



GUOTAI JUNAN SECURITIES CO., LTD.
**2020 ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT**

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 2020. It covers the period from 1 January 2020 to 31 December 2020 (except otherwise specified).

The financial data in this report are derived from the audited financial report of the Company for 2020, 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, the “Guidelines on the Preparation of Corporate Social Responsibility Report” contained in Appendix 2 of the 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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RESOLUTELY WIN THE WAR AGAINST EPIDEMIC, WHICH IS THE PEOPLE'S WAR, TOTAL WAR AND BLOCKING WAR

ABOUT GUOTAI JUNAN

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 thirteen consecutive years from 2008 to 2020. 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 striving to be a prestigious modern investment bank with an overall leading position and international competitive edge.

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; public fund business, intermediary services to futures firms; stock options market makings; and other businesses approved by the CSRC.

As of the end of 2020, we had six wholly-owned professional subsidiaries including Guotai Junan Financial Holdings Co., Ltd., Shanghai Guotai Junan Asset Management Co., Ltd., Guotai Junan Futures Co., Ltd., Guotai Junan Innovation Investment Co., Ltd., Guotai Junan Zhengyu Investment Co., Ltd. and Shanghai Guoxiang Properties 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 our corporate governance.

In accordance with the requirements of laws, regulations and regulatory documents such as the Company Law of the People 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 Supervisory Committee 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 2020, our total assets amounted to RMB702.899 billion, representing an increase of 25.67% compared with the end of last year; and the equity attributable to the equity holders of the Company amounted to RMB137.353 billion, flat with the figure of the end of last year. In 2020, we recorded an operating income of RMB35.2 billion, representing an increase of 17.53% compared with the same period of last year; net profit attributable to the equity holders of the Company of RMB11.122 billion, representing an increase of 28.77% compared with the same period of last year; and weighted average return on net assets of 8.54%, representing an increase of 1.79 percentage points compared with the same period of last year.

COMPANY AWARDS


**Yicai Financial
Value List 2020**


Annual Investment Bank


**Ying Hua Award
for 2020
by China Fund News**


Annual Best Fund Sales Securities Company
Annual Best Private Fund
Custody Securities Companies
Annual Best Securities
Company Assets Management


**Junding Award 2020
by the Securities Times**


All-Round Securities Brokers in China
All-Round Investment Bank in China
Top Ten Brand App in Chinese Securities Industry
Chinese Outstanding Futures Company


**New Fortune Best
Investment Banks
Selection 2020**


Best Local Investment Bank
Best Investment Banks in Equity Underwriting
Best Investment Banks in Debt Underwriting
Best IPO Investment Bank


**2020 International
Pioneer
Series Selection**


Annual International Pioneer Institution
Annual Poverty Alleviation Enterprise


**Golden Tripod
Award for 2020
by National Business Daily**


Annual Most Socially
Responsible Securities Companies
Most Influential Securities Custodian for the Year
Annual Fintech Innovation Award


**AAA Asset Service,
Institutional Investor
and Insurance Award
by The Asset Magazine**


China's Best Private Fund
Custody Institution Award


**Institutional Investors · Caixin
Capital Market Analyst
Achievement Award 2020**


Best Analyst Team
Best Sales Team


**Top 2 Listed Chinese
Securities Company
in Terms of Brand Value**


**Golden Bull Award
2020 by China
Securities Journal**


Top Ten Securities Company Golden Bull Award
Golden Bull Wealth Management Team
Golden Bull Assets Management Team
Security Industry Cultural Construction Award
Securities Company Social Responsibility Award


**Wealth & Society
2020 by The Asian Banker**


Annual Wealth Management
Securities Service in China


**Shanghai Financial
Innovation Award 2019**


Second Prize and Third Prize

OVERVIEW OF SOCIAL RESPONSIBILITY MANAGEMENT

OUR CONCEPT OF SOCIAL RESPONSIBILITY

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

In future, in accordance with the requirements of the CSRC, 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.

OUR MODEL OF SOCIAL RESPONSIBILITY

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 Social Responsibility Report.

Organization level
Party Committee Office, president’s office and brand center

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

Execution level
departments, subsidiaries and branches

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

- ◎ Corporate governance and investor relationship management: Board office
- ◎ Management of customer relationship, product and service responsibility: business units, subsidiaries and branches
- ◎ Energy conservation, emission reduction and security: President’s office
- ◎ Targeted poverty alleviation and charity: Party Committee Office and charity foundation
- ◎ Employees: Human resource department and financial institute
- ◎ Information system security: Information technology department and data center
- ◎ Inspection of social responsibility works: Strategic management department, compliance department and legal department
- ◎ Supervision of social responsibility works: Office of supervisory committee, office for discipline inspection and supervision and audit department

BASIC CORPORATE INFORMATION

Chinese name: 国泰君安证券股份有限公司

English name: Guotai Junan Securities Co., Ltd.

Abbreviation in Chinese: 国泰君安, 国泰君安证券

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:

Listing place	Stock abbreviation	Stock code
A shares: Shanghai Stock Exchange	GTJA	601211
H shares: Hong Kong Stock Exchange	GTJA	02611

Official website: <http://www.gtja.com>



GRASPING THE NEW DEVELOPMENT STAGE

During the current period of major development, great reform and extensive readjustment around the world, we are facing the unprecedented significant changes in a century. After persevering and continuous efforts of several generations, China's total GDP exceeds RMB100 trillion, making it the world's second largest economy, thereby entering a new era of socialism with Chinese characteristics. After completing the building of a moderately prosperous society, China has embarked on the new journey of building a modern socialist country and will pursue fairer and more sustainable economic and social development with higher quality and higher efficiency. The new stage of development will also bestow the new orientation and mission for the capital market, build a regulated, transparent, open, dynamic and resilient capital market through the deepening of the reform and the position of the capital market in the national economy and financial system will be significantly improved. With the establishment of the Sci-Tech Innovation Board and the pilot reform of the registration system, major reform measures have been continuously implemented, and the pace of opening up has been significantly accelerated. Therefore, the ecological environment of the capital market is undergoing significant changes.

We are facing unprecedented opportunities and challenges.

DEEPLY EXPLORING THE NATIONAL STRATEGIC EMERGING INDUSTRIES TO PROVIDE THE SERVICE OF WHOLE BUSINESS CHAIN OF INVESTMENT BANKS FOR INNOVATIVE HIGH-TECH ENTERPRISES

We will continue to strengthen research and services in key industries, focus on the strategic emerging industries, truly build the client-centered business model, enhance the client sharing, business collaboration and resource integration among different business segments and between parent company and its subsidiaries and design and provide comprehensive financial solutions with market competitiveness. We will improve the Company's service capability in the whole business chain in key industries, promote the self-reliance of science and technology in China, help fight the battle against key and core technologies and improve China's level of modernization in key industry chains and supply chains.

In the field of financing, the total amount of various securities underwriting completed during the year reached RMB808.852 billion, representing an increase of 45.45% compared with the same period of last year, the market share was 7.3%, the total number of underwriting was 2,047, representing an increase of 49.30% compared with the same period of last year. The CSRC approved 5 major merger and reorganization projects with the transaction amount of RMB15.628 billion. During the last five years, we provided investment banking services to a total of 1,871 corporate clients (including 541 new corporate clients) and provided financing support to real enterprises through equity financing, bond financing and acquisition and reorganization to help enterprises achieve the strategic transformation and industrial upgrading.

In the field of investment, our investment platform Zhengyu Company actively explored the real economy industries such as high-end equipment, advanced manufacturing, industrial control, new energy, semiconductor and consumer electronics and provided financial support of nearly RMB1 billion for direct financing of the real economy; invested in the equity projects of 6 private enterprises and provided financing support of RMB314 million for private enterprises; completed 7 strategic placement projects in Sci-Tech Innovation Board as the subsidiary of the sponsor with the total amount of RMB294 million, invested in a total of 12 projects in Sci-Tech Innovation Board, supporting the development and industrial upgrading of innovative high-tech enterprises.

INSISTING ON THE CORE DIRECTION OF THE NEEDS OF WEALTH VALUE GUARANTEES AND INCREMENT OF RESIDENTS AND ACCELERATING THE TRANSFORMATION AND DEVELOPMENT OF WEALTH MANAGEMENT AND INCLUSIVE FINANCE TO BETTER SERVE PEOPLE'S YEARNING FOR A BETTER LIFE

We actively integrated into the domestic macro-circulation pattern, comprehensively and thoroughly promoted the transformation from the traditional brokerage business into wealth management, and helped "increase the property income of urban and rural residents through multiple channels"; with the support of business logic, we established an open and collaborative customer service system, unblocked the collaborative cooperation channel among retail customers, institutional customers and corporate customers, and improved the comprehensive wealth management ability of the Company; increased the introduction and supply of internal and external high-quality financial products, accelerated the layout of assets management, and provided the investment and wealth management services with long-term, continuous and stable returns for more customers.

We built the efficient and convenient one-stop global securities investment platform, wealth management platform and transaction financing platform for global customers; and provided global customers with online services of more than 20 futures and options markets and 8 key securities markets worldwide, and the integrated and one-stop wealth management plans covering multiple fields; launched warrant products (turbine) and OTC structured products, and further provided global customers with diversified hedging choices of the products.

We strengthened the structural reform on supply side and promoted the high-quality development of product business. We strengthened the cooperation with leading and best-selling public and private funds, introduced 349 products among the top 20 public funds (non-goods scale), accounting for nearly half of the total number of public funds introduced; the number of partners of private A1 leading manager ranked first; the number of products under underwriting from A1 head managers ranked second; achieved exclusive cooperation with Gaoyi with the sales of RMB2.6 billion; the sales of multi-strategy hedge private funds of Qianyi reached RMB1.6 billion, the omni-channel sales ranked first; the sales of Greenwoods private funds with three-year lockdown period reached RMB1.4 billion, and the sales ranked first in brokerage channel.



FOCUSING ON KEY REGIONS AND INCREASING STRATEGIC RESOURCE INVESTMENT TO BETTER SERVE REGIONAL HIGH-QUALITY DEVELOPMENT

We helped build the strong domestic market, implemented the coordinated regional development strategy, focusing on key areas and centers, emphasized on the service for the construction of international science and technology innovation centers in Beijing, Shanghai, Guangdong-Hong Kong-Macao Greater Bay Area and promoted the better comprehensive integration with multilevel capital markets. We will increase strategic resource investment in important regions, strengthen the coordination between the headquarters and branches and enhance the efforts of implementation, fully improve regional comprehensive financial service capability, including better serving the regional industrial upgrading and major investment and financing of new regional infrastructures, better serving the coordinated development of the Beijing-Tianjin-Hebei region, the high-quality development of the Yangtze River Economic Belt, the integrated development of the Yangtze River Delta and the construction of the Guangdong-Hong Kong-Macao Greater Bay Area to help create the high-quality innovation platforms and new growth poles.

