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海通证券股份有限公司  
HAITONG SECURITIES CO., LTD.\*

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 6837)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021**

The board of directors (the “**Board**”) of Haitong Securities Co., Ltd. (the “**Company**”) hereby announces the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2021. This announcement, containing the full text of the 2021 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of interim results.

### **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This results announcement will be published on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.htsec.com](http://www.htsec.com)).

The Company's 2021 interim report will be despatched to holders of H shares and published on the websites of the Company and The Stock Exchange of Hong Kong Limited in due course.

By order of the Board  
**Haitong Securities Co., Ltd.**  
**ZHOU Jie**  
*Chairman*

Shanghai, the PRC  
26 August 2021

*As at the date of this announcement, the executive directors of the Company are Mr. ZHOU Jie, Mr. QU Qiuping and Mr. REN Peng; the non-executive directors of the Company are Mr. TU Xuanxuan, Mr. ZHOU Donghui, Ms. YU Liping and Mr. XU Jianguo; and the independent non-executive directors of the Company are Mr. ZHANG Ming, Mr. LAM Lee G., Mr. ZHU Hongchao and Mr. ZHOU Yu.*

\* For identification purpose only

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## IMPORTANT NOTICE

The Board, the Supervisory Committee, Directors, Supervisors and senior management of the Company warrant the truthfulness, accuracy and completeness of the contents of this interim report (the “**Report**”) and that there is no false representation, misleading statement contained herein or material omission from this Report, for which they will assume joint and several liabilities.

This Report was approved at the 18th meeting of the seventh session of the Board and the 11th meeting of the seventh session of the Supervisory Committee. All the Directors attended the Board meeting. None of the Directors or Supervisors has any objection to this Report.

The 2021 interim condensed consolidated financial information of the Group was prepared in accordance with IFRS and was unaudited. PricewaterhouseCoopers has reviewed such interim financial information in accordance with International Standard on Review Engagements 2410 and issued review report.

Mr. Zhou Jie, the Chairman of the Board of the Company, Mr. Zhang Xinjun, the Chief Financial Officer, and Mr. Ma Zhong, the head of the accounting department warrant the truthfulness, accuracy and completeness of the financial report contained in the Report. All the data in the Report are denominated in Renminbi unless otherwise indicated.

The Company had no profit distribution proposal or proposal on transfer of capital reserve fund into share capital for the first half of 2021.

Forward-looking statements, including future plans and development strategies, may be included in this Report. All statements contained herein other than statements of historical fact are, or may be deemed to be, forward-looking statements. Neither the Company nor any of its subsidiaries undertakes any obligation to publicly update or revise any forward-looking statement as a result of new data. Forward-looking statements, including future plans and development strategies contained in this Report do not constitute any commitment of the Company to investors. Investors should be reminded of the risks of investments and not place undue reliance on forward-looking statements.

No appropriation of funds on a non-operating basis by the Company’s controlling shareholders and their respective related parties has occurred during the Reporting Period.

The Company did not provide external guarantees in violation of the stipulated decision-making procedures during the Reporting Period.

## Section I DEFINITIONS AND MATERIAL RISK WARNINGS

### I. DEFINITIONS

In this Report, unless the context otherwise requires, the following terms and expressions have the meanings set forth below:

"A Share(s)"	domestic shares of the Company, with a nominal value of RMB1.00 each, which are listed and traded on the Shanghai Stock Exchange
"Articles of Association" or "Articles"	the articles of association of Haitong Securities
"Board"	the board of Directors of Haitong Securities
"Code"	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Hong Kong Listing Rules
"Company Law"	the Company Law of the People's Republic of China
"Company" or "Haitong Securities"	Haitong Securities Co., Ltd.
"CSRC"	the China Securities Regulatory Commission
"Director(s)"	the director(s) of Haitong Securities
"ETF"	exchange traded fund
"EUR"	the official currency of the Eurozone
"FICC"	fixed-income instruments, currencies, and commodities
"Fullgoal Fund"	Fullgoal Fund Management Co., Ltd. (富國基金管理有限公司)
"Group"	the Company and its subsidiaries
"H Share(s)"	ordinary shares of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars and are listed on the Hong Kong Stock Exchange
"Haitong Bank"	Haitong Bank, S.A.

## Section I DEFINITIONS AND MATERIAL RISK WARNINGS

"Haitong Capital"	Haitong Capital Investment Co., Ltd. (海通開元投資有限公司)
"Haitong Futures"	Haitong Futures Co., Ltd. (海通期貨股份有限公司)
"Haitong Innovation Securities"	Haitong Innovation Securities Investment Co., Ltd. (海通創新證券投資有限公司)
"Haitong International"	Haitong International Securities Group Limited (海通國際證券集團有限公司), listed on the Hong Kong Stock Exchange, stock code: 665
"Haitong International Holdings"	Haitong International Holdings Limited (海通國際控股有限公司)
"Haitong UT"	Haitong Unitrust International Financial Leasing Co., Ltd. (海通恒信國際融資租賃股份有限公司), listed on the Hong Kong Stock Exchange, stock code: 1905
"Haitong-Fortis PE"	Haitong-Fortis Private Equity Fund Management Co., Ltd. (海富產業投資基金管理有限公司)
"HFT Investment"	HFT Investment Management Co., Ltd. (海富通基金管理有限公司)
"HK\$", "HKD" or "HK dollars"	the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HT Asset Management"	Shanghai Haitong Securities Asset Management Company Limited (上海海通證券資產管理有限公司)
"IFRS"	International Financial Reporting Standards
"IPO"	initial public offering
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules
"NEEQ"	National Equities Exchange and Quotations (全國中小企業股份轉讓系統)

## Section I DEFINITIONS AND MATERIAL RISK WARNINGS

“NSSF”	the National Council for Social Security Fund of the PRC
“Non-public Issuance of A Share(s)”	the non-public issuance of 1,562,500,000 A Shares by the Company to a total of 13 placees (including Shanghai Guosheng Group, Shanghai Haiyan Investment, Bright Food Group and Shanghai Electric Group) under general mandate to raise a total amount of gross proceeds of RMB20,000,000,000. The new A Shares issued under the Non-public Issuance of A Shares have been registered in the Shanghai Branch of China Securities Depository and Clearing Corporation Limited on 5 August 2020
“QDII”	Qualified Domestic Institutional Investor
“QFII”	Qualified Foreign Institutional Investor
“Reporting Period”	from 1 January 2021 to 30 June 2021
“RMB” or “Renminbi”	the lawful currency of the PRC
“RQFII”	Renminbi Qualified Foreign Institutional Investor
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Shanghai Guosheng Group”	Shanghai Guosheng (Group) Co., Ltd. (上海國盛(集團)有限公司)
“Shanghai Weitai Properties”	Shanghai Weitai Properties Management Co., Ltd. (上海惟泰置業管理有限公司)
“SSE”	the Shanghai Stock Exchange
“SSE Listing Rules”	the Shanghai Stock Exchange Listing Rules
“Supervisor(s)”	the supervisor(s) of Haitong Securities
“Supervisory Committee”	the supervisory committee of Haitong Securities
“SZSE”	the Shenzhen Stock Exchange
“US\$”, “USD” or “U.S. dollars”	the lawful currency of the United States of America
“WIND”	Wind Information Co., Ltd.

## Section I DEFINITIONS AND MATERIAL RISK WARNINGS

### II. MATERIAL RISK WARNINGS

The business of the Group is highly dependent on the overall economic and market conditions in China and other countries or regions where it operates. Our results of operations may be materially affected by various factors, such as macro-economic environment, cyclical fluctuations of the industry, development stages of the market, behaviours of the investors and the international economic conditions.

The Group is exposed to major risks in its business operations, including legal and compliance risks, whereby the securities company may be subject to legal liabilities or regulatory penalties, disciplinary actions due to failure to comply with laws, regulations and rules; credit risks, which may result in losses to the operations due to the inability of a borrower, counterparty or debt issuer to meet its agreed financial obligations; market risks, where proprietary investments record losses due to adverse fluctuations of market prices; operational risks triggered by deficiencies in internal processes, operational error and misconduct of staff, IT system failures, or impact from external sources; liquidity risks, where the Group is unable to obtain sufficient funds in a timely manner at a reasonable cost to repay the due debts, fulfil other payment obligations and meet the capital requirements for carrying out normal business; and reputational risks, where the corporate image among stakeholders is damaged due to the Group's operations, management, other acts or the external incidents. All these risks may directly affect the results of operations and financial conditions of the Group. In addition, these effects may overlap with each other due to the certain inherent correlation among these risk factors.

For the specific analysis of the above mentioned risks and measures that the Group has taken or will take, please refer to the "Potential risks and prevention measures" under the "Report of the Board of Directors" of this Report and pay special attention to the above risk factors.

## Section II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### I. CORPORATE INFORMATION

Chinese name of the Company	海通證券股份有限公司
Chinese abbreviation of the Company	海通證券
English name of the Company	Haitong Securities Co., Ltd.
English abbreviation of the Company	Haitong Securities
Legal representative of the Company	Zhou Jie
General manager of the Company	Qu Qiuping
Authorised representatives of the Company	Zhou Jie, Jiang Chengjun
Joint company secretaries	Jiang Chengjun, Wong Wai Ling
Chief compliance officer	Wang Jianye

#### Business scope of the Company

Securities brokerage; securities proprietary trading; securities underwriting and sponsorship; securities investment consulting; financial advisory services relating to securities trading and investment activities; direct investment; securities investment fund consignment; provision of intermediary introduction business for the futures companies; margin financing and securities lending; agency sale of financial products; the stock options market making; other businesses approved by the CSRC. In addition, the Company is permitted to set up subsidiaries that are engaged in outbound investments including investments in financial products (Projects subject to approval as required by laws shall be conducted upon approvals by relevant authorities).

#### Registered Capital and Net Capital of the Company

Unit: Yuan Currency: RMB

	As at the end of the Reporting Period	As at the end of last year
Registered capital	13,064,200,000.00	13,064,200,000.00
Net capital	82,171,716,407.94	84,129,715,034.91

#### Qualification for each individual business of the Company

1. Online securities entrustment business qualification (Zheng Jian Xin Xi Zi [2001] No. 3)
2. Qualification for lending and purchase of bonds, bond transactions and bond repurchase business in the national inter-bank lending market and the bond market (Yin Ban Han [2001] No. 819)
3. Qualification for lending transactions and bond transactions in the national inter-bank lending centre (Zhong Hui Jiao Fa [2001] No. 306)
4. Qualification for acquisition of securities business departments (Hu Zheng Ji Bian [2002] No. 090)
5. Qualification for open-end securities investment fund consignment business (Zheng Jian Ji Jin [2002] No. 076)
6. Securities company engaged in relevant innovative activity trials (Zhong Zheng Xie Han [2005] No. 079)
7. Qualification for short-term financial bond underwriting business (Yin Fa [2005] No. 173)
8. Qualification for quotation transfer business (Zhong Zheng Xie Han [2006] No. 3)
9. Qualification for trading on integrated electronic platform of fixed-income securities at Shanghai Stock Exchange (Shang Zheng Hui Han [2007] No. 86)
10. Qualification for National Association of Financial Market Institutional Investors (August 2007)



## Section II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

11. Qualification for overseas securities investment management business as a qualified domestic institutional investor (Zheng Jian Xu Ke [2008] No. 146)
12. A-grade clearing participant qualification of China Securities Depository and Clearing Corporation Limited (Zhong Guo Jie Suan Han Zi [2008] No. 22)
13. Qualification for provision of intermediary introduction business for the futures companies (Hu Zheng Jian Ji Gou Zi [2010] No. 122)
14. Qualification for direct investment business trials (Ji Gou Bu Bu Han [2008] No. 421)
15. Qualification for implementation of the broker system (Hu Zheng Jian Ji Gou Zi [2009] No. 302)
16. Qualification for providing trading units for insurance agency investors (Bao Jian Zi Jin Shen Zheng [2009] No. 1)
17. Qualification for margin financing and securities lending business (Zheng Jian Xu Ke [2010] No. 315)
18. Qualification for engaging in stock index futures hedging business through proprietary trading of the company (Hu Zheng Jian Ji Gou Zi [2010] No. 372)
19. Qualification for fund evaluation business (Zhong Zheng Xie Fa [2010] No. 070)
20. Qualification for securities house assigned by NSSF (August 2011)
21. Qualification for engaging of stock index futures through asset management (Hu Zheng Jian Ji Gou Zi [2011] No. 237)
22. Stock repurchase transaction business trials (Ji Gou Bu Bu Han [2011] No. 512) (Shang Zheng Jiao Zi [2011] No. 37)
23. Qualification for issuance of overseas listed foreign shares (Zheng Jian Xu Ke [2011] No. 1821) (H Share)
24. Trial business of bond collateralised repurchase with quotes (Ji Gou Bu Bu Han [2011] No. 585)
25. Partnership independent custody business trials (Ji Gou Bu Bu Han [2012] No. 686)
26. Over-the-counter transaction business (Zhong Zheng Xie Han [2012] No. 825)
27. Pilot qualification of engaging in margin and securities refinancing business (Zhong Zheng Jin Han [2012] No. 113)
28. Pilot qualification of underwriting of private debts for SMEs (Zhong Zheng Xie Han [2012] No. 561)
29. Qualification for foreign exchange operation in the securities business (SC201307)
30. Qualification for agency sale of financial products (Hu Zheng Jian Ji Gou Zi [2013] No.180)
31. Pilot qualification of conducting capital consumption payment services for client securities (Ji Gou Bu Bu Han [2013] No. 741)
32. Qualification of the 11th batch of insurance agency for 2013 (Hu Bao Jian Xu Ke [2013] No. 204)
33. Qualification for agency distributing precious metal spot contract such as gold and proprietary trading for gold spot contract (Ji Gou Bu Bu Han [2013] No. 959)
34. Custody qualification of security investment funds (Zheng Jian Xu Ke [2013] No. 1643)
35. Qualification for agency business of securities pledge registration (February 2014)
36. Internet securities business trials (Zhong Zheng Xie Han [2014] No. 358)
37. Membership qualification on the gold exchange (Certificate No. T004)
38. Business pilot of financing-oriented option exercise with respect to share incentive schemes of listed companies (Shenzhen Han [2014] No. 321)
39. Qualification for the stock options market making business (Zheng Jian Xu Ke [2015] No. 153)
40. Principal market maker in SSE 50 ETF options contracts (Shang Zheng Han [2015] No. 214)

## Section II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

41. Business qualification for options settlement (Zhong Guo Jie Suan Han Zi [2015] No. 20)
42. Futures membership certificate (Certificate number: NO. G02008)
43. Certificate of Membership of the Asset Management Association of China (Certificate number: 00000147)
44. Qualification for offshore proprietary business (Ji Gou Bu Han [2015] No. 1204)
45. No comment letter on innovative program of one-way video account opening (Zhong Guo Jie Suan Ban Zi [2015] No. 461)
46. Qualification for inter-bank gold price asking transactions (Shang Jin Jiao Fa [2015] No. 120)
47. Qualification for carrying on main underwriting business of debt financial instruments for non-financial enterprises (August 2016)
48. Qualification for note dealing (November 2016)
49. Qualification for relevant business on tools mitigating credit risk (January 2017)
50. Qualification for secondary dealers for OTC options business (Zhong Zheng Xie Fa [2018] No. 386)
51. Qualification for credit derivatives business (Ji Gou Bu Han (2019) No. 469)
52. Qualification for recording military confidential business consultancy services in a secured and confidential condition (October 2019)
53. Stock index and options market making business (Ji Gou Bu Han [2019] No. 3073)
54. Qualification for interest rate swap real-time undertaking business (March 2020)
55. Qualified establishment of a credit-protected bond pledge-type repurchase business (Zhong Guo Jie Suan Han Zi [2021] No. 201)

The Company holds membership qualifications on the SSE and the SZSE and warrant clearing business qualification in China Securities Depository and Clearing Corporation Limited. All subsidiaries of the Company conduct their businesses legally or upon obtaining the relevant business qualifications as approved by the relevant regulatory authorities.

## Section II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### II. CONTACT PERSON AND CONTACT METHODS

	Secretary to the Board	Representative of Securities Affairs
Name	Jiang Chengjun	Sun Tao
Correspondence address	12/F, Haitong Securities Building, No. 689 Guangdong Road, Shanghai, the PRC (Postal Code: 200001)	12/F, Haitong Securities Building, No. 689 Guangdong Road, Shanghai, the PRC (Postal Code: 200001)
Telephone	8621-23219000	8621-23219000
Facsimile	8621-63410627	8621-63410627
Email	jiangcj@htsec.com	sunt@htsec.com

### III. CHANGES OF BASIC CORPORATE INFORMATION

Registered address	No. 689 Guangdong Road, Shanghai, the PRC
Historical change of the registered address	200 Middle Jiangxi Road, Shanghai, the PRC (1988) 480 Middle Sichuan Road, Shanghai, the PRC (1990) 30 Beihaining Road, Shanghai, the PRC (1994) 218 Tangshan Road, Shanghai, the PRC (1998) 98 Huaihai Middle Road, Shanghai, the PRC (2001) Haitong Securities Building, No. 689 Guangdong Road, Shanghai, the PRC (2012)
Business address	No. 689 Guangdong Road, Shanghai, the PRC
Postal code of registered address	200001
Internet website	<a href="http://www.htsec.com">http://www.htsec.com</a>
Email	haitong@htsec.com
Search index for changes in registration during the Reporting Period	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a>
Principal place of business in Hong Kong	21/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong
Unified social credit code in the business license	9131000013220921X6

### IV. INFORMATION DISCLOSURE AND CHANGES IN PLACE FOR INSPECTION

Newspapers designated by the Company for information disclosure	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily
Website designated for publication of interim reports	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a> <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>
Place where interim reports of the Company are available	Office of the Board, 12/F, Haitong Securities Building, No. 689 Guangdong Road, Shanghai, PRC
Search index for changes in registration during the Reporting Period	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a>

## Section II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

### V. BRIEF INFORMATION ON THE SHARES OF THE COMPANY

Class of shares	Stock exchange of listing	Stock name	Stock code	Stock name before changes	Share Registrar
A Share	Shanghai Stock Exchange	Haitong Securities	600837	/	Shanghai Branch of China Securities Depository and Clearing Corporation Limited
H Share	Hong Kong Stock Exchange	Haitong Securities	6837	/	Computershare Hong Kong Investor Services Limited

### VI. OTHER RELEVANT INFORMATION

✓ Not applicable

### VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE GROUP

Unless otherwise stated, the accounting data and financial data and indicators set out in the Report have been prepared in accordance with IFRS.

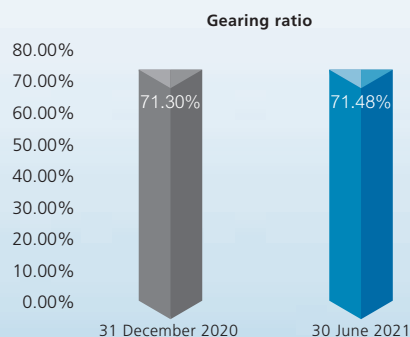
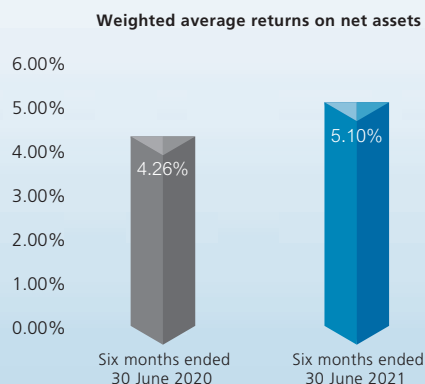
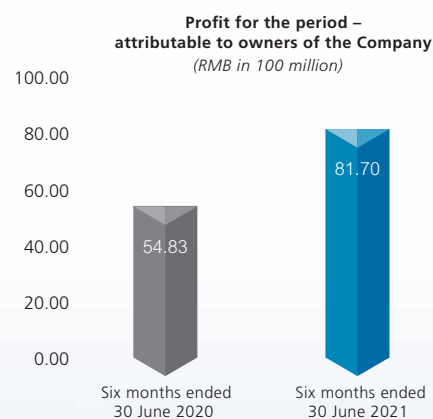
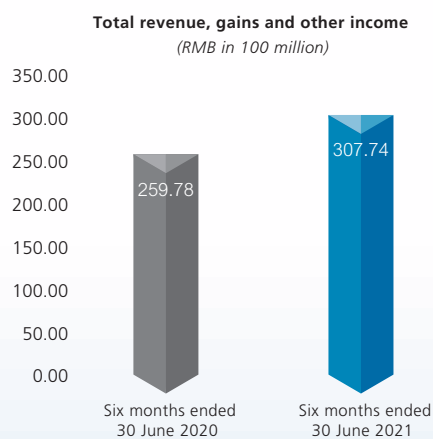
#### (I) Major accounting data and financial indicators

Items	Six months ended 30 June 2021	Six months ended 30 June 2020	As compared to the corresponding period of last year
<b>Results of operations (RMB'000)</b>			<i>Change</i>
Total revenue, gains and other income	30,773,720	25,978,138	18.46%
Profit before income tax	11,660,950	7,819,488	49.13%
Profit for the period	8,170,195	5,483,192	49.00%
– attributable to owners of the Company			
Net cash flow from/(used in) operating activities	22,661,526	(14,023,270)	N/A
Other comprehensive income	(346,786)	(308,105)	N/A
<b>Earnings per share (RMB/share)</b>			<i>Change</i>
Basic earnings per share	0.63	0.48	31.25%
Diluted earnings per share	0.63	0.48	31.25%
<b>Index of profitability</b>			<i>Change</i>
Weighted average returns on net assets (%)	5.10	4.26	+0.84 percentage point

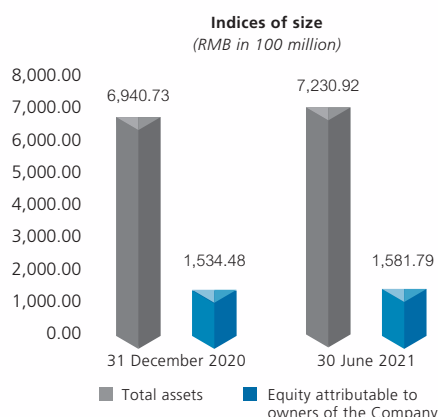
## Section II COMPANY PROFILE AND KEY FINANCIAL INDICATORS

Items	30 June 2021	31 December 2020	As compared to the end of last year
<b>Indices of size (RMB'000)</b>			<i>Change</i>
Total assets	723,092,241	694,073,351	4.18%
Total liabilities	549,798,942	525,947,039	4.54%
Accounts payable to brokerage clients	115,515,985	108,167,568	6.79%
Equity attributable to owners of the Company	158,178,625	153,448,468	3.08%
<b>Total share capital ('000 shares)</b>	<b>13,064,200</b>	13,064,200	0.00%
<b>Net assets per share attributable to owners of the Company (RMB/share)</b>	<b>12.11</b>	11.75	3.06%
<b>Gearing ratio (%)<sup>(1)</sup></b>	<b>71.48</b>	71.30	+0.18 percentage point

Note 1: Gearing ratio = (total liabilities – accounts payable to brokerage clients)/(total assets – accounts payable to brokerage clients)



## Section II COMPANY PROFILE AND KEY FINANCIAL INDICATORS



### (II) Differences of accounting data between IFRS and PRC GAAP

The net profit of the Group for the periods from January to June 2021 and from January to June 2020 and the net assets of the Group as at 30 June 2021 and 31 December 2020 as stated in the consolidated financial statements of the Group prepared in accordance with PRC GAAP are consistent with those prepared in accordance with IFRS.

### (III) Net capital and risk control indicators of the parent company

As at 30 June 2021, the net capital of the Company as calculated in accordance with PRC GAAP was RMB82,172 million, representing a decrease of RMB1,958 million as compared to such amount as at the end of the previous year (RMB84,130 million). During the Reporting Period, all risk control indicators including net capital of the Company met the regulatory requirements.

Items	30 June 2021	31 December 2020
Net capital (RMB)	<b>82,171,716,407.94</b>	84,129,715,034.91
Net assets (RMB)	<b>138,636,510,633.68</b>	137,445,187,712.53
Risk coverage ratio (%)	<b>345.42</b>	344.45
Capital leverage ratio (%)	<b>23.98</b>	26.03
Liquidity coverage ratio (%)	<b>292.13</b>	208.11
Net stable funding rate (%)	<b>157.80</b>	157.16
Net capital/net assets (%)	<b>59.27</b>	61.21
Net capital/liabilities (%)	<b>37.68</b>	43.70
Net assets/liabilities (%)	<b>63.57</b>	71.39
Proprietary equity securities and securities derivatives/net capital (%)	<b>27.63</b>	30.06
Proprietary non-equity securities and securities derivatives/net capital (%)	<b>159.77</b>	135.83

Note: The above data is calculated based on the financial information prepared in accordance with PRC GAAP.

## Section III REPORT OF THE BOARD OF DIRECTORS

### I. DESCRIPTIONS OF THE INDUSTRY IN WHICH THE COMPANY OPERATES AND ITS PRINCIPAL BUSINESSES DURING THE REPORTING PERIOD

#### (I) DESCRIPTIONS OF THE PRINCIPAL BUSINESSES OF THE COMPANY DURING THE REPORTING PERIOD

The Company's principal business lines comprise wealth management, investment banking, asset management, trading and institutional client services, financial leasing, etc.

Wealth management business mainly refers to the provision of comprehensive financial services and investment solutions to retail and high-net-worth customers, including securities and futures brokerage services, investment advisory services, financial planning services, and financing business services such as margin financing, securities lending and stock pledge.

Investment banking mainly refers to the provision of sponsorship and underwriting services for corporate and government customers with regard to financing activities in both equity capital markets and debt capital markets, the provision of financial advisory services to corporate customers with regard to mergers and acquisitions as well as asset restructurings, and the provision of NEEQ services. Based on the nature of business, the investment banking business of the Company is further categorised into segments of equity financing business, debt financing business, mergers and acquisitions financing business, NEEQ and structural financing business. The Company strives to provide customers with one stop onshore and offshore investment banking services.

Asset management mainly refers to the provision of comprehensive investment management services on diversified products to individuals, corporations and institutional clients, including asset management, fund management, public and private equity investment services. HT Asset Management carries out businesses including targeted asset management, collective asset management, specialised asset management, QDII business, and innovative business. The principal businesses of HFT Investment and Fullgoal Fund include management of mutual funds (including QDII), asset management for corporate annuities, NSSF and specific customers, providing professional fund investment financing services for investors. The Company also operates a number of professional investment management platforms for private equity (PE) investment business, which provides services including management of industrial investment funds, investment consultation, promotion and establishment of investment funds, etc.

Trading and institutional client services mainly refers to the provision of stock sale and trading, prime brokerage, stock borrowing and lending and stock research services in major global financial markets for global institutional investors, as well as the issuance and market making services for various financial instruments such as fixed income products, currency and commodity products, futures and options, exchange traded funds and derivatives. Meanwhile, the Company exerts and enhances the advantage of synergies among business segments through investment funds and private equity projects and focuses on exploring investment opportunities with reasonable capital returns and further expands client relationships and promotes the overall growth of its business.

Financial leasing mainly refers to the provision of innovative financial services and solutions to individuals, enterprises and governments, including financial leasing, operating leasing, factoring, entrusted loans and relevant advisory services. The Company's leasing businesses are mainly operated by Haitong UT. Currently, Haitong UT engages in a wide range of industries, including infrastructure, transportation & logistics, industrials, education, health care, construction & real estate and the chemical industry, etc. Haitong UT leverages rich industrial experience and market channels and works with renowned domestic and overseas equipment manufacturers to provide comprehensive financing solutions and services for the business development of clients. In the past two years, Haitong UT has taken the initiatives in exploring the business model of securities firm-affiliated financial leasing and has launched a diversified product portfolio that integrates equity investment with debt investment to provide more innovative structured financing solutions to clients.

Other segments mainly refer to the provision of comprehensive financial and information services to institutional customers, including warehouse receipt service, pricing service, market making service and services relating to risk management.

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### (II) Development stage and cyclical features of the industry in which the Company operates and its industry position during the Reporting Period

#### 1. *Market environment*

In the first half of 2021, the global economy continued to recover. Production was gradually approaching the level before the pandemic, consumption was recovering faster, and the trades in goods and services continued to grow steadily. The liquidity in the global financial market was ample and market interest rates remained low. The U.S. dollar index fluctuated at a low level, and commodity prices rose sharply. The A-share market fluctuated upward. The Shanghai Composite Index rose 3.4%, and the SZSE Component Index and the ChiNext Index rose 4.78% and 17.22%, respectively. The ChiNext Index hit a new high since June 2015; the bond index rose slowly, and the ChinaBond Total Net Price Index rose 0.38%.

At present, the world economic landscape is undergoing profound changes, and the development of the pandemic is still full of uncertainties. The implementation of large-scale fiscal stimulus policies and loose monetary policies by major developed economies has stabilized market confidence to a certain extent and reversed the economic downturn, but it has also brought about problems including liquidity overflow, sharp fluctuations in asset prices, and rising vulnerabilities in the international financial market. Trade protectionism continues to spread, and global industrial chains and supply chains are under impact. All countries are paying more attention to the key role of technological innovation in economic transformation and actively fostering new momentum of long-term and healthy economic development. In order to achieve high-quality economic development, China is building a new development pattern with domestic circulation as the mainstay while promoting interplay between domestic circulation and international circulation. It is also deepening supply-side structural reforms, accelerating the implementation of innovation-driven development strategies, and striving to promote the high-level circulation among technology, capital and the real economy. The role of the capital market has become increasingly prominent. As an important participant in the capital market, the securities industry has ushered in a new period of development opportunities in serving the real economy.

#### 2. *Industry landscape*

The “14th Five-Year Plan” period will be a critical period for China’s capital market to achieve the goal of “building a regulated, transparent, open, dynamic and resilient capital market”. As a resource allocation market, the capital market will continue to support the advancement of national strategies, including the development of strategic emerging industries, carbon peaking and carbon neutrality. Regulatory departments will further improve the establishment of basic systems in the capital market. Adhering to the work policy of “building systems, non-intervention, and zero tolerance”, regulatory departments will comprehensively deepen the reform of the capital market, and promote the high-quality development of the capital market. In the context of stricter supervision, institutionalized customer structure, diversified demands, fierce competition in the industry, and homogenization of development, the securities industry continues to uphold innovation, enhance core competitiveness, stay true to the original goal of the financial industry of serving the real economy, and implement and promote the implementation of national strategies.

#### 3. *Position of the Company in the industry*

In the first half of 2021, the Group realized a revenue of RMB30,774 million, a net profit attributable to the shareholders of the parent company of RMB8,170 million. As at 30 June 2021, the total assets of the Group was RMB723,092 million and the net asset attributable to the shareholders of the parent company was RMB158,179 million. The main financial indicators of the Group have remained at the forefront of the industry for many years.



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### II. ANALYSIS OF THE COMPANY'S CORE COMPETITIVENESS DURING THE REPORTING PERIOD

During the course of its operations over the years, the Company has gradually built up its specific core competitiveness in the following six aspects.

#### 1. Solid capital strength

From 2007 to 2021, the Company seized market opportunities, and rapidly enhanced and attained its solid capital strength through several strategic equity financings and bond financings including A-share and H-share listing and secondary offerings. In the first half of 2021, the Company completed several rounds of debt financings, raising over RMB40.0 billion in domestic financing activities through the issuance of corporate bonds, short-term corporate bonds and beneficiary certificates. Through a combination of several debt financing instruments, the capital strength, the liquidity management capacity and the risk prevention and control capability of the Company were enhanced. In addition, the Company was also actively expanded overseas financing to ensure the healthy and orderly development of overseas business. Adequate capital has provided a solid foundation for the Company's business transformation and upgrade, satisfying diversified financial services needs for domestic and overseas customers as well as continually improving its service capability for the real economy.

#### 2. Outstanding comprehensive financial service platform

Based on the parent company's business, the Group has continually expanded the scope of its financial products and services and extended its financial services through setting up and acquiring professional subsidiaries. The Group has developed into a financial service group with businesses covering securities and futures brokerage, investment banking, proprietary trading, assets management, private equity investment, alternative investment, financial leasing and overseas banks. The Group's brokerage business boasts a solid customer base; its investment banking business has ranked in the forefront of the industry; the assets under management (AUM) of the actively asset management business are increasing steadily; the scale and brand influence of its private equity investment business has led in the industry; the performance indicators of its Hong Kong business are in the forefront of all market players; its financial leasing business has established and continues to maintain an industry-leading position; and its research services business enjoys strong market influence. The integrated financial platform generates strong scale effect and cross-selling potential, which vigorously supports business development and enables comprehensive financing services for customers.

#### 3. Extensive branch network and a solid customer base

The Group's branch network covered six international financial centers in New York, London, Shanghai, Hong Kong, Singapore and Tokyo. As of the end of the Reporting Period, the Group had 343 securities and futures branches (being 302 securities branches and 41 futures branches) spanning 30 provinces, municipalities and autonomous regions in the PRC. The Group has also established branches or subsidiaries in 14 countries and regions in five continents (Asia, Europe, North America, South America and Oceania). With a nationwide branch network and a strategic international presence, the Group has built a large and stable customer base. As of the end of the Reporting Period, the Group had over 18.5 million domestic and overseas customers.

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### 4. Industry-leading international cross-border service platform

Through acquisition and consolidation of Haitong International and Haitong Bank, and establishment of a branch in Shanghai Free Trade Zone (FTZ), the Group has established an industry-leading international business platform and hence acquired first-mover advantages in the Asia-Pacific region, as well as the forward-looking strategic reserve in Europe and the United States.

Haitong International continued to reinforce its leading position among Hong Kong's investment banks. For equity financing, it took the lead in IPO business among all investment banks in Hong Kong, and continued to boost its project execution capabilities and brand influence in overseas markets. For global debt financing business, it ranked front among Asian G3 High-yield Corporate Bond Market (excluding Japan) in terms of the number of bonds underwritten. Its derivatives business maintained sustained growth. The product line of the asset managements was gradually improved with outstanding investment performance, and its wealth planning business continued to foster a top-tier talent team in private wealth management.

Haitong Bank is an important part of the Group for deepening the Group's globalisation strategy and an important platform for the Group to implement the "Belt and Road" initiative. Haitong Bank specializes in local market in the European Union and South America and has over 20 years' experience. With full banking licenses, Haitong Bank is able to strengthen its strategy of "China Element (中國元素)" in its business expansion to provide cross-border financial service supports for the "Belt and Road" initiative, as well as support its extensive coverage of local business.

The Group's FTZ branch, one of the first securities institutions participating in the FTU (自貿區分賬核算單元) system of the free trade zone, has become the first PRC securities firm completed in the cross-border financing project under FT (自由貿易賬戶). In May 2016, it became a Class A international member of the Shanghai Gold Exchange, and obtained foreign currency lending membership of the China Foreign Exchange Trade System in November 2018.

These industry-leading, all around and multi-jurisdiction international business platforms will enable the Group to seize opportunities for ever growing cross-border businesses, meet customers' demands for cross-border business and improve the Group's international influence.

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### 5. Prudential operational philosophy, effective compliance and risk management and internal control system

Upholding the operational philosophy of “pragmatic, pioneering, steady and excellent” and the risk management philosophy of “prudence and even conservativeness”, the Company has successfully navigated through multiple market and business cycles, regulatory reforms and industry transformations in over 30 years of operations. Among the Chinese securities firms established in the 1980s, the Company is the only large-scale securities firm which is still in operation under the same brand without state-owned capital injection or having being acquired or restructured. The Company established a group-wide risk management system to implement the requirements for overall risk management and to effectively manage, among others, market risks, credit risks, liquidity risks and operational risks. It established and improved its compliance management system and organizational system in accordance with the regulatory requirements, continuously strengthened the performance of compliance review, compliance monitoring and compliance inspection functions to ensure and facilitate the Company’s continued compliance and steady development. In addition, the Company has always adhered to the principle of making risk prevention as its first priority, and strictly adopted the relevant measures necessary to control the risks of money laundering and terrorism financing in accordance with anti-money laundering laws and regulations.

### 6. Adhering to the science and technology-driven development strategy, the 14th Five-Year Plan for Science and Technology is fully launched

The Company has long been adhering to the science and technology-driven development philosophy, and its investment in science and technology has continued to rank top in the industry. Firstly, the 14th Five-Year Plan for Science and Technology development was officially released, clarifying the goals of developing “Digital Haitong 2.0 (數字海通2.0)”. These goals are “agile, platform-based, intelligent, and eco-friendly” which are the Company’s core characteristics and lay out the overall outline and focuses of the digital transformation of the Company. Secondly, new progress has been made in infrastructure construction. The Zhangjiang Science and Technology Park, our self-built data center, was officially put into operation, and it has obtained the international LEED V4.1 GOLD certificate and the National A-level Computer Room Certificate (國家A級機房證書), becoming the only securities and futures firm to have that has a data center that has passed successfully the latest international GOLD certification. Thirdly, new effects have been achieved in the development of science and technology-driven business. “E-Haitong Da (e海通達)”, the Company’s one-stop integrated service platform for institutional clients, was officially launched, realizing multiple functions including securities lending business, financial products, research services, investment banking zone, fund custody zone, and enterprise diagram. The over-the-counter derivatives business system has provided services for approximately 500 institutional clients. The over-the-counter derivatives management system has managed transaction agreements for nearly 490 customers, conducted bookkeeping and valuation for nearly 3,600 contracts including five kinds of products, such as options, swaps, credit derivatives. The over-the-counter derivatives management also provided risk early warning monitoring related to contracts and project portfolios of departments. Fourthly, new breakthroughs have been made in the application of cutting-edge technology. The Haitong financial blockchain platform is used in more than ten business scenarios, with an average of 30,000 transactions per day. The Haitong financial blockchain platform has passed the functional and performance tests of the China Electronics Standardization Institute, which makes the Company the first company among the industry firm to have passed the blockchain evaluation of the Institute.

## Section III REPORT OF THE BOARD OF DIRECTORS

### III. MANAGEMENT DISCUSSION AND ANALYSIS

#### (I) Overall operations

In the first half of 2021, the Company maintained stable operations and achieved good operating performance. The key financial indicators continued to rank in the forefront of the industry and there were many highlights in each of our business segments: the investment banking business was in a leading position in the market and maintained a strong momentum in its development. The reforms in and transformation of the wealth management business have achieved results, and income from the fee-based business increased substantially. The strategic transformation of Haitong International achieved notable results. The establishment of the Macau branch of Haitong Bank was approved, thereby further advancing the Company's globalization strategy. The institutional and international business had made brilliant performance and made great progress. The over-the-counter derivatives business grew steadily.

#### (II) Analysis of principal operations

##### 1. *Wealth management business*

###### *Market conditions:*

Affected by relatively abundant liquidity and increasing market divergence, the trading volume of stocks and funds in the first half of 2021 continued to grow on the basis of the high volume in 2020, and the number of account openings also increased significantly. According to the data from WIND, the average daily turnover of stocks and funds on the SSE and SZSE in the first half of 2021 amounted to RMB980.8 billion, representing an increase of 21.2% year-on-year, and the average number of new investors per month was 1.8067 million, representing an increase of 35.7% over the same period of last year. With the rapid growth of Chinese residents' wealth and the adjustment of residents' wealth structure, the wealth management market has entered a period of rapid development, and the transformation of wealth management business in securities companies has yielded impressive initial results.

As of the end of June 2021, the balance of margin financing and securities lending was RMB1.78 trillion, representing a year-on-year increase of 53%, and an increase of 10% from the beginning of the year; of which, the balance of margin financing was RMB1.63 trillion, representing a year-on-year increase of 44%, and the balance of securities lending increased significantly by 482% year-on-year to RMB156 billion. As the reform of the registration system and the optimization of the refinancing mechanism continued to produce positive effects, social security funds, QFIs, legal entities and products have become more involved in refinancing securities lending, so the supply of securities in the market has further increased, and diversification strategies of securities lending investors have been implemented.

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### *Operating measures and performance:*

Adhering to the customer-centric concept, the Company has continued to promote the layout of wealth management business, consolidated the client manager system, accelerated the establishment of an investment advisory team and a customer service system. The Company also improved transaction services, investment consulting services and capabilities of selling products based on asset allocation, so as to create a differentiated brand in wealth management business. As of the end of June 2021, the number of customers of wealth management of the Company (excluding dormant accounts) amounted to 13,865 thousand, representing an increase of 5.4% compared to that of the beginning of the Reporting Period. The total assets of customers amounted to RMB2.64 trillion at the end of the period, representing an increase of 9.5% as compared to the end of the previous year. During the Reporting Period, the Company's stock and fund trading volume amounted to RMB8.19 trillion, representing an increase of 11.8% as compared to such amount of the same period of the previous year.

### *Changes in Trading Volume of the Company*

	The Reporting Period	The corresponding period of previous year
Trading volume of stocks (RMB100 million)	76,344	69,009
Trading volume of funds (RMB100 million) <sup>1</sup>	5,527	4,190
Total (RMB100 million)	81,871	73,199

#### *(1) Retail brokerage business*

In the first half of 2021, the Company comprehensively strengthen the depth and breadth of retail customer services. The assets of new customers increased by 131% year-on-year, and the quality and output of new account openings improved. The Company accelerated the establishment of smart operation and completed the promotion of smart equipment in 12 branches in the Pearl River Delta, Beijing-Tianjin-Hebei region and other regions. Adhering to the customer-centric concept, the Company recruited entrepreneurs in order to cultivate a team of elite financial planners, so as to build a differentiated private client wealth management system. The Company has comprehensively improved its capabilities to serve different kinds of customers, and built four kinds of services under the brand "Tongying Wealth (通盈财富)", including smart tool services, investment

<sup>1</sup> Excluding trading volume of on-market currency funds, which is different from the standard of market transactions

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advisory value-added services, fund recommendation products, and fund holding services. The Company has achieved differentiated customer services by matching customers to the tiered system of “Universal Membership (通享會員)”, which met customers’ diversified wealth management needs. With the advantages of financial technology, the long-tail retail customers of Haitong were covered. The Company has been committed to building a customer portrait system, formed a precision operation closed loop according to the life cycle of customers. And target users were matched with target products, which improving the conversion rate of business of the Company.

### (2) *Internet finance*

As of the end of June 2021, the total number of users on the mobile platform e-Haitong Cai exceeded 39.5 million, and the number of monthly active users on the platform exceeded 4.7 million, ranking among the top four in the industry. In 2021, the “e-Haitong Cai (e海通財)” App continued to upgrade and innovate in the fields of trading, market quotation, information, wealth management, investment advisory, decision-making, and asset allocation. Through cutting-edge technologies such as big data and artificial intelligence, the platform has grasped industry trends, closely followed the needs of users, and continuously innovated and made breakthrough in the depth and breadth of its functions. In the first half of 2021, ShareEBook (institutional trading version) (e海方舟-機構交易版) improved its six features. The Company launched ShareEBook (quantitative trading version) (e海方舟-量化交易版) in January 2021, which is complementary to ShareEBook (institutional trading version) that focuses on realizing the high-end trading needs of customers who prefer manual trading. In the first half of 2021, the trading volume of stocks and funds on ShareEBook increased by 49.47% year-on-year, and the number of active customers increased by 123% year-on-year.

### (3) *Sales of financial products*

The Company established a financial product committee to lay out the planning and development of financial product business. The financial product committee reformed and innovated in systems and mechanisms, advanced the process management of product sales, and promoted the rapid growth of product sales business. In the first half of 2021, the Company focused on promoting the sales of public fund brokerage settlement products, leading quantitative private equity products and structured products. The Company also increased the allocation of ETF funds and index products, and further diversified asset allocation for customers, thereby helping customers diversify risks. In addition, the Company launched a single asset allocation account to provide customized products for high-net-worth customers. In the first half of 2021, the total sales volume of the Company was RMB260.6 billion, representing a year-on-year increase of 17.6%. The daily average AUM of the Company was RMB90 billion, an average daily increase of 32.4% compared to the average daily of 2020.

