



海通期貨有限公司
HAITONG FUTURES CO., LTD.

2009 Social Responsibility Report





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Preface



The Chinese is a nation that is bravely willing to take responsibilities. The “Great Learning” starts with the words “What the Great Learning teaches, is to illustrate illustrious virtue”. It points out that “The ancients who wished to illustrate illustrious virtue throughout the kingdom, first ordered well their own States. Wishing to order well their States, they first regulated their families. Wishing to regulate their families, they first cultivated their persons” that first advocates Confucius’ personal ideals and social responsibilities of “Cultivating personalities, regulating family, governing the state and conquering the world”. As an old saying, “rise and fall of a nation is the responsibilities of everyone of its citizens” This is the traditional Chinese concept of social responsibility that has been passed from generation to generation for a long time.

An enterprise has its own social responsibilities and obligations. A company with conscience should be operated and managed in the manner that is good to the society. Its social obligation should be higher than its organizational objectives.

There is no doubt that Haitong Futures bears great social responsibilities. On one hand it comes from external constraints, on the other hand it comes from internal motivations. The so-called external constraints refer to Haitong Securities’ culture of serving the society, which Haitong Futures inherited naturally. Taking social responsibility is the duty entrusted to us by Haitong’s name. The so-called intrinsic motivations refer to Haitong Futures’ highest purpose of serving the society with full



of love. We are not simply "businessmen" driven by profits, but passionate young people with lofty ideals of enduring hardship for the prosperity and progress of China financial market. If we did not take more social responsibilities, how could we take for granted?

What we appreciate is that because of Haitong's long-term goal of serving the society, Haitong's brand acquires good reputation in the market, which is the generous feedback from the society.

We will also continue our efforts. Let's share our joy, look into the future and benefit the world.

Message from General Manager



Haitong Futures named 2009 as the year of management; it's the beginning year of the implementation of next 5-year Plan; it's not an ordinary year for the development of Haitong; it's also the year that we worked hard and achieved many good results, with all the business developing in coordination. For the last year, under the leadership from regulatory officials, the support from the holding companies and the efforts from all the employees, we, closely around the arrangement of “making innovations, improving management and increasing core competence of Haitong Futures”, strengthened the foundation of management, innovated marketing methods, increased service qualities, forged forward and worked steady, which open up a new stage for our company's continuous, rapid and health development. The company's operational performance and growth rate achieve new levels. The company received Winning Membership Awards from three exchanges in consecutive 2-year. In 2009, the company also stepped into top ten of Shanghai Futures Exchange. Indicators of the company's overall business operation has stepped to the forefront of futures companies in Shanghai area. It is among the first class of the industry. To further expand our company, we increased the registered capital to ¥500 million and first applied the ISO9001 management system in Chinese futures industry, so as to promote the update our management in international service standards. Our new generation of futures trading system was successfully on line, which created a leading trading platform for stock index futures. Meantime, the building of enterprise culture was deepened. Our core values have also been given a new meaning: bravely taking



responsibility, committed to innovation and pursuing excellence!

After the volatile year of 2009 passed, we are entering 2010, the year full of bright hopes. The opening bell of the first index future will be rung in the spring, which preludes to a great era of the financial futures. It brings new opportunities and challenges for the development of Haitong Futures. In this historical moment, it's important to review our company's social responsibility. We believe, that the proper wealth philosophy of an excellent enterprise should be that "Money originates from society, is spent on society and is donated to society".

As in Chairman Mao's poem that "The strong pass of the enemy is like a wall of iron, yet with firm strides, we are conquering its summit from the start", the spring of 2009 has already sneaked up and we are facing the new starting point to inspire Haitong Futures' new progress. On the journey toward the goal of striving as the leading future company, we will take more responsibilities and make another magnificent achievement.

A handwritten signature in black ink, consisting of a series of fluid, connected strokes that form a stylized name.

Xu Ling, General Manager
Haitong Futures Co., Ltd.

Haitong's Philosophy and Policies on Social responsibilities



1. Haitong's Philosophy on Social responsibilities

With attentions to the harmonious development of all parties' interests, we are striving to become the leading model of social responsibility in the industry, which will serve the finance and contribute to the society.

2. Haitong's Value System on Social Responsibility

“Taking from the society, returning to the society” is the cultural connotation of taking social responsibilities in Haitong Futures.

“Innovative products, updated concepts, serving the public and creating harmony” is the action guidelines of taking social responsibility in Haitong Futures.

3. Haitong's responsibilities to parties in interest

To the society: Giving passions, dedicating loves, and creating a harmonious and orderly environment.

To the government: Maintaining financial order, complying with the principles of openness, fairness, and justice.

To shareholders: Steadily and sustainably maximize value at proper business operations.

To customers: Providing a full range of professional services, achieving mutual



growth of customers and the company.

To employees: Providing a chance to develop potentials, building a stage to display their talents.

4. Haitong's Policies on social responsibility

"Positive development, pragmatic and hard-working, professional services, pursuing excellence" is our company's business philosophy.

"First-class management, first-class talents, first-class services, and first-class benefits" is our company's management objectives.

"Customers' demands are our commands. striving to make Haitong's customers to be the best investors" is our company's service concept of customer service.

"Gathering talents from the world, succeeding in the universe" is our company's core value on achieving business goal and talent strategy.

"Practicing responsibilities, taking obligations, giving passion and dedicating loves" is our company's promise to the society.

