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HAITONG INTERNATIONAL SECURITIES GROUP LIMITED

海通國際證券集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 665)

ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

Financial Highlights			
Results	Six months ended		Percentage change
	30.6.2021	30.6.2020	Increase / (Decrease)
Revenue (HK\$'000)	3,834,753	3,524,658	9
- Commission and fee income	1,657,635	1,196,142	39
- Interest income	989,352	1,362,554	(27)
- Net trading and investment income	1,187,766	965,962	23
Net Profit Attributable to Shareholders (HK\$'000)	1,080,525	521,498	107
Per share			
Basic Earnings Per Share (HK Cents)	18.38	8.90	107
Diluted Earnings Per Share (HK Cents)	18.30	8.88	106
Financial Position			
	30.6.2021	31.12.2020	Percentage change
			Increase / (Decrease)
Shareholders' Funds (HK\$'000)	28,790,133	28,317,169	2
Total Assets (HK\$'000)	135,471,278	146,442,516	(7)
Number of Shares in Issue (Note)	6,037,385,086	6,036,035,086	-
NAV Per Share (HK\$)	4.77	4.69	2

Note:

Certain equity rights conferred on share option holders were exercised during the period. Hence, the total number of shares of the Company was increased to 6,037,385,086 as at 30 June 2021.

INTERIM RESULTS

The board of directors (the “Board”) of Haitong International Securities Group Limited (the “Company” or “Haitong International”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2021, with the comparative figures for the preceding six months ended 30 June 2020, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	NOTES	Six months ended 30.6.2021 HK\$'000 (unaudited)	30.6.2020 HK\$'000 (unaudited)
Revenue			
Commission and fee income	5	1,657,635	1,196,142
Interest income	5	989,352	1,362,554
Net trading and investment income	5	1,187,766	965,962
		<u>3,834,753</u>	<u>3,524,658</u>
Other income and gains or losses	5	(91,305)	224,295
		<u>3,743,448</u>	<u>3,748,953</u>
Staff costs	6	(891,533)	(559,202)
Commission expenses		(92,722)	(126,133)
Amortisation and depreciation		(141,521)	(118,704)
Operating expenses		(480,777)	(459,034)
Finance costs	8	(616,231)	(1,179,853)
		<u>(2,222,784)</u>	<u>(2,442,926)</u>
Profit before impairment charges and tax		1,520,664	1,306,027
Impairment charges, net of reversal	7	(226,622)	(772,705)
		<u>1,294,042</u>	<u>533,322</u>
Profit before tax			
Income tax expense	9	(213,517)	(11,824)
		<u>1,080,525</u>	<u>521,498</u>
Profit for the period attributable to owners of the Company			
		<u>1,080,525</u>	<u>521,498</u>
Earnings per share attributable to owners of the Company			
- Basic (HK cents per share)	11	18.38	8.90
		<u>18.38</u>	<u>8.90</u>
- Diluted (HK cents per share)		18.30	8.88
		<u>18.30</u>	<u>8.88</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended	
	30.6.2021	30.6.2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period attributable to owners of the Company	<u>1,080,525</u>	<u>521,498</u>
Other comprehensive income (expense):		
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Fair value changes on investments in equity instruments at fair value through other comprehensive income	(7,456)	(40,397)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Fair value changes on investments in debt instruments at fair value through other comprehensive income		
- Net fair value changes during the period	(2,151)	(13,014)
- Reclassification adjustment to profit or loss on disposal	16,569	4,926
Exchange differences on translating foreign operations	10,395	(55,512)
Other comprehensive income (expense) for the period	<u>17,357</u>	<u>(103,997)</u>
Total comprehensive income for the period attributable to owners of the Company	<u><u>1,097,882</u></u>	<u><u>417,501</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30.6.2021 (unaudited)			31.12.2020 (audited)		
		Current	Non-current	Total	Current	Non-current	Total
	NOTES	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS							
Cash and cash equivalents		5,649,506	-	5,649,506	4,334,925	-	4,334,925
Cash held on behalf of customers		18,704,299	-	18,704,299	19,553,711	-	19,553,711
Financial assets held for trading and market making activities		5,955,603	-	5,955,603	10,590,827	-	10,590,827
Investment securities		33,630,241	8,104,932	41,735,173	31,499,248	15,267,263	46,766,511
Assets acquired for financial products issued		21,772,294	5,144,047	26,916,341	26,532,975	5,279,720	31,812,695
Derivative financial instruments		260,026	-	260,026	732,110	-	732,110
Advances to customers	12	14,766,112	781,417	15,547,529	15,980,978	231,403	16,212,381
Cash collateral on securities borrowed and reverse repurchase agreements		4,524,428	-	4,524,428	7,738,041	-	7,738,041
Receivable from clients for subscription of new shares in IPO	13	6,435,013	-	6,435,013	562,717	-	562,717
Accounts receivable	13	6,462,190	-	6,462,190	5,014,090	-	5,014,090
Tax recoverable		410,874	-	410,874	432,569	-	432,569
Prepayments, deposits and other receivables		1,297,105	71,203	1,368,308	1,047,322	59,131	1,106,453
Goodwill and other intangible assets		-	458,949	458,949	-	480,148	480,148
Other assets		-	180,514	180,514	-	198,051	198,051
Investment property		-	-	-	-	70,078	70,078
Property and equipment		-	830,239	830,239	-	812,208	812,208
Deferred tax assets		-	32,286	32,286	-	25,001	25,001
Total assets		119,867,691	15,603,587	135,471,278	124,019,513	22,423,003	146,442,516
LIABILITIES AND EQUITY							
Liabilities							
Financial liabilities held for trading and market making activities		976,951	-	976,951	4,067,271	-	4,067,271
Financial products issued at fair value		12,886,754	756,042	13,642,796	15,619,109	816,545	16,435,654
Derivative financial instruments		640,846	-	640,846	819,725	-	819,725
Cash collateral on securities lent and repurchase agreements		9,446,680	-	9,446,680	10,680,425	-	10,680,425
Accounts payable	15	23,574,332	-	23,574,332	22,921,539	-	22,921,539
Bank borrowings and debt securities in issue		37,255,672	13,917,154	51,172,826	44,316,967	11,568,173	55,885,140
Liabilities arising from consolidation of investment funds		5,048,712	-	5,048,712	5,071,585	-	5,071,585
Tax payable		634,070	-	634,070	479,154	-	479,154
Other payables, accruals and other liabilities		1,352,696	170,002	1,522,698	1,542,931	197,348	1,740,279
Deferred tax liabilities		-	21,234	21,234	-	24,575	24,575
Total liabilities		91,816,713	14,864,432	106,681,145	105,518,706	12,606,641	118,125,347
Equity							
Share capital	14			603,738			603,603
Reserves				27,643,030			27,007,350
Proposed dividends	10			543,365			706,216
Total shareholders' equity				28,790,133			28,317,169
Total liabilities and shareholders' equity				135,471,278			146,442,516
Net current assets				28,050,978			18,500,807

