The background of the entire page is a close-up photograph of a golden wheat field. The wheat stalks are in sharp focus in the foreground, showing the texture of the grains and the awns. The background is a soft, out-of-focus field of similar wheat. A thick, curved red line sweeps across the bottom of the image, separating the wheat field from the white text area.

# 2016 Environmental, Social and Governance Report



**Efficiency · Honesty · Prudence · Innovation**



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The Board of Directors of the Company and all directors hereby warrant that there is no false representation, misleading statement or material omission in this report and shall be jointly and severally liable for the authenticity, accuracy and completeness of the contents of this report.

## Notes

### Scope

Organization scope of the report: This report discloses activities and performance of Huatai Securities Co., Ltd. (hereinafter referred to as "Company", "the Company", "We" or "Huatai Securities") actively assuming economic, social and environmental responsibility.

Reporting Period: January 1, 2016 to December 31, 2016. Portions of the content are beyond this period.

Reporting Cycle: Annual.

### Basis

This report is compiled in reference to the Guidelines for Sustainability Report (G4) of Global Reporting Initiative (GRI), Environmental, Social and Governance Reporting Guide of The Stock Exchange of Hong Kong and other standards, in compliance with the requirements set forth in Shanghai Stock Exchange's Notice on Strengthening Listed Companies' Assumption of Social Responsibility and on Issuing the Guidelines on Listed Companies' Environmental Information Disclosure, the Guidelines of Shanghai Stock Exchange for Environmental Information Disclosure of Listed Companies, and Appendix 2: Guidelines on Preparation of "Corporate Report on Performance of Social Responsibilities" of the Memorandum No. 1 on 2009 Annual Report for Listed Companies.

### Data Source

The data source is the audited annual financial report of the Company for 2016, except as otherwise noted. Other data are organized by various departments within the company.

## Compliance with the Environmental, Social and Governance Reporting Guide

The Company has complied with the "comply or explain" provisions set out in the Environmental, Social and Governance Reporting Guide and has made the disclosure of relevant information in this report.

### Accesses

HKEXnews website ([www.hkexnews.hk](http://www.hkexnews.hk))

Huatai Securities Co., Ltd. website ([www.htsc.com.cn](http://www.htsc.com.cn))

# Overview of the Corporate Social Responsibility

## Company Overview

### 1. Company profile

Huatai Securities is a large-scale comprehensive securities holding group that has developed along with the Chinese capital market. Over the past 20 years, always adhering to the principles of client-centricity and prudent operation, the Company has become the "transcender" in the era of industry transition by seizing the historical opportunities in the reform and innovation of the capital market and the securities industry. As of the end of the reporting period, the Company's market share of brokerage business has maintained growth for 4 consecutive years and has ranked the 1<sup>st</sup> in the industry for 3 consecutive years. The number of projects in investment banking M&A business has ranked 1<sup>st</sup> in the industry for 5 consecutive years, with the amount of stock underwriting ranking 3<sup>rd</sup> in the industry, the amount of bond underwriting ranking the 7<sup>th</sup> in the industry, and the total size of the asset management business ranking the 2<sup>nd</sup> in the industry. Huatai Futures Co., Ltd. (hereinafter referred to as "Huatai Futures") has risen to the top three in the industry in terms of the size of client equity.

The market share of the brokerage business ranked **NO.1** for three consecutive years in the industry

The number of merger, acquisition and reorganization businesses of investment banks ranked **NO.1** or five consecutive years in the industry

Going through several acquisitions, the Company has constantly set up professional subsidiaries, and formed the structure of a securities holding group by actively exploring the market while continuing to grow and develop through acquisitions and mergers. As of the end of the reporting period, the Company has four wholly-owned subsidiaries including Huatai Securities (Shanghai) Asset Management Co., Ltd. (hereinafter referred to as "Huatai Asset Management"), Huatai Financial Holdings (Hong Kong) Limited (hereinafter referred to as "Huatai Hong Kong"), Huatai Zijin Investment Co., Ltd. (hereinafter referred to as "Huatai Zijin"), Huatai Innovation Investment Co., Ltd. (hereinafter referred to as "Huatai Innovation"); has controlling interests in 3 subsidiaries including Huatai United Securities Co., Ltd. (hereinafter referred to as "Huatai United"), Huatai Futures Co., Ltd., and Jiangsu Equity Exchange Co., Ltd. (hereinafter referred to as "Jiangsu Equity Exchange"). In 2016, the Company successfully acquired AssetMark Financial Holdings (hereinafter referred to as "AssetMark"), an US

The amount of stock underwriting ranked **NO.3** in the industry



wealth management technology platform provider, to take a new step towards internationalization. The Group's business covers securities, funds, futures, direct investment, overseas business and other business areas, building a comprehensive securities financial services platform for on-exchange and over-the-counter, domestic and overseas, and buyers and sellers alike.

The Company has drawn up a "Development Plan for Huatai Securities Co., Ltd. from 2016 to 2020". In the future, the Company will adhere to the core values of "efficiency, honesty, prudence and innovation" and the business philosophy of "focusing on client service, oriented by client demand, aiming at client satisfaction", and will strive to be a world-class comprehensive financial group with both local strengths and global vision, and a financial institution with international competitiveness, brand influence and systemic importance. The Company will ground itself firmly on the domestic capital market while opening up the international capital market, and will leverage the advantages in securities businesses to actively expand comprehensive management and create a large-scale modern investment bank with leading comprehensive strength, distinctive business characteristics, and outstanding core competitiveness in the Asia-Pacific region. The Company will accelerate its efforts in layout of five areas including construction of the full-service chain system, innovation and development, financial technology, collectivization management, and international development.

## 2. Operating results and contributions to social and economic development by the company

Total Assets

RMB 401.450 billion

Total Equity Attributable to Shareholders

RMB 84.357 billion

Total Revenue and Other Income

RMB 24.632 billion

Profit for the year - attributable to shareholders

RMB 6.271 billion

In 2016, the Company overcame the complex and volatile market challenges, and continued to deepen the reform and transformation, further enhancing the comprehensive strength and industry status. In 2016, the total assets of the Company amounted to RMB401.450 billion, and the total equity attributable to shareholders of the Company amounted to RMB84.357 billion. The total revenue and other income amounted to RMB24.632 billion. The profit for the year was RMB6.519 billion, and the profit attributable to the shareholders of the Company was RMB6.271 billion.

Table 1: Operating Results and Contributions to Social and Economic Development by Huatai Securities (Consolidated)

Currency: RMB Unit: RMB'000

Operating results	2016	2015	2014
Total revenue and other income	24,631,628	39,415,525	15,978,485
Profit for the year - attributable to shareholders	6,270,612	10,696,871	4,486,276
Total assets	401,450,397	452,614,615	272,226,036
Total equity attributable to shareholders	84,357,457	80,784,925	41,298,556
Basic earnings per share (yuan/share)	0.88	1.65	0.80
Weighted average return on net assets (%)	7.73	17.09	11.74
Contribution to social and economic development	2016	2015	2014
Corporate income tax	3,636,644	2,360,827	1,195,620
Business tax and extra charges	508,375	1,744,997	574,148
VAT	699,176	-	-
Undistributed profit	16,194,936	15,232,023	10,319,188
Distributed cash dividends	3,581,384	2,800,000	840,000
Interest expense	5,930,596	6,145,173	1,829,528
Securities Investor Protection Fund	169,431	123,410	42,053
Public welfare donations	10,833	6,067	1,554
Staff costs	4,338,369	4,412,816	2,521,883



## Major Honors Received by the Company in 2016



### 1. Major honors received by Huatai Securities in 2016

Winning unit	Award	Awarding organization	Time
Huatai Securities	One of the first leading enterprises in the hundred enterprises upgraded pioneer project of Jiangsu Province manufacturing service industry	Jiangsu Provincial Development and Reform Commission	November 2016
	Best Innovative Business of the Year	Hexun.com	January 2016
	Best Investment Vision in China's New Third Board of the Year 2015	China.com.cn	January 2016
	Best Securities Broker in China China 's Best Internet Security Company	Securities Times	July 2016
	2016 Best Market Maker in China's Stock Transfer System	Securities Times	April 2016
	2016 Best Securities Company Award	NetEase Annual Economist Conference, Netease Finance	January 2016
	2016 Top 10 Broker with Comprehensive Strength	21st Century Business Herald	August 2016
	2016 Best Prime Broker		
	2016 Broker Internet Innovation Award		
	Outstanding Market Maker in New Third Board	Cnfol.com	March 2016
	Public Service Honorary Award	The Community Chest of Hong Kong	June 2016
	Gold Award in Brand Building of Brand Business Group	TopDigital	June 2016
	Participated project awarded Outstanding Subject of Securities Association of China in 2016	Securities Association of China	November 2016
	2016 Chinese Financial Institutions Gold Medal List · Golden Dragon Award	Financial Times, Chinese Academy of Social Sciences Institute of Finance	December 2016
	2016 Most Innovative Securities Company		
	2016 China Social Responsibility "Responsible Product Award"	Xinhua News Agency, Research Center of Corporate Social Responsibility at the Chinese Academy of Social Sciences	December 2016



## 2. Major honors received by major subsidiaries of Huatai Securities in 2016

Winning unit	Award	Awarding organization	Time
Huatai United	Best Local Investment Bank Best Investment Bank in Overseas Markets Best Local M&A Investment Bank Best Investment Bank in Real Estate and Financial Industries Best Investment Bank in the TMT Industry	New Fortune	March 2016
	Best All-round Securities Investment Bank Best M&A Investment Bank	Securities Times	April 2016
	2015 Top 1 Investment Bank in China M&A Market (domestic) by ChinaVenture 2015 Top 5 Investment Bank in China M&A Market (cross-border) by ChinaVenture	ChinaVenture	April 2016
Huatai Asset Management	Best Consumer Finance Project Manager	Caishiv	January 2016
	Outstanding Trading Award of the Year	China Securitization Forum and Tsinghua University National Institute of Financial Research	April 2016
	2016 Top 10 Innovative Asset Management/Fund Products	Securities Times	July 2016
	2016 Best Active Asset Management Award 2016 ABS Most Powerful Manager Award	21st Century Business Herald	August 2016
	2016 Best Securities Assets Management Company	Sina Finance	November 2016
Huatai Futures	Top 30 Outstanding Members Aluminum Industry Service Award Silver Industry Service Award Steel Industry Service Award Natural Rubber Industry Service Award	Shanghai Futures Exchange	May 2016
	Outstanding Member Award Best Institutional Service Award Best Institutional Expansion Award Best Industrial Service Award	Dalian Commodity Exchange	January 2016
	Outstanding Member in Market Development, Outstanding Member in Industrial Services, Outstanding Member in Varieties Industrial Services and Outstanding Business Office	Zhengzhou Commodity Exchange	January 2016
	2016 "Pilot China" Outstanding Brand of the Year Award	JRJ.com	December 2016
	China's Best Futures Company China's Gold Futures Research Institute Gold Management Team in China's Futures Companies Best Capital Operations Development Award Best Financial Futures Service Award Best Futures Private Equity Incubation Award	Futures Daily Securities Times	October 2016
	2015 "Taurus" Passive Investment Fund Company 2015 "Taurus" Fund Management Company	China Securities Journal	March 2016
	The 13th China "Gold Fund" TOP Company Award	Shanghai Securities News	May 2016
China Southern Asset Management	The 11th China Fund Industry Star Fund Award · 2015 Top 10 Star Fund Companies	Securities Times	May 2016
Huatai PineBridge	"Taurus" Passive Investment Fund Company	China Securities Journal	March 2016
	2015 Gold Fund · Bond Return on Investment Fund Management Company	Shanghai Securities News	May 2016

# 01 Economic Construction

Serving for the Real Economy

- Helping local infrastructure construction and enterprise develop and grow
- Vigorously developing green finance
- Actively fulfilling tax obligations
- Targeted poverty alleviation







# Economic Construction

## /Serving for the Real Economy

The real economy is the most solid foundation for the development of financial institutions. The Company has maintained the concept of development for mutual benefits, and actively participated in the development of the real economy to contribute to economic construction with its own professional advantages and ability.

