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國泰君安國際

GUOTAI JUNAN INTERNATIONAL

GUOTAI JUNAN INTERNATIONAL HOLDINGS LIMITED

國泰君安國際控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1788)

**DISCLOSEABLE TRANSACTION
IN RELATION TO ENTERING INTO AN INVESTMENT AGREEMENT**

The Investment Agreement

On 6 June 2019, the Investor, an indirect wholly-owned subsidiary of the Company, and the Issuer entered into the Investment Agreement, pursuant to which the Investor conditionally agreed to subscribe for and the Issuer conditionally agreed to issue the Preference Shares in the aggregate amount of up to RMB1,380,000,000.

Listing Rules Implications

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transaction under the Investment Agreement are more than 5% but less than 25%, the transaction contemplated under the Investment Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements thereunder.

THE INVESTMENT AGREEMENT

On 6 June 2019, the Investor, an indirect wholly-owned subsidiary of the Company, and the Issuer entered into the Investment Agreement, pursuant to which the Investor conditionally agreed to subscribe for and the Issuer conditionally agreed to issue the Preference Shares in the aggregate amount of up to RMB1,380,000,000.

Principal terms of the Investment Agreement are set out as below:

Subject Matter

Subject to the satisfaction of the Conditions Precedent, the Issuer may, during a period of six (6) months from the date of the Investment Agreement, request the Investor to subscribe for the Preference Shares in an aggregate amount of up to RMB1,380,000,000.

Consideration

The aggregate subscription price of up to RMB1,380,000,000 shall be payable by the Investor to the Issuer by way of cash.

Conditions Precedent

The obligations of the Investor to subscribe for the Preference Shares from the Issuer are subject to the fulfilment (or waiver) of the Conditions Precedent as follows:

- a) the Investor having received all required closing documents under the Investment Agreement;
- b) the shareholder of the Issuer having approved the allotment and issue of the Preference Shares and such approval not having been withdrawn and remaining effective;
- c) the board of directors of the Issuer having approved the allotment and issue of the Preference Shares and such approval not having been withdrawn and remaining effective;
- d) the Investor having been satisfied with the results of the business, financial and legal due diligence of the Issuer and its affiliates;
- e) all the warranties under the Investment Agreement being true, accurate and complete and there is no omission or misleading information;
- f) nothing having happened that may cause any material adverse effect, or untrue, inaccurate or misleading situations;
- g) nothing having happened that may cause the occurrence of a default or the completion of the transaction contemplated under the Investment Agreement would cause the occurrence of a default;
- h) each obligor having performed its obligations and covenants prior to relevant Closing Dates under the Transaction Documents;
- i) no applicable rules or regulations having been issued by any governmental institution which may restrict, prohibit or materially delay the issue of the Preference Shares and no applicable rules or laws or decisions having been issued which may restrict, prohibit or materially affect the continuing operation of any member of the Issuer's group after completion of the transaction contemplated under the Investment Agreement;
- j) all necessary approvals, consents, filings and registrations required for the transactions contemplated under the Investment Agreement having been obtained or completed;
- k) none of the obligors having any situation that is in violation of its debts or ancillary liabilities;

- l) after entering into the Investment agreement, no applicable change of laws in relevant competent jurisdictions that may cause or would foreseeably cause material adverse effect on the Issuer and its affiliates; and
- m) during the period from the date of the Investment Agreement to the relevant Closing Date, nothing having happened that may cause material adverse effect on the business or operation of the Issuer and its affiliates.

The Investor may at its discretion waive any of the Conditions Precedent. The Investor may terminate the Investment Agreement if any of the Conditions Precedent has not been fulfilled or waived before 31 December 2019, subject to any extension as determined by the Investor.

Undertakings of the Issuer's Parent

Pursuant to a deed of shareholder's protection dated 6 June 2019 and entered into between the Investor and the Issuer's Parent, the Issuer's Parent undertakes to the Investor to ensure that the Issuer and other obligors duly perform their obligations under the Transaction Documents. Also, the Issuer's Parent agrees to act as the primary obligor to perform obligations of the Issuer and the other obligor upon failure of them to perform their payment obligation and other obligations under the transaction documents. If the Issuer does not pay dividend to the Investor up to the Dividend Rate (as defined below), the Issuer's Parent also agrees to pay to the Investor any shortfall dividend payments with respect to the Preference Shares.

Put options

On 6 June 2019, each of the Issuer's Parent and the Hong Kong Obligor entered into a put option deed with the Investor (collectively, the "**Put Option Deeds**"), respectively. Pursuant to the Put Option Deeds, each of the Issuer's Parent and the Hong Kong Obligor agrees that, on or after the third anniversary of the issue date of the first tranche of the Preference Shares or upon the occurrence of the events of default and certain other specified events, the Investor may, at its absolute discretion, request either the Issuer's Parent or the Hong Kong Obligor to purchase the Preference Shares in whole or in part and the Issuer's Parent or the Hong Kong Obligor shall do so. If the Issuer does not pay dividend to the Investor up to the Dividend Rate (as defined below), each of the Issuer's Parent and the Hong Kong Obligor agrees to pay to the Investor any shortfall dividend payments with respect to the Preference Shares.