Notes:

1. GENERAL INFORMATION

Haitong International Securities Group Limited (the "Company") is a limited liability company incorporated in Bermuda and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The principal place of business of the Company is located at 22nd Floor, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong. The Company is a holding company and the business segments of the Company and its subsidiaries (collectively referred as the "Group") include wealth management, corporate finance, asset management, institutional clients and investment. Details of the business segments of the Group are disclosed in note 4.

The Company's immediate holding company and ultimate holding company are Haitong International Holdings Limited (incorporated in Hong Kong) and Haitong Securities Co., Limited ("HSCL") (incorporated in the People's Republic of China ("PRC")) respectively.

These unaudited condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$") which is the same as the functional currency of the Company (unless otherwise stated).

Certain comparative figures have been reclassified or restated to conform with current period presentation.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

3. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for investment property and certain financial instruments, which are measured at fair values.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those followed in the preparation of the Group's audited consolidated financial statements for the year ended 31 December 2020.

Details of any changes in accounting policies are set out below.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the Group's unaudited condensed consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2

Except as described below, the application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

3.1 Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform - Phase 2"

3.1.1 *Accounting policies*

Financial instruments

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (ie the basis immediately preceding the change).

3.1.2 Transition and summary of effects

As at 1 January 2021, the Group has several financial assets and liabilities, the interest of which are indexed to benchmark rates that will or may be subject to interest rate benchmark reform.

The following table shows the total amounts of outstanding contracts. The amounts of financial assets and liabilities are shown at their carrying amounts except for investment securities measured at fair value through profit or loss and financial assets and liabilities held for trading and market making activities which are shown at their notional amounts.

	HKD Hong Kong Interbank Offered Rate ("HIBOR") HK\$'000	USD London Interbank Offered Rate ("LIBOR") HK\$'000
Financial assets		
Investment securities measured at amortised cost	3,244,919	387,605
Financial assets held for trading and market making activities	-	129,088
Investment securities measured at fair value through profit or loss	638,902	279,076
Advances to customers	-	310,084
Cash collateral on securities borrowed and reverse repurchase agreements	418,684	-
Accounts receivable	-	398,518
Financial liabilities		
Financial liabilities held for trading and market making activities	-	54,652
Cash collateral on securities lent and repurchase agreements	585,000	1,713,214
Bank borrowings and debt securities in issue	36,760,000	821,673

The Group intends to apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for the financial instruments measured at amortised cost. The amendments have had no impact on the unaudited condensed consolidated financial statements as none of the above contracts has been transitioned to the relevant replacement rates during the interim period. The impacts on application of the amendments, if any, including additional disclosures, will be reflected in the Group's consolidated financial statements for the year ending 31 December 2021.

4. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Executive Committee as its chief operating decision maker.

Most of the Group's revenue is related to activities conducted in Hong Kong. No single customer amounts to more than 10 percent of the Group's revenue.

The segments are managed separately as each segment engages in different activities. The Group's operating and reportable segments are as follows:

- (a) the wealth management segment provides financial advisory services and customised investment solutions to satisfy the specific financial needs of high net worth clients. This segment offers a broad range of products and services including securities, futures and options contracts, over-the-counter products, funds, securities custodian services, and securities margin financing;
- (b) the corporate finance segment engages in provision of sponsoring and underwriting services to corporate clients for their fund raising activities in equity and debt capital markets, and also engages in provision of financial advisory service for corporate actions such as mergers and acquisitions. In addition, this segment also provides financing solutions to the corporate clients and distributes these financing assets in secondary market;
- (c) the asset management segment engages in provision of investment management services on diversified and comprehensive investment products including public funds, private funds and mandatory provident funds to individual, corporate and institutional clients;
- (d) The institutional clients segment serves institutional clients globally through sales and trading of both equity and fixed income products, financing, structuring products, offering risk management solutions and providing research advisory. It is also an active player in equity derivative products creation and trading. This segment is supported by the award-winning equity research team that specializes in listed equities in Asian financial markets; and
- (e) the investment segment invests in various financial instruments, primarily on listed equities, investment funds and private equity investments, to explore investment opportunities with reasonable returns.

