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GUOTAI JUNAN INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1788)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board of directors (the “Board”) of Guotai Junan International Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2023 together with its comparative figures for the immediate preceding financial year as follows:

FINANCIAL HIGHLIGHTS

	2023	2022	Change
Results			
Revenue (HK\$'000)	3,217,372	2,314,917	39%
– Commission and fee income	689,574	866,142	(20%)
– Interest income	1,810,154	1,486,261	22%
– Net trading and investments income/(loss)	717,644	(37,486)	N/A
Profit attributable to ordinary equity holders (HK\$'000)	201,261	80,381	150%
Total dividends (HK\$'000)	191,078	95,608*	100%
Payout ratio	95%	119%*	(24p.p)
Return on equity	1.4%	0.5%	0.9p.p
Per share			
Basic earnings per share (HK cents)	2.1	0.8	163%
Diluted earnings per shares (HK cents)	2.1	0.8	163%
Total dividends per share (HK cents)	2.0	1.0*	100%
Financial position			
Total assets (HK\$'000)	107,535,153	94,455,086	14%
Shareholders' equity (HK\$000)	14,839,473	14,806,699	0.2%
Number of issued shares	9,553,994,707	9,553,994,707	–
Equity per ordinary share (HK\$)	1.55	1.55	–

* The dividends shown for the year ended 31 December 2022 did not include the special dividends paid of approximately HK\$382,091,000 or HK\$0.04 per ordinary share of the Company. If special dividends are included in the calculation of payout ratio, the payout ratio for the year ended 31 December 2022 would be 594%.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	4	3,217,372	2,314,917
Other income		<u>12,722</u>	<u>12,686</u>
Revenue and other income		3,230,094	2,327,603
Staff costs	5	(781,340)	(721,499)
Commission to account executives		(122,538)	(134,120)
Depreciation		(85,352)	(78,077)
Net impairment charge		(59,490)	(153,972)
Other operating expenses		<u>(494,952)</u>	<u>(536,614)</u>
Operating profit		1,686,422	703,321
Finance costs	6	<u>(1,495,006)</u>	<u>(676,664)</u>
Profit before tax	7	191,416	26,657
Income tax credit	8	<u>14,689</u>	<u>56,385</u>
Profit for the year		206,105	83,042
Other comprehensive income for the year, net of tax			
Items that may be reclassified subsequently to profit and loss:			
– Investments at fair value through other comprehensive income		4,741	(1,053)
– Exchange difference on translation of foreign exchange		<u>5,750</u>	<u>(43,144)</u>
		10,491	(44,197)
Item that will not be reclassified to profit and loss:			
– Investments at fair value through other comprehensive income		9,284	(4,998)
Total comprehensive income for the year		<u>225,880</u>	<u>33,847</u>
Profit for the year attributable to:			
Owners of the Company		201,261	80,381
Non-controlling interests		<u>4,844</u>	<u>2,661</u>
		<u>206,105</u>	<u>83,042</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		223,852	33,928
Non-controlling interests		<u>2,028</u>	<u>(81)</u>
		<u>225,880</u>	<u>33,847</u>
Earnings per share attributable to ordinary equity holders of the parent			
– Basic (in HK cents)	10(a)	<u>2.1</u>	<u>0.8</u>
– Diluted (in HK cents)	10(b)	<u>2.1</u>	<u>0.8</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		433,910	478,689
Goodwill and other intangible assets		22,886	22,886
Other assets		18,961	13,680
Deferred tax assets		277,892	244,068
Derivative financial instruments		323,154	577,055
Financial assets at fair value through profit or loss		16,645,948	15,445,877
– Financial assets held for trading and investments		1,825,052	1,769,013
– Financial products		14,820,896	13,676,864
Total non-current assets		17,722,751	16,782,255
Current assets			
Loans and advances to customers	<i>11</i>	5,761,594	6,391,369
Accounts receivable	<i>12</i>	8,391,475	5,641,386
Prepayments, deposits and other receivables		219,685	212,984
Financial assets at fair value through profit or loss		51,413,001	41,928,120
– Financial assets held for trading and investments		17,698,760	9,666,306
– Financial products		33,714,241	32,261,814
Financial assets at fair value through other comprehensive income		446,604	82,304
Derivative financial instruments		1,612,106	1,527,458
Receivable from reverse repurchase agreements		739,579	586,845
Tax recoverable		70,525	198,764
Client trust bank balances		13,750,018	13,347,021
Cash and cash equivalents		7,407,815	7,756,580
Total current assets		89,812,402	77,672,831

		2023	2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current liabilities			
Accounts payable	13	(18,048,359)	(16,726,328)
Other payables and accrued liabilities		(654,141)	(602,958)
Derivative financial instruments		(1,396,383)	(1,297,531)
Interest bearing borrowings	14	(9,935,696)	(9,333,620)
Debt securities in issue		(31,427,498)	(28,719,537)
– At amortised cost		(2,808,810)	(3,784,775)
– Designated at fair value through profit or loss		(28,618,688)	(24,934,762)
Financial liabilities at fair value through profit or loss		(2,432,272)	(2,108,386)
Obligations under repurchase agreements		(14,027,595)	(7,695,073)
Tax payable		(4,574)	(8,917)
Total current liabilities		<u>(77,926,518)</u>	<u>(66,492,350)</u>
Net current assets		<u>11,885,884</u>	<u>11,180,481</u>
Total assets less current liabilities		<u><u>29,608,635</u></u>	<u><u>27,962,736</u></u>
Non-current liabilities			
Deferred tax liabilities		(9,506)	(10,736)
Interest bearing borrowings	14	(3,725)	(15,387)
Derivative financial instruments		(297,192)	(231,686)
Debt securities in issue		(14,336,214)	(12,768,731)
– At amortised cost		(3,144,937)	(3,138,860)
– Designated at fair value through profit or loss		(11,191,277)	(9,629,871)
Total non-current liabilities		<u>(14,646,637)</u>	<u>(13,026,540)</u>
Net assets		<u><u>14,961,998</u></u>	<u><u>14,936,196</u></u>