### 1. Helping local infrastructure construction and enterprise develop and grow

During the reporting period, the Company based on the concept of serving for investment and financing needs, actively gave full play to its investment banking, asset management and other professional advantages, and actively helped local infrastructure construction and enterprise develop and grow.

During the reporting period, the leading position and brand influence of Huatai United's mergers and acquisitions business stood out. According to statistics of WIND Info, Huatai United completed a total number of 40 mergers and acquisitions business transactions with a total transaction amount of RMB211.24 billion, which promoted the growth of enterprises and structural adjustment of industries. It completed a total of 45 lead underwriting for equity with an amount of RMB79.405 billion, ranking 3<sup>rd</sup> in the industry. It completed a total number of 128 lead underwriting for bond with an amount of RMB171.635 billion, ranking 7<sup>th</sup> in the industry and effectively meeting the needs of enterprises.

In respect of service for small and medium enterprises, Huatai United completed 2 small and medium-sized IPO projects for Doron Technology and TESIRO; and issued Small-micro Enterprise Credit-added Collective Bonds for Chongqing Hechuan Industrial Investment (Group) Co., Ltd.. Jiangsu Equity Exchange provided listing, equity transactions, financing and other services for micro, small and medium enterprises in Jiangsu Province. During the reporting period, with the opening of the "Specialized, Delicate, Unique, Innovative" board by Jiangsu Equity Exchange, 100 enterprises from 13 cities in Jiangsu Province has been successfully listed on the board, including small and medium enterprises in advanced manufacturing, modern service industry and traditional advantageous industries. At the end of the reporting period, Jiangsu Equity Exchange had 1,139 listed companies, including 13 on value board and 1,126 on growth board. It set up Jiangsu Small and Micro Enterprises Financing Products Trading Center jointly with Jiangsu Exchange Depository and Clearing Co., Ltd., and successfully issued various types of financial products totaling RMB16.401 billion, of which the cumulative amount of small and micro enterprise bonds issued reached RMB6.549 billion, serving for 1,084 small and micro enterprises and actively exploring the solution to financing problems of micro, small and medium enterprises.

### 2. Vigorously developing green finance

The Company actively responded to the call of the government to establish a green financial system, and firmly put green service development into action. During the reporting period, Huatai United achieved major breakthroughs in green finance bonds, green corporate bonds and green enterprise bonds, and issued RMB50 billion green financial bond for Shanghai Pudong Development Bank, which is the first green financial bond; and issued RMB1 billion small public green corporate bond and RMB1 billion private green corporate bond for China Datang Corporation Renewable Power Co., Ltd.. In the "Green Public Service List" released by Securities Association of China on November 4, 2016, Huatai United ranked 2<sup>nd</sup> in terms of the number of green bonds in lead underwriting, and 8<sup>th</sup> in terms

The total amount of transaction of the merger, acquisition and reorganization business was

RMB 211.24 billion

and it has completed 40 transactions in merger, acquisition and reorganization business

The total amount of equity lead-underwriting was

RMB 79.405 billion

and it has completed 45 times of equity lead-underwriting in total, ranking NO.3 in the industry

The amount of equity lead-underwriting was

RMB 171.635 billion

and it has completed 128 times of debt underwriting, ranking NO.7 in the industry



SPD Bank

RMB 50 billion

The first green finance bond

Datang Corporation Renewable Power

Each RMB 1 billion

Small public offering green corporate bond and private equity green corporate bond

Environmental Public Welfare List

The number of green bonds mainly underwritten by Huatai United ranked NO.2, and the issuing scale ranked NO.8

of issuance size. Huatai United also won the 2016 SSE Green Enterprise Bond Contribution Award. Huatai United focused on supporting financing of energy-saving and emission reduction, pollution control, ecological protection and other environmental protection enterprises, and led the acquisition of Mu He Water-Saving by Kingland Technology, the acquisition of Besun Group by New Hope Group, the acquisition of Luluxing by M Grass and other M&A, with a transaction amount of about RMB2.5 billion.

Huatai Asset Management actively gave full play to the advantages of brokerage asset management business, and launched the first central enterprise green ABS and the first solid waste treatment industry environmental protection ABS - China Resources Reuse ABS, and Huatai Asset Management - Gezhouba Green Asset-Backed Special Plan of Hydropower Grid Toll Right, helping the development of green industry in an innovative way.

### 3. Actively fulfilling tax obligations

The Company has taken paying taxes according to law as the basic requirement of conducting business activities, constantly enhanced consciousness and compliance of tax payment among its employees, and paid all taxes on time and in full. During the reporting period, the Company actively responded to the government's overall plan of "the Change from Business Tax to Value-Added Tax" and formulated practical plans, which was successfully implemented before May 1. During the reporting period, the Company paid corporate income tax of RMB3,636,643,500, business tax and extra charges of RMB508,390,800 and VAT of RMB699,176,100, respectively.

### 4. Targeted poverty alleviation

During the reporting period, the Company actively implemented the "Decision of the CPC Central Committee and the State Council on Winning the Tough Battle against Poverty" (CPC Central Committee [2015] No. 34) and the spirit of the Central Working Conference on Poverty Alleviation and Development, as well as "Opinions of China Securities Regulatory Commission on Giving Full Play to the Role of Capital Market in Serving for the State's Poverty Alleviation Strategy", and reached a pair-help agreement with Jinzhai County of Anhui Province and specially developed a targeted poverty alleviation plan after 22 consecutive years of counterpart poverty alleviation efforts in the northern part of Jiangsu.

- Counterpart-assistance and support in Jiangsu Province.** Since 1994, the Company has been participating in the poverty alleviation task force of Jiangsu Province. The Company conducted targeted poverty alleviation efforts in Suining County before 2015, and in Feng County since 2015. Over the past 22 years, the Company has arranged relevant personnel to participate in poverty alleviation work every year and allocated an annual amount of RMB450,000 for poverty alleviation with a total payment of RMB10 million for counterpart-assistance and support in Jiangsu Province. In 2016, the Company launched the construction of a counterpart-assistance and support project of "preservation store for 600 tons of fruits and vegetables" in Honglou Village, Liangzhai Town, Feng County to promote the industrialized operation of agriculture, and the development of packaging, transportation, maintenance and other related industries. After a year of hard work, the collective economic income of Honglou Village reached RMB225,000, surpassing the poverty alleviation standard of RMB180,000 of Jiangsu Province, with 33 low-income households and 109 farmers establishing card for archives, and a per capita income of above RMB6,000.
- One Company for One County" pair-help in Jinzhai County of Anhui Province.** In October 2016, the Company actively responded to China Securities Industry Association's Call for Action of "One Company for One County" to help the state-level poverty-stricken counties, and reached a pair-help agreement with Jinzhai County of Anhui Province. The Company will fully rely on the existing culture, tourism, location, products and other resources of Jinzhai County, help Jinzhai County promote targeted poverty alleviation and poverty elimination, and accelerate the development of county economy by giving full play to financial professional advantages. Up to now, the Company has carried out a training session on the interpretation of the policy of poverty alleviation through capital and investment attraction by prospective listed enterprises for 500 leaders and cadres at all levels of Jinzhai, giving a detailed explanation of status of China's capital market, poverty alleviation policy and operation, IPO conditions and concerns, and offering much reasonable advice on investment attraction. Conducting investment attraction based on the characteristics of industries in Jinzhai, the Company has introduced and assisted 4 companies to register in Jinzhai.

## Targeted Poverty Alleviation Plan of Huatai Securities:

### 1. Basic strategy

targeted poverty alleviation and poverty elimination.

### 2. Overall goal

helping poor counties achieve poverty alleviation as soon as possible by giving full play to the Company's talent, intelligence, resources, capital and other advantages.

### 3. Main task

leveraging local resource endowments, actively helping the poor and poverty-stricken areas develop characteristic industries, and enhancing the inherent driving force of economic development with the capital market.

### 4. Guarantee measures

1/ Setting up financial poverty alleviation working sites: setting up financial poverty alleviation working sites in poverty-stricken areas, and establishing a long-term mechanism for pair-help.

2/ Setting up business offices: when conditions permit, setting up business offices in poverty-stricken areas, spreading the philosophy of rational investment, and promoting the healthy development of local capital market.

3/ Providing help and support services in multi-level capital markets.

① meeting the listing training and incubation needs of enterprises in poor counties, actively recommending qualified enterprises to go listing, helping county enterprises to regulate governance, and providing advice and suggestions for enterprises to enter the capital market.

② actively participating in the structural reform of the supply side of the poor counties, and providing differentiated financial services to enterprises of different sizes, different types and in different growth stages.

③ carrying out financial knowledge training.

#### 4/ Providing industrial services for poverty alleviation.

① providing support services for the establishment of industrial fund in poverty-stricken counties, actively participating in guiding the management and the operation of the fund, providing investment and financing and management consulting services for small and medium enterprises in poor counties, and broadening the financing channels to promote economic development and industrial upgrading of poor counties.

② actively helping the poor counties carry out investment attraction and promotion based on the industrial development of poverty-stricken counties.

5/ Providing consumption services for poverty alleviation: actively leveraging the consumption poverty alleviation business platform of CHINA OTCTOP to help broaden sales channels for characteristic agricultural products in poor counties and promote income increase for farmers and industrial development.

6/ Providing education services for poverty alleviation: organizing outstanding internal lecturers to communicate with vocational colleges in poor counties, to help develop financial professionals and to provide strong human resources support for the long-term development of poor counties.

7/ Providing employment services for poverty alleviation: under the same conditions, preference will be given to graduates from poor households that have established card for archives in pair-help poor counties, to help solve the problem of employment of poor families.

#### 8/ Providing public welfare services for poverty alleviation.

① carrying out targeted poverty alleviation activities, organizing caring people to make donations to poor villages, and poor households that established card for archives.

② carrying out the construction of care for children homes and other types of public welfare activities to promote the development of public welfare undertakings in poor counties.

9/ Actively promoting the local characteristic resources: taking into account the Company itself and the reality of poor areas, actively promoting characteristic resources in local ecology, tourism and education and other aspects, such as establishing targeted red education bases with old revolutionary base areas.

10/ Selecting personnel to take up temporary posts: selecting politically qualified and responsible personnel with strong professional skills, organizational and coordination capabilities to take up temporary posts in the poor counties according to the needs of poor areas to carry out targeted talent help.



