



國泰君安國際
GUOTAI JUNAN INTERNATIONAL

2016 Interim Results Presentation

Key Deliveries

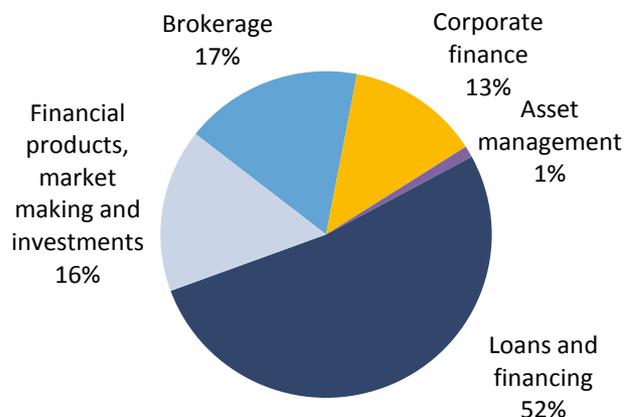
- Revenue slightly dropped by 0.4% to HK\$1,210.9 million y-o-y, net profit dropped by 10% to HK\$541.2 million
- Proposed interim dividend at HK0.03 per share, dividend payout ratio at 38%
- Corporate finance revenue increased by 21%, benefited from the strong performance of debt capital market activities and corporate finance advisory services
- Margin finance income increased by 26%: average margin loan balance increased by 22% y-o-y
- Income from structural financial products increased by 975%.
- Income from market making services increased by 235%
- Raised US\$300 million through the issue of perpetual capital securities, equity position strengthened
- S&P assigned “BBB/A-2” credit ratings, Outlook Stable

Financial Highlights

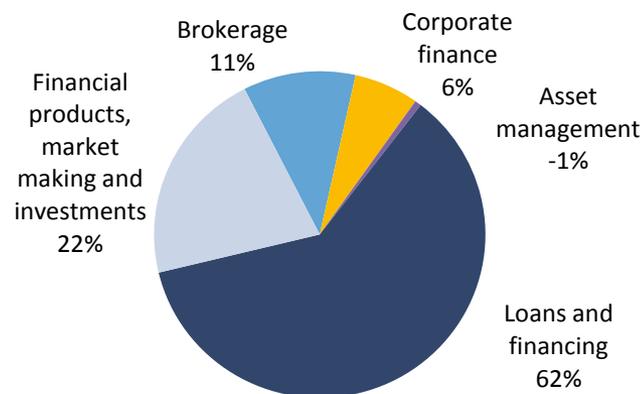
Financial Highlights

	1H 2016 (HKD'000)	1H 2015 (HKD'000)	YoY Change	2H 2015 (HKD'000)	HoH Change
Fee and commission income					
Brokerage	211,132	436,421	-51.6%	283,524	-25.5%
Corporate finance	157,105	129,724	21.1%	151,723	3.5%
Asset management	13,756	34,584	-60.2%	18,508	-25.7%
Income from loans and financing	633,137	512,819	23.5%	563,199	12.4%
Income from financial products, market making and investments	195,771	102,761	90.5%	43,345	351.7%
Revenue	1,210,901	1,216,309	-0.4%	1,060,299	14.2%
Profit for the period	541,180	602,564	-10.2%	412,869	31.1%
Profit attributable to ordinary shareholders of the Company	536,704	600,537	-10.6%	413,004	30.0%

