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## GUOTAI JUNAN INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1788)

### ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The board of directors (the “Board”) of Guotai Junan International Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2022 together with its comparative figures for the immediate preceding financial year as follows:

#### FINANCIAL HIGHLIGHTS

	2022	2021	Change
<b>Results</b>			
Revenue (HK\$'000)	<b>2,314,917</b>	3,966,415	(42%)
– Commission and fee income	<b>866,142</b>	1,626,079	(47%)
– Interest income	<b>1,896,682</b>	2,280,539	(17%)
– Net trading and investment (loss)/income	<b>(447,907)</b>	59,797	N/A
Profit attributable to ordinary equity holders (HK\$'000)	<b>80,381</b>	1,094,743	(93%)
Dividend (HK\$'000) <sup>Note 1</sup>	<b>477,700</b>	576,259	(17%)
Payout ratio <sup>Note 2</sup>	<b>594%</b>	53%	541p.p
Return on equity (ROE)	<b>0.5%</b>	7.2%	(6.7p.p)
<b>Per share</b>			
Basic earnings per share (HK cents)	<b>0.8</b>	11.4	(93%)
Diluted earnings per shares (HK cents)	<b>0.8</b>	11.4	(93%)
Dividend per share (HK cents)	<b>5.0</b>	6.0	(17%)
<b>Financial position</b>			
Total assets (HK\$'000)	<b>94,455,086</b>	106,288,093	(11%)
Shareholders' equity (HK\$'000)	<b>14,806,699</b>	15,307,361	(3%)
Number of issued shares	<b>9,553,994,707</b>	9,618,994,707	(1%)
Equity per ordinary share (HK\$) <sup>Note 1</sup>	<b>1.55</b>	1.59	(3%)

Notes: 1. Based on 9,553,994,707 issued shares (2021: 9,618,994,707 shares) as at 31 December 2022.

2. Based on calculation of dividing the dividend amount, which includes special dividend, by the profit attributable to ordinary equity holders.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2022*

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	4	2,314,917	3,966,415
Other income		<u>4,334</u>	<u>5,279</u>
Revenue and other income		2,319,251	3,971,694
Staff costs	5	(721,499)	(803,434)
Commission to account executives		(134,120)	(224,602)
Depreciation		(78,077)	(78,639)
Net impairment charge		(153,972)	(220,597)
Other operating expenses		<u>(528,262)</u>	<u>(581,913)</u>
Operating profit		703,321	2,062,509
Finance costs	6	<u>(676,664)</u>	<u>(774,863)</u>
Profit before tax	7	26,657	1,287,646
Income tax credit/(expense)	8	<u>56,385</u>	<u>(184,373)</u>
<b>Profit for the year</b>		<b>83,042</b>	<b>1,103,273</b>
<b>Other comprehensive income for the year, net of tax</b>			
– Investments at fair value through other comprehensive income (net movement in investment revaluation reserve)			
– recycling		(1,053)	8,308
– non-recycling		(4,998)	–
– Exchange difference on translation of foreign exchange		<u>(43,144)</u>	<u>38,684</u>
<b>Total comprehensive income for the year</b>		<b><u>33,847</u></b>	<b><u>1,150,265</u></b>
<b>Profit for the year attributable to:</b>			
Owners of the Company		80,381	1,094,743
Non-controlling interests		<u>2,661</u>	<u>8,530</u>
		<b><u>83,042</u></b>	<b><u>1,103,273</u></b>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		33,928	1,141,735
Non-controlling interests		<u>(81)</u>	<u>8,530</u>
		<b><u>33,847</u></b>	<b><u>1,150,265</u></b>
<b>Earnings per share attributable to ordinary equity holders of the parent</b>			
– Basic (in HK cents)	<i>10(a)</i>	0.8	11.4
– Diluted (in HK cents)	<i>10(b)</i>	<u>0.8</u>	<u>11.4</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		478,689	514,853
Goodwill and other intangible assets		22,886	22,886
Other assets		13,680	27,959
Deferred tax assets		244,068	157,631
Derivative financial instruments		577,055	12,325
Financial assets at fair value through profit or loss		15,445,877	17,368,819
– Financial assets held for trading and investments		1,769,013	6,153,930
– Financial products		13,676,864	11,214,889
<b>Total non-current assets</b>		<b>16,782,255</b>	<b>18,104,473</b>
<b>Current assets</b>			
Loans and advances to customers	<i>11</i>	6,391,369	15,854,687
Accounts receivable	<i>12</i>	5,641,386	6,559,681
Prepayments, deposits and other receivables		212,984	118,311
Financial assets at fair value through profit or loss		41,928,120	37,472,478
– Financial assets held for trading and investments		9,666,306	17,088,058
– Financial products		32,261,814	20,384,420
Financial assets at fair value through other comprehensive income		82,304	11,529
Derivative financial instruments		1,527,458	606,905
Receivable from reverse repurchase agreements		586,845	4,443,729
Tax recoverable		198,764	33,585
Client trust bank balances		13,347,021	17,804,841
Cash and cash equivalents		7,756,580	5,277,874
<b>Total current assets</b>		<b>77,672,831</b>	<b>88,183,620</b>

		2022	2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Current liabilities</b>			
Accounts payable	13	(16,726,328)	(20,587,166)
Other payables and accrued liabilities		(602,958)	(632,317)
Derivative financial instruments		(1,297,531)	(426,552)
Interest bearing borrowings	14	(9,333,620)	(5,334,661)
Debt securities in issue		(28,719,537)	(34,153,825)
– At amortised cost		(3,784,775)	(18,298,551)
– Designated at fair value through profit or loss		(24,934,762)	(15,855,274)
Financial liabilities at fair value through profit or loss		(2,108,386)	(8,772,805)
Obligations under repurchase agreements		(7,695,073)	(9,255,723)
Tax payable		(8,917)	(157,353)
<b>Total current liabilities</b>		<b>(66,492,350)</b>	<b>(79,320,402)</b>
<b>Net current assets</b>		<b>11,180,481</b>	<b>8,863,218</b>
<b>Total assets less current liabilities</b>		<b>27,962,736</b>	<b>26,967,691</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		(10,736)	(45,843)
Interest bearing borrowings	14	(15,387)	(40,542)
Derivative financial instruments		(231,686)	(106,409)
Debt securities in issue		(12,768,731)	(11,337,958)
– At amortised cost		(3,138,860)	(3,139,345)
– Designated at fair value through profit or loss		(9,629,871)	(8,198,613)
		(13,026,540)	(11,530,752)
<b>Net assets</b>		<b>14,936,196</b>	<b>15,436,939</b>