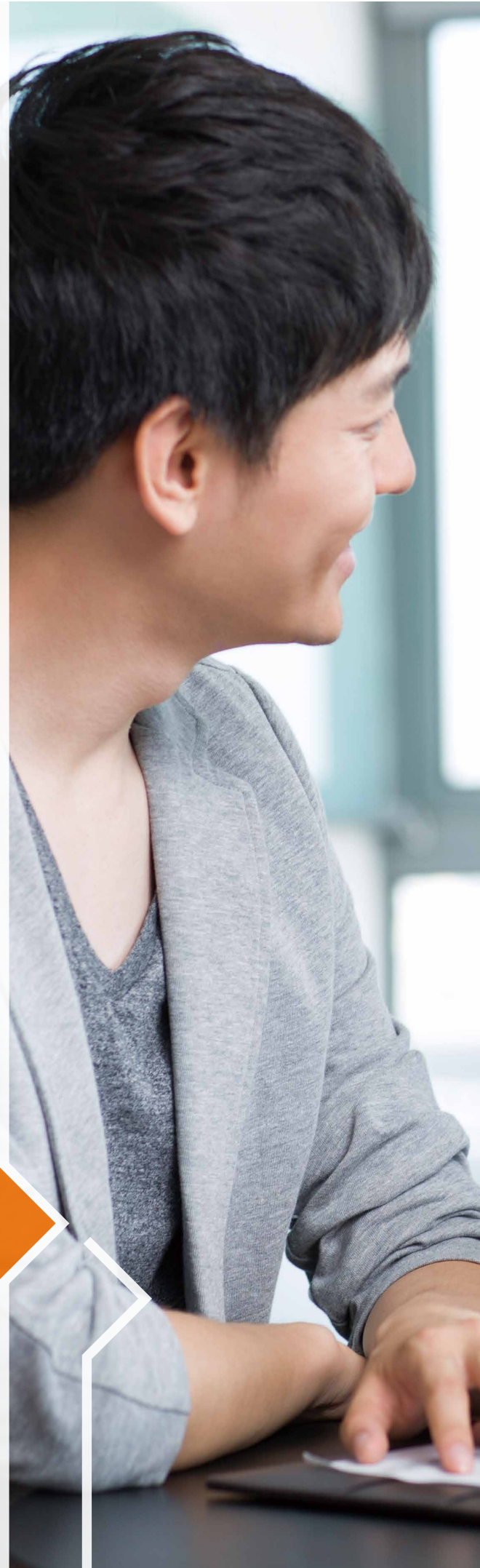


# 02

## Trust from Clients

### Professionalism in Client Service

- Brokerage and wealth management services
- Investment banking services
- Asset management business
- Research services
- Cross-border services
- Customer rights and interests protection mechanism







# Trust from Clients

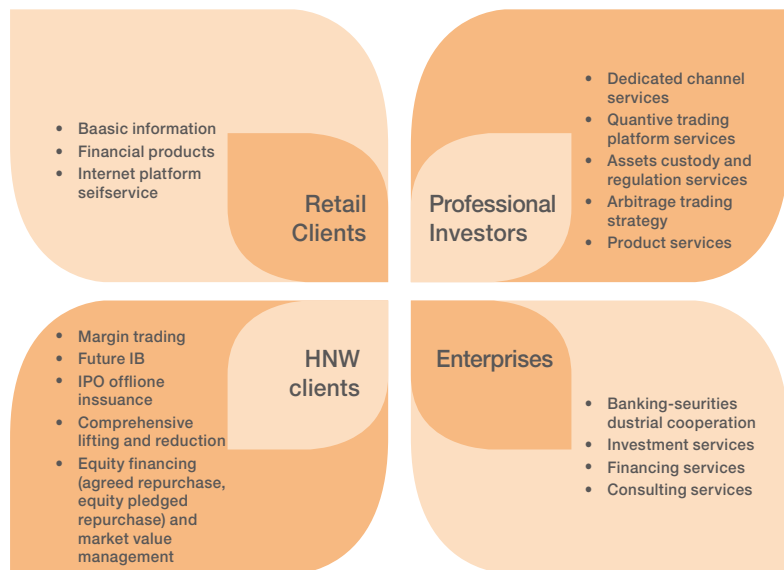
## /Professionalism in Client Service

Client is the most solid foundation of the Company's survival and sustainable development. Client satisfaction is the goal that the Company has been pursuing. The Company continues to improve its professional service capabilities, and strives to create value for clients.

### 1. Brokerage and wealth management services

The Company is the forerunner in exploring and promoting the transition of brokerage business from channel services to financial services in domestic securities industry, and the pioneer in implementing the Internet strategy. The Company boldly takes the initiative to reduce the channel service prices to benefit clients, while constantly strengthening its own capacity, and striving to provide wealth management services to help clients achieve asset value preservation. At present, the Company has created both online and offline service with "ZhangLe Fortune Path" as the online platform, and 29 branches and 242 business offices as offline channels, and relied on the business structure of the full-service business chain and diverse service and product systems to provide all-round and comprehensive securities financial services for professional investors, enterprises, high net worth clients and retail clients.

During the reporting period, the Company focused on the transformation toward wealth management, actively built a new brokerage business model with comprehensive financial services as the core in system norms, from team forging, service resources and system platform and other aspects, and continued to enhance professional service capabilities to meet diversified demands from clients. The Company based itself on building the wealth management expert around customers, continued to optimize



Balance of margin trading business  
of the parent company reached

RMB **55.143** billion

Market share of **5.87%**

Ranking **NO.2** in the market

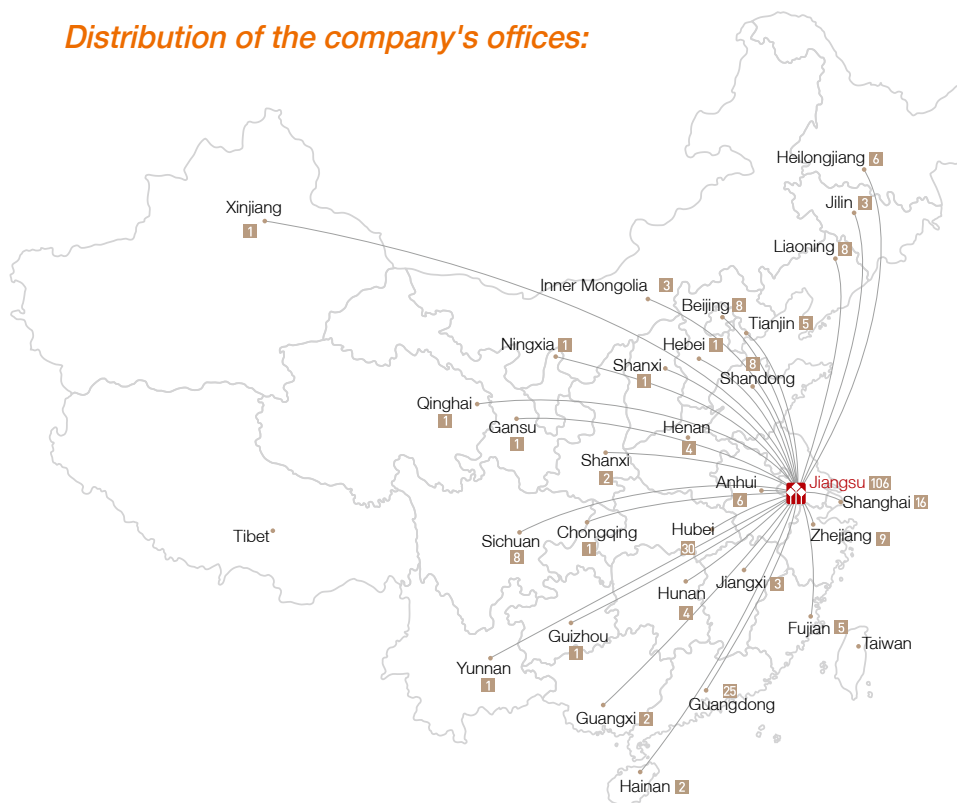
the office layout, and promoted the transformation of offices in Nanjing, Shanghai and other branches to improve client service. According to statistics of WIND Info, the Company's stock fund trading volume totaled RMB24.52 trillion in 2016, with a market share of 8.85%.

In order to meet the clients' demand for convenience in the Internet era, the Company has built the industry's leading mobile service platform - "ZhangLe Fortune Path", which includes features such as account opening, business processing, securities trading, investment and financing, account management, and market information. Since its launch, the cumulative download volume has reached 26.3678 million. During the reporting period, the Company listened closely to clients' demands, and successfully introduced a number of initiative features in the industry, such as the industry's first Shanghai and Shenzhen Level-2 ten quotations service system, smart new shares buying tool, audio information system, margin account "emergency withdrawals", real-time display of financial products income and real-time display of net worth of net worth products, and Shenzhen-Hong Kong Stock Connect and Shanghai-Hong Kong Stock Connect simultaneous opening with one click. The number of client accounts opened by the Company's mobile terminal accounted for 91.18% of the total number of client accounts. According to statistics of Analysys think tank, daily active users of the Company's mobile terminal "ZhangLe Fortune Path" ranked 1<sup>st</sup> in the brokerage category of APPs.

In order to meet the diversified financing needs of clients, the Company established a diversified credit business pattern with margin financing and stock pledge as the lead, refinancing, equity incentive financing, restricted stock financing and other innovative financing businesses as the wings. At the same time, the Company effectively promoted the client service system and deepened the connotation of products and services. As at the end of the reporting period, the balance of the parent company's margin trading business was RMB55.143 billion, with a market share of 5.87%, ranking 2<sup>nd</sup> in the market.

Huatai Futures actively promoted the complete closed-loop of futures business and the misplaced integration with the Group's business chain, effectively filling the gap in customer service. As of December 31, 2016, the size of owned customer equity reached RMB21.336 billion (including agency trading members), becoming the industry's top three for the first time.

### *Distribution of the company's offices:*



## 2. Investment banking services

Huatai United is a professional subsidiary of the Company focusing on providing investment banking services. It has formed a large investment banking business model of "specialized division of labor + systematic coordination" and a human resource goal orientation of "account manager + product expert + industry expert", and is able to provide business customers and government agencies with a package of high-quality securities underwriting, financial advisory and other professional investment banking services. During the reporting period, it completed IPO for Hua'an Securities, acquisition and reorganization for China Yangtze Power and mergers and acquisitions for Xiwang Food.

**1/ Financial advisory services:** The Company adhered to customer perspective and forward-looking thinking and gave full play to the comprehensive advantage of a large investment bank from the perspective of industrial layout and strategy to provide mergers and acquisitions-based financial advisory services for domestic enterprises. At present, the Company has realized the philosophy of "We have what others have not, and ours are better in quality than others and will innovate ours when others improve", with its professional capability being widely recognized by the market, and the market influence and reputation growing.

### **Focus Media**

The largest transaction of China Concepts Stock returning to A-share market

Acting as the chief independent financial adviser, the Company participated in and led the program design, red chip removal, old shares sold by PE investors, negotiation with listed companies, implementation of reverse merger plan and other core phases.

### **China Yangtze Power**

The largest amount disclosed among A-share restructuring projects in 2015

The Company assisted China Yangtze Power in its acquisition of Chuanyun. After the completion of the project, the business scale, installed capacity, comprehensive strength and core competitiveness of China Yangtze Power have been effectively improved, which consolidates its leading position in the industry.

### **Shenwan Hongyuan Securities**

The largest restructuring case in the securities industry

The Company acted as the project general coordinator. After the merger, the Company became a strong broker ranking 1<sup>st</sup> in income, 3<sup>rd</sup> in net profit, 5<sup>th</sup> in the size of total assets, and 4<sup>th</sup> in the size of net assets (data from 2014).

### **BlueFocus**

All-round capital operation services helping the enterprise achieve big leaps in growth. During the period

of 2011 and 2013, the Company provided continuous in-depth services from the listing sponsor to the financial adviser of M&A and helped build an integrated marketing communication service chain.

### **Meinian Onehealth**

Top 1 A share in health management

The Company provided financing services, locked the transactions in the first place and cleverly designed transaction structures, achieving industrial integration and completion of reverse merger simultaneously.

### **Nanjing Xinjiekou Department Store**

The largest amount of a single overseas investment by A-share listed companies in the retail industry

The Company assisted SanPower Group (Nanjing Xinjiekou Department Store) to acquire the old department store House of Fraser, which is the largest overseas retail investment by Chinese enterprises with the transaction amounting to GBP 200 million.

### **SDIC Essence**

The first transaction of a listed company in the industry to purchase financial assets by issuing shares

The Company assisted the cross-industry integration of SDIC Essence, providing a new reference path for the industrial transformation of listed companies and asset securitization of financial enterprises.

