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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)

**TOP-UP PLACING OF EXISTING SHARES;
SUBSCRIPTION FOR NEW SHARES
AND
RESUMPTION OF TRADING**

Sole Placing Agent



Guotai Junan Securities (Hong Kong) Limited

Top-up Placing and Subscription

On 24 January 2018, the Company, the Vendor and the Sole Placing Agent entered into the Placing and Subscription Agreement pursuant to which (i) the Vendor conditionally agreed to place, through the Sole Placing Agent on a best effort basis, a maximum of 700,000,000 existing Placing Shares at the Placing Price of HK\$2.85 per Placing Share; and (ii) the Vendor conditionally agreed to subscribe for such number of Subscription Shares equal to the number of Placing Shares which are placed by the Sole Placing Agent at the Subscription Price of HK2.85 per Subscription Share.

The Placing Shares will be placed to not less than six (6) Placées procured by the Sole Placing Agent to purchase or subscribe for (as the case may be) any of the Placing Shares under the Placing, which will be any individual, professional or institutional investor who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons or any of their respective associates, and not acting in concert with the Vendor, the Company and their concert parties (within the meaning of the Takeovers Code).

The maximum number of 700,000,000 Placing Shares represents (i) approximately 9.99% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.08% of the issued share capital of the Company as enlarged by the maximum number of the Placing Shares.

The maximum gross proceeds of the Subscription will be HK\$1,995 million. The maximum net proceeds of the Subscription of approximately HK\$1,933 million will be applied towards the general working capital of the Group. The net issue price is estimated at approximately HK\$2.76 per Subscription Share.

Resumption of Trading

At the request of the Company, trading in the Shares (stock code: 01788) and debt securities (stock code: 05007) has been halted from 9:00 a.m. on 24 January 2018 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares and debt securities from 9:00 a.m. on 25 January 2018.

TOP-UP PLACING AND SUBSCRIPTION

THE PLACING AND SUBSCRIPTION AGREEMENT

Date: 24 January 2018

Parties

Issuer: the Company

Sole Placing Agent: Guotai Junan Securities (Hong Kong) Limited, being a wholly-owned subsidiary of the Company

The Sole Placing Agent has conditionally agreed to place, on a best efforts basis, 700,000,000 Placing Shares to the Placees and will receive a placing commission of 3% of the gross proceeds of the Placing Shares being placed, which was arrived at after arm's length negotiations between the parties.

Vendor: Guotai Junan Holdings Limited, a Shareholder holding 4,527,057,800 Shares, representing 64.61% of the existing issued share capital of the Company as at the date of this announcement

Pursuant to the Placing and Subscription Agreement: (i) the Vendor conditionally agreed to place, through the Sole Placing Agent on a best effort basis, up to 700,000,000 Placing Shares at the Placing Price of HK\$2.85 per Placing Share; and (ii) the Vendor conditionally agreed to subscribe for such number of Subscription Shares equal to the number of Placing Shares which are placed by the Sole Placing Agent at the Subscription Price of HK\$2.85 per Subscription Share. Details of the Placing and the Subscription are set out below.

1. Placing

Placees

The Placing Shares will be placed to not less than six (6) Placees procured by the Sole Placing Agent

to purchase or subscribe for (as the case may be) any of the Placing Shares under the Placing, which will be any individual, professional or institutional investor who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons or any of their respective associates, and not acting in concert with the Vendor, the Company and their concert parties (within the meaning of the Takeovers Code). Upon the completion of the Placing, it is expected that none of the Placees will become a substantial Shareholder (as defined in the Listing Rules). If any of the Placees will become a substantial Shareholder after the completion of the Placing, further announcement will be made by the Company.

Placing Shares

The 700,000,000 Placing Shares represent, in aggregate, (i) approximately 9.99% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.08% of the issued share capital of the Company as enlarged by the maximum number of the Placing Shares.

The Placing Shares rank pari passu among themselves and with the other Shares in issue as at the date of this announcement.

