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國泰君安國際
GUOTAI JUNAN INTERNATIONAL

GUOTAI JUNAN INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1788)

CONTINUING CONNECTED TRANSACTIONS

On 2 December 2020, the Company and GTJA entered into the New Master Agreement, pursuant to which the Company and GTJA conditionally agreed that each of them will, and will procure member(s) of the Group and member(s) of the GTJA Group to provide various services to, and engage in investment and finance transactions with, the other pursuant to the terms set out in the New Master Agreement, subject to the approval by the Independent Shareholders at the EGM. The New Master Agreement will be effective for a term of three years from 1 January 2021 to 31 December 2023.

As at the date of this announcement, GTJA is the ultimate controlling shareholder of the Company, which holds approximately 73.25% interest in the Company through GTJAH, an indirect wholly-owned subsidiary of GTJA, and is a connected person of the Company. The transactions contemplated under the New Master Agreement are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group. Accordingly, the transactions contemplated under the New Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios based on the proposed annual caps of the transactions contemplated under the New Master Agreement exceed 5%, the transactions and the proposed annual caps contemplated under the New Master Agreement are subject to the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

A circular containing, among others, the particulars of the New Master Agreement together with a letter from the Independent Board Committee, a letter from the Independent Financial Adviser and a notice of the EGM is expected to be despatched to the Shareholders on or about 5 January 2021, which is more than 15 business days after the publication of this announcement, so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

BACKGROUND

References are made to the Company's announcements dated 19 March 2018 and 22 July 2019 in connection with, among others, the Existing Master Agreement entered into between the Company and GTJA. Pursuant to the Existing Master Agreement, the Company and GTJA agreed that each of them would, and would procure member(s) of the Group and member(s) of the GTJA Group to, provide various services to member(s) of the GTJA Group or member(s) of the Group (as the case may be) and engage in transactions pursuant to the terms set out in the Existing Master Agreement for a term of three years from 1 January 2018 to 31 December 2020.

On 2 December 2020, the Company and GTJA entered into the New Master Agreement, pursuant to which both parties conditionally agreed that each of them will, and will procure members(s) of the Group and member(s) of the GTJA Group to provide various services to, and engage in investment and finance transactions with, the other pursuant to the terms set out in the New Master Agreement, subject to the approval by the Independent Shareholders at the EGM. The New Master Agreement will be effective for a term of three years from 1 January 2021 to 31 December 2023.

CONTINUING CONNECTED TRANSACTIONS UNDER THE NEW MASTER AGREEMENT

Date

2 December 2020

Parties

- (1) the Company
- (2) GTJA

Duration

Subject to the approval by the Independent Shareholders at the EGM, the New Master Agreement will be effective for a term of three years from 1 January 2021 to 31 December 2023. Subject to re-compliance with the applicable requirements under the Listing Rules, including the reporting, announcement and/or independent shareholders' approval requirements, the New Master Agreement may be renewed upon expiration of its term.

Nature of transactions

Under the New Master Agreement, the Company and GTJA conditionally agreed that each of them will, and will procure member(s) of the Group and member(s) of the GTJA Group to provide various services to, and engage in investment and finance transactions with, the other during the term of the New Master Agreement.

1. *Service Transactions*

Brief particulars of the services to be provided (a) by the Group to the GTJA Group and (b) by the GTJA Group to the Group as contemplated under the New Master Agreement are summarized below:

