



2019 Annual Results Presentation

March 2020

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The financial information relating to 12 months ended by 31 Dec 2019 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.

Key Deliverables

- Revenue increased by 40% to HKD4,246 million while profit attributable to shareholders increased by 12% to HKD895 million. ROE reached to 8% approximately.
- Total dividends increased by 27% with Payout Ratio of 57%. Annual dividends of HKD0.062¹ per share (with final dividend of HKD0.02).
- Income from corporate finance increased by 36% to HKD809 million.
 - Income from Debt Capital Markets (DCM) increased by 23% to HKD594 million.
 - Income from Equity Capital Markets (ECM) along with consultancy and advisory increased by 92% to HKD215 million.
- Income from brokerage increase by 17% YoY to approximately HK\$531 million.
 - The AUM of wealth management increased steadily, reaching over HKD19 billion by the end of 2019.
 - Became the 3rd licensed Chinese issuer for derivative warrants and CBBC (callable bull/bear contracts) products in Hong Kong.
- Income from financial products, market making and investments increased by 166% to HKD1,734 million, due to rally of Chinese-issued USD bond market.
- Completed the acquisition of the Vietnamese financial services company IVS and became the 1st Chinese securities firm to enter the market to enrich clients' investment portfolios.
- S&P rated 'BBB+' with 'stable' outlook, Moody's rated 'Baa2' with 'stable' outlook.

Market Review



HKEX ADT decreased by **-19%**

In 2019, the average daily turnover was HK\$87.2 billion, decreasing by 19% YoY. According to HKEX, the turnover in January was HK\$103.9 billion, recorded a YoY increase of 18% and an increase of 37% to December which was HK\$75.8 billion.

Equity raising decreased by **-17%**

For IPO, with the increase in numbers of large-scale listed companies in industries such as the new economy, the total amount of Hong Kong IPO fundraising in 2019 reached HK\$312.9 billion, representing a YoY growth of approximately 9%. On the other hand, the total fundraising amount of Hong Kong stock market decreased 17% year-on-year to 452 billion due to the lower market sentiment.

Financial Review

Financials Dividend Revenue Mix Revenue Breakdown Balance Sheet Liquidity

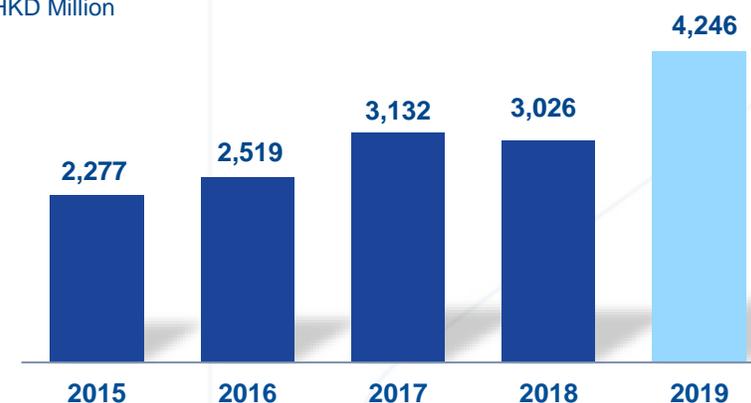


Income Statement	2019	2018	YoY ¹
Fee and Commission income	(HKD'000)	(HKD'000)	
- Brokerage	531,233	454,962	17%
- Corporate Finance	809,047	594,970	36%
- <i>Debt Capital Market</i>	594,446	483,303	23%
- <i>Equity Capital Market</i>	136,326	78,219	74%
- <i>Consultancy and Advisory</i>	78,275	33,448	134%
- Asset Management	36,439	16,716	118%
Loans and Financing	1,134,972	1,307,294	-13%
Financial products, market making & Investments	1,733,845	651,948 ²	166%
Revenue	4,245,536	3,025,890 ²	40%
Profit attributable to shareholders	895,303	796,835	12%

Financial Ratio	31 Dec 2019	31 Dec 2018	Change ¹
Net asset per share (Attributable) ³	1.471	1.416	4% up
Leverage ratio ⁴	7.5	6.5 ⁵	1.0 up
Leverage ratio excluding Financial Products' position on behalf of clients	4.0	3.6 ⁵	0.4 up
ROE ⁵	8%	8%	Same
ROE excluding impairment	16%	11%	5 p.p. up