	2023	2022
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Equity		
Share capital	10,911,163	10,911,163
Other reserve	(1,236,460)	(1,236,460)
Currency translation reserve	5,242	(3,324)
Share option reserve	19,432	26,132
Investment revaluation reserve	4,893	(4,998)
Retained profits	5,135,203	5,114,186
	<hr/>	<hr/>
Equity attributable to holders of the ordinary shares	14,839,473	14,806,699
Non-controlling interests	122,525	129,497
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Total equity	14,961,998	14,936,196
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NOTES TO FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

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

The financial information relating to the years end 31 December 2023 and 2022 included in this announcement of annual results does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements.

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

The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 December 2023 in due course.

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

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

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

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

Changes in accounting policies

(i) *New and amended HKFRSs*

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

- HKFRS 17, Insurance contracts
- Amendments to HKAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates
- Amendments to HKAS 1, Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies
- Amendments to HKAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction
- Amendments to HKAS 12, Income taxes: International tax reform – Pillar Two model rules

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

HKFRS 17, Insurance contracts

HKFRS 17, which replaces HKFRS 4, sets out the recognition, measurement, presentation and disclosure requirements applicable to issuers of insurance contracts. The standard does not have a material impact on these financial statements as the Group does not have contracts within the scope of HKFRS 17.

Amendments to HKAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates

The amendments provide further guidance on the distinction between changes in accounting policies and changes in accounting estimates. The amendments do not have a material impact on these financial statements as the Group’s approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

Amendments to HKAS 1, Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

Amendments to HKAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

The amendments do not have a material impact on these financial statements as the Group claims tax deduction for the purpose of Hong Kong Profits Tax on the basis of lease expenses recognised in profit or loss in accordance with HKFRS 16 and therefore there are no temporary differences associated with its right-of-use assets and lease liabilities.

Amendments to HKAS 12, Income taxes: International tax reform – Pillar Two model rules

The amendments introduce a temporary mandatory exception from deferred tax accounting for the income tax arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (“OECD”) (income tax arising from such tax laws is hereafter referred to as “Pillar Two income taxes”), including tax laws that implement qualified domestic minimum top-up taxes described in those rules. The amendments also introduce disclosure requirements about such tax including the estimated tax exposure to Pillar Two income taxes.

The Group has not yet applied the temporary exception during the current year because the entities comprising the Group are operating in jurisdictions in which the Pillar Two tax law has not yet been enacted or substantively enacted. The Group will disclose known or reasonably estimable information related to its exposure to Pillar Two income taxes in the consolidated financial statements by the time when the Pillar Two tax law has been enacted or substantively enacted and will disclose separately the current tax expense or income related to Pillar Two income taxes when it is in effect.

(ii) New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting Mechanism

In June 2022, the Hong Kong SAR Government gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”), which will come into effect from 1 May 2025 (the “Transition Date”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund (“MPF”) scheme to reduce the long service payment (“LSP”) in respect of an employee’s service from the Transition Date (the abolition of the “offsetting mechanism”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made; instead these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit.

To better reflect the substance of the abolition of the offsetting mechanism, the Group has changed its accounting policy in connection with its LSP liability and has applied the above HKICPA guidance retrospectively. The cessation of applying the practical expedient in paragraph 93(b) of HKAS 19 in conjunction with the enactment of the Amendment Ordinance resulted in a catch-up profit or loss adjustment in June 2022 for the service cost up to that date and consequential impacts on current service cost, interest expense and remeasurement effects from changes in actuarial assumptions for the rest of 2022, with the corresponding adjustment to the comparative carrying amount of the LSP liability. This change in accounting policy did not have any impact on the opening balance of equity at 1 January 2022, and the cash flows and earnings per share amounts for the year ended 31 December 2022. It also did not have a material impact on the consolidated statement of financial position as at 31 December 2022 and 31 December 2023.

3. OPERATING SEGMENT INFORMATION

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

In preparing the segment information for the year ended 31 December 2023, the executive directors considered that the business relating to wealth management, institutional investor services, corporate finance services, investment management are separate reportable segments.