Practices and Performances



◆ Responsibilities at Haitong

1. Serving for national economy and taking more responsibilities

It's not only the request from regulatory body but also the goal of our corporate development that futures market serves the national economy. Haitong Futures always treats clients' needs as the first priority. Since in 2009 we started using new generation of integrated trading system, which is the first among big futures firm, we can provide for our clients faster, more stable, more efficient and more customized services; we are also the first to get certificate on ISO 9001:2000 quality system, which can provides clients a service with internationalized standards; Almost from scratch, we have established 14 branches in major cities in 3 years and near 2000 sales units attached to Haitong Securities, which can provides a service network that covers almost all over the country. In addition, we gathered some influential experts and an outstanding staff team, which have excellent abilities on R&D and of continuously making profits. Its highly efficient management platform and "Haitong"-branded management mechanism can provide reliable and all-directional services for the clients.

In 2009, Haitong Futures enriched its marketing methods to improve its effectiveness on marketing behavior. It successfully caught the opportunity that the new future contracts of steels, early rice and PVC come into the market. It integrated all the available resources to make fully preparation in the aspects of company structure, personnel, technology upgrade, product research, advertisement, etc., which formed advantages in services and publicity. In the condition of appropriate risk management, we targeted new product marketing, made proper publicity and guided enterprise customers into the futures market to hedge their risks. We did not only provide hedge strategies, but also helped enterprises to complete their corresponding organizational structure, internal function, risk control system. We also provided all-directional services including mid-term market analysis and trading suggestions, capital and account management, etc., which was affirmed by our enterprises clients. All marketing teams visited deeply into client population in all aspects of industrial chain. We changed from individual sales model into a team work, which formed the interactive relationship and strategy cooperation between Haitong and leading clients in its business.

Haitong Futures' customer services was fully appraised and affirmed by our clients, which improved



company's continuous development. Since the acquisition, our performance has kept improved dramatically. The margin deposits increased from less than 10 million Yuan in 2007 to 2 billion Yuan in 2009, almost 200 folds in 3 years, which reached 2.7 billion Yuan now. In 2009, the number of new accounts opened by enterprise clients increase 320, to 521, which have total margin deposits of 627 million Yuan. It increased 426.89% from 2008's number, which accounted 30.33% of total deposits. In 2009, we also finished 44 settlement deliveries and settlement warehouse receipt collaterals, which helped the enterprises to hedge the risk against the financial crisis.

2. Deepen investors' education and improve social understanding on futures

The first "2009 Chinese Steel Futures Investment Summit Forum & Haitong Futures Investment Strategy Report" sponsored by Haitong Securities Co., Ltd., Haitong Futures Co., Ltd. and "My Steel" was held in Shanghai on March 23. Leading officials from Chinese Futures Association, Shanghai Futures Exchange, Haitong Securities, Haitong Futures, mysteel.com, Bank of Communications attended the forum and delivered speeches. Leaders from Shanghai Securities Regulatory Bureau and Shanghai Futures Association unveiled "Haitong Futures Training College". The forum invited Mr. Gong Fangxiong,, the managing director from JP Morgan Securities (Asia Pacific), Mr. Hu Yuyue,, the president of the Research Institute of Securities and Futures from Beijing Technology and Business University, Mr. Liu Haimin,, the deputy director of Chinese metallurgical economic development research center, and Mr. Bao Jianping,, the executive director of the legal services department from the Shanghai Futures Exchange gave excellent speeches. Those special guests conducted a deep analysis on the macroeconomic condition, the development opportunities of the futures market, the development environment in the steels industry, and the issuance of steels futures contracts. They communicated with participants about issues of how the steel-related companies and futures companies conduct futures business, which the industry is concerned about. The forum provides an authoritative information communication platform for the issuance of steels futures contracts. The "Haitong Futures-My Steel Futures Training College" successfully unveiled in the forum is jointly established by Haitong Futures and Shanghai Steel E-Commerce Co., Ltd. (mysteel.com), which will provide in-depth, sustainably and widely conduct investors education. Haitong Futures has always attached great importance to investor's education, and set up a special group of lecturers work for steel futures. We have associated with mysteel.com to give lectures throughout the country, which was commended by investors.

In the afternoon of May 22, the "Haitong Futures PVC Futures Investment Strategy Seminar, Shanghai" organized by the Shanghai Futures Association, hosted by Dalian Commodity Exchange, held by Haitong Futures, Shanghai Construction Materials Industry Association, and Agricultural Bank of China, Shanghai Branch was opened in Shanghai Global Financial Center. Invited guests conducted a deep analysis on the macro-economic



condition, its impact on the PVC price movements, introduced PVC futures contracts and its hedging strategies communicated with participants about issues of how the bona fides companies and futures companies conduct PVC futures business, which the industry is concerned about. It provided an information communication platform for the issuance of PVC futures contracts.

On December 22, the 10-day-long “Second Outstanding Investors Training Camp was” closed successfully in Huadu People's Armed Police Battalion Border Detachment, Guangzhou. In this training the instructors are highly professional. Mr. Wang Yang and Fu Aiqiang, both are experienced professional traders in future industry, offered instructions in person. Investors from around the country who have a persistent pursuit of futures investments gathered to learn masters’ method of trading and heard the experts sharing their experience. Mr. Liu Zhengyu, the chief manager of the training department and the senior technical trading expert in the futures industry, Mr. Zhong Zhaomin, the president of the East Harbor Investment Management Company, Shenzhen, and Mr. Hang Guoqiang, the president of Shanghai Pan-Golden Investment Management Company gave instructions on trading psychology, trading methods, enhancing trading quality and other aspects. Mr. Zhou Hui and Mr. Yan Lu, heads of trading technology research department in Wenhua Financials gave lectures about the program trading, innovative thinking and advanced programming methods to help students understand programming trading.

