

GUOTAI JUNAN

2018 ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT

GUOTAI JUNAN SECURITIES CO., LTD.
ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT 2018

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 2018. It covers the period from 1 January 2018 to 31 December 2018 (except otherwise specified).

The financial data in this report are derived from the audited financial report of the Company for 2018, 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 eleven consecutive years from 2008 to 2018. 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 2018, we have five wholly-owned professional subsidiaries including Guotai Junan Financial Holdings Co., Ltd Guotai Junan Asset Management Co., Ltd., Guotai Junan Futures Co., Ltd., Guotai Junan Innovation Investment Co., Ltd., and Guotai Junan Zhengyu Investment Co., Ltd. as well as Shanghai Securities Co., Ltd., a holding professional subsidiary, which are engaged in related businesses at home and abroad. We have a total of 33 branch offices, 420 securities branches and 26 futures branches within the PRC, and our branch network covers 31 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 Values	
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 crisis awareness 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

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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 headquarters, 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 Party Committee, 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 Social Responsibility Report.

Organization level – Party Committee Office, 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 Social Responsibility 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 Committee 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

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- Chinese name: 國泰君安證券股份有限公司
- English name: GuotaiJunan Securities Co., Ltd.
- Abbreviation in Chinese: 國泰君安、國泰君安證券
- Abbreviation in English: GTJA, GuotaiJunan Securities
- Domicile: No. 618 Shangcheng Road, China (Shanghai) Pilot Free-Trade Zone, Shanghai, PRC.
- Office address: No. 768 Nanjing West Road, 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.

1 WE CARRY OUT CLIENT-ORIENTED BUSINESS OPERATIONS INSTITUTIONAL FINANCE

INSTITUTIONAL FINANCE

We comprehensively promote the construction of an integrated service system for corporate and institutional clients, serving 35,000 institutional customers. During the year, 770 securities underwriting projects were completed, with the principal underwriting amount of RMB 383.073 billion. Total number of products launched under asset custody and outsourcing business amounted to 6,875, with a business scale of RMB 934.1 billion, among the which, mutual fund custody amounted to RMB 56.7 billion. Types and structure of client-based business was further enriched. Business such as derivative product, foreign exchange, commodity and precious metal grew rapidly. We have taken the lead to carry out credit protection instruments business, which provided credit protection bonds issued by four private enterprises cumulatively. We have published 5,605 research reports and organized 430 roadshows with various forms and topics. We ranked second in the All-China Research Team in “Institutional Investor”.

PERSONAL FINANCE

We continuously improve the service system for retail customers, with the purpose of providing high-quality wealth management services for 12.7 million securities accounts. Throughout the year, 1 branch office, 7 securities branches and 8 futures branches were newly established. At the end of the year, there were a total of 446 securities and future business outlets in major cities in 31 provinces, municipalities, and autonomous regions of the PRC. We focus on customer satisfaction and build a three-dimensional all-round retail customer star classification service system, including Junhong Lingxi intelligence, 95521 manual customer service, Junhong online investment consulting, first employee responder and branch service teams, by integrating the efforts of the whole company. The headquarters gathers all business lines to empower the service system. We use financial high technology to enhance customers' ultimate experience. Junhong APP is the first in the industry to realize the customer differentiated classification display interface, differentiated service privileges and the “customer-responder” online interactive service.

INVESTMENT MANAGEMENT

With the aim of serving the real economy, we promote the creation of the Guotai Junan Parent Fund, and reserve high-quality projects by focusing on five key industries, with 39 funds under management. We have set up a bailout fund of RMB2.5 billion to help listed companies with growth potential relieve their financing difficulties. The size of assets under our management as at the end of the year amounted to RMB750.7 billion, among which the scale of actively managed assets amounted to RMB310.6 billion, accounting for 41%. We have vigorously developed the asset securitization business, and created a number of innovations such as the first supply chain finance ABS project, the first domestic college and university PPP asset securitization project, and the first building renewable energy subsidy green asset support special project.



INTERNATIONAL BUSINESS

We actively promoted the development of wealth management, fixed income and structural product, and optimized asset structure and customer structure, in order to remain our leading position among Hong Kong and Chinese securities companies.



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

PROTECTING CUSTOMER TRANSACTIONS AND INFORMATION SECURITY

The safe operation rate of our customer system reaches 99.998%, and the safe operation rate of our back office centralized trading system safe reaches 100%, the highest in the industry. We strengthen the capacity management process, establish a capacity analysis and forecasting model, collect the capacity indicator data of the trading system daily, generate a daily report on the capacity of the trading system, and timely track and solve the system capacity alarm. We further improve the trading system security management system and ensure the further safe operation of the trading system under the ISO27001 information security management system. We conducted safety inspections on outsourced personnel, employees and ECC operating terminals in accordance with the regulations, with the number of items subject to inspection being increased from 11 to 18. We have drafted the data protection regulation, separated the download and enquiry permissions of the information system, and has already completed the transformation of the centralized trading system, the comprehensive wealth management system, the PB system, the foreign exchange trading system, and the algorithmic trading system. 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

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 to further protect the interests of our customers. Throughout the year, the total volume of platform customers served was approximately 3.43 million, of which 1.84 million customers were served by Lingxi customer service, 1.205 million customers were served by telephone services, 182,000 customers were served on Internet platforms, and 202,000 customers were served by video witness. More than 86 million text messages were sent through the 95521 channel. The video witness team paid witness service return visits to 5,610 customers, and in each case, the service evaluation satisfaction rate was above 95%. We have formed a normative and complete closed-loop process, achieved interaction between units through connection to the system platform to properly handle customer complaints, and continued to optimize the complaint process. In 2018, the customer service center received 2,291 customer complaints and successfully solved 905 complaints. 1,386 complaints were transferred to branches for handling. A total of 1,037 complaints were solved with customer complaint satisfaction of "accepted, basically satisfied, satisfied".