**2/ Equity underwriting service:** The Company provides equity underwriting service for PRC corporate clients, including follow-on refinancing (private placement and rights issues), convertible bond offerings and IPOs. We adhere to the "industry-oriented and customer-centric" strategy, focus on and deeply expand the TMT, great health, consumption, finance, energy and environmental protection industries, strengthen the capacity to provide customers with a package of services and continue to increase customer loyalty. With the Company's strategic partners continuing to expand, the Company ranked the first in the TMT industry market for three consecutive years.



Non-public offering

In 2016, we assisted GRGBanking in non-public offering of shares to raise RMB3.137 billion. We also enhanced the proportion of state-owned shares, introduced employee shareholding plan and established the good business and employee benefit sharing mechanism.



Ranking 3<sup>rd</sup> in the amount of funds raised through IPO in 2016

In 2016, we assisted HUAAN SECURITIES in successful completion of the initial public offering to raise funds of RMB5.128 billion, which makes us rank 3<sup>rd</sup> in the amount of funds raised through IPO in 2016.



We created innovative solutions to deal with historical evolution and related transactions. We also assisted it in the formulation of strategies and measures through in-depth industry research to deal with the impacts and challenges of triple network integration, Internet TV and other new businesses.



Non-public offering

In 2014, we assisted Guangzhou Friendship in the non-public offering to raise over RMB10 billion for the acquisition of YUEXIU FINANCIAL HOLDINGS, which kicks off the deep reform of the Guangzhou state-owned capital through capital market.

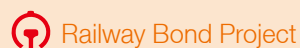
**3/ Debt underwriting service:** The Company has full-license bond underwriting business, which enables the Company to provide clients with underwriting services including corporate bonds, company bonds, private equity bonds for small and medium-sized enterprises, non-financial enterprise debt financing instruments and other various financial bonds and asset securitization.



We assisted the State Power Investment Corporation to complete the issuance of 5+N-year RMB4 billion renewable corporate bonds with the coupon rate of 3.65%, which makes us become one of the few existing brokers with the experience of underwriting of renewable corporate bonds in the market.



As an exclusive lead underwriter, we deeply explore market demand to determine a reasonable pricing strategy and complete the issue at the coupon rate of 4.28%, creating a new low interest rate of issuing the similar products of private enterprises during the same period.



We became an underwriting member of Railway Bond for the first time in 2011, that is, we obtained the lead underwriting qualification and our annual underwriting volume ranked 5th. We obtained the lead underwriting opportunities of Railway Bond for twice in 2011.



**China Yangtze Power Bond Project**

It is the first corporate bond underwritten by the Company. The issuance of such project marked the official opening of the corporate bond issuance pilot after the CSRC launched the Measures for Corporate Bonds Issuance Pilot and helped make a historical step for the development of China's corporate bond market.

**4/ OTC business:** We provide recommendation services as a chief broker to help unlisted companies enter the NEEQ for share quotation and transfer and actively arrange follow-on financing for listed companies; Jiangsu Equity Exchange under the Group can also provide us with cross-selling opportunities for our other business lines and help us explore and identify more investment opportunities for our private equity funds. We recommended the listing of 29 enterprises on the New Third Board and completed 29 times of private placement amounting to RMB2.428 billion for 25 listed companies; at the same time, we constantly promoted the chain of services to extend to the early enterprises and the combination between the Third Board and the FA business as well as establishing a package of service systems for early enterprises including the pricing, FA, the seller's adviser, Third Board private placement and direct investment.

### 3. Asset management business

Our asset management business mainly consists of asset management of securities firms, private equity fund management and public fund management to meet the diverse investment and financing needs of different customers through diversified financial products.

Huatai Asset Management was established on October 16, 2014 and registered in Shanghai, with registered capital of RMB2.6 billion. It is a wholly-owned subsidiary of the Company engaging in asset management business and also a leading integrated asset management platform of China's securities industry. As of the end of the reporting period, the total assets of Huatai Asset Management amounted to RMB883.32 billion, representing an increase of 43.77% as compared with the end of 2015. Among them, as for collective asset management business, Huatai Asset Management managed a total of 92 collective asset management schemes in an aggregate amount of RMB129.474 billion, representing an increase of 27.79% as compared with the end of 2015; as for targeted asset management business, Huatai Asset Management managed a total of 588 targeted asset management schemes in an aggregate amount of RMB718.705 billion, representing an increase of 43.81% as compared with the end of 2015; as for special asset management business, Huatai Asset Management established the leading advantages among peers in the consumer finance, bills, leasing, affordable housing, class credit financial assets, green industry assets and other fields. Huatai Asset Management managed a total of 34 special asset management schemes in an aggregate amount of RMB35.141 billion, representing an increase of 163.80% as compared with the end of 2015.



Huatai Zijin is a wholly-owned subsidiary of the Company engaging in the management of private equity funds with registered capital increased to RMB6 billion. It sets up a bridge between investment and financing for customers and effectively promotes business innovation. As of the end of 2016, Huatai Zijin totally set up 17 private equity investment funds. The details are as follows:



Table 2: The number and size of private equity funds

Currency: RMB

Direct investment fund	The size of subscription (subject to industrial and commercial registration)	Actual payment
Huatai Zijin (Jiangsu) Equity Investment Fund (Limited Partnership)	RMB1 billion	RMB1 billion
Beijing Huatai Ruilian Merger and Acquisition Fund (Limited Partnership)	RMB1 billion	RMB1 billion
Jiangsu Huatai Ruilian Merger and Acquisition Fund (Limited Partnership)	RMB9 billion	RMB9 billion
Nanjing Huatai Ruilian Merger and Acquisition Fund No. 1 (Limited Partnership)	RMB5.442 billion	RMB5.442 billion
Nanjing Huatai Ruilian Merger and Acquisition Fund No. 2 (Limited Partnership)	RMB2.902 billion	RMB2.902 billion
Nanjing Huatai Ruilian Merger and Acquisition Fund No. 3 (Limited Partnership)	RMB602 million	RMB602 million
Nanjing Huatai Ruilian Merger and Acquisition Fund No. 4 (Limited Partnership)	RMB52 million	RMB52 million
Shenzhen Huatai Ruilin Equity Management (Limited Partnership)	RMB1 billion	RMB500 million
Beijing Huatai Ruihe Medical Industry Investment (Limited Partnership)	RMB1 billion	RMB700 million
Jiangsu Industry and Information Industry Investment Fund (Limited Partnership)	RMB1.206 billion	RMB1.202 billion
Jiangsu Huatai Strategic Emerging Industry Investment Fund (Limited Partnership)	RMB2.50005 billion	RMB2.50005 billion
Jiangsu Huatai Internet Industry Investment Fund (Limited Partnership)	RMB500.05 million	RMB500.05 million
Yili Suxin Investment Fund (Limited Partnership)	RMB1.9 billion	RMB1.33 billion
Huatai Merchants (Jiangsu) Capital Market Investment Parent Fund (Limited Partnership)	RMB10.02 billion	RMB3 billion
Beijing Huatai New Industry Growth Investment Fund (Limited Partnership)	RMB2.523 billion	RMB1.2615 billion
Nanjing Huatai Great Health No.1 Equity Investment Partnership (Limited Partnership)	RMB1.4295 billion	RMB15 million
Nanjing Huatai Great Health No.2 Equity Investment Partnership (Limited Partnership)	RMB100 million	RMB0

**Huatai PineBridge**

The asset scale of mutual fund reached

RMB **97.488** billionManaging **46** mutual fund products, of which **11** were issued during the year

Achieving mutual fund dividends

RMB **1.134** billion**China Southern Asset Management**

The asset scale of mutual fund reached

RMB **391.486** billionand it has **116** mutual fund products under management

The asset scale of non-mutual fund reached

RMB **253.731** billion

The Company is the largest shareholder of Huatai PineBridge Fund Management Co., Ltd. (hereinafter referred to as "Huatai PineBridge") by holding 49% shares. Huatai PineBridge has established a product line of active equity investment, fixed income investment, quantitative investment and indexing (ETF) investment. As of the end of 2016, Huatai PineBridge managed 46 public offering funds in an aggregate amount of RMB97.488 billion. Among them, it issued a total of 11 public offering funds this year. Huatai PineBridge takes responsibility for protecting the interests of investors and strives to create investment value for investors. It achieved the fund dividends of RMB1.134 billion.

At the same time, the Company is also the largest shareholder of China Southern Asset Management Co., Ltd. (hereinafter referred to as "China Southern Asset Management") by holding 45% shares. China Southern Asset Management insists on the core concept of creating value for its customers and continuously enhances the ability to create value for customers, to expand market and to serve customers. As of the end of the reporting period, China Southern Asset Management managed 116 public offering funds in an aggregate amount of RMB391.486 billion and non-public offering funds amounted to an aggregate of RMB253.731 billion. China Southern Asset Management has developed into one of the fund management companies with the most abundant products, the most comprehensive business areas, the best operating performance and the largest asset management scale in China.

## 4. Research services

In 2016, the research institute focused on the company's research business plan of "delving into the industry and section, strengthening business linkage, and constantly building research business influence and market pricing". By strengthening team infrastructure, optimizing assessment mechanism, strengthening research and sales services integration and improving customer service quality, its ability to provide investment research services for institutional retails, buyers and sellers, and all types of customers in public and private offering markets has been constantly improved and the influence of its research business has been increased.

Table 3: Awards for research business in 2016

Awards	Awards in 2016	Awards in 2015
Best Analyst of New Fortune	The fourth place in the fastest progress of research institutions	The second place in the fastest progress of research institution
	The third place in the banking sector	The tenth place in the most influential research institutions
	The fifth place in the non-banking finance	The fourth place in the machinery industry
	The shortlisted in the machinery industry	The shortlisted in the banking industry
	The shortlisted in the light industry	The shortlisted in the non-banking financial institutions
	The shortlisted in the construction and engineering	The shortlisted in the home appliance industry
	The shortlisted in the home appliance industry	The shortlisted in the catering and tourism industry
	The shortlisted in the real estate industry	
	The third place in the Beijing sales	
Best Analyst of Taurus	The fifth place in the Guangzhou and Shenzhen sales	
	The second place in the home appliance industry	The first place in the catering and tourism industry
	The third place in the banking sector	The fourth place in the banking sector
	The fourth place in the catering and tourism	The fifth place in the commercial trade industry
	The fifth place in the electronics industry	The fourth place in the energy conservation field research
	The fifth place in the black metal	
	The fifth place in the commercial trade	

## 5. Cross-border services

During the reporting period, Huatai Hong Kong provided mainland investors with excellent overseas financial services, helped overseas investors understand and participate in the capital market in Mainland China, built a platform for communication and exchange between domestic and foreign capital markets and industries, and actively served the mainland capital "going out" and foreign capital "coming in". At present, Huatai Hong Kong has Class 1 (Securities Transactions), Class 2 (Futures Contract Transactions), Class 4 (Comments on Securities), Class 6 (Comments on Institutional Financing) and Class 9 (Asset management) licenses issued by the Hong Kong Securities and Futures Commission. In 2016, Huatai Hong Kong and its parent company strengthened cooperation and offered collaborative services to meet the cross-border business needs of customers. Huatai Hong Kong's investment banking business completed 13 financial advisory projects, including the influential going-private project of Hong Kong listed company Peak Sports via contractual arrangements amounting to HK\$2.4 billion; it completed three IPO projects and one share placement project with the transaction issuance amounting to approximately US\$1.63 billion; it completed 6 overseas bond issuance projects with the transaction issuance amounting to approximately US\$1.9 billion, including the double currency exchangeable bonds for China Yangtze Power; it also completed 7 mezzanine financing projects, including the acquisition of mezzanine financing project by Wharf T&T, which is considered to be the largest telecom M&A transaction in the history of Hong Kong and one of the most typical transactions in Asia in 2016.