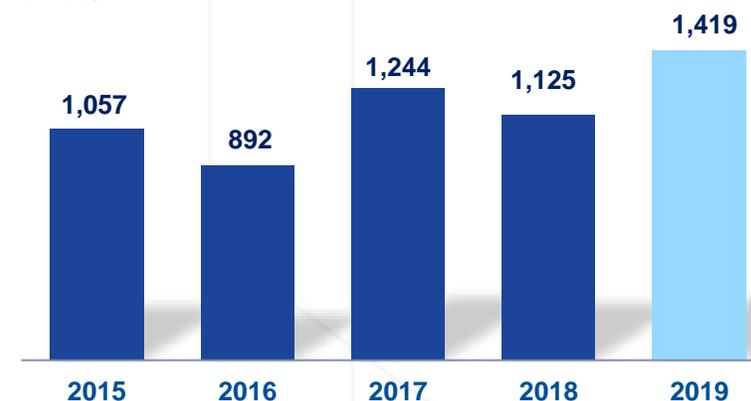
Revenue achieved historical high

HKD Million

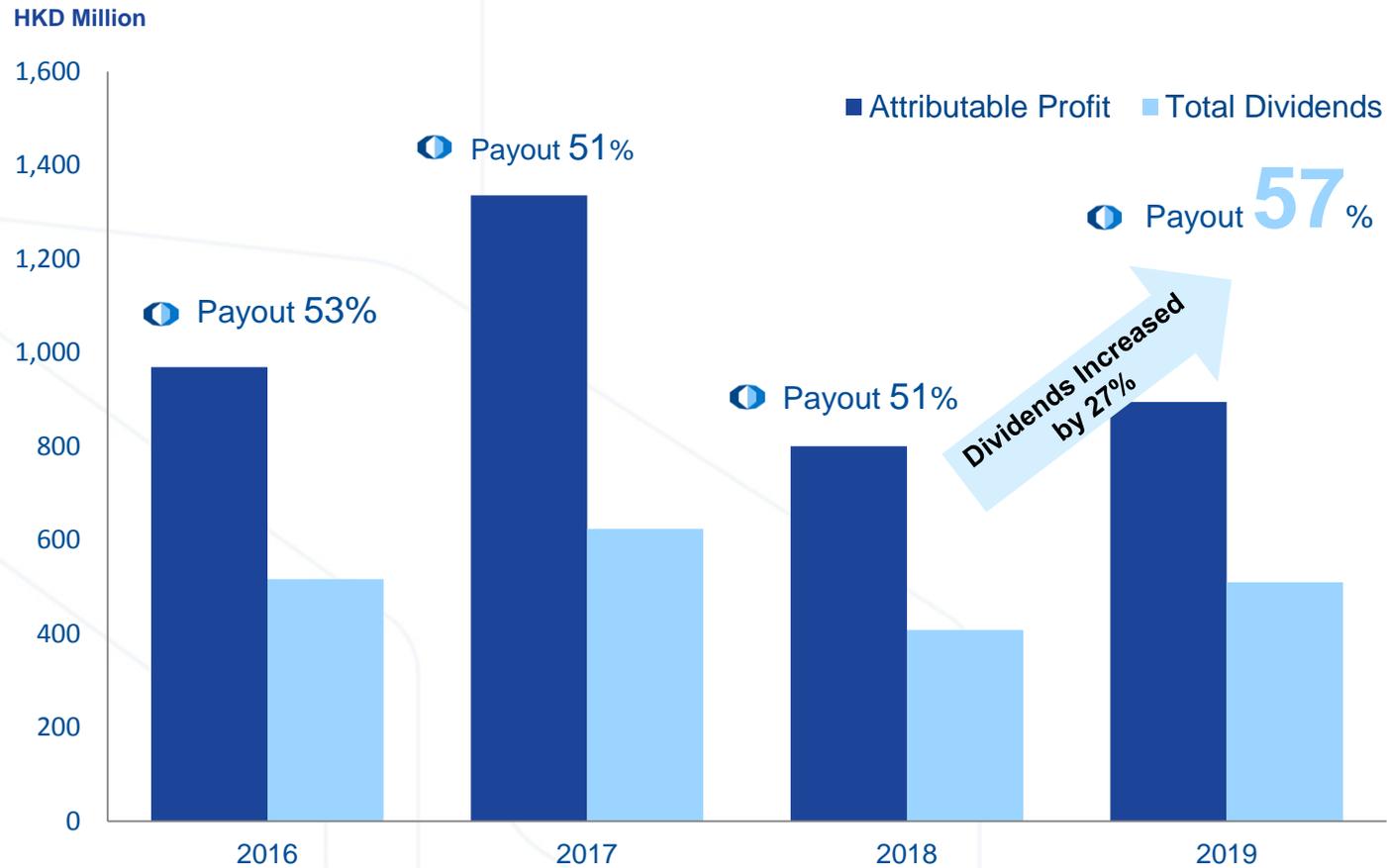


Fee and commission achieved historical high

HKD Million



Notes: 1. Rounded figures 2. Restated 3. Calculation based on shares issued at 31 Dec 2019 – shares held under share award scheme 4. Leverage ratio= (total assets - accounts payable to clients) / total equity 5. ROE= profit attributable to shareholders / net asset attribute to shareholders



Included in FTSE4Good Index



In Feb 2020, Guotai Junan International was included in FTSE4Good Index by global index provider FTSE Russell, owned by the London Stock Exchange. The index is reviewed in June and December every year.

The FTSE4Good Index Series first launched in 2001, is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The Index is a market-leading tool for investors seeking to invest in companies that demonstrate good sustainability practices. It also supports and guides investors that wish to encourage positive change in corporate behavior and align their portfolios with their ESG values.

The Company is one of the constituents of:

1. Hang Seng Composite Index
2. Hang Seng Composite LargeCap & MidCap Index
3. FTSE HK index
4. FTSE HK ex H share index
5. FTSE4Good Index Series



Fee and Commission 33%



From corporate finance, brokerage, asset management and fee income from financial products business. Total income increased by 26% to HKD 1,419 million, representing historical high.

Interest Income 36%



Interest Income in "Loans and Financing" from retail clients and banks
Interest Income in "Financial Products" from institutional and high net worth clients

Investment Income 31%



Purpose: 1) **Market Making** to facilitate Debt Capital Market (DCM) business, mainly from bonds. 2) **Investments** to facilitate asset management business in a long term, mainly from bonds and equities

Income Nature: Interest income from coupons of debt securities was approximately HK\$841 million, accounted for 20% of the overall revenue, while trading income (recorded by mark-to-market) was approximately HK\$475 million, accounted for 11% of the overall revenue.

Brokerage

(HKD'000)	2019	2018	YOY ¹	2H19	vs.2H18 ²
- Securities	452,531	366,654	23%	200,544	44%
- Futures and options	17,311	28,488	-39%	8,976	-39%
- Handling income	52,688	49,803	6%	25,316	-4%
- Leveraged foreign exchange	2,111	2,359	-11%	1,382	59%
- Insurance	6,592	7,658	-14%	3,348	56%
Total Income	531,233	454,962	17%	239,566	31%

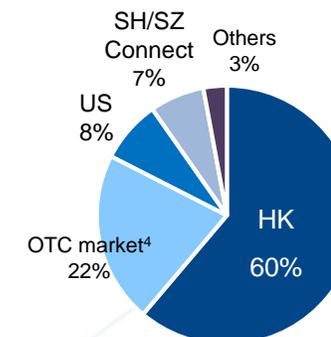
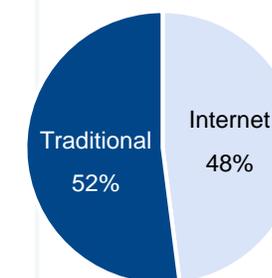
Corporate Finance

(HKD'000)	2019	2018	YOY ¹	2H19	vs.2H18 ²
Placing, Underwriting and Sub-writing Commission					
- Debt Capital Markets	596,446	483,303	23%	269,910	20%
- Equity Capital Markets	136,326	78,219	74%	43,548	137%
Consultancy and Financial Advisory	78,275	33,448	134%	43,030	162%
Total income	809,047	594,970	36%	356,488	37%

Asset Management (Fund Level)

(HKD'000)	2019	2018	YOY ¹	2H19	vs.2H18 ²
Management Fee	47,683	46,286	3%	18,922	-26%
Performance Fee	48,870	2,196	2125%	48,766	6490%
Total Income	96,553	48,482	99%	67,688	158%

Securities commission income³



Loans and Financing

(HKD'000)	2019	2018	YOY ¹	2H19	vs.2H18 ²
Customers and counterparty financing	742,388	1,013,992	-27%	380,113	-7%
Banks and others	392,584	293,302	34%	196,210	9%
Total Income	1,134,971	1,307,294	-13%	576,323	-2%

Financial Products, Market Making and Investments

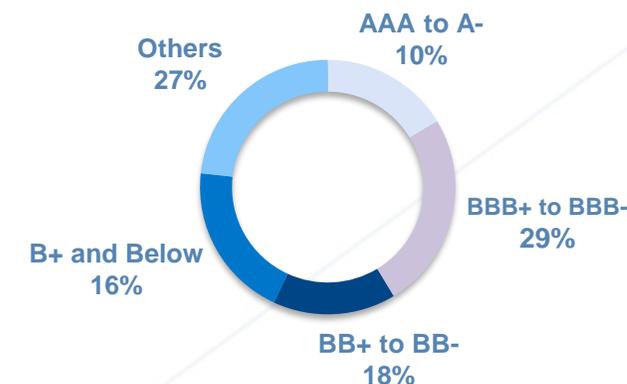
(HK\$'000)	2019	2018	YOY ¹	2H19	vs.2H18 ²
Financial Products	418,447	641,667	-35%	149,995	-41%
Market Making	649,252	52,098 ⁵	1146%	150,913	69%
Investments	666,146	(41,817) ⁵	Turn Profit	382,779	1156%
Total	1,733,845	651,948⁵	166%	683,687	122%

