



2019

**ENVIRONMENTAL
SOCIAL &
GOVERNANCE
REPORT**

GUOTAI JUNAN SECURITIES CO.,LTD

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 2019. It covers the period from 1 January 2019 to 31 December 2019 (except otherwise specified).

The financial data in this report are derived from the audited financial report of the Company for 2019, 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 in Appendix 27 to the Listing Rules 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.hkexnews.hk>)

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

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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 twelve consecutive years from 2008 to 2019. 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 2019, 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 28 futures branches within the PRC, and our branch network covers 32 provinces, autonomous regions and municipalities directly under the Central Government.

CORPORATE GOVERNANCE



As a company listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange, we have strictly complied with the requirements of laws, regulations and regulatory documents in the domestic and overseas listing places, operated in accordance with the regulatory requirements and constantly perfected the corporate governance structure and systems to improve corporate governance.

In accordance with the requirements of laws, regulations and regulatory documents such as the “Company Law of the People's Republic of China”, the “Securities Law of the People's Republic of China”, the “Regulations on Supervision and Management of Securities Companies”, the “Rules for Corporate Governance of Securities Companies” and the “Rules for Corporate Governance of Listed Companies”, we have established a sound and complete corporate governance structure consisting of the shareholders' general meeting, the Board of Directors, the Board of Supervisors and the management of the Company, and formed a complete corporate governance system with clear powers and responsibilities, standardized operations, mutual coordination, and checks and balances among governing bodies, decision-making bodies, supervisory bodies and the management of the Company for discussion, decision-making, authorization and implementation of corporate issues.

During the reporting period, we strictly complied with the relevant provisions of the Corporate Governance Code and satisfied with the requirements of the most recommended best practices specified therein. The Chairman of the Company communicated with the non-executive Directors through meetings and other ways to listen to suggestions and opinions. The management of the Company monthly reported the operation and management information to the Directors and Supervisors, while the Chairman, Directors, President, the secretary of the Board of Directors and other executives of the Company communicated with the shareholders through performance briefings, road shows, investor receptions, online interactions, telephone and other means, thereby continuously improving the corporate governance of the Company.

OPERATING RESULTS

As of the end of 2019, our total assets was **RMB559.314 billion**, representing an increase of **28.07%** compared with the end of last year; and the equity attributable to the equity holders of the Company amounted to **RMB137.501 billion**, representing an increase of **11.38%** compared with the end of last year. In 2019, we realized an operating income of **RMB29.949 billion**, representing an increase of **31.83%** compared with the same period of last year; recorded the net profit attributable to the equity holders of the Company of **RMB8.637 billion**, representing an increase of **28.76%** compared with the same period of last year; and the weighted average return on net assets was **6.75%**, representing an increase of 1.33 percentage points compared with the same period of last year.



the special plan for the retail customer service system of Guotai Junan Jun Hong "Star" service



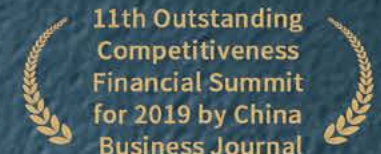
Top 10 Investment Banks



Smart Investors of G3 Bonds in Asia



Annual Poverty Alleviation Enterprise Award for 2019



Dianzan Financial Poverty Alleviation Award (點贊金融扶貧力量獎)



- Outstanding Underwriters of Corporate Bonds for the Year
- Outstanding Participants of Comprehensive Innovation for the Year
- Outstanding Underwriters of Local Government Bonds for the Year
- Outstanding Participants of Product Innovation for the Year



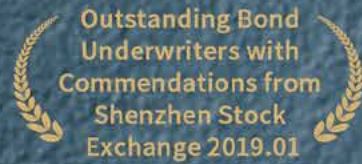
- brokerage business —
- Retail Securities Brokers in Central District
 - Southbound Trading Brokers in China
 - Securities Investment Advisory Team in China
 - Securities Broker Team in China
- investment banking business —
- All-round Investment Bank in China
 - Investment Bank of Stock Re-fundraising in China
 - Investment Bank of Stock Refinancing in China
 - Bond Team in China



- China's Best Private Fund Custody Institution Award
- The Award for Best Administrative Outsourcing Institution of Alternative Investment Funds in China



- The Best Securities Company in Comprehensive Wealth Management Capability for the Year
- Most Influential Securities Custodian for the Year
- Most Popular APP for the Year (Guotai Junan Jun Hong)



- Outstanding Institutions in Innovation of Fixed Income Business for the Year
- Outstanding Underwriters of Interest Rate Bonds for the Year



- International Pioneer Investment Bank
- A Share IPO Pioneer Investment Bank
- Pioneer Investment Bank of ABS Business
- Pioneer Investment Bank of STAR Market Project Reserve
- Pioneer Investment Bank of Bonds Underwriting



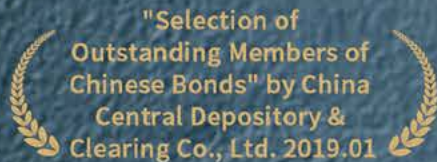
Best Private Fund Custody Securities Companies



- Best Futures Company in China
- Best Honest and Self-regulating Futures Company
- Best Financial Futures Service Award



Top 3 (the "Financial Market Fact Verification and Risk Early-warning Platform" Project of Guotai Junan)



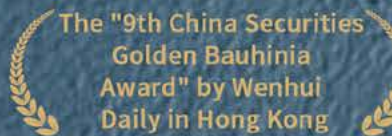
Settlement Top 100 - Outstanding Proprietary Institutions



- Golden Bull Securities Company for the Year
- Best Investment Bank Team Award
- Best Wealth Management Team Award
- Best Asset Management Team Award



- Outstanding Development Securities Companies APP for Five Years
- Digital Wealth Management APP
- Satisfactory Comprehensive Service APP



Best Listed Companies in Brand Value



- Best Local Investment Bank
- Best Investment Banks in Equity Underwriting
- Best IPO Investment Bank
- Best Investment Bank in Refinancing
- Best Investment Bank in Finance and Real Estate



(2019年“機構投資者·財新資本市場分析師成就獎”)

4th Best Analyst Team (Mainland)



Securities Company Wealth Management Institutions in China for the Year



Securities Companies with Good Brand Image in China for 2019



Model HR Management Team



OUR SOCIAL RESPONSIBILITY CONCEPT



We have summarized the Company's development experiences for more than 20 years, and refined it into the "Consensus of Guotai Junan". It is a systematic demonstration of our corporate culture and value concept, the common values and goals of Guotai Junan people and also our strong awareness of social responsibilities.

In future, in accordance with the requirements of the China Securities and Regulatory Commission, we will further foster the corporate culture emphasizing on "compliance, integrity, professionalism and stability". We will place compliance management in a more prominent position, polish the brand of integrity management, constantly enhance our professional standards and core competitiveness, and take stability as our business background and distinctive characteristics. With the above as a guidance, we will continuously strengthen our awareness of social responsibility, while constantly optimizing and enriching the connotation of our social responsibility concept.

OVERVIEW OF SOCIAL RESPONSIBILITY MANAGEMENT

OUR SOCIAL RESPONSIBILITY MODEL



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 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.



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.



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



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 Environmental Social & Governance 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 Environmental Social & 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 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

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. 768 Nanjing West Road, Shanghai, PRC

Legal Representative: HE Qing

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>

SPECIAL TOPICS:

CORPORATE CULTURE ROOTED IN THE HEART

We actively implement the culture of "Consensus of Guotai Junan (《國泰君安共識》)" with "Rewarding Our Country with Finance(金融報國)" as the core, give play to the role of corporate culture in leading and promoting the reform and development of the Company, deepen the understanding that "serving the development of the real economy is the duty of the capital market" and transform our spirits of rewarding the country into our on-going actions for serving national strategy, improving service capabilities, preventing and controlling ethical risks and fulfilling social responsibilities, so as to continuously reinforce our culture of "Rewarding Our Country with Finance", and constantly enhance the social influence and inspirational force of our corporate culture.

We formulated the "2019-2021 Three-year Plan for Corporate Culture Construction of Guotai Junan Securities (《國泰君安證券 2019-2021 年企業文化建設三年規劃》)" and strengthened the guiding philosophy of "Guiding by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and combining of the Party's ideological and political construction with the construction of the Consensus of Guotai Junan culture" to ensure the correct direction of corporate culture construction. We lay emphasis on employee participation and the integration of knowledge and action, focus on

service development and brand characteristics, and further clarify the requirements and key tasks of our work through effective measures such as strengthening the leadership of party committee, making good use of our education and training, organization platforms and system strengths, setting role models and putting more efforts in the evaluation and research, with aims to ensure that the practical results will be achieved in the cultural construction.

