

## DEFINITION AND DISTRIBUTION OF RATINGS

### Explanation of rating system from 9 March 2017

12 Month rating	Definition
<b>Buy</b>	Analyst expects at least 10% upside potential to fair value, which should be realized in the next 12 months
<b>Neutral</b>	Analyst expects upside/downside potential of between +10% and -10% to fair value, which should be realized in the next 12 months
<b>Sell</b>	Analyst expects at least 10% downside potential to fair value, which should be realized in the next 12 months

### Rating system in use between 1 April 2014 and 8 March 2017

12 Month rating	Definition
<b>Buy</b>	Analyst expects at least 10% upside potential to fair value, which should be realized in the next 12 months
<b>Neutral</b>	Analyst expects upside/downside potential of between +10% and -10% to fair value, which should be realized in the next 12 months
<b>Sell</b>	Analyst expects at least 10% downside potential to fair value, which should be realized in the next 12 months
Trading Rating	Definition
<b>Trading Buy</b>	Analyst expects a positive short-term movement in the share price (max duration 3 months from the time Trading Buy is announced) and may move out of line with the fair value estimate during that period
<b>Trading Sell</b>	Analyst expects a negative short-term movement in the share price (max duration 3 months from time Trading Sell is announced) and may move out of line with the fair value estimate during that period

**Rating system in use between 22 June 2012 and 31 March 2014**

<b>12 Month rating</b>	<b>Definition</b>
<b>Buy</b>	Analyst expects at least 10% upside potential to fair value, which should be realized in the next 12 months
<b>Neutral</b>	Analyst expects upside/downside potential of between +10% and -10% to fair value, which should be realized in the next 12 months.
<b>Sell</b>	Analyst expects at least 10% downside potential to fair value, which should be realized in the next 12 months
<b>Trading Rating</b>	<b>Definition</b>
<b>Trading Buy</b>	Analyst expects a positive short-term movement in the share price (max duration 2 months from the time Trading Buy is announced) and may move out of line with the fair value estimate during that period
<b>Trading Sell</b>	Analyst expects a negative short-term movement in the share price (max duration 2 months from time Trading Sell is announced) and may move out of line with the fair value estimate during that period

**Rating system in use between 18 July 2011 and 22 June 2012**

<b>12 Month rating</b>	<b>Definition</b>
<b>Buy</b>	Analyst expects at least 10% upside potential to fair value, which should be realized in the next 12 months
<b>Neutral</b>	Analyst expects upside/downside potential of between +10% and -10% to fair value, which should be realized in the next 12 months.
<b>Sell</b>	Analyst expects at least 10% downside potential to fair value, which should be realized in the next 12 months
<b>Trading Rating</b>	<b>Definition</b>
<b>ST Positive</b>	Analyst expects the stock price to appreciate in value within 3 months of the rating assignment because of a specifically identified catalyst(s) or event(s)
<b>ST Negative</b>	Analyst expects the stock price to decline in value within 3 months of the rating assignment because of a specifically identified catalyst(s) or event(s)

## Ratings Distribution

Haitong Research hereby provides the distribution of the equity research ratings in relation to the total Issuers covered and to the investment banking clients as of end of December 2018.

Recommendation	Active as at the End of December 2018					Published During the 12 Months Ending on December 2018				
	Total Haitong Research		Total Investment Banking Clients			Total Haitong Research		Total Investment Banking Clients		
	Count	% of Total	Count	% of IBC	% of Total	Count	% of Total	Count	% of IBC	% of Total
12 Month Rating:										
<b>Buy</b>	44	53,7%	3	50,0%	3,7%	161	50,3%	5	50,0%	1,6%
<b>Neutral</b>	32	39,0%	3	50,0%	3,7%	142	44,4%	5	50,0%	1,6%
<b>Sell</b>	6	7,3%	0	0,0%	0,0%	14	4,4%	0	0,0%	0,0%
<b>Restricted</b>	0	0,0%	0	0,0%	0,0%	2	0,6%	0	0,0%	0,0%
<b>Under Review</b>	0	0,0%	0	0,0%	0,0%	1	0,3%	0	0,0%	0,0%
<b>Total Recommendations</b>	82	100%	6	100%	7,3%	320	100%	10	100%	3,1%

## Coverage policy

Haitong Research reserves the right to choose the securities it expresses opinions on. The main criteria to choose such securities are: 1) markets in which they trade 2) market capitalisation 3) liquidity, 4) sector suitability. Haitong Research has no specific policy regarding the frequency in which opinions and investment recommendations are released.