Note: 1. Rounded, as compared with 2018; 2. Rounded, as compared with 2nd half of 2018 ; 3. Breakdown of securities commission under brokerage 4.mainly for Fixed Income 5. Restated

Unit: HK\$ 000	31 Dec 2019	Contribution*	31 Dec 2018	Contribution*
Loans and advances to customers	11,715,902	12.0%	12,275,375	13.9%
Receivable from Reverse repurchase agreement	2,247,913	2.3%	3,109,006	3.5%
Accounts receivable	4,151,021	4.2%	5,347,223	6.1%
Prepayments, deposits and other receivables	269,799	0.3%	322,421	0.4%
Financial products held on behalf of clients	38,110,044	40.0%	32,842,048	37.3%
Financial assets for market making	12,105,625	12.5%	8,459,256	9.6%
Financial assets for asset management and others	8,775,529	9.1%	6,560,165	7.5%
Derivative financial instruments	155,652	0.2%	76,832	0.1%
Tax recoverable	267,552	0.3%	6,131	0.0%
Client trust bank balances	11,181,982	11.4%	14,319,985	16.3%
Cash and cash equivalents	7,217,287	7.4%	4,105,672	4.7%
Other asset	539,851	0.6%	610,177	0.7%
Total Assets	96,738,157	100.0%	88,034,291	100.0%
Accounts payable	14,587,372	16.9%	18,883,841	24.6%
Other Payables and accrued liabilities	584,126	0.7%	537,400	0.7%
Derivative financial Instrument	149,851	0.2%	23,620	0.0%
Bank borrowings	11,201,110	13.0%	9,441,083	12.3%
Debt Securities in Issue	33,499,582	39.9%	25,999,272	33.8%
- At amortized cost	6,684,204	7.7%	6,721,259	8.7%
- Designated as at fair value through P&L	26,815,378	32.2%	19,278,013	25.1%
Financial liabilities at fair value through P&L	6,810,580	7.9%	8,731,117	11.4%
Obligations under Repurchase Agreements	18,199,226	21.1%	13,156,517	17.1%
Tax Payable	245,752	0.3%	67,159	0.1%
Others liabilities	48,771	0.1%	0	0.0%
Total Liabilities	85,326,370	100.0%	76,840,009	100.0%
Ordinary shareholders' equity	11,295,924	99.0%	10,831,931	96.8%
Other equity instruments and non-controlling interest	115,863	1.0%	362,351	3.2%
Total Equity	11,411,787	100.0%	11,194,282	100.0%

Note: Rounded Figures

Credit Rating distributions from fixed income holdings

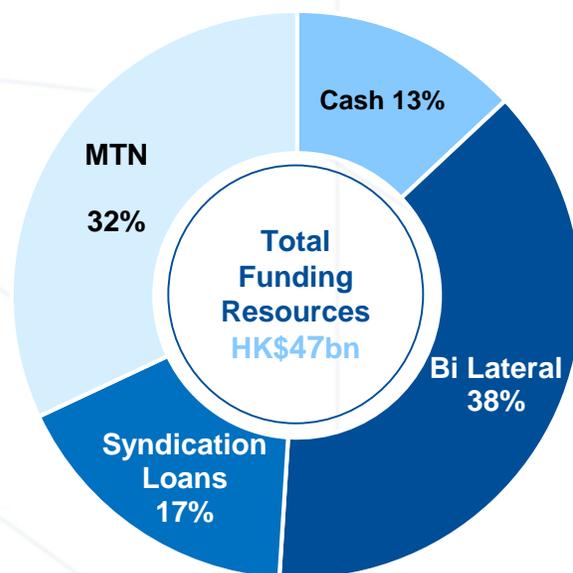


Loan Balance:

- Margin loan structure was improved as proportion of blue chips and debt securities increased;
- Loan to Value ratio (LTV) as 31% with collateral value increased.

	31 Dec 2019	31 Dec 2018	Change ¹
Loan Balance	11,715,902	12,275,375	(5%)
LTV	31.0%	35.1%	(4.1 p.p.)

Funding Sources



As at 31 December 2019

Banking facilities

HK\$m	30 Dec 2019	31 Dec 2018	Change ¹
Total banking facilities	26,217	19,975	31%
Bank loans utilized	11,201	9,441	19%
Available outstanding banking facilities	15,016	10,534	43%
Utilization ratio	43%	47%	(4 p.p.)