We completed the establishment of the first mother fund, with the amount of RMB8 billion in the phase I and invested in strategic emerging industry funds including Shanghai Biomedicine; entered into the tripartite strategic cooperation agreements with China (Shanghai) Pilot Free Trade Zone Lin-Gang Special Area Administration and Lingang Group, created the new model of cooperation between government and firms, provided capital operation services for a number of leading enterprises in strategic emerging industries including Free Trade Zone Special Area SAEM, Zhizhen New Energy and Chenglin Environmental Protection; established the Suzhou branch which served the national strategy and deeply explored regional market, the Company completed equity financing of RMB86.5 billion and debt financing of RMB639.2 billion for enterprises in the Yangtze River Delta region, promoting the high-quality and integrated development of the regional economy.

FOCUSING ON SERVING “DOMESTIC AND INTERNATIONAL DUAL-CIRCULATION” TO ENHANCE THE INTERNATIONAL OPERATION AND MANAGEMENT CAPABILITY

We always adhered to the initiative of accompanying customers and the solid and pragmatic international strategy, made strategic layout in major international financial centers in the United States, Hong Kong and Singapore and other One Belt and One Road areas including Vietnam; entering on forming the new development pattern of dual-circulation, we built the domestic and foreign resource collaboration platform, established the long-term cross-border linkage mechanism and internal synergy incentive mechanism, strengthened the overall management and control on development strategy of overseas business and compliant risk control; with the support of the construction of Shanghai World Financial Centre and pilot financial reform in the free trade zone, we promoted the more powerful domestic and international business loop linkage and helped import high-quality products and export high-level products.



PRACTICING NEW DEVELOPMENT CONCEPTS

We stand at a new starting point of new development stage, 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 investor, 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 and continuously promote innovation in all aspects of business innovation, management innovation, technological innovation, mechanism innovation and cultural innovation, and make innovation running through the operation and management of the Company and becoming a common practice in the Company.

BUSINESS INNOVATION

We completed several star projects with market influence, setting up the industry image. Segway-Ninebot sponsored by us is the first red-chip enterprise who applied for issuing CDR in A share market, SinoHytec sponsored by us is the first listed company specializing in hydrogen fuel cell, MEMSensing sponsored by us is the first listed company specializing in MEMS chip, thereby enhancing our market influence. We made the most of the opportunity of innovative bond category business, successively completed the underwritten offering of the first corporate bond under the registration system of NDRC, the first corporate bond with mass entrepreneurship and innovation which supporting the G60 scientific and technological innovation corridor construction, the first short-term public corporate bond of private enterprise, the first collective bond with credit enhancement of provincial enterprises and small and micro enterprises, and the first batch of “financing support instrument program of short-term public corporate bond of the stock exchange + bond of private enterprises” in the market.



We deeply utilized Fin-Tech and committed to improve the service experience in the technological platforms. We practiced the ecological concept digitizing wealth management of “common construction, shared governance and sharing”, introduced the intelligent orders and six types of value-added service functions, built the 2B2C smart investment counselor, launched Jun Hong STS intelligent transaction service system, established STS innovation lab, and focused on improving the customer service capacity. We updated the design of the VTM platform, issued the pilot online smart interactive desktop program, developed the small VTM smart teller machine and improved the intelligent site service capability with the “site intelligent construction of retail customer service system group” program being awarded the third prize of Shanghai Financial Innovation Award. We designed in advance and built the autonomous transaction strategy research and development and service system, moved forward to the independent research of transaction strategy step by step, and the “autonomous transaction strategy research and development” program has been recommended to apply for the 2021 enterprise innovation development and energy level raising projects of Shanghai SASAC.

We actively embraced the opening trend of the capital market, and completed the first QFII margin financing and securities lending business with the subject of transaction covering multi-class shares in the main board, GEM and Sci-Tech Innovation Board; completed the first QFII securities refinancing lending trading business; independently researched and developed the algorithmic trading system covering full business scenarios, gradually completed the transformation from traditional manual execution mode to digital transaction; we vigorously developed the hedging business with the “comprehensive financial solution for hedging business of Guotai Junan” being awarded the second prize of 2019 Shanghai Financial Innovation Achievement Award granted by Shanghai municipal government.

We issued the first domestic HuaAn France CAC40ETF product targeting the French market; “China-Japan ETF Exchange Product - HuaAn Rijing 225ETF” was awarded the second prize of 2019 Shanghai Financial Innovation Achievement Award granted by Shanghai municipal government.

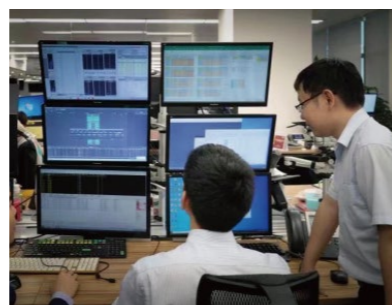
MANAGEMENT INNOVATION

We made efforts to establish the digitized financial product management system, primarily focusing on four aspects including enhancing the basic product research, promoting the product supply reform, optimizing the product operation efficiency and strengthening the product risk management, built the intelligent product management ecology and the results of strictly selected products was higher than one third of that of the same kind, and the revenue of product mix was better than the average number of that of the same kind. We had 2 types, 5 dimensions and 84 indicators, achieved the closed-loop management of risk identification, risk monitoring, risk defusing and risk review, the average time of whole process of product check decreased by 70% as compared with that of last year. We deepened the product organization and management and the collaboration support, explored the shelf-type management through the implementation of product delivery management, and established the pre-communication of product introduction mechanism, the mechanism on release status of product check information and research information and the mechanism on manager tracking of key selling products, the comprehensive check effectiveness was improved by nearly three times as compared with the corresponding period of the last year.

Our futures business added the core business system of OTC commodity + equity, realizing the all-around and timely risk monitoring of OTC business; added the deeply customized Feibao market-making system, improving the market-making speed; added the supply chain management system of spot and futures products, significantly improving the management efficiency and control level of spot and futures business.

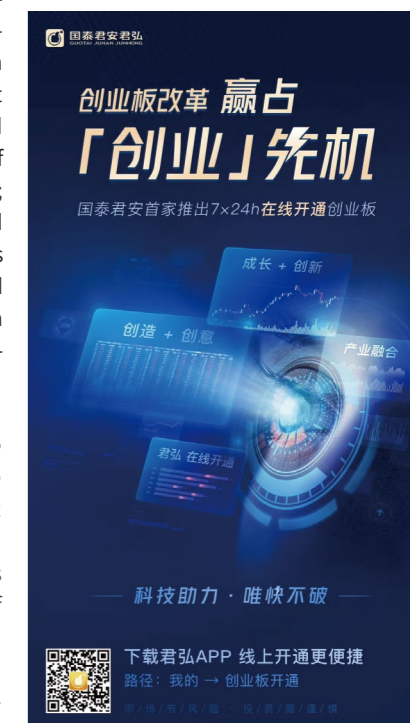
TECHNOLOGICAL INNOVATION

We maintained the investment advantage in science and technology level with the investment in information technology of RMB1.2 billion. We won one second prize and two excellence awards in the evaluation of seventh session of Science and Technology Award in the Securities and Futures Industry as the broker making us a securities company obtain the highest level and number of awards; the "O2O integrated customer operation intelligent platform" program won the third prize of Shanghai Financial Innovation Award, the level of informatization got the second place in a row in Shanghai state-owned assets system, successfully earned its place on "Shanghai Open Public Data Pilot Projects". We obtained 8 new patents and 4 new software copyrights during the year, keeping the leadership in the industry.



We developed the digital ecosystem, updated the 2019- 2021 Strategic Plan on Financial Technology, put forward the strategic goal of technology leading, the technology and business was highly integrated, the organization structure and operation mechanism of technology subsidiaries, research and development center in different places and technical expert committee adopted optimization measures; we initiated the concept of "open securities" in the industry, successfully held the first session of Guotai Junan Technology Conference, leading the industry innovation and reform; actively promoted the multi-level ecological cooperation with various enterprises and industrial institutions including banks, insurance companies, technology companies and regulators, published the several latest practice achievements of openness and cooperation including Guotai Junan open financial cloud, STS intelligent transaction service system, Guotai Junan OTC financial cloud, assembled intelligent wealth management experience center solution.

We were fully empowered to advance the digital transformation, swiftly realized the one-stop online office and business handling of all company staffs and ensured the smooth operation of all businesses during the COVID-19 epidemic; we were the first enterprise to support the account opening under the GEM registration system and only 17 hours were needed for the whole process from issuance of regulatory policies to full openness of business in the system; we quickly promoted the construction of ecological wealth management platform, obtained the pilot qualification of fund investment counselor and extended the new development model of buyer wealth management; completed the construction of cockpit phase II main body of the operation and management of the Company and realized the digital decision-making in the operation and management of the Group.



integrating functions including the smart trading, strategy customization, margin financing and securities lending and investment research to meet the quantized and professional needs of customers; we expanded the advantage of independent research and development of core system with the ratio of independent research and development of new margin financing and securities lending transaction system and collective settlement platform exceeding 90%.

We continued to innovate, expanded the strength in independent research and development, planned and established the transaction-centered and value-added service ecosystem network and fully built the quantized, programmed and top-speed UHF transaction system with the full chain delay synthesis of quantized transaction ranking first in Shanghai Stock Exchange and Shenzhen Stock Exchange; we successfully launched the STS intelligent transaction service

COORDINATION

Coordination is an endogenous characteristic of development. We build and practice our corporate culture, 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 abroad stage for the career development of employees in order to made overall consideration and coordinated development.

IMPLEMENTING THE INDUSTRY CULTURE AND PRACTICING THE CORPORATE CULTURE

We deeply implemented the spirit of the Mobilization Meeting for Cultural Construction of Securities and Funds Industry and the requirements of “Work Outline for Culture Construction in Securities and Fund Industry and Prevention of Moral Hazard” , gave full play to the advantage of profound enterprise culture, promoted the practice of the industry culture concept of “compliance, integrity, professionalism and prudence” in all-round way, made positive progress in improving the work mechanism, optimizing the evaluation and motivation, increasing the training and publicity, performing the social responsibility and other aspects, continuously promoted the provision of better service for the real economy, national strategies, anti-epidemic and resumption of work and production, and achieved innovative and high-quality development. During the reporting period, we won the first “Golden Bull Award for Securities Industry Culture Construction” , the industry culture research topic was awarded as the excellent key topic by SAC, and the culture brand of “serving the country with financial services, assuming the responsibilities of state-owned enterprise” was selected as the outstanding case of corporate culture in the Shanghai SASAC System.



