

Haitong International Assigned First-Time Baa2 Rating from Moody's Rating Outlook Stable

Hong Kong, 7 September 2017 – Haitong International Securities Group Limited (“Haitong International”; Stock Code: 665.HK) is pleased to announce that Moody’s Investors Service (“Moody’s”) has assigned first-time “Baa2” long-term issuer and “Prime-2” short-term issuer ratings to Haitong International with a stable outlook. The first-time credit ratings Haitong International assigned are the highest among Chinese brokerages in Hong Kong and are positive to lower the company’s financing costs in the future.

The Baa2 long-term issuer rating reflects Haitong International's standalone assessment of ba1, which indicates the company’s good franchise in Hong Kong’s capital markets, flexible funding sources to support its liquidity, and relatively low leverage, Moody’s said in the rating report.

Benefiting from the rapid growth in cross-border financing and capital market activities, Haitong International -- similar to other Chinese securities companies’ subsidiaries in Hong Kong -- is fast establishing its franchise in Hong Kong's capital markets. When compared to its Chinese peers in Hong Kong, Haitong International benefits from a more diversified income mix, Moody’s also said. Haitong International’s total assets increased to HKD132 billion at the end of 2016, up nearly 800% in four years, making it the largest among all subsidiaries of Chinese securities companies in Hong Kong, according to the report.

Moody’s pointed out that Haitong International leverages multiple funding sources to facilitate its business growth and support its liquidity, including convertible & non-convertible bonds, medium-term notes and syndicated loan facilities. Its leverage ratio of around 5-6 times in the past few years is also lower than that for international peers.

Moreover, it is believes that Haitong International would obtain a high level of support from the Shanghai municipal government via its parent, Haitong Securities Co. in times of stress given Haitong Securities is one of the largest securities companies in China, Moody’s said. At end-June 2017, Haitong International was 61.8% owned by Haitong Securities which has a track record of providing various forms of support to Haitong International, such as capital injections, client referrals and funding support. Haitong International is the key international business operation of Haitong Securities and one of the largest offshore subsidiaries of Chinese securities companies, according to the report.

Moody’s said in the report that it will consider upgrading Haitong International's ratings in future given that the company continues to improve its funding and liquidity ratios, stabilizes its pretax volatility, maintains stable business growth, and further enhances its risk management system.



In April, Haitong International also had its rating outlook lifted to “stable” by S&P Global Ratings (“S&P”). The international credit rating agency also affirmed the “BBB” long-term and “A-2” short-term issuer credit ratings on Haitong International. In 2014, Haitong International became the first Chinese financial institution in Hong Kong to have been assigned a “BBB” long-term credit rating by S&P.

Haitong International is pleased about Moody’s ratings. The management will continue to zealously develop all lines of businesses of Haitong International in response to the support from its shareholders and investors.

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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. The parent company of Haitong International is Haitong Securities Co. Ltd (“Haitong Securities”, Stock Code: 600837.SH; 6837.HK). To date, Haitong International has well positioned to serve more than 200,000 corporate, institutional and retail clients worldwide. Its well established financial services 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. Haitong International has a global financial servicing network covering the world’s major capital markets including Hong Kong, Singapore, New York, London, Tokyo and Mumbai, thereby making us to be a leading boutique financial services provider in Asia-Pacific region.

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