The curriculum of the camp is designed to continue the training concept in the past and adhere that the enhance of trading quality can make real superior investors. The course content not only covered trading skills, but also focused on helping students to complete psychology of trading and its adjustment. The content of programmed trading was increased in the courses to let students help traders circumvent the emotional impact of the trading process using the programmed trading platform.

[Quanzhou Branch]

On May 9th, Quanzhou Branch hosted a ‘PVC Investment Strategy’ meeting at Quanzhou Yuehua Hotel. It attracted many insiders and bona fide clients. On the meeting, the experts discussed several topics with representatives attending the meeting: the effect of the broad economic conditions on the price of PVC, introduced the new PVC future product and the hedge strategies

[Haikou Branch]

On July 18th, Haikou Branch held “Haitong Rubber Summit” investment meeting. After evaluating the domestic and international condition, it provides deeply analytical report on the possible direction and investment strategy.

[Qingdao Branch]

On Aug 22nd, Qingdao Branch, along with “My Steels” , held “Shandong Qingdao Steel business summit” at Qingdao New Mason Convention Center. Representatives from Qingdao municipal government, China Department of Industry and Information, Minlong Steel Market and other Qingdao



Bank and Institutions attended the meeting. The meeting focused on the current China economic condition and the change in steel market. It also gave reports on predictions and avoiding market risk. There are more than 700 people in the meeting. They are mostly from Qingdao and adjunct area. Most are steel traders.

[Nanning Branch]

On December 16th, “Dialogue between top traders” was held in Nanning Branch. Our special guest Wang XiangYang and CCTV lecturer Liu Zhengyu made deep analysis on their studies and the psychology in trading business. They also answered the question from the audience.

[Guangzhou Branch]

On Dec 12th, Guangzhou Branch’ s opening ceremony and “the Opportunities and Challenges After-Financial Crisis” was held in Ramada Pearl Hotel. The officials from Guangzhou development research center, Guangdong People’ s Political Consultative Conference, Guangdong Finance Office, Guangdong securities Association, China bank of Agricultures Guangdong Branch, Guangdong Plastic Association, Guangdong provisions association joined the ceremony. The special guests analyzed the new opportunities after the financial crisis. All the investors in the meeting gain a lot in the meeting.

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3. Innovating new future product and let the finance serve the society

On the background of Chinese Economic Reform, the reform in finance is underway. Haitong Futures responds it proactively because it’s our social responsibility and our promise of using fiancé to serve the community.

On December 10 2009, Haitong Futures held press conference that the new integrated trading system was put on online. Reporters attended are from many famous media institutions, like Economic Channel on CCTV, CBN, Shanghai Securities News, China Securities News, Security Times, Futures Daily, Economic Observer and Financial Online. Many other futures company also came to study our system. The capacity of the new system is 8000 Trades per second, effective execution time is only 3 ms and the quote refresh time is 1~2 ms. Each server can support up to 10000 clients online at the same time and the full capacity support 1 million customers and 1 million holdings. The new system’s parallel computation technology realized the function of multi-severs, simultaneous backup, and free join under group tolerance. In theory, the capacity of this system can be expanded infinitely. After running for a period, our clients praised the new system’s speed, stability, customization and compatibility.

Meanwhile, Haitong Futures fully takes the advantages of its holding company’s background in securities and cooperates closely with other financial institutions, e.g. banks. It emphasizes on marketing innovations and quickly keep in touch with potential clients in related fields. Haitong makes alliance with Agriculture bank of China on marketing activities across 9 provinces and 1 city. Combined with ABC’s advantage in branches and clients, we utilize our professional services to get closer cooperation between banks and futures companies through information and resources



sharing. In the time of promoting steel future contracts, we held “First Steel Future Investment Summit Forum” along with Bank of Communication. We also cooperated with them on the test of opening account online and provided a convenient e-commercial platform for the bank clients who want to participate futures trading. We also had business cooperation with Shanghai Steel E-Commerce Co., Ltd. (mysteel.com), Zhangjiagang chemical-industry E-Trading desk and organized large-scaled clients training. In addition, we carefully pus for cooperation with other financial institutions while accumulating quite experiences.



- Press Conference on New Generation of Trading System

4. Recruiting and Education of People, Offering Internships

With the attitude of take the responsibility for the society and the talents, we accelerated our process of drawing core personnel. There are 116 new employees in 2009. Our company focuses on the training of staffs. According to each one’s talent and potential, we made customized plans to improve their professional skills and qualities, or management abilities. Our company organized several “Training Classes for Fresh Employees”, which gave training to the new staffs from HQ, branches and marketing center. The training included information’s on corporate culture, company structure, human resources, administrative management and future market knowledge, operation process in each department, professional etiquette and other standards. It reinforces the thought of “Haitong is the best place to learn Futures”.

Haitong Futures keep avoiding conflicts with other companies in the same industry for talent people. Our company made efforts to recruit and train fresh graduates from universities as future work force. It also provides internship for young people that have a strong interest in the futures market, and achieved good social benefits. In 2009, more than 100 students from both domestic and oversea universities have worked in different departments of the company.