ALWAYS PUTTING CUSTOMERS' NEED FIRST

We have established a full-coverage response service mechanism through “Junhong Lingxi + 95521 Customer Service Hotline + Junhong Online Investment Consultant + Responder Team” . The service volume of Lingxi intelligent customer service reached 18.39 million times, the total service volume in omni-channel customer service platform reached 6.59 million times, smart return visit reached 460,000 times, smart notice reached 630,000 times, artificial telephone customer server communicated with customers 566,000 times, online artificial customer server communicated with customers 364,000 times, online feedback communication reached 58,000 times and the one-time resolution rate of artificial service reached 93%.

We formed a standardized and complete closed-loop process of customer complaint handling, which was “complaint acceptance - pre-processing - upgrade treatment - circulation and distribution - processing and tracking - customer feedback” and intensified the supervision on customer complaint management of branches with a total of 1,880 internal and external complaints being received throughout the year showing a significant general downward trend; we carried out 95521 satisfaction evaluation on customer services with the service satisfaction rate exceeding 94%; we conducted self-examination and return visit of complaints forwarded from regulators with the completion rate of return visit reaching 100%.

BUILDING AN “IMPREGNABLE FORTRESS” FOR PROTECTING CUSTOMER TRANSACTION AND INFORMATION SECURITY

We conducted several times of security scanning and penetration test on important systems including Jun Hong APP and repaired the safety bugs generated from version iteration in the first time to guarantee the transaction security of customers; we conducted the code obfuscation and key obfuscation for core encryption libraries of Jun Hong APP targeting users, increased the decompilation costs, enhanced the certificate security verification, built the three-layer safety control capabilities, guaranteed the encryption transmission of personal information data of customers during the foreground-background communication process, to avoid the leakage and tampering of information; we carried out the new terminal information collection and delivered the transaction flow, timely monitored the illegal acts including forgery of customer trading terminal and unusual transactions and launched the transaction guard function and audit compliance function in Jun Hong APP to guarantee the customer transaction security to the greatest extent; We revised the interactive process in Jun Hong APP for several times, supplemented the list of purpose of application for mobile phone permission and enabled the App to use the third-party SDK and the personal information collected and shared by it to facilitate customers to fully understand personal financial information data and guarantee the customer information security.

We conducted the pilot domestic password reconstruction in the securities industry in the first batch under the unified deployment of the CSRC, further optimized the hardware encryption measures, updated the SSL handshake protocol of online trading software, added the security mechanism with digital certificate and coalition signature and introduced the coalition signature technology to get rid of undue reliance on foreign encryption technology and product fundamentally and improve the security of the client key; we participated in the formulation of Classified Protection 2.0 Financial Industry Standards and Basic Requirements on Classified Protection of Network Security in Securities and Futures Industry and Assessment Requirements on Classified Protection of Network Security in Securities and Futures Industry led by the CSRC and took the lead in carrying out the pilot application of Classified Protection 2.0 Industry Standards.

FOCUSING 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 physical investment and education bases have obtained licenses. We held 5,815 activities such as strategic reports, symposiums, training courses, investors schools, thematic lectures, and special activities for investors in communities, schools and enterprises, covering 663,700 small and medium-sized investors. More than 61,611 copies of posters, brochures, folding pages and other publicity materials were printed and distributed; About 2.6783 million teaching messages were sent. About 4.5565 million educational information was released through official website, trading software, telephone and email. We have planned and organized a series of large special activities on investors' interest protection, including “new Securities Law propaganda”, “315 educational activities on investor protection”, “special investor education campaign on NEEQ”, “SEE 3·15, new Securities Law knowledge competition”,



“knowledge competition on Sci-Tech Innovation Board of SEE”, “illegal securities and futures prevention awareness month”, ““entrepreneurship, innovation and win-win development” special investor education reform campaign on GEM”, “illegal securities and futures prevention awareness month in Shanghai 2020”, “cooperative education of members of Sci-Tech Innovation Board of SEE”, “5.15 national investor protection awareness day” “2020 “financial knowledge month · financial knowledge for every family · being a rational investor · being a good financial netizen”, “special rectification action on “stock market manipulator”, “illegal stock recommendation”, “OTC capital allocation” and related “black group” and “black APP”, “SSE rational investment- keep away from illegal securities and futures traps- investor education entering into the community”. We created a total of 175 teaching products with diverse forms and rich contents to deliver products to investors more quickly and efficiently, released teaching products through various platforms such as WeChat official account, website, video account, Tik Tok account, Xinhuanet and mgmtv, covering more than 4.14 million investors.

COMPLIANCE RISK CONTROL IS THE PRIMARY CORE COMPETITIVENESS OF THE COMPANY

We constantly pushed the construction of integrated risk management system of the Group, established unified management pattern of the Group and vertical management mechanism of subsidiaries, classified risk management plan and risk control indicators, promoted the openness and sharing of risk system data, advanced the function and data management work of various risk management system, made full use of financial technology for risk management of the Company and established a comprehensive and effective risk management and internal control system.

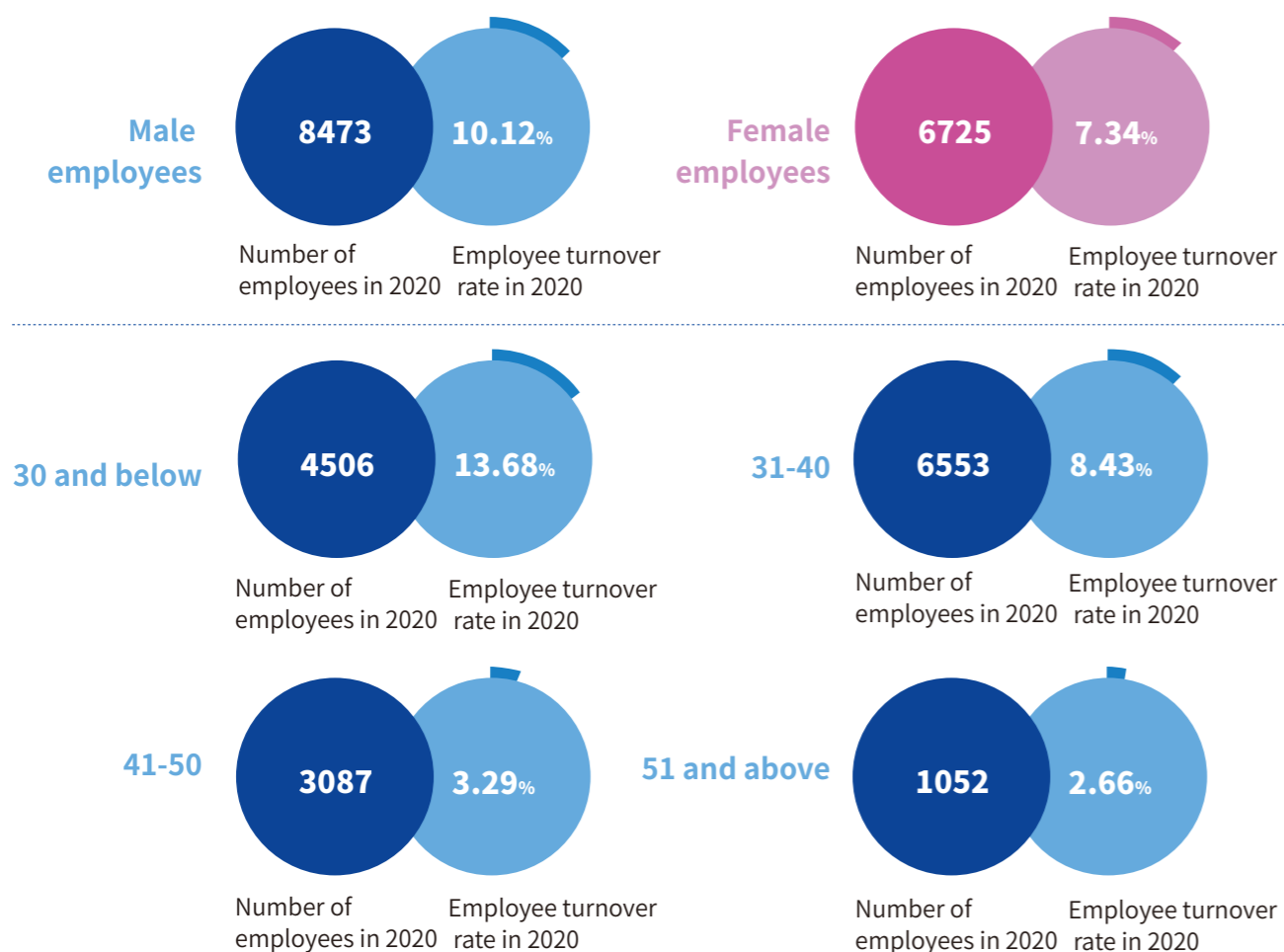
We implemented the precise management on new business review based on classification and gradation, assisted the application for business qualification for public fund outsourcing business and investment counselor business of public fund of the Company, continuously conducted follow-up assessment on the innovative businesses started previously, strengthened compliance control on key business links throughout the process; constantly promoted the collectivize and unified control, further improved the subsidiary system and process construction, implemented the review and backup of compliance management system of subsidiaries, optimized the compliance assessment indicators of subsidiaries; further advanced the differentiated agreement review mechanism on the basis of classification and gradation and optimized the contract review process to ensure that the efficiency of legal review was improved and the quality of legal review was guaranteed.

We actively promoted the deep integration between Fin-Tech and legal compliance management, basically realized the networking, systematization and intelligentization of the most of legal compliance functions, constantly improved the various monitoring systems such as unusual transaction, employee investment behavior monitoring, observation list, parent-subsidiary transaction monitoring and communication management, improved the breadth of coverage, the accuracy of monitoring and the instantaneity of warning, and realized the full coverage of compliance monitoring. We continued to establish and improve the bond investment transaction monitoring system, optimized and improved the construction of crossing return wall process management system and constantly advanced the full coverage of compliance management information system. We continuously optimized the comprehensive risk management platform, established the unified risk limit systematic management and monitoring system of the Group, intensively displayed the data, index, monitoring and chart information at group level. We built the negative public opinion information database as the effective carrier of the feedback and communication of public opinions between parent company and its subsidiaries. We constantly advanced the RM system construction, improved the risk quantification and monitoring capability for complex innovation businesses including OTC derivatives. We sorted out the underlying data sources of risk data market and the collection task dispatch mechanism to realize the integration and intensification of management data on the middle and back end.

