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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)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

The board of directors (the “Board”) of Guotai Junan International Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (together, the “Group”) for the year ended 31 December 2014 together with comparative figures for the previous financial year as follows:

FINANCIAL HIGHLIGHTS

	For the year ended		Change %
	2014	2013	
	HK\$'000	HK\$'000	
Fee and commission income			
- dealing and broking	521,556	377,057	38.3%
- corporate finance	200,938	123,980	62.1%
- asset management	46,387	31,568	46.9%
Income from fixed income business	123,269	68,593	79.7%
Income from loans and financing	702,560	397,924	76.6%
Gain from investment holding	61,872	134,834	-54.1%
Revenue	1,656,582	1,133,956	46.1%
Other income	4,459	5,412	-17.6%
Revenue and other income	1,661,041	1,139,368	45.8%
Profit for the year	801,915	537,758	49.1%
Profit attributable to equity holders of the Company	799,791	536,398	49.1%
Basic earnings per share (HK cents)	41.7	31.1	34.1%
Diluted earnings per share (HK cents)	41.1	30.9	33.0%
Dividend per share (HK cents)	21	16	31.3%
Net asset value per share (HK\$) (Note)	3.14	2.30	36.5%

Note: Based on 2,249,494,328 shares (2013: 1,709,296,000 shares) as at 31 December 2014, being 2,273,876,128 shares issued and fully paid less 24,381,800 shares held under the Company’s share award scheme (2013: 1,727,650,000 shares issued and fully paid less 18,354,000 shares held under the Company’s share award scheme).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the year ended	
		31 December	
	<i>Notes</i>	2014	2013
		<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	1,656,582	1,133,956
Other income		<u>4,459</u>	<u>5,412</u>
Revenue and other income		1,661,041	1,139,368
Staff costs	5	(368,622)	(267,441)
Commission to account executives		(68,477)	(62,697)
Other commission expenses		(33,747)	(32,170)
Performance fee expenses		(2,037)	(6,261)
Depreciation		(23,643)	(26,049)
(Impairment charge on)/write-back of loans and advances to customers	9	(92)	14
Impairment charge on accounts receivable	10(a)	(2,750)	(222)
Other operating expenses		<u>(139,079)</u>	<u>(101,738)</u>
Operating profit		1,022,594	642,804
Finance costs	5	<u>(93,378)</u>	<u>(23,278)</u>
Profit before tax	5	929,216	619,526
Income tax expense	6	<u>(127,301)</u>	<u>(81,768)</u>
Profit for the year		801,915	537,758
Other comprehensive income for the year, net of tax		<u>—</u>	<u>—</u>
Total comprehensive income for the year		<u><u>801,915</u></u>	<u><u>537,758</u></u>
Profit and total comprehensive income for the year attributable to:			
Owners of the parent		799,791	536,398
Non-controlling interests		<u>2,124</u>	<u>1,360</u>
		<u><u>801,915</u></u>	<u><u>537,758</u></u>
Earnings per share attributable to ordinary equity holders of the parent			
			<i>(Restated)</i>
- Basic (in HK cents)	8(a)	41.7	31.1
- Diluted (in HK cents)	8(b)	<u>41.1</u>	<u>30.9</u>

Details of the dividends paid and proposed for the year are disclosed in note 7 to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	As at 31 December	
		2014	2013
		<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		513,503	413,440
Investment properties		—	105,599
Intangible assets		2,823	2,823
Deferred tax asset		24	—
Other assets		5,151	3,230
Total non-current assets		521,501	525,092
Current assets			
Loans and advances to customers	9	9,099,164	6,005,392
Accounts receivable	10	1,001,103	998,881
Prepayments, deposits and other receivables		128,852	21,341
Financial assets at fair value through profit or loss	11	1,353,089	983,717
Derivative financial instruments		1,766	—
Tax recoverable		211	182
Client trust bank balances		9,009,909	7,966,841
Cash and cash equivalents		889,286	485,295
Total current assets		21,483,380	16,461,649
Current liabilities			
Accounts payable	12	(10,004,468)	(9,120,380)
Other payables and accrued liabilities		(196,665)	(139,029)
Derivative financial instruments		(1,766)	—
Bank borrowings	13	(3,472,719)	(3,386,113)
Debt securities in issue		(171,123)	(324,706)
Tax payable		(69,718)	(34,864)
Total current liabilities		(13,916,459)	(13,005,092)
Net current assets		7,566,921	3,456,557
Total assets less current liabilities		8,088,422	3,981,649
Non-current liabilities			
Bank borrowings	13	(990,000)	—
Deferred tax liabilities		(33,208)	(34,332)
		(1,023,208)	(34,332)
Net assets		7,065,214	3,947,317

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	<i>Notes</i>	As at 31 December	
		2014	2013
		<i>HK\$'000</i>	<i>HK\$'000</i>
Equity			
Nominal value of share capital		—	172,765
Share premium		—	<u>2,959,240</u>
Share capital		5,852,194	3,132,005
Other reserve		(1,236,460)	(1,236,460)
Share-based compensation reserve			
- Share option reserve		63,696	39,998
- Share award reserve		13,884	9,054
Shares held under the share award scheme		(102,897)	(56,702)
Proposed final dividend	7	292,434	222,209
Retained profits		<u>2,172,562</u>	<u>1,829,536</u>
Equity attributable to owners of the parent		7,055,413	3,939,640
Non-controlling interests		<u>9,801</u>	<u>7,677</u>
Total equity		<u><u>7,065,214</u></u>	<u><u>3,947,317</u></u>

NOTES TO FINANCIAL STATEMENTS

1. General information

Guotai Junan International Holdings Limited (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 dealing and broking, loans and financing activities, corporate finance, asset management, fixed income business and investment holding.

