

GUOTAI JUNAN

2017 ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT

GUOTAI JUNAN SECURITIES CO., LTD.
ENVIRONMENTAL SOCIAL AND
GOVERNANCE REPORT 2017

NOTES ON PREPARATION OF THE REPORT

This report introduces the activities and performance of Guotai Junan Securities Co., Ltd. (hereinafter referred to as “the Company”, “Guotai Junan” or “Guotai Junan Securities”) and its subsidiaries (hereinafter collectively referred to as “we” or “us”) in actively undertaking economic, social and environmental responsibility in 2017. It covers the period from 1 January 2017 to 31 December 2017 (except otherwise specified).

The financial data in this report are derived from the audited financial report of the Company for 2017, and all amounts herein are expressed in Renminbi unless otherwise specified.

This report has been prepared in accordance with the Notice on Strengthening the Listed Companies’ Assumption of Social Responsibility and Publication, the Guidelines on Disclosing Environmental Information of Companies Listed on the Shanghai Stock Exchange, and Appendix 2 “Guidelines on the Preparation of Corporate Social Responsibility Report” contained in Memorandum No. 1 for the Reporting Work by Listed Companies for 2009 issued by the Shanghai Stock Exchange, as well as the Environmental, Social and Governance Reporting Guide issued by the Stock Exchange of Hong Kong Limited. The contents of this report are in compliance with the relevant requirements of the aforementioned guidelines as well as the “comply or explain” provisions set out in the Environmental, Social and Governance Reporting Guide.

The contents and information disclosed in this report have been reviewed and approved by the Company’s board of directors and supervisory committee.

This report is available in pdf file at:

The website of the Shanghai Stock Exchange(<http://www.sse.com.cn>)

The website of the Stock Exchange of Hong Kong Limited(<http://www.hkex.com.hk>)

The website of the Company(<http://www.gtja.com>)



OVERVIEW OF SOCIAL RESPONSIBILITY MANAGEMENT

01

COMPANY PROFILE

We are a long-term, consistent and across-the-board leader in the PRC securities industry, providing integrated financial services. Throughout the development of the PRC capital markets, we have weathered many industry cycles, and gradually established a corporate culture based on risk control and pursuit of excellence. By providing individual and institutional clients with various types of financial services, we have always been client-centric, and become an across-the-board leader in the PRC capital markets as well as a pioneer of technology and innovation in the PRC securities industry. We are committed to achieving quality growth and maintaining a balance among business scale, profitability and risk management. We are the only one among the Top Five Securities Companies in the PRC to have attained the regulatory rating of Class A Grade AA from the China Securities Regulatory Commission (hereinafter referred to as “the CSRC”) for ten consecutive years from 2008 to 2017. This achievement has been derived from the consensus of our culture among our employees, and the continuous implementation of such culture.

Leveraging our strong competitive advantage in the PRC, we will promote our internationalization by building up our global network and international execution capabilities, so that we can meet our clients’ demand for cross-border comprehensive financial services. Our aim is to become an integrated financial services provider with roots in China, global coverage and strong influence.

Our business scope is: securities brokerage; proprietary securities trading; securities underwriting and sponsorship; securities investment consultation; financial advisory in relation to securities trading and securities investment activities; margin financing and securities lending; securities fund distribution; agency sale of financial products; intermediary services to futures firms; stock options market makings; and other businesses approved by the CSRC.

As of the end of 2017, we have four wholly-owned professional subsidiaries including Guotai Junan Financial Holdings Co., Ltd., Shanghai Guotai Junan Asset Management Co., Ltd., Guotai Junan Futures Co., Ltd., and Guotai Junan Innovation Investment Co., Ltd., as well as two holding professional subsidiaries including Shanghai Securities Co., Ltd. and GTJA Allianz Funds Management Co., Ltd., which are engaged in related businesses at home and abroad. We have a total of 32 branch offices, 414 securities branches and 19 futures branches within the PRC, and our branch network cover 30 provinces, autonomous regions and municipalities directly under the Central Government.

OUR CONCEPT OF SOCIAL RESPONSIBILITY

02

By summarizing the Company's development history of over 20 years, we condense and refine it as the "Guotai Junan Consensus." The "Guotai Junan Consensus" represents a systematic demonstration of our corporate culture and values, as well as the common values and goals of our people. It also reflects our strong sense of social responsibility.

■ Mission: Creating value through providing financial services

Vision: Becoming an integrated financial services provider rooted in China with global coverage and significant influence

Spirit: Creation of perfection, pursuit of excellence

Core values: Integrity, responsibility, affinity, professionalism and innovation

■ Philosophy:

Our value	
Serve the country through financial services	We believe that the country's powerfulness serves a prerequisite for financial prosperity and strive to be a forerunner in the healthy development of the industry.
Being market-oriented	We insist on being market-oriented and believe that creating excellent performance serves as the prerequisite and foundation for realizing the mission of the Company.
Balance the interests of all stakeholders	We believe that the process of pursuing long-term goals can lead to the achievement of medium-term and short-term goals.

Our approach to profession	
Regard our clients as our first priority	We have always been client-centric and created values for our clients by providing professional services.
Prudent management	We are committed to prudent management and firmly believe that risk management creates value and future development relies on compliant operations.
Excel by innovation	We regard innovation as the driving force for the Company's development. We always maintain a modest attitude and continue to learn, with an aim to surpassing ourselves.

Our people culture	
Being people-oriented	As we view our employees as the cornerstone of our survival and growth, we recruit talents in a fair and open manner, and give our best employees opportunities for career advancements.
Select talents under the principle of meritocracy	We adhere to the criteria for selecting talents based on cultural identity, ability and integrity, diligence and dedication, and outstanding performance.
Promote collaboration and cooperation	We advocate the team spirit featured with shared responsibilities, results and rewards, as well as joint development.

Our code of conduct	
Being sincere and aggressive	We enthrone the work style highlighting meticulousness, sincerity, accountability and aggression.
Cherish our reputation	We take concrete measures to safeguard the Company's brand and defend its reputation.
Social responsibility	We actively undertake social responsibility and commit to our status as a well-respected company.

OUR MODEL OF SOCIAL RESPONSIBILITY

03

1

We regard our clients as our first priority and balance the interests of all stakeholders.

We prioritize our clients and aim to create value for them through our professional services. We believe that we can only further the interests of our Shareholders and employees through creating value for our clients. We also believe that the pursuit of long-term goals can lead to the achievement of short-term objectives, and we are committed to striking a balance between business scale and profitability.

2

We adopt a culture of risk management and excellence.

We believe that risk management creates value and future development relies on compliant operations. We seek to identify the best people for all positions, and to provide the best quality services and deliver the best results to our clients.

3

We are a people business and we promote collaboration and cooperation.

We view our employees as the cornerstone of our survival and growth. We place strong emphasis on our culture and heritage. We give our best employees opportunities for career advancements. Our people culture is based on both shared responsibilities and shared rewards.

4

We excel by innovation and cherish our reputation.

We believe that innovation is the driver for our future growth and the key to a sustainable leading position. We always cultivate a sense of crisis and take forward-looking and preemptive actions. We cherish our reputation, honor professional ethics, and commit to our status as a well-respected company.

OUR SOCIAL RESPONSIBILITY MANAGEMENT

04

Our social responsibility management is decided by the Party Committee of the Company and the board of directors and coordinated by the management level. The Company's Party Committee Office, president's office and brand center are responsible for the promotion and implementation. Departments from the headquarter, subsidiaries and branches cooperate with each other under the principle of division of labor and cooperation, and jointly promote and carry out social responsibility works.