	<b>2022</b>	2021
<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Equity</b>		
Share capital	<b>10,911,163</b>	10,911,163
Other reserve	<b>(1,236,460)</b>	(1,236,460)
Currency translation reserve	<b>(3,324)</b>	37,078
Share-based compensation reserve	<b>26,132</b>	27,429
– Share option reserve	<b>26,132</b>	27,429
– Share award reserve	–	–
Investment revaluation reserve	<b>(4,998)</b>	1,053
Retained profits	<b>5,114,186</b>	5,567,098
Equity attributable to holders of the ordinary shares	<b>14,806,699</b>	15,307,361
Non-controlling interests	<b>129,497</b>	129,578
<b>Total equity</b>	<b>14,936,196</b>	15,436,939

## NOTES TO FINANCIAL INFORMATION

### 1. GENERAL INFORMATION

The Company was incorporated on 8 March 2010 in Hong Kong with limited liability under the Hong Kong Companies Ordinance and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 8 July 2010. The registered office address of the Company is 27th Floor, Low Block, Grand Millennium Plaza, 181 Queen’s Road Central, Hong Kong. The Company is an investment holding company and its subsidiaries are principally engaged in brokerage, corporate finance, asset management, loans and financing, financial products, market making and investments.

The Company’s immediate holding company and ultimate holding company are Guotai Junan Financial Holdings Limited incorporated in Hong Kong and Guotai Junan Securities Company Limited incorporated in the People’s Republic of China, respectively.

The financial information relating to the years end 31 December 2022 and 2021 included in this announcement of annual results does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements.

Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 December 2022 in due course.

The Company’s auditor has reported on the financial statements of the Group for both years. The auditor’s reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

The financial information is presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise stated.

## 2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

These financial information have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all applicable HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance and the rules governing the listing of securities on the Stock Exchange of Hong Kong Limited. They have been prepared under the historical cost convention, except for financial assets and financial liabilities at fair value through profit or loss, debt securities in issue designated at fair value through profit or loss and derivative financial instruments which have been measured at fair value. Certain comparative figures have been reclassified to conform to current year’s presentation.

### **Changes in accounting policies**

The HKICPA has issued a number of amendments to HKFRS that are first effective for the current accounting period of the Group.

- Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

#### **Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use***

The amendments prohibit an entity from deducting the proceeds from selling items produced before that asset is available for use from the cost of an item of property, plant and equipment. Instead, the sales proceeds and the related costs should be included in profit and loss. The amendments do not have a material impact on these financial statements as the Group does not sell items produced before an item of property, plant and equipment is available for use.

#### **Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract***

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Previously, the Group included only incremental costs when determining whether a contract was onerous. In accordance with the transitional provisions, the Group has applied the new accounting policy to contracts for which it has not yet fulfilled all its obligations at 1 January 2022, and has concluded that none of them is onerous.

### 3. OPERATING SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's senior executive management and in accordance with HKFRSs. The Group's operating businesses are structured and managed separately according to the nature of their operations and the services they provide. Each of the Group's operating segments represents a strategic business unit that offers services which are subject to risks and returns that are different from those of the other operating segments.

In preparing the segment information for the year ended 31 December 2022, the executive directors considered that the business relating to wealth management, institutional investor services, corporate finance services, investment management are separate reportable segments.

Details of each of the operating segments are as follows:

- (a) wealth management provides comprehensive financial services and solutions to individual investors, small to medium-sized businesses and family office including: brokerage, loans and financing and other wealth management services;
- (b) institutional investor services provide market making, investments, structured product solutions, lending and other services to corporations, governments and financial institutions;
- (c) corporate finance services provide advisory services, placing and underwriting services of debts and equity securities;
- (d) investment management provides asset management and fund management services to institutions and individuals, and also includes investment in funds, debts and equity securities; and
- (e) the "others" mainly represents rental income and the provision of information channel services.

Inter-segment transactions, if any, are conducted with reference to the prices charged to third parties.

The segment results of the Group for the years ended 31 December 2022 and 2021 are as follows:

**Year ended 31 December 2022**

	<b>Wealth Management HK\$'000</b>	<b>Institutional Investor Services HK\$'000</b>	<b>Corporate Finance Services HK\$'000</b>	<b>Investment Management HK\$'000</b>	<b>Others HK\$'000</b>	<b>Total HK\$'000</b>
Segment revenue and other income:						
Commission and fee income	455,403	98,151	287,016	25,572	–	866,142
Interest income	753,891	1,132,345	–	10,446	–	1,896,682
Net trading and investment (loss)/ income	61,972	99,013	–	(608,892)	–	(447,907)
Other income	–	–	–	–	4,334	4,334
<b>Total</b>	<b><u>1,271,266</u></b>	<b><u>1,329,509</u></b>	<b><u>287,016</u></b>	<b><u>(572,874)</u></b>	<b><u>4,334</u></b>	<b><u>2,319,251</u></b>
Segment results	519,656	415,718	(76,809)	(831,908)	–	26,657
Income tax credit						56,385
Profit for the year						<b><u>83,042</u></b>
Other segment information:						
Net impairment charge on loans and advances to customers	46,766	115,926	–	–	–	162,692
Net impairment charge/(reversal) on accounts receivable	(795)	(679)	4,341	5,265	–	8,132
Net impairment charge/(reversal) on other financial assets	(4,800)	(118)	–	41	–	(4,877)
Impairment reversal on financial assets at fair value through other comprehensive income	–	(11,975)	–	–	–	(11,975)
Depreciation	59,055	2,936	7,435	8,651	–	78,077
Finance costs	384,601	154,109	–	137,954	–	676,664
Year ended 31 December 2021						

