

To Business Editors  
 For immediate release

**Haitong International Securities Group  
 Announces Final Results for the 18 Months Ended 31 December 2010  
 Attained a Net Profit of HK\$345.8 million;  
 Final Dividend of HK8 cents per share**

**Financial Highlights**

	<b>18 months ended 31 December 2010</b>	18 months ended 30 June 2009	<b>Percentage Change Increase/ (Decrease)</b>
Revenue (HK\$'000)	<b>1,459,935</b>	1,084,604	<b>35</b>
Net Profit (HK\$'000)	<b>345,795</b>	188,974	<b>83</b>
Basic Earnings Per Share(HK Cents)	<b>48.80</b>	27.61	<b>77</b>
Dividend Per Share(HK Cents)	<b>24</b>	13	<b>84.6</b>

(Hong Kong, 16 March 2011) Haitong International Securities Group Limited (“Haitong International” or “the Group”; Stock Code: 665.HK) announced its final results today for the 18 months ended 31 December 2010 (“financial period”).

**Results and Overview**

As reported in our second interim report covering the 12 months ended 30 June 2010, the financial year end date of the Company and its subsidiaries has been changed to 31 December effective from 2010. We are pleased to report that the Group achieved a net profit attributable to shareholders of HK\$345.8 million for the 18 months ended 31 December 2010, compared to HK\$189 million for the corresponding 18 months ended 30 June 2009.

The Hong Kong market encountered several rounds of volatility over the period under review. Performance for our first interim period reflected a strong rebound of the local market which began from the late second quarter of 2009 amid stabilizing economic conditions and optimistic signs of economic recovery from the global financial downturn following stimulus plans introduced by the US and Chinese governments coupled with improving corporate earnings. The Hong Kong economy especially the properties sector and the equities market also benefited from a strong liquidity inflow into the region. Both property prices and the equity indexes picked up significantly when compared against the pre-crisis levels.”

Overall, the local stock market achieved a stable and moderate growth in 2010 over the previous year with average daily turnover amounting to HK\$69.1 billion, 11% higher than the 2009 comparative. Total market capitalization reached HK\$21.1 trillion at the end of 2010, representing a yearly increase of 18%. Funds raised through initial public offerings broke a record high of HK\$445 billion; an increase of almost 80% when compared with the total amount raised of HK\$248 billion in 2009. This ranked Hong Kong the largest IPO centre worldwide in 2010.

The economic cycles had a certain degree of influence on our business performance but we managed to achieve an overall remarkable result for the entire 18 months as compared with the corresponding financial period with earnings per share increased from HK27.6 cents to HK48.8 cents. Shareholders' fund grew by 13% over the period to a total of HK\$ 2,170.6 million as at the end of 2010. Our Board has proposed a final dividend of HK8 cents per share, which is expected to be payable on 27 May 2011. Together with the total interim dividends of HK16 cents per share already paid, total dividend payable for the 18 months ended 31 December 2010 amounts to HK24 cents per share, in consistency with the Group's dividend policy to maintain a payout ratio of approximately 50% of net attributable profit.

### Review of Operations

The period under review marked several important corporate milestones for the Group. Haitong Securities Company Limited, one of the leading securities companies in Mainland China with its shares listed on the Shanghai Stock Exchange, became our ultimate controlling shareholder and following that the entire Hong Kong operations of Haitong Securities were successfully integrated with those of the Group. This further reinforces the Group as one of the leading non-bank financial institutions in Hong Kong. Our ambition to establish ourselves as a leader in the Greater China region and to extend our footprints in the international market was clearly demonstrated by the corporate rebranding of the Group to "Haitong International".

Commenting on the Group's business performance in the period, **Mr. Peter Wong, Deputy Chairman and Chief Executive of Haitong International Securities Group Limited**, said, "Throughout the last decade, the Group has been expanding its presence on the Mainland. Following the acquisition and merger, our links with the parent company and its strong support will definitely place us in a more competitive position to catalyze growth of our China businesses. Our diversified business model which is in concordance with that of our parent company remains unchanged. We continue to provide a comprehensive range of products and services to our customers in three core areas covering agency broking, corporate finance and asset management."

**Mr. Peter Wong** added, "In order to strengthen our capability as a leading financial service provider of investment products and solutions, we believe in and emphasize the importance of staff learning and growth by deploying focused resources on recruitment, training and development. We are also committed to a continuous upgrade of our system platforms and quality assurance to provide the most preferred trade and settlement services to our customers. While cost mitigation measures introduced in response to the global financial crisis contributed to certain cost saving and hence a relatively lower cost base for the previous financial period, total operating expenses excluding finance costs in the amount of HK\$1,079 million for the 18 months ended 31 December 2010 which was inclusive of the additional operating overhead due to the business combination was 18% higher as compared against the corresponding period."