The Preference Shares

The principal terms of the Preference Shares are summarized below:

Maximum number of Preference Shares to be subscribed: 1,380,000,000

Issue price of Preference Shares (the "Issue Price"): RMB 1.00 per Preference Share subject to any adjustment of share split, consolidation or capital reorganization

Voting right: Non-voting

Maximum investment amount:	RMB1,380,000,000
Subscription Period:	The period commences from the date the Investment Agreement and terminates on the date falling on the expiration of six (6) months from the date of the Investment Agreement.
Closing:	The Preference Shares will be issued in not more than five (5) tranches. Each Closing shall take place after the fulfilment or waiver (as the case may be) of all Conditions Precedent.
Dividend:	The distribution of the dividends of the Preference Shares is subject to the discretion of the Issuer and pursuant to applicable laws. The dividend rate is 6.6% per annum of the Issue Price (the “ Dividend Rate ”).
Redemption:	On or after the third anniversary of the issue date of the first tranche of the Preference Shares, the Issuer may at its option redeem the Preference Shares in whole or in part at a sum of the Issue Price, undistributed dividends and the default payment multiplied by the number of the redeemed Preference Shares.
Ranking:	The Preference Shares rank in priority to the ordinary shares of the Issuer as to distribution upon liquidation of the Issuer.
Transferability:	The board of directors of the Issuer shall not reject the registration of any transfer of the Preference Shares.

INFORMATION OF THE GROUP AND THE INVESTOR

The operations of the Group are based in Hong Kong and its services include: (i) securities, futures and leveraged foreign exchange dealing and broking; (ii) corporate finance; (iii) asset management services; (iv) loans and financing; and (v) financial products, market making and investments.

The Investor is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company.

INFORMATION OF THE COUNTERPARTIES

The Issuer is a company incorporated in Hong Kong with limited liability and is principally engaged in investment and financing businesses. It is an indirect wholly-owned subsidiary of the Issuer’s Parent.

The Hong Kong Obligor is a company incorporated Hong Kong with limited liability and is principally engaged in trading business. The Issuer’s Parent indirectly holds the entire ordinary shares of the Hong Kong Obligor.

The Issuer's Parent is a company incorporated in Beijing, the PRC and is a state-owned enterprise. It is principally engaged in cultivating, developing, and utilizing natural resources, travel and tourism, international trading and logistics businesses.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Issuer, the Hong Kong Obligor and the Issuer's Parent and their ultimate beneficial owners is a third party independent of the Company and its connected person.

REASON FOR AND BENEFITS OF ENTERING INTO THE INVESTMENT AGREEMENT

The Investment Agreement is entered into by the Investor in the ordinary and usual course of the business of the Group as provision of financing to the Issuer.

The terms of the Investment Agreement were arrived after arm's length negotiations between the parties, with reference to prevailing commercial practice and the financial position of the counterparties.

The Directors consider that the terms of the Investment Agreement and the transaction contemplated thereunder are fair and reasonable and the entering into the Investment Agreement is in the interest of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transaction under the Investment Agreement are more than 5% but less than 25%, the transaction contemplated under the Investment Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements thereunder.

DEFINITIONS

“Board”	the board of Directors
“Closing ”	closing of the subscription for each tranche of the Preference Shares
“Closing Date”	the date on which a Closing takes place
“Company”	國泰君安國際控股有限公司 Guotai Junan International Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Conditions Precedent”	the conditions precedent for the subscription for the

	Preference Shares in tranches
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Obligor”	a company incorporated in Hong Kong with limited liability, the entire ordinary shares of which are indirectly held by the Issuer’s Parent
“Investment Agreement”	an investment agreement dated 6 June 2019 and entered into between the Investor and the Issuer in relation to the subscription for the Preference Shares
“Investor”	國泰君安金融產品有限公司 Guotai Junan Financial Products Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Issuer”	a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Issuer’s Parent
“Issuer’s Parent”	the parent company of the Issuer, a state-owned enterprise incorporated in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Preference Share(s)”	an aggregate amount of up to 1,380,000,000 redeemable preference shares at issue price of RMB1.00 per preference share (subject to any adjustment of share split, consolidation or capital reorganization) to be issued by the Issuer
“RMB”	the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Transaction Documents”

the Investment Agreement, the articles of association of the Issuer and the terms of the Preference Shares and any other documents relating to the transactions contemplated therein which may be entered into from time to time and designated as such with the agreement of the Investor

“%”

per cent

By Order of the Board
Guotai Junan International Holdings Limited
FENG Zheng Yao Helen
Company Secretary

Hong Kong, 6 June 2019

As at the date of this announcement, the Board comprises four executive directors, being Dr. YIM Fung (Chairman), Mr. WONG Tung Ching, Ms. QI Haiying and Mr. LI Guangjie; two non-executive directors, being Dr. XIE Lebin and Mr. LIU Yiyong; and four independent non-executive directors, being Dr. FU Tingmei, Dr. SONG Ming, Mr. TSANG Yiu Keung and Professor CHAN Ka Keung Ceajer.