



PRESS RELEASE

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Haitong International Announces Interim Results for 2020

30% growth in fee income, risk control capabilities continue to enhance

Financial Highlights

(6 months ended 30 June 2020)

- **Revenue reached HK\$3.525 billion, net profit at HK\$521 million**
- **Basic EPS: HK8.90 cents**
- **Total assets: HK\$156.318 billion; net assets: HK\$27.155 billion**
- **Proposed an interim cash dividend per share of 4.4 HK cents**

Hong Kong, 21 August 2020 – Haitong International Securities Group Limited (“Haitong International”; Stock Code: 665.HK) today announced its interim results for the six months ended 30 June 2020. In the first half of the year, Haitong International recorded revenue of HK\$3.525 billion and net profit of HK\$521 million. Its fee-based businesses achieved a revenue of HK\$1.196 billion, representing a year-on-year growth of 31%, and its share to the total revenue jumped from last year’s 22% to 34%. The basic EPS was 8.9 HK cents. The Board of Directors of the company proposed an interim cash dividend per share of 4.4 HK cents, in which the dividend ratio is around 50%. As of 30 June 2020, Haitong International’s total assets amounted to HK\$156.318 billion and net assets totaled HK\$27.155 billion.

Dr. Lin Yong, Deputy Chairman and CEO of Haitong International, concludes, “The COVID-19 pandemic has largely impacted the global economy in the first half of 2020. Haitong International estimated the risks in a timely manner, and set risk management as the prioritized goal for 2020. By taking a proactive initiative to keep leverage size and liquidity on a short leash, Haitong International was able to steer away from the global liquidity crunch rarely seen in a decade. Meanwhile, the Group continued to drive Plan 3.0 strategic transformation, with a view to diversify income streams, diffuse asset risks, build a team of professionals, enrich product structures and ultimately maintain profitability, stability and sustainability.”

Leading IB services - No.1 in Hong Kong IPO by number of deals

In the first half of 2020, Haitong International’s IB business has realized revenue of HK\$465 million during the period, a 39% year-on-year growth amid market downturn and maintained leadership position in various areas. In the first half of 2020, Haitong International completed 18 IPOs in Hong Kong, acted as a sponsor for 3 of which and ranked No.1 in terms of number of IPOs underwritten. With a total of 21 equity financing deals completed in Hong Kong, Haitong International ranks top 2 among all investment banks in terms of number of deals. In the DCM space, Haitong International has completed a total of 100 debt issuance projects, and ranked the first in terms of number of deals and the third in terms of total amount underwritten in the Asia ex-Japan G3 High Yield bond market.



During the period, Haitong International proactively seized the opportunity of Chinese companies listed in the U.S. coming back for HK IPO, and participated in JD.com's HK IPO, the largest "homecoming" IPO by volume in Hong Kong during the period; Meanwhile Haitong International continues to strengthen its leading position in healthcare and property management sectors. It has completed the IPO for Hygeia Healthcare as the sponsor, and underwritten another 5 IPOs in healthcare and property management sectors. Multiple deals are also in the pipeline of which the companies have already filed for IPO.

Haitong International has also been driving ESG and green finance business development. It has underwritten three green bond issuances during the period, amounted to a total of US\$700 million.

Global trading platform integration - a 40% jump in equity trading turnover

Haitong International has integrated its prime brokerage, cash equities, fixed income and structured solutions and equity derivatives trading businesses. The integration is to enhance the synergy among businesses and establish a one-stop and multifaceted trading platform to serve institutional clients.

In the prime brokerage business, both asset under management and scale of margin trading has doubled in growth. For cash equities, Haitong International has been placing the focus on client development. It has expanded its stock research coverage in Hong Kong, Mainland China, the U.S., Japan and India markets with transaction capabilities enhanced. During the period, the equity trading turnover has exceeded HK\$220 billion, a 42% increase v.s. last period.

For fixed income market-making, Haitong International is providing bilateral quotes of liquidity regarding interest and credit products for almost 800 institutions per day and offering clients bespoke risk-hedging and investment & financing solutions.

For ETF market-making, Haitong International provides market-making for a trove of ETFs in the market including 4 most active Hang Seng index-related ETFs with a collective trading volume of over HK\$330 billion, the market share of which makes up over 40%. In terms of derivatives, Haitong International has issued a total of 1714 warrants and CBBCs in the first half of 2020, a 22% growth v.s. last period. The turnover has exceeded HK\$200 billion and ranked the fifth in Hong Kong market.