- (i) **Brokerage services:** the brokerage services (a) provided by the Group to the GTJA Group in relation to Hong Kong and/or overseas securities, futures, options, bonds, etc. and ancillary services, and (b) provided by the GTJA Group to the Group in relation to B-share and any permissible brokerage services and ancillary services.
- (ii) **Investment management and advisory services:** the investment management and/or advisory services, fund distribution services and various kinds of ancillary services provided by the Group to the GTJA Group in relation to funds and accounts established and/or managed by the GTJA Group, including but not limited to (i) identifying and researching for appropriate investment opportunities; (ii) providing advice on structuring, asset allocation and acquisition or divestment of respective investments; and (iii) providing information and data on particular investment opportunities and market comparisons, and vice versa.
- (iii) **Consulting services:** (a) provided by the Group to the GTJA Group, including but not limited to, the professional services, back office support and investor relations related services in Hong Kong, and (b) provided by the GTJA Group to the Group, including but not limited to, (i) provision of information relating to the macroeconomic environment and business development in the PRC on regular and ad-hoc basis; (ii) back office support; and (iii) carry out market research and prepare research reports for the PRC market for the Group's reference.
- (iv) **Corporate finance services:** (a) provided by the Group to the GTJA Group the initial public offering, refinancing and financial advisory services, including but not limited to advising on compliance with the Listing Rules and the Takeovers Code in Hong Kong, share placements, bonds issuances, corporate restructuring, cross-border financial services and other compliance advisory services relating to applicable laws and regulations, and (b) provided by the GTJA Group to the Group the referral of corporate finance clients and projects and financial advisory services, including but not limited to compliance advisory services in relation to rules and regulations in the PRC, mergers and acquisitions, offering of securities and corporate restructuring.

The transactions described in 1(i) to (iv) above are collectively referred to as (“**Category 1 Transactions**”) in this announcement.

2. *Investment and Finance Transactions*

Brief particulars of the investment and finance transactions contemplated under the New Master Agreement are summarized below:

Principal-to-principal transactions between the Group and the GTJA Group, including but not limited to, trading of over-the-counter derivatives under the market standard master agreement with diversified underlying assets including shares and debt securities on the primary and secondary markets, additional tier-1 bonds, private placement bonds, private equity, funds, indexes, interest rate and foreign exchange, trading of debt securities, structured products and customized transactions, as well as ancillary services.

The transactions described in 2 above are referred to as (“**Category 2 Transactions**”) in this announcement.

The provision of any of the services or the transactions in respect of the Category 1 Transactions and Category 2 Transactions between the Group and the GTJA Group above shall be conditional upon the Company’s and GTJA’s compliance with any applicable laws, regulations or administrative directives promulgated by competent authorities to which they are subject to, including the Listing Rules.

Terms of the Operational Agreements

Pursuant to the New Master Agreement, member(s) of the Group and member(s) of the GTJA Group shall, from time to time during the term of the New Master Agreement, enter into separate Operational Agreements in respect of the Category 1 Transactions and/or Category 2 Transactions, provided that such Operational Agreements shall be subject to the terms of the New Master Agreement, and their respective term shall also not exceed the term of the New Master Agreement.

Pricing

The prices of the services to be paid or to be received in respect of the Category 1 Transactions or the transactions to be entered in respect of the Category 2 Transactions (as the case may be) under the terms of the New Master Agreement shall be determined on normal commercial terms and in the ordinary and usual course of business of the Group.

The parties to the agreement shall, in accordance with their own internal procedures, designate the following principles:

Category 1 Transactions

1. Brokerage services: (a) for securities brokerage, the fees charged/chargeable or paid/payable (as the case may be) shall be determined with reference to, among other things, the fees, rates and commission for independent third parties in the market and the expected total brokerage transaction amount; (b) for futures brokerage, the commission follows the pricing standard applicable to all its clients (including independent third parties) which shall be determined with reference to (i) the type of futures contract; (ii) the futures exchange on which it is traded; and (iii) whether the trade is executed during the day or overnight in Hong Kong time; (c) for margin financing services, the interest rate charged by the Group shall be determined by the risk level of underlying collaterals through a progressive interest rate mechanism applicable to all its clients including independent third parties; (d) for brokerage ancillary services, such as research services, the fees charged/chargeable or paid/payable (as the case may be) shall be determined with reference to cost-based pricing method.
2. Investment management and advisory services: the fees charged/chargeable or paid/payable (as the case may be) shall be determined with reference to, among other things, the fund management fees, performance fees and/or advisory fees of independent third parties in the market.
3. Consulting services: the fees charged/chargeable or paid/payable (as the case may be) shall be determined through arm's length negotiations by the respective business units with reference to the cost-based pricing method.
4. Corporate finance services: the fees shall be determined by the respective business units with reference to the transactions of independent third parties of similar size and nature in the market and the pricing shall be negotiated on an arm's length basis.