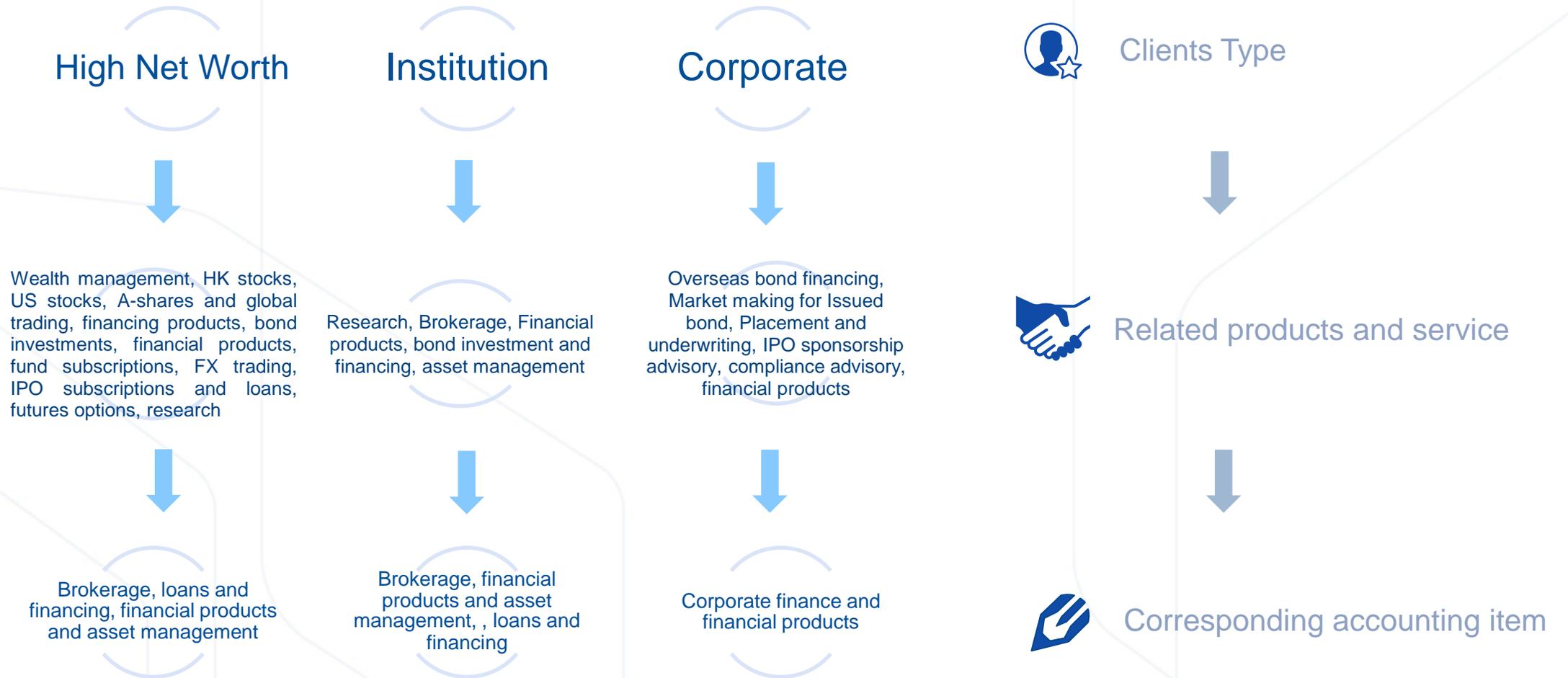
Note: 1. Rounded Figures

Products and Services

Wealth Management Investment Banking Equity Derivatives

Loans and Financing Asset Management

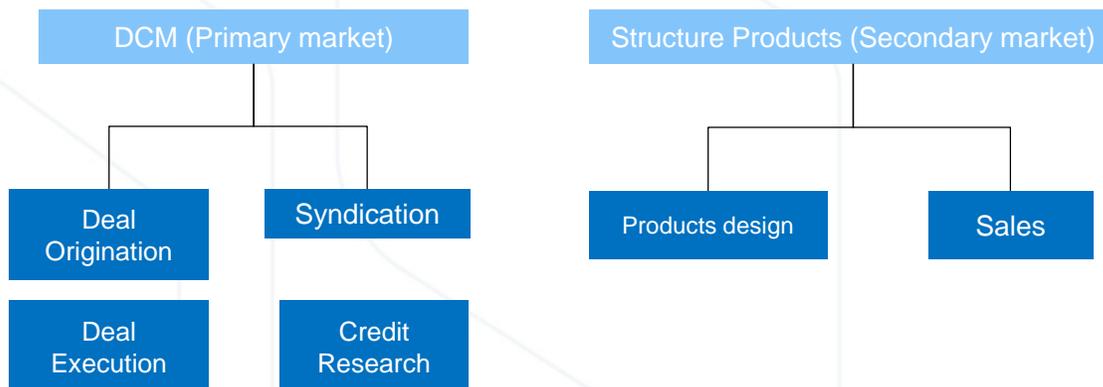






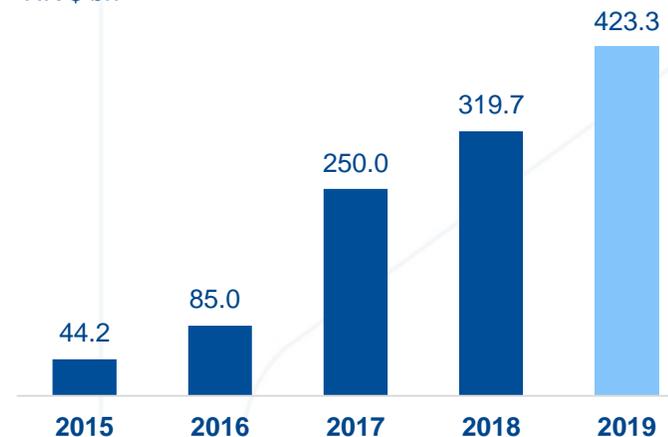
- By the end of December 2019, AUM of wealth management has risen in 2019, reaching over HK\$19.0 billion.
- In November 2019, the Company officially launched derivative warrants and CBBC (callable bull/bear contracts) business and became the 3rd licensed Chinese issuer and 14th overall issuer in Hong Kong.
- In October 2019, the Group completed the acquisition of a Vietnamese financial services company (IVS). Since December, our clients were able to invest in Vietnamese listed companies through the company's brokerage service.
- In April 2019, the Company entered into a strategic cooperation agreement with one of the quality state-owned companies, to provide diversified financial products and services to it and its treasury center based in Hong Kong and to assist it in investment, financing and business development overseas.

- In the year 2019, total fund raised from Asian (ex-Japan) G3 Currency Bond Market increased by approximately 27% year-on-year, reaching US\$338.6 billion. The Group assisted corporate clients in raising nearly HK\$423.3 billion in the bond market during the period, up 32% year-on-year. The income of DCM increased by 23% year-on-year to approximately HK\$594 million.
- Ranked No.2 and No.4 on Bloomberg's Asia (ex-Japan) G3 Corporate High-Yield Bond Underwritten League Table in terms of number and amount underwritten, respectively.
- Since 2012, the team has gradually established its leading position in the debt capital market in Hong Kong. In the past seven years, the group has participated in more than 528 bond issuances, and acted as the global book runner in nearly 70% of the transactions.
- It is expected that the US dollar-denominated bonds market will have challenges in 2020. The Group has the strength to seize the financing cycle of the fixed income market and further expand bond underwriting business. Meanwhile, with the Group's high-net-worth clients paying more attention to the bond market, trading volume of related products is expected to be boosted, and more synergy can be created from the collaboration between DCM and Wealth management business.

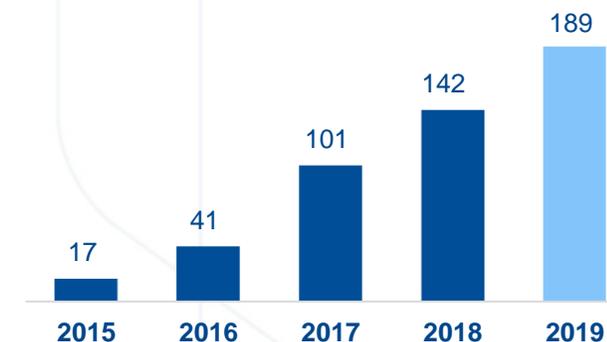


Funds raised

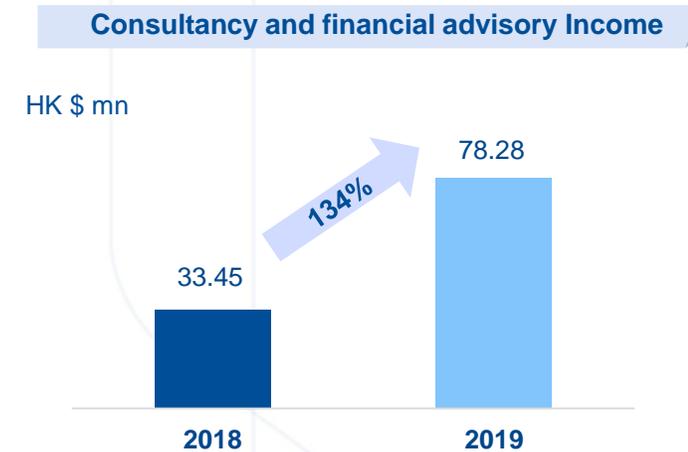
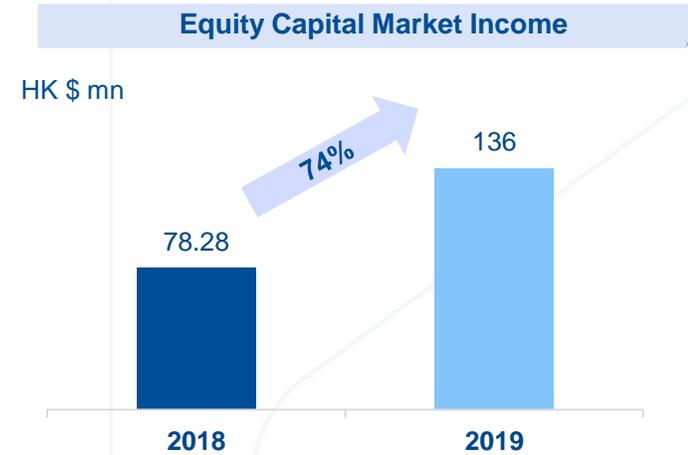
HK \$ bn