The following table presents revenue and profit (loss) for the Group's business segments:

(Unaudited)	Wealth management		Corporate finance		Asset management		Institutional clients		Investment		Consolidated	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Segment revenue:												
Commission and fee income	337,798	341,944	798,130	536,225	271,054	154,446	250,653	163,527	-	-	1,657,635	1,196,142
Interest income	504,942	642,393	310,447	373,579	-	-	173,963	335,118	-	11,464	989,352	1,362,554
Net trading and investment income	-	-	-	-	-	-	518,805	353,525	668,961	612,437	1,187,766	965,962
Segment revenue	842,740	984,337	1,108,577	909,804	271,054	154,446	943,421	852,170	668,961	623,901	3,834,753	3,524,658
Other income and gains (losses)	(2,572)	20,784	(3,161)	16,678	-	-	(46,819)	145,590	(38,753)	41,243	(91,305)	224,295
Segment expenses	840,168 (426,385)	1,005,121 (532,939)	1,105,416 (484,530)	926,482 (338,837)	271,054 (118,822)	154,446 (81,696)	896,602 (749,513)	997,760 (977,003)	630,208 (443,534)	665,144 (512,451)	3,743,448 (2,222,784)	3,748,953 (2,442,926)
Profit before impairment charges and tax	413,783	472,182	620,886	587,645	152,232	72,750	147,089	20,757	186,674	152,693	1,520,664	1,306,027
Impairment charges, net of reversal	(244,627)	(102,736)	24,349	(20,451)	-	-	(6,344)	(649,518)	-	-	(226,622)	(772,705)
Profit (loss) before tax	169,156	369,446	645,235	567,194	152,232	72,750	140,745	(628,761)	186,674	152,693	1,294,042	533,322
Income tax expense											(213,517)	(11,824)
Profit for the period											1,080,525	521,498
Amortisation and depreciation	(42,845)	(36,038)	(23,093)	(9,250)	(4,808)	(2,892)	(68,328)	(68,748)	(2,447)	(1,776)	(141,521)	(118,704)
Finance costs	(83,533)	(184,484)	(82,798)	(142,669)	-	-	(174,279)	(401,660)	(275,621)	(451,040)	(616,231)	(1,179,853)

5. REVENUE AND OTHER INCOME AND GAINS OR LOSSES

An analysis of revenue and other income and gains or losses is as follows:

	Six months ended	
	30.6.2021	30.6.2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue		
Commission and fee income (note (i)):		
Commission on brokerage (note (ii))	475,239	394,600
Commission on underwriting and placing	687,668	464,859
Financial advisory and consultancy fee income	110,462	71,366
Asset management fee and performance fee income	271,054	154,446
Handling, custodian and service fee income (note (ii))	113,212	110,871
	<u>1,657,635</u>	<u>1,196,142</u>
Interest income:		
Interest income from advances to customers		
– margin financing	454,779	516,441
– merger and acquisition financing	115,789	117,865
– secured financing	25,989	125,855
Interest income from investment securities at amortised cost	319,570	416,023
Interest income from reverse repurchase agreements	29,346	51,273
Interest income from bank deposits and others	43,879	135,097
	<u>989,352</u>	<u>1,362,554</u>
Net trading and investment income (note (iii)):		
Net income from financial assets held for trading and market making activities	198,667	(51,102)
Net trading income on financial products	320,138	404,627
Net gain from investment securities at fair value	668,961	612,437
	<u>1,187,766</u>	<u>965,962</u>
	<u>3,834,753</u>	<u>3,524,658</u>
Other income and gains or losses		
Others (note (iv))	<u>(91,305)</u>	<u>224,295</u>

Notes:

- (i) Commission and fee income is the only revenue arising from HKFRS 15, while interest income and net trading and investment income are under the scope of HKFRS 9. Included in revenue, revenue arising from contract with customers recognised at a point in time and over time were HK\$1,324,517,000 (six months ended 30 June 2020: HK\$999,232,000) and HK\$333,118,000 (six months ended 30 June 2020: HK\$196,910,000) respectively.

- (ii) Amounts of commission on brokerage of HK\$193,393,000 (six months ended 30 June 2020: HK\$107,335,000) and handling, custodian and service fee income of HK\$57,260,000 (six months ended 30 June 2020: HK\$56,192,000) have been included in institutional clients segment and each of the remaining amounts of these revenue categories have been included in wealth management segment.
- (iii) Net gain from investment securities at fair value of HK\$668,961,000 (six months ended 30 June 2020: HK\$612,437,000) has been included in investment segment. Net income from financial assets held for trading and market making activities of HK\$198,667,000 (six months ended 30 June 2020: net loss of HK\$51,102,000) and net trading income on financial products of HK\$320,138,000 (six months ended 30 June 2020: HK\$404,627,000) have been included in institutional clients segment.
- (iv) Included in other income and gains or losses is the net loss on remeasurement of the liability in relation to the share of consolidated investment funds attributable to third-party unit/shareholders of HK\$44 million (six months ended 30 June 2020: net gain of HK\$16 million).

Foreign exchange loss (net) of HK\$57 million (six months ended 30 June 2020: foreign exchange gain (net) of HK\$195 million) was also included in the other income and gains or losses. This amount relates to loss or gain arising from translation of foreign currency denominated assets and liabilities (other than financial assets / liabilities measured at fair value through profit or loss) into Hong Kong dollar, while the gain or loss arising from translation of financial assets / liabilities at fair value through profit or loss is recognised within net trading and investment income.