◆ Honesty at Haitong

1. Cultivating Compliance Culture, Improving Everyone's Self-regulation

Haitong Futures stood firm stance on protecting the customers' interests. Based on long-term development of the company and the industry, Haitong Futures continues to provide compliance education and internal audit in various aspects of company's business on the base of works in 2008, which makes Haitong Futures a loyal partner trusted by customers. To implement the requirements of < Notice about requesting futures branches in Shanghai area to conduct self-examination on business operations > from Shanghai Securities Regulatory Bureau, according to the spirit of < Notice of issuing fourth audit guidelines for futures companies' administrative licensing > (referred to document No. 411), to strengthen managing business branches and ensure compliance of business branches' operations and their comprehensive, coordinated and sustainable development, our company carried out the self checking and correcting of compliance operations in all business branches in April. Through the works of self checking and correcting, all staff has been educated to form a concept of law-abiding and honest operations, operators' wrong behaviors are corrected to create a good environment of compliance operation, and operators' internal control system is established to form a long-term mechanism of compliance operation. Our company stresses that the person in charge of a business branch should be the first responsible person for the works of self checking and correcting, and should seriously organize works of compliance operation and self checking and correcting in his business branch. It is necessary to conduct a thorough and meticulous self-examination, identify existing problems, and take effective measures to earnestly correct problems. The sales branch should conduct inspecting behaviors which do not meet requirements into daily supervision work, combining improving management structure, internal control system and mechanism with establishing a long-term mechanism for an integrated, mutual, reinforcing, proper, promoted and comprehensive arrangements. Our company made plans for the works of self checking and correcting. We required sales branches seriously conducting a comprehensive self-examination according to Chapter 5,6 and 7 of requirements of establishing futures branches under Chapter 23 of < Management Rules of Futures Companies > and < Haitong Futures Business Branches' Compliance Operations Self-examination Report >. We earnestly conducted rectification, seriously examined weaknesses in the works of sales branches based on problems found through self-examination, worked out correction plans, and implemented improvement responsibilities. Problems found through self-examination should be comprehensively corrected. What can be immediately done should be improved in a short period. It is necessary to concentrate on solving problems which has not been solved but should have been done, and make statements about problems that cannot be solved temporarily. What has not been well self checked and corrected should be re-corrected under the



supervision of the company's audit department. Certain problems whose correction require a process should be requested to correct in a limited period. Business branches should focus on the development and improvement of internal management system to consolidate the results of self checking and correcting, so as to form a long-term mechanism for compliance operation. We made a leading team for inspecting works of self checking and correcting. The person who is in charge of a business branch is the first responsible person for the works of self checking and correcting. The audit department organized on-site inspections in business branches under specific circumstances.

In order to ensure the professional quality of staff comply with regulatory requirements, improve the company's management standards, and enhance staff's professional skills and customer service capabilities, according to <Management Rules of Futures Companies>, <Management of Employees in Futures Companies> and <Management Rules of Employees' Eligibility in Futures Companies (Trial)>, our company made <Management Rules of Employees' Eligibility in Haitong Futures> and issued it to all departments to comply. The management rules determined that the human resources department is responsible for the management of employees' eligibility and its basic process.

In May, our company set up compliance positions in business departments, and organized the second "Haitong Futures compliance training". The training focused on the three requirements of staff's mastering the business operations of branches' daily works and the process of company system, having a strong sense of responsibility, and bravely willing to uphold the principles take responsibilities. The training covers: responsibilities and requirements for compliance staff; daily business operations processes in all departments; operational approval authority and processes; explaining classification monitoring indicators; anti money laundering and other topics. In addition, we set up a business communication platform to on-site communicate and explores issues encountered in practical operation of compliance members in marketing team. The event is a good opportunity to urge staff learn the company's system and business processes, and help staff understand the professional behaviors principles. It promoted compliance works in the future, and laid a solid foundation for the next step of expanding the company.

Our company strictly implements relevant requirements of the People's Bank. The risk management department on one hand will continue to provide training to staff and customers about the knowledge of anti money laundering to enhance anti money laundering awareness and processing capacity, on the other hand implements works of anti money laundering related to the system, and timely submits all kinds of anti money laundering reports. In April, AML column in the company's Web site opened. It promoted anti money laundering laws, regulations and related dynamics to all staff and investors. Our company also produced the <Brochure of Anti Money



Laundering in Haitong Futures> and issued it to all departments.

To further promote enhancing the culture of the efficient and full compliance, our company began to organize all staff of operational departments around the country and functional departments of the headquarters participating in a laws and regulations knowledge contest in September. After online preliminaries, semi-finals and trials, we held the finals of "Compliance Harmony" Haitong Futures laws and regulations knowledge competition in November. The event promoted learning through competition in order to enhance staff's compliance concept, so that each employee knows the regulations and keeps it in mind. It helped construct the basis of ethics, vigorous and dynamic compliance culture, thus promoted the formation of efficient management environment. Meantime this event also played an exemplary role in the futures industry.

[Business Branches Around the Country]

Business branches around the country organized learning laws and regulations of anti money laundering, and displayed "Fighting against money laundering is everyone's responsibility!" and other eye-catching legal tips on the wall, while the anti money laundering knowledge of 26 Q was also made into posters pasted in a conspicuous place of the rooms of opening accounts.



- Staff actively participated in the futures laws and regulations knowledge competition

2. Strengthen Risk Management, Implementing A Comprehensive Risk Management Framework

A future company usually faces some accidents that could incur possible losses. Those accidents includes the blackout during trading hour, the interrupt of the Internet, the glitch or paralyzes of the trading system of the future brokerage or the exchange, the widespread liquidation of clients' accounts, even the threat and sabotage from customers, etc. Although the possibilities of such events are quite small, when it occurs, the results from those



events will lead to tremendous damages and negative infections on the company, the future business, even the whole society if the company doesn't implement effective measures to minimize the loss in time. So Haitong made a significant change on the risk management structure of managing risks, IT and customer services etc. It completed a comprehensive system to deal with those accidents. All of these gave our company more consciences on industrial and social responsibility.