Based in California, the US and founded in 1996, AssetMark is a leading and independent Turn-key Asset Management Platform ("TAMP") with more than 530 employees currently. The assets of the platform rank 3<sup>rd</sup> in the US market.

## 6. Customer rights and interests protection mechanism

During the reporting period, the Company established a whole-process mechanism to protect the rights and interests of customers before, during and after the events, which ensures the protection of the rights and interests of customers through solid information technology protection.

For investor education, the Company formed an investor protection promotion platform integrating its official website, official WeChat account, "ZhangLe Fortune Path", 95597 and branch offices on-site to practice investor education. The Company was in the first batch of investor education bases being licensed by the CSRC. The base is located in the urban area of Nanjing, covering a total area of 650 square meters. It is divided into five areas, including historical review area, risk warning area, investment notice area, interactive experience area and training exchange area. The visiting route fully reflects the planning idea of "review, warn and learn, experience and exchange", which advises investors to participate in the capital market based on "an understanding of the market, the risk, the business, and the tools". The investment education base of the Company has received visits from more than 5,000 investors.

For proper management, the Company strictly complies with the requirements of supervision, implements the concept of "providing appropriate products to appropriate customers", formulates a suitability management system for businesses, uses the CRM system to carry out customer classification and management, and promotes unified management of customer information of businesses. The Company proactively handles and resolves all kinds of complaints, upholds the "timely and fast" principle, continuously promotes and optimizes the process of handling complaints, strengthens the process tracking and improves customer feedback and processing efficiency.

For information security, the Company attaches great importance to information security by focusing on the information security infrastructure construction and operation, the establishment of information system security lifecycle mechanism, changes from passive defense to active discovery, continuous protection of customer data to improve staff safety awareness active integration into secure communities and the promotion and maintenance of a harmonious external environment for Internet security. During the reporting period, the Company's information system operated soundly and no major information security incidents occurred. The Company was awarded the "advanced unit for 2016 provincial authorities information security level protection work". During the reporting period, the Company further transformed customer transaction terminal information, standardized the transaction terminal information data sent by the customer transaction terminal to the background, realized the recognizable and controllable management of all the trading terminals of the Company, prevented illegal access to the transaction terminal and fully guaranteed the transaction security of customers.





# 03

## Return to Shareholders

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Positive Return to Shareholders

- Corporate governance
- Internal control
- Information disclosure
- Investor relations management
- Continuous dividend distribution









# Return to Shareholders

## / Positive return to shareholders

Shareholders' trust and support are the most stable strength for the development of the Company's business. We are based on the continuous growth of corporate value. Through scientific corporate governance, sound internal control, timely and accurate information disclosure, professional investor relations management, continuous cash dividends and active participation in stabilizing the market, we have earnestly fulfilled the responsibility for shareholders to safeguard the interests of shareholders.



## 1. Corporate governance

The Company conducts standardized operation and is constantly committed to maintaining and enhancing the Company's positive market image in strict accordance with the laws, regulations and regulatory requirements in the domestic and foreign listing markets. During the reporting period, the Company elected the new Board of Directors and the Board of Supervisors, adjusted the members of the Special Committee of the Board of Directors and further improved the scientific corporate governance structure. During the reporting period, the Company's Shareholders' General Meeting, the Board of Directors, the Board of Supervisors and the management were separated from each other for mutual restriction with each level carrying out their duties and responsibilities within the scope of authorities. The operation and management of the Company was standardized and orderly. The Company won the Best Corporate Governance Special Nomination Award for 2016 issued by the Hong Kong Institute of Certified Public Accountants.

The Company conducts operation in strict accordance with the norms of the listed companies and continuously improves the effectiveness of corporate governance. In view of the *Guidelines of Articles of Association of Listed Companies and the Rules of Shareholders' General Meeting of*



*Listed Companies* as amended and promulgated by the China Securities Regulatory Commission, the Company revised and improved the Articles of Association and the Rules of Procedure of the Shareholders' General Meeting in accordance with the relevant laws and regulations and their own actual conditions. In the meantime, in order to better enhance the efficiency of management and improve the development level, the Company also revised and improved the Working Rules of President to carry out operation in accordance with more stringent rules. During the reporting period, the convening, holding and voting procedures of the Shareholders' General Meeting, the Board of Directors and the Board of Supervisors of the Company were normative, lawful and effective. 40 meetings were held, including 1 annual general meeting, 3 extraordinary general meetings, 12 board meetings, 18 special committee meetings of the Board of Directors and 6 Board of Supervisors meetings; 128 motions and reports were reviewed, examined or heard to ensure the major scientific and normative decision-making and sustainable development of the Company and to effectively safeguard the interests of the majority of shareholders and the Company.

## 2. Internal control

During the reporting period, the Company established, improved and effectively implemented the internal control in accordance with the provisions of the enterprise internal control system and financial reports complied with the requirements of the accounting standards, capable of reflecting the financial status, operating results and cash flow of the Company in a true, accurate and complete manner. The Audit Committee of the Board of Directors, the Board of Supervisors and the Audit Department effectively supervised the Company's financial performance. The KPMG Huazhen Certified Public Accountants issued the 2016 Annual Internal Control Evaluation Report. According to the recognition of the major defects in the internal control of the Company's financial report, there are no significant defects in the internal control of the financial report on the base day of internal control evaluation report. For details, please refer to the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)), Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)), and the Company's official website ([www.htsc.com.cn](http://www.htsc.com.cn)).

The Company carries out strict management, prudent operation, and standardized operation, refines and improves the compliance management system, continues to strengthen compliance checks, and intensifies the business line compliance management to promote the pre-infiltration of compliance management and strict accountability for illegal acts. The Company received the Decision on Administrative Punishment from the China Securities Regulatory Commission ([2016] No. 126) on November 28, 2016; the securities business departments located in Beijing East Road in Huaiyin and Daxi Road in Shenyang were subject to the Tax Administrative Punishment Decision of the tax department. In response to the above penalties, the Company strictly abided by the punishment decision of the regulatory authority and carried out comprehensive rectification.

The Group gradually integrated subsidiaries into the Group's comprehensive risk management system by means of collectivization management, further improved the specific risk management rules of the businesses, continued to accelerate the construction of investment portfolio and start the construction of enterprise risk management platform to enhance the level of risk with the idea of systematization and platformization. At the same time, the Company carried out the targeted risk emergency drills and strengthened the early warning management of risk control indicators to avoid the occurrence of risk events as far as possible. After the promulgation and implementation of the Measures for the Administration of Risk Control Indicators of Securities Companies, the Company proactively promoted the implementation of new regulations on risk control indicators. At present, the Company could meet the requirements of new regulations on risk control indicators.



The Company continued to implement the principle of "risk-based" anti-money laundering and fully implemented anti-money laundering. In 2016, the Company continued to implement the "risk-based" principle of anti-money laundering and fully implemented anti-money laundering: revising the internal control systems such as the Anti-Money Laundering Internal Control System and the Anti-Money Laundering Organization Structure and Responsibilities, further clarifying the anti-money laundering duties of relevant departments and branches of the headquarters and refining the control measures for anti-money laundering; it continued to strictly implement the anti-money laundering obligations such as customer identification, customer information and transaction records custody, customer risk classification, large amount and suspicious transaction reports in accordance with requirements, to conduct timely identification, prevention and resolution of the money laundering risks that the Company faced. At the same time, the Company carried out special publicity activities for the 10th anniversary of promulgation of *the Anti-Money Laundering Law of the People's Republic of China* to further expand the social impact of anti-money laundering and effectively enhance the awareness of anti-money laundering. The Company strictly abided by the laws and regulations as well as industry convention such as *the Law of the People's Republic of China on Anti-Unfair Competition*, *the Measures for the Administration of Honesty in the China Securities Association*, *the Anti-Commercial Bribery Convention for Members of the China Securities Investment Foundation Association*, and formulated the Measures for Implementation of Money Laundering Risk Self-Assessment (Trial) to effectively prevent bribery, blackmail, fraud, money laundering and other criminal activities. The Company attached great importance to the construction of clean government and implementation of anti-corruption, comprehensively strengthened public education, and took effective measures to control the occurrence of corruption.

In 2014, the Company established the internal intellectual property protection and management mechanism, clarified the types and objects of intellectual property protection, and refined the specific contents and key links for the protection of different intellectual property rights, implemented the intellectual property external affairs and routine affairs management division of labor. For external affairs, the Department of Compliance Law is responsible for assisting in dealing with external litigation disputes, guidance and inspection. For regular affairs, the relevant independent responsible department (selection of the specific responsible department generally depending on different types of intellectual property) is responsible for the enrollment, application, registration, transfer and licensing of intellectual property. At the same time, it clarified the obligation of intellectual property protection for all employees and the responsibility of intellectual property protection of various departments and branches of the Company.

### 3. Information disclosure

The Company makes true, accurate, complete, timely and fair disclosure of information in strict accordance with the laws, regulations and related requirements to ensure open and transparent operation. During the reporting period, the Company disclosed approximately 304 documents in total on the websites of Shanghai Stock Exchange and Hong Kong Exchanges and Clearing Limited, of which 140 documents were disclosed on the website of Shanghai Stock Exchange, and 164 documents were disclosed on Hong Kong Exchanges and Clearing Limited; there were no significant accounting errors, supplementation to omissions of major information, correction of business performance forecast, etc., and there were no omission, concealment, and misstatement ever occurred.

During the reporting period, the Company strictly implemented the Information Insider Registration Management and Confidentiality System, capable of recording the consultation planning, consultation, contract signing and reporting, transmission, preparation, review, resolution, and disclosure of all information insider list in a true, accurate and complete manner before the disclosure of the insider information, and

fill the information insider files and major events process memorandum in accordance with the provisions and requirements to effectively prevent information insiders from insider trading and protect the legitimate rights and interests of the majority of shareholders. It is found through the self-examination that the Company has no information insiders purchasing or selling the Company's stocks by using insider information before the disclosure of significant sensitive information that has an impact on the stock price of the Company, and the Company was not subject to regulatory measures or administrative penalties by the regulatory authorities due to the implementation of information insider registration management system or suspected insider trading.



## 4. Investor relations management

The investor relations management is one of the Company's most important tasks on the normative development and operation in compliance of the Company. During the reporting period, the Company strengthened communication with investors through the "Investor Relations" column on its website and the E Interactive Platform of the Shanghai Stock Exchange; it established smooth communication channels with major A-share and H-share analysts, made a timely response to market concerns, and constantly intensified the understanding of institutional investors on the Company. It received visits from 138 analysts and investors for research or telephone interviews from numerous domestic and foreign brokerage firms and fund companies for a total of 40 batches. In order to support the announcement of regular reports, the Company held four business performance conferences and analyst meetings, and actively participated in the strategy report meetings and investment forums organized by domestic and foreign securities operation institutions, which effectively promoted the in-depth understanding of investors on the Company's business operation and performance and effectively guided the market expectations.