We actively respond to the recommendation for the establishment of industry culture of "compliance, integrity, professionalism and prudence(合規、誠信、專業、穩健)", and help employees understand the connotation of the culture of "compliance, integrity, professionalism and prudence" through several measures such as education and training, activity guidance and value transmission, allowing excellent culture to take root and blossom in the Company. We have set up a leading group for corporate culture construction work with clear job responsibilities to enhance the collective capability of corporate culture construction work. We built a team of three-level cultural lecturers composed of senior and middle

management, corporate culture department and general employees to strengthen cultural education and training, conducted the discussions of industry culture through the platforms including our magazine, the "Guotai Junaner(《國泰君安人》)" and homeland community and coordinated with the party committee, labor union and youth league to organize events such as culture festivals, promote and implement the philosophy of "compliance is the bottom line, integrity is the obligation, professionalism is the characteristic, and prudence is the guarantee(合規是底線、誠信是義務、專業是特色、穩健是保證)" in multiple dimensions, so as to enhance employees' awareness and recognition of the industry culture. We improve our system and rules and promote the improvement of management efficiency with an excellent culture.

We strengthen cultural guidance by carrying out the construction of corporate culture guiding by the culture of "compliance, integrity, professionalism and prudence" and refining the culture into the professional ethics and code of conduct of entities and practitioners to allow them to bear in mind and take into action, so as to build strong conceptual support and professional instinct for them. We strengthen cultural empowerment by deeply integrating cultural concepts in an all-round way into the strategic management, business promotion, customer service, internal auditing system and selection of senior management of the Company, etc., and using cultural power to support our standardized operations, so as to continuously enhance the driving force and resilience of the healthy development of the Company. We strengthen cultural self-confidence by demonstrating our image externally and boosting our employee morale internally and giving full play to the guiding, cohesive and inspirational role of corporate culture to the senior management and employees, so as to continuously enhance the cohesion and centripetal strength of the Company, and stimulate strong internal driving force in maintaining sustainable and healthy development of the Company.

During the Reporting Period, we extensively carried out cultural advocacy activities for all new employees, Party branch secretaries, middle management of subsidiaries and branches. We organized micro-video collection and selection campaign themed the "Special Symposium on 20th Anniversary of Merging of Guotai Junan(國泰君安合併設立 20 周年專題研討會)" and "To Original Mission, Move Forward(致初心, 再前行)", and the tenth Dragon Boat Race of the Company, and produced and released special promotional video including "24 Hours of Guotai Junan(《國泰君安 24 小時》)", "Journey(《征途》)" and "Youth(《芳華》)", narrated the story of Guotai Junan in our magazine "Guotai Junaner(《國泰君安人》)" to inherit our common culture and cooperated with the mainstream media to publicize the highlights of our corporate culture construction, so that every Guotai Junan people continuously draws spiritual strength to move forward, and the social influence of the culture of "Rewarding Our Country with Finance(金融報國)" will be continuously enhanced.



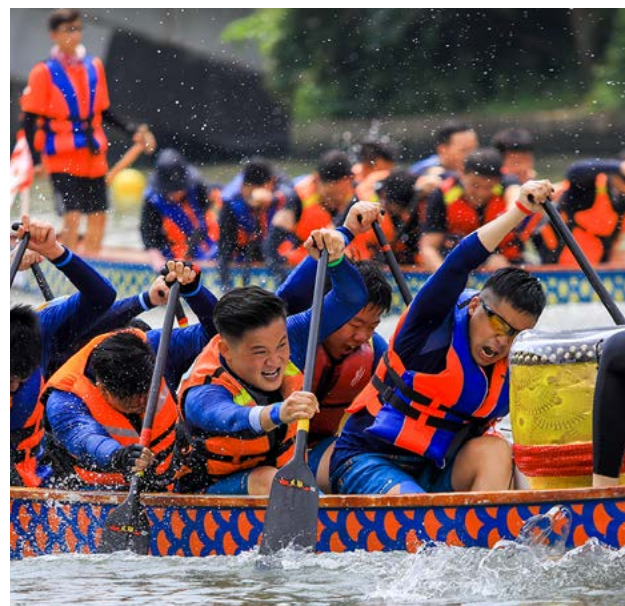


Case 1

WORK TOGETHER WITH ONE HEART AND ONE MIND TO CONTEND FOR THE FIRST PLACE

Dragon Boat Race is an important platform for vigorously promoting our spirit of "creating first-class and striving for excellence(創建一流、追求卓越)" and implementing our core values of "integrity, responsibility, affinity, professionalism and innovation(誠信、責任、親和、專業、創新)". The spirit of Dragon Boat has been integrated into the heart of Guotai Junan people and is the true picture of the "working together and forging ahead with sincerity and courage(協同協作、精誠勇進)" of Guotai Junan people and the vivid reflection of the "Consensus of Guotai Junan ".

So far, we have held ten dragon boat races. Inspired by the spirit of the Dragon Boat, Guotai Junan people work together to seriously implement the philosophy of "Rewarding Our Country with Finance(金融報國)" by leading the development of financial industry and serving the real economy, and stay true to the original mission with a lofty vision and spirit of contending for the first place to strive for becoming "an integrated financial services provider rooted in China with global coverage and significant influence" and building a first-class investment bank, making new and greater contributions to the construction of Shanghai international financial center.



Case 2

AMBITIOUS YOUNG PEOPLE TAKE ON IMPORTANT RESPONSIBILITIES

"A nation will prosper only when its young people thrive. A country can be full of hope and have a great tomorrow only when its younger generations have ideals, ability, and a strong sense of responsibility."

The Huizhi platform (匯智平台) is designed to collect ideas, wisdom and projects from the young employees, enabling enthusiastic, thoughtful and proactive young people to achieve what they could not achieve due to lack of funds, personnel or difficulty in coordinating internal and external resources, so that the meaningful activities which are popular among the young can go beyond the department to influence more young employees and form a greater influence. The projects are initiated by young people at the grass-roots level. Upon evaluation and selection, review and approval of the projects, the young people at the grass-roots level will serve as leaders of the projects, establish project teams, and organize the implementation of the projects. The Youth League committee together with Finance Institute and Guotai Junan Foundation provides comprehensive assistance such as mentor's



guidance, recruitment of project member, coordination of internal and external resource, and provide certain financial support. The projects initiated by the Youth are, in principle, cross-departmental and cross-line within the Company, and carried out at the company level. This platform provides young employees with the opportunity to learn from and exchange views each other, give feedback on problems, and communicate directly with leaders, creating a platform for young people to grow into business elites, new management talents and core pillars for attracting, gathering and leading outstanding young people.

Since the launch of the Huizhi platform in 2017, it has attracted more than 1,000 young employees to participate in, selected and supported a total of 15 projects covering key management subjects, caring for left-behind children, intangible cultural heritage promotion, investor education and improving artistic culture of young employees, and has become an important platform for young employees to contribute their wisdom contribution, practice our culture, learn from and exchange views each other, and show their talent.

LEADING HIGH-QUALITY DEVELOPMENT WITH NEW DEVELOPMENT CONCEPTS

We stand at a new starting point for reform and development in the new era, adhere to the purpose of finance serving the real economy, implement the five new development concepts of innovation, harmonization, green, openness and sharing, effectively play the role of investment banks' capital intermediary and investment and financing hubs, cooperate with the peers to effectively protect the legitimate rights and interests of investors, and build a regulated, transparent, open, dynamic and resilient multi-level capital market system to help the PRC economy achieve high-quality growth and realize our own value in the country's prosperity and national rejuvenation.

INNOVATION

Innovation is the primary driving force for development. We always put innovation at the core of achieving high-quality sustainable development in the region, and continuously promote innovation in all aspects of business innovation, management innovation, technological innovation, mechanism innovation, cultural innovation, and make innovation running through the operation and management of the Company and becoming a common practice in the Company.

BUSINESS INNOVATION



INSTITUTIONAL FINANCE

We completed the spin-off and issuance of the first listed company on the Hong Kong Stock Exchange and the first CDR issued by a red-chip enterprise with AB shares; we successfully created the first phase of standardized notes on the Shanghai Stock Exchange; we were the sole principal underwriter of the first central-enterprise innovation and entrepreneurship bonds in the domestic capital market. We are the first company in the industry to launch a "hedging" business brand-"Guotai Junan Hedging (國泰君安避險)", which provides customers with comprehensive risk management solutions for multiple asset types and assists customers to effectively manage risks in uncertain markets. A large number of successful cases have been implemented currently. We

create a precedent for the industry based on fintech, launch a "Daohe (道合)" corporate customer service system, and build a comprehensive service model covering websites, APPs, applets, API interfaces, and enjoy a complete ecology with more than 100 business scenarios. The platform covers more than 90% of the Group's core institutional customers. We provide domestic institutional investors with a transaction-based institutional brokerage service and the associated research services, specialized trading systems, capital intermediaries, asset allocation, hedging, seed FOF and other comprehensive and specialized trading services.