1. Construct comprehensive risk management system at Haitong and define management responsibilities

Haitong's risk management system was composed of Risk Department, Auditing Department, and Center for Customer Services and relating supervisors, with each has its corresponding responsibility. In 2008, our risk system has successfully dealt with many risk incidents including the Financial Crisis.

2. Establish comprehensive risk information, evaluation and monitoring system

In Haitong, we keep collecting both internal and external information on our company in the field of the business strategy risks, financial risks, operational risks, market risks, legal risks and risk management. Based on the collected information, the risks can be distinguished, analyzed multi-dimensionally, evaluated on one principle and monitored. In this way, our company already set a comprehensive risk evaluation system.

3. Build a comprehensive risk management internal control system and bring the regulations into act

To make sure the long-term implementation of risk management system, risk management has been implanted deeply into all aspects of the company by trimming corporate culture, regulations, operation process and responsibilities of each department. In Haitong, we formed new operation principles that emphasize on risk control and the safety of clients' fund.

3. Honest Operation Producing Good Results, Creating Better Brand Image

On November 26, 2009, The "2009 Fifth China Corporate Citizen Forum and the Award Ceremony of Outstanding Corporate Citizen" was opened in Shanghai. Haitong Futures by the accomplishment of taking social responsibility in 2009, along with China Construction Bank, IBM, Intel, Panasonic and other domestic and international enterprises, was awarded the "China's Outstanding Corporate Citizen". Haitong Futures was the only awarded futures company.

As a futures company, Haitong Futures has paid great attention to honest operation and industrial self-discipline, focused on the implementation of "social responsibility", and taken greater social responsibility in environmental protection, sustainable development, social welfare, and etc. Haitong Futures took concrete actions to prove our core concept of "bravely taking responsibility, committed to innovation and pursuing excellence".

The Forum was instructed by the Ministry of Civil Affairs, the Corporate Citizen Committees of Chinese



Association of Social Workers, the Economics Channel of China Central Television and other agencies. It aimed to promote corporate citizenship concepts with Chinese characteristics and the healthy development of corporate citizenship in China. So far It has been successfully held five consecutive sessions. The awarding was selected by expert committee on the basis of deep research on the development of corporate citizenship in China over the past year. The corporate citizenship assessment survey which lasted nearly a year collected 8000 samples, covering more than 30 provinces and autonomous regions, and systematically conducted testing and evaluation on enterprise's economic responsibility, legal responsibility, ethical responsibility and social responsibility from 10 aspects.

◆ Human Resources at Haitong

Haitong Futures focuses on protecting the interests of investors and the rights of employees, and actively created harmonious labor relations and social relations.

1. Investor-Oriented, Deeply Implementing the Appropriate Regime

The appropriate regime meets the regulatory principles of "high standard, stable start" in the early stage of stock index futures. The strict entry conditions can effectively prevent investors who do not understand futures, lack trading experience or awareness of risk control entering the market. Through the screening of qualified investors by the procedures and requirements of investors' comprehensive evaluation, qualification testing, and simulation trading, It helps in principle protect investors' legitimate rights and interests.

Based on this understanding, Haitong Futures set up a leading group for implementing the appropriate regime. The general manager is the leader. The chief risk management officer and the vice general president are the associate leaders. The group consists of persons in charge of the departments of customer services, information technology, IB, training, and business branches. Its main duties are to develop and promote the implementation of the appropriate regime for investors, to carry out internal mobilization, to implement signing responsibility documents of appropriate regime with business departments, to specify departmental and personal responsibility, work processes, and progress, to improve related processes with the appropriate regime, and to conduct the implementation of audit inspection.

Unifying thinking, raising awareness, and instructing the company, in particular the great attention paid by business departments' heads of the implementation of appropriate regime is the foundation and prerequisite for the company's operation. It is quite important to carry out a full mobilization in the company. Haitong Futures made standards for internal mobilization of "5 a" (preparing an implementation plan, holding a meeting for internal



mobilization, hosting topic meetings once a week, signing a responsibility letter, and organizing an internal audit). The mobilization meeting was held in Shanghai, requiring business departments regarding seriously studying, deeply understanding, and implementing relevant documents of appropriate regime as an important political task, doing "thoroughly describing risks and rules" to customers, carefully selecting customers, and preventing customer risk from the source. After the meeting, the company along with persons in charge of business departments signed responsibility letters for implementing appropriate regime.

On the basis of full mobilization, Haitong Futures set training as an entry point, internally improving business staff's understanding and operation of appropriate regime, externally enhancing investor education and creating the brand effect of "learning stock index futures at Haitong". Firstly, the company developed training plans for business staff and different investors, and established a training system combining normal and dynamic training, which has sub-categories and sub-levels, for entry, experienced and high-level investors. Secondly, the company established a lecturer group of nearly 50 people, four of which are qualified as specialized training instructors for IB business from Chinese Futures Association. Thirdly, through internal self-study, focused training, video training, touring training and other forms of training, the company created an atmosphere for learning appropriate regime. Fourthly, the company started comprehensive training, implemented assessment qualification system to staff in charge of opening accounts. Qualified staff would be issued qualification certificates, and unqualified staff would be re-trained or transferred. Fifthly, the company organized lecturers to hold training seminars of stock index futures on TV regularly, prepared a large number of promotional materials, and propagated knowledge of opening accounts, trading, clearing and related laws and regulations of stock index futures to investors through the company's Web site and brochures. Sixthly, the company established the mode of regional service, trained business branches with IB qualification, and conducted other training activities.