6. STAFF COSTS

	Six months ended	
	30.6.2021	30.6.2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Salaries, incentives, bonuses and allowances	863,958	537,926
Pension scheme contributions (net)	27,575	21,276
	<u>891,533</u>	<u>559,202</u>

7. IMPAIRMENT CHARGES, NET OF REVERSAL

	Six months ended	
	30.6.2021	30.6.2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net impairment charges (reversal of impairment charges) on:		
Advances to customers		
– margin financing	254,007	101,425
– merger and acquisition financing	(4,022)	866
– secured financing	1,053	662,844
Investment securities at amortised cost	(21,561)	6,295
Accounts receivable and others	(2,855)	1,275
	<u>226,622</u>	<u>772,705</u>

8. FINANCE COSTS

	Six months ended	
	30.6.2021	30.6.2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Bank loans and overdrafts	321,300	780,577
Debt securities in issue:		
– Convertible bonds	1,072	1,054
– Non-convertible bonds	186,482	269,466
– Non-convertible notes	65,139	107,959
Interest on lease liabilities	5,945	5,824
Repurchase agreements and others (note)	36,293	14,973
	<u>616,231</u>	<u>1,179,853</u>

Note: For the six months ended 2020, included in the "finance costs – repurchase agreement and others" of HK\$15.0 million was the finance costs of HK\$10.7 million on an intercompany unsecured loan advanced from Haitong International Holdings Limited, the immediate holding company of the Company. Such intercompany loan was chargeable at US Dollar LIBOR plus a spread. Such intercompany loan was repaid in April 2020.

9. INCOME TAX EXPENSE

	Six months ended	
	30.6.2021	30.6.2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current taxation:		
- Hong Kong	221,353	10,488
- Other jurisdictions	2,790	14,675
	<u>224,143</u>	<u>25,163</u>
Deferred tax:		
- Current period	(10,626)	(13,339)
	<u>213,517</u>	<u>11,824</u>

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits arising in Hong Kong for the current and prior periods.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

10. DIVIDENDS

At a meeting of the Board held on 24 March 2021, the Board declared a second interim dividend of HK11.7 cents per share in cash for the year ended 31 December 2020 to shareholders whose names appear on the register of members of the Company on 16 April 2021. The second interim dividend was paid on 28 April 2021, with an approximated total of HK\$706,286,000 cash dividend paid to the shareholders.

At a meeting of the Board held on 25 August 2021, the Board declared an interim dividend of HK9 cents per share in cash for the six months ended 30 June 2021 to shareholders whose names appear on the register of members of the Company on 13 September 2021. The interim dividend is expected to be paid on or about 24 September 2021. The overall amount of cash dividends under distribution will be calculated according to such actual number of shares of the Company in issue on the record date for the cash dividend distribution.

11. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended	
	30.6.2021	30.6.2020
	(unaudited)	(unaudited)
Earnings		
Profit for the period attributable to owners of the Company (HK\$'000)	1,080,525	521,498
Number of shares		
Weighted average number of ordinary shares in issue less shares held for the share award scheme (in thousands) (note (a))	5,880,099	5,857,881
Basic earnings per share (HK cents per share)	18.38	8.90

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive ordinary shares.

	Six months ended	
	30.6.2021	30.6.2020
	(unaudited)	(unaudited)
Earnings		
Profit for the period attributable to owners of the Company (HK\$'000)	1,080,525	521,498
Effect of dilutive potential ordinary shares		
- Interest on convertible bonds (net of tax) (HK\$'000) (note (b))	895	880
Earnings for the purpose of diluted earnings per share (HK\$'000)	1,081,420	522,378

Number of shares

Weighted average number of ordinary shares

in issue less shares held for the share award scheme
(in thousands) (note (a))

5,880,099	5,857,881
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Effect of dilutive potential ordinary shares:

- Convertible bonds (in thousands) (note (b))	22,746	18,026
- Share options (in thousands) (note (c))	2,579	310
- Share awards (in thousands) (note (c))	5,135	3,438

Weighted average number of ordinary shares for the
purpose of diluted earnings per share (in thousands)

5,910,559	5,879,655
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Diluted earnings per share (HK cents per share)

18.30	8.88
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Notes:

(a) As at 30 June 2021, the trustee of the share award scheme held 133,276,362 ordinary shares of the Company (30 June 2020: 175,503,979 shares) for the share award scheme, which was adopted by the Board on 19 December 2014, through purchases in the open market at a total cost, including related transaction costs, of approximately HK\$306 million (30 June 2020: HK\$401 million).

(b) On 25 October 2016, the Company issued convertible bonds of HK\$3,880 million with remaining outstanding principal amount of HK\$124 million as at 30 June 2021.

As at 30 June 2021, the convertible bonds issued in 2016 that remain outstanding are convertible into ordinary shares of the Company at a conversion price of HK\$5.28 (31 December 2020: HK\$5.55), at the option of the holders of the convertible bonds, which created a potential dilutive effect to the earnings per share. In the calculation of the diluted earnings per share, the convertible bonds are assumed to have been converted into ordinary shares. The weighted average number of ordinary shares outstanding is increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares was made from the date of the first issue with the adjustment if there is any conversion of the convertible bonds into ordinary shares during the period. The net profit is adjusted to eliminate the relevant interest expense less the tax effect.

(c) The computation of diluted earnings per share assumed the exercise of the Company's outstanding share options and share awards with the exercise price lower than the average market price during the six months ended 30 June 2021 and 2020 and with the adjustment for the share options lapsed or exercised during the periods.

12. ADVANCES TO CUSTOMERS

	30.6.2021 HK\$'000 (unaudited)	31.12.2020 HK\$'000 (audited)
Advances to customers:		
- Margin financing	11,894,183	12,327,279
- Merger and acquisition financing	2,838,373	3,232,843
- Secured financing	814,973	652,259
	15,547,529	16,212,381
Less: Non-current portion	(781,417)	(231,403)
Current portion	14,766,112	15,980,978

Margin financing

	30.6.2021 HK\$'000 (unaudited)	31.12.2020 HK\$'000 (audited)
Margin financing	12,550,487	13,534,090
Less: Impairment allowance	(656,304)	(1,206,811)
	11,894,183	12,327,279

The credit facility limits to margin clients are determined by the discounted market value of the collateral securities accepted by the Group, where the Group maintains a list of approved stocks for margin lending at a specified loan to collateral ratio. Any excess in the lending ratio will trigger a margin call with the margin clients having to make good the shortfall. In granting credit facility, other factors such as financial strength, creditworthiness and the past collection statistics are also considered. The Group's Risk Management Department are responsible to monitor credit risk and seek to maintain a strict control over the outstanding loan balance.