Wealth Management's online implementation - AUM of HNWI's over HK\$100 billion

Haitong International has been focusing on the two major transformations in its Wealth Management business: Upgrading online trading platform for retail clients and positioning Haitong International as the private wealth manager for entrepreneurs, which is benchmarked against private banks and targeted to High Net Worth Individuals (HNWIs).



Transactions via “Haitong International APP” were active amid the coronavirus outbreak and demonstrated a growing trend. During the period, wealth management business recorded HK\$287 million in retail brokerage commission revenue, a 54% y.o.y increase. Meanwhile, in the face of undulation in the market, the Company took a step forward to modify its asset structure and keep risk assets in check. As at the end of the reporting period, the weighting of blue-chip shares held by the Company as collaterals for margin financing took up nearly 50%, reflecting a healthier status of customer assets.

In terms of Private Wealth Management, the AUM of HNWI has surpassed HK\$100 billion as of the end of the period. Since 2019, Haitong International has been benchmarking itself against private banks, and started building its professional team consisting of the top private bankers in the industry. By integrating its diversified experience and competitive edges in investment banking, transactions, research and product varieties, Haitong International strives to become the private wealth manager for entrepreneurs and offer more diversified and high quality products and services for clients from around the globe.

Outstanding expansion in asset management – a 24% surge in AUM

While the global asset management industry was heavily impacted, Haitong International has reached HK\$66.5 billion in asset under management in the first half of 2020, a 24% jump compared to the end of 2019. The increased scale provides a foundation for future growth in expanding Haitong International’s fee-based income, which is part of Strategic Plan 3.0. Haitong International’s “Haitong Asian High Yield Bond Fund” has been approved as a northbound mutual fund under the Hong Kong-China Mutual Recognition of Funds (MRF) scheme, and saw an accumulated subscription amount by mainland-China investors. During the first half of 2020, Haitong International Asset Management business has received multiple industry awards from institutions including AsianInvestor.

Strengthened risk control to cope with global market challenges

The global financial market has been severely impacted in the first half of 2020. Based on the risk models and predictions, Haitong International has planned ahead and readied itself to manage the market, credit and liquidity risks. It has long been defining its risk appetite as “Prudent to Conservative”. With an internal risk grading mechanism based on quantitative modelling and Risk-Weighted Assets (RWA) monitoring approach, Haitong International has clarified its risk management structure layer by layer. In the beginning of 2020, Haitong International had the foresight to perform a stress test for the worst scenario brought by the COVID-19 outbreak compounded with the economic recession, and proactively targeted to curb the gearing ratio and leverage size as well as roll back from high-risk assets throughout the year. In this sense, disposal of, impairment to and provision for the risk assets and projects will be carried out in the most prudent way. Haitong International is now residing at one of the lowest risk levels on record thanks to its prudent maneuver of full provision against risky projects.



Looking ahead to the second half of 2020, Haitong International will adhere to its Strategic Plan 3.0 amid challenges brought by the global economic downturn, COVID-19 pandemic and geopolitical conflicts. Haitong International strives to establish a robust operational model and revenue growth, and further enhance its core competitiveness in investment banking, transaction, asset management, wealth management and global operations.

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Haitong International Securities Group Limited

Haitong International Securities Group Limited (“Haitong International”; Stock Code: 665.HK), together with its subsidiaries, 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. The parent company of Haitong International is Haitong Securities Co. Ltd (“Haitong Securities”, Stock Code: 600837.SH; 6837.HK).

To date, Haitong International has well positioned to serve about 200,000 corporate, institutional, as well as retail and high-net worth clients worldwide. Its well-established financial services platform provides corporate finance, wealth management, asset management, institutional clients (key businesses include fixed income, currency and commodities (FICC), derivatives, institutional equities) and investments business, and a full spectrum of financial products and services. Haitong International possesses a sound risk management system that is in line with international standards. The company has been assigned a “Baa2” long-term issuer rating by Moody’s and a “BBB” long-term credit rating by Standard and Poor’s. Haitong International has a global financial servicing network covering the world’s major capital markets including Hong Kong, Singapore, New York, London, Tokyo, Mumbai, and Sydney, thereby making it to be a leading global financial institution with international competitiveness, systematic importance and brand influence.

For further information, please contact:

Haitong International Securities Group Limited

Sarah Yan
Tel : (852) 2213 8588
Email: sarah.th.yan@htisec.com

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