

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



GUOTAI JUNAN INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1788)

UPDATE IN RELATION TO THE NON-COMPETITION UNDERTAKINGS

Reference is made to the announcement published by Guotai Junan International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) on 9 October 2024 regarding the update in relation to the non-competition undertakings, the joint announcement published on the Hong Kong Stock Exchange on 9 October 2024 (the “**Joint Announcement**”) and the joint circular published on the Hong Kong Stock Exchange on 21 November 2024 (the “**Joint Circular**”) by Guotai Junan Securities Co., Ltd. (stock code: 2611.HK and 601211.SH) (“**Guotai Junan Securities**”, together with its subsidiaries, “**Guotai Junan Group**”) and Haitong Securities Co., Ltd. (stock code: 6837.HK and 600837.SH) (“**Haitong Securities**”, together with its subsidiaries, “**Haitong Group**”) regarding a proposed merger by way of absorption and a share exchange by Guotai Junan Securities (the “**Proposed Merger**”).

As at the date of this announcement, Guotai Junan Securities is a controlling shareholder, and holds approximately 73.85% in the issued share capital of the Company. Prior to the listing of the Company’s shares on the Hong Kong Stock Exchange, Guotai Junan Securities, along with two of its wholly-owned subsidiaries, entered into a deed of non-competition undertakings with the Company dated 19 June 2010 (the “**Non-competition Deed**”), pursuant to which Guotai Junan Securities and the two subsidiaries have undertaken not to compete with the Group’s brokerage business in Hong Kong and/or any other jurisdictions (excluding Mainland China) and other regulated businesses in Hong Kong. For further details of such non-competition undertakings, please refer to the prospectus issued by the Company dated 25 June 2010.

The Group currently operates brokerage business in Hong Kong, Macau, Singapore, and Vietnam, and other regulated businesses in Hong Kong including but not limited to businesses involving Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”). As disclosed in the Joint Circular, upon closing of the Proposed Merger (the “**Closing**”), the post-merger company will assume all assets, liabilities, businesses, employees, contracts, qualifications and all other rights and obligations of Haitong Securities. Haitong Securities currently operates, through its subsidiaries, brokerage business in Hong Kong and other overseas jurisdictions including but not limited to Singapore and the United States, and other regulated businesses in Hong Kong including but not limited to businesses involving

Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO (the “**Overlapping Businesses**”). The Overlapping Businesses are primarily operated by Haitong Securities through Haitong International Securities Group Limited and its subsidiaries.

Given, among others, the nature and market share of the Overlapping Businesses and competition landscape in relevant markets, there is not expected to be any material or substantial competition between the Overlapping Businesses and the Group’s relevant businesses. It would not be in the best interest of the Company and Guotai Junan Securities and their respective shareholders for the two companies to prematurely agree to any specific arrangement with respect to the Overlapping Businesses at this stage. Having considered, among others, the overall objective of, and the business of the companies involved in, the Proposed Merger, and the insignificance of any potential competition, after arm’s length discussions in good faith between the Company and Guotai Junan Securities, at this stage, the two parties have reached mutual understandings that (1) it is in the best interests of the two companies and their respective shareholders for the two parties to continuously gather relevant facts and evaluate the situation, and reach a solution after Closing of the Proposed Merger, taking into account relevant factors such as regulatory requirements, financial implications, operational efficiencies, and strategic alignments; and (2) with the transitional arrangements as further described below in place to protect the Company’s interest, and the mutual understandings reached by the boards of both companies, Guotai Junan Securities is not expected to incur any liability for any default under the Non-competition Deed due to the Proposed Merger.

On 21 November 2024, Guotai Junan Securities issued a non-competition undertaking letter in favor of the Company undertaking that it shall, within five years from the Closing, resolve any competition concerns between relevant subsidiaries of the post-merger company and the Group through methods in compliance with the applicable laws and regulations and permitted by regulatory authorities, including but not limited to asset restructuring and business consolidation. Guotai Junan Securities further undertakes that, following the Closing, the post-merger company shall not operate the Overlapping Businesses in a matter that would be less favorable to the Group than under the current conditions. The above undertakings shall become effective on 21 November 2024 and automatically terminate upon occurrence of any of the followings: (1) the shares of the Company are no longer listed on the Hong Kong Stock Exchange; or (2) the post-merger company (together with its associates) is no longer a controlling shareholder of the Company as defined under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Hong Kong Listing Rules**”) (the “**Relevant Non-competition Period**”).

In order to keep the shareholders of both the Company and Guotai Junan Securities informed and updated on the progress of the discussions on and resolution of such matter, both companies will disclose relevant information in each forthcoming interim reports/annual reports within such five-year period according to the above undertakings until the competition issue is resolved, and make announcements according to applicable laws and regulations as and when appropriate.

Notwithstanding such additional non-competition undertakings, it is the mutual understanding of the Company and Guotai Junan Securities that the Non-competition Deed still remains valid and effective. Upon Closing, the following arrangements as set out in the Non-competition Deed, among other things, will be in place to address any potential conflict of interests in respect of the post-merger company's role as a controlling shareholder of both the Company and relevant Haitong Securities' subsidiaries conducting the Overlapping Businesses:

- Guotai Junan Securities shall allow, and shall procure that its associates (other than members of the Group) to allow, during the Relevant Non-competition Period, the independent non-executive directors of the Company to review, whereas necessary, at least on an annual basis, Guotai Junan Securities' compliance with the Non-competition Deed;
- Guotai Junan Securities shall provide, and shall procure that its associates (other than members of the Group) to provide, during the Relevant Non-competition Period, all information necessary for the annual review by the independent non-executive directors of the Company, without prejudicing any applicable laws and regulations or any contractual obligations, in making a fair and reasonable assessment of Guotai Junan Securities' and/or its associates' (other than members of the Group) compliance with the Non-competition Deed and the enforcement of the Non-competition Deed by the independent non-executive directors of the Company;
- Guotai Junan Securities shall provide to the Company with a declaration annually for inclusion by the Company in its annual report, in respect of its compliance with the terms of the Non-competition Deed and disclose such information in the corporate governance report under the annual report of the Company; and
- Guotai Junan Securities shall agree and authorize the Company to disclose decisions on matters reviewed by the independent non-executive directors of the Company relating to the compliance and enforcement of the Non-competition Deed either through the annual report, or by way of announcements to the public.

In addition to the above contractual arrangements, given any transactions between the Group and the post-merger company and its subsidiaries (including entities operating the Overlapping Businesses) would constitute connected transactions of the Group as defined under the Hong Kong Listing Rules upon Closing, any such transactions would be subject to the reporting, announcement and independent shareholders' approval requirements under the Hong Kong Listing Rules unless exempted, and directors having conflicted interest and the post-merger company would be required to abstain from voting on relevant resolutions approving such transactions in board meetings and general meetings, as the case may be. Such mechanism provided under the Hong Kong Listing Rules will further address any issue of potential conflict of interests in respect of the post-merger company's role as a controlling shareholder of both the Company and relevant Haitong Securities' subsidiaries conducting the Overlapping Businesses upon Closing.

Should there be any material development on the matter, the Company will issue further announcements as and when appropriate.

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

Hong Kong, 21 November 2024

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 Ms. YU Xuping, Mr. DONG Boyang and Mr. HAN Zhida; and three independent non-executive directors, being Dr. FU Tingmei, Professor CHAN Ka Keung Ceajer and Mr. LIU Chung Mun.