The loans to margin clients are interest bearing and secured by the underlying pledged securities. As at 30 June 2021, margin financing of HK\$11,894 million (31 December 2020: HK\$12,327 million) were secured by securities pledged by the customers to the Group as collateral with undiscounted market value of HK\$54,504 million (31 December 2020: HK\$72,753 million). In determining the allowances for credit impaired loans to margin clients for the current period, the management of the Group also takes into account shortfall by comparing the fair value of securities pledged as collateral and the outstanding balance of loan to margin clients, taking into account factors including subsequent settlements, executable settlement plans and restructuring arrangements, and other types of credit enhancements in assessing the expected credit loss.

As at 31 December 2020, included in the margin financing was a margin loan to an independent customer of gross amount of HK\$602,080,000 with impairment of HK\$576,094,000. One of the major pledged stock of this loan was delisted in December 2020. The impairment provision as at 31 December 2020 represents the difference between gross loan amount and the fair value of other listed stocks pledged to the Group as at 31 December 2020. Such margin loan was written off during the current interim period. During the current interim period, additional individual impairment of HK\$187 million was made against several independent margin customers with carrying amount of HK\$358 million due to the decrease in the market value of the listed shares pledged to the Group as at 30 June 2021.

No ageing analysis is disclosed as in the opinion of the directors, the ageing analysis is not meaningful in view of the revolving nature of the business of securities margin financing.

Merger and acquisition financing

	30.6.2021 HK\$'000 (unaudited)	31.12.2020 HK\$'000 (audited)
Merger and acquisition financing	3,026,839	3,425,331
Less: Impairment allowance	(188,466)	(192,488)
	<hr/> 2,838,373	<hr/> 3,232,843
Less: Non-current portion	(725,325)	(231,403)
	<hr/> 2,113,048	<hr/> 3,001,440
Current portion	<hr/> 2,113,048	<hr/> 3,001,440

Included in merger and acquisition financing are HK\$3,027 million (31 December 2020: HK\$3,425 million) of advances that are secured. Collateral held includes shares of the target company (or shares of the legal entity holding shares of target company) acquired by the borrower. In addition, majority of these advances are also guaranteed by other parties including holding companies or related companies of the borrower, beneficial owner of the borrower, etc.

Majority of these advances have contractual maturity within 1 year from the reporting date and credit limits are set for borrowers during the approval process established by the Group. Regular reviews on these merger and acquisition financing are conducted by the Risk Management Department of the Group based on the latest status of these merger and acquisition financing, the latest announced or available information about the borrowers, the underlying collateral held and the latest status of the relevant merger and acquisition project. The Group seeks to maintain effective control over its merger and acquisition financing in order to minimise credit risk by reviewing the borrowers' and/or guarantors' financial positions.

As at 30 June 2021 and 31 December 2020, there were two past due merger and acquisition financing.

As at 30 June 2021 and 31 December 2020, there was a past due merger and acquisition financing with a gross and carrying amount of HK\$197 million and HK\$118 million respectively that was advanced to an external party for its property development project in the PRC with the principal due for repayment in 2021, but with delay in interest repayment for more than 90 days. In assessing the impairment, the management considered a number of factors including creditworthiness and status of the borrower, recoverable amount of the collateral (at its forced sale value) and the credit protection structure. In the opinion of the directors of the Company, the impairment provision for the current period and prior period are appropriate.

There was another past due merger and acquisition financing with gross and carrying amounts of HK\$346 million (31 December 2020: HK\$356 million) and HK\$240 million (31 December 2020: HK\$249 million) respectively that was advanced to a company listed in PRC and HK for its acquisition in the overseas. The loan was matured in 2019 and the principal and the accrued interest were not repaid as at 30 June 2021. In assessing impairment, the management considered a number of factors including the financial status of the borrower and the status of enforcement proceedings in the PRC. In the opinion of the directors, the impairment provision for the current period and prior period are appropriate.

<u>Secured financing</u>	30.6.2021	31.12.2020
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Secured financing	868,187	703,887
Less: Impairment allowance	(53,214)	(51,628)
	814,973	652,259
Less: Non-current portion	(56,092)	-
Current portion	758,881	652,259

Included in secured financing are HK\$868 million (31 December 2020: HK\$704 million) that are secured.

The majority of these secured financings are secured and/or guaranteed with contractual maturity within 1 year to 2 years from the reporting date and credit limits are set for borrowers.

Collateral held includes equity instruments and / or investment portfolio held by borrowers, etc. Regular reviews on these secured financings are conducted by the Risk Management Department of the Group based on the latest status of these secured financings and the latest announced or available information about the borrowers and the underlying collateral held. Apart from collateral monitoring, the Group seeks to maintain effective control over its secured financing in order to minimise credit risk by reviewing the borrowers' and/or guarantors' financial positions.

As at 30 June 2021, there was one past due secured financing (31 December 2020: one).

A financing with the gross carrying amount of HK\$155 million (31 December 2020: HK\$155 million) with collaterals being listed equities and properties was matured in October 2020 (and therefore classified as past due) and the borrower is in the process of repayment of principal and accrued interest, but pending for realisation of the borrower's assets (other than those pledged to the Group). In assessing the impairment, the management considered the collateral value and no impairment was made during the current and prior period.