FOCUSING ON DEVELOPMENT OF INVESTOR EDUCATION

With the provincial-level investment education bases successively established by the national-level investment education bases in conjunction with the branches, we integrated internal investment education resources, and actively carried out external charitable investor education work. We planned and organized branches nationwide to launch a series of themed activities on the protection of investor rights, such as 3.15 "Reasonable investment starts from me" which relates to investor education special activities, warning campaign for prevention of illegal financial activities, and investor education special activities for Shanghai-London Stock Connect business; "Consulting activities to clarify the nature and away from illegal securities investment" which relates to promotion



month activity for fighting illegal securities investment; and the 4.15 All People State Security Education Day activities, etc. We continued to strengthen collaboration with superior supervisory authorities and external organizations to jointly carry out investor education work, such as actively implementing the requirements of the Shanghai Stock Exchange's 2018 Investor Education and Protection Series activities and the "New Elites of Investor Education" exhibition activities, helping Shenzhen Stock Exchange carry out the "Investors Silk Road - Shanghai Station" investor education special event, helping the Hong Kong Stock Exchange carry out the "Hong Kong stocks investor activity in the Miles" activities, and helping the China Security Investor Services Center carry out the "Understanding, Exercise and Protection of Rights" thematic activity. Other activities included assisting Shanghai Securities Association in the launch of a series of investor education activities such as "Special Promotional Campaign on Diversified Resolution Mechanism for Disputes over Securities and Futures" and "Rational Investment Begins with Me". We also use the online channel provided by Junhong APP to provide investor education through live broadcasting program, real-time text and graphics update, and stock-picking social platform, to establish ourselves as a leader in the industry in terms of the contents and coverage of investor education.

3 ACTIVELY REWARDING OUR SHAREHOLDERS

- We have specially 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 distributed 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 proposition of dividends in the last three years exceeded 30%.

Unit:RMB 100 million

	2018(Proposed)	2017年	2016年
Amount of cash dividend	23.9633	34.8558	29.7375
Net profit attributable to shareholders of listed companies	67.0811	98.8154	98.4142
Proportion	35.72%	35.27%	30.22%

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.
- We have carried out information disclosure obligations on a regular basis by way of annual reports, interim reports, and other periodic reports, and promptly disclosed major matters occurred during the duration of the bonds which may have impact on its debt paying ability or bond price, in accordance with the relevant provisions of the CSRC and self-regulatory organization of the securities industry.

5 WE CARRY OUT ACCURATE POVERTY RELIEF AND RETURN SOCIETY

We actively participate in the targeted poverty alleviation program of “One Company for One County” and establish strong 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 the development of carbon reduction yielding products, and help farmers to hedge against the risk of falling prices of agricultural products through transactions of derivatives. 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 intended to invest RMB30 million to help setting up Tianzhu Mountain Town Center School in Qianshan County. The initial funding of RMB12 million was paid and the foundation work is being carried out. We proposed to set up an agricultural industrial fund for Puge County jointly with the Puge State-owned Assets Operation Co., Ltd. (普格縣國資公司). By doing so, we hope to promote poorer rural households to engage in traditional Chinese medicine cultivation through demonstration farmers, so as to lay the social foundation for the development of Chinese herbal medicine industry.

● TALENT SUPPORT

We continued to provide systematic, multi-layer and target-oriented personnel trainings for the three counties. We had accumulatively invited more than 300 teachers, government staffs and entrepreneurs to attend our trainings in Shanghai. We conducted different trainings for different personnel. We not only arrange students to study in Shanghai but also send experts to conduct on-site training, and both intensive training and regular training are available to suit their needs.

● EDUCATION ASSISTANCE

Our charity foundation provides financial assistance to 150 impoverished university students, 900 impoverished secondary and elementary students and 150 impoverished teachers, and provides summer training to 50 outstanding principals and teachers from schools in the three counties. We have procured insurance policy "worry-free charity insurance" (成長無憂公益保險) for students and teachers in paired support areas, under which about 180 claims for a total compensation of RMB1.6 million were processed and settled.

● 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 seven "staying together" activities for left-behind children, with more than 120 volunteers participated in the activities. In which, we donated 482 books, 2,721 pieces of stationery and sports equipment and 100 sets of school desks and chairs in total. The charity foundation recorded 300 poor households in total in the three counties to be supported. We organized medical experts from renowned Shanghai hospitals to visit patients and elderly in poor families. Our "one-to-one" staff-aid education, Junhong Wealth Club "Junhong Charity" (君弘·公益) and "love cow farm" (愛心牛場) member charity projects received positive response from the Company staff, and is set to become a long-term mechanism for poverty alleviation.

WE ADOPT A CULTURE OF RISK MANAGEMENT AND EXCELLENCE

We believe that risk management creates value and future development relies on compliant operations. We strive for excellence and 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.

- We have established a comprehensive compliance and risk control system consisting of elements such as the articles of association and basic systems on corporate risk management and compliance management. In 2018, we revised a number of important compliance and risk control measures, and monitored our subsidiaries to improve the compliance and risk control system so as to strengthen the full coverage and refined management of compliance and risk control over the entire group.
- We have formulated a unified risk appetite and risk policy system at the group level, revised and improved the Group's risk management indicator system, and explored the implementation of economic capital allocation and assessment, so as to enhance the risk awareness of all employees.
- We have continued to strengthen the staffing of compliance and risk control at the parent company headquarters, all business departments and branches as well as subsidiaries, to refine the compliance and risk control assessment system for those compliance and risk control staff at front-line and in subsidiaries, and to strengthen the support to and management of compliance and risk control staff at all levels.
- We have completed development of risk management manuals for 35 headquarters departments, all branches and 7 subsidiaries; completed construction of system on risk management manuals; and initially formed a long-term mechanism for manual management.
- We have strengthened data governance, established systems promote data standardization, strengthened data quality management, created a high-standard and high-quality big data platform, and continued to promote the use of large data in the field of risk management and control.
- We have completed construction of the Group's management system for consolidated statements, and realized automatic generation of consolidated statements as well as risk data statistics and total risk calculation. On this basis, we have constantly improved the accuracy and timeliness of data statistics.