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### (4) Financing business

As of the end of June 2021, the size of the financing business (excluding off-balance sheet asset management scale) of the Company was RMB108,429 million, representing an increase of RMB7,256 million from the beginning of the year. In addition, the balance of margin financing and securities lending increased by RMB8.872 billion to RMB76.555 billion from the beginning of the year. And the customer structure was further optimized. The Company continued to promote the steady development of the securities lending business. The securities lending service team was gradually expanded, and efforts were strengthened in terms of securities source supply, customer service and process optimization, so the market share of securities lending business continued to increase. The scale of stock pledge business of the Company decreased to RMB31,613 million, and the quality of the Company's assets remained stable.

#### *Changes in the scale of financing business of the Company as of the end of June 2021*

	As at the end of the Reporting Period	As at the end of the previous year
Balance of margin financing and securities lending business (RMB100 million)	765.55	676.83
Balance of stock pledge business (RMB100 million) <sup>2</sup>	316.13	333.02
Balance of stock repo transaction (RMB100 million)	2.61	1.89
Total (RMB100 million)	1,084.29	1,011.73

### (5) Futures business

The various businesses of Haitong Futures have been conducted steadily and the development momentum of Haitong Securities has been positive. In the first half of 2021, Haitong Futures' operating income and net profit both increased significantly year-on-year. The Company's futures agency transaction volume amounted to RMB22.4 trillion (unilateral calculation), and its market share was 7.83%, representing a year-on-year increase of 1.51 percentage points. The Company's futures agency transaction volume ranked second in the industry. At the end of June 2021, customer equity amounted to RMB42.3 billion, representing an increase of 30.2% from the beginning of the year, ranking at the forefront of the industry.

<sup>2</sup> It does not include stock pledged repo business operated through off-balance sheet asset management activities, the scale of such business as at the end of the Reporting Period was RMB14,992 million



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### 2. *Investment banking business*

#### *Market conditions:*

In the first half of 2021, China's economy recovered steadily after the Covid-19 pandemic. The reform of the registration system brought about the normalization of securities issuance, and macroeconomic improvement and capital market reforms promoted the A-share market with strong support. The A-share financing market continued to maintain a relatively good momentum overall. There was a total of 568 financing projects, and the total amount of fund raised was RMB787.47 billion, representing an increase of 53% and 21% year-on-year, respectively. Among them, a total of 245 IPOs were completed and RMB211 billion was raised. The number of listed companies has more than doubled (106%) over the same period of last year, and the funds raised increased by 51% year-on-year. The number of equity refinancing also increased significantly over the same period of last year. There were 232 companies that conducted placement in the first half of 2021, representing an increase of 90% over the same period in 2020. The amount of funds raised was RMB367.967 billion, representing an increase of 2.3% over the same period of last year. Among them, 73 companies issued convertible bonds, with the fund raised of RMB165.2 billion, representing a decrease of 20% over the same period in 2020, and an increase of 74% in the amount of funds raised. While the number of companies conducted financing and the amount of financing have increased, the market structure has also been further optimized. Due to the positive impact of the reform of the registration system, newly listed companies are dominated by the STAR Market and ChiNext, and a group of "hard-core technology" enterprises with strong development potential and innovative landed in A shares, which has injected new vitality into the high-quality development of the Chinese economy and the high-quality development of the capital market.

In the first half of 2021, various types of bonds were issued, which amounted to RMB29.39 trillion representing a year-on-year increase of 13%; the total amount of interest rate bonds issuance reached RMB9.14 trillion, representing a year-on-year increase of 3%; the issuance of credit bonds was basically the same as the same period of last year, with the volume of RMB9.33 trillion issued.



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### *Operating measures and performance:*

#### *(1) Equity financing*

The Company actively responds to the national strategy, seizes the opportunity of the registration system reform. The Company actively lay out and focus on exploring of the STAR Market and ChiNext. The Company's domestic equity financing business continued its good momentum and made every effort to advance the progress of projects, which achieved with outstanding operating results. In the first half of 2021, the Company completed 35 equity financing projects with issuance and listing, raising a total of RMB40.27 billion. Among them, 11 projects were listed on the STAR market, ranking first in the market; seven projects were listed on the ChiNext market, ranking first in the market; and 22 IPO projects were completed with offering size of RMB16,530 million, ranking second in the related market in terms of both the number of projects and offering size. At the same time, the Company has a wealth of equity business reserve projects. As of the end of June 2021, the number of IPO projects and equity refinancing projects (under review and approved but not yet issued) were 53 and 22, respectively, both ranking at the forefront of the industry. In the first half of 2021, the Company continued to strengthen the risk control of compliance and internal management of its investment banking business, cultivated concepts, organizations and capabilities that match the registration system, and played the role of "gatekeeper".

#### *Domestic IPO projects and reserve projects*

		The Reporting Period	The corresponding period of previous year
<b>IPO</b>	Amount (RMB100 million)	165.3	48.7
	Number of transactions	22	4
<b>Equity refinancing</b>	Amount (RMB100 million)	237.4	64.2
	Number of transactions	13	8
<b>Number of projects under review</b>	IPO	53	48
	Equity refinancing	22	17

Source: WIND, CSRC, SSE and SZSE

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Regarding overseas equity financing business, Haitong International continued to maintain its leading position among investment banks of Hong Kong, despite repeated outbreaks of the Covid-19 pandemic globally. It completed 22 IPO projects in the first half of 2021, ranking first among all investment banks in Hong Kong in terms of the number of underwritten projects and the underwritten amount. Haitong International completed a total of eight equity financing projects in overseas capital markets, including five US equity financing projects and three Indian equity financing projects. These experiences further strengthened the Company's project execution capabilities and brand influence in overseas markets.

### (2) Bond financing

Regarding domestic bond financing business, various operating indicators remained stable. During the Reporting Period, the Company underwrote 488 tranches of various bonds, with a total underwritten amount of RMB237.8 billion, ranking at the forefront of the industry in the market. Among them, the underwritten amount of enterprises bonds was RMB26 billion, ranking first in the domestic bond financing industry; and the underwritten amount of corporate bonds was RMB76.7 billion, ranking fifth in the industry. In response to the national strategy, the Company drove forward business development with innovation. The Company issued the first technological innovation corporate bond in the central and western regions and helped Shenzhen Metro successfully issue the first carbon neutral bond on the SZSE.

#### *Changes in the underwritten scale of domestic bond (lead underwritten) projects*

		The Reporting Period	The corresponding period of the previous year
<b>Enterprise bonds</b>	Underwritten Amount (RMB100 million)	259.89	235.99
	Number of transactions	32	24
<b>Corporate bonds</b>	Underwritten Amount (RMB100 million)	766.97	741.12
	Number of transactions	173	161
<b>Others</b>	Underwritten Amount (RMB100 million)	919.17	1,281.48
	Number of transactions	227	254

Note: Others include security company bonds, non-policy related financial bonds, short-term commercial papers, mid-term notes, privately placed financing instruments, asset-backed securities and exchangeable bonds.

Source: WIND

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Regarding overseas bond financing business, Haitong International completed 136 bond issuance projects in the first half of 2021, including 27 green bond projects. In the Asian G3 High-yield Bond Issuance Market (excluding Japan), Haitong International ranked second among global financial institutions in terms of the number of bonds underwritten. Continuously adhering to the two driving strategies of the cross-border businesses namely “Local Business (本地業務)” and “China Element (中國元素)”, Haitong Bank has overcome the impact of the global pandemic and completed a number of bond underwritten projects. It participated issuance of guaranteed bonds of Hanhui International (瀚惠國際), Shuifa International (水發國際) and Shandong Finance Group (山東財經集團).

### 3. *Asset management business*

#### *Market conditions:*

2021 is the last year for the asset management business to be rectified in accordance with the New Regulations on Asset Management. Various asset management institutions have actively transformed their business, continued to reduce the scale of channel business. They strived to strengthen and improve active management capabilities. Based on the needs of residents’ wealth management, they have continuously innovated their product systems, launched and issued net-worth asset management products, and gradually enriched their net-worth product lines. According to the Securities Association of China, as of the end of June 2021, the total principal amount of funds under entrusted management by securities companies was RMB10.45 trillion, which was 39.5% lower than before the release of the New Regulations on Asset Management (at the end of 2017). However, the amount of assets under active management has increased to a certain extent compared with that as at the end of 2017. At the same time, the transformation of asset management business of securities companies into public placement business is accelerating. According to WIND, at present, more than 100 brokerage collective products have been transformed into public funds, with a total net asset value of more than RMB100 billion.

In 2021, the public fund industry continued to maintain a good development trend, and its market scale continued to grow. According to WIND, the number of newly established public funds reached 845 in the first half of 2021, and the amount of total funds raised reached RMB1.63 trillion. At the same time, the asset management scale of public funds reached a new high. According to the Asset Management Association of China, the total scale of public funds exceeded RMB23 trillion at the end of June 2021, representing an increase of 15.8% from the end of 2020.

#### *Operating measures and performance:*

The Company’s asset management business seized the opportunities of market development, maintained growth in the business scale and achieved excellent performance. As at the end of June 2021, the total AUM of the asset management business of the Company was more than RMB1.86 trillion, representing an increase of 12% as compared to the beginning of the year.

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### (1) HT Asset Management

HT Asset Management has actively followed the general trend of development in the asset management industry, and strived to promote the transformation of the massive collective asset management business into public fund business. The Company intends to establish a public and private asset management product line according to customer demands and based on market risk and return, and to gradually enrich its products portfolio to serve customers. The Company strives to cultivate and form multiple types of public or private asset management products covering equity investment, fixed-income investment, quantitative investment, cross-border investment and other alternative investments, in order to fully meet the wealth management needs of investors, and create long-term value for investors. As of the end of June 2021, the AUM of HT Asset Management was RMB188.2 billion, of which the assets under active management was RMB159.4 billion, representing an increase of 84.7% over the previous year.

#### *Changes in AUM and net income of HT Asset Management*

	The Reporting Period		The corresponding period of the previous year	
	AUM (RMB100 million)	Net income (RMB10 thousand)	AUM (RMB100 million)	Net income (RMB10 thousand)
Collective asset management	616	75,852	775	78,166
Targeted asset management	920	9,796	1,631	7,888
Specialized asset management	346	752	311	777
Total	1,882	86,400	2,717	86,831

### (2) Fund management company

As of the end of June 2021, the AUM of HFT Investment amounted to RMB348.0 billion, among which, the AUM of public funds was RMB129.5 billion, increasing 3.57% compared to the beginning of the year. The overall scale of pension funds business continued to grow, from RMB159.9 billion at the beginning of the year to RMB177.1 billion, representing an increase of 10.8% from the beginning of the year. Seven new funds were issued by HFT Investment during the Reporting Period and the fund raised amounted to RMB8.23 billion. The Company actively grasped the development trend of ETFs and successfully issued a Technology ETF of Southbound Trading, raising fund of RMB707 million.

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As of the end of June 2021, the AUM of Fullgoal Fund was more than RMB1.2 trillion, hitting a record high. Among them, the AUM of public funds was more than RMB790 billion, representing an increase of over 34% from the end of the previous year. According to the Asset Management Association of China, non-monetary public funds ranked fifth in the latest industry ranking in terms of average monthly size. Fullgoal Fund insists on vigorously promoting product innovation. Fullgoal's first Water REITs (水務REITs), Fullgoal Zhongzheng Technology Innovation and Entrepreneurship 50ETF (富國中證科創創業50ETF) and many other products have been among the first batch of such funds to be established in the industry.

### (3) Private equity investment funds

Haitong Capital was selected among as the first batch of sub-fund management institutions by China SME Development Fund (國家中小企業發展基金), and completed the establishment and first payment of Haitong (Hefei) Partnership (Limited Partnership)(海通(合肥)合夥企業(有限合夥)) of the China SME Development Fund, with an amount of funds totaling RMB2 billion. As of the end of June 2021, the AUM of private equity investment business was RMB26.4 billion. Eighteen investment projects were completed in the first half of 2021, with an investment amount of RMB1.08 billion. The Company has ten newly listed projects (including those approved) and fifteen projects under approval.

#### *Changes in the scale of private equity business*

	As at the end of the Reporting Period	As at the end of the last year
Number of funds managed	48	45
AUM balance (RMB100 million)	264	254
Accumulated number of investment projects	18	40
Accumulated amount of investment projects (RMB100 million)	11	29
Number of exited projects (including partial exit)	37	65

### (4) Overseas asset management

Haitong International continues to build a professional investment and management system, continuously enriches product lines and optimizes products based on market environment and customer needs, provides customers with interconnected global asset management solutions, and builds a one-stop professional investment service platform. As of the end of June 2021, the AUM of Haitong International was HKD52 billion. In the first half of 2021, Haitong International's asset management team performed outstandingly and won many industry awards from the Lipper Fund Awards Hong Kong 2021, Benchmark, and Insights & Mandate.

## Section III REPORT OF THE BOARD OF DIRECTORS

### 4. *Trading and institutional client services business*

#### *Market conditions:*

In the first half of 2021, the A-share market showed a structured market. The Shanghai and Shenzhen 300 Index rose by 0.24% and the ChiNext Index rose by 17.22%. The indexes in the bond market maintained a slow upward trend: ChinaBond Total Net Price Index rose by 0.38%, of which, ChinaBond Treasury Bond Total Net Price Index rose by 0.55%, and ChinaBond Corporate Bond Total Net Price Index rose by 2.53% from the beginning of the year.

#### *Operating measures and performance:*

##### *(1) Trading business*

In the first half of 2021, the Company leveraged trend and interest-rate neutral strategies when choosing fixed-income investments, moderately increased the varieties of investments, reduced concentration of investments, improved asset quality, and gradually increased the scale of interest rate debt allocation. With regard to equity investments, the Company proactively seized opportunities amidst market fluctuations this year, adjusted its position structure, and continuously developed new strategies for quantitative trends to achieve better returns.

The Company closely followed the investment business transformation trend of the industry, actively expanded equity OTC derivatives business, and achieved positive results. During the Reporting Period, the nominal principal of OTC option remaining trading of the Company increased by more than 250% year-on-year, with a market share of more than 13%, ranking at the forefront of the industry. The revenue of the Company from equity OTC derivatives business increased by more than 150% year-on-year. The option market-making business of the Company fully covers equity options on the SSE, the SZSE and the CFFEX, and its profitability and market-making rating have been continuously improved.

Regarding the Company's direct investment business, in the first half of 2021, there were four new direct equity investment projects. The Company completed the first capital contribution to the China SOEs Mixed Ownership Reform Fund. It co-invested in eleven projects on the STAR market with a co-investment amount of RMB334 million.

Haitong International insists on being customer-oriented and provides efficient and professional trading services for global institutional clients. In the first half of 2021, its stock trading volume by cash exceeded HK\$300 billion, representing a year-on-year increase of more than 40%. In terms of derivatives, the warrants and CBBCs business continued to grow significantly and won the Financial Institution Awards 2021-Securities Sector "Derivatives Provider of the Year -Excellence Award" issued by Bloomberg Businessweek.

## Section III REPORT OF THE BOARD OF DIRECTORS

### (2) *Institutional client business*

The Company has continued to build a first-class research brand in the industry, and achieved good results in providing customers with professional services and supporting the Company's business development, showing a good trend of branding, internationalization, informationization, and diversified sales models. In the first half of 2021, the Company organized more than 8,100 roadshows and visits for institutional clients, issued more than 2,700 reports, held 769 teleconferences, and served more than 153 thousand customers, receiving positive responses and wide recognition from customers.

During the Reporting Period, the Company continued to remain at the forefront of the QFII/RQFII market, with a total of 131 trading customers and total assets of customers in an amount of RMB93.6 billion, representing a year-on-year increase of 53%. The Company explored custody business by expanding institutional clients and products, optimized the operation process of custody outsourcing, and deepened the transformation of comprehensive services, so as to achieve good results in securities settlement model funds and publicly offered ETF funds. In the first half of 2021, the scale of average daily custody and outsourcing business of the Company was RMB512.6 billion, representing a year-on-year increase of 53%, which consolidated its dominant position in the industry.

### 5. *Financial leasing business*

#### *Market conditions:*

In the first half of 2021, the financial leasing industry was faced with severe challenges including slowdown in market growth, increasingly fierce homogeneous competition, increased pressure on asset quality and risks control and the urge to adjust operating strategy and business model, thus the development of industry kept the trend of slowdown in growth the same as 2020. In the mid- and long-term, with China's economic growth, upgrading in industrial structure, and construction of new infrastructure, along with the vigorous development of emerging industries in the new era of "14th Five-Year Plan", China's financial leasing industry is still in the stage of steady growth and the vitality of the industry remains strong. In the meantime, with promulgation of local financial leasing industry regulations and the implementation of specific regulatory measures, leasing enterprises with irregular operations and non-standard governance will be integrated and cleared in a faster pace and the industry will be further concentrated, offering more favorable business environment and development opportunities to leading enterprises with sound governance, compliant business operations and strong strength. In the first half of 2021, the financial system continued to consolidate major strategic achievements in coordinating epidemic prevention and control as well as economic and social development through prudent monetary policies that are flexible, precise, reasonable and appropriate, thereby continued to improve the funding structure of financial institutions, kept a stable macro leverage ratio and further lowered real lending rates. Bonds issuance in the financial leasing industry amounted to RMB300,000 million in the first half of 2021, and using capital market for diversified and stable direct financing has become an important method of financing for leading leasing enterprises.

## Section III REPORT OF THE BOARD OF DIRECTORS

### *Operating measures and performance:*

In the first half of 2021, Haitong UT closely followed China's strategy and policy guidance, explored a new path of combination between industry and finance, continuously optimized its business direction, therefore ensured a stable business scale and revenue with effectively improved profitability. In the first half of 2021, Haitong UT's business scale recorded RMB29,170 million with total revenue of RMB4,050 million, representing an increase of 4.0% as compared with that of the same period of the previous year, and net profits of Haitong UT was RMB690 million, representing an increase of 10.3% as compared with that of the same period of the previous year. As of 30 June 2021, the total assets of Haitong UT amounted to RMB110,900 million, representing an increase of 2.6% as compared with that of 31 December 2020; non-performing asset ratio amounted to 1.08% and provision coverage ratio for non-performing asset amounted to 273.35%. Haitong UT actively responded to the government's call to support the development of the real economy with inclusive finance and contributed to the healthy development of small and micro businesses. Haitong UT performed its social responsibility through lifting industries out of poverty with finance. At the same time, Haitong UT continued to improve the comprehensive risk management system, enhanced the ability of proactive management on risks, and propelled high-quality and sustainable development of the Company.

### **THE SIGNIFICANT CHANGES OF THE COMPANY'S OPERATIONS DURING THE REPORTING PERIOD, AND THE EVENTS THAT OCCURRED DURING THE REPORTING PERIOD THAT HAD A SIGNIFICANT IMPACT ON THE COMPANY'S OPERATIONS AND EXPECTED TO HAVE A SIGNIFICANT IMPACT ON THE COMPANY'S OPERATIONS IN THE FUTURE**

✓ Not applicable



## Section III REPORT OF THE BOARD OF DIRECTORS

### IV. OPERATIONS DURING THE REPORTING PERIOD

As at 30 June 2021, the total assets of the Group was RMB723,092 million, and the net assets attributable to the parent company was RMB158,179 million. For the six months ended 30 June 2021, the Group recorded a revenue of RMB30,774 million, net profit attributable to the parent company was RMB8,170 million, and a weighted average return on net assets was 5.10%. Its subsidiaries recorded revenue of RMB17,827 million, accounting for 57% of the total revenue, and the overseas businesses realized revenue of RMB8,096 million, accounting for 26% of the total revenue.

#### (I) Analysis of the consolidated statement of profit or loss

##### 1. Composition of revenue

Unit: RMB'000

Items	Six months ended 30 June 2021 Amount	Six months ended 30 June 2020 Amount	Increase/decrease	
			Amount	Percentage
Commission and fee income	9,131,298	7,350,439	1,780,859	24.23%
Interest income	7,499,427	7,004,259	495,168	7.07%
Finance lease income	1,771,581	1,985,142	(213,561)	-10.76%
Investment income and gains (net)	6,789,175	5,847,746	941,429	16.10%
Other income and gains	5,582,239	3,790,552	1,791,687	47.27%
Total revenue, gains and other income	30,773,720	25,978,138	4,795,582	18.46%

From January to June of 2021, the total revenue, gains and other income realized by the Group amounted to RMB30,774 million, representing an increase of RMB4,796 million, or 18.46% as compared to the corresponding period of last year, mainly due to the increase of commission and fee income and income from commodity trading.

## Section III REPORT OF THE BOARD OF DIRECTORS

### a. Commission and fee income

Unit: RMB'000

Items	Six months ended 30 June 2021	Six months ended 30 June 2020	Increase/ decrease of amount	Increase/ decrease of percentage
Commission and fee income of securities and futures brokerage business	4,528,298	3,761,444	766,854	20.39%
Underwriting and sponsor fees	2,392,905	1,604,606	788,299	49.13%
Asset management fee income (including fund management income)	1,845,893	1,652,487	193,406	11.70%
Financial advisory and consultancy fee income	291,438	262,842	28,596	10.88%
Others	72,764	69,060	3,704	5.36%
Total commission and fee income	9,131,298	7,350,439	1,780,859	24.23%

Commission and fee income amounted to RMB9,131 million, representing an increase of RMB1,781 million or 24.23% as compared to the corresponding period of last year, mainly due to the increase of commission and fee income of securities and futures brokerage business, and underwriting and sponsor fees.

### b. Interest income

Interest income amounted to RMB7,499 million, representing an increase of RMB495 million or 7.07% as compared to the corresponding period of last year, mainly due to the increase in interest from advances to customers on margin financing.

## Section III REPORT OF THE BOARD OF DIRECTORS

### c. Investment income and gains (net)

Investment income and gains (net) amounted to RMB6,789 million, representing an increase of RMB941 million or 16.10% as compared to the corresponding period of last year, mainly due to the increase in financial asset investment income.

### Statement of the Principal Businesses of the Group

#### Principal businesses by segment

Unit: RMB'000

By segment	Segment income	Segment expense	Segment profit margin	Segment income movement as compared to the corresponding period of last year	Segment expense movement as compared to the corresponding period of last year	Segment profit margin movement as compared to the corresponding period of last year
Wealth management business	8,451,451	5,187,034	38.63%	10.23%	-8.16%	12.29%
Investment banking business	3,160,466	1,528,397	51.64%	35.85%	23.88%	4.67%
Asset management business	2,220,195	1,042,688	53.04%	22.39%	13.79%	3.55%
Trading and institutional client services	8,701,722	4,500,682	48.28%	10.59%	-10.35%	12.08%
Financial leasing business	4,253,572	3,460,652	18.64%	1.49%	-0.67%	1.77%
Others	3,986,314	4,018,062	-0.80%	88.77%	89.47%	-0.37%

#### Principal businesses by region

Unit: RMB'000

By region	Segment income	Segment expense	Segment profit margin	Segment income movement as compared to the corresponding period of last year	Segment expense movement as compared to the corresponding period of last year	Segment profit margin movement as compared to the corresponding period of last year
Domestic business	22,677,672	13,614,636	39.96%	29.09%	23.74%	2.60%
Overseas business	8,096,048	6,122,879	24.37%	-3.74%	-17.49%	12.60%
Subtotal	30,773,720	19,737,515	35.86%	18.46%	7.14%	6.78%

## Section III REPORT OF THE BOARD OF DIRECTORS

From January to June of 2021, the Group's wealth management business income amounted to RMB8,451 million, representing an increase of RMB784 million or 10.23% as compared to RMB7,667 million of the corresponding period of last year, mainly due to steady promotion of wealth management transformation and improvement of services to core clients. Investment banking segment income amounted to RMB3,160 million, representing an increase of RMB834 million or 35.85% as compared to RMB2,326 million of the corresponding period of last year, mainly due to promotion of the progress of equity financing projects, enhancement of VIP customer network construction and increase of underwriting business scale. Asset management segment income amounted to RMB2,220 million, representing an increase of RMB406 million or 22.39% as compared to RMB1,814 million of the corresponding period of last year, mainly due to improving active management ability and increase of the proportion of AUM of active management. Trading and institutional client services segment income amounted to RMB8,702 million, representing an increase of RMB834 million or 10.59% as compared to RMB7,868 million of the corresponding period of last year, mainly due to actively seizing market opportunities, optimizing investment strategies and achieving better results. Financial leasing segment income amounted to RMB4,254 million, representing an increase of RMB63 million or 1.49% as compared to RMB4,191 million of the corresponding period of last year, mainly due to continuously building specialized ecosystem, deepening business synergy and notable income from projects. Other segment income amounted to RMB3,986 million, representing an increase of RMB1,874 million or 88.77% as compared to RMB2,112 million of the corresponding period of last year.

### 2. Composition of expenses

Unit: RMB'000

Total expenses	Six months ended 30 June 2021	Six months ended 30 June 2020	Increase/Decrease	
			Amount	Percentage
Depreciation and amortisation	792,437	614,149	178,288	29.03%
Staff costs	4,299,089	2,954,268	1,344,821	45.52%
Commission and fee expenses	1,966,121	1,629,782	336,339	20.64%
Interest expenses	5,909,050	6,780,490	(871,440)	-12.85%
Impairment losses under expected credit loss	1,024,765	2,900,271	(1,875,506)	-64.67%
Impairment losses of other assets	44,083	10,457	33,626	321.56%
Other expenses	5,701,970	3,533,466	2,168,504	61.37%
Total	19,737,515	18,422,883	1,314,632	7.14%

## Section III REPORT OF THE BOARD OF DIRECTORS

From January to June of 2021, total expenses of the Group amounted to RMB19,738 million, representing an increase of RMB1,315 million or 7.14% as compared to the corresponding period of last year, mainly due to the increase in staff costs and cost of commodity trading.

From January to June of 2021, the Group realised a net profit attributable to shareholders of the Company of RMB8,170 million, representing an increase of 49.00% as compared to the corresponding period of last year. The Group realized basic earnings per share of RMB0.63, representing an increase of 31.25% as compared to the corresponding period of last year; the weighted average return on net assets amounted to 5.10%, representing an increase of 0.84 percentage point as compared to the corresponding period of last year.

### 3. Public welfare contributions

From January to June of 2021, the Group contributed a total of RMB22,950 thousand in public welfare areas including environmental protection, disaster relief donations, education subsidies and charity donations.

#### Breakdown of public welfare contributions for January to June of 2021

Unit: RMB'000

Items	Amount during the Reporting Period
Charity donations	22,950
Total	22,950

### 4. Cash flow

From January to June of 2021, the Group's net increase in cash and cash equivalents was RMB14,885 million, in which:

Net cash generated from operating activities was RMB22,662 million which was mainly due to cash inflow of RMB14,086 million caused by decrease in financial assets held under resale agreements, cash inflow of RMB10,175 million caused by increase in accounts payable to brokerage clients and other payables and accrual and cash inflow of RMB5,703 million caused by increase in financial liabilities at fair value through profit or loss and derivative financial liabilities.

Net cash used in investing activities was RMB116 million which was mainly due to cash outflow of RMB5,416 million caused by purchase of debt instruments at fair value through other comprehensive income.

Net cash used in financing activities was RMB7,660 million which was mainly due to cash outflow of RMB114,407 million caused by repayment of borrowings, short-term financing bills payables, and non-convertible bonds, cash inflow of RMB65,567 million caused by proceeds from short-term financing bills payables and non-convertible bonds and cash inflow of RMB45,749 million caused by borrowings raised.

### 5. Others

During the Reporting Period, there were no material changes in the composition and sources of the Group's profits.

## Section III REPORT OF THE BOARD OF DIRECTORS

### (II) Analysis on major items of the consolidated statement of financial position

#### 1. Analysis on major items of consolidated statement of financial position

Unit: RMB'000

	30 June 2021	Composition	31 December 2020	Composition	Increase/decrease Amount	Percentage
<b>Non-current assets</b>	<b>133,343,545</b>		138,221,209		(4,877,664)	-3.53%
Of which: Finance lease receivables	15,862,677	2.19%	20,751,276	2.99%	(4,888,599)	-23.56%
Debt instruments at fair value through other comprehensive income	15,327,908	2.12%	11,873,648	1.71%	3,454,260	29.09%
Equity instruments at fair value through other comprehensive income	9,656,322	1.34%	16,239,187	2.34%	(6,582,865)	-40.54%
Financial assets at fair value through profit or loss	27,817,891	3.85%	26,145,088	3.77%	1,672,803	6.40%
Other loans and receivables	2,041,320	0.28%	3,235,445	0.47%	(1,194,125)	-36.91%
Investments accounted for using equity method	4,708,371	0.65%	4,428,307	0.64%	280,064	6.32%
Financial asset held under resale agreements	837,202	0.12%	2,195,793	0.32%	(1,358,591)	-61.87%
Property and equipment	14,876,691	2.06%	15,109,289	2.18%	(232,598)	-1.54%
Loans and advances	3,222,488	0.45%	2,775,492	0.40%	446,996	16.11%
Goodwill	3,840,849	0.53%	3,884,910	0.56%	(44,061)	-1.13%
<b>Current assets</b>	<b>589,748,696</b>		555,852,142		33,896,554	6.10%
Of which: Bank balances and cash	147,945,564	20.46%	122,583,420	17.66%	25,362,144	20.69%
Clearing settlement funds	14,144,756	1.96%	11,852,301	1.71%	2,292,455	19.34%
Financial assets at fair value through profit or loss	192,675,011	26.65%	194,251,416	27.99%	(1,576,405)	-0.81%
Advances to customers on margin financing	80,176,274	11.09%	73,067,592	10.53%	7,108,682	9.73%
Accounts receivable	14,372,621	1.99%	8,410,000	1.21%	5,962,621	70.90%
Financial assets held under resale agreements	46,536,817	6.44%	55,769,601	8.04%	(9,232,784)	-16.56%
Finance lease receivables	25,439,566	3.52%	27,660,127	3.99%	(2,220,561)	-8.03%
Debt instruments at fair value through other comprehensive income	2,008,704	0.28%	1,234,515	0.18%	774,189	62.71%
Deposits with exchanges	19,044,001	2.63%	17,208,163	2.48%	1,835,838	10.67%
Derivative financial assets	1,161,149	0.16%	1,837,912	0.26%	(676,763)	-36.82%
Other loans and receivables	15,438,135	2.14%	16,884,562	2.43%	(1,446,427)	-8.57%
<b>Total assets</b>	<b>723,092,241</b>		694,073,351		29,018,890	4.18%

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	30 June 2021	Composition	31 December 2020	Composition	Increase/decrease Amount	Percentage
<b>Current liabilities</b>	<b>366,924,682</b>		356,936,346		9,988,336	2.80%
Of which: Accounts payable to brokerage clients	115,515,985	21.01%	108,167,568	20.57%	7,348,417	6.79%
Financial assets sold under repurchase agreements	59,826,002	10.88%	60,563,433	11.52%	(737,431)	-1.22%
Borrowings	57,941,010	10.54%	59,132,650	11.24%	(1,191,640)	-2.02%
Placements from banks and other financial institutions	12,897,495	2.35%	12,059,685	2.29%	837,810	6.95%
Financial liabilities at fair value through profit or loss	20,456,462	3.72%	22,226,074	4.23%	(1,769,612)	-7.96%
Derivative financial liabilities	2,518,106	0.46%	2,672,279	0.51%	(154,173)	-5.77%
Other payables and accruals	35,354,238	6.43%	21,187,155	4.03%	14,167,083	66.87%
Short-term financing bills payables	19,408,105	3.53%	25,718,523	4.89%	(6,310,418)	-24.54%
Customer accounts	5,339,500	0.97%	4,413,388	0.84%	926,112	20.98%
Tax liabilities	1,423,231	0.26%	2,986,567	0.57%	(1,563,336)	-52.35%
Bonds payables	34,636,755	6.30%	36,233,688	6.89%	(1,596,933)	-4.41%
<b>Net current assets</b>	<b>222,824,014</b>		198,915,796		23,908,218	12.02%
<b>Non-current liabilities</b>	<b>182,874,260</b>		169,010,693		13,863,567	8.20%
Of which: Bonds payable	121,695,340	22.13%	111,604,522	21.22%	10,090,818	9.04%
Long-term borrowings	29,681,813	5.40%	33,597,907	6.39%	(3,916,094)	-11.66%
Financial liabilities at fair value through profit or loss	18,174,825	3.31%	10,012,227	1.90%	8,162,598	81.53%
Placements from banks and other financial institutions	3,143,570	0.57%	3,009,828	0.57%	133,742	4.44%
<b>Total liabilities</b>	<b>549,798,942</b>		525,947,039		23,851,903	4.54%
<b>Total equity</b>	<b>173,293,299</b>		168,126,312		5,166,987	3.07%

\* Percentages for assets and liabilities refer to the share of the total assets and the share of the total liabilities respectively

As of 30 June 2021, the total assets of the Group amounted to RMB723,092 million, representing an increase of RMB29,019 million or 4.18% as compared to the end of 2020, and the total liabilities of the Group amounted to RMB549,799 million, representing an increase of RMB23,852 million or 4.54% as compared to the end of 2020.

## Section III REPORT OF THE BOARD OF DIRECTORS

As of 30 June 2021, the non-current assets amounted to RMB133,344 million, representing a decrease of 3.53% as compared to the end of 2020, mainly due to the decrease of equity instruments at fair value through other comprehensive income; the current assets amounted to RMB589,749 million, representing an increase of 6.10% as compared to the end of 2020, mainly due to increase of bank balances and cash. The current liabilities were RMB366,925 million, representing an increase of 2.80% as compared to the end of 2020, mainly due to increase of accounts payable to brokerage clients. The net current assets were RMB222,824 million, representing an increase of 12.02% as compared to the end of 2020. The non-current liabilities were RMB182,874 million, representing an increase of 8.20% as compared to the end of 2020, mainly due to increase in bonds payable.

As of 30 June 2021, the Group's equity attributable to shareholders of the Company was RMB158,179 million, representing an increase of RMB4,730 million or 3.08% as compared to the end of 2020; excluding the influencing of accounts payable to brokerage customers, the Group's gearing ratio was 71.48%, representing an increase of 0.18 percentage point as compared to 71.30% as at the end of 2020. The Group's asset-liability structure remained relatively stable.

### *Borrowings and bond investment*

As of 30 June 2021, the total borrowings and bond financing of the Group amounted to RMB263,363 million. The following table sets forth the breakdown of the Group's borrowings and bond financing as at the end of June 2021:

*Unit: RMB'000*

	30 June 2021	31 December 2020
Bonds payables	156,332,095	147,838,210
Borrowings	87,622,823	92,730,557
Short-term financing bills payables	19,408,105	25,718,523
Total	263,363,023	266,287,290

For the interest rates and maturities of the borrowings and debt financing, please refer to Notes 40, 41 and 42 set out in the appended financial report.

As at 30 June 2021, the Group's borrowings, short-term financing bills and bonds payables due within one year amounted to RMB111,986 million, and the Group's net current assets, net of liabilities such as bonds payable, borrowings and short-term financing bills payables due within one year, amounted to RMB222,824 million. Therefore, liquidity risk exposure of the Group was immaterial.



## Section III REPORT OF THE BOARD OF DIRECTORS

Save as the liabilities disclosed in this report, as at 30 June 2021, the Group had no outstanding mortgage, charges, bonds, other debt capital, liabilities under acceptance or other similar indebtedness, lease purchase and financial leasing commitment, guarantee or other material contingent liabilities.

### (III) Analysis on investment

#### 1. General analysis on external equity investments

At the end of the Reporting Period, the Group's long-term equity investment was RMB4,708 million, representing an increase of RMB280 million or 6.32% as compared to RMB4,428 million of the end of last year. For long-term equity investment, please refer to Note 19 to the Interim Condensed Consolidated Financial Information in the Report.

##### (1) Material equity investment

During the Reporting Period, the Group had no material equity investment.

##### (2) Material non-equity investment

During the Reporting Period, the Group had no material non-equity investment.

##### (3) Financial instruments measured at fair value

The financial instruments measured at fair value of the Group are mainly consisted of financial assets at fair value through profit or loss of RMB220,493 million, financial liabilities at fair value through profit or loss of RMB-38,631 million, equity instruments at fair value through other comprehensive income of RMB9,656 million, debt instruments at fair value through other comprehensive income of RMB17,337 million, and derivative financial instruments of RMB-1,357 million.

### (IV) Material assets and equity disposal

During the Reporting Period, the Group had no material assets and equity disposal.

### (V) Analysis of principal holding subsidiaries or joint-stock companies

1. Haitong Capital, with a registered capital of RMB7,500 million, in which Haitong Securities holds 100% equity interest. As at 30 June 2021, the total assets of Haitong Capital reached RMB14,581 million, and the net asset was RMB12,887 million. In the first half of 2021, Haitong Capital realised an operating income of RMB1,492 million with a net profit of RMB1,088 million.

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2. Haitong International Holdings, with a registered capital of HK\$11,180 million, in which Haitong Securities holds 100% equity interest. As at 30 June 2021, the total assets of Haitong International Holdings reached HK\$308,241 million, and the net asset was HK\$39,243 million. In the first half of 2021, Haitong International Holdings realised a revenue of HK\$6,334 million with a net profit of HK\$1,847 million.
3. Haitong Innovation Securities, with a registered capital of RMB9,300 million, in which Haitong Securities holds 100% equity interest. As at 30 June 2021, the total assets of Haitong Innovation Securities reached RMB16,441 million, and the net asset was RMB15,911 million. In the first half of 2021, Haitong Innovation Securities realised an operating income of RMB1,328 million with a net profit of RMB1,024 million.
4. HT Asset Management, with a registered capital of RMB2,200 million, in which Haitong Securities holds 100% equity interest. As at 30 June 2021, the total assets of HT Asset Management reached RMB10,246 million, and the net asset was RMB4,910 million. In the first half of 2021, HT Asset Management realised an operating income of RMB1,000 million with a net profit of RMB555 million.
5. Shanghai Zechun, with a registered capital of RMB100 million, in which Haitong Securities holds 100% equity interest. As at 30 June 2021, the total assets of Shanghai Zechun reached RMB406 million, and the net asset was RMB129 million. In the first half of 2021, Shanghai Zechun realised an operating income of RMB28.1 thousand with a net loss of RMB7,873.8 thousand.
6. Shanghai Weitai Properties, with a registered capital of RMB10 million, in which Haitong Securities holds 100% equity interest. As at 30 June 2021, the total assets of Shanghai Weitai Properties reached RMB148 million, and the net asset was RMB10 million. In the first half of 2021, Shanghai Weitai Properties realised an operating income of RMB30 million with a net loss of RMB84.1 thousand.
7. Haitong-Fortis PE, with a registered capital of RMB100 million, in which Haitong Securities holds 67% equity interest. As at 30 June 2021, the total assets of Haitong-Fortis PE reached RMB320 million, and the net asset was RMB191 million. In the first half of 2021, Haitong-Fortis PE realised an operating income of RMB58 million with a net profit of RMB18 million.
8. Haitong Futures, with a registered capital of RMB1,301.5 million, in which Haitong Securities holds 66.667% equity interest. As at 30 June 2021, the total assets of Haitong Futures reached RMB48,104 million, and the net asset was RMB3,043 million. In the first half of 2021, Haitong Futures realised an operating income of RMB4,500 million with a net profit of RMB205 million.

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9. HFT Investment, with a registered capital of RMB300 million, in which Haitong Securities holds 51% equity interest. As at 30 June 2021, the total assets of HFT Investment reached RMB3,006 million, and the net asset was RMB1,688 million. In the first half of 2021, HFT Investment realised an operating income of RMB637 million with a net profit of RMB172 million.
10. Fullgoal Fund, with a registered capital of RMB520 million, in which Haitong Securities holds 27.775% equity interest. As at 30 June 2021, the total assets of Fullgoal Fund reached RMB9,591 million, and the net asset was RMB5,732 million. In the first half of 2021, Fullgoal Fund realised an operating income of RMB3,998 million with a net profit of RMB1,242 million.

### (VI) Structured entities controlled by the Company

The Company has recognised and included 70 structured entities (which are managed by the Company's subsidiaries) in its consolidated financial statements, considering the variable returns to which the companies in the consolidated financial statement are entitled or the risks to which they are exposed from such structured entities.

### (VII) Use of proceeds

Reference is made to the announcement on the Results of the Non-public Offering of A Shares and the Changes in Share Capital of the Company dated 5 August 2020, upon approval by the China Securities Regulatory Commission with the Approval in Relation to the Non-public Issuance of Shares by Haitong Securities Co., Ltd. (Zheng Jian Xu Ke [2020] No. 1038), the Company issued 1,562,500,000 Renminbi-denominated ordinary shares (A Shares) by way of non-public issuance. The registration and custody procedures were completed at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited on 5 August 2020. The issuance price was RMB12.80 per share and the total amount of raised proceeds was RMB20,000,000,000.00. After the deduction of issuance expenses of RMB159,829,525.00 (including VAT), the net proceeds raised amounted to RMB19,840,170,475.00. The funds raised from the above non-public issuance of A shares were received on 27 July 2020 and fully deposited into the special account for proceeds opened by the Company, and were verified by Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership), and the Capital Verification Report (De Shi Bao (Yan) Zi (20) No. 00354) was issued. In the application document of the non-public issuance of A shares, the Company committed that the raised funds would be mainly used in the following aspects:

- (1) an amount of no more than RMB6.0 billion will be used to develop capital-based intermediary business and enhance financial services capabilities;
- (2) an amount of no more than RMB10.0 billion will be used to increase FICC investment and optimize the structure of assets and liabilities;
- (3) an amount of no more than RMB1.5 billion will be used to increase investment in information system construction and enhance the informatization level of the Company;

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- (4) an amount of no more than RMB2.0 billion will be used to increase capital injection to investment banking business and promote development of investment banking business;
- (5) an amount of no more than RMB0.5 billion will be used to replenish working capital.

As of the end of the Reporting Period, the raised funds were fully utilized, in which, an amount of RMB6.0 billion was used for the development of capital-based intermediary business, RMB10.0 billion was used for FICC investment, RMB1.5 billion was used for information system construction, RMB2.0 billion was used for capital injection to investment banking business, and approximately RMB0.34 billion was used for replenishment of working capital.

### V. OTHER DISCLOSURE

#### (I) Potential risks and prevention measures

##### 1. Summary of risk management

The Company has been attaching great importance to risk prevention and control, and set up the operational philosophy of “pragmatic, pioneering, steady and excellent” and the risk control philosophy of “prudence and even conservativeness”. The operation management of the Company adhered to the principle of the priority for compliance and priority for risk management.

According to the Standards of Comprehensive Risk Management of Securities Companies (《證券公司全面風險管理規範》) and other regulatory requirements and internal rules, the Company continued to improve the establishment of its comprehensive risk management system, enhanced the consolidated management of risk control indicators, improved the Group’s T+1 risk data mart and promoted the vertical development of the comprehensive risk management system of the Group in terms of full coverage, monitoring, measurement, analysis and risk-response ability. The Company built a clearly arranged risk management structure covering various types of risks, different business lines and all departments/branches/subsidiaries, constantly revamped various risk management processes including risk identification, assessment, measurement, monitoring, reporting and response, regulated various business processes and enhanced advance prevention, in-process monitoring and follow-up inspection and handling as to the risks. The Company established a three-level risk control indicator system covering supervision indicators, risk tolerance and risk limit indicators as well as business risk control indicators, realized dynamic monitoring and automatic warning through the system, and conducted stress tests to assess extreme risks. In the meanwhile, with the framework of the same business and same client management, the Company established a group risk limit system, conducting daily monitoring by separating each department and subsidiary. The Company measured market risks, credit risks and liquidity risks, established a model management mechanism and procedure, and carried out ongoing assessments and validations of the model. The Company included the risks of its subsidiaries into the scope of reports and regularly prepared daily reports, monthly reports, quarterly reports, interim/annual reports on the risks of the Group, and prepared special reports on significant risk events. The Company

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chose proper countermeasures according to risk assessment and warning results, and established an effective response mechanism as well as operational contingency plans. In addition, the Company provided guarantee and support for comprehensive risk management through measures including risk cultural advocacy, the construction of the risk management systems, the formation of the risk management information systems, the management of the risk data, the establishment of the risk management talent team and investment in risk management.