Details of each of the operating segments are as follows:

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

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

The segment results of the Group for the years ended 31 December 2023 and 2022 are as follows:

For the year ended 31 December 2023

	Wealth Management HK\$'000	Institutional Investor Services HK\$'000	Corporate Finance Services HK\$'000	Investment Management HK\$'000	Others HK\$'000	Total HK\$'000
Segment revenue and other income:						
Commission and fee income	387,449	93,916	197,690	10,519	–	689,574
Interest income	1,434,570	370,943	–	4,641	–	1,810,154
Net trading and investment income	33,891	545,552	–	138,201	–	717,644
Other income	–	–	–	–	12,722	12,722
Total	<u>1,855,910</u>	<u>1,010,411</u>	<u>197,690</u>	<u>153,361</u>	<u>12,722</u>	<u>3,230,094</u>
Profit/(loss) before taxation	398,480	251,590	(237,193)	(221,461)	–	191,416
Income tax credit						<u>14,689</u>
Profit for the year						<u>206,105</u>
Other segment information:						
Net impairment charge on loans and advances to customers	23,984	–	–	–	–	23,984
Net impairment charge on accounts receivable	561	460	35,212	797	–	37,030
Net impairment charge/ (reversal) on other financial assets	(1,800)	(387)	–	152	–	(2,035)
Net impairment charge on financial assets at fair value through other comprehensive income	–	–	–	511	–	511
Depreciation	64,223	5,759	6,649	8,721	–	85,352
Finance costs	<u>899,752</u>	<u>420,133</u>	<u>–</u>	<u>175,121</u>	<u>–</u>	<u>1,495,006</u>

For the year ended 31 December 2022

	Wealth Management <i>HK\$ '000</i>	Institutional Investor Services <i>HK\$ '000</i>	Corporate Finance Services <i>HK\$ '000</i>	Investment Management <i>HK\$ '000</i>	Others <i>HK\$ '000</i>	Total <i>HK\$ '000</i>
Segment revenue and other income:						
Commission and fee income	455,403	98,151	287,016	25,572	–	866,142
Interest income	753,891	721,924	–	10,446	–	1,486,261
Net trading and investment income/(loss)	61,972	509,434	–	(608,892)	–	(37,486)
Other income	–	–	–	–	12,686	12,686
Total	<u>1,271,266</u>	<u>1,329,509</u>	<u>287,016</u>	<u>(572,874)</u>	<u>12,686</u>	<u>2,327,603</u>
Profit/(loss) before taxation	519,656	415,718	(76,809)	(831,908)	–	26,657
Income tax credit						<u>56,385</u>
Profit for the year						<u>83,042</u>
Other segment information:						
Net impairment charge on loans and advances to customers	46,766	115,926	–	–	–	162,692
Net impairment charge/(reversal) on accounts receivable	(795)	(679)	4,341	5,265	–	8,132
Net impairment charge/(reversal) on other financial assets	(4,800)	(118)	–	41	–	(4,877)
Net impairment reversal on financial assets at fair value through other comprehensive income	–	(11,975)	–	–	–	(11,975)
Depreciation	59,055	2,936	7,435	8,651	–	78,077
Finance costs	<u>384,601</u>	<u>154,109</u>	<u>–</u>	<u>137,954</u>	<u>–</u>	<u>676,664</u>

4. REVENUE

The Group's revenue is disaggregated as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Commission and fee income ^{(Note (1))}		
Brokerage ^{(Note (3))}	436,777	481,265
Corporate finance		
Placing, underwriting and sub-underwriting commission ^{(Note (3))}	141,754	233,437
Consultancy and financial advisory fee income ^{(Note (4))}	45,213	46,476
Asset management fee and performance fee income ^{(Note (4))}	10,606	25,572
Handling income on financial products ^{(Note (3))}	55,224	79,392
	<u>689,574</u>	<u>866,142</u>
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Interest income ^{(Note (2))}		
Interest income from customers and counterparty financing ^{(Note (5))}	452,244	524,366
Interest income from banks and others ^{(Note (5))}	1,166,075	391,854
Interest income from market making debt securities	76,733	179,125
Interest income from fixed income securities	115,102	390,916
	<u>1,810,154</u>	<u>1,486,261</u>
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Net trading and investment income/(loss) ^{(Note (2))}		
Net trading income/(loss) from debt securities market making	33,094	(189,034)
Net trading loss from fixed income securities, unconsolidated investment funds, derivative and equity investments	(75,595)	(258,873)
Net income from financial products ^{(Note (6))}	760,145	410,421
	<u>717,644</u>	<u>(37,486)</u>
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	<u><u>3,217,372</u></u>	<u><u>2,314,917</u></u>

Note (1) Revenue arising from customer contracts under HKFRS 15

Note (2) Revenue arising from other sources

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

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

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

Note (6) During the year ended 31 December 2023, interest income from financial products (under "Interest income") has been reclassified to "net income from financial products" (under "Net trading and investment income/(loss)").

With the diversified development of the Group's financial products business, the Group considers that such a classification is a better reflection of the nature of income from financial products.

Comparative figure has been reclassified to conform to current year's presentation.

5. STAFF COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Staff costs (including directors' remuneration):		
Salaries, bonuses and allowances	768,002	707,115
Share-based compensation expense	–	417
Pension scheme contributions	13,338	13,967
	<u>781,340</u>	<u>721,499</u>

6. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank borrowings and overdrafts	572,163	136,626
Debt securities in issue	356,775	212,954
Securities borrowing and lending	2,511	2,121
Repurchase agreements	404,175	147,993
Lease liabilities	1,167	1,359
Accounts payable to clients	58,466	9,235
Others	13,876	2,794
	<u>1,409,133</u>	<u>513,082</u>
Sub-total (calculated using effective interest method)		
Financial liabilities at fair value through profit or loss	85,873	163,582
	<u>1,495,006</u>	<u>676,664</u>