On opening an account, Haitong Futures kept a strictly standard and make sure the procedure going smoothly. The first is being strict on regulation. Our company revised the old rules on opening accounts and clarified the requirements on internal functions, personnel responsibilities, integrated evaluations, compliances, etc.; detailed "Appropriateness evaluation forms for Index Future Investors" and made an integrated evaluation form; completed the rules on internal control related to appropriateness and clarified the regulations on available funds, margin requirement standard, demerit system for bad credit and so on; in addition, we revised account-open contract to make sure operation department enforce the rules of "opening an account in person". Second is being strict on procedure. In the section of clients' classification and identification, opening accounts auditing and integrated evaluations, we put several risk control measures from the branches to the HQ. The third one is being



strict on IT. We set different authorities for different positions from information input system to imagine recording system and made sure keeping record at different level. The fourth one is being strict on IB. We established a joint team from Haitong Futures and Haitong Securities and revised the new operation rules. We proposed that we need three unions: union between methods, union between planning and union between examinations. According three unions, we revised regulations and procedures and make new rules on opening account under the assistant of IBs. The last one is to find out the opinions and suggestions from the investors who want to invest index futures to better understand client structure. Based on this information, we held mock trading channel, and organize and guild potential investors to practice in the mock trading. Now we have more than 6,000 investors who open an account for index future mock trading.

2. Great Attention to Human Resources and Employee Development

Haitong Futures organizes regular health exam for all employees, which will help staffs to prevent disease, keep healthy, and give staffs strong physical and mental protection. The Union also organizes regular staff badminton, basketball, yoga and other sports and license type activities in order to drive the vigorous development of employee fitness. At the same time, in order to improve staff safety and security, Haitong also buy traffic accident insurance for employees.

While pay attention to staff recreational activities, Haitong Futures put more emphasis on staff training. In order to deal with various disasters, emergencies, accidents, injuries, and enhance the awareness and ability of self-help and mutual medical aid, to conduct basic aid training; to enhance staff awareness of fire safety and fire rescue drills. In order to improve the marketing awareness of all staffs, strengthen the management capacity of team leaders, Haitong Futures organized the "financial industry marketing, excellent team-building" course training at HQ. The plenty training activities have positive effects on increasing all staffs' qualities, improving executive abilities and creating fast-learning teams, which proves Haitong has consistent policy on employees' personal development.

In 2009, Haitong Futures launched a campaign of "contributing a good idea for the company". It fully provoked the enthusiasm, creativity and self-awareness of all the staffs on participating the corporate management and construction. With the sense of ownership, our staffs provides more than 300 good advices on management, marketing, staff training and corporate culture.



- “Singing for the Motherland” for the China’s 60th Anniversary



- “The Construction of Best Financial Marketing Team” Training



3. Being Futures-Professionals Orientated and Promoting Mutual

Communications and Understanding

On Nov 29 2009, Shanghai Future Association held the Recreational Sports Games at Shenyuan Gymnasium in Shanghai. There are more 700 players from all kinds of future institutions joining 11 major games and 14 minor games. Haitong Future sponsored the Basketball Games named "Haitong Cup". After close fought games in the eliminating rounds and the final round tournament, Haitong's team won the championship from the 10 teams participated. This game fully revealed the healthy status of futures business, promoted the communication and understanding among the future industry and improved the friendship with each other, while creating a good environment on improving industry-wised employees' physical and mental health.

◆ Low-Carbon at Haitong

The main theme of the 21st century economy is a green economy, including green products, green production, green consumption, green markets, green industry and other content, which is the specific requirement of the sustainable development concept of the economic life. However, our model of economic development still have some shortcomings, especially the conflicts among the economy, society and the ecological environment has brought serious challenges to the sustainable development of the economy. To boost recycling economy and green development is the duty of Haitong Futures.

1. Hardworking, Pragmatic, and Daily Energy Savings

Responding to the Party's "building a resource-saving society" appeal, Haitong Futures advocate to hard working and pragmatics style, promoting environmental protection. Each employee could contribute to environmental protection. Even daily things such as double-sided printing, recycled-paper-made business cards, and summer air-conditioning temperatures no lower than 26 degrees Celsius; replace energy-saving light bulbs. Attention to details and rational choice has made the "simple beauty" well-known in the company.

2. IT Development to Power Environmental Protection

In order to further improve the "build the company on internet" project, in 2008 the company start to use the "IT office-based platform," based on the opening of the new OA system, which has further developed the OA network platform construction, enriched the network application service means and improved the network



application service quality.

1、 The paperless system of documents processing, which means that signing, documents' sending and approval are done by internal e-mails.

2、 Each employee use the national short messaging tools, which not only reduces the cost of remote communication greatly, but also considerably reduced the long-distance call which occupied the social communication resources a lot.

3、 Employee across the country will use the OA system's paper less process for holiday application. The cooperation among different departments could be done through OA system.

4、 Haitong Futures mainly use video conference. The initiative not only strengthened the management, increase efficiency, and to convey instructions to the lower levels in a short time; but also reducing the cost of the meeting, reducing the participants' travel and accommodation expenses.

3. The Green Promising- Tree Planting

Tree planting, greening the motherland is a great feat to benefit future generations. In order to better fulfill their civic obligation of tree planting and enhance young people's mutual understanding, in March 2009 the company Communist Youth League organized young volunteers to carry out "into the spring, tree-planting forest protection" activities. As an active practitioner of taking social responsibility, Haitong Futures is taking its responsibility by actions. We hope not only to be a witness of the development of civilization, but also become an agent of social progress.