The Company’s immediate holding company and ultimate holding company are Guotai Junan Holdings Limited (“GJHL”) incorporated in the British Virgin Islands and Guotai Junan Securities Company Limited (“Guotai Junan”) incorporated in the People’s Republic of China, respectively.

These financial statements were approved and authorised for issue by the Board of Directors on 5 March 2015.

2. Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in Sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and derivative financial instruments which have been measured at fair value.

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group has adopted the following revised standards and new interpretation for the first time for the current year's financial statements.

Standard	Content
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — <i>Investment Entities</i>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> — <i>Offsetting Financial Assets and Financial Liabilities</i>
HKAS 36 Amendments	Amendments to HKAS 36 <i>Recoverable Amount Disclosures for Non-Financial Assets</i>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement</i> — <i>Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	Levies
HKFRS 2 Amendment included in Annual Improvements 2010-2012 Cycle	Amendment to HKFRS 2 included in Annual Improvements 2010-2012 Cycle — Definition of Vesting Condition*
HKFRS 3 Amendment included in Annual Improvements 2010-2012 Cycle	Amendment to HKFRS 3 included in Annual Improvements 2010-2012 Cycle — Accounting for Contingent Consideration in a Business Combination*
HKFRS 13 Amendment included in Annual Improvements 2010-2012 Cycle	Amendment to HKFRS 13 included in Annual Improvements 2010-2012 Cycle — Short-term Receivables and Payables
HKFRS 1 Amendment included in Annual Improvements 2011-2013 Cycle	Amendment to HKFRS 1 included in Annual Improvements 2011-2013 Cycle — Meaning of Effective HKFRSs

* Effective from 1 July 2014

3. Segment reporting

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 prior year, income arising from placing and underwriting of debt securities was reported under the segment of corporate finance and income arising from trading and market making of debt securities was reported under the segment of investment holding. These items have been reported under a new segment "Fixed income business" for the year ended 31 December 2014. Comparative figures have been restated to conform with current year's presentation.

Details of each of the operating segments are as follows:

- (a) the dealing and broking segment engages in the provision of securities, futures and leveraged foreign exchange dealing and broking as well as wealth management services to customers;
- (b) the corporate finance segment engages in the provision of advisory services, placing and underwriting services of equities securities;
- (c) the asset management segment engages in asset management, including fund management and the provision of investment advisory services;
- (d) the fixed income business segment engages in placing, underwriting, trading and market making of debt securities;
- (e) the loans and financing activities segment engages in the provision of margin financing to margin customers, initial public offering ("IPO") loans, other loans to customers and bank deposits;
- (f) the investment holding segment represents dividend or interest income and gains or losses from listed equity investments, unconsolidated fund investments and direct investments; and
- (g) the "others" segment 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 and there was no change in the basis during the years ended 31 December 2013 and 2014.

The segment information provided to the management for the reportable segments for the years ended 31 December 2013 and 2014 is as follows:

Year ended 31 December 2014

	Dealing and broking HK\$'000	Corporate finance HK\$'000	Asset management HK\$'000	Fixed income business HK\$'000	Loans and financing activities HK\$'000	Investment holding HK\$'000	Others HK\$'000	Total HK\$'000
Segment revenue and other income:								
Sales to external customers	521,556	200,938	46,387	123,269	702,560	61,872	4,459	1,661,041
Inter-segment sales	—	—	—	—	—	—	—	—
Total	<u>521,556</u>	<u>200,938</u>	<u>46,387</u>	<u>123,269</u>	<u>702,560</u>	<u>61,872</u>	<u>4,459</u>	<u>1,661,041</u>
Segment results	200,133	120,793	15,745	60,638	470,035	61,872	—	929,216
Income tax expense								(127,301)
Profit for the year								<u>801,915</u>
Other segment information:								
Depreciation	6,986	4,429	1,109	1,875	9,244	—	—	23,643
Finance costs	<u>1</u>	<u>—</u>	<u>—</u>	<u>15,672</u>	<u>77,705</u>	<u>—</u>	<u>—</u>	<u>93,378</u>

Year ended 31 December 2013 (Restated)

	Dealing and broking HK\$'000	Corporate finance HK\$'000	Asset management HK\$'000	Fixed income business HK\$'000	Loans and financing activities HK\$'000	Investment holding HK\$'000	Others HK\$'000	Total HK\$'000
Segment revenue and other income:								
Sales to external customers	377,057	123,980	31,568	68,593	397,924	134,834	5,412	1,139,368
Inter-segment sales	—	—	—	—	—	—	—	—
Total	<u>377,057</u>	<u>123,980</u>	<u>31,568</u>	<u>68,593</u>	<u>397,924</u>	<u>134,834</u>	<u>5,412</u>	<u>1,139,368</u>
Segment results	119,128	56,808	2,567	18,274	287,915	134,834	—	619,526
Income tax expense								(81,768)
Profit for the year								<u>537,758</u>
Other segment information:								
Depreciation	8,662	4,589	1,248	1,455	10,095	—	—	26,049
Finance costs	<u>3</u>	<u>11</u>	<u>—</u>	<u>6,500</u>	<u>16,764</u>	<u>—</u>	<u>—</u>	<u>23,278</u>

