

**Haitong CSI300 Index ETF to be Listed on SEHK Main Board on 7 March
First Ever RQFII ETF Launched by Chinese Broker in Hong Kong**

Important Notes:

- The Haitong CSI300 Index ETF (the "Fund") is a passively managed index-tracking exchange traded fund, and is traded on The Stock Exchange of Hong Kong Limited (the "SEHK").
- The investment objective of the Sub is to provide investment results, before the deduction of fees and expenses, that closely correspond to the performance of the CSI300 index. By adopting a full replication strategy, the Manager will invest directly in all or substantially all of the assets of the Sub-Fund in the securities comprising the Underlying Index in substantially the same weightings in which they are included in the CSI300 index, through the RQFII investment quota granted to the RQFII Holder (i.e. the holding company of the Manager) by the PRC's State Administration of Foreign Exchange. There is no assurance that the Fund will achieve its investment objective and investors may not get back part of or the entire amount they invest.
- The Fund is subject to concentration risk as a result of tracking the performance of a single geographical region (the PRC). Investment in emerging markets, such as the PRC, involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity and regulatory risks.
- The current RQFII laws, rules and regulations are subject to change, which may take retrospective effect causing an adverse effect on your investment in the Fund. There can be no assurance that an RQFII will continue to maintain its RQFII status or to make available its RQFII quota. The Fund may not have sufficient RQFII quotas to meet all subscription requests, which may result in a rejection of applications and a suspension of dealings of the Fund.
- As compared to single counter exchange traded funds, the Dual Counter model, with trading of units on the RMB counter and the HKD counter, carries additional risks for investment in such units. Furthermore, inter-counter transfers may not always be available. As a result, Unitholders will only be able to trade their units in the currency of the relevant counter when inter-counter transfers of units between the HKD counter and the RMB counter are suspended. Investor should note that both RMB traded units or HKD traded units will receive distributions in RMB only. As a result, these investors may suffer foreign exchange losses and may incur fees and charges associated with the conversion of such distributions received under the Fund from RMB into HKD.
- The Fund is denominated in RMB. RMB is currently not freely convertible and is subject to exchange controls and restrictions. There is no guarantee that the RMB will appreciate in value against the Hong Kong dollars or any other currency, or that the RMB may not be subject to devaluation. Any devaluation of RMB could adversely affect the value of investors' investments in the Fund.
- One of the key differences between the Hong Kong and PRC stock markets is that the PRC stock exchanges impose trading band limits on China A-Shares. In the event that the trading band limit has been exceeded for certain index securities, the participating dealers may not be able to create and/or redeem units on a business day because index securities may not be available or it is impossible to liquidate positions. This may lead to higher tracking error and may expose the Fund to losses.
- Unlike many unit trusts and mutual funds, the Fund is not "actively managed". Therefore, the Fund will not adjust the composition of its portfolio except in order to seek to correspond to the return of the underlying index, even in declining markets. Accordingly, a fall in the underlying index will likely result in a corresponding fall in the net asset value in the Fund.
- The Manager currently does not have experience of managing exchange traded funds and will make use of the investment adviser's expertise to support the Fund's investments in the China A-Share market. Any disruption in the communication with or assistance from the investment adviser may adversely affect the operations of the Fund, and the performance of the Fund.
- Due to fees and expenses of the Fund, liquidity of the market and different investment strategies adopted by the Manager, the Fund's return may deviate from that of the underlying index.
- The units of the Fund are traded on the SEHK. Their prices on the SEHK are based on secondary market trading factors and may deviate significantly from the net asset value of the Fund.
- There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains realised by RQFIIs on their PRC investments, which may have a retrospective effect. Having taken and considered independent professional tax advice regarding the application of the relevant double tax arrangements between Hong Kong and the PRC and acting in accordance with such advice, the Manager considers that the Sub-Fund should be able to enjoy a PRC withholding tax exemption on capital gains and has determined that no PRC withholding tax provision will be made on the gross realised and unrealised capital gains derived from trading of China A-Shares, except that the Manager will make a 10% provision for PRC withholding tax over the gross realised and unrealised capital gains derived from trading of China A-Shares issued by PRC resident companies which are land rich companies. The methodology adopted by the Manager to assess whether or not a PRC company is a "land rich company" has been agreed and accepted by the Auditor. Investors should note that such withholding amount may be excessive or inadequate to meet the actual PRC tax liabilities. Consequently, Unitholders may be advantaged or disadvantaged depending upon the final tax liabilities which will be debited from the Sub-Fund's assets, the level of provision and when they applied for creation of and/or redeemed their Units.
- You should not make any investment decision solely based on the information on this documents alone. Please read the relevant offering documents for details including the risk factors before making any investment decisions. If necessary, you should seek independent professional advice.

Hong Kong, 6 March 2014 – Haitong International Securities Group Ltd. ("Haitong International" or the "Group"; Stock Code: 665.HK) announced that **Haitong CSI300 Index ETF**, the Group's first Renminbi Qualified Foreign Institutional Investor ("RQFII") Exchange Traded Fund ("ETF") product - will be listed on The Stock Exchange of Hong Kong ("SEHK") on 7 March. It will become the first company with Chinese securities firm background in Hong Kong to issue an RQFII ETF.

Haitong CSI300 Index ETF is under the management of Hai Tong Asset Management (HK) Limited (“Hai Tong Asset Management (HK)”), which is a wholly owned subsidiary of Haitong International. The product will invest directly in the securities comprising the CSI300 Index (“Index”) in substantially the same weightings in which they are included in the Index, through the RQFII investment quota granted to the RQFII Holder by the PRC’s State Administration of Foreign Exchange (“SAFE”). The product seeks to provide investment returns, before the deduction of fees and expenses, that closely correspond to the performance of the CSI300 Index through adopting a full replication strategy.