	Wealth Management <i>HK\$'000</i>	Institutional Investor Services <i>HK\$'000</i>	Corporate Finance Services <i>HK\$'000</i>	Investment Management <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue and other income:						
Commission and fee income	705,752	182,065	617,194	121,068	–	1,626,079
Interest income	752,032	1,349,303	–	179,204	–	2,280,539
Net trading and investment (loss)/ income	371,662	87,718	–	(399,583)	–	59,797
Other income	–	–	–	–	5,279	5,279
Total	<u>1,829,446</u>	<u>1,619,086</u>	<u>617,194</u>	<u>(99,311)</u>	<u>5,279</u>	<u>3,971,694</u>
Segment results	611,929	732,520	317,504	(374,307)	–	1,287,646
Income tax expense						<u>(184,373)</u>
Profit for the year						<u>1,103,273</u>
Other segment information:						
Net impairment charge on loans and advances to customers	27,694	170,602	–	–	–	198,296
Net impairment charge/(reversal) on accounts receivable	495	4,124	12,853	(10)	–	17,462
Net impairment charge/(reversal) on other financial assets	(2,234)	(3,145)	–	8	–	(5,371)
Impairment reversal on financial assets at fair value through other comprehensive income	–	10,210	–	–	–	10,210
Depreciation	54,331	5,686	9,953	8,669	–	78,639
Finance costs	<u>329,915</u>	<u>273,634</u>	<u>–</u>	<u>171,314</u>	<u>–</u>	<u>774,863</u>

#### 4. REVENUE

The Group's revenue is disaggregated as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Commission and fee income <sup>(Note (1))</sup>		
Brokerage <sup>(Note (3))</sup>	481,265	805,982
Corporate finance		
Placing, underwriting and sub-underwriting commission <sup>(Note (3))</sup>	233,437	521,693
Consultancy and financial advisory fee income <sup>(Note (4))</sup>	46,476	76,058
Asset management fee and performance fee income <sup>(Note (4))</sup>	25,572	106,015
Handling income on financial products <sup>(Note (3))</sup>	79,392	116,331
	<u>866,142</u>	<u>1,626,079</u>
Interest income <sup>(Note (2))</sup>		
Interest and handling income from customers and counterparty financing <sup>(Note (5))</sup>	524,366	744,990
Interest income from banks and others <sup>(Note (5))</sup>	391,854	125,269
Interest income from market making debt securities	179,125	506,595
Interest income from fixed income securities	390,916	582,768
Interest income from financial products	410,421	320,917
	<u>1,896,682</u>	<u>2,280,539</u>
Net trading and investment (loss)/income <sup>(Note (2))</sup>		
Net trading loss from debt securities market making	(189,034)	(71,280)
Net trading (loss)/income from fixed income securities, unconsolidated investment funds, derivatives and equity investments	(258,873)	131,077
	<u>(447,907)</u>	<u>59,797</u>
	<u><u>2,314,917</u></u>	<u><u>3,966,415</u></u>

*Note (1)* Revenue arising from customer contracts under HKFRS15

*Note (2)* Revenue arising from other sources

*Note (3)* Commission and fee income arising from 1) brokerage, 2) placing, underwriting and sub-underwriting commission, 3) handling income on financial products are recognized at a point in time

*Note (4)* Commission and fee income arising from 1) consultancy and financial advisory fee income, 2) asset management fee and performance fee income are recognized over time

*Note (5)* Interest and handling income from customers and counterparty financing and interest income from banks and others are calculated using effective interest method

## 5. STAFF COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Staff costs (including directors' remuneration):		
Salaries, bonuses and allowances	707,115	782,661
Share-based compensation expense		
– Share option scheme	417	1,462
– Share award scheme	–	6,314
Pension scheme contributions	13,967	12,997
	<u>721,499</u>	<u>803,434</u>

## 6. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Bank borrowings and overdrafts	136,626	142,843
Debt securities in issue	212,954	355,507
Securities borrowing and lending	2,121	1,933
Repurchase agreements	147,993	61,497
Financial liabilities	163,582	208,806
Lease liabilities	1,359	1,292
Others	12,029	2,985
	<u>676,664</u>	<u>774,863</u>

## 7. PROFITS BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Auditor's remuneration		
(i) audit services	4,417	2,280
(ii) interim review	1,015	1,010
(iii) compliance and other consultancy services	1,320	2,348
Foreign exchange differences, net	(8,352)	6,750
Other commission expenses	42,708	64,961
Information services expenses	49,716	51,611
Marketing, advertising and promotion expenses	5,913	9,348
Professional and consultancy fee	112,502	107,233
Repair and maintenance (including system maintenance)	91,792	81,874
Net impairment charge on loans and advances to customers	162,692	198,296
Net impairment charge on accounts receivable	8,132	17,462
Net impairment reversal on other financial assets	(4,877)	(5,371)
Impairment (reversal)/charge on financial assets at fair value through other comprehensive income	<u>(11,975)</u>	<u>10,210</u>

## 8. INCOME TAX (CREDIT)/EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current – Hong Kong		
– Charge for the year	60,762	162,388
– Under provision in prior years	4,397	821
Deferred	<u>(121,544)</u>	<u>21,164</u>
Total tax (credit)/charge for the year	<u><u>(56,385)</u></u>	<u><u>184,373</u></u>

## 9. DIVIDENDS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interim, paid – HK\$0.01 (2021: HK\$0.05) per ordinary share <sup>#</sup>	95,608	480,950
Special dividend, paid – HK\$0.03 (2021: nil) per ordinary share <sup>#</sup>	286,552	–
Less: Dividend for shares held under the Company's share award scheme	<u>–</u>	<u>(881)</u>
	<u>382,160</u>	<u>480,069</u>
Final, proposed – HK\$nil (2021: HK\$0.01) per ordinary share	–	96,190*
Special dividend, proposed – HK\$0.01 (2021: nil) per ordinary share	<u>95,540</u>	<u>–</u>
	<u>95,540</u>	<u>96,190</u>
	<u><u>477,700</u></u>	<u><u>576,259</u></u>

\* The Company paid a final dividend of approximately HK\$95,878,000 for the year ended 31 December 2021, as further adjusted to exclude the dividend for shares bought back by the Company before ex-dividend date 2 June 2022 amounting to HK\$312,000.

