal control system has been sound and operated effectively, thus ensuring normal production and operation.
- (iv) The Supervisory Committee believed that: in 2021, the transactions between the Company and its Controlling Shareholder Shandong Steel Group and its connected persons, and its Controlling Shareholder Zhongtai Securities and its connected persons, were entered into in line with the general market transaction principles. The prices were fair and the information disclosure was complete, and relevant procedures were implemented to ensure that the transactions were fair and reasonable, and no use of connected transactions was found to harm the interests of the Company and other small and medium Shareholders.
- (v) The Supervisory Committee believed that: in 2021, no illegal external guarantees, debt restructurings, non-monetary transactions, asset replacements, major acquisitions or disposal of assets were found. There was no incidents that harmed the interests of the Shareholders of the Company or resulted in the loss of assets of the Company.
- (vi) The Supervisory Committee believed that: in 2021, the Company had implemented relevant regulations and strictly controlled the scope of insiders when dealing with periodic report preparation, profit distribution, and external investment. There were no such incidents as disclosure of secrets, insider transactions, or illegal trading of the Company's Shares by Directors, Supervisors, senior management and other insiders.

IV. WORK PLAN OF THE SUPERVISORY COMMITTEE IN 2022**(1) Enhance the ability to perform its duties and insist on serving the overall direction**

The Supervisory Committee will work towards the strategic development goals determined by the shareholders' general meeting and the Board. It will continue to exercise strict supervision of key areas and important parts of operation, and play a role of stable supervision and continuous supervision so as to forge ahead with conviction and become a ballast stone in the Company's future development. Firstly, it will faithfully perform its duties in accordance with the laws and regulations, further promote the Company's lawful operation and protect the interests of the Company and all shareholders as a whole; secondly, it will take effective measures such as attending the general meetings of Shareholders and Board meetings and holding regular meetings of the Supervisory Committee so as to carefully investigate and research issues of concern to Shareholders and employees, and make recommendation and rational suggestions to the Board; thirdly, it will give full play to the Supervisory Committee's supervising, serving and ensuring functions, to make the decision-making process of the Company more scientific, democratic and legal, and boost the healthy development of the Company.

(2) Strengthen daily supervision and safeguard the interests of the Company

The Supervisory Committee will continue to strengthen supervision of major matters such as the comprehensiveness and effectiveness of the Company's lawful operation, financial management, construction and implementation of the internal control system, connected transactions, external investment and guarantees and anti-money laundering work in accordance with laws and regulations to ensure that the true, accurate and complete information is disclosed in a timely manner. It will seriously supervise the performance of duties by Directors and Senior Management of the Company, and offer suggestions in a timely manner once problems are found, to protect the Company's interests from being infringed.

(3) Prevent risks in a practical manner and extend functions

The Supervisory Committee will play the role of an immune system, by supervising, coordinating and controlling the relationship between business development and risk prevention, and promote the Company to enhance its comprehensive capabilities in risk pre-research and prediction and full-coverage disposal of risks, and play a more prominent role in risk management.

(4) Improve the ability of the Supervisory Committee to perform their duties

The Supervisory Committee will continue to make arrangements for members of the Supervisory Committee to learn national laws and regulations, the latest regulatory policies and regulations, and financial knowledge, and train them for identifying, analyzing and solving problems, so that they dare to supervise and are good at supervision, and conduct targeted and effective supervision, pushing the Supervisory Committee to function better and better.