



# 國泰君安國際

GUOTAI JUNAN INTERNATIONAL

Guotai Junan International Holdings Limited

國泰君安國際控股有限公司

*(incorporated in Hong Kong with limited liability 於香港註冊成立的有限公司)*

**2016 Annual results announcement**

**2016年度業績發佈**

# Key deliveries



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- Revenue rose 11% to HK\$2,519.2 million, net profit increased by 1% to HK\$1,026.1 million
- Margin finance income increased by 20%: average margin loan balance increased by 22%
- Income from debt securities issues increased by 294%, participated in 47 debt issue exercises
- Gain from financial products, market making and investments increased by 135%
- Proposed final dividend at HK0.045 per share, dividend for the year at HK\$0.075 per share
- Issued US\$300 million subordinated perpetual securities for business expansion
- Credit ratings: S&P – “BBB/A-2”; Moodys’ – “Baa2/P-2”

# Financial highlights



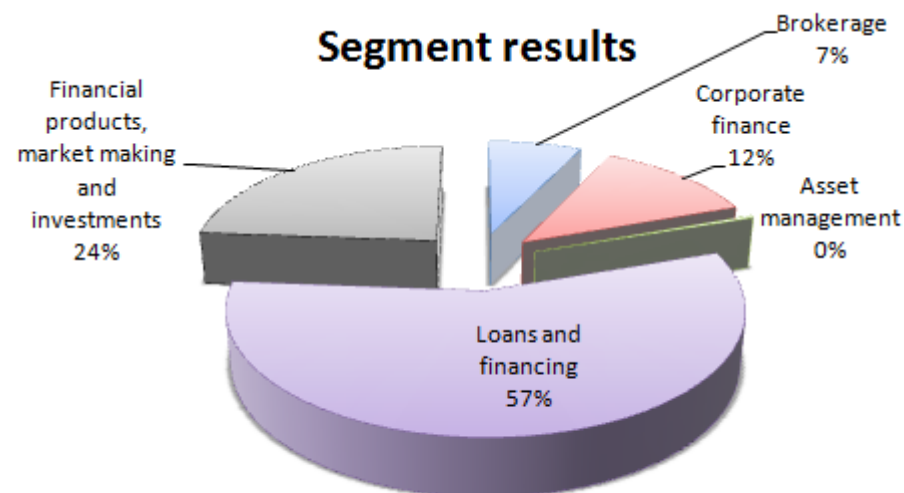
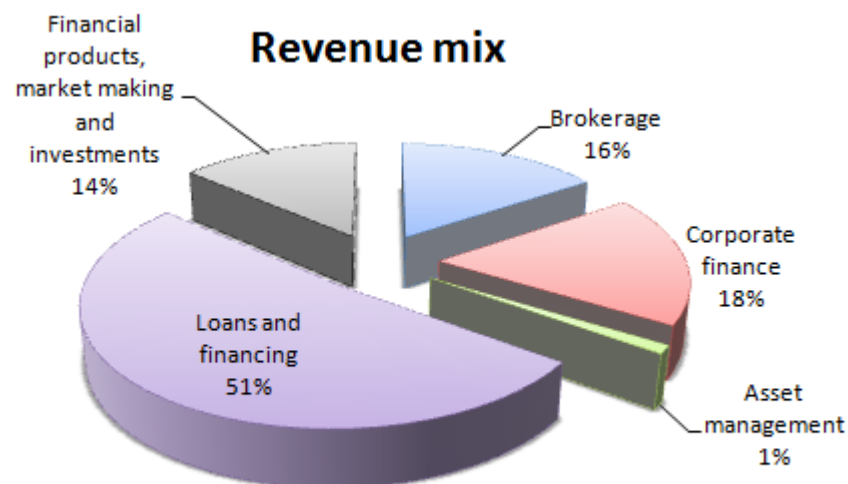
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	For the year ended 31 December		
	2016	2015	Change
	HK\$'000	HK\$'000	
Fee and commission income			
- brokerage	393,000	719,945	-45.4%
- corporate finance	456,649	281,447	62.3%
- asset management	28,487	53,092	-46.3%
Interest income from loans and financing	1,297,278	1,076,018	20.6%
Gain from financial products, market making and investments	343,773	146,106	135.3%
Revenue	2,519,187	2,276,608	10.7%
Other income	2,608	1,899	37.3%
Revenue and other income	2,521,795	2,278,507	10.7%
Profit for the year	1,026,087	1,015,433	1.0%
Profit attributable to ordinary equity holders of the Company	969,139	1,013,541	-4.4%
Basic earnings per share (HK cents)	14.1	14.9	-5.4%
Diluted earnings per share (HK cents)	13.9	14.6	-4.8%
Dividend per share	7.5	7.5	0.0%
- Interim (HK cents)	3.0	3.5	-14.3%
- Final (HK cents)	4.5	4.0	12.5%
- Dividend payout ratio	53.2%	50.3%	5.7%
Equity per ordinary share (HK\$)	1.18	1.11	6.3%
Debt/Equity ratio	0.86	1.09	-21.1%
Leverage ratio	3.07	2.90	5.9%
Cost to income ratio	52.9%	48.8%	8.4%