4 Revenue

An analysis of revenue, which is also the Group's turnover, is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i> <i>(Restated)</i>
Dealing and broking:		
Commission on securities dealing and broking	435,037	292,892
Commission on futures dealing and broking	30,395	43,868
Handling income on dealing and broking	52,434	36,417
Net income on leveraged foreign exchange dealing and broking	1,646	3,517
Commission on wealth management services	2,044	363
	<u>521,556</u>	<u>377,057</u>
Corporate finance:		
Placing, underwriting and sub-underwriting commission of equity securities	131,815	71,070
Consultancy and financial advisory fee income	69,123	52,910
	<u>200,938</u>	<u>123,980</u>
Asset management:		
Management fee income	43,061	20,858
Performance fee income	3,326	10,710
	<u>46,387</u>	<u>31,568</u>
Fixed income business:		
Placing, underwriting and sub-underwriting commission of debt securities	86,887	25,569
Net fair value (loss)/gain on financial assets held for trading		
- Listed securities	(14,108)	8,106
- Unlisted securities	(3,043)	16,032
Interest income on financial assets held for trading		
- Listed securities	47,169	18,221
- Unlisted securities	6,364	665
	<u>123,269</u>	<u>68,593</u>
Loans and financing activities:		
Interest and handling income from margin loans	549,716	304,613
Interest and handling income from term loans	60,804	34,900
Interest income from IPO loans	5,308	2,225
Interest income from banks and others	86,732	52,274
Interest income from held-to-maturity investments	—	3,912
	<u>702,560</u>	<u>397,924</u>

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i> <i>(Restated)</i>
Investment holding:		
Net fair value gain/(loss) on financial assets held for trading		
- Listed securities	23,574	62,760
- Unlisted securities	(8,598)	62,762
Net fair value gain on financial assets designated at fair value through profit or loss		
- Unlisted convertible promissory note	33,616	5,296
- Unlisted unconsolidated fund investments	1,339	—
Interest income from unlisted financial assets designated at fair value through profit or loss	2,985	2,985
Dividend income from listed equity securities held for trading	8,956	1,031
	<u>61,872</u>	<u>134,834</u>
	<u>1,656,582</u>	<u>1,133,956</u>

5. Profit before tax

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Other operating expenses include:		
Auditors' remuneration		
(i) audit services	1,591	1,466
(ii) interim review	594	550
(iii) tax and other consultancy services	1,226	328
Foreign exchange differences, net	2,455	(3,831)
Information services expense	12,898	12,137
Marketing, advertising and promotion expenses	6,036	4,859
Professional and consultancy fee	24,465	19,951
Repair and maintenance (including system maintenance)	18,368	12,326
Gain on disposal of property, plant and equipment	<u>(8)</u>	<u>—</u>
Staff costs (including directors' remuneration):		
Salaries, bonuses and allowances	297,562	234,511
Share-based compensation expense		
- Share option scheme	32,685	9,577
- Share award scheme	34,568	20,337
Pension scheme contributions	<u>3,807</u>	<u>3,016</u>
	<u>368,622</u>	<u>267,441</u>
Finance costs:		
Bank loans and overdrafts wholly repayable within five years	87,120	19,434
Debt securities in issue	5,924	3,734
Others	<u>334</u>	<u>110</u>
	<u>93,378</u>	<u>23,278</u>

6. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current — Hong Kong		
- Charge for the year	130,304	61,492
- Overprovision in prior years	(1,855)	(426)
Deferred	<u>(1,148)</u>	<u>20,702</u>
Total tax charge for the year	<u><u>127,301</u></u>	<u><u>81,768</u></u>

7. Dividends

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interim, paid — HK\$0.08 (2013: HK\$0.03) per ordinary share	151,344	51,829
Less: Dividend for shares held under the Company's share award scheme	<u>(2,051)</u>	<u>(496)</u>
	----- 149,293	----- 51,333
Final, proposed — HK\$0.13 (2013: HK\$0.13) per ordinary share	295,604	224,595
Less: Dividend for shares held under the Company's share award scheme	<u>(3,170)</u>	<u>(2,386)</u>
	----- 292,434	----- 222,209*
	<u><u>441,727</u></u>	<u><u>273,542</u></u>

* The Company paid a final dividend of approximately HK\$242,796,000 for the year ended 31 December 2013, as further adjusted to include the dividend for 163,310,000 shares issued under the Company's general mandate and share option scheme amounting to approximately HK\$21,230,000 but excluded the dividend for shares held under the Company's share award scheme amounting to approximately HK\$643,000 in respect of 4,946,000 award shares purchased in 2014.

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

8. Earnings per share attributable to ordinary equity holders of the parent

For the year ended 31 December 2014, the Company raised approximately HK\$2,004.9 million by rights issue on the basis of 1 rights share for every 5 existing shares held by the shareholders of the Company at the rights issue price of HK\$5.30 per share, which represents a discount of 0.67% to the prevailing fair value at the date of rights issue of the existing shares. The effect of bonus element resulting from the rights issue has been included in the calculation of basic and diluted earnings per share and the prior period basic and diluted earnings per share are adjusted in order to provide a comparable basis.

(a) Basic earnings per share

The calculation of basic earnings per share is as follows:

	2014	2013 <i>(Restated)</i>
Profit attributable to ordinary equity holders of the parent (in HK\$'000)	<u>799,791</u>	<u>536,398</u>
Weighted average number of ordinary shares in issue less shares held for the share award scheme (in '000)	<u>1,915,874</u>	<u>1,722,226</u>
Basic earnings per share (in HK cents)	<u>41.7</u>	<u>31.1</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 assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of diluted earnings per share is as follows:

	2014	2013 <i>(Restated)</i>
Profit attributable to ordinary equity holders of the parent (in HK\$'000)	<u>799,791</u>	<u>536,398</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)	1,915,874	1,722,226
Effect of dilution — weighted average number of ordinary shares:		
Share options under the share option scheme (in '000)	20,197	7,930
Awarded shares under the share award scheme (in '000)	<u>8,300</u>	<u>5,890</u>
Number of ordinary shares for the purpose of diluted earnings per share (in '000)	<u>1,944,371</u>	<u>1,736,046</u>
Diluted earnings per share (in HK cents)	<u>41.1</u>	<u>30.9</u>

9. Loans and advances to customers

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Margin loans	8,406,678	5,584,049
Term loans to customers	<u>693,243</u>	<u>422,008</u>
Gross loans and advances to customers	9,099,921	6,006,057
Less: impairment	<u>(757)</u>	<u>(665)</u>
	<u><u>9,099,164</u></u>	<u><u>6,005,392</u></u>

The movements in provision for impairment of loans and advances to customers are as follows:

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
As at 1 January	665	679
Impairment loss charged to profit or loss	92	88
Impairment loss reversed to profit or loss	<u>—</u>	<u>(102)</u>
As at 31 December	<u><u>757</u></u>	<u><u>665</u></u>

The impairment loss charged to profit or loss included interest income on impaired margin loans of HK\$92,000 (2013: HK\$88,000) for the year ended 31 December 2014.