Category 2 Transactions

Principal-to-principal transactions, the pricing shall be determined on the basis of arm's length negotiations between the parties and with reference to, among other things, the prevailing rates generally being offered in the market, the market rates quoted by market participants, the market practice for transactions of similar nature and the price of similar transactions the Company offers to independent third parties: (a) for the primary bond market, it shall be priced at face value; (b) for over-the-counter trades on the secondary bond market, the pricing and terms shall be determined on the basis of arm's length negotiations and its respective clients' demand for the Group's market making business; and (c) for structured products and derivatives, these shall be priced on normal and ordinary commercial terms (with reference to its finance costs, complexity of the product structure and issuance, market conditions at the time of issue and other factors) for which the Group charges either (i) a reasonable interest, fees and commission to clients for underlying assets with higher liquidity; or (ii) a mark-up rate based on the cost-plus pricing method, fees and/or income expectations for tailor made products on clients' demand or underlying assets with lower liquidity.

Termination

The New Master Agreement may be terminated before expiration of its full term upon mutual agreement in writing by both parties or in certain circumstances, including upon material default by a party.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

Notwithstanding the global economy and financial markets are facing pressures and challenges due to the pandemic caused by coronavirus, the measures implemented by the governments of mainland China and Hong Kong to prevent the spread of COVID-19 showed effective. The Group believes that the economy for both mainland China and Hong Kong will gradually recover to the situation before the pandemic.

The Company has continuously spent efforts in developing the Group's business and to maximize returns to Shareholders, and has been actively negotiating with the GTJA Group for cooperation on possible projects and business plans. It is anticipated that the demand for financial services including the cross-border financial services will continue to grow. The proposed annual caps under the New Master Agreement aim to cater the business need of the Company, some of which are time-sensitive in nature. By entering into the New Master Agreement, which allows the Company to enhance the ability of the Group to carry on business without the need for the Company to announce and convene separate general meeting on each occasion to seek Shareholders' prior approval for provision of services and engaging in the transactions, so as to provide an additional source to increase revenue of the Group which can in turn maximize returns to the Shareholders.

The transactions contemplated under the New Master Agreement are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group. The Board considers that securing a long-term business relationship with the GTJA Group who has reputable business associated with profound experience in the financial and securities industry in the PRC is beneficial to the Group. The increased cooperation would expect to bring considerable and stable contribution to the Group's revenue and profit in the long run. Accordingly, the entering into the New Master Agreement is in the interests of the Company and the Shareholders as a whole.

The Board (excluding the independent non-executive Directors whose views will be given after considering the advice to be given by the Independent Financial Adviser) considers that the transactions contemplated under the New Master Agreement (i) have been negotiated on an arm's length basis; (ii) will be conducted on normal commercial terms, or on terms no less favourable than those available to or from independent third parties under prevailing local market conditions; (iii) are entered into in the ordinary and usual course of business of the Group; (iv) are fair and reasonable and in the interests of the Company and Shareholders as a whole; and (v) that the proposed annual caps for the three years ending 31 December 2023 are fair and reasonable and in the interests of the Company and Shareholders as a whole.

No Director has material interest in the New Master Agreement, the transactions contemplated thereunder and the proposed annual caps, however as each of Dr. YIM Fung, Dr. XIE Lebin and Mr. LIU Yiyong, is also a director/an officer of certain members of the GTJA Group, they have voluntarily abstained from voting on the relevant Board resolution(s) for approving the New Master Agreement.