- We have integrated the compliance and risk control system, independently developed a comprehensive risk management platform, and implemented centralized analysis and summary display of various risk data information across business and across subsidiaries. We have developed same business standards for same customers to form data pack for customer and business of the Group, realizing centralized management of risk information on same customers and same businesses within the Group.

- We have initially realized group-wide centralized management and control of various types of risks to implemented centralized limited management of market risks, credit risks, operation risks, etc. of the Group; and carried out daily monitoring, measurement, analysis and reporting of indicators for market risks, credit risks and liquidity risks of the Group through the consolidated statement management system and risk management indicator centers.



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.



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 2018, we carefully studied the Hong Kong Stock Exchange's regulatory policies, promoted revision of the corporate governance system, and maintained and promoted diversified composition of the board of directors.

- 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, roadshows, 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 eleven 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 2018, 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 eight consecutive years.
- At the end of 2018, we served 35,000 institutional clients, representing an increase of 20.06% compared to the end of the previous year. The number of personal finance accounts opened exceeded 12.70 million, representing an increase of 14.07% over the end of the previous year.
- In 2018, 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, corporate bond and financial bond underwritten amount ranked third in the industry, and asset custody amount ranked second. In respect of personal finance, the Company's net revenue from securities brokerage business (including seat leasing) ranked first in the industry, and trading volume of financial futures ranked third in the industry. In respect of investment management, the monthly average asset management scale and the monthly average balance of assets under discretionary management ranked both second 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 VTM intelligence outlet, and building a digitalized corporate 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 30 million. 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. In particular, the trading volume of interest rate swaps in the year ranked third in the market and ranked first in the securities industry; the standard bond forward contracts overall ranked second in the market and ranked first in the securities industry. The Group also acquired new business qualifications such as OTC options primary dealers, credit derivatives, agency clearing for RMB interest rate swaps, agency clearing of standard bond forwards, participating institutions of centralized clearing of credit default swaps, exchange member of foreign exchange market and copper futures, nickel futures and crude oil futures market makers during the year.

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 2018, we have a total of 15,236 employees, including 14,882 domestic employees and 354 overseas employees. We strictly abide by the relevant laws and regulations such as Labor Law of the People's Republic of China and the Employment Contract Law of the People's Republic of China, as a result the employment of child or forced 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 2018	Employee turnover rate in 2018 (%)
Male employees	8530	10.62%
Female employees	6706	8.89%

Age composition	Number of individual in 2018	Employee turnover rate in 2018 (%)
30 and below	5653	13.92%
31-40	5699	8.87%
41-50	3065	3.66%
51 and above	819	5.92%

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 2018, we further increased our investment in training resources. Annual training expenses of the parent company amounted to RMB 28.9485 million, representing an increase of 5.3% over the previous year. Financial College successively organized 699 face-to-face trainings, with 18,670 participants; the number of online training courses offered were 3,473, which involve a total of 926,000 learning hours, more than 10,000 staff participated. The training covers product marketing, leadership, introduction to newly recruit staff, risk control and compliance, laws and regulations, investment banking business, credit business, Stock Connect business and others. In 2018, per capita training hours organized by Financial College of the Company's headquarter amounted to 73.83 hours, and the training coverage rate was 99.15%. Subsidiaries and branches organize their own trainings after considering their specific business and management needs. The per capita training hours amounted to 44.48 hours, with the training coverage rate of 100%, among which the total training cost of subsidiaries was RMB 3.1811 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 strengthen overall human resource planning by compiling the “White Book on Human Resource Management (2018)” and human resource development plan, to focus on building a long-term organic growth mechanism, continuously optimizing human resource management system and strategy and effectively incentivizing the work enthusiastic of staff.
- We optimize human resource management mechanism by setting up key performance indicators for core staff based on “culture recognition, ability and integrity, diligence and dedication, outstanding performance”. We join hand with schools of business and finance to organize training for our full-time management staff and intensive training for newly onboard management; set up performance assessment committee to promote long-term organic growth ancillary assessment system and refine corporate award system; improve professional ranking structure, increase resource allocation and compensation to key business; conduct internal structure optimization and staffing adjustment through matrix management and based on the needs of building the two service systems for institutional customers and retail customers.
- We strengthen the ground work of human resource, commence systematic study on introduction of overseas talents, establish recruitment and employment management system; enrich and improve staff welfare, improve staff health management system by focusing on the medical coverage of serious illness; promote digitalization of key personnel files and building of electronic file system.



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.

4 PROTECTION OF EMPLOYEE' RIGHTS



- We have held employee representative assemblies and trade unions on a timely manner and practiced democratic management of staff. 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 2018, we organized and convened three employee representative assemblies to review collective contracts, training programs, and amendment to remuneration management measures. We have convened trade union assembly and more than ten employee representative assemblies, to review employee incentives and rewards and proposal on setting up “staff family” (职工之家). We 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 employee representative assembly 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 2018, two of our employees were awarded the “May 1 Labor Medal” of Shanghai, and two employees gained the title of “Worker Pioneer” in Shanghai.