### 2. *Structure of Risk Management*

In compliance with the Company Law, the Securities Law, the Guidelines for Internal Control of Securities Companies, the Standards of Comprehensive Risk Management of Securities Companies, and the rules and regulations of the Company, the Company has built a multi-level organizational structure of risk management, and determined specific responsibilities in risk management at all level for the Board of Directors, the Supervisory Committee, the management, the Chief Risk Officer (“**CRO**”), the risk management department, the business and management department, branches and subsidiaries.

The Board is the maker and authorizer of the Company’s strategic objectives for risk management, and is responsible for reviewing and approving the overall objective, fundamental policy and important system of the Company’s risk management, the overall risk preference and risk tolerance of the Company, solutions for material risks, periodic risk assessment report, supervision on the implementation of the Company’s risk management policy, appointment, dismissal and evaluation of CRO, as well as the establishment of a direct communication mechanism with the CRO and other duties stipulated by the Articles of Association. The Board has set up the Compliance and Risk Control Committee to perform the specific risk management duties.

The Supervisory Committee supervises the Company’s risk management and internal control system and is responsible for the supervision of risk management and internal control established and implemented by the Board and the management, as well as other responsibilities stipulated in the Articles of Association.

Based on the authorization of the Board, the management is responsible for setting up an organizational structure with clear responsibilities and procedures, formulating risk management policies, rules and regulations of the Company, carrying out overall risk preference and risk tolerance policies, identifying, evaluating and responding to all kinds of risks, establishing a sound and effective risk management system and mechanism, timely dealing with or correcting existing issues or defects, reviewing and dealing with major risk event, establishing an overall performance evaluation system covering risk management effectiveness, building a perfect IT system and data quality control mechanism, as well as performing other risk management duties delegated by the Board.

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The Company has a CRO, which is appointed by the Board of Directors. The CRO is the senior management member who is responsible for the overall risk management of the Company. The CRO is required to organize and implement risk management policies, rules and regulations determined by the Board and the management, arrange supervision, reviews, and evaluations for risk management systems established and perfected by the Company, arrange supervision and inspections for the implementation of risk management policies and procedures, make suggestions on and supervise the improvement of existing problems in risk management, arrange instruments and approaches that evaluate and improve risk management, regularly organize evaluations for the level of major risks to which the Company is exposed and its management status, file evaluation reports to the management, the Board and regulatory authorities, as well as organize the nomination and assessment for the persons in charge of risk management in subsidiaries.

The Company established a risk management department, which is led by the CRO, to perform risk management functions, and is responsible for drafting risk management policies, rules and regulations, supervising and guiding each unit to formulate business risk management systems and procedures, identifying and evaluating major risks of the Company's related businesses, organizing supervision and inspections for the implementation of the risk management systems of different businesses, regularly evaluating and reporting overall risk level and risk management, as well as timely reporting significant potential risks or risk events and giving risk treatment suggestions accordingly. In addition, the compliance and legal department is responsible for the management of compliance risk, money laundering risk and terrorism financing risk, the funds management head office of the Company is responsible for the management of liquidity risk, the general manager's office is responsible for the management of reputation risk, and the IT management department is responsible for IT risk.

The Company's departments, branches and subsidiaries are responsible for risk management within the scope of their operation and management, establishing sound risk management systems and procedures accordingly, carrying out risk management policies and related risk management. The heads of all departments, branches and subsidiaries assume direct responsibilities of risk management effectiveness. The departments, branches and subsidiaries of the Company appoint personnel to take charge of risk management in their respective units, and supervise, inspect, and report the implementation of risk management policies and systems, as well as perform the front-line risk management responsibilities.

The Company's audit department carries out regular inspections for risk management and regular evaluations for the effectiveness of the risk management system, and makes suggestions for improvement based on the evaluation result.

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In respect of the risk management of subsidiaries, all subsidiaries operate in a standardized way and in accordance with the law. The Company integrates the risk management of subsidiaries into its overall risk management system through various mechanisms. The Company has effectively implemented vertical risk management for subsidiaries in terms of nomination of subsidiaries' persons in charge of risk management, release of risk limit indicators, risk events and risk assessment reports, approval of major issues, incorporation of risk data into the Company's unified management, supervision and inspection, risk management assessment, etc.

### **3. *Prevention measures to potential risks and the performance during the Reporting Period***

The risks faced by the Company in business operation activities mainly include: compliance risk, money laundering and terrorism financing risk, credit risk, market risk, operational risk, liquidity risk and reputation risk, which are detailed as follows:

#### **(1) *Compliance risk***

The compliance risk mentioned in the Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies (《證券公司和證券投資基金管理公司合規管理辦法》) refers to the risk that a securities fund management company may be investigated for legal liabilities, subjected to regulatory measures, disciplinary action, or suffers property loss or reputation loss due to violation of laws, regulations and rules due to the management or practice of the securities fund management company or its staff.

The Company has established scientific and reasonable compliance management framework systems with clear responsibilities according to the compliance management regulatory requirements and the actual situation of the Company. The responsibilities and duties of the Board of Directors, the Supervisory Committee, the person in charge of operation and management, the General Compliance Officer, and other senior management in respect of compliance management are further clarified. The work division and coordination and interaction of the compliance department, other internal control departments and subordinate units of the Company (including each department, branch and subsidiary) are further defined. The Company has formulated the Measures for the Compliance Management of Haitong Securities Co., Ltd. and relevant ancillary compliance management systems, and assigned a team of compliance management personnel to strictly carry out compliance management for each business line. These measures serve to strengthen the enforcement of different systems, mechanisms and processes via prior review, in-process monitoring and post-action inspection, assessment and accountability. Meanwhile, the Company enhanced policy communication and compliance advocacy so as to create a business environment of "Full Compliance and Active Compliance".



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In the first half of 2021, to effectively prevent compliance risks and to facilitate the effective operation of the Company's compliance management for sustainable, healthy and compliant development, the Company continued to enhance prior review, in-process monitoring and post-action inspection, assessment and accountability in its compliance process, continued to enhance the Group's compliance management, advanced the development of the central control room and information isolation wall of the Group, strengthened the review of the rules and regulations of the Group, ramped up compliance inspections, extensively promoted the compliance management requirements of the securities business and continually fostered the frontline environment of "Full Compliance and Active Compliance".

### (2) *Money laundering and terrorism financing risk*

The Guidelines for the Management of Money Laundering and Terrorism Financing Risk of Corporate Financial Institutions (Trial) (《法人金融機構洗錢和恐怖融資風險管理指引(試行)》) sets out specific requirements for the management of money laundering, terrorism financing and proliferation financing risks. The risk of money laundering, terrorism financing and proliferation financing exposing to the Company refers to the possibility that the Company's products or services are used by lawbreakers to carry out money laundering, terrorism financing and proliferation financing activities.

The Company has always adhered to the work principle of taking risk prevention as its first priority, and adopted relevant measures to control the risks of money laundering and terrorism financing in strictly accordance with anti-money laundering laws and regulations. The Company has developed a relatively well-established anti-money laundering internal control system, which consists of the basic anti-money laundering system, implementation rules and various anti-money laundering special systems, and incorporated the relevant anti-money laundering contents in the Company's file management, compliance assessment and punishment rules. The Company has established a sound anti-money laundering organisational framework under the Board, forming an anti-money laundering management system coordinated by the anti-money laundering leading group of the Company, led by the compliance department for organization and implementation, and implemented by relevant business departments and branches.

In the first half of 2021, the Company commenced the anti-money laundering V8 system upgrade project to enable the risk classification management for money laundering and the monitoring and analysis of suspicious transactions on a "customer" basis, and further improved system functions and optimized system monitoring models, so as to improve the efficiency of anti-money laundering. Meanwhile, the Company further conducted customer data management, continued to supervise branches on carrying out customer identification.



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Furthermore, the Company progressively researched and explored the application of new technologies in anti-money laundering, and continued to improve the efficiency and ability to perform its duties in anti-money laundering. Faced with a regulatory environment that strictly complies with the law in an all-round manner, the Company constantly reinforced its duty performance capabilities in anti-money laundering so as to enhance the standard for anti-money laundering compliance management.

### (3) *Credit risk*

Credit risk refers to the risk that the Group may suffer loss as a result of failure by the borrower, counterparty or debt issuer to perform the stipulated financial obligations or any adverse change in their credit standing.

#### A. *Risks relating to self-owned monetary funds deposited in other financial institutions and securities brokerage business*

The Company's monetary funds are mainly deposited in state-owned commercial banks or joint-stock commercial banks with good reputation, while the clearing settlement funds are deposited in China Securities Depository and Clearing Corporation Limited. Such cash and cash equivalents are facing a relatively low credit risk. In terms of securities brokerage business, trading is settled under gross margin to avoid relevant credit risks.

#### B. *Risks relating to trading finance business*

The Group's trading finance business mainly includes: margin financing and securities lending, stock pledged repurchase, margin trading, stock repurchase transaction, etc. The relevant involved companies mainly manage and control the credit risk through formulating and implementing various strict systems and measures on due diligence, internal credit rating, project evaluation, credit approval management, daily mark-to-market, limit monitoring, post-lending tracking, credit enhancement, liquidation execution, judicial recourse and provision making. During the Reporting Period, the relevant entities of the Group continued to strengthen the credit and concentration management system, dynamically optimized the credit rating and secured securities discount rate models for specific customer groups, incorporated environmental, social and corporate governance risk assessment into the risk assessment process, and actively adjusted assets portfolio and structure and promoted risk mitigation procedures.

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### C. *Risks relating to credit bonds transaction and investment business*

The Company focuses on controlling concentration risk through a diversified investment. Investment subjects are mostly high credit rating assets. In credit risk management, the Company also keeps a close track of the operating conditions and credit rating changes of investment subjects and implements internal rating and standard credit management system and identifies and supplements credit risk monitoring indicators such as debt issuers, industries and geographic concentration. During the post-investment monitoring process, the Company updates the internal rating of debt issuer and credit limit indexes in a timely manner in accordance with the changes in financial indicators, significant risk events and negative public opinion, etc., and dynamically adjusts trading strategies.

### D. *Risks relating to financial leasing business*

In terms of conducting financial leasing business to support the development of the real economy, the Group develops credit risk management policies according to the industry and customers equally-focused strategy. In terms of industrial credit risk management, the Group dynamically tracks and assesses those risks according to the prosperity of the industry where financial leasing customers are operating, and correspondingly formulates relevant industry investment policies to control industry concentration risks. In terms of customer credit risk management and control, the Group mainly manages and controls customer credit risk through due diligence, internal rating, credit review, post-loan asset inspection, risk early warning and monitoring, and concentration limit control and other measures.

### E. *Risks relating to short-term intra-industry borrowing business such as bond repurchase, and over-the-counter derivatives business*

As for the short-term intra-industry borrowing business such as bond repurchase, the Company carefully selects the counterparties with good credit standing and secured securities with high credit rating through counterparties access and credit granting management, so as to control the level of credit risk from the source. In terms of over-the-counter derivatives business, the Company establishes a sound regulation system and procedure covering areas including counterparties access and credit rating management, subject securities management, risk responses and disposals and conducts daily marking-to-market evaluation throughout the term of over-the-counter derivative transaction and manages counterparty credit risk by fully adopting measures such as net settlement and performance guarantee. The Company's counterparties of short-term interbank borrowing and over-the-counter derivatives businesses are mainly commercial banks, securities companies, asset management plans and other entities. The Company selects appropriate business models

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carefully and strictly controls the business scale and adopts appropriate risk control measures during the operations of the aforesaid businesses. In the meantime, the Company paid attention to the correlation between credit risk and market risk, and adopted necessary monitoring and countermeasures for credit risks in the context of market fluctuations, including but not limited to transaction margin arrangement, internal rating, credit management of counterparties, future potential risk exposure measurement and wrong-way risk identification, etc.

The Group continues to improve the group-level credit risk management system in accordance with industry regulatory policies, capital market environment and the Group's business development strategies. During the Reporting Period, the entities of the Group have fully identified, assessed, measured, monitored, reported and eliminated the group-level credit risk with the same client and the same business as the core based on the Group's credit risk management measures and other systems. For example, relying on the Group's T+1 risk data mart, the Company has established and improved a group-level credit risk management information system that can cover the business of parent company and subsidiary. By improving the ability of risk identification, measurement and stress testing to continuously improve the credit risk limit system in the dimensions of asset quality, risk offset and concentration risk at the group level, efforts should be made to promote the group-level unified rating and centralized credit management mechanism, establish customer relationship structure underpinned by finance technology and develop public opinion risk monitoring and high-risk customer management tools, strengthen the systematic reporting process of credit risk assets of various entities of the Group, so as to effectively track and monitor the overall credit risk status and the implementation of risk limits of the Group. During the Reporting Period, the Group's core credit risk monitoring indicators were operating steadily, and the overall credit risk was under control. For three types of financing business, the Company actively optimized the business structure, carefully assessed new projects, and enhanced the tracking, monitoring and management of existing projects. It strengthened the debt collection efforts on existing risky projects and made provision for credit impairment in a prudent and proactive manner, thereby ensuring adequate risk provision. As of the end of the Reporting Period, the average performance guarantee ratio of our customers in margin financing and securities lending business was 281.74%, the average performance guarantee ratio of our customers in securities repurchase transaction business was 236.69%, and the average performance guarantee ratio of our customers in stock pledged repo business operated was 304.54%. The collaterals provided by the borrowers were sufficient, and the overall credit risk was under sound control.

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### (4) *Market risk*

Market risk mainly refers to the risk of losses of the Group's self-owned funds investment related business due to adverse changes in market prices (stock prices, interest rates, exchange rates, etc.) in its business activities.

- A. Stock price risk. Stock price risk mainly refers to the risk of changes in the market prices of the equity securities invested by the Group which could bring loss to the Group. The businesses with such risk mainly include equity securities proprietary business, market-making business and over-the-counter derivatives business, etc. With high uncertainties, stock price risk is one of the major market risks that the Group faces. The Group closely monitors the price fluctuation of relevant assets and has adopted relevant preventive measures, that is, it monitors and controls those risks through tracking any variation in investment scale and value-at-risk (VaR) of securities positions on a daily basis. By implementing diversified investment strategies, the Group properly controlled and timely adjusted total investment amounts of various securities, and managed the market risk effectively by combining the use of various hedging instruments.
- B. Interest rate risk. Interest rate risk refers to the risk caused by changes in factors such as the market yield curve or credit spread. The businesses that bear such risks mainly include bond investment business and interest rate derivatives business. The Group managed interest rate risk by employing methods such as size control and investment portfolio re-balancing to achieve a reasonable allocation of assets, to match the maturities of liabilities and assets and by evaluating interest rate risk through regular measurement of indicators such as duration, convexity and DV01 of investment portfolios.
- C. Exchange rate risk. Exchange rate risk refers to the risk resulting from changes in foreign exchange rates. During the Reporting Period, the Group's international layout continued to improve. Facing the complex and volatile overseas market, the Group took the initiative to reduce the leverage level of overseas assets. The overall scale of foreign currency assets was reduced, and the risk exposure of exchange rate was also reduced accordingly. The Group continued to monitor and study the latest developments in the foreign exchange market, constantly optimised system construction and internal management, took various measures to hedge and mitigate exchange rate risks exposure. The Group focused on matching foreign currency assets and liabilities to reduce the foreign exchange risk exposure. The Group also adopted treatments, for example, hedges of net investment in overseas operations and other means, to smooth the influence of foreign currency exposure on the Group's operating results. As at the end of the Reporting Period, the Group's exchange rate risk had no material impact on the financial statements.

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Save as the above-mentioned risk factors, overseas investment and transaction businesses conducted by the Group are also exposed to relevant market risks. Fluctuations of each element of market risk around the world may affect the overall profit or loss of the Group. During the Reporting Period, under the relevant requirements of the Group's market risk management measures, the Company continuously sped up the implementation of the procedures of market risk identification, assessment, measurement, monitoring, response and reporting at the Group level, and included the investment and transaction businesses of subsidiaries into the overall market risk management system. In terms of investment and transaction businesses conducted by the subsidiaries of the Group, the Group manages and controls those risks by setting and assigning market risk limit indicators such as value-at-risk limit and stop loss limit. Subsidiaries are required to strictly implement such requirements in daily business activities and submit risk reports to the parent company as required. The Group tracks and supervises its subsidiaries on their market risk profile and the implementation of risk limits based on the Group's T+1 risk data mart, the Group's market risk management system, risk reporting and other instruments or means.

The Group measures and controls market risks arising from various investment and transaction businesses through a VaR-based quantitative indicator system for market risks. VaR refers to the maximum possible loss arising from an investment portfolio due to market fluctuations in a specific forward-looking period in the future at a certain level of confidence, which is the main indicator to measure market risks. The specific measurement parameters of the Group's VaR model are confidence level of 95% and forward period of 1 day. The measurement of the model covers various financial assets and derivatives such as equity, interest rates and foreign exchange held at the Group level. The Group continuously monitors and evaluates the effectiveness of the VaR model by back testing and other means, and improves the VaR model according to the needs from business development and risk management. In addition, the Group has established a stress test management mechanism as an important supplement to the VaR model. By establishing various historical scenarios and simulation scenarios as well as the corresponding stress test transmission mechanism, the Group can measure the extreme losses that the investment and transaction businesses may face, and assess whether the losses are controlled at an acceptable level. During the Reporting Period, the ratio of the Company's VaR to its net assets at the end of each month and the ratio of the Group's VaR to its net assets both were kept under 0.3% and the market risk was controllable and acceptable.

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### (5) *Operational risk*

Operational risk refers to the risk associated with losses arising from the defects of the internal processes, misoperation or misconduct of staff, information system defects or breakdown, and external factors. Operational risk runs through all aspects of the Company's business development and daily operation process, and may lead to legal risk, compliance risk, reputation risk and other risks.

Pursuant to the operational risk management measures, the Company leveraged on various tools (including Risk and Control Self-Assessment, Key Risk Indicators and Loss Data Collection) to carry out the identification, assessment, monitoring, response and report of operational risk. While conducting risk and control self-assessment within the Group, the Company rationalized and updated the business process, identified risk points in main business processes, assessed inherent risk levels, effectiveness of control measures and residual risk levels. The Company established the Key Risk Indicators System covering the main departments and units of the Group, and collected and tracked the indicator values and their dynamic changes regularly. The Group conducted Loss Data Collection of operational risk within the Group, summarised and analysed relevant information, as well as followed up the progress of risk mitigation measures.

During the Reporting Period, the Company and related subsidiaries were subject to regulatory measures taken by regulatory authorities and the association of interbank traders due to violations of self-discipline management rules of the interbank market and incompliances in the process of developing the businesses of bond investment advisory and private asset management. In this regard, the Company attached great importance and implemented the relevant rectification work comprehensively and thoroughly in time in accordance with the requirements of supervision.

For information technology risks, the Company was continuously strengthening the construction of the information technology management system, continuously improving the network and information security incident emergency plan, monitoring and managing the information technology related conditions of system operation, system establishment, information security, technology management, etc. by carrying out regular drills, adopting regular or irregular monitoring, special inspections and other methods, to prevent information technology risks. The Company continued to strengthen the construction, operation and maintenance of its information technology systems and conducted regular and irregular inspections and maintenance in strict accordance with the operational management procedures to ensure the reliability, stability and safe operation of the systems, and no major information technology risk events occurred during the Reporting Period.

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### (6) *Liquidity risk*

Liquidity risk refers to the risk that the Company is unable to gain sufficient funds with reasonable cost in a timely manner to pay its due debts, satisfy other payment obligations and meet the requirements for carrying out normal business operations. As the proprietary trading business and financing business of the Company are relatively large, it is easily affected by the factors including macro policy, changes in market, operation conditions and client credit profile during its operations. Meanwhile, liquidity risk may also result due to unmatched asset-liability structure.

In respect of daily liquidity risk management, by adhering to the determined liquidity risk preferences and limits of risk indicators, the Company has successfully contained the liquidity risk exposure within a reasonable range through reasonable monitoring mechanism and control measures. The Company reserved sufficient quality liquidity assets in compliance with management requirements, which ensured smooth business development and timely repayment of matured liabilities of the Company. The Company continued to improve the management and control system for daily liquidity and risk indicators, built a linkage system of capital and indicator combining with assets and liabilities, and improved a liquidity risk analysis framework including daily indicator position follow-up, monthly indicator assessment and forecast and department indicator disassemble, which enriched tools of liquidity risk management over different periods of time, and enhanced the efficiency of the Company's management and forecast of liquidity risk.

In terms of mid-term and long-term liquidity risk management, the Company continued to optimise its asset allocation structure, intensified its analysis on the development trend of assets and liabilities and control over liquidity risks from the source. On the one hand, the Company set up the assets and liabilities allocation committee to actively carry out asset and liability management work and adjust its liability maturity mix by timely analysing business development trend and potential need for mid-term and long-term funds, in order to ensure a reasonable range of the maturity mismatch of assets and liabilities. On the other hand, the Company continued to enhance the level of liquidity refined management to ensure more reasonable liability structure and distribution of maturities, whilst maintaining a balance among asset safety, liquidity and profitability. During the Reporting Period, the Company valued maintaining good relationships with major commercial banks, emphasised regulated operations, maintained good reputation, and kept financing channels open.

## Section III REPORT OF THE BOARD OF DIRECTORS

Furthermore, the Company steadily implemented the requirements on the liquidity risk management for the Group and subsidiaries, and guided by the Group's liquidity risk management measures, the Company developed scientific and effective liquidity risk management strategies as per the business characteristics of each subsidiary, which basically realised the unified management of liquidity risk across the Group. Firstly, with the aim to guide the improvement of subsidiaries' liquidity risk management systems, the Company continued to implement classified management of subsidiaries in terms of risk and asset-liability management, etc. on the basis of liquidity risk management, with different requirements proposed from three aspects: organisational system guarantee, risk control framework and risk response measures. Secondly, the Company issued limit management requirements for the subsidiaries based on the liquidity risk indicators and the industry, location and risk features of the subsidiaries, to monitor the liquidity risk actuality of each subsidiary more effectively. Lastly, to strengthen the Group's capability to handle liquidity risks, and to underline the Group's advantages of managing and coordinating information, the Company adopted the Group's liquidity supporting management measures as its general management guiding principle, continuing to improve the support system for the Group's liquidity, safeguarding the Group against any liquidity risks.

During the Reporting Period, facing the change in market environment and internal capital demand, the Company actively planned on the basis of different areas to continuously strengthen the control on liquidity risks via prior risk identification, in-process risk mitigation and post-event improvement. The Company carried out market evaluation, grasped the timing of low interest rates to increase capital reserves through bond issuance and renew all due liabilities in a timely manner, which reduced the likelihood of the occurrence of liquidity risks and ensured its capability of stable operations in a complex market environment. During the Reporting Period, the daily average liquidity coverage ratio of the core liquidity monitoring indicators of the Company was 327.51% while the daily average NSFR was 162.96%, both of which exceeded the regulatory requirement and pre-warning standard.



## Section III REPORT OF THE BOARD OF DIRECTORS

### (7) *Reputation risk*

Reputation risk refers to the risk resulting from public negative comments to the securities company by the shareholders, employees, clients of the securities company, third-party cooperation agencies and regulators with respect to the securities company's operations, management and other activities, or due to external events.

The Company attached great importance to the forward-looking and proactive management of public opinions and continuously met the requirements of the regulatory authorities on the systematic management of reputation risk, strengthened public opinion information monitoring domestically and abroad and established publicity channels in the PRC and Hong Kong in order to take the initiative in publicity, which can create a good public opinion environment for the development of the Company. During the Reporting Period, the Company continuously conducted an effective detection and response of public opinions. We could make correct judgments, respond quickly and take the initiative to response to a small number of negative public opinions reports. The Company could understand the status and trend of public opinions, maintain active interaction with mainstream media and make guidance on public opinions. As for the operating results and business development of the Company, the Company published articles on various mainstream media in a rhythmic and focused manner, so as to protect the reputation of the Company and broadcast the brand image. During the Reporting Period, the Group maintained a healthy environment of public opinions.

## (II) OTHER DISCLOSURE

### *Information on the implementation of business plan*

In the first half of 2021, under the guidance of our overall strategy, the Company actively served the national strategies and the real economy and enhanced our service value chain and customer ecosystem circle, through which we realized a stable and orderly operation, effective epidemic control, continuous improvement of revenue structure, breakthroughs in key business lines and steady advancement of refined management, thus laying a solid foundation for our development in the 14th Five-year Plan period. For the general investment banking business line, actively following the trend of "marketing as the core", we enhanced the development of comprehensive investment banking business; the Company further improved its capabilities in respect of underwriting and pricing of equity financing business, and actively promoted the progress of the projects by focusing on key institutions and precisely identifying the timing for issuance; for the bond financing business, the Company enhanced compliance management and quality control, with all operational indicators remaining stable; for the merger and acquisition financing business, the Company overcame the adverse impacts of the decline of market vitality and captured the market opportunities of merger and acquisition of state-owned assets and enterprises and controlling interest, actively explored opportunities of underwriting and expanded its business under in adverse environment. For the wealth management business line, the Company's brokerage business remained stable whiling

## Section III REPORT OF THE BOARD OF DIRECTORS

realizing progress and the depth and breadth of marketing targeting institutional customers and services for retail customers were comprehensively enhanced and breakthroughs were realized in respect of our core customer serving capability; the financial products business had made a new attempt in the institutional mechanism reform and innovation to promote the process-based management of the sale of financial products; the asset quality of financing business maintained at a relatively good level, and the Company made substantial progress in risk management, especially in the margin financing and securities lending business, which developed rapidly; and the futures business remained at the forefront of the industry. In terms of the trading and institutional client services business line, the Company continued to remain in the top tier of the QFII/RQFII market; the return on equity and fixed income investments were in good condition, and the Company focused on developing capital-based intermediary business; the fund custody and outsourcing business had optimized the operating process and deepened the transformation of integrated services; the research services continued to build brand and international strategic advantages. Regarding the asset management business line, the proportion of the AUM of actively managed assets of its asset management subsidiary further increased, successfully promoting the conversion of general collective products in accordance with the standard of public products; the public fund subsidiary proactively grasped market opportunities and continued to be in good shape; the private fund subsidiary continued to centralize management by steadily promoting its “offering, investment, management and withdrawal”. As for the international business and leasing business lines, Haitong International adhered to steady operation, and continued to maintain its leading position among banks in Hong Kong; Haitong Bank had overcome the adverse impact of the outbreak of overseas pandemic, which continuously improved its overall operating conditions, so the establishment of a branch in Macau had been approved by the Chief Executive of the Macau Special Administrative Region; while Haitong UT adhered to return to its leasing business, maintained its strategic focus and continued to build a professional ecosystem to serve the real economy. Under the situation of outstanding performance achieved from various business lines of the Company during the Reporting Period, as for management, the Company continuously improved the refined management of financial assets, comprehensively strengthened compliance risk control, continued to promote the implementation of technological plans, enhanced human resources support, and vigorously promoted infrastructure and logistics management, laying a solid foundation for the Company to grow sustainably and robustly.

## Section IV CORPORATE GOVERNANCE

### I. BRIEFING OF THE GENERAL MEETINGS

Session of the meeting	Date of the meeting	Query index of the designated website for poll results disclosure	Disclosure date of poll results	Resolutions of the meeting
2020 Annual General Meeting	18 June 2021	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a> <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>	19 June 2021 18 June 2021	See the “Descriptions of the annual general meeting” below for details

Note: The above poll results were published on the website of the Hong Kong Stock Exchange on the date of the meeting, and published on the website of the SSE and in the China Securities Journal, the Shanghai Securities News, the Securities Times and the Securities Daily and the website of the Company on the next date of the meeting.

#### **Request for convening of extraordinary general meeting by preference shareholders with recovered voting rights**

✓ Not applicable

#### ***Descriptions of the annual general meeting***

During the Reporting Period, the Company held the 2020 Annual General Meeting at Haitong Securities Building on 18 June 2021, at which eight resolutions were considered and approved, including: 1. the report of the Board of Directors of the Company for the year 2020; 2. the report of the Supervisory Committee of the Company for the year 2020; 3. the annual report of the Company for the year 2020; 4. the final accounts report of the Company for the year 2020; 5. the profit distribution proposal of the Company for the year 2020; 6. the renewal of engagement of auditing firms for the year 2021; 7. the proposal regarding projected routine related party/connected transactions of the Company in 2021; 8. the proposal regarding the grant of general mandate for the Board to authorise, allot or issue A Shares and/or H shares. Among them, resolutions numbered 1 to 7 were ordinary resolutions, while resolution numbered 8 was special resolution. The above resolutions were considered and approved. The relevant poll results announcements were published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) on the date of the meeting, and published on the website of the SSE (<http://www.sse.com.cn>) and in the China Securities Journal, the Shanghai Securities News, the Securities Times and the Securities Daily on the next date of the meeting.

## Section IV CORPORATE GOVERNANCE

### II. CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

Name	Position	Particulars of changes
Zhao Yonggang	Employee Representative Supervisor, Vice Chairman of the Supervisory Committee	Election
Wu Hongwei	Employee Representative Supervisor, Vice Chairman of the Supervisory Committee	Resignation (due to work reallocation)

#### Description of changes in Directors, Supervisors and senior management of the Company

Reference is made to the announcement on Change of Employee Representative Supervisor of the Company dated 11 June 2021. Mr. Wu Hongwei ceased to be the vice chairman of the seventh session of the Supervisory Committee and the employee representative supervisor of the Company on 11 June 2021 due to change in work arrangement. The eleventh meeting of the fourth session of the Employee Representative Meeting was convened via correspondence on 11 June 2021, and Mr. Zhao Yonggang was elected as the employee representative supervisor of the seventh session of the Supervisory Committee of the Company. On the same day, the Company convened the tenth meeting (extraordinary meeting) of the seventh session of the Supervisory Committee, and elected Mr. Zhao Yonggang as the vice chairman of the seventh session of the Supervisory Committee of the Company. Mr. Zhao Yonggang had served as the employee representative supervisor of the seventh session of the Supervisory Committee and the vice chairman of the Supervisory Committee of the Company since 11 June 2021.

### III. OTHER INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

#### (I) Dealings in securities by Directors, Supervisors and relevant employees

The Company has adopted the standards as set out in the Model Code as the code of conduct of the Company regarding securities transactions by the Directors, Supervisors and relevant employees. The Company, having made enquiries to all Directors and Supervisors, confirmed that they had been in compliance with the requirements of the abovementioned Model Code, during the period from 1 January 2021 to 30 June 2021. The Company has not found any relevant employee violating the aforesaid guidelines.

## Section IV CORPORATE GOVERNANCE

### (II) Material changes in relevant information of Directors and Supervisors

Mr. Tu Xuanxuan, our non-executive Director, ceased to serve as the chairman and legal representative of Shanghai Zhenghao Asset Management Co., Ltd. from March 2021. Mr. Tu Xuanxuan was appointed as the director of Shanghai Lingang Economic Development (Group) Co., Ltd. from March 2021.

Mr. Zhou Donghui, our non-executive Director, has been a non-executive director of China Pacific Insurance (Group) Co., Ltd. since January 2021, a company listed on the SSE (stock code: 601601) and the Hong Kong Stock Exchange (stock code: 02601).

Mr. Xu Jianguo, our non-executive Director, ceased to serve as the non-executive director of Orient Securities Company Limited since March 2021, a company listed on the SSE (stock code: 600958) and the Hong Kong Stock Exchange (stock code: 03958). Mr. Xu Jianguo has been an executive director of Shanghai Electric Hong Kong Co. Limited since February 2021.

Mr. Zhang Ming, our independent non-executive Director, has been an independent director of Shanghai Zhangjiang Hi-Tech Park Development Co., Ltd. (a company listed on the SSE (stock code: 600895)) since June 2021.

Mr. Lam Lee G., our independent non-executive Director, ceased to serve as an independent non-executive director of Aurum Pacific (China) Group Limited (a company listed on the Hong Kong Stock Exchange (stock code: 8148)) from March 2021; he ceased to serve as an independent director of Sunwah International Limited (a company listed on the Toronto Stock Exchange (stock code: SWH)) from June 2021. Mr. Lam Lee G. has been a senior advisor of Macquarie Group in Asia since June 2021 and has been a non-executive director of Hong Kong Aerospace Technology Group Limited (a company listed on the Hong Kong Stock Exchange (stock code: 1725)) since May 2021.

Mr. Zhu Hongchao, our independent non-executive Director, served as an independent non-executive director of Sansheng Holdings (Group) Co. Ltd. (a company listed on the Hong Kong Stock Exchange (stock code: 2183)) since February 2021, and has been an independent director of Shanghai Bailian Group Co., Ltd. (a company listed on the SSE (stock code: 600827)) since June 2021.

Mr. Ruan Feng, our Supervisor, has served as a supervisor of Green Development Fund Private Equity Investment Management (Shanghai) Co., Ltd. (綠色發展基金私募股權投資管理(上海)有限公司) since June 2021.

Save as disclosed above, no other information on Directors and Supervisors of the Company are required to disclose in accordance with Rule 13.51B(1) of the Hong Kong Listing Rules.

## Section IV CORPORATE GOVERNANCE

### (III) Particulars about service contracts with Directors and Supervisors

Pursuant to Rules 19A.54 and 19A.55 of the Hong Kong Listing Rules, the Company has entered into a contract with each of the Directors and Supervisors in respect of, among other things, compliance with the relevant laws and regulations and the Articles of Association and provisions on arbitration. Save as disclosed above, the Company has not entered into and does not intend to enter into any service contract with any of the Directors or Supervisors in their respective capacity as a Director or Supervisor (other than contracts expiring or terminable by the employer within one year without the payment of compensation (other than statutory compensation)).

### (IV) Employees and remuneration policy

As at the end of the Reporting Period, the Group had 11,433 employees, of whom 6,077 were from the Company, and 5,356 were from subsidiaries.

The Company attached great importance to talent attraction, motivation, training and retention, and continuously reviews and optimizes the Company's remuneration mechanism, and adheres to the incentive principle of market-oriented distribution, performance-oriented and fairness. The remuneration package of the Company comprises of basic salary, performance bonus and benefits. Under the applicable laws and regulations of the PRC, the Company purchased various social insurance (pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance) and established housing funds for its employees, making abovementioned social insurance and housing fund contributions in full in accordance with applicable regulations. The Company also established a corporate annuity plans which provides supplemental pension protection for employees, and also purchased supplementary medical insurance and life accident insurance for employees.

Under the applicable laws and regulations in the PRC, the Company enters into a labour contract and establishes employment relationship with each of its employees. A labour contract contains the provisions relating to contract term, working hours, rest and vacation, labour remuneration and insurance benefits, labour protection and conditions, as well as modification and termination of the contract.

## Section IV CORPORATE GOVERNANCE

### (V) Employee training

In the first half of 2021, the Company adhered to the concept of innovative development and overall management, platform thinking, cooperation and sharing to carry out training work, and strived to establish a fully-systematic and multi-dimensional quality cultivation system through online-to-offline systematic management and integrated operation, as well as actively developed a group-level training ecosystem to facilitate the Company's talent and echelon development. Haitong Wealth Management Academy (海通財富管理學院) gave full play to its role as a bridge, such as conducting comprehensive operation and maintenance in three aspects including "new functions, new activities and new contents", providing effective support for various online business trainings to be conducted smoothly, and helping employees to continuously improve their professional competence. It refined the key training programmes, including focusing on the theme of actual combat effectiveness for new cadre trainings, and highlighting the industry culture in an innovative way for new employee trainings. Haitong Wealth Lecture Hall (海通財富講堂) was arranged online and offline, covering diversified themes including macro vision, current political hot spots, general skills, etc. "Dandelion Programme (蒲公英計劃)" not only arranged and developed internal quality courses, but also provided customized and individualized special trainings, effectively promoting internal business communication and collaboration. "Book Listening Training Camp (聽書訓練營)", "Work is the Most Glorious (勞動最光榮)" and other online theme activities were continuously held, actively creating a learning culture.

## IV. PROPOSAL ON PROFIT DISTRIBUTION OR CONVERSION OF CAPITAL RESERVE FUNDS INTO SHARE CAPITAL

### (I) Implementation or adjustment of profit distribution plan implemented during the Reporting Period

The Company held the 2020 Annual General Meeting on 18 June 2021 at which the profit distribution plan of the Company for 2020 was considered and approved. On the basis of the total share capital of A Shares and H Shares of 13,064,200,000 shares of the Company as at 31 December 2020, a cash dividend of RMB2.50 (inclusive of tax) per 10 shares were distributed to all the shareholders of the Company, with a total cash dividend amounting to RMB3,266,050,000.00 (inclusive of tax). The cash dividends distributed to holders of A Shares amounted to RMB2,413,657,795.00 based on the total share capital of 9,654,631,180 A Shares and the cash dividends distributed to holders of H Shares amounted to HK\$1,032,872,275.18 based on the total share capital of 3,409,568,820 H Shares (For details, please refer to the announcement that the Company published on the website of the Hong Kong Stock Exchange on 18 June 2021, named "Poll Results of Annual General Meeting Held on 18 June 2021").

## Section IV CORPORATE GOVERNANCE

The relevant announcement for the 2020 annual profit distribution plan was published in the China Securities Journal, the Shanghai Securities News, the Securities Times and the Securities Daily and published on the websites of the SSE, the Hong Kong Stock Exchange and the Company, and the implementation was completed on 29 July 2021.

### **(II) Plan for profit distribution and proposal on conversion of capital reserve funds into share capital for the first half of 2021**

The Company has not proposed plan for profit distribution and proposal on conversion of capital reserve funds into share capital for the first half of 2021.

## **V. SHARE INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER EMPLOYEE INCENTIVES OF THE COMPANY AND THEIR EFFECTS**

During the Reporting Period, the Company did not implement any share incentive scheme.

On 8 June 2015, a new share option scheme (the “2015 Share Option Scheme”) was approved and adopted at the extraordinary general meeting of Haitong International, which was valid and effective for a period of 10 years commencing from the date of adoption. According to the 2015 Share Option Scheme, share options could be granted to any director (including executive directors, non-executive directors and independent directors) or employees (no matter full-time or part-time) of Haitong International or any of its subsidiaries. The exercise price of the share options was determined by the directors of Haitong International, and should be at least the highest of (1) 110% of the closing price of shares of Haitong International as stated in the Hong Kong Stock Exchange’s daily quotations sheet on the offer date; (2) the average closing price of shares of Haitong International as stated in the Hong Kong Stock Exchange’s daily quotations sheets for the five trading days immediately preceding the offer date; and (3) the nominal value of shares of Haitong International.

For the six months ended 30 June 2021, 1,350,000 share options of Haitong International under the 2015 Share Option Scheme were exercised; another 20,781,095 share options lapsed during the period due to expiration of the exercise period of the share options and the resignation of employees.



## Section IV CORPORATE GOVERNANCE

As of 30 June 2021, share options which have been granted but not yet exercised by Haitong International are set out as follows:

Share option scheme	Number of share options granted but not yet exercised (Note)	Exercise price per share (Note)	Exercise period
2015 Share Option Scheme	8,409,204	HK\$5.002	7 June 2018 to 9 November 2022
	14,433,016	HK\$2.898	28 May 2019 to 31 October 2023
	8,384,184	HK\$2.554	27 December 2019 to 30 May 2024
	8,745,000	HK\$1.727	25 December 2020 to 28 May 2025
Total	39,971,404		

Note: The amount of share options and the exercise price of share options may be adjusted for rights issue, scrip dividend, bonus share issuance or other similar changes in the Company's share capital.

Share options of the 2015 Share Option Scheme which have not yet been exercised accounted for approximately 0.66% of the issued shares of Haitong International as at 30 June 2021. If the remaining share options are fully exercised, under the current capital structure of Haitong International, an additional of 39,971,404 ordinary shares of Haitong International will be issued, while the share capital of Haitong International will increase by approximately HK\$3,997,000 and the share capital premium will be approximately HK\$116,408,000 (including issuing expenses). Please refer to the 2021 interim report published by Haitong International (stock code: 665) on the website of the Hong Kong Stock Exchange for more details.

## Section IV CORPORATE GOVERNANCE

### VI. OTHER INFORMATION ON CORPORATE GOVERNANCE

During the Reporting Period, the Company's operations and management were standardised and in compliance with the Code of Corporate Governance for Listed Companies, the Rules for Governance of Securities Companies, the Regulatory Rules for Securities Companies, and laws and regulations of the CSRC. In the meantime, during the Reporting Period and as at the date of this Report, the Company has complied with the Corporate Governance Code, fully complied with all provisions under the Corporate Governance Code (if applicable), and followed most of the requirements of recommended best practices set out therein.

During the Reporting Period, the Company convened a total of sixteen meetings, including one general meeting, three board meetings, three supervisory committee meetings, three meetings of the audit committee, two meetings of independent non-executive Directors on annual report, one meeting of the nomination, remuneration and assessment committee, one meeting of the development strategy and investment management committee, and two meetings of the compliance and risk control committee.

#### (I) Shareholders and general meetings

The Company convenes general meetings in accordance with the requirements under the Articles of Association and the Company's Rules of Procedure for Shareholders' General Meetings to ensure that all shareholders are treated equally and are able to fully exercise their rights.

#### (II) Directors and the Board

The Company strictly adheres to the Articles of Association in appointing or changing Directors, while the constitution of the Board and the qualifications of Directors are in line with requirements of laws and regulations. As at 30 June 2021, the Board comprised of eleven Directors, including three executive Directors, four non-executive Directors, and four independent non-executive Directors. All Directors are able to perform their duties in due diligence and protect the interests of the Company and all shareholders. The Board has established the development strategy and investment management committee, the audit committee, the compliance and risk control committee as well as the nomination, remuneration and assessment committee. Each committee has specific work allocations and clear accountabilities and operates in high efficiency. Among the four committees, the development strategy and investment management committee is chaired by the chairman of the Board, Mr. Zhou Jie, the compliance and risk control committee is chaired by the executive Director, Mr. Qu Qiuping, and the other two committees are chaired by an independent non-executive Director.

## Section IV CORPORATE GOVERNANCE

The audit committee was established under the Board of the Company, which is in line with relevant provisions of the CSRC, the SSE and those in Chapter 3 of the Hong Kong Listing Rules. The audit committee comprises of five members, including Mr. Zhang Ming (chairman), Ms. Yu Liping, Mr. Xu Jianguo, Mr. Lam Lee G. and Mr. Zhou Yu. The audit committee is mainly responsible for the communication, supervision and reviewing of the Company's internal and external audit work and providing specialist advice to the Board. The audit committee has reviewed and confirmed the Group's interim results and interim financial report for the six months ended 30 June 2021 without objection on accounting policies and practices adopted by the Group.

### **(III) Supervisors and the Supervisory Committee**

As at 30 June 2021, the Supervisory Committee of the Company comprised eight Supervisors, including three employee representative Supervisors and five non-employee representative Supervisors. The qualification of Supervisors and the composition of Supervisory Committee are in compliance with laws and regulations. All Supervisors, holding themselves accountable to the shareholders, performed their obligations in due diligence as to monitor the legality and compliance of performance of duties by the Company's finance department, Board members and senior management, and provided recommendations and suggestions to the Board and the senior management regarding relevant matters.

### **(IV) Senior management**

Procedures for the appointment of the Company's senior management are in compliance with the Company Law and the Articles of Association. The Company's senior management can operate the business in accordance with laws and regulations and authorisations from the Board, with a view towards maximising shareholders' interests and social benefits.