PERSONAL FINANCE

We are the first in the industry to launch the appointment and activation function in technology innovation board, and simultaneously launch the investor education zone in technology innovation board. We continue to promote the construction of Guotai Junan Junhong APP, launched 13 key functions such as real-time quotes, options and futures business of the US stock market, optimized 42 key functions such as cross-market linkage, released three value-added services functions such as smart optimization, red and green bands and shape analysis. We rely on Niu Ren Niu Gu (牛人牛股), the social investment platform to improve socialization and intelligence, and continue to build the smart service platform Jun Hong Ling Xi (君弘灵犀). Jun Hong APP's registered users exceeded 33 million, with the monthly active users ranking the top two in the industry. We have created Junhong Online (君弘在线). Through embedding this televised live broadcast investment advisory service column in the Junhong APP, we have expanded the service radius and realized financial inclusive services for online investors, nearly 45 million people have been benefited, and nearly 2 million questions have been raised, and the number of visitors accounted for up to 25% of monthly active users. We are the first to create the wealth management advisory service model in the industry, creating a multi-dimensional customer group segmentation model, asset allocation pyramid, life finance curve and other professional exhibition toolkits; creating investment solutions that cover multiple portfolio strategy models and multi-objective asset allocation reports, which forms the service product matrix with high-quality for full-time and the entire market, and provides investors with full-time accompanying wealth management services. We are actively preparing to apply for the first batch of the pilot qualification of the fund investment advisory business in the industry. Our futures business takes rubber varieties as the pilot and has created a trading model that integrates spot trade, futures and options hedging. We take non-ferrous products as a pilot to start cross-border business, and actively explore trade with rights to achieve the dual combination of current and OTC business. We have won the seats of the futures prime broker for ETF, the first batch of domestic commodity, and are recorded in the list of dealers of several basic pension management institutions.



INVESTMENT MANAGEMENT

The asset management company created and issued China's first talent apartment rental ABS products in Guangdong-Hong Kong-Macao greater bay area, China's first GSP notes usufruct ABS products, China's first bill usufruct ABS product led by Internet enterprise, China's first three-star green building and international LEED gold building CMBS products, China's first intelligent parking industry ABS products, China's first ABS product for the manufacturing leasing in the Greater Bay Area and China's first additional securities credit protection certificate of the car financing lease ABS products. HuaAn Funds launched the first batch of the science and technology board strategic placement fund, the China-Japan Interchange Cross-Border ETF Fund, the floating net worth money market fund and the floating management rate product in the market, and obtained the qualifications for the first batch of transfer financial services as well.

INTERNATIONAL BUSINESS

We are committed to providing innovative domestic full-service chain domestic brokerage services to overseas institutional clients, making full use of domestic capital strength and resource advantages to provide comprehensive financial services for large overseas institutional investors. We became the first Chinese-funded brokerage stationed in Vietnam. At the same time, customers can also better participate in the Vietnamese capital market and local economic growth through the company's access to related brokerage and research services. We continued to improve and optimize the construction of wealth management platforms and successfully launched Listed Warrant products.



MANAGEMENT INNOVATION

We focus on customer and accelerate the cluster operation of the retail customer service system and corporate institutional customers. We have basically completed the adjustment of the relevant organizational structure and initially established a clustered coordination mechanism. The effect of clustered customer service has begun to appear. We continue to build Matrix, a comprehensive service management system for corporate customers, from the three dimensions of "data", "process" and "scenario" to creatively create a new ecosystem of financial technology services with Guotai Junan brand characteristics and promote multi-dimensional and multi-form rapid improvement of comprehensive financial service capabilities of the Company.

We build a wealth management platform system that integrates asset allocation service tools, wealth management advisory service process, one-stop operation support and compliance risk control real-time monitoring to provide customer analysis, portfolio management, asset allocation, after-sales tracking, experts collaboration, operation management, and client-side query ordering, compliance risk control, performance appraisal and other wealth management business support, and assist the investment consultants to provide customers with the excellent service experience. We have created intelligent research services with efficient intelligence and panoramic coverage to drive the digital and intelligent transformation of research services.

We have strengthened the construction of the cadre talent team, built an integrated platform for remuneration and performance, strengthened fine management of remuneration and professional ranks and constantly improved the assessment and incentive mechanism.

TECHNOLOGY INNOVATION

We have formulated the "Financial Technology Strategic Plan for 2019-2021" which proposes new strategic goals from technology empowerment to technology leadership with a contribution of annual IT budget expenditure of RMB751.117 million. We optimized the organizational structure and strengthened various functions such as product planning and data operations, to improve our independent research and development level, and obtained Level 4 of CMMI certification, which further enhanced the innovation ability of technology and business fusion. We actively expand ecological cooperation in financial technology, including carrying out joint laboratory innovations, participating in subject research such as industry block chain, data ecology and security, which won outstanding project awards.

fact-checking and risk early-warning platform based on natural language processing and knowledge graph was awarded the "World Artificial Intelligence Innovation Competition AI + Finance TOP3(世界人工智能创新大赛 AI+ 金融 TOP3)" in 2019. We promote the construction of industry-leading smart outlets and deploy nearly 500 VTMs to cover all sales offices across the country.

We have established a multi-dimensional asset risk measurement model covering the macro environment, collaterals, counterparties, and business. We have completed the development of the verification and adjustment assessment of various new product valuation models, independently developed and successfully launched the Shanghai Stock Exchange 50ETF Volatility Index(上证50ETF波动率指数). We have built a VaR measurement management system of the Group, a risk value VaR of the Group, and a stress test loss limit system. We have gradually improved the Company's market risk measurement monitoring indicators and limit management system, and continuously strengthened our ability to quantify and analyze risks.

We launched an integrated, open and shared digital operation platform for fully connected enterprise within the Group that connects employees and customers, front-end and back-offices, integrates the Company's resources from top to bottom, and provides powerful platform support and data empowerment for the employee development. We have constructed a knowledge graph system covering 500 million entities and 1 billion relationships, which is widely applied in risk management and customer service, to improve the ability of enterprise risk monitoring and the discovery of suspected linked account groups, and to conduct the in-depth information explore analytics such as related query and equity penetration for customers. Our financial market

We realized the automatic processing of the internal distribution of the investment bank's business office processes by exploring and developing a set of process allocation algorithms. With the help of big data technology, the risk classification and risk profile of the issuer in the investment bank project greatly improved the specificity and efficiency of the review; Based on AI / deep learning algorithms, the Company use natural language processing (NLP) and other technical means to develop new auditing systems to automatically complete the review of related financial documents in investment banking operations.

COORDINATION

Coordination is an endogenous characteristic of development. We adhere to the philosophy of serving the country with financial services, which means that the Company develops itself in the national rejuvenation and comprehensively enhances the efficiency and standard of financial services in the real economy to create value for customers, and to provide a broad stage for the career development of employees in order to made overall consideration and coordinated development.

FOCUS ON THE DEVELOPMENT OF FINANCIAL SERVICES IN THE REAL ECONOMY

We adhere to the philosophy of serving the real economy with financial services. In 2019, we became a promoter of promoting the development of the real economy through helping enterprises raise fund of RMB564. 56656457 billion by IPO, refinancing, and various types of bonds, providing financing of RMB 41.2644107 billion for enterprises through stock mortgage, and investing nearly RMB 1 billion directly, and providing enterprises with a variety of comprehensive financial solutions in underwriting sponsorship, financial consulting and investment management. In the field of commodity futures, we tailor-made hedging solutions for enterprises with providing a package of personalized service products focusing on current risk management to escort the business activities of enterprises. Through the asset securitization business, we provided various types of enterprises with inventory asset revitalization and integrated financing services. Over the year, we issued more than RMB125.6 billion of asset securitization products, effectively serving the real economy and boosting the quality and efficiency of the economy.

We are committed to promoting industrial upgrading with



financial services. In 2019, we completed the issuance of 6 projects in science and technology board, and invested RMB227 million to help the industrial structure upgrade of science and technology enterprises; completed the first phase of manufacturing industry in the Greater Bay Area and Chengdu 's investment in income rights of parking fee and other asset-backed projects, to promote the upgrading of industries such as manufacturing and smart cities through capital innovation.