We have strictly complied with 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管理指引》), formulated and revised series of anti-money laundering internal control systems including Measures on Risk Management of Money Laundering and Terrorism Financing (《洗钱和恐怖融资风险管理办法》) and Measures on Anti-Money Laundering Management (《反洗钱工作管理办法》), prepared the operation rules including Emergency Plan on Major Anti-Money Laundering Risk Events (《反洗钱重大风险事件应急预案》) and Operation Process of Branch Anti-Money Laundering Risk List Management (《分支机构反洗钱风险名单管理操作流程》), regularly carried out anti-money laundering propaganda, special training, labor contests, self-examination and evaluation, established the reporting process of block trade and suspicious trade, improved the internal checking, audit, performance assessment and reward and punishment mechanism. During the reporting period, we did not suffer any anti-money laundering penalty by the regulators.

ADHERING TO THE CORNERSTONE ROLE OF OUTSTANDING TALENTS FOR HIGH-QUALITY DEVELOPMENT

As of the end of the reporting period, we had a total of 15,198 employees, including 14,391 domestic employees and 807 overseas employees. We strictly abide by the relevant laws and regulations such as Labor Law of the People's Republic of China and the Employment Contract Law of the People's Republic of China, as a result the employment of child or forced labour is prohibited and has not occurred, and there are no work-related injuries or death of employees. The composition and turnover rate of employees are as follows:



We continued to improve the development of channels for recruitment, build up the recruitment administration platform of the Company and strengthen the development of the talent supply chain system of the Company by an integrated utilization of various means such as promotion in schools, recommendation by headhunters, WeChat official account and recommendation by employees. We recruited talents on the basis of fair assessment and selecting the outstanding candidates.



Under the guidance of the talent concept of "Cultural Identity, Integrity, Diligence and Excellent Performance", we dynamically optimized our staff team and established an internal talent exchange and training system. We have established a professional rank management system, which parallels with the post system, and jointly formed the employee career path by learning from the practices of international investment bank rank concept and operation practice.

We have established a training system online and offline with Guotai Junan Finance College (国泰君安金融学院) 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 RMB10.21 million, a year-on-year decrease of 28.2%. As of November 2020, the online learning time of the Group was 790,000 hours, a year-on-year increase of 17%; the number of on-site training was 247 with total time of 170,200 hours, an increase of 15.4% as compared to that of 2019; the training hours per person of the Company was 77.76 hours, an increase of 13.22% as compared to that of 2019; we added 849 new online courses, the total number of courses in 22 classes was 12,599, covering professional knowledge and skills for all kinds of posts. 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.

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 resource, 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 and paper used in the office and vehicle fuel consumption, and natural gas used in staff canteens. Our operation activities are to provide security and futures services, 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

Scope	Emission source	Emission load (tonnes of CO2 equivalent)	Percentage (%)
Direct Emissions	Petrol Consumption	2,914.76	5.07
Direct Emissions	Natural Gas Consumption	1,228.63	2.14
Indirect Emissions	Electricity	52,604.69	91.58
Other Indirect Emission	Paper	695.39	1.21
Total		57,443.47	100

During the reporting period, the greenhouse gas emissions from our operations were 57,443.47 tonnes of CO2 equivalent, mainly including carbon dioxide, methane, nitrous oxide, etc. The annual emission intensity was 0.1104 tonnes of CO2 equivalent per square meter, representing a year-on-year decrease of 4.67%. Emissions per capita was 3.7797 tonnes of CO2 equivalent, representing a year-on-year decrease of 4.45%. The increase in emissions is mainly due to the increase in our electricity consumption.

ELECTRICITY

During the reporting period, our electricity consumption was 67,441,900 KWh, representing a year-on year decrease of 5.79%. The electricity consumption intensity was 129.70 KWh per square meter. Our electricity is mainly consumed in trading systems and office air-conditioning systems. The decrease in electricity consumption during the reporting period was mainly due to that the Company strongly advocated the energy conservation and emission reduction and arranged assigned people to regulate the management of use of lamps and electricity.

WATER

During the reporting period, our water consumption was 274,500 m³, representing a year-on-year decrease of 12.41%. Our water consumption per capita was 18.06 m³. The sharp decrease in water consumption was mainly attributable to the downsizing of the office premises and the centralized operation. The water we used was office and domestic water provided by urban water supply system, and there was no application issue on the water source extraction, and no need to enhance the water efficiency due to the small usage.

PETROL

During the reporting period, the petrol consumption of our office vehicle was 1.0435 million liters, representing a year-on-year decrease of 0.4% and the consumption per capita was 68.66 liters. 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.

PAPER

The non-hazardous wastes we produce is mainly office paper. During the reporting period, our office paper consumption was 145 million pieces, representing year-on-year increase of 185.84%. Among which, the paper consumption of Shanghai Securities accounted for 66.85% of the total paper consumption, mainly due to that huge amount of reporting and meeting materials were needed to be printed for the equity change of Shanghai Securities. Taking no account of the paper consumption of Shanghai Securities, the total paper consumption of the Group was 48.21 million pieces, representing year-on-year decrease of 2.36%. 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.

CENTRALISED PROCUREMENT MANAGEMENT

We have formulated the "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, quotations, 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, reviewed carefully and filed to avoid waste and excessive consumption of office resources.

PROMOTING GARBAGE CLASSIFICATION

We actively respond to garbage classification advocated by the national and Shanghai government through strengthening the publicity and learning of garbage classifying, actively renovating and increasing garbage classification and collection facilities, placing dustbins for three types of garbage (i.e. dry garbage, wet garbage and recyclables) in inside regions of every floor, throwing and disposing hazardous garbage by the receptionist after being noticed, providing convenient and operational plan for employees; preventing food waste during work hours and saving battery use; and implementing unified storage and disposal of used batteries to avoid garbage pollution.

NATURAL GAS

During the reporting period, we consumed 355,300 m³ of natural gas, representing a year-on-year decrease of 1.96%, and the consumption per capita was 23.38 m³, mainly due to that the canteen of the Company carried out centralized and intensive operation after the relocation of the office.

REDUCING OFFLINE ENERGY CONSUMPTION

We encourage and promote the use of network and video conference system to carry out training and conference exchanges, reduce the consumption of various resources, and lower the cost of transportation and accommodation; use paperless meeting materials in large conferences such as annual working conference, save the printing costs of conference materials; carry out the construction of off-site miniaturized sales department, actively promote online transactions and online services. We reduce expenditure on energy consumption of branches; The Company uses environment-friendly materials and purchase electrical equipment with low-energy consumption and energy conservation in the construction of projects including the relocation of branches of the Company.

DEVELOPING GREEN BONDS

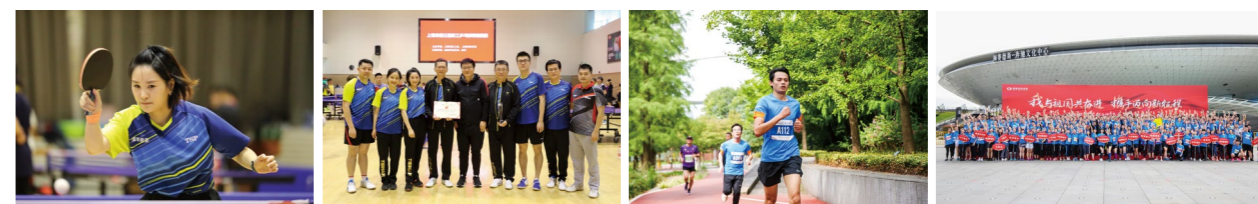
During the reporting period, we acted as the lead underwriter for ten green bonds including 20 Guangzhou Metro Green Bond, 20 Huaxia Bank Financial Bond 01, 20 Jianhu Green Bond, 20 Guangye Green Bond 01, 20 Bishui G1, G20 Shengao 1, 20 Chongqing Rural Commercial Bank Green Bond 01, with the total amount of financing of RMB22.3 billion, ensuring that a batch of high-quality green industrial projects can obtain sufficient financial support during the period of construction and operation. We also provided the listing financing services for environment-friendly enterprises, in 2020, we helped the green enterprises including Zhongmin Energy, China Suntien Green Energy, Shengyuan Environmental Protection, Qiao Yin Environmental Protection, Sino-Hytec-U enter the capital market, with the total amount of financing of RMB4.498 billion, supporting the development of environmental protection cause.

DEVELOPING CARBON FINANCE

During the reporting period, the trading volume of carbon finance hit a new high and the percentage of historical cumulative trading volume in the whole market continued to rise, becoming the key participants and liquidity provider in the domestic pilot carbon trading market and making important contribution to the development of carbon trading market; completed the transaction on inclusive carbon emission reduction of riding with Mobike, creating high green revenue for Mobike and its users; started the largest domestic investment on the development and transaction of forest carbon sink reductions, promoting the local green development. In addition, HuaAn Funds, one of our subsidiaries, also issued the HuaAn Low Carbon Life Theme Fund, which took Environmental, Social and Governance (ESG) factors into the investment consideration from establishment to investment and explored actively the ESG localization.

CARRYING OUT ENVIRONMENTAL PROTECTION ACTIVITIES

With the goal of caring for the physical and mental health of our 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 strategic 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 “a prestigious modern investment bank with an overall leading position and international competitive edge”.



STEPPING 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 formulated the 2020-2022 Outline on International Business Strategy Plan (《2020-2022 年国际业务战略分规划纲要》), which sets out the overall goals and stage goals during the planning period; reorganized the International Business Development Coordination Committee as the Cross-border Business Coordinated Development Committee, which is responsible for the overall planning and coordinated promotion of the Company's cross-border business development; established the International Business Committee, which is responsible for organizing the units under its jurisdiction to carry out comprehensive financial services and cross-border business overseas; accelerated the improvement of the service system for international business operation, continuously optimized the integrated management of cross-border business and deepened the layout in regions alongside the route of “Belt and Road” initiative, mainly in Southeast Asia, increasingly enhancing the competitiveness of our international business.

FACILITATING OVERSEA INVESTMENT AND FINANCING SERVICE FOR CLIENTS

Based in Hong Kong market, we commit ourselves to providing professional oversea financing service to high-quality domestic enterprises. During the reporting period, we helped Fujian Provincial Communication Transportation Group acquire the 20% minority interest in Hambantota Port, Sri Lanka. Guotai Junan International, our overseas service platform, further improved its services for overseas business institutions, sponsored a total of 4 IPO projects, underwrote a total of 32 first and second level share underwriting projects and helped enterprises raise total proceeds of HK\$124 billion; Chinese dollar bond market share continued to maintain the forefront, helped enterprises raise total proceeds of HK\$464.3 billion, completed a total of 221 bond underwriting and related projects, in terms of the number of issuance, ranked the second place on the list of high yield bond underwriting of G3 currency enterprises in Bloomberg Asian area (excluding Japan). HuaAn Funds cooperated with Euronext N.V., developed French CAC40ETF with French CAC40 index, and obtained the approval for listing and dealing on the Shanghai Stock Exchange.