13. RECEIVABLE FROM CLIENTS FOR SUBSCRIPTION OF NEW SHARES IN IPO AND ACCOUNTS RECEIVABLE

	30.6.2021 HK\$'000 (unaudited)	31.12.2020 HK\$'000 (audited)
Receivable from clients for subscription of new shares in IPO (note (i))	6,435,013	562,717
Accounts receivable	6,462,190	5,014,090
	12,897,203	5,576,807
Accounts receivable from:		
- Clients	1,503,462	1,302,022
- Brokers, dealers and clearing houses	4,458,047	3,086,401
- Immediate holding company (note (ii))	353,493	400,941
- Others (note (iii))	147,188	224,726
	6,462,190	5,014,090

Notes:

- (i) Receivable from clients arising from financing of IPO subscriptions are required to settle their securities trading balances on the allotment date determined under the relevant market practices or exchange rules. As at 30 June 2021, the settlement dates are in the range of 2 to 7 days.
- (ii) The Company advanced a loan to Haitong International Holdings Limited (the immediate holding company of the Company) at an interest rate of US Dollar London Interbank Offer Rate plus a spread. The outstanding principal balance as at 30 June 2021 amounted to US\$45,033,000 (equivalent to HK\$349,679,000), which will be fully repayable on the maturity date on 6 July 2021. As at 31 December 2020, the outstanding principal balance amounted to US\$51,408,000 (equivalent to HK\$398,518,000), which will be fully repaid on the maturity date on 15 January 2021.
- (iii) The amount represents the fees receivable from corporate finance, wealth management and asset management business.

The following is an ageing analysis of the accounts receivable based on trade date/invoice date as at period/year end:

	30.6.2021	31.12.2020
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Between 0 and 3 months	6,434,458	4,980,650
Between 4 and 6 months	4,052	16,349
Between 7 and 12 months	11,692	5,749
Over 1 year	11,988	11,342
	<hr/> 6,462,190 <hr/>	<hr/> 5,014,090 <hr/>

Accounts receivable from clients, brokers, dealers and clearing houses arising from the business of dealing in securities are repayable on demand subsequent to settlement date. The normal settlement terms of accounts receivable arising from the business of dealing in securities are two days after trade date and that of accounts receivable arising from the business of dealing in futures, options and securities trading in Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect are one day after trade date.

Normal settlement terms of accounts receivable from wealth management, corporate finance and asset management are determined in accordance with the contract terms, usually within one year after the services provided.

For accounts receivable from clients that are overdue, management ensures that the available cash balance and listed equity securities belonging to clients in which the Group holds as custodian are sufficient to cover the amounts due to the Group.

14. SHARE CAPITAL

	30.6.2021 HK\$'000 (unaudited)	31.12.2020 HK\$'000 (audited)
Authorised:		
20,000,000,000 (31 December 2020: 20,000,000,000) ordinary shares of HK\$0.10 each	<u>2,000,000</u>	<u>2,000,000</u>
Issued and fully paid:		
6,037,385,086 (31 December 2020: 6,036,035,086) ordinary shares of HK\$0.10 each	<u>603,738</u>	<u>603,603</u>

The movements in issued share capital were as follows:

	Number of shares in issue	Issued share capital HK\$'000
As at 1 January 2020	5,940,583,872	594,058
Scrip dividend issued - 2019 second interim dividend	<u>95,451,214</u>	<u>9,545</u>
As at 30 June 2020, 31 December 2020 and 1 January 2021	6,036,035,086	603,603
New shares issued under exercise of share options	<u>1,350,000</u>	<u>135</u>
As at 30 June 2021	<u>6,037,385,086</u>	<u>603,738</u>

15. ACCOUNTS PAYABLE

	30.6.2021 HK\$'000 (unaudited)	31.12.2020 HK\$'000 (audited)
Accounts payable to:		
- Clients	20,949,380	20,007,326
- Brokers, dealers and clearing houses	1,393,668	1,208,756
- Others	1,231,284	1,705,457
	23,574,332	22,921,539

The majority of the accounts payable balances are repayable on demand except where certain accounts payable to clients represent margin deposits received from clients for their trading activities under normal course of business. Only the excess amounts over the required margin deposits stipulated are repayable on demand.

No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of these businesses.

The Group has a practice to satisfy all the requests for payments within the credit period.

Except for the accounts payable to clients which bear interest at 0.001% as at 30 June 2021 (31 December 2020: 0.001%), all the accounts payable are non-interest bearing.

Accounts payable to clients include those payables placed in segregated accounts with authorized institutions of HK\$18,704,299,000 (31 December 2020: HK\$19,553,711,000), HKFE Clearing Corporation Limited, the SEHK Options Clearing House Limited and other futures dealers totalling HK\$262,497,000 (31 December 2020: HK\$701,543,000).

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2021 (the “Period”), with rising vaccination rates, the global economy was on the fast track for recovery, but at an uneven pace across countries. Inflation debates sparked concerns on potential changes in policies, resulting in divergence among the financial markets around the world and increased volatility in both the stock and bond markets.

Despite extreme conditions, Haitong International has pursued its transformation strategy to maintain its core competitiveness and profitability with fruitful outcomes seen for its refinement made. In the first half of 2021, Haitong International achieved an income of HK\$3.835 billion, up 9% YoY. The net profit grew by more than 100% YoY to HK\$1.081 billion. Thanks to the improved business structure, the fee income grew to HK\$1.658 billion, up 39% YoY while its share of total income rose to 43% from 34% of same period in 2020, further boosting the stability and sustainability of its income. During the Period, the total cost downed 9% YoY. The cost structure was improved, among which, the proportion of finance cost to total cost decreased to 28% from 48% of the same period in 2020 while staff cost accounted for 40% of the total cost, rising from 23% of the same period in 2020, displaying the Group’s continuous enlargement of fee-based business and personnel recruitment to sharpen its core competitiveness. Besides, with the asset-light business model, Haitong International kept refining its asset liability structure. Its total assets and total liabilities dropped by 7% and 10% respectively when compared with early 2021 where the gearing ratio was 3.75 times as at 30 June 2021, down from 4.45 times as at the end of 2020. Capital adequacy ratio further increased to strengthen the Group’s resilience against market risks and liquidity risks.

