

Press Release

GTJAI Announced 2022 Results

Remained Profitable for 13 Consecutive Years, Continuously Distributed Cash Dividends since Listing

ESG Rating Upgraded, Passing Through Financial Cycles with Sustainable Development

Macro Environment

In 2022, Hong Kong Capital Markets :

- Hang Seng TECH Index fell by 27% and Hang Seng Index fell by 15% during the Year
- Average daily turnover of Hong Kong stock market decreased by 25% to HK\$124.9 billion
- Total funds raised from initial public offering in the Hong Kong stock market decreased by 68% year-over-year (YoY) to HK\$104.6 billion
- The high yield grade Chinese-issued US dollar-denominated bond index fell by 33%, while investment grade index fell by 10%

Results and Financial Highlights

In 2022, Guotai Junan International (the "Group" or the "Company", stock code: 1788.HK) :

- Profit attributable to shareholders reached HK\$80.38 million with a final special dividend (maintaining profitability and paying dividends for 13 consecutive years)
- Annual DPS reached HK\$0.05 per share (a final special dividend of HK\$0.01 per share)
- In 2021-2022, large-scale compression of high-risk exposure, combined with dynamic risk hedging, the risk indicators have been greatly optimized compared with 2021
- Financing costs fell by 13% YoY to HK\$677 million
- Interest income from financial products increased by 28% YoY to HK\$410 million
- Interest income from banks and others increased significantly by 213% YoY to HK\$390 million
- The fundraising amount of **Green Bond Business** increased by 11% YoY to HK\$78 billion

As of 31 December, 2022, GTJAI:

- Total assets fell by 11% to HK\$94.5 billion, while the leverage ratio decreased to 2.37 times (excluding financial products and cash held on behalf of clients)
- Strategically increased share of client-driven business, financial products held on behalf of clients rose 45% to HK\$45.9 billion
- Cash and cash equivalents increased by 47% to HK\$7,757 million, maintaining healthy financial position
- **MSCI ESG Rating** was BBB (upgraded during the Year) while reaffirmed as Constituent of **FTSE's ESG Index** since 2019
- Credit ratings remained leading position among peers, namely BBB+ by S&P and Baa2 by Moody's with outlook of "stable"

- Market capitalization maintained a leading position among listed Hong Kong securities companies' peers, nominated as "Asia's Most Honored Company" by Institutional Investor Magazine for two consecutive years.

[Hong Kong, March 27, 2023] Guotai Junan International announced its results for the 12 months ended 31 December 2022 (the “Year”). In 2022, facing various unfavorable factors in both the global financial market and the extremely weak Hong Kong stock market, the Company demonstrated its **strong operational resilience and strength**, resolutely implementing efficient risk control measures while effectively managing and responding to the credit and market risks. Meanwhile, the Company vigorously developed client-driven businesses, continuously optimized its balance sheet and financial leverage ratio, and remained profitable under the challenging environment, outperforming its peers by a large margin. During the Year, the Company's **revenue reached HK\$2,315 million, profit attributable to shareholders reached HK\$80.38 million, remaining profitable for 13 consecutive years since its listing.**

During this special time, the Company upheld the spirit of "Overcoming Difficulties Together" (「共度時艱」) and proposed a final special dividend of HK\$0.01 per share. Together with the interim dividend of HK\$0.01 per share and the special dividend of HK\$0.03 per share paid on 26 September 2022, **DPS reached HK\$0.05 per share (payout ratio 594%), paying cash dividends every year since its listing 13 years ago.**

Ms. Qi Haiying, Chief Executive Officer and Executive Director of GTJAI, said, "Being pragmatic and steady has always been the philosophy and operating style of the Company. We continuously improved our risk management measures and strengthened execution, consolidated and enhanced our own risk management and control capabilities, and remained profitable in the challenging market environment, the performance and strength have been witnessed. Going forward, the Company will continue to promote the client-driven business model, vigorously enhance the capabilities of wealth management, corporate finance and financial products, and build comprehensively leading financial services platform. Meanwhile, the Company will continue to strictly manage its own market risks, consolidate its balance sheet, increase the risk-adjusted return on investment for shareholders and **create long-term and stable returns for our shareholders and investors.**"