7. PROFIT BEFORE TAX

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Auditor's remuneration		
(i) audit services	3,788	4,417
(ii) interim review	1,000	1,015
(iii) compliance and other consultancy services	1,747	1,320
Other commission expenses	29,551	42,708
Information service expenses	48,398	49,716
Marketing, advertising and promotion expenses	4,361	5,913
Professional and consultancy fee	90,309	112,502
Repair and maintenance (including system maintenance)	84,365	91,792
Net impairment charge on loans and advances to customers	23,984	162,692
Net impairment charge on accounts receivable	37,030	8,132
Net impairment reversal on other financial assets	(2,035)	(4,877)
Net impairment charge/(reversal) on financial assets at fair value through other comprehensive income	<u>511</u>	<u>(11,975)</u>

8. INCOME TAX CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current – Hong Kong		
– Charge for the year	27,520	60,762
– (Over)/under provision in prior years	(7,124)	4,397
Deferred	<u>(35,085)</u>	<u>(121,544)</u>
Total tax credit	<u><u>(14,689)</u></u>	<u><u>(56,385)</u></u>

9. DIVIDENDS

	2023 <i>HK\$'000</i>
2023 interim dividend, paid – HK\$0.01 per ordinary share	95,539
2023 final dividend, proposed – HK\$0.01 per ordinary share	<u>95,539</u>
	<u><u>191,078</u></u>
	2022 <i>HK\$'000</i>
2022 interim dividend, paid – HK\$0.01 per ordinary share	95,608
2022 interim special dividend, paid – HK\$0.03 per ordinary share	286,552
2022 final special dividend, paid – HK\$0.01 per ordinary share	<u>95,539</u>
	<u><u>477,699</u></u>

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

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

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

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2023 is based on the profit attributable to ordinary equity holders of the Company of HK\$201,261,000 (2022: HK\$80,381,000) and the weighted average number of ordinary shares in issue of 9,553,994,707 (2022: 9,553,994,707) during the year.

(b) Diluted earnings per share

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

No adjustment has been made to the basic earnings per share amounts presented for the year ended 31 December 2023 and 31 December 2022 in respect of dilution as the impact of the share option outstanding had an anti-dilutive effect on the basic earnings per share amount presented.

11. LOANS AND ADVANCES TO CUSTOMERS

	2023	2022
	HK\$'000	HK\$'000
Margin loans	7,631,029	8,120,943
Term loans to customers	235,365	467,662
Less: Impairment provision	<u>(2,104,800)</u>	<u>(2,197,236)</u>
	<u>5,761,594</u>	<u>6,391,369</u>

The movements in the ECL allowance on loans and advances to customers are as follows:

	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	(Stage 1)	not-credit-	credit-impaired	
	HK\$'000	impaired	(Stage 3)	HK\$'000
	HK\$'000	(Stage 2)	HK\$'000	HK\$'000
ECL allowance as at				
1 January 2022	(1,995)	–	(2,032,506)	(2,034,501)
New assets originated or purchased	–	–	–	–
Assets derecognised or repaid	388	–	799	1,187
Changes to risk parameters	(1,814)	–	(44,800)	(46,614)
Transfer from stage 1 to stage 3	125	–	(125)	–
Changes arising from transfer of stage	<u>–</u>	<u>–</u>	<u>(117,308)</u>	<u>(117,308)</u>
ECL allowance as at				
31 December 2022 and				
1 January 2023	(3,296)	–	(2,193,940)	(2,197,236)
New assets originated or purchased	–	(75)	(1,195)	(1,270)
Assets derecognised or repaid	–	–	117,433	117,433
Changes to risk parameters	2,149	–	(24,661)	(22,512)
Changes arising from transfer of stage	<u>–</u>	<u>(915)</u>	<u>(300)</u>	<u>(1,215)</u>
ECL allowance as at				
31 December 2023	<u>(1,147)</u>	<u>(990)</u>	<u>(2,102,663)</u>	<u>(2,104,800)</u>

There was no loans and advances to customers which have been written off but were still subject to enforcement activity at 31 December 2023 and 2022.

12. ACCOUNTS RECEIVABLE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Accounts receivable arising from brokerage		
– cash and custodian clients	15,378	9,911
– the Stock Exchange and other clearing houses	1,135,430	1,200,995
– brokers and dealers	6,660,076	3,630,107
Accounts receivable arising from insurance brokerage services		
– cash and custodian clients	–	–
Accounts receivable arising from securities borrowing and lending		
– brokers and dealers	149,641	725,668
Accounts receivable arising from corporate finance, asset management, financial products, market making and investments		
– corporate clients, investment funds and others	<u>500,826</u>	<u>107,461</u>
	8,461,351	5,674,142
Less: impairment provision	<u>(69,876)</u>	<u>(32,756)</u>
	<u>8,391,475</u>	<u>5,641,386</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At 1 January	32,756	24,514
Impairment provision charged to profit or loss during the year	37,426	9,932
Impairment provision reversed during the year	(396)	(1,800)
Exchange difference	<u>90</u>	<u>110</u>
At 31 December	<u>69,876</u>	<u>32,756</u>

There was no accounts receivable which have been written off but were still subject to enforcement activity at 31 December 2023 and 2022.

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

For accounts receivable from the Stock Exchange and other clearing houses, brokers and dealers, and insurance brokerage, no ageing analysis is disclosed as, in the opinion of the Group, an ageing analysis does not give additional value in view of the nature of these accounts receivable. There was no transfer of ECL allowance to different stages during the year ended 31 December 2023 and 2022.