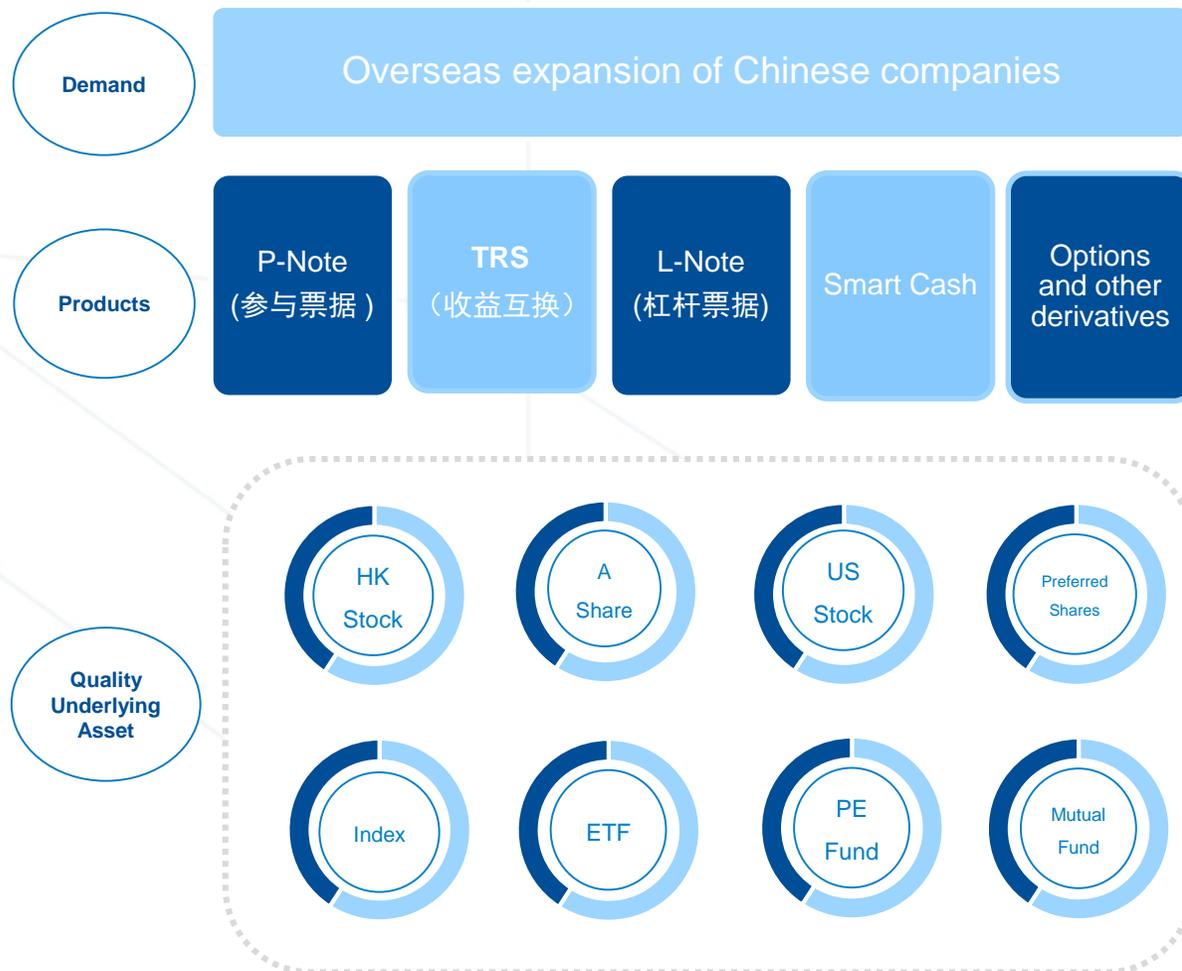


Number of Deals Completed



- During the period under review, the Group's income arising from the equity capital market increased significantly by 74% year-on-year to approximately HK\$136 million. Meanwhile, the income from Consultancy and financial advisory increased by 134% to approximately HK\$78.28 million.
- The Group explored in major sectors including energy, real estate, finance and internet industry, brought new quality clients and projects to the capital market, including China Risun (1907.hk), Aoyuan Healthy Life (3662.hk) and Zhongliang Hldg(2772.hk). Moreover, the Group successfully assisted companies such as China Gas (384.HK) and Guotai Junan Securities (2611.HK) to complete their share placing projects in the secondary market of Hong Kong stock market.
- Our team has completed 8 IPO sponsorship projects and participated in 31 equity underwriting projects in primary and secondary markets, assisting corporation raising funds of approximately HK\$44.11 billion in total.





- The team provides high-quality investment solutions to meet the investment needs of high-net-worth clients, corporate and institutional investors. By investing in structured notes, derivatives or swaps (OTC) across asset classes, clients are able to enjoy the competitive advantage of GTJAI.
- Thanks to leading credit ratings as well as well-established cooperation with major international financial institutions, we continues to refine our product competitiveness so as to enlarge the clients coverage.
- The Smart Cash is well accepted by clients. The product provides investors with an investment method that effectively manages cash in a short period of time, including (1) principal protection, (2) guaranteed investment return (3) daily liquidity

Equity Financing and Securities Lending

- Balance and interest income from margin loans business is adjusted due to the enhanced the risk control for margin financing.
- Enlarged equity financing pool by increasing financing options from securities to strengthen competitiveness.
- Regarding the quality of margin clients' collateral, the proportion of blue chips and Large Cap stocks grew steadily.