Included in the above provision of impairment of margin loans is a provision for individually impaired margin loans of HK\$757,000 (2013: HK\$665,000) with a carrying amount before provision of HK\$757,000 (2013: HK\$665,000). Save as disclosed above, all loans and advances to customers were neither past due nor impaired as at 31 December 2014 and 2013.

Margin financing operations

The Group provides customers with margin financing for securities transactions, which are secured by customers' securities held as collateral. The maximum credit limit granted for each customer is based on the customer's financial background and the quality of related collateral. The Group seeks to maintain strict control over its outstanding receivables and has a Credit and Risk Management Department to monitor credit risks.

Margin loans to the customers are secured by the underlying pledged securities, bear interest at a rate with reference to the Hong Kong dollar prime rate and are repayable on demand. The carrying value of margin loans approximates to their fair values. 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 the margin loans business. The amount of credit facilities granted to margin clients is determined by the discounted market value of the collateral securities accepted by the Group. As at 31 December 2014, the total value of securities pledged as collateral in respect of the margin loans was approximately HK\$37,206 million (2013: HK\$25,799 million) based on the market value of the securities as at the end of the reporting period.

Term loans to customers

The Group also provides term loans to customers. In determining the interest rates, reference is made to the credit standing of the relevant customers and the quality of the collateral pledged. The term loans granted to customers amounted to HK\$679,231,000 (2013: HK\$421,000,000), and the accrued interest amounted to HK\$14,012,000 (2013: HK\$1,008,000) as at 31 December 2014. The carrying amounts of the term loans to customers approximate to their fair values.

10. Accounts receivable

(a) Analysis of accounts receivable

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

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Accounts receivable arising from dealing and broking		
- cash and custodian clients	113,019	121,947
- the Stock Exchange and other clearing houses	201,933	44,031
- brokers and dealers	541,427	657,958
Accounts receivable arising from stock borrowing and lending		
- brokers and dealers	119,002	135,257
Accounts receivable arising from corporate finance, asset management and investment holding		
- corporate clients and investment funds	<u>37,302</u>	<u>51,916</u>
	1,012,683	1,011,109
Less: impairment	<u>(11,580)</u>	<u>(12,228)</u>
	<u><u>1,001,103</u></u>	<u><u>998,881</u></u>

The movements in provision for impairment of accounts receivable are as follows:

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
As at 1 January	12,228	12,006
Impairment losses charged to profit or loss	2,750	232
Impairment losses reversed to profit or loss	—	(10)
Amount written off as uncollectible	<u>(3,398)</u>	<u>—</u>
As at 31 December	<u><u>11,580</u></u>	<u><u>12,228</u></u>

(b) **Accounts receivable neither past due nor impaired**

	Accounts receivable from cash and custodian clients	Accounts receivable from the Stock Exchange and other clearing houses	Accounts receivable from brokers and dealers	Accounts receivable from corporate clients and investment funds	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
As at 31 December 2014					
Neither past due nor impaired	<u>101,398</u>	<u>201,933</u>	<u>660,429</u>	<u>28,940</u>	<u>992,700</u>
As at 31 December 2013					
Neither past due nor impaired	<u>108,643</u>	<u>44,031</u>	<u>793,215</u>	<u>43,805</u>	<u>989,694</u>

Accounts receivable from cash and custodian clients which are neither past due nor impaired 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. 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.

(c) **Accounts receivable past due but not impaired**

	Accounts receivable from cash and custodian clients	Accounts receivable from the Stock Exchange and other clearing houses	Accounts receivable from brokers and dealers	Accounts receivable from corporate clients and investment funds	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
As at 31 December 2014					
Past due less than 6 months	2,965	—	—	2,032	4,997
Past due 6 to 12 months	—	—	—	3,090	3,090
Past due over 12 months	—	—	—	270	270
	<u>2,965</u>	<u>—</u>	<u>—</u>	<u>5,392</u>	<u>8,357</u>
As at 31 December 2013					
Past due less than 6 months	842	—	—	2,681	3,523
Past due 6 to 12 months	—	—	—	5,210	5,210
	<u>842</u>	<u>—</u>	<u>—</u>	<u>7,891</u>	<u>8,733</u>

Accounts receivable from cash and custodian clients which are past due but not impaired represent client trades on various securities exchanges which are unsettled beyond the settlement date. 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 outstanding accounts receivable from cash and custodian clients as at 31 December 2013 and 2014 are considered past due but not impaired after taking into consideration the recoverability from the collateral. The collateral held against these receivables is publicly traded securities.

Accounts receivable from corporate clients and investment funds which are past due but not impaired represent receivables arising from asset management, corporate finance and advisory services which have not yet been settled by clients after the Group's normal credit period. The outstanding accounts receivable from corporate clients and investment funds as at 31 December 2013 and 2014 are considered not to be impaired as the credit rating and reputation of the trade counterparties are sound.