<sup>#</sup> The Board has declared an interim dividend of approximately HK\$95,878,000 or HK\$0.01 per ordinary share (2021: HK\$480,069,000 or HK\$0.05 per ordinary share) and a special dividend of approximately HK\$287,633,000 or HK\$0.03 per ordinary share (2021: nil) for the six months ended 30 June 2022.

The interim and special dividend paid during the year were adjusted to exclude the dividend for shares bought back by the Company before ex-dividend date amounting to HK\$270,000 and HK\$1,081,000 respectively.

The proposed final special dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculations of the basic and diluted earnings per share are based on:

### (a) Basic earnings per share

The calculation of basic earnings per share is as follows:

	2022	2021
Profit attributable to ordinary equity holders of the parent (in HK\$'000)	<u>80,381</u>	<u>1,094,743</u>
Weighted average number of ordinary shares in issue less shares held for the share award scheme (in '000)	<u>9,578,980</u>	<u>9,604,635</u>
Basic earnings per share (in HK cents)	<u>0.8</u>	<u>11.4</u>

### (b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares outstanding to assume conversion of all dilutive ordinary shares.

No adjustment has been made to the basic earnings per share amounts presented for the year ended 31 December 2022 in respect of dilution as the impact of the share option outstanding had an anti-dilutive effect on the basic earnings per share amount presented.

The calculation of diluted earnings per share for the year ended 31 December 2021 is as follows:

	2021
Profit attributable to ordinary equity holders of the parent (in HK\$'000)	<u>1,094,743</u>
Weighted average number of ordinary shares in issue less shares held for the share award scheme used in the basic earnings per share calculation (in '000)	<u>9,604,635</u>
Effect of dilution – weighted average number of ordinary shares:	
Share options under the share option scheme (in '000)	799
Awarded shares under the share award scheme (in '000)	<u>4,777</u>
Number of ordinary shares for the purpose of the diluted earnings per share calculation (in '000)	<u>9,610,211</u>
Diluted earnings per share (in HK cents)	<u>11.4</u>

## 11. LOANS AND ADVANCES TO CUSTOMERS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Margin loans	8,120,943	16,644,045
Term loans to customers	467,662	1,245,143
Less: Impairment provision	<u>(2,197,236)</u>	<u>(2,034,501)</u>
	<u><b>6,391,369</b></u>	<u><b>15,854,687</b></u>

The movements of the expected credit loss (“ECL”) allowance on loans and advances to customers are as follows:

	12-month ECL (Stage 1) <i>HK\$'000</i>	Lifetime ECL not credit-impaired (Stage 2) <i>HK\$'000</i>	Lifetime ECL credit-impaired (Stage 3) <i>HK\$'000</i>	Total <i>HK\$'000</i>
ECL allowance as at				
1 January 2021	(2,977)	–	(1,833,228)	(1,836,205)
New assets originated or purchased	–	–	(799)	(799)
Assets derecognised or repaid	1,756	–	7	1,763
Changes to risk parameters	<u>(774)</u>	<u>–</u>	<u>(198,486)</u>	<u>(199,260)</u>
ECL allowance as at				
31 December 2021 and				
1 January 2022	<b>(1,995)</b>	–	<b>(2,032,506)</b>	<b>(2,034,501)</b>
Assets derecognised or repaid	<b>388</b>	–	<b>799</b>	<b>1,187</b>
Changes to risk parameters	<b>(1,814)</b>	–	<b>(44,800)</b>	<b>(46,614)</b>
Transfer from stage 1 to stage 3	<b>125</b>	–	<b>(125)</b>	–
Changes arising from transfer of stage	<u>–</u>	<u>–</u>	<u>(117,308)</u>	<u>(117,308)</u>
ECL allowance as at				
31 December 2022	<u><b>(3,296)</b></u>	<u>–</u>	<u><b>(2,193,940)</b></u>	<u><b>(2,197,236)</b></u>

There was no loans and advances to customers which have been written off but were still subject to enforcement activity at 31 December 2022 and 2021.

## 12. ACCOUNTS RECEIVABLE

The carrying values of accounts receivable arising from the course of business of the Group are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Accounts receivable arising from brokerage		
– cash and custodian clients	9,911	64,814
– the Stock Exchange and other clearing houses	1,200,995	3,195,809
– brokers and dealers	3,630,107	2,786,524
Accounts receivable arising from insurance brokerage services		
– cash and custodian clients	–	4
Accounts receivable arising from securities borrowing and lending		
– brokers and dealers	725,668	419,506
Accounts receivable arising from corporate finance, asset management, financial products, market making and investments		
– corporate clients, investment funds and others	<u>107,461</u>	<u>117,538</u>
	5,674,142	6,584,195
Less: Impairment provision	<u>(32,756)</u>	<u>(24,514)</u>
	<u><u>5,641,386</u></u>	<u><u>6,559,681</u></u>

The movements in the impairment provision on accounts receivable are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At 1 January	24,514	7,052
Impairment charge during the year	9,932	17,816
Impairment reversal during the year	(1,800)	(354)
Exchange difference	<u>110</u>	–
At 31 December	<u><u>32,756</u></u>	<u><u>24,514</u></u>

There was no accounts receivable which have been written off but were still subject to enforcement activity at 31 December 2022 and 2021.

Accounts receivable from cash and custodian clients represent unsettled client trades on various securities exchanges transacted on the last two to three business days prior to the end of the reporting year. When the cash and custodian clients fail to settle on the settlement date, the Group has the rights to force-sell the collateral underlying the securities transactions. The collateral held against these receivables is publicly traded securities. The impairment provision is made after taking into consideration the recoverability from the collateral. No ageing analysis is disclosed as, in the opinion of the directors, an ageing analysis does not give additional value in view of the nature of these accounts receivable.

For accounts receivable from the Stock Exchange and other clearing houses, brokers and dealers, and insurance brokerage, no ageing analysis is disclosed as, in the opinion of the directors, an ageing analysis does not give additional value in view of the nature of these accounts receivable. There was no transfer of ECL allowance to different stages during the year ended 31 December 2022 and 2021.