Decision-making level – the Company's board of directors and management level

Review and make decisions on key issues such as strategic planning for corporate social responsibility and substantive issues, and conduct special reviews on the annual Environmental, Social and Governance Report.

Organization level – president's office and brand center

Organize and coordinate various departments to carry out social responsibility works, including coordinating and organizing related activities, collecting information related to social responsibility, and preparing the Environmental, Social and Governance Report.

Execution level – departments, subsidiaries and branches

Specifically implement social responsibility works and activities within the scope of their respective responsibilities, and provide assistance in compiling statistics on social responsibility works and key performance indicators.

Corporate governance and investor relationship management: Board office

Management of customer relationship, product and service responsibility: Business Units, subsidiaries and branches

Energy conservation, emission reduction and security: President's office

Targeted poverty alleviation and charity: Party's Commission Office, charity foundation

Employees: Human resource department, financial institute

Information system security: Information technology department, data center

Inspection of social responsibility works: Strategic management department, compliance department, legal department

Supervision of social responsibility works: Office of supervisory committee, office for discipline inspection and supervision, audit department

BASIC CORPORATE INFORMATION

05

- Chinese name: 國泰君安證券股份有限公司
- English name: Guotai Junan Securities Co., Ltd.
- Abbreviation in Chinese: 國泰君安、國泰君安證券
- Abbreviation in English: GTJA、Guotai Junan Securities
- Domicile: No. 618 Shangcheng Road, China (Shanghai) Pilot Free-Trade Zone, Shanghai, PRC.
- Office address: No. 168, Middle Yincheng Road, Pudong New District, Shanghai, PRC
- Legal Representative: YANG Dehong
- Places of listing, stock names and stock codes:
A shares: Shanghai Stock Exchange, GTJA, 601211
H shares: Hong Kong Stock Exchange, GTJA, 02611
- Official website: <http://www.gtja.com>

WE REGARD OUR CLIENTS AS OUR FIRST PRIORITY AND BALANCE THE INTERESTS OF ALL STAKEHOLDERS

We prioritize our clients and aim to create value for them through our professional services. We believe that we can only further the interests of our Shareholders and employees through creating value for our clients. We also believe that the pursuit of long-term goals can lead to the achievement of short-term objectives, and we are committed to striking a balance between business scale and profitability.



WE CARRY OUT CLIENT-ORIENTED BUSINESS OPERATIONS

INSTITUTIONAL FINANCE

We comprehensively promote the construction of an integrated service system for corporate and institutional clients, serving 25,905 institutional customers. During the year, 370 securities underwriting projects were completed, with the principal underwriting amount of RMB 351.409 billion; 12 mergers and acquisitions and reorganization projects were completed, involving a transaction value of RMB 47.856 billion; and 13 cross-border mergers and acquisitions projects were commenced, and three of which were closed. Total number of products launched under asset custody and outsourcing business amounted to 5,927, with a business scale of RMB 755 billion. We have formed a FICC business system covering structured notes, quotation and repurchase, return swaps, OTC options, interest rate swaps, credit derivatives and other businesses, and the volume of client-based business exceeded RMB 40 billion at the end of the year. We received the first prize for “Most Influential Research Institute” for three consecutive years and the second prize for “Best Domestic Research Team” awarded by New Fortune. The number of qualified teams in all research directions amounted to 22, and 15 teams were shortlisted.

PERSONAL FINANCE

We continuously improve the service system for retail customers, with the purpose of providing high-quality wealth management services for 11.1 million securities accounts. Throughout the year, 48 securities branches and 2 futures branches were newly established. At the end of the year, there were a total of 433 securities and future business outlets in major cities in 30 provinces, municipalities, and autonomous regions of the PRC. Moreover, we promote the construction of “Junhong · Jing Yi” retail customer integrated service system consisting of product centers, customer centers and strategy centers, as well as optimize service products, service pipelines and modes of service delivery. In addition, we strive to set up a Junhong APP integrated internet financial platform featured with intellectualization, scenario settings and socialized characteristics, so as to provide comprehensive upgrade of user experience and service standards. Furthermore, we launch Junhong Lingxi intelligent service system, providing over 30 intelligent services to massive users within the overall framework of smart customer service, investment and wealth management. The Company was selected as “The Most Trusted Wealth Management Securities Company of the Year” in the Touchstone Award Ceremony by the 21st Century Business Herald (《21 世紀經濟報道》金石獎). Guotai Junan Junhong was granted six awards including “Top 10 Securities APP”, “2017 Excellent Operation Team of Securities APP” and “2017 Satisfactory Securities APP” in the Excellent Securities APP Selection by Securities Firms in China (券商中國·優秀證券公司 APP 評選); granted the first prize of “The Top 10 Excellent APP of the Year”, “APP with the Best Customer Services” and “APP with the Best AI” in the 2017 Securities APP Award Ceremony by Sina Finance (新浪財經 2017 券商 APP 風雲榜).

INVESTMENT MANAGEMENT

We complete the standardization of subsidiaries engaged in private equity investment funds with a total of 27 completed investment projects and 45 funds under management. The size of assets under management increased by 4.77% from the end of the previous year, among which the scale of actively managed assets increased by 11.8%, while the growth rates of asset securitization products and multi-strategy products were 62.94% and 46.38%, respectively. Our quantitative investment team won the “Three-year Best Award (2014–2016)” for the quantified hedging strategy in the China Private Fund Annual Conference for three consecutive years, while Junxiang Xinli No.3, Jundeli No.2, Jundexin, Junxiang Huichuang No.1 and other products won Golden Bull Awards bestowed by China Securities Journal.

INTERNATIONAL BUSINESS

Guotai Junan International won a number of major awards, including 2017 Gold Award from The Asset, the “Best China Broker” award from the “Offshore China Fund Awards 2017” co-hosted by Chinese Asset Management Association of Hong Kong and Bloomberg and the “Best Listed Company” award from China Securities Golden Bauhinia Awards organized by Ta Kung Pao.



**WE INSIST ON THE SUPREMACY
OF CUSTOMER INTERESTS**

PROTECTING CUSTOMER TRANSACTIONS AND INFORMATION SECURITY

The availability of our centralized trading system, quote system, third party depository system, PB system, stock option system, and NEEQ market maker system reached 99.999%, which was the highest in the industry. We adopt the capacity analysis and forecasting model to collect the capacity indicative information of the trading systems, timely track and resolve the warnings related to system capacity, as well as improve efficiency of safety operation and maintenance and capability of preparation for emergency situations. We attach importance to the review of access



and control permissions of trading systems and place emphasis on data backup and terminal security checks. We evaluate major suppliers on a quarterly basis, as well as pay attention to the handover evaluation during system development and the security management in respect of antivirus and operation logs during system operation. We regularly provide internal employee and outsourced personnel with training and examinations on information security and compliance risks, sign confidentiality undertaking, and conduct regular checks on customer's information security.