1. Risk Management Made Contributions in Challenging Markets

The Group firmly believes that risk management is the core competitiveness of a financial institution. It pursues a robust risk and compliance culture to accurately identify and effectively manages risks through a sound and scientific risk management model and system and advanced risk management tools. During the Year, the Group maintained its strong strategic determination in the highly volatile financial market environment and resolutely implemented effective risk management measures. In response to high-risk events such as rising interest rates of US treasury bonds and default of mainland real estate corporate bonds, the Group prospectively compressed

high risk exposure while adopting precise dynamic risk hedging measures. The impact of market risk and financial asset price fluctuations on the balance sheet was mitigated, and the value-at-risk and various risk sensitivity indicators were improved significantly. On the other hand, the Group strategically increased the proportion of client-driven business and improved the Group's balance sheet structure and overall risk-adjusted return rate. During the Year, the Group maintained a long-term issuer rating of "BBB+" by S&P and "Baa2" by Moody's, the international credit rating agencies, with the outlook being "stable", staying in a leading position among its peers in Hong Kong.

2. Effective Cost Control during the Interest-rate Hike Cycle, as Financing Costs and Impairment Provisions Decreased YoY

During the Year, total cost decreased by 15% YoY to HK\$2,293 million, mainly due to the decrease in financing costs and impairment provisions. Facing the severe fluctuations in the global financial market, the Group recorded a net impairment provision of HK\$154 million during the Year, a decrease of 30% YoY. At the same time, the Group's financing cost decreased by 13% YoY to HK\$677 million despite the unfavorable conditions of the sharp rise in global interest rates. The Group believes that the cost and expense levels during the Year were generally in line with expectations and conducive to the sustainable development of the business in the medium to long-term.

3. ESG Rating was Upgraded, with Leading Corporate Governance among Global Peers

During the Year, Morgan Stanley Capital International ("MSCI"), an international authoritative index institution, upgraded the Company's ESG rating to "BBB", which was at the leading level of securities companies in Hong Kong. According to MSCI, the Company is ahead of its global peers in terms of corporate governance and business ethics policies. As ESG-themed investment has become an important investment strategy in the global financial market, ESG rating has become an important basis for the international market to measure the investment value of listed companies. This rating upgrade is a high recognition and full affirmation of the Group's ESG management achievements by international authoritative institutions and the global capital market. On the other hand, the Group's underwriting business of green and sustainable bonds also continued to grow. During the Year, the total fund-raising amount of green bonds increased by 11% YoY to HK\$78 billion.

4. Active Implementing Major National Strategies, the Group Established its Macau Subsidiary

During the Year, the Group implemented the national Guangdong-Hong Kong-Macau Greater Bay Area and the "One Belt, One Road" construction and development strategy. At the end of June 2022, the China Securities Regulatory Commission officially issued a no-objection reply letter for the establishment of the Company's Macau subsidiary, marking a key step for the Group to improve its footprint in the Guangdong-Hong Kong-Macau Greater Bay Area. The Macau subsidiary is expected to be established and put into operation in 2023.

5. The Market Capitalization was Leading among Listed Hong Kong Securities Firms, while the "Guotai Junan" Brand Was Highly Recognized

Although the performance of major global stock markets was under pressure in 2022, the Company's market capitalization maintained a leading position among Hong Kong securities companies listed on the Hong Kong Stock Exchange. During the Year, the Company received 45 awards from "Institutional Investor", "Zhitongcaijing.com" ("智通财经"), "The Asset", "Bloomberg Businessweek", "Insights and Mandate", Chinese Asset Management Association of Hong Kong and Hong Kong Stock Exchange Limited, etc., increased by 32% YoY to a historical high, among which the Company received the "Most Respected Company" award from Institutional Investor magazine for the second consecutive year, demonstrating the recognition of the Company by the world's leading financial media and magazines.

Facing the future complex external environment, the Group will continue to strengthen its core competitiveness with excellent risk management capabilities, accelerate digital transformation, actively deploy fin-tech applications, and enhance the capabilities of various businesses. On one hand, the Group will seize the development opportunities of the "One Belt, One Road" and the Guangdong-Hong Kong-Macao Greater Bay Area, promote the business model driven by client's demands, vigorously enhance the capabilities of wealth management, corporate finance, and financial products. On the other hand, the Group will give full play to the company's overseas advantages, including services such as overseas asset allocation and cross-border wealth management, while the Group will also strengthen the family office's client base, and strive to create a customized service model to continuously improve client satisfaction, and serve client's wealth management needs throughout the life cycle, and ultimately achieve quality and sustainable development of the Group.

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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 comprehensive, diversified and high-quality integrated financial services. Core business includes brokerage, corporate finance, asset management, loans and finance, financial products, 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 <http://www.gtjai.com>