



To Business Editors  
For immediate release

## Haitong International Securities Group Announces 2012 Interim Results Attained a Net Profit of HK\$153.19 Million; Interim Dividend of HK8 cents per share

### Financial Highlights

	6 months ended 30 June 2012 (Unaudited)	6 months ended 30 June 2011 (Unaudited)	Percentage Change Increase/ (Decrease)
Revenue (HK\$'000)	558,568	506,480	10
Net Profit (HK\$'000)	153,186	107,620	42
Basic Earnings Per Share(HK Cents)	16.74	15.05	11
Diluted Earnings Per Share(HK Cents)	16.74	15.01	12
Dividend Per Share(HK Cents)	8	6	33

(Hong Kong, 16 August 2012) Haitong International Securities Group Limited (“Haitong International” or “The Group”; Stock code: 665.HK) today announced its unaudited interim results for the 6 months ended 30 June 2012 (“review period”).

### Results and Overview

The Group is pleased to announce that the net profit attributable to the shareholders of the Group as at 30 June 2012 amounted to HK\$153.19 million, representing a significant increase of 42% as compared with the correspondence period last year. Although the market condition during the period was affected by the European debt crisis occurred last year which will not be able to recover in the short term, the Group achieved an increase in total revenue by HK\$52.09 million to HK\$558.57 million during the period, representing an increase of 10% as compared with the correspondence period last year, given that we adopted various measures to maintain stable and healthy development of our businesses, and actively promote business innovation and transformation. At the same time, the Group actively tightened cost control to save expenses. Total operating expenses for the 6 months ended 30 June 2012 dropped as compared with the correspondence period last year, which further consolidated the profitability level of the Group.

Commenting on the Group’s business performance during the review period, **Dr. Lin Yong, Group Deputy Chairman and Chief Executive Officer**, said, “For the market performance during the period under review, pressure from the European debt crisis has been temporarily relieved in the first quarter since its outbreak. The HSI narrowly rose to the highest point for the half year of 21,760. However, negative factors continuously emerged in the second quarter, such as the resurgence of the worries about Greece exiting the Eurozone, and the deteriorating condition of bank debts in Spain, leading to a turnaround of the HSI to 18,056, the lowest position for the half



year. At the same time, domestic GDP growth continued to decline. The Central Bank reduced the interest rates in June for the first time in three and a half years, and further lowered the rates within a month. Investors remained on the sideline, with the average daily turnover of Hong Kong stock market fell 23% from HK\$73.6 billion for the same period of last year to HK\$56.7 billion for the first half of 2012, while the average daily contracts turnover for the derivative market dropped by 8% as compared with the correspondence period last year. Total proceeds from IPOs were only HK\$30.6 billion, representing a significant decrease of 82% as compared with the correspondence period last year, and the number of newly listed companies decreased by 15 to a total of 32.”

## **Business Review**

### **Broking**

The Group has always adhered to its client-oriented principle. We offered a variety of financial products and one-stop service platform to meet with our clients’ needs. Due to the impact from the external economic environment, investors adopted a more conservative attitude. With local brokerage firms and banks joining the commission price war, together with the emergence of new brokerage firms, the Group's broking business was inevitably being affected to a certain extent. However, as the Group continued to enhance its customer service standards, its brand influence has been increasingly strengthened and the Group's market share has been consolidated. The business recorded an operating revenue of HK\$171.71 million for the first 6 months, which fell back from the correspondence period last year, but was in line with the decline in market trading volume. Contribution from this division to our total revenue fell from 47% for the correspondence period last year to 31%, but it was still one of the main sources of revenue of the Group, demonstrating a further progress achieved in the Group’s diversification development. Overall performance of our institutional sales business in the first half of year was brisk and the proportion of customer transactions improved significantly and maintained at 22%. With the active coordination with the research department, contribution of commission income from our institutional sales division to the Group will be further improved.

The Group successfully launched its optimized online U.S. stock trading platform in the first half of year, with an aim to provide customers with quality and reliable online U.S. stock investment services. We are awarded the “Top Ten Online Trading Equity House in Hong Kong Stocks 2011” by QQ.COM, “Excellent Equity House Brand” in the “Hong Kong Leaders’ Choice 2012” by Metro Finance and “The Most Popular Hong Kong Stock Investment Institution” Award in the “Excellence in Finance Awards 2011” by CNFOL.COM.

