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GUOTAI JUNAN INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1788)

PROPOSED RIGHTS ISSUE OF RIGHTS SHARES AT THE SUBSCRIPTION PRICE OF HK\$1.45 EACH ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY THREE EXISTING SHARES HELD ON THE RECORD DATE

Underwriters to the Rights Issue



GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED



PROPOSED RIGHTS ISSUE

The Company proposes to raise a gross proceeds, before expenses, of up to approximately HK\$3,752 million, by way of a rights issue of not less than 1,919,219,266 Rights Shares but not more than 2,587,566,899 Rights Shares to the Qualifying Shareholders on the basis of one (1) Rights Share for every three (3) existing Shares held on the Record Date at a price of HK\$1.45 per Rights Share.

Pursuant to the terms of the Rights Issue, the Qualifying Shareholders will be provisionally allotted one (1) Rights Share in nil-paid form for every three (3) existing Shares held on the Record Date. Fractional entitlements will not be allotted but will be aggregated and sold for the benefit of the Company. The Rights Issue is only available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders.

The estimated net proceeds of the Rights Issue will be approximately HK\$2,780 million (assuming no new Shares are issued (other than the Rights Shares) and no Shares being bought back by the Company on or after the date of this announcement and on or before the Record Date) or HK\$3,749 million (assuming no new Shares are issued other than the exercise of all outstanding and vested Share Options and no Shares being bought back by the Company on or after the date of this announcement and on or before the Record Date), respectively. The Board considers that the Rights Issue represents an opportunity to raise capital for the Group while broadening its Shareholder and capital base.

UNDERWRITING AGREEMENT

On 14 January 2020, the Company and the Underwriters entered into the Underwriting Agreement in respect of the proposed Rights Issue, pursuant to which, (i) GTJA Securities has agreed to underwrite, on a best effort basis, the issue of not more than 54,000,000 Underwritten Shares (assuming no Share being bought back by the Company on or after the date of the Underwriting Agreement and on or before the Record Date); and (ii) China Tonghai Securities has agreed to underwrite the issue of not more than 158,000,000 Underwritten Shares (assuming no Share being bought back by the Company on or after the date of the Underwriting Agreement and on or before the Record Date), provided that to the extent that GTJA Securities has procured subscribers for the Underwritten Shares to be underwritten by it on the terms and subject to the conditions contained thereof, then the maximum number of Underwritten Shares to be underwritten by China Tonghai Securities shall be reduced accordingly. Details of the Underwriting Agreement are set out in the section headed “Underwriting Agreement” in this announcement.

IRREVOCABLE UNDERTAKING FROM GJHL

As at the date of this announcement, GJHL holds a total of 5,283,657,800 Shares, representing approximately 68.48% of the total number of Shares in issue as at the date of this announcement. GJHL has executed the Controlling Shareholder Undertaking, pursuant to which GJHL has irrevocably and unconditionally undertaken to the Company and the Underwriters that it:

- (i) will apply for and pay for the GJHL Committed Shares, being all of the 1,761,219,266 Rights Shares to be provisionally allotted to GJHL pursuant to the Rights Issue, by lodging the duly completed and signed PAL before the Latest Time for Acceptance;
- (ii) will not sell, dispose of or transfer the Shares beneficially held by it, including the 5,283,657,800 Shares currently held by it, during the period from the date of execution of the Controlling Shareholder Undertaking to the Record Date (both dates inclusive); and

(iii) save for the Rights Shares to be provisionally allotted to it, will not apply for any excess Rights Shares.

Save for GJHL, as at the date of this announcement, the Board has not received any information or other undertakings from any Shareholders of their intention to take up or not to take up the securities of the Company to be offered to them under the Rights Issue.

IMPLICATIONS UNDER THE LISTING RULES

As the proposed Rights Issue will not increase the issued share capital or the market capitalization of the Company by more than 50%, the Rights Issue is not subject to the approval of the Shareholders.

The Company will send the Prospectus Documents to the Qualifying Shareholders only. The Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on the Despatch Date. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent permitted under the relevant laws and regulations and reasonably practicable, the Prospectus (without the PAL and EAF) will be despatched to the Non-Qualifying Shareholders and the holders of the Share Options for their information only.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL PAID RIGHTS

The Rights Issue will proceed on a non-fully-underwritten basis. Save for the GJHL Committed Shares and the Underwritten Shares, there is no requirement for a minimum level of subscription. Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level.

Further, the Underwriting Agreement contains provisions granting each of the Underwriters a right to terminate its obligations under the Underwriting Agreement upon the occurrence of certain events. Please refer to the section headed "Underwriting Arrangement" for further details. The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. If this condition is not fulfilled, the Rights Issue will not proceed, in which case a further announcement will be made by the Company at the relevant time.

The Shares are expected to be dealt in on an ex-rights basis from Thursday, 30 January 2020. Dealings in the Nil Paid Rights are expected to take place from Wednesday, 12 February 2020 to Wednesday, 19 February 2020 (both days inclusive) and that dealing in the Shares will take place while the Conditions to which the Underwriters' obligations under the Underwriting Agreement are subject remain unfulfilled. Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the Nil Paid Rights is advised to exercise caution when dealing in the Shares and/or the Nil Paid Rights.

Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the Nil Paid Rights up to the date on which all the conditions to which the Rights Issue is subject are fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

PROPOSED RIGHTS ISSUE

On 14 January 2020, the Company and the Underwriters entered into the Underwriting Agreement in respect of the proposed Rights Issue.