# Financial highlights



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Revenue: HK\$2,519.2 million

Profit before tax: HK\$1,188.6 million



# Brokerage income

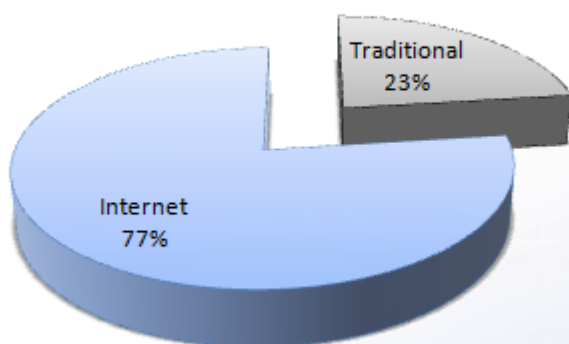


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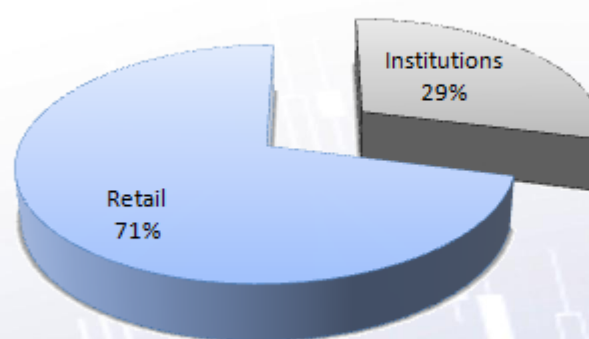
For the year  
ended 31 December

	2016	2015	Change
	HK\$'000	HK\$'000	
Securities	301,318	628,792	-52.1%
Futures and options	44,084	42,946	2.6%
Handling income	36,396	39,085	-6.9%
Leveraged foreign exchange	2,068	2,363	-12.5%
Insurance	9,134	6,759	35.1%
	<b>393,000</b>	<b>719,945</b>	<b>-45.4%</b>

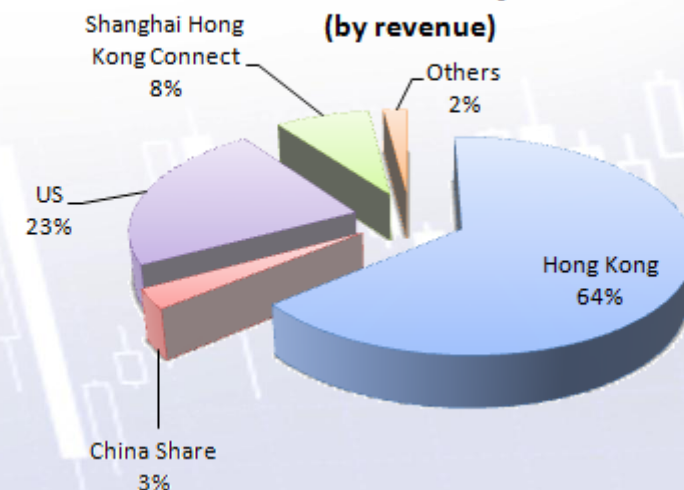
## Internet vs traditional trading



## Customer Structure



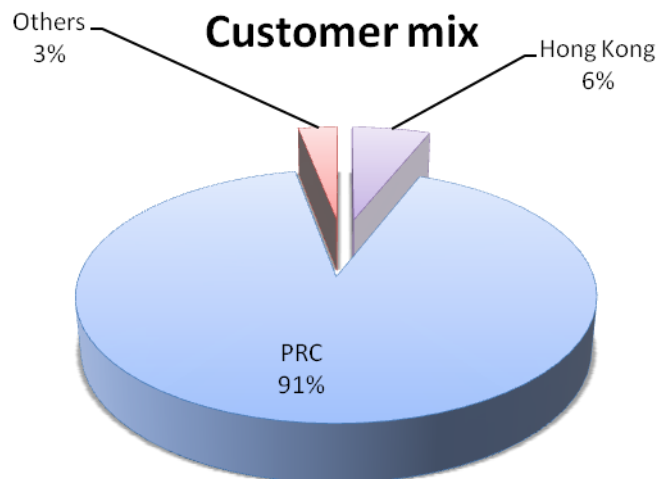
## Market analysis



# Customers analysis



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## Client monies under our custody