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Not yet past due	433,356	44,232
Past due less than 1 month	83	187
Past due between 1 to 3 months	1,687	56
Past due over 3 months	<u>65,700</u>	<u>62,986</u>
Total	<u><u>500,826</u></u>	<u><u>107,461</u></u>

13. ACCOUNTS PAYABLE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Accounts payable arising from brokerage		
– clients	11,987,595	13,136,472
– brokers and dealers	4,524,821	1,675,062
– the Stock Exchange and other clearing houses	318,581	1,288,615
Accounts payable arising from securities borrowing and lending	6,025	42,254
Accounts payable arising from corporate finance, asset management, financial products, market making, investments and others	1,211,337	583,839
Accounts payable arising from insurance brokerage services	<u>–</u>	<u>86</u>
	<u><u>18,048,359</u></u>	<u><u>16,726,328</u></u>

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

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

14. INTEREST BEARING BORROWINGS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current:		
Lease liabilities	3,725	15,387
Current:		
Lease liabilities	17,597	27,845
Unsecured bank borrowings	9,918,099	9,305,775
	<u>9,935,696</u>	<u>9,333,620</u>
Total interest bearing borrowings	<u>9,939,421</u>	<u>9,349,007</u>

15. CAPITAL COMMITMENTS AND OTHER COMMITMENTS

Capital commitments

The Group had capital commitments for system upgrade and renovation of premises of approximately HK\$11,614,000 which were contracted but not provided for as at 31 December 2023 (2022: HK\$9,798,000).

Other commitments

The Group undertakes underwriting obligations on placing, IPO, takeover and merger activities and financial obligations to loan facilities granted to customers. As at 31 December 2023, there was no underwriting obligation (2022: HK\$1,755 million).

MANAGEMENT DISCUSSION AND ANALYSIS

I. Market Review

In 2023, the performance of the Hong Kong capital market was below the expectation, impacted by multiple factors such as the complicated and volatile international environment, as well as the pressure on the global economy and capital markets. The Hang Seng Index fell for the fourth consecutive year, with a cumulative decline of 14% in 2023, while the Hang Seng TECH Index recorded a cumulative decline of 9% over the year. The average daily turnover of the Hong Kong stock market decreased by 16% as compared with the same period of last year (“YOY”), and the funds raised from initial public offerings in the Hong Kong stock market decreased by 56% YOY to HK\$46.29 billion. In the bond market, affected by the interest rate hikes of the United States (“US”) Federal Reserve, the primary market issuance of offshore bonds in Asia remained sluggish, with the total amount of bonds issued in Asian (ex-Japan) G3 currencies (US dollar, Euro and Yen) decreased by nearly 20% YOY. The risk appetite of investors in the secondary bond market remained cautious, and the performance of investment grade and high-yield segments diverged, the investment-grade bond issuance price return index rose by 3%, whereas the high-yield bond issuance price return index fell by 26% as compared with the beginning of the year according to the Bank of America Merrill Lynch Chinese-issued US dollar-denominated bond indices.

II. Results Review

In 2023, despite under the pressure of the global financial markets and the sluggish Hong Kong capital market, the Group proactively seized market opportunities while maintained stringent control over risks. Leveraging a diverse range of products and professional financial services, the Group achieved a sharp increase in profit attributable to ordinary equity holders of 150% YOY. Notably, core businesses such as client demand-driven financial products business, wealth management business and equity capital market underwriting business performed exceptionally well. Meanwhile, the interest income from banks significantly increased, benefiting from the Group’s full leverage of its funds management capabilities.

The Group’s annual results for 2023 are summarized as follows (during the year or as at 31 December 2023):

- Revenue increased by 39% YOY to HK\$3,217 million and profit attributable to ordinary equity holders sharply increased by 150% YOY to HK\$201 million (2022: HK\$80.38 million)
- By nature of income: benefiting from continuous increase in global interest rates and growing client demand for financial products, net income from financial products significantly increased by 85% YOY to HK\$760 million; underwriting commission income from equity capital markets sharply increased by 173% YOY to HK\$73.49 million; interest income from banks and others sharply increased by 198% YOY to HK\$1,166 million

- By business segment: benefiting from interest income, income from wealth management segment up 46% YOY to HK\$1,856 million; income from investment management segment achieved a turn from loss to gain YOY, with a gain of HK\$153 million under its effective risk management
- Recommended a final dividend for the year ended 31 December 2023 of HK\$0.010 per share of the Company (“Share(s)”), together with an interim dividend of HK\$0.010 per Share which was paid on 27 September 2023, the total dividends for the year will amount to HK\$0.020 per Share (dividend payment ratio of 95%)
- Total assets increased by 14% to HK\$107.53 billion as compared to that as at the end of 2022, of which the balance of the financial assets at fair value through profit or loss – financial products increased by 6% to HK\$48.54 billion as compared to that as at the end of 2022 as the Group vigorously developed its financial products business

III. Operation Development

(I) Vigorously developing the client demand-driven financial products business

Facing the complicated market environment, the Group steadfastly pursued the development of its client demand-driven financial products business, continuously improved its cross-border trading service capabilities and explored diverse trading and investment needs of high-quality clients, offering them customized and comprehensive solutions, as well as financial products of various forms and structures. During the year, the Group successfully obtained several important business qualifications, becoming one of the first batch overseas qualified participants of “Swap Connect”, one of the first batch qualified market makers under the “HKD-RMB Dual Counter Model” and a market maker of the “Southbound Bond Connect”, which demonstrated the Group’s leading position in the industry in terms of product diversification and trading channels, laying a solid foundation for an agile response to market changes and client demands, and for enhancing its product innovation and cross-border service capabilities.