We actively help private enterprises to solve financing difficulties. In 2019, we completed the IPO project of EV MedTech (心脈醫療), Anheng Information (安恒資訊) and the refinancing project of Juneyao Airlines, and used our own funds to directly make investment to provide long-term stable funding support for 7 private enterprises with total amount of RMB264 million. At the same time, we are also actively adopting the way of hardship funds to solve the financing difficulties for private enterprises. We have led the establishment of 4 hardship funds with a record amount of RMB2.48 billion and an investment of RMB463 million, and help 3 private enterprises obtain financing fund.

ALWAYS PUT CUSTOMERS NEED FIRST

We have established a full-coverage response service mechanism through “Junhong Lingxi + 95521 Customer Service + Junhong Online Investment Consultant + Responder Team(君弘靈犀+95521 客服+君弘在線投顧+響應人團隊)”. The collaboration among headquarters, branches and sales department achieve a fast and timely full-coverage response to customer needs. Our artificial seating and outbound service customers have accumulated more than 6 million times. Throughout the year, we sent nearly 75 million short messages through 95521. Both the one-time service rate and customer service satisfaction were close to 95%. We have communicated with customers more than 8.017 million times with smart customer-service such as Linked See and smart outbound; Junhong's online real-time investment advisory service window answers investors' investment confusion in real time. The annual cumulative number of customers is nearly 15 million, and the cumulative number of visits exceeds 40 million. We carried out 38 user surveys



through MOT (message reminding) to widely understand investors' functions and service needs in various investment scenarios.

We strictly abide by the principle of "do immediately, be practical and realistic, and process timely and properly", and form a standardized and complete closed-loop process of customer complaint handling, which is "complaint acceptance -- pre-processing -- upgrade treatment -- circulation and distribution -- processing and tracking -- customer feedback". In 2019, it received 3,126 customer complaints and handled 3,079, with a settlement rate of 98.5%.

We sent out a total of 243,173 satisfaction evaluation questionnaires throughout the year. The customers made 73,122 comments, of which 90.72% are all 5 stars. A total of 1832 user feedback was collected online and offline in the whole year, and customer satisfaction increased by 54.39% in the whole year.

Case 1

PROTECT CUSTOMER TRANSACTION AND INFORMATION SECURITY

We implemented encrypted transmission of communication protocol on the customer service platform, and added anti-replay and tamper-proof mechanism. Meanwhile, Junhong APP firstly supports IPv6 network access in the industry, which improved the overall autonomy and security. We use a variety of techniques such as anti-debugging, file confusion, and installation package hardening to increase the cost of decompiling the client side of the customer service platform, preventing code and business logic from malicious analysis and tampering.

We carried out security scanning and permeability testing on each iteration version of the customer service platform such as Junhong APP to eliminate vulnerabilities. We provide fingerprint and 3D face login through FIDO biometric authentication system to protect the security of login information; Anti-hijacking technology and external link risk prompt are used to prevent other malicious apps or web pages from forging Junhong interface to guide customers to enter privacy information; The client data that needs to be cached in the local phone is stored in an encrypted sandbox to prevent the local data from being stolen and used by other apps. For the Android mobile phone with higher openness and more security risks, in protecting the user mobile phone information security, we will use the permissions minimization principle, to minimize application of mobile phone permissions for Junhong business requirements, and all permissions application need to clearly inform users, and also need to obtain users' consent, to prevent the Android permission to be abused, prevent users from mobile phone privacy information leakage.

We actively participated in the development of many industry specifications such as Transaction SDK Security Specification (《交易 SDK 安全规范》) of the China Securities Information, the Terminal Information Management Technical Specification of the Securities Company Customer Transaction (《证券公司客户交易终端信息管理技术规范》) of CSRC, to ensure the program design to strictly follow the industry specification, and to reduce customer transaction security and customer information security risks.



Case 2

FOCUS ON THE INVESTOR EDUCATION

Based on the operation of a national-level investment and education base, we have successively built provincial-level investment and education bases in Yunnan, Guangdong, Guangxi, Shenzhen and other places. Currently, 7 entity investment and education bases have obtained license.

In 2019, we held 5,103 activities such as strategic reports, symposiums, training courses, investors schools, thematic lectures, and special activities for investors in communities, schools and enterprises, covering 163,800 small and medium-sized investors. More than 194,000 copies of posters, brochures, folding pages and other publicity materials were printed and distributed; About 2.357 million teaching messages were sent; About 290,000 teaching messages were sent through Blog, WeChat, Microblog, QQ group and other network media. About 3.32 million educational information were released through official website, trading software, telephone and email. We have planned and organized a series of activities on investor education and protection of the Shanghai Stock Exchange in 2019, as well as large



investor equity protection activity such as a special activity on investor education such as "enter science innovation, you and I are the same". The Company assisted the Shanghai Stock Exchange and Shenzhen Stock Exchange to carry out activities such as "I am a shareholder" entering the listed company and "Shenzhen Stock Exchange ETF Lecture(深交所ETF大讲堂)"; The Company held seminars and salons such as 2019 Market Outlook (《2019年市场展望》), Interpretation of Business Rules of Science and Innovation Board(《科创板业务规则解读》) and 2019 Investment Strategy Report(《2019投资策略报告》), conducted 7 online knowledge competitions, attracting more than 800 participants; The Company signed a strategic cooperation agreement with China Securities Investment Services Center and listed 37 investment and service center investor contact points, and established a team of 347 investor liaison officers. We, as the organizer of the 2019 investor rights knowledge contest "Shareholders is coming (《股东来了》)" in Shanghai and the branding party of the champion team, popularize financial knowledge to the public through extensive publicity.

At the same time, we explored a new model of integrating investor education into the national education system, in response to the initiative of "investor education into 100 schools" of SAC, we carried out the popularization of securities and futures knowledge education in many schools, covering 24,419 students.

COMMIT TO THE BALANCED DEVELOPMENT OF VARIOUS BUSINESSES

Adhering to customer-centric, we coordinated development of various businesses, to commit to create value for customers with comprehensive financial services. For a long time, the Group has a comprehensive and balanced combination of businesses and its principal businesses rank at the top of the industry. In 2019, in respect of the institutional finance, the total security underwritten amount ranked fourth in the industry; the margin loans for stock pledged financing ranked third in the industry. In respect of the personal finance, the Company's net revenue from securities brokerage business (including seat leasing) ranked first in the industry; the balance of margin financing and securities lending of the Company ranked third in the industry; Guotai Junan Futures ranked third in the industry in term of the amount of futures trading. In respect of investment management, Guotai Junan Asset Management ranked third in the industry in term of the scale of entrusted fund of asset management business. In respect of the international business, Guotai Junan International continued to rank high in the major operating indicators among Chinese securities companies in Hong Kong.



COMPLIANCE RISK CONTROL IS THE PRIMARY CORE COMPETITIVENESS OF THE COMPANY

We constantly push the construction of integrated risk management system of the Group, establish unification management pattern of the Group and vertical management mechanism of subsidiaries, classification for the risk management plan and risk control indicators, to promote open and share of risk system data, advance the various functions of the risk management system and data management work, and we make full use of financial technology for risk management of the Company, establish a comprehensive and effective risk management and internal control system, which obtain class A AA rating in the classification and assessment in the securities company for 12 consecutive years.

We formulated plans and improved systems and procedures to organize special inspections, and earnestly implemented the latest regulatory requirements on asset management, investment banking, stock pledge, bond trading, information technology management, and abnormal transaction management, and in particular strengthened the system formulation and project review of the science and innovation board. We abide by the provisions of the laws and regulations, pay attention to improve the conflict of interest review system, to upgrade the abnormal exchange transaction monitoring system, anti-money laundering systems and compliance management platform, and we urge to improve the awareness and ability of risk control compliance management of all employees through online and offline compliance training and special inspection of important parts and major risks.

As a general item, compliance risk control is included in the annual performance target task assessment index of each line and takes an important weight. We have formulated the Implementation Measures for Error Tolerance and Correction (《容错纠错实施办法》) to moderately increase risk tolerance and encourage innovation.

