

Press Release

GTJAI Announced 2023 Interim Results

Revenue Rose Against the Market Trend, Remained Profitable since Listing

Results Highlights

In 1H 2023 ("the Period"), Guotai Junan International (the "Group" or the "Company", stock code: 1788.HK):

- Revenue increased by **28%** year-on-year ("YoY") to HK\$1,543 million, with net profit attributable to ordinary shareholders reaching HK\$ 119 million.
- The interim dividend is HK\$ 0.01 per share, with a dividend payout ratio of approx. 80%.

By Business Segment:

- Wealth management segment income **increased by 59% YoY** to HK\$ 893 million.
- Investment management segment **showed a turn from loss to gain YoY**, with a gain of HK\$35 million.

By Income Nature:

- Interest income from financial products **increased by 76% YoY** to HK\$ 349 million.
- Underwriting commission income from equity capital market **increased by 89% YoY** to HK\$ 33.17 million.
- Interest income from banks and others **increased significantly by 575% YoY** to HK\$ 522 million.

As of 30 June 2023, GTJAI:

- Total assets **rose by 9%** to HK\$ 102.8 billion.
- The asset balance of financial products held on behalf of clients **increased by 9%** to HK\$ 50.3 billion during the Period, as client demand-driven business is thriving.
- The asset balance of financial assets held for trading **decreased by 29%** to HK\$ 8.2 billion the Period, as market risk exposure declines continuously.
- Cash and cash equivalents **surged by 54%** to HK\$ 12 billion. The financial condition is strong, and liquidity is abundant.

Business Highlights

- One of the first batch overseas participants of "Swap Connect" and one of the first batch qualified market makers under the "HKD-RMB Dual Counter Model".
- Maintained industry-leading credit ratings, BBB+ by S&P and Baa2 by Moody's with outlook of "stable"
- Total greenhouse gas emissions **declined for 3 consecutive years**, achieved **carbon neutrality** at operational level for the first time by subscribing carbon credit assets
- MSCI ESG rating of **BBB**, leading among Hong Kong securities companies
- S&P ESG score upgraded, outperforming 82% of global peers
- Continuously being selected as constituent of **FTSE4Good Index** since 2019

[Hong Kong, August 25, 2023] Guotai Junan International ("GTJAI", "the Group" or "the Company", stock code: 1788.HK) announced its 2023 interim results for the 6 months ended 30 June 2023 ("the Period"). Despite the challenging market and operating environment, the Group rigorously controlled various risks while actively seized market opportunities, achieving a 28% increase in revenue to HK\$1,543 million during the Period. Profit attributable to ordinary shareholders of the Company amounted to HK\$119 million (1H2022: HK\$161 million), sustaining **consecutive profitability since its listing in 2010**. Given the solid financial and operating results, the Company continues to **maintain a high dividend payout ratio to reward long-term recognition and support from investors**. The Board has declared an interim dividend of HK\$0.01 per share, representing a **payout ratio of approximately 80%**.

Ms Qi Haiying, Chief Executive Officer and Executive Director of GTJAI, said: "Amidst volatile capital markets and high financing costs in the first half of 2023, we achieved remarkable results from our diversified business strategies while stringently controlling risks. Businesses such as financial products driven by client demand and equity capital market underwriting performed outstandingly. Meanwhile, the Company became one of the first batch qualified participants of "Swap Connect" and "HKD-RMB Dual Counter Model", enabling us to provide more diversified products and services to clients. In the future, the Company will continue to deeply explore institutional clients' asset allocation needs, striving to provide diverse products and trading services with market competitiveness. At the same time, leveraging our extensive range of overseas products and innovative technologies, we will provide robust and pragmatic financial products and tools to facilitate integration between the Mainland China and Hong Kong capital markets, efficiently serving clients' full lifecycle wealth management needs."

1. Each Core Business Closely Followed the Market with Innovation, Continuously Became the "First Batch" in the Industry

Facing the high interest rate environment during the Period, the Group closely followed market developments and continuously enriched its products and services based on client demand, which not only achieved rapid growth in terms of the scale of cross-border financial products for institutional clients, diversified wealth management business products, but also successively obtained the "first batch" qualification of the industry among the highly competitive market. During the Period, the Group

has become one of the first batch overseas qualified participants of “Swap Connect” (the “Swap Connect”) and has successfully traded relevant products since the first day of the launch of the Swap Connect. In addition, the Group has become one of the first batch qualified market makers under the “HKD-RMB Dual Counter Model” (the “Dual Counter Model”) for Hong Kong stocks, and has started to provide high-quality market making services to institutional clients since the first day of the launch of the Dual Counter Model. The Group has also provided clients with brokerage services under the Dual Counter Model, and launched competitive products with competitive financing rates, which effectively expanding clients’ investment channels in the offshore RMB market.

2. Enhancing Digital Financial Services and Promoting Technology Platformization

During the Period, the Group continued enhancing its digital financial services comprehensively, empowering business development with innovative technologies, facilitating efficient development of wealth management, institutional investors, asset management and other businesses. To actively promote digital transformation and significantly improve client experience and the speed and convenience of the transactions, the Group has officially launched a new generation of mobile trading application namely “Junhong Global”, which is another milestone of the Group’s digital financial services. On the other hand, through innovative technologies such as artificial intelligence technology, cloud technology and micro service architecture, the Group has built unified platforms such as the platforms for big data, mobile services, intelligent customer services, automated operations, security monitoring centre to provide more secure, stable, scalable and flexible technical support for businesses.

3. Strictly Monitored and Flexibly Utilized Funds to Effectively Control Financing Costs

During the Period, total costs of the Group increased by 38% YoY to HK\$1,435 million, mainly due to the significant rise in financing costs resulting from the rising interest rates globally. Hong Kong Interbank Offered Rate (based on 1-month maturity) surged substantially by 12.58 times YoY to approximately 3.52% during the Period (1H2022: approximately 0.26%), while the average London Interbank Offered Rate (based on 1-month maturity) also rose markedly by 6.94 times YoY to 4.86% during the Period (1H2022: approximately 0.61%). However, the Group strictly monitored and flexibly used funds, actively optimized the debt structure, enhanced financing efficiency and strengthened

funds management. The financing costs only increased by 1.16 times YoY.

4. Achieved "Carbon Neutrality" at Operational Level for the First Time, with the Company's ESG Ratings Upgraded Again by International Institution

Data showed that total greenhouse gas emissions from the Group's operations have declined for three consecutive years. On this basis, in June, the Group successfully offset the greenhouse gas emissions generated from its operations in 2022 through subscribing to certified carbon credit assets of Verified Carbon Standard forestry project in the Mainland China, achieving operational carbon neutrality for the first time. At the same time, following the ESG rating upgrade by MSCI last year, Standard & Poor's raised the Group's ESG scores in early April, leading 82% of global industry peers. In terms of policy making, the Group has incorporated the considerations of ESG risk factors into its latest credit risk policy at the end of June so as to control and manage ESG risks at the business level more efficiently.

In the second half of the year, guided by "Three Three-Years in Three Steps", the development strategy of its parent company, Guotai Junan Securities Co., Ltd., the Group will continue to leverage on its sound risk management capabilities, accelerate digital transformation, actively deploy fintech technology applications and seize the opportunities arising from the development of "One Belt, One Road" and the Guangdong-Hong Kong-Macao Greater Bay Area to achieve high-quality and sustainable development.

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For the full announcement, please visit:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0825/2023082500313.pdf>

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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 financing, 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>