Revenue mix

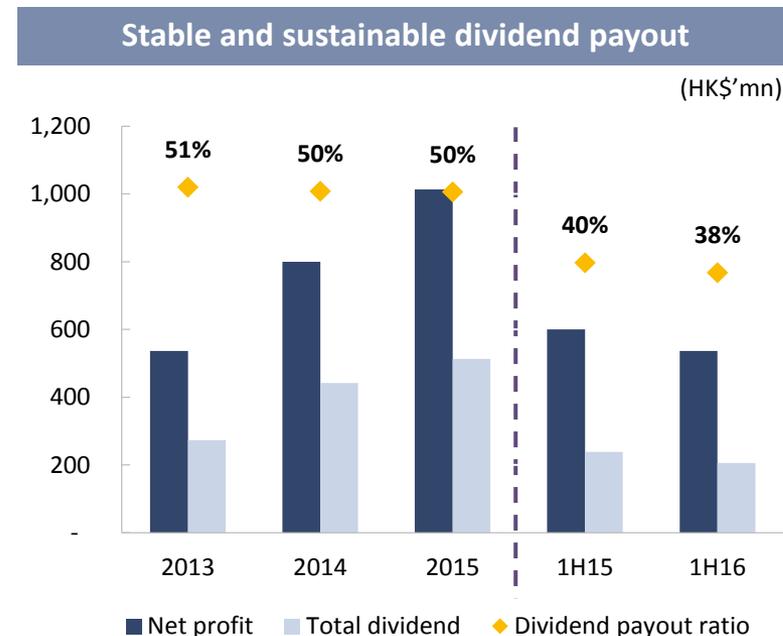
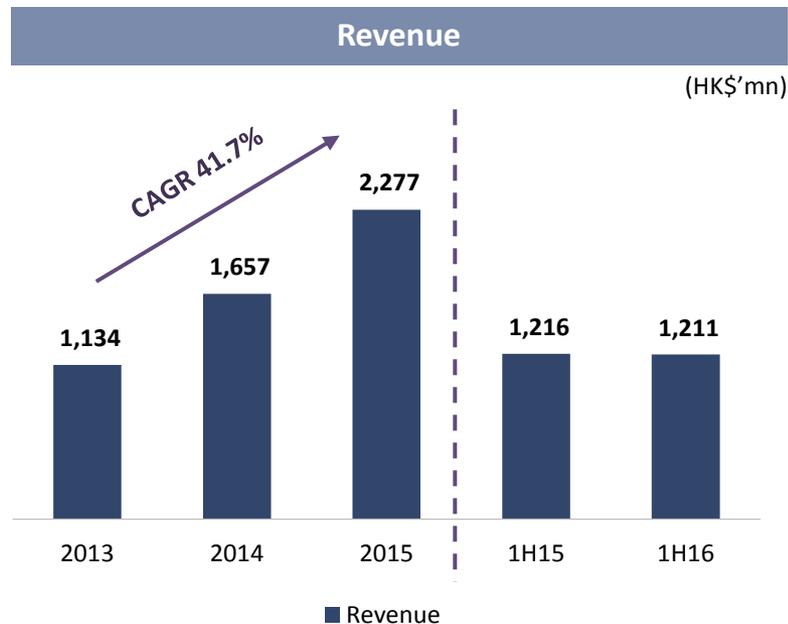