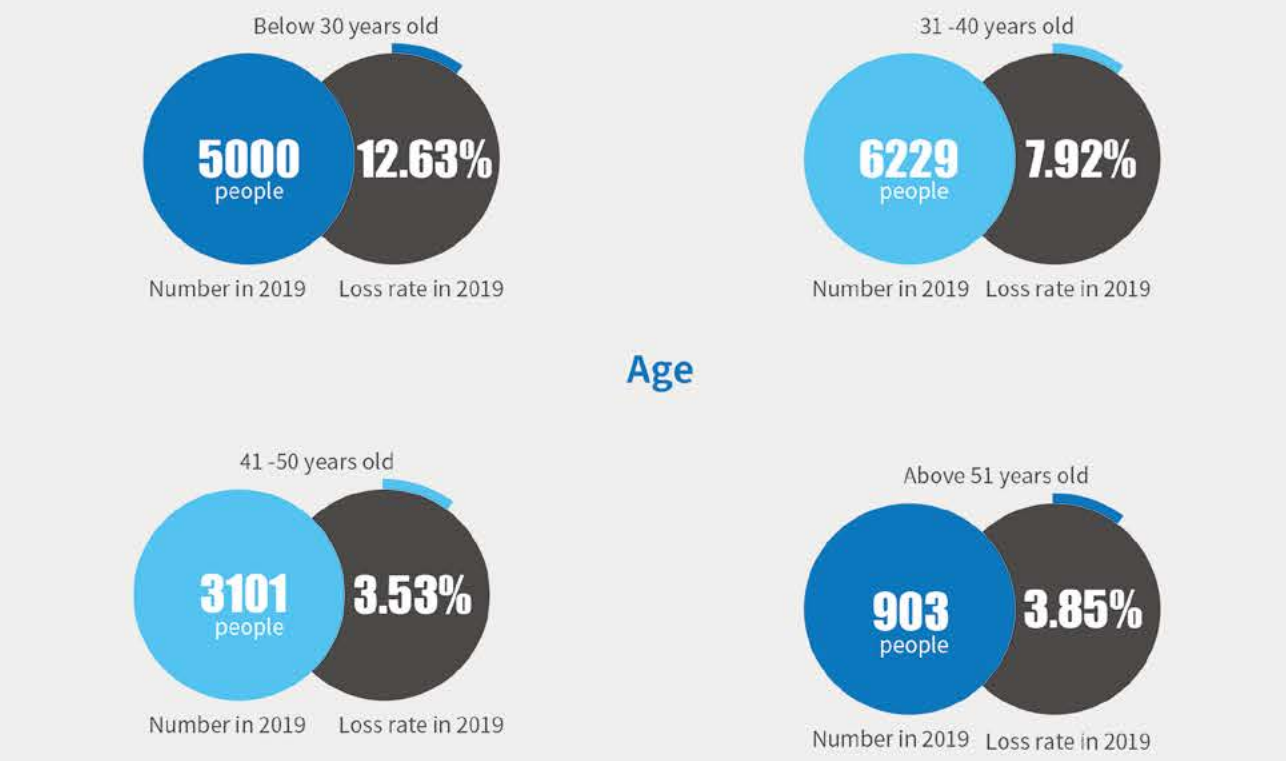
We have strictly complied with the regulations such as the Measures for the Supervision and Administration of the Anti-money Laundering Operations by Financial Institutions (for Trial Implementation)(《金融机构反洗钱监督管理办法(试行)》) and the Guidance on Risk Management of Money Laundering and Terrorism Financing of Corporate Financial Institutions (《法人金融机构洗钱和恐怖融资风险指引》) issued by the People's Bank of China, and developed the Requirements of Business Integrity(《廉洁从业规定》) of the Company, to supervise and urge each unit make the implement rules of business integrity, and comprehensively sort out the potential risks of interest conflict and moral hazard in the staff's business activities; We promoted the publicity of clean culture, held a mobilization meeting for clean culture construction, jointly carried out the training and education of clean practice in the Company with the discipline inspection and supervision office and the finance school, and promoted the incorporation of clean industry standards into the human resource management system of employees. We organized and carried out anti-money laundering publicity training; and carried out the first-line compliance training of the headquarters, branches and subsidiaries, to share the experiences for various problems found in regulatory requirements, key points of first-line performance, business compliance risk control, inspection and the Company's case handling, and to put forward preventive suggestions; We strengthened the compliance management of employees' practicing behaviors, carried out the training of employees' practicing ethics, and firmly established the concept of compliance management from the ideological source. All employees improved their vigilance against illegal behaviors and their awareness of risk prevention, and their practicing behaviors were further standardized.

FORGE A TALENT TEAM THAT MATCHES THE COMPANY'S DEVELOPMENT STRATEGY



As at the end of the Report Period, we had 15,233 employees, including 14,507 in China and 726 outside. We strictly abide by the relevant laws and regulations such as the Labor Law(《勞動法》) and Labor Contract Law (《勞動合同法》), the daily working hours do not exceed 8 hours, rest on weekends and holidays according to the national regulations, and enjoy paid annual leave according to the working years, the annual leave can be extended to the end of the next march. There is no child Labor or forced Labor, no injuries or deaths on the job.

The composition and loss of employees as follow:



We have established a training system online and offline with Guotai Junan Finance College (國泰君安金融學院)as the core, which is in line with the human resources development strategy. During the Reporting Period, we vigorously promoted online training, which greatly saved the training funds. The annual training investment was RMB16.5 million, decreased year on year by 50.75%. The Company organized 216 face-to-face trainings, decreased year on year 67.71%, covering 13,915 employees; The total number of online courses reached more than 2,152, and the online learning time of employees exceeded 960,000 hours, increased year on year by 3.67%, with more than 10,164 students. During the Reporting Period, the training time per capita organized by the Finance School of the Company's headquarters was 114.1 hours, and the training coverage rate was 97%. In combination with their own operation and management, each subsidiary and branch organization needs to organize other trainings of their own units. The average training time per capita is 124.0 hours, with a year-on-year growth of 178.78% and a training coverage rate of 96%. In addition, employees in China are required to participate in the annual training of professional qualifications of self-regulatory organizations such as Securities Association of China, Asset Management Association of China and China Futures Association.

We continue to optimize the recruitment channel construction and build the Company's recruitment management platform, to strengthen the construction of the Company's talent supply chain system and recruit employees in accordance with the fair assessment, recruitment criteria by various ways of comprehensively using campus publicity, headhunter recommendation, WeChat recruitment, employee recommendation. Under the guidance of the talent concept of "Cultural Identity, Integrity, Diligence, and Excellent Performance", we will dynamically optimize the staff team and establish an internal talent exchange and training system. We do not discriminate on the basis of ethnicity, race or religious belief. The proportion of male and female employees is 56% and 44%, respectively. There is no gender discrimination.

We have established the professional rank management system, which parallels with the post system, and jointly formed the employee career path by learning from the practice of international rank operation. Professional rank is the comprehensive evaluation of various factors such as the staff's professional ability and performance. Through ability guidance and performance guidance, professional ranks form dynamic adjustment mechanism that can rise and fall, which broadens employees' career development channels.

GREEN

Green development is the mainstream. We fully recognise that there is no substitute for the ecological environment. The ecological environment is a treasure whose existence may usually be ignored but that can't be substituted or reclaimed. It is our responsibility to save resources and protect the environment. We should protect the ecological environment like protecting our eyes, treat it like our lives and work together to promote the entire society to form a green development mode and lifestyle.


GREEN OPERATION



We strictly abide by the “Environmental Protection Law of the People’s Republic of China”, and permeate all aspects of business management with the concepts of saving resources, protecting environment, improving ecology and benefiting the public in order to achieve sustainable growth and realise the unification of economic, social and environmental benefits.

Our resource emissions mainly include: electricity used in the office, paper and vehicle fuel consumption, and natural gas used in staff canteens. Our operation activities do not involve the air emissions and waste water discharge and the disposal or treatment of packaging materials and hazardous waste regulated by national laws and regulations. The gross floor area of our office space is approximately 520,000 sq.m.

GREENHOUSE GAS EMISSIONS

	Petrol Consumption	Direct Emissions	2926.49 t	4.86 %
	Natural Gas Consumption	Direct Emissions	1253.53 t	2.08 %
	Electricity	Indirect Emissions	55836.85 t	92.66 %
	Paper	Other Indirect Emissions	243.27 t	0.40 %

	0.1159 t	of CO ₂ equivalent per square meter	▲ 4.27%	Total: 60260.15t
	3.9559 t	per capita	▲ 12.98%	

During the reporting period, the greenhouse gas emissions from our operations were 60260.15 tonnes of CO₂ equivalent, mainly including carbon dioxide, methane, nitrous oxide, etc. The annual emission intensity was 0.1159 tonnes of CO₂ equivalent per square meter, representing a year-on-year increase of 4.27%. Emissions per capita was 3.9559 tonnes of CO₂ equivalent, representing a year-on-year increase of 12.98%. The increase in emissions is mainly due to the increase in our electricity consumption.

ELECTRICITY

During the reporting period, our electricity consumption was 74065.7 thousand KWh, representing a year-on-year increase of 18.80%. The electricity consumption intensity was 142.43 KWh per square meter, representing a year-on-year increase of 9.51%. Our electricity is mainly consumed in trading systems and office air-conditioning systems. During the reporting period, the increase in our electricity consumption primarily due to the increased office space and renovation electricity for new office space, the expansion of our outlets and the increase in office electricity consumption driven by the spring market. We always insist on energy conservation through purchasing or updating energy-saving equipment and using advanced technologies to reduce investments in equipment.