Risk Management



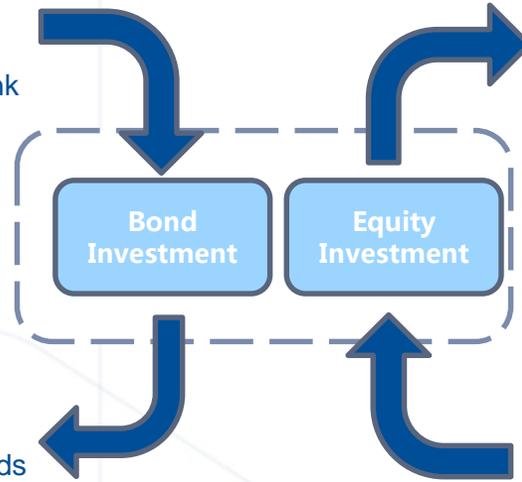
Core Competency

Domestic Investors

- Big four state-owned bank
- Regional banks

Offshore Bond

- Chinese corporate bonds
- Foreign Corporate bonds
- Foreign Government bonds



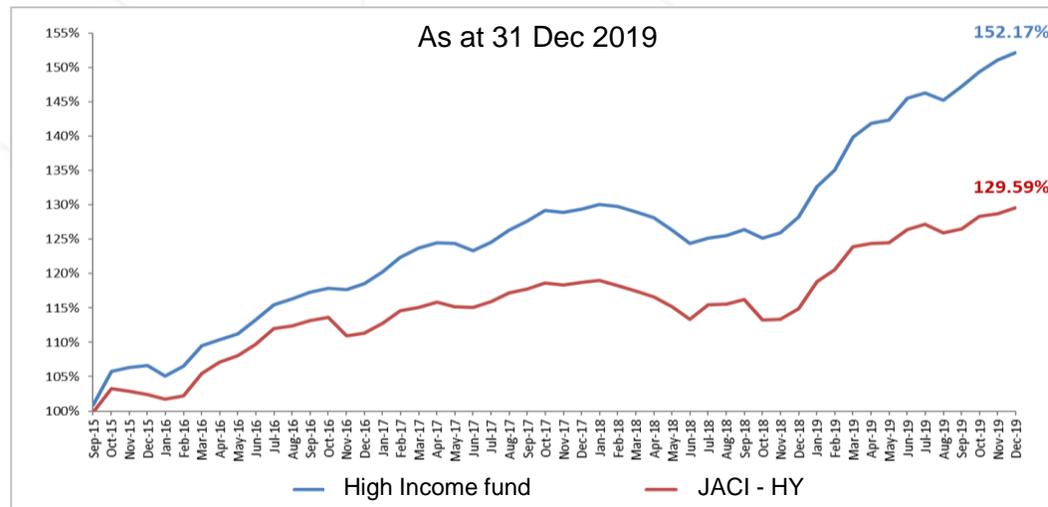
Domestic Stock Market

- Stock Connect
- QFII Program

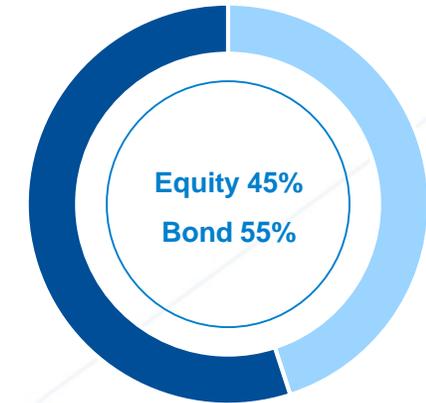
International Investors

- Top American FoF
- Institutional Investors from Japan

Guotai Junan Asia High Income Fund Performance



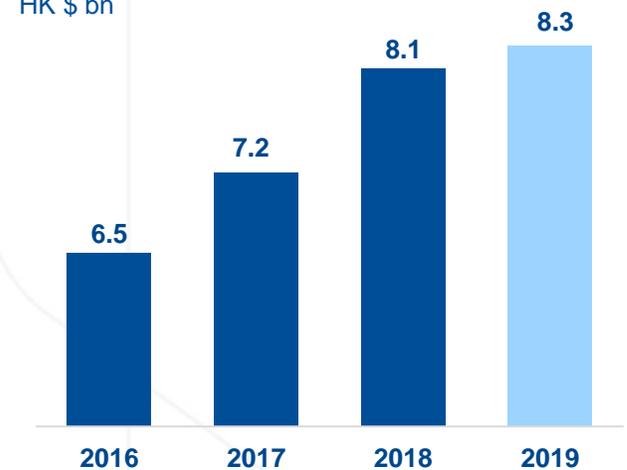
Distribution



■ Equity Fund ■ Bond Fund

Various products and services

HK \$ bn



Review & Prospect

Milestone

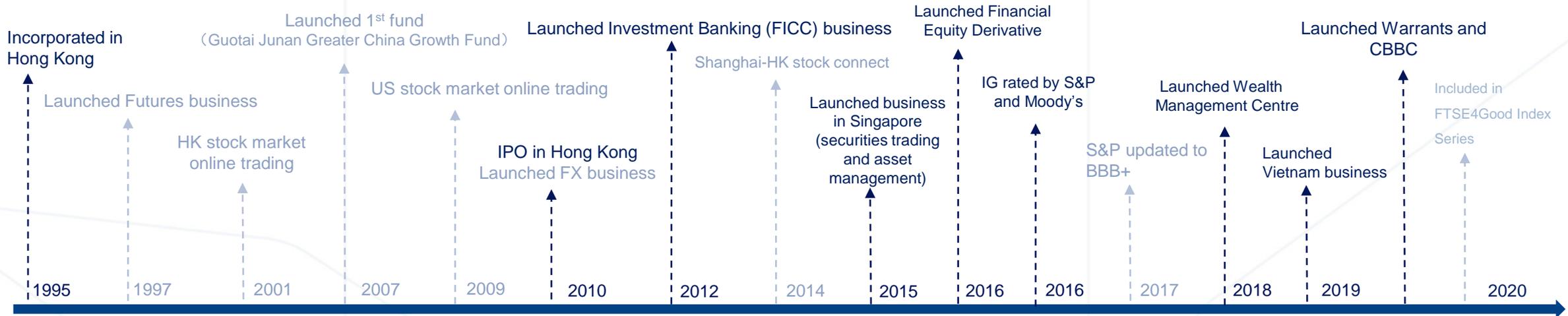
Review & Prospect

2019 Awards & Honors



國泰君安國際
GUOTAI JUNAN INTERNATIONAL

Milestone: Seized the opportunities and increased the attributable net assets by **352** times



Started from Solid Brokerage

- Leading position in online trading for HK and US stock market
- One single account to trade on global stock market

Strong Investment Banking

- Competitive in the China offshore U.S. dollar bonds underwriting and market making
- Cautious risk appetite

Risk Management Creates Value

- Target on risk adjusted return
- Quality balance sheet with healthy leverage ratio to achieve higher ROE

Wealth Management Era

- AUM increased significantly
- High quality clients to trade high quality asset.

1995
Registered capital amount
31.98 million HKD

31 Dec 2019
Attributable Net asset
11.3 billion HKD

1995 2003 2007 2010 2012 2013 2015 2017 2018 2019

2020 and Going forward

Achievements:

- ✓ Combines the brand value of “Guotai Junan” of over 20 years in HK, our experience in cross-border financial services with strong client base to attract high-net-worth clients.
- ✓ Transformed to A unique Chinese investment bank with leading position in debt capital market.
- ✓ Provided competitive financial derivative product business, which is well received.
- ✓ S&P rated “BBB+” with “stable” outlook, Moody’s rated “Baa2” with “stable” outlook – leading credit ratings among Chinese financial institutions in Hong Kong.
- ✓ Continuously optimized finance costs and became an industry leader.
- ✓ Conducted Solid risk management system, implemented Margin Calculation by Stock mechanism to increase asset quality.
- ✓ Expanded in Southeast Asia market to further global development

Prospects:

- More diversified investment products.
- A broader sales network and more specialized investment consultants.
- More comprehensive wealth management platform
- Attract quality clients and invest in quality assets.
- Increase commission and fee based income.
- Further improve the stability of the Group's earnings.
- Provide more attractive returns to shareholders.