Profit mix



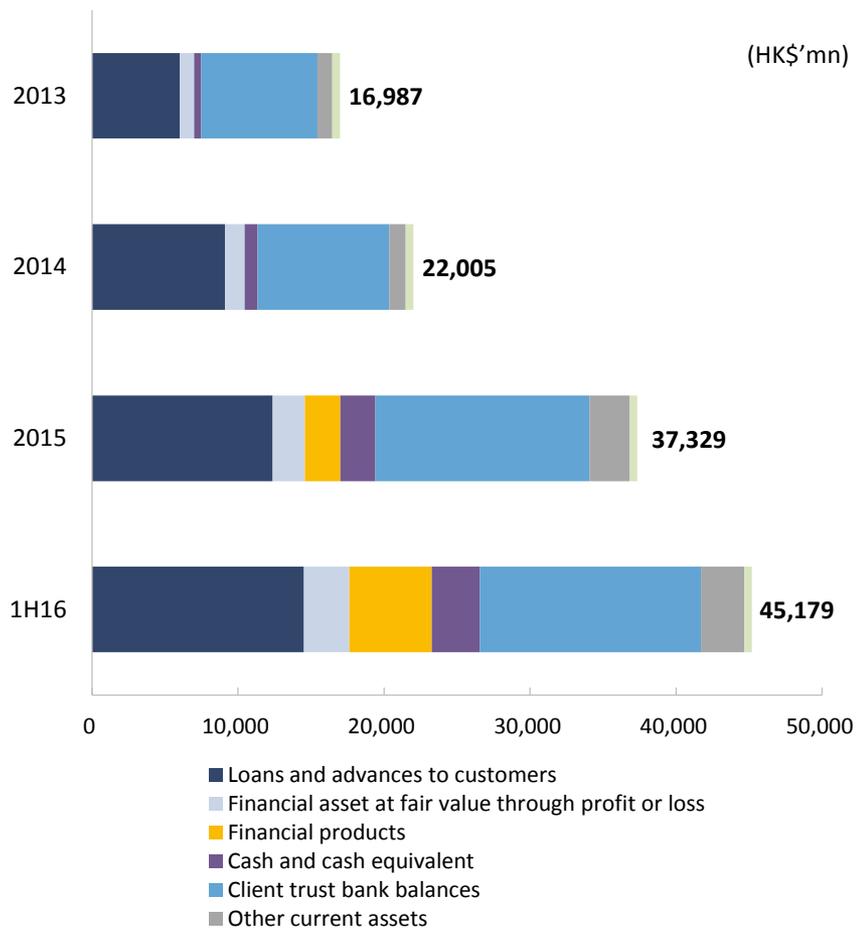
Financial Highlights

	1H 2016	1H 2015	YoY Change
Basic earnings per share (HK cents)	7.81	8.84	-11.7%
Interim dividend per share (HK cents)	3.0	3.5	-14.3%
Dividend payout ratio	38.4%	39.6%	-3.0%
Debt to equity ratio	1.05	1.72	-39.0%
Leverage ratio	2.90	3.01	-3.7%
Cost to income ratio	47.2%	42.9%	10.0%