(d) **Impaired accounts receivable**

	Accounts receivable from cash and custodian clients <i>HK\$'000</i>	Accounts receivable from the Stock Exchange and other clearing houses <i>HK\$'000</i>	Accounts receivable from brokers and dealers <i>HK\$'000</i>	Accounts receivable from corporate clients and investment funds <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 31 December 2014					
Impaired accounts receivable	8,656	—	—	2,970	11,626
Less: impairment	<u>(8,610)</u>	<u>—</u>	<u>—</u>	<u>(2,970)</u>	<u>(11,580)</u>
	<u>46</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>46</u>
As at 31 December 2013					
Impaired accounts receivable	12,462	—	—	220	12,682
Less: impairment	<u>(12,008)</u>	<u>—</u>	<u>—</u>	<u>(220)</u>	<u>(12,228)</u>
	<u>454</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>454</u>

Accounts receivable from cash and custodian clients are considered impaired when clients fail to settle according to settlement terms after taking into consideration the recoverability of collateral.

11. Financial assets at fair value through profit or loss

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial assets held for trading:		
- Listed equity investments	240,395	212,025
- Listed debt investments	774,949	420,658
- Unlisted debt investments	128,111	227,459
Financial assets designated as at fair value through profit or loss		
- Unlisted convertible promissory note	157,191	123,575
- Unlisted fund investments	52,443	—
	<u>1,353,089</u>	<u>983,717</u>

12. Accounts payable

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Accounts payable arising from dealing and broking		
- clients	9,109,373	8,186,245
- brokers and dealers	257,351	445,354
- the Stock Exchange and other clearing houses	228,444	61,275
Accounts payable arising from securities borrowing and lending	379,305	250,790
Accounts payable arising from corporate finance and asset management	29,993	176,716
Accounts payable arising from wealth management services	2	—
	<u>10,004,468</u>	<u>9,120,380</u>

13. Bank borrowings

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Non-current		
Unsecured bank borrowings	990,000	—
	-----	-----
Current		
Secured bank borrowings	200,000	1,070,000
Unsecured bank borrowings	<u>3,272,719</u>	<u>2,316,113</u>
	<u>3,472,719</u>	<u>3,386,113</u>
	-----	-----
Total bank borrowings	<u>4,462,719</u>	<u>3,386,113</u>

Bank loans of HK\$200 million (2013: HK\$1,070 million) were secured by certain of the listed shares pledged by the customers to the Group as margin loan collateral which had an aggregate fair value amounting to HK\$1,903.4 million as at 31 December 2014 (2013: HK\$2,433.3 million).

14. Capital and other commitments

Capital commitments

The Group had capital commitments for an IT upgrade and office renovation of approximately HK\$6,681,000 which were contracted but not provided for as at 31 December 2014 (2013: HK\$533,000).

Other commitments

The Group has undertaken underwriting obligations on placing, IPO, takeover and merger activities and financial obligations to loans facilities granted to customers. As at 31 December 2014, the underwriting and financial obligations were approximately HK\$12.3 million and HK\$763.0 million, respectively (2013: HK\$256.8 million and HK\$176.4 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Result and overview

We are pleased to report to our shareholders that Guotai Junan International Holdings Limited (the “Company”) and its subsidiaries (collectively as the “Group”) achieved another remarkable result for the year ended 31 December 2014, reporting a profit after tax of HK\$801.9 million (2013: HK\$537.8 million) and representing an increase of 49.1% as compared to 2013. The revenue of the Group reached HK\$1,656.6 million (2013: HK\$1,134.0 million), representing an increase of 46.1%. The promising result was due to the solid growth of our core businesses: dealing and broking, corporate finance, asset management, fixed income and loans and financing, which recognized remarkable growth ranged from 38.3% to 79.7% as compared to the prior year.

The board of directors (the “Board”) of the Company has proposed a payment of final dividend of HK\$0.13 per share (2013: HK\$0.13 per share). Together with the interim dividend of HK\$0.08 per share (2013: HK\$0.03 per share), dividend paid for 2014 amounts to a total of HK\$0.21 per share (2013: HK\$0.16 per share).

Corporate review

Following the rapid expansion of the business of the Group in 2013, the Group continued to invest resources in exploring different business opportunities. In January 2014, the Group has entered into a 3-year syndicated loan agreement with a number of banks for a total facility of HK\$3,300 million. In April, subsequent to the announcement of the Shanghai-Hong Kong Stock Connect Program, the Group did a placement of shares and raised a total of HK\$687.2 million. In addition, prior to the launch of the Shanghai-Hong Kong Stock Connect Program, in September, the Group did a rights issue to existing shareholders and raised a total of HK\$2,004.9 million. As a result, the Group has raised more than HK\$5,992.1 million in total from debt and equities during 2014. We believe that this can reinforce the Group’s capital and financial strength to cater for the tremendous growth of our business.

Business review

The Group's businesses include dealing and broking, corporate finance, asset management, fixed income business, loans and financing and investment holding. The highlight of the results for the year ended 31 December 2014 was the strong growth in the revenues generated from our core businesses: dealing and broking, corporate finance, asset management, fixed income and loans and financing, which achieved a total revenue of HK\$1,656.6 million (2013: HK\$1,134.0 million) The allocation of revenue has been listed below.