Rights Issue statistics

Basis of the Rights Issue:	One (1) Rights Share for every three (3) existing Shares held by the Qualifying Shareholders on the Record Date
Number of existing Shares in issue as at the date of this announcement:	7,715,673,090 Shares
Minimum number of Rights Shares:	1,919,219,266 Rights Shares (<i>Note 1</i>)
Maximum number of Rights Shares:	2,587,566,899 Rights Shares (<i>Note 2</i>)
Subscription Price:	HK\$1.45 per Rights Share
Minimum number of Shares in issue upon completion of the Rights Issue (<i>Note 1</i>):	9,634,892,356 Shares (<i>Note 1</i>)
Maximum number of Shares in issue upon completion of the Rights Issue (<i>Note 2</i>):	10,350,267,605 Shares (<i>Note 2</i>)
Underwriters to the Rights Issue:	GTJA Securities and China Tonghai Securities

Number of Rights Shares underwritten up to 158,000,000 Rights Shares
by the Underwriters:

Minimum funds raised before expenses: HK\$2,782,867,936 (*Note 1*)

Maximum funds raised before expenses: HK\$3,751,972,004 (*Note 2*)

Notes:

1. Assuming no new Shares are issued (other than the Rights Shares) and no Shares being bought back by the Company on or after the date of this announcement and on or before the Record Date.
2. Assuming no new Shares are issued other than the exercise of all outstanding and vested Share Options and no Shares being bought back by the Company on or after the date of this announcement and on or before the Record Date.

As at the date of this announcement, there are outstanding Share Options entitling the holders of the Share Options to subscribe for 74,894,303 Shares, of which 47,027,616 Share Options are vested and exercisable. Assuming full exercise of all outstanding and vested Share Options on or before the Latest Lodging Date, 15,675,871 additional Rights Shares would be issued.

As at the date of this announcement, the Trustee of the Share Award Scheme is the holder of 36,889,400 Shares. The Board will instruct the Trustee of the Share Award Scheme not to take up the Rights Shares which will be provisionally allotted to it under the Rights Issue.

Assuming (i) no new Shares are issued (other than the Rights Shares) and no Shares being bought back by the Company on or after the date of this announcement and on or before the Record Date, the minimum of 1,919,219,266 Rights Shares proposed to be provisionally allotted and issued, represent approximately 24.87% of the total number of issued Shares as at the date of this announcement and approximately 19.92% of the total number of issued Shares immediately upon completion of the allotment and issue of such 1,919,219,266 Rights Shares; and (ii) no new Shares are issued other than the exercise of all outstanding and vested Share Options and no Shares being bought back by the Company on or after the date of this announcement and on or before the Record Date, the maximum of 2,587,566,899 Rights Shares proposed to be provisionally allotted and issued, represent approximately 33.54% of the total number of issued Shares as at the date of this announcement and approximately 25.00% of the total number of issued Shares immediately upon completion of the allotment and issue of such 2,587,566,899 Rights Shares and exercise of the all outstanding and vested Share Options.

As at the date of this announcement, save for the outstanding and vested Share Options as detailed above, the Company has no other outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into or confer any right to subscribe for Shares in Rights Issue.

The Rights Issue will proceed on a non-fully-underwritten basis. Save for the GJHL Committed Shares and the Underwritten Shares, there is no requirement for a minimum level of subscription. Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders only. To qualify for the Rights Issue, a Shareholder must:

1. be registered as a member of the Company at the close of business on the Record Date; and
2. not be a Non-Qualifying Shareholder.

In order to be registered as members of the Company on the Record Date, the Shareholders must lodge any transfer documents of the Shares (together with the relevant share certificates) with the Registrar, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by no later than 4:30 p.m. on Friday, 31 January 2020.

The Company will send the Prospectus Documents to the Qualifying Shareholders on Monday, 10 February 2020. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will send copies of the Prospectus to the Non-Qualifying Shareholders, as well as to the holders of the Share Options for their information only but will not send any PAL or EAF to them.

Holders of Share Options who wish to participate in the Rights Issue should exercise the Share Options in accordance with the terms and conditions of the Share Option Scheme and be registered as holders of the Shares so allotted and issued to them pursuant to such exercise with the Company on or before the Latest Lodging Date.

The PRC Southbound Trading Investors may participate in the Rights Issue through China Clear. China Clear will provide nominee services for the PRC Southbound Trading Investors to (a) sell their nil-paid Rights Shares on the Stock Exchange; and/or (b) subscribe for their pro-rata entitlement in respect of Shares held on the Record Date at the Subscription Price under the Rights Issue in accordance with the relevant laws and regulations. However, China Clear will not support applications by such PRC Southbound Trading Investors for excess Rights Shares under the Rights Issue through Shanghai/Shenzhen-Hong Kong Stock Connect.

Qualifying Shareholders who take up their pro-rata entitlement in full under the Rights Issue will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). **If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

Closure of register of members

The register of members of the Company will be closed from Monday, 3 February 2020 to Friday, 7 February 2020, (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than (a) Hong Kong; and (b) the PRC, in accordance with the notice issued by the China Securities Regulatory Commission of *Filing Requirements for Hong Kong Listed Issuers Making Rights Issues to Mainland Shareholders through Mainland-Hong Kong Stock Connect (Announcement [2016] No.21)*. Overseas Shareholders on the Record Date, if any, may not be eligible to take part in the Rights Issue as explained below.

The Company will make enquiries pursuant to Rule 13.36(2)(a) of the Listing Rules regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that/those place(s), the Rights Issue will not be available to such Overseas Shareholders and no provisional allotment of the Nil Paid Rights or allotment of Rights Shares will be made to them. Further information in this connection will be set out in the Prospectus. The Company will send copies of the Prospectus to the Non-Qualifying Shareholders as well as holders of Share Options for their information only on the Despatch Date, but will not send any PAL and EAF to them.

Arrangements will be made for the Nil Paid Rights which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market as soon as practicable after dealings in the Nil Paid Rights commence and before the last date for dealings in the Nil Paid Rights, if a premium (net of expenses) can be obtained. Proceeds of such sale of Nil Paid Rights, (after deducting the expenses of sale, if any, and the relevant stamp duty) shall be distributed to the Non-Qualifying Shareholders on a pro-rata basis according to their shareholdings in the Company as at the Record Date (payment to each Non-Qualifying Shareholder will be rounded down to the nearest cent) provided that individual amounts of HK\$100 or less shall be retained by the Company for its own benefit. Any unsold entitlements of the Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application on EAFs by the Qualifying Shareholders.

Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should note that they may or may not be entitled to the Rights Issue subject to the results of the enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. The Company reserves the right to permit any Shareholder (whether as a direct holder or beneficial owner) whose registered address is in, or who otherwise resides in, a jurisdiction other than Hong Kong to take up Rights Shares if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations in that jurisdiction which would otherwise give rise to restrictions upon the offer or take-up of Rights Shares in that jurisdiction and treat as invalid any acceptances of or applications for the Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, such Overseas Shareholders and beneficial owners of the Shares should exercise caution when dealing in the Shares.

