



Press Release

GTJAI Announced 2022 Interim Results

Profit attributable to shareholders rose 3% HOH to HK\$161 million, Special Dividend Declared

In 1H 2022, Hong Kong Capital Market:

- Hang Seng TECH Index fell by 14% during the Period and by 40% in 12 months
- Average daily turnover of Hong Kong stock market decreased by 27% to HK\$138.3 billion
- The price index of high yield grade Chinese-issued US dollar-denominated bond fell by 41%
- Total funds raised by HK IPOs decreased by 91% year-on-year ("YoY") to HK\$19.7 billion

Results Summary and Highlights

In 1H 2022, GTJAI:

- The interest income from financial products increased by 16% to HK\$199 million
- Profit attributable to shareholders decreased by 83% YoY and increased by 3% half-on-half ("HoH") to HK\$161 million
- Declared an interim dividend of HK\$0.01 per share, payout ratio reached 60%
- Declared an additional special dividend of HK\$0.03 per share. Total dividend amounted to HK\$0.04 and increased by 300% HoH
- Financing costs significantly fell by 43% YoY to HK\$211 million
- No newly-added bad debts during market volatility and impairment provision reversed for the first time
- Maintained leading position in market value among listed securities firms in Hong Kong stock market and rewarded "Most Honored Company" in Asia by Institutional Investor

As of 30 June 2022, GTJAI:

- Total assets rose by 5% to HK\$111.5 billion
 - Financial products held on behalf of clients rose by 37% to HK\$43.4 billion
 - The leverage level decreases to 3.34 times excluding financial products held on behalf of clients (as at end of 2021: 3.74 times)
- Maintained leading credit ratings among peers, namely BBB+ by S&P and Baa2 by Moody's with "Stable" outlook
- Protected employees' safety and maintained business operations, the overall vaccination rate of employees has reached 98%
- Reaffirmed as Constituent of FTSE's ESG Index

[Hong Kong, 25 August, 2022] Guotai Junan International (“GTJAI”, “the Group” or “the Company”, stock code: 1788.HK) announced its 2022 interim results for the 6 months ended 30 June 2022 (“the Period”). In the face of recurring pandemic and capital market volatility, the Group rose to challenges, decisively implemented risk management measures and grasped certainty in changes during the Period. In the first half of 2022, the Group’s revenue reached HK\$1,090 million, while its **profit attributable to shareholders increased by 3% to HK\$161 million compared with the second half of 2021** (decreased by 83% YoY). The Board of Directors declared an interim dividend of HK\$0.01 per share and a special dividend of HK\$0.03 per share. Total dividend increased by 3 times HoH.

Ms. Qi Haiying, Chief Executive Officer and Executive Director of GTJAI, said: “During the first half of 2022, the global market experienced a weak condition due to unfavorable factors such as tightened global monetary policy, geopolitics and recurring pandemics. Nevertheless, the Group has demonstrated strong resilience and strategic determination, strengthened the cross-border service capabilities, and decisively implemented efficient risk control measures with full strength to achieve a HK\$161 million of profit attributable to shareholders. Despite the decrease in profit from the record-high for the same period last year, the Group maintained profitability and had a continuously steady financial performance.”



Lowered Cost and Improved Efficiency with Reversed Impairment Provision

In the first half of 2022, the Group's **total costs decreased by 32% YoY to HK\$919 million** due to the significant improvement in finance costs and impairment provisions. During the Period, the Group's finance costs decreased by 43% YoY to HK\$211 million as the Group continued to optimize its allocation in asset and liability, effectively control the funding costs while reducing the exposure of relevant high-risk assets, which results from downsizing financing scale. On the other hand, the Group's **impairment provision reversed to HK\$2.7 million** during the Period, due to the strengthening of risk management measures in recent years and the continuous improvement of quality of related assets. The Group believes the costs and expenses during the Period were generally in line with expectation and conducive to the medium to long-term sustainable business development.



Risk Management Bear Fruit during High Intensive Market Challenges

The Group firmly believes that risk management is the core competitive edge of a financial institution and adheres to a robust risk and compliance culture. Through a sound and scientific risk management model and mechanism as well as advanced risk management tools, the Group accurately identifies and effectively manages risks. In the extremely volatile market environment during the Period, the Group insisted on strategic determination and decisively implemented efficient risk management measures. In response to high-

risk events such as the rising interest rates of US Treasury bonds and the defaults by mainland real estate corporates, the Group conducted dynamic risk hedging to avoid significant losses. And the Group also continued to reduce the high-risk exposures to offset the impact of market risk and fluctuations in financial asset prices on the balance sheet, with value-at-risk and various risk sensitivity indicators declining significantly in the first half of the year.