Contribution from our respective business segments for the financial period were mixed but were generally above their comparative amounts.

### Broking

The Group's broking business offers a wide array of financial products and services for both the local and overseas markets. Contributing 55% of total revenues, the division recorded a 13%

increase in operating revenue to HK\$803.9 million and a 17% rise in net profit to HK\$171.2 million for the period under review. The number of new clients opening accounts with us also hit a record high of almost 30,000 bringing the total number of clients on record approaching 150,000 at the end of December 2010. In January 2011, in addition to our existing retail network of 12 branches (including the Macau Branch), we soft-opened our flagship branch at a convenient location in Central to better serve our customers, with the grand opening scheduled at the end of March 2011. In view of the increasing demand for online trading, we will also open a service centre soon in each of the Kowloon side and Hong Kong Island to promote usage of our trading platforms and the wide range of products that can be traded online; including the online US stock trading service and the revamped forex and bullion system launched during 2010. The coverage of our online trading services has also been extended to overseas investors in quite a number of countries within Asia by collaborating with securities firms operating in those markets. During the period, our focus on agency broking extended beyond retail customers to a variety of sizable institutional clients from both China and the overseas, such as the China Social Security Funds, etc., by significantly increasing and upgrading our sales force and the execution teams. We expect contribution from institutional sales will grow progressively over time in terms of both market share and commission revenue. We hosted large-scale investor conferences successfully by aligning the fund houses from the Mainland and overseas with listed corporates and will continue to organize similar events in light of their wide acceptance.

### Corporate Finance

The division reported a 117% increase in revenue to HK\$156 million for the 18 months period when compared with the corresponding period. Profit contribution totaled HK\$59.2 million, representing an increase of over 4.7 times. The strong revival in initial public offerings and secondary share placement transactions during the second half of 2010 helped to boost fee income for the division. In October 2010, we sponsored the H-share listing of Xinjiang Goldwind Science & Technology Co., Ltd (a leading manufacturer of wind turbine generators) on the Hong Kong Main Board, and assisted the company to raise approximately HK\$8.2 billion, being the second largest H-share IPO project in Hong Kong during 2010. During the same month, we also sponsored the listing of Great Harvest Maeta Group Holdings Limited, a company principally engaged in chartering of vessels, with total capital raised in the amount of HK\$260 million and the public offer portion over-subscribed by 307 times. In addition, throughout the period, we acted as underwriter for 31 IPO transactions and participated in 62 financial advisory projects, while we were retained as compliance advisor for 14 listed companies. Working on a strong pipeline of IPO deals are potential sponsorships covering sectors in manufacturing of various kinds of consumer products, mining, natural resources and financial services with the majority expected to be listed within the year.

### Margin and Other Financing

The Group's margin financing activities had a remarkable performance during the period under review. Total advances to customers recorded a sharp increase from HK\$1,726.7 million as at 30 June 2009 to HK\$4,375.6 million as at the end of December 2010, representing a surge of 153%. Impairment on our loan book was almost inexistent, as exposures were effectively monitored under our credit control policies. As a result, total revenue moved up by 68.8% to HK\$297.8 million over the 18 months period. Demonstrating customers' trust on the Group, deposit held on behalf of customers rose significantly from HK\$3,661.9 million as at 30 June 2009 to HK\$5,158.6 million

as at 31 December 2010, representing an increment of 41%. Under a low interest rates environment, bank interest income on cash deposits did not however increase by the same extent relative to the size of the deposits. Net earnings contribution as a whole from margin and other financing activities amounted to HK\$113.2 million, an increase of 16%.

### Other Investment Services and Activities

The performance of the Group's asset management and wealth management division was less satisfactory as for the most part of the period under review, the operating environment for the businesses remained difficult and yet to resume to the position before the market downturn triggered by the Lehman Brothers' failure. The difficulty to match fund performance against the previous high water marks created a big challenge to generate performance fee income, while restoring investors' confidence in wealth management products still left much to be done for the industry. Nevertheless, we managed to pioneer launch of the Haitong Global RMB Fixed Income Fund, the first of its kind in Hong Kong with satisfactory subscription results. During the period, we also added manpower to the asset management team and upgraded the portfolio management system platform in preparation for extending our business model to launch a variety of new products. The Group's wealth management division assumed new business initiatives by introducing fee based investment management services with initial customer response fairly positive and setting up a consultancy company under the Hong Kong Capital Investment Entrant Scheme which together with our financial advisory and trade execution services provides a one-stop platform for the convenience of clients. The suspension of real estate investment as an approved investment asset under the scheme as announced by the Government in October 2010 will benefit the entire financial services and wealth management industry in Hong Kong.