Subscription Price

The Subscription Price for the Rights Shares, being HK\$1.45 per Rights Share, is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a renouncee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 2.68% to the closing price of HK\$1.49 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 1.63% to the average closing prices of the Shares as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day, being HK\$1.474 per Share;
- (iii) a discount of approximately 0.28% to the average closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day, being HK\$1.454 per Share;
- (iv) a premium of approximately 7.09% to the average closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day, being HK\$1.354 per Share;
- (v) a premium of approximately 9.05% to the average closing prices of the Shares as quoted on the Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Day, being HK\$1.330 per Share;
- (vi) a discount of approximately 2.03% to the theoretical ex-rights price of approximately HK\$1.48 per Share based on the closing price of HK\$1.49 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (vii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 0.67% (being the discount of the theoretical diluted price of approximately HK\$1.48 per Share to the benchmarked price of HK\$1.49 per Share (both of the theoretical diluted price and the benchmarked price, as defined under note 1 to Rule 7.27B of the Listing Rules, having taken into account the closing price on the Last Trading Day of HK\$1.49 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 previous consecutive trading days up to and including 13 January 2020, being the trading day immediately prior to the date of this announcement, of HK\$1.468 per Share)); and
- (viii) a premium of approximately 0.83% to the unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$1.438 per Share as at 30 June 2019, which is calculated based on the unaudited consolidated net asset value attributable to the owners of the Company of approximately HK\$11,328 million as at 30 June 2019 (after deduction of distribution of interim dividend for the period ended 30 June 2019) and a total of 7,715,673,090 Shares in issue as at the date of this announcement.

The Subscription Price was determined by the Company with reference to the market price of the Shares prior to and including the Last Trading Day, the financial conditions of the Company and the current market conditions. Each Qualifying Shareholder will be entitled to subscribe for Rights Shares at the Subscription Price in proportion with his/her/its shareholding held on the Record Date.

Based on the Subscription Price of HK\$1.45 per Share, the estimated minimum and maximum gross proceeds of the Rights Issue, before expenses, will be approximately HK\$2,783 million (assuming no new Shares are issued (other than the Rights Shares) and no Shares being bought back by the Company on or after the date of this announcement and on or before the Record Date) and HK\$3,752 million (assuming no new Shares are issued other than the exercise of all outstanding and vested Share Options and no Shares being bought back by the Company on or after the date of this announcement and on or before the Record Date), respectively. The minimum and maximum net proceeds from the Rights Issue to be received by the Company are expected to be approximately HK\$2,780 million and HK\$3,749 million, respectively. The net price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares (assuming no new Shares are issued (other than the Rights Shares) and no Shares being bought back by the Company on or after the date of this announcement and on or before the Record Date) will be approximately HK\$1.448.

The Subscription Price was calculated after making references to the prevailing market prices of the Shares and to the unaudited consolidated net asset value attributable to the Shareholders, and is expected to provide the Qualifying Shareholders an opportunity to participate in the Rights Issue and accordingly maintain their pro-rata shareholdings in the Company, if they fully accept the Rights Shares provisionally allotted to them. On that basis, and taking into account the reasons for the Rights Issue as stated in the

section headed “Reasons for the Rights Issue and Use of Proceeds” below, the Directors consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Basis of provisional allotments

The basis of the provisional allotment shall be one (1) Rights Share for every three (3) existing Shares in issue and held by the Qualifying Shareholders on the Record Date. Application for all or any part of a Qualifying Shareholder’s provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares with the Registrar on or before the Latest Time for Acceptance.

If a Qualifying Shareholder wishes to accept only a part of, or to renounce or transfer a part of, the Rights Shares provisionally allotted to him/her/it under the PAL, such Qualifying Shareholder will need to split his/her/its PAL into the denominations required. Details as to how to split the PALs will be set out in the Prospectus.

Status of the Rights Shares

The Rights Shares (when allotted, issued and fully paid) will rank *pari passu* with the then existing Shares in issue in all respects. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the Rights Shares in their fully-paid form.

Fractions of the Rights Shares

The Company will not provisionally allot and will not accept applications for any fractions of Rights Shares. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number) and all Nil Paid Rights arising from such aggregation will be sold in the market and the proceeds will be retained by the Company for its own benefit, if a premium (net of expenses and stamp duty) can be obtained. Any such unsold aggregated fractions of Nil Paid Rights will be made available for excess application by the Qualifying Shareholders. No odd lot matching services will be provided for the Rights Shares.

Application for excess Rights Shares

Qualifying Shareholders (other than the PRC Southbound Trading Investors) shall be entitled to apply for, by way of excess application:

- (a) any unsold Rights Shares which would have been allotted to the Non-Qualifying Shareholders had they been the Qualifying Shareholders;
- (b) any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders or otherwise subscribed for by renouncees or transferees of Nil Paid Rights; and
- (c) any unsold Rights Shares created by aggregating fractions of Nil Paid Rights.

Applications for excess Rights Shares may be made only by the Qualifying Shareholders (other than the PRC Southbound Trading Investors) and only by completing the EAFs (in accordance with the instructions printed thereon) and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar by a time which is currently expected to be 4:00 p.m. on Monday, 24 February 2020 or such later time as may be agreed between the Company and the Underwriters. For the avoidance of doubt, no Directors will apply for excess Rights Shares in the Rights Issue during the period pursuant to paragraph 3a of the Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 of the Listing Rules.

Notwithstanding the provisions in the Prospectus Documents, the Company reserves the right to permit any Shareholder (whether as a direct holder or beneficial owner) whose registered address is in, or who is otherwise resident in, a jurisdiction other than Hong Kong to take up excess Rights Shares if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations in that jurisdiction which would otherwise give rise to restrictions upon the offer or take-up of Rights Shares in that jurisdiction.

The Directors will, upon consultation with the Underwriters allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis and on the following principles:

- (i) as far as practicable, in proportion to the number of excess Rights Shares being applied for under each application; and
- (ii) no preference will be given to applications made for topping up odd lot holdings to whole board lot holdings.

