

Haitong International's Acquisition Fund Completes Takeover of Obagi Medical

Hong Kong, 10 November 2017 – Haitong International Securities Group (Stock Code: 665.HK) is pleased to announce that Haitong International Zhonghua Finance Acquisition Fund I L.P. (“The Fund”) completed the acquisition of Obagi Medical Products, a U.S. professional beauty brand owned by the U.S.-listed Valeant Pharmaceuticals International, Inc. Haitong International acted as the financial advisor of the acquisition, fund manager and financing consultant, in alliance with the limited partners of the Fund to complete the deal. The total consideration of the acquisition was USD190 million, much lower than the cost of USD430 million Valeant paid for privatization of Obagi in 2013.

Obagi, a leading US drug and cosmetic brand, develops and sells prescription and over-the-counter skin care products. In 2015, Obagi's sales topped in the United States and the company has been ranked No. 1 in U.S.'s prescription medical skin care product for 20 consecutive years*. Prescription skin care products are mainly focused on hyperpigmentation prevention and treatment, beauty and anti-acne. Non-prescription category is basic skin care products. Obagi's products have been penetrated in more than 40 countries and regions across North America, Central and South America, Europe, Middle East and Asia. The best-seller is Nu-Derm series which is the No. 1 doctor's prescription skin care product in the United States.

This deal is Haitong International's first asset acquisition project in the United States. The Fund was established specifically to facilitate the acquisition, which is an innovative solution from Haitong International's leveraged and acquisition finance (LAF) business division. LAF was playing a leading a role throughout the transaction, including formulating the deal structure at an earlier stage and setting up the FUND, introducing strategic investors and syndicated financing, managing the Fund and developing exit plan after completion of the deal. As the financial advisor, Haitong International was navigating in the negotiation and progress of the deal, and successfully brought in quite a few strategic investors, including China Regenerative Medicine International Limited (8158.HK), as a limited partner. China Regenerative Medicine International mainly focuses on three major business segments, namely tissue engineering, cell therapy and cosmetics. In addition to its investment in the Fund, China Regenerative Medicine International will also assist Obagi in exploring China and other Asia-Pacific markets as the strategic partner.



In 2017, Haitong International has been completed a number of mid- and large-sized cross-border mergers and acquisitions, acting as the financial advisor of the sellers or buyers. The deals include Oceanwide Holdings International Financial Development Co. Ltd.'s acquisition of Quam Limited (952.HK, the company has been renamed as China Oceanwide International Financial Ltd.), the sale of Macau's Novo Bank Asia, China's Gangtai Group's acquisition of Buccellati, an Italian jewelry and watch company, and China Zhongwang Holdings Ltd. acquisition of an Australian luxury yacht builder Silver Yachts. As the first M&A project of the Fund, the success in the acquisition of Obagi has opened up a new module for future overseas mergers and acquisitions of Haitong International's corporate clients. It will also benefit the projects in terms of future management, value-added, and exit.

** According to industry researcher Kline*

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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. 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 investment banking business platform provides corporate finance, wealth management, 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. The company have been assigned a "BBB" long-term credit rating by Standard and Poor's, and a "Baa2" long-term issuer rating by Moody'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 us to be a leading boutique financial services provider in Asia-Pacific region with international competitiveness, systematic importance and brand influence.

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