Trading and investment activities for the 18 months ended 31 December 2010 had a positive contribution to net earnings of HK\$56.9 million. This contrasted sharply with a net deficit of HK\$54.9 million for the corresponding period when the global financial markets were badly affected by the downturn caused by the collapse of banks and financial institutions in the U.S.

### Future Plans

Looking into the future, **Mr. Peter Wong** said, "The business combination with our holding company consolidates our respective strong foundations. Fueled with the momentum and together with the full support from the ultimate parent company, we expect to be able to achieve breakthrough in each of our core businesses. Apart from acquiring more sponsorship mandates for IPO listings, and targeting at sizable fund raising opportunities, our corporate finance division will actively seek participation in mainland related investment banking projects such as RMB denominated IPO offerings and bond financing, cross border merger and acquisition transactions as well as A+H equity raising initiatives. In Asset Management, we will devote dedicated resources to develop innovative products to attract investors and to look for cooperation with suitable business partners so as to grow asset under management by a large extent. For agency broking and third party execution services, we will strive for a larger market share through acquisition of new accounts and further promotion of our products and services. We will also pursue opportunities to launch structural products under our own brand.

The fulfillment of these business plans requires the cohesive efforts of both our frontline colleagues and the middle to back end support teams. In this connection, the strengthening of customer

services especially in facilitating opening of new accounts and handling of customer enquires of any kind, information technology support and research coverage in support of our China business development, institutional sales, corporate finance and asset management will be given the focused priority. In preparation for our playing an active role in RMB related business, we will collaborate with our partner banks in various perspectives to secure source of funding for RMB and distribution channels for the related products.”

“As we transform ourselves to become a leading player in the Greater China Region and in the international market, we will stay focused at tackling challenges to be encountered and grasping all possible business opportunities to bring the Group to the next horizon. We are entirely confident in the future prospects of the Group and delivery of an even more encouraging result in 2011,” concluded **Mr. Peter Wong**.

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### **Haitong International Securities Group Limited**

Haitong International Securities Group Limited (“Haitong International” or “the Group”; Stock Code: 665.HK; formerly known as Taifook Securities Group Limited), a subsidiary of Haitong International Holdings Limited (“Haitong International Holdings”), receives strong support from shareholders and parent company. Haitong International Holdings is a company incorporated in Hong Kong and wholly owned by Haitong Securities Company Limited (“Haitong Securities”). Listed on the Shanghai Stock Exchange (SSE Stock Code: 600837.SH), Haitong Securities is one of the leading securities companies in China, providing comprehensive financial services for over 3 million clients and with sales offices spreading across 67 cities.

Established in 1973, Haitong International has been listed on the Hong Kong Stock Exchange since August 1996. The Group is well-known for providing total quality corporate finance, asset management and brokerage services to global and local institutional and corporate clients as well as individual investors. In more than three decades, the Group has managed to acquire profound international knowledge and experience in this constantly evolving global financial market. Leveraging its years of professionalism, innovation, solid foundation and reputation, Haitong International strives to become a leading global player in the industry, and a leader in the Greater China region.

Haitong International has a broad retail client base and extensive distribution network, with 13 branches in Hong Kong and Macau. In China, the Group has 2 representative offices in Beijing and Shanghai and 6 investment consultancy centres in major cities including Beijing, Shanghai, Guangzhou, Shenzhen, Hangzhou and Xiamen. Looking forward, the Group will strive to establish more presence in strategic locations in China.

The comprehensive and quality financial services delivered by Haitong International have been widely recognized by the industry. In 1999, the Group was the first financial institution in Hong Kong and China to attain ISO 9002 Quality Management System Certification; in 2004, the Group obtained BS 7799 Information Security Management System Certification. These accreditations were later upgraded to ISO 9001:2008 Certification in 2009 and ISO 27001:2005 Certification in mid-2006, respectively. In addition, the Group has been named the “Best Equity House in Hong



Kong” by numerous international, mainland and local institutions for 11 consecutive years since the year 2000, including FinanceAsia, Asiamoney, Euromoney, Capital Magazine, Sing Tao Daily and QQ.COM.

For further information about Haitong International, please visit: [www.htisec.com](http://www.htisec.com).

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