Dec 2019 The Asset Country Awards 2019:

1. Best Equity
2. Best FIG Bond

The Asset



Nov 2019 Outstanding Chinese Futures Broker Award

Hong Kong Exchange



- Jun 2019
1. Outstanding Investment Bank
 2. Best Corporate Governance

China Financial Market



Financial Institution Awards 2019:

- Jun 2019
1. Excellence Award in Wealth Management Platform
 2. Excellence Award in Cross-border Financial Service
 3. Outstanding Award in Derivatives Provider of the Year

Bloomberg Businessweek



- Apr 2019
1. Industry Analyst Awards: Transportation & Industrials: No.2 of “Top Stock Pickers” in the Hong Kong and China Region
 2. Industry Analyst Awards: Transportation: No.3 of “Top Earnings Estimator” in the Asia Region
 3. Industry Analyst Awards: Transportation: No.3 of “Top Stock Pickers” in the Asia Region

REFINITIV



Jan 2019 The Most Competitive Wealth Management Institution

Phoenix Net Finance



Dec 2019	Golden Bauhinia Award 2019: Best Investment Value award for Listed Companies	Takungpao	
Dec 2019	The Asset ESG Awards 2019 : Gold Award	The Asset	
Sep 2019	Asia Risk Awards 2019: Hong Kong House of the Year	Asia Risk	
Sep 2019	3 awards in International ARC Awards 2 Gold awards in 2018 Vision Awards	MerComm & LACP	
Jun 2019	The 9th Asia Excellence Award: 1. Asia's Best CEO 2. Best Investor Relations Company	Corporate Governance Asia	
Jun 2019	1. Outstanding Investment Bank 2. Best Corporate Governance	China Financial Market	
May 2019	The best IR team award	Gelonghui	
Jan 2019	The best information disclosure award	RoadShow China	

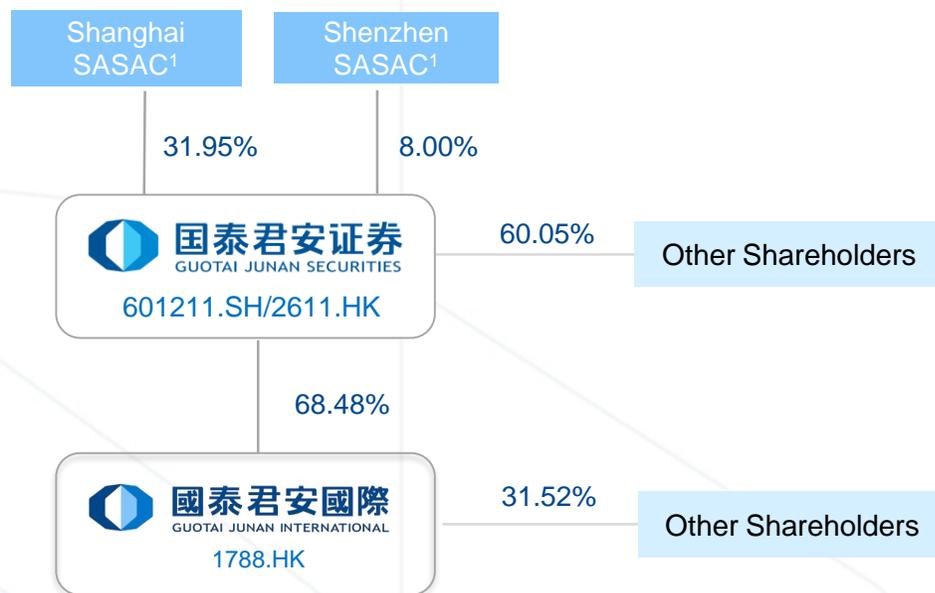
Appendix

Controlling Shareholder

Credit Rating

Risk Management

Shareholders Structure



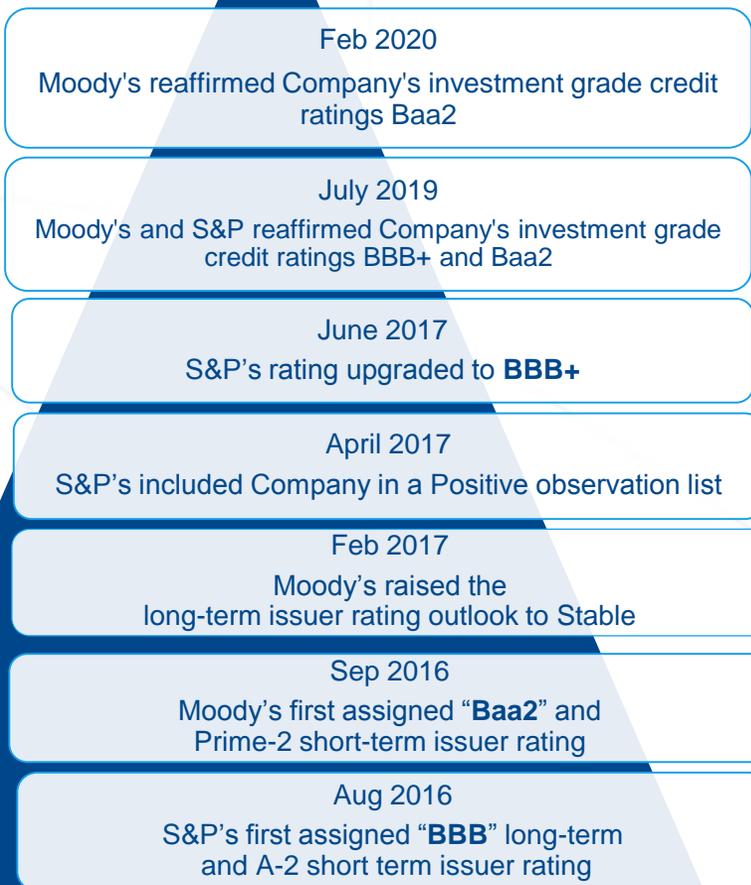
About Guotai Junan Securities (Parent Company)

- 
 GTJA has been a comprehensive financial provider with a long-term, sustainable and overall leading position in the Chinese securities industry.
- 
 According to the statistics of the Securities Industry Association, in the first half of 2019, ranked 3rd in operating income, attributable net profit, total assets, attributable net assets while ranked 2th in net capital of parent.
- 
 Since 2008, GTJA has been rated as A level of AA class for 12 consecutive years by CSRC, which is the highest rating for Chinese securities companies so far.
- 
 Listed in HKEX in 2017 (2611.HK).
- 
 Credit Rating stays close to top notch international level. BBB+ from S&P, Baa1 from Moody's.