On the other hand, the Group strategically scaled up the proportion of client-driven business, improving the structure of balance sheet and the overall risk-adjusted return. During the Period, the Group **maintained “BBB+” and “Baa2” long-term issuer ratings respectively from global credit rating agencies S&P and Moody’s**, both with the “Stable” outlook, staying in a leading position among the Chinese peers in Hong Kong.

In the future, the Group will continue to promote a low-risk client-demand business model, vigorously develop wealth management, corporate financing, cross-border financial products and other businesses, and comprehensively enhance its comprehensive financial service capabilities. Meanwhile, the Group will reduce its own market risk on a scale, consolidate balance sheet structure and improve risk-adjusted return on investment for shareholders.

Seizing Great Strategic Opportunities such as the Greater Bay Area

In the first half of the year, the cross-border investment and financing market was on the ascendant. The Group seized the opportunities to strengthen the in-depth integration of resources between domestic and overseas in five directions including institutional trading, corporate finance, wealth management, research services and asset management, and launched various cross-border trading products under different asset classes to meet clients' needs. The cross-border business enabled the Group to provide innovative financial products, tools and services for overseas and domestic investors to meet their respective needs of “investing in the Mainland China” and “investing overseas”, laying a solid foundation for the high-quality development of over-the-counter derivatives business.

During the Period, the Group also implemented the national construction and development strategies of Guangdong-Hong Kong-Macau Greater Bay Area (“Greater Bay Area”) and “One Belt, One Road”. At the end of June, China Securities Regulatory Commission officially issued a no objection reply on the establishment of the Group's Macau subsidiary, implying that the Group will take a critical step in improving the layout of the Greater Bay Area. In the meantime, the Group accelerated the Southeast Asian market layout, with revenue

from subsidiaries in Vietnam and Singapore increasing steadily YoY.

Continuously Recognized Brand and Leading Market Value among Securities Firms in Hong Kong Stock Market

During the Period, the Company **received 19 awards** from media and professional organizations such as “Institutional Investor”, Zhitong Caijing, “The Asset”, “Bloomberg Businessweek”, Chinese Asset Management Association of Hong Kong, “Insights and Mandate” and Hong Kong Stock Exchange, representing a 46% YoY increase. Meanwhile, the Company maintained a relatively stable market value and the leading position among listed securities firms in Hong Kong stock market, despite most of the world's major stock markets was under pressure in the first half of the year.

Protected Employees' Safety and Maintained Business Operations during the COVID-19 Pandemic

During the Period, the fifth wave of the COVID-19 pandemic hit Hong Kong. The Group continued to pay close attention to the development of the pandemic, promptly implemented group rotation and the "minimum-scale office model", and strongly encouraged eligible employees to get vaccinated. As of 30 June, **the overall vaccination rate of employees reached 98%**, effectively building an immune barrier. At the same time, the Group distributed masks and Rapid Antigen Test kits to employees to reduce the infection rate effectively. And the Group also continued to strengthen the online customer service capabilities to ensure efficient operation of customer service and sustained business development during the outbreak.

- End -

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About GTJAI

Guotai Junan International ("GTJAI", Stock Code: 1788.HK) is the market leader and first mover for internationalization of Chinese Securities Company as well as the first Chinese securities broker listed on the Main Board of The Hong Kong Stock Exchange through initial public offering. It has also been included in FTSE4Good Index by London Stock Exchange of the United Kingdom. Based in Hong Kong, GTJAI provides diversified integrated financial services. Core business includes seven categories of brokerage, corporate finance, asset management, loans and financing, financial products, market making and investments, which cover three dimensions including individual finance (wealth management), institutional finance (institutional investor services and corporate finance service) and investment management. GTJAI has been assigned "Baa2" and "BBB+" long term issuer rating from Moody and Standard & Poor respectively. The controlling shareholder, **Guotai Junan Securities Company Limited (Stock Code: 601211.SH; 2611.HK)**, is the comprehensive financial provider with a long-term, sustainable and overall leading position in the Chinese securities industry. For more information about GTJAI, please visit <https://www.gtjai.com>