



Guotai Junan International Announces 2019 Annual Results

**Total Revenue Reaches New Peak despite the market condition,
Total Dividends Increase by 27% YoY¹**

(20 March 2020, Hong Kong) **Guotai Junan International Holdings Limited** (“**Guotai Junan International**”, “**the Group**” or “**the Company**”, Stock code: 1788.HK) today announced its annual results for the year ended 31 December 2019 (the “**Year**”). Benefitting from good performance in debt capital markets, equity capital markets, brokerage, asset management, fixed income market making and investment, during the Year, the Group recorded a total revenue of HKD4,246 million approximately, achieved the historic high and increased by 40% YOY¹. The profit attributable to shareholders amounted to HKD895 million, representing a YOY¹ growth of approximately 12%.

The Board recommended that the payout ratio rise to 57% with an annual dividend of HKD0.062 per share (Final Dividend of HKD0.02 per share), where total dividends increased by 27% YOY¹ during the Year.

Income Statement	2019	2018	YOY ¹
Fee and commission	(HK\$'000)	(HK\$'000)	
- Brokerage	531,233	454,962	17%
- Corporate finance – debt capital market	594,446	483,303	23%
- Corporate finance – equity capital market	136,326	78,219	74%
- Corporate finance – Consultancy and financial advisory fees	78,275	33,448	134%
- Asset management	36,439	16,716	118%
Income from loans and financing	1,134,972	1,307,294	-13%
Gain from financial products, marketing making and investments	1,733,845	651,948	166%
Revenue	4,245,536	3,025,890	40%
Profit attributable to shareholders	895,303	796,835	12%
Total Dividends	513,271	404,723	27%
Dividend Payout Ratio	57%	51%	Up by 6 p.p

ROE (<i>Return on Equity, Attributable</i>)	8%	8%	Same
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Note: 1) Year over Year;

Revenue Structure: Balanced and Diversified

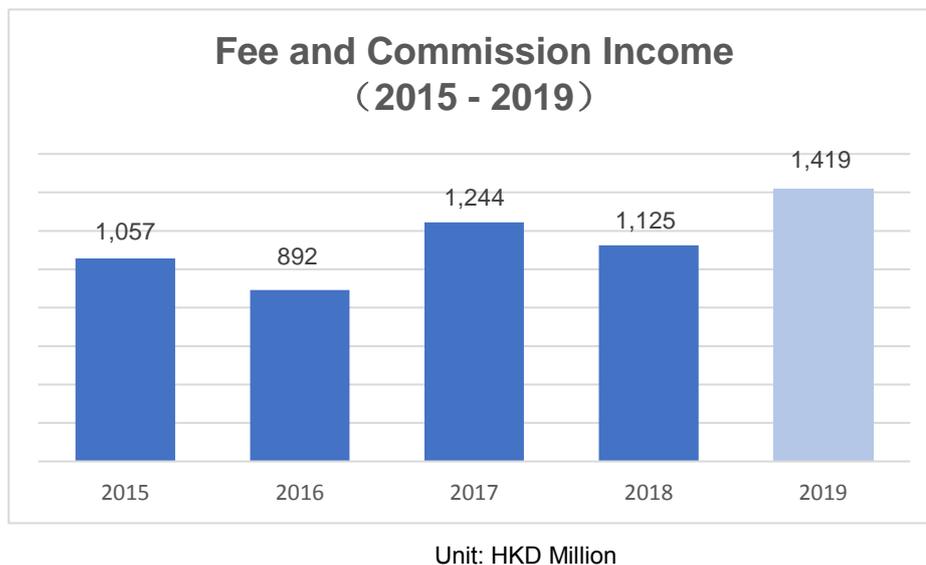
While the Group's total revenue of 2019 reached record high again, the revenue structure has become more balanced. During the Year, the fee and commission income, interest income and investment income accounted for 33%, 36% and 31% of the total revenue, respectively. Among the investment income, the coupon of fixed income accounted for 20% of the total revenue, and trading income recorded by mark-to-market accounted for 11%. The definitions of the above three income categories are listed below:

Revenue Category	Percentage of Revenue (%)	Notes:
Fee and commission	33%	Fees from: 1) Corporate Finance; 2) Brokerage; 3) Asset Management; 4) Financial Products.
Interest	36%	Interest Income from: 1) Retail clients and banks in "Loans and Financing" business; 2) Institutional and high-net-worth clients in "Financial Products" business.
Investments	31%	Investment Income from: 1) Market Making to facilitate debt capital market business; 2) Investments in equity and fixed income securities to facilitate Asset Management and other businesses.

Fee and Commission Income Achieved Record High, Increasing by 26% despite Downward Market

In recent years, the Group has adopted strategic adjustment to improve risk-adjusted return on capital. Although in 2019 the Hong Kong capital market has been affected by Sino-US trade conflict and local social unrest as well as the year-on-year decrease of trading volume and securities financing, the Group's fee and commission income has greatly increased by

26% to HKD1,419 million, achieved a record high. The income of brokerage, corporate finance and asset management have increased by 17%, 36% and 118% YOY, respectively.