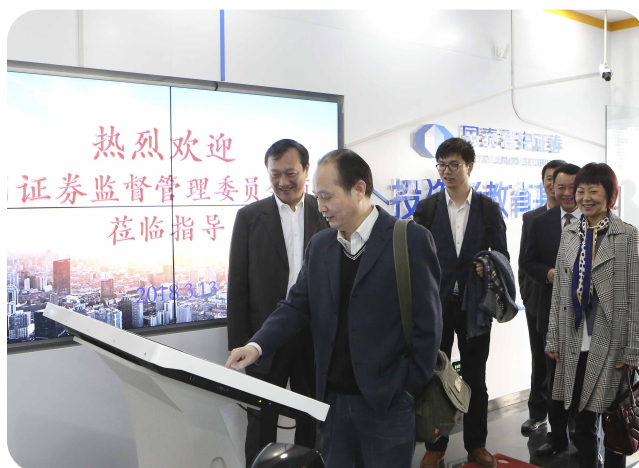
MAINTAINING SMOOTH COMMUNICATION WITH CUSTOMERS

To further protect the interests of our customers, we have built a variety of communication channels through mobile handsets, Internet platforms, telephones, and text messages according to the Opinions on Further Strengthening the Work of Protection of the Legitimate Rights and Interests of Minority Investors in the Capital Markets issued by the General Office of the State Council and Provisions on Strengthening the Management of the Securities Brokerage Business issued by the CSRC. Throughout the year, the total volume of customers served exceeded 1.87 million, of which approximately 1.02 million customers were served by telephone services, and a total of over 850,000 customers were served on Internet platforms. Our customer service hotline 95521 sent nearly 300 million text messages in the whole

year and resolved 2056 customer complaints, of which 687 cases were resolved online; 1369 cases were resolved afterwards. Among the complaints resolved afterwards, a total of 1,110 cases, which accounted for 81% of such complaints, received customer satisfaction levels of “acceptable, basically satisfied and satisfied”. The smart customer service system we developed provided 24/7 voice answering service for a lot of internet users with an online response rate of over 96%.

FOCUSING ON DEVELOPMENT OF INVESTOR EDUCATION

In strict compliance with the Measures for the Administration of the Suitability of Securities and Futures Investors of the CSRC, we adopted various measures to protect the legitimate rights and interests of investors. Our national-level investment education base has been officially launched. Our branches have also established provincial-level investment education bases one after another, and initiated investor education via open platforms. We planned and organized a number of large-scale thematic programmes on the protection of interests of investors, such as education campaigns on the protection of interests of debt investors, and activities themed



“improve service quality through the popularization of financial standards”. We also actively participated in the “cutting-edge investor education (投教新锐)” broadcast campaign launched by the Shanghai Stock Exchange, Investor Education and Protection Series 2017, 3.15 “Investor Rights Protection Month” promotional activities, 12.4 the Promotion Week for the Constitution of “Respecting, Learning, Following and Using the Laws”, as well as “Investor Protection – knowing the rules and risks” publicity campaign. We also use the online channel provided by Guotai Junan Junhong APP to provide investor education in a live video format, establishing ourselves as a leader in the industry in terms of the contents and coverage of investor education.

3 ACTIVELY REWARDING OUR SHAREHOLDERS

We have specifically stipulated the cash dividend ratio in the Articles of Association: (1) The annual dividends distributed in cash shall not be less than 15% of the distributable profits realized during the year; (2) If dividends are distributed in a combination of cash and stock, the dividends distributed in cash shall not be less than 20% of the actual dividends distributed.

We mainly distribute dividends in cash, and the proportion of dividends in the last three years exceeded 30%.

Unit: in hundred million of RMB

	2017(Proposed)	2016年	2015年
Amount of cash dividend	34.8557	29.7375	47.2750
Net profit attributable to shareholders of listed companies	98.8154	98.4142	157.0029
Proportion of dividend in net profit	35.27%	30.22%	30.11%

4 FOCUSING ON PROTECTION OF CREDITORS' RIGHTS

We have formulated the “Rules of Bondholders’ Meeting” and set up a reimbursement working group, with a view to giving full play to the role of bond trustee and strictly performing obligations relating to information disclosure. The guarantee measures for repayment are consistent with the relevant commitments contained in the prospectus. No delay of payment of principal and interest has occurred so far.

5 CONDUCTING BUSINESS AND PAYING TAXES IN ACCORDANCE WITH LAW

We strictly abide by various fiscal and tax regulations, conduct business and pay taxes in accordance with law, and pay back to the society through tax contributions. We conscientiously implement the VAT collection reform on asset management products, actively participate in the tax management of thousand large groups initiated by the State Administration of Taxation, as well as actively enhance the consciousness of tax payment among our employees and the efficiency of fiscal and taxation management. We rank leading position in the list of top 100 taxpayers in the tertiary industry in Shanghai, and are honored with the annual “Top 100 Enterprises in Economic Contribution”.

6 REPAYING THE SOCIETY BY TARGETED POVERTY ALLEVIATION

We actively participate in the targeted poverty alleviation program of “One Company for One County” and establish paired support relationship with three state-level poverty counties, including Ji’ an County in Jiangxi Province, Puge County in Sichuan Province and Qianshan County in Anhui Province.

INDUSTRY SUPPORT

We support companies in three counties to promote regulatory governance, restructuring, listing, mergers and acquisitions, reorganization and financing through the issuance of on- and off-exchange bond products, facilitate companies in three counties to launch IPOs or list on NEEQ, help establish or participate in the establishment of industry funds or industry guidance funds, assist in the introduction of various projects and investment funds, and develop carbon reduction yielding products. Projects including promotion of financing for Tianzhu Mountain tourism project with Qianshan County are currently implemented.



FINANCIAL CONSULTANCY

We organize professional forces to provide governments in three counties with financial advisory services in aspects of policy planning for financial and industry development, infrastructure investment and financing, corporate restructuring, M&A and reorganization, financial innovation, and asset management.

PROJECT ASSISTANCE

We have invested RMB 28.4728 million to assist the three counties in setting up industry funds and new rural construction, school construction and other projects. Meanwhile, we responded to the advocacy of Securities Association of China by investing RMB 2.25 million in the construction of photovoltaic power plant for poor villages in Xi County, Shanxi Province.

TALENT SUPPORT

We have strengthened the exchange with talents in the three impoverished counties, provided training in the financial and capital market expertise for local governments and enterprises, held thematic trainings for the leading cadres of the three counties, and supported the three counties in selecting cadres and senior management members for engagement in short-term training and business operation in our company. We have invited a total of over 200 public servants and entrepreneurs from the three counties to Shanghai to participate in training.

EDUCATION ASSISTANCE

We have carried out paired support works for poor students from schools in three counties by setting profile cards, providing training and internships and enhancing their professional knowledge and work skills, and preference will be given to these students of the same qualification with others in recruitment. Our charity foundation provides annual subsidies to 100 impoverished university students, 300 impoverished elementary school students and 50 impoverished teachers in each county. We have cooperated with East China Normal University to provide a week-long summer training program for 50 outstanding principals and teachers from the three counties. We brought in new ideas to our method of assisting the poor by investing RMB 2 million each year to purchase customized insurance for all 10,904 serving teachers and over 130,000 primary pupils in Ji'an County, Qianshan County and Puge County as a supplement to critical illness insurance, so as to avoid the situations of falling into poverty or returning to poverty due to illness. The project was well-received by the public and was proudly granted the "2017 Securities Firms' Innovation in Assisting the Poor Award" (2017 年度券商扶貧創新獎) by Financial Corporates.