	For the year ended 31 December			
	2014		2013	
	HK\$'000	%	HK\$'000	%
Fee and commission income				
- dealing and broking	521,556	31.5	377,057	33.3
- corporate finance	200,938	12.1	123,980	10.9
- asset management	46,387	2.8	31,568	2.8
Income from fixed income business	123,269	7.5	68,593	6.0
Income from loans and financing	702,560	42.4	397,924	35.1
Gain on investment holding	<u>61,872</u>	<u>3.7</u>	<u>134,834</u>	<u>11.9</u>
Total revenue	<u>1,656,582</u>	<u>100.0</u>	<u>1,133,956</u>	<u>100.0</u>

Dealing and broking

Despite strong competition in the market, our result from dealing and broking business was encouraging and the revenue achieved HK\$521.6 million (2013: HK\$377.1 million) for the year ended 31 December 2014. A breakdown of the revenue of dealing and broking is set out below:

	For the year ended 31 December			
	2014		2013	
	HK\$'000	%	HK\$'000	%
Securities	435,037	83.4	292,892	77.7
Futures	30,395	5.8	43,868	11.6
Leveraged foreign exchange trading	1,646	0.3	3,517	0.9
Wealth management service	2,044	0.4	363	0.1
Handling income	<u>52,434</u>	<u>10.1</u>	<u>36,417</u>	<u>9.7</u>
	<u>521,556</u>	<u>100.0</u>	<u>377,057</u>	<u>100.0</u>

Our dealing and broking business was built on the success of our reliable and efficient online trading platform. The platform covers various channels, including internet, FIX network and even the most trendy mobile apps. Currently, our online trading platform supports 8 securities markets including Hong Kong, United States, Shanghai A and B shares, Shenzhen B shares, London, Japan, Canada, Singapore, 21 global futures markets and 8 currency pairs including CNH and up to 21 cross currency pairs in leveraged foreign exchange trading. Our securities dealing and broking services also cover securities markets in Malaysia, Korea, Australia, Taiwan and global fixed income market.

Although dealing and broking commission income is directly affected by the level of market activities and trading, we consider that expansion of client base is crucial to the success of the business. We successfully recruited more than 13,000 new clients for the year ended 31 December 2014.

The rapid growth in our securities dealing and broking activities contributed significantly to the increase of our dealing and broking revenue. We outperformed the average daily turnover of the Hong Kong market with our average daily turnover of the Hong Kong market increased by 35% during the year. In addition, benefited from the US economic recovery, our average daily turnover for the US market also increased by 119% on a year-on-year basis. As a result, our securities dealing and broking was encouraging and the revenue increased by 48.5% to HK\$435.0 million (2013: HK\$292.9 million) for the year ended 31 December 2014.

Corporate finance

Our corporate finance business covers equity capital markets and consultancy and financial advisory. A breakdown of the revenue for corporate finance business is set out below:

	For the year ended 31 December			
	2014		2013	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Placing, underwriting and sub-underwriting commission of equity securities	131,815	65.6	71,070	57.3
Consultancy and financial advisory fee	<u>69,123</u>	<u>34.4</u>	<u>52,910</u>	<u>42.7</u>
	<u>200,938</u>	<u>100.0</u>	<u>123,980</u>	<u>100.0</u>

We devote to provide a range of high quality corporate finance advisory and equity capital markets services to our clients in Hong Kong, the PRC and around the world. Our corporate finance advisory services include: acting as sponsor in relation to Main Board and GEM Board listing of securities in Hong Kong, providing corporate finance and compliance advisory services and other capital raising solutions and services. The equity capital market operation provides a variety of distribution services for fund raising activities in primary and secondary markets.

While the capital market in Hong Kong was generally good during the year, with the total amount raised through IPO of HK\$227.7 billion and the total funds raised through the Hong Kong Stock Exchange of HK\$935.8 billion (including IPOs), the performance of our corporate finance business was exceptional. In the primary market, we had been the sponsor for 7 companies, bookrunner for 11 companies and placing agent for 5 companies. In the secondary market, our performance was also outstanding, being bookrunner for 1 rights issue exercise, underwriter for 2 placements, and placing agent for 1 rights issue and 11 placing exercises. We assisted corporates in Hong Kong to raise a total of more than HK\$33 billion in the primary equity market and HK\$19 billion in the secondary equity market.

We have been also engaged as compliance adviser for 49 newly listed companies and financial adviser for 23 projects.

As a result, the income generated from consultancy and financial advisory services significantly increased by 30.6% to HK\$69.1 million (2013: HK\$52.9 million) for the year ended 31 December 2014. The income generated from equity capital markets increased by 85.5% to HK\$131.8 million (2013: HK\$71.1 million).

Asset management

We derived our fee income primarily from management fee and performance fee, which are linked to the asset under management (“AUM”) and the returns of the funds, respectively. For the year ended 31 December 2014, we have successfully launched 1 private investment fund, 2 authorized bond funds and 6 RQFII managed accounts. The asset management income increased by 46.9% to HK\$46.4 million (2013: HK\$31.6 million).

Fixed income business

We actively participated in the debt issuance market and market trading during 2014 and achieved tremendous growth in our fixed income business. The revenue of the fixed income business is set out as follows:

	For the year ended 31 December			
	2014		2013	
	HK\$'000	%	HK\$'000	%
Placing, underwriting and sub-underwriting commission of debt securities	86,887	70.5	25,569	37.3
Net (loss)/gain on debt securities and derivative financial instruments	(17,151)	(13.9)	24,138	35.2
Interest income on debt securities	<u>53,533</u>	<u>43.4</u>	<u>18,886</u>	<u>27.5</u>
	<u>123,269</u>	<u>100.0</u>	<u>68,593</u>	<u>100.0</u>

Taking advantage of the low interest rate environment, corporate clients preferred debt financing for medium to long term development. The Group actively participated in the debt issuance activities and has participated in 21 debt issuance exercises (2013: 5 debt issues). As a result, the commission income from debt issuance business has significantly increased by 239.8% to HK\$86.9 million (2013: HK\$25.6 million) for the year ended 31 December 2014.

The interest income from debt securities increased by 183.5% to HK\$53.5 million (2013:HK\$18.9 million) for the year ended 31 December 2014, which was offset by the net fair value loss of debt securities and derivative financial instruments of HK\$17.1 million (2013: gain of HK\$24.1 million). As a result, the net gain from debt trading was HK\$36.4 million (2013: HK\$43.0 million) for the year ended 31 December 2014.