(II) Comprehensively upgrading the digital intelligent wealth management platform

Relying on technology empowerment, the Group comprehensively upgraded its digital intelligent wealth management platform to customize products and services for high-net-worth clients, fully served family offices, and precisely identified the needs of retail clients through intelligent means. During the year, the Group launched and continuously upgraded “Junhong Global”, a safe and efficient one-stop global investment mobile application, optimizing user experience. In response to market changes, the Group has launched Hong Kong dollar/US dollar money market funds and “Flexi Money”, a cash management product, providing clients with more investment options under the high interest rate cycle. In 2023, the Group successfully established a wholly-owned subsidiary in Macao, forming a new wealth management layout that focuses on clients situated in cities and areas along the “Guangdong-Hong Kong-Macao Greater Bay Area” and the “One Belt, One Road”

initiatives, which is based in Hong Kong, with collaborative efforts from its subsidiaries in Macao, Singapore and Vietnam, aiming to meet clients' global asset allocation needs.

(III) Building an extensive and full-cycle corporate finance service chain

In 2023, under the market environment where fund raising amounts in equity and debt markets were both declining, the Group continued to strengthen the business cooperation with the parent company, deeply explored the fund raising, acquisition and merger needs of high-quality domestic and foreign enterprises, provided comprehensive and full-cycle services, and achieved remarkable results. During the year, the corporate finance team completed 4 initial public offering sponsor projects in Hong Kong, ranking at the forefront among the Chinese peers in terms of number of projects and fund raising amounts, including the listing of Beijing SinoHytec Co., Ltd. (“SinoHytec”), the first China’s hydrogen energy A+H stock, and Shenzhen UBTECH Robotics Corp Ltd, the first humanoid robot stock, on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Moreover, as an underwriter, the Group successfully assisted 26 enterprises in raising funds in the stock markets, and introduced high-quality investors to these enterprises, highlighting its industry-leading professional capabilities.

(IV) Risk management safeguards the long-term business development

The Group firmly believes that risk management is the core competitive strength of financial institutions, adheres to the principles of compliant operation and risk management throughout the entire process of business operations, strengthens management and prevents risks. In recent years, the Group has continuously reduced high-risk exposure, optimized asset structures, and flexibly adjusted business risk appetite, which effectively reduced the impact of market fluctuations on the Company. During the year, the Company maintained a long-term issuer rating of “BBB+” reaffirmed by S&P and “Baa2” reaffirmed by Moody’s, the international credit rating agencies, with the outlook being “stable”, keeping a leading position among its peers in Hong Kong.

(V) Building a sustainable green financial services platform

The Group has always adhered to the principles of serving the real economy with financial services, actively supporting and promoting the green transformation of corporate clients. During the year, it completed the sponsorship and underwriting projects for the listing of several new energy enterprises such as SinoHytec, and 35 environmental, social and governance (“ESG”) related bonds issuance for clients, the total issuance scale of the sustainable finance-related projects amounted to over HK\$80 billion. The Group has always integrated ESG principles into its daily business operations and management. In 2023, the Group achieved carbon neutrality at operational level for the first time through the subscription of carbon credit assets following the continuous decreasing in total greenhouse gas emissions at operational level for three consecutive years. The Company has been highly recognized by international ESG rating agencies, following an upgrade of the Company’s ESG rating by MSCI Inc. (MSCI), S&P raised the Company’s ESG scoring in 2023, leading nearly 80% of its global peers.

IV. Analysis of Operating Results

(I) Revenue analysis

1. By nature

Commission and fee income decreased by 20% YOY to HK\$690 million (2022: HK\$866 million). During the year, Hang Seng Index, the total funds raised from initial public offerings, the average daily turnover of stocks in Hong Kong, and the total amount of bonds issued in Asian (ex-Japan) G3 currencies (US dollar, Euro and Yen) were significantly decreased, resulting in a YOY decrease in the Group's commission and fee income from businesses such as brokerage, corporate finance and asset management. In particular, revenue from brokerage business decreased by 9% YOY to HK\$437 million (2022: HK\$481 million), and commission from corporate finance – placing, underwriting and sub-underwriting decreased by 39% YOY to HK\$142 million (2022: HK\$233 million).

Interest income increased by 22% YOY to HK\$1,810 million (2022: HK\$1,486 million). Under the global interest rate hike environment, interest income from banks and others sharply increased by 198% YOY to HK\$1,166 million, which led to an overall increase in interest income. However, the Group continued to reduce its risk exposure by adjusting its bond holdings for market making business, resulting in a decrease in interest income from market making debt securities of 57% YOY to HK\$76.73 million (2022: HK\$179 million). Meanwhile, the market conditions in Hong Kong was weak, which led to less investor demand for financing YOY, resulting in a decrease in interest income from client and counterparty financing of 14% YOY to HK\$452 million (2022: HK\$524 million).

Trading and investment business showed a turn from loss to profit of approximately HK\$718 million (2022: loss of HK\$37.49 million). The Group's trading and investment business is mainly to support the development of businesses such as wealth management, institutional investor services, corporate finance and asset management. During the year, although the overall global capital markets were under pressure, resulting in a general decline in the valuation of investment instruments, the Group's asset allocation in low-risk fixed income securities has generated income, and driven by the continuous rise in global interest rates and the increasing client demand, the income from financial products significantly increased by 85% YOY to HK\$760 million, resulting a turn from loss to profit in the Group's trading and investment in general.