CSI300 Index is one of the most recognised A-share indices. It consists of the top 300 stocks with the largest market capitalisation and liquidity from all of the listed A-share companies in China, covering nearly 50% of market capitalisation and the Index has balanced distribution among sectors, providing diverse coverage on different industries. It is also the only underlying index with index futures trade in the futures market.

At product initial launch, Haitong International through its holding company, Haitong International Holdings Limited, will invest substantial capital as seed capital. At the same time, Haitong International Securities Company Limited will serve as participating dealer as well as market maker to provide market liquidity. From the financial support to full participation, it reveals Haitong International has full confidence on the product.

Haitong CSI300 Index ETF will be denominated in Renminbi (“RMB”), with management fee as low as 0.60% per annum. The Manager intends to distribute income to unit holders annually. Also, the product can be traded by Dual Counter, where investors can trade in either the RMB Counter or the HKD Counter in the SEHK. The corresponding stock codes are 02811 (HKD Counter) and 82811 (RMB Counter) respectively. For details of the product, please refer to the table below.

Fund Name	Haitong CSI300 ETF Index
Launch Date	7 March 2014
Listing Exchange	The Stock Exchange of Hong Kong
ETF Type	Physical ETF
Fund Manager	Hai Tong Asset Management (HK) Limited
RQFII Holder	Haitong International Holdings Limited
Underlying Index	CSI300 Index
Stock Code	02811 – HKD counter ; 82811 – RMB counter
Base Currency	RMB
Trading Currency	Hong Kong Dollars (“HKD”) – HKD Counter Renminbi (“RMB”) – RMB Counter
Initial Public Offering Price	RMB 8/Unit
Trading Board Lot Size	200 Units
Management Fee	0.60% per annum of the Sub-Fund’s Net Asset Value (“NAV”)
Estimated Total Expense Ratio (“TER”)*	Estimated to be 0.85% per annum of the NAV of the Sub-Fund
Distribution Policy	The Manager intends to distribute income to unit holders annually (usually in December each year) having regard to the Sub-Fund’s net income after fees and costs. Distributions on all Units (whether RMB traded Units or HKD traded Units) will be received in RMB only.

* The estimated TER represents the sum of anticipated charges to the Sub-Fund (including the management fee, the trustee’s fee and other charges), expressed as a percentage of the NAV of the Sub-Fund, and does not represent estimated tracking error.

Dr. Ben Zhang, Managing Director of Hai Tong Asset Management (HK) expressed, “After experiencing the preliminary adjustments and volatility in stock market brought by recent reforms, investors hold high expectations for the China investment market in 2014. As the economy has further consolidated upon reaching soft landing coupled with easing inflation, there will be subsequent potential growth in the A-share market. Furthermore, the CSI300 Index is notably undervalued when compared with global major indices, thus becoming one of the investment targets with higher cost performance ratio. Also, with a broad coverage, we believe that Haitong CSI300 Index ETF that tracks the underlying index will particularly attract investors’ attention. We are confident that the product will be well received by institutional and retail investors.”



Haitong International has maintained a leading position in the RMB business sector. It is the very first to successfully launch the first RMB-denominated and settled public fund in Hong Kong. The Group is among the first batch of institutions receiving RQFII qualification and has become the first Chinese broker in Hong Kong to receive QFII and RQFLP qualifications, rendering the Group the world's only Chinese financial institution to own all of the RQFII, QFII and RQFLP qualifications in 2012. As at 28 February 2014, the Group has been granted an aggregate RQFII quota of RMB6.7 billion via its parent company, Haitong International Holdings Limited, ranking the first among all Chinese securities firms in Hong Kong (under the securities firm category in the SAFE website).

Risk Disclosure Statement

Investment involves risks and the value of units may go down as well as up. Past performance is not indicative of future performance. Investors may suffer a loss or benefit from investment return. SFC authorization is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors. This document is issued by Hai Tong Asset Management (HK) Limited and has not been reviewed by the SFC.

CSI Disclaimer

The CSI300 Index ("Index") is compiled and calculated by China Securities Index Co., Ltd. ("CSI"). All copyright in the Index values and constituent list vest in CSI. CSI will apply all necessary means to ensure the accuracy of the Index. However, CSI does not guarantee its instantaneity, completeness or accuracy, nor shall it be liable (whether in negligence or otherwise) to any person for any error in the Index or under any obligation to advise any person of any error therein.

Haitong International Securities Group Limited

Haitong International Securities Group Limited ("Haitong International"; together with its subsidiaries, 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 Co., Ltd. ("Haitong Securities"). Haitong Securities is listed on the Shanghai Stock Exchange and the Stock Exchange of Hong Kong (Stock Code: 600837.SH; 6837.HK). Being one of the leading securities companies in China in terms of total assets and net asset, Haitong Securities provides comprehensive financial services for over 4.6 million retail clients as well as over 12,000 institutional and high net worth clients with more than 240 sales offices spreading across nearly 30 provinces in the country.

Haitong International Securities Company Limited, a main operating subsidiary of Haitong International, was established in 1973. Haitong International was formed in 1996 and was listed on the Stock Exchange of Hong Kong in August of the same year. The Group is well-established to provide comprehensive and quality brokerage and retail margin financing, corporate finance, investment management, fixed income, currency and commodities as well as structured financing products and services to institutional clients and individual investors domestically and around the globe. As the only overseas business platform of Haitong Securities, the Group strives to be a modern and comprehensive financial institution in the Greater China Region.

The Group has a robust retail client base and extensive distribution channels, with over 10 branches in Hong Kong and Macau. The Group has 2 representative offices in Beijing and Shanghai and an overseas company - Haitong International Securities Group (Singapore) Pte. Ltd. in Singapore.

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