HISTORICAL TRANSACTION FIGURES AND THE PROPOSED ANNUAL CAPS

Historical transaction figures

Historical transaction figures in respect of continuing connected transactions carried out under the Existing Master Agreement for the year ended 31 December 2018, 31 December 2019 and for the ten months ended 31 October 2020 are shown below:

	Historical transaction figures		
	for the year ended 31 December 2018 <i>(HK\$ million)</i>	for the year ended 31 December 2019 <i>(HK\$ million)</i>	for the ten months ended 31 October 2020 <i>(HK\$ million)</i>
Category 1 Transactions			
(a) Income received by the Group for services provided to member(s) of the GTJA Group <i>(Note 1)</i>	2.8	34.9	1.2
(b) Expenses incurred by the Group for services provided by member(s) of the GTJA Group <i>(Note 2)</i>	55.8	60.2	38.7
	<i>(HK\$ billion)</i>	<i>(HK\$ billion)</i>	<i>(HK\$ billion)</i>

Category 2 Transactions

Transaction amount attributable to principal-to-principal transactions between the Group and the GTJA Group *(Note 3)*

0.06	0.14	3.27
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Notes:

- (i) Income received by the Group for brokerage services provided to member(s) of the GTJA Group was approximately HK\$2.8 million, HK\$16.3 million and HK\$1.2 million for the two years ended 31 December 2018 and 2019 and for the ten months ended 31 October 2020 respectively; (ii) no income to the Group from investment management and advisory services provided to member(s) of the GTJA Group was recorded for the two years ended 31 December 2018 and 2019 and income of approximately HK\$0.04 million was recorded to the Group from this category for the ten months

ended 31 October 2020; (iii) no income to the Group from consulting services provided to member(s) of the GTJA Group was recorded for the two years ended 31 December 2018 and 2019 and for the ten months ended 31 October 2020; and (iv) no income to the Group from corporate finance services provided to member(s) of the GTJA Group was recorded for the year ended 31 December 2018 and for the ten months ended 31 October 2020, and income of approximately HK\$18.6 million was recorded to the Group from this category for the year ended 31 December 2019.

2. (i) Expenses incurred by the Group arising from brokerage services provided by member(s) of the GTJA Group was approximately HK\$2.0 million, HK\$1.0 million and HK\$0.72 million for the two years ended 31 December 2018 and 2019 and for the ten months ended 31 October 2020 respectively; (ii) no expenses was incurred by the Group from investment management and advisory services provided by member(s) of the GTJA Group for the two years ended 31 December 2018 and 2019 and for the ten months ended 31 October 2020; (iii) expenses incurred by the Group arising from consulting services provided by member(s) of the GTJA Group was approximately HK\$27.0 million, HK\$30.4 million and HK\$25.0 million for the two years ended 31 December 2018 and 2019 and for the ten months ended 31 October 2020 respectively; and (iv) expenses incurred by the Group arising from corporate finance services provided by member(s) of the GTJA Group was approximately HK\$26.8 million, HK\$28.8 million and HK\$12.9 million for the two years ended 31 December 2018 and 2019 and for the ten months ended 31 October 2020 respectively.
3. Investment and finance transactions (which do not belong to any other categories of service transactions) entered between the Group and the GTJA Group on a principal-to-principal basis amounted to approximately HK\$0.06 billion for structured product and derivative trades for the year ended 31 December 2018, approximately HK\$0.08 billion for bond trades and approximately HK\$0.06 billion for structured product and derivative trades for the year ended 31 December 2019 and approximately HK\$3.27 billion for structured product and derivative trades for the ten months ended 31 October 2020.
4. As of the date of this announcement, the annual caps under the Existing Master Agreement have not been exceeded.

Proposed annual caps

Proposed annual caps in respect of the continuing connected transactions contemplated under the New Master Agreement for the three years ending 31 December 2021, 2022 and 2023 are shown below:

	For the year ending 31 December		
	2021	2022	2023
	(HK\$ million)	(HK\$ million)	(HK\$ million)
Category 1 Transactions			
(a) Income (to be) received by the Group for services provided to member(s) of the GTJA Group	226	274	329
(b) Expenses (to be) incurred by the Group for services provided by member(s) of the GTJA Group	160	187	219
	(HK\$ billion)	(HK\$ billion)	(HK\$ billion)
Category 2 Transactions			
Transaction amount attributable to principal-to-principal transactions between the Group and the GTJA Group	64.1	73.7	83.3

Note:

For the avoidance of doubt, when calculating the utilization amount of the proposed annual caps, if the nature of an individual transaction is covered by more than one category of transactions, such transaction amount may be included in more than one category of the proposed annual caps. However, if any transaction amount which has been included in one category of the proposed annual cap, then such amount will not be counted towards the other categories.