Table 4: The Company's reception of investigations and surveys, communications and interviews in 2016

No.	Date of reception	Place of reception	Way of reception	Guests	Major topics discussed and information provided
1	January 7, 2016	The Company	Telephone interview	Fullgoal Fund (富国基金), China Southern Asset, Pinpoint (保银投资), Guanzeding Investment (冠泽鼎投资), China Export & Credit Insurance, Hua An Fund, Huaqiang Investment (华强投资), Hengde Investment (恒德投资), Qiyuan Investment (启元资产), Chijiu Investment (持久投资), Yong Rong Asset Management (涌容资产), Zeyuan Investment (泽远投资), Yingtai Investment (盈泰投资), Ruimeng Investment (睿盟投资), Anji Investment (安际投资) (Sixteen persons/times)	Business development, innovative business and long-term development strategy of the Company
2	January 20, 2016	The Company	On-site interview	BOC International Holdings Limited (one person/time)	
3	January 21, 2016	The Company	Telephone interview	CMBC International Holdings Limited (three persons/times)	
4	January 27, 2016	The Company	On-site interview	Dongxing Securities (one person/time)	
5	April 5, 2016	The Company	Telephone interview	King Capital Management, L.L.C. (one person/time)	
6	April 12, 2016	The Company	Telephone interview	HSBC, CICC, Bank of America Merrill Lynch, Goldman Sach, J.P. Morgan (ten persons/ times or more)	
7	April 15, 2016	The Company	Telephone interview	CMB International (one person/time)	
8	April 18, 2016	The Company	On-site interview	Industrial Securities (two persons/times)	
9	April 18, 2016	The Company	On-site interview	China Universal Asset Management, Dongxing Securities, Soochow Securities, China Life AMP Asset Management, Chang Xin Asset Management, Pacific Securities (six persons/times)	
10	April 21, 2016	The Company	Telephone interview	JT Capital Management Limited (one person/time)	
11	April 29, 2016	The Company	On-site interview	GF Securities (one person/time)	
12	May 6, 2016	The Company	On-site interview	Guotai Junan Securities, PICC Asset Management Company Limited, Huarong Securities, China International Fund Management, Huafu Securities (seven persons/times)	
13	May 11, 2016	The Company	Telephone interview	HSBC (one person/time)	
14	June 2, 2016	The Company	On-site interview	Goldman Sachs Gao Hua, Capital Group (three persons/times)	
15	June 7, 2016	The Company	On-site interview	BOCI Securities (two persons/times)	

No.	Date of reception	Place of reception	Way of reception	Guests	Major topics discussed and information provided
16	June 20, 2016	The Company	On-site interview	Northeast Securities, Pacific Securities (two persons/times)	Business development, innovative business and long-term development strategy of the Company
17	June 21, 2016	The Company	Telephone interview	JPMorgan (three persons/times)	
18	June 23, 2016	The Company	On-site interview	Industrial Securities (two persons/times)	
19	July 5, 2016	The Company	On-site interview	CITIC Securities (two persons/times)	
20	July 8, 2016	The Company	Telephone interview	China Alpha Fund (1 person/time)	
21	July 13, 2016	The Company	On-site interview	Topyup Fund (eight persons/times)	
22	July 13, 2016	The Company	Telephone interview	CITIC Securities (1 person/time)	
23	July 20, 2016	The Company	On-site interview	Guosen Securities, SWS MU Fund (three persons/times)	
24	July 21, 2016	The Company	On-site interview	CICC, Sunshine Management (three persons/times)	
25	August 30, 2016	The Company	On-site interview	Guotai Junan Securities, AIA China, Harvest Fund, Pacific Asset Management Limited (four persons/times)	
26	August 31, 2016	The Company	Telephone interview	Macquarie (1 person/time)	
27	September 1, 2016	The Company	On-site interview	Matthews International Limited (1 person/time)	
28	September 5, 2016	The Company	On-site interview	Changjiang Securities (two persons/times)	
29	September 12, 2016	The Company	Telephone interview	GSIP (1 person/time)	
30	September 23, 2016	The Company	Telephone interview	Deutsche Bank (1 person/time)	
31	September 26, 2016	The Company	On-site interview	Balyasny (1 person/time)	
32	November 7, 2016	The Company	On-site interview	Essence Securities, Ziyu Capital (紫雨资本), RIGHT SHARE, Tian An Property Insurance, Xing Zheng Asset Management, Nanjing Securities, Zhejiang YFB Investment Development Co., Ltd., Shanghai Golden Bridge Asset Management Ltd (twelve persons/times)	
33	November 10, 2016	The Company	On-site interview	Galaxy Securities, Dongxing Securities, GF Fund (four persons/times)	
34	November 16, 2016	The Company	On-site interview	BOCI Securities, China Re Asset Management (three persons/times)	
35	November 21, 2016	The Company	On-site interview	Hai Tong Securities, Qian Ban Capital (千般资本), Shanghai Hong Shang Asset Management, Caitong Securities, Ping An Asset Management, Heaven-Sent Capital Management, Northeast Securities, China Investment Securities, BOC (eleven persons/times)	
36	November 25, 2016	The Company	Telephone interview	First Shanghai Securities, Huaxia Fund, Fullgoal Fund (富国基金), Bo En Investment, Franklin Templeton Sealand Investment, Huaqiang Investment, Hengde Investment, Dongfang Assets, Zun Dao Assets, Panther Fund, China Merchants International Assets (eleven persons/times)	
37	November 28, 2016	The Company	Telephone interview	Oriental Patron Financial Group (2 persons/times)	
38	December 9, 2016	The Company	Telephone interview	China Alpha Fund Management (HK) Limited (1 person/time)	
39	December 21, 2016	The Company	On-site interview	Minsheng Securities (1 person/time)	
40	December 30, 2016	The Company	On-site interview	Daiwa Securities (Hong Kong) (1 person/time)	
41	January 1, 2016 to December 31, 2016	The Company	Telephone communication	Institutional investors and individual investors	Operation of the Company and industry situation

## 5. Continuous dividend distribution

The Company formulated a continuous and stable profit distribution policy, and the conditions and procedures for the adjustments or changes of the distribution policy were legitimate and transparent. Since its listing, the Company has distributed cash dividend for a continuous period of seven years, the implementation of which was in compliance with relevant provisions of the securities industry, the requirements of the Articles of Association and the resolutions of general meetings of the Company, which protected shareholders' legal rights to enjoy return on assets. In 2016, the Company implemented the profit distribution proposal for 2015 and distributed cash dividend of RMB5.00 (tax inclusive) for every ten shares to all shareholders. The profit distribution proposal of the Company in 2016 is as follows: on the basis of the total share capital of 7,162,768,800 shares as of the end of 2016, the distribution of cash dividend would be RMB5.00 (tax inclusive) for every ten shares to all shareholders. The amount of cash dividend accounted for 57.11% of the net profit attributable to the shareholders of the Company in the consolidated statements. For the last three years (including the Reporting Period), the cash dividend amount (tax inclusive) of the Company aggregated RMB9,962 million.

Table 5: Plan or proposal of the profit distribution for ordinary shares for the last three years (including the Reporting Period)

Unit: Yuan Currency: RMB

Dividend year	Number of dividend shares per 10 shares (share)	Dividends per 10 shares (RMB yuan) (tax inclusive)	Number of increased shares per 10 shares	Amount of cash dividends (tax inclusive)	Net profit attributable to the shareholders of the Company in the consolidated statements for the dividend year	Percentage of net profit attributable to the shareholders of the Company in the consolidated statements (%)
2016	/	5.00	/	3,581,384,400.00	6,270,611,459.43	57.11
2015	/	5.00	/	3,581,384,400.00	10,696,870,875.92	33.48
2014	/	5.00	/	2,800,000,000.00	4,486,276,132.08	62.41

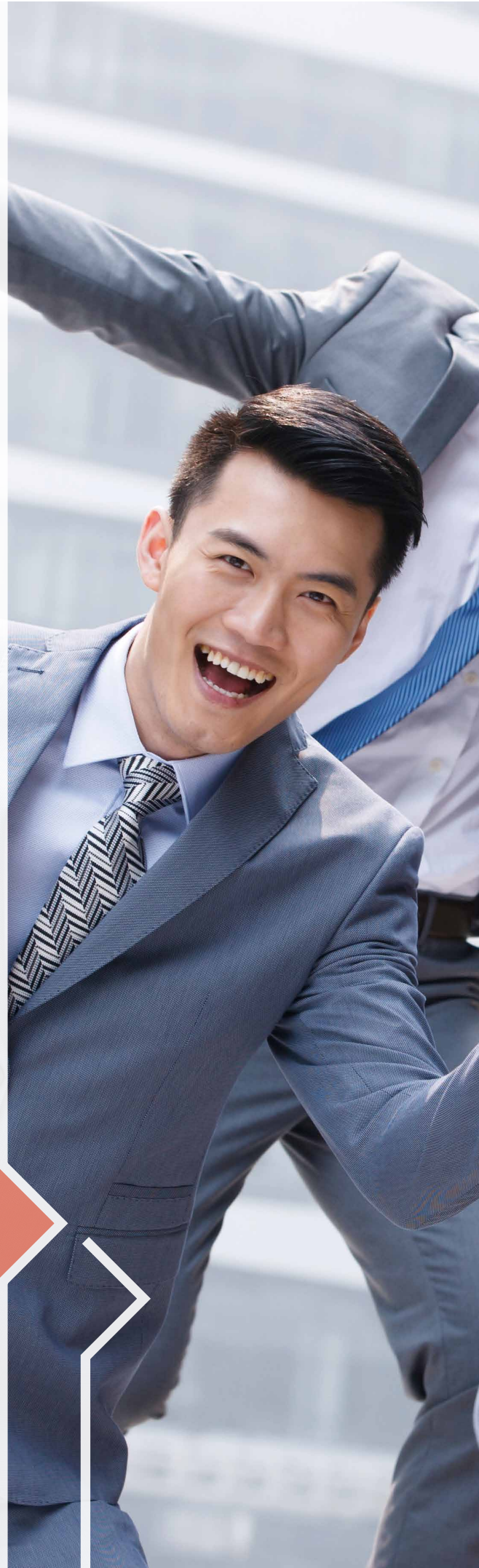




# 04 Staff Development

Achieve Staff Development

- Establish a high-quality workforce
- Constantly improve the staff career development mechanism
- Establishing a sound employees' rights and interests protection mechanism
- Creating a vibrant corporate culture
- Creating a green environment in the workplace







# Staff Development

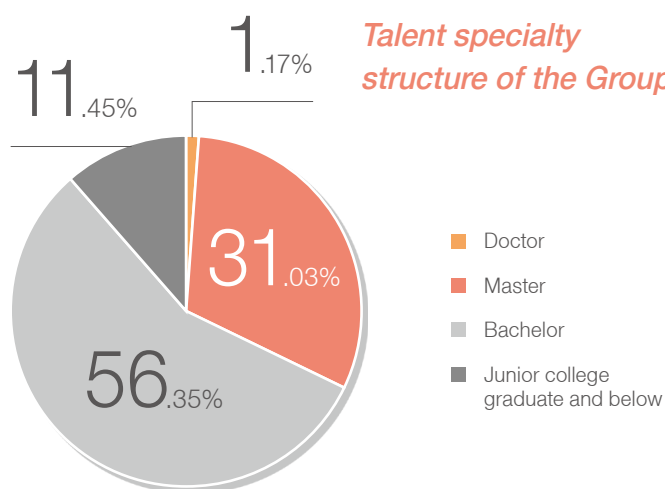
## /Achieve Staff Development

The talents are the core resources of the Company. The Company adheres to the people-oriented concept and continues to promote the strategy of strengthening the enterprise by talents. Through establishing talent selection, incentive and interest protection mechanism as well as creating a positive corporate culture, the Company set up a solid career development platform for the staff, earnestly performed the duty for the staff and actively protected the rights and benefits of the staff.