### **(V) Stakeholders**

The Company fully respects and defends the legal rights and interests of stakeholders, and engages them in the common goal for promoting the Company's sustainable and healthy development.

## Section IV CORPORATE GOVERNANCE

### (VI) Information disclosure and investor relationship management

During the Reporting Period, the Company was able to disclose relevant information in a manner that is true, accurate, complete, timely and fair and in strict compliance with the laws, regulations and regulatory documents in the PRC and Hong Kong where its shares are listed. The Company could strictly comply with relevant provisions of Corporate Insider Registration System, strengthen the management of the Company's inside information and well organise the insider registration. In the first half of 2021, the Company continued to enhance communication with investors through innovative forms, including teleconference and online interaction, and comprehensively and deeply introduced logics and strategies underlying operation results and business strategies of the Company to its various domestic and foreign investors and analysts based on historical position, strategic choice of the Company and reform on capital market. During the Reporting Period, the Company convened 2020 annual result announcement sessions, and the management of the Company highly value communication with investors and chairman and general manager attended sessions, on which questions raised by investors were addressed in details. In addition, the Company was invited and attended investor forums held by several domestic and foreign investment banks, received domestic and foreign investors on-site investigations and telephone surveys for over 40 times, and effectively attended to needs of domestic and foreign investors and analysts for communicating with the Company through receiving investor hotline and responding to messages from SSE E-interactive platform.

### (VII) Building of Compliance System

During the Reporting Period, the Company strictly complied with the requirements of the CSRC by taking into account its actual situation, and continuously improved its compliance management system. The Company's chief compliance officer strictly performed compliance management duties according to applicable laws. None of the shareholders, Directors nor senior management of the Company had violated the stipulated duties and procedures, nor given direct instructions to the chief compliance officer or interfered with his work. The Company provided human resource, material resource, financial resource and technical support to its chief compliance officer for him to fully carry out his duties to ensure effective compliance management. During the Reporting Period, the Company strived to enhance the execution of various systems, mechanisms and processes via strengthening prior review, in-process monitoring, post-event examination, assessment and accountability, to ensure the basic compliance management to be conducted in a smooth and orderly manner. Meanwhile, the Company further strengthened the Group's compliance management, promoted the building of the Group's central control room, and strengthened regulatory framework refining and compliance inspection. The Company extensively advocated compliance management requirements on securities business. By adhering to the compliance concept that "everyone is responsible for compliance, compliance shall start from the management, compliance creates value, and compliance is the foundation for the survival of the Company", the Company continued to foster the frontline environment of "Full Compliance and Active Compliance".

## Section V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### I. ENVIRONMENTAL INFORMATION

**(I) Description of environmental protection of the Company and its key subsidiaries which are the key pollutant discharging units identified by the Environmental Protection Department**

✓ Not applicable

**(II) Description of the environmental protection of the Company other than the key pollutant discharging units**

**1. Administrative punishment on environmental issues**

After inspection, the Company and its subsidiaries are not listed as key pollutant discharging units by environmental protection authorities.

The Group is in strict compliance with the environmental protection laws and regulations such as the Environmental Protection Law of the PRC, the Law of Water Pollution Prevention and Control of the PRC, and the Law of Prevention and Control of Air Pollution of the PRC. During the Reporting Period, the Company was not imposed any penalties due to violations of environmental protection laws.

**2. Other environmental information disclosed with reference to other key pollutant discharging units**

✓ Not applicable

**3. Reasons for non-disclosure of other environmental information**

✓ Not applicable

**(III) Description of the follow-up progress or changes in the environmental information disclosed during the Reporting Period**

✓ Not applicable

**(IV) Relevant information beneficial to ecological protection, pollution prevention and fulfillment of environmental responsibilities**

The Company advocates green and low-carbon office and strictly abides by laws and regulations such as the Environmental Protection Law of the PRC, the Law of Water Pollution Prevention and Control of the PRC, and the Law of Prevention and Control of Air Pollution of the PRC. It calls on all employees to integrate the concepts of energy saving and environmental protection into their work and life and is devoted to saving resources, protecting environment and reducing pollution.

## Section V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

The Company encourages its employees to save water, giving priority to purchasing water-efficient appliances. Timely repairs are conducted when water leakage happens, and inspectors examine and turn the tap off after work to avoid waste of water. Meanwhile, the Company has sorted solid wastes in accordance with the Shanghai Regulations on Domestic Waste Management. Office and domestic wastes were collected and removed by the property management function of the Company. For e-waste, toner cartridges and other hazardous wastes, the Company has designated their storage locations and regularly had them disposed of by qualified firms.

In addition, with the increasing improvement of information technology, the Company creates an information-based paperless office model by leveraging on the collaborative office system, RPA intelligent process automation robots, the working paper management system for the investment banking business, the OTC derivatives management system and the intelligent review system. While improving the working efficiency, it also reduces the use of paper and other materials.

During the Reporting Period, the Company successfully put the new-generation collaborative office system into operation highlighted by instant messaging, knowledge retrieving, statement portal and other functions, providing a unified intelligent office coordination platform for employees. With news, synergy, knowledge and other intangible assets and capabilities as core management factors, it achieves paperless office and fully supports various collaborative businesses. During the Reporting Period, an average of over 4,000 persons were online in the office system each day, including over 1,400 persons online on the mobile end; a total of over 1,450 video meetings were held with a total length of approximately 2,300 hours; and over 1.20 million business orders on various procedures were summarized and handled online. The intelligent review system of the Company completed the review of over 1,500 documents and the inspection of over 500,000 data items, saving the review time by nearly 60%. Meanwhile, it moved traditional offline review scenarios online and reduced nearly 1,000 pieces of paper for each item.

### **(V) Measures adopted for reducing its carbon emission during the Reporting Period and effects**

As a financial service enterprise, the Company's carbon emission is mainly from the consumption of electricity and natural gas in its routine operation and the carbon emission from the fuel consumption of vehicles for corporate affairs. During the Reporting Period, the Company vigorously implemented measures on energy saving and emission reduction to practice the concept on environmental protection with practical actions.

## Section V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

During the office process, the Company advocates rational use of electricity, with air conditioners working with a floor of 26℃ in summer and a ceiling of 20℃ in winter; Office equipment is put to sleep while idle to avoid unnecessary lighting and office equipment running; The Company regularly maintains in-house vehicles to ensure their functionality and improve the utilization rate of gasoline; Video conferencing is used reasonably to reduce travel frequency and travel-related GHG emissions. Meanwhile, the Company actively responds to the Guidance on Strengthening the Construction of Green Data Centers and speeds up in the construction of green data centers. By fully leveraging on the advantages of cloud computing and virtualization technology, data centers can achieve the orderly combination of large-scale operation and intellectualization. The hybrid financial cloud platform constructed is characterized by intelligent allocation based on demands and dynamic management and control of resources. It can achieve the maximum utilization of various resources on the hardware platform and further reduce the energy consumption of equipment.

As at the Reporting Period, the desktop cloud of the hybrid financial cloud platform used the 82 host nodes of computing resources and operated 4,100 desktop virtualization hosts, saving electricity by approximately 460,000 kWh in the first half. The testing cloud and production cloud platforms used a total of approximately 600 host machines, operated over 4,800 virtualization hosts and recycled over 800 host machines in an orderly manner, saving electricity by approximately 2.16 million kWh in the first half.

In addition, the Zhangjiang data center of the Company adopts the water-cooling system in cooling supply. It is equipped with one screw water-cooling unit and two centrifugal water-cooling units with different cooling capacities and can select the best model for opening the corresponding water-cooling units for energy-saving operation under different IT loads. The system is equipped with 2 plate heat exchangers with a heat exchange capacity of 5,800 kW and can fully leverage on natural cooling sources for energy-saving operation under the low-temperature environment in winter. Meanwhile, the cooling tower, cooling pumps and chilling pumps in the system are equipped with frequency converters and can achieve real-time adjustment of operation frequency, energy saving and consumption reduction through the water-cooling group control system based on the IT load.

## Section V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### II. DETAILS ON CONSOLIDATING AND EXPANDING THE RESULTS OF SHAKING OFF POVERTY, RURAL REVITALIZATION AND OTHER WORK

The year of 2021 marks the 100th anniversary of the founding of the Communist Party of China as well as a crucial year for the strategic connection between poverty alleviation and rural revitalization. Under the leadership of the CSRC and the municipal Party committee and the municipal government of Shanghai, Haitong Securities continued to advance poverty relief through “one company to one county” and “double one hundred” pair-up, assisted Lixin County and Shucheng County in Anhui, Ningdu County in Jiangxi, Xichou County in Yunnan and Yecheng County in Xinjiang in shaking off their poverty and consolidated the results of shaking off poverty of three poverty-stricken villages in Xichou County in Yunnan. Based on the practical activities under “I Handle Tangible Issues for the Public”, it carried out public welfare activities under the theme of “Voluntary Gifts for the 100th Anniversary of the Founding of the Communist Party of China”. It strived to solve practical issues of the public in counties shaking off poverty and boosted the regional economic growth in such counties to achieve high-quality development.

#### (I) Renewed friendship facilitates assistance and support

In November 2020, the Party committee of Haitong Securities renewed the pair-up poverty relief agreement of “hundred enterprises in support of hundred villages” with Zhongzhai, Mepuzi and Wangjiatang villages of Xichou County in Yunnan and entered into the pair-up agreement on rural revitalization with five counties shaking off poverty, namely Xichou County in Yunnan, Yecheng County in Xinjiang, Lixin County and Shucheng County in Anhui and Ningdu County in Jiangxi. In the first half of 2021, the Company earnestly implemented the requirements of “Four Don’ts (四不摘)” of the Party central committee and continued to provide assistance funds to pair-up counties. It offered RMB1.50 million to “double one hundred” pair-up villages to support the development of flue-cured tobacco and spring water processing industries for such three villages and infrastructure construction for local education. It arranged RMB1 million to Ningdu County in Jiangxi to support the construction of the local Changcheng Central Hospital. It supported the program on the construction and protection of three-line culture in Shucheng County in Anhui; and supported Yecheng County in Xinjiang to complete the construction of safe classrooms, dancing classrooms, playing grounds for kindergartens as well as the improvement of teaching research under the “Baoye Research Assistance” program.

#### (II) Financial empowerment injects momentum for development of pair-up counties

In 2019, the Company successfully issued the first “poverty alleviation bonds + credit protection certificate” in the industry for Lixin County in Anhui, empowering Lixin County with the credit of Haitong to raise funds through market-based means. It assisted Lixin County in successfully issuing the second tranche in 2020. In the first half of 2021, the Company compiled a county development report for Lixin County based on its preliminary project researches, which was included in the compilation of reports on poverty alleviation by the Securities Association of China.



## Section V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### (III) Consumption facilitates integration of assistance work into culture construction of the enterprise

In 2020, the Company explored “notoginseng”, a premium medicinal material in Xichou County in Yunnan, and produced “Haitong Notoginseng (Sanqi) Powder”, a featured gift on poverty alleviation of the Company. The term Sanqi means the number 3 and 7, connoting the stock code of Haitong Securities of “600837”. The product was recognized by and popular among its partners and customers. In the first half of 2021, the Company purchased “Zhenbang” and “Zhenhao”, featured tea in Yunnan, with a value of RMB299,000 as gifts. Weitai Properties, a subsidiary of the Company, actively purchased featured agricultural products as raw materials for its staff canteen.

### (IV) Learning the Party history and earnestly implementing the list of public welfare programs under “Love in Haitong” in 2021

In March 2021, the Company initiated series of public welfare programs under the theme of “Voluntary Gifts for the 100th Anniversary of the Founding of the Communist Party of China”. Based on the education on learning the Party history and the requirements on “learning the Party history, understanding ideas, doing practical work and opening up a new situation” and fully leveraging on the characteristics of Party organizations with “various points and wide coverage”, the Company arranged all Party, labor union and Chinese Communist Youth League organizations to earnestly implement the list of public welfare programs under “Love in Haitong”. Relying on the advantages of platform of Haitong Securities’ state-level investor educational base, the Party and Chinese Communist Youth League organizations of the Company at all levels visited over 50 schools in 30 provinces, municipalities and autonomous regions and carried out financial education through the “Rainbow Classroom” for 37,110 students, helping teenagers in poverty-stricken areas establish the right wealth management concept and awareness on preventing financial risks. The Company continued to conduct “Love in Haitong, Charitable Student Aid (愛在海通 • 美麗助學)” in Kashgar of Xinjiang and Shigatse of Tibet. It has provided pair-up assistance to 50 Tibet college students and 100 primary students in Shigatse so far. The Company actively conveys the public welfare concepts of “Love in Haitong” to its partners and customer enterprises. In June 2021, it joined TCL in donating multi-media teaching machines with a market value of RMB600,000 to 30 kindergartens in Yecheng, Shache and Bachu counties in Kashgar of Xinjiang. In 2021, the program of “Love in Haitong, Beautiful Courtyard (愛在海通 • 美麗庭院)” was smoothly advanced in Lankao County of Henan, contributing to the construction of beautiful countryside.

In the future, Haitong Securities will continue to fulfill the social responsibilities of state-owned financial enterprises and make greater contributions to the strategy on rural revitalization under the leadership of superior authorities.

## Section V ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

### III. ACTIVELY PERFORM OTHER WORKS IN RESPECT OF SOCIAL RESPONSIBILITIES

In July 2021, Zhengzhou and several other places in Henan province were confronted with the heaviest rainfall on record, and the flood control situation was extremely severe. In the face of the flood, the party committee of Haitong Securities earnestly studied and implemented the important instructions of General Secretary Xi Jinping on flood control and relief work, attached great importance to and actively responded to the situation, and actively fulfilled the responsibilities of state-owned financial enterprises while guaranteeing the life safety of employees in Henan. The party committee of the Company decided to donate RMB5 million as disaster relief funds, and organized special forces to transform public welfare funds into supplies in short supply on the front line, and spare no effort to help Henan in flood relief. As at the end of July 2021, Haitong Securities donated flood relief and condolences supplies worthy of nearly RMB2 million in total to the disaster-stricken areas in Henan, which strongly supported the local flood fighting work and helped the victims to rebuild their homes.

In order to assist in relief in accurate aspects and make full use of relief funds, the party committee of the Company commanded and coordinated various parties. Right after receiving the message, the general Party branch in Henan was instructed to look into the actual situation of disaster-affected areas and register the list for needs. All lines of business, functional departments and branches were mobilized to actively cooperate in sourcing supplies from enterprises which are our clients. Through combining “urgent” procurement in the market of Henan and “assembled” procurement from the customer enterprises nationwide, the Company donated to Henan more than 360 sets of generators, more than 500 sets of draining pumps and other relief equipment in short supply, 5,000 square meters of non-woven geotextiles, 5,200 square meters of anti-seepage cloth, 10 kayaks and other flood relief supplies as well as disaster relief food such as drinking water, grain and oil and medical supplies. A squad consisting of party members travelled round the clock for five days against the rainfall to three severely flooded areas including Fugou in Zhoukou, Junxian in Hebi and Weihui in Xinxiang. The relief supplies were delivered to the affected areas in three batches on 27, 29 and 30 July 2021, respectively, right before the Covid-19 outbreak in Henan province.

In the next step, the Company will carry out the follow-up supplies procurement and donation according to the requirements for regular epidemic prevention and control.

## Section VI SIGNIFICANT EVENTS

### I. PERFORMANCE OF UNDERTAKINGS

#### (I) Undertakings made by the Company's de facto controller, shareholders, related parties, acquirers, the Company and other related undertakers during the Reporting Period or subsisting in the Reporting Period

Background of undertaking	Type of undertaking	Undertaking Party	Content of undertaking	Date and duration of undertaking	Whether there is a deadline for performance	Whether strictly performed in a timely manner	If not performed in a timely manner, describe the specific reasons	If not Performed in a timely manner, describe plans in next steps
Undertaking relating to the refinancing projects	Shares selling restrictions	Shanghai Guosheng (Group) Co., Ltd.	The shares subscribed for refinancing shall not be transferred within 48 months from the date of closing of the issue	48 months from 5 August 2020	Yes	Yes	-	-
	Shares selling restrictions	Shanghai Haiyan Investment Management Company Limited	The shares subscribed for refinancing shall not be transferred within 18 months from the date of closing of the issue	18 months from 5 August 2020	Yes	Yes	-	-
	Shares selling restrictions	Bright Food (Group) Co., Ltd.	The shares subscribed for refinancing shall not be transferred within 18 months from the date of closing of the issue	18 months from 5 August 2020	Yes	Yes	-	-
	Shares selling restrictions	Shanghai Electric (Group) Corporation	The shares subscribed for refinancing shall not be transferred within 18 months from the date of closing of the issue	18 months from 5 August 2020	Yes	Yes	-	-
	Shares selling restrictions	UBS AG	Locked for 6 months from the listing date of shares of this non-public offering	6 months from 5 August 2020	Yes	Yes	-	-
	Shares selling restrictions	Harvest Global Investments Limited	Locked for 6 months from the listing date of shares of this non-public offering	6 months from 5 August 2020	Yes	Yes	-	-
	Shares selling restrictions	China Huarong Asset Management Co., Ltd.	Locked for 6 months from the listing date of shares of this non-public offering	6 months from 5 August 2020	Yes	Yes	-	-
	Shares selling restrictions	Shanghai Lansheng Corporation	Locked for 6 months from the listing date of shares of this non-public offering	6 months from 5 August 2020	Yes	Yes	-	-
	Shares selling restrictions	Shanghai Chengtou Holdings Co., Ltd.	Locked for 6 months from the listing date of shares of this non-public offering	6 months from 5 August 2020	Yes	Yes	-	-

## Section VI SIGNIFICANT EVENTS

Background of undertaking	Type of undertaking	Undertaking Party	Content of undertaking	Date and duration of undertaking	Whether there is a deadline for performance	Whether strictly performed in a timely manner	If not performed in a timely manner, describe the specific reasons	If not performed in a timely manner, describe plans in next steps
Shares selling restrictions		Fuanda Fund Management Co., Ltd.	Locked for 6 months from the listing date of this non-public offering	6 months from 5 August 2020	Yes	Yes	–	–
Shares selling restrictions		JPMorgan Chase Bank, National Association	Locked for 6 months from the listing date of shares of this non-public offering	6 months from 5 August 2020	Yes	Yes	–	–
Shares selling restrictions		Qilu Zhongtai Private Equity Management Co., Ltd. (齊魯中泰私募基金管理有限公司)	Locked for 6 months from the listing date of shares of this non-public offering	6 months from 5 August 2020	Yes	Yes	–	–
Shares selling restrictions		Greater Bay Area Industry Finance Investment (Guangzhou) Co., Ltd. (灣區產融投資(廣州)有限公司)	Locked for 6 months from the listing date of shares of this non-public offering	6 months from 5 August 2020	Yes	Yes	–	–
Others		Directors and senior management	1. they will not convey any benefits to other entities or individuals on a free or on an unfair basis, nor harm the interests of the Company in any other way; 2. they will restrain position related consumption behaviors; 3. they will not use the Company's assets to engage in any investment and consumption activities not relating to the performance of their duties; 4. the remuneration system formulated by the Board or the Nomination and Remuneration and Assessment Committee will be linked to the implementation of the remedial measures relating to returns of the Company; 5. in the event of the implementation of any share option incentive scheme by the Company in the future, the vesting conditions of the equity incentive plan to be announced will be linked to the implementation of the remedial measures relating to returns of the Company.	As being the Director and senior management of the Company	Yes	Yes	–	–

## Section VI SIGNIFICANT EVENTS

Background of undertaking	Type of undertaking	Undertaking Party	Content of undertaking	Date and duration of undertaking	Whether there is a deadline for performance	Whether strictly performed in a timely manner	If not performed in a timely manner, describe the specific reasons	If not Performed in a timely manner, describe plans in next steps
	Asset injection	The Company	From the date of issuance of this undertaking to the date prior to the utilisation in full of proceeds or within 36 months from the date of receipt of the proceeds, the Company will not commit new funds into the quasi-financial business (including fund commitments in various forms such as capital increase, loans and guarantees, among others)	From 26 September 2019 to the date prior to the utilisation in full of proceeds or within 36 months from the date of receipt of the proceeds	Yes	Yes	-	-

### II. APPROPRIATION OF FUNDS ON A NON-OPERATING BASIS BY CONTROLLING SHAREHOLDERS OR OTHER RELATED PARTIES DURING THE REPORTING PERIOD

✓ Not applicable

### III. GUARANTEE IN BREACH OF REGULATIONS

✓ Not applicable

## Section VI SIGNIFICANT EVENTS

### IV. AUDIT OF INTERIM REPORT

✓ Not applicable

### V. DEVELOPMENT AND HANDLING OF MATTERS INVOLVED IN NON-STANDARD AUDIT OPINIONS IN PREVIOUS YEAR'S ANNUAL REPORT

✓ Not applicable

### VI. BANKRUPTCY AND RESTRUCTURING RELATED MATTERS

✓ Not applicable

### VII. MATERIAL LITIGATION AND ARBITRATION

During the Reporting Period, the Company was not involved in any material litigation or arbitration that involves claims of over RMB10 million and accounts for more than 10% of the absolute value of the Company's net assets as audited in the latest financial statements, which shall be disclosed in accordance with the requirements under the Shanghai Stock Exchange Listing Rules.

From the beginning of the Reporting Period until the date of this report, the Group's new litigations or arbitrations with an amount of over RMB100 million that had not been disclosed or disclosed ones with progress are as follows:

## Section VI SIGNIFICANT EVENTS

### **Dispute Between the Company and Nanjing First Agricultural Chemical Company, Red Sun Group and Nanjing World Village on repurchase of pledged securities**

As Nanjing First Agricultural Chemical Group Ltd. (南京第一農藥集團有限公司, “Nanjing First Agricultural Chemical Company”) refused to fulfill the obligation of stock pledge repurchase in accordance with the agreement, the Company filed a lawsuit to Shanghai Financial Court, requesting Nanjing First Agricultural Chemical Company, the borrower, pay the principal of RMB300 million and the corresponding interest, liquidated damages, expenses incurred for realizing the creditor’s rights and other fees, and requesting the guarantors (Red Sun Group Corporation (紅太陽集團有限公司, “Red Sun Group”) and Nanjing World Village Automotive Power Co., Ltd. (南京世界村汽車動力有限公司, “Nanjing World Village”)) to undertake the guarantee obligation. Shanghai Financial Court officially accepted the case on 19 May 2020 and heard the case on 12 November 2020. The court issued the first instance verdict in April 2021, supporting the Company’s requests. In June 2021, Nanjing First Agricultural Chemical Company was adjudged bankrupt by the People’s Court of Gaochun District, Nanjing. The Company will declare its claims and participate in creditors meetings based on the progress of Nanjing First Agricultural Chemical Company’s bankruptcy and restructuring process.

### **Dispute Between the Company and Red Sun Group, Nanjing First Agricultural Chemical Company, Yang Shouhai (楊壽海), Yang Liu (楊柳), Nanjing Zhenbang and Jiangsu Zhenbang on margin financing and securities lending transaction**

As Red Sun Group failed to repay the related fees such as financing principal, securities and interest on time in accordance with the “Securities Margin Trading Contract” after the expiry of the securities margins terms, it constituted a breach of contract. The Company filed a lawsuit with Shanghai Financial Court for requesting the borrowers, Red Sun Group, to pay the principal of financing liabilities of RMB257,711.8 thousand and the corresponding interest, liquidated damages, expenses incurred for realizing the creditor’s rights and other fees, and requesting Nanjing First Agricultural Chemical Company, Yang Shouhai, Yang Liu, Nanjing Zhenbang Investment Development Co., Ltd. (南京振邦投資發展有限公司, “Nanjing Zhenbang”) and Jiangsu Zhenbang Agricultural Crop Technology Co., Ltd. (江蘇振邦農作物科技有限公司, “Jiangsu Zhenbang”) to undertake the corresponding guarantee obligations. Shanghai Financial Court officially accepted the case on 13 January 2021 and the case has not yet been heard.

### **Dispute Between HT Asset Management and Sun Jun (孫軍) on repurchase of pledged securities**

As Sun Jun pledged the shares held in Jiyao Holding (stock code: 300108) and contributed capital to the asset management plan managed by Shanghai Haitong Securities Asset Management Company Limited (“HT Asset Management”), the pledge transaction constituted a breach of contract. HT Asset Management filed a lawsuit with Shanghai Financial Court for requesting the debtor to pay the principal of RMB108 million and the corresponding interest, liquidated damages, expenses incurred for realizing the creditor’s rights and other fees. The court officially accepted the case on 1 April 2020 and the first trial was conducted on 19 November 2020. On 21 January 2021, the court issued the first instance verdict in favor of the litigation claims of HT Asset Management. HT Asset Management has applied for enforcement.

## Section VI SIGNIFICANT EVENTS

### **Dispute over the liability of false statement between Postal Savings Bank and Fucheng Haifutong (富誠海富通) and other securities**

Due to the material breach of contract for the “Huatai Beautiful Auspicious Lights Asset-backed Special Project (華泰美吉特燈都資產支持專項計劃)”, one of the holders of the special plan, Postal Savings Bank of China Co., Ltd. (“PSBC”), filed a lawsuit with Shanghai Financial Court to request that the original owner Kunshan Beautiful Auspicious Lights Management Co., Ltd. (昆山美吉特燈都管理有限公司) and related intermediaries, including Shanghai Fucheng Haifutong Asset Management Co., Ltd. (上海富誠海富通資產管理有限公司) (“Fucheng Haifutong”), should be jointly and severally liable for all of its losses, with the amount of RMB526,579,800 and the relevant interest being claimed. On 12 November 2020, the court officially accepted the case and the first trial was conducted on 9 July 2021. Currently, the first instance verdict has not been made by the court.

**The provisions for potential losses involved in the above cases have been fully accrued in accordance with the relevant regulations.**

### **Dispute Between HT Asset Management and Nanjing First Agricultural Chemical Group Ltd. on repurchase of pledged securities**

As Nanjing First Agricultural Chemical Group Ltd. pledged its shares held in Red Sun (stock code: 000525) and contributed capital to the asset management plan managed by Shanghai Haitong Securities Asset Management Company Limited (“HT Asset Management”), the pledge transaction constituted a breach of contract. HT Asset Management filed a lawsuit with Shanghai Financial Court for requesting the debtor to pay the principal of RMB320 million and the corresponding interest, liquidated damages, expenses incurred for realizing the creditor’s rights and other fees. The court officially accepted the case on 2 January 2020 and the first trial was conducted on 7 August 2020. On 31 December 2020, the court issued the first instance verdict in favor of the litigation claims of HT Asset Management. Nanjing First Agricultural Chemical Group Ltd. subsequently appealed to the Shanghai High People’s Court, and the original judgment was unchanged by the Shanghai High People’s Court on 23 June 2021. The People’s Court of Nanjing’s Gaochun District has accepted the bankruptcy reorganization application from Nanjing First Agricultural Chemical Group Ltd. on 3 June 2021, and the court has designated an administrator. Subsequently, HT Asset Management will declare claims to the administrator on behalf of the asset management plan. The potential losses involved in the case have been fully considered before the transaction, and the risk of potential losses to the Company and HT Asset Management is relatively insignificant in the future.



## Section VI SIGNIFICANT EVENTS

### **Dispute Between HT Asset Management and Wang Yue (王悦) on repurchase of pledged securities**

As Wang Yue pledged the shares held in Kingnet Network (stock code: 002517) and contributed capital to the asset management plan managed by Shanghai Haitong Securities Asset Management Company Limited (“HT Asset Management”), the pledge transaction constituted a breach of contract. The Company filed a lawsuit with Shanghai Financial Court for requesting the debtor to pay the principal of RMB130 million and the corresponding interest, liquidated damages, expenses incurred for realizing the creditor’s rights and other fees. The court officially accepted the case on 11 May 2020 and the first trial was conducted on 29 October 2020. On 25 February 2021, the court issued the first instance verdict in favor of the litigation claims of HT Asset Management. HT Asset Management has applied for enforcement. The potential losses involved in the case have been fully considered before the transaction, and the risk of potential losses to the Company and HT Asset Management is relatively insignificant in the future.

In addition to the above cases, the Group, excluding its oversea listed subsidiaries, still has a total of eight cases are pending for enforcement, with an aggregate amount of RMB1,323,825.4 thousand. In respect of material litigation and arbitration matters of overseas listed subsidiaries, the Company’s overseas listed subsidiaries shall perform their own information disclosure obligations in accordance with relevant listing rules.

### **VIII. SUSPECTED VIOLATIONS OF LAWS AND REGULATIONS BY, PUNISHMENT AGAINST AND RECTIFICATION OF THE LISTED COMPANY, ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS**

1. As at the end of the Reporting Period, the Company did not have any controlling shareholder or de facto controller. During the Reporting Period, none of the following circumstances happened to the Company, the Directors, Supervisors, senior management of the Company, or the largest shareholder: being investigated by competent authorities, imposed coercive measures by a judiciary authority or disciplinary department, transferred to a judicial authority or held criminally liable, investigated or imposed administrative penalties by the CSRC, banned from access to market, identified as an unsuitable person, imposed material administrative penalties by other administrative authorities, or publicly condemned by a stock exchange. None of the Directors, Supervisors and senior management of the Company violated any rules or regulations with regard to trading of the shares of the Company.

## Section VI SIGNIFICANT EVENTS

2. During the Reporting Period, the Company and several branches had the following events subject to administrative and regulatory measures taken by the CSRC and its agencies:

In February 2021, the CSRC issued the “Decision on Taking Regulatory Talk Measures Against Haitong Securities Co., Ltd.” ([2021] No. 14) to take regulatory measures by talking to the Company. The letter of regulation affirmed that the Company failed to conduct regular follow-up visits, on-site inspections and other procedures in the process of performing its continuous supervision duties in respect of restructuring and listing as required, and failed to prudently verify the work of accountants engaged by it as required; it did not examine the external guarantees of the relevant listed company through issuing external confirmations and conducting interviews while serving a financial consultant. After receiving the aforesaid letter of regulation, the Company attached great importance to it, proceeded to timely rectifications, further intensified its efforts on compliance training and inspection and supervised its staff to duly perform responsibilities to improve continuous supervision capabilities, improve the quality of preliminary drafts of various working reports and practically enhance the capability to practice.

In February 2021, the CSRC issued the “Decision on the Regulatory Measures for Issuing Warning Letters to Haitong Securities Co., Ltd.” ([2021] No. 16) to take regulatory measures by issuing warning letters to the Company. The letter of regulation affirmed that the verification of the internal control and equity interests of the relevant listed company conducted by the Company was inadequate. After receiving the aforesaid letter of regulation, the Company attached great importance to it, proceeded to timely rectifications, further intensified its efforts on compliance training and inspections and supervised its staff to duly perform responsibilities and practically enhance the capability to practice.

In March 2021, The Shanghai Bureau of the CSRC imposed administrative and regulatory measures on Haitong Securities and HT Asset Management for their non-compliances in the process of developing the businesses of investment advisory and private assets management. In particular, it imposed regulatory measures on Haitong Securities, including making an order to require a suspension of its bond investment advisory business for institutional investors for 12 months, increasing the number of internal compliance investigations and submitting compliance investigation reports. Moreover, it imposed regulatory measures on HT Asset Management, including making an order to require a suspension of its investment advisory business of private asset management products for securities and futures business institutions for 12 months, and a suspension of filing for registration of new private asset management products for six months, and considered a number of directly responsible persons and officers having the responsibility of management would be ineligible candidates for two years. After receiving the aforesaid letter of regulation, the Company attached great importance to it, proceeded to timely rectifications in accordance with the regulatory requirements, organized all relevant departments and subsidiaries to have an in-depth investigation into the business operations, reflected deeply on flaws in the business management and control, and fully implemented relevant rectifications in order to ensure that all parts of business operations would strictly comply with laws, regulations and self-discipline norms.

## Section VI SIGNIFICANT EVENTS

In April 2021, the CSRC issued the “Decision on the Regulatory Measures for Issuing Warning Letters to Haitong Securities Co., Ltd., Jiang Huang (江煌) and Zhang Shu (張舒)” ([2021] No. 32) to take regulatory measures by issuing warning letters to the Company and these two sponsor representatives. The letter of regulation affirmed that in the document of the application for non-public issuance of shares submitted by the Company and these two sponsor representatives to the issuer, the shareholding structure of indirect shareholders of the acquisition target disclosed in the issuance plan was not consistent with the shareholding structure set out in the working report on the issuance and sponsoring. After receiving the letter of regulation, the Company attached great importance to it, proceeded to timely rectifications, paid particular attention to the disclosure of the complicated shareholding structure of the issuer in handling other projects, strengthened the advance communication with regulatory departments, and supervised its staff to duly perform responsibilities, improve the quality of preliminary drafts of various working reports and practically enhance the capability to practice.

In April 2021, the CSRC issued the “Decision on the Regulatory Measures for Issuing Warning Letters to Haitong Securities Co., Ltd., Li Mingjia (李明嘉) and Zhu Wenjie (朱文傑)” ([2021] No. 34) to take regulatory measures by issuing warning letters to the Company and these two sponsor representatives. The letter of regulation affirmed that in the document of the application for non-public issuance of shares submitted by the Company and these two sponsor representatives to the issuer, the shareholding structure of indirect shareholders of the acquisition target disclosed in the issuance plan was not consistent with the shareholding structure set out in the working report on the issuance and sponsoring. After receiving the letter of regulation, the Company attached great importance to it, proceeded to timely rectifications, paid particular attention to the disclosure of the complicated shareholding structure of the issuer in handling other projects, strengthened the advance communication with regulatory departments, and supervised employees to duly perform responsibilities, improve the quality of preliminary drafts of various working reports and practically enhance the capability to practice.

In May 2021, the CSRC Jiangsu Bureau issued the “Decision on the Measures of Ordering Nantong Renmin Middle Road Securities Business Department of Haitong Securities Co., Ltd. to Make Rectifications” ([2021] No. 46) to take measures of ordering Nantong Renmin Middle Road Securities Business Department of the Company to make rectifications. The letter of regulation affirmed that Nantong Business Department had defects in the warning, monitoring and handling of unusual trades, the authority of the employee management system and elements of customers’ trading and entrustment records. After receiving the letter, the Company attached great importance to it, urged the business department to make immediate rectifications, improved the management and control mechanism for unusual trades and continuously promoted the optimization of the trading system to ensure the user authorization of the employee information system meeting relevant requirements and practically enhance the monitoring, management and internal control of unusual trades.

## Section VI SIGNIFICANT EVENTS

### IX. EXPLANATIONS ON THE CREDIT-WORTHINESS OF THE COMPANY, ITS CONTROLLING SHAREHOLDER, AND DE FACTO CONTROLLER DURING THE REPORTING PERIOD

As at the end of the Reporting Period, the Company did not have any controlling shareholder or de facto controller. During the Reporting Period, there was no failure to comply with any effective court judgement or settle any material debts that have fallen due of the Company and the largest shareholder.

### X. MATERIAL RELATED PARTY TRANSACTIONS

#### (I) Related party transactions relevant to daily operations

The Company established a basic and comprehensive related party/connected transactions regulation system as well as a more scientific and refined organisational management framework for related party/connected transactions, and the relevant internal control was overall effective. The Company strictly complied with the review procedures and information disclosure requirements of related party/connected transactions under the Company Law, the Securities Law, the Implementation Guidelines on Related Party Transactions of Listed Companies of the Shanghai Stock Exchange, the Hong Kong Listing Rules, the Shanghai Stock Exchange Listing Rules and other relevant laws and regulatory rules, as well as internal rules such as the Articles of Association, the Management Measures for Related Party Transactions, and the Implementation Rules for the Management of Related Party (Connected) Transactions (Trial), which formed an appropriate restrictive mechanism for related party/connected transactions in respect of various businesses.

During the Reporting Period, the Company conducted routine related party/connected transactions in strict compliance with the proposal regarding projected routine related party/connected transactions of the Company in 2021 approved in the annual general meeting of 2020.

Disclosure of related party/connected transactions set out in this section is determined in accordance with the Shanghai Stock Exchange Listing Rules and the Hong Kong Listing Rules, and may differ from the amounts of related party transactions (prepared in accordance with the Accounting Standards for Business Enterprises) in notes to financial statements. The related party transactions set out in note 63 to the combined financial statements of the Report do not constitute connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules, except that the related party transactions between the Company and Shanghai Guosheng Group and its associates constituted continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules and the Company has complied with the requirements under Chapter 14A of the Hong Kong Listing Rules. For details of these connected transactions, please see the announcement of continuing connected transactions of the Company dated 6 August 2020. Save for the above connected transactions, during the Reporting Period, the Company did not have any connected transaction which is disclosable in accordance with the requirements under Chapter 14A of the Hong Kong Listing Rules.

## Section VI SIGNIFICANT EVENTS

Details of such related party/connected transactions are as follows:

➤ **Continuing connected transactions under the Hong Kong Listing Rules**

Reference is made to the announcement on the continuing connected transactions of the Company dated 6 August 2020. As the date of this report, 10.38% of the Company's equity interest was directly and indirectly held by Guosheng Group. According to Rule 14A.07 of the Hong Kong Listing Rules, Guosheng Group and its associates constitute connected person of the Company under the Hong Kong Listing Rules. On 6 August 2020, the Company and Shanghai Guosheng Group entered into a Continuing Connected Transactions Framework Agreement for a term commencing from 6 August 2020 to 31 December 2022. Pursuant to the Continuing Connected Transactions Framework Agreement, the Group and Shanghai Guosheng Group and its associates will conduct the Securities and Financial Products Transactions and the Securities and Financial Services in the course of ordinary business.

During the Reporting Period, the Group carried out the continuing connected transactions in relation to the securities and financial products transactions and the securities and financial services with Shanghai Guosheng and its associates, details of which are as follows:

Unit: RMB10 thousand

Content of transactions	Annual cap of 2021	Actual transaction amount for the six months ended 30 June 2021
<b>Securities and financial products</b>		
Inflow <sup>(1)</sup>	290,000.00	21,174.00
Outflow <sup>(2)</sup>	540,000.00	5,000.00
<b>Securities and financial services</b>		
Total revenue derived from provision of Securities and Financial Services by the Group to Guosheng Group and its associates	7,000.00	101.00
Total expenses incurred for Securities and Financial Services provided by Guosheng Group and its associates to the Group	2,000.00	—

(1) "Inflow" refers to the total amount of cash inflows arising from the Securities and Financial Products Transactions, including the sale of fixed income products and equity products, the interest to be received from derivatives related to fixed income products and borrowing/repurchase through financing transactions.

(2) "Outflow" refers to the total amount of cash outflows arising from the Securities and Financial Products Transactions, including the purchase of fixed income products and equity products, the interest to be paid for derivatives related to fixed income products and borrowing/repurchase through financing transactions.

## Section VI SIGNIFICANT EVENTS

### ➤ *Routine related party transactions under the Shanghai Stock Exchange Listing Rules*

- (1) *Related party transactions with Shanghai Guosheng (Group) Co., Ltd. and Shanghai Guosheng Group Assets Co., Ltd.*

*Unit: RMB10 thousand*

Content of Transactions	Transaction volume for the six months ended 30 June 2021	Percentage in the amount of similar transactions (%)	Remarks
Fee and commission income	52.64	0.01%	Fee income from investment banking business received from related parties
Fee and commission income	9.81	0.00%	Securities trading fee and commission income received from related parties
Net interest income	8.74	0.00%	Net interest income from margin deposits of related parties
Net gains or losses from trading of derivative financial instruments (Note)	(151.10)	-0.02%	During the Reporting Period, the amount of notional principal amounts was RMB88 million; as at the end of the Reporting Period, the balance of notional principal amounts was RMB88 million.

Note: The realized and unrealized investment income generated from trading of derivatives between the related parties as the counterparties and the Company.

*Unit: RMB10 thousand*

Item	Balance as at 30 June 2021	Percentage in the amount of similar transactions (%)	Remarks
Accounts receivable	90.00	0.01%	Balance of bond underwriting fees receivable from related parties
Accounts from securities agency trading	55.82	0.00%	Balance of margin deposits from clients placed by related parties

## Section VI SIGNIFICANT EVENTS

### (2) Related Party Transactions with Companies Held More Than 10% Equity Interests of Key Subsidiaries of the Company

#### 1) Related party transactions with Shanghai Shengyuan Real Estate (Group) Co., Ltd.

As of 30 June 2021, Shanghai Shengyuan Real Estate (Group) Co., Ltd. held 5.36% equity interests in Haitong Futures, a key subsidiary of the Company. But Shanghai Shengyuan Real Estate (Group) Co., Ltd held more than 10% equity interests in Haitong Futures in the past twelve months. Therefore, pursuant to clause (5) under section VIII and clause (2) under section XI of the Implementation Guidelines on Related Party Transactions of Listed Companies of the Shanghai Stock Exchange, Shanghai Shengyuan Real Estate (Group) Co., Ltd. remains a related legal person of the Company.

Unit: RMB10 thousand

Content of Transactions	Transaction volume for the six months ended 30 June 2021	Percentage in the amount of similar transactions (%)	Remarks
Fee and commission income	19.49	0.00%	Securities trading fee and commission income received from related parties
Net interest income	0.72	0.00%	Net interest income from margin deposits of related parties

Unit: RMB10 thousand

Item	Balance as at 30 June 2021	Percentage in the amount of similar transactions (%)	Remarks
Accounts from securities agency trading	0.01	0.00%	Balance of margin deposits from clients placed by related parties

## Section VI SIGNIFICANT EVENTS

### 2) *Related party transactions with Yangtze River Economic United Development (Group) Co., Ltd. and its parties acting in concert*

As of 30 June 2021, Yangtze River Economic United Development (Group) Co., Ltd. and its parties acting in concert held a total of 13.86% equity interests in Haitong Futures, a key subsidiary of the Company, therefore, pursuant to clause (5) under section VIII of the Implementation Guidelines on Related Party Transactions of Listed Companies of the Shanghai Stock Exchange, Yangtze River Economic United Development (Group) Co., Ltd. and its parties acting in concert constitute related legal persons of the Company.

*Unit: RMB10 thousand*

Content of Transactions	Transaction volume for the six months ended 30 June 2021	Percentage in the amount of similar transactions (%)	Remarks
Fee and commission income	1.23	0.00%	Securities trading fee and commission income received from related parties
Net interest income	2.78	0.00%	Net interest income from margin deposits of related parties

*Unit: RMB10 thousand*

Item	Balance as at 30 June 2021	Percentage in the amount of similar transactions (%)	Remarks
Accounts from securities agency trading	1,518.5	0.01%	Balance of margin deposits from clients placed by related parties



## Section VI SIGNIFICANT EVENTS

- 3) *Related party transactions with companies (other than the Company and its subsidiaries), where the Company's Directors, Supervisors and senior management hold positions as directors or senior management, and other related corporate legal persons*

*Unit: RMB10 thousand*

Content of Transactions	Transaction volume for the six months ended 30 June 2021	Percentage in the amount of similar transactions (%)	Remarks
Fee and commissions income	12,263.50	1.71%	Income from asset management, income from sales service fees and income from investment consulting service fees received from related parties
Fee and commissions income	147.66	0.02%	Securities trading fee and commission income received from related parties
Net interest income	0.46	0.00%	Net interest income from margin deposits of related parties
Interest expenses	2.00	0.00%	Interest expenses on interest-bearing liabilities paid to related parties
Business and management expenses	0.93	0.00%	Expenses from sales and service fees paid to related parties
Net gains or losses from trading of derivative financial instruments (note)	(261.13)	-0.04%	During the Reporting Period, the amount of notional principal amounts was RMB1,953 million; as at the end of the Reporting Period, the balance of notional principal amounts was RMB1,296 million

*Note: The realized and unrealized investment income generated from trading of derivatives between the related parties as the counter parties and the Company.*

*Unit: RMB10 thousand*

Item	Balance as at 30 June 2021	Percentage in the amount of similar transactions (%)	Remarks
Accounts receivable	2,226.00	0.15%	Balance of performance fees receivable from related parties
Accounts payable	2.42	0.00%	Sales and service fees balance due to related parties
Accounts from securities agency trading	275.49	0.00%	Balance of margin deposits from clients placed by related parties

In addition, related corporate legal persons, such as certain commercial banks and securities companies, carried out spot trading with the Company as qualified counterparties. During the Reporting Period, the accumulated trading volume amounted to RMB564 million.