Any Rights Shares, up to 158,000,000 Rights Shares, not taken up (i) by the Qualifying Shareholders or transferees of nil-paid Rights Shares under PALs, or (ii) by excess applications by the Qualifying Shareholders (other than the PRC Southbound Trading Investors) under EAFs will be taken up by the Underwriters pursuant to the terms and conditions of the Underwriting Agreement.

Shares registered in the name of nominee companies

Investors with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the arrangement in relation to the allocation of the excess Rights Shares set out in the above paragraph headed “Application for excess Rights Shares” will not be extended to the beneficial owners individually. Investors with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

The Qualifying Shareholders whose Shares are held by their nominee(s) and who would like to have their names registered on the register of members of the Company must lodge all necessary documents with the Registrar for completion of the relevant registration by 4:30 p.m. on Friday, 31 January 2020. Shareholders and investors should consult their professional advisers if they are in any doubt as to their status.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue set out below, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or around Tuesday, 3 March 2020. Each successful applicant will receive one share certificate for all the Rights Shares allotted and issued to him/her/it.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted to the unsuccessful applicants on or around Tuesday, 3 March 2020 by ordinary post to the applicants at their own risk.

Application for listing

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue, on the Stock Exchange.

Rights Shares in both their nil-paid and fully-paid forms will be traded in board lots of 1,000 Shares.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirement of HKSCC, the Rights Shares in both their nil-paid and fully paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Shareholders should seek advice from their licensed securities dealers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Stamp duty and other applicable fees and charges

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy or any other applicable fees and charges in Hong Kong.

Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposing of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares, and similarly, the Non-Qualifying Shareholders as regards their receipt, if any, of the net proceeds of the sale of the Rights Shares in nil-paid form otherwise falling to be issued to them under the Rights Issue pursuant to the laws of jurisdictions in which they are liable to taxation. None of the Company, the Directors nor any other parties involved in the Rights Issue accepts any responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for the Rights Shares, or about purchasing, holding or disposing of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares or resulting from any receipt of net proceeds of the sale of the Rights Shares in nil-paid form.

IRREVOCABLE UNDERTAKING FROM GJHL

As at the date of this announcement, GJHL holds a total of 5,283,657,800 Shares, representing approximately 68.48% of the total number of Shares in issue as at the date of this announcement. GJHL has executed the Controlling Shareholder Undertaking, pursuant to which GJHL has irrevocably and unconditionally undertaken to the Company and the Underwriters that it:

- (i) will apply for and pay for the GJHL Committed Shares, being all of the 1,761,219,266 Rights Shares to be provisionally allotted to GJHL pursuant to the Rights Issue, by lodging the duly completed and signed PAL before the Latest Time for Acceptance;
- (ii) will not sell, dispose of or transfer the Shares beneficially held by it, including the 5,283,657,800 Shares currently held by it, during the period from the date of execution of the Controlling Shareholder Undertaking to the Record Date (both dates inclusive); and
- (iii) save for the Rights Shares to be provisionally allotted to it, will not apply for any excess Rights Shares.

Save for GJHL, as at the date of this announcement, the Board has not received any information or other undertakings from any Shareholders of their intention to take up or not to take up the securities of the Company to be offered to them under the Rights Issue.

UNDERWRITING ARRANGEMENT

The Underwriting Agreement

Date: 14 January 2020

Underwriters: GTJA Securities and China Tonghai Securities

GTJA Securities is a company incorporated in Hong Kong with limited liability and a licensed corporation to carry on business in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO. As at the date of this announcement, GTJA Securities is a wholly-owned subsidiary of the Company.

China Tonghai Securities, is a company incorporated in Hong Kong with limited liability and a licensed corporation to carry on business in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. As at the date of this announcement, China Tonghai Securities does not hold any Shares. Each of China Tonghai Securities and its ultimate beneficial owners is, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, an Independent Third Party.

Each of the Underwriters has confirmed that (1) it is not a connected person of the Company; and (2) it is licensed under the SFO for Type 1 regulated activity and its ordinary business includes underwriting of securities (hence, the Underwriter has complied with Rule 7.19(1)(a) of the Listing Rules).

Number of Rights Shares underwritten:	the Underwritten Shares, being up to 158,000,000 Rights Shares
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Underwriters' commission:	The Company shall pay to China Tonghai Securities, an underwriting commission at the rate of 0.5 per cent. of the Subscription Price for 158,000,000 Rights Shares.
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GTJA Securities will not charge any underwriting commission of the Underwritten Shares for which it has agreed to procure subscription.

The commission payable to China Tonghai Securities was determined after arm's length negotiations between the Company and China Tonghai Securities with reference to the prevailing market rate of similar transactions. The Directors having taken into account the fact that the Underwriting Agreement was entered into for the purpose of underwriting the Underwritten Shares and the reasons for the Rights Issue as detailed in the section headed "Reasons for the Rights Issue and Use of Proceeds" below, consider that the terms of the Underwriting Agreement (including the underwriting commission) are fair and reasonable and the entering into of the Underwriting Agreement is in the interests of the Company and the Shareholders as a whole.

Subject to the provisions of the Underwriting Agreement (including but not limited to the full fulfilment of the Conditions, the full performance by the Company of its obligations under the Underwriting Agreement and the Underwriters having not terminated the Underwriting Agreement pursuant to the terms thereof), and in the event that by the Latest Time for Acceptance, the number of Taken Shares is less than 158,000,000 Shares, the Underwriters shall subscribe (other than in the case of GTJA Securities) or (as agents of the Company) procure subscribers for such number of Untaken Shares (up to the maximum number of Underwritten Shares less the number of the Taken Shares) on the terms as set out in the Underwriting Agreement and (save as regards the time for acceptance and payment) the Prospectus Documents as follows:

- (i) GTJA Securities shall have the first right, and on a best effort basis, to underwrite and pay for or procure subscription and payment for not more than 54,000,000 Underwritten Shares (assuming no Share being bought back by the Company on or after the date of the Underwriting Agreement and on or before the Record Date); and
- (ii) subject to (i) above, China Tonghai Securities shall underwrite and subscribe and pay for or procure subscription and payment for not more than 158,000,000 Underwritten Shares (assuming no Share being bought back by the Company on or after the date of the Underwriting Agreement and on or before the Record Date), provided that to the extent that GTJA Securities has procured subscribers for the Underwritten Shares to be underwritten by it under the Underwriting Agreement, then the maximum number of Underwritten Shares to be underwritten by China Tonghai Securities shall be reduced accordingly.