Case: Comparison before and after energy conservation renovation for the garage lighting by Guotai Junan Asset Management in 2019

	Lamps	The Number of Equipment	Power	Usable Time	Monthlyenergy Consumption
Before Renovation	Fluorescent Lamps	150 units	96W	720 hours	10368 KWh
After Renovation	LED lamps	75 units	18W	720 hours	972 KWh

Energy Conservation **9396** KWh per month

WATER

During the reporting period, our water consumption was 313,500 m³, representing a year-on-year increase of 1.69%. Our water consumption per capita was 20.58 m³, representing a year-on-year increase of 2.28%. The increase is mainly due to the increase in our office space.

PAPER

The non-hazardous wastes we produce is mainly office paper. During the reporting period, our office paper consumption was 256.76 tons, representing a year-on-year increase of 30.28%. The increase in paper consumption during the reporting period was mainly due to the transformation of our brokerage business into wealth management through introducing various financial products, and the large number of brochures and leaflets were printed during our referrals to customers. We have implemented paperless office since the establishment of the Company. We use OA system for the daily document circulation within the Group, and we also implement accountability to the individual level and double-sided use and other measures to reduce the consumption of paper.

PETROL

During the reporting period, the petrol consumption of our office vehicle was 1.0402 million liters, representing a year-on-year decrease of 19.15%. The consumption per capita was 68.29 liters, representing a year-on-year decrease of 16.21%. We do our best to use low-emission, energy-saving vehicles as official vehicles, and manage vehicle use strictly. We promote green travel within the Company and organise employees to “low-carbon and environmentally friendly green travel” . Meanwhile, we will mark public bus travel routes and advocate low-carbon travel when we hold conference activities such as investment strategy report meetings and operation management meetings, etc.

NATURAL GAS

During the reporting period, we consumed 365,200 m³ of natural gas, representing a year-on-year increase of 34.21%, and the consumption per capita was 23.79 m³, representing a year-on-year increase of 34.18%. The increase was mainly due to the addition of two large staff restaurants to improve staff dining conditions.

CENTRALISED PROCUREMENT MANAGEMENT

We have formulated “Project and Procurement Management Measures” and established a leading centralised procurement platform to standardize the process of establishment, development, construction and procurement activities of projects, control and prevent risks in project development and implementation and procurement activities. We have maintained good communication and cooperation with suppliers and regularly evaluated suppliers' products, quotes, services and performance to ensure the quality of projects and purchased products or services while minimizing costs. Each purchase application made by individual staff must be explained in details, and reviewed carefully and filed to avoid waste and excessive consumption of office resources.

PROMOTE GARBAGE CLASSIFICATION

We actively respond to garbage classification advocated by the national and Shanghai government through strengthening the publicity and learning of garbage classifying and establishing a garbage classification management and supervision system for employees and logistics services within the Group; preventing food waste during work hours and saving battery use; and implementing unified storage and disposal of used batteries to avoid garbage pollution.



REDUCE OFFLINE ENERGY CONSUMPTION

We strive to increase online office such as internal network training, video conference and teleconference to reduce the potential energy consumption from on-site training and meetings.

DEVELOP GREEN FINANCE

We are committed to providing professional financial services for various green industries and environmental protection enterprises in response to the call of the national. We vigorously developed green bonds, during the reporting period, we issued 10.465 billion green bond in total, which is among the top in the industry. We actively develop carbon finance business with the purpose of serving entity companies. During the reporting period, we assisted Mobile, a company engaged in bike-sharing, in completing the declaration of general carbon emission reductions in Guangdong, it is expected that the first carbon emission reductions for bike-sharing will be completed in the first half of 2020. We have reached a carbon finance poverty development cooperation agreement with some counties and cities in Chengde, Hebei to assist the local community to obtain green benefits from the emission reduction rights of nearly one million acres of forests, which is currently in the preliminary research and preparation stage. In addition, we provide nearly one million tons of carbon quotas to companies in cement and power industries to help them fulfill their contracts by providing liquidity in the carbon trading market.



CARRY OUT ENVIRONMENTAL PROTECTION ACTIVITIES

With the goal of caring for the physical and mental health of employees and promoting green values, we actively organise various public welfare and environmental protection activities. During the reporting period, we actively responded to the call of the nation for promoting garbage classification and held a lecture and contest on garbage classification themed by “Free Classification Makes the Beauty (随手一分，美化十分) ” . We also organised employees to carry out tennis, basketball, badminton, table tennis, racing, tug of war, outdoor fitness and other cultural and sports activities, and participated in and organised “Good Walkers(善行者) ” , “Health Walking(健步行) ” and other green public welfare donation activities.

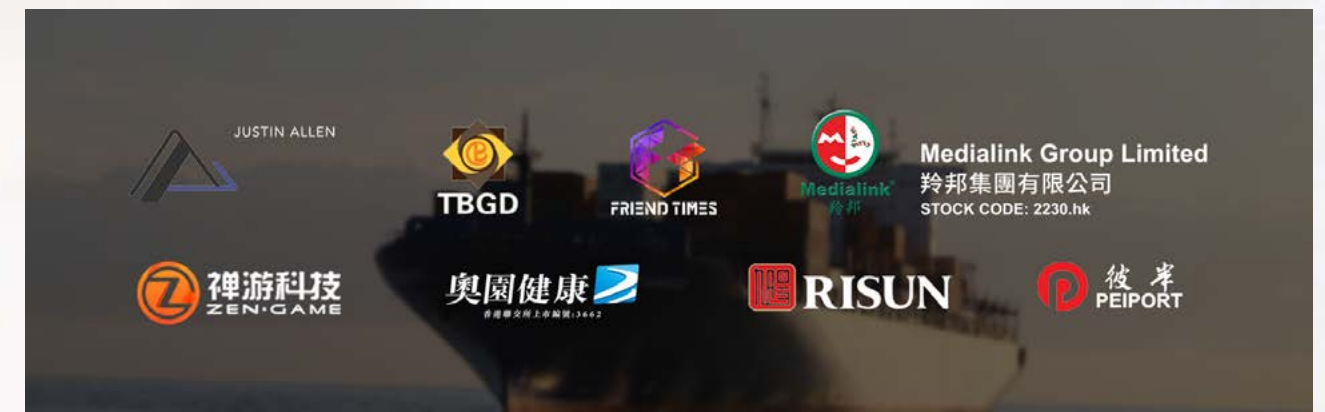
OPENNESS

Openness is necessary and essential for development. We optimized the capital structure by absorbing high-quality foreign investments and introduced advanced operational experience through strategical cooperation, offering all-round and cross-border financial service to investors while our clients were merging into the global economy system. We strive to become an integrated financial service provider rooted in China with global coverage and international influence.



STEP UP THE INTERNATIONAL LAYOUT FOR DEVELOPMENT

In order to seek higher quality investment sources and broader financing market in capturing the development trend of globalization, we step up the international layout for development of global market and increase our own competitive strength among countries. During the Reporting Period, we placed additional **194 million** H Shares on the Hong Kong Stock Exchange, the proceeds of which amounted to **HK\$3.17 billion**, having optimized the Company's capital structure. Guotai Junan International, our wholly-owned subsidiary, completed the acquisition of approximately 51% capital of Vietnam Investment Securities Co., Ltd. (越南投資證券股份公司), further improving our development layout in Southeast Asia. We also set up a representative office in Europe. Currently, we have formed an international development layout rooted in Hong Kong with coverage of Europe and America as well as Singapore and Vietnam and other regions alongside the route of "Belt and Road" initiative, increasingly enhancing the competitiveness of our international business.



FACILITATION OF OVERSEA INVESTMENT AND FINANCING SERVICE FOR CLIENTS

Based in Hong Kong market, we commit ourselves to providing professional overseas financing service to high-quality domestic enterprises. During the Reporting Period, we successfully assisted eight companies to be listed on Hong Kong Stock Exchange, achieving a total of proceeds of **HK\$4.018 billion**. Among these companies was China Risun Group Limited (中國旭陽集團有限公司), the world's largest independent manufacturer and supplier of coke, obtaining proceeds of approximately **HK\$ 1.68 billion**. We continued to lead in the Chinese-issued USD bond market, having participated in totally **189 issue** of bonds in Hong Kong market and assisted relevant companies to gain nearly **HK\$423.3 billion** in bond market. We entered into a strategic cooperation agreement with China Forestry Group Corporation, the largest timber operator in the world, providing them with diversified financial products and services in assisting them for their overseas investment, financing and business development.