## Section VI SIGNIFICANT EVENTS

### 4) *Related party transactions with related natural persons*

During the Reporting Period, all related natural persons of the Company incurred, in aggregate, a fee and commission income of RMB27,200, net interest income of RMB9,000 and accounts from securities agency trading of RMB1,704,900 with the Company.

### **(II) Related party transactions relating to asset acquisition or equity acquisition or disposal**

During the Reporting Period, the Company was not involved in any related party transactions relating to asset acquisition or equity acquisition or disposal.

### **(III) Material related party transactions relating to external joint investment**

During the Reporting Period, the Company was not involved in any material related party transactions in relation to external joint investment.

### **(IV) Claims and liabilities between related parties**

During the Reporting Period, the Company was not involved in any relationships of creditor and debtor with its related parties.

### **(V) Financial business between the Company and its related financial companies, controlled financial companies and related parties**

During the Reporting Period, the Company was not involved in financial transactions between finance companies related with or controlled by the Company and related parties.

### **(VI) Other material related party transactions**

During the Reporting Period, the Company was not involved in any material related party transactions.

### **(VII) Other**

✓ Not applicable

## Section VI SIGNIFICANT EVENTS

### XI. MATERIAL CONTRACTS AND THEIR PERFORMANCE

#### 1 Custody, contracting and leasing matters

During the Reporting Period, the Company had no material custody, contracting or leasing matters.

#### 2 Material guarantees which have been performed and not yet been performed during the Reporting Period

Unit: Yuan Currency: RMB

External guarantees provided by the Company (excluding the guarantees for subsidiaries)																
Guarantor	Relationship between guarantor and the listed company	Party	Amount of guaranteed guarantee	Date of provision of guarantee			Guarantee type	A description of the principal debt			Guarantee fulfilled or not	Guarantee overdue or not	Amount of guarantee overdue	Whether counter guarantee exists	Related parties guarantee or not	Related relationship
				(execution date of agreement)	Commencing date of guarantee	Expiry date of guarantee		of the	Collaterals (if any)							
/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
Total amount of guarantees incurred during the Reporting Period (excluding the guarantees provided for subsidiaries)																
Total balance of guarantees at the end of the Reporting Period (A) (excluding the guarantees provided for subsidiaries)																
Guarantees provided by the Company for its subsidiaries																
Total amount of guarantees provided for subsidiaries during the Reporting Period															4,601,708,962	
Total balance of guarantees provided for subsidiaries as at the end of the Reporting Period (B)															22,260,423,155	
Total amount of guarantees provided by the Company (including those provided for subsidiaries)																
Total amount of guarantees (A+B)															22,260,423,155	
Percentage of total guarantee amount to the net assets of the Company (%)															12.85	
Including:																
Amount of guarantees provided to shareholders, de facto controllers and their related parties (C)															0	
Amount of debt guarantees directly or indirectly provided for the parties guaranteed with the gearing ratio exceeding 70% (D)															17,045,430,914	
Amount of the portion of total guarantee exceeding 50% of net assets (E)															0	
Total amount of the above three types of guarantees (C+D+E)															17,045,430,914	
Explanations on outstanding guarantee which may undertake joint and several liability for repayment																Nil

Note:

- (1) During the Reporting Period, the total amount of external guarantees provided by Haitong Bank, a subsidiary of the Company (excluding guarantees provided for its subsidiaries) was EUR39,160,151 (equivalent to RMB300,992,752 calculated based on the RMB central parity rate of EUR1=RMB7.6862 in the Interbank Foreign Exchange Market as at 30 June 2021). As at the end of the Reporting Period, the balance of external guarantees (excluding guarantees provided for its subsidiaries) was EUR105,434,880 (equivalent to RMB810,393,574 calculated based on the RMB central parity rate of EUR1=RMB7.6862 in the Interbank Foreign Exchange Market as at 30 June 2021).

## Section VI SIGNIFICANT EVENTS

- (2) As at the end of the Reporting Period, translated based on the RMB central parity rates published by China Foreign Exchange Trade System on 30 June 2021 of HK\$1=RMB0.83208, USD1=RMB6.4601 and S\$1=RMB4.8027, the total balance of guarantees provided by Haitong International to its subsidiaries was RMB8,198,481,520.

### *Explanations on guarantees*

- (1) On 28 August 2020, the Company convened the 11th meeting of the seventh session of the Board, at which the Resolution on Providing Joint Liability Guarantee for Offshore Debt Financing of an Offshore Wholly-owned Subsidiary was considered and approved and the Company was approved to provide a joint liability guarantee for offshore debt financing (including but not limited to issuance of overseas bond, medium-and long-term commercial borrowings and other financing methods in compliance with regulatory requirements) of the offshore wholly-owned subsidiary Haitong Bank or subsidiaries thereof, with a guarantee amount of not more than EUR375 million covering debt financing principal (inclusive, or other currencies with equivalent value), interest and other fees to be borne by the borrower, and a guarantee period of not more than 6 years (inclusive).

The Company signed the Loan Agreement as a guarantor on 17 May 2021, to provide a joint liability guarantee of EUR375 million (inclusive, or other currencies with equivalent value) for the syndicated loan of Haitong Bank, an offshore wholly-owned subsidiary of the Company.

- (2) Haitong Capital, a wholly-owned subsidiary of the Company, transferred 2,440,846,824 domestic shares of Haitong UT held by it to Haitong Innovation Securities, a wholly-owned subsidiary of the Company. Haitong Capital reduced its registered capital from RMB10,650 million to RMB7,500 million and reduced its capital by RMB3,150 million. The Company provides a general guarantee of RMB1,055,020.8 thousand of outstanding debts during Haitong Capital's capital reduction process. This guarantee was reviewed and approved by the Company at the 14th meeting (extraordinary meeting) of the seventh session of the Board on 29 January 2021.

As of 30 June 2021, the Company's guarantee balance of such liability was RMB414,992.2 thousand.

- (3) On 25 April 2019, the Company convened the 37th meeting of the sixth session of the Board, at which the Resolution on Providing Joint Liability Guarantee for Offshore Debt Financing of an Offshore Wholly-owned Subsidiary was considered and approved, and the Company was approved to provide a joint liability guarantee for offshore debt financing (including but not limited to issuance of overseas bond, medium-and long-term commercial borrowings and other financing methods in compliance with regulatory requirements) of the offshore wholly-owned subsidiary Haitong International Holdings Limited and wholly-owned subsidiaries thereof, with a guarantee amount of not more than USD670 million covering debt financing principal (inclusive, or other currencies with equivalent value), interest and other fees to be borne by the borrower, and a guarantee period of not more than 10 years (inclusive).

The Company signed the deed of guarantee on 12 March 2020, pursuant to which, the Company provided joint liability guarantee for the issue of an USD bond with the amount of USD670 million and an interest rate of 2.107% which will be due in 2025 by Haitong International Finance Holdings 2015 Limited, an offshore wholly-owned subsidiary of the Company.

## Section VI SIGNIFICANT EVENTS

- (4) On 29 August 2018, the Company held the 31st meeting of the sixth session of the Board, at which the Resolution on Providing Joint Liability Guarantee for Offshore Debt Financing of an Offshore Wholly-owned Subsidiary was considered and approved. On 22 March 2019, the Company signed the Loan Agreement as a guarantor to provide a joint liability guarantee of EUR375 million for the syndicated loan of Haitong Investment Ireland Public Limited Company, an indirect offshore wholly-owned subsidiary of the Company.
- (5) On 29 August 2017, the Company held the 25th meeting of the sixth session of the Board, at which the Resolution on Providing Joint Liability Guarantee for Offshore Debt Financing of an Offshore Wholly-owned Subsidiary was considered and approved. The Company signed the Loan Agreement as a guarantor on 14 May 2018, and provided US\$600 million joint liability guarantee for the syndicated loan of Haitong International Holdings, an offshore wholly-owned subsidiary of the Company.
- (6) On 27 April 2017, the Resolution on Providing Joint Liability Guarantee for Offshore Debt Financing of an Offshore Wholly-owned Subsidiary was considered and approved at the 24th meeting of the sixth session of the Board. The Company signed the Loan Agreement as a guarantor on 8 June 2017, and provided EUR200 million joint liability guarantee for the syndicated loan of Haitong International Holdings, an offshore wholly-owned subsidiary of the Company.

As of 30 June 2021, the Company's guarantee balance of such liability was EUR160 million.

- (7) On 29 August 2016, the Resolution on Providing Additional Guarantees for the Net Assets of HT Asset Management and Increasing Contribution to its Registered Capital was considered and approved at the 18th meeting of the sixth session of the Board, in which, the Company was approved to provide additional guarantees of no more than RMB4,000 million for the net assets of HT Asset Management. The Company provided guarantees up to RMB4,000 million for the net assets of HT Asset Management and undertook to provide cash within the abovementioned amount unconditionally to HT Asset Management when it needs cash to carry out business. The guarantees for the net assets are effective from the date of approval by the Board. With regard to this net capital guarantee, HT Asset Management has obtained the "No Objection Letter on Haitong Securities Co., Ltd. Issued a Net Capital Guarantee Commitment to Shanghai Haitong Securities Asset Management Co., Ltd." from the CSRC Shanghai Bureau (Hu Zheng Jian Ji Gou Zi [2016] No. 325).
- (8) The Resolution on Providing Guarantee for the Net Assets of Shanghai Haitong Securities Asset Management Co., Ltd. was considered and approved at the 12th meeting of the fifth session of the Board, whereby the Company was approved by the Board to provide, at any time, guarantees of no more than RMB1,500 million for the net assets of HT Asset Management, to ensure that it maintains adequate net capital. On 9 June 2013, the CSRC Shanghai Bureau issued the Letter on No-objection to the Issuance of Net Capital Guarantee Commitment Letter by Haitong Securities Co., Ltd. to Shanghai Haitong Securities Asset Management Co., Ltd. (Hu Zheng Jian Ji Gou Zi [2013] No. 145), consenting the Company's provision of guarantee commitment of RMB800 million to HT Asset Management. The Company has deducted net capital of RMB800 million and correspondingly increased net capital of HT Asset Management by RMB800 million.

## Section VI SIGNIFICANT EVENTS

### 3. Other material contracts

During the Reporting Period, the Company had no other disclosable material contracts which were not disclosed.

## XII. DESCRIPTION OF OTHER SIGNIFICANT EVENTS

### Transfer of equity interests in Haitong UT

Reference is made to the overseas regulatory announcement dated 29 December 2020, the announcement on the resolutions of the Thirteenth Meeting (Extraordinary Meeting) of the Seventh session of the Board of the Company, the proposal regarding the Adjustment of Deadline of the Plan for Transferring the Equity Interests in Haitong UT by Haitong Capital was considered and approved at the Board meeting. In February 2021, Haitong Capital transferred all 2,440,846,824 domestic shares of Haitong UT held by it to Haitong Innovation Securities and the corresponding transfer amount was the corresponding carrying amount of the aforesaid shares held by Haitong Capital as at the end of the month in which the transfer occurred.

## Section VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

### I. CHANGES IN SHARE CAPITAL

#### (I) Table of changes in shares

##### 1. *Table of changes in shares*

There were no changes in total shares or share capital structure of the Company during the Reporting Period. The total number of Shares of the Company was 13,064,200,000, of which, the number of A Shares was 9,654,631,180, and the number of H Shares was 3,409,568,820.

##### 2. *Particulars about changes in shares*

There were no changes in shares of the Company during the Reporting Period.

##### 3. *Effect of changes in shares on financial indicators such as earnings per share and net assets per share during the period from the end of the Reporting Period to the date of disclosure of the interim report (if any)*

✓ Not applicable

##### 4. *Other disclosures deemed necessary by the Company or required by securities regulatory authorities*

✓ Not applicable

## Section VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

### (II) Changes in restricted shares

Unit: Share

Name of shareholders	Number of restricted shares at the beginning of the Reporting Period	Number of restricted shares released during the Reporting Period	Number of restricted shares increased during the Reporting Period	Number of restricted shares at the end of Reporting Period	Reasons for restriction on sale	Date of release for sale
Shanghai Guosheng (Group) Co., Ltd.	781,250,000	0	0	781,250,000	Restriction on sale of non-publicly issued shares	5 August 2024
Shanghai Haiyan Investment Management Company Limited	234,375,000	0	0	234,375,000	Restriction on sale of non-publicly issued shares	7 February 2022
Shanghai Electric (Group) Corporation	78,203,125	0	0	78,203,125	Restriction on sale of non-publicly issued shares	7 February 2022
Bright Food (Group) Co., Ltd.	78,125,000	0	0	78,125,000	Restriction on sale of non-publicly issued shares	7 February 2022
UBS AG	116,406,250	116,406,250	0	0	Restriction on sale of non-publicly issued shares	5 February 2021
Harvest Global Investments Limited	62,890,625	62,890,625	0	0	Restriction on sale of non-publicly issued shares	5 February 2021
China Huarong Asset Management Co., Ltd.	39,062,500	39,062,500	0	0	Restriction on sale of non-publicly issued shares	5 February 2021
Shanghai Lansheng Corporation	39,062,500	39,062,500	0	0	Restriction on sale of non-publicly issued shares	5 February 2021
Shanghai Chengtou Holdings Co., Ltd.	35,156,250	35,156,250	0	0	Restriction on sale of non-publicly issued shares	5 February 2021
Fuanda Fund Management Co., Ltd.	31,250,000	31,250,000	0	0	Restriction on sale of non-publicly issued shares	5 February 2021
JPMorgan Chase Bank, National Association	27,734,375	27,734,375	0	0	Restriction on sale of non-publicly issued shares	5 February 2021
Qilu Zhongtai Private Equity Management Co., Ltd.(齊魯中泰私募基金管理有限公司)	23,359,375	23,359,375	0	0	Restriction on sale of non-publicly issued shares	5 February 2021
Greater Bay Area Industry Finance Investment (Guangzhou) Co., Ltd.(灣區產融投資(廣州)有限公司)	15,625,000	15,625,000	0	0	Restriction on sale of non-publicly issued shares	5 February 2021
Total	1,562,500,000	390,546,875	0	1,171,953,125	/	/



## Section VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

### II. PARTICULARS ABOUT SHAREHOLDERS

#### (I) Total number of shareholders:

Total number of shareholders of ordinary shares (accounts) as at the end of the Reporting Period 315,236 (of which 315,087 were holders of A Shares and 149 were holders of H Shares)

#### (II) Table of shareholdings of the top ten shareholders and the top ten shareholders of circulating shares (or shareholders not subject to trading moratorium) as at the end of the Reporting Period

Unit: Share

Name of shareholders (Full name)	Changes in the number of shares during the Reporting Period	Shareholdings of the top ten shareholders					
		Number of shares held as at the end of the Reporting Period	Percentage (%)	Number of shares held subject to trading moratorium	Particulars of shares pledged, marked or frozen		
					Particulars of shares	Number of Shares	Nature of shareholders
Hong Kong Securities Clearing Company Nominees Limited ("HKSCC Nominees Limited")	33,200	3,408,850,695	26.09	0	Unknown	–	Foreign legal person
Shanghai Guosheng (Group) Co., Ltd.	0	862,489,059	6.60	781,250,000	Nil	0	State-owned legal person
Shanghai Haiyan Investment Management Company Limited	0	635,084,623	4.86	234,375,000	Nil	0	State-owned legal person
Bright Food (Group) Co., Ltd.	-28,186,300	452,088,700	3.46	78,125,000	Nil	0	State-owned legal person
Shenenergy Group Company Limited	-27,097,000	283,485,086	2.17	0	Nil	0	State-owned legal person
Shanghai Electric (Group) Corporation	36,975,800	262,789,118	2.01	78,203,125	Nil	0	State
China Securities Finance Corporation Limited	-85,797,235	258,104,024	1.98	0	Nil	0	Others
Shanghai Guosheng Group Assets Co., Ltd.	0	238,382,008	1.82	0	Nil	0	State-owned legal person
Shanghai Jiushi (Group) Co., Ltd.	0	235,247,280	1.80	0	Nil	0	State-owned legal person
Shanghai Bailian Group Co., Ltd.	0	214,471,652	1.64	0	Nil	0	State-owned legal person

## Section VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

Unit: Share

Shareholdings of the top ten shareholders not subject to trading moratorium			
Name of shareholders	Number of circulating shares held not subject to trading moratorium	Type	Type and number of shares
			Number of Shares
HKSCC Nominees Limited	3,408,850,695	Foreign shares listed overseas	3,408,850,695
Shanghai Haiyan Investment Management Company Limited	400,709,623	RMB denominated ordinary shares	400,709,623
Bright Food (Group) Co., Ltd.	373,963,700	RMB denominated ordinary shares	373,963,700
Shenergy Group Company Limited	283,485,086	RMB denominated ordinary shares	283,485,086
China Securities Finance Corporation Limited	258,104,024	RMB denominated ordinary shares	258,104,024
Shanghai Guosheng Group Assets Co., Ltd.	238,382,008	RMB denominated ordinary shares	238,382,008
Shanghai Jiushi (Group) Co., Ltd.	235,247,280	RMB denominated ordinary shares	235,247,280
Shanghai Bailian Group Co., Ltd.	214,471,652	RMB denominated ordinary shares	214,471,652
Shanghai Electric (Group) Corporation	184,585,993	RMB denominated ordinary shares	184,585,993
China Construction Bank Corporation – Guotai CSI All Share Securities Company Trading Index Securities Investment Open-ended Fund	182,241,054	RMB denominated ordinary shares	182,241,054
Particulars of the repurchase accounts for the top ten shareholders			
Description of entrusting voting rights, entrusted voting rights, waiving voting rights of the above Shareholders			
Explanations on the related relationship or concerted action among the above shareholders	Shanghai Guosheng Group Assets Co., Ltd. is a wholly-owned subsidiary of Shanghai Guosheng (Group) Co., Ltd. Moreover, the Company is not aware of any related relationship among other shareholders or whether they are parties acting in concert as stipulated in the Measures for the Administration of the Takeover of Listed Companies.		
Explanations on the shareholders of preference shares whose voting rights were resumed and their shareholdings			

- Notes:
- The nature of shareholders of RMB denominated ordinary shares (A Shares) represents that of accounts registered by such shareholders in Shanghai Branch of China Securities Depository and Clearing Corporation Limited.
  - In the table above, overseas listed foreign shares are H Shares. Among the H Shareholders of the Company, HKSCC Nominees Limited held the H Shares on behalf of the non-registered shareholders.
  - Shanghai Guosheng Group and its wholly-owned subsidiary, Shanghai Guosheng Group Assets Co., Ltd., hold a total of 1,356.3275 million A Shares and H Shares of the Company, representing 10.38% of the total share capital of the Company; Shanghai Electric (Group) Corporation holds a total of 440.8019 million A Shares and H Shares of the Company, representing 3.37% of the total share capital of the Company.
  - As the shares of the Company are subject of margin financing and securities lending, the number of shares held by a shareholder is calculated based on the aggregated number of shares and interests held by such shareholder through ordinary securities accounts and credit securities accounts.

## Section VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

### *Number of shares held by the top ten shareholders subject to trading moratorium and trading moratorium*

Unit: Share

No.	Name of shareholders subject to trading moratorium	Number of shares held subject to trading moratorium	Listing and trading of shares subject to trading moratorium	
			Available listed trading hours	Number of newly listed trading shares Trading moratorium
1	Shanghai Guosheng (Group) Co., Ltd.	781,250,000	5 August 2024	- Lock-up period of 48 months
2	Shanghai Haiyan Investment Management Company Limited	234,375,000	7 February 2022	- Lock-up period of 18 months
3	Shanghai Electric (Group) Corporation	78,203,125	7 February 2022	- Lock-up period of 18 months
4	Bright Food (Group) Co., Ltd.	78,125,000	7 February 2022	- Lock-up period of 18 months
Explanations on the related relationship or concerted action among the above shareholders				Nil

On 5 August 2020, following the completion of non-public issuance of 1,562,500,000 RMB denominated ordinary shares (A Shares) to 13 specific target subscribers (including Shanghai Guosheng Group) by the Company, the total number of Shares of the Company has increased from 11,501,700,000 to 13,064,200,000, of which, the number of H Shares remained at 3,409,568,820, and the number of A Shares has increased from 8,092,131,180 to 9,654,631,180. Upon the completion of the issuance of new A Shares, the number of circulating shares not subject to trading moratorium of the Company was 11,501,700,000, and the number of circulating shares subject to trading moratorium was 1,562,500,000 (all are the A Shares of this non-public issuance). The restricted period for part of the restricted shares under the non-public issuance of the Company has expired and released on 5 February 2021. For details, please refer to the overseas regulatory announcement of the Company dated 29 January 2021, the announcement on Eligibility For Trading for Restricted Shares Under the Non-Public Issuance. As at the end of the Reporting Period, out of the total number of Shares of the Company, the number of circulating shares not subject to trading moratorium was 11,892,246,875, and the number of circulating shares subject to trading moratorium was 1,171,953,125.

## Section VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

### (III) Substantial shareholders and other persons' interests and short positions in the shares and underlying shares

As at 30 June 2021, to the best knowledge of the Directors having made all reasonable enquiries, the following parties (other than the Directors, Supervisors and chief executive of the Company) had an interest or short position in the shares or underlying shares, which is required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and has been entered in the register kept by the Company according to Section 336 of the SFO:

No.	Name of substantial shareholders	Type of share	Nature of interests	Number of shares held (shares)	Percentage of total issued shares of the Company (%)	Percentage of total issued A Shares/ H Shares of the Company (%)	Long position (Note 2)/ short position (Note 3)/ interests in lending pool
1	Maunakai Capital Partners (Hong Kong) Limited	H Share	Investment manager	272,590,000	2.09	7.99	Long position
2	BSA Strategic Fund I	H Share	Beneficial owner	272,590,000	2.09	7.99	Long position
3	Shi Jing	H Share	Founder of discretionary trust	228,000,000	1.75	6.69	Long position
4	Wickhams Cay Trust Company Limited	H Share	Trustee (Note 1)	228,000,000	1.75	6.69	Long position
5	Abhaya Limited	H Share	Interests in controlled Corporation (Note 1)	228,000,000	1.75	6.69	Long position
6	Heyday Trend Limited	H Share	Beneficial owners (Note 1)	228,000,000	1.75	6.69	Long position
7	Shanghai Guosheng (Group) Co., Ltd.(Note 4)	H Share	Beneficial owner	241,206,000	1.85	7.07	Long position
		A Share	Beneficial owner	1,100,871,067	8.43	11.40	Long position
8	Shanghai Electric (Group) Corporation	H Share	Beneficial owner	170,658,800	1.31	5.01	Long position
9	China National Tobacco Corporation	A Share	Beneficial owner	635,084,623	4.86	6.58	Long position

Note 1: Heyday Trend Limited holds 228,000,000 H Shares of the Company. Abhaya Limited holds 228,000,000 H Shares of the Company through its wholly-owned Heyday Trend Limited. Abhaya Limited is wholly-owned by Wickhams Cay Trust Company Limited; Shi Yuzhu is a director of Abhaya Limited, and other directors in Abhaya Limited are used to taking orders from Shi Yuzhu. Therefore, Wickhams Cay Trust Company Limited and Shi Yuzhu are deemed to have interest in the 228,000,000 H Shares held by Abhaya Limited.

## Section VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

Note 2: A shareholder has a “long position” if such shareholder has an interest in shares, including interests through holding, selling or issuing financial instruments (including derivatives) under which: (i) such shareholder has a right to purchase the underlying shares; (ii) such shareholder is under an obligation to purchase the underlying shares; (iii) such shareholder has a right to receive money if the price of the underlying shares increases; or (iv) such shareholder has a right to avoid or reduce loss if the price of the underlying shares increases.

Note 3: A shareholder has a “short position” if such shareholder borrows shares under a securities borrowing and lending agreement, or holds, sells or issues financial instruments (including derivatives) under which: (i) such shareholder has a right to require another person to subscribe the underlying shares; (ii) such shareholder is under an obligation to deliver the underlying shares; (iii) such shareholder has a right to receive money if the price of the underlying shares declines; or (iv) such shareholder has a right to avoid or reduce loss if the price of the underlying shares declines.

Note 4: For the avoidance of doubt, as the scope of the abovementioned interest disclosure is not limited to the actual shares held by the relevant shareholders. There may be difference between the number and percentage of shares held by the relevant shareholders shown in this table and the number and percentage of shares beneficially held by the relevant shareholders disclosed in other parts of the interim report.

Save as disclosed above, as at 30 June 2021, the Company was not aware of any other person (other than the Directors, Supervisors and chief executive of the Company) having any interests or short positions in the shares or underlying shares of the Company which are required to be recorded in the register pursuant to Section 336 of the SFO.

### **Directors, Supervisors and chief executive’s interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations**

As at 30 June 2021, according to the information obtained by the Company and so far as the Directors are aware, none of the Director(s), Supervisor(s) and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporation (as defined under the Part XV of the SFO), which shall be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which are taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or would be required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

### **(IV) Strategic investors or general legal person having become one of the top ten shareholders as a result of placing of new shares**

✓ Not applicable

## Section VII CHANGES IN SHARES AND PARTICULARS ABOUT SHAREHOLDERS

### III. PARTICULARS ABOUT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

**(I) Changes in shareholding of current and resigned Directors, Supervisors and senior management during the Reporting Period**

✓ Not applicable

**(II) Share incentives granted to Directors, Supervisors and senior management during the Reporting Period**

During the Reporting Period, none of the Directors, Supervisors or senior management of the Company were granted any equity incentive.

**(III) OTHER INFORMATION**

✓ Not applicable

### IV. CHANGES OF CONTROLLING SHAREHOLDERS OR DE FACTO CONTROLLERS

✓ Not applicable

### V. REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries has repurchased, sold or redeemed any listed securities of the Company, except those dealt in by the Company on behalf of their clients as agent.

## Section VIII PREFERENCE SHARES

During the Reporting Period, the Company did not have any matters relating to preference shares.



## Section IX BONDS

### I. ENTERPRISE BONDS, CORPORATE BONDS AND DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES

#### (1) Enterprise Bonds

✓ Not applicable

#### (2) Corporate Bonds

##### 1. Basic information of corporate bonds

Details of the existing publicly issued corporate bonds as at the approval date of issuance of the interim report are set out below.

Unit: 100 million Currency: RMB

Name of Bonds	Abbreviation	Code	Date of issuance	Effective date	Maturity date	Balance of bonds	Interest rate (%)	Method to repay principal and pay interest	Venue of trading	Arrangement to ensure the suitability of investors (if any)	Trading mechanism	Whether it is exposed to termination of the listing and trading
2013 Corporate Bonds (Tranche 1) of Haitong Securities Co., Ltd.	13 Haitong 03	122282	25 November 2013	25 November 2013	25 November 2023	23.9	6.18	Simple annualised interest rate	SSE	Public investors, institutional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2013 Corporate Bonds (Tranche 2) of Haitong Securities Co., Ltd.	13 Haitong 06	122313	14 July 2014	14 July 2014	14 July 2024	8	5.85	Simple annualised interest rate	SSE	Public investors, institutional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2016 Non-public Issued Subordinated Bonds (Tranche 1) of Haitong Securities Co., Ltd.	16 Haitong C2	145180	17 November 2016	17 November 2016	17 November 2021	20	3.40	Simple annualised interest rate	SSE	Qualified institutional investors	Price quotation, price consultation and trading through agreement	No
2017 Corporate Bonds (Tranche 1) of Haitong Securities Co., Ltd. publicly issued to qualified investors	17 Haitong 02	143232	09 August 2017	11 August 2017	11 August 2022	10	4.80	Simple annualised interest rate	SSE	Qualified investors	Price bidding, price quotation, price consultation and trading through agreement	No
2017 Corporate Bonds (Tranche 2) of Haitong Securities Co., Ltd. publicly issued to qualified investors	17 Haitong 03	143301	20 September 2017	22 September 2017	22 September 2027	55	4.99	Simple annualised interest rate	SSE	Qualified investors	Price bidding, price quotation, price consultation and trading through agreement	No



## Section IX BONDS

Name of Bonds	Abbreviation	Code	Date of issuance	Effective date	Maturity date	Balance of bonds	Interest rate (%)	Method to repay principal and pay interest	Venue of trading	Arrangement to ensure the suitability of investors (if any)	Trading mechanism	Whether it is exposed to termination of the listing and trading
2018 Corporate Bonds (Tranche 5) of Haitong Securities Co., Ltd. publicly issued to qualified investors	18 Haitong 05	155038	21 November 2018	22 November 2018	22 November 2021	30	3.88	Simple annualised interest rate	SSE	Qualified investors	Price bidding, price quotation, price consultation and trading through agreement	No
2019 Non-public Issued Subordinated Bonds (Tranche 1) of Haitong Securities Co., Ltd.	19 Haitong C1	151202	27 February 2019	28 February 2019	28 February 2022	33	4.09	Simple annualised interest rate	SSE	Qualified institutional investors	Price quotation, price consultation and trading through agreement	No
2019 Corporate Bonds (Tranche 1) of Haitong Securities Co., Ltd. publicly issued to qualified investors	19 Haitong 01	155316	10 April 2019	11 April 2019	11 April 2022	50	3.75	Simple annualised interest rate	SSE	Qualified investors	Price bidding, price quotation, price consultation and trading through agreement	No
2019 Corporate Bonds (Tranche 2) of Haitong Securities Co., Ltd. publicly issued to qualified investors	19 Haitong 02	155830	14 November 2019	15 November 2019	15 November 2022	45	3.52	Simple annualised interest rate	SSE	Qualified investors	Price bidding, price quotation, price consultation and trading through agreement	No
2020 Corporate Bonds (Tranche 1) of Haitong Securities Co., Ltd. publicly issued to qualified investors	20 Haitong 01	163148	26 February 2020	27 February 2020	27 February 2023	50	3.01	Simple annualised interest rate	SSE	Qualified investors	Price bidding, price quotation, price consultation and trading through agreement	No
2020 Corporate Bonds (Tranche 2) of Haitong Securities Co., Ltd. publicly issued to qualified investors	20 Haitong 02	163290	18 March 2020	19 March 2020	19 March 2023	35	2.99	Simple annualised interest rate	SSE	Qualified investors	Price bidding, price quotation, price consultation and trading through agreement	No
2020 Corporate Bonds (Tranche 1) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional investors	20 Haitong 04	163507	29 April 2020	30 April 2020	30 April 2023	56	2.38	Simple annualised interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2020 Corporate Bonds (Tranche 1) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional investors	20 Haitong 05	163508	29 April 2020	30 April 2020	30 April 2025	7	2.88	Simple annualised interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2020 Corporate Bonds (Tranche 2) of Haitong Securities Co., Ltd. publicly issued to professional investors	20 Haitong 06	163568	22 May 2020	25 May 2020	25 May 2023	67	2.70	Simple annualised interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No

## Section IX BONDS

Name of Bonds	Abbreviation	Code	Date of issuance	Effective date	Maturity date	Balance of bonds	Interest rate (%)	Method to repay principal and pay interest	Venue of trading	Arrangement to ensure the suitability of investors (if any)	Trading mechanism	Whether it is exposed to termination of the listing and trading
2020 Corporate Bonds (Tranche 3) of Haitong Securities Co., Ltd. publicly issued to professional investors	20 Haitong 08	163903	10 August 2020	11 August 2020	11 August 2023	60	3.53	Simple annualised interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2020 Non-public Issued Corporate Bonds (Tranche 1) (Type I) of Haitong Securities Co., Ltd.	20 Haitong F1	167896	20 October 2020	21 October 2020	23 October 2021	50	3.50	Principal to be repaid upon maturity in one lump sum together with the interest	SSE	Qualified institutional investors	Price quotation, price consultation and trading through agreement	No
2020 Non-public Issued Corporate Bonds (Tranche 1) (Type II) of Haitong Securities Co., Ltd.	20 Haitong F2	167897	20 October 2020	21 October 2020	21 October 2022	50	3.82	Simple annualised interest rate	SSE	Qualified institutional investors	Price quotation, price consultation and trading through agreement	No
2020 Non-public Issued Corporate Bonds (Tranche 2) of Haitong Securities Co., Ltd.	20 Haitong F3	177170	18 November 2020	19 November 2020	13 January 2022	50	3.70	Principal to be repaid upon maturity in one lump sum together with the interest	SSE	Qualified institutional investors	Price quotation, price consultation and trading through agreement	No
2021 Corporate Bonds (Tranche 1) of Haitong Securities Co., Ltd. publicly issued to professional investors	21 Haitong 01	175630	12 January 2021	13 January 2021	13 January 2024	60	3.58	Simple annualised interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2021 Publicly Issued Short-term Corporate Bonds (Tranche 1) of Haitong Securities Co., Ltd.	21 Haitong S1	163863	27 January 2021	28 January 2021	19 December 2021	60	3.10	Principal to be repaid upon maturity in one lump sum together with the interest	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2021 Corporate Bonds (Tranche 2) of Haitong Securities Co., Ltd. publicly issued to professional investors	21 Haitong 02	175741	05 February 2021	08 February 2021	08 February 2024	54	3.79	Simple annualised interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2021 Corporate Bonds (Tranche 3) of Haitong Securities Co., Ltd. publicly issued to professional investors	21 Haitong 03	175975	22 April 2021	23 April 2021	23 April 2024	50	3.45	Simple annualised interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2021 Corporate Bonds (Tranche 4) of Haitong Securities Co., Ltd. publicly issued to professional investors	21 Haitong 04	188150	26 May 2021	27 May 2021	27 May 2024	28	3.35	Simple annualised interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No

## Section IX BONDS

Name of Bonds	Abbreviation	Code	Date of issuance	Effective date	Maturity date	Balance of bonds	Interest rate (%)	Method to repay principal and pay interest	Venue of trading	Arrangement to ensure the suitability of investors (if any)	Trading mechanism	Whether it is exposed to termination of the listing and trading
2021 Corporate Bonds (Tranche 5) of Haitong Securities Co., Ltd. publicly issued to professional investors	21 Haitong 05	188202	09 June 2021	10 June 2021	10 June 2024	21	3.40	Simple annualised interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2021 Publicly Issued Short-term Corporate Bonds (Tranche 2) of Haitong Securities Co., Ltd.	21 Haitong 52	163885	09 July 2021	12 July 2021	16 June 2022	60	2.82	Principal to be repaid upon maturity in one lump sum together with the interest	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2021 Corporate Bonds (Tranche 6) (Type II) of Haitong Securities Co., Ltd. publicly issued to professional investors	21 Haitong 06	188458	28 July 2021	29 July 2021	29 July 2024	20	3.14	Simple annualised interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2021 Corporate Bonds (Tranche 6) (Type I) of Haitong Securities Co., Ltd. publicly issued to professional investors	21 Haitong 53	163895	28 July 2021	29 July 2021	29 July 2022	50	2.72	Principal to be repaid upon maturity in one lump sum together with the interest	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No
2021 Corporate Bonds (Tranche 7) of Haitong Securities Co., Ltd. publicly issued to professional investors	21 Haitong 07	188571	19 August 2021	20 August 2021	20 August 2024	30	3.04	Simple annualised interest rate	SSE	Professional investors	Price bidding, price quotation, price consultation and trading through agreement	No

### *The Company's countermeasures to the risks of termination of listing and trading of bonds*

The all bonds of the Company were not exposed to termination of listing and trading.

### *Outstanding obligation of overdue bonds*

The Company did not have any outstanding obligation of overdue bonds.

### *Overdue debts*

✓ Not applicable

### **2. The triggering and performance of issuer or investor option terms, investor protection terms**

✓ Not applicable

### **3. Adjustment on results of credit rating**

✓ Not applicable

## Section IX BONDS

### **4. *The implementation of and changes in guarantees, repayment plans and other repayment supporting measures during the Reporting Period and impacts thereof***

#### **(1) *Guarantee***

The all bonds above are unguaranteed bonds.

#### **(2) *Repayment plan***

The Company will perform the obligation of annual payment of interest and repayment of principal and interest on maturity for each tranche of corporate bonds in a timely manner. The Company has a sound repayment capability, and repayment capital will be mainly derived from daily accumulation of profits, cash flow from operation activities, further liabilities and share capital financing activities.

#### **(3) *Other repayment supporting measures***

On 18 June 2019, the Proposal regarding the General Mandate to Issue Onshore and Offshore Debt Financing Instruments was considered and approved at the Annual General Meeting of the Company, which stipulated repayment supporting measures, i.e., "authorising the Board and permitting the Board to re-authorize the authorised persons, jointly or separately, in respect of the issuances of the corporate onshore and offshore debt financing instruments to adopt at least the following measures when there is an anticipated failure to repay the principal and interest of the onshore and overseas debt financing instruments or an actual failure to repay the principal and interest of the onshore and offshore debt financing instruments on due dates: ① ceasing to distribute dividends to the Shareholders; ② suspending the implementation of capital expenditure projects such as material external investments, acquisitions and mergers; ③ reducing or ceasing to pay the wages and bonus of the Directors and senior management of the Company; ④ freezing the job transfer of the key responsible personnel."

### **5. *Further description of corporate bonds***

✓ Not applicable

## Section IX BONDS

### (3) Other bonds

Unit: 100 million Currency: see table

Name of Bonds	Abbreviation	Code	Balance of bonds	Interest rate (%)	Date of issuance	Date of repayment	Method to repay principal and pay interest	Venue of trading
Financial Bonds (offshore)	Haitong Securities 4.5% B2023	5482	US\$300 million	4.50	13 December 2018	13 December 2023	Simple semi-annualised interest rate	Hong Kong Stock Exchange
Financial Bonds (offshore)	Haitong Securities FRN B2023	5483	EUR230 million	3M EURIBOR +1.65	13 December 2018	13 December 2023	Simple quarterly interest rate	Hong Kong Stock Exchange
2019 Financial Bonds (Tranche 1)	19 Haitong Securities Financial Bonds 01	091900022	RMB7,000 million	3.39	29 August 2019	29 August 2022	Simple annualised interest rate	Inter-bank market

### (4) Debt financing instruments of non-financial enterprises in the inter-bank bond market

✓ Not applicable

### (5) The Company's loss in the scope of consolidated statements during the Reporting Period exceeded 10% of its net assets as at the end of the last year

✓ Not applicable

## Section IX BONDS

### (6) Key accounting data and financial indicators

Unit: 100 million Currency: RMB

Key indicators	As at the end of the Reporting Period	As at the end of the last year	Movement at the end of the Reporting Period as compared with the end of the last year (%)	Reasons for changes
Current ratio	2.07	1.96	5.61	
Quick ratio	2.07	1.96	5.61	
Gearing ratio (%)	71.48	71.30	0.25	
Key indicators	For the Reporting Period	For the last corresponding period	Movement for the Reporting Period compared with last corresponding period (%)	Reasons for changes
Net profit, net of non-recurring gains and losses	78.97	51.09	54.58	Net profit increased
EBITDA total debt ratio	0.05	0.04	25.00	
Interest coverage ratio	3.06	2.20	39.09	Profit increased, interest expenses decreased
Cash interest coverage ratio	7.92	1.40	465.71	Net cash flow from operating activities increased
EBITDA interest coverage ratio	3.17	2.29	38.43	Profit increased, interest expenses decreased
Loan repayment ratio (%)	100	100	—	
Interest payment ratio (%)	100	100	—	

Note: The net profit after deducting non-recurring gains and losses is the net profit attributable to shareholders of the parent company after deducting non-recurring gains and losses.

## Section IX BONDS

### II. CONVERTIBLE CORPORATE BONDS

✓ Not applicable

## Section X FINANCIAL REPORT

- I. The 2021 interim condensed consolidated financial information of the Group was prepared in accordance with IFRS and was unaudited. PricewaterhouseCoopers has reviewed such interim financial information in accordance with International Standard on Review Engagements 2410 and issued review report and the review report is enclosed hereafter.
- II. The Interim Financial Report (enclosed hereafter).



## Section XI INFORMATION DISCLOSURES OF SECURITIES COMPANY

### I. RELEVANT INFORMATION ABOUT MAJOR ADMINISTRATIVE LICENSING MATTERS OF THE COMPANY

The administrative licensing matter of the Company is as follows:

Date	Title of Approval Document	Approval Organization	No. of Approval
1 January 2021	Permission for Printing Publication of Internal Information	Shanghai Press and Publication Bureau	Permission Number: (K)0772

### II. RESULT OF CLASSIFICATION BY REGULATORY AUTHORITY

In 2021, the Company was assessed as Grade BBB under Category B company in classification and evaluation of securities firms.