For the avoidance of doubt, the maximum numbers of Underwritten Shares to be underwritten by GTJA Securities and China Tonghai Securities under the Underwriting Agreement will not be more than 158,000,000 Rights Shares.

Each of the Underwriters has undertaken with the Company that it shall, and shall ensure the sub-underwriting agent(s) (if any) appointed by it, use all reasonable endeavours to procure that each of the subscribers or purchasers of the Underwritten Shares procured by it (i) shall be an Independent Third Party not acting in concert with and not connected with the connected persons of the Company; and (ii) will not own 10% or more of the total number of Shares in issue immediately upon completion of the Rights Issue and are not otherwise being a core connected person of the Company.

Conditions of the Rights Issue

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. The Underwriting Agreement is conditional upon the following being fulfilled:

- (a) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject only to allotment and despatch of the appropriate documents of title) and not having withdrawn or revoked listing of and permission to deal in all the Rights Shares (in their nil-paid and fully-paid forms);
- (b) the delivery to the Stock Exchange and filing and registration with the Registrar of Companies in Hong Kong no later than the Despatch Date of each of the Prospectus Documents and (where necessary) other documents in compliance with the Companies (WUMP) Ordinance and otherwise complying with the requirements of the Companies (WUMP) Ordinance, the Companies Ordinance and the Listing Rules;
- (c) the Shares remaining listed on the Stock Exchange at all time prior to the settlement date, being the second Business Day immediately following the Latest Time for Acceptance and the current listing of the Shares not having withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than three (3) trading days and no indication being received before 4:30 p.m. on such date from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of the Rights Issue or in connection with the terms of the Underwriting Agreement or for any other reasons; and
- (d) the posting of the Prospectus Documents to Qualifying Shareholders on the Despatch Date.

None of the above Conditions can be waived. If the Conditions are not fulfilled in full by 4:00 p.m. on Tuesday, 25 February 2020 (or such other date as the Underwriters may agree with the Company in writing), the Underwriting Agreement shall terminate and all liabilities of the parties to the Underwriting Agreement shall cease and determine and no party shall have any claim against the other party save for any antecedent breaches. If the Underwriting Agreement is terminated (please also refer to the following paragraph headed “Termination of the Underwriting Agreement”), the Rights Issue will not proceed.

Termination of the Underwriting Agreement

Each of the Underwriters shall have the right terminate the arrangements set out in the Underwriting Agreement by notice in writing issued to the Company at any time prior to 4:00 p.m. on the Latest Time for Termination if there occurs:

- (1) the occurrence of the following events would, in the reasonable opinion of any of the Underwriters, materially and adversely affect the business, financial or trading position or prospects of the Group as a whole or otherwise makes it inexpedient or inadvisable for the Company or the Underwriters to proceed with the Rights Issue:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever;
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not sui generis with any of the foregoing or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict); or
 - (c) the occurrence of any change in market conditions or combination of circumstances in Hong Kong (including without limitation, any change in any stock market, any change in fiscal policy or money policy, or foreign exchange or currency markets, suspension or material restrict or trading in securities) which in the reasonable opinion of any of the Underwriters materially prejudicially affects the Rights Issue and make it inadvisable or inexpedient to proceed therein;
- (2) the Company commits any material breach of any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement;
- (3) the Underwriters shall receive notification or shall otherwise become aware of, the fact that any of the representations or warranties given by the Company contained in the Underwriting Agreement was, when given, untrue or inaccurate in any material respect or would in any material respect be untrue or inaccurate if repeated as provided in the Underwriting Agreement and each of the Underwriters shall in its reasonable opinion determine that any such untrue representation or warranty represents or is likely to represent a material and adverse change in the business, financial or trading position or prospects of the Group as a whole or is otherwise likely to have a material and adverse effect on the Rights Issue; or

- (4) the Company shall, after any matter or event comes to the attention of the Company as a result of which any representation or warranty given by the Company contained in the Underwriting Agreement, if repeated immediately after the occurrence thereof, would be untrue or inaccurate in any respect or which would render untrue inaccurate in any material respect or misleading any statement contained in the Prospectus Documents if the same were issued immediately after such occurrence, fail promptly to send out any announcement or circular (after the despatch of the Prospectus Documents), in such manner (and as appropriate with such contents) as any of the Underwriters may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company.

Upon the giving of notice of termination by the Underwriters pursuant to the terms of the Underwriting Agreement, all obligations of the Underwriters under the Underwriting Agreement shall cease and determine (save for any antecedent breaches thereof) and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement. If the Underwriting Agreement is terminated, the Rights Issue will not proceed.

EXPECTED TIMETABLE FOR THE RIGHTS ISSUE

The expected timetable for the Rights Issue is set out below:

2020

Last day of dealing in Shares on a cum-rights basis Wednesday, 29 January

First day of dealing in Shares on an ex-rights basis Thursday, 30 January

Latest time for lodging transfer documents of Shares
in order to be qualified for the Rights Issue 4:30 p.m. on
Friday, 31 January

Register of members of the Company closes for
determining entitlements under Rights Issue
(both days inclusive) Monday, 3 February to
Friday, 7 February

Record Date for determining entitlements under
Rights Issue Friday, 7 February

Register of members of the Company reopens Monday, 10 February

Despatch of Prospectus Documents Monday, 10 February

First day of dealing in Nil Paid Rights 9:00 a.m. on
Wednesday, 12 February

Latest time for splitting of the PAL	4:30 p.m. on Friday, 14 February
Last day of dealing in Nil Paid Rights	4:10 p.m. on Wednesday, 19 February
Latest time for acceptance of and payment for Rights Shares and application and payment for excess Rights Shares	4:00 p.m. on Monday, 24 February
Latest time for the Rights Issue to become unconditional	4:00 p.m. on Tuesday, 25 February
Announcement of the results of the Rights Issue to be posted on the Stock Exchange's website and the Company's website on or before	Monday, 2 March
Refund cheques for wholly and partially unsuccessful excess applications to be posted on or around	Tuesday, 3 March
Share certificates for fully-paid Rights Shares to be posted	Tuesday, 3 March
Expected first day of dealing of Rights Shares in fully-paid form commences	9:00 a.m. on Wednesday, 4 March

All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above or in other parts of this announcement are indicative only and may be extended or varied by agreement between the Company and the Underwriters. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if there is:

1. a tropical cyclone warning signal number 8 or above, or

2. a “black” rainstorm warning

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Time for Acceptance. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Time for Acceptance. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on the Latest Time for Acceptance, the dates mentioned in this section may be affected.

