

**Haitong Securities and Haitong International Jointly Organised
2014 Interim Investment Strategy Conference
Global Economy Expected to Return to Era of Great Moderation
Hong Kong Stock Market to Benefit from SHKSC while
Policy-backed Industries Are Recommended**

Hong Kong, 25 June 2014 – Haitong International Securities Group Limited (“Haitong International” or the “Group”; Stock Code: 665.HK) joined hands with its parent company Haitong Securities Co., Ltd (“Haitong Securities”; Stock Code: 600837.SH; 6837.HK) to organise its 2014 Interim Investment Strategy Conference. The Group’s research team shared their outlooks on the global, Mainland and Hong Kong macro economies as well as the investment opportunities and strategies in various industries. Haitong International believes the Shanghai-Hong Kong Stock Connect (“SHKSC”) will drive the Hang Seng Index (“HSI”) to perform well in the second half of the year, and holds an optimistic view towards industries that are receiving policy supports from the Chinese government.

The US, China and Euro Zone to Experience Moderate Growth and Low Inflation

Dr. Yifan Hu, Chief Economist and Head of Research of Haitong International, shared the research team’s view on the outlook of the global macro economy for 2H at the conference, “A new Great Moderation, echoing the era of moderate growth, low inflation and reduced volatility between 1985 and 2007, is rebalancing and reshaping the world economy. In contrast to the previously accumulated imbalances, excessive credit and poor consideration for the environment, most countries are now in pursuit of a quality growth model over the medium to long-term. Hence in the coming years, structural policies will be prioritised over short-term stimulus policies. Simultaneously, all the three largest economies – the US, China and the Euro zone – are to experience moderate growth and low inflation in 2014 and 2015, marked by the impact of cautiously normalising cyclical policies and the first wave of visible effects from rapidly implemented structural reforms.”

HSI Expects to See Upward Turnaround in 2H

In regards to the performance of the Hong Kong market in 2H 2014, Mr. Kevin Leung, Strategist of Haitong International, stated at the conference, “Although China and the Hong Kong market didn’t perform well in the first half of 2014 due to economic overhangs, according to historical trends, the full-year performance is usually determined by the performance in the second half year, and we believe this is no exception this year. In 2H, considering that the SHKSC is likely to be launched in October, which will drive trading liquidity and boost investor sentiment, as well as the roll-out of more supportive policies from the Chinese Government to maintain full-year economic targets, we forecast that the HSI will see an upward turnaround in 2H.”

SHKSC to Generate Huge Benefits to China and Hong Kong Markets

Mr. Kevin Leung elaborated, “Despite a number of constraints in the initial stage, Haitong International believes the upside from SHKSC to both China and Hong Kong markets is enormous. Once the running becomes smooth, we anticipate quotas to be cancelled and all product offerings from the two markets to be freely traded, with the program likely to be extended to the Shenzhen Stock Exchange. In addition, we believe that the Mainland market will eventually amend its settlement regulations so as to allow ‘T+0’ trading (day-trading), aligning with other developed markets including Hong Kong. If all of these measures are put in place, this would represent a great leap in the Chinese Government’s financial system reform, as well as a massive boost in turnover for both the Hong Kong and China markets.”

Sectors Supported by Mainland Policies Recommended in 2H

Haitong International believes that in the initial stages of the SHKSC, Southbound trading will be more prevalent than Northbound trading as the demand should mainly come from Mainland investors taking advantage of the new investment avenue amid the backdrop of currently unattractive propositions on a domestic level. The Group expects these investors to focus on familiar brand names that are only listed in Hong Kong but not in China. Therefore, Haitong International recommends sectors which fall into the above criteria, while industry sectors which are likely to benefit from supportive policies of the Central Government are preferred as well. Key sectors of recommendation include TMT, new energy, gaming, non-banking financials, and selected subsectors within the consumer industry.

The 2014 Interim Investment Strategy Conference is organised by Haitong Securities, and is aimed at sharing the forecasts, economic views and investment market trends made through professional analysis by a team of research experts with institutional investors and clients. The purpose of this conference is to establish prolonged partnerships with clients through helping them make appropriate deployments of investments. Following the announcement of the SHKSC by the Central Government, Haitong International has been keen in preparing for the inter-market bridge by working closely with its parent company. By joining Haitong Securities in organising the 2014 Interim Investment Strategy Conference, the research teams of both companies are together demonstrating the Group’s research competence and comprehensive coverage through close collaboration and the sharing of information, building up local investors’ confidence in investing in the A-share market.

Haitong International’s research analysts also presented the analysis and outlook of various industries, providing participants with comprehensive professional market insights. Various renowned speakers at the event include Mr. Li Xunlei, Vice President and Chief Economist of Haitong Securities, Dr. Jiang Chao, Chief Economist and Fixed Income Analyst of Haitong Research Institute, Mr. Xun Yugen, Chief Strategist of Haitong Research Institute, and more.

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, Haitong Securities provides comprehensive financial services for over 4.7 million retail clients as well as over 15,000 institutional and high net worth clients with more than 270 sales offices in the Mainland.

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. After the acquisition of the Group (formerly known as Taifook Securities Group Limited) by Haitong International Holdings in 2010, Haitong International is well-established to provide comprehensive and quality corporate finance, brokerage and margin financing, 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 with a leading position 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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