Ageing analysis of the relevant trade receivables at the date of consolidated statement of financial position based on past due date is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Not yet past due	44,232	48,412
Past due less than 1 month	187	3,076
Past due between 1 to 3 months	56	7,693
Past due over 3 months	<u>62,986</u>	<u>58,357</u>
Total	<u><u>107,461</u></u>	<u><u>117,538</u></u>

### 13. ACCOUNTS PAYABLE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Accounts payable arising from brokerage		
– clients	13,136,472	16,986,206
– brokers and dealers	1,675,062	790,787
– the Stock Exchange and other clearing houses	1,288,615	2,212,759
Accounts payable arising from securities borrowing and lending	42,254	37,289
Accounts payable arising from corporate finance, asset management, financial products, market making, investments and others	583,839	559,622
Accounts payable arising from insurance brokerage services	<u>86</u>	<u>503</u>
	<u><u>16,726,328</u></u>	<u><u>20,587,166</u></u>

The majority of the accounts payable are repayable on demand except for certain accounts payable to clients which represent margin deposits received from clients for their trading activities in the normal course of business. Only the excess amounts over the required margin deposits stipulated are repayable on demand.

The Group has a practice to satisfy all the requests for payment within one business day. No ageing analysis is disclosed as, in the opinion of the directors, the ageing analysis does not give additional value in view of the nature of these businesses.

#### 14. INTEREST BEARING BORROWINGS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current:		
Lease liabilities	15,387	40,542
Current:		
Lease liabilities	27,845	27,322
Unsecured bank borrowings	9,305,775	5,307,339
	<u>9,333,620</u>	<u>5,334,661</u>
Total interest bearing borrowings	<u>9,349,007</u>	<u>5,375,203</u>

#### 15. CAPITAL COMMITMENTS AND OTHER COMMITMENTS

##### Capital commitments

The Group had capital commitments for system upgrade and renovation of premises of approximately HK\$9,798,000 which were contracted but not provided for as at 31 December 2022 (2021: HK\$16,034,000).

##### Other commitments

The Group undertakes underwriting obligations on placing, IPO, takeover and merger activities and financial obligations to loan facilities granted to customers. As at 31 December 2022, the underwriting obligation was approximately HK\$1,755 million (2021: HK\$145 million).

## MANAGEMENT DISCUSSION AND ANALYSIS

### I. Results Review

In 2022, the global financial market was in a downturn. In the context of geopolitical tension, tightening of monetary policy by the United States (“US”) Federal Reserve and high inflation overseas, risk events in the global capital market occurred frequently and the Hong Kong stock market was inevitably impacted. In 2022, the Hang Seng Index dropped by 15%, and even hit its lowest level in over 13 years in October, whereas the average daily trading volume of the Hong Kong stock market decreased by 25% as compared to the same period of last year (“YOY”) to HK\$124.9 billion, and the total funds raised from initial public offering in the Hong Kong stock market significantly decreased by 68% YOY to HK\$104.6 billion. The US stock market had its worst year since the subprime mortgage crisis, with the Dow Jones index declined by 9%, the S&P 500 index retracted by 19% and the Nasdaq Composite lowered by 33%. In the bond market, the relevant price index of high-yield and investment-grade US dollar-denominated bonds issued by the Chinese corporates fell by 33% and 10% respectively in 2022. Meanwhile, the total amount of bonds issued in Asian (ex-Japan) G3 currencies (US dollar, Euro and Yen) decreased by 54% YOY to US\$160.1 billion, according to Bloomberg data.

In 2022, facing the challenging environment including many unfavourable factors in the global financial market and the extremely sluggish Hong Kong stock market, the Group demonstrated strong resilience and operational strength and still achieved a profit, steadily maintaining profitable every year since its listing 13 years ago by decisively executing efficient risk control measures, effectively managing and responding to credit risk and market risk, strongly developing client-demand driven business and continuously optimizing its balance sheet and financial leverage ratio.

Hong Kong has suffered from five outbreaks of the pandemic since 2020, which caused adverse impacts to most industries. During this special time, the Company continued to recommend a final special dividend following the interim of 2022 to uphold the spirit of “overcoming difficulties together”. The Group also distributed all-cash dividends every year since its listing 13 years ago so as to respond to the long-term recognition and support of investors and the capital markets.

The results for 2022 are summarized as follows (during the year or as at 31 December 2022):

- Under the extremely challenging market and business environment, the Group’s revenue for the year amounted to HK\$2,315 million (2021: HK\$3,966 million) and the profit attributable to ordinary equity holders decreased by 93% YOY to HK\$80.38 million (2021: HK\$1,095 million)
- Recommended a final special dividend for the year ended 31 December 2022 of HK\$0.010 per share of the Company (“Share(s)”), together with an interim dividend of HK\$0.010 per Share and a special dividend of HK\$0.030 per Share which were paid on 26 September 2022, the total dividends for the year will amount to HK\$0.050 per Share (dividend payment ratio of 594%)

- Total assets decreased by 11% to HK\$94.46 billion. The balance of the Group's financial assets held for trading and investments decreased by 51% to HK\$11.44 billion due to the significant reduction of risk exposures, effectively reduced the impact of market price fluctuations on the statement of profit or loss. Meanwhile, client demand for financial products increased against the market as the Group continued to improve the quality of its products and services, and the balance of financial product assets held on behalf of clients (driven by client demand) increased by 45% YOY to HK\$45.94 billion
- If excluding the financial assets from the financial products held on behalf of clients, the leverage ratio was lowered to 2.37 times (as at the end of 2021: 3.74 times)
- Benefiting from higher global interest rates and stable client demand for financial products, the Group's interest income from financial products increased by 28% YOY to HK\$410 million
- Benefiting from higher global interest rates and the Group's strong capability in funds management, the Group's interest income from banks and others significantly increased by 213% YOY to HK\$392 million
- Finance costs decreased by 13% to HK\$677 million despite the significant increase in global interest rates, mainly due to effectively controlled funding costs as well as the significant reduction of high-risk asset exposures which resulted in a corresponding decrease in financing scale
- Facing severe fluctuation of global assets, based on the principle of prudence, the Group recorded a net impairment charge of HK\$154 million, representing a YOY decrease of 30%, reflecting its sound risk management capability

## II. Business Operation Review

### (I) *Risk management made contributions in high-intensity market challenges*

The Group firmly believes that risk management is the core competitive edge of a financial institution and pursues a robust risk and compliance culture to accurately identify and effectively manage risks through a sound, scientific risk management model and system and advanced risk management tools.