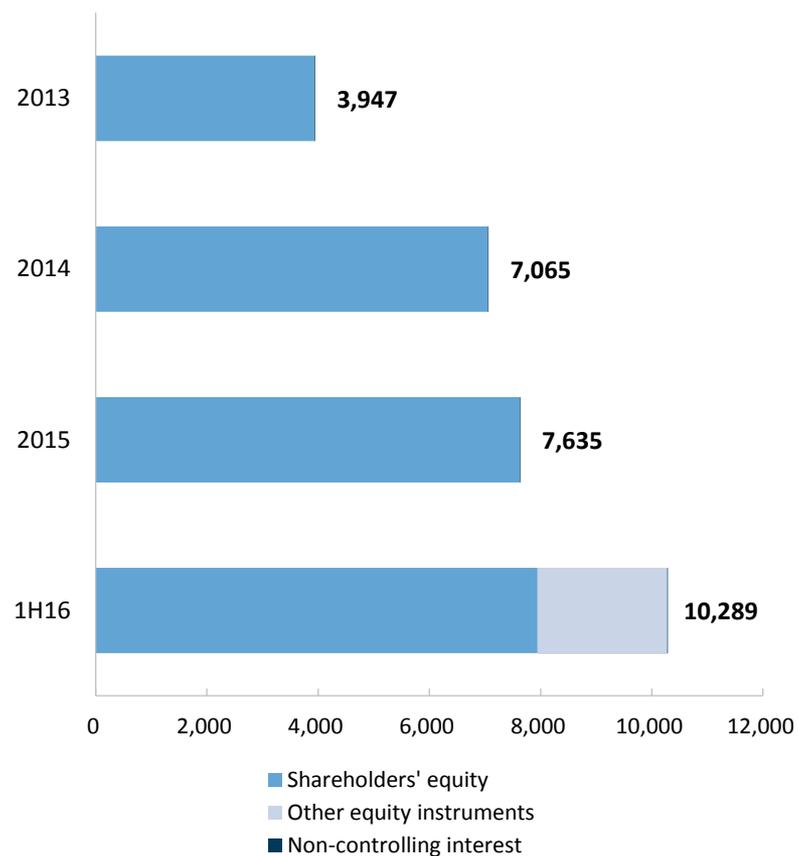


Assets and Equity

Investing in quality assets



Enlarging equity base to support the asset growth



Balance Sheet Extracts

	30 June 2016 (HKD'000)	31 December 2015 (HKD'000)
Loans and advances to customers	14,514,369	12,375,857
Reverse repurchase agreements	167,210	509,695
Accounts receivable	2,556,941	1,932,079
Cash and cash equivalents	3,290,883	2,408,666
Client trust bank balances	15,147,120	14,662,991
Financial assets	8,752,034	4,506,947
Derivative financial instruments	65,932	24,952
Other current assets	175,141	267,499
Non-current assets	509,388	640,749
Total assets	45,179,018	37,329,435
Accounts payable	16,786,349	18,218,312
Bank loans	10,479,278	7,855,662
MTN in issue	276,470	429,040
Structrural notes issued for financial products	3,574,072	1,929,048
Derivative financial instruments	121,245	29,766
Other financial liabilities	2,663,760	505,340
Repurchase agreements	648,194	400,517
Other current liabilities	311,895	304,224
Non current liabilities	29,085	22,269
Net assets	10,288,670	7,635,257
Other equity instrument and non-controlling interest	2,345,871	11,693
Ordinary shareholders' equity	7,942,799	7,623,564

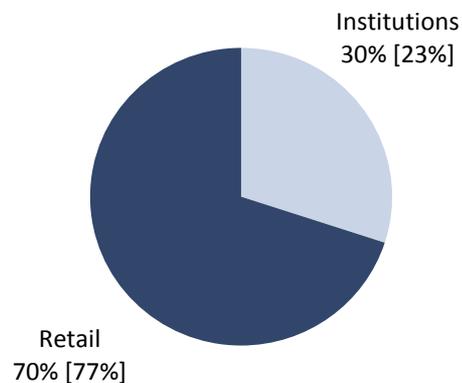
Business Review

Brokerage Business

	1H 2016 (HKD'000)	1H 2015 (HKD'000)	YoY Change
Securities	160,336	392,198	-59.1%
Futures and options	27,374	22,493	21.7%
Handling income	16,951	16,720	1.4%
Leveraged foreign exchange	1,355	1,192	13.7%
Insurance	5,116	3,818	34.0%
Brokerage income	211,132	436,421	-51.6%