2. *By segment*

Wealth management segment income increased by 46% YOY to HK\$1,856 million (2022: HK\$1,271 million). Despite the decrease in commission and handling income and net trading and investment income, interest income increased significantly under the interest rate hike environment, resulting in an overall YOY increase in wealth management segment income.

Institutional investor services segment income decreased by 24% YOY to HK\$1,010 million (2022: HK\$1,330 million). Despite the increase in income from financial products, the Group reduced its investments in high-risk fixed income securities, resulting in a decrease in related interest income. The high interest rate environment also led to the decrease in valuation of fixed income securities, which dragged down the overall income from the institutional investor services segment.

Corporate finance services segment income decreased by 31% YOY to HK\$198 million (2022: HK\$287 million). Despite the increase in underwriting commission income from equity capital market business, due to the sluggish bond issuance market under the high interest rate environment and the decrease in corporate clients' willingness to issue securities, the income from bond underwriting and issuance was affected, resulting in an overall YOY decrease in corporate finance services segment income.

Investment management segment income recorded an income of HK\$153 million (2022: loss of HK\$573 million), mainly due to the fact that the Group seized market opportunities to allocate assets to low-risk fixed income securities with reasonable returns gradually. Also, the Group effectively managed risks and together with an upward valuation of investment projects, contributed to an increase in the Group's revenue, driving the investment management segment from loss to profit.

(II) Cost analysis

During the year, total costs of the Group increased by 32% YOY to HK\$3,039 million, mainly due to the significant rise in financing costs as a result of the increase in interest rates in the global market. In particular, the average interest rate of Hong Kong Interbank Offered Rate (based on one-month maturity) during the year increased significantly by 1.9 times YOY to approximately 4.27% (2022: approximately 1.48%). However, the Group strictly monitored and flexibly managed its funds, actively optimized the debt structure, enhanced financing efficiency and strengthened funds management. As a result, the financing costs of the Group increased by only 1.2 times YOY.

V. Financial Position Analysis

(I) Balance sheet summary

1. General

As at 31 December 2023, total assets of the Group were HK\$107.53 billion, representing an increase of 14% as compared to that as at the end of 2022, while total liabilities of the Group were HK\$92.57 billion, representing an increase of 16% as compared to that as at the end of 2022. The total equity amounted to HK\$14.96 billion, representing an increase of 0.2% as compared to that as at the end of 2022.

The Group has been devoting every effort to optimizing the structure of the balance sheet and improving the quality of the balance sheet. As at 31 December 2023, the Group's current assets accounted for a reasonable proportion with sufficient liquidity reserve, and the balance of cash and cash equivalents remained at a reasonable level. In addition, the Group maintained a healthy asset structure with low risk exposure, closely monitored and gradually reduced the risk exposure of investments. Most of the assets in the Group's balance sheet were client demand-driven, the Group's credit assets had also been significantly optimized, transformed into high-quality and high-liquidity asset classes with sufficient provisions.

2. Assets

As at 31 December 2023, the Group's total assets increased by 14% as compared to that as at the end of 2022 to HK\$107.53 billion (as at the end of 2022: HK\$94.46 billion), mainly due to 1) the increase in the balance of financial assets at fair value through profit or loss – financial products as a result of the Group's vigorous development of its financial products business; and 2) the increase in the balance of financial assets at fair value through profit or loss – financial assets held for trading and investment as a result of the Group's new investment positions to take advantage of market opportunities.

3. Liabilities

As at 31 December 2023, the Group's total liabilities increased by 16% as compared to that as at the end of 2022 to HK\$92.57 billion (as at the end of 2022: HK\$79.52 billion), mainly due to 1) the increase in structured notes issued by the Group as a result of the increase in the client demand-driven financial products business; and 2) the increase in the obligations under repurchase agreements to support the financing needs of the Group's investment positions.

4. *Financial ratios*

As at 31 December 2023, the Group's the nominal leverage ratio (defined as total assets less accounts payable to clients divided by total equity) was 6.39 times (as at the end of 2022: 5.44 times). If excluding the financial assets from the financial products held on behalf of the clients, the leverage ratio was 3.14 times (as at the end of 2022: 2.37 times). The gearing ratio (defined as the sum of bank borrowings and debt securities in issue at amortised cost divided by total equity) was 1.06 times (as at the end of 2022: 1.09 times). The Group's current ratio was 1.15 times (as at the end of 2022: 1.17 times).

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

Details of capital commitments and other commitments of the Group are set out in Note 15 to the financial information. The Group did not have any contingent liabilities as at 31 December 2023.

(III) *Liquidity and financial resources*

As at 31 December 2023, the current assets of the Group were HK\$89.81 billion, increased by 16% as compared to that as at the end of 2022. The balance of cash and cash equivalents of the Group was HK\$7,408 million (as at the end of 2022: HK\$7,757 million). Net cash outflow of the Group was HK\$349 million (2022: inflow of HK\$2,479 million).