1. Concrete Market Leadership in the Global Investment Banking Sector

In the first half of 2021, Haitong International’s investment banking team continued to lead the market and achieved a fee income of HK\$798 million, up 49% YoY, among which the underwriting and placing commission income amounted to HK\$688 million, up 48% YoY. During the Period, it completed 22 IPOs, ranking no. 1 among investment banks in Hong Kong in terms of number of projects underwritten and underwriting amount. It also completed 8 equity financing projects in the overseas capital markets, in which 5 were in the United States and 3 in India, bolstering its project execution capability and brand influence in the overseas markets.

On the DCM front, Haitong International completed a total of 136 bond issuance projects. The Group ranked no. 3 in the China Risk G3 + CNY bond markets and no. 2 in Asia (ex-Japan) G3 corporate high yield bond markets in terms of number of issuance among financial institutions worldwide. Among which, Haitong International completed 27 green and sustainable bond issuance projects amounted to US\$7.97 billion with doubled number of projects and financing size as compared to full year of 2020, being a bellwether in the green bond and ESG investment and financing spheres among Chinese financial institutions.

2. Diversified Professional Services for Institutional Clients Across the Globe

Haitong International has always been client-focused, aiming to provide institutional clients with highly efficient and professional trading services and satisfy clients’ multi-faceted requirements on market access, return enhancement, cash management and risk control.

The institutional clients segment achieved an income of HK\$943 million for the first half of 2021. Cash equity business stood out with growth across various major stock markets, achieving an aggregated turnover over HK\$300 billion which represented a YoY growth of 40% while the securities trading commission income was HK\$165 million, representing a YoY growth of 64%. For derivatives business, Haitong International launched 2,376 warrants and CBBCs in the first half of 2021, 39% more than the first half of 2020, while reaching a turnover of over HK\$380 billion, ranking no.2 in the Hong Kong market. In this regard, the Group was awarded the Financial Institution Awards 2021 – Securities Sector “*Derivatives Provider of the Year – Excellence*” by Bloomberg Businessweek during the Period. Moreover, Haitong International’s equity research team covered around 1,200 stocks in a number of markets and published about 700 research reports covering insights in overseas and local markets on average per month. The Group has gained wide recognition among international investors.

3. Progressive Enhancements of Wealth Management Business Framework

The wealth management segment achieved an income of HK\$843 million for the first half of 2021, among which the income derived by the private wealth management business was HK\$524 million.

During the Period, Haitong International proactively elevated its wealth management product platform to offer more diversified products and well-rounded services, including wealth planning and trust service to meet clients' demands in wealth inheritance, core asset management, liquidity management, asset value enhancement and investment advisory.

Embracing the Group's deep relationship with quality clients over the years and combining the synergies of the Group's strongly bonded business segments, Haitong International is poised to become a private wealth manager for entrepreneurs like no others. During the Period, Haitong International was awarded the Financial Institution Awards 2021 – Securities Sector “*High Net Worth Service – Excellence*” by Bloomberg Businessweek, manifesting the recognition from the industry on service level delivered by the private wealth management team.

Besides, Haitong International continued its efforts in developing its retail business online and further enhancing the functionality and stability of its online trading platform to provide convenient and efficient investment channel and service platforms for retail clients.

4. Professional Investment and Management Capabilities

Haitong International's asset management team continued to strengthen its professional investment and management capabilities. In consideration of market conditions and clients' demands, Haitong International kept enriching its product offerings, providing clients with global asset management solutions with great accessibility and creating a one-stop professional investment service platform. As at the end of second quarter of 2021, the asset under management of Haitong International stood at HK\$52 billion and asset management and performance fee income amounted to HK\$ 271 million, representing a 76% YoY growth.

The Group actively stepped up its footprints in various markets in order to satisfy the rising demands of overseas asset allocation. Haitong Asian High Yield Bond Fund under Mutual Recognition Scheme (MRF) newly launched RMB Hedged Class and USD Class. Meanwhile, three Constituent Funds under Haitong Mandatory Provident Fund (MPF) Scheme, namely, Haitong Korea Fund, Haitong Asia Pacific Fund and Haitong Hong Kong SAR Fund were approved to be added into Approved Pooled Investment Funds (APIF).

A suite of funds managed by Haitong International Asset Management have consistently delivered stable and outstanding long-term returns. As at 30 June 2021, Haitong Global Diversification Fund under Haitong MPF Scheme had delivered an accumulated return of 99.12% over the past 5 years, ranking no. 1 among similar funds. Haitong Hong Kong SAR Fund within the same scheme has delivered an accumulated return of 113.93% over the past 5 years, ranking no. 2 among similar funds. In addition, the Group's asset management crew won a number of major awards in the industry during the Period, including the 2021 Refinitiv Lipper Fund Awards, as well as those specifically for the industry from Benchmark and Insights & Mandate.

Haitong International has always been actively practicing responsible investment through continuous product research and development with more ESG-themed offerings planned to come on stream during the year. Haitong International strives to provide overseas investors with richer products and investment channels to participate into Chinese ESG investment.

5. Better Global Operational System and Risk Management Regime

Haitong International has always adhered to strengthening technological capabilities to improve its global comprehensive operational capability. Through allocating adequate resources to acquire, configure, develop and upgrade information systems, the Group endeavours to support core businesses development, bringing process flows of all businesses towards the automation and online operation. Thanks to its pre-emptive input to the operational infrastructure, Haitong International managed to ride out arduous challenges arising from the prolonged pandemic and ever-changing global market conditions with stable global operations. In the future, Haitong International will augment synergies between application of information technology and operations and pave a solid way for long-term development and growth.