- We further the development of Guotai Junan platform for attracting youth talent, launch goals and accomplishment reward activities, and actively and steadily introduce youth dormitory, in order to provide a platform for young people to showcase their talents while solve their livelihood problems at the same time.

- We care about the health of our employees and actively organize group visit on a regular basis. We set up staff recreation center in our new office building with book corner, health corner and mom corner. We promote staff medical check-up and labour protection initiatives, and organize visits and offer extended support to specific group of staff including advanced staff, female staff, staff positioned to other areas, staff with economic difficulties, retired staff etc.

- We have organized various types of cultural and recreational activities such as art performance, basketball competition, badminton competition, 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.

Data about health and safety of employees in 2018	
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

We focus on enhancing the awareness about compliance of all of our employees and continuing to develop a culture of compliance. We timely amended and distributed the Employee Compliance Handbook, which 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. All employees shall sign for the handbook and learn from it. We focus on strengthen compliance training for frontline business personnel, new employees, new branch person-in-charge, key departments and positions. We also continued to improve compliance publicity, education and training of high risk aspects such as stock speculation, insider dealing, wealth management on behalf of customers, management of seal certifying and commercial bribery of employees. We innovate the training of compliance, improve the results of training and put more efforts on publicity of compliance. We formulated the relevant risk administrative measures under the requirements of Administrative Measures on Supervision on Anti-Money Laundering of Financial Institutions (Trial) and Guidelines for Risks of Money Laundering and Terrorist Financing of Corporates and Financial Institution We actively implement the regulatory requirements for practice integrity and establish practice integrity risk prevention and control system, which initiated the “practice integrity education month” throughout the Company and organized to learn Provisions on Practicing Integrity of Securities and Futures Operation Institutions and their Employees, in order to establish a climate of compliance of rules and discipline and practice integrity. We continue to implement an employee compliance risk control accountability system for strictly accountable to various non-compliant behaviors.

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, as the principal underwriter, issued the 2018 targeted poverty alleviation corporate bond for Hongshi Group, which was the first targeted poverty alleviation corporate bond of private enterprise in the PRC. We, as the joint sponsor and the joint principal underwriter, assisted to issue the 2018 convertible bond of Changjiang Securities, which was the largest scale of convertible bonds issued in 2018 and the only convertible bond issued by Securities Company in 2018.
- In terms of retail business, we formally announced the retail customer service system of Guotai Junan. Registered users of Guotai Junan's Junhong APP were over 30 million. "Junhong Lingxi", an artificial intelligence securities service innovative project, was awarded the first Prize of Shanghai Financial Innovation and Achievement Award. We establish a global consultation service and a professional asset allocation service model. We actively respond to Shanghai-Hong Kong Stock Connect, Shanghai-London Stock Connect and foreign exchange business, which enriched types of trading for investors.
- Regarding the trading and investment business, we have successively completed the first credit protection contract of Shanghai Stock Exchange and Shenzhen Stock Exchange, completed interbank credit risk mitigation contract and credit default swap transactions, and created credit risk mitigation warrants, which provided credit protection various leading private enterprises such as Hongshi Group, Hengyi Group, Suning and Yuantong Jiaolong. We have engaged in "farmer revenue protection plan", a corn option hedging service, of Dalian Commodity Exchange, and designed a cross-broader linked prices quoted in London Metal Exchange with RMB denominated over-the-counter derivatives and conducted the first pilot transaction. We implemented the customer foreign exchange account system and began trial operation of individual spot firm offer foreign exchange trading business.
- In respect of investment management business, we have actively engaged in study and verification of reform of clearing model of mutual funds and was approved as one of the first batch of pilot securities companies. The first pilot product of mutual fund was issued successfully.

2 WE INSIST ON SERVING THE REAL ECONOMY, AND SERVING PRIVATE ENTERPRISES

- Throughout the year, our securities underwritten amount was RMB 383.073 billion in total. In addition, we completed 7 major merger projects and completed 1 cross-border acquisitions project. Meanwhile, we provided funds for the real economy through stock-pledged business, with a year-end size of RMB 49.2 billion. We also established an alleviation fund with size of RMB 2.5 billion for alleviate the financing difficulties of premium listed companies. 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 2018, we completed 2 investment projects, and the total investment amount of which reached RMB 210 million.
- We have established the Guotai Junan Parent Fund, which focuses on five key industries such as healthcare, advanced manufacturing, new-generation information technology, new energy and environmental protection, consumption upgrading and modern services. We strive to become a leader of industry cultivation and a supporter of corporate development, which lays down a solid foundation for our serve for national strategies including “One Belt and One Road”, “Integration of the Yangtze River Delta” and Guangdong-Hong Kong-Macao Greater Bay Area.
- We have supported the healthy development of private economy and actively engage in solving market share pledge risk, which established an alleviation fund to alleviate the short-term financing difficulties of private non-listed enterprises. The RMB 1 billion alleviation fund co-operated and established with Da Cheng Hui Cai (Shenzhen) Industrial Partnership (Limited Partnership) (大成匯彩(深圳)實業合夥企業(有限合夥)) has been filed. The RMB 1 billion alleviation fund co-operated and established with institutions such as Qingdao Guoxin has been completed the decision-making.
- We have put great efforts on supporting the development of micro and small and medium enterprises. We assisted Inner Mongolia Linkage Potato Co., Ltd. to complete the third issuance of shares since listing in the NEEQ, which raised RMB 120 million and drove the development of the local agricultural industry and poverty alleviation.
- We assisted the development in innovative start-up, which supported Beijing Golden Spring Internet of Things Inc. Co., Ltd. and Shenzhen Capital Group Co., Ltd. to issue innovative start-up bonds and raised RMB 500 million and RMB 1.45 billion, respectively.