Contents of documents available for inspection

The text of the Interim Report bearing the signature of the legal representative of the Company  
 The text of the financial report bearing the signature or seal of the legal representative, the head of the accounting department and the head of the accounting firm of the Company  
 The original copies of all of the documents and announcements of the Company published through media that satisfy the conditions required by the securities regulatory authority of the State Council during the Reporting Period  
 Other related information

By order of the Board  
**Haitong Securities Co., Ltd.**  
**ZHOU JIE**  
*Chairman*

Shanghai, the PRC  
 26 August 2021

# REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## TO THE BOARD OF DIRECTORS OF HAITONG SECURITIES CO., LTD.

*(Incorporated in the People's Republic of China with limited liability)*

### INTRODUCTION

We have reviewed the interim condensed consolidated financial information set out on pages 114 to 188, which comprises the interim condensed consolidated statement of financial position of Haitong Securities Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2021, the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity, the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 26 August 2021

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

(All amounts in RMB'000 unless otherwise stated)

		Six months ended 30 June	
	Notes	2021 (Unaudited)	2020 (Unaudited)
Revenue			
– Commission and fee income	4	9,131,298	7,350,439
– Interest income	5	7,499,427	7,004,259
– Finance lease income	5	1,771,581	1,985,142
– Investment income and gains (net)	6	6,789,175	5,847,746
		25,191,481	22,187,586
Other income and gains	7	5,582,239	3,790,552
Total revenue, gains and other income		30,773,720	25,978,138
Depreciation and amortisation	8	(792,437)	(614,149)
Staff costs		(4,299,089)	(2,954,268)
Commission and fee expenses	9	(1,966,121)	(1,629,782)
Interest expenses	10	(5,909,050)	(6,780,490)
Impairment losses under expected credit loss model	11	(1,024,765)	(2,900,271)
Impairment losses on other assets		(44,083)	(10,457)
Other expenses	12	(5,701,970)	(3,533,466)
Total expenses		(19,737,515)	(18,422,883)
Share of results of associates and joint ventures		624,745	264,233
Profit before income tax		11,660,950	7,819,488
Income tax expense	13	(2,772,210)	(1,918,027)
Profit for the period		8,888,740	5,901,461
Attributable to:			
Shareholders of the Company		8,170,195	5,483,192
Non-controlling interests		718,545	418,269
		8,888,740	5,901,461
Earnings per share (Expressed in RMB per share)			
– Basic	14	0.63	0.48
– Diluted	14	0.63	0.48

The accompanying notes form part of the unaudited interim condensed consolidated financial information.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021  
(All amounts in RMB'000 unless otherwise stated)

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Profit for the period	8,888,740	5,901,461
Other comprehensive loss		
Items that will not be reclassified subsequently to profit or loss:		
Actuarial gains on defined benefit obligations	48,007	21,441
Fair value losses on equity instruments measured at fair value through other comprehensive income	(473,910)	(520,253)
Income tax impact	117,845	121,804
Subtotal	(308,058)	(377,008)
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	(224,529)	117,494
Fair value gains/(losses) on hedging instrument designated in cash flow hedges	44,236	(117,553)
Fair value (losses)/gains on debt instruments measured at fair value through other comprehensive income		
– Net fair value changes during the period	79,884	164,817
– Reclassification adjustment to profit or loss on disposal	627,928	(19,454)
– Reclassification adjustment to profit or loss for expected credit losses	(523,359)	2,628
– Income tax relating to components of other comprehensive income	(42,888)	(33,333)
Share of other comprehensive income/(loss) of associates and joint ventures, net of related income tax	–	(45,696)
Subtotal	(38,728)	68,903
Other comprehensive loss for the period (net of tax)	(346,786)	(308,105)
Total comprehensive income for the period	8,541,954	5,593,356
Attributable to:		
Shareholders of the Company	7,975,225	4,968,132
Non-controlling interests	566,729	625,224
	8,541,954	5,593,356
Total comprehensive income for the period attributable to shareholders of the company arises from:		
Continuing operations	7,975,193	4,968,991
Discontinued operations	32	(859)
	7,975,225	4,968,132

The accompanying notes form part of the unaudited interim condensed consolidated financial information.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

(All amounts in RMB'000 unless otherwise stated)

	Notes	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Non-current assets			
Property and equipment	15	14,876,691	15,109,289
Right-of-use assets	16	1,743,004	1,811,328
Investment properties		57,123	111,592
Goodwill	17	3,840,849	3,884,910
Other intangible assets	18	504,192	551,964
Investment accounted for using equity method	19	4,708,371	4,428,307
Finance lease receivables	20	15,862,677	20,751,276
Receivables arising from sale and leaseback arrangements	21	23,052,892	20,132,302
Equity instruments at fair value through other comprehensive income	22	9,656,322	16,239,187
Debt instruments at fair value through other comprehensive income	23	15,327,908	11,873,648
Debt instruments measured at amortised cost	24	2,506,453	2,241,831
Financial assets at fair value through profit or loss	25	27,817,891	26,145,088
Financial assets held under resale agreements	26	837,202	2,195,793
Other loans and receivables	27	2,041,320	3,235,445
Loans and advances	28	3,222,488	2,775,492
Deferred tax assets	29	4,092,070	4,282,160
Deposits with exchanges	30	150,202	166,688
Restricted bank balances and cash	31	1,362,337	1,288,296
Other non-current assets	33	1,683,553	996,613
Total non-current assets		133,343,545	138,221,209

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

(All amounts in RMB'000 unless otherwise stated)

	Notes	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Current assets			
Advances to customers on margin financing	34	80,176,274	73,067,592
Accounts receivable	35	14,372,621	8,410,000
Finance lease receivables	20	25,439,566	27,660,127
Receivables arising from sale and leaseback arrangements	21	18,440,205	15,082,174
Debt instruments at fair value through other comprehensive income	23	2,008,704	1,234,515
Debt instruments measured at amortised cost	24	1,263,325	1,521,668
Financial assets at fair value through profit or loss	25	192,675,011	194,251,416
Derivative financial assets	36	1,161,149	1,837,912
Financial assets held under resale agreements	26	46,536,817	55,769,601
Other loans and receivables	27	15,438,135	16,884,562
Loans and advances	28	627,267	1,044,635
Other current assets	37	7,030,919	3,446,643
Placements to banks and other financial institutions		40,909	22,619
Deposits with exchanges	30	19,044,001	17,208,163
Clearing settlement funds	38	14,144,756	11,852,301
Deposits with central banks	39	3,234,787	3,716,130
Deposits with other banks	39	168,686	258,664
Bank balances and cash	31	147,945,564	122,583,420
Total current assets		589,748,696	555,852,142
Total assets		723,092,241	694,073,351

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

(All amounts in RMB'000 unless otherwise stated)

	Notes	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Current liabilities			
Borrowings	40	57,941,010	59,132,650
Short-term financing bills payables	41	19,408,105	25,718,523
Bonds payable	42	34,636,755	36,233,688
Accounts payable to brokerage clients	43	115,515,985	108,167,568
Customer accounts	44	5,339,500	4,413,388
Contract liabilities		234,486	131,039
Other payables and accruals	45	35,354,238	21,187,155
Lease liabilities	16	338,499	352,544
Provisions	46	135,346	141,084
Tax liabilities		1,423,231	2,986,567
Financial liabilities at fair value through profit or loss	47	20,456,462	22,226,074
Derivative financial liabilities	36	2,518,106	2,672,279
Financial assets sold under repurchase agreements	48	59,826,002	60,563,433
Placements from banks and other financial institutions	49	12,897,495	12,059,685
Deposits from central banks		834,238	887,565
Deposits from other banks		65,224	63,104
Total current liabilities		366,924,682	356,936,346
Net current assets		222,824,014	198,915,796
Total assets less current liabilities		356,167,559	337,137,005

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

(All amounts in RMB'000 unless otherwise stated)

	Notes	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Non-current liabilities			
Long-term payables	50	7,214,076	8,005,920
Deferred tax liabilities	29	1,247,357	698,134
Long-term borrowings	40	29,681,813	33,597,907
Bonds payable	42	121,695,340	111,604,522
Other payables and accruals	45	1,055,413	1,382,286
Financial liabilities at fair value through profit or loss	47	18,174,825	10,012,227
Lease liabilities	16	661,866	699,869
Placements from banks and other financial institutions	49	3,143,570	3,009,828
Total non-current liabilities		182,874,260	169,010,693
Total liabilities		549,798,942	525,947,039
Equity			
Share capital	51	13,064,200	13,064,200
Capital reserve		74,910,588	74,888,284
Revaluation reserve	52	130,659	282,378
Translation reserve		(998,250)	(932,948)
General reserves	53	25,018,888	24,924,156
Retained earnings	53	46,052,540	41,222,398
Equity attributable to shareholders of the Company		158,178,625	153,448,468
Non-controlling interests		15,114,674	14,677,844
Total equity		173,293,299	168,126,312
Total equity and liabilities		723,092,241	694,073,351

The accompanying notes form part of the unaudited interim condensed consolidated financial information.

The unaudited interim condensed consolidated financial information was approved by the Board of Directors on 26 August 2021 and signed on its behalf by:

**Zhou Jie**

Chairman of the Board

**Qu Qiuping**

Executive Director and  
General Manager

**Zhang Xinjun**

Chief Financial Officer



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

(All amounts in RMB'000 unless otherwise stated)

	Attributable to shareholders of the Company							Non-controlling interests	Total
	Share capital	Capital reserve (Note)	Revaluation reserve	Translation reserve	General reserves	Retained earnings	Subtotal		
<b>(Unaudited)</b>									
Balance at 31 December 2020	13,064,200	74,888,284	282,378	(932,948)	24,924,156	41,222,398	153,448,468	14,677,844	168,126,312
Profit for the period	-	-	-	-	-	8,170,195	8,170,195	718,545	8,888,740
Other comprehensive income/(loss) for the period	-	-	(129,668)	(65,302)	-	-	(194,970)	(151,816)	(346,786)
Total comprehensive income/(loss) for the period	-	-	(129,668)	(65,302)	-	8,170,195	7,975,225	566,729	8,541,954
Other equity instruments issued by a subsidiary (Note 54)	-	-	-	-	-	-	-	271,330	271,330
Appropriation to general reserve	-	-	-	-	94,732	(94,732)	-	-	-
Cash dividend recognised as distribution (Note 58)	-	-	-	-	-	(3,266,050)	(3,266,050)	-	(3,266,050)
Distribution to non-controlling interests and other equity instruments holders	-	-	-	-	-	-	-	(405,802)	(405,802)
Share-based payments of a subsidiary	-	8,212	-	-	-	-	8,212	44,862	53,074
Repurchase of shares of subsidiary	-	-	-	-	-	-	-	-	-
Disposal of equity instruments at fair value through other comprehensive income	-	-	(22,051)	-	-	22,051	-	-	-
Changes in non-controlling interests	-	14,092	-	-	-	-	14,092	(41,611)	(27,519)
Others	-	-	-	-	-	(1,322)	(1,322)	1,322	-
Balance at 30 June 2021	13,064,200	74,910,588	130,659	(998,250)	25,018,888	46,052,540	158,178,625	15,114,674	173,293,299

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021  
(All amounts in RMB'000 unless otherwise stated)

	Attributable to shareholders of the Company							Non-controlling interests	Total
	Share capital	Capital reserve (Note)	Revaluation reserve	Translation reserve	General reserves	Retained earnings	Subtotal		
<b>(Unaudited)</b>									
Balance at 31 December 2019	11,501,700	56,526,247	114,007	(1,002,905)	22,092,447	36,859,497	126,090,993	15,027,750	141,118,743
Profit for the period	-	-	-	-	-	5,483,192	5,483,192	418,269	5,901,461
Other comprehensive income/(loss) for the period	-	-	(389,671)	(125,389)	-	-	(515,060)	206,955	(308,105)
Total comprehensive income/(loss) for the period	-	-	(389,671)	(125,389)	-	5,483,192	4,968,132	625,224	5,593,356
Appropriation to general reserves	-	-	-	-	1,636,218	(1,636,218)	-	-	-
Distribution to non-controlling interests and perpetual notes holders	-	74,140	-	-	-	-	74,140	(381,971)	(307,831)
Share-based payments of a subsidiary	-	-	-	-	-	-	-	13,457	13,457
Purchase of shares held under the share award scheme of a subsidiary	-	-	-	-	-	-	-	(203,012)	(203,012)
Disposal of equity instruments at fair value through other comprehensive income	-	-	24,566	-	-	(24,566)	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	15,100	15,100
Others	-	-	-	-	-	(31)	(31)	31	-
Balance at 30 June 2020	11,501,700	56,600,387	(251,098)	(1,128,294)	23,728,665	40,681,874	131,133,234	15,096,579	146,229,813

## Note:

Capital reserve of the Group represents primarily (i) the share premium arisen from the issuance of the Company's shares, and (ii) the difference between the considerations paid over the proportionate share of net assets attributable to the acquisition of additional interests in subsidiaries.

The accompanying notes form part of the unaudited interim condensed consolidated financial information.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

(All amounts in RMB'000 unless otherwise stated)

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
<b>Operating activities</b>		
Profit before income tax	11,660,950	7,819,488
Adjustments for		
Interest expenses	5,909,050	6,561,698
Share of results of associates and joint ventures	(624,745)	(264,233)
Depreciation and amortisation	792,437	614,149
Impairment losses under expected credit loss model	1,024,765	2,900,271
Impairment losses of other assets	44,083	10,457
Share-based payment of a subsidiary	45,408	13,457
Losses/(Gains) on disposal of property and equipment and other intangible assets	890	(1,884)
Foreign exchange gains, net	(80,348)	(235,586)
Interest income from debt instruments at fair value through other comprehensive income	(311,083)	(225,676)
Interest income from debt instruments measured at amortised cost	(17,373)	(21,968)
Dividend income arising from equity instruments at fair value through other comprehensive income	(1,001,781)	–
Net (gains)/losses arising from debt instruments at fair value through other comprehensive income	(666,996)	889
Net realised losses/(gains) and income arising from financial assets at fair value through profit or loss	1,425,389	(462,706)
Fair value change of financial instruments at fair value through profit or loss	(1,324,131)	(1,663,101)
Operating cash flows before movements in working capital	16,876,515	15,045,255

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021  
(All amounts in RMB'000 unless otherwise stated)

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Decrease/(Increase) in finance lease receivables and receivables arising from sale and leaseback arrangements	200,316	(4,131,374)
Decrease/(Increase) in financial assets at fair value through profit or loss and derivative financial assets	5,557,473	(18,301,232)
Decrease/(Increase) in financial assets held under resale agreements	14,085,539	(2,131,754)
Decrease in other loans and receivables	2,481,653	2,600,210
Decrease/(Increase) in loans and advances	52,703	(109,530)
Increase in advances to customers on margin financing	(7,382,796)	(5,613,846)
Increase in accounts receivables and other current assets	(7,667,984)	(2,471,456)
(Increase)/Decrease in placements to banks and other financial institutions	(19,055)	91,550
Increase in deposits with exchanges	(1,819,351)	(3,124,801)
Decrease in deposit with central banks	3,561	29,902
Increase in restricted bank deposits	(467,548)	(280,496)
Increase in cash held on behalf of clients	(11,291,943)	(14,487,068)
Increase in accounts payable to brokerage clients and other payables and accruals	10,174,953	19,144,510
Increase in customer accounts	926,112	194,337
Increase in contract liabilities	103,447	58,332
(Increase)/Decrease in provisions	(3,462)	19,353
Increase in financial liabilities at fair value through profit or loss and derivative financial liabilities	5,703,249	1,624,691
(Decrease)/Increase in financial assets sold under repurchase agreements	(737,431)	11,711,670
Increase/(Decrease) in placements from banks and other financial institutions	971,553	(10,984,864)
(Decrease)/Increase in deposit from central banks	(53,327)	708,546
Increase in deposit from other banks	2,120	62,191
Cash from/(Used in) operations	27,696,297	(10,345,874)
Income taxes paid	(3,551,097)	(2,236,352)
Interest paid	(1,483,674)	(1,441,044)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>22,661,526</b>	<b>(14,023,270)</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

(All amounts in RMB'000 unless otherwise stated)

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
<b>Investing activities</b>		
Dividends received from associates and other investments	248,150	187,730
Dividends received from equity instruments at fair value through other comprehensive income	1,001,781	426
Purchases of property and equipment and other intangible assets	(793,665)	(6,960,628)
Proceeds on disposal of property and equipment	780	8,143
Proceeds from partial disposal of an associate	—	(300,000)
Cash paid for investments accounted for using equity method	96,531	272,624
Purchases of		
Debt instruments at fair value through other comprehensive income	(5,415,617)	(1,978,742)
Financial assets at fair value through profit or loss	(2,683,541)	(424,119)
Equity instruments at fair value through other comprehensive income	(4,206,518)	(300,325)
Debt instruments measured at amortised cost	(85,168)	(267,051)
Proceeds from disposal of or interest received from		
Debt instruments at fair value through other comprehensive income	298,347	3,877,627
Financial assets at fair value through profit or loss	446,216	835,204
Debt instruments at amortised cost	261,800	459,059
Equity instruments at fair value through other comprehensive income	10,714,470	189,201
<b>Net cash outflow from investing activities</b>	<b>(116,434)</b>	<b>(4,400,851)</b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021  
(All amounts in RMB'000 unless otherwise stated)

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>(Unaudited)</b>	(Unaudited)
<b>Financing activities</b>		
Dividends paid	<b>(3,614,516)</b>	(261,322)
Proceeds from issuance of subsidiaries' shares	<b>295,543</b>	15,100
Payments on capital returned to non-controlling shareholders	<b>(88,370)</b>	–
Borrowings raised	<b>45,748,721</b>	53,710,935
Interest paid for borrowings and bonds	<b>(796,946)</b>	(5,068,301)
Interest paid for perpetual notes	<b>(57,336)</b>	(50,210)
Issuance cost paid for short-term bonds, non-convertible bonds and others	<b>(149,688)</b>	(115,837)
Repayment of borrowings, short-term financing bills payables, non-convertible bonds and others	<b>(114,406,837)</b>	(118,296,748)
Repayments of leases liabilities	<b>(245,568)</b>	(264,194)
Proceeds from short term financing bills payables and non-convertible bonds	<b>65,566,997</b>	81,282,342
Proceeds from share issued upon exercise of share options of a subsidiary	<b>88,370</b>	(203,012)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(7,659,630)</b>	10,748,753
Net increase/(decrease) in cash and cash equivalents	<b>14,885,462</b>	(7,675,368)
Effect of exchange rate changes on cash and cash equivalents	<b>294,623</b>	252,046
<b>Cash and cash equivalents at the beginning of period</b>	<b>37,307,276</b>	41,046,885
<b>Cash and cash equivalents at the end of period (Note 32)</b>	<b>52,487,361</b>	33,623,563

The accompanying notes form part of the unaudited interim condensed consolidated financial information.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

(All amounts in RMB'000 unless otherwise stated)

### 1. GENERAL INFORMATION

Haitong Securities Co., Ltd. (the "Company") was transformed from Shanghai Haitong Securities Company (上海海通證券公司), which was established in 1988, to a limited liability company upon the authorisation by the People's Bank of China in September 1994 and changed its name to 海通證券有限公司. In December 2001, the Company was further transformed to a joint-stock company upon the approval from China Securities Regulatory Commission (the "CSRC"). In January 2002, the Company changed its name from 海通證券有限公司 to Haitong Securities Co., Ltd. (海通證券股份有限公司). In June 2007, the Company's merger with former Shanghai Urban Agro-Business Co., Ltd. (上海市都市農商社股份有限公司) was approved by the CSRC, and was listed on the Shanghai Stock Exchange in July in the same year. After its listing, its name was changed to "Haitong Securities". On 27 April 2012, the Company issued H shares which were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

The address of the Company's registered office and the principal place of business is Haitong Securities Building, No. 689 Guangdong Road, Shanghai, the People's Republic of China (the "PRC").

The Company and its subsidiaries (the "Group") are principally engaged in securities brokerage; securities proprietary trading; securities underwriting and sponsorship; securities investment consulting; financial advisory services relating to securities trading and investment activities; direct investment; securities investment fund consignment; provision of intermediary introduction business for the futures companies; margin financing and securities lending; agency sale of financial products; the stock options market making; other businesses approved by the CSRC. In addition, the Company is permitted to set up subsidiaries that are engaged in outbound investments including investments in financial products (Projects subject to approval as required by laws shall be conducted upon approvals by relevant authorities).

The interim condensed consolidated financial information is presented in Renminbi ("RMB"), which is also the functional currency of the Company.

### 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting" and applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The interim condensed consolidated financial information has been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as appropriate.

The Group adopted the going concern basis in preparing its interim condensed consolidated financial information.

The interim condensed consolidated financial information does not include all the notes of the type normally include in an annual financial statement. Accordingly, it should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"), and any public announcement made by the Company during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out in 2.1 below.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB'000 unless otherwise stated)

### 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.1 New and amended standards adopted by the Group

The Group has adopted the new and amended standards from 1 January 2021 in their first interim financial statements:

(a) *Covid-19-related Rent Concessions – Amendments to IFRS 16*

(b) *Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*

Amendments to IFRSs issued (Interest Rate Benchmark Reform Phase 2) represents the second phase of the project on the effects of interest rate benchmark reform, addressing issues affecting financial statements when changes are made to contractual cash flows and hedging relationships as a result of reform.

Under these amendments, changes made to financial instruments measured at other than fair value through profit or loss that are economically equivalent and required by interest rate benchmark reform do not result in the derecognition or a change in the carrying amount of the financial instrument, but instead require the effective interest rate to be updated to reflect the change in the interest rate benchmark. In addition, hedge accounting will not be discontinued solely because of the replacement of the interest rate benchmark if the hedge meets other hedge accounting criteria.

The following table shows the outstanding carrying amount of financial instruments subject to interest rate benchmark reform yet to transition to alternative benchmarks, by main benchmark, as at 30 June 2021:

	Hong Kong Interbank Offered Rate ("HIBOR") RMB('000)	London Interbank Offered Rate ("LIBOR") RMB('000)
<b>Financial assets</b>		
Financial assets at fair value through profit or loss	448,410	193,833
Financial assets held under resale agreement	156,431	–
Other loans and receivables	2,533,616	323,055
Loans and advances	–	585,901
Accounts receivable	–	290,961
Derivative financial assets	–	4,120
<b>Financial liabilities</b>		
Borrowings and bonds payable	24,358,698	14,040,832
Financial liabilities at fair value through profit or loss	–	19,383
Derivative financial liabilities	4,972	171,133
Financial assets sold under repurchase agreement	1,565,975	12,922
Lease liabilities	252,415	–

The amendments have had no impact on the interim condensed consolidated financial information as none of the above contracts has been transitioned to the relevant reform rates as at 30 June 2021.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

(All amounts in RMB'000 unless otherwise stated)

### 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 2.2 *Impact of standards issued but not yet applied by the Group*

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

#### 2.3 *Critical accounting estimates and judgements*

The Group continually evaluates the significant accounting estimates and judgements applied based on historical experience and other factors, including reasonable expectations of future events. The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are consistent with these policies applied in preparing the financial information for the year ended 31 December 2020.

### 3. SEGMENT REPORTING

Information reported to the chief operating decision maker (the "CODM"), being the board of directors of the Company, for the purposes of resource allocation and assessment of segment performance focuses on the nature of products sold and services provided by the Group, which is also consistent with the Group's basis of organisation, whereby the businesses are organised and managed separately as individual strategic business units that offers different products and serves different markets. The Group's business segments are classified in accordance with the requirements of IFRSs, and are based on the internal organisation structure, management requirements and internal reporting system. The reporting segments are determined based on business segments. A business segment is a component of the Group with all the following conditions satisfied: (1) such component is able to generate revenue and expenses in the ordinary course of the Group, (2) CODM periodically evaluates the operating results of these reporting segments to make decisions about resources to be allocated to the segments and assess their performance; (3) the Group has access to such component's accounting information including financial position, operating results and cash flows. If two or more business segments have similar economic characteristics or a similar business model, they may be combined as one business segment. Based on its strategic planning and internal management requirements, the Group determines six business segments: wealth management, investment banking, asset management, trading and institution, finance lease and others. Classification of reporting segments is consistent with that of business segments.

Segment information is measured in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to CODM, which are consistent with the accounting and measurement criteria in the preparation of the interim condensed consolidated financial information.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB'000 unless otherwise stated)

### 3. SEGMENT REPORTING (continued)

Specifically, the Group's operating segments are as follows:

- (1) Wealth Management Segment engages in provision of a full range of financial services and investment solutions to retail and high net-worth clients. Services provided include brokering and dealing in securities and futures, investment consulting, wealth management as well as financial services such as margin financing, securities lending, stock pledge, etc.;
- (2) Investment Banking Segment engages in provision of sponsoring and underwriting services to enterprises and government clients for their fund raising activities in equity and debt capital markets, and also engages in provision financial consulting services for enterprises for their corporate actions such as merger and assets restructuring services as well as provision of services related to the National Equities Exchange and Quotations;
- (3) Asset Management Segment engages in provision of investment management services on diversified and comprehensive investment products including asset management, fund management, and private equity management to individual, corporate and institutional clients;
- (4) Trading and Institution Segment engages in provision of stock sales and trading, prime brokerage, stock lending, and stock research in financial markets across the world to global institutional clients, and also engages in provision of market-making services for fixed income, currency and commodity products, futures and options, and derivatives on major exchanges around the world;
- (5) Finance Lease Segment engages in provision of innovative financial solutions, including finance lease, operating lease, factoring, entrustment loans and relevant consulting to individuals, enterprises and government clients;
- (6) Others Segment engages in provision of other comprehensive financial and information services to institutional clients, including warehouse receipts pledge service, etc.

Segment profit/loss represents the profit earned by/loss measured by each segment without allocation of income tax expenses. This is the measure reported to CODM for the purposes of resource allocation and performance assessment.

Share of profit/loss of associates and joint ventures are allocated to segment profit while the corresponding investments in associates and joint ventures are not allocated to each segment.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

(All amounts in RMB'000 unless otherwise stated)

### 3. SEGMENT REPORTING (continued)

#### Operating and Reportable segment

For the six months ended 30 June 2021 (Unaudited)

	Wealth management	Investment banking	Asset management	Trading and institution	Finance lease	Others	Consolidated total
<b>Segment revenue and results</b>							
Revenue	8,274,357	2,972,125	2,100,512	8,587,321	3,264,332	(7,166)	25,191,481
Other income and gains	177,094	188,341	119,683	114,401	989,240	3,993,480	5,582,239
Segment revenue	8,451,451	3,160,466	2,220,195	8,701,722	4,253,572	3,986,314	30,773,720
Segment expenses	(5,187,034)	(1,528,397)	(1,042,688)	(4,500,682)	(3,460,652)	(4,018,062)	(19,737,515)
Segment results	3,264,417	1,632,069	1,177,507	4,201,040	792,920	(31,748)	11,036,205
Share of profit/(loss) of associates and joint ventures	-	-	337,672	287,073	-	-	624,745
Segment profit before income tax	3,264,417	1,632,069	1,515,179	4,488,113	792,920	(31,748)	11,660,950

For the six months ended 30 June 2020 (Unaudited)

	Wealth management	Investment banking	Asset management	Trading and institution	Finance lease	Others	Consolidated total
<b>Segment revenue and results</b>							
Revenue	7,533,456	2,241,079	1,733,930	7,449,195	3,171,357	58,569	22,187,586
Other income and gains	133,364	85,416	80,091	418,956	1,019,606	2,053,119	3,790,552
Segment revenue	7,666,820	2,326,495	1,814,021	7,868,151	4,190,963	2,111,688	25,978,138
Segment expenses	(5,647,763)	(1,233,812)	(916,348)	(5,020,238)	(3,484,070)	(2,120,652)	(18,422,883)
Segment results	2,019,057	1,092,683	897,673	2,847,913	706,893	(8,964)	7,555,255
Share of profit/(loss) of associates and joint ventures	-	-	162,613	107,948	(6,328)	-	264,233
Segment profit before income tax	2,019,057	1,092,683	1,060,286	2,955,861	700,565	(8,964)	7,819,488

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB'000 unless otherwise stated)

## 3. SEGMENT REPORTING (continued)

*Operating and Reportable segment (continued)**As at 30 June 2021 (Unaudited)*

	Wealth management	Investment banking	Asset management	Trading and institution	Finance lease	Others	Consolidated total
<b>Segment assets and liabilities</b>							
Segment assets	246,004,404	19,581,264	16,994,469	317,977,982	110,007,864	3,725,817	714,291,800
Investments accounted for using equity method							4,708,371
Deferred tax assets							4,092,070
Group's total assets							723,092,241
Segment liabilities	186,851,091	18,161,956	10,687,625	228,303,745	102,724,709	1,822,459	548,551,585
Deferred tax liabilities							1,247,357
Group's total liabilities							549,798,942

*As at 31 December 2020 (Audited)*

	Wealth management	Investment banking	Asset management	Trading and institution	Finance lease	Others	Consolidated total
<b>Segment assets and liabilities</b>							
Segment assets	231,235,482	22,255,417	16,646,942	304,943,619	107,122,490	3,158,934	685,362,884
Investments accounted for using equity method							4,428,307
Deferred tax assets							4,282,160
Group's total assets							694,073,351
Segment liabilities	177,785,461	21,494,501	10,855,873	212,465,257	101,198,687	1,449,126	525,248,905
Deferred tax liabilities							698,134
Group's total liabilities							525,947,039

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

(All amounts in RMB'000 unless otherwise stated)

### 4. COMMISSION AND FEE INCOME

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Securities, futures and options dealing and broking fee income	4,528,298	3,761,444
Underwriting and sponsors fees	2,392,905	1,604,606
Asset management fee income (including fund management fee income)	1,845,893	1,652,487
Financial advisory and consultancy fee income	291,438	262,842
Others	72,764	69,060
	<b>9,131,298</b>	<b>7,350,439</b>

The major business types of commission and fee income from customers are as follows:

#### (1) Brokerage

The Group provides broking, dealing and handling services for securities, futures and options contracts. Commission income is recognised at a point in time on the execution date of the trades at a certain percentage of the transaction value of the trades executed.

#### (2) Investment Banking

The Group provides placing, underwriting or sub-underwriting services to customers for their fund-raising activities in equity and debt capital markets, and also structured products arrangement services. Revenue is recognised at a point in time when the relevant placing, underwriting, sub-underwriting or structured products arrangement activities are completed. The Group also provides sponsoring services to clients for their fund-raising activities and corporate advisory services to corporate clients for their corporate actions. The Group considers that all the services promised in a particular contract of being a sponsor or corporate advisor are interdependent and interrelated and should therefore be accounted for as a single performance obligation.

#### (3) Asset management

The Group provides asset management and investment advisory services on diversified and comprehensive investment products to customers. The customers simultaneously receive and consume the benefit provided by the Group, hence the revenue is recognised as a performance obligation satisfied over time. Asset management fee income is charged at a fixed percentage per month of the net asset value of the managed accounts under management of the Group. The Group is also entitled to a performance fee when there is a positive performance for the relevant performance period and it is recognised at the end of the relevant performance period, when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and when the uncertainty associated with the variable consideration is subsequently resolved.

As at 30 June 2021, the Group's contracts with customers mostly have original expected duration of less than one year.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB'000 unless otherwise stated)

## 5. INTEREST INCOME

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Interest income from advances to customers on margin financing	2,638,593	1,976,853
Bank interest income	1,485,798	1,472,596
Interest income from receivables arising from sale and leaseback arrangements	1,248,140	906,795
Interest income from financial assets held under resale agreements	1,119,155	1,489,064
Interest income from loans and receivable	678,900	880,022
Interest income from debt instruments at fair value through other comprehensive income and amortised cost	328,456	247,643
Other interest income	385	31,286
	<b>7,499,427</b>	<b>7,004,259</b>
Finance lease income	<b>1,771,581</b>	<b>1,985,142</b>

## 6. INVESTMENT INCOME AND GAINS (NET)

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Net realised gains arising from financial assets/liabilities at fair value through profit or loss	5,454,821	4,182,553
Fair value change of financial instruments at fair value through profit or loss	1,324,131	1,663,101
Dividend income from equity instruments at fair value through other comprehensive income	1,001,781	426
Net losses arising from debt instruments at fair value through other comprehensive income	(771,470)	(889)
Others	(220,088)	2,555
	<b>6,789,175</b>	<b>5,847,746</b>

## 7. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Income from commodity trading	3,974,660	2,040,265
Service fee income from finance lease	588,161	547,121
Government grants	543,328	533,061
Rental income from aircraft lease	234,863	246,856
Foreign exchange gains	80,349	235,586
Rental income from investment properties	4,439	4,899
Others	156,439	182,764
	<b>5,582,239</b>	<b>3,790,552</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

(All amounts in RMB'000 unless otherwise stated)

### 8. DEPRECIATION AND AMORTISATION

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Depreciation for property and equipment	455,650	263,827
Depreciation for right-of-use assets	237,188	255,688
Depreciation for investment properties	1,919	3,384
Amortisation of other intangible assets	97,680	91,250
	<b>792,437</b>	614,149

### 9. COMMISSION AND FEE EXPENSES

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Securities and futures dealing and broking expenses	1,664,541	1,225,482
Commission expenses	239,034	301,360
Services expenses for underwriting, financial advisory and others	62,546	102,940
	<b>1,966,121</b>	1,629,782

### 10. INTEREST EXPENSES

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Interest expenses for:		
– Bonds payables and short-term financing bills payable	3,080,056	3,239,279
– Borrowings and overdrafts	1,325,051	1,861,093
– Financial assets sold under repurchase agreements	718,688	880,399
– Accounts payable to brokerage clients	255,851	243,518
– Advances from China Securities Finance Corporation Ltd. ("CSFC")	152,290	131,839
– Deposit taken from banks and other financial institutes	88,465	161,604
– Lease liabilities	20,269	20,281
– Others	268,380	242,477
	<b>5,909,050</b>	6,780,490

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB'000 unless otherwise stated)

### 11. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Expected credit losses ("ECL") in respect of:		
– Other loans and receivables	160,973	823,639
– Financial assets held under resale agreements	(133,368)	672,655
– Advances to customers on margin financing	284,991	664,477
– Finance lease receivables	497,562	614,555
– Receivables arising from sale and leaseback arrangements	131,908	78,126
– Loans and advances	(13,275)	15,340
– Debt instruments at fair value through other comprehensive income	37,700	3,736
– Debt instruments at amortised cost	3,324	2,424
– Other financial assets and other items	54,950	25,319
	<b>1,024,765</b>	<b>2,900,271</b>

### 12. OTHER EXPENSES

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Cost of commodity trading	3,918,072	2,054,476
Administrative expenses	1,524,196	1,174,486
Taxes and surcharges	151,626	107,513
Others	108,076	196,991
	<b>5,701,970</b>	<b>3,533,466</b>

### 13. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Current tax	2,041,667	1,708,307
Adjustments	(71,513)	24,324
Deferred tax	802,056	185,396
	<b>2,772,210</b>	<b>1,918,027</b>

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate is 25% from 1 January 2008.

The subsidiaries of the Group operated in Hong Kong are subject to Hong Kong Profits Tax, which is calculated at 16.5% on the estimated assessable profits arising in Hong Kong.

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



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

(All amounts in RMB'000 unless otherwise stated)

### 14. EARNINGS PER SHARE

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Earnings for the purpose of basic earnings per share:		
Profit for the period attributable to shareholders of the Company	8,170,195	5,483,192
Effect of dilutive potential ordinary shares (Note):		
– Interest on convertible bonds of subsidiaries	(1,765)	(427)
– Share option/share awards of subsidiaries	(765)	(198)
Earnings for the purpose of diluted earnings per share	8,167,665	5,482,567
Number of shares for basic and diluted earnings per share (in thousand)	13,064,200	11,501,700
Basic earnings per share (expressed in RMB per share)	0.63	0.48
Diluted earnings per share (expressed in RMB per share)	0.63	0.48

Note: The calculation of diluted earnings per share is based on the profit for the period attributable to ordinary equity holders of the parent. The diluted profits of the Group takes into account the potential impact of both convertible bonds issued by a subsidiary of the Company and various share option or share awards schemes operated by a subsidiary of the Company, assuming outstanding convertible bonds were fully converted to ordinary shares and additional shares were issued to relevant employees of each subsidiary on the first day of the period.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB'000 unless otherwise stated)

## 15. PROPERTY AND EQUIPMENT

	Land and buildings	Leasehold improvements	Electronic equipment	Transportation equipment	Furniture, fixtures and equipment	Construction in progress	Total
<b>(Unaudited)</b>							
<b>Cost</b>							
As at 1 January 2021	9,070,468	818,821	1,474,675	6,371,799	269,662	357,580	18,363,005
Additions	–	45,853	102,288	2,993	15,001	115,412	281,547
Disposals	–	(45,215)	(23,537)	(6,474)	(4,788)	–	(80,014)
Transfer in from investment properties	58,311	–	–	–	–	–	58,311
Transfer	–	18,094	15,202	–	24,718	(58,014)	–
Exchange difference	(4,198)	(2,727)	(5,917)	(61,673)	(2,688)	(517)	(77,720)
As at 30 June 2021	9,124,581	834,826	1,562,711	6,306,645	301,905	414,461	18,545,129
<b>Accumulated depreciation</b>							
As at 1 January 2021	689,638	587,565	1,081,584	658,976	205,571	–	3,223,334
Provided for the period	123,890	54,226	87,492	179,228	10,814	–	455,650
Eliminated on disposals	–	(25,606)	(22,444)	(6,155)	(4,530)	–	(58,735)
Transfer in from investment properties	6,431	–	–	–	–	–	6,431
Exchange difference	(341)	(2,289)	(5,442)	(5,375)	(2,368)	–	(15,815)
As at 30 June 2021	819,618	613,896	1,141,190	826,674	209,487	–	3,610,865
<b>Allowance for impairment losses</b>							
As at 1 January 2021	30,382	–	–	–	–	–	30,382
Provided for the period	–	–	–	27,191	–	–	27,191
As at 30 June 2021	30,382	–	–	27,191	–	–	57,573
<b>Carrying amount</b>							
As at 30 June 2021 (Unaudited)	8,274,581	220,930	421,521	5,452,780	92,418	414,461	14,876,691
As at 31 December 2020 (Audited)	8,350,448	231,256	393,091	5,712,823	64,091	357,580	15,109,289

Transportation equipment of the Group includes aircraft held for operating lease businesses, as at 30 June 2021, the cost of aircraft amounted to RMB6,147,695 thousand (31 December 2020: RMB6,209,362 thousand), accumulated depreciation amounted to RMB694,191 thousand (31 December 2020: RMB525,016 thousand), allowance for impairment losses amounted to RMB27,191 thousand (31 December 2020: Nil), and the carrying amounts of the aircraft amounted to RMB5,426,313 thousand (31 December 2020: RMB5,684,346 thousand).

As at 30 June 2021 and 31 December 2020, buildings with book value amounted to RMB30,060 thousand and RMB30,661 thousand respectively were yet to obtain the relevant land and building certificates.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

(All amounts in RMB'000 unless otherwise stated)

### 16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

#### *Right-of-use assets*

	Leasehold land and buildings	Electronic equipment	Transportation equipment	Others	Total
(Unaudited)					
<b>Cost</b>					
As at 1 January 2021	2,927,671	759	5,303	2,308	2,936,041
Additions	193,156	707	509	295	194,667
Decreases	(180,284)	(579)	(407)	(397)	(181,667)
Exchange difference	(7,795)	(32)	(124)	–	(7,951)
As at 30 June 2021	2,932,748	855	5,281	2,206	2,941,090
<b>Accumulated amortisation</b>					
As at 1 January 2021	1,119,942	568	3,039	1,164	1,124,713
Provided for the period	236,123	111	710	244	237,188
Decreases	(158,901)	(559)	(393)	(397)	(160,250)
Exchange difference	(3,503)	(3)	(59)	–	(3,565)
As at 30 June 2021	1,193,661	117	3,297	1,011	1,198,086
<b>Carrying amount</b>					
As at 30 June 2021 (Unaudited)	1,739,087	738	1,984	1,195	1,743,004
As at 31 December 2020 (Audited)	1,807,729	191	2,264	1,144	1,811,328

#### *Lease liabilities*

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Within one year	338,499	352,544
Within a period of more than one year but not more than two years	230,634	254,445
Within a period of more than two years but not more than five years	210,243	223,004
Within a period of more than five years	220,989	222,420
	1,000,365	1,052,413
Less: Amount due for settlement with 12 months shown under current liabilities	338,499	352,544
Amount due for settlement after 12 months shown under non-current liabilities	661,866	699,869

The Group leases various land and buildings, electronic equipment, transportation equipment and others for its operations. Most lease contracts are entered into for terms from 1 year to 40 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB'000 unless otherwise stated)

### 16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

#### Lease liabilities (continued)

For the period ended 30 June 2021, total cash outflow for leases amounted to RMB276,565 thousand (For the period ended 30 June 2020: RMB301,561 thousand).

For the period ended 30 June 2021, interest expenses for lease liabilities amounted to RMB20,269 thousand (For the period ended 30 June 2020: RMB20,281 thousand).

As at 30 June 2021, the lease agreements did not impose any covenants other than the security restriction in the leased assets that were held by the lessor. Leased assets may not be used as security for borrowing purposes.

As at 30 June 2021, the Group did not enter into any significant lease that is not yet commenced.

### 17. GOODWILL

	31 December 2020 (Audited)	Exchange adjustments	30 June 2021 (Unaudited)
Unit A – Haitong Futures Co., Ltd.	5,896	–	5,896
Unit B – Haitong International Securities Group Limited	660,671	(7,505)	653,166
Unit C – Haitong UT Capital Group Co., Ltd.	2,107,617	(23,940)	2,083,677
Unit D – Haitong Bank S.A.	981,646	(11,150)	970,496
Unit E – Haitong International Holdings (UK) Limited	124,431	(1,413)	123,018
Unit F – Haitong International Financial Services (Singapore) Pte. Ltd.	4,649	(53)	4,596
	3,884,910	(44,061)	3,840,849

### 18. OTHER INTANGIBLE ASSETS

	Trading rights	Computer software	Others	Construction in progress	Total
(Unaudited)					
Cost					
As at 1 January 2021	224,226	1,614,796	108,927	27,154	1,975,103
Additions	–	51,680	–	697	52,377
Decreases	–	(369)	–	–	(369)
Transfer	–	225	–	(225)	–
Exchange difference	(73)	(15,363)	(724)	(584)	(16,744)
As at 30 June 2021	224,153	1,650,969	108,203	27,042	2,010,367
Accumulated amortisation					
As at 1 January 2021	116,601	1,231,502	75,036	–	1,423,139
Provided for the period	–	94,574	3,106	–	97,680
Decreases	–	(369)	–	–	(369)
Exchange difference	–	(13,679)	(596)	–	(14,275)
As at 30 June 2021	116,601	1,312,028	77,546	–	1,506,175
Carrying amount					
As at 30 June 2021 (Unaudited)	107,552	338,941	30,657	27,042	504,192
As at 31 December 2020 (Audited)	107,625	383,294	33,891	27,154	551,964

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

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### 18. OTHER INTANGIBLE ASSETS (continued)

Trading rights mainly comprise the trading rights in the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Hong Kong Exchanges and Clearing Limited and the Hong Kong Futures Exchange Limited which allow the Group to trade securities and futures contracts on or through these exchanges. The Group treats trading rights as intangible assets with infinite useful lives.

### 19. INVESTMENT ACCOUNTED FOR USING EQUITY METHOD

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Cost of unlisted investments in associates and joint ventures	3,287,820	3,384,351
Share of post-acquisition profits and other comprehensive income, net of dividends received	1,420,551	1,043,956
	4,708,371	4,428,307

Details of investments accounted for using equity method:

Fullgoal Fund Management Co. Ltd., as a major associate of the Group, is primarily engaged in provision of fund management and fund trading distribution services, and is accounted for using the equity method. And the Group holds 27.775% of the shares in the Fullgoal Fund Management Co. Ltd. The financial information for the six months ended 30 June 2021 is as follows,

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Total assets	9,590,772	8,745,650
Total liabilities	3,858,500	3,530,641
Net assets	5,732,272	5,215,009

	Six months ended 30 June 2021 (Unaudited)	Six months ended 30 June 2020 (Unaudited)
Revenue for the period	3,998,339	1,987,894
Profit for the period	1,241,936	628,485
Comprehensive income	1,239,352	630,800

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
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## 20. FINANCE LEASE RECEIVABLES

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Minimum finance lease receivables		
– Within one year	28,909,895	31,181,156
– In the second year	14,075,442	16,998,643
– In the third year	2,926,787	5,451,619
– In the fourth year	353,022	480,912
– In the fifth year	247,007	295,766
– After five years	498,112	501,855
Gross amount of finance lease receivables	47,010,265	54,909,951
Less: Unearned finance lease income	(4,200,283)	(4,980,779)
Present value of minimum finance lease receivables	42,809,982	49,929,172
Less: Allowance for ECL	(1,507,739)	(1,517,769)
Carrying amount of finance lease receivables	41,302,243	48,411,403
Present value of minimum finance lease receivables		
– Within one year	26,395,438	28,544,638
– In the second year	12,818,404	15,457,681
– In the third year	2,660,002	4,861,631
– In the fourth year	311,210	397,837
– In the fifth year	212,775	249,560
– After five years	412,153	417,825
Total	42,809,982	49,929,172
Analysed as:		
Current assets	25,439,566	27,660,127
Non-current assets	15,862,677	20,751,276
	41,302,243	48,411,403

The Group entered into finance lease arrangements with leased assets being machinery equipment for infrastructure, transportation and logistics, etc. Substantially all finance lease of the Group are denominated in RMB. The terms of finance leases entered into range from one to ten years.

As at 30 June 2021, the Group's finance lease receivables pledged as collateral for the Group's bank borrowings amounted to RMB2,665,806 thousand (31 December 2020: RMB3,588,312 thousand).