IN THE SERVICE OF THE COUNTRY'S CONSTRUCTION OF "BELT AND ROAD" INITIATIVE

We have been actively participating in the country's construction of "Belt and Road" Initiative. During the Reporting Period, we underwrote the issue of corporate bond of Fujian Communication Transportation Group (福建交通運輸集團) amounting to [RMB1 billion], the forth issue of corporate bond of COSCO SHIPPING Group amounting to [RMB1 billion] and the issue of corporate bond of Shandong Sea Group amounting to [RMB0.5 billion] [Note: Company please confirm the currency] in the support of their shipping business as well as their oversea drilling service in marine oil and gas field under the "Belt and Road" Initiative. We also provided professional service to ZPEC in its further investment of RMB327 million to the project of petroleum section in Kazakhstan. Meanwhile, we proactively explored large oversea institutional clients and, in particular, entered into contracts with various globally-acknowledged sovereign wealth funds focused on regions along the route of "Belt and Road" Initiative.



ACTIVE IMPROVEMENT OF CROSS-BORDER ASSET MANAGEMENT CAPABILITY

Guotai Junan Asset Management and Guotai Junan International (Hong Kong), our wholly-owned subsidiaries rooted in markets of mainland and Hong Kong, managed to draw on each other's strengths on the basis of improvement of both sides' proactive management capability. Such complementary advantage of the two companies enables us to seek good resources and introduce high-quality products, therefore actively improving our cross-border asset management capability to address client's needs.

SHARING

Sharing is the fundamental purpose of development. We work with shareholders, employees and all parties in the society to seek common development and share the profit of development. Through extensive consultation, joint contribution and sharing, we will develop diverse strengths, enhance the driving force for growth, gain social recognition and achieve high-quality sustainable development.

SHAREHOLDER RETURNS

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%.

	2019 (Proposal)	2018	2017
Amount of Cash Dividends	34.7410	24.4969	34.8557
Net Profit Attributable to Shareholders of the Listed Company	86.3704	67.0811	98.8154
Amount of Cash Dividends as a Percentage of Net Profit	40.22%	36.52%	35.27%

Unit: RMB100 million

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.



EMPLOYEE RIGHTS AND DEVELOPMENT

In compliance with applicable laws and regulations, including the Labor Law of the People's Republic of China and the Employment Contract Law of the People's Republic of China, and the Articles of Association, we formulated a series of human resource management systems in line with the actual condition of the Company, including remuneration, performance assessment, professional ranking and other systems. The Company establishes a post value and competence oriented and performance-related remuneration system to achieve “internal fairness and external competition”, improve the utility efficiency of remuneration resources and motivate outstanding employees for the purpose of attracting and retaining excellent talents. We have established payment records of and made contributions to various social insurance (pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance), housing provident funds and enterprise annuity for employees based on applicable laws and regulations, including the Social Insurance Law of the People's Republic of China.

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. During the reporting period, we organized and convened four employee representative assemblies to review collective contracts, training programs, and amendment to remuneration management measures.

We have signed labor 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. During the reporting period, we mobilized the majority of employees to participate in 10 labour competitions, and achieved high rankings in the provincial and municipal labor competitions. These were good opportunities for our employees to improve their quality and make career development through learning and demonstration.

We attach importance to the training and care of young employees and assist young talent to grow rapidly by carrying out various activities including "Guotai Junan Platform for Attracting Youth Talent" and "Youth Talent Diamond Noon Salon". During the reporting period, our Company was awarded the “Shanghai May Fourth Youth Medal (Team Award)” and one employee was award the “Shanghai May Fourth Youth Medal (Individual Award)”, and we were also awarded one award titled the “Shanghai Municipality – the Youth Commando”, two awards titled the “Shanghai State-owned System – the Youth Civilization” and two awards titled the “Shanghai State-owned System – the Youth Commando”, and two employee had been awarded the “Shanghai State-owned System – the Youth Management Expert” and the “Shanghai State-owned System – the Youth Technical Expert”, respectively. We have also introduced external resources to build youth apartments to address the concerns of young employees.

We care about the health of our employees and provide annual medical examinations and necessary labor protection to all employees, with special emphasis on the well-being of advanced employees, female employees, off-site employees, employees with difficulties, retired employees and other special groups. During the reporting period, we completed the social insurance participating procedures for membership card holders of the Shanghai Trade Union, and fully launched the establishment of the “staff family” (職工之家) for the local trade union, and promoted the online development of the trade unions, and had set up and activated the centralized financial system of trade unions.



We have organized various types of cultural and recreational activities such as art performance, dragon boat race, 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. During the reporting period, we organized the 10th Dragon Boat Race, table tennis competition, calligraphy and painting competition and other activities to celebrate the 70th founding anniversary of PRC and the 20th anniversary of the Company's merger, and was awarded the title of “Advanced unit of recreational and sports activities for employees in Shanghai” .

Data about health and safety of employees in 2019

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



TARGETED POVERTY ALLEVIATION

In terms of industrial poverty alleviation, we set up an poverty alleviation fund for agricultural industry in Puge County, Yunnan Province, with a planned investment of RMB30 million, of which RMB10 million has been invested in the first phase to support the Chinese herbal medicine planting base in Shahemo Village of Wudaojing Town and the Sanyang livestock husbandry base.

In terms of educational poverty alleviation, we have invested RMB30 million to assist the construction of a central school in Tianzhushan town of Qianshan City, Anhui Province. The primary school department is planned to be put into use in the autumn of 2020. Upon completion, the school will be able to accommodate more than 1,400 primary and secondary students. We cooperated with East China Normal University to provide one-week teaching training for more than 50 teachers from poor areas.

In terms of medical poverty alleviation, we have customized the supplementary medical insurance public welfare project, i.e. "Guotai Junan Worry-Free

Growth(國泰君安成長無憂)", for three consecutive years for the three paired support counties. As at the end of the reporting period, the project has settled claims of RMB4.43 million, benefiting a total of 465 families of patients. In cooperation with Beijing Union Charity Foundation (北京尤邁慈善基金會), we invited experts from Peking Union Medical College Hospital to carry out "telemedicine service projects" in support areas, so as to provide consultations for poor patients and offer technical training for local doctors.

In terms of public welfare poverty alleviation, we have launched several left-behind children care programs, such as the "Love Cow Farm (愛心牛場)" and "Together (在一起)", which have been running for three consecutive years and have helped more than 600 left-behind children in total. During the reporting period, Ji' an County suffered a severe flood disaster. We responded quickly and provided RMB500,000 in material assistance to help the people in the disaster-stricken areas through the difficult times. Our local branches have also actively engaged in public welfare assistance. During the reporting period, public welfare expenditures totaled RMB5.3922 million, and 2,139 people participated in public welfare activities with a total of 6,215 hours of public welfare activities.

COMMUNITY SERVICE AND CO-CONSTRUCTION

In response to the call of Shanghai Municipal Party Committee and Municipal Government, we cooperate with Fengxian District of Shanghai to provide comprehensive urban and rural assistance. During the reporting period, we started a new round of "five-year assistance cycle", with an annual funding of RMB5 million for the "Baicun Garden" industrial park assistance project in Fengxian District. We co-founded with the general party branch of Jinhai Community in Fengxian District, and appointed cadres to serve as village instructors. We regularly visited families in need and provided material assistance.

Our Jiangsu Road Securities Branch organized enterprise client salons to answer the questions regarding enterprise financing on the spot, focusing on the topics in respect of legal risks of business operations, corporate financing platforms and channels, securities market investment, emerging industry status and prospects. Our Fushan Road Securities Branch took the investor education base as the platform to cooperate with the community street to carry out a series of lectures on "Preventing Financial Fraud" and provide the community residents with the comprehensive financial services such as opening an account, answering questions and preventing financial fraud guidance. Our Nanjing West Road Securities Branch matched with Shimen Erlu Street Community, to popularize securities and financial knowledge to community residents in the form of securities lectures and provide securities consulting services. The Online Finance Department actively participated in various community activities at Shimen Erlu Street and Fengxian residential areas to offer cares for the elderly.



PUBLIC SUPPORT

We responded to the call of the Shanghai State-owned Assets Party Committee and Jing 'an District to "do a good job in poverty alleviation between the East and the West", and conducted paired support for 3 poverty-stricken villages in Malipo County and 9 poverty-stricken villages in Guangnan County of Wenshan Prefecture, Yunnan Province. During the reporting period, RMB5.85 million has been invested to support the improvement of local industrial structure, infrastructure, living environment and drinking water safety.

We have carried out financial aid programs for poor college students at four universities in Shanghai since 2013. During the reporting period, the programs have been expanded to 24 domestic universities, funding 100 poor students with a accumulative amount of RMB632,500. We continued to support three Guotai Junan Hope Primary Schools in Weiyuan of Gansu Province, Zhaotong of Yunnan Province and Xiaokeng of Jiangxi Province through a combination of material donation, teacher training as well as sympathy and care. A total of RMB263,400 was donated to the three schools during the reporting period.