3 WE ACTIVELY SERVE “ONE BELT AND ONE ROAD” INITIATIVE OF THE STATE

- We, as the joint principal underwriter, assisted the placing of Sinopec Oilfield. Sinopec Oilfield has many projects along the various countries of “One Belt and One Road” as an international leading company in oilfield service engineering contracting.
- We acted as the principal underwriter of the renewable corporate bond of Lianyungang Port Group Co., Ltd. This was the first approved renewable corporate bond in the PRC, which the raised fund used for the construction of “One Belt and One Road”. The bond was issued in the form of renewable corporate bond, which provided long-term and stable capital guarantee for beneficial to successful implementation of important projects in “One Belt and One Road”.

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 canteen. 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 480,000 sq.m.

Greenhouse gases emissions			
Scope	Source of emission	Discharge amount (ton of carbon dioxide equivalent)	Emission ratio
Direct emission	Gasoline consumption	359.38	0.70%
Direct emission	Natural gas consumption	934.01	1.84%
Indirect emission	Electric power consumption	48628.48	95.76%
Other indirect emission	Paper consumption	188.90	0.37%
Total		50110.76	100%

During the reporting period, the discharge amount of greenhouse gases during our operation amounted to 50,110.76 tons of carbon dioxide equivalents (mainly carbon dioxide, methane and nitrous oxide). The emission intensity of the year was 0.1044 tons of carbon dioxide equivalent per sq.m., representing a decrease of 7.53% compared with the same period of last year, and emissions per capita amounted to 3.29 tons of carbon dioxide equivalent, representing a decrease of 3.52% compared with the same period of last year.

ELECTRIC POWER

During the reporting period, our electric power consumption amounted to 62.3442 million kWh., representing a decrease of 2.29% compared with the same period of last year. Our intensity amounted to 130.07 kWh/sq.m., representing a decrease of 8.27% compared with the same period of last year. 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 308,300 cubic meters, representing a decrease of 4.22% compared with the same period of last year. Our consumption per capita amounted to 20.12 cubic meters, representing a decrease of 7.02% compared with the same period of last year. 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 128,700L, representing a decrease of 9.05% compared with the same period of last year. Our consumption per capita amounted to 8.45L, representing a decrease of 11.15% compared with the same period of last year. 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 270,100 cubic meters of natural gas, representing a decrease of 118.71% compared with the same period of last year, our consumption per capita amounted to 17.73 cubic meters, representing an increase of 113.1% compared with the same period of last year, mainly due to a number of new staff canteens for improvement of dining conditions of staff.

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 39.5 million sheets of office paper (equivalent to the A4 standard), representing a decrease of 1.89% compared with the same period of last year. We have been carrying on paperless way of work 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.

- We have vigorously developed our green bond business and acted as the joint principal underwriter of the 2018 first batch of green financial bond of Bank of Jiujiang is the first green bond of Jiangxi for 2018, which all of proceeds were used for projects such as energy-saving, pollution control, clean transportation and clean energy. We acted as the joint principal underwriter of the 2018 first batch of green bond of Wuhan Metro Group, which provided convenience for supporting the funding to implement low-carbon city strategy in Wuhan. We acted as the joint principal underwriter of the 2018 first batch of green financial bond of Bank of Guiyang, which all of raised proceeds would be used for green industry projects.
- The issuance and establishment of Guojun-PowerChina Renewable Energy Tariff Subsidy Green Tranche 1 Asset-backed Special Program cooperated and established between PowerChina was completed and listed for transfer in Shanghai Stock Exchange. This plan assists green development of a state-owned enterprise, which is a deeply integration example of asset securitization and green finance.

- Among the primary market developing transactions in CCER, we have reached a pu hui emission reduction transaction agreement with Mobike, and reached a local forest carbon sink emission development cooperation agreement with a poverty-stricken county in Hebei. For the secondary transactions, we have carried out first carbon quota repurchase funding transaction with a power station in Guangdong, which provide innovative trading tools for entities to expand financing channels.

5 WE ARE DEVOTED TO PUBLIC WELFARE

In 2018, in addition to focusing on targeted poverty alleviation works under the principle of one company for one county, we also actively participated in the “Public Poverty Alleviation Works” and “Paired Support of the “Hundred Enterprises for Hundred Villages” program, as well as entered into support agreements with Fengxian District of Shanghai, Malipo County of Yunnan province and Guangnan county of Yunnan province. We continued to insist in public poverty alleviation works that it has done in the past, such as “Support in Pairs”, “Learning and Teaching Support” in poorer areas and financial assistance to poorer college students.



- We continued to further initiate the branch offices to provide subsidies to impoverished local university students. 17 branch offices across the country participated to provide financial assistance to 198 impoverished students with subsidy amounts of RMB 1.0275 million.

- We continued our poverty alleviation and provided learning and teaching support to Yunnan Guotai Junan Dandan Hope Primary School, Gansu Guotai Junan Weiyuan Hope Primary School and Jiangxi Guotai Junan Xiaokeng Hope Primary School. We conducted “Guotai Junan rewards for education and learning”, “one on one” paired support, donated stationery and sports goods and visited them regularly. Throughout the year, we provided scholarships totaling RMB 163,000 for teachers and students, and donated others of more than RMB 100,000.

- We continued to initiate a series of community events with the theme of “interpret dreams, library, talent cultivation”. We have successively constructed “Junhong Fortune Community Giving Library No.002” in Gansu Guotai Junan Weiyuan Hope Primary School and “Junhong Fortune Community Giving Library No.003” in Yunnan Guotai Junan Dandan Hope Primary School. We organized over 150 offline community events for high-end customers, which donated 15000 books and 8000 materials.