The floating interest rates of finance lease receivables were with reference to the benchmark interest rates of the market. The floating interest rates of finance lease receivables were adjusted periodically with reference to the benchmark interest rate of the market.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

(All amounts in RMB'000 unless otherwise stated)

### 20. FINANCE LEASE RECEIVABLES (continued)

#### *Movement of allowance for ECL*

	Stage 1 12m ECL	Stage 2 Lifetime ECL (not credit- impaired)	Stage 3 Lifetime ECL (credit- impaired)	Total
(Unaudited)				
As at 1 January 2021	707,113	429,307	381,349	1,517,769
Changes in the loss allowance:				
– ECL (reversed)/recognised	(73,033)	180,672	389,923	497,562
– Transfer between stages	(554)	(119,105)	119,659	–
– Recovery of finance lease receivables previously written off	–	–	24,243	24,243
– Other derecognition	–	–	(304,830)	(304,830)
– Write-offs	–	–	(227,005)	(227,005)
As at 30 June 2021	633,526	490,874	383,339	1,507,739

The table below details the credit risk exposures of the Group's finance lease receivables, which are subject to ECL assessment:

#### *Gross carrying amount*

	Stage 1 12m ECL	Stage 2 Lifetime ECL (not credit- impaired)	Stage 3 Lifetime ECL (credit- impaired)	Total
As at 30 June 2021 (Unaudited)	40,133,654	1,991,318	685,010	42,809,982
As at 31 December 2020 (Audited)	46,916,654	2,177,676	834,842	49,929,172

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB'000 unless otherwise stated)

## 21. RECEIVABLES ARISING FROM SALE AND LEASEBACK ARRANGEMENTS

The table below illustrates the gross and net amounts of receivables arising from sale and leaseback arrangements,

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Receivables arising from sale and leaseback arrangements		
– Within one year	20,486,003	16,834,046
– In the second year	13,856,851	11,662,335
– In the third year	7,832,856	6,632,982
– In the fourth year	2,757,517	3,127,211
– In the fifth year	1,043,261	1,009,281
– Over fifth year	105,705	43,031
Gross amount of receivables arising from sale and leaseback arrangements	46,082,193	39,308,886
Less: Interest adjustment	(3,993,306)	(3,617,226)
Present value of receivables arising from sale and leaseback arrangements	42,088,887	35,691,660
Less: Allowance for ECL	(595,790)	(477,184)
Carrying amount of receivables arising from sale and leaseback arrangements	41,493,097	35,214,476
Present value of receivables arising from sale and leaseback arrangements:		
– Within one year	18,712,047	15,285,831
– In the second year	12,655,664	10,589,223
– In the third year	7,153,520	6,022,041
– In the fourth year	2,518,345	2,839,184
– In the fifth year	952,774	916,313
– Over fifth year	96,537	39,068
Total	42,088,887	35,691,660
Analysed as:		
Current assets	18,440,205	15,082,174
Non-current assets	23,052,892	20,132,302
	41,493,097	35,214,476

As at 30 June 2021, the Group's receivables arising from sale and leaseback arrangements pledged as collateral for the Group's bank borrowings amounted to RMB10,384,675 thousand (31 December 2020: RMB9,757,835 thousand).



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

(All amounts in RMB'000 unless otherwise stated)

### 21. RECEIVABLES ARISING FROM SALE AND LEASEBACK ARRANGEMENTS (continued)

#### Movement of allowance for ECL

	Stage 1 12m ECL	Stage 2 Lifetime ECL (not credit- impaired)	Stage 3 Lifetime ECL (credit- impaired)	Total
(Unaudited)				
As at 1 January 2021	455,567	11,128	10,489	477,184
Changes in the loss allowance:				
– ECL recognised	98,870	19,245	13,793	131,908
– Transfer between stages	(1,875)	(3,734)	5,609	–
– Recovery of receivables arising from sale and leaseback arrangements previously written off	–	–	54	54
– Write off	–	–	(5,367)	(5,367)
– Other derecognition	–	–	(7,989)	(7,989)
As at 30 June 2021	552,562	26,639	16,589	595,790

The table below shows the credit risk exposures of the Group's receivables arising from sale and leaseback arrangements, which are subject to ECL assessment:

#### Gross carrying amount

	Stage 1 12m ECL	Stage 2 Lifetime ECL (not credit- impaired)	Stage 3 Lifetime ECL (credit- impaired)	Total
As at 30 June 2021 (Unaudited)	41,924,757	128,215	35,915	42,088,887
As at 31 December 2020 (Audited)	35,612,607	57,604	21,449	35,691,660

### 22. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
China Securities Finance Corporation Limited ("CSFCL")	–	15,732,412
Other equity investments	9,656,322	506,775
	9,656,322	16,239,187
Analysed as:		
– Listed	9,195,844	239,733
– Unlisted	460,478	15,999,454
	9,656,322	16,239,187

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### 22. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

Notes:

- (i) As at 30 June 2021, equity instruments at fair value through other comprehensive income ("FVOCI") include non-traded shares and shares held by the Company.
- (ii) As the equity instruments are not held for trading purpose, the Group has designated these investments as equity instruments at FVOCI. As a result of the change in investment strategies, the Group disposed certain equity instruments at FVOCI, and the corresponding gains of RMB22,051 thousand was reclassified from revaluation reserve to retained earnings.
- (iii) As at 30 June 2021, equity instruments at FVOCI of RMB2,415,406 thousand (31 December 2020: Nil) were collateralized for securities lending.

### 23. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Unlisted bond investments	11,153,831	5,204,476
Listed bond investments	6,182,781	7,903,687
	<b>17,336,612</b>	13,108,163
Analysed as:		
Current assets	2,008,704	1,234,515
Non-current assets	15,327,908	11,873,648
	<b>17,336,612</b>	13,108,163
Allowance for ECL	<b>191,419</b>	747,756

As at 30 June 2021, debt instruments at fair value through other comprehensive income of RMB6,467 million (31 December 2020: RMB5,670 million) were collateralized for repurchase agreements and securities lending.

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### 23. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

#### Movement of allowance for ECL

	Stage 1 12m ECL	Stage 2 Lifetime ECL (not credit- impaired)	Stage 3 Lifetime ECL (credit- impaired)	Total
(Unaudited) As at 1 January 2021	45,423	99,441	602,892	747,756
Changes in the loss allowance				
– ECL recognised/(reversed)	55	45,798	(8,153)	37,700
– Transfer between stages	(7,802)	7,802	–	–
– Exchange difference and others	(20)	2	7,327	7,309
– Write-offs	(22)	–	–	(22)
– Other derecognition	–	–	(601,324)	(601,324)
As at 30 June 2021	37,634	153,043	742	191,419

The table below shows the credit risk exposures of the Group's debt instruments at fair value through other comprehensive income, which are subject to ECL assessment:

#### Gross carrying amount

	Stage 1 12m ECL	Stage 2 Lifetime ECL (not credit- impaired)	Stage 3 Lifetime ECL (credit- impaired)	Total
As at 30 June 2021 (Unaudited)	14,198,710	3,169,164	67,847	17,435,721
As at 31 December 2020 (Audited)	10,194,330	2,048,499	1,713,812	13,956,641

### 24. DEBT INSTRUMENTS MEASURED AT AMORTISED COST

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Debt securities	3,781,469	3,852,566
Less: Allowance for ECL	(11,691)	(89,067)
	3,769,778	3,763,499
Analysed as:		
Current assets	1,263,325	1,521,668
Non-current assets	2,506,453	2,241,831
	3,769,778	3,763,499

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## 24. DEBT INSTRUMENTS MEASURED AT AMORTISED COST (continued)

*Movement of allowance for ECL*

	Stage 1 12m ECL	Stage 2 Lifetime ECL (not credit- impaired)	Stage 3 Lifetime ECL (credit- impaired)	Total
(Unaudited)				
As at 1 January 2021	11,014	–	78,053	89,067
Changes in the loss allowance:				
– ECL recognised	994	–	2,330	3,324
– Other derecognition	–	–	(77,000)	(77,000)
– Exchange difference	(317)	–	(3,383)	(3,700)
As at 30 June 2021	11,691	–	–	11,691

The table below shows the credit risk exposures of the Group's debt instruments measured at amortised cost, which are subject to ECL assessment:

*Gross carrying amount*

	Stage 1 12m ECL	Stage 2 Lifetime ECL (not credit- impaired)	Stage 3 Lifetime ECL (credit- impaired)	Total
As at 30 June 2021 (Unaudited)	3,781,469	–	–	3,781,469
As at 31 December 2020 (Audited)	3,633,747	–	218,819	3,852,566

## 25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Debt securities	99,593,043	110,363,693
Equity securities (Note i, ii)	37,636,083	31,241,195
Funds (Note i)	59,587,477	53,200,173
Others	23,676,299	25,591,443
	220,492,902	220,396,504
Analysed as:		
Current assets	192,675,011	194,251,416
Non-current assets	27,817,891	26,145,088
	220,492,902	220,396,504

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### 25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Notes:

- (i) As at 30 June 2021, financial assets at fair value through profit or loss of RMB49,988 million (31 December 2020: RMB58,298 million) were collateralized for repurchase arrangements, refinancing and securities lending, including restricted securities amounted to RMB2,441 million (31 December 2020: RMB1,704 million).
- (ii) The restricted financial assets at fair value through profit or loss with a legally enforceable restriction that prevents the Group to dispose of within a specified period amounted to approximately RMB6,000 million as at 30 June 2021 (31 December 2020: RMB4,453 million). The fair value of these financial assets has considered the relevant features including selling restrictions.

### 26. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Analysed by collateral type:		
Stock (Note)	32,606,340	34,486,174
Bonds	16,441,222	25,274,706
Less: Allowance for ECL	(1,673,543)	(1,795,486)
	<b>47,374,019</b>	57,965,394
Analysed by market:		
Stock Exchange	42,247,966	42,053,943
Inter-bank	6,799,596	17,706,937
Less: Allowance for ECL	(1,673,543)	(1,795,486)
	<b>47,374,019</b>	57,965,394
Analysed for reporting purpose as:		
Current assets	46,536,817	55,769,601
Non-current assets	837,202	2,195,793
	<b>47,374,019</b>	57,965,394

Note:

The financial assets (pledged by stock) held under resale agreements are those resale agreements which qualified investors entered into with the Group with a commitment to purchase the specified securities at a future date with an agreed price. As at 30 June 2021, for the Group, the carrying amount of these agreements within one year was RMB31,768,435 thousand (31 December 2020: RMB32,287,677 thousand), the carrying amount of these agreements over one year was RMB837,905 thousand (31 December 2020: RMB2,198,497 thousand).

As at 30 June 2021, the fair value of the collateral was RMB128,958,154 thousand (31 December 2020: RMB132,197,247 thousand).

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For the six months ended 30 June 2021  
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## 26. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS (continued)

*Movement of allowance for ECL*

	Stage 1 12m ECL	Stage 2 Lifetime ECL (not credit- impaired)	Stage 3 Lifetime ECL (credit- impaired)	Total
(Unaudited)				
As at 1 January 2021	9,693	7,881	1,777,912	1,795,486
Changes in the loss allowance:				
– ECL reversed	(4,600)	(4,227)	(124,541)	(133,368)
– Transfer between stages	528	(2,508)	1,980	–
– Exchange difference and others	(3)	–	11,428	11,425
As at 30 June 2021	5,618	1,146	1,666,779	1,673,543

The table below shows the credit risk exposures of the Group's financial assets held under resale agreements, which are subject to ECL assessment:

*Gross carrying amount*

	Stage 1 12m ECL	Stage 2 Lifetime ECL (not credit- impaired)	Stage 3 Lifetime ECL (credit- impaired)	Total
As at 30 June 2021 (Unaudited)	42,929,221	556,473	5,561,868	49,047,562
As at 31 December 2020 (Audited)	51,446,027	1,801,368	6,513,485	59,760,880

## 27. OTHER LOANS AND RECEIVABLES

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Factoring receivables	7,457,647	7,480,392
Entrusted loans and others	766,088	798,422
Overseas other loans and receivables	10,113,163	12,720,031
Gross carrying amount	18,336,898	20,998,845
Less: Allowance for ECL	(857,443)	(878,838)
	17,479,455	20,120,007
Analysed as:		
Current assets	15,438,135	16,884,562
Non-current assets	2,041,320	3,235,445
	17,479,455	20,120,007

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### 27. OTHER LOANS AND RECEIVABLES (continued)

#### *Movement of allowance for ECL*

	Stage 1 12m ECL	Stage 2 Lifetime ECL (not credit- impaired)	Stage 3 Lifetime ECL (credit- impaired)	Total
(Unaudited)				
As at 1 January 2021	161,119	394,663	323,056	878,838
Changes in the loss allowance:				
– ECL recognised	11,802	42,992	106,179	160,973
– Transfer between stages	(12,461)	(89,105)	101,566	–
– Other derecognise	–	–	(180,034)	(180,034)
– Exchange difference	(426)	(92)	(1,816)	(2,334)
As at 30 June 2021	160,034	348,458	348,951	857,443

The table below shows the credit risk exposures of the Group's other loans and receivables, which are subject to ECL assessment:

#### *Gross carrying amount*

	Stage 1 12m ECL	Stage 2 Lifetime ECL (not credit- impaired)	Stage 3 Lifetime ECL (credit- impaired)	Total
As at 30 June 2021 (Unaudited)	12,601,683	3,680,013	2,055,202	18,336,898
As at 31 December 2020 (Audited)	17,566,347	1,724,497	1,708,001	20,998,845

### 28. LOANS AND ADVANCES

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Customer loans and advances	3,940,590	3,927,571
Less: Allowance for ECL	(90,835)	(107,444)
	3,849,755	3,820,127
Analysed as:		
Current assets	627,267	1,044,635
Non-current assets	3,222,488	2,775,492
	3,849,755	3,820,127

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## 28. LOANS AND ADVANCES (continued)

*Movement of allowance for ECL*

	Stage 1 12m ECL	Stage 2 Lifetime ECL (not credit- impaired)	Stage 3 Lifetime ECL (credit- impaired)	Total
(Unaudited)				
As at 1 January 2021	14,888	59,467	33,089	107,444
Changes in the loss allowance:				
– ECL recognised/(reserved)	3,381	(20,359)	3,703	(13,275)
– Transfer between stages	(412)	(1,441)	1,853	–
– Write-offs	–	(415)	(2,919)	(3,334)
– Exchange difference	10	(50)	40	–
As at 30 June 2021	17,867	37,202	35,766	90,835

The table below shows the credit risk exposures of the Group's loans and advances, which are subject to ECL assessment:

*Stage analysis on allowance for ECL*

	Stage 1 12m ECL	Stage 2 Lifetime ECL (not credit- impaired)	Stage 3 Lifetime ECL (credit- impaired)	Total
As at 30 June 2021 (Unaudited)	3,037,418	606,516	296,656	3,940,590
As at 31 December 2020 (Audited)	2,599,476	1,164,584	163,511	3,927,571

## 29. DEFERRED TAXATION

For the purpose of presentation in the Group's interim condensed consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Deferred tax assets	4,092,070	4,282,160
Deferred tax liabilities	(1,247,357)	(698,134)
	2,844,713	3,584,026



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## 29. DEFERRED TAXATION (continued)

The following are the major deferred tax assets/(liabilities) recognised and movements thereon,

	Financial assets/ liabilities at fair value through profit or loss	Accelerated depreciation	Derivative financial instruments	Accrued but not paid expenses	Debt instrument at fair value through other comprehensive income	Equity instrument at fair value through other comprehensive income	Impairment losses	Tax losses and others	Total
(Audited)									
As at 1 January 2020	(564,162)	(63,861)	26,318	1,134,419	132,168	(89,335)	1,706,871	609,589	2,892,007
(Charge)/Credit to profit or loss	(295,298)	(16,171)	27,664	193,107	-	-	838,117	(21,104)	726,315
(Charge)/Credit to other comprehensive income	-	-	(198)	-	60,646	(71,531)	-	-	(11,083)
Effects of exchange rate	-	(1,576)	447	(2,588)	(5,788)	(19,840)	58,880	(52,748)	(23,213)
As at 31 December 2020	(859,460)	(81,608)	54,231	1,324,938	187,026	(180,706)	2,603,868	535,737	3,584,026
(Unaudited)									
(Charge)/Credit to profit or loss	(620,062)	(5,677)	(47,136)	197,285	(133,406)	-	(209,314)	16,254	(802,056)
(Charge)/Credit to other comprehensive income	-	-	(157)	-	(42,888)	117,845	-	-	74,800
Effects of exchange rate	-	694	(370)	(15,619)	3,873	15,142	(2,784)	(12,993)	(12,057)
As at 30 June 2021	(1,479,522)	(86,591)	6,568	1,506,604	14,605	(47,719)	2,391,770	538,998	2,844,713

At the end of the reporting period, no deferred tax liabilities have been recognised in respect of the temporary differences associated with undistributed earnings of subsidiaries because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

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## 30. DEPOSITS WITH EXCHANGES

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Deposits with stock exchanges		
– Shanghai Stock Exchange	1,326,483	917,712
– Shenzhen Stock Exchange	268,948	233,073
– National Equities Exchange and Quotations	4,846	2,371
– Stock Exchange of Hong Kong Limited	1,819	1,840
Subtotal	1,602,096	1,154,996
Deposits with futures and commodity exchanges		
– Shanghai Futures Exchange	2,230,774	2,609,817
– Dalian Commodity Exchange	2,465,343	1,664,494
– Zhengzhou Commodity Exchange	940,489	639,046
– China Financial Futures Exchange	9,941,662	8,744,857
– Shanghai Gold Exchange	23,990	11,968
– HKFE Clearing Corporation Limited	4,703	25,186
– The Chinese Gold & Silver Exchange Society	404	409
– Collateral deposits placed with overseas stock exchange and brokers	632,464	1,073,338
Subtotal	16,239,829	14,769,115
Trading rights and other deposits		
– Guarantee fund paid to Shanghai Stock Exchange	34,196	29,497
– Guarantee fund paid to Shenzhen Stock Exchange	39,786	36,137
– Deposit with CSFC	1,051,246	1,142,874
– Deposit with Shanghai Clearing House	83,776	83,472
– Guarantee fund paid to the Stock Exchange of Hong Kong Options Clearing House Ltd.	5,039	3,679
– Guarantee fund paid to Hong Kong Securities Clearing Company Ltd.	128,378	145,128
– Guarantee fund paid to Securities and Futures Commission	166	168
– Others	9,691	9,785
Subtotal	1,352,278	1,450,740
Total	19,194,203	17,374,851
Analysed as:		
Current assets	19,044,001	17,208,163
Non-current assets	150,202	166,688
	19,194,203	17,374,851

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### 31. BANK BALANCES AND CASH

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
General accounts	47,952,230	32,182,212
Cash held on behalf of clients (Note i)	101,364,710	91,691,751
Less: Allowance for ECL	(9,039)	(2,247)
	149,307,901	123,871,716
Less: Non-current restricted bank deposits (Note ii)	(1,362,337)	(1,288,296)
	147,945,564	122,583,420

Bank balances and cash comprise of cash on hand and demand deposits which bear interest at the prevailing market rates.

Notes:

- (i) The Group received and held money deposited by clients in the course of the conduct of the regulated activities. The Group has recognised the corresponding amount in accounts payable to brokerage clients (Note 43). The Group currently does not have a legally enforceable right to offset these payables with deposits placed.
- (ii) The non-current restricted bank deposits are restricted for fund management risk reserve purpose, margin deposits and pledged bank deposits over one year.

### 32. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Bank balances and cash – general account (excluding accrued interest)	47,891,226	27,985,539
Less: Restricted bank deposits (Note)	(2,666,956)	(1,761,329)
Deposits with other banks (excluding accrued interest)	168,659	195,772
Deposits with central banks other than legal reserve	3,209,693	4,185,038
Clearing settlement funds – House accounts	3,884,739	3,018,543
	52,487,361	33,623,563

Note: The restricted bank deposits are restricted for fund management risk reserve purpose, margin deposits for notes payable, margin deposits for borrowings and other pledge of bank deposits, etc.

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## 33. OTHER NON-CURRENT ASSETS

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Long-term receivables from government cooperation projects	658,324	458,507
Repossession of finance lease assets	225,081	179,686
Foreclosed assets	98,774	82,915
Others	701,374	275,505
	1,683,553	996,613

## 34. ADVANCES TO CUSTOMERS ON MARGIN FINANCING

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Loans to margin clients (Note)	81,865,017	75,152,605
Less: Allowance for ECL (Note)	(1,688,743)	(2,085,013)
	80,176,274	73,067,592
Analysed as:		
Current assets	80,176,274	73,067,592

*Movement of allowance for ECL*

	Stage 1 12m ECL	Stage 2 Lifetime ECL (not credit- impaired)	Stage 3 Lifetime ECL (credit- impaired)	Total
(Unaudited)				
As at 1 January 2021	32,760	5,838	2,046,415	2,085,013
Changes in the loss allowance:				
– ECL recognised	16,352	33,246	235,393	284,991
– Transfer between stages	(3,908)	1,943	1,965	–
– Write-offs	–	–	(670,386)	(670,386)
– Exchange difference	(306)	(56)	(10,513)	(10,875)
As at 30 June 2021	44,898	40,971	1,602,874	1,688,743

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### 34. ADVANCES TO CUSTOMERS ON MARGIN FINANCING (Continued)

#### *Movement of allowance for ECL (Continued)*

The table below shows the credit risk exposures of the Group's advances to customers on margin financing, which are subject to ECL assessment:

#### *Gross carrying amount*

	Stage 1 12m ECL	Stage 2 Lifetime ECL (not credit- impaired)	Stage 3 Lifetime ECL (credit- impaired)	Total
As at 30 June 2021 (Unaudited)	77,058,737	1,692,209	3,114,071	81,865,017
As at 31 December 2020 (Audited)	69,521,902	2,188,383	3,442,320	75,152,605

Note:

- (i) The credit facility limits for margin clients are determined by the discounted market value of the collateral securities accepted by the Group.
- (ii) The majority of the loans to margin clients, which are secured by the underlying pledged securities, are interest bearing. 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 which the customers have to make up the shortfall.
- (iii) Loans to margin clients as at 30 June 2021 were secured by the customers' securities to the Group as collateral with undiscounted market value of approximately RMB272,634,283 thousand (31 December 2020: RMB255,840,832 thousand).
- (iv) As at 30 June 2021, cash collateral received from clients for securities lending and margin financing arrangement, included in the Group's accounts payable to brokerage clients amounted to approximately RMB9,182,025 thousand (31 December 2020: RMB8,634,304 thousand).
- (v) The directors of the Company are of the opinion that the aging analysis does not give additional value in view of the nature of the business. As a result, no aging analysis is disclosed. The Group determines the allowance for impaired debts based on the evaluation of collectability and management's judgment including the assessment of change in credit quality, collateral and the past collection history of each client. The concentration of credit risk is limited due to the customer base being large and unrelated.

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## 35. ACCOUNTS RECEIVABLE

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Accounts receivable from:		
– Brokers, dealers and clearing houses	6,279,490	5,440,065
– Clients for subscription of new shares in IPO	5,354,446	473,605
– Asset and fund management	723,058	781,110
– Cash clients	1,255,747	1,099,949
– Advisory and financial planning	12,688	25,801
– Others	954,789	765,955
	14,580,218	8,586,485
Less: Allowance for ECL	(207,597)	(176,485)
	14,372,621	8,410,000

*Aging analysis:*

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Less than 3 months	12,924,305	7,311,229
Between 3 and 6 months	268,764	335,424
Between 6 and 12 months	728,914	345,184
Over 1 year	450,638	418,163
	14,372,621	8,410,000

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### 36. DERIVATIVE INSTRUMENTS

	30 June 2021 (Unaudited)		
	Contractual value	Assets	Liabilities
Derivatives designated in hedge accounting:			
Interest rate swaps	3,029,639	1,892	108,687
Currency forwards	996,641	–	53,541
Cross currency interest rate swaps	1,276,223	227	60,638
Derivatives held for trading:			
Stock index futures contracts (Note i)	19,992,130	–	–
Treasury futures contracts (Note ii)	9,972,606	–	–
Commodity futures contracts (Note iii)	9,432,258	–	–
Interest rate swap contracts (Note iv)	44,182,483	506,656	484,294
Commodity swap	254,072	36,943	34,937
Equity swap	3,938,772	182,010	345,660
Forward contracts	26,270,929	98,527	145,136
Options (Note v)	232,267,314	285,911	1,034,575
Embedded equity instruments	3,322,051	387	238,510
Foreign exchange swap	5,530,890	48,596	10,163
Credit default swap	609,727	–	1,965
<b>Total</b>	<b>361,075,735</b>	<b>1,161,149</b>	<b>2,518,106</b>

	31 December 2020 (Audited)		
	Contractual value	Assets	Liabilities
Derivatives designated in hedge accounting:			
Interest rate swaps	3,625,570	–	160,674
Currency forwards	1,945,083	1,209	85,526
Cross currency interest rate swaps	1,335,021	–	113,710
Derivatives held for trading:			
Stock index futures contracts (Note i)	10,780,440	–	–
Treasury futures contracts (Note ii)	9,242,088	–	–
Commodity futures contracts (Note iii)	9,199,719	–	–
Interest rate swap contracts (Note iv)	42,049,068	763,615	747,396
Commodity swap	589,920	269,595	275,920
Equity swap	2,726,885	45,153	65,740
Forward contracts	4,675,365	122,212	170,320
Options (Note v)	159,871,789	381,718	859,541
Embedded equity instruments	2,433,998	3,991	175,865
Foreign exchange swap	2,958,985	240,930	13,364
Credit default swap	459,935	–	4,223
Foreign exchange futures	943,686	9,489	–
<b>Total</b>	<b>252,837,552</b>	<b>1,837,912</b>	<b>2,672,279</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 36. DERIVATIVE INSTRUMENTS (continued)

Notes:

## (i) Stock index futures contracts

Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in stock index futures ("SIF") were settled daily and the corresponding payments or receipts were included in "clearing settlement funds" as at 30 June 2021 and 31 December 2020. Accordingly, the net position of the SIF contracts in derivative instruments was nil at the end of reporting period. As at 30 June 2021, the contract value of the outstanding stock index futures contracts that the Group held for the market risk of the securities lent or to be lent to clients is RMB19,992,130 thousand (31 December 2020: RMB10,780,440 thousand), recognising net derivative assets of RMB389,665 thousand (31 December 2020: net derivative assets of RMB109,789 thousand) before settlement.

## (ii) Treasury futures contracts

Under the daily mark-to-market and settlement arrangement, any gains or losses of the Group's position in treasury futures ("TF") contracts were settled daily and the corresponding payments or receipts were included in "clearing settlement funds" as at 30 June 2021 and 31 December 2020. Accordingly, the net position of the TF contracts in derivative instruments was nil at the end of reporting period.

	30 June 2021 (Unaudited)	
	Contractual value	Fair value
T2109	3,328,903	(21,554)
TF2109	3,323,818	(13,199)
TS2109	3,319,885	(7,126)
Total	9,972,606	(41,879)
Plus: settlement		41,879
Net position of TF contracts		—

	31 December 2020 (Audited)	
	Contractual value	Fair value
T2103	6,708,643	(48,860)
TF2103	2,487,265	(12,763)
TS2103	46,180	(1)
Total	9,242,088	(61,624)
Plus: settlement		61,624
Net position of TF contracts		—



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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(All amounts in RMB'000 unless otherwise stated)

### 36. DERIVATIVE INSTRUMENTS (continued)

Notes: (continued)

#### (iii) Commodity futures contracts

Under the daily mark-to-market contracts and settlement arrangement, any gains or losses of the Group's position in commodity futures were settled daily and the corresponding payments or receipts were included in "clearing settlement funds". As at 30 June 2021, the net position of the commodity futures contracts under the daily mark-to-market and settlement arrangement was nil (31 December 2020: Nil).

	30 June 2021 (Unaudited)		31 December 2020 (Audited)	
	Contractual value	Fair value	Contractual value	Fair value
Total	9,432,258	(21,551)	9,199,719	3,779
Plus: settlement		21,551		(3,779)
Net position		–		–

#### (iv) Interest rate swap contracts

Under the daily mark-to-market and settlement arrangements, any gains or losses of the Group's position in interest rate swap ("IRS") contracts were settled daily in Shanghai Clearing House and the corresponding payments or receipts were included in "clearing settlement funds" as at 30 June 2021 and 31 December 2020. Accordingly, the net position of the IRS contracts in derivative instruments was nil at the end of reporting period.

For IRS contracts in mainland China and Hong Kong market not under the daily mark-to-market and settlement arrangement are presented gross at the end of reporting period.

	30 June 2021 (Unaudited)			31 December 2020 (Audited)		
	Contractual value	Assets	Liabilities	Contractual value	Assets	Liabilities
IRS – settled in Shanghai Clearing House	34,260,000	41,274	–	30,320,000	38,863	–
IRS – non-centralised settlement	9,922,483	506,656	484,294	11,729,068	763,615	747,396
Total	44,182,483	547,930	484,294	42,049,068	802,478	747,396
Plus: settlement		(41,274)	–		(38,863)	–
Net position of IRS contracts		506,656	484,294		763,615	747,396

#### (v) Options

At 30 June 2021, the notional principal amounts of the Group's options purchased or written in Mainland China were approximately RMB113,926,285 thousand (31 December 2020: RMB140,600,349 thousand). The notional principal amounts of the Group's options purchased or written outside Mainland China were approximately RMB118,341,029 thousand (31 December 2020: RMB19,271,440 thousand).

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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(All amounts in RMB'000 unless otherwise stated)

## 37. OTHER CURRENT ASSETS

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Prepayments	1,369,644	1,206,333
Inventory	702,162	268,965
Dividend receivable	7,693	2,543
Other receivables	5,442,818	2,450,997
	7,522,317	3,928,838
Less: Allowance for ECL (Note ii)	(491,398)	(482,195)
	7,030,919	3,446,643

Note:

- (i) The other receivables and prepayments include short-term rental deposits placed with landlords under operating leases, other prepaid expenses for daily operation and other receivable and prepayments items such as prepaid taxes
- (ii) Included in the impairment losses of the Group mainly represents a gross receivable of RMB440,894 thousand from an independent third party. In the opinion of the directors of the Company, the recoverability of the receivable is remote and a full provision was made in prior year.

## 38. CLEARING SETTLEMENT FUNDS

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Clearing settlement funds held with clearing houses for:		
House accounts	3,884,739	3,412,801
Customers	10,260,017	8,439,500
	14,144,756	11,852,301

These clearing settlement funds are held by the clearing houses for the Group and can be withdrawn by the Group at will. These balances carry interest at prevailing market interest rates.

## 39. DEPOSITS WITH CENTRAL BANKS AND OTHER BANKS

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Deposits with central banks other than legal reserve	3,209,693	3,687,476
Legal reserve	25,094	28,654
	3,234,787	3,716,130
Deposits with other banks	168,692	258,666
Less: Allowance for ECL	(6)	(2)
	168,686	258,664
	3,403,473	3,974,794

Deposits with central banks other than legal reserve is repayable on demand. Legal reserve deposits are non-interest bearing.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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### 40. BORROWINGS

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Short-term borrowings:		
Secured borrowings (Notes)	4,151,569	5,722,206
Unsecured borrowings	32,092,794	37,645,348
	36,244,363	43,367,554
Long-term borrowing:		
Secured borrowings (Notes)	21,064,018	20,053,005
Unsecured borrowings	30,314,442	29,309,998
	51,378,460	49,363,003
Total	87,622,823	92,730,557
Current liabilities:		
Short-term borrowings	36,244,363	43,367,554
Long-term borrowings due within one year	21,696,647	15,765,096
	57,941,010	59,132,650
Non-current liabilities:		
Long-term borrowings	29,681,813	33,597,907
	87,622,823	92,730,557
Analysis by maturity:		
Less than 1 year	57,941,010	59,132,650
1-2 year	11,795,674	16,957,781
2-5 year	17,266,829	16,050,367
Over 5 years	619,310	589,759
	87,622,823	92,730,557

Notes:

As at 30 June 2021, borrowings of RMB1,343 million (31 December 2020: RMB1,343 million) are secured by the Building B2 of Greenland Center, No.858, Zhongshan Rd.(S), Huangpu District, Shanghai, the PRC.

As at 30 June 2021, borrowings of RMB764 million (31 December 2020: RMB769 million) are secured by the Building B3 of Greenland Center, No.888, Zhongshan Rd.(S), Huangpu District, Shanghai, the PRC.

As at 30 June 2021, borrowings of RMB1,997 million (31 December 2020: RMB2,525 million) are secured by DaCheng-Haitong China Bond fund No.1 owned by the subsidiary of the Group. The fair value of the secured assets is RMB3,383 million (31 December 2020: RMB3,615 million).

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
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### 40. BORROWINGS (continued)

As at 30 June 2021, borrowings of RMB7,017 million (31 December 2020: RMB5,647 million) are secured by the shares of Haitong UT Capital Group Co., Limited and Haitong Bank, S.A. held by the Group.

As at 30 June 2021, bank loans of HKD1,309 million (RMB1,089 million) (31 December 2020: HKD 949 million (RMB 799 million)) were secured by collaterals (listed shares) acquired against the advances to customers on margin financing with the consent of the customers. The fair value of the secured collaterals is HKD4,943 million (RMB4,113 million) (31 December 2020: HKD4,934 million (RMB4,153 million)).

As at 30 June 2021, borrowings of RMB12,966 million (31 December 2020: RMB14,687 million) are secured by finance leases receivables, receivables arising from sale and leaseback arrangements, the shares of subsidiaries, private housing and aircraft for leasing. As at 30 June 2021, the book value of secured finance lease receivable is RMB2,666 million (31 December 2020: RMB3,588 million), the book value of secured receivables arising from sale and leaseback arrangements is RMB10,385 million (31 December 2020: RMB9,758 million), the book value of secured private housing is RMB1,256 million (31 December 2020: RMB1,271 million), the book value of secured aircraft for leasing is RMB5,219 million. (31 December 2020: RMB5,429 million).

### 41. SHORT-TERM FINANCING BILLS PAYABLES

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Short-term bonds (Note i)	511,957	5,531,940
Medium-term notes (Note ii)	5,062,063	5,235,973
Short-term income certification (Note iii)	2,721,970	8,911,524
Ultra-short-term bonds (Note iv)	5,033,639	5,026,428
Short-term Corporate bonds (Note v)	6,078,476	1,012,658
	<b>19,408,105</b>	<b>25,718,523</b>

Notes:

- (i) During the six months ended 30 June 2021, the Group did not issue any short-term bonds, but paid the principal and interest of short-term bonds amounting to RMB5,036 million. The balance as at 30 June 2021 carried interest rates ranging 2.88% to 4.17% per annum, with terms ranging from 3 months to 1 year.
- (ii) During the six months ended 30 June 2021, the Group newly issued medium-term bonds with an aggregate principle amount of RMB5,376 million, and paid the principle and interest of medium-term bonds amounting to RMB5,549 million. The balance as at 30 June 2021 carried interest rates ranging from 0.00% to 2.75% per annum, with terms ranging from 3 months to 1 year.
- (iii) During the six months ended 30 June 2021, the Group newly issued short-term income certification with an aggregate principle amount of RMB10,989 million, paid the principle and interest of short-term income certification amounting to RMB17,179 million. The balance as at 30 June 2021 carried interest rates ranging from 2.10% to 8.18% per annum, with terms ranging 1 years.
- (iv) During the six months ended 30 June 2021, the Group newly issued ultra-short-term bonds with an aggregate principle amount of RMB7,555 million, and paid the principle and interest of ultra-short-term bonds amounting to RMB7,565 million. The balance as at 30 June 2021 carried interest rates ranging from 1.73% to 3.80% per annum, with terms ranging from 5 months to 1 year.
- (v) During the six months ended 30 June 2021, the Group newly issued short-term corporate bonds with an aggregate principle amount of RMB6,078 million, and paid the principle and interest of short-term corporate bonds amounting to RMB1,016 million. The balance as at 30 June 2021 carried interest rates 2.20% to 3.10% per annum, with terms ranging 9 months to 11 months.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 42. BONDS PAYABLE

Issue entity	Type	Currency	Principal amount in original currency	Issue date	Maturity date	Coupon Rate	Opening Balance	Increase	Decrease	Closing Balance
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,390,000	2013-11-25	2023-11-25	6.18%	2,399,603	74,095	-	2,473,698
Haitong Securities Co., Ltd	Corporate bonds	RMB	800,000	2014-07-14	2024-07-14	5.85%	821,925	23,208	-	845,133
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,000,000	2016-05-18	2021-05-18	3.80%	5,118,685	71,315	5,190,000	-
Haitong Securities Co., Ltd	Corporate bonds	RMB	1,000,000	2017-08-11	2022-08-11	4.80%	1,018,148	24,000	-	1,042,148
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,500,000	2017-09-22	2027-09-22	4.99%	5,568,412	136,569	-	5,704,981
Haitong Securities Co., Ltd	Corporate bonds	RMB	3,000,000	2018-03-08	2021-03-08	5.15%	3,126,563	27,937	3,154,500	-
Haitong Securities Co., Ltd	Corporate bonds	RMB	3,000,000	2018-03-22	2021-03-22	5.14%	3,120,403	33,797	3,154,200	-
Haitong Securities Co., Ltd	Corporate bonds	RMB	3,000,000	2018-05-10	2021-05-10	4.70%	3,091,167	49,833	3,141,000	-
Haitong Securities Co., Ltd	Corporate bonds	RMB	3,000,000	2018-08-06	2021-08-06	3.98%	3,048,414	59,210	-	3,107,624
Haitong Securities Co., Ltd	Corporate bonds	RMB	3,000,000	2018-11-22	2021-11-22	3.88%	3,012,756	57,722	-	3,070,478
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,000,000	2019-04-11	2022-04-11	3.75%	5,136,130	92,979	187,499	5,041,610
Haitong Securities Co., Ltd	Corporate bonds	RMB	4,500,000	2019-11-15	2022-11-15	3.52%	4,520,397	78,549	-	4,598,946
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,000,000	2020-02-27	2023-02-27	3.01%	5,127,061	74,567	150,499	5,051,129
Haitong Securities Co., Ltd	Corporate bonds	RMB	3,500,000	2020-03-19	2023-03-19	2.99%	3,582,573	51,895	104,650	3,529,818
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,600,000	2020-04-30	2023-04-30	2.38%	5,689,827	66,092	133,280	5,622,639
Haitong Securities Co., Ltd	Corporate bonds	RMB	700,000	2020-04-30	2025-04-30	2.88%	713,587	9,997	20,160	703,424
Haitong Securities Co., Ltd	Corporate bonds	RMB	6,700,000	2020-05-25	2023-05-25	2.70%	6,809,531	89,707	180,900	6,718,338
Haitong Securities Co., Ltd	Corporate bonds	RMB	6,000,000	2020-08-11	2023-08-11	3.53%	6,082,979	105,030	-	6,188,009
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,000,000	2020-10-21	2021-10-23	3.50%	5,034,521	86,780	-	5,121,301
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,000,000	2020-10-21	2022-10-21	3.82%	5,037,677	94,715	-	5,132,392
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,000,000	2020-11-19	2022-01-13	3.70%	5,021,795	91,739	-	5,113,534
Haitong Securities Co., Ltd	Corporate bonds	USD	300,000	2018-12-13	2023-12-13	4.50%	1,955,817	161,923	180,624	1,937,116
Haitong Securities Co., Ltd	Corporate bonds	EUR	230,000	2018-12-13	2023-12-13	Euribor+165bps	1,846,828	61,933	140,020	1,768,741
Haitong Securities Co., Ltd	Corporate bonds	RMB	6,000,000	2021-01-13	2024-01-13	3.58%	-	6,099,455	-	6,099,455
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,400,000	2021-02-08	2024-02-08	3.79%	-	5,480,182	-	5,480,182
Haitong Securities Co., Ltd	Corporate bonds	RMB	5,000,000	2021-04-23	2024-04-23	3.45%	-	5,032,610	-	5,032,610
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,800,000	2021-05-27	2024-05-27	3.35%	-	2,808,995	-	2,808,995
Haitong Securities Co., Ltd	Corporate bonds	RMB	2,100,000	2021-06-10	2024-06-10	3.40%	-	2,104,108	-	2,104,108
Haitong Securities Co., Ltd	Subordinated notes	RMB	2,000,000	2016-11-17	2021-11-17	3.40%	2,008,384	33,720	-	2,042,104
Haitong Securities Co., Ltd	Subordinated notes	RMB	3,300,000	2019-02-28	2022-02-28	4.09%	3,413,582	66,873	134,971	3,345,484
Haitong Securities Co., Ltd	Long-term income certificates	RMB	676,461	2019-07-25&2021-06-30	2021-07-01&2023-06-27	0.00%-3.70%	482,399	1,614,019	1,411,177	685,241
Haitong Securities Co., Ltd	Financial bond	RMB	7,000,000	2019-08-29	2022-08-29	3.39%	7,081,267	117,675	-	7,198,942
Shanghai Haitong Securities Asset management Co., Ltd	Corporate bonds	RMB	1,000,000	2020-11-04	2025-11-04	3.85%	1,006,012	19,092	-	1,025,104
Shanghai Haitong Securities Asset management Co., Ltd	Subordinated notes	RMB	1,000,000	2018-04-04	2023-04-04	6.05%	1,045,085	16,621	960,501	101,205

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## 42. BONDS PAYABLE (continued)

Issue entity	Type	Currency	Principal amount in original currency	Issue date	Maturity date	Coupon Rate	Opening Balance	Increase	Decrease	Closing Balance
Shanghai Haitong Securities Asset management Co., Ltd	Subordinated notes	RMB	1,000,000	2018-10-31	2023-10-31	5.34%	1,009,071	26,480	-	1,035,551
Haitong International Holding Co., Ltd	Corporate bonds	EUR	220,000	2016-05-18& 2016-05-26	2021-05-17& 2021-05-26	1.60%	1,782,342	71,301	1,853,643	-
Haitong International Holding Co., Ltd	Corporate bonds	USD	670,000	2020-03-12	2025-03-11	2.11%	4,389,272	60,231	102,652	4,346,851
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	800,000	2018-09-21	2021-09-21	5.05%	809,889	20,962	-	830,851
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	400,000	2018-10-26	2021-10-26	4.85%	402,978	9,967	-	412,945
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	500,000	2019-02-28	2022-02-28	5.20%	520,650	12,822	25,457	508,015
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	500,000	2019-07-24	2022-07-24	4.83%	509,222	12,627	-	521,849
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,000,000	2020-09-17	2023-09-17	4.20%	1,006,516	22,065	-	1,028,581
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,200,000	2020-07-28	2023-07-28	4.00%	1,214,347	24,975	-	1,239,322
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	800,000	2020-10-30	2023-10-30	4.15%	801,295	17,207	-	818,502
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,000,000	2020-05-11	2023-05-11	3.50%	1,018,243	17,356	34,143	1,001,456
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,000,000	2020-09-10	2022-09-10	4.40%	1,008,260	23,519	-	1,031,779
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	700,000	2020-06-19	2022-06-19	3.95%	711,483	13,711	26,433	698,761
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	1,000,000	2021-04-26	2025-04-26	4.10%	-	1,002,393	-	1,002,393
Haitong Unitrust International Financial Leasing Co., Ltd	Corporate bonds	RMB	800,000	2021-06-18	2025-06-18	3.85%	-	796,228	-	796,228
Haitong Unitrust International Financial Leasing Co., Ltd	Overseas private placement bond	USD	150,000	2019-07-31	2022-07-31	3.80%	990,682	14,447	23,385	981,744
Haitong Unitrust International Financial Leasing Co., Ltd	Medium-term notes	USD	100,000	2021-06-03	2024-06-03	3.00%	-	597,893	-	597,893