◆ Welfare at Haiton

2009 is an unusual year. The financial crisis has not fully receded, while we were facing the China's 60th birthday. For the love to the motherland, the voluntary participation of employees from Haitong Futures joined the "Ode to the Motherland, sing by Haitong" organized by Hai Tong Securities Co., Ltd. and attended by many other companies within "Haitong" system to celebrate the China's 60th anniversary. By hard working on rehearsals, they finally each won the Gold, Silver and Best Performance Award.

In the afternoon of April 9, the "Well-known personal contribute to the world, wealthy person spread their love—Charity of Chinese Financial Companies 2008" which is organized by the Ministry of Civil Affairs, the Chinese Communist Youth League Central Committee, Federation of Trade Unions, the All-China Women's Federation,



supervision and guidance, financial Web site co-China Social Work Association, Ministry of Civil Affairs co-sponsored was held at Beijing's Diaoyutai State Guesthouse. Haitong futures topped the chart, as one of the charity. There are several criteria for companies that can get on board the list of enterprises. First, it has a positive corporate image, high social reputation, and has a certain influence in the financial industry. Second, great attention to the charity, and is actively involved in the industry as an exemplary role. Third, strong sense of responsibility, able to combine charity with the development of the company, and also ranked on top of listed financial companies according to the data provided by the Chinese civil system data, public service times survey data, public agencies contribute data and various media reports in 2008.

As a new company, Haitong futures strive to practice the scientific concept of development, committed to well corporation management, sustainable development and to create a Chinese first-class futures company. Meanwhile, as a socially responsible financial institutions, while develop itself, Haitong futures strives to carry forward the traditional virtues, such as Chinese charity, relieve the less privileged people, committed to becoming a qualified, excellent, and being respected company.

◆ Value at Haitong

From the acquisition of Huanghai Futures in 2006 to date, the numbers cannot fully reflect the rapid progress of the newly formed Haitong Futures Ltd. Next we will list the contributions, that Haitong made for the social responsibilities, in three ways.

1. Seeking balances and steady growth

By means of practice in commodity futures market, Haitong gains its systematic competence including how to find equilibrium point between index futures and commodity futures, to coordinate market strategies and team capabilities and to form a mutually supportive environment among brand advertising, market exploits and R&D. Above all, we focus on the exploration of domestic market. Only after we gain a significant share of the domestic market, we could have the platform and experience for the upcoming index future while we have the base for a continuing development in whole futures industrial chain.

According to the condition of the domestic future market, Haitong Futures Mainly applies its development strategies into three ways: modern, traditional and others. The modern one includes accelerating nationwide arrangement and branch constructions; the classic is to reinforce the relationship among our brand, market exploits and R&D, and to clean up the blind spots of the market; the last one includes (but not limits to) arranging trading competitions, e.g. Gold and steel trading tournaments, and joint actions associated with clients from other



business.

After the rapid progress in 2009, Haitong Ltd. which had initialized the new form of management combined with regional concentration and professional management, have become a comprehensive big future firm with 14 branches all over the country. Meanwhile it also set up a specialized system for customer services.

Furthermore, Haitong have formed a business operational model with multi-level form of clients visiting and routine business planning and review. As the needs for strategy and business development, our employees, from branch general manager to ordinary sales brokers, regularly and systematically communicated with our clients and formed a steady multi-level partnership.

2. Brand Management

Along with the customers' better understanding on brand name and future's market needs, the top 30 futures companies have 80% market share, which means the future business has entered a new era of brand competition.

It left Haitong with huge maneuver space and precious opportunity that the missing role of a nationwide future brand, a lack of industry wise leader and the forming business pattern. So with the objective of becoming a nationwide future brand, Haitong is working hard mainly on three aspects: brand planning, products regrouping and investors' communications.

1. Brand planning

Through internal reshuffling, each department has set up clear goal to build a brand pyramid with 3 levels of services: premium service, medium service and ordinary service, by some marketing strategies such as lectures, sales meetings, grand trading tournaments, etc.

2. Products regrouping

While doing the product planning, each departments has finished its products regrouping. Now the Haitong Future Ltd mainly formed by 3 parts, the research institution for R&D, the front office for the future market and the back office for the services.

From now on, each department will further clarify its product positions and development directions. After we set the main customer group and development directions, we will focus on the development of the new products branded with the name of "Haitong" under the help of the seasonal tracking and evaluations. Furthermore we will provide customized products according to different clients' needs. We will enrich and optimize our products.

3. Investors' communications

To make our clients accept Haitong as the representative of the future industry and make Haitong's corporate



image as the “Future expert”, our company increased our exposure rate on public media by using public relations and other publicities, especially first responding public interests on corporate social responsibilities.

In a business of endless competition, Haitong is the first one to set a premium service standard for investors. It makes us extraordinary among our competitors. In the eyes of investors, we have already become the most trustworthy company with strong capabilities.