Dates stated in this announcement for the events mentioned in the timetable are indicative only and may be extended or varied. Any changes to the above expected timetable will be announced as and when appropriate in accordance with the Listing Rules.

SHAREHOLDING STRUCTURE OF THE COMPANY

- (i) Assuming no new Shares (other than the Rights Shares) will be issued and no buy-back of Shares on or after the date of this announcement and on or before the completion of the Rights Issue:

	As at the date of the announcement		Immediately after completion of the Rights Issue assuming all Qualifying Shareholders and GJHL take up their respective allotment of Rights Shares in full		Immediately after completion of the Rights Issue assuming no Qualifying Shareholders (other than GJHL Committed Shares and the Underwriters have taken up their maximum underwriting commitment under the Underwriting Agreement) take up any of the Rights Shares	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
GJHL (Note 1)	5,283,657,800	68.48	7,044,877,066	68.48	7,044,877,066	73.12
GJFHL (Note 1)	5,283,657,800	68.48	7,044,877,066	68.48	7,044,877,066	73.12
GTJA (Note 1)	5,283,657,800	68.48	7,044,877,066	68.48	7,044,877,066	73.12
Trustee of the Share Award Scheme (Note 2)	36,889,400	0.48	49,185,866	0.48	36,889,400	0.38
Directors of the Company and/or its subsidiaries and their associates (other than GJHL)	117,898,469	1.53	157,197,958	1.53	117,898,469	1.22
Public Shareholders:						
Underwriters (Note 3)						
— GTJA Securities	—	—	—	—	54,000,000	0.56
— China Tonghai Securities	—	—	—	—	104,000,000	1.08
Other Public Shareholders	<u>2,277,227,421</u>	<u>29.51</u>	<u>3,036,303,228</u>	<u>29.51</u>	<u>2,277,227,421</u>	<u>23.64</u>
Sub-total of Public Shareholders:	<u>2,277,227,421</u>	<u>29.51</u>	<u>3,036,303,228</u>	<u>29.51</u>	<u>2,435,227,421</u>	<u>25.28</u>
Total	<u>7,715,673,090</u>	<u>100</u>	<u>10,287,564,118</u>	<u>100</u>	<u>9,634,892,356</u>	<u>100</u>

Notes:

- (1) GJHL is a wholly-owned subsidiary of GJFHL, which in turn is a wholly-owned subsidiary of GTJA. Accordingly, GJFHL and GTJA are deemed to be interested in these 5,283,657,800 Shares.
- (2) The Board will instruct the Trustee of the Share Award Scheme not to take up the Rights Shares which will be provisionally allotted to it under the Rights Issue.
- (3) Pursuant to the Underwriting Agreement, in the event of the Underwriters are being called upon to subscribe for (other than in the case of GTJA Securities) or procure subscription of the Underwritten Shares, each of the Underwriters:
 - (i) shall use all reasonable endeavours to procure that each of the subscribers or purchasers of the Underwritten Shares procured by it shall be Independent Third Party not acting in concert with and not connected with the connected persons of the Company; and
 - (ii) will not own 10% or more of the total number of Shares in issue immediately upon completion of the Rights Issue and are not otherwise being a core connected person of the Company.

Accordingly, the Underwritten Shares underwritten by the Underwriters would be held in the hands of the public in accordance with the public float requirements under Rule 8.08 of the Listing Rules.

- (ii) Assuming new Shares have been issued on or before the Record Date pursuant to the full exercise of all outstanding and vested Share Options on or prior to the Latest Lodging Date, but otherwise no other Shares (other than the Rights Shares) will be issued and no buy-back of Shares on or after the date of this announcement and on or before the completion of the Rights Issue:

	As at the date of the announcement		Immediately after completion of the Rights Issue assuming all Qualifying Shareholders and GJHL take up their respective allotment of Rights Shares in full		Immediately after completion of the Rights Issue assuming no Qualifying Shareholders (other than GJHL Committed Shares and the Underwriters have taken up their maximum underwriting commitment under the Underwriting Agreement) take up any of the Rights Shares	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
GJHL (Note 1)	5,283,657,800	68.48	7,044,877,066	68.06	7,044,877,066	72.76
GJFHL (Note 1)	5,283,657,800	68.48	7,044,877,066	68.06	7,044,877,066	72.76
GTJA (Note 1)	5,283,657,800	68.48	7,044,877,066	68.06	7,044,877,066	72.76
Trustee of the Share Award Scheme (Note 2)	36,889,400	0.48	49,185,866	0.48	36,889,400	0.38
Directors of the Company and/or its subsidiaries and their associates (other than GJHL)	117,898,469	1.53	157,197,958	1.52	117,898,469	1.22
Holders of the Share Options:						
(Note 3)						
— Directors of the Company and/or its subsidiaries and their associates (other than GJHL)	—	—	26,082,069	0.25	19,561,552	0.20
Public Shareholders:						
Underwriters (Note 4)						
— GTJA Securities	—	—	—	—	54,000,000	0.56
— China Tonghai Securities	—	—	—	—	104,000,000	1.08
Holders of the Share Options:						
(Note 3)						
— Employees	—	—	36,621,418	0.35	27,466,064	0.28
Other Public Shareholders	<u>2,277,227,421</u>	<u>29.51</u>	<u>3,036,303,228</u>	<u>29.34</u>	<u>2,277,227,421</u>	<u>23.52</u>
Sub-total of Public Shareholders:	<u>2,277,227,421</u>	<u>29.51</u>	<u>3,072,924,646</u>	<u>29.69</u>	<u>2,462,693,485</u>	<u>25.44</u>
Total	<u>7,715,673,090</u>	<u>100</u>	<u>10,350,267,605</u>	<u>100</u>	<u>9,681,919,972</u>	<u>100</u>

