

Haitong International (665.HK) Announces 2016 Interim Results Revenue and Profit Reach Second Highest on Record

Financial Highlights

(Six months ended 30 June 2016)

- Revenue reached HK\$2.45 billion, Net profit attributable to shareholders reached HK\$810 million – interim results are second highest on record
- Basic EPS: 15.37 Hong Kong cents
- Shareholders' funds: HK\$21.2 billion
- Total assets: HK\$109.6 billion
- Proposed an interim dividend per share of 7.5 Hong Kong cents

Hong Kong, 19 August 2016 – Haitong International Securities Group Limited (“Haitong International”; Stock Code: 665.HK) today announced its interim results for the six months ended 30 June 2016. In the first half of this year, Haitong International achieved revenue of HK\$2.45 billion, and net profit attributable to shareholders totalled HK\$810 million. As of 30 June 2016, total assets of the Group amounted to HK\$109.6 billion and shareholders’ funds totalled HK\$21.2 billion. The Board of Directors of the company is pleased to propose an interim dividend per share of 7.5 Hong Kong cents.

High volatility were seen in Mainland China and Hong Kong capital markets in the first half of 2016, resulting in a shrinking turnover of stock markets. Despite the unfavourable market environment, Haitong International achieved record excellent results by adjusting business strategy and deepening business development of existing business segments to maintain strong market competitiveness. .

Corporate Finance – Haitong International in the first half ranked No. 1 among Hong Kong investment banks in IPO underwriting, in terms of both number of deals and underwriting amount, according to Bloomberg League Tables. Meanwhile, secondary share sales also ranked No. 2 in terms of number of deals and No. 3 in terms of fund raised - the rankings were best ever on record. Haitong International was named as “Best ECM House” by 《FinanceAsia》 in May. For the DCM business, the underwriting amount reached HK\$45 billion in the period. Haitong International ranked No. 2 among Hong Kong investment banks in terms of number of deals in China risks, G3 and offshore RMB bond issuance. Riding on Chinese enterprises’ “Going Out” upsurge, Haitong International participated into 50 merger and acquisitions deals with deals size amounted to HK\$40 billion, riding on China enterprises’ “Go Out” upsurge.

Brokerage – thanks to timely strategy adjustment to better align with the trading habits of clients with mainland China background, Haitong International achieved growth in the client base of retail and high-net-worth investor despite falling turnover of stock market. The number of new accounts during the period amounted to 6,000. In addition, Haitong International kept its leading position in stock futures and stock options in terms of trading volume.

Asset Management – As of ended June 2016, Haitong International’s assets under management jumped by 40%, compared with year end of 2015. Haitong International was approved to offer three public funds in Hong Kong - Haitong Hong Kong Equity Investment Fund, Haitong Korea Equity Investment Fund, Haitong Asian High Yield Bond Fund - to invest in Hong Kong, Korea and Asia high-yield bonds. It also offered private funds including funds of funds (FoF) and structured bond funds in response to market demand. Client structure was also enhanced with new clients added including large Chinese banks, insurance companies and sizable corporates. Haitong International had garnered four awards from 《Asia Asset Management》 in the first half, of which "Haitong Hong Kong SAR Fund" had received “Longevity Award - Best 10 Year Performance - Equity Fund (HK & China)” for two straight years.

Fixed Income, Currency and Commodities (FICC) – trading volume of bond market making business had increased significantly , further consolidating the leading position in the industry in the Asia-Pacific region. Haitong International’s bond market making business covers Greater China, Korea, Japan, Australia, Singapore , India and other major Asian offshore US dollar bonds and offshore Renminbi , Hong Kong dollars, Singapore dollars and other currencies bonds. During the period, Haitong International also leveraged on the internationalization of RMB to actively participate in and promote the development of offshore renminbi exchange rate and interest rate products.

Institutional Equities – In the first half Haitong International made a number of breakthroughs in the derivatives business. In January this year, HKEx approved Haitong International as an eligible issuer for structured products, and in June it was approved as a market maker of listed stock options. By the end of June, Haitong International issued a total of 80 warrants and 7 CBBCs. During the period, Haitong International became market maker of 25 ETF and has maintained its leading position. In cash equities , the market value of equity research coverage increased from 49% last year to 70% , with the research scope covering Hong Kong , Mainland China, Taiwan, Japan, South Korea and the United States and other major index components market share. In May, Haitong International was approved by the US and Australian regulators and was allowed to conduct direct sales for Hong Kong IPO and placement deals.

Dr. Lin Yong, Deputy Chairman and CEO of Haitong International (665.HK) concludes, “Looking ahead , the upcoming Shenzhen-Hong Kong Stock Connect Scheme is expected to be a favorable factor for Hong Kong stock market in the second half, yet the impact on the market turnover would be depended on the global economic environment and global capital flows. Haitong International has strong client base and is expected to see position impact on the trading volume upon the start of the Shenzhen-Hong Kong Stock Connect



Program. The inclusion of small-cap Hong Kong enterprises in the Scheme may lift mainland clients' interest in investing in Hong Kong stocks, and the inclusion of mainland SME companies will facilitate the integration with the international market standards, and thus in return bring positive impact to our corporate finance and M&A business. Haitong International will continue to cultivate the Asia-Pacific market, and strive to build the Asia-Pacific region 's leading boutique investment bank company.”

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For more details of Haitong International 2015 annual results announcement, please refer to the Group's website.

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. Haitong International is a subsidiary of Haitong International Holdings Limited, a company incorporated in Hong Kong and wholly owned by Haitong Securities Co., Ltd. (“Haitong Securities”, Stock Code: 600837.SH; 6837.HK).

To date, Haitong International is well positioned to serve about 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. In 2014, it became the first Chinese financial institution in Hong Kong to have been assigned a “BBB” long-term credit rating by Standard and Poor's.

Haitong International has more than 10 branches in Hong Kong and Macau, as well as a representative office in each of Beijing and Shanghai. In 2014, Haitong International quickened the pace of overseas expansion by establishing its Singapore subsidiary. It also completed the acquisition of Japaninvest Group plc in March of 2015, setting up a financial servicing network covering the world's major capital markets including Hong Kong, New York, London, Tokyo.

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