SERVING “BELT AND ROAD” INITIATIVE

During the reporting period, we helped Huaneng Hydropower, the largest hydroelectric development company in Yunnan Province issue RMB500 million short-term bond, RMB2 billion phase I perpetual bond and RMB2 billion phase II perpetual bond, gave play to the own advantages of Chinese power enterprises, strengthened energy development and cooperation among countries alongside the route of “Belt and Road” initiative; We promoted the development of ASEAN countries, participated in the development of ASEAN financial markets, planned to establish Guotai Junan headquarter in ASEAN region (under plan) in Nanning, Guangxi, accelerated the development of cross-border financing, investment and trading services in capital market for ASEAN countries, provided financial services including financing, investment and risk management for Chinese subsidiaries of ASEAN enterprises; cooperated with HuaAn Funds, one of our associates, to serve Lanzhou New Area Commerce Trade and Logistics Investment Group, and provided strategic support for the construction and operation of “China-Europe Railway Express” and the openness of “Silk Roads”.

EUROPEAN REPRESENTATIVE OFFICE OPENING OFFICIALLY

In order to further explore the European market, on 12 June 2019, we registered the establishment of the European Representative Office in London, which opened officially in January 2020, laid the foundation and accumulated resources for the business layout of the Group in Europe and explored the international layout opportunity of investment in mergers and acquisitions and cooperation through equity participation.

During the reporting period, the European Representative Office further explored the path to the international layout in Europe of the Group, conducted extensive market research and collected information, and surveyed the operation situation of Chinese securities companies in UK; it established close relationship with London Stock Exchange and the chief representative in London Representative Office of Shanghai Stock Exchange, respectively, actively explored the cooperation opportunities, organized jointly the online seminar for promoting cross-border cooperation; it built relationship with the accounting firms and law firms which actively participated in the cross-border business and deeply explored the business expansion.

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, 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 distributable profits realized during the year; (2) If dividends are distributed in a combination of cash and stock, the dividends distributed in cash shall not be less than 20% of the actual dividends distributed. We mainly distribute dividends in cash, and the proposition of dividends in the last three years exceeded 30%.

Amount of cash dividend		Unit: RMB100 million	Net profit attributable to shareholders of listed companies		Unit: RMB100 million	Proportion		Unit: RMB100 million
2018	24.50		2018	67.08		2018	36.52%	
2019	34.39		2019	86.37		2019	39.82%	
2020 (Proposed)	49.83		2020 (Proposed)	111.22		2020 (Proposed)	44.80%	

PROTECTING CREDITORS’ RIGHTS

We have formulated the “Rules of Bondholders’ Meeting” and set up a repayment 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

PROTECTING EMPLOYEES’ BASIC INTERESTS 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 signed labour contracts with all employees, setting out various conditions including job positions, job duties, working hours, performance assessment and termination of employment. Employees are entitled to a certain amount of paid leave in accordance with the Company's vacation measures. 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. During the reporting period, we completed the signature of 2020 Collective Contracts of Guotai Junan Securities Co., Ltd. (《2020 版国泰君安证券股份有限公司集体合同》), 2020 Collective Contracts on Salary of Guotai Junan Securities Co., Ltd. (《2020 版国泰君安证券股份有限公司工资专项集体合同》) and 2020 Collective Contracts on the Protection of Special Rights and Interests of Female Employees of Guotai Junan Securities Co., Ltd. (《2020 版国泰君安证券股份有限公司女职工特殊权益保护专项集体合同》).

MOTIVATING THE GROWTH OF EMPLOYEES We strengthened the construction of the appraisal indicator system to promote the development of employees. On one hand, we introduced the indicator in relation to customers, which emphasized the link between the corporate benefit with the customer's benefit, achieving the win-win goal. On the other hand, we ceased to overemphasize the appraisal by absolute number during the year, extended the appraisal cycle, to avoid the excessive pursuit of short-term interest. In respect of the appraisal and evaluation dimensions of leaders, we added the evaluation indicator for conduct appraisal, through the use of three-dimensional tools, we focused on the comprehensive performance of cadre team in morality, diligence and honesty, guiding the leaders to pay attention to long-term behavior.

We implemented the equity incentive plan, selected comparable enterprises with high standards and strict requirements, and set up the challenging conditions, formed the unified entirety combining incentive and constraint, which put the common development vision of the Company into practice, fundamentally established a medium and long term incentive and constraint mechanism integrating incentive and constraint to guide the staffs to pay attention to the medium and long term benefits, effectively bonded together the shareholder interests, corporate interests and the interests of the core employees, built the common interest community of core talents and company business, stimulating the Company's development power.

ABIDING BY REQUIREMENTS OF BUSINESS INTEGRITY According to the regulatory requirements including the Requirements of Business Integrity of Securities and Futures Operating Institutions and Their Staff (《证券期货经营机构及其工作人员廉洁从业规定》) issued by the CSRC and the Implementation Rules on Business Integrity of Securities Operating Institutions and Their Staff (《证券经营机构及其工作人员廉洁从业实施细则》) issued by the SAC, we formulated and revised the systems including the Requirements of Business Integrity (《廉洁从业规定》), the Requirements of Business Integrity of Leaders (《领导人员廉洁从业若干规定》), the Measures for Commitment to Implementation on Business Integrity of Leaders (《领导人员廉洁从业承诺实施办法》) and the Measures on Business Integrity Risk Prevention and Control of Engaging the Third Parties by Investment Departments (《投行业务部聘请第三方等廉洁从业风险防控管理办法》), each department and operating unit also established the integrity management system based on its own situation, pursuant to which, during the course of conducting business and management activities, we shall strictly comply with the laws and regulations, regulatory requirements and industry self-regulation rules, comply with the social moral, commercial ethics, professional ethics and code of conduct, compete fairly, operate legally, act loyally, diligently, honestly and trustworthily, and refuse to transfer unjustified interests to others or gain unjustified interests from others directly or indirectly. We regularly conducted business integrity theme education activities each year, requiring the senior management of the Company and heads of all department, subsidiaries and branches to sign the Annual Business Integrity Commitment, and designated special persons for the integrity management of the unit. We regularly conducted the self-inspection and company inspection on the business integrity and irregularly made the inspection tour, and no non-compliance matter on business integrity in relation to the Company or its staff was found during the reporting period.

CARING FOR AND SERVING EMPLOYEES We implemented the public and democratic management of the Company's businesses through taking the employee representative assembly as the basic form and the employee representative assembly considered and voted for the matters in relation to the strategic development of the Company and employee benefits involving the key honorary recommendation, enterprise annuity, compensation management, training expenses, democratic management, accountability for risk control, avoidance of relatives and collective contracts; We organized the collective negotiation and renewed the 2020 collective contract of the Company. During the process of consideration, the basic trade union summarized and collated the opinions, suggestions and queries of representatives, and timely made feedback to the proposal department; and the results of consideration shall be published to the staff.

We did our best to serve all staffs, not only generally cheered for the official holidays and staff birthdays, but also accurately and timely cared for and helped the special employees groups including advanced model employees, off-site cadres, female employees, employees with difficulties and retired employees, especially, we cared for and helped an employees with difficulties accurately and timely during the period of COVID-19 epidemic. During the period from New Year's Day to Spring Festival in 2020, we conducted the assistance activities for targeted employees with difficulties under the two levels of Shanghai Financial Labor Union and the Company's trade union, among which Shanghai Financial Labor Union provided material assistance to 40 employees with difficulties of the Company with the amount of RMB80,000; our trade union provided material assistance to 41 employees with difficulties of the Company with the amount of RMB287,000.

ENRICHING RECREATIONAL AND SPORTS ACTIVITIES FOR EMPLOYEES We have organized various types of cultural and recreational activities such as art performance, basketball competition, badminton competition, photography, calligraphy and painting competitions, and outdoor trekking events through trade unions and various associations, for the purpose of alleviating work pressure of our employees, enhancing interactions among employees, as well as strengthening the cohesion generated by corporate culture. During the period of COVID-19 epidemic, we researched and developed the "Guotai Junan Securities Online Employee Activity Platform" and explored the organization mode of online activities of the trade union:

On 18 January, the trade union directly under our headquarters held the "2020 "Guotai Junan Cup" Health Running for Welcoming the New Year" activities.

In March, all basic trade unions successively organized the online activities for female employees in International Women's Day.

In July, the Football Association of the trade union directly under our headquarters organized a team to participate in the "Haitong Cup 2020 Shanghai Securities Industry Football Match" held by Shanghai Securities Association and won the third place.

In August, the Chess Association of the trade union directly under our headquarters organized a team to participate in the 2020 Shanghai recreational and sports activities for financial employees "ICBC Cup" chess competition, and the asset custody department won the "Excellence Award" in chess final.

In late August, the Staff Swimming Association organized a team to participate in the 2020 Shanghai recreational and sports activities for financial employees "Agricultural Bank Cup" swimming competition, and won the Gold Medal of 50 meters freestyle in middle-aged male group.

In late September, the Football Association of the trade union of the Company entered the 2020 Shanghai recreational and sports activities for financial employees "Minsheng Cup" football competition, which was sponsored by Shanghai Financial Staff Cultural and Sports Association and organized by the Shanghai Branch of China Minsheng Bank.

At the end of September, the trade union of the Company held Guotai Junan Securities “Forging Ahead with the Motherland, Striding for the New Journey” 2020 Golden Autumn Health Running.

In October, the trade union of the Company and the Table Tennis Association of the trade union directly under our headquarters organized a team to participate in Shanghai Employee Health Fun Games held by Shanghai Municipal Federation of Trade Unions and Shanghai Administration of Sports, and won the champion of A and B mixed group in the table tennis division league.

TAKING CARE FOR EMPLOYEES’ HEALTH During the reporting period, we established the “Guotai Junan Securities Staff Family” within the office building of our headquarters for providing a professional fitness center to our employees, completed the construction of the booking system of “Guotai Junan Securities Staff Family”, offering convenience for our employees to take part in activities with digital tools; We participated in the theme activity of “Love Mommy Hut” program, the “Love Mommy Hut” of the trade union directly under our headquarters was awarded as the four-star Mommy Hut by Shanghai Municipal Federation of Trade Unions; We further enhanced the employee health promotion, cooperated with professional institutions, engaged professional psychological counselors and built the pilot “Mental Health Counsel Hut”; We purchased a batch of defibrillators, and provided the first aid training for our employees at the same time.