### **Corporate Finance**

Even though the overall funds raised in the market substantially reduced by 82%, the division benefited from the successful launch of several IPO projects during the period and recorded an increase of 97% in total revenue to HK\$264.94 million during the period, accounting for 47% of the Group’s revenue, with net profit contribution of HK\$119 million. During the period, the Group acted as the sole sponsor and bookrunner for the IPO of China Zhongsheng Resources, the joint global coordinators and joint bookrunners for additional H shares issuance of Minsheng Bank, the joint bookrunner for the IPO of Wonderful Sky Financial; the sole placing agent for the placing of shares of Mongolia Energy; and successfully completed the H-share IPO project of Haitong Securities together with other international investment banks in the co-lead in the important capacity of joint global coordinator, joint sponsor, joint bookrunner, independent clearing house,



and post-IPO stabilizer. Successful completion of the H-share IPO project of Haitong Securities not only brought considerable revenue for the Group, but also improve the Group's operation standard of large scale IPO projects, enhanced the brand awareness of "Haitong International" among international institutional investors, and opened up a broader sales network for new projects in the future. In addition, the Group participated in 3 underwriting projects and acted as financial advisor for 48 companies. Meanwhile, the Group has devoted greater efforts to provide comprehensive services to our corporate finance clients and coordinate with their demand for financial facilities, which resulted in an increase in interest income from facilities to corporate clients by 12% to HK\$93.90 million.

### **Margin and Other Financing**

Due to the outbreak of the European debt crisis last year, the Group has strictly controlled its credit risk and adopted a compressing loan strategy. Although the market improved at the beginning of this year, and the Group raised the margin value of stocks and launched US stocks margin financing in the first half of the year, investors still hold a prudent investment attitude. Therefore, our retail margin business lacks growth momentum, with total revenue decreased to HK\$53.51 million. Due to the capitalization of the loans by our parent company in the second half of last year, the size of the Group's capital has increased substantially, and together with strict cost control, profit contribution from the business has driven up by 17% to HK\$40.33 million.

### **Asset Management**

The relatively volatile global economic and financial market environment has affected the scale of assets under management by the asset management industry to a certain extent. The Group still insisted in making innovation as the core strategy of competition and development, and firmly grasped the opportunity provided by the innovative RMB Asset Management business. Following the pioneering launch of offshore RMB funds in 2010, we became the first company obtaining and offering RQFII fund in Hong Kong, which increase the size of our fund management by HK\$130 million to HK\$4.2 billion despite fluctuations in market value. Currently, the PRC is further broadening the overseas investment channels for A shares, actively encourages innovative business and support new financial products. The Group will strengthen itself to participate in offering new products, such as RQFLP, QFII and RQFII, while targeting them as the breakthrough direction for our asset management business.

### **Fixed Income and Other Business**

Based on our judgment on the current economic situation, we anticipated that the equity market could hardly improve in the short term. The management reckons that the Group would needs to further expand its revenue sources to balance the risk of fluctuation in income. Accordingly, the fixed income division has been established in the first half of the year, primarily responsible for expanding debt capital market business, corporate private debt financing and investment. In addition, taking full advantage of the Group's financial resources, the Group is committed to expand debt capital intermediary business to provide liquidity support to clients, aiming at optimizing our revenue structure and stabilize our income. For the 6 months ended 30 June 2012, the fixed income business achieved an investment income of HK\$12.15 million.

During the period, revenue from the financial planning and advisory services was similar to that of last year. However, through strict control of operating expenses, net margin profit contribution of



the division grew by 133% to HK\$2.01 million. In order to improve working efficiency and customer service standards, the Group merged various product trading divisions, and established a central trading division to enable more efficient cross-product, cross-market and cross-hour trading and to provide more convenient services to customers.