- Guotai Junan Junhong APP deepened a platform operation model of “Internet finance + charity” with our young league committee and Shanghai Guotai Junan Social Welfare Foundation, which has continued to initiate “loving cattle farm” event. Nearly 1.4 million users participated actively and accumulated around 20000 growing gifts for impoverished children.

- The 2018 non-public issuance of targeted poverty alleviation corporate bond (first batch) of Hubei Culture & Tourism Investment Group Co., Ltd. principally underwritten by us was issued successfully, which is the first poverty alleviation corporate bond issued by Hubei province-owned enterprise. The proceeds will be mainly used for supporting the construction of the targeted poverty alleviation projects in Enshi Tujia and Miao Autonomous Prefecture and Changyang Tujia Autonomous Count, which is beneficial to around 1000 local recorded poverty families.

- We responded to the initiative of the Securities Association of China to invest RMB 2.25 million for participating in construction of the construction project of a village-level photovoltaic poverty alleviation power station in Xi county of Shanxi.
- Our branches proactively give back the local communities. For example, the Guizhou branch and Shanghai Guotai Junan Social Welfare Foundation jointly raised RMB 200,000 for 20 kindergartens in poverty towns to construct standardized canteens, the Guangxi branch donated 30 sets of stationery and around 500 books for impoverished students, the Hunan branch donated school uniforms, stationery and sport goods and RMB 155,000 to various local primary schools and provided financial assistance of RMB 60,000 to impoverished villages, the Shandong branch donated materials and grants to 13 primary school students to various local primary schools, totaling RMB 65,000, the Shaanxi branch donated around 430 books and desks amounted to RMB 1,500 to children in impoverished mountain areas.



2018

January

Guotai Junan was awarded the “Financial Institution of the Year” and the “Annual Securities Company Asset Management” in the 2017 China Top Finance List organized by Shanghai United Media Group • The Paper.

Guotai Junan was honored the “National Investor Education Base” in the survey and research cum awarding activities held in the investor education base of the CSRC.

Guotai Junan was honored the “2017 Poverty Alleviation Pioneer Institution” in the 2017 China Capital Market Poverty Alleviation Pioneer Forum held by International Financial Times.

Guotai Junan was awarded the “2017 Outstanding Underwriter of Local Government Bond”, the “2017 Outstanding Underwriter of Corporate Bond”, the “2017 Innovative Product Outstanding Participant”, the “2017 Asset-Backed Targeted Project Outstanding Manager” and the “2017 Bond Outstanding Investment Institution” in the 2017 Shanghai Stock Exchange Bond Market Outstanding Participants and Individuals Award Presentation Ceremony held by the Shanghai Stock Exchange.

Guotai Junan was awarded the “Golden Horse • Best Intelligence Securities Company Award” awarded in the First New Times Capital Forum held by Securities Daily.

February

Guotai Junan was awarded the “Best Ten APPs Award of the Year • First Prize, the “Best User Service APP Award” and the “Best AI APP Award” in the 2017 Securities Company APP Forum held by Sina Finance.

Guotai Junan was recognized as the “Investor Investigation and Outstanding Investigation Responsible Company” during the 2017 Investor Investigation and Securities and Futures Branch Manager Investigation held by the Securities Investors Protection Fund Corporation.

Guotai Junan was awarded the “Outstanding Securities Company Economic Business Award” by JRJ.com in the 6th JRJ.com Chinese Advance.

Guotai Junan was awarded the “Best Ten Option Brokers” by the Shanghai Stock Exchange in the celebration and award presentation ceremony for the third anniversary of stock option listing.

Guotai Junan was awarded the “2017 Outstanding Organization Unit on ‘Baichuan Zhongxue’ Platform” and Favorite ‘Baichuan Zhongxue’ Work of Investors (two works)” in the 2017 Education Works Published by Members on ‘Baichuan Zhongxue’ Platform by ‘Baichuan Zhongxue’ Platform of the Shanghai Stock Exchange.

Guotai Junan was awarded the “Bronze Award of ‘Best Public Class” and the “Silver Award and Bronze Award of ‘Best Text and Picture Award’ ” in the 2017 Investor Education and Protection Series of Events organized by the Shanghai Stock Exchange.

March

Guotai Junan was awarded the “Best Fund Custody Securities Company” in the Mutual Fund in the China Fund Industry for 20 years – Ying Hua Award held by www.chnfund.com.

Guotai Junan was recognized as the “Best Local Investment Bank” , the “Best Investment Bank in Financial and Real Estate Sector • First Prize” , the “Investment Bank with the Most Innovation Capability • Second Prize” , the “Best Refinancing Investment Bank” , the “Best Equity Underwritten Investment Bank” , the “Best Bond Underwritten Investment Bank” , and the “Best Investment Bank with Oversea Market Capability in the 11th New Fortune Best Investment in the PRC held by New Fortune magazine.

April

Guotai Junan was awarded the “Excellence Award in Risk Management” the “Excellence Award in Corporate Finance” and the “Outstanding Award in Derivative Provider of the Year” in the Financial Institution Awards 2018 held by Bloomberg Businessweek.

May

Guotai Junan won the second prize in the “Science and Technology Award (Two-state Full Process IT Management Platform)” , the third prize in the “Science and Technology Prize (Intelligence Online Service Platform)” and the outstanding prize in the “Science and Technology Prize (Comprehensive Risk Management System of Innovative Business of Futures Company)” in the 6th Securities and Futures Science and Technology Award held by Asset Management Association of China.

Guotai Junan was awarded the “Best 30 Outstanding Members for 2017” and the “Industry Service Award for 2017” in the Annual Outstanding Members Content held by the Shanghai Stock Exchange.