PUBLIC WELFARE ASSISTANCE

Our Communist Youth League Committee and Chinese Young Volunteers Association co-operated with the Communist Youth League Committees of Ji'an County, Puge County and Qianshan County to carry out six "staying together" activities for left-behind children, with the number of more than 50 participating young volunteers and beneficiaries of 550 children. In such activities, we have donated 1,800 books, 2,100 pieces of stationery and sports equipment and 200 sets of school desks and chairs in total. The charity foundation recorded 300 poor households in total in three counties to be supported. We conduct our new employee training in Ji'an and Qianshan counties. During the training period, we organize new employees to visit local homes for disabled veterans, nursing homes, welfare homes and poor families. We help the three counties to sell agricultural by-products through channels including the Company's internal clients and online shopping malls.

WE ADOPT A CULTURE OF RISK MANAGEMENT AND EXCELLENCE

We believe that risk management creates value and future development relies on compliant operations. We seek to identify the best people for all positions, and to provide the best quality services and deliver the best results to our clients.

1 WE FIRMLY BELIEVE THAT COMPLIANCE AND RISK MANAGEMENT SERVE AS OUR CORE COMPETENCY

The Group firmly believes that risk management is the core competency of securities companies. We have established a comprehensive and effective risk management and internal control system and use advanced risk management tools and technologies to manage overall risk exposures in a proactive way, which enables the Group to attain the regulatory rating of Class A Grade AA from the CSRC for ten consecutive years.

In accordance with regulatory requirements, we have revised important regulations such as the articles of association, basic systems on corporate risk management and compliance management, measures on risk appetite management and measures on management of various types of risks, as well as formulated management measures for swift responses to risks and measures on compliance and risk management for subsidiaries.

We have revised the online front-line compliance and risk-management system, developed online risk control platform, formulated review and inspection guidelines, optimized assessment mechanism for training, and eventually significantly improved the capability of front-line compliance and risk management.

We have completed setting up of the network connectivity, system interconnection, and financial and business data acquisition between the parent company and all domestic and foreign subsidiaries. As a result, the system can automatically generate consolidated statements and risk data statistics, as well as perform calculations related to overall risk profile.

We have formed a corporate-level mechanism for making swift responses to risks, under which we can quickly initiate response mechanism, carry out risk analysis and assessment, and submit reports in case of material adjustments in regulatory policies, market risk events and emergencies.

We have developed risk management manual for 33 departments at the headquarter and all branches, with a view to steadily promoting the construction of system on risk management manual and long-term management mechanisms.

We have integrated the compliance and risk management system, independently developed a comprehensive risk management platform, and implemented a number of integrated risk management functions such as centralized storage of basic information and account consolidation management, authorization management, and management of risk management manual.

2 WE CONSTANTLY OPTIMIZE THE STRUCTURE OF ASSETS AND LIABILITIES

We have established the asset liability committee to assume the responsibility for asset, liability and liquidity management within the scope authorized by board or president meeting; rationally allocated funds and capital resources in accordance with the principles of safety, liquidity and profitability; guided all business lines and subsidiaries to adjust their business behaviors and asset and liability structures; continuously optimized asset and liability status; and ensured that total asset and liability is balanced and reasonably structured, as well as in compliance with corporate strategy and regulatory requirements. In 2017, we further optimized the capital structure by issuing H-shares and A-share convertible bonds to supplement capital.

3 WE CONTINUE TO IMPROVE CORPORATE GOVERNANCE

We strictly abide by the requirements of laws, regulations and regulatory documents of domestic and foreign places where the Company is listed, standardize operations, continuously improve the structure and system of corporate governance, and eventually enhance the standard of corporate governance.

We have established a sound and well-established corporate governance structure consisting of shareholders' meetings, board of directors, supervisory committee and management team, and formed a complete corporate governance system for deliberation, decision-making, authorization and execution between the authorities, the decision-making bodies, the supervisory bodies, and the management team featuring clear rights and responsibilities, standardized operations, mutual coordination and checks and balances.

We strictly abide by the relevant provisions of the Corporate Governance Code and the Corporate Governance Report in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, and have met the requirements of the majority of the recommended best practices. In 2017, we established the board diversity policy and appointed one Hong Kong resident as an independent director.

We provide all kinds of necessary information and conveniences for the directors to perform their duties. The directors and supervisors are notified of monthly operation and management status each month, and the chairman and non-executive directors maintain smooth communication. We communicate with shareholders through performance conferences, road-shows, investors reception parties, online interactions, and telephone calls, in order to maintain investor relations.

4 WE ARE A LONG-TERM, CONSISTENT AND ACROSS-THE-BOARD LEADER IN THE PRC SECURITIES INDUSTRY, PROVIDING INTEGRATED FINANCIAL SERVICES.

We are a long-term, consistent and across-the-board leader in the PRC securities industry, providing integrated financial services. Our capital scale, profitability, business strength, and risk management capabilities have topped the industry. We have attained the rating of Class A Grade AA for securities company for ten consecutive years.

As a consistent leader in terms of business scale, we have strong profitability and always rank top in the industry in terms of profit. From 2007 to 2017, the Group's net profit ranked among the top three in the industry, and its operating revenue and total assets ranked among the top three in the industry for seven consecutive years. In 2017, our operating revenue ranked third in the industry, net profit attributable to shareholders of listed companies ranked second in the industry, and total assets, net assets and net capital ranked third, second and first in the industry respectively.

At the end of 2017, we served 26,000 institutional clients, representing an increase of 11.14% compared to the end of the previous year. The number of personal finance accounts opened exceeded 11.1 million, representing an increase of 22% over the end of the previous year. In the past three years, a total of 221 clients cooperated with us on two or more investment bank projects, showing a higher level of stickiness.

In 2017, the Group saw continuous development of all of its principal businesses and stable improvement in integrated financial services capabilities. In respect of the institutional finance business, the Company's equity underwritten amount ranked second in the industry; margin loans for stock-pledged financing ranked second in the industry. Our research business received the first prize for "Most Influential Research Institute" in the New Fortune Best Analyst Award. In respect of personal finance, the Company's net revenue from securities brokerage business (including seat leasing) ranked first in the industry, the balance of margin loans and securities lending ranked second in the industry, net revenue from financial product brokerage business ranked first in the industry, and trading volume of financial futures ranked third in the industry. In respect of investment management, commissioned funds of the asset management business ranked third in the industry and monthly average balance of assets under discretionary management ranked third in the industry.

We promote the development of financial technology by developing an industry-leading intelligence APP based on the big data and artificial intelligence, launching the smart service brand of Junhong Lingxi, and building a digitalized service system to rapidly improve our capabilities in providing full business support and personalized services to clients. At the end of the period, mobile terminal users exceeded 22 million, representing an increase of 83% from the end of the previous year. The number of monthly active users ranked second in the industry.

We actively promote the development of FICC, asset custody and financial technology, and strengthen our leading position in innovative sectors. FICC business covers structured notes, quotation and repurchase, return swaps, OTC options, interest rate swaps, credit derivatives and other business categories. The Group becomes one of the first companies to obtain the Bond Connect quotation qualification, and is permitted to conduct cross-border business and act as a centralized clearing agent for RMB interest rate swaps on a pilot basis.

WE ARE A PEOPLE BUSINESS AND WE PROMOTE COLLABORATION AND COOPERATION.

We view our employees as the cornerstone of our survival and growth. We place strong emphasis on our culture and heritage. We give our best employees opportunities for career advancements. Our people culture is based on both shared responsibilities and shared rewards.



1 OUR STAFF

As of the end of 2017, we have a total of 14877 people, including 14,439 domestic employees and 438 overseas employees. We strictly abide by the relevant laws and regulations, as a result the employment of child or force labour is prohibited, and there are no work-related injuries or death of employees.