During the year, the Group maintained its strong strategic determination in the highly volatile financial market environment and resolutely implemented effective risk management measures. In response to high-risk events such as rising interest rates of US treasury bonds and default of mainland real estate corporate bonds, the Group adopted precise dynamic risk hedging measures to avoid significant financial loss and also continued to reduce high-risk exposure, the impact of market risk and financial asset price fluctuations on the balance sheet was mitigated, and the value-at-risk and various risk sensitivity indicators were improved significantly. On the other hand, the Group strategically increased the proportion of

client-driven business and improved the Group’s balance sheet structure and overall risk-adjusted return rate. During the year, the Group maintained a long-term issuer rating of “BBB+” by S&P and “Baa2” by Moody’s, the international credit rating agencies, with the outlook being “stable”, staying in a leading position among its peers in Hong Kong.

***(II) The Company’s ESG rating was upgraded for the first time in the past four years, with its corporate governance being regarded as ahead of its global peers***

During the year, Morgan Stanley Capital International (“MSCI”), an international authoritative index institution, upgraded the Company’s Environment, Social and Governance (“ESG”) rating to “BBB” for the first time in the past four years, and was at the leading level of securities companies in Hong Kong. According to MSCI, the Company is ahead of its global peers in terms of corporate governance and business ethics policies. On the other hand, the scale of the Group’s green and sustainable bond underwriting has been constantly increasing. As ESG-themed investment has become an important investment strategy in the global financial market, ESG rating has become an important basis for the international market to measure the investment value of listed companies. This rating upgrade is a high recognition and full affirmation of the Group’s ESG management achievements by international authoritative institutions and the international capital market.

***(III) The market capitalization was leading among listed Hong Kong stock brokers while the “Guotai Junan” brand was highly recognized***

Although most of the major stock markets around the world were under pressure in 2022, the Company’s market capitalization maintained a leading position among Hong Kong securities firms listed in Hong Kong. During the year, the Company received a record number of 45 awards from media and professional institutions such as “Institutional Investor”, “Zhitongcaijing.com”, “The Asset”, “Bloomberg Businessweek”, “Insights and Mandate”, Chinese Asset Management Association of Hong Kong and the Stock Exchange of Hong Kong Limited (the “Stock Exchange”), representing a YOY increase of 32%, including the “Most Respected Company” award from Institutional Investor magazine for the second consecutive year, demonstrating the recognition of the Company by the world’s top financial media and magazines.

***(IV) Actively implementing major national strategies, the Group received a no-objection letter from the China Securities Regulatory Commission for the establishment of Macao subsidiary***

During the year, the Group implemented the national development strategy of Guangdong-Hong Kong-Macao Greater Bay Area and the “One Belt, One Road” Initiative. At the end of June, the China Securities Regulatory Commission officially issued a no-objection reply on the establishment of the Company’s subsidiary in Macao, marking a key step for the Group to improve its footprint in the Guangdong-Hong Kong-Macao Greater Bay Area.

### III. Analysis of Operating Results

#### (I) Revenue analysis

##### 1. By nature:

Commission and fee income decreased by 47% YOY to HK\$866 million (2021: HK\$1,626 million). During the year, the fundraising amount in the Hong Kong initial public offering market decreased by 68% YOY and the trading volume of stocks decreased by 25% YOY, resulting in a YOY decrease in the Group's commission and fee income from brokerage, corporate finance and asset management.

Interest income decreased by 17% YOY to HK\$1,897 million (2021: HK\$2,281 million), mainly due to the fact that the Group continued to adjust its bond holdings for market making purpose in response to the deepening default risk of bonds issued by mainland real estate corporates, resulting in a YOY decrease in coupon income from bonds. On the other hand, the market condition in Hong Kong was weak, which led to less investor demand for financing YOY.

Net trading and investment loss amounted to HK\$448 million (2021: income of HK\$59.80 million). The Group conducted trading and investment business with a purpose mainly for supporting the development of wealth management, corporate finance and asset management, etc. During the year, as the global stock market and the Chinese-issued US dollar-denominated bond market continued to undergo in-depth adjustments, the Group recorded a loss on mark-to-market adjustments in trading and investment income during the year.

##### 2. By segment:

Institutional investor services segment income decreased by 18% YOY to HK\$1,330 million (2021: HK\$1,619 million), mainly due to the decrease in handling fees of financial products and the decrease of related investment income from fixed income securities.

Wealth management segment income decreased by 31% YOY to HK\$1,271 million (2021: HK\$1,829 million), mainly due to the YOY decrease in brokerage commission and income from margin financing provided to wealth management clients and the issuance of derivative instruments.

Corporate finance services segment income decreased by 53% YOY to HK\$287 million (2021: HK\$617 million), mainly due to the extremely sluggish Hong Kong stock market and the significant decrease in corporate clients' willingness to issue shares, which affected the income from equity and debt underwriting and issuance.

Investment management segment income recorded a loss of HK\$573 million (2021: loss of HK\$99.31 million), mainly due to the significant decrease in related interest income as a result of the significant reduction of the Group's position in high-risk Chinese-issued US dollar-denominated bonds, and the mark-to-market losses recorded from the outstanding investment positions.

## **(II) Cost analysis**

During the year, total costs decreased by 15% YOY to HK\$2,293 million, mainly due to the YOY decrease in finance costs and impairment charge. Under the business principle of prudence in the face of the severe volatility in the global financial market, the Group recorded a net impairment charge of HK\$154 million for the year, representing a YOY decrease of 30%. At the same time, the Group's finance costs decreased by 13% YOY to HK\$677 million despite the significant increase in global interest rates. The Group believes the costs and expenses during the year were generally within expectation and conducive to the medium to long-term sustainable development.