The Company maintained a medium term note programme of up to HK\$35.0 billion for financing purposes, under which listed and unlisted notes denominated in any currency may be issued from time to time. On 17 July 2023, the Company successfully renewed the medium term note programme of up to HK\$35.0 billion with a period of 12 months. In addition, the Company, through its subsidiary, also maintained a guaranteed structured note programme of up to US\$15.0 billion, under which unlisted notes denominated in any currency may be issued from time to time. As at 31 December 2023, the medium term notes and structured notes issued and outstanding amounted to HK\$7,900 million (as at the end of 2022: HK\$4,800 million) and US\$6,000 million (as at the end of 2022: US\$4,900 million), respectively.

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

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

(IV) Material acquisitions and disposals

For the year ended 31 December 2023, the Group had no material acquisition and disposal of subsidiaries, associated companies and joint ventures.

(V) Capital structure and regulatory capital

For the year ended 31 December 2023, there were 9,553,994,707 Shares in issue. There was no change in the number of Shares in issue during the year.

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

(VI) Foreign exchange risk

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

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

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

VI. Prospects

Looking ahead to 2024, the market expects that the impact of international geopolitical factors will continue, the global economic growth will continue to face pressure, and the Hong Kong capital market will inevitably be affected. The tightening of monetary policy of the US Federal Reserve may come to an end, potentially signaling a turning point in the global liquidity-tightening cycle. Based on the adherence to the keynote of steady growth, and the effect of policies aimed at stabilizing growth will continue to emerge, stimulating the endogenous dynamics of the economy in China.

Guided by “Three Three-years in Three Steps”, the development strategy of its parent company, Guotai Junan Securities Co., Ltd., the Group will adhere to the business tactic of pursuing steady growth. The Group will put efforts in developing client demand-driven business, vigorously develop wealth management business and enhance cross-border financial services, thereby expanding client resources and diversifying income sources. The Group will also accelerate the digital intelligent transformation by upgrading the digital intelligent wealth management platform for high-net-worth and retail clients. Meanwhile, the Group will fully capitalize on regional synergies by leveraging the distinctive advantages of its subsidiaries in Singapore, Vietnam and Macao, to accelerate the expansion across Southeast Asia and the global market, and strive to providing institutions, corporations and individual clients with comprehensive financial services and systematic solutions across the entire value chain, so as to fully meet the needs of clients for overseas asset allocation.

The Group has been implementing a solid and steady operational strategy. The Group will continuously enhance its risk control and management capabilities, reinforce risk management measures and strengthen its implementation, so as to lay a solid foundation for further business development, and adhere to improve the risk-adjusted return on net assets as one of its core objectives with steady and solid compound growth to reward the investors for their continuous support.

DIVIDEND

The Board recommends a final dividend of HK\$0.010 per Share for the year ended 31 December 2023 (the “Proposed Final Dividend”), subject to the approval by shareholders of the Company (the “Shareholder(s)”) at the annual general meeting of the Company (the “AGM”), which is expected to be held on Wednesday, 22 May 2024, and will be payable on Monday, 17 June 2024 to Shareholders whose names appear on the register of members of the Company on Thursday, 30 May 2024. Together with an interim dividend of HK\$0.010 per Share which was paid on 27 September 2023, the total dividends for the year ended 31 December 2023 will amount to HK\$0.020 per Share (2022: an interim dividend of HK\$0.010 per Share, a special dividend of HK\$0.030 per Share and a final special dividend of HK\$0.010 per Share, total dividends for the year amounted to HK\$0.050 per Share).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 17 May 2024 to Wednesday, 22 May 2024 (both days inclusive) for ascertaining Shareholders' entitlement to attend and vote at the AGM, during which period, no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all duly completed transfer documents accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, No. 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 16 May 2024.

The register of members of the Company will be closed on Thursday, 30 May 2024 for ascertaining Shareholders' entitlement to the Proposed Final Dividend (subject to the approval of the Proposed Final Dividend by Shareholders at the AGM). No transfer of Shares will be registered on that date. In order to qualify for the Proposed Final Dividend, all duly completed transfer documents accompanied by the relevant share certificates, must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, No. 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 29 May 2024.

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 2023.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions set out in the Corporate Governance Code (the "Corporate Governance Code") contained in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as its own code of corporate governance. The Company has complied with all code provisions set out in the Corporate Governance Code throughout the year of 2023, except for code provision F.2.2 that Dr. YIM Fung, the Chairman of the Board, was unable to attend the annual general meeting held on 22 May 2023 due to other business commitment. Ms. QI Haiying, the chief executive officer and the executive director, chaired that annual general meeting, and the chairman of each Board committee and other directors were present to answer Shareholders' questions.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules (the "Model Code") regarding securities transactions by directors. On specific enquiry made by the Company, all directors of the Company confirmed that they have fully complied with the required standard set out in the Model Code throughout the year of 2023.

AUDIT COMMITTEE

The Audit Committee comprises Mr. LIU Chung Mun (chairman), Dr. FU Tingmei, and Professor CHAN Ka Keung Cejler, all of them are independent non-executive directors. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including review of the annual results announcement and the consolidated financial statements of the Group for the year ended 31 December 2023.

The financial figures in this announcement of the Group's results for the year ended 31 December 2023 have been compared by KPMG, the external auditor of the Company, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KPMG on this announcement.

BOARD OF DIRECTORS

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

APPRECIATION

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

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement of final results for the year ended 31 December 2023 is published on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at <http://www.gtjai.com>. The annual report of the Company for the year ended 31 December 2023 will be despatched to Shareholders and published on the aforesaid websites in due course.

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

Hong Kong, 26 March 2024