### **Prospects**

Looking into the future, **Dr. Lin Yong** said, “The global economy is still full of uncertainties in the second half of 2012. The simmering European debt crisis and the impending changes of governments for various countries may lead to significant changes in economic policies during this critical period, and such policy trends may affect the development directions of major global economies for the coming years. In addition to concerns on the stability of the world economy, the world leaders also face another long-term difficult situation, in which the world economy still lacks growth momentum and economic development is subject to substantial uncertainties, suffering from the debt reduction in Europe and the U.S. and pressure for structural economic adjustment in the PRC.

Facing such complicated international economic conditions, the Group will, in addition to further consolidating its retail business, accelerate the transformation of the Company into a comprehensive investment bank by developing innovative business and cross-border business, in order to ensure stable and sustainable returns for our shareholders.

By taking full advantage of our competitive edges in retail business, the Group will continue to focus on developing institutional clients and attracting high-end clients and improve our cross-segment sales by leveraging on our comprehensive business. In addition, we shall rebuild our information technology structure, strengthens the development of overseas products trading platform and overseas market. Taking consideration of the needs of institutional clients, the Group also plans to allocate resources to quantifiable transactions to enhance the services provided for institutional clients focusing based on our flow-based business. Meanwhile, we shall actively cater with the QDII/QFII/RQFII policies in the PRC, and devote efforts to establish the “Haitong International” by creating innovation products. As for promoting cross-border ETF products, our institutional sales division will expand its businesses to act as the cooperative distributors and executors for domestic fund houses. Besides, we shall actively establish the infrastructure for qualifying as a market maker, so as to lay a solid foundation for supporting the Group to launch innovation products and to cooperate with the parent for jointly developing cross-border business in the future.

In respect of corporate finance, while maintaining the stable growth of our financial advisory business, the Group will, base on its previous experiences in underwriting large scale projects, greatly promote team construction for large scale projects to improve its ability in contracting, undertaking and underwriting. Besides, the Group will also continue to take active part in underwriting RMB bonds, RMB-denominated IPOs and debt financing, so as to play our edge in RMB products.

Facing the doldrums in equity products market, the Group has allocated more financial resources to support the development of fixed income business. By focusing on fixed income products, the Group will expand flow-based and capital-investment businesses, in anticipation to diversify and



increase the proportion of fixed income business in the revenue portfolio of the Group.”

“In order to strictly control the trading risk, investment risk and credit risk, the Group intends to reorganize its credit committee to risk management committee to manage various risks on a collective basis. Besides, the Group also plans to formulate a general risk management policy covering underwriting of investment banks, margin financing, proprietary investment, direct investment in equity and property and fixed income business, etc., which shall provide scientific references for allocation of financial resources” **Dr. Lin Yong** concluded.

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

Haitong International Securities Group Limited (“Haitong International” or “the Group”; Stock Code: 665.HK) is a subsidiary of Haitong International Holdings Limited (“Haitong International Holdings”), a company incorporated in Hong Kong and wholly owned by Haitong Securities Company Limited (“Haitong Securities”). Listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange (Stock Code: 600837.SH; 6837.HK), Haitong Securities is one of the leading securities companies in China, providing comprehensive financial services for over 4 million retail clients as well as over 12,000 institutional and high net worth clients with more than 210 sales offices spreading across over 120 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, with the determined goal of becoming 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 5 investment consultancy centres in major cities including Beijing, Shanghai, Guangzhou, Shenzhen and Hangzhou. Looking forward, the Group will strive to establish more presence in strategic locations in China.

Leveraging on the powerful business network and solid foundation of Haitong Securities in China, Haitong International strives to expand its scope of businesses along the core areas of research, institutional sales, corporate finance and asset management, and emerge as a key platform of Haitong Securities to pursue its strategy of overseas business expansion and internationalization. Besides, Haitong International maintains a leading presence in Renminbi products in Hong Kong, as witnessed by its successful launch of the first-ever Renminbi-denominated public fund in the market and being among the first batch of RQFII.

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 addition, the Group has been named the “Best Equity House in Hong Kong” by numerous international, mainland and local institutions for 13 consecutive years since the year 2000, including FinanceAsia, Asiamoney, Euromoney, Capital Magazine, Sing Tao Daily, QQ.COM and metroBOX.

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



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