1. State-owned Assets Supervision and Administration Commission

2. The position was as at 31 Dec 2019

Milestone of Credit Rating



MOODY'S



MOODY'S

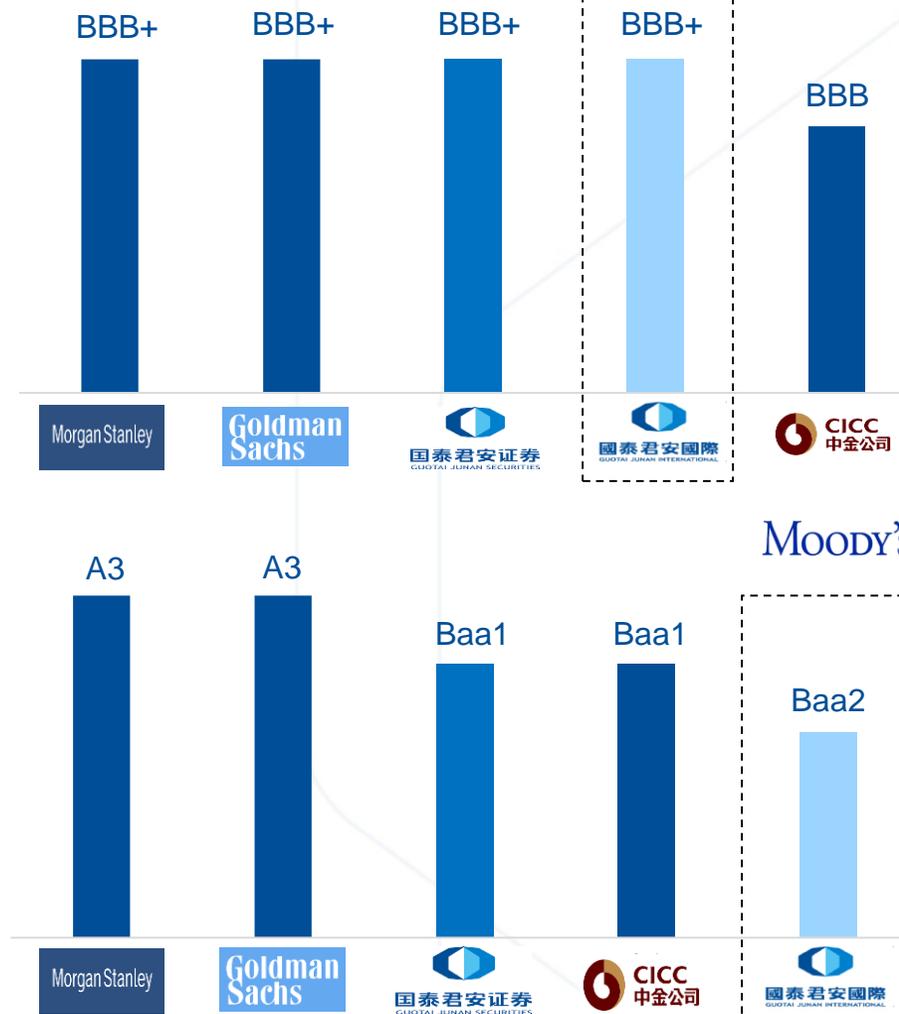


MOODY'S

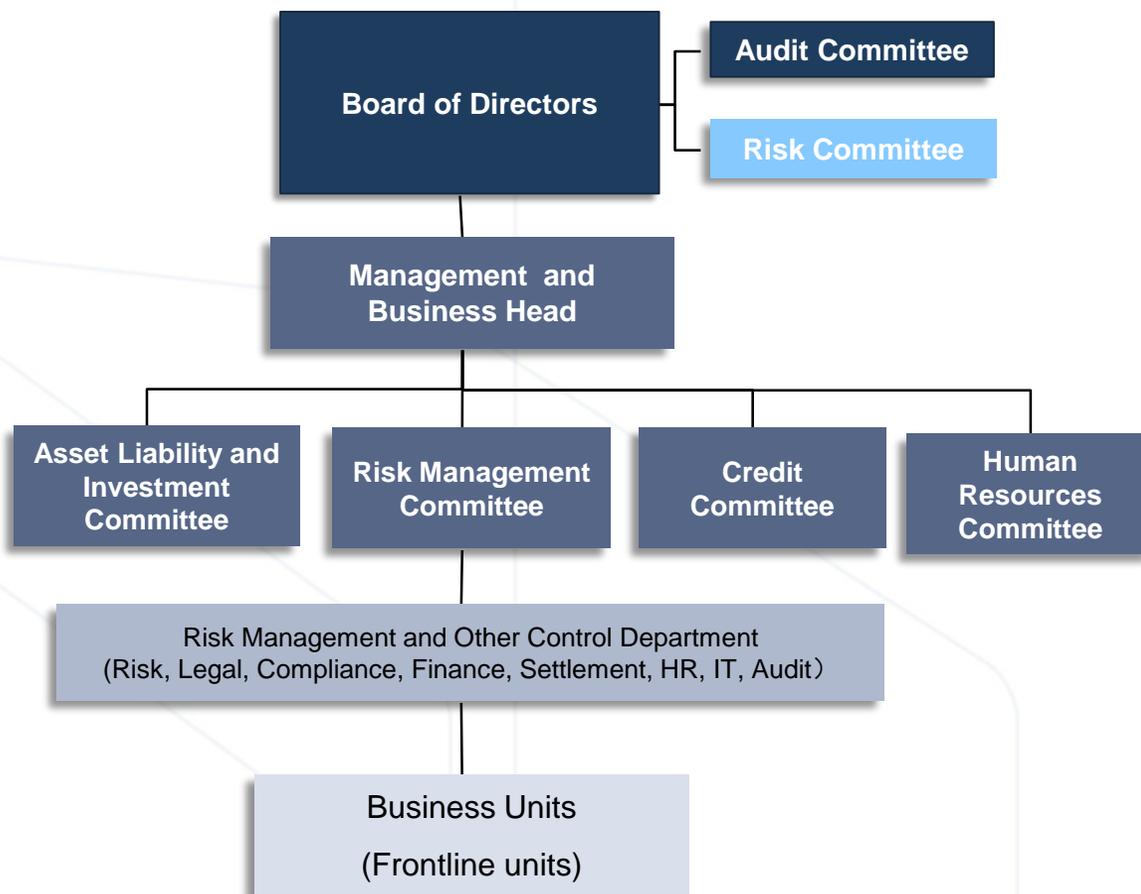
MOODY'S



With peers



MOODY'S



- 
Credit Risk: We manage credit risk to a borrower or counterparty from different business (traditional lending activities, counterparty exposure, issuer exposure and contingent exposure from third party credit enhancement). We control and monitor credit risk through policies and procedures setting, limit setting and monitoring, collateral management and internal rating system.

- 
Market Risk: It is controlled and monitored through an extensive set of limits. There are a number of types of limits: position, loss, notional and other limits that are timely monitored to ensure we operate within the company's risk appetite. Value at Risk is the key measure of market risk at the company.

- 
Operational Risk: It must be managed by all employees as part of our day-to-day activities. Our Risk and Control Self Assessment ("RCSA") and Key Risk Indicator ("KRI") processes are established as primary means to engage everyone in capturing our individual business and aggregate operational risk exposure.

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Liquidity Risk: We manage our liquidity position through lines of businesses and asset liability management activities, as well as through our legal entity funding strategy, on both a forward and current basis. We diversify our sources of funding—short term and long term bank loans, perpetual bonds issuance, rights issue, MTN program etc.

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