During the Period, fruitful results were witnessed in infrastructure construction in overseas offices. Haitong International's subsidiary in Singapore was admitted as a securities and derivatives clearing member of the Singapore Exchange (SGX) and a depository agent of The Central Depository (Pte) Limited (CDP), becoming the first Chinese financial institution having obtained the full suite of memberships in the SGX in March this year. The new membership will further broaden Haitong International's service scope and provide clients with highly efficient one-stop settlement, clearing and custodian services.

Haitong International always kept its risk appetite at the “stable to prudent” level and defined its risk tolerance from risk, capital and liquidity perspectives. Moreover, Haitong International has been taking ESG risk into consideration and setting up risk management at every level. During the Period, Haitong International kept improving different risk indicators with measures including cutting down on leverage level and beefing up asset quality.

6. Environmental, Social and Governance (ESG)

Since the publication of its first ever ESG report a few years ago, Haitong International, being a Chinese financial institution, has demonstrated its strategies and commitment to the sustainable path through open and transparent actions and performance.

In December 2020, Haitong International sincerely vowed to achieve carbon neutrality at operational level by the end of 2025, being the first Chinese financial firm to make such a promise for carbon neutrality. In April 2021, Haitong International jointly published the “Chinese Financial Institutions’ Route to Achieving Carbon Neutrality” report with China-U.K. Climate and Environmental Information Disclosure Pilot Working Group, being the first report in providing technical reference and guidelines for Chinese financial institutions to practically achieve carbon reduction.

In recognition of the Group's distinguished performance in sustainable finance and ESG, Haitong International's MSCI ESG rating was upgraded from “BBB” to “A” in early 2021, bringing the Group as an ESG leader among global investment banks. Furthermore, the Group's asset management crew has been recently named as “Best ESG Manager (Hong Kong)” by Insights & Mandate. The Haitong MSCI China A ESG ETF has also received several awards, including “Most Innovative Product: ETF (Hong Kong)” by Insights & Mandate, and “Outstanding ETF-Platinum Award” in ESG Achievement Awards 2020 by Institute of ESG & Benchmark (IESGB).

Prospect

In the second half of 2021, as vaccination programs continue to progress across countries, global economy is to move forward into recovery. At the same time, as global supply chain resumes back to normal, the short-term disturbances arising from the pandemic on inflation should mitigate gradually. The Federal Reserve is expected to maintain the current monetary policy in the second half and will not kick off the tapering until early 2022, with potential rate hike in the second half of 2022 at the earliest. Nevertheless, as countries around the world are experiencing uprising prices, any shifts in the Federal Reserve's policies may cause unexpected ramifications to the financial markets, which must be closely watched and assessed with caution.

Facing such a complex environment, Haitong International will persevere onto its challenging yet correct transformation path through enhancing its revenue structure, optimizing its balance sheet structure and scale of leverage and strengthening its risk management framework, in order to navigate and combat through uncertainties in the global markets. Haitong International will adhere to its core values of being “courageous, sincere and innovative”, persist on to its ESG philosophy, and take on greater social responsibilities to create values for its shareholders, employees, clients and society.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK9 cents per share for the six months ended 30 June 2021 (“Interim Dividend”) (2020: an interim dividend of HK4.4 cents per share) to the Shareholders whose names appear on the register of members of the Company on Monday, 13 September 2021. The Interim Dividend will be payable on or about Friday, 24 September 2021.

CLOSURE OF REGISTER OF MEMBERS

For ascertaining shareholders’ entitlement to the Interim Dividend, the register of members of the Company will be closed from Thursday, 9 September 2021 to Monday, 13 September 2021, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the Interim Dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Branch Share Registrar and Transfer Office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 8 September 2021.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board is committed to maintaining a high standard of corporate governance practices within the Group. Throughout the six months ended 30 June 2021, the Company has fully complied with the code provisions set out in the Corporate Governance Code as contained in Appendix 14 of the Listing Rules.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules as its code of conduct for securities transactions by the directors of the Company. Having made specific enquiry of all directors of the Company, all directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2021.

AUDIT COMMITTEE

The Audit Committee of the Company (the “Audit Committee”) has met with the external auditor of the Group, Messrs. Deloitte Touche Tohmatsu, to review the accounting principles and practices adopted by the Group and the unaudited consolidated results for the six months ended 30 June 2021 of the Group. The Audit Committee currently comprises 3 non-executive directors of the Company and 2 of whom, including the Chairman of the Audit Committee (the “Chairman”), are independent non-executive directors. The Chairman has the appropriate professional qualification and experience in financial matters.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2021 other than as an agent for clients of the Company or its subsidiaries.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2021 ON THE WEBSITES OF THE HONG KONG EXCHANGES AND CLEARING LIMITED AND THE COMPANY

This announcement of the interim results for the six months ended 30 June 2021 is published on the websites of the Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company at www.htisec.com. The Interim Report for the six months ended 30 June 2021 of the Company containing the information required by the Listing Rules will be despatched to shareholders of the Company and published on the aforesaid websites in due course.

By order of the Board
Haitong International Securities Group Limited
LIN Yong
Deputy Chairman and Chief Executive Officer

Hong Kong, 25 August 2021

As at the date of this announcement, the Board comprises Mr. QU Qiuping (Chairman), Mr. LIN Yong (Deputy Chairman and Chief Executive Officer), Mr. LI Jianguo (Deputy Chairman), Mr. POON Mo Yiu, Mr. SUN Jianfeng, Mr. SUN Tong, Mr. CHENG Chi Ming Brian*, Mr. ZHANG Xinjun*, Mr. WAN Kam To**, Ms. LIU Yan**, Mr. LIU Swee Long Michael** and Mr. ZHANG Huaqiao**.*

* *Non-executive Directors*

** *Independent Non-executive Directors*