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42. BONDS PAYABLE (continued)	Issue entity	Type	Currency	Principal amount in original currency	Issue date	Maturity date	Coupon Rate	Opening Balance	Increase	Decrease	Closing Balance
	Haitong Unitrust International Financial Leasing Co., Ltd	Medium-term notes	RMB	600,000	2016-06-07	2021-06-07	4.07%	189,169	3,239	192,408	-
	Haitong Unitrust International Financial Leasing Co., Ltd	Medium-term notes	RMB	600,000	2016-07-15	2021-07-15	4.10%	295,303	6,069	-	301,372
	Haitong Unitrust International Financial Leasing Co., Ltd	Medium-term notes	RMB	1,000,000	2018-03-23	2021-03-23	5.77%	1,044,832	12,805	1,057,637	-
	Haitong Unitrust International Financial Leasing Co., Ltd	Medium-term notes	RMB	800,000	2018-04-27	2021-04-27	5.23%	828,124	13,297	841,421	-
	Haitong Unitrust International Financial Leasing Co., Ltd	Medium-term notes	RMB	500,000	2020-08-31	2023-08-31	4.20%	504,822	10,846	-	515,668
	Haitong Unitrust International Financial Leasing Co., Ltd	Medium-term notes	RMB	1,000,000	2020-11-06	2022-11-06	3.97%	1,002,953	20,532	-	1,023,485
	Haitong Unitrust International Financial Leasing Co., Ltd	Medium-term notes	RMB	500,000	2021-01-20	2023-01-20	4.00%	-	507,550	-	507,550
	Haitong Unitrust International Financial Leasing Co., Ltd	Asset-backed notes	RMB	950,000	2018-12-26	2021-05-08	5.90%	82,575	1,144	83,719	-
	Haitong Unitrust International Financial Leasing Co., Ltd	Asset-backed notes	RMB	950,000	2019-11-11	2022-03-19	4.57%	174,185	2,631	145,137	31,679
	Haitong Unitrust International Financial Leasing Co., Ltd	Asset-backed notes	RMB	950,000	2020-03-25	2022-11-19	3.10%-4.10%	477,518	7,146	200,201	284,463
	Haitong Unitrust International Financial Leasing Co., Ltd	Asset-backed notes	RMB	970,000	2021-06-25	2021-11-22	3.25%	-	968,325	-	968,325
	Haitong Unitrust International Financial Leasing Co., Ltd	Asset-backed special plan	RMB	190,000	2020-04-07	2023-02-13	5.00%	189,804	4,711	4,362	190,153
	Haitong Unitrust International Financial Leasing Co., Ltd	Asset-backed special plan	RMB	926,000	2019-12-24	2022-08-26	4.35%-4.60%	383,511	6,753	185,825	204,439
	Haitong Unitrust International Financial Leasing Co., Ltd	Asset-backed special plan	RMB	950,000	2020-04-15	2023-02-27	2.95%-3.40%	515,085	6,635	214,393	307,327
	Haitong Unitrust International Financial Leasing Co., Ltd	Asset-backed special plan	RMB	880,000	2020-05-28	2022-07-26	2.84%-3.40%	565,255	6,814	192,277	379,792
	Haitong Unitrust International Financial Leasing Co., Ltd	Asset-backed special plan	RMB	950,000	2020-06-17	2023-02-27	3.60%-3.70%	667,649	10,086	240,080	437,655
	Haitong Unitrust International Financial Leasing Co., Ltd	Asset-backed special plan	RMB	950,000	2020-07-28	2023-05-26	3.85%-4.10%	723,444	11,963	241,012	494,395
	Haitong Unitrust International Financial Leasing Co., Ltd	Asset-backed special plan	RMB	950,000	2020-09-09	2023-04-26	3.45%-4.20%	788,694	12,601	242,738	558,557

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For the six months ended 30 June 2021  
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## 42. BONDS PAYABLE (continued)

Issue entity	Type	Currency	Principal amount in original currency	Issue date	Maturity date	Coupon Rate	Opening Balance	Increase	Decrease	Closing Balance
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-backed special plan	RMB	950,000	2020-10-22	2023-06-26	3.69%-4.30%	768,511	14,045	238,232	544,324
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-backed special plan	RMB	950,000	2020-12-09	2023-07-26	4.17%-4.30%	942,576	16,203	282,319	676,460
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-backed special plan	RMB	1,440,000	2019-02-27	2021-11-18	5.00%	174,771	2,350	165,830	11,291
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-backed special plan	RMB	1,490,000	2019-04-16	2021-06-08	4.40%	156,048	2,172	158,220	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-backed special plan	RMB	1,440,000	2019-06-14	2022-02-24	4.50%	347,594	5,279	229,135	123,738
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-backed special plan	RMB	1,390,000	2019-08-27	2022-03-26	4.45%	345,295	5,958	237,796	113,457
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-backed special plan	RMB	950,000	2019-10-31	2022-05-26	4.60%	252,182	3,736	189,045	66,873
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-backed special plan	RMB	950,000	2020-11-24	2022-07-26	3.98%-4.30%	947,872	13,221	446,193	514,900
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-backed special plan	RMB	950,000	2019-05-31	2021-01-19	4.34%	66,710	157	66,867	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-backed special plan	RMB	950,000	2019-08-08	2021-04-20	4.80%	142,963	653	143,616	-
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-backed special plan	RMB	950,000	2019-12-26	2021-07-26	4.60%	244,057	2,166	244,143	2,080
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-backed special plan	RMB	950,000	2020-03-24	2021-11-26	3.65%	394,241	4,993	265,247	133,987
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-backed special plan	RMB	950,000	2020-06-19	2022-01-26	3.54%-3.80%	595,774	6,890	319,670	282,994
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-backed special plan	RMB	950,000	2020-08-14	2022-04-26	3.68%-3.99%	712,936	9,556	313,794	408,698
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-backed special plan	RMB	950,000	2021-02-02	2023-08-28	3.60%-4.55%	-	958,631	273,590	685,041
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-backed special plan	RMB	950,000	2021-03-25	2023-08-28	3.58%-4.50%	-	952,759	194,747	758,012
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-backed special plan	RMB	950,000	2021-04-29	2023-09-26	3.60%-4.50%	-	950,048	172,680	777,368
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-backed special plan	RMB	950,000	2021-06-17	2023-08-28	3.45%-4.40%	-	943,010	-	943,010



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Issue entity	Type	Currency	Principal amount in original currency	Issue date	Maturity date	Coupon Rate	Opening Balance	Increase	Decrease	Closing Balance
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-backed special plan	RMB	950,000	2021-05-31	2023-01-26	3.59%-4.35%	-	946,838	-	946,838
Haitong Unitrust International Financial Leasing Co., Ltd	Asset-backed special plan	RMB	950,000	2021-03-31	2022-11-28	3.70%-4.40%	-	953,577	270,065	683,512
Haitong Unitrust International Financial Leasing Co., Ltd	Private placement notes	RMB	600,000	2018-02-12	2021-02-12	6.35%	633,666	4,280	637,946	-
Haitong Unitrust International Financial Leasing Co., Ltd	Private placement notes	RMB	800,000	2018-11-30	2021-11-30	5.20%	802,532	21,231	-	823,763
Haitong Unitrust International Financial Leasing Co., Ltd	Private placement notes	RMB	500,000	2018-06-19	2021-06-19	6.50%	517,068	15,048	532,116	-
Haitong Unitrust International Financial Leasing Co., Ltd	Private placement notes	RMB	300,000	2019-04-23	2022-04-23	4.65%	309,091	6,918	13,734	302,275
Haitong Unitrust International Financial Leasing Co., Ltd	Private placement notes	RMB	1,400,000	2019-12-04	2022-12-04	4.50%	1,400,590	32,218	-	1,432,808
Haitong Unitrust International Financial Leasing Co., Ltd	Private placement notes	RMB	1,000,000	2019-05-31	2022-05-31	4.70%	1,025,514	23,307	46,232	1,002,589
Haitong Unitrust International Financial Leasing Co., Ltd	Private placement notes	RMB	1,000,000	2021-06-04	2023-06-04	3.95%	-	999,512	-	999,512
Haitong International Securities Group Ltd	Corporate bonds	USD	300,000	2021-05-20	2026-05-20	2.13%	-	1,936,290	-	1,936,290
Haitong International Securities Group Ltd	Corporate bonds	USD	700,000	2019-07-19	2024-07-19	3.38%	4,617,604	10,085	52,450	4,575,239
Haitong International Securities Group Ltd	Corporate bonds	USD	400,000	2019-11-18	2025-05-18	3.13%	2,600,552	6,258	29,539	2,577,271
Haitong International Securities Group Ltd	Corporate bonds	USD	400,000	2020-07-02	2023-07-02	2.13%	2,626,435	6,402	29,833	2,603,004
Haitong International Securities Group Ltd	Convertible bonds	HKD	3,880,000	2016-10-25	2021-10-25	0.00%	105,529	892	1,199	105,222
Haitong Investment Ireland PLC	Medium-term notes	EUR	9,136	2011-12-20&2018-08-30	2020-04-12&2026-01-23	0.98%-3.98%	58,882	931	7,545	52,268
Haitong Bank, S.A.	Financial bond	BRL	413,436	2018-05-21&2021-06-25	2021-05-24&2024-06-25	1.43%-6.98%	520,516	91,016	114,331	497,201
Total							147,838,210	38,320,903	29,827,018	156,332,095

As at 30 June 2021, bonds payable increased RMB8,494 million, with a percentage of 5.75%, mainly due to the increase in the issuance of long-term debt instruments of the Group.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
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## 42. BONDS PAYABLE (continued)

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Analysed as:		
Current liabilities	34,636,755	36,233,688
Non-current liabilities	121,695,340	111,604,522
	156,332,095	147,838,210

## 43. ACCOUNTS PAYABLE TO BROKERAGE CLIENTS

The majority of the accounts payable balance is repayable on demand except where certain accounts payable to brokerage 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.

Accounts payable mainly include money held on behalf of clients at the banks and at the clearing houses by the Group.

As at 30 June 2021, the cash received from clients for securities lending and margin financing arrangement as collaterals, included in the Group's accounts payable to brokerage clients amounted to approximately RMB9,182,025 thousand (31 December 2020: RMB8,634,304 thousand).

Accounts payable to brokerage clients is interest bearing at the prevailing interest rates.

## 44. CUSTOMER ACCOUNTS

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Demand deposits – corporate	320,930	229,122
Time deposits – corporate	3,287,084	2,399,463
Demand deposits – individual	8,206	16,913
Time deposits – individual	1,723,280	1,767,890
	5,339,500	4,413,388
Analysed as:		
Current liabilities	5,339,500	4,413,388

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

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### 45. OTHER PAYABLES AND ACCRUALS

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Payable to employees (Note i)	6,885,384	6,478,181
Short-term finance lease guarantee deposits	3,666,413	3,677,978
Client settlement payables	2,945,779	2,732,401
Amounts due to brokers	1,159,643	1,017,337
Notes payable	2,636,348	2,030,280
Pending payable to clearing house	7,128,654	979,097
Other tax payable	562,850	580,016
Risk reserve	581,356	544,016
Dividends payable	3,343,220	7,536
Commission and fee payables	13,199	19,857
Others (Note ii)	7,486,805	4,502,742
	<b>36,409,651</b>	<b>22,569,441</b>
Analysed as:		
Current liabilities	35,354,238	21,187,155
Non-current liabilities (Note i)	1,055,413	1,382,286
	<b>36,409,651</b>	<b>22,569,441</b>

Notes:

- (i) The Group sets up a detailed plan for the payment of accrued employees' bonuses. According to the plan, a balance of RMB407,102 thousand is expected to be settled after one year (31 December 2020: RMB407,102 thousand) and therefore are classified as non-current liabilities.
- (ii) Others mainly represent payables received in advance which are non-interest bearing and are settled within one year.

### 46. PROVISIONS

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Pending litigation and others	127,822	130,302
External guarantee	7,524	10,782
	<b>135,346</b>	<b>141,084</b>

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## 47. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Financial liabilities held for trading	1,597,203	4,412,068
Liabilities arising from consolidation of structured entities	7,225,199	6,002,904
Designated as financial liabilities at fair value through profit or loss (FVTPL) (Note i)		
– Structured products (Note ii)	18,535,055	16,857,901
– Gold option (Note iii)	–	203,317
– Income certificates (Note iv)	11,273,830	4,762,111
	38,631,287	32,238,301
Analysed as:		
Current liabilities	20,456,462	22,226,074
Non-current liabilities	18,174,825	10,012,227
	38,631,287	32,238,301

Notes:

- (i) As at 30 June 2021 and 31 December 2020, the difference between the fair values of the Group's financial liabilities designated at FVTPL and the contractual payables at maturity is not significant. During the six months ended 30 June 2021 and year ended 31 December 2020, the amounts of changes in the fair value that are attributable to changes in the Group's own credit risk are not significant.
- (ii) As at 30 June 2021 and 31 December 2020, included in the Group's financial liabilities designated at FVTPL are structured notes issued by subsidiaries of the Group which arise from selling structured products generally in the form of notes or certificates of which pay-outs are linked to the values/returns of certain underlying investments related to listed equity investments in active markets, listed/unlisted debt instruments, listed/unlisted investment funds, unlisted financial products and unlisted equity or partnership investments.
- The risk of economic exposure on these structured products is primarily mitigated using financial assets at FVTPL. These structured products are designated as FVTPL as the risks to which the Group is a contractual party are managed on a fair value basis as part of the Group's trading portfolio and the risk is reported to key management personnel on this basis.
- (iii) The Group entered into a number of option contracts in relation to fair value of gold bullions. These contracts as a combination intend to enable the Group to pay a fixed flow despite the volatilities of fair value of gold bullions. These contracts were designated at FVTPL.
- (iv) The Group issued some income certificates which were hybrid contracts containing embedded derivatives such as securities index. The entire hybrid contracts were designated at FVTPL upon initial recognition.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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### 48. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENTS

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Analysed by collateral type:		
Stock	4,747,987	4,028,550
Bonds	44,384,077	45,162,927
Gold	10,693,938	11,371,956
	59,826,002	60,563,433
Analysed by market:		
Stock exchanges	20,406,676	14,111,154
Inter-bank	28,725,388	35,080,323
OTC	10,693,938	11,371,956
	59,826,002	60,563,433
Analysed as:		
Current liabilities	59,826,002	60,563,433

Sales and repurchase agreements are transactions in which the Group sells a security and simultaneously agrees to repurchase it (or an asset that is substantially the same) at a fixed price on a future date. Since the repurchase prices are fixed, the Group is still exposed to substantially all the credit risks and market risks and rewards of those securities sold. These securities are not derecognised from the financial information but regarded as "collateral" for the liabilities because the Group retains substantially all the risks and rewards of these securities.

The following tables provide a summary of carrying amounts or fair values related to transferred financial assets of the Group and the associated liabilities:

#### As at 30 June 2021

	Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Financial assets held under resale agreements	Others	Total
Carrying amount of transferred assets	34,686,348	4,330,697	665,218	25,630,037	65,312,300
Carrying amount of associated liabilities	32,816,364	3,569,799	516,606	22,923,233	59,826,002
Net position	1,869,984	760,898	148,612	2,706,804	5,486,298

#### As at 31 December 2020

	Financial assets at fair value through profit or loss	Debt instruments at fair value through other comprehensive income	Financial assets held under resale agreements	Others	Total
Carrying amount of transferred assets	43,594,171	2,813,871	542,833	26,211,417	73,162,292
Carrying amount of associated liabilities	37,242,967	2,140,514	474,107	20,705,845	60,563,433
Net position	6,351,204	673,357	68,726	5,505,572	12,598,859

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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### 49. PLACEMENTS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Placements from banks	7,026,182	14,069,197
Placements from CSFCL	9,014,883	1,000,316
	16,041,065	15,069,513
Analysed as:		
Current liabilities	12,897,495	12,059,685
Non-current liabilities	3,143,570	3,009,828
	16,041,065	15,069,513

### 50. LONG-TERM PAYABLES

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Finance lease guarantee deposits	6,071,997	6,912,745
Deferred income	580,623	592,924
Others	561,456	500,251
	7,214,076	8,005,920

Long-term payables are mainly due to guaranteed funds received by the Group through finance leasing business. These amounts will expire beyond one year upon contract agreement and are classified as non-current liabilities.

### 51. SHARE CAPITAL

	Listed A shares		Listed H shares		Total	
	Number of shares (‘000)	Amount	Number of shares (‘000)	Amount	Number of shares (‘000)	Amount
Registered, issued and fully paid at RMB1.00 per share:						
At 31 December 2020 (audited) and at 30 June 2021 (unaudited)	9,654,631	9,654,631	3,409,569	3,409,569	13,064,200	13,064,200

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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### 52. REVALUATION RESERVE

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
At beginning of the period/year	282,378	114,007
Debt instrument measured at fair value through other comprehensive income		
– Net fair value changes during the period/year	77,119	(171,676)
– Reclassification adjustment to profit or loss on disposal	627,928	(47,510)
– Reclassification adjustment to profit or loss for ECL	(523,359)	259,494
– Income tax impact	(43,079)	(8,368)
Equity instrument measured at fair value through other comprehensive income		
– Net fair value changes during the period	(471,298)	286,814
– Transfer to retained earnings	(29,401)	30,376
– Income tax impact	124,764	(82,201)
Share of other comprehensive income of associates and joint ventures	–	(34,727)
Actuarial gains/(losses) on defined benefit obligations	48,007	(340)
Fair value gains/(losses) on hedging instrument designated in cash flow hedges	37,600	(63,491)
At end of the period/year	130,659	282,378

### 53. RESERVES AND RETAINED EARNINGS

The amounts of the Group's reserves and the movements therein during the year are presented in the consolidated statement of changes in equity.

#### (a) Capital reserve

The balance of capital reserve mainly includes share premium arising from the issuance of new shares at prices in excess of par value attributable to shareholders of the Company and other capital reserve arising from equity transactions.

#### (b) Revaluation reserve

It mainly represents the fair value changes of debt instruments measured at FVTOCI and equity instruments measured at FVTOCI.

#### (c) General reserves

The general reserves comprise statutory reserve, general risk reserve and transaction risk reserve.

Pursuant to the Company Law of the PRC, 10% of the net profit of the Company, as determined under the PRC accounting regulations and before distribution to shareholders, is required to be transferred to a statutory reserve until such time when this reserve represents 50% of the share capital of the Company. The reserve appropriated can be used for loss-covering, expansion of production scale and capitalisation, in accordance with the Company's articles of association or approved by the shareholders in a shareholders' general meeting.

In accordance with the Financial Rules for Financial Enterprises, the Company is required to appropriate 10% of net profit derived in accordance with the relevant accounting rules in the PRC before distribution to shareholders as general risk reserve from retained earnings.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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### 53. RESERVES AND RETAINED EARNINGS (Continued)

#### (c) General reserves (Continued)

Pursuant to the Securities Law of the PRC, the Company is required to appropriate 10% of the net profit derived in accordance with the relevant accounting rules in the PRC before distribution to shareholders as transaction risk reserve from retained earnings and cannot be distributed or transferred to share capital.

#### (d) Distributable profits

In accordance with the relevant regulations, the distributable profits of the Company is deemed to be the lower of (i) the retained earnings determined in accordance with PRC GAAP and (ii) the retained earnings determined in accordance with IFRSs.

### 54. PERPETUAL INSTRUMENTS

	30 June 2021 RMB'000	31 December 2020 RMB'000
Perpetual instruments issued by UniTrust (Note)	1,801,816	1,523,756
Perpetual instruments issued by Haitong Bank	29,160	29,160
	<b>1,830,976</b>	<b>1,552,916</b>

Note: As at 14 December 2020, UniTrust issued a renewable trust loan with principal amount of RMB286,500 thousand.

The above financial instrument has no fixed maturity date and UniTrust may choose to defer the principal in accordance with the contractual terms or expire when the issuer is redeemed in accordance with the contractual terms. UniTrust has the right to redeem at par value plus interest payable.

Unless the compulsory interest payment events mentioned below have occurred, UniTrust has the right to choose to defer interest payment at each interest payment date without time limit of deferrals, which is not considered as a breach of the contract for the issuer.

UniTrust could not defer current interests and all deferred interests when the following compulsory interest payment events occurred within 12 months before the interest payment date:

- to declare and pay dividend to ordinary shareholders
- to decrease registered capital
- to redeem or pay interest to other equity instrument which the payment sequence is inferior to this renewable trust loan

As at 26 February 2021, UniTrust issued renewable corporate bonds with an interest date of 1 March 2021 and a total amount of RMB1,500,000 thousand.

The above financial instrument has no fixed maturity date and UniTrust may last for a long time before redemption in accordance with the terms of issue. UniTrust can choose to redeem the principal in accordance with the terms of issue and expire when the issuer redeems in accordance with the terms of issue.

Unless the compulsory interest payment events mentioned below have occurred, UniTrust has the right to choose to defer interest payment at each interest payment date without time limit of deferrals, which is not considered as a breach of the contract for the issuer.



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### 54. PERPETUAL INSTRUMENTS (Continued)

UniTrust could not defer current interests and all deferred interests when the following compulsory interest payment events occurred within 12 months before the interest payment date:

- to pay dividend to ordinary shareholders
- to decrease registered capital

As at 12 March 2021, UniTrust decided to choose to exercise the redemption right, and redeemed the perpetual medium-term note issued on 11 March 2016 with principal amount of RMB1,200,000 thousand.

Based on the terms and conditions mentioned above, the directors of UniTrust are of the view that the Group has an unconditional right to avoid delivering cash or other financial assets. Accordingly, the above perpetual note is measured as other equity instrument under IAS 32 Financial Instruments: Presentation.

For the six months ended 30 June 2021, profit attributable to the holders of the perpetual notes of the Group amounted to RMB57,336 thousand (For the six months ended 30 June 2020: RMB50,211 thousand), which are determined with reference to the distribution rates specified in the terms and conditions.

### 55. CREDIT COMMITMENTS

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Contingent liabilities		
– Guarantees and standby letters of credit	926,448	1,145,716
Commitments		
– Irrevocable credit commitments	491,104	510,162

Guarantees and standby letters of credit are banking operations that may imply out-flow by the Group only at default condition.

Irrevocable credit commitments represent contractual agreements to extend credit to the Group's customers (e.g. unused credit lines). These agreements are, generally, contracted for fixed periods of time or with other expiration requisites, and usually require the payment of a commission. Substantially, all credit commitments require that clients maintain certain conditions verified at the time when the credit was granted.

Notwithstanding the particular characteristics of these guarantees and commitments, the analysis of these operations follows the same basic principles of any other commercial operation, namely the solvency of the underlying client and business, being that the Group requires these operations to be adequately covered by collaterals when needed.

As it is expected that the majority of these guarantees and commitment will expire without being used, the amounts disclosed above are not representative of the future cash outflows.

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## 56. OPERATING LEASE ARRANGEMENTS

*The Group as lessor*

The Group had contracted with tenants for the following future minimum lease payments:

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Within one year	694,008	683,013
In the second year	591,862	605,225
In the third year	560,688	586,742
In the fourth year	487,174	520,438
In the fifth year	417,967	476,662
Over five years	781,098	981,461
	3,532,797	3,853,541

## 57. CAPITAL COMMITMENTS

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Capital expenditure in respect of acquisition of property and equipment: – Contracted but not provided	3,058,966	3,685,924

## 58. DIVIDENDS

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Dividends recognised as distribution	3,266,050	3,657,976

According to the review and approval of Haitong Securities' 2020 general Meeting held on 18 June 2021, the Company declared a cash dividend of RMB2.50 per 10 shares (including tax) for the year 2020 to all shareholders, with a total declared amount of RMB3.266 billion (including tax). As at 29 July 2021, the cash dividend was paid.

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### 59. PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries

Name of Entity	Type of legal entity registered under PRC law	Place of incorporation/ establishment	Equity interest held by the Group		Share capital/ Registered and paid-up capital	Principal activities
			As at 30 June 2021	As at 31 December 2020		
海通基金管理有限公司 HFT Investment Management Co., Ltd.*	有限責任公司(中外合資) Limited liability company (equity joint venture)	PRC	51%	51%	RMB300,000,000	Fund Management
海通產業投資基金管理有限公司 Haitong-Fortis Private Equity Fund Management Co., Ltd.*	有限責任公司(中外合資) Limited liability company (equity joint venture)	PRC	67%	67%	RMB100,000,000	Fund Management
海通開元投資有限公司 Haitong Capital Investment Co. Ltd.*	有限責任公司(法人獨資) Limited liability company (wholly owned)	PRC	100%	100%	RMB7,500,000,000	Private equity investment management
海通國際控股有限公司 Haitong International Holdings Limited*	N/A	Hong Kong	100%	100%	HKD11,179,726,140	Investment holding
海通期貨股份有限公司 Haitong Futures Co., Ltd.*	股份有限公司(新三板上市) Joint stock limited company (listed on NEEQ)	PRC	67%	67%	RMB1,301,500,000	Financial and commodity futures contracts broking
海通國際證券集團有限公司 Haitong International Securities Group Limited*	N/A	Bermuda	65%	65%	HKD603,738,509	Investment holding
海通創新證券投資有限公司 Haitong Innovation Securities Investment Company Limited*	有限責任公司(法人獨資) Limited liability company (wholly owned)	PRC	100%	100%	Registered capital RMB9,300,000,000; paid-up capital RMB8,300,000,000	Financial products investment, equity and securities investment

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### 59. PRINCIPAL SUBSIDIARIES (continued)

Details of the principal subsidiaries (continued)

Name of Entity	Type of legal entity registered under PRC law	Place of incorporation/ establishment	Equity interest held by the Group		Share capital/ Registered and paid-up capital	Principal activities
			As at 30 June 2021	As at 31 December 2020		
上海海通證券資產管理有限公司 Shanghai Haitong Securities Asset Management Company Limited*	有限責任公司(法人獨資) Limited liability company (wholly owned)	PRC	100%	100%	RMB2,200,000,000	Securities investment management
海通恒信金融集團有限公司 Haitong UT Capital Group Co., Limited*	N/A	Hong Kong	100%	100%	HKD4,146,162,881	Investment holding
海通恒信國際融資租賃股份有限公司 Haitong UniTrust International Financial Leasing Co., Ltd.*	股份有限公司(上市) Joint stock limited company (listed)	PRC	85%	85%	RMB8,235,300,000	Leasing
海通銀行 Haitong Bank S.A.*	N/A	Portugal	100%	100%	EUR844,769,000	Banking services
上海惟泰置業管理有限公司 Shanghai Weitai Properties Management Co., Ltd.*	有限責任公司(法人獨資) Limited liability company (wholly owned)	PRC	100%	100%	RMB10,000,000	Real estate development, property management and catering management
上海澤春投資發展有限公司 Shanghai Zechun Investment & Development Co., Ltd.*	有限責任公司(法人獨資) Limited liability company (wholly owned)	PRC	100%	100%	RMB100,000,000	Industrial investment, property development and management Investment management

\* English translated name is for identification only.

### 60. INTEREST IN CONSOLIDATED STRUCTURED ENTITIES

The Group had consolidated certain structured entities including asset management products. The Group assesses whether the combination of investments it held, if any, together with its remuneration and other interests creates exposure to variability of returns from the activities of the asset management products that is of such significance that it indicates that the Group is a principal.

The financial impact of these asset management products on the Group's financial position as at 30 June 2021 and 31 December 2020, and the results and cash flows for the six months ended 30 June 2021 and the year ended 2020, though consolidated, are not individually significant to the Group. Therefore, the financial information of these consolidated structured entities is not disclosed individually.

Interests in all consolidated structured entities directly held by the Group amounted to fair value of RMB34,179,732 thousand and RMB27,879,408 thousand at 30 June 2021 and 31 December 2020, respectively. It contains the interests in the subordinated tranche of those structured products held by the Group. The Group provides credit enhancement to the senior tranche investors by holding such subordinated tranche interests. As at 30 June 2021 and 31 December 2020, the fair value of the Group's interests in the subordinated tranche of those structured products is RMB285,101 thousand and RMB296,544 thousand respectively.

Interests held by other interest holders are included in financial liabilities at fair value through profit or loss in the consolidated statement of financial position and the corresponding changes are presented as changes in net investment gains or losses in the consolidated statement of profit or loss.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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### 61. INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

Except for the structured entities the Group has consolidated as detailed in Note 60, in the opinion of the directors of the Company, the variable returns the Group exposed to over the structured entities that the Group acts as manager for or invests in are not significant. The Group therefore did not consolidate these structured entities.

The carrying amount of unconsolidated structured entities in which the Group acted as investment manager and held financial interests and its maximum exposure to loss in relation to those interests amounted to RMB14,376,620 thousand and RMB18,234,797 thousand as at 30 June 2021 and 31 December 2020, respectively. For the six months ended 30 June 2021, total fee income from all unconsolidated structured entities in which the Group acted as investment manager is RMB1,722,421 thousand (for the six months ended 30 June 2020: RMB1,578,729 thousand).

In addition to those interests in unconsolidated structured entities managed by the Group as disclosed above, the Group also has interests in unconsolidated structured entities in which the Group did not act as investment manager. The total maximum exposure to loss in relation to the Group's interests in structured products is close to their respective carrying amounts.

### 62. OTHER DISCLOSURES RELATED TO SUBSIDIARIES

A subsidiary of the Group may become, or has become, a subject of litigation or arbitration in relation to its normal course of business. Any situation will be reviewed in conjunction with the subsidiary's legal advisors. The Group considers that the eventual impact to the consolidated financial statements in terms of possible outflow of economic benefits will not be significant.

### 63. RELATED PARTY TRANSACTIONS

As of 30 June 2021, shareholders who hold 5% or more of the company's shares and have significant influence,

Name of the related party	Relationship of the related party
Shanghai Guosheng (Group) Co., Ltd.	Shareholders with shareholdings of 5% or above in the company
Shanghai Electric (Group) Corporation	Significant influence
Bright Food (Group) Co., Ltd.	Significant influence

The name and the relationship of other related parties that have major transactions at 30 June 2021 or for the six months ended 30 June 2021 are set out as below.

Name of the related party	Relationship of the related party
Fullgoal Fund Management Co., Ltd.	Associated enterprise
Haitong Xingtai (Anhui) Emerging Industry Investment Fund (Limited Partnership)	Associated enterprise
Shanghai Equity Investment Fund (Limited Partnership)	Associated enterprise
Liaoning energy investment (Group) Co., Ltd.	Associated enterprise
Jilin Modern Agricultural and Emerging Markets Investment Fund Limited	Associated enterprise
Liaoning China-Germany Industrial Equity Investment Fund (Limited Partnership)	Associated enterprise
Shanghai Equity Investment Fund II (Limited Partnership)	Associated enterprise
Xi'an Arospace and New Energy Industry Fund	Associated enterprise
Xi'an Civil-Military Integration Satellite Investment Fund Co., Ltd.	Associated enterprise
Jiaxing Haitong Xuchu Equity Investment Fund Limited Partnership	Associated enterprise
Guangdong South Media Integration Fund (Limited Partnership)	Associated enterprise
Haitong (Jilin) Equity Investment Fund (Limited Partnership)	Associated enterprise
Haitong (Jilin) Modern Service Industry Investment Fund (Limited Partnership)	Associated enterprise
Xuchang Haitong Innovation Equity Investment Fund Limited	Associated enterprise
Shanghai Cultural Industries Investment Fund (Limited Partnership)	Associated enterprise

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For the six months ended 30 June 2021  
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## 63. RELATED PARTY TRANSACTIONS (continued)

The Group's major transactions with related parties are as follows:

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Commission and fee income from		
– Fullgoal Fund Management Co., Ltd.	80,261	35,835
– Haitong Xingtai (Anhui) Emerging Industry Investment Fund (Limited Partnership)	14,209	8,019
– Shanghai Equity Investment Fund (Limited Partnership)	12,939	18,014
– Liaoning energy investment (Group) Co., Ltd.	12,736	–
– Jilin Modern Agricultural and Emerging Markets Investment Fund Limited	12,405	7,881
– Liaoning China-Germany Industrial Equity Investment Fund (Limited Partnership)	8,491	8,491
– Shanghai Equity Investment Fund II (Limited Partnership)	7,438	7,009
– Xi'an Aerospace and New Energy Industry Fund	4,754	6,792
– Xi'an Civil-Military Integration Satellite Investment Fund Co., Ltd.	4,505	4,028
– Jiaxing Haitong Xuchu Equity Investment Fund Limited Partnership	2,442	–
– Guangdong South Media Integration Fund (Limited Partnership)	2,088	2,828
– Haitong (Jilin) Equity Investment Fund (Limited Partnership)	1,104	1,132
– Haitong (Jilin) Modern Service Industry Investment Fund (Limited Partnership)	924	1,585
– Shanghai Guosheng (Group) Co., Ltd.	625	1,005
– Shanghai Electric (Group) Corporation	281	–
– Xuchang Haitong Innovation Equity Investment Fund Limited Partnership	94	–
– Shanghai Cultural Industries Investment Fund (Limited Partnership)	17	4,176
– Gui'an UniTrust Finance Leasing Co., Ltd.	–	11
	165,313	106,806
Commission and fee expenses to		
– Shanghai Equity Investment Fund (Limited Partnership)	–	23,030
Interest income		
– Shanghai Electric (Group) Corporation	135	–
– Shanghai Guosheng (Group) Co., Ltd.	87	–
– Gui'an UniTrust Finance Leasing Co., Ltd.	–	30,616
– Others (Note)	47	20
	269	30,636
Gains on changes in fair value of derivative financial instruments		
– Shanghai Guosheng (Group) Co., Ltd.	(1,511)	–

Note: "others" includes Haitong (Jilin) Modern Service Industry Investment Fund (Limited Partnership), Jilin Modern Agricultural and Emerging Markets Investment Fund Limited, Jiaxing Haitong Xuchu Equity Investment Fund Limited Partnership, Shanghai Equity Investment Fund II (Limited Partnership), Shanghai Equity Investment Fund (Limited Partnership), Xi'an Aerospace and New Energy Industry Fund, Guangdong South Media Integration Fund (Limited Partnership), Shanghai Tong Guan Investment Management (Limited Partnership), Shanghai Cultural Industries Investment Fund (Limited Partnership), Huzhou Yun Tong Equity Investment Partnership (L.P.), Fullgoal Fund Management Co., Ltd.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021

(All amounts in RMB'000 unless otherwise stated)

### 63. RELATED PARTY TRANSACTIONS (continued)

The Group had the following material balances with the related parties as at 30 June 2021 and 31 December 2020

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Accounts receivable from		
– Shanghai Equity Investment Fund (Limited Partnership)	13,439	–
– Shanghai Equity Investment Fund II (Limited Partnership)	7,885	–
– Shanghai Guosheng (Group) Co., Ltd.	900	810
– Xuchang Haitong Innovation Equity Investment Fund Limited Partnership	100	–
– Liaoning energy investment (Group) Co., Ltd.	20	20
– Liaoning China-Germany Industrial Equity Investment Fund (Limited Partnership)	20	20
	22,364	850
Other payables and accruals		
– Shanghai Guosheng (Group) Co., Ltd.	88,100	–
Other liabilities		
– Jilin Modern Agricultural and Emerging Markets Investment Fund Limited	3,488	–
– Haitong Xingtai (Anhui) Emerging Industry Investment Fund (Limited Partnership)	8,500	–
– Xi'an Aerospace and New Energy Industry Fund	3,057	–
– Haitong (Jilin) Modern Service Industry Investment Fund (Limited Partnership)	1,365	–
	16,410	–
Account payable to brokerage clients		
– Shanghai Electric (Group) Corporation	179,735	–
– Shanghai Equity Investment Fund (Limited Partnership)	53,900	–
– Shanghai Tong Guan Investment Management (Limited Partnership)	6,844	–
– Jilin Modern Agricultural and Emerging Markets Investment Fund Limited	1,703	842
– Shanghai Guosheng (Group) Co., Ltd.	558	–
– Fullgoal Fund Management Co., Ltd.	–	36,240
– Xi'an Aerospace and New Energy Industry Fund	1	1,690
– Others (Note)	871	–
	243,612	38,772
Derivative financial liabilities		
– Shanghai Guosheng (Group) Co., Ltd.	1,511	–

Note: "others" includes Jiaying Haitong Xuchu Equity Investment Fund Limited Partnership, Haitong (Jilin) Modern Service Industry Investment Fund (Limited Partnership), Shanghai Equity Investment Fund II (Limited Partnership), Guangdong South Media Integration Fund (Limited Partnership), Huzhou Yun Tong Equity Investment Partnership (L.P.), Shanghai Cultural Industries Investment Fund (Limited Partnership), Xi'an Civil-Military Integration Satellite Investment Fund Co., Ltd.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB'000 unless otherwise stated)

### 63. RELATED PARTY TRANSACTIONS (continued)

The remuneration of the key management personnel of the Group was as follows:

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Short-term benefits:		
– Fees, salaries, commission and bonuses	18,017	27,059
Post-employment benefits:		
– Employer's contribution to pension schemes/annuity plans	377	193
	18,394	27,252

### 64. FINANCIAL RISK MANAGEMENT

The Group's major financial instruments include equity instruments and debt instruments at fair value through other comprehensive income, financial instruments at fair value through profit or loss, derivative instruments, financial assets held under resale agreements, other loans and receivables, loans and advances, advances to customers on margin financing, accounts receivable, other receivables, placements to banks and other financial institutions, deposits with exchanges, clearing settlement funds, restricted bank deposits, bank balances and cash, receivables arising from sale and leaseback arrangements, borrowings, financial assets sold under repurchase agreements, accounts payable to brokerage clients and other payables and accruals. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments and finance lease receivables include market risk (price risk, currency risk and interest rate risk), credit risk and liquidity risk. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

During the six months ended 30 June 2021, there has been no material changes in the risk management policies. The interim condensed consolidated financial information does not include all financial risk management information and disclosure and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2020.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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### 65. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Some of the Group's financial assets and liabilities are measured at fair value for financial reporting purposes. The board of directors of the Group has set up certain process to determine the appropriate valuation techniques and inputs for fair value measurements. The appropriateness of the process and the determination of fair value are reviewed by the board of directors periodically.

#### 65.1 Financial instruments not measured at fair value

The table below summarises the carrying amounts and expected fair values with obvious variances of those financial assets and liabilities not presented on the Group's consolidated statement of financial position at their fair values.

	As at 30 June 2021 (Unaudited)		As at 31 December 2020 (Audited)	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Debt instruments measured at amortised cost	3,769,778	3,775,770	3,763,499	3,764,352
<b>Financial liabilities</b>				
Non-convertible bonds payable	156,226,873	155,652,605	147,732,681	161,831,219

Except for the above, the directors of the Group consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Group's statements of financial position approximate their fair values.

#### 65.2 Financial instruments measured at fair value on a recurring basis

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3.

For Level 1 financial instruments, fair values are unadjusted quotes in active markets for identical assets.

For Level 2 financial instruments, valuations are generally calculated based on the fair value of the underlying investments which are debt securities or publicly traded equity instruments in each portfolio or obtained from third party pricing services agent such as China Central Depository & Clearing Co., Ltd. which are based on the discounted cash flow models, recent transaction prices or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

For Level 3 financial instruments, the management obtains valuation quotations from counterparties or uses valuation techniques to determine the fair value, including discounted cash flow analysis, net asset value, market comparison approach and option pricing model, etc. The fair value of these financial instruments may be based on unobservable inputs which may have significant impact on the valuation of these financial instruments, and therefore, these assets and liabilities have been classified by the Group as level 3. The unobservable inputs which may have impact on the valuation include weighted average cost of capital, liquidity discount, price to book ratio, etc.

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## 65. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

## 65.2 Financial instruments measured at fair value on a recurring basis (continued)

The following table presents financial assets and financial liabilities measured at fair value as at 30 June 2021 and 31 December 2020.

	Level 1	Level 2	Level 3	Total
(Unaudited)				
<b>As at 30 June 2021</b>				
Financial assets at fair value through profit or loss				
– Debt securities	1,199,561	92,789,218	5,604,264	99,593,043
– Equity securities	21,369,187	838,806	15,428,090	37,636,083
– Funds	6,241,782	49,770,838	3,574,857	59,587,477
– Others	235,243	18,544,390	4,896,666	23,676,299
Debt instruments at fair value through other comprehensive income	788,245	15,088,428	1,459,939	17,336,612
Equity instruments at fair value through other comprehensive income	9,195,844	–	460,478	9,656,322
Derivative financial assets	102,219	991,162	67,768	1,161,149
	39,132,081	178,022,842	31,492,062	248,646,985
Financial liabilities at fair value through profit or loss				
– Financial liabilities held for trading	833,718	756,161	7,324	1,597,203
– Designated as financial liabilities at fair value through profit or loss	–	36,205,979	828,105	37,034,084
Derivative financial liabilities	17,977	1,764,525	735,604	2,518,106
	851,695	38,726,665	1,571,033	41,149,393

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### 65. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

#### 65.2 Financial instruments measured at fair value on a recurring basis (continued)

	Level 1	Level 2	Level 3	Total
(Audited)				
As at 31 December 2020				
Financial assets at fair value through profit or loss				
– Debt securities	1,867,103	102,164,519	6,332,071	110,363,693
– Equity securities	16,920,018	1,244,510	13,076,667	31,241,195
– Funds	3,341,594	47,964,019	1,894,560	53,200,173
– Others	–	20,752,826	4,838,617	25,591,443
Debt instruments at fair value through other comprehensive income	252,156	9,756,368	3,099,639	13,108,163
Equity instruments at fair value through other comprehensive income	84,314	15,887,830	267,043	16,239,187
Derivative financial assets	17,602	1,819,411	899	1,837,912
	22,482,787	199,589,483	29,509,496	251,581,766
Financial liabilities at fair value through profit or loss				
– Financial liabilities held for trading	494,797	3,917,271	–	4,412,068
– Designated as financial liabilities at fair value through profit or loss	–	27,494,403	331,830	27,826,233
Derivative financial liabilities	42,732	2,615,053	14,494	2,672,279
	537,529	34,026,727	346,324	34,910,580

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## 65. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (continued)

## 65.2 Financial instruments measured at fair value on a recurring basis (continued)

Reconciliation of Level 3 fair value measurements of financial assets and financial liabilities

As at 30 June 2021 (Unaudited)

	Financial assets at fair value through profit or loss	Equity instruments at fair value through other comprehensive income	Debt instruments at fair value through other comprehensive income	Financial liabilities at fair value through profit or loss	Derivative instruments
As at 1 January 2021	26,158,747	267,042	3,099,639	331,830	(13,595)
Transfer in	702,088	–	–	516,686	23,908
Purchase/(disposal)	1,404,038	–	(1,433,093)	462,063	(652,201)
Transfer out	(333,941)	–	(205,375)	–	–
– Other gains/(losses)	1,572,945	193,436	(1,233)	(475,150)	(25,948)
As at 30 June 2021	29,503,877	460,478	1,459,938	835,429	(667,836)

As at 31 December 2020 (Audited)

	Financial assets at fair value through profit or loss	Equity instruments at fair value through other comprehensive income	Debt instruments at fair value through other comprehensive income	Financial liabilities at fair value through profit or loss	Derivative instruments
As at 1 January 2020	9,158,764	266,099	1,193,001	354,620	(27,331)
Transfer in	11,970,811	–	1,238,661	–	–
Purchase	4,844,708	–	596,173	–	382
Transfer out	(491,560)	–	–	–	–
– Other gains/(losses)	676,024	943	71,804	(22,790)	13,354
As at 31 December 2020	26,158,747	267,042	3,099,639	331,830	(13,595)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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### 66. SUBSEQUENT EVENTS

#### *Issuance of corporate bonds*

In accordance with the approval of the Shanghai Stock Exchange and the related registration including the "CSRC Permits [2020] No. 2869" issued by the CSRC, the Company was approved to publicly issue corporate bonds in China in the amount no more than RMB70 billion in total in face value to professional investors since 2 November 2020.

On 12 July 2021, the Company completed the public issuance of the second tranche of short term corporate bonds in the amount of RMB 6 billion, with maturity of 339 days and a coupon rate of 2.82%. The Company completed the public issuance of the sixth tranche of such corporate bonds on 29 July 2021 in the amount of RMB7 billion in two types with issuance amount, maturity terms and coupon rates of RMB5 billion and RMB2 billion, 1 year and 3 years; and 2.72% and 3.14%, respectively. The Company completed the public issuance of the seventh tranche of such corporate bonds on 20 August 2021 in the amount of RMB3 billion, with maturity of 3 years and a coupon rate of 3.04%.

#### *The resolution of the Board on the Merger of the subsidiary*

On 26 August 2021, the Resolution regarding the Merger of Shanghai Zechun by the Company was approved at the 18th meeting of the seventh session of the Board with the Company as the acquiring party. After the merger, the Company will assume all the assets and liabilities from Shanghai Zechun, and at the same time Shanghai Zechun will be legally dissolved.

Other than those disclosed above, the Group had no material events for disclosure subsequent to 30 June 2021 and up to the date of approval of the consolidated financial information.