Guotai Junan International, a subsidiary of Guotai Junan, was awarded the “Quam IR Award” in the QuamIR Awards held by Quamnet.

June

Guotai Junan was awarded the “2018 China’s Pioneer Securities Broker”, the “2018 China’s Pioneer Intelligence Broker”, the “2018 China’s Pioneer Securities APP”, the “2018 China’s Pioneer Wealth Management Brand”, the “2018 China’s Margin Financing and Securities Lending Business Pioneer” and the “2018 China’s Southbound Trading Pioneer” in the 2018 China’s Pioneer Securities Broker Content held by International Financial News.

Guotai Junan was awarded the “2018 China’s Outstanding Wealth Management Brand Jun Ding Award”, the “2018 China’s Fixed Income Investment Team Jun Ding Award”, the “2018 China’s Outstanding Futures Company Jun Ding Award” and the “2018 Financial Institution Targeted Poverty Alleviation Classic Case Jun Ding Award” in the 2018 China Wealth Management Summit cum the 12th Wealth Management Institution Jun Ding Award held by Securities Times.

Guotai Junan International, a subsidiary of Guotai Junan, was awarded the “2018 Hong Kong’s Outstanding Wealth Management Brand Jun Ding Award” in the 2018 China Wealth Management Summit cum the 12th Wealth Management Institution Jun Ding Award held by Securities Times.

Guotai Junan International, a subsidiary of Guotai Junan, was awarded the “Asia’s Best CEO” and the “Best Investor Relations Company” in the “8th Asia Excellence Award” held by Corporate Governance Asia.

July

Guotai Junan was awarded the “Outstanding Team Award” awarded in the Excellent Analyst Award held by the Shanghai Futures Exchange.

Guotai Junan was awarded the “Best Custodian, Private Funds” and “Best Fund Administrator Alternatives” awarded in the AAA Asset Servicing, Institutional Investor and Insurance Awards held by The Asset.

Guotai Junan International, a subsidiary of Guotai Junan, ranked first in the “Top Stock Pickers” of the “Overall Analyst Awards” and ranked first in the “Top Stock Pickers in Automobiles & Machinery” of the “Industry Analyst Awards” awarded in the Analyst Awards held by Thompson Reuters.

Guotai Junan was awarded the “2018 Top 100 Participants in Investor Education Vanguard (two individuals and one group)” awarded in the “Investor Education Vanguard” Program held by the Shanghai Stock Exchange.

Guotai Junan International, a subsidiary of Guotai Junan, won Gold Award in the 2017 Vision Awards held by the League of American Communications Professionals LLC.

Guotai Junan International, a subsidiary of Guotai Junan, won Bronze Award in the International ARC Awards held by MerComm Inc., an independent agency in the United States.

August

Guotai Junan was awarded the “Ying Hua Award”, the “Best PE Comprehensive Services Securities Company” and the “Best PE Comprehensive Custodian Securities Company” by www.chnfund.com.

Guotai Junan was awarded the “Annual Social Responsibility Contribution Award” in the 2018 China’s Corporate Social Responsibility Forum held by China Business.

September

Guotai Junan International, a subsidiary of Guotai Junan, was awarded the “Securities House of the Year” in Asia Risk Awards 2018 held by Asia Risk.

Guotai Junan was awarded the First Class Award in the “Shanghai Financial Innovation Achievements Award (Junhong Lingxi) 2017” in the 2017 Shanghai Financial Innovation Awards held by the Shanghai Municipal Government.

Guotai Junan was recognized as the “Best Ten Cases in the 3rd Fintech Innovation Cases” in the 3rd Beijing Global Fintech Summit held by China Finance 40 Forum and CFCITY.

Guotai Junan was awarded the “2018 Best Market Maker” in the 2018 CHINA IPO Finance & Economic Summit cum the 3rd JinHaoJiao Award held by CHINA IPO.

Guotai Junan was awarded the “Most Influential Brand”, the “Best Custodian Securities Company”, the “Most Favorite APP of Young Users”, the “Most Powerful Broker Asset Management” and the “Best ABS Team” in 2018 Securities Company Industry Summit cum “2018 Securities Company • JinDing Award” held by National Business Daily.

Guotai Junan was awarded the “APP Best Ten Brands Award”, the “Leader Award”, the “Outstanding Operation Team Award”, the “Outstanding Case Award”, the “King of Poster”, the “Most Stunning Securities Company APP Platinum Award” and the “Most Popular Securities Company Mascot” in the 2018 Securities Industry Fintech Summit cum Quanshangcn Outstanding Securities Company APP held by Quanshangcn.

October

Guotai Junan was awarded the “2018 China’s Securities and Futures Industry ‘Poverty Alleviation Contribution Award’”, “2018 China’s Securities and Futures Industry ‘Best Education Poverty Alleviation Project Award’” and the “Best Innovative Financial Product Poverty Alleviation Project Award” in “We are in Action” —2018 China’s Securities and Futures Industry Poverty Alleviation Conference held by the CSRC and Quanshangcn.

November

Guotai Junan was awarded the “Best Futures Company in the PRC”, the “Best Helmsman of Futures Company in the PRC (CHEN Yutao, vice president)”, the “Best Financial Futures Service”, the “Best Targeted Poverty Alleviation Community Award”, the “Best Brand Building Promotion Award”, the “Best Risk Management Subsidiary Service Award”, “Gold Medal Futures Researcher in the PRC” and the “Gold Medal Management Team of China’s Futures Company” in the 11th Best Futures Operators and Best Futures Analyst Award of China held by Securities Times and Futures Daily.

Guotai Junan was awarded the “Education Poverty Alleviation Pioneer Enterprise”, the “Poverty Alleviation Investor Education Pioneer Institution” and the “Best ‘One Company and One County’ Paired Support Case” in the 2018 China Capital Market Poverty Alleviation Pioneer Forum by International Financial Times.