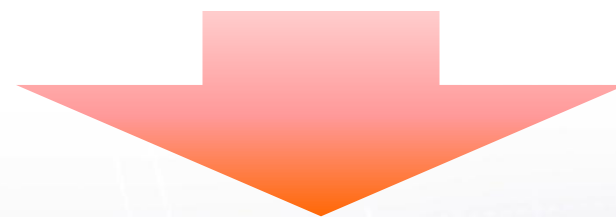
- HK\$12.4 billion (2015: HK\$14.7 billion)
- Decreased by 15.6%

## Client stocks under our custody

- HK\$158.6 billion (2015: HK\$147.4 billion)
- Increased by 7.6%

## Customers accounts information

- 130,600 client accounts
- 22,400 active accounts
- 10,200 new accounts



Total clients' assets under custody increased by 5.5% to HK\$171.0 billion (2015: HK\$162.1 billion)

# Corporate finance and advisory services



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	For the year ended 31 December		Change
	2016	2015	
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Placing, underwriting and sub-writing commission			
- Debt securities	250,249	63,583	293.6%
- Equity securities	113,180	121,844	-7.1%
Consultancy and financial advisory fee	93,220	96,020	-2.9%
	456,649	281,447	62.3%

- 🕒 Book-runner for 47 debt issues
- 🕒 Sponsor for 8 IPOs
- 🕒 Book-runner for 19 IPOs and sub-underwriter or lead manager for 2 IPOs
- 🕒 Participation in 9 secondary market placements or rights issues
- 🕒 42 compliance advisory roles and 24 financial advisory assignments

# Asset management business



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	For the year ended 31 December		
	2016	2015	Change
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Management fee	28,487	42,308	-32.7%
Performance fee	-	10,784	-100.0%
	28,487	53,092	-46.3%



# Loans and financing activities



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	2016	2015	Change
	HK\$'000	HK\$'000	
Margin loans	1,106,342	924,121	19.7%
Term loans	72,993	39,350	85.5%
Securities borrowing and lending	19,316	26,549	-27.2%
IPO loans	199	5,684	-96.5%
Reverse repurchase agreements	461	167	176.0%
Banks and others	97,967	80,147	22.2%
	1,297,278	1,076,018	20.6%
	<b>2016</b>	<b>2015</b>	
Outstanding margin loans	13,291,347	11,963,214	11.1%
Loan to collateral ratio	27.0%	21.6%	
Average margin loan balances	13,350,138	10,944,306	22.0%
Outstanding term loans	1,246,796	413,573	201.5%

# Financial products, market making and investment



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	For the year ended 31 December		Change
	2016	2015	
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Gain on structured financial products	116,087	34,351	237.9%
Income from market making services	131,117	102,568	27.8%
Gain on investments	96,569	9,187	951.1%
	343,773	146,106	135.3%

- ① Three types of financial assets
  - ① Financial assets for structured financial products
  - ① Bond and ETF positions for market making services
  - ① Investments for supporting corporate finance and institutional businesses

# Balance Sheet Extracts



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	31-Dec-16	31-Dec-15
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loans and advances to customers	14,286,666	12,375,857
Reverse repurchase agreements	480,782	509,695
Accounts receivable	1,495,924	1,932,119
Cash and cash equivalents	1,964,398	2,408,666
Client trust bank balances	12,400,917	14,662,991
Financial assets	13,261,624	4,506,947
Derivative financial instruments	122,001	24,952
Other current assets	175,542	267,459
Non-current assets	812,891	640,749
<b>Total assets</b>	<b>45,000,745</b>	<b>37,329,435</b>
Accounts payable	14,871,038	18,218,312
Bank loans	8,911,433	7,855,662
MTN in issue	175,710	429,040
Structured notes issued for financial products	5,647,531	1,929,048
Derivative financial instruments	130,083	29,766
Other financial liabilities	3,485,520	505,340
Repurchase agreements	930,958	400,517
Other current liabilities	281,376	304,224
Non current liabilities	33,262	22,269
<b>Net assets</b>	<b>10,533,834</b>	<b>7,635,257</b>
Holder's of other equity instrument	2,346,685	-
Non controlling interests	11,951	11,693
<b>Shareholders' equity</b>	<b>8,175,198</b>	<b>7,623,564</b>

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- ① The unaudited financial information relating to the year ended 31 December 2016 and the financial information relating to the year ended 31 December 2015 included in this preliminary announcement of annual results 2016 does not constitute the Company's statutory annual consolidated financial statements for those years but, in respect of the year ended 31 December 2015, 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 Companies Ordinance is as follows:
  - The financial statements for the year ended 31 December 2016 have yet to be reported on by the Company's auditor and will be delivered to the Registrar of Companies in due course.
  - The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.
  - The Company's auditor has reported on these financial statements for the year ended 31 December 2015. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.



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# Q & A





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# *Thank You*

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