Loans and financing

Loans and financing has been our growth driver since the listing of the Group. During the year ended 31 December 2014, the loans and financing income significantly increased by 76.6% to HK\$702.6 million (2013: HK\$397.9 million). A summary of income from loans and financing is set out below:

	For the year ended 31 December			
	2014		2013	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Margin loans	549,716	78.2	304,613	76.6
Term loans	60,804	8.7	34,900	8.8
IPO loans	5,308	0.8	2,225	0.5
Banks and others	86,732	12.3	52,274	13.1
Held-to-maturity investments	—	—	3,912	1.0
	<u>702,560</u>	<u>100.0</u>	<u>397,924</u>	<u>100.0</u>

In supporting the business development of margin and other financing, the Group conducted a series of syndicated loan and equities raising activities to raise approximately HK\$6.0 billion during the year. The average margin loan balance increased by 77.8% to HK\$6,743.0 million (2013: HK\$3,792.7 million) in 2014 while the income from margin loan increased by 80.5% to HK\$549.7 million (2013: HK\$304.6 million) for the year ended 31 December 2014.

Other than margin loan business, the Group also engaged in term loan business so as to facilitate our customers' other financial needs. The income from term loan increased by 74.2% to HK\$60.8 million (2013: HK\$34.9 million) for the year ended 31 December 2014.

Investment holding

The Group's investment holding business can be classified into 3 categories: listed equity investment, unlisted unconsolidated fund investment and a convertible bond in relation to the direct investment in a private company. The gain from our investment holding business was HK\$61.9 million (2014: HK\$134.8 million) for the year ended 31 December 2014. A summary of gain or loss is set out below:

	For the year ended 31 December			
	2014		2013	
	HK\$'000	%	HK\$'000	%
Net fair value gain on financial assets held for trading	14,976	24.2	125,522	93.1
Net fair value gain on financial assets designated at fair value through profit or loss	34,955	56.5	5,296	3.9
Interest income from financial assets designated at fair value through profit or loss	2,985	4.8	2,985	2.2
Dividend income from financial assets held for trading	8,956	14.5	1,031	0.8
	<u>61,872</u>	<u>100.0</u>	<u>134,834</u>	<u>100.0</u>

RESULTS OF FINANCIAL POSITION

The Group's total assets increased by 29.5% to HK\$22,004.9 million (2013: HK\$16,986.7 million) as at 31 December 2014.

The Group's total liabilities increased by 14.6% to HK\$14,939.7 million (2013: HK\$13,039.4 million) as at 31 December 2014.

Following two equity fund raising activities in 2014, the equity attributable to owners of the parent increased by 79.1% to HK\$7,055.4 million (2013: HK\$3,939.6 million) as at 31 December 2014. The leveraged ratio (defined as total assets less accounts payable to clients divided by equity attributable to owners of the parent) decreased by 18.2% to 1.83 times (2013: 2.23 times) as at 31 December 2014.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2014, the net current assets of the Group increased by 118.9% to HK\$7,566.9 million (2013: HK\$3,456.6 million). The Group's current ratio was at 1.54 times as at 31 December 2014 (2013: 1.27 times).

For the year ended 31 December 2014, the Company has completed two equity fund raising activities as follows:

On 14 April 2014, the Company, Guotai Junan Holdings Limited (the "Vendor" and a Substantial shareholder) and Guotai Junan Securities (Hong Kong) Limited (the "Placing Agent" and a wholly-owned subsidiary of the Company) entered into a placing and subscription agreement. Pursuant to the agreement, the Vendor conditionally agreed to (i) place through the Placing Agent, on a best effort basis, up to 160,000,000 existing shares of the Company held by the Vendor at the placing price of HK\$4.30 per placing share; and (ii) subscribe for such number of the shares of the Company equal to the number of placing shares which were placed by the Placing Agent at the subscription price of HK\$4.30 per subscription share. A total of 160,000,000 placing shares beneficially owned by the Vendor were placed to not less than 6 places at HK\$4.30 per placing share. On 25 April 2014, 160,000,000 subscription shares were issued and allotted to the Vendor at HK\$4.30 per subscription share. The net proceeds of HK\$687.2 million have been applied towards the general working capital of the Group.

On 18 August 2014, the Company proposed a rights issue on the basis of 1 rights issue for every 5 existing shares held by the shareholders of the Company at the rights issue price of HK\$5.30 per share. The rights issue was completed on 29 September 2014 and 378,560,000 shares were issued on 30 September 2014. After deducting the expense in connection with this rights issue amounting to approximately HK\$1.5 million, the net proceeds of HK\$2,004.9 million were applied towards the business development of margin and other financing of the Group.

In order to provide resources for the expansion of the Group's business, the Group has entered into a facility agreement with certain financial institutions in an aggregate amount of HK\$3.3 billion for a term of 3 years in January 2014.

The Group had a cash inflow of HK\$404.0 million (2013: HK\$100.7 million) for the year ended 31 December 2014 and the Group's bank balance was HK\$889.3 million as at 31 December 2014 (2013: HK\$485.3 million). As at 31 December 2014, the Group had outstanding bank borrowings of HK\$4,462.7 million (2013: HK\$3,386.1 million) through facilities with various banks. During the year under review, the Group has successfully renewed the Medium Term Note Programme (the "MTN Programme") of which both listed and unlisted notes may be issued under the MTN Programme. We have issued seven series of the notes during the year and the notes

outstanding as at 31 December 2014 was HK\$171.1 million (2013: HK\$324.7 million). The gearing ratio (defined as bank and other borrowings to equity attributable to owners of the parent) was 0.66 times as at 31 December 2014 (2013: 0.94 times). Taking into account of the unutilized facilities from various financial institutions and the significant un-issued portion of the MTN Programme, we believe our operating cash flow remains adequate to finance our recurrent working capital requirements as well as any investment opportunities that may arise in the near future.