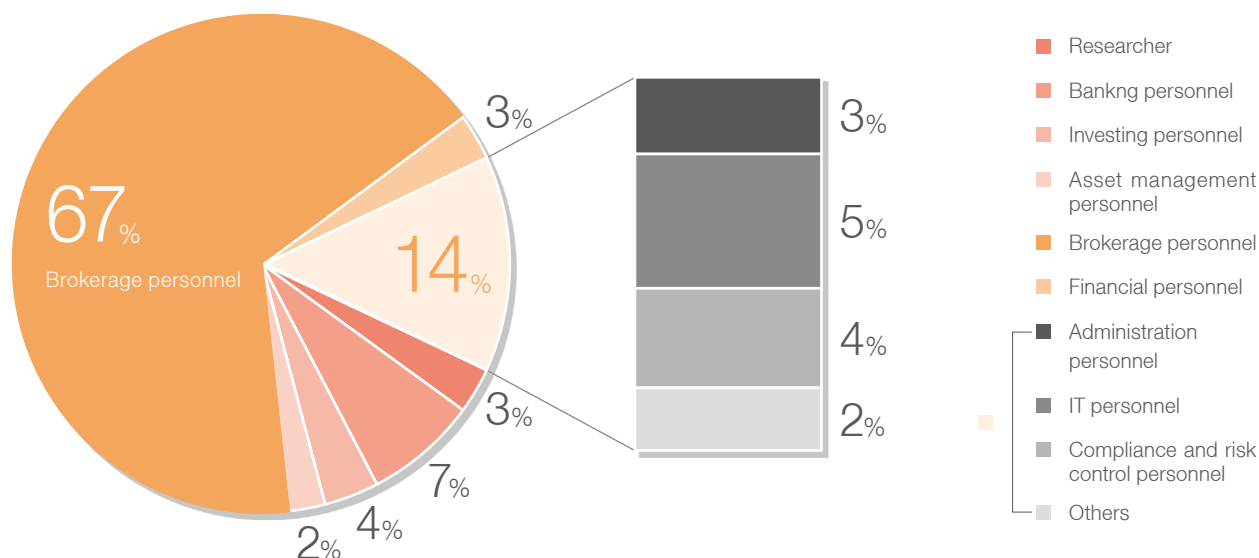
### 1. Establish a high-quality workforce

At the end of the reporting period, the Company and its subsidiaries Huatai United, Huatai Zijin, Huatai Futures, Huatai Hong Kong, Jiangsu Equity Exchange, Huatai Innovation, Huatai Asset Management have 6,967 staff, with a reasonable specialty structure and higher education. Staff with bachelor's degree or above accounted for 88.55%.

*Talent specialty structure of the Group*



*Talent distribution of the Group*







## 2. Constantly improve the staff career development mechanism

- Performance appraisal and talent echelon construction

During the reporting period, the Company insisted on comparing the external market standard and provided employees with a competitive remuneration incentive system to attract and retain internal and external talents. The Company insisted on fully evaluating the quality and ability of the staff by the way of 360 mutual evaluations, in order to realize the management concept of performance management quantitative appraisal and conduct a scientific and impartial evaluation for staff. The Company organized and carried out selecting work of reserved general manager for branches by assessing the candidates in multidimensional ways with comprehensive quality as the core, which improved the scientific selection of talents and enriched the reserved talents pool. The Company chose a batch of young talents with potential management ability from branches to take temporary trainings in business department of headquarters and further cultivated the adaptability and management ability of talents so as to improve the branches' excellent talents' ability to grasp the Company's strategy and their own comprehensive ability.

- Improve multilevel training systems for talents

In line with the development trend of industry innovation and transformation, the Company continued to focus on the aspects including business innovation, orientation, management capability and cultivation of internal trainers, propelled the training work with a combination of centralized trainings and external trainings as well as on-site trainings and internet trainings; its annual training plan is implemented orderly. During the whole year, the Company completed 35 centralized trainings and 155 off-site trainings, with approximately 2,864 participants on site and over 1,500 participants by the way of remote video or internet training. In 2016, the Company's internal trainers provided 339 hours of lectures in total, and developed 68 courses and 18 WeChat courses. The Company improved outbound training programs and arranged overseas training programs for financial technology and Internet finance to the United States. The Company also established an internal regular training mechanism for each department, and organized each department to formulate and implement its own annual training curriculum with a total of 247 courses.

### 3. Establishing a sound employees' rights and interests protection mechanism

- Establishing harmonious labor relations

The Company has been striving to implement the *Labor Law of the People's Republic of China* (《中华人民共和国劳动法》), *Labor Contract Law of the People's Republic of China* (《中华人民共和国劳动合同法》), *Regulations on the Implementation of the Labor Contract Law of the People's Republic of China* (《中华人民共和国劳动合同法实施条例》) and other laws and regulations to ensure that its employees have equal right to employment and choice of occupation, the right to remuneration for labour, to rest and vacations, to protection of occupational safety and health, to training of vocational skills, to social insurance and welfare, to submission of labor disputes for settlement and other rights relating to labour stipulated by law, and avoid child or forced labor practices. At the same time, the Company provides a green environment within its workplace for employees to bring their physical and mental health under full protection by using environmentally friendly office equipment. To further implement relevant national laws and regulations described above, the Company has amended its Staff Manual, Remuneration Management System, Performance Management System, Work Attendance Checking System, Employee Administrative Measures and Administrative Measures of Internet Training School based on changes in internal and external objective circumstances, which laid the foundation for establishing harmonious labor relations and established a sound mid-and-long term incentive mechanism. During the Reporting Period, no child and forced labor was employed by the Company.

- Giving full play to the labor union

The labor union of the Company has functioned well and has a sound organization of all levels since its establishment in 1993. In 2016, the Company convened a total of 4 staff representatives' meetings to seek opinions on the Optimization Plan for Adjustments to Employees' Supplementary Medical Insurance (《员工补充医疗保险调整优化方案》), "13th Five-Year" Development Strategy Plan of the Company (2016-2020) (Draft for Official Review) (《公司「十三五」发展战略规划(2016—2020)(送审稿)》), Work Attendance Checking System of the Company (revised in 2016) (《公司员工考勤制度(2016年修订)》) and Notice of Facilitating the General Election of Employee Supervisors of the Company (《关于做好公司职工监事换届选举工作的通知》) to ensure employees' rights and interests. The Company also actively organized various interest groups of recreational activities, including fitness, badminton, table tennis and yoga, to enrich its employees' cultural life in leisure time and effectively alleviate their pressure.

- Providing more security for employees health

The Company has established a comprehensive welfare security system for its employees. In addition to national statutory welfare programs, the Company also takes out supplementary medical insurance and accident insurance for its employees and their spouses and children to free its employees from worries. The Company organizes health examination for its employees annually and provides high temperature subsidy. In respect of retired employees, the Company provides them with supplementary medical insurance, annual health examination and other welfare programs so that they can live a secure life in their twilight years.

- Caring for female employees and employees suffering from adversities

In the early Spring Festival of 2016, our labor union actively condoled with the retired employees and employees with financial difficulties, and visited in a timely manner the employees of maternity, being ill in hospital and experiencing domestic distress and rendered material and mental assistance to make them feel the care and warmth of Huatai as "a big family".

#### ZhangLe Fortune Path – Fortune Marathon



In order to support the 2016 Nanjing Marathon, the Company planned and organized the activity of the 2nd Season of "ZhangLe Fortune Path – Fortune Marathon (张乐财富通财富马拉松)", organized its clients and employees to establish "Fortune LePaoTuan (财富乐跑团)" and participate in the competition, and showed its corporate and business brand image by virtue of popular match platforms. Huatai United continued to implement the "Redwood Plan (红杉计划)", an upgrading measure for corporate culture with a wide coverage to strengthen the Company's cohesion.







#### 4. Creating a vibrant corporate culture

- Organizing a variety of recreational activities

The Company actively organizes a series of March Eighth Women's Day activities and brisk walking alongside the Yangtze River and regularly organizes interest group activities including basketball, football, badminton, yoga and brisk walking to enrich the cultural life of its employees. In 2016, the Company participated as a team in Jiangsu Corporate Themed Singing Contest, Employee Chest Competition, Mini Marathon, Friendly Basketball Match for Jiangsu's Securities Industry and Union Badminton Team Competition, which demonstrated the vitality and enthusiasm of members of Huatai and created a culture of solidarity and friendship in the Company.

#### 5. Creating a green environment in the workplace

In 2016, the Huatai Securities Plaza project was completed. When it moved to the final stage of project construction, the Company actively took effective and protective measures to reduce pollution and noise as far as possible, and to provide an eco-friendly, comfortable and good environment for employees to work and rest. During the decoration of the office and business place of its branches, the Company stuck to the environmental protection concept, and insisted on applying environmentally friendly construction materials to minimize the harm to the environment; the furniture procurement bidding set forth compulsory standards and other quality technology standards, and requested raw material inspection report and certificate of origin of material, etc. With the above measures, the Company provided full protection for the physical and mental health of its clients and employees.



# 05

## Social Care

Sincerely Giving Back to Society

- Recruiting talents to facilitate employment in society
- Adhering to low-carbon and energy-saving principles to build a resource-saving enterprise
- Keen devotion to social welfare and charity









## Social Care/ Sincerely Giving Back to Society

Society is the fertile soil where the Company's development and growth are rooted. While getting rewards from the society, companies also have the responsibility and obligation to make their due contribution to establishing a harmonious and stable society. The Company is committed to doing its part in economic development, charity and social welfare.

### 1. Recruiting talents to facilitate employment in society

The Company selects outstanding talents in a fair, just and open manner and actively creates jobs to facilitate employment in society. The Company has built a campus recruitment brand of "Dreaming about the Future and Sailing in Huatai (畅想未来 扬帆华泰)" of Huatai Securities to provide lots of jobs and internship opportunities to fresh graduates and enrolled students. In 2016, the Company offered additional 753 jobs with 331 fresh graduates recruited. The Company actively establishes school-enterprise cooperation channels and has entered into internship base cooperation agreements with business schools of various top universities in China, including Guanghua School of Management, Peking University, Antai College of Economics and Management, Shanghai Jiao Tong University and PBC School of Finance, Tsinghua University. At the same time, the Company has actively established an internship base of Peking University in Jiangsu with 249 undergraduate interns. The Company was awarded the "Best Employer in Investment Banking/Securities Industry for 2016 (2016 年投资银行 / 证券行业最佳雇主)" by ChinaHR (中华英才网) and "Best Employer of Lingnan College, Sun Yat-sen University (中山大学岭南商学院最佳雇主)".






## 2. Adhering to low-carbon and energy-saving principles to build a resource-saving enterprise

During the Reporting Period, the Company strictly complied with the requirements under *the Environmental Protection Law of the PRC* (《中华人民共和国环境保护法》) and other laws and regulations that render significant guidance and impact on the Company's sustainable development and environmental protection, advocated employees on water conservation as well as electricity and other energies saving, encouraged employees to make full use of mass transit to commute, and if it is not convenient, carpooling is also suggested in order to fulfill conservation and reduce tail gas pollution; what is more, devoted great efforts to further introduce paperless office and promote electronic office by using e-mail and video conference.

During the process of constructing the office and operating sites, the Company saved energy according to local conditions by using energy-saving technologies and taking full advantage of natural ventilation, natural light and landscape. Huatai Plaza Construction Project adopted photovoltaic system, tubular daylight appliance system and ground source heat pump system to make full use of renewable energy, which brought not only social benefits to low-carbon economy but also positive economic benefits to the Company and the units using renewable energy. The air-conditioning system with ice storage technology and floor air distribution system can efficiently save energy, cut electricity expenses and reduce the pressure of electricity utilization and energy consumption according to Jiangsu Province's peak-valley electricity price policy applied to ice storage cooling systems. Upholding the principle of "high-quality water for man needs, low-quality water for other uses", the project used rainwater to water the plants with raindrop recycling technology, thus saving large amounts of high-quality water. The construction equipment systems were functioning efficiently and all equipment was effectively monitored. The critical real-time data were collected and recorded. All kinds of equipment systems were ensured to work stably, safely and reliably, and to meet the requirements of energy conservation and environment protection. In terms of the completion and rectification of the project, positive and effective measures were adopted to reduce pollution and noise. In aspects such as curtain walls, interior decorations and landscape, with the concept of green, novelty, and environment protection, new environmental decoration materials were used; the design value of internal lighting was close to the target value for green construction; and the energy-saving time control module was set. All these created an environment-friendly, comfortable and sound lighting environment for employees' work and rest.