◆ Honors at Haitong

| Catalog | Date | Organizers | Awards |
|--|---------------|---|--|
| Corporate Social Responsibility Awards | November 2009 | China Committee of Corporate Citizenship, CCTV's Economic Channel, Tencent Charity Foundation | “2009 Fifth China's Outstanding Corporate Citizen” |
| Financial Services Awards | February 2010 | Zhengzhou Commodity Exchange | 2009 Market Excellence Award |
| | February 2010 | Dalian Commodity Exchange | 2009 Market Services Award |
| | February 2010 | Shanghai Futures Exchange | 2009 年 Trading Excellence Award |
| | August 2009 | The Futures Daily, Committee of National Future Trading Tournament | Champion of Third National Futures Trading Tournament, Best Designated Brokerage |
| | August 2009 | China finance Oline, Stockstar, Genius Finance, CCTV's economic Channel | 2009 Best Organizer Award for Investor Education in China National Future Tournament |
| Futures Company Awards | November 2009 | The Securities Daily | Golden Key Award |
| | December 2009 | Business@SOHU | 2009 China Futures Industry Award for Best Strategic Positioning |





2010 Haitong Futures Co., Ltd. Guide for Enterprise Social Responsibility



1. Goal

1. To implement Scientific Outlook on Development, achieve harmonious development of enterprise and society, and take the social responsibility voluntarily, we write up this guide on the basis of laws as “Company Law”, “Regulations on Management for Futures Trading”, “Futures Company Management Measures”, and “Futures Exchange Management Measures” etc, administrative rules, and section regulation.

2. Enterprise social responsibility of Haitong Futures Co. Ltd, mentioned in this guide, is referred to the corresponding responsibilities taken by Haitong Futures for shareholders, customers, employees, society, and environment.

3. Seek for maximization of stockholders’ and economic benefits; provide customers first-rate service, practically protect the rights and benefits of employees; actively pursuit the development of work for the public good; and endeavor to undertake responsibility of environment protection, thereby promoting the harmonious development of enterprise and society.

4. In business operations, follow the norms of voluntary, impartiality, and making compensation for equal value; abide by public virtue and commercial ethics; accept surveillance by government and public; and never engage in unfair competition.

5. Closely follow this guide; actively fulfill social responsibility; regularly evaluate the degree of fulfillment; and take the initiative to publish reports of enterprise social responsibility.

2. Commitments to Shareholders

1. On the principle of maximizing shareholders’ benefits, further perfect corporate administration structure; ensure that all shareholders fully enjoy the legal rights and benefits stipulated by laws, regulations, and rules.

2. Fulfill the obligation of information disclosure in strict accordance with relevant laws, regulations, and rules; voluntarily publish all the information which may affect the investment decision of shareholders; fairly treat all shareholders; and never conduct any selective information disclosure.

3. Establish long term and relatively stable policy of allocation of profits and practical reasonable divided plan; and positively repay shareholders.



4. Increase the level of risk management; ensure the stability of corporate finance; and secure the safety of corporate assets.

3. Commitments to Customers

1. Stay close with markets; base upon innovation; constantly introduce high quality products and services to meet customers' demands.

2. According to requirements of different types of customers, encourage all business segments and sales departments to carry out diversiform training of futures knowledge.

3. Fairly treat institutional and personal customers and protect their legal rights and benefits; fully disclose relevant risk and information of futures trading to different types of customers in due time.

4. Improve the services of all business segments and sales departments; enhance confidentiality regime of customer information; practically and efficiently maintain the mutual trust between Futures Company and customers.

5. Safeguard personal information about customers; never sell or use it without permission.

4. Rights and Benefits of Employees

1. Strictly abide by "Labor Law"; protect the legal rights and benefits in accordance with the law; establish and complete employing system including benefit packages and incentive mechanism, etc; ensure that employees enjoy the right of labor and fulfill the obligation of labor in accordance with the law.

2. Establish professional training system; withdraw and spend the earnings from professional training in accordance with provisions stated by government; actively carry out employee training; encourage employees to participate training in their spare time, and support them; provide employees more opportunities for their development.

3. Constantly perfect the welfare protection system for employees; build safe workplace (including health safety, logistical support, security against fire, and safety control for working conditions).

4. Obey the principle of distribution according to work and equal pay for equal work; never reduce or arrear wages of employees without reasons; never arrange service contracts in which the duration is purely based on ad hoc work task or internship in disguised form, etc to reduce the employee wages and social security.

5. Never intervene employee's freedom of religion; never involve employment, compensation, training, promotion, dismissal, or retirement discrimination against employees because of their ethnic group, race, nationality, religion, gender, or age, etc.



5. Social Benefits

1. Take initiative to accept surveillance and check by government and regulators; be concerned about public estimation and media comments.
2. Actively participate in the universal education of futures knowledge provided by headquarters and sales departments; advance the development of the local area where company is located.
3. Within ability, selectively take part in the socially useful activities, such as community development, care for the needy and those with extreme difficulties, and charitable donation, etc; in the forms of entire participation in direction of headquarters or partial participation on own initiative of sales departments, progressively establish the continuity and affectivity mechanism of the enterprise socially useful activities.

6. Environment Protection

1. Further exhibit leverage effect of Futures Company in social resource allocation; encourage customers to save energy and protect environment via financial instruments, such as hedging.
2. Formulate energy saving and environment protection program; employ environment-friendly materials by which energy can be saved and waste can be reduced; lower the expenditure of energy; decrease pollutant discharge; recycle waste and reduce the negative environmental effect caused by daily operations as much as possible.
3. Create an environment with sustainable development.

7. Important Projects

1. 1% of the transaction fee from the upcoming trading competition will be offered to the establishment of a Haitong Futures Hope Primary School.
2. Following the regulatory requirements and work plans, comprehensively implementing the appropriate regime for investors, and getting ready for the steady launch and safe operation of stock index futures.
3. Taking advantage of futures company with securities' background, creating accomplishment in stock index futures, and entering the first class of the industry.
4. Strengthening the recruitment and training of talents, and ensure that more than 30% of new staff are fresh graduates.
5. Improving service standards, and embracing Haitong Futures' brand and customer reputation.



海通期貨



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