

Haitong International Ranks No.6 as the Only Chinese Broker Among the Top 10 Underwriters of USD Asian High-Yield Bond

Hong Kong, 3 Jan 2017 – Haitong International Securities Group Limited (“Haitong International”; Stock Code: 665.HK) is pleased to announce that it was the only Chinese broker who made its way into the top ten underwriters of USD Asian (ex-Japan) high-yield bonds and moved up 16 slots to No. 6 , according to Bloomberg’s latest article published on 22 Dec .

The USD Asian high-yield bonds market has been booming since 2016. As of 31 Dec 2016, USD bonds issued in Asian (ex-Japan) have amounted to USD183.10 billion, down slightly from the historical high of USD 190 billion in 2014, among which the issuance by issuers in the Mainland China and Hong Kong accounted for 67.5%. Over the same period, the issuance of USD high-yield bonds in Asia (ex-Japan) amounted to USD 45.84 billion, posting a 62.4% year-on-year increase compared with USD 28.23 billion in 2015. The number of issuance also saw an increase of 90% year on year, showing a rapid growth of the market size of USD high yield bonds in Asia (ex-Japan).The amount of issuance by issuers in the Mainland China and Hong Kong reached USD 38.12 billion , accounting for over 80% of the total issuance, demonstrating a more significant role of Chinese issuers. Market forecasts the momentum that Chinese issuers remain to forge ahead will persist in the year of 2017, signifying a stronger yet upbeat participation of issuers in the Greater China region in USD Asian high-yield bonds market with the market potential growing.

The popularity of USD Asian high-yield bonds in 2016 was due to manifold reasons. From a macroscopic view, about a quarter of the countries and regions worldwide were plagued by negative interest-rate, particularly in in Japan and most of the European regions. Treasury yields in certain countries such as Japan and Germany were in the downside. Under such circumstances, the USD high-yield bonds consequently became a sought-after option for global investors. Therefore, the Asian USD high yield bonds, especially those issued by the Chinese issuers, filled up the investment needs just at this right time. Moreover, the visible RMB depreciation in the past year domestic provided the investors owning offshore capitals with strong motives to sway from RMB assets to more diversified investments, which also propelled the issuance of USD bonds and in turn directing capital into the USD Asian high-yield bonds market.

From the perspective of market structure, the Chinese issuers of USD high-yield bonds in 2016 were mainly financial vehicle companies of local governments and traditional real estate enterprises. The Central Government had its related policies adjusted moderately taking into account of the pressure of capital outflows in the first half of 2016, triggering off the first round of issuance of offshore urban construction investment bonds (the “UCI bonds”), and the success of which together with the relatively low interest-rate environment became the catalyst for the exponential growth of offshore UCI bonds in the second half of 2016. Besides offshore UCI bonds, real estate enterprises who are the traditional Chinese issuers also dipped their

toes in the USD high-yield bonds market – the cause of this issuance frenzy was because the offshore bonds issued in or about 2014 were to be due or redeemed in the first half of 2017 such that most of the real estate enterprises preferred to let their refinancing done in 2016, by which they can focus their time to achieve the total refinancing amount needed for 2017.

In short, while market volatility is expected to continue in 2017, USD high-yield bonds by the Chinese issuers will still have the lion's share in the USD Asian high-yield bonds market in the foreseeable future.

Backed by the strong brand influence and massive client network of its parent company Haitong Securities, Haitong International has been taking the lead among the top Hong Kong-based Chinese securities companies in terms of financial and business performance over the past few years. The company has achieved outstanding performance in the bond capital market. Not only does Haitong International possess a complete product chain ranging from underwriting to sale of bonds, but it is also the leading bond market makers in Hong Kong providing bilateral quotations for over 700 bonds. Haitong International boasts a wide range of products including investment-grade bonds, high-yield bonds, convertible bonds and private bonds denominated in US dollar, euro, RMB and Hong Kong dollar. In 2016, Haitong International completed a total of 53 bond issuance projects including 34 high-yield bonds.

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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 investment banking 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. It is the first Chinese financial institution in Hong Kong to have been assigned a “BBB” long-term credit rating by Standard and Poor's. In December 2016 the company completed the acquisition of Haitong India (A subsidiary of Haitong Bank), with which a financial servicing network has been set up to cover the world's major capital markets including Hong Kong, Singapore, New York, London, Tokyo and India, thereby making us to be a leading boutique investment banking company in Asia-Pacific region.

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