The construction and use of this project have driven the economy of Hexi, and even the entire Nanjing city; they brought opportunities of entrepreneurship and employment to the natives, and will strengthen the knowledge of dwellers on financial securities and perfect their financial management concept, shedding light on the importance of effective financial management. At the same time, the construction and use of the project will powerfully drive the development of service industries around them, including property management, property valuation, and financing service. The production and daily necessities consumption brought by the construction and use of the project will effectively stimulate the production of manufacturers and sales of merchants in the local area, which will greatly benefit every kind of local business.

The energy consumption of Huatai in 2016 is as follows:

	Electricity consumption (10,000 kWh)	2,847.49	Per Capita 2.03
	Water consumption (t)	88,139	Per Capita 62.78
	Natural gas (m3)	1,075,997.80	Per Capita 766.38

(\* The statistics are based only on the parent company.)

According to relevant laws and regulations, such as *the Tendering and Bidding Law of the People's Republic of China* (《中华人民共和国招标投标法》) and *the Government Procurement Law of the People's Republic of China* (《中华人民共和国政府采购法》), the Company formulated relevant systems such as Centralized Purchasing Management Mechanism (《集中采购管理制度》) and Supplementary Articles to Centralized Purchasing (《集中采购工作附则》), and established a whole system of supplier management. The system of market access and assessment for suppliers was set to keep the team of suppliers stable and reliable. We strengthened suppliers' awareness of low carbon and environment protection and their sense of social responsibility and promoted the sustainable development of society together.

Via fair and open biddings, the Company welcomed suppliers in the industry meeting our requirements to be a part of the supply chain of the Company. The supplier candidate base was set up to provide dependable supplies and services to support the Company's development. We classified and managed suppliers by dynamic appraisal and by applying the principle of survival of the fittest. Every year, we conduct a survey on supplier satisfaction in the whole company, and according to the survey results, the suppliers will be graded into three tiers: Excellent, Qualified and Unqualified, with the unqualified ones being taken out of the list. The establishment, review, increase and decrease, and maintenance of the supplier candidate base are managed by certain employees. The rule for managing suppliers is that procurement must be separated from supervision. The anti-corruption requirements that prohibit and prevent all kinds of commercial bribery and that anyone who has an interest with the suppliers should avoid are stressed in contracts.

Rigorously conforming to *the Advertisement Law of the People's Republic of China* (《中华人民共和国广告法》) and *the Trademark Law of the People's Republic of China* (《中华人民共和国商标法》), the Company developed systems highly linked to the business development, such as the Measures for Management of We Media (Provisional) (《自媒体管理办法试行》), in order to reorganize trademarks and domain names and reinforce the protection of intellectual properties through a combination of protective registration of trademark and preapproval of enterprise name; the Company also competed to register specific industrial domain names to construct a three-dimensional security system for the development of future businesses. The Company actively maintained good communication with administrative organs in industry and commerce at all levels, and took advantage of our authentic right of the trademark "华泰" to successfully thwart trademark infringements; we adopted reasonable administrative tactics to win the advantaged resources for business names, so as to protect the Company's lawful rights as thoroughly as possible. When paying close attention to the hotspots of the industry development, we traced the registration of other financial institutions in a timely manner, and completed the registration of HT.fund in time, a domain name with remarkable identity; in collaboration with the subsidiaries to defend the trademarks, we finished the application for trademark registration of "华泰期货", which facilitated the development of upcoming businesses. In May 2016, the Company's trademarks, that is, "华泰", "涨乐" and "HT", were awarded prominent trademarks of Jiangsu Province, which increased our brand's added value and effectively boosted the reputation of the Company.





### 3. Keen devotion to social welfare and charity

#### Charity of Huatai · Charity Sales

#### Charity of Huatai · Selection of Ambassadors of Love

#### Charity of Huatai · Voluntary Service

#### Charity of Huatai · Donation for People in Need

#### Project of "The Home of Our Children"

#### Charity of Huatai · Participation by Step Donation through WeChat

#### Charity of Huatai · Participation by Walking on Foot

During the reporting period, the Company persisted to participate in poverty alleviation and social welfare through many channels and spent RMB8,595,300 in total to students in poverty, people in hardship, philanthropic sponsorships, and disaster areas. Facing catastrophic natural disasters, in a quick response, the Company donated around RMB3,030,000 accumulatively to severely-damaged areas such as Funing and Sheyang in Jiangsu Province that suffered tornado and hailstorm; the employees actively donated RMB548,200 to Funing and Sheyang disaster areas, with the spirit of uniting and overcoming temporary distresses. The Company renewed the donation agreement with Jiangsu men's go team and donated RMB3 million accumulatively to support the development of Jiangsu's go culture.

The Company founded a public welfare brand called "Charity of Huatai" and conducted a wide range of promotion and dissemination for the label by holding a number of charitable activities during the 25<sup>th</sup> anniversary of the Company, which fully mobilized internal and external resources for commonweal and charity.

During the Reporting Period, the Company organized and planned a series of activities of "For Tomorrow · Love for Children" to show concern for left behind children around the public welfare brand creation of "Charity of Huatai" and the theme of "All Grow with Company" by cooperating with China Charity Federation and the commonweal platform of Tencent, and propagated the activities through WeChat Official Account, mainstream financial and metropolitan newspapers, key portals, television and press, etc., which gained extensive attention and support with a counted attendance of nearly 0.7 million in terms of WeChat reading.



一路相伴 感谢有您  
同心同行

## Charity of Huatai Charity Sales/Selection of Ambassadors of Love



### Charity of Huatai · Charity Sales

Over 200 employees of the Company sold more than 300 items for charity and raised RMB49 thousand.

### Charity of Huatai · Selection of Ambassadors of Love

Since the activity began, the cumulative attendance of visiting the selection page was 2,370.9 thousand within four days with 592.7 thousand votes, and ten ambassadors of love were selected from employees.



Charity of Huatai "Selection of Ambassadors of Love"

## Charity of Huatai Voluntary Service/Donation for People in Need/The Home of Our Children



### Charity of Huatai · Voluntary Service

10 ambassadors of love brought warmth to 169 left behind children in Yuncheng, Shanxi Province and Suqian, Jiangsu Province by activities including family visit, voluntary service and donation of equipment.



### Project of "The Home of Our Children"

The first "the Home of Our Children" (in Suqian, Jiangsu) has been put into use prior to the Teachers' Day on September 9, 2016. As at the end of the Reporting Period, we have accomplished 65 theme activities of different types in total in terms of "the Home of Our Children" in Suqian, with approximately 1,900 left-behind children participating in. We have completed the site selection of and entered into agreements for "The Home of Our Children" in Anqing, Anhui and the program is being implemented. Meanwhile, we are also actively promoting the site selection and construction of "the Home of Our Children" in Jinzhai region in Anhui which was the Company's chosen place for helping the poor, to link charity with the Company's program of helping the poor.



"The Commonwealth Heart of Huatai" - the Program of Love for Left-behind Children - Donation Page from China Charity Federation

### Charity of Huatai · Donation for People in Need

"Charity of Huatai · Donation for People in Need H5" raised over RMB110 thousand within 15 days since the activity began.

## Charity of Huatai Participation by Step Donation through WeChat



### Charity of Huatai · Participation by Step Donation through WeChat

In the activity of "Charity of Huatai · Tencent Participation by Walking" on Children's Day on June 1, 5 billion steps were donated by enthusiasts from different sectors of the society, and all steps were converted into the Company's donation of RMB0.5 million for left behind children.



"The Commonweal Heart of Huatai" Series, Participation by Step Donation through WeChat, Steps donated by Tencent on June 1, the Children's Day"

## Charity of Huatai Participation by Walking on Foot



Three champions in sports taking pictures with the children at the foot of Purple Mountain

### Charity of Huatai · Participation by Walking on Foot

"The Commonweal Heart of Huatai" Series, Participation by Walking on Foot

### Charity of Huatai · Participation by Walking on Foot

Charity organized by Huatai Financial Holdings (Hong Kong) in Victoria Peak





# Social Responsibility Vision

If Huatai Securities is a thriving tree, then each of the stakeholders including our shareholders, customers, employees and the society will be the soil, air and water for its growth. Huatai Securities and each of them are closely bound up and complementary to each other, building a stable life system together. Trying our best to protect the interests of stakeholders is not only the philosophy, spirit and strength of the business development of the Company but also the social responsibility we shall assume, which has been incorporated into the Company's development strategy and into the Company's culture and root. In the future, the Company will continue to strive for a win-win situation for stakeholders while growing bigger and stronger, shape a social image of integrity and responsibility, strive to become an outstanding corporate citizen that customers trust, the society respects, shareholders are satisfied with and employees are proud of, and develop in a sustainable manner and build a bright future together.

This is the first "Environmental, Social and Governance Report 2016 of Huatai Securities Co., Ltd." since the Company issued 7 social responsibility reports as from 2011. On the basis of inheritance, we have made corresponding changes to the contents and forms of presentation in this report in order to reflect more accurately the social responsibility assumed by the Company and accept public supervision. We know that there are still many deficiencies and there is room for improvement in this report due to constraints of manpower and time and so on. We will constantly revise and improve this report in the future to better disclose the facts of the Company's assumption of social responsibility and protection of the legitimate rights and interests of each stakeholder.







## Appendix: HKEX ESG Reporting Guide Content Index

Aspects, General Disclosures and KPIs	Description	Disclosure Chapter
Subject Area A: Environment		
Aspect A1: Emissions		
General Disclosure	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.	Care for the Society · Repay the Society Sincerely – Keep developing in a low-carbon and energy-saving manner to build a conservation-oriented enterprise
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources including energy, water and other raw materials.	Care for the Society · Repay the Society Sincerely – Keep developing in a low-carbon and energy-saving manner to build a conservation-oriented enterprise
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Care for the Society · Repay the Society Sincerely – Keep developing in a low-carbon and energy-saving manner to build a conservation-oriented enterprise
Subject Area B: Social—Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	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 opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employee Development · Promote the Development of Employees - Employee rights protection mechanism
Aspect B2: Health and Safety		
General Disclosure	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.	Employee Development · Promote the Development of Employees - Green working environment
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to job training and may include internal and external courses paid by the employer.	Employee Development · Promote the Development of Employees - Career development mechanism for employees
Aspect B4: Labour Standards		
General Disclosure	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.	Employee Development · Promote the Development of Employees - Employee rights protection mechanism
Subject Area B: Social—Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Care for the Society · Repay the Society Sincerely – Keep developing in a low-carbon and energy-saving manner to build a conservation-oriented enterprise
Aspect B6: Product Responsibility		
General Disclosure	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 relating to products and services provided and methods of redress.	Shareholders' Returns · Positive Returns to Shareholders - Internal control; Care for the Society · Repay the Society Sincerely – Keep developing in a low-carbon and energy-saving manner to build a conservation-oriented enterprise
Aspect B7: Anti-corruption		
General Disclosure	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.	Shareholders' Returns · Positive Returns to Shareholders - Internal control
Subject Area B: Social—Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration the communities' interests.	Economic Construction · Serving the Real Economy – Contribute to local infrastructure construction and corporate development and growth; Targeted Poverty Alleviation Care for the Society · Repay the Society Sincerely – be actively devoted to public welfare and charity



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We appreciate any suggestion or feedback on the report.

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