## **IV. Financial Positions Analysis**

### **(I) Balance sheet summary**

#### *1. General*

As at 31 December 2022, total assets of the Group were HK\$94.46 billion, representing a decrease of 11% as compared to that as at the end of 2021, while total liabilities of the Group were HK\$79.52 billion, representing a decrease of 12% as compared to that as at the end of 2021. The total equity amounted to HK\$14.94 billion, representing a decrease of 3% as compared to that as at the end of 2021.

The Group has been devoting every effort in optimizing the loans and financing business structure, adjusting the proportion of margin financing with collateral of small and mid-cap stocks and making adequate impairment provision for high-risk assets. As a result, the Group's assets are optimized to high quality, sound liquidity, and reasonable structure.

#### *2. Assets*

As at 31 December 2022, the Group's total assets decreased by 11% as compared to that as at the end of 2021 to HK\$94.46 billion (as at the end of 2021: HK\$106.29 billion), mainly due to 1) the Group managed the risks prudently by reducing its risk exposures in financial assets held for trading and investments, the balance of financial assets held for trading and investments decreased by 51% as compared to that as at the end of 2021 to HK\$11.44 billion (accounted for 12% of the total assets); 2) loans and advances to customers decreased by 60% as compared to that as at the end of 2021 to HK\$6,391 million (accounted for 7% of the total assets); and 3) the trust bank balances held on behalf of the clients decreased by 25% as compared to that as at the end of 2021 to HK\$13.35 billion (accounted for 14% of the total assets).

3. *Liabilities*

As at 31 December 2022, the Group's total liabilities decreased by 12% as compared to that as at the end of 2021 to HK\$79.52 billion (as at the end of 2021: HK\$90.85 billion), mainly due to the decrease in debt securities in issue. As at 31 December 2022, debt securities in issue of the Group decreased by 9% to HK\$41.49 billion (as at the end of 2021: HK\$45.49 billion). In spite of the increase in structured notes issued to the clients as a result of the growth of client-driven business, it was offset by the decrease in debt securities in issue at amortised cost.

4. *Financial ratios*

As at 31 December 2022, the nominal leverage ratio (defined as total assets less accounts payable to clients divided by total equity) was 5.44 times (as at the end of 2021: 5.78 times). If excluding the financial assets from the financial products held on behalf of the clients, the leverage ratio was 2.37 times (as at the end of 2021: 3.74 times). The gearing ratio (defined as the sum of bank borrowings and debt securities in issue at amortised cost divided by total equity) was 1.09 times (as at the end of 2021: 1.73 times). The Group's current ratio was 1.17 times (as at the end of 2021: 1.11 times).

**(II) Charges on the Group's assets**

No asset of the Group was subject to any charge as at 31 December 2022 and 31 December 2021, respectively.

**(III) Capital commitments, other commitments and contingent liabilities**

Details of capital commitments and other commitments of the Group are set out in Note 15 to the financial information. The Group did not have any contingent liabilities as at 31 December 2022.

**(IV) Liquidity and financial resources**

As at 31 December 2022, the current assets of the Group were HK\$77.67 billion, decreased by 12% as compared to that as at the end of 2021. The balance of cash and cash equivalents of the Group was HK\$7,757 million (as at the end of 2021: HK\$5,278 million). Net cash inflow of the Group was HK\$2,479 million (as at the end of 2021: outflow of HK\$231 million).

The Company maintained a Medium Term Note Programme of up to HK\$35.0 billion for financing purposes, under which listed and unlisted notes denominated in any currency may be issued from time to time. On 18 July 2022, the Company successfully renewed the Medium Term Note Programme of up to HK\$35.0 billion with a period of 12 months. The Company, through its subsidiary, also maintained a Guaranteed Structured Note Programme of up to US\$15.0 billion, under which unlisted notes denominated in any currency may be issued from time to time. As at 31 December 2022, the medium term notes and structured notes issued and outstanding amounted to HK\$4,800 million (as at the end of 2021: HK\$19.1 billion) and US\$4,900 million (as at the end of 2021: US\$4,000 million), respectively.

Save as disclosed above, there were no other debt instruments issued by the Group during the year.

Taking into account the position of liquidity and financial resources of the Group, the Group believes that its operating cash flow is adequate and sufficient to finance the recurring working capital requirements and meet any investment opportunities that may arise in the future.

***(V) Material acquisitions and disposals***

For the year ended 31 December 2022, the Group had no material acquisition and disposal of subsidiaries, associated companies and joint ventures.

***(VI) Capital structure and regulatory capital***

For the year ended 31 December 2022, the Company bought back a total of 65,000,000 Shares on the Stock Exchange, all of which were cancelled during the year. Please refer to the section headed “Purchase, Sale or Redemption of the Company’s Listed Securities” for details. As at 31 December 2022, there were 9,553,994,707 Shares in issue.

The Group monitors its capital structure from time to time to ensure the compliance of the capital requirements set by the Securities and Futures Commission of Hong Kong, the Monetary Authority of Singapore and the State Securities Commission under the Ministry of Finance of Vietnam for the licensed subsidiaries of the Company in respective jurisdictions and to support the development needs of new businesses. All licensed subsidiaries within the Group have complied with respective applicable capital requirements during the year.

### ***(VII) Foreign exchange risk***

Foreign exchange risk refers to the risk that movements in foreign currency exchange rates will affect the Group's financial results and its cash flows.

The Group's foreign exchange risk principally arises from its leveraged foreign exchange dealing and broking business as well as the Group's transactions which are denominated in currencies other than Hong Kong dollars. For the leveraged foreign exchange brokerage business, the Group hedges the majority of the client positions through back-to-back transactions with external counterparties. The Group adopts a stringent control over its positions to minimize its exposure to foreign exchange risk.

The Group's principal businesses are transacted and recorded in Hong Kong dollar, US dollar and Renminbi. The Group is not exposed to material foreign exchange risk arising from the fluctuation of US dollar because Hong Kong dollar is pegged with US dollar. The Group takes appropriate hedging measures when it is exposed to material exchange rate fluctuations in Renminbi. Other than that, the impact of the remaining foreign currency exposure is relatively minimal to the Group's total assets and liabilities.