The composition and turnover rate of employees are as follows:

Gender	Number of individuals in 2017	Employee turnover rate in 2017 (%)
Male employees	8331	10.45%
Female employees	6546	7.28%

Age composition	Number of individual in 2017	Employee turnover rate in 2017 (%)
30 and below	5436	13.35%
31-40	5608	7.26%
41-50	3032	4.57%
51 and above	801	4.79%

2 OUR STAFF DEVELOPMENT

We have set up an online-to-offline training system that is supported by human resources development strategy, with Guotai Junan Financial College as the core. In 2017, we further increased our investment in training resources. Annual training expenses of the parent company amounted to RMB 27.5 million, representing an increase of 46.42% over the previous year. Financial College successively organized 531 face-to-face trainings, with a total of 8841 training hours and 15754 participants; following the recent launch of 38 series of online courses, which involve a total of 85 teaching hours, 8613 staff participated in online or mobile trainings, and completed 356,000 hours of online learning in total. Per capita training hours organized by Financial College of the Company's headquarter amounted to 66.04 hours, and the training coverage rate was 98.6%. Subsidiaries and branches organize their own trainings after considering their specific business and management needs. The per capita training hours amounted to 58.68 hours, with the training coverage rate of 92.65%, among which the total training cost of subsidiaries was RMB 4.45 million. In addition, domestic employees are required to participate in annual practice qualification training organized by self-regulatory organizations such as Securities Association of China, Asset Management Association of China and China Futures Association.

We continued to improve the development of channels for recruitment, build up the recruitment administration platform of the Company, and strengthen the development of the talent supply chain system of the Company by an integrated utilization of various means such as promotion in schools, online recruitment, recommendation by headhunters, internal recruitment and recommendation by employees. In strict compliance with the provisions of the Labor Law of the People's Republic of China and the Employment Contract Law of the People's Republic of China, we recruited talents on the basis of fair assessment and selecting the outstanding candidates, and we did not treat our employees with discrimination due to the difference in their nationality, race and religion. The proportion of our male and female employees were 56% and 44% respectively without sexual discrimination.

Thorough consideration is given to annual assessments, with an aim of providing employees with opportunities for employment renewal and promotion. We nurture and train key talents by offering intensive learning, position exchange, job rotation in business units at headquarter and temporary positions in branches, which enable them to grow rapidly and play a core role. We have improved the Administrative Measures on Professional Ranking, and in turn materialized the matching between professional rank, performance and remuneration.

We attach great importance to the cultivation and construction of cadres' team. As a result, we screen out 300 grassroots management personnel to form a pool of talents covering various management levels of the Company. We enhance the cultivation and use of reserve cadres through promotion, appointment and position exchange. In 2017, 35% of reserve cadres were promoted, or participated in exchanges and important trainings. 60% of the newly promoted and appointed cadres were reserve cadres.

Given the needs of our internalization strategies, we launched an international talent training program in 2017, under which we selected 20 international talents to participate in learning and training sessions in Hong Kong, New York and other places in batches.

In 2017, one of our people was selected for Shanghai Outstanding Leader Program (上海領軍人才計畫), two were selected for Shanghai Leading Financial Talent Program (上海領軍金才計畫), two were selected for Shanghai Overseas Financial Talent Program (上海海外金才計畫) and four were selected for Shanghai Youth Financial Talent Program (上海青年金才計畫).



OUR REMUNERATION SYSTEM

Based on the goal of offering "internally fair and externally competitive" remuneration and incentives, we have established a corresponding remuneration distribution and assessment system according to national laws and regulations. An accomplishment-oriented distribution system that combines post-based remuneration and performance bonuses is adopted to attract and retain outstanding talents.

We have paid corporate annuities in accordance with national policies, and purchased various social insurance policies (pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance) and established housing provident funds for employees based on applicable laws and regulations. We have made full contribution to the aforesaid social insurances and housing provident funds in accordance with the applicable regulations.



PROTECTION OF EMPLOYEES' RIGHTS

We have established employee representative assemblies and trade unions. Any matters involving major interests of employees must be reviewed by employee representative assemblies in order to provide the best working environment and livelihood support for our employees. In 2017, we organized and convened three employee representative assemblies to review training programs, supplemental medical insurance and other issues. We have formulated and strictly

followed the measures for employees' leave administration that leaves affected by work are allowed for extension within a certain period.

We have signed labour contracts with all recruited talents, agreeing on various conditions including job positions, job duties, working hours, performance assessment and termination of employment. The functionary substitutes of the Company would review and authorize the signature of collective contracts, collective contracts on salary and collective contracts on the protection of special rights and interests of female employees, and set up the Labour Dispute Mediation Committee which is responsible for mediating labour disputes between employees and the Company.



We use the labor competition to guide and help employees improve their quality and capabilities, so as to achieve dream and glorious career. In 2017, two of our employees were awarded the "May 1 Labor Medal" of Shanghai, and one employee received Gold Medal in the Staff Skills Competition of Shanghai (上海市职工技能大赛). Our asset custody department gained the title of "Worker Pioneer" in Shanghai.

We have organized various types of cultural and recreational activities such as dragon boat races, table tennis competitions, photography, calligraphy and painting competitions, and outdoor trekking events through trade unions and various associations, for the purpose of alleviating work pressure of our staff, enhancing interactions among employees, as well as strengthening the cohesion generated by corporate culture.

We have organized grass-roots trade unions to offer holiday greetings to retired employees, arranged medical examinations, and established a long-term mechanism for hardship relief through our system.

Data about health and safety of employees in 2017	
Number of employees dead on duty	0
Work-related injuries (more than 3 days)	0
Work-related injuries (less than 3 days)	0
Number of working days lost due to work-related injuries	0

5

COMPLIANCE MANAGEMENT OF EMPLOYEES

To further strengthen the development of a compliance culture, enhance the awareness about compliance, improve self-discipline of employees and prevent compliance risks, we followed the requirements of laws and regulations including the Securities Law of the People's Republic of China, the Rules of Conduct for Practitioners in Securities Industries and the Criminal Law of the People's Republic of China, and timely amended and distributed the Employee Compliance

Handbook to all employees. The Employee Compliance Handbook (2016 Edition) included various issues such as the compliance culture of the Company, practicing requirements and qualifications of employees, prevention of insider trading and conflict of interest, relationship with customers and industry peers, ethical wall and anti-money laundering, and code of conduct for employees. We have also set up systems such as the Measures for Dealing with Employees Who Violated the Rules and Discipline and the Procedure for Dealing with Rules and Discipline Violation in order to timely deal with and prevent rules and discipline violation.

We adhere to the principle of operation in compliance with the laws and regulations and strictly prohibit any business corruption in our operational activities. If employees' business activities involve giving or receiving gifts and entertainment, we would strictly follow the Measures for Administration of Gifts and Business Entertainment of the Company and reported any cases of receiving gifts with value more than a certain amount to the senior management. We have set up the Discipline Inspection and Monitoring Office for supervising and checking whether there are any conducts violating the rules and discipline in business activities; any cases proved to be violation would be handed over to the Compliance Department for accountability and disciplinary actions.

WE EXCEL BY INNOVATION AND CHERISH OUR REPUTATION

We believe that innovation is the driver for our future growth and the key to a sustainable leading position. We always cultivate a sense of crisis and take forward-looking and preemptive actions. We cherish our reputation, honor professional ethics, and commit to our status as a well-respected company.