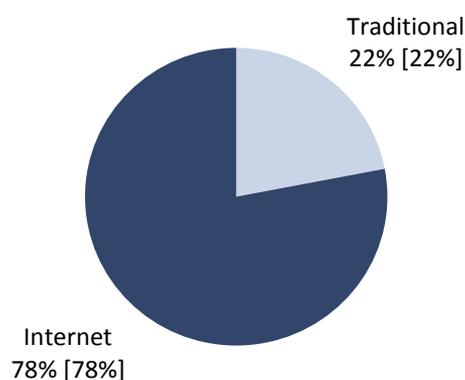
Client structure

By commission income



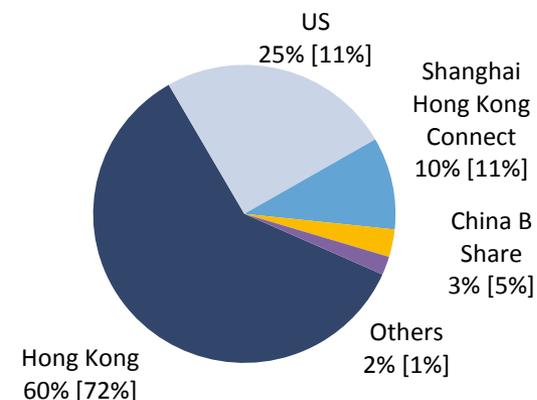
Internet vs traditional trading

By commission income



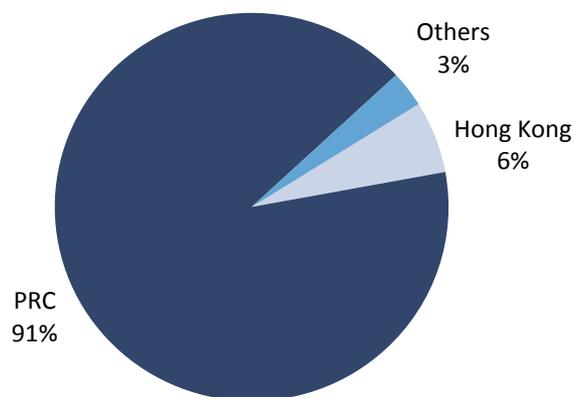
Market breakdown

By commission income



Customer Analysis

Brokerage clients by domicile



Client accounts information

- 127,000 client accounts
- 27,000 active accounts
- 6,300 new accounts

Client monies under our custody

- HK\$15.1 billion (December 2015: HK\$14.7 billion)
- Increased by 2.7%

Client stocks under our custody

- HK\$141.5 billion (December 2015: HK\$147.4 billion)
- Decreased by 4.0%



- Total clients' assets under custody decreased by 3.4% to HK\$156.6 billion (December 2015: HK\$162.1 billion)

Corporate Finance and Advisory Services

	1H 2016 (HKD'000)	1H 2015 (HKD'000)	YoY Change
Placing, underwriting and sub-writing commission			
Debt securities	66,220	34,312	93.0%
Equity securities	43,958	58,809	-25.3%
Consultancy and financial advisory fee	46,927	36,603	28.2%
Corporate finance income	157,105	129,724	21.1%

- Book-runner for 16 debt issues
- Sponsor for 1 IPO
- Book-runner for 5 IPOs and sub-underwriter for 1 IPO
- Participation in 5 secondary market placements
- 29 compliance advisory roles and 12 financial advisory assignments

Asset Management Business

	1H 2016 (HKD'000)	1H 2015 (HKD'000)	YoY Change
Management fee	13,756	23,800	-42.2%
Performance fee	-	10,784	-100.0%
Asset management income	13,756	34,584	-60.2%

Loans and Financing Business

	1H 2016 (HKD'000)	1H 2015 (HKD'000)	YoY Change
Margin loans	553,877	438,147	26.4%
Term loans	27,347	17,205	58.9%
Securities borrowing and lending	10,616	16,698	-36.4%
IPO loans	74	4,869	-98.5%
Reverse repurchase agreements	360	-	N/A
Banks and others	40,863	35,900	13.8%
Income from loans and financing	633,137	512,819	23.5%

	30-6-2016 (HKD'000)	31-12-2015 (HKD'000)	Change
Outstanding margin loans	13,279,000	11,963,214	11.0%
Loan to collateral ratio	26.8%	21.6%	24.1%
Average margin loan balances	13,003,127	10,945,058	18.8%
Bad debt provisions on margin loans	-	173	-100%
Outstanding term loans	1,236,299	413,573	198.9%

Financial Products, Market Making and Investments

	1H 2016 (HKD'000)	1H 2015 (HKD'000)	YoY Change
Gain on structured financial products	62,051	5,773	974.8%
Income from market making services	107,419	32,111	234.5%
Gain on investments	26,301	64,877	-59.5%
Income from financial products, market making and investments	195,771	102,761	90.5%

- The Group structures financial products according to clients' investment needs and risk appetite by issuing structured notes or entering into derivative contracts. Adopting a back-to-back business approach, the Group holds the corresponding underlying assets for non-leverage products, or hedged the exposure with other counterparties for leveraged products. The Group does not expose to any market risks.
- The Group provides market making services on fixed income and ETF markets.
- From time to time, the Group makes investments for the purposes of enhancing corporate finance and institutional businesses.

Q & A

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- The financial information relating to the year ended 31 December 2015 that is included in this presentation as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:
 - The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.
 - The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.