Placing Price

The Placing Price of HK\$2.85 per Placing Share represents:

- (i) a discount of approximately 7.77% to the closing price of HK\$3.09 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 8.54% to the average of the closing prices of approximately HK\$3.116 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day.

The Placing Price is determined with reference to the prevailing market price of the Shares and is negotiated on an arm's length basis between the Vendor, the Company and the Sole Placing Agent on the date of the Placing and Subscription Agreement. The Board (including the independent non-executive Directors) considers that the terms of the Placing are on normal commercial terms and fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Placing Costs

The Company shall pay all reasonable costs, fees and expenses in relation to the preparation and completion of the Placing and Subscription Agreement.

2. Subscription

Subscription Shares

Up to 700,000,000 Subscription Shares, which is equivalent to the number of Placing Shares to be placed under the Placing, will be subscribed by the Vendor as a subscriber under the Placing and Subscription Agreement and represent, in aggregate, (i) approximately 9.99% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.08% of the issued share capital of the Company as enlarged by the maximum number of the Subscription Shares.

The Subscription Shares will rank pari passu among themselves and with the other Shares in issue as at the date of the allotment and issue of the Subscription Shares.

Subscription Price

HK\$2.85 per Subscription Share, which is equal to the Placing Price.

Conditions precedent

The Subscription is conditional upon the followings:

- (i) the Listing Committee granting approval for the listing of, and permission to deal in, the Subscription Shares; and
- (ii) the completion of the Placing.

None of the conditions are waivable. In the event that the conditions of the Subscription are not fulfilled on or before 24 February 2018 (or such other date as may be agreed between the parties), the Placing and Subscription Agreement shall cease and neither the Company nor the Vendor shall have any claim against the others under the Placing and Subscription Agreement in respect of the Subscription.

Completion of the Subscription

Completion of the Subscription will take place within the next business day (or such other date as may be agreed by the Company) after the conditions of the Subscription have been fulfilled. The Subscription constitutes a connected transaction under the Listing Rules but it falls within the exemption under Rule 14A.92(4) of the Listing Rules if the Subscription is completed within 14 days from the date of the Placing and Subscription Agreement. In the event that the Subscription is not completed within 14 days from the date of the Placing and Subscription Agreement, and the Vendor and the Company agree to extend to a later date, the Subscription will not fall within the exemption under Rule 14A.92(4) of the Listing Rules and shall be subject to announcement, reporting and independent shareholders' approval requirements, and the Company will fully comply with the requirements of Chapter 14A of the Listing Rules.

General mandate to issue the Subscription Shares

The Subscription Shares will be allotted and issued pursuant to the Current General Mandate. No Shareholders' approval is required for the issue of the Subscription Shares. The maximum number of Shares that can be issued under the Current General Mandate is 1,395,361,904 Shares. As at the date of this announcement, (i) save for the Placing and the Subscription, no portion of the Current General Mandate was utilized; (ii) the Company has not allotted and issued any Shares pursuant to the Current General Mandate; and (iii) the Current General Mandate is sufficient for the allotment and issue of the Subscription Shares. The Company has not repurchased any Shares within the last 30 days prior to the date of this announcement.

Force majeure

The Sole Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing and Subscription Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the date of completion of the Placing if:

- (1) there is any significant change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Sole Placing Agent would be materially adverse in the consummation of the Placing; or
- (2) there is any material breach of the warranties, representations and undertakings given by the Company and/or the Subscriber in the Placing and Subscription Agreement and such breach is considered by the Sole Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (3) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Sole Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (4) any statement contained in this announcement has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Sole Placing Agent would be materially adverse in the consummation of the Placing.

Upon termination of the Placing and Subscription Agreement pursuant to the above mentioned force majeure factors, all liabilities of the parties thereto shall cease and no party of the Placing and Subscription Agreement shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing and Subscription Agreement save for any antecedent breach of any obligation under the Placing and Subscription Agreement.

Application for listing

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares.

Reasons for the Placing and the Subscription and the use of Proceeds

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

The Board considers that the Placing and the Subscription represents an opportunity to raise capital for the Group while broadening its Shareholder and capital base. In light of the market conditions, the Placing and Subscription will raise additional capital for the Group for its business development.