1 WE CONTINUE TO PROMOTE BUSINESS INNOVATION

In terms of investment banking business, we have issued the first “One Belt One Road” perpetual medium-term note launched by private enterprise – 17 Red Lion MTN004 (17 紅獅 MTN004), the first “Bond Connect” product related to steel industry – Anshan Steel’s 2017 Commercial Paper Series 2 (鞍山鋼鐵 2017 年度第二期短期融資券), the first corporate bond for innovation and entrepreneurship through small public offering – Jinan Shengquan 2017 corporate bond for innovation and entrepreneurship (Phase 1) (濟南聖泉 2017 年度創新創業公司債券 (第一期)), as well as the first corporate bond based on project revenue – Gezhouba project revenue bond (葛洲壩項目收益債券).

In terms of retail business, we have received numerous awards including the “Best Securities Brokerage Firm of the Year”, “Outstanding Brokerage Business Award for Securities Firms of Lead the Chinese Advance 2017”, “The Most Trusted Wealth Management Securities Company of the Year”, and “Top ten APP brands, customer satisfaction award, excellent operation team award”, “the best mobile financing application of 2017” and “the best smart service securities firm of 2017”.

Regarding the trading and investment business, we have become one of first companies to obtain the Bond Connect market-maker and quoter qualification, the only gold option volatility surface quoter in the industry, and nickel futures trader.

In respect of investment management business, we have completed the first batch of reorganization of private investment funds subsidiaries and made investment in Shanghai Kechuang Center Equity Investment Fund, which has a total scale of RMB 30 billion.

2 WE INSIST ON SERVING THE REAL ECONOMY

Throughout the year, our securities underwritten amount was RMB 351.409 billion in total. In addition, we completed 12 major mergers, acquisitions and reorganization projects, involving the transaction amount of RMB 47.856 billion, and launched 13 cross-border mergers and acquisitions projects. Meanwhile, we provided funds for the real economy through stock-pledged business, with a year-end balance of RMB 90.772 billion. Moreover, we have returned to the origin of investment, and provided support to the development of business entities supported by core technologies and solid foundation. In 2017, we completed 13 investment projects, and the total investment amount of which reached RMB 580 million.

We have assisted investment platforms of local governments in issuing bonds and raising funds of RMB 56.49 billion for local infrastructure construction. As the only securities company participating in the investment in Shanghai Kechuang Center Equity Investment Fund, we have laid a solid foundation for our deep involvement in the construction of Shanghai

Technology Innovation Center. We have actively cooperated with local governments and their industry guide funds to jointly establish and manage local industry funds including Qingdao City Development Fund No. 1 (青島城市發展1號基金), Tianjin Dongli District Construction and Development Investment Fund (天津東麗區建設發展投資基金) and Zhenjiang State-owned Fund (鎮江國控基金) to assist local governments to carry out urban construction and industry transformation and upgrading.

Throughout the year, we added 9 companies listed on the NEEQ and 92 market-making companies, and acted as a lead underwriter for “2017 Small-micro Enterprise Credit added Collective Bonds issued by Jiaozuo Investment Group Co., Ltd.” and “2017 Financial Bonds (Phase 1) issued by Hua Xia Bank Company Limited”, which supported small, medium and micro sized enterprises.

We have established our position in the real economy and proactively promoted the development of ABS with the size of filed assets securitization products throughout the year reaching RMB 64.5 billion and a subsisting size of RMB 39.0 billion as of the end of the year, and we were commented “the Excellent Administrator of Asset-Backed Special Programs of 2017” by the Shanghai Stock Exchange.

3 WE ACTIVELY SERVE FOR THE NATION'S INITIATIVE OF “ONE BELT ONE ROAD”

We assisted Shanghai Electric Power in the acquisition of a 66.4% stake in K-Electric Limited from Pakistan, involving a total transaction value of 1.77 billion U.S. dollars. This transaction was awarded the “Best Deal in Pakistan” by Finance Asia magazine.

We assisted Wangsu Science & Technology and Sanonda in the acquisition of a 70% stake in CDN-VIDEO LLC from Russia and a 100% stake in ADAMA Agricultural Solutions Ltd. from Israel respectively.

4 WE STRIVE TO IMPLEMENT THE CONCEPT OF GREEN DEVELOPMENT

We promote green operations, strictly follow the Environmental Protection Law of the People's Republic of China and incorporate the concepts of resource conservation, ecological and environmental protection and improvement, and those beneficial to physical and mental health of consumers and public into the entire process and various aspects of business management. As a result, we can achieve sustainable growth and organic integration of economic, social and environmental benefits.

Our emission primarily included electric power and paper used in office, gasoline used by vehicles during business and natural gas used by the staff cafeteria. Our operational activities do not involve the emission of waste gas and water as well as disposal and handling of packaging materials and hazardous waste supervised by the national laws and regulations. The total gross floor area of our workplace is about 450,000 sq.m.

Greenhouse gases emissions			
Scope	Source of emission	Discharge amount (ton of carbon dioxide equivalent)	Emission ratio
Direct emission	Gasoline consumption	395.12	0.78%
Direct emission	Natural gas consumption	428.10	0.84%
Indirect emission	Electric power consumption	49767.43	98.00%
Other indirect emission	Paper consumption	192.54	0.38%
Total		50783.19	

During the reporting period, the discharge amount of greenhouse gases during our operation amounted to 50,783.19 tons of carbon dioxide equivalents (mainly carbon dioxide, methane and nitrous oxide). The emission intensity of the year was 0.1129 tons of carbon dioxide equivalent per sq.m. and emissions per capita amounted to 3.41 tons of carbon dioxide equivalent.

ELECTRIC POWER

During the reporting period, our electric power consumption amounted to 63.8044 million kWh with an intensity of 141.79 kWh per sq.m. Our electric power was mainly consumed by the trading system and the air conditioning system of the office. We have the only high level independent park-styled data center with high capacity in the industry responsible for the trading, settlement and clearing functions of the whole Group and its electric power consumption accounted for 1/3 of our total electric power consumption. During the reporting period, we saved energy by mainly purchasing and replacing energy-saving equipment and applying advanced technologies to reduce input of the equipment.

WATER CONSUMPTION

During the reporting period, we consumed water of 321,900 cubic meter. with consumption per capita of 21.64 cubic meter. We adopted the two-way concentrated water cooling technology and natural cooling technology for our data center in order to reduce water consumption.

GASOLINE

During the reporting period, consumption of gasoline by vehicles during business amounted to 141,500L with consumption per capita of 9.51L. We used as far as possible energy-saving business vehicles with low emission and strictly managed the usage of vehicles.

NATURAL GAS

During the reporting period, we used 123,800 cubic meters of natural gas, representing 8.32 cubic meters per capita, which was mainly used in staff canteens.

HAZARDOUS WASTE AND NON-HAZARDOUS WASTE

We do not produce hazardous waste in our operations.

The non-hazardous waste we produce is mainly office paper. During the reporting period, we used a total of 40.26 million sheets of office paper (equivalent to the A4 standard). We have become paperless office since the establishment of the company. We use the OA system for daily circulation of papers within the group. We also implement measures such as accurate accounting and using both sides of the papers to reduce paper usage.

CENTRALIZED PROCUREMENT MANAGEMENT

We formulate and implement the company's "Project and Procurement Management Measures" to strengthen the management of projects and procurement practices, standardize project implementation, development, construction and implementation of procurement activities, control and prevent the risks in project development and implementation and procurement activities, maintain good communication and cooperation with suppliers, and regularly evaluate supplier's products, quotation, service and performance, and ensure the quality of the project and the procured products or services while minimizing costs as much as possible.