The Group monitors its capital structure in order to ensure the compliance of the capital requirements under the Securities and Futures (Financial Resources) Rules (Cap. 571N) for its licensed subsidiaries and to support the development of new business. All licensed corporations within the Group complied with their respective liquid capital requirements during the year and up to the date of this announcement.

Other than the information disclosed above, there were no other equity or debt instruments issued by the Company during the year and at the end of the year.

Outlook and Future Plans

Driven by the strong economic growth in the past two decades, the capital markets in China developed rapidly. With the pace for the internationalization of RMB speeding up in the last few years, Hong Kong becomes the major gateway for cross border financial activities. The launch of the Shanghai-Hong Kong Stock Connect Program in November 2014 was an important step in the China capital market reform, which allowed mainland Chinese to do offshore investment individually and at the same time granted offshore investors direct access to the Chinese stock markets. We are expecting China will continue to open up its capital markets and encourage more cross border financial activities. The recently discussed Shenzhen-Hong Kong Stock Connect Program may be the next phase in enlarging the scale of cross border activities. Hong Kong capital market will be benefited in terms of the increase in capital market activities as well as the secondary market trading activities.

Against this backdrop, the Group is prudently optimistic about the market development in Hong Kong in 2015. We will strive to secure all these business opportunities that may be available to us. We will continue to rely on the strong reputation, broad client base and diversified investment portfolio of our parent company Guotai Junan, to strengthen synergy and interaction between us. We will actively consolidate the Group's advantages in cross border operations and continue to promote our strategy of business and market diversification. In addition, the Group will leverage on the convenience, efficiency and functionality of its integrated trading platform to encourage and assist clients to do their global asset allocation.

FINAL DIVIDEND

The Board recommends the payment of final dividend of HK\$0.13 per ordinary share for the year ended 31 December 2014 to the shareholders whose names appear on the register of members of the Company on 27 May 2015. The dividend will be payable on or about 12 June 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 11 May 2015 to Thursday, 14 May 2015 (both days inclusive), for the purpose of determining shareholders' entitlement to attend the forthcoming annual general meeting ("AGM"), during which period no transfer of shares of the Company will be registered. In order to qualify for attending the forthcoming AGM, shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's Hong Kong 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 Friday, 8 May 2015.

The register of members of the Company will be closed on Wednesday, 27 May 2015 for ascertaining shareholders' entitlement to the proposed final dividend. No transfer of shares will be registered on that date. In order to qualify for the proposed final dividend to be approved at the AGM, shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's Hong Kong 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 Tuesday, 26 May 2015.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

For the year ended 31 December 2014, the Group had not made any material acquisitions and disposal of subsidiaries and associated companies. As at 31 December 2014, the Group did not hold any significant investments.

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

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 2014 other than as an agent for the trustee of the share award scheme.

CHARGES ON THE GROUP'S ASSETS

No asset of the Group was subject to any charge as at 31 December 2013 and 2014.

CAPITAL COMMITMENT AND OTHER COMMITMENTS

Details of capital commitment and other commitments of the Group are set out in note 14 to the financial statements.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

For the year ended 31 December 2014, the Company has adopted the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules as its own code of corporate governance. During the year, the Company has complied with all the code provisions as set out in the Corporate Governance Code, except for deviation from provision A.2.1. The roles of the Chairman and Chief Executive Officer of the Company are not separated and performed by two different individuals. The Directors consider that vesting two roles in the same person provides the Group with strong and consistent leadership in the development and execution of the Group's business strategies and is beneficial to the Group.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in the Appendix 10 of the Listing Rules regarding securities transactions by its Directors. The Company has made specific enquiry of all Directors regarding any noncompliance with the Model Code. All the Directors confirmed that they have fully complied with the required standard set out in the Model Code during the period commencing from 8 July 2010 (being the date on which the shares of the Company first commenced dealings on the Stock Exchange) to the date of this announcement.

AUDIT COMMITTEE

An Audit Committee was established by the Board on 19 June 2010. The Audit Committee comprises Mr. TSANG Yiu Keung, Dr. SONG Ming and Dr. FU Tingmei. The Audit Committee is chaired by Mr. TSANG Yiu Keung. All members of the Audit Committee are independent non-executive directors. The Audit Committee has met with the external auditors of the Group to review the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of this announcement and financial statements of the Group for the year ended 31 December 2014.

REMUNERATION COMMITTEE

A Remuneration Committee was established by the Board on 19 June 2010. The Remuneration Committee comprises Dr. SONG Ming, Dr. FU Tingmei and Mr. TSANG Yiu Keung. The Remuneration Committee is chaired by Dr. FU Tingmei. All members of the Remuneration Committee are independent non-executive directors. The Remuneration Committee was set up to review and approve the remuneration packages of the Directors and senior management including the terms of salary and bonus schemes and other long-term incentive schemes.

NOMINATION COMMITTEE

A Nomination Committee was established by the Board on 19 June 2010. The Nomination Committee comprises Dr. YIM Fung, Dr. SONG Ming and Mr. TSANG Yiu Keung. The Nomination Committee is chaired by Dr. SONG Ming. Majority of the members of the Nomination Committee are independent non-executive directors. The Nomination Committee was set up to review the structure, size and composition of the Board on a regular basis and to make recommendation.

BOARD OF DIRECTORS

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

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2014 ON THE WEBSITES OF HONG KONG EXCHANGES AND CLEARING LIMITED AND THE COMPANY

This announcement of final results for the year ended 31 December 2014 is published on the websites of Hong Kong Exchanges and Clearing Limited at <http://www.hkexnews.hk> under “Latest Listed Company Information” and the Company at <http://www.gtja.com.hk>. The annual report for the year ended 31 December 2014 of the Company containing all the information required by the Listing Rules will be dispatched to shareholders of the Company and published on the aforesaid websites in due course.

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

Hong Kong, 5 March 2015