Enhanced Risk Management to Deal with the Market Uncertainties

In 2019, Sino-US trade conflict and social unrest in Hong Kong have brought constant impact on the financial markets. Under prudent risk management and information disclosure, the Group increased the provision for financial assets for fiscal year 2019 to better cope with the potential risks in the future in a forward looking perspective.

Expanded Wealth Management Platform, in which Derivatives Warrants Enriched High Net Worth Clients' Portfolios

During the Year, the Group's wealth management platform has continuously attracted high-quality clients, which boosted the securities trading activities and brokerage income increased by 17% YOY to HKD531 million, among which commission fee from securities trading rose by 23% to HKD453 million. In November 2019, the Company became the 3rd Chinese licensed market participant on issuing listed structured products and launched its Derivative Warrants and Callable Bull / Bear Contracts products. The new products provide investment solutions catering to clients with different risk appetites and have received wide recognition from the industry.

Investment Banking Business (“Corporate Finance”) Remained Its Leading Position

During the Year, the Group has maintained its leading role in debt capital markets in Hong Kong, while its underwriting fee has increased to HKD594 million by 23% YOY. Both the number of completed underwriting deals and the amount of raised funds in primary debt securities market achieved record high, with a total of 189 debt issuances (2018: 142), successfully assisting corporates to raise funds of nearly HKD423.3 billion (2018: HKD319.7 billion) in bond market. The Company was ranked 2nd and 4th respectively in the Bloomberg’s Asia (ex-Japan) G3 Currency Corporate High-Yield Bond Underwritten League Table in terms of number of deals and amount underwritten in Chinese US dollar-denominated bond issuance market.

During the Year, the Group’s income arising from the equity capital markets increased significantly by 74% year-on-year to approximately HK\$136 million. The Group explored in major sectors including energy, real estate, property management and finance, completed 8 IPO sponsorship projects and 31 equity underwriting projects in primary and secondary market, assisting corporation raising funds of approximately HK\$44.11 billion in total. According to Dealogic’s data, the Company was ranked 4th in the market in terms of the amount of IPO sponsors deals.

The First Chinese Securities Firm Entered the Vietnam Market

At the end of 2019, the Group completed the strategic investment acquisition of Vietnam Investment Securities Company (“IVS”). In this transaction, the Company subscribed for the new shares of IVS at the price which was close to its net assets and became its substantial shareholder. IVS is a Vietnam-based financial institution listed on the Hanoi Stock Exchange. Its major businesses include securities brokerage, securities research and securities investment advisory, etc. Since December 2019, clients of Guotai Junan International were able to invest in companies listed in Vietnam through the Company’s brokerage service and obtain the timely information in regard of Vietnam market and economy in research reports provided by the Company. The Group considered that the acquisition of IVS would offer the Group’s clients with richer investment choices, and expected to further optimize the Group’s existing business structure, which would help the Company further expand the business in Southeast Asia after its footprints in Hong Kong and Singapore, as well as grasp the growing opportunities arising from the Belt and Road Initiative.

Global Credit Ratings Remained Stable

In 2019, despite the unfavorable factors in the market, the Company has gained continuing recognition from global rating agencies. Standard & Poor's and Moody's respectively reaffirmed the Company's "BBB+" and "Baa2" long-term issuer rating with a stable outlook, which stood out from the peers in Hong Kong. Moody's emphasized in its early-2020 report that the Company had a transparent business model and followed prudent risk control procedures.

Outlook

Since the beginning of 2020, affected by factors including COVID-19 pandemic, economic growth in global market might face various challenges. Nonetheless, in the medium to long term, with the continuous liberation of capital market, the more developed manufacturing sector and the significant breakthroughs in technology industry, Chinese economic growth is still expected with enlarged scale of Chinese corporates' investments and financing as well as emerging demand for wealth management of high-net-worth clients.

While facing difficulties, Guotai Junan International will further strengthen its capabilities in wealth management services and global asset allocations, offering one-stop comprehensive investment and financing solutions. Meanwhile, the Group will adhere to its core objective to increase risk adjusted return on capital and reward the clients and investors for their long-term support with a steady, sustained and high compound growth.

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About Guotai Junan International Holdings Limited

Guotai Junan International is the market leader and first mover for internationalization of Chinese Securities Company. The Company is the first Chinese securities broker to list on the Main Board of The Hong Kong Stock Exchange by way of initial public offering. Based in Hong Kong, the Company provides diversified integrated financial services. The core services include: wealth management, brokerage, investment banking, loans and financing, asset management and financial products.

The Company is one of the constituents of HSCI, Hang Seng Composite LargeCap & MidCap Index, FTSE HK index and FTSE HK ex H share index. Guotai Junan International has been assigned “Baa2 / Prime-2” and “BBB+ / A-2” rating from Moody and Standard & Poor respectively.

The controlling shareholder, Guotai Junan Securities Company Limited (Stock Code: 601211.SS; 2611.HK), is the comprehensive financial provider with a long-term, sustainable and overall leading position in the Chinese securities industry. Backed by strong operational support, the Company will be able to further explore the HK and the Asia-Pacific market, aiming to become an important financial institution with market influence in the region.

For more information about Guotai Junan International: <http://www.gtjai.com>