Guotai Junan was awarded the “2018 Stock Connect Outstanding Information Service Securities Company” in HKEX Market Data Conference in Shanghai 2018.

Guotai Junan was awarded “2018 ‘Fintech Institution of the Year’” and the “2018 ‘Securities Company Institution of the Year’” in the 2018 Financial Development Summit cum 2018 Top Finance List by The Paper.

Guotai Junan was awarded the “‘Best Securities Company and Wealth Management Institution’ of 2018 Wealth and Society” in the Global Wealth and Society Awards Programme 2018 held by the Asian Banker.

Guotai Junan was awarded the “Best Belt & Road Borrower” in the China Awards 2018 by Finance Asia.

Guotai Junan was awarded the First Prize and Organization Prize in the brand story essay competition with the theme “40th Anniversary of the Reform and Opening Up, State-owned Brands Set out Again” participated by the system units under the SASAC organized by the group working committee of SASAC.

December

Guotai Junan was awarded the “Best Hong Kong Listed Company of the Year” in the “Value of Hong Kong Listed Companies Popular List of 2018 Golden Lion Awards” held by Sina Finance.

Guotai Junan was awarded the “2018 China Exemplary Employer” by 51job.

Guotai Junan International, a Hong Kong subsidiary of Guotai Junan, was granted the Gold Award in “The Corporate Awards 2018” held by The Asset magazine.

Guotai Junan International, a Hong Kong subsidiary of Guotai Junan, was awarded the “Best Hong Kong Deal” in the 2018 FinanceAisa Achievement Awards held by FinanceAsia magazine.

Guotai Junan was awarded the “Outstanding Futures Company Award” in the Chinese Advance of 2018 by JRJ.com.

Guotai Junan was awarded the “Excellent Futures Institution of the Year Award” and the “Excellent Securities Company Mobile Application Evaluated by the Public of the Year” in the “Golden Tie Awards of China Finance of 2018” held by wallstreetcn.com.

Guotai Junan was awarded the “Best Ten APPs Award of the Year. First Prize”, the “Best User Service APP Award” and the “Best AI APP Award” in the 2017 Securities Companies APP Forum held by Sina Finance.

Guotai Junan was granted the third prize of the “Market Maker Awards” in the “Virtual Market Making in Copper Options Competition” held by Shanghai Futures Exchange.

Guotai Junan was recognized as “2018 Shanghai Youth Commando of Shanghai Communist Youth League Municipal Committee” by Shanghai Youth Commando of Shanghai Communist Municipal Committee.

Guotai Junan was granted the “Outstanding Securities Company APP Favoured by Investors Award” by Wall Street China.

Guotai Junan was recommended in the China Finance Thinking Politics Work Seminar for the recognition as “2017–2018 Advance Unit and Advance Worker in Cultural Building of National Financial System” and “2017–2018 Advance Unit in Cultural Building of National Financial System”.

Guotai Junan was granted the “2018 Securities Company” and “2018 Investor Education Outstanding Contribution Award” in the “China Institutional Investor Annual Meeting cum the 12th Golden Cicada Awards” by China Times and Sina Finance Da V Channel.

Guotai Junan was granted the “2018 Mainland Pioneer Securities Company in Promoting Hong Kong Stock Connect” in the “Mainland–Hong Kong Stock Connect Investor Education Activity of the Annual Conference by HKEX.

Guotai Junan was awarded the “Best Securities Company 2018” and the “Securities Company with the Best Asset Management Equity Investment Team 2018” by eastmoney.com and fund.eastmoney.com.

Guotai Junan was awarded the “Securities Company Brand Award” and the “Securities Company APP of the Year” in the 16th Popular Finance List by hexun.com.

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, carrying a higher standard and deeper culture to continue our strategic goals of “comprehensive local leading and internationally competitive integrated financial service provider” to move forward.



In 2019, we will insist in our strategic direction, our bottom line and taking active actions, while capture opportunities, implement measures with determination and fully implement and take forward our new strategic development plan. We will 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

- Accelerate the establishment of two major service systems, i.e. retail customers, and corporate and institutional customers, with cluster coordination system for improve functional completeness, coordinating smoothness and customer satisfaction of our service system.
- Put greater efforts in asset allocation and capability of business development in tier three and four cities, promote deeper and more sophisticated matrix management, in order to achieve a smooth connected management system between headquarters and branch offices and enhance the overall capability in nurturing customers comprehensively.
- 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

- Seize the opportunities from reform of basic system of technology innovation board and put great efforts on key industries and key market segments to forge core competitiveness.
- Repeatedly polish and refine their respective core competencies, improve their pricing capability and pricing power so as to improve customer stickiness.
- Continue to improve and strengthen product development, product introduction, product review, organization sales, creation and other aspects so as to accelerate to drive the transformation of wealth management with financial products as the driving force.
- Accelerate to 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.

STRENGTHEN COMPLIANCE AND RISK CONTROL, ASSIST IN BUSINESS DEVELOPMENT

- Establish an integrated, professional, digitized and procedural compliance management system for improving the capability of business innovative development support with compliance management.

- Implement the central risk management and control of the Group. We optimize risk appetite management, consolidated financial statement management, vertical risk control and management over subsidiaries and important sectors risk management. We also empower the business development effectively by optimizing hierarchical authorization and setting risk tolerance reasonably.

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.
- Strengthen human resources planning and reasonable allocation, optimize business line and organizational structure, functions and positioning and personnel deployment of departments, improve performance appraisal and remuneration incentive system for stimulate the creativity of employees.
- 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.



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GUOTAI JUNAN