VIGOROUSLY DEVELOP THE GREEN FINANCE

We have vigorously developed our green bond business, and acted as a lead underwriter for 10 green bonds, including 17 Huaxing Bank Green Finance 01, 17 Zhengzhou Bank Green Finance 01, 17 Bank of Communications Green Financial Bonds, 17 Wuhan Metro Green Bond 01, 17 Huaxia Bank 01, with a total amount of financing of RMB 56.5 billion. This ensures that a number of high-quality green industry projects can receive adequate capital support during construction

and operation.

We provide services to green enterprises seeking for listing and financing. In 2017, we sponsored the listing of Shanghai Emperor of Cleaning Hi-Tech Co., Ltd on the Shanghai Stock Exchange. The company is a global leader in water treatment products, processes, technologies and provision of overall solution.

We actively develop carbon finance business, provide training and financial services for emission reduction for a number of companies, and have signed emission reduction contracts totaling 2.3 million tons/year, and achieved a total carbon emission trading volume of more than 3.3 million tons throughout the year.

5 WE ARE DEVOTED TO PUBLIC WELFARE

In 2012, we established Shanghai Guotai Junan Social Welfare Foundation to co-ordinate and promote public welfare initiatives. In 2017, in addition to focusing on targeted poverty alleviation works under the principle of one company for one county, we also launched a series of public welfare activities such as carrying out paired support works for rural villages, subsidizing impoverished university students, and assisting poor pupils with Hope Primary Schools.



We have provided an annual subsidy of RMB 5 million to Fengxian District for five consecutive years, which are used for promoting the integrated assistance works in the district. Meanwhile, we carry out various partnership assistance and assistance activities for the elderly with Qingcun Town in Fengxian District and Caojiadu Senior Care Home in Jing'an District, Shanghai.

14 branch offices across the country have participated in the project of providing subsidies to impoverished university students in local universities, with the amount of donation totalling RMB 624,600, in order to sponsor 140 outstanding students to complete their university careers.

We continue to support the three Guotai Junan Hope Primary Schools in Yunnan Dandan, Gansu Weiyuan and Jiangxi Xiaokeng. Throughout the year, we provided scholarships totaling RMB 231,000 for teachers and students, and donated materials of more than RMB 200,000.

Our social welfare foundation has carried out one-on-one funding activity, mobilized employees to participate in subsidizing impoverished students with the company leaders taking the lead and the employees actively participating in this activity. The headquarters and employees of the branches have provided one-on-one subsidies to 1,082 impoverished students, accumulating a total of RMB1.08 million.

Our social welfare foundation has explored a new platform operation model of "Internet finance + charity" with Guotai Junan Junhong APP, which has attracted the participation of more than 300,000 users and accumulated nearly 2,000 growth gifts to be sent to poor areas and Hope Primary School.

Our branches proactively give back the local communities. The Guangdong branch raised RMB 11,500 for veterans of the Anti-Japanese War; the Gansu Branch donated materials of RMB 26,000 to Weiyuan Hope Primary School; the Hainan Branch donated about RMB 24,000 to the poverty-stricken Ledong County; the Henan Branch subsidized the tuition fees for 10 university students and donated RMB 5,000; the Jiangsu Branch donated 2929 items to local children

and elders; the Xinjiang Branch funded RMB 200,000 to local ethnic minorities, etc.

6 OUR AWARDS

2017

January

Guotai Junan was awarded the “CSR Brand Award 2016” in the sixth China Charity Festival.

Guotai Junan was named among the “2016 Shanghai Top 100 taxpayers (Tertiary industry)” .

Guotai Junan International, a subsidiary of Guotai Junan, received “Best Securities Company of the Year Award” in the 14th China Finance and Economy Overseas Industry Billboard by Hexun.com.

Guotai Junan Futures, a subsidiary of Guotai Junan, was awarded the “Outstanding Member Gold Award” , “Best Industry Development Award” , “Best Institutional Service Award” , “Best Institutional Development Award” , “Best Agricultural Products Service Award” , “Best Industrial Product Service Award” and “Best Technical Support Award” for recognizing the outstanding members of Dalian Commodity Exchange in 2016.

Guotai Junan was awarded three awards, namely the “Excellent Corporate Bond Underwriter” , the “Excellent Corporate Bond Trustee” , and the “Local Government Bond Excellent Participation Award” in the Shanghai securities exchange and bond market.

February

Guotai Junan was awarded the “Best Pakistan Deal Award” in 2016 Asian Financial Year Achievement Awards by Finance Asia magazine.

Guotai Junan was awarded the “Best Private Bank for New Product Development” by Asian Money Magazine’ s Best Private Bank Award 2016.

Guotai Junan won second prize in “I am a shareholder – Best Organization Award” , first prize in “Investor’ s most favorable publicity video” , first prize in “Best promotional video” , second prize in “Investor’ s most favorable open class by chief economists” , third prize in “Best open class by chief economists” and second prize in “Investor’ s most favorable investment story” under Shanghai Stock Exchange’ s theme activity “Being a rational investor” in 2016.

March

Guotai Junan was honored the “Best New Investment Bank” by the 18th Annual World’ s Best Investment Bank Awards organized by Global Finance Magazine.

Guotai Junan ranked third in “Best local investment bank” , fifth in “Investment bank with best overseas market service capability” , third in “Best investment bank in equity underwriting” , third in “Best investment bank in debt underwriting” and second in “Best investment bank in the financial and real estate industry” in the 10th top Chinese investment banks awards by New Fortune Magazine.

Guotai Junan was awarded the “Outstanding Contribution Award for the 2016 Gold Auction Market of Shanghai Gold Exchange” .

April

Guotai Junan was honored “2017 All-Round Investment Bank in China and “2017 Bond Investment Bank in China” in 2017 Jun Ding Awards for all-round investment banks in China by Securities Times.

Guotai Junan Securities Asset Management Co., Ltd., a subsidiary of Guotai Junan, was awarded the “ninth place” among the Top 100 Enterprises in High-end Service Industry in Shanghai Huangpu District in 2016 by the Huangpu District People’s Government in Shanghai.

GuotaiJunan Securities Asset Management Co., Ltd., a subsidiary of GuotaiJunan, won the 2017 Yinghua Awards: "China's Best BrokerAsset Management Award", "China BrokerAsset Management FICCAward", "China Broker Asset Management Equity Award" by the "Chinafund".

May

Guotai Junan won the “Golden Award for Comprehensive Cases” and “Silver Award for Comprehensive Cases” in the 9th Advertiser Jinyuan Award by Advertiser Magazine.

Guotai Junan was honored as “2017 Pioneer Investment Bank in IPO” , “2017 Pioneer Investment Bank in Merger, Acquisition and Reorganization” , and “2017 Pioneer Investment Bank in Bond Underwriting” in 2017 International Pioneer Investment Bank Awards by International Financial News.

Guotai Junan was awarded the “Outstanding Case of Financial Marketing Communication of the Year” in 2016 China Outstanding Financial Brands Awards by Financial Times.

June

Guotai Junan Junhong was honored as the “Best Wealth Management Mobile Client in 2017” and “Industry Pioneer in 2017” in 2017 International Pioneer Management Organization Awards by International Financial News.