## **V. Prospects**

Although overseas inflation is expected to decline in the short term in the future, there is still an upward trend for the inflation in the middle term. Facing the tense situation between Russia and Ukraine, international geopolitical risks will still attract market attention and the global financial market will be inevitably exposed to more uncertainties and challenges. In such context, China's economy is however expected to show a different outlook than overseas. Despite the possible negative impact on economic growth brought by factors such as the weak real estate market and the impact of the pandemic, the long-term positive fundamentals of China's economy remain unchanged due to its large economic volume and strong resilience in the internal circulation market.

Under the complicated external environment, guided by "Three Three-years in Three Steps", the development strategy of its parent company, Guotai Junan Securities Co., Limited., the Group will enhance its core competitiveness, accelerate digital transformation and actively deploy financial technology applications with excellent risk management capabilities, enhance the capabilities of various businesses, give full play to the Company's overseas strengths, including offshore asset allocation and cross-border wealth management services, and seize the opportunities arising from the development of "One Belt, One Road" and the Greater Bay Area of Guangdong, Hong Kong and Macao to achieve high-quality and sustainable development of the Group.

The Group has been implementing a solid and steady operational strategy. As always, the Group will continue to improve its risk management measures and strengthen the execution, as well as to consolidate and enhance its outstanding risk management capabilities, so as to lay a solid foundation for further business development. The Group will continue to promote a client-demand driven business model, vigorously improve the capabilities of wealth management, corporate finance and financial products and other businesses, and comprehensively improve its integrated financial service capabilities. Meanwhile, the Group will continue to reduce its own market risks on a large scale, consolidate its balance sheet and improve the risk-adjusted return on investment for shareholders of the Company (the “Shareholder(s)”). The Group will always aim to increase the risk-adjusted return on net assets as one of its core objectives with steady and solid compound growth to reward the investors for their continuous supports.

## **DIVIDEND**

The Board recommends a final special dividend of HK\$0.010 per Share for the year ended 31 December 2022 (the “Proposed Special Dividend”), subject to the approval by Shareholders at the annual general meeting of the Company (the “AGM”), which is expected to be held on Monday, 22 May 2023, and will be payable on Friday, 16 June 2023 to Shareholders whose names appear on the register of members of the Company on Tuesday, 30 May 2023. Together with an interim dividend of HK\$0.010 per Share and a special dividend of HK\$0.030 per Share which were paid on 26 September 2022, the total dividends for the year ended 31 December 2022 will amount to HK\$0.050 per Share (2021: an interim dividend of HK\$0.050 per Share and a final dividend of HK\$0.010 per Share, total dividends for the year amounted to HK\$0.060 per Share).

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 16 May 2023 to Monday, 22 May 2023 (both days inclusive) for ascertaining Shareholders’ entitlement to attend and vote at the AGM, during which period, no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all duly completed transfer documents accompanied by the relevant share certificates, must be lodged with the Company’s Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, No. 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 15 May 2023.

The register of members of the Company will be closed on Tuesday, 30 May 2023 for ascertaining Shareholders’ entitlement to the Proposed Special Dividend (subject to the approval of the Proposed Special Dividend by Shareholders at the AGM). No transfer of Shares will be registered on that date. In order to qualify for the Proposed Special Dividend, all duly completed transfer documents accompanied by the relevant share certificates, must be lodged with the Company’s Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, No. 183 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 29 May 2023.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, the Company bought back a total of 65,000,000 Shares on the Stock Exchange at an aggregate consideration of HK\$56,882,343.34 (inclusive of all expenses). All these Shares were cancelled during the year correspondingly.

Details of the Shares bought back during the year are as follow:

Month	Number of Shares bought back	Price paid per Share		Aggregate consideration (inclusive of transaction costs)
		Highest	Lowest	HK\$
		HK\$	HK\$	HK\$
April 2022	1,180,000	0.84	0.80	976,415.36
May 2022	30,059,000	0.87	0.81	25,468,775.25
June 2022	27,170,000	0.97	0.85	24,643,902.44
July 2022	5,940,000	0.93	0.84	5,255,088.32
August 2022	651,000	0.83	0.81	538,161.97

On 14 January 2022, the Company has redeemed all of its outstanding 4.25% notes due 2022 with an aggregate principal amount of US\$200,000,000, the redemption price equals to 100% of the principal amount plus accrued and unpaid interest.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2022.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions set out in the Corporate Governance Code (the "Corporate Governance Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as its own code of corporate governance. The Company has complied with all code provisions set out in the Corporate Governance Code throughout the year of 2022.

## COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code") regarding securities transactions by directors. On specific enquiry made by the Company, all directors of the Company ("Director(s)") confirmed that they have fully complied with the required standard set out in the Model Code throughout the year of 2022.

## **AUDIT COMMITTEE**

The Audit Committee comprises Mr. TSANG Yiu Keung (chairman), Dr. FU Tingmei, and Professor CHAN Ka Keung Ceajer, all of them are independent non-executive Directors. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including review of the annual results announcement and the consolidated financial statements of the Group for the year ended 31 December 2022.

The financial figures in this announcement of the Group's results for the year ended 31 December 2022 have been compared by KPMG, the external auditor of the Company, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KPMG on this announcement.

## **BOARD OF DIRECTORS**

As at the date of this announcement, the Board comprises two executive Directors, being Dr. YIM Fung (Chairman) and Ms. QI Haiying; three non-executive Directors, being Mr. YU Jian, Dr. HU Xupeng and Ms. YU Xuping; and three independent non-executive Directors, being Dr. FU Tingmei, Mr. TSANG Yiu Keung and Professor CHAN Ka Keung Ceajer.

## **APPRECIATION**

The Board would like to take this opportunity to express its gratitude to the Shareholders and clients for their trust and support and to thank the Board members and the staff members of the Group for their hard work, loyal service and great contribution during the year.

**PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022 ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This announcement of final results for the year ended 31 December 2022 is published on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at <http://www.gtjai.com>. The annual report of the Company for the year ended 31 December 2022 will be despatched to Shareholders and published on the aforesaid websites in due course.

By order of the Board  
**Guotai Junan International Holdings Limited**  
**YIM FUNG**  
*Chairman*

Hong Kong, 27 March 2023