Trade unions at all levels of the Company assisted relevant administrative departments in conducting the physical examination for our employees on duty and retired employees, organized and arranged employees of the trade union to take part in the health related trains and lectures on ophthalmology and dentistry, and participated in the 2020 Shanghai First Aid Training in Financial System.

We formulated the “Implementation Rules on Production Safety Accountability” (《安全生产责任制实施细则》), signed the production safety responsibility statement with the heads of each unit every year, and periodically checked the responsibility implementation. In 2020, according to the “Implementation Plan for Three-year Action on Special Remediation of Shanghai Production Safety” (《上海市安全生产专项整治三年行动实施方案》) issued by Shanghai Work Safety Committee, we formulated the “Implementation Plan for Three-year Action on Special Remediation of Production Safety” (《安全生产专项整治三年行动实施方案》), to ensure that the work goal of “zero injury, zero accident and zero loss” in the production was achieved and the powerful guarantee for maintaining the life and property safety of employees and the high-quality development of the Group was provided.

Data about health and safety of employees in 2020 was as follows:



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

CARING FOR YOUNG EMPLOYEES’ GROWTH We created the learning model of “three-dimensional” ideological education for the youth. We continued to conduct 36 “Youth Learning Campaign”, carried out the learning activities of “Dialogue with History, Let Youth Bloom” series, further promoting the learning on history by youth league members of the Company to love the Party and the Country, stimulating the spirit of hardworking and striving of youth league members, and advancing the high-quality development of the Company with solid work; We conducted the discussion reform activities of “entering into a new stage of reform, talking about responsibilities by youth” by leaders of the Company and the youth, collected the reflection and suggestion on the Company’s reform and development by all youth employees through Internet, a total of 36 young employees took part in the questionnaire inquiry and 947 groups of reflection and suggestion were put forwarded in ten aspects.



We increased the contribution of the “multiple-dimensional” service for the overall interests. Focusing on the three new major tasks in Shanghai, and based on the Company’s new three-year strategic plan and the innovation and transformation of key businesses, we organized 76 Special Youth Commando for Reform and Innovation of the Company, 1 Youth Commando for “Supporting Tibet”; We continued to establish 25 Youth Civilization Units of the Company for advocating good professional ethics and social moral; We took the priority of cultivating young post experts from the group; We updated the Huizhi platform to 2.0 version, extended the platform from original orientation to project incubation platform, innovation promotion platform and collaboration platform, and increased the support to business and scientific and technological innovation projects on the basis of original incubation project types, and a total of 7 youth projects were incubated and supported in 2020.

We built the “all-round” growth platform for youth. We conducted six activities of 2020 Qingying · Diamond Noon Salon “striving, growth and profession” series; We recommended youth to participate in “Striving Cup” Shanghai Youth Skill Competition Youth Business English Competition and won the first prize; We continued to carry out the selection within the community at the company level and external honorable recommendation, establishing the platform for showing talent and promoting development for the Company’s outstanding youth team and individuals; We operated the youth department projects, done well the handover of batched withdrawal and recruitment of leases, and totally completed the renewal of lease for 58 persons and the lease for 43 persons with 101 suites of rooms in two apartments; During the period of COVID-19 epidemic, we established the Youth Commando for Epidemic Prevention and Control and Youth Volunteer Service Corps, organized the youth voluntary blood donation and took part in the voluntary works including epidemic prevention and control in the community, actively assuming the social responsibility.



FIGHTING AGAINST POVERTY We actively responded to the call of the CSRC, SAC and Shanghai SASAC, implemented the national poverty alleviation strategy, fulfilled the enterprise social responsibility, and entered into targeted support agreement with Ji' an County, Jiangxi Province, Puge County, Sichuan Province, Qianshan County, Anhui Province, Guangnan County and Malipo County, Wenshan Prefecture, Yunnan Province, respectively, which were national poverty-restriction regions. After two years of targeted support, each key project was advanced steadily, all counties supported got rid of poverty, and the regional appearance and economy improved significantly.

In terms of industrial poverty alleviation, we invested RMB30 million to set up the “poverty alleviation fund for agricultural industry” in Puge County, Sichuan Province, the silkworm plantation and Ruimu feed projects were launched successfully, and the fund expense was RMB9.402 million during the reporting period; We invested RMB3 million to construct the cattle market in Majie Town and the logistics center in Babu Town, Malipo County, Yunnan Province, which improved the local industry environment, boosted the development of relevant industries and promoted the increase of revenue of the village collective of RMB200,000; successfully completed the two special poverty alleviation bond of S20 Liangshan 1 and S20 Liangshan 2, with the total amount of RMB3.01 billion, effectively supporting the development of local industries.



In terms of educational poverty alleviation, we invested RMB30 million to assist the construction of the Guotai Junan central school in Tianzhushan town of Qianshan City, Anhui Province, with a land area of 50 acres and gross floor area of approximately 20,000 square meters, which could accommodate more than 1,400 primary and secondary students, becoming the local compulsory education school with latest facilities, best student source and strongest faculty resources. The primary school department of the school was put into use in October 2020, and the secondary school department was planned to be completed in the autumn of 2021; We donated more than 30,000 school supplies for Weiluo primary school in Sichuan Province through the online charity activity “Caring Cow Farm” and 818 wealth management festival online activities in Jun Hong APP.

In terms of medical poverty alleviation, we customized the supplementary medical insurance public welfare project, i.e. “Guotai Junan Worry-Free Growth” for the four paired support counties, which covered almost 350,000 teachers and primary school students, settled 890 claims with total amount of RMB4.62 million in the whole year; we invested RMB1 million to cooperate with Beijing Union Charity Foundation, carried out “telemedicine service projects” in Qianshan, Anhui Province, Puge, Sichuan Province, Ji' an, Jiangxi Province and Malipo, Yunnan Province, invited experts from Peking Union Medical College Hospital to provide consultations for difficult patients in poor regions through remote video system, and offered technical training for basic-level doctors in poverty-restriction regions. We provided 297 remote medical consultations and 12 online centralized training for basic-level doctors during the year, benefiting a total of 994 doctors and patients.

In terms of well-being poverty alleviation, we invested RMB1.5 million to build the water-washed toilets for 428 families in the Zhuanbao village, Liuhe town, Malipo County, Yunnan Province, invested RMB2.7 million in infrastructure projects such as hardening the road, building refuse incinerators and installing solar street lamps for 9 poverty-stricken villages in Guangnan County, improving the living environment in poor regions; we organized and took part in the “poverty alleviation through consumption” action, purchased the high-quality agricultural products from Guangnan County and Malipo County, Yunnan Province, and Fengxian District, Shanghai City, supporting the local poverty alleviation works; We launched the second round of comprehensive urban and rural “five-year paired assistance” with Fengxian District, and donated RMB5 million for the “Baicun Garden” assistance project in this district during the reporting period.

BUILD THE NEW DEVELOPMENT PATTERN

Under the national 14th Five Year Plan and 2035 long-term development goal and guidelines, main objective and key tasks, we will insist on the coordination between domestic root with global vision, insist on the unification between problem orientation with goal orientation, insist on the consistency between mid - and long-term goals with short-term goals, and insist on the harmony between overall planning with key points highlighting, after repeated and deep research, we put forward the mid - and long-term development strategy of “three three-years and three steps” .

In the first three-year, i.e., from 2020 to 2022: we will focus on laying the foundation, strengthening weakness, and consolidating the market position of the leading securities company. We deeply realize the responsibility and mission, pressure of competition and existing problems, insist on the problem orientation and result orientation, stress on the comprehensive reform, comprehensively improve the level of operation and management, fully consolidate the market position as a leading securities company and lay a solid foundation for becoming a super securities company.

In the second three-year, i.e., from 2023 to 2025, the end of the period of 14th Five Year Plan: we will focus on improving the capacity, reinforcing advantages, and maintaining the industrial leading position in respect of core indicators. On the basis of the development in the first three-year, we will further focus on improving the capacity, reinforcing advantages, while building the comprehensive industrial leading core competitiveness of operation and management, thus to really become the excellent brand representative in local securities industry.

In the third three-year, i.e., from 2026 to 2028: we will focus on the totalization and internationalization. On the basis of fully led by local firms, the Company will further build the comprehensive and international capabilities, deeply explore the local market, plan the layout in the Asia-Pacific region, and expand into the global major financial markets, to become “a prestigious modern investment bank with an overall leading position and international competitive edge” .

GETTING FORCE FROM REFORM

We will firmly grasp the important opportunity arising from the Regional Integrated Trial Reforms for State-financed and State-owned Enterprises in Shanghai, under the principal of unifying goal orientation, problem orientation and goal orientation, focusing on the seven aspects including corporate governance, talent construction, strategic layout, performance appraisal, science and technology empowering, organization structure and the Party building, we will research, formulate and actively advance the three-year work plan on integrated trial reforms of the Company, and accelerate the implementation of integrated trial reform task. Considering the development needs of transformation and upgrading for the modern first-class investment bank, we will continually optimize the operation and management mechanism, improve the organization operation efficiency and execution, enhance the overall coordination of the Group from higher perspective and bigger pattern, to create the higher level of service capacity.

We actively promote the reform on optimizing the operation and management mechanism of the Company, effectively foster collaboration and improve efficiency of decision-making. We set up the Retail Customer Coordinated Development Committee, the Corporate Customer Coordinated Development Committee, the Institutional Customer Coordinated Development Committee and the Cross-Border Business Coordinated Development Committee, and explicate the basic operation rules of the four coordinated development committees and clarify collaborative authorization issues; We increase or explicate the authorization for decision-making of the Asset and Liability Management Committee, the IT Governance Committee and the Risk Management Committee, and improve the efficiency of decision-making for operation and management.

We implement the work requirements of the Regional Integrated Trial Reforms for State-financed and State-owned Enterprises in Shanghai, focus on the key minority, conduct the A share restricted share incentive plan, motivate and restrain the core talents who are crucial to the development of the Company, closely connect the interests of shareholders of the Company with the interests of core talents, tightly bind the interests of core talents with the long and aggressive development goal of the Company, promote the share of risk and revenue between core talents with the Company, relieve the pressure of core talent competition brought by the overall financial opening through mechanism innovation, fully improve the entrepreneurial mindset of core talents with market-oriented means, to stimulate the vitality of working and creating. Under the equity incentive plan, we set challenging assessment conditions through benchmarking the market entities with excellent performance, guide and motivate to overcome difficulties, forge ahead with innovative spirit, and strive for excellence; We meet the basic requirements for healthy development and risk prevention through setting up the basic assessment index, to guide the compliant and sound operation.