Guotai Junan received Evergreen Award from Caijing Magazine and was honored “Most Influential Research Institute” in the First Best Financial Institution of the Year Awards by Caijing Magazine.

July

Guotai Junan was awarded the second prize in Shanghai Financial Innovation Award 2016 hosted by Shanghai Municipal Government.

Guotai Junan Securities Asset Management Co., Ltd., a subsidiary of Guotai Junan, was awarded the “Best Securities Asset Management Company for 2017” in China Asset Management Jin Bei Award by the 21st Century Business Herald.

Guotai Junan Securities Asset Management Co., Ltd., a subsidiary of Guotai Junan, won the "China Wealth Management Agency Jun Ding Award for 2017” in China Wealth Management Jun Ding Award for 2017 by the Securities Times.

August

Guotai Junan won the Securities Industry Innovation Award for 2017 by Hundsun Technologies.

September

Guotai Junan Junhong was honored six awards, including the “Top Ten Brands of Securities Companies’ APP in 2017” , “Customer Satisfaction Award for Securities firms’ APP in 2017” and “Outstanding Operation Team Award for Securities firms’ APP in 2017” in 2017 Securities Industry Finance & Technology Summit cum Securities Firms in China · Excellent Securities Companies’ APP Awards.

Guotai Junan Securities Asset Management Co., Ltd., a subsidiary of Guotai Junan, was awarded the "BrokerActive Asset Management Management Jin Fan Award for 2017" in Jin Fan Award by the 21st Century Business Herald.

Guotai Junan Securities Asset Management Co., Ltd., a subsidiary of Guotai Junan, was awarded the “Outstanding Hedging Quantitative Strategy Award” in the “Jin Yan Jing Award” by the 7th China Merchants Bank Co., Ltd.

October

Guotai Junan Securities Asset Management Co., Ltd., a subsidiary of Guotai Junan, won the "Most Powerful BrokerAsset Management", the "Best Fixed Income Team" and the "Best ABS Team" in 2017 China Asset Management Jin Ding Award by the National Business Daily.

November

Guotai Junan won first prize in “Most Influential Research Institute” in the 15th New Fortune Best Analysts Awarding Ceremony by New Fortune Magazine.

Guotai Junan International, a subsidiary of Guotai Junan, received “Gold Award” in Corporate Awards 2017 by The Asset Magazine.

Guotai Junan was awarded the “Best Listed Company adopting New Media Branding Strategies” in China Securities Golden Bauhinia Awards.

Guotai Junan was awarded the “Smart Service Broker in 2017” by China Business Network.

December

Guotai Junan ranked first in “Most Influential Research Institute” in the 11th Crystal Ball Awards for Sell-side Analysts by Securities Market Weekly.

Guotai Junan was awarded the “Most Trusted Wealth Management Securities Company” in 2017 21st Century New Financial Development Summit cum the first 21st Century New Financial “Touchstone Awards” by 21st Century Business Herald.

Guotai Junan was honored as the “China’ s Best Wealth Management Securities Company” in the Twelfth 21st Century Asian Finance Annual Conference by 21st Century Business Herald.

Guotai Junan was awarded the “Outstanding Chinese securities firms – HK Stock Connect” in 2017 HKEX Market Information Forum.

Guotai Junan was named as one of the “Top Five Gold Bull Research Institutes” in 2017 Gold Bull Analysts in China Securities Industry by China Securities Journal.

Guotai Junan was awarded “Outstanding Securities Company of the Year” and “Outstanding Securities Company with Investment Banking Business of the Year” in Financial Champions Award by Wall Street China.

Guotai Junan was awarded the “Golden Dragon Award” and “Best Securities Brokerage Firm of the Year” in tenth Chinese Financial Institutions Gold Medal List by Financial Times.

Guotai Junan received “Model of Campus Talent Strategy in 2017” award in Employer Excellence China organized by 51job.com.

Guotai Junan received the Classic Case Award in 2017 Classic Cases of Financial Markets organized by The Listed Companies Association of Shanghai.

Guotai Junan won the Technology and Service Excellence Innovation Award in Financial Industry in 2017 organized by the Financial Electronic Magazine, and its IT service platform was selected as 10 major events of financial informationization in 2017 organized by the Financial Electronic Magazine.

Guotai Junan Smart Service Platform was selected as a typical case of China Financial Technology in 2017 organized by the Financial Technology Innovation Alliance.

FUTURE OUTLOOK

We will continue to uphold the development philosophy of “innovation, coordination, green, openness, and sharing”, create value through financial services, actively fulfill our social responsibilities, and continue our strategic goals of “emphasizing local, global coverage, and internationally competitive modern investment banks” to move forward.

In 2018, we will continue to adhere to the main theme of “striving for steady progress”, strive to grasp the development opportunities, promote the implementation of various strategic initiatives, continue to enhance the company’s operating performance and overall competitiveness, and maintain long-term, constant, and across-the-board leadership, devoted to becoming a responsible and respected company.

IMPROVE CUSTOMER SYSTEM AND SERVICE CAPABILITIES

Establish the industry-leading service system for enterprises and retail customers, making it become an integrated platform for connecting customers with business units and business personnel by the unification of accounts, so as to improve the overall efficiency and capability of the company's customer services.

Through the establishment of a corporate data governance platform, complete all business data aggregation and analysis, and actively promote the data transformation of existing systems, and comprehensively improve the digitization level of business description, operation management, and decision support in all fields.

Apply big data and artificial intelligence technologies to explore the characteristics and potential needs of the customers, and help businesses and management units develop services and products that are more in line with customer needs.

POLISH BUSINESS SYSTEMS TO ENHANCE CORE COMPETITIVENESS

Make full use of the effectiveness of financial technology, and improve customer investment experience through effective wealth management strategies and service measures. Collaborate to gather customer assets, formulate targeted service strategies, and focus on strengthening group-level or regional-level institutional customer services.

Repeatedly polish and refine their respective core competencies, improve their pricing capability and pricing power so as to improve customer stickiness.

Reshape the company's financial product organization system to streamline the process of product development, product introduction, product review, organization sales, creation and other aspects so as to improve its role in the promotion and support of various businesses.

Improve the buyer's business ecosystem, promote the buyer's business lines such as private equity investment, asset management, credit, trading, strategic investment, and alternative investment to intensively cultivate key industries, improve the ability to acquire quality assets, and form a convergent effect.

Integrate domestic and overseas subsidiaries into the overall risk management system of the company, and implement compliance risk management for branches in accordance with the requirements of matrix management, and continue to maintain the best regulatory rating in the industry.

Promote the establishment of the company's overall credit system, enhance risk management techniques and capabilities for innovative businesses, and get a full play of its strategic “engine” role.

Further improve the professional level of compliance risk management through the implementation of risk management manual system, improvement of authorization management, improvement of digital management level and other measures.

COORDINATE THE INTERESTS OF ALL PARTIES AND POSITIVELY REPAY THE SOCIETY

Treat all investors fairly, pay attention to the returns of shareholders, assume the social responsibilities that the public company should have, enhance the brand awareness and influence of the company with a good market image so as to increase the value of the company.

Enhance employee's sense of belonging and gain through the strategy of grouping and internationalization, unified layout, clear total quantity, improved structure and perfect human resources management system and mechanism.

Continue to push forward the precision assistance work of “one securities company, one county” and “one county, one enterprise” , and do a good job of all kinds of social welfare assistance such as existing poverty alleviation and education assistance.



国泰君安
GUOTAI JUNAN