The maximum gross proceeds of the Subscription will be HK\$1,995 million. The maximum net proceeds of the Subscription of approximately HK\$1,933 million will be applied towards the general working capital of the Group. The net issue price is estimated at approximately HK\$2.76 per Subscription Share.

The Directors consider that the Placing and Subscription Agreement is entered into under normal commercial terms following arm's length negotiations between the Company, the Vendor and the Sole Placing Agent and that the terms of the Placing and Subscription Agreement are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned.

FUND RAISING ACTIVITIES BY ISSUE OF EQUITY SECURITIES IN THE PAST TWELVE MONTHS

The Company did not carry out any fund raising activities by issue of equity securities in the past 12 months immediately preceding the date of this announcement.

CHANGES IN THE SHAREHOLDING INTERESTS OF THE COMPANY

The table below sets out the changes in the shareholding interests of the Company as at (i) the date of this announcement; (ii) immediately after completion of the Placing but before completion of the Subscription; and (iii) immediately after completion of the Placing and the Subscription:

	As at the date of this announcement		Immediately after completion of the Placing but before completion of the Subscription		Immediately after completion of the Placing and the Subscription	
	<i>Number of Shares</i>	<i>Approximate % of shareholding</i>	<i>Number of Shares</i>	<i>Approximate % of shareholding</i>	<i>Number of Shares</i>	<i>Approximate % of shareholding</i>
Vendor	4,527,057,800	64.61%	3,827,057,800	54.62%	4,527,057,800	58.74%
Directors of the Group	105,985,777	1.51%	105,985,777	1.51%	105,985,777	1.38%
Places	-	-	700,000,000	9.99%	700,000,000	9.08%
Other Public Shareholders	2,374,148,779	33.88%	2,374,148,779	33.88%	2,374,148,779	30.80%
Total	7,007,192,356	100%	7,007,192,356	100%	7,707,192,356	100%

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares and debt securities on the Stock Exchange was halted with effect from 9:00 a.m. on 24 January 2018 pending for the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares and debt securities with effect from 9:00 a.m. on 25 January 2018.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Business Day”	any day (not being Saturdays, Sunday or public holidays) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Guotai Junan International Holdings Limited, a company incorporated in the Hong Kong with limited liability and the issued Shares of which are listed on the Stock Exchange

“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Current General Mandate”	the general mandate granted to the Directors to allot, issue and deal with Shares at the annual general meeting of the Company held on 26 May 2017
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	23 January 2018, being the last trading day of the Shares pending the release of this announcement
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	any individual, professional or institutional investor procured by the Sole Placing Agent to purchase or subscribe for (as the case may be) any of the Placing Shares under the Placing, who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons or any of their respective associates, and not acting in concert with the Vendor, the Company and their concert parties (within the meaning of the Takeovers Code)
“Placing”	the placing of the Placing Shares by or on behalf of the Sole Placing Agent to the Placees pursuant to the Placing and Subscription Agreement
“Placing and Subscription Agreement”	the agreement dated 24 January 2018 and entered into among the Company, the Sole Placing Agent and the Vendor in respect of the Placing and the Subscription
“Placing Price”	the placing price of HK\$2.85 per Placing Share
“Placing Shares”	up to 700,000,000 existing Shares to be placed by the Sole Placing Agent on behalf of the Vendor under the Placing
“PRC”	the People’s Republic of China

“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Sole Placing Agent”	Guotai Junan Securities (Hong Kong) Limited, a licensed corporation to carry on business in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Subscriber at the Subscription Price pursuant to the Placing and Subscription Agreement
“Subscription Price”	HK\$2.85 per Subscription Share, being the price equivalent to the Placing Price
“Subscription Shares”	up to 700,000,000 new Shares to be allotted and issued by the Company to the Subscriber pursuant to the terms and conditions of the Placing and Subscription Agreement
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission
“Vendor”	Guotai Junan Holdings Limited, a company incorporated in the British Virgin Islands, being a substantial shareholder of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 24 January 2018

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