The proposed annual caps for the income to be received and the expenses to be incurred under Category 1 Transactions and the transactions to be entered between the Group and the GTJA Group under Category 2 Transactions were determined based on (a) the historical figures of the relevant transactions (if any) and the existing scale and operations of those businesses of the Group and/or the GTJA Group; (b) the projected annualised amounts for the related transactions; (c) relevant national and cross-border policies, such as the Stock Connect, the process of Renminbi internationalization, the Belt and Road Initiative as well as the Greater Bay Area development, etc. resulting in more frequent cooperation in cross-border business development trends between mainland China and Hong Kong; (d) business growth and customer demand expectations; and (e) a reasonable buffer to cater for unexpected business growth, inflation and currency fluctuations and on the general assumption that there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group and the GTJA Group during the projected period.

For Category 1 Transactions, favorable factors such as national policies encouraging cross-border investments and transactions, homecoming listings of sizeable China concept stocks on the Stock Exchange, the Stock Connect, QFII and QDII related policies and mutual recognition of funds arrangements etc. will stimulate the securities trading volume, corporate finance market in Hong Kong and demand for cross-border consulting services and fund distribution and advisory services etc., as a result, the potential cooperation between the Group and the GTJA Group in the brokerage, corporate finance, consulting, fund management and advisory businesses is expected to be further expanded and thus the related transaction amounts will be significantly increased.

For Category 2 Transactions, the increase from the historical transaction amount to the proposed annual caps under the New Master Agreement for the three years ending 31 December 2023 is primarily due to the potential expansion of structured product and derivative business following the establishment of a new unit for this area in October 2020. On the equity-related side, the recent uplift of the relevant risk limit by the Company allows a significant increase of the transaction size, especially after taking into consideration the fact that most of the equity structured product and derivative transactions between the Group and the GTJA Group are cross-border swaps settled on a monthly basis, these transactions may be rolled over and amounts of which need to be aggregated. On the fixed income side, a new business line was set up for the fixed income structured product and derivative transactions due to the potential growth of market demand for cross-border total return swap trades, which is expected to cause a significant increase in the transaction amount for the Category 2 Transactions on top of the existing businesses.

INTERNAL CONTROL

Pursuant to the internal control measures and policies of the Company, before the Group enters into any of the transactions, the responsible business units must ensure that (i) the price of the transaction is the same as, or within the price range of, comparable transactions carried out by independent third parties in the market (where such transactions are available for references) and the pricing policies of the New Master Agreement; and (ii) if there is any change to the Group's pricing policy or mechanism, that the revised pricing policy or mechanism is in line with market practice. Further, the relevant business units are required to consult and obtain pre-approvals from the relevant departments for each continuing connected transaction (except for brokerage transactions with standard brokerage rate applied).

The Group would regularly monitor transactions between the Group and the GTJA Group as to whether such transactions fall within the scope of the New Master Agreement, whether the relevant annual caps have nearly been fully utilised, and issuing reminders to the responsible business units where necessary. In addition, the relevant personnel of the business units would compare other contemporaneous transactions or quotations for similar transactions with independent third parties and ensure that the transactions must be made on no more favourable terms to the GTJA Group, or no less favourable terms

to the Group, than those available from independent third parties. The Group will also conduct sampling inspections on the effectiveness of the internal control procedures based on the audit plan.

With the internal control measures adopted by the Company, the Board is of the view that the transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its Shareholders as the price are determined by the prevailing market price or the market price normally applicable to independent third parties for similar types of transactions.

The Company's external auditor, the Company's audit committee and the independent non-executive Directors will conduct annual review on the operation of the continuing connected transactions and ensure that the transactions are in compliance with the Listing Rules.

