

Haitong International (665.HK) Announces 2016 Annual Results Revenue and Profit Reach Second Highest on Record

Financial Highlights

(12 months ended 31 Dec 2016)

- Revenue reached HK\$5.35 billion, Net profit attributable to shareholders reached HK\$1.68 billion – annual results are second highest on record
- Basic EPS: 31.76 Hong Kong cents
- Net assets/Shareholders' funds: HK\$22.4 billion
- Total assets: HK\$131.5 billion
- Proposed a final dividend of 8 Hong Kong cents per share; yoy increase 100%

Hong Kong, 9 March 2017 – Haitong International Securities Group Limited (“Haitong International”; Stock Code: 665.HK) today announced its annual results for the 12 months ended 31 December 2016. In 2016, Haitong International achieved revenue of HK\$5.35 billion, and net profit attributable to shareholders totalled HK\$1.68 billion. As of 31 December 2016, total assets of the Haitong International amounted to HK\$131.5 billion and net assets/shareholders’ funds totalled HK\$22.4 billion. The Board of Directors of the company is pleased to propose a final dividend of 8 Hong Kong cents per share.

Against the backdrop of economic slowdown and high volatility in the global capital markets in 2016, Haitong International still achieved outstanding results. During the period under review, Haitong International maintained its standalone BBB investment-grade credit rating assigned by Standard & Poor’s. Moreover, included as a constituent stock of the Hang Seng Composite LargeCap and MidCap Index, Haitong International is an eligible stock under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect for southbound trading.

Corporate Finance – In 2016, Haitong International ranked top among Hong Kong financial services providers in terms of number of IPO completed and total underwriting amount, according to Bloomberg League Tables. Haitong International played an important role for IPO projects for Postal Savings Bank of China and China Zheshang Bank. For ECM deals, Haitong International completed 34 ECM deals, ranking No. 2 in terms of both underwriting amount and number of deals on Hong Kong’s equity capital market league table. Moreover, the Haitong International completed a total of 53 bond issuance projects with a whole gamut of offshore bond products for debt financing. In terms of the number of issuance in G3 and CNH denominated China credit bonds issued in offshore market, Haitong International ranked top amongst global financial investment banking companies. On the M&A front, Haitong International completed 27 deals last year.

Brokerage – The number of new accounts during the period amounted to 6,000. In addition, Haitong International stayed at the top position in stock futures and stock options in terms of trading volume. In 2016, the Group stayed in the first quintile among 150 dealers of Hang Seng Index futures. It reached the top ten in terms of Hang Seng Index options and among the top five dealers of stock options. Meanwhile, its private wealth management business offered tailor-made investment and financing solutions for different clients.

Asset Management – Expanding on the growth momentum developed over the past few years, Haitong International's assets under management jumped by 76% in 2016. During the period under review, Haitong International was approved to offer three public funds in Hong Kong - *Haitong Hong Kong Equity Investment Fund*, *Haitong Korea Equity Investment Fund*, *Haitong Asian High Yield Bond Fund*. Meanwhile, Haitong International's MPF funds garnered three awards from *Asia Asset Management*, namely, “*Best 1 Year Performance - Equity Fund (Asia)*”, “*Best 1 Year Performance - MPF Conservative Fund*” and “*Longevity Award - Best 10 Year Performance - Equity Fund (HK & China)*” .

Fixed Income, Currency and Commodities (FICC) – In 2016, FICC focused on offshore Asia credit bonds in a bid to boost its sale and trading capabilities. To date, Haitong International has built up business relationships with more than 350 institutional clients for global bond transactions, the turnover of which amounted to more than HKD100 billion, posting a year-on-year increase of almost 50%. Haitong International has become an important price maker in the Asia-Pacific region. Haitong International was also approved to conduct market-making business for futures in USD/CNH by the HKEx and SGX.

Institutional Equities – In 2016, Haitong International made a number of breakthroughs in the derivatives business. Haitong International was approved by the HKEx as an eligible issuer for structured products, and as a market maker for listed stock options. In 2016, Haitong International issued a total of 215 warrants and 181 CBBCs. Since the launch of its warrant business in March 2016, Haitong International has climbed into top ten among issuers in terms of transaction volume, moving up to the fourth in the 4th quarter. Meanwhile, Haitong International is also a market maker for 30 ETFs and one of the largest ETF market makers. For cash equities business, Haitong International's coverage of major index constituents in Northeast Asia surged up from 49% to 70%, covering approximately 500 listed and over more than 500 small-cap shares on the bourses in Hong Kong, Mainland China, Japan, Taiwan, South Korea and India. In addition, Haitong International was approved by the US and Australian regulators to conduct direct sales for Hong Kong IPOs and placement deals in May 2016.

Dr. Lin Yong, Deputy Chairman and CEO of Haitong International (665.HK) concludes, “In 2016, Haitong International kept sticking to its strategy of “expanding sell-side businesses, strengthening capital-based intermediary businesses and developing buy-side businesses”. With strong results registered in different business segments, we will accelerate to establish our presence in the Asia Pacific markets. The acquisition of Haitong Securities India Private Limited from Haitong Bank, S.A serves as an important move for our institutional business in the region. Haitong International formed a global network with headquarters based in



Hong Kong and major product development and sales bases in Japan, Singapore and India, in addition to major sales platforms in the U.S. and European regions.

“Looking ahead in 2017, the US Federal Reserve is expected to further put forward the normalization of interest rates, coupled with the so-called Brexit process triggered by the UK soon, therefore global capital markets are bound to witness volatility. For the deepening interconnectivity between Mainland and Hong Kong markets, ETF products will come in the spotlight this year after the commencement of the Shenzhen-Hong Kong Stock Connect Program in December 2016. Meanwhile, the HKEx is expected to launch RMB currency options this year, indicative of stronger interactions between markets in China and Hong Kong. This will also benefit Haitong international’s brokerage, asset management and institutional equity businesses. Haitong International will continue to develop the Asia-Pacific market and strive to become a leading boutique financial service provider in the region.”

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For more details of Haitong International 2015 annual results announcement, please refer to the Group’s website.

Haitong International Securities Group Limited

Haitong International Securities Group Limited (“Haitong International”; Stock Code: 665.HK) is an international financial institution with established presence in Hong Kong and a rapidly expanding network across the globe. It strives to serve as a bridge linking up the Chinese and overseas capital markets. Haitong International is a subsidiary of Haitong International Holdings Limited, a company incorporated in Hong Kong and wholly owned by Haitong Securities Co., Ltd. (“Haitong Securities”, Stock Code: 600837.SH; 6837.HK).

To date, Haitong International is well positioned to serve about 200,000 corporate, institutional and retail clients worldwide. Its well-established financial service business platform provides corporate finance, brokerage, asset management, fixed income, currency and commodities (FICC), institutional equities and a full spectrum of financial products and services. Haitong International possesses a sound risk management system that is in line with international standards. In 2014, it became the first Chinese financial institution in Hong Kong to have been assigned a “BBB” long-term credit rating by Standard and Poor’s. Haitong International is also a constituent stock of the Hang Seng Composite Large Cap and Mid Cap Index.

With the completion of the acquisition of Haitong Securities India Private Limited, Haitong International has established a financial servicing network covering the world’s major capital markets including Hong Kong, Singapore, New York, London, Tokyo and India. Haitong International strives to become a leading boutique financial service provider in the Asia Pacific region.

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