AFTERWORD:

HELPING AND SUPPORTING EACH OTHER TO OVERCOME THE DIFFICULTIES TOGETHER AND RESOLUTELY WIN THE FIGHT AGAINST EPIDEMIC PREVENTION AND CONTROL

Where there is an epidemic, there is a responsibility of prevention and control. In the fight against the novel coronavirus pneumonia epidemic, we have the responsibility to do our utmost to protect the lives and health of our employees and customers in the first priority, and work together to build the Great Wall of Steel against the epidemic. We helped and supported each other to overcome the difficulties together, actively dedicated love and strength, guaranteed customer service and business development, and showed Guotai Junan's responsibilities and duties through practical actions.

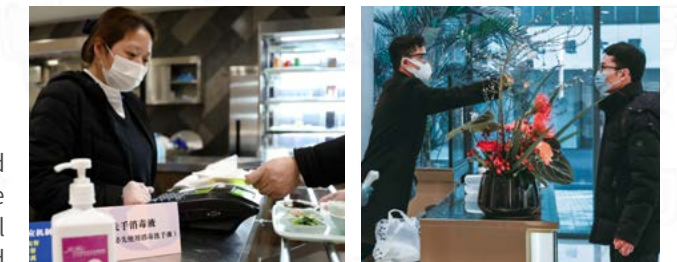


After the outbreak of pneumonia caused by the novel coronavirus, we responded immediately and devoted ourselves to the prevention and control of such epidemic with a high sense of responsibility. On January 21, Comrade He Qing, Chairman of the Board and Secretary of the Party Committee, issued the work requirements of "Implementing the Important Instructions of General Secretary Xi Jinping and Sparing no Efforts in the Prevention and Control of the Pneumonia Epidemic (《貫徹習近平總書記重要指示 全力做好肺炎疫情防控工作》)". On January 23, we established a leading team for epidemic prevention and control with Comrade He Qing as team leader, clarified the responsibilities of each business

and management line, established an emergency information communication mechanism, organized each department to formulate emergency plans, organized the procurement of epidemic prevention materials and staffing, regarded our employees and customers as our most valuable wealth, put the lives and health of our employees and customers in the first place and took effective measures to strengthen prevention to ensure the normal conduct of various tasks. At the same time, we helped and supported each other to overcome the difficulties, actively fulfilled our social responsibilities and participated in the nationwide fight against the epidemic.

DOING EVERYTHING FOR THE SAFETY AND HEALTH OF OUR EMPLOYEES AND CUSTOMERS

We paid close attention to the epidemic prevention and control work according to the requirement of the "Three full coverage (三個全覆蓋)", namely, "full coverage of all personnel involved", which is to conduct statistics and monitoring on our employees, outsourced staff, property management staff, regular business contacts and their family members; "full coverage of the whole group", which is to establish a group-wide epidemic prevention and control management system; and "full coverage of all circumstances", which is to strive to ensure that all types of plans and work measures are well prepared in all circumstances without any defect. We have set up 75 monitoring and report points to track and monitor the health status of all employees daily and established related work files; monitoring points have been set up at the entrance and exit of our office premise, all personnel must wear masks and receive the detection of body temperature when entering and key office districts are not open to any visitors; increased efforts have been made for ventilation and comprehensive disinfection at our office premise to prevent cross-infection; various measures have been taken such as rotation by team, online office and minimal deployment of on-the-job staff to reduce gathering of crowds; and staff restaurant management have been tightened through time-sharing meal to reduce the risk of exposure to infection.



Our trade unions at all levels purchased and distributed prevention and control items such as masks, hand sanitizers, disinfectants and thermometers to fully meet office and business needs; launched a mini program for self-inspection of infection index to facilitate our employees' self-inspect and remind them of the degree of risk; various measures were taken to express condolences to our employees who clung to their posts and those who were kept in quarantine for observation as required. The Party Committee of the Company urgently allocated a special party fee of RMB1.4 million to Hubei branch and other party organizations in severe epidemic areas to support the purchase of related drugs and supplies for epidemic prevention and control. The party branches at headquarters were proposed to provide one-to-one support to party branches of Hubei branch companies and branches in key areas. We have also strengthened various types of publicity, created a good publicity environment, guided our employees and customers to further strengthen their confidence and brought together the spiritual force to fight against the epidemic.



TAKING VARIOUS MEASURES TO ENSURE THE NORMAL OPERATION OF OUR TRADING SYSTEM

We have formulated differentiated prevention and control plans and emergency plans by different levels and regions, including 15 major work categories and 105 specific measures, which comprehensively cover all departments, subsidiaries and branches of the Company and guide branches in different regions under the guidance of the local government and regulatory agencies to make arrangements for business operation, trading services, personnel and customers according to the different epidemic levels, among which, Hubei branch and its affiliated securities departments have initiated the first-level response, key epidemic area branches have initiated the second-level response and the rest have initiated the three-level response. We used

customers to conduct online transactions and business applications by calling 95521, Junhong Lingxi Intelligent Customer Service, Junhong Online Consultation, Employee Online Consultation, contacting securities departments and account manager by telephone and other various methods. For branches affected by the epidemic that cannot provide effective customer service by themselves, the "partner hosting services (夥伴托管服務)" would be provided by the IT department or through coordinating other branches. At the same time, we have frozen the online operation of important system changes, strengthened the security scanning and guarantee services of Internet-based systems, established and used content monitoring systems for Internet applications, strengthened the communication and collaboration among IT, operations and business departments, implemented 7*24 rotation system and took all measures to ensure the safe operation of the trading system and the Internet system.

PROTECTING THE HEALTH AND WEALTH OF CUSTOMERS WITH DIVERSIFIED AND HIGH-QUALITY SERVICES

We made full use of technological empowerment, took various measures and made every effort to provide customers with diversified services to ensure that customers can enjoy high-quality financial services without leaving the home, protect the health and wealth of customers and contribute to the stabilization of the securities market. We organized IT, retail, online finance, operations, customer service and other departments to vigorously carry out special online operations activities, and published online business application guides through the "Client Terminals and WeChat Public Account (三端一微)" platform such as Junhong APP and enabled customers to conduct more than 40 online business applications to continuously improve a series of online investment services; promptly released more than 70 research reports and updated institutional customers of the impact of the epidemic on physical enterprises through conference calls, online road shows, online exchanges with listed companies and other methods to scientifically spread genuine knowledge and professionally dispel rumors; organize investment consultants to provide warm services to retail customers in a timely manner through online courses, Honghu Market Views, asset allocation recommendations, etc., to ease customers' anxiety and panic, strengthen their confidence in economic development and adhere to long-term value investment concepts; the dual onsite + online work mode has been launched of investment banking business to provide customers with continuous supervision and fiduciary management services and special bonds to fight against epidemic for many enterprises in Hubei, Liaoning, Hebei and other places; flexible measures such as stock pledge extension have been taken to resolve the short-term liquidity difficulties of enterprises and support the enterprises that were significantly affected by the epidemic to resume work and production and overcome difficulties with the enterprises.



DEVOTING LOVE AND STRENGTH TO FIGHT AGAINST THE EPIDEMIC

We have urgently donated RMB20 million to set up a special fund, and purchased urgently needed materials through Guotai Junan Public Welfare Foundation to organize support for epidemic prevention and control. On February 1, we urgently ordered RMB3.5 million worth of virus detection kits, instruments, protective clothing and other scarce supplies, and donated them to Hubei Huanggang Hospital through China Foundation for Poverty Alleviation to help fight against the epidemic; on February 3, we donated RMB10 million to Shanghai Charity Foundation for epidemic prevention and control; on February 10, we donated RMB2 million worth of disinfection robots, testing reagents, medical masks and other materials to Shanghai Ruijin Hospital to win the city defense battle against the epidemic together; on February 14, all members and of Shanghai Medical Team to Hubei and their family members were provided with RMB5 million in condolences and protective equipment to pay tribute to the "most beautiful rescuers" with actual actions, and follow-up assistance is still ongoing. At the same time, we don't forget to care for the epidemic prevention and control of four poverty-stricken counties to which we provide one-to-one support, namely, Puge, Sichuan, Qianshan, Anhui, Ji'an, Jiangxi, and Malipo, Yunnan, and we have added subsidies for the novel pneumonia to the public health supplementary insurance program to help win the fight against epidemic prevention and control and consolidate the results of poverty alleviation.

When trouble occurs at one spot, help comes from all quarters. All employees actively responded to the call of the Party Committee, Youth League Committee and Trade Union, dedicated their love and contribution to the fight against the epidemic and donated a total of RMB4.83 million.



国泰君安
GUOTAI JUNAN