We continue to optimize the organization structure of the Company and support the operation mechanism with the aim of building the “strong foreground, professional middle ground and intensive background” . We streamline the first grade departments of our headquarters from 38 to 31, further straighten the business logic, define boundaries of duties, optimize the evaluation and motivation, allocate suitable employees to appropriate posts, improve coordination mechanism and achieve the organic unity of responsibility, power and interests; We establish seven main business lines including wealth management, structure research, investment bank, trading and investment, credit business, international business and assets management and set up corresponding business committees centering on the core needs of the three types of customer groups, i.e., retail customers, institutional customers and corporate customers; We launch the reform on divisional system of investment banks, complete the first stage reform and achieve expected effect, set up the executive committee of investment bank division, further motivate the team to deeply explore the key industries and important areas, and stimulate the aggressive, innovative and developmental power and vitality; We support, adjust and optimize the evaluation and motivation of the research institution, the comprehensive income assessment of the organization committee and the assessment of equity investment.



GETTING VITALITY FROM TALENTS

“Stability depends on talents” . Talents are the first resources and the fundamental guarantee for achieving high-quality development of the Company. We formulate the human resources strategic plan, propose to build three key cadre talent teams (i.e. comprehensive cadre team, youth cadre team and middle and high-end talent team in key areas), improve the six human resources management mechanisms (i.e. organization post management mechanism, human resource allocation mechanism, job grade management mechanism, assessment management mechanism, incentive and constraint mechanism, group control mechanism), build a work system (i.e. “three-in-one” human resource management work system), the “3611” key work plan of a system platform (i.e. group-oriented human resource information system platform), with the aim of fully optimizing the human resource management mechanism, improving human resource management system and proving powerful organization support and talent guarantee for the achievement of strategic targets of the Company.

We increase the communication on work shift of cadre talents, break the pedigree concept, dismantle all overt and hidden barriers hindering the internal flow of talents, establish the rigid institutional arrangements and create the “flowing source” of talents.

We insist on “recruitment of talents without boundaries” “from across the country” , broaden the horizon, enlarge pattern and improve the mechanism of identification and recommendation from multiple channels, and gather internal and external outstanding talents in all areas of the Company to the career stage. In respect of exceptional young cadres, we break the convention, bravely recruit and adopt the means of accelerating promotion and preferment after induction, break down the hidden steps and system barriers, discard seniority and set clear standards of recruitment.

We optimize the mid-to-high end talent attraction and retention mechanism, build the mid-to-high end talent base in key business areas, improve the capacity of precise localization, quick introduction and targeted recruitment of mid-to-high end talents. Meanwhile, we lay emphasis on playing the leading role of high-end talents, continuously optimize the talent assessment and incentive policies, let the key talents induct, retain and do well.

We establish the group control mechanism with hierarchical classification and collaboration, manage and appoint the “key minority” of operation team of subsidiaries and branches, regulate the management on designation and resumption of directors, supervisors and senior management of subsidiaries. We strengthen the annual assessment, term assessment, compensation management and daily supervision of senior management of subsidiaries and branches, and compulsively communicate with the persons who act as the major leaders at the same post for too long time.

GETTING EFFICIENCY FROM MANAGEMENT

We fully implement the refined management requirements of “intensive pattern, cost reduction, quality improvement and efficiency enhancement”, focus on the core indicators reflecting high-quality development and operation efficiency, and pursue the connotative development with equal emphasis on quality and quantity. Under the development-oriented goal of “quality improvement and efficiency enhancement”, we strengthen the refined management of the Group with the means and precondition of “intensive pattern and cost reduction”, providing the comprehensive financial service with higher quality and better efficiency for customers. We insist on the coordination among innovative development, compliance and stability, improve the comprehensive risk management structure adapting to the self-development strategy, establish the effective prepositive procedure of risk control, complete risk management system and powerful risk culture system, constantly improve the responsibility system adapting to the registration system, fully strengthen the own reputation risk management and reputation capital construction, stick to the baseline for preventing systematic risk, pay attention to stopping up the leaks and reinforcing the weakness with excellent capacity of controlling compliance risks, making contribution to preventing and defusing major risks in the capital market.

We strengthen the group management, streamline the relationship between professional vertical management of the Group with corporate governance of subsidiaries, achieve the “professional management, coordinated development, intensive operation and effective control”, work out the general ledger of capital plan and resource allocation, make overall coordination between investment with output, between short term with long term, between part with whole, do well the “addition, subtraction, multiplication and division” of cost sharing and resource allocation, invest scientifically and manage intensively, and resolutely eliminate the leakage and venting. We speed up the implementation of cost sharing and centralized procurement and saved costs of over RMB100 million during the year; the IT, audit and finance departments jointly explored and formulated the IT effectiveness evaluation system, promoting the integration or withdrawal of 34 inefficient system.



We reinforce the foundation of group management system, revise the management method, compliance and risk and finance management method of subsidiaries, intensify the vertical management and intensive management, conduct the overall risk control assessment of subsidiaries, and achieve the unification among OA, compliance system and general ledger system of subsidiaries; we formulate the administrative rules on group settlement, develop the centralized settlement plan of subsidiaries; the audit center centralize the professional audit resources and uniformly and efficiently conduct the audit at the group level.

We help improve the operation efficiency of the Company with professional and refined management, vigorously improve the general services of counter business of our branches, put forward the policy and suggestion on the reform of capital supervision mode of existing customers from the industry perspective; We establish the continuous tracking mechanism of major compliance matters, implement the management on anti-money laundering, and improve the accountability mechanism of compliance and risk management; We optimize the customer complaint management mechanism, the total number of complaints decreased by 29%; We maintain the cost competitiveness of debt financing of the Company with the average financing cost continuing to decrease, and form the layered interest rate pricing system, improving the flexibility of pricing of internal finance.

GETTING DEVELOPMENT FROM INNOVATION

We resolutely implement the innovation driven development strategy and the strategy of serving the hub position of capital market, firmly establish the important role of innovation in the transformation of the Company into a modern first-class investment bank. With serving the needs of real economy and the general residents as the guidance, we fully develop the new advantages for aggressive development. We improve the implementation plan on innovation and incentive and the mechanism of fault toleration and correction, emphasize the concept of technology priority, strengthen the in-deep integration between Fintech leadership with business, advocate the development concept of “open securities”, promote the integration of cross-boundary capability of securities finance, build the value community of the platform and ecology, promote the innovation-driven development of the Company, meet the financial needs with high-quality service and guide the new financial needs.

We intensify the Fintech innovation, fully improve the science and technology empowerment and the science and technology leadership. We held the first session of Fintech Conference, proposing the new concept of platform-based and ecological “open securities” for the first time to promote the capacity integration and build the value community, and actively promote the ecological cross-industry cooperation of leading financial enterprises. The key IT systems including centralized settlement of margin financing and securities lending and low delay margin financing and securities lending achieve active progress, forming powerful support for the business; we complete the construction and trial operation of management cockpit phase II, realizing the unified integration, analysis and management of main operation and management data of the Group for the first time. The plan on the joint establishment of scientific and technical corporation with banks is approved by the regulators. In addition, the Company also win several important prizes including the second prize of the seventh Securities Futures Science and Technology Excellence Award, and the Fintech research and development ability keeping ahead.

We establish the innovative branch - Suzhou branch, to serve the national strategy of the integrated development of the Yangtze River Delta, give full play to the home advantages in aspects of unimpeded economic circulation, optimized industrial ecosystem, infrastructure connectivity and efficient allocation of financial resources, constantly increase the irradiation effect in regional sites, bravely act as the “daring vanguard”, “commando” and “main force”; We promote the coordinated development of “Shanghai and Suzhou as one city”, give full play to the professional advantages in areas such as investment bank, assets management, equity investment and research consultation, focus on building the high end investment and financing service platform targeting scientific and technological enterprises and innovative enterprises, help the development of more Shanghai enterprises and Suzhou enterprises; We insist on the high starting point plan, high standard positioning and high level construction, to meet the wealth management needs of Suzhou residents.



We formulate and issue the Implementation Plan on Encouraging Active Innovation of the Company (Trial) (《公司鼓励积极创新的实施方案(试行)》) and the Implementation Measures on Error Tolerance and Correction (《容错纠错实施办法》), explicate the definition, classification, project determination and evaluation procedure of innovation activities, form the incentives and honor system, explain the scope of application of error tolerance and correction, and create the nice atmosphere for encouraging innovation and allowing for trials and errors.

SPECIAL TOPIC

RESOLUTELY WIN THE WAR AGAINST EPIDEMIC, WHICH IS THE PEOPLE'S WAR, TOTAL WAR AND BLOCKING WAR

After the outbreak of COVID-19, we resolutely assumed the social responsibility for epidemic prevention and control, did our best to guarantee the health and safety of our employees, and ensured the orderly conduction of all works; We tried the utmost to promote the operation and management and the business development; We concentrated all our efforts on maintaining the market stability and serving the real economy; We accelerated all kinds of reform, made plans on the long-term development, and determined to win the war against epidemic, which was the people's war, total war and blocking war.



STRENGTHENING THE UNIFIED LEADERSHIP TO PROVIDE POWERFUL GUARANTEE FOR EPIDEMIC PREVENTION AND CONTROL

We took the epidemic prevention and control as the realistic test for keeping the original aspiration and undertaking the mission, tried to get the best results with highest resolution, strictest measures and greatest efforts. On 23 January, the Party committee of the Company held the secretary work meeting, requested to pay high attention to the epidemic prevention and control, decided to set up the leading group for epidemic prevention and control of the Company with He Qing as the group leader, being responsible for the centralized and unified leadership and decisions and arrangements of epidemic prevention and control of the Group, and an office was established under the leading group. The Party committee and leading group for epidemic prevention and control listened to the report on epidemic prevention and control of the Company as a whole and the Hubei Branch, the report on influence of epidemic on key business lines and the formulation of plans for several times; researched and deployed the work arrangement of each business line after the market opened, and proposed the special work requirements; We increased the duty officers for epidemic prevention and control on the basis of strictly implementing the leader duty system in Spring Festival, the chief leaders took the lead to work and command, and the office under the leading group was responsible for supervising and summarizing the execution of daily “zero report” in each department and each unit, ascertained the duties of principals of each department and each unit as the “first person in charge” in their own department and unit.

REFINING PREVENTION AND CONTROL MEASURES TO FULLY PROTECT THE HEALTH AND SAFETY OF OUR EMPLOYEES

We paid close attention to the epidemic prevention and control work according to the requirement of the “Three full coverage (三个全覆盖)”, 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 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.