Notes:

- (1) GJHL is a wholly-owned subsidiary of GJFHL, which in turn is a wholly-owned subsidiary of GTJA. Accordingly, GJFHL and GTJA are deemed to be interested in these 5,283,657,800 Shares.
- (2) The Board will instruct the Trustee of the Share Award Scheme not to take up the Rights Shares which will be provisionally allotted to it under the Rights Issue.
- (3) Pursuant to the exercise in full of all the outstanding and vested Share Options.
- (4) Pursuant to the Underwriting Agreement, in the event of the Underwriters are being called upon to subscribe for (other than in the case of GTJA Securities) or procure subscription of the Underwritten Shares, each of the Underwriters:
 - (i) shall use all reasonable endeavours to procure that each of the subscribers or purchasers of the Underwritten Shares procured by it shall be Independent Third Party not acting in concert with and not connected with the connected persons of the Company; and
 - (ii) will not own 10% or more of the total number of Shares in issue immediately upon completion of the Rights Issue and are not otherwise being a core connected person of the Company.

Accordingly, the Underwritten Shares underwritten by the Underwriters would be held in the hands of the public in accordance with the public float requirements under Rule 8.08 of the Listing Rules.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Company is the first Mainland-owned securities brokerage house with China Securities Regulatory Commission approval to list its shares through initial public offering on the Main Board of the Stock Exchange. The Group provides services in 5 core business areas: (i) brokerage, (ii) corporate finance, (iii) asset management, (iv) loans and financing, and (v) financial products, market making and investments. The Group provides its clients with comprehensive services on global securities, financial products and leveraged foreign exchange trading, IPO subscriptions, margin financing, stock quotes, market news and research reports, etc.

The estimated net proceeds of the Rights Issue will be approximately HK\$2,780 million (assuming no new Shares are issued (other than the Rights Shares) and no Shares being bought back by the Company on or after the date of this announcement and on or before the Record Date) or HK\$3,749 million (assuming no new Shares are issued other than the exercise of all outstanding and vested Share Options and no Shares being bought back by the Company on or after this announcement and on or before the Record Date), respectively.

The expenses in relation to the Rights Issue (including printing, registration, legal, accounting and documentation charges, etc.) are estimated to be approximately HK\$3.3 million, and will be borne by the Company. The net subscription price per Rights Share is expected to be approximately HK\$1.448.

The Company currently intends to use the net proceeds from the Rights Issue for the following purposes: (i) as to approximately 33% of the net proceeds for loans and advances to customers, (ii) as to approximately 33% of the net proceeds for market making and investment in debt securities, (iii) as to approximately 15% of the net proceeds for debt repayment, (iv) as to 10% of the net proceeds for the Group's general working capital and (v) as to 9% of the net proceeds for infrastructure development and regional expansion in Southeast Asia. The aforesaid intended use of the net proceeds from the Rights Issue will remain unaffected regardless of the ultimate subscription level.

The Board considers that the Rights Issue represents an opportunity to raise capital for the Group while broadening its Shareholder and capital base. The Rights Issue will also raise additional capital for the purpose to finance the Group's long term growth which will enhance its financial position without increasing finance costs. Accordingly, the Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING EXERCISE OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

IMPLICATIONS UNDER THE LISTING RULES

As the proposed Rights Issue will not increase the issued share capital or the market capitalization of the Company by more than 50%, the Rights Issue is not subject to the approval of the Shareholders.

The Company will send the Prospectus Documents to the Qualifying Shareholders only. The Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on the Despatch Date. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent permitted under the relevant laws and regulations and reasonably practicable, the Prospectus (without the PAL and EAF) will be despatched to the Non-Qualifying Shareholders and the holders of the Share Options for their information only.

ADJUSTMENT TO SHARE OPTIONS

As a result of the Rights Issue, the exercise prices of, and/or the number of Shares subject to, the outstanding Share Options will be adjusted in accordance with the terms and conditions of the Share Option Scheme. The Company will make further announcements on the appropriate adjustments and the date they are expected to take effect in due course.

GENERAL

The Prospectus containing, among other things, details of the Rights Issue is expected to be despatched by the Company to the Qualifying Shareholders on the Despatch Date. The PALs and the EAFs will also be sent to the Qualifying Shareholders on the same date. A copy of the Prospectus will also be made available on the websites of the Company (www.gtjai.com) and the Stock Exchange (www.hkexnews.hk). Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will send copies of the Prospectus to the Non-Qualifying Shareholders, as well as to the holders of the Share Options for their information only but will not send any PAL or EAF to them.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL PAID RIGHTS

The Rights Issue will proceed on a non-fully-underwritten basis. Save for the GJHL Committed Shares and the Underwritten Shares, there is no requirement for a minimum level of subscription. Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level.

Further, the Underwriting Agreement contains provisions granting each of the Underwriters a right to terminate its obligations under the Underwriting Agreement upon the occurrence of certain events. Please refer to the section headed "Underwriting Arrangement" for further details. The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. If this condition is not fulfilled, the Rights Issue will not proceed, in which case a further announcement will be made by the Company at the relevant time.

The Shares are expected to be dealt in on an ex-rights basis from Thursday, 30 January 2020. Dealings in the Nil Paid Rights are expected to take place from Wednesday, 12 February 2020 to Wednesday, 19 February 2020 (both days inclusive) and that dealing in the Shares will take place while the Conditions to which the Underwriters' obligations under the Underwriting Agreement are subject remain unfulfilled. Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the Nil Paid Rights is advised to exercise caution when dealing in the Shares and/or the Nil Paid Rights.

Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the Nil Paid Rights up to the date on which all the conditions to which the Rights Issue is subject are fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

DEFINITIONS

Unless the context otherwise requires, Capitalized terms used in this announcement shall have the following meanings:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day on which the Stock Exchange is open for business of dealings in securities
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China Clear”	China Securities Depository and Clearing Corporation Limited
“China Tonghai Securities”	China Tonghai Securities Limited, a licensed corporation to carry on business in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities as defined under the SFO
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong), as amended from time to time
“Company”	Guotai Junan International Holdings Limited, a company incorporated in the Hong Kong with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Conditions”	conditions of the Underwriters’ obligations under the Underwriting Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules

“Controlling Shareholder Undertaking”	the irrevocable and unconditional undertaking given by GJHL in favour of the Company and the Underwriters on 14 January 2020, details of which is set out in the paragraph headed “Irrevocable undertaking from GJHL” under the section headed “The Proposed Rights Issue” in this announcement
“Despatch Date”	Monday, 10 February 2020 or such later date as may be agreed between the Company and the Underwriters for the despatch of the Prospectus Documents
“Director(s)”	director(s) of the Company
“EAF(s)”	the form of application for use by the Qualifying Shareholders (other than the PRC Southbound Trading Investors) who wish to apply for excess Rights Shares, being in such usual form as may be agreed between the Company and the Underwriters
“GJFHL”	Guotai Junan Financial Holdings Limited, a company incorporated in Hong Kong with limited liability and wholly-owned GJHL as at the date of this announcement
“GJHL”	Guotai Junan Holdings Limited, a company incorporated in the British Virgin Islands, being a controlling shareholder of the Company holding 5,283,657,800 Shares, representing 68.48% of the total number of Shares in issue as at the date of this announcement
“GJHL Committed Shares”	the aggregate of 1,761,219,266 Rights Shares agreed to be taken up by GJHL pursuant to the Controlling Shareholder Undertaking
“Group”	the Company and its subsidiaries
“GTJA”	Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose A-Shares are listed on the Shanghai Stock Exchange (stock code: 601211) and H-Shares are listed on the Stock Exchange (stock code: 2611)
“GTJA Securities”	Guotai Junan Securities (Hong Kong) Limited, a wholly-owned subsidiary of the Company and a licensed corporation to carry on business in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities as defined under the SFO
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any third party(ies) independent of the Company and its connected persons
“Last Trading Day”	14 January 2020, being the last full trading date for the Shares before the release of this announcement
“Latest Lodging Date”	4:30 p.m. on Friday, 31 January 2020, the latest time for lodging transfer documents of the Shares in order to qualify for the Rights Issue
“Latest Time for Acceptance”	4:00 p.m. on Monday, 24 February 2020 (or such other date as the Underwriters may agree in writing with the Company as the latest date for acceptance of, and payment for, Rights Shares and application and payment for excess Rights Shares)
“Latest Time for Termination”	latest time for exercising by the Underwriters of the right to terminate the Underwriting Agreement pursuant to the terms thereof, being 4:00 p.m. on Tuesday, 25 February 2020 (being the Business Day immediately following the day for the Latest Time for Acceptance)
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the main board of the Stock Exchange
“Nil Paid Rights”	rights to subscribe for Rights Shares (in the form of Rights Shares in nil-paid form) before the Subscription Price is paid
“Non-Qualifying Shareholders”	those Overseas Shareholders or such other persons whom the Directors, based on legal opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place

“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is (are) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with their assured entitlements under the Rights Issue
“PRC”	the People’s Republic of China
“PRC Southbound Trading Investors”	the PRC investors who hold the shares of Hong Kong listed companies through China Clear as nominee under the Shanghai/Shenzhen-Hong Kong Stock Connect
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL(s) and the EAF(s) proposed to be despatched to the Qualifying Shareholders on the Despatch Date and any such supplementary prospectus to be despatched to the Qualifying Shareholders (if required)
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company as at the Record Date, other than the Non-Qualifying Shareholders (if any)
“Record Date”	Friday, 7 February 2020, the record date to determine entitlements to the Rights Issue (or such other date as may be agreed between the Company and the Underwriters)
“Registrar”	the share registrar of the Company, being Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong
“Rights Issue”	the proposed issue of Rights Shares at the Subscription Price on the basis of one (1) Rights Share for every three (3) existing Shares in issue and held on the Record Date by the Qualifying Shareholders on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents, payable in full upon acceptance
“Rights Share(s)”	the new Share(s) to be issued and allotted under the Rights Issue, being not less than 1,919,219,266 Shares and not more than 2,587,566,899 Shares

“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai/Shenzhen-Hong Kong Stock Connect”	a securities trading and clearing platform under which PRC domestic investors may trade in the Stock Exchange via China Clear
“Share Award Scheme”	the share award scheme adopted by the Company on 27 October 2011 (as amended on 30 October 2014 and 25 November 2015 subsequently)
“Share Option Scheme”	the share option scheme adopted by the Company on 19 June 2010
“Share Option(s)”	the outstanding share option(s) granted by the Company pursuant to Share Option Scheme
“Shareholder(s)”	the holder(s) of issued Share(s)
“Share(s)”	ordinary share(s) of the Company with no par value
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$1.45 per Rights Share
“taken up/take up”	the taking up of those Rights Shares and/or the Underwritten Shares in respect of which the relevant PALs and/or EAFs have been lodged, accompanied by cheques or other remittances, for the full amount payable in respect thereof
“Taken Shares”	all Rights Shares taken up at or before 4:00 p.m. on the Latest Time for Acceptance (other than the 1,761,219,266 Rights Shares to be taken up by GJHL under the Controlling Shareholder Undertaking)
“Trustee”	trustee of the Share Award Scheme
“Underwriters”	GTJA Securities and China Tonghai Securities
“Underwriting Agreement”	the underwriting agreement dated 14 January 2020 entered into among the Company and the Underwriters in relation to the underwriting arrangement in respect of the Rights Issue

“Underwritten Shares”	up to 158,000,000 Rights Shares to be underwritten by the Underwriters pursuant to the terms and conditions under the Underwriting Agreement
“Untaken Shares”	Rights Shares not taken up at or before 4:00 p.m. on the Latest Time for Acceptance
“%”	percentage or per centum

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

Hong Kong, 14 January 2020

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.