LISTING RULES IMPLICATIONS

As at the date of this announcement, GTJA, the ultimate controlling shareholder of the Company, which holds approximately 73.25% interest in the Company through GTJAH, an indirect wholly-owned subsidiary of GTJA, and is a connected person of the Company. The transactions contemplated under the New Master Agreement are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group. Accordingly, the transactions contemplated under the New Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios based on the proposed annual caps of the transactions contemplated under the New Master Agreement exceed 5%, the transactions and the proposed annual caps contemplated under the New Master Agreement are subject to the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee (comprising all independent non-executive Directors) has been established to advise the Independent Shareholders as to whether the terms of the New Master Agreement are fair and reasonable, and whether the transactions are on normal commercial terms and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendation of the Independent Financial Adviser. Somerley has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, the particulars of the New Master Agreement together with a letter from the Independent Board Committee, a letter from the Independent Financial Adviser and a notice of the EGM is expected to be despatched to the Shareholders

on or about 5 January 2021, which is more than 15 business days after the publication of this announcement, so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

GENERAL INFORMATION OF THE PARTIES TO THE TRANSACTIONS

The Company is an investment holding company. The operations of the Group are mainly based in Hong Kong and its services include: (i) brokerage, (ii) corporate finance, (iii) asset management, (iv) loans and financing, and (v) financial products, market making and investments.

GTJA is a joint stock limited company incorporated in the PRC, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2611) and the Shanghai Stock Exchange (stock code: 601211). The GTJA Group is principally engaged in securities and futures brokerage, proprietary trading, securities underwriting and sponsoring, asset management, direct investment, fund management, securities investment consultancy, securities dealing and securities investment related financial advisory, margin financing and securities lending, sales of securities investment funds and financial products, provision of intermediary services to futures companies, market making, establishing private investment fund subsidiary and alternative investment subsidiary to engage in business related to private investment funds and alternative investment and other businesses in the PRC as approved by the China Securities Regulatory Commission, as well as the provision of securities products and services overseas.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Guotai Junan International Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1788)
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company for the time being
“EGM”	the extraordinary general meeting to be convened and held by the Company to consider and if thought fit, approve, the New Master Agreement, the proposed annual caps and the transactions contemplated thereunder

“Existing Master Agreement”	the master agreement entered into between the Company and GTJA on 19 March 2018 (and amended by the Supplemental Agreement) in relation to the provision of various services and transactions, the details of which are set out in the announcements of the Company dated 19 March 2018 and 22 July 2019
“Group”	the Company and its subsidiaries from time to time
“GTJA”	Guotai Junan Securities Co., Ltd., a joint stock limited company incorporated in the PRC with limited liability, whose A-shares are listed on the Shanghai Stock Exchange (stock code: 601211) and H-shares are listed on the Main Board of the Stock Exchange (stock code: 2611)
“GTJA Group”	GTJA and its subsidiaries from time to time
“GTJAH”	Guotai Junan Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of GTJA; and the controlling shareholder of the Company
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board (which comprises Dr. FU Tingmei, Dr. SONG Ming, Mr. TSANG Yiu Keung and Professor CHAN Ka Keung Ceajer, being all the independent non-executive Directors) established to advise the Independent Shareholders with regard to the terms of the New Master Agreement, the proposed annual caps and the transactions contemplated thereunder
“Independent Financial Adviser” or “Somerley”	Somerley Capital Limited, a corporation licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to conduct Type 1 (Dealing in Securities) and Type 6 (Advising on Corporate Finance) regulated activities and the independent financial adviser to the Independent Board Committee and the Independent Shareholders with regard to the terms of the New Master Agreement, the proposed annual caps and the transactions contemplated thereunder

“Independent Shareholders”	the Shareholders, other than GTJA and its associates (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Master Agreement”	the master agreement entered into between the Company and GTJA on 2 December 2020 in relation to the provision of various services and transactions, a summary of the terms of which is set out in this announcement
“Operational Agreements”	the individual agreements in respect of the provision of any services or transactions which may from time to time be entered into between member(s) of the GTJA Group and member(s) of the Group pursuant to the New Master Agreement, and an “Operational Agreement” means any of them
“PRC”	the People’s Republic of China
“Shareholder(s)”	holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement entered into between the Company and GTJA on 22 July 2019 to amend certain terms of the Existing Master Agreement, details of which are set out in the announcement of the Company dated 22 July 2019
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“%”	per cent.

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

Hong Kong, 2 December 2020

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