Firstly, we continuously conducted tracking and monitoring. After the outbreak of COVID-19, the Company set up 75 monitoring and reporting points within the Group, daily tracked and monitored the health condition and dynamic of tens of thousands of employees and their families, outsourced staff, engaged property management staff and their families. Secondly, we fully strengthened the prevention and control at workplaces. In terms of staff management, all main entrances and exits of each office premises were established the monitoring points, all personnel shall wear masks and receive the detection of body temperature when entering and minimize visitor reception, all off-site staffs shall report and register and strictly implement the follow-up stay-at-home observation. In terms of environmental hygiene, the property management company comprehensively strengthened ventilation in office spaces and achieved full coverage of disinfection, the air conditioner ceased to supply heat. In terms of administrative office, each unit formulated the plan on work shift by groups under the principal of “minimal deployment of on-the-job staffs”, implemented the off-peak commuting; canceled the unnecessary business trips, stopped to organize the gathering of crowds, and forbade to hold the unnecessary on-site meetings. In terms of logistical support, the Company tried every means to purchase the epidemic prevention and control supplies such as masks, staff restaurant management have been tightened through time-sharing meal. Thirdly, we focused on the prevention and control on key office districts. The machine room, dealing room and data operation room with confidential nature were not open to any visitors during the period of epidemic, and stricter and differentiated control measures on entering and exiting were executed. The department of support services sent the boxed meals to key operation departments every day.



SCIENTIFICALLY FORMULATING PLANS TO PREVENT FINANCIAL RISKS CAUSED BY THE EPIDEMIC

We scientifically managed and orderly organized, made overall arrangements on epidemic prevention and control and operation, strengthened the security of financial services during the period of epidemic prevention and control, to ensure that no major financial risks will occur.

Firstly, we timely reminded the risk of adjustment of the closing time and the transaction services arrangement during the Spring Festival holidays. In accordance with the unified arrangements made by CSRC, Shanghai Stock Exchange, Shenzhen Stock Exchange and CSDC, the Company timely published the Notice on Adjustment of the Closing Time and the Transaction Services Arrangement During 2020 Spring Festival Holidays (《关于 2020 年春节休市时间调整及交易服务安排的公告》), and reminded investors of the relevant risks. Secondly, we formulated the multi-level, regional and differentiated plan on prevention and control and the contingency plan. The Company complied the Summary Statement on Emergency Response Plan for Epidemic Prevention and Control of Guotai Junan Securities (《国泰君安证券疫情防控应急处置预案汇总表》) based on the classification under three-levels respond standards, which included 15 main categories and 105 specific measures, fully covered all departments and subsidiaries of the Company. We uniformly issued the Emergency Plan for Epidemic Prevention and Control of Branches of Guotai Junan Securities (《国泰君安证券分支机构疫情防控工作应急预案》), guided the business development, transaction service, arrangement of staffs and customers of the branches in different regions with differentiation. Thirdly, we rapidly developed the measures on the deployment of online office of all staffs and online handling of all businesses. The Company formulated and published the Notice on the Use of Fintech on Online Customer Service during the Period of Epidemic (《关于疫情期间运用金融科技做好客户线上服务的通知》), guided customers to conduct online transactions and business handling through various means including calling 95521, Jun Hong Lingxi intelligent customer service, Jun Hong online consultation. We gave full play to the advantages of Fintech, supported the online handling of more than 40 businesses such as transaction on exchange of all categories, online transaction of all types, securities account opening, online opening of dealing authorities in Sci-Tech Innovation Board, online opening in the National Equities Exchange and Quotations. Meanwhile, the Company enhanced the security scan and assurance services of Internet systems, established and used the content monitoring system with the application of Internet, strengthened the communication and collaboration between business operation and brand departments, implemented the 7*24 duty, and guaranteed the safe operation and content security of transaction system and Internet system.

ASSUMING SOCIAL RESPONSIBILITIES TO SUPPORT THE ANTI-EPIDEMIC

We set up the special fund for COVID-19 prevention and control with the quickest speed, mobilized all employees to make contribution for anti-epidemic, donated more than RMB24 million to Shanghai Guotai Junan Social Public Welfare Foundation for the purpose of epidemic prevention and control and procurement of urgent materials.

The Company donated badly-needed materials including virus detection kits, apparatuses and protection suits to several hospitals in Huanggang City; donated disinfection robots, testing reagents and medical masks to Shanghai Ruijin Hospital; provided condolences and protective equipment to Shanghai Medical Team to Hubei and their family members; donated 15 negative pressure isolation



ambulances to Hubei Province. In addition, the Party committee of the Company urgently provided special party membership dues RMB3.5 million for purchasing drugs and materials for epidemic prevention and control by the Party committee of the Hubei Branch and other party organizations of the branches in regions with relatively severe epidemics and subsidized Party members and the masses who have difficulties in living due to the epidemic. The Company added subsidies for the novel pneumonia to the Guotai Junan “Worry-Free Growth” public health supplementary insurance, helped the epidemic prevention and control of four national poverty-stricken counties to which we provide one-to-one support, namely, Puge, Sichuan, Qianshan, Anhui, Ji’an, Jiangxi, and Malipo, Yunnan, and consolidated the results of poverty alleviation.

RELYING ON FINTECH TO PROVIDE CUSTOMERS WITH HIGH-QUALITY AND CONVENIENT ONLINE SERVICES

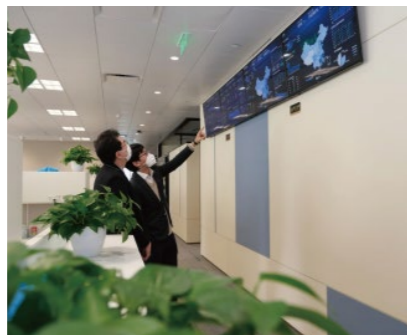


Since the first day of opening the market on 3 February 2020, we launched the complete emergency plan procedures, the branches across the country served more than 33 million customers and users, the peak of overall business volume reached 49,700 deals / second, successfully dealt with test of extreme market condition, to ensure the transaction security and market stability. In order to solve the problem that investors cannot meet and communicate with investment counselors offline in the short term, Guotai Junan invited investment counselors to the direct broadcasting room of Jun Hong APP to conduct “face-to-face” online communication with tens of

thousands of customers and provide the accompanying man-machine service with “temperature” to customers. During the period of epidemic, the accumulative total number of online visitors of Jun Hong exceeded 19 million, the average daily service volume increased by over 100% as compared with that of the usual days. In respect of branches which were unable to effectively provide customer service by itself as affected by the epidemic, the Company launched the “partner trusteeship service”. The Company’s 95521 customer service center also established temporary sub-centers, and successfully coped with the telephone traffic peak with the increase of 3.5 times on the first day of opening market.

FLEXIBLY ADDRESSING RISKS TO SAFEGUARD THE INTERESTS OF CUSTOMERS AFFECTED BY THE EPIDEMIC

In order to help credit customers overcome the temporary shock caused by sudden fluctuations in the stock market during the period of epidemic, the Company’s margin financing and securities lending business accepted the challenge through “three lines” of the headquarter, branches and sales departments, opened the green communication channels including video



authentication, record telephone and Email, and adopted the stability measures such as “closing position mildly, postponing the margin call”. Especially, in respect of the front-line medical workers and customers requiring isolation or treatment, we developed the special risk control guarantee plan to get rid of their worries. Taking into full consideration of impact of the epidemic on pledge financing customers, the Company actively surveyed the difficulties of customers, adopted online service means to support the timely performance of customers, and provided the professional and flexible risk solutions for enterprises and individuals who were affected by the epidemic.

EXERTING PROFESSIONAL POWER TO HELP STABILIZE THE CAPITAL MARKET

The research institution of the Company issued the report on the impact of epidemic on the industry, launched the research project on COVID-19 with the theme of “keeping calm and forging ahead”, published more than 800 research reports, convened more than 300 telephone conferences, continuously expressed the objective, real and professional research opinions in many ways, helped customers view the market reasonably, eliminate panic, and achieved the good stability. The spring online communication meeting on investment strategy held by the Company was watched by more than 70,000 person, and more than 2,000 customers watched simultaneously at peak, creating a new record in strategy meetings.

The investment bank business of the Company adopted the dual-track operation mode of “online + offline”, successfully completed the inquiry and issuance of two IPO projects of ThinkonSemi and BOC International (China) within the first weeks after the resumption of work, helped the two enterprises raise the total proceeds of nearly RMB2.4 billion. After completed the first corporate bond of epidemic prevention and control among the enterprises in Hubei Province, the Company quickly helped issue 30 bonds of epidemic prevention and control with the total proceeds of **RMB 21.567 billion**, various types of bonds became the first bond of that type in the industry, created the lowest market interest rates for several times, and took practical actions to support the corporate financing in areas under severe influence of the epidemic.

ACTIVELY SERVING THE RESUMPTION OF WORK AND PRODUCTION OF ENTERPRISES TO SERVE THE NATIONAL STRATEGY

In order to implement the relevant requirements on financial support for resumption of work and production and better serving the real economy of the central government, the senior management successively led the team to visit nearly 40 state-owned enterprises, private enterprises and government institutes in Shanghai and Beijing, spared no pains to support the resumption of work and production of enterprises, and further served the national strategy.

Firstly, we provided support for high-quality private enterprises to overcome the temporary difficulties. We visited the renowned private enterprise including JuneYao Group and CHNT, and helped the enterprises recover normal operation and step out of the dilemma through the means of financial consultants and investment on medium-term notes; Secondly, we served the reform and development of state-owned enterprises. We visited a number of units such as PICC, China Life, China Construction Bank, Bank of China, SOD Bank, Shanghai Huayi, Shanghai Construction Group, SAIC Motor and China Rail Way TaiYuan Group, entered into the strategic cooperation agreement with Postal Saving Bank of China, actively assisted enterprises to carry out the businesses including refinancing, bond issuance, spin-off listing, equity incentive and market value management, thus better played the pivotal role of the capital market, and maintained and increased the value of state-owned assets; Thirdly, we promoted the scientific and technological innovation through strategic cooperation. We visited the enterprises including China Electronics, COMAC and Huawei, entered into the strategic cooperation agreement with Lingang Group, Shanghai Sci-Tech Innovation Office and CSA Holdings, We purchased more scientific and technological equipment from domestic enterprises, provided support for China's leading science and technology enterprises to speed up the replacement with domestic industry chain, and actively helped science and technology enterprises to enter into the Sci-Tech Innovation Board. At the same time, we gave full play to our professional advantages and strengthened the incubation of small and medium-sized innovative high-tech enterprises.



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