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GUOTAI JUNAN INTERNATIONAL HOLDINGS LIMITED

國泰君安國際控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1788)

**CONNECTED TRANSACTION
IN RELATION TO
DISPOSAL OF BONDS**

DISPOSAL OF BONDS

The Board announces that on 28 November 2014, the Vendor and the Purchaser entered into the Agreement pursuant to which the Purchaser agreed to purchase, and the Vendor agreed to sell, the Bonds for the total cash consideration of RMB54,819,678.29 (equivalent to approximately HK\$69,500,388.14).

LISTING RULES IMPLICATIONS

The Vendor is a wholly-owned subsidiary of the Company. The Purchaser is the controlling shareholder of the Company at the date of this announcement, thus a connected person of the Company. Accordingly, the transaction contemplated under the Agreement constitutes connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Agreement are more than 0.1% but less than 5%, the transaction contemplated under the Agreement is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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THE AGREEMENT

Date

28 November 2014

Asset to be disposed of

Bonds due on 24 October 2015 in the carrying amount of RMB33,000,000.00 issued by Binhai Investment Company Limited, bearing interest at 6.5% per annum (the “Binhai Bonds”), and bonds due on 26 July 2015 in the carrying amount of RMB20,100,000.00 issued by Gemdale International Holding Limited, bearing interest at 9.15% per annum (the “Gemdale Bonds”)(collectively, the “Bonds”).

Parties

Vendor: Guotai Junan Securities (Hong Kong) Limited

Purchaser: Guotai Junan Financial Holdings Limited

The Vendor is a wholly-owned subsidiary of the Company. The Purchaser is the controlling shareholder of the Company at the date of this announcement, thus a connected person of the Company. Accordingly, the transaction contemplated under the Agreement constitutes connected transaction of the Company under Chapter 14A of the Listing Rules.

Consideration

The consideration of Binhai Bonds and Gemdale Bonds will be RMB33,552,184.93 (equivalent to approximately HK\$42,537,460.06) and RMB21,267,493.36 (equivalent to approximately HK\$26,962,928.08) respectively, amounting to RMB54,819,678.29 (equivalent to approximately HK\$69,500,388.14) in total and will be settled by cash by the Purchaser upon completion. The gains on the disposal of the Bonds expected to accrue to the Group is RMB357,800.00 (equivalent to approximately HK\$453,618.84). Details of the calculation are set out in the table below.

	Binhai Bonds RMB	Gemdale Bonds RMB	Total RMB
Consideration	33,552,184.93	21,267,493.36	54,819,678.29
Carrying amount	(33,000,000.00)	(20,636,425.00)	(53,636,425.00)
Accrued interest	(205,684.93)	(619,768.36)	(825,453.29)
	<u> </u>	<u> </u>	<u> </u>
Gain on disposal	346,500.00	11,300.00	357,800.00
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The consideration was determined after arm’s length negotiations between the Vendor and the Purchaser and with reference to the section headed “REASONS FOR THE TRANSACTION” below. The consideration for Binhai Bonds represents a premium of 1.05% of the carrying amount of the Binhai Bonds, and the consideration for Gemdale Bonds represents a premium of

0.05% of the carrying amount of Gemdale Bonds. The proceeds from the disposal of the Bonds are intended to be used as the Group's general working capital for bond trading.

INFORMATION OF THE BONDS

Binhai Bonds

Binhai Bonds were issued by Binhai Investment Company Limited on 24 October 2012 and will be due on 24 October 2015, in the carrying amount of RMB33,000,000.00 bearing interest at 6.5% per annum.

Binhai Investment Company Limited is a company listed on the Stock Exchange of Hong Kong with stock code 2886. It is principally engaged in the wholesale of liquefied petroleum gas, sales of bottled gas, sales of piped gas, construction of gas pipelines and installation of appliances to connect customers to its pipeline networks under connection contracts.

Gemdale Bonds

Gemdale Bonds were issued by Gemdale International Holding Limited on 26 July 2012 and will be due on 26 July 2015, in the carrying amount of RMB20,100,000.00 bearing interest at 9.15% per annum.

Gemdale International Holding Limited is indirectly wholly-owned by Gemdale Corporation which is listed on the Shanghai Stock Exchange and is one of the leading large-scale integrated residential property developers in China.

REASONS FOR THE TRANSACTION

One of the Group's principal businesses is investment holding and the Group is always looking for investment opportunities. Given that the Bonds were acquired within one month, the directors of the Company consider that the consideration, which represents a premium of approximately 1.05% and 0.05% of the carrying amount of Binhai Bonds and Gemdale Bonds respectively, is fair and reasonable and in the interests of the Company, the Group and its shareholders as a whole.

LISTING RULES IMPLICATIONS

The Purchaser is the controlling shareholder of the Company at the date of this announcement, thus a connected person of the Company. The transaction contemplated under the Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Agreement exceed 0.1% but less than 5%, such transaction is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

APPROVAL OF THE BOARD

The Agreement was approved by the Board. Dr. YIM Fung, Chairman, CEO and executive director of the Company, is also a director of Guotai Junan Financial Holdings Limited and was

considered to have a material interest in such transactions and therefore abstained from voting on the relevant resolutions of the Board approving the transaction.

The directors (including the independent non-executive directors) of the Company consider that the terms and conditions of the Agreement are fair and reasonable and on normal commercial terms and that the transaction contemplated under the Agreement is in the interests of the Company and its shareholders as a whole.

GENERAL INFORMATION OF THE PARTIES TO THE TRANSACTION

The Group

Operations of the Group are based in Hong Kong and its services include: (i) securities, futures and leveraged foreign exchange dealing and broking; (ii) corporate finance; (iii) asset management services; (iv) loans and financing; and (v) investment holding.

Guotai Junan Securities (Hong Kong) Limited

Guotai Junan Securities (Hong Kong) Limited is a wholly-owned subsidiary of the Company, which provides securities dealing and broking services to customers.

Guotai Junan Financial Holdings Limited

Guotai Junan Financial Holdings Limited is the controlling shareholder of the Company, its principal activity is investment holding.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Agreement”	the agreement on 28 November 2014 in relation to the sale and purchase of the Bonds;
“Board”	the board of directors of the Company;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Company”	Guotai Junan International Holdings Limited;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Purchaser”	Guotai Junan Financial Holdings Limited;
“Vendor”	Guotai Junan Securities (Hong Kong) Limited;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“RMB”	Renminbi, the lawful currency of the PRC; and
“%”	per cent.

In this announcement, RMB are translated for illustration purpose into HK\$ at RMB1 to HK\$1.2678.

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

Hong Kong, 28 November 2014

As at the date of this announcement, the Board comprises four executive directors, being Dr. YIM Fung (Chairman and CEO), Mr. LI Guangjie, Mr. LI Sang Edward and Mr. WONG Tung Ching; and three independent non-executive directors, being Dr. FU Tingmei